

MICHIGAN STRATEGIC FUND BOARD
MEETING AGENDA
October 5, 2022
9:30am

- I. Call to Order & Roll Call**
- II. Public comment – Please limit public comment to three (3) minutes**
- III. Communications**
- IV. Consent Agenda**
 - a. Proposed September 27, 2022 Meeting Minutes2
 - b. Proposed September 29, 2022 Meeting Minutes 14
- V. Attract, Retain and Grow Business**
 - a. Gotion, Inc.: A resolution to approve a Critical Industry Program Grant, a Strategic Site Readiness Program Grant and an MSF Designated Renaissance Zone..... 18
Locations: Big Rapids Charter Township and Green Charter Township
 - b. Muskegon Wastewater Pipeline: A resolution to approve a Strategic Site Readiness Program Grant45
Locations: City of Coopersville, Polkton Charter Township, Ravenna Township, and the Village of Ravenna
 - c. Our Next Energy “ONE”: A resolution to approve a Critical Industry Program Grant, a State Essential Services Assessment Exemption and a Jobs for Michigan Investment Fund Loan 58
Location: Van Buren Charter Township and Wayne County

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

**MICHIGAN STRATEGIC FUND
APPROVED MEETING MINUTES
SEPTEMBER 27, 2022**

Members Present

Paul Gentilozzi
John Groen (on behalf of Director Corbin)
Michael B. Kapp (on behalf of Director Ajegba)
Jennifer Nelson (on behalf of Chairman Messer)

Members joined remotely

Britany L. Affolter-Caine
Ronald W. Beebe
Rachael Eubanks
Dimitrius Hutcherson
Charles P. Rothstein
Cindy Warner

Member Absent

Susan Tellier

I. CALL TO ORDER & ROLL CALL

Ms. Nelson called the meeting to order at 10:00 a.m. The meeting was held in person in the Lake Michigan Conference Room at the MEDC headquarters building in Lansing with optional participation remotely.

Ms. Nelson introduced Katelyn Wilcox Surmann, MSF Board Liaison, who conducted the attendance roll call.

II. PUBLIC COMMENT

Ms. Wilcox Surmann explained the process for members of the public to participate; there were no public comments.

III. COMMUNICATIONS

The MSF Board received a follow-up email from Dominic Cochran, Director of the Lansing Public Media Center, the Mayor's Office of Community Media, and Co-Founder and Co-Director of the Capital City Film Festival who offered public comments at the September 7 meeting about a Revitalization and Placemaking (RAP) program subgrant application submitted by the City of Lansing. In addition, the Board received a follow-up letter from Wendy Caldwell-Liddell as well as materials from Jared Belka with Warner Norcross regarding the former proposed AMC headquarters project in Detroit. These communications were included in the MSF Board meeting packet.

The MSF Board also received letters from State Senator Ken Horn and State Representative Amos O'Neal in support of the Nexteer Automotive Corporation project in Buena Vista Charter Township. The letters are attached to the minutes.

MSF Subcommittee Reports

Ronald W. Beebe, chair of the MSF Finance and Investment Subcommittee, reported the subcommittee met twice in recent weeks to receive an overview of FY 2023 Funding Allocations and an update on SOAR-related projects. He noted Dimitrius Hutcherson has participated as a guest in the meetings and recommended that he be added as a member of the subcommittee. Charles P. Rothstein motioned for approval to add Dimitrius Hutcherson to the MSF Finance and Investment Subcommittee. Michael B. Kapp seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Cindy Warner; Nays: None; Recused: None

Cindy Warner, chair of the MSF Policy and Planning Subcommittee, reported the subcommittee recently met with regional economic development organizations from around the state. It was a very productive meeting with opportunities discussed for improvement in the working relationship between the MSF and the regional partners. The subcommittee has a FY 2023 planning meeting after the MSF Board meeting and will report back to the full Board on proposed recommendations.

IV. CONSENT AGENDA

Resolution 2022-142 Approval of Consent Agenda Items

Ms. Nelson asked if there were any questions from Board members regarding items under the Consent Agenda. There being none, Ronald W. Beebe motioned for the approval of the following:

- a. Proposed Meeting Minutes: September 7, 2022
- b. CDBG Action Plan: Annual Funding – **2022-143**
- c. 20 Fathoms: Business Incubator Gateway Grant – **2022-144**
- d. MSF Administrative Services MOU Extension – **2022-145**

John Groen seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Cindy Warner; Nays: None; Recused: None

Ronald W. Beebe, recused from the next item, temporarily disconnected from the meeting; a recusal email is attached to the minutes.

V. ATTRACT, RETAIN AND GROW BUSINESS

- a. **Resolutions 2022-146 & 2022-147 Nexteer Automotive Corporation / Buena Vista Charter Township: Community Development Block Grant Program Funds and State Essential Services Assessment Exemption**

Jeremy Webb, Interim Managing Director of Business Development Projects, provided the Board with information regarding these action items. The actions involve approval of up to \$25,530,000 in Community Development Block Grant Program Coronavirus Aid, Relief and Economic Security (CARES) funds and a State Essential Services Assessment Exemption valued at up to \$2,273,225 to support a business development project in Buena Vista Charter Township, Saginaw County. The project is expected to result in private investment of up to

\$51,000,000 and the retention 1,100 jobs over the next two years related to the CDBG CARES funds, with additional investment over the next ten years related to the SESA Exemption. Following discussion, Paul Gentilozzi motioned for the approval of Resolution 2022-146. Dimitrius Hutcherson seconded the motion. **The motion carried: 9 ayes; 0 nays; 1 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Rachael Eubanks, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Cindy Warner; Nays: None; Recused: Ronald W. Beebe

Paul Gentilozzi then motioned for the approval of Resolution 2022-147. Cindy Warner seconded the motion. **The motion carried: 9 ayes; 0 nays; 1 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Rachael Eubanks, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Cindy Warner; Nays: None; Recused: Ronald W. Beebe

Ronald W. Beebe rejoined the meeting at 10:16 a.m.

b. Resolution 2022-148 Michigan Potash Company: Private Activity Bond Inducement (Sewage/Solid Waste)

Chris Cook, Managing Director of Capital Access, provided the Board with information regarding this action item. The action involves adoption of a resolution to authorize the inducement of private activity bond financing not to exceed \$225,000,000 in connection with the company's construction of a potash and salt production plant and processing facility and corresponding infrastructure in Evart Township with reserves and operations in Osceola and Mecosta counties. Following discussion, Paul Gentilozzi motioned for the approval of Resolution 2022-148. Michael B. Kapp seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Cindy Warner; Nays: None; Recused: None

e. Resolution 2022-149 L. Perrigo Company: Michigan Business Development Program Grant Reauthorization and Amendment

Sara Bishop, Business Development Project Manager, provided the Board with information regarding this action item. The action involves reauthorization of a \$2,000,000 Michigan Business Development Program performance-based grant and approval of amendments to reduce the base employment level from 4,170 to 4,124 due to a divestiture within the company's Rx pharmaceutical business and one-year extensions of three milestones. The project is expected to result in the creation of 170 new jobs and a capital investment of up to \$44,782,094 in the City of Grand Rapids. Following discussion, Cindy Warner motioned for the approval of Resolution 2022-149. Dimitrius Hutcherson seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Cindy Warner; Nays: None; Recused: None

VI. SUPPORT FOR SMALL BUSINESS

a. Ginosko Development Company/Optimum Modular, LLC: SSBCI Michigan Business Growth Fund (MBGF) Loan Participation Program

Chris Cook, Managing Director of Capital Access, provided the Board with information regarding this action item. The action involves approval of loan participation in an amount not to exceed \$4,990,000 to support financing of an equity bridge loan of up to \$10,000,000 for the construction and equipping of a modular housing production factory in the City of Romulus, Wayne County. Following discussion, Ronald W. Beebe motioned to table the agenda item until the next meeting of the MSF Board to allow Board members time to review and understand the funding structure of the project. Paul Gentilozzi seconded the motion. **The motion carried: 6 ayes; 3 nays; 0 recused; 1 abstained.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, Paul Gentilozzi, Charles P. Rothstein, Cindy Warner; Nays: John Groen (on behalf of Director Corbin, designated attached), Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designated attached); Recused: None; Abstained: Dimitrius Hutcherson

VII. DEVELOP ATTRACTIVE PLACES

a. Resolutions 2022-150 & 2022-151 411 Piquette, LLC / City of Detroit Brownfield Redevelopment Authority: Michigan Community Revitalization Program Loan Participation Award and Brownfield Act 381 Work Plan (411 Piquette Project)

Rob Garza, Manager of Statutory Analysis, provided the Board with information regarding these action items. The actions involve approval of a Michigan Community Revitalization Program performance-based loan participation award of up to \$5,000,000, transfer of funds from the Jobs for Michigan Investment Fund for the specific purpose of this project through MCL 125.2088b(2)(c), and state tax capture for Act 381 eligible activities capped at \$883,821 to support a community development project in the City of Detroit. The project is expected to result in total capital investment of \$40,420,468. Following discussion, Cindy Warner motioned for the approval of Resolution 2022-150. John Groen seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Cindy Warner; Nays: None; Recused: None

Cindy Warner then motioned for the approval of Resolution 2022-151. Paul Gentilozzi seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Cindy Warner; Nays: None; Recused: None

VIII. ADMINISTRATIVE

a. **Resolution 2022-152 FY 2023 Funding Allocations and FY 2023 Agreement Extensions**

Jill Trepkoski, Chief Financial Officer, provided the Board with information regarding this action item. The action involves approval of FY 2023 funding allocations totaling \$151,160,057 and terms of agreement extensions between the MSF and various entities for one year from their current expiration dates to allow a continuation of services and activities. Following discussion, Michael B. Kapp motioned for the approval of Resolution 2022-152. John Groen seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Cindy Warner; Nays: None; Recused: None

IX. INFORMATIONAL

Ms. Nelson noted the MSF delegated authority report for the period August 1 to August 31, 2022, was included in the meeting packet. She asked if there were any questions from Board members regarding the information; there were none.

Ms. Nelson adjourned the meeting at 11:41 a.m.



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

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

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

Sincerely,

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

Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

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

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From: Francart, Kevin (OCCO) <FrancartK@michigan.gov>
Sent: Monday, September 26, 2022 7:36 AM
To: Katelyn Wilcox (MEDC) <wilcoxk5@michigan.org>
Cc: Valerie Hoag (MEDC) <hoagy@michigan.org>; Ronald W. Beebe <ron@euclidindustries.com>
Subject: Nexteer MSF 9/27/22 meeting - Beebe Conflict

Katelyn, Mr. Beebe's company, Euclid, does business with Nexteer, which has a project being discussed at the September 27, 2022, MSF Board Meeting. In an abundance of caution, Mr. Beebe is going to recuse himself to avoid any appearance of a conflict. There has not been an actual conflict established.

The below email can serve as his notice to the board for your records.

Kevin

Kevin L. Francart, J.D., CFE, CCEP.
Chief Compliance Officer
Office of the Chief Compliance Officer
State of Michigan

e-mail: francartk@michigan.gov
Cell: 517-899-6043

From: Francart, Kevin (OCCO)
Sent: Monday, September 26, 2022 7:27 AM
To: Ron Beebe <ron@euclidindustries.com>; Valerie Hoag (MEDC) <hoagy@michigan.org>
Subject: RE: Question for you

Thanks Ron. Since you are going to recuse yourself from the discussion we can skip any further analysis for a conflict check. I'll let Katelyn know so she can make the appropriate arrangements during the meeting.

Kevin

Kevin L. Francart, J.D., CFE, CCEP.
Chief Compliance Officer
Office of the Chief Compliance Officer
State of Michigan

e-mail: francartk@michigan.gov
Cell: 517-899-6043

From: Ron Beebe <ron@euclidindustries.com>
Sent: Friday, September 23, 2022 5:34 PM
To: Francart, Kevin (OCCO) <FrancartK@michigan.gov>; Valerie Hoag (MEDC) <hoagy@michigan.org>
Subject: Re: Question for you

Answers

1. No
2. Yes
3. No
4. I don't think so, but will not speak or vote on this item.

From: Francart, Kevin (OCCO) <FrancartK@michigan.gov>
Sent: Friday, September 23, 2022 1:35:37 PM
To: Valerie Hoag (MEDC) <hoagv@michigan.org>; Ron Beebe <ron@euclidindustries.com>
Subject: RE: Question for you

Ron, a couple of questions to do the conflict check:

1. Is Euclid receiving any of the funds directly from the Nexteer incentive?
2. Does the business between Euclid and Nexteer amount to more than 2% of Euclid's annual revenue?
3. Does the relationship between Euclid and Nexteer influence your judgment in the performance of your duties or responsibilities to the MSF?
4. Would your interest in Euclid and the relationship between Euclid and Nexteer lead a reasonable person, to conclude that it may influence your judgment in the performance of your duties or responsibilities to the MSF, thus giving the appearance of improper influence?

Questions 1 and 2 are just objective facts.

Question 3 is subjective and based on your opinion and if you feel the deal would influence your judgment.

Question 4 is a reasonable person analysis that is normally done by me and the AG if there is sufficient entanglement to warrant the analysis.

Thank You

Kevin

Kevin L. Francart, J.D., CFE, CCEP.
Chief Compliance Officer
Office of the Chief Compliance Officer
State of Michigan

e-mail: francartk@michigan.gov
Cell: 517-899-6043



COMMITTEES:

ECONOMIC AND SMALL BUSINESS
DEVELOPMENT, CHAIR
EDUCATION AND CAREER READINESS,
VICE CHAIR
ENERGY AND TECHNOLOGY,
VICE CHAIR
INSURANCE AND BANKING

MICHIGAN SENATE
KEN HORN
STATE SENATOR
32ND DISTRICT

APPROPRIATIONS SUBCOMMITTEES:

CAPITAL OUTLAY, CHAIR
TALENT AND ECONOMIC
DEVELOPMENT /MEDC, CHAIR
UNIVERSITIES AND COMMUNITY
COLLEGES, VICE CHAIR

September 26, 2022

Mr. Quentin L. Messer, Jr.
Chairperson, Michigan Strategic Fund board
300 N. Washington Sq.
Lansing, MI 48913

Dear Mr. Messer:

I write today to express my strong support for the following incentives for Nexteer Automotive Corporation projects in Buena Vista Charter Township:

- \$25,500,000 requested by the township through a Community Development Block Grant (CDBG) Coronavirus Aid, Relief and Economic Security (CARES) funds.
- A 100% State Essential Services Assessment (SESA) Exemption for the company for up to 15 years valued at up to \$2,273,225.

As you and the board are well aware, Nexteer is a critical employer and partner in Buena Vista township and all of Saginaw County. They are the largest manufacturer in my district and provide thousands of jobs that are essential to the economic health of the region.

Nexteer is taking the lead in research and development for electrification and autonomous vehicle capabilities, which serves as a prime example of why a research and development credit is also needed in Michigan if we are to remain a competitive leader in the future of mobility.

I urge the Michigan Strategic Fund Board's approval of these incentives to be paired with significant investments by the company in the next ten years and beyond. Thank you for your consideration.

Sincerely,

Ken Horn
State Senator
32nd District



95TH DISTRICT
N-1199 House Office Building
P.O. Box 30014
Lansing, MI 48909-7514
517-373-0152
AmosONeal@house.mi.gov

Michigan House of Representatives
Amos O'Neal
STATE REPRESENTATIVE

Committees:
Minority Vice Chair – Joint Capitol
Outlay
Workforce, Trades & Talent
Appropriations

September 26th, 2022

Quentin L Messer Jr.,

I write you today in support of the Nexteer Automotive Corporation expansion project in Buena Vista Charter Township.

Within our community, Nexteer is one of the key manufacturer groups that we rely on for many opportunities. The funding for this project would help to ensure that Nexteer can continue to stay competitive and offer operations within Buena Vista Township. The funds for this project would go towards essential needs, such as the purchase of equipment to support the increased demands for electric vehicles.

If awarded this funding, the project is expected to retain a minimum of 1,100 jobs and invest \$51 million through June 2024 with support from the CDBG CARES funding. I had the pleasure of touring Nexteer last month to create the opportunity for open dialog with my colleagues to help stay on top of the research and development tax credits that will also affect this company and its operations. The additional \$261 million that Nexteer plans for R&D investment over the next ten years is possible through support from the SESA Exemption. I, along with Representative Matt Hall, Representative Graham Filler, and Senator Horn were all present to help support the work that Nexteer is accomplishing within Buena Vista.

Again, please accept this letter in support and do not hesitate to contact me directly with any questions or concerns.

Sincerely,

A handwritten signature in black ink that reads "Amos O'Neal". The signature is written in a cursive style with a large, stylized "A" and "O".

Amos O'Neal
State Representative
95th House District
Michigan House of Representatives
124 North Capitol Avenue
Lansing, MI 48933
AmosOneal@house.mi.gov

**MICHIGAN STRATEGIC FUND
APPROVED SPECIAL SESSION MINUTES
SEPTEMBER 29, 2022**

Members Present

Michael B. Kapp (on behalf of Director Ajegba)
Jennifer Nelson (on behalf of Chairman Messer)

Members joined remotely

Britany L. Affolter-Caine
Ronald W. Beebe
Susan Corbin
Rachael Eubanks
Paul Gentilozzi
Dimitrius Hutcherson
Charles P. Rothstein
Cindy Warner

Member Absent

Susan Tellier

I. CALL TO ORDER & ROLL CALL

Ms. Nelson called the special meeting to order at 10:02 a.m. The meeting was held in person in the Lake Michigan Conference Room at the MEDC headquarters building in Lansing with optional participation remotely. She thanked members for taking the time to participate in the special board meeting on short notice.

Ms. Nelson introduced Katelyn Wilcox Surmann, MSF Board Liaison, who conducted the attendance roll call.

II. PUBLIC COMMENTS

Ms. Wilcox Surmann explained the process for members of the public to participate; there were no public comments.

III. COMMUNICATIONS

Ms. Wilcox Surmann advised Board members that no communications were received for this meeting.

MSF Subcommittee Reports

Ronald W. Beebe, chair of the MSF Finance and Investment Subcommittee, reported the subcommittee met on September 28 regarding the item being considered today, but did not vote to support it.

Cindy Warner, chair of the MSF Policy and Planning Subcommittee, reported the planning meeting scheduled for September 28 did not take place and will be rescheduled.

IV. ATTRACT, RETAIN AND GROW BUSINESS

a. Ginosko Development Company/Optimum Modular, LLC: SSBCI Michigan Business Growth Fund (MBGF) Loan Participation Program

Chris Cook, Managing Director of Capital Access, provided the Board with information regarding this action item. The action involves approval of loan participation in an amount not to exceed \$4,990,000 to support financing of an equity bridge loan of up to \$10,000,000 for the construction and equipping of a modular housing production factory in the City of Romulus, Wayne County. Following discussion, Susan Corbin motioned to consider the item. Ronald W. Beebe seconded the motion. **The item failed to pass: 5 ayes; 4 nays; 0 recused; 1 abstained.**

ROLL CALL VOTE: Ayes: Susan Corbin, Rachael Eubanks, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein; Nays: Britany L. Affolter-Caine, Ronald W. Beebe, Paul Gentilozzi, Cindy Warner; Recused: None; Abstained: Dimitrius Hutcherson

Ms. Nelson adjourned the meeting at 10:30 a.m.



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

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

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MEMORANDUM

Date: October 5, 2022
To: Michigan Strategic Fund (“MSF”) Board Members
From: Jeremy Webb, Interim Managing Director, Business Development Projects
Subject: Incentives Request

Gotion, Inc. (“Company” or “Gotion”) - Critical Industry Program (“CIP”) Grant Request
The Right Place, Inc. (“RPI”) Request - Strategic Site Readiness Program (“SSRP”) Grant Request
Mecosta County (“County”) - MSF Designated Renaissance Zone (“MSFRZ”) Request (Collectively, the “Applicants”)

Request Summary

The Company is requesting the following (collectively, the “Incentives Request”), including a request from the County and RPI in support of the Company:

- **Gotion Request:** \$125 million CIP grant, as outlined in the attached term sheet (“CIP Request”)
- **RPI Request:** \$50 million SSRP grant to assist with the expansion in Mecosta County, as outlined in the attached term sheet (“SSRP Grant”); and
- **County Request:** An MSF Designated Renaissance Zone for a period of 30 years (“MSFRZ Request”).

Background

On December 20, 2021, Governor Gretchen Whitmer, in collaboration with the Legislature, labor leaders, economic development agencies and various business groups, signed a package of economic incentives that will allow Michigan to compete for, and win, transformational projects like this investment by Gotion that will bring long-term economic opportunity and security in the battery production industry.

Today’s request will enable up to \$2.364 billion investment in Michigan by Gotion creating up to 2,350 new jobs here in the state, to serve increasing demand in the battery production industry.

Project Description

Battery cell demand in the United States is high and are forecasted to continue to grow exponentially. Therefore, the demand for lithium iron phosphate cathode & anode materials has surged, accordingly. Anodes and cathodes are key elements that are included in the bill of material for battery cells that are ultimately used by electric vehicles, energy storage systems, as well as many other applications.

Cathode Project Scope

This cathode project at completion is planned for 150,000 tons of cathode material per year, covering an area estimated to be 260 acres with plans to build two 550,000 square foot production plants along with an electrical substation, sewage treatment station, testing center, warehouse, and other supporting facilities.

Plant 1: Estimated 550,000 square foot new construction building, for battery precursor material (cathode) production

Plant 2: Estimated 550,000 square foot new construction building for battery precursor material (cathode) production

Anode Project Scope

This anode project at completion is planned for 50,000 tons of anode material per year, spread across two production plants. Plant 3 will be the first stage of anode production, and Plant 4 will be the second stage, which together will result in the final anode product.

Plant 3: Estimated 460,695 square foot new construction building for battery precursor material (anode) production

Plant 4: Estimated 519,897 square foot new construction building for battery precursor material (anode) production

Project Impact

The automotive industry is in an accelerated, full-fledged transition to electrified propulsion, the impact of which will be transformative and far-reaching. In order to maintain automotive manufacturing relevance, let alone leadership, it is imperative for the State of Michigan to capture as much investment in the research, development, and production of advanced battery technologies as possible. Unlike traditional power train systems (e.g., engines and transmissions) EV battery packs must be produced in proximity to vehicle assembly. Shipping long distance is not an option. Therefore, to grow Michigan's vehicle assembly opportunities, one must either, through collective bargaining, negotiate future vehicle platforms into existing facilities, or ensure that there is a ready supply of nearby battery production. Further, the more the state grows its battery production capacity, the better positioned it will be to win future OEM vehicle assembly plants and related suppliers including potential chipmakers.

In addition to the direct benefits of this investment, there will also be positive supply chain impacts. Batteries require special materials to produce anodes, cathodes, and electrolyte. Michigan has a growing supply chain producing all of these components, but will also have the opportunity to attract new investment with increased demand. Battery production requires highly integrated and automated manufacturing processes, providing significant growth opportunities for Michigan's automation companies. Growth within Michigan's battery supply chain will provide pathways for workers currently employed in internal combustion engine (ICE)-related firms to transition into this new, growing sector.

It is anticipated the influx of jobs will result in spin-off investments and redevelopment opportunities. Over \$11.5 billion in new personal income is expected to be generated by the direct, indirect, and induced jobs that this opportunity will create over 20 years.

The shift to electrification is truly revolutionary, and investment decisions being made now will have positive or detrimental impacts on regions for decades to come. The importance of securing this investment to both the local and broader state economy cannot be overstated.

Employment Impact

The project will be significant by bringing a large number of well-paying jobs to the State. The average hourly wage for the project in Mecosta County is \$29.42 which is well above county ALICE target wage of \$17.99. The ALICE threshold is the average income that a household needs to afford the basic necessities

defined by the Household Survival Budget for each county in Michigan. The facility is located adjacent to a geographically disadvantaged area which will provide residents with employment opportunities and the Company with a talent pipeline. Based on an evaluation of the new job creation which included job codes, average hourly wages, training, healthcare coverage and minimum education and experience, it was determined that all new jobs created are designated as pathway jobs, a key strategic focus area for statewide economic growth.

Company History

Founded in 1998 and based in Hefei, China, Gotion High-tech Co., Ltd (the “Parent”) engages in the research and development, production, and sale of power lithium batteries in China and internationally. Its products include lithium iron phosphate materials and batteries, ternary materials and batteries, power battery packs, battery management systems, and energy storage battery packs for use in electric commercial vehicles, passenger vehicles, special vehicles, and hybrid vehicles. The Parent also offers high-voltage electrical appliances, switchgear equipment, electrical digital equipment, intelligent distribution network equipment, serialized transformers, transformers, circuit breakers, integrated charging piles, on-board chargers, and energy storage cabinets for use in thermal power, hydropower, nuclear power, wind power, metallurgy, railway, and other industries.

The Company was incorporated in California in 2014 and was focused on research and development activities in Fremont, California as well as Cleveland, Ohio. Now, future operations, including this project, will focus is on establishing production capacity for the United States.

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

Demonstrated Need

Gotion has been involved in a multi-state site selection to determine where to locate the new production facility and investment. Consideration on placement includes site availability and site readiness as well as costs of implementation and ongoing operations, availability of talent, utility and labor costs. Gotion has considered Michigan for previous battery cell manufacturing projects but ultimately chose locations in other key competitor states based on incentive assistance offered by those states. Incentive assistance is necessary to ensure this project moves forward in Michigan, particularly in a highly competitive environment.

In addition to MSF support, both Green Charter Township and Big Rapids Charter Township anticipate approval of a PA 198 real property tax abatement.

Request

In order to secure the project in Michigan, the Applicants are requesting the following incentives:

- A \$125 million CIP performance-based grant
- A \$50 million SSRP performance-based grant
- An MSF Designated Renaissance Zone estimated to be worth \$540 million

The project aligns with the MEDC’s strategic focus areas to **attract, retain and support businesses** and **foster high-wage skills growth** in the focus industry of **technology**. The proposed project will impact the regions around Mecosta County with near term job growth and significant investment by Gotion. In total, the project would result in the creation of up to 2,350 new jobs and a capital investment of up to \$2.364 billion in Mecosta County.

Appendix A-C address programmatic considerations.

Funding

The SSRP and CIP will be funded through the SOAR Fund, with initial funding currently appropriated at \$1 billion. Upon MSF approval of the recommendation for the SSRP Request and CIP Request, the process for legislative transfer of actual funds through the SOAR Fund will be initiated to the MSF to implement funding these incentives.

Recommendation

MEDC Staff recommends approval of the following:

- **Gotion Recommendation**
Approval of the CIP Request for a minimum of 2,350 new jobs, as outlined in the attached resolution;
- **RPI Recommendation**
Approval of the SSRP Request as outlined in the attached resolution; and
- **County Recommendation**
Approval of the MSFRZ Request for a period of 30 years as outlined in the attached resolution.

APPENDIX A – CIP Programmatic Considerations

Key Statutory Criteria

Per section 88s of Act 270, the MSF shall consider at a minimum all of the following criteria to the extent reasonably applicable as reasonably determined by the MSF to the type of project proposed before entering into a written agreement for a qualified investment:

- a) **The importance of the Project to the Community where it is located:**

The proposed project will impact the regions around Mecosta County with immediate job growth and significant investment. The project would result in the creation of up to 2,350 new jobs and a capital investment of up to \$2.364 billion in Mecosta County.
- b) **If the Project will act as a Catalyst for Additional Revitalization of the Community and in Michigan:**

The project will result in significant job creation and capital investment. It is anticipated the influx of jobs will result in spin-off investments and redevelopment opportunities. Over \$11.5 billion in new personal income is expected to be generated by the direct, indirect, and induced jobs that this opportunity will create over 20 years. This personal income will be utilized to not only support the many small businesses in the community that are still recovering from the COVID pandemic, but will spur demand to redevelop underutilized and blighted properties in the community and the state for commercial and residential purposes.
- c) **The amount of local financial and Community Support of the Project:**

Green Charter Township, Big Rapids Charter Township, and Mecosta County have authorized a 30-year Renaissance Zone. Green Charter Township and Big Rapids Charter Township anticipate approval of a PA 198 of 1974 (“PA 198”) tax abatement in support of the Gotion expansion, which amounts to a reduction in property taxes of approximately 50%, which will help reduce the overall cost of doing the project in Michigan.
- d) **The Applicant’s Financial Need for a Qualified Investment from the CIP:**

The Company has been involved in a multi-state site selection to determine where to locate the new facility and investment. Consideration on placement includes costs of implementation and ongoing operations, availability of talent, utility and labor costs. Incentive assistance is necessary to defray additional costs incurred in Michigan compared to other locations.
- e) **The extent of reuse of Public or Private Vacant Buildings, Reuse of Historic Resources, and Redevelopment of Blighted Property:**

There are no vacant buildings on the 324.62-acre site. One of the three residential units on the site is over 50 years old, and therefore, qualifies as being a historic structure. The only distressed area in Mecosta County is the City of Big Rapids, no doubt due to the age of its housing stock. Localized areas of blight may exist in older parts of the City.
- f) **The Creation or Retention of Qualified Jobs as a Result of a Technological Shift in Product or Production at the Project Location and Michigan:**

Due to the new manufacture of a new product, all new and retained jobs will be the result of a fundamental technological shift in production.
- g) **The level of other public funds, including but not limited to, the appropriation of federal or Michigan funds and any federal or Michigan tax credits:**

Additional incentive support includes the following: a Strategic Site Readiness Grant to RPI in the amount of \$50 million for infrastructure upgrades to support the Gotion development; a 30-year Renaissance Zone estimated to be worth \$540 million and a PA 198 property tax abatement estimated to be worth \$17.9 million to support the Gotion development.
- h) **The level of any private funds, investments, or contributions into the project, including but not limited to, the Qualified Business’s own investments in the project:**

Private capital investment is estimated to reach \$2.364 billion and will support new building construction, machinery and equipment and other personal property.

i) Whether and How the Project is Financially and Economically Sound:

A financial review of the Company was completed and confirmed the Company's ability to finance the project. Gotion is one of the ten largest battery manufacturers in the world, trading on Sweden's stock exchange and raising nearly \$700 million in July. Further, Volkswagen is the largest shareholder.

j) Whether and How the Project Promotes Sustainable Development:

This industrial development project provides for a long-term usage of the land. The land has been zoned for industrial use for decades, with Big Rapids Charter Township owning the southern portion for industrial park purposes, such as this project.

k) Whether and How the Project Involves the Rehabilitation of a Historic Resource:

Not applicable

l) Whether and How the Project Addresses Areawide Redevelopment and its Overall Economic Benefit to the Existing Supply Chain:

Based on an economic impact analysis of this project using REMI (Regional Economic Models Inc), this opportunity has an employment multiplier of 3.13. This means that an additional 2.13 jobs in Michigan's economy are anticipated to be created for every new direct job, due to the extensive supply chain that exists in Michigan that can support this opportunity. In addition, these new jobs are generating new income, much of which is spent at local small businesses throughout the community and the state. Over 20 years, the total direct, indirect, and induced jobs will generate over \$11.5 billion in new personal income in Michigan.

m) The Extent and Level of Environmental Contamination:

An environmental assessment of the site has been completed and shows soil conditions are suitable for construction of the planned facility. A geotechnical evaluation is currently underway, but based on the information available, including the construction of the facility, it is assumed geotechnical conditions will support the planned facility and Gotion is in compliance with all environmental permits and regulations.

n) Whether and How the Project will Compete with or effect Existing Michigan Businesses Within the Same Industry:

The closest advanced battery manufacturer is located in the City of Holland, Allegan County, Michigan. They may serve different markets.

o) Whether and How the Project's Proximity to Rail and Utility will Impact Performance of the Project and Maximize Energy and Logistics needs in Michigan and in the Community Where the Project is Located:

This site is well served by Michigan's highway system, being located between four-lane U.S. 131 and the Business Route 131 through the City of Big Rapids. An interchange with the Highway (Exit 142) is located at 19 Mile Road. There is a State-owned rail line traversing Mecosta County north/south generally following along the Muskegon River, which is located east of the 324.62-acre site. The site also sits near a Consumers Energy high voltage service area, providing quality reliable service. The Company does not anticipate a negative impact.

p) The Risk of Obsolescence of the Project, Products, and Investments in the Future:

The renewable energy industry is a growth industry. Research & development and innovation are central to a renewable energy facility. Gotion aims to innovate and create the next generation of battery technology. While Gotion cannot predict what will happen in the future, it is believed this project will create products that will deliver value to its customers into the foreseeable future.

q) The Overall Return on Investment to Michigan:

In total, the project will result in nearly \$780 million in state taxes generated for the state of Michigan over a period of 20 years. This calculation was completed using a Regional Economic Modeling Inc (REMI) model.

r) How the Project Addresses Food Supply Challenges:

Not applicable

s) Other Factors Considered:

It is good to see a major industrial prospect locate in a northern Michigan community where the company's investments & job creation can substantially raise the standard of living. And, in turn, the community & residents can support a highly valued project which provides them with identity in the State, nation and possibly the world.

APPENDIX B – SSRP Programmatic Considerations

Key Statutory Criteria

Per section 88t of the MSF Act, to the extent reasonably applicable as reasonably determined by the MSF board to the type of project proposed, the MSF shall consider and document at least all of the following criteria for all SSRP awards before entering into a written agreement:

- **The importance of the project or Eligible Activities to the community in which is located and Michigan;**

The proposed project will impact the regions around Mecosta County with immediate job growth and significant investment by a large battery manufacturer. The project would result in the creation of up to 2,350 new jobs and a capital investment of up to \$2.364 billion in Mecosta County.
- **If the project will act as a catalyst for additional revitalization of the community where it is located and Michigan;**

The project will result in significant job creation and capital investment. It is anticipated the influx of jobs will result in spin-off investments and redevelopment opportunities. Over \$11.5 billion in new personal income is expected to be generated by the direct, indirect, and induced jobs that this opportunity will create over 20 years. This personal income will be utilized to not only support the many small businesses in the community that are still recovering from the COVID pandemic, but will spur demand to redevelop underutilized and blighted properties in the community and the state for commercial and residential purposes.
- **The amount of local community and financial support for the project;**

Green Charter Township, Big Rapids Charter Township, and Mecosta County have authorized a 30-year Renaissance Zone. Green Charter Township and Big Rapids Charter Township anticipate approval of a PA 198 of 1974 (“PA 198”) tax abatement in support of the Gotion expansion, which amounts to a reduction in property taxes of approximately 50%, which will help reduce the overall cost of doing the project in Michigan.
- **The amount of any other economic assistance or support provided by Michigan for the project;**

Additional incentive support includes the following: a Critical Industry Grant of up to \$165 million; a 30-year Renaissance Zone estimated to be worth \$540 million, and a PA 198 property tax abatement estimated to be worth \$17.9 million to support the Gotion development.
- **The amount of any other economic assistance or support provided by the federal government for the project, including without limitation, federal appropriations or tax credits;**

Not applicable
- **The amount of any private funds or investments for the project, including the Eligible Applicant’s own investments in the project;**

Private capital investment is estimated to reach \$2.364 billion and will support new building construction, machinery and equipment and other personal property.
- **The Eligible Applicant’s financial need for a grant, loan, or other economic assistance under the SSRP;**

The Company has been involved in a multi-state site selection to determine where to locate the new facility and investment. Consideration on placement includes site availability and readiness along with costs of implementation and ongoing operations, availability of talent, utility and labor costs. The size and scope of the project will result in significant infrastructure upgrades to service the site. Incentive assistance is necessary to offset the public infrastructure costs ensuring the project locate in Michigan.
- **The extent of reuse of vacant buildings, public or private, reuse of historic resources and redevelopment of blighted property;**

There are no vacant buildings on the 324.62-acre site. One of the three residential structures on the site is over 50 years old, and therefore, qualifies as being historic. The only distressed area in Mecosta County is the City of Big Rapids, no doubt due to the age of its housing stock. Localized areas of blight may exist in the older portions of the City.

- **Creation or retention of Qualified Jobs as a result of a technological shift in product or production at the project location and within Michigan;**
Due to the new manufacture of a new product, all new and retained jobs will be the result of a fundamental technological shift in production.
- **Whether and how the project is financially and economically sound;**
A financial review of the Company was completed and confirmed the Company's ability to finance the project. Gotion is one of the ten largest battery manufacturers in the world, trading on Sweden's stock exchange and raising nearly \$700 million in July. Further, Volkswagen is the largest shareholder.
- **Whether and how the project converts abandoned public buildings to private use;**
Not applicable
- **Whether and how the project promotes sustainable development;**
In addition to providing products that will deliver clean transportation solutions, both parties involved have very aggressive corporate sustainability plans, with substantial targeted investments in the use of clean energy to power their plants and production lines. A continuous ramp up in the use of renewable energy over time is anticipated. Further, both parties are actively engaged in developing strategies and processes for the recycling and reuse of batteries and/or battery materials.
- **Whether and how the project involves the rehabilitation of a historic resource;**
Not applicable
- **Whether and how the project addresses areawide redevelopment;**
Based on an economic impact analysis of this project using REMI (Regional Economic Models Inc), this opportunity has an employment multiplier of 3.13. This means that an additional 2.13 jobs in Michigan's economy are anticipated to be created for every new direct job, due to the extensive supply chain that exists in Michigan that can support this opportunity. In addition, these new jobs are generating new income, much of which is spent at local small businesses throughout the community and the state. Over 20 years, the total direct, indirect, and induced jobs will generate over \$11.5 billion in new personal income in Michigan.
- **Whether and how the project addresses underserved markets of commerce;**
The proposed facility will produce a product for the Company which is not currently available. The automotive industry is transitioning from fossil fuel burning engines to electric motors powering vehicles. The market for battery packs will only increase over time.
- **The level and extent of environmental contamination;**
An environmental assessment of the site has been completed and shows soil conditions are suitable for construction of the planned facility. A geotechnical evaluation is currently underway, but based on the information available, including the construction of the facility, it is assumed geotechnical conditions will support the planned facility and Gotion is in compliance with all environmental permits and regulations.
- **Whether and how the project will compete with or affect existing Michigan businesses within the same industry;**
The closest competitor in the advanced battery technology industry is located in the City of Holland, Allegan County, Michigan. They may serve different markets.
- **Whether and how the project's proximity to rail and utility will impact the performance of the project and will maximize energy and logistics needs in the community in which it is located, and in Michigan;**

This site is well served by Michigan's highway system, being located between four-lane U.S. 131 and the Business Route 131 through the City of Big Rapids. An interchange with the Highway (Exit 142) is located at 19 Mile Road. There is a State-owned rail line traversing Mecosta County north/south generally following along the Muskegon River, which is located east of the 324.62-acre site. The site also sits near a Consumers Energy high voltage service area, providing quality reliable service. The Company does not anticipate a negative impact.

- **The risk of obsolescence that the project, products, and investments in the future;**

The renewable energy industry is a growth industry. Research & development and innovation are central to a renewable energy facility. Gotion aims to innovate and create the next generation of battery technology. While Gotion cannot predict what will happen in the future, it is believed this project will create products that will deliver value to its customers into the foreseeable future.

- **The overall return on investment to Michigan;**

In total, the project will result in nearly \$780 million in state taxes generated for the state of Michigan over a period of 20 years. This calculation was completed using a Regional Economic Modeling Inc (REMI) model.

- **Whether the proposed Strategic Site is incorporated into a strategic plan of a political subdivision of Michigan;**

While the northern tier of sections in Big Rapids Charter Township includes an existing industrial area that has always been on the lookout to attract industrial tenants, no planning would have ever envisioned such a major prospect like Gotion to consider building a new facility of several hundred thousand square feet of manufacturing space in size and with creating a workforce of several thousand high-tech, high paying jobs.

Additionally, under Section 88t of the MSF Act, since the end user of the Strategic Site is identified, the MSF Board shall also consider:

- **The strategic economic importance of the project to the community where it is located and Michigan;**

The proposed project will impact the regions around Mecosta County with immediate job growth and significant and continued investment by a global automotive manufacturer. The project would result in the creation of up to 2,350 new jobs and a capital investment of up to \$2.364 billion in Mecosta County.

- **Whether the financial assistance is needed to secure the project in Michigan;**

The Company has been involved in a multi-state site selection to determine where to locate the new facility and investment. Consideration on placement includes site availability and readiness along with costs of implementation and ongoing operations, availability of talent, utility and labor costs. The size and scope of the project will result in significant infrastructure upgrades to service the site. Incentive assistance is necessary to offset the public infrastructure costs ensuring the project locate in Michigan.

- **The degree to which the project is a priority for the local governmental unit or local economic development corporation in the jurisdiction of which the site is located;**

Mecosta County and surrounding counties have not enjoyed the economic growth experienced in West Michigan. In fact, the most recent U.S. Census showed Mecosta County losing population. The need for economic growth is high. In addition, the site under consideration includes the Big Rapids Charter Township Industrial Park, which the community developed over 25 years ago in hopes of attracting new jobs and investment. In many ways, the community has been preparing for this opportunity for years.

- **The level of creation or retention of Qualified Jobs as a result of a technological shift in product;**

Due to the new manufacture of a new product, all new and retained jobs will be the result of a fundamental technological shift in production.

- **Whether the Qualified Jobs created or retained as a result of a technological shift in product or production equal or exceed the average wage for the county in which the project is located;**
The average wage of the Qualified Jobs created will exceed the average wage for the county. The average hourly wage for Mecosta County is \$21.33, the average hourly wage for the Qualified Jobs created will be \$29.42.
- **The level of capital investment;**
The Gotion development project is anticipated to result in up to \$2.364 billion in capital investment.
- **The evidence of the End User's commitment to the site;**
Gotion has committed to expanding at the site.

APPENDIX C – Renaissance Zone Programmatic Considerations

PROJECT EVALUATION

Job Creation

Up to 2,350 by December 31, 2031

Gotion Private Investment

Up to \$2.364 billion by December 31, 2031

Size

324.62 acres with 2,080,592 square feet of building and related site improvements

Tax Information

It is estimated that an average of \$16.6 million will be abated annually in property taxes.

Period of Designation

30-year designation

ADDITIONAL INFORMATION

Other Local Support

Big Rapids Charter Township and Green Charter Township anticipate approval of a PA 198 in support of the project. The estimated value of the abatement is \$17.9 million over 12 years for each year of investment.

Development Agreement

A development agreement will be entered into between Gotion and the Michigan Strategic Fund.

Legislative Information

Senator: Rick Outman - State Senate District 33

Representative: Michele Hoytenga - State House District 102

Strategic Site Readiness Program Grant

Summary of Terms

This document summarizes the key terms and conditions of the potential Strategic Site Readiness Program (“SSRP”) Award for The Right Place, Inc. (the “Applicant”). The proposed terms and conditions herein will not be construed as binding upon either party until the mutual execution of a written grant agreement. Any obligations that may be deemed to arise under this Term Sheet are contingent on the Applicant obtaining all necessary approvals, and the Michigan Economic Development Corporation (“MEDC”) obtaining all necessary Michigan Strategic Fund (“MSF”) Board and State of Michigan Legislature approvals.

SSRP Award: Up to \$50,000,000 to the Applicant for Eligible Activities, as defined in the SSRP Guidelines approved by the MSF Board on January 11, 2022, to support Gotion Inc.’s (the “Company”) plans to create a new battery campus at the industrial park in Big Rapids Charter Township and Green Charter Township, Mecosta County (the “Project Site”). The Eligible Activities, as defined below, are necessary to support the development of the Project Site (the “Project”). The Project will allow the Company to build and equip the facilities at the Project Site leading to the anticipated creation of 2,350 new jobs and private investment of \$2,364,000,000 by December 31, 2030.

Term of the Agreement: Effective Date through the earlier of: (i) June 30, 2028; (ii) the grant manager’s approval of the Project Completion Milestone; or (iii) when the Parties agree in writing.

Disbursement of Grant Funds: Grant funds will be disbursed based on the Applicant’s achievement of the following key milestones and, except as to Key Milestone One, only after the Applicant has actually expended at least ninety percent (90%) of the grant funds disbursed under the immediately preceding Key Milestone in accordance with the project budget:

- **Key Milestone One: Not to exceed \$25,000,000**
 - Disbursement request in the form determined by the MEDC;
 - Copies of currently executed written agreements between the Applicant and any contractor engaged to perform the Eligible Activities for the Project;
 - Copies of all purchase agreements necessary for the Applicant to facilitate the transfer of all parcels related to the Project;
 - Memorandum of understanding or other written agreement with Big Rapids Charter Township, Green Charter Township, and Mecosta County which, to the extent applicable, must reference the plan to transfer lands to facilitate the Project; and
 - A copy of the development agreement between the Applicant and the Company and a copy of the development agreement between the Company and other local or state governmental agencies.

- **Key Milestone Two: Not to exceed \$25,000,000**
 - Disbursement request in the form determined by the MEDC;
 - A spreadsheet describing and itemizing the actual expenditure for Eligible Activities of grant disbursements received under Key Milestone Number One. The spreadsheet shall include the corresponding category of the budget, identify the name of actual vendor or recipient of each expenditure, and be accompanied by supporting documentation;
 - Copies of currently executed written agreements between the Applicant and any contractor engaged to perform the Eligible Activities for the Project not previously submitted in Key Milestone One;
 - Demonstrated verification that all parcels from any source associated with the Project have been acquired and/or transferred to the Company; and

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- A narrative describing in detail the Eligible Activities to be completed with the grant disbursement received under Key Milestone Two.
- Project Completion Milestone, due on or before December 31, 2027:
 - A final milestone certificate in the form determined by the MEDC;
 - A spreadsheet describing and itemizing the actual expenditure of grant disbursements for all Eligible Activities completed during the Term. The spreadsheet shall include the corresponding reference category of the budget, identify the name of actual vendor or recipient of each expenditure, and be accompanied by supporting documentation;
 - Copies of currently executed written agreements between the Applicant and any contractor engaged to perform the Eligible Activities for the Project not previously submitted in Key Milestone One and Key Milestone Two;
 - Demonstrated verification that 100 percent of the funds disbursed in have been expended for Eligible Activities; and
 - Documentation satisfactory to the grant manager that the Project is complete.

Eligible Activities: activities related to include, but are not limited to, related public infrastructure improvements (including the purchase of real property, rights-of-way and easements and legal expenses necessary to support the public infrastructure improvements), site development, land acquisition, and any activities outlined in the SSRP Guidelines necessary to support the development of the Project Site incurred after September 1, 2022 related to the Project. The Applicant and the MSF will develop a detailed budget for the Project that includes budget categories for the Eligible Activities. The budget will be incorporated into the written agreement signed by the parties.

Security Interest: Security interests in favor of the MSF must comply with Section 88(s)(4) of the MSF Act, MCL 125.2088s(4). Notwithstanding anything to the contrary, the Applicant shall maintain a separate account (the "Project Funds Account") into which the grant funds will be disbursed, and the Applicant shall grant the MSF a security interest in the Project Funds Account. MSF security interests may also include security in the real and/or personal property at the Project Site, such as a mortgage, right of first offer, reverter rights, equipment, intangibles, inventory or other such personal property interests. The Applicant shall facilitate granting of such real and/or personal property interests in favor of the MSF as part of the transfer of Parcels necessary at the Project Site. Such security interests will be used to secure repayment, as applicable of any amounts owed to the MSF under the SSRP grant agreement with the Applicant, and under the Critical Industry Program grant to the Company.

Suspension of Disbursements: The MSF may immediately suspend making disbursements of the SSRP Award upon the occurrence of: (i) an event resulting in a Repayment Amount, (ii) an event of default, which shall be defined in the grant agreement, but shall include, without limitation, material noncompliance with the terms of the grant agreement, (iii) default in any other agreement with the State of Michigan or (iv) the occurrence of an event which, with the giving notice or the passage of time, or both, would constitute an event of default

Clawback Provisions: The Applicant will be required to repay all or a portion of the grant disbursements made under the SSRP Award upon the occurrence of one or more of the following events (each resulting in a "Repayment Amount"), and repayment is subject to the highest applicable Repayment Amount if one or more of the same circumstances give rise to such events. The Applicant and the MSF agree to collaborate on any defaults by third parties under any of the Applicant's contracts for the Project for the purpose of recovery of SSRP Award funds, including without limitation, any of the Applicant's agreements with the Company, and such may include assignments in favor of the MSF. All Repayment Amounts must be paid within 90 days of written

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notification by the MSF. Any Repayment Amount not paid within 90 days is subject to a penalty of 1% per month, prorated on a daily basis:

- **Land Acquisition:** If the Applicant fails to provide the Company with funding necessary for the Applicant to facilitate the transfer, and the Company's acquisition of the parcels necessary for the Project Site, it will be required to repay up to 100% of grant disbursements made under the SSRP Award.
- **Project Abandonment:** if the Applicant voluntarily abandons the project after the SSRP Award is disbursed and on or before the end of the Term it will be required to repay 100% of grant disbursements made under the SSRP Award.
- **Bankruptcy or Insolvency** – If the Applicant files for bankruptcy or otherwise becomes insolvent on or before the end of the Term, with any such proceedings against the Applicant not being set aside within sixty (60) calendar days from the date of institution thereof and results in the material reduction to the Applicant's operations for the Project, it will be required to repay 100% of grant disbursements made under the SSRP Award. The MSF would be entitled to foreclose on any security interest and, in the case of bankruptcy, submit a proof of claim in any such bankruptcy proceedings and seek recovery of the SSRP Award.
- **Material Misrepresentation.** If the Applicant makes a material misrepresentation under the grant agreement, any required submissions thereunder, or any reimbursement request to the MSF on or before the end of the Term it will be required to repay 100% of grant disbursements made under the SSRP Award.
- **Misuse of Funds:** if the Applicant uses the SSRP Award for a prohibited purpose during the Term it will be required to repay 100% of grant disbursements made under the SSRP Award.
- **Default of Project Contracts:** The fully executed written agreement will include repayment language for events of default, which shall include but not limited to the Company's failure to comply with any contracts arising out of the Project.
- **Material Failure to Comply.** If the Applicant fails to materially comply with its obligations under the grant agreement, including the failure submit materials required under the (i) Key Milestones, (ii) annual progress reports, or (iii) annual compliance certificates under the grant agreement, it may be required to repay up to 100% of grant disbursements made under the SSRP Award.
- **Project Funds Account Balance.** In the event there is any remaining balance in the Project Funds Account upon the earlier of: (i) the Applicant's submission of the Final Milestone Certificate or (ii) December 31, 2027, the Applicant shall pay the MSF the balance of funds in the Project Funds Account.

Additional State Required Terms:

- **Amendments** – As required under Section 88t(8) of the MSF Act, MCL 125.2088t(8) ("Section 88t"), the MSF will provide written notice to the Legislature of any requests to modify the fully executed written grant agreement and will otherwise comply with requirements of Section 88t(8) prior to taking any action on such amendment request.
- **Annual Compliance Certificate** – During the Term, the Applicant will be required to sign and submit an annual compliance certificate certifying that the Applicant is in compliance with the terms and conditions of the grant agreement.
- **Annual Progress Report** – During the Term, the Applicant will be required to submit annual progress reports. This information will be transmitted by the MSF to the Legislature as required under Section 9 of the MSF Act, MCL 125.2009.
- **Access to Records & Audit Rights** – During the Term, and for a period of three years after the expiration of the Term, and upon reasonable advance notice, the Applicant is

9.29.2022

required to permit the MSF, MEDC, the Office of the Auditor General, the Department of Technology, Management and Budget, and the MSF Chief Compliance Officer to visit the Applicant, and any other location where books and records of the Applicant are normally kept, to inspect the books and records, including financial records and all other information and data relevant to the terms of the grant, all at times and locations mutually agreed upon by the parties.

- **Other provisions.** The grant agreement will include standard representations, covenants, and other provisions required by the MSF, including without limitation, non-discrimination and unfair labor practices, termination of funding, any other requirements of the SSRP Guidelines, as approved by the MSF, and any requirements of the Michigan Strategic Fund Act, including without limitation, cross default, and any other provisions of Section 88t.

Critical Industry Program (“CIP”) Grant Term Sheet

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

PROJECT SUMMARY

Scope of the Project: The Company intends to create a new battery campus that will produce cathode and anode components for battery cells at the industrial park in Big Rapids Charter Township and Green Township, Mecosta County (the “Project Site”). The Company expects to ramp up over the course of the next seven (7) years resulting in an expected creation of at least 2,350 new jobs and a projected investment of \$2,364,000,000 by December 31, 2030, to build and equip the battery facilities at the Project Site (collectively, the “Project”).

CIP Award Amount: A maximum grant of \$125,000,000 (the “CIP Award” or “Grant”)

Term of the Agreement: Effective Date through September 30, 2032 (the “Term”).

Overall Investment Commitment: Investment by the Company of no less than a total of \$2,364,000,000 in Eligible Expenses for the Project by December 31, 2031 (the “Investment Performance Deadline”), which the Company shall invest at the Project Site (collectively, the “Investment Commitment”).

Overall Jobs Commitment: Creation of a minimum of 2,350 Qualified Jobs (the “Overall Jobs Minimum”) at the Project Site, above a Statewide Base of zero (0) employees (the “Overall Base”), on December 31, 2031, which QJ’s must have been maintained for previous 12 months, (the “Jobs Performance Deadline”) (collectively, the “Overall Jobs Commitment”).

- A “Qualified Job” or “QJ” is defined as a job that the Company creates at the Project Site, on or after August 9, 2022 (date of accepted offer), and is performed by either: (i) a Michigan resident whose state income taxes are withheld by the Company, or by an employee leasing company or professional employer organization on behalf of the qualified business; or (ii) a nonresident who is employed by the Company at the Project Site, as determined and verified by the MSF.

Security Interest: Security interests in favor of the MSF must comply with the requirements of Section 88s(4) of the MSF Act, MCL 125.2088s(4), and notwithstanding anything to contrary, and may include, but is not limited to, real and/or personal property at Project Site, such as a mortgage, right of first offer, reverter rights, equipment, fixture, deposit account control, intangibles, inventory, or other personal property interests. Such security interests will be used to secure repayment of any amounts owed to the MSF under the grant agreement through the end of the Term.

GRANT DISBURSEMENTS

Grant funds will be disbursed for Eligible Expenses (defined below) and in accordance with the requirements set forth below. Requests for reimbursement will be verified by the MEDC Business Compliance of the Legal and Compliance division of the MEDC prior to release of any funds. "Eligible Expenses" means hard costs for site preparation, construction, infrastructure, development, machinery, equipment, tooling, computers, furniture, fixtures, and other such capital expenditures for the Project at the Project Sites beginning on or after the MSF approval. Certain costs, to be more particularly described in the grant agreement, such as administrative costs, debt and lease payments, meals and entertainment expense, are not eligible for reimbursement.

- **Phase One Pre-Disbursement Milestone – Due on or before December 31, 2023**

- Demonstrate verification of an executed Development Agreement between the Company and The Right Place, Inc. (the "Development Agreement");
- Demonstrate verification of an executed Development Agreement between the applicable local unit of government and the Company; and
- Demonstrate the purchase and/or transfer of land to the Company for all necessary parcels at the Project Site.

Failure to meet Phase One Pre-Disbursement Milestone will result in no Grant disbursements and termination of the Grant.

- **Phase One Disbursements – up to \$95,000,000**

- Upon verification that the Company has completed the Phase One Pre-Disbursement Milestone, the Company may request disbursements on a reimbursement basis for 50 percent of Eligible Expenses, incurred at the Project Site and paid by the Company, up to \$95,000,000. The Company shall submit one or more reimbursement requests, at its discretion, but no more frequently than quarterly together with a certification of the Company's compliance with the grant agreement.

- **Phase Two Pre-Disbursement Milestone – Due on or before March 30, 2028**

- Completion of Phase One Pre-Disbursement Milestone
- Investment by the Company of no less than an additional \$1,975,000,000 in Eligible Expenses in connection with the Project
- Creation of 1,500 Qualified Jobs

Failure to meet the Phase Two Pre-Disbursement Milestone may result in termination of the Grant and repayment of all or a portion of Grant funds disbursed under Phases One.

- **Phase Two Disbursements – up to \$30,000,000**

- Upon verification that the Company has completed the Phase Two Pre-Disbursement Milestone, the Company may request disbursements on a reimbursement basis for 50 percent of Eligible Expenses, incurred at the Project Site and paid by the Company, up to \$30,000,000. The Company shall submit one or more reimbursement requests, at its discretion, but no more frequently than quarterly together with a certification of the Company's compliance with the grant agreement.

Failure to meet the Project Completion Milestone will result in repayment of all or a portion of Grant funds disbursed under Phases One and Two.

- **Project Completion Milestone – Due March 30, 2032**
 - o Completion of Phase One Pre-Disbursement Milestone and Phase Two Pre-Disbursement Milestone;
 - o Achievement of the Investment Commitment; and
 - o Achievement of Overall Jobs Commitment.

Failure to meet the Project Completion Milestone will result in repayment of all or a portion of Grant funds disbursed under Phases One and Two.

CLAWBACK PROVISIONS AND REPAYMENT EVENTS

The Company will be required to repay all or a portion of the Grant disbursements made under the CIP Award upon the occurrence of one or more of the following events (each resulting in a “Repayment Amount”), and repayment is subject to the highest applicable Repayment Amount if one or more of the same circumstances give rise to such events. All Repayment Amounts must be paid within 90 days of written notification by the MSF. Any Repayment Amount not paid within 90 days is subject to a penalty of 1% per month, prorated on a daily basis.

- **Failure to Meet Phase Two Pre-Disbursement Milestone** – The Company’s failure to meet the requirements of the Phase Two Pre-Disbursement Milestone will result in termination of the CIP Award and require the Company to repay up to 100% of the Grant funds received by the Company.
- **Failure to Meet Investment Commitment** – The Company’s failure to satisfy the Investment Commitment will result in the Company’s obligations to repay a portion of the Grant funds received by the Company to the MSF, which will be calculated by dividing: (A) the actual amount of demonstrated investment by the Company for the Project by (B) the Investment Commitment (the “Investment Performance Percentage”). Company shall repay the difference between (A) the amount of Grant funds received by the Company and (B) the amount of Grant funds received by the Company multiplied by the Investment Performance Percentage.
- **Failure to Meet Overall Jobs Commitment** – The Company’s failure to satisfy the Overall Jobs Commitment on the Jobs Performance Deadline will result in Company’s obligation to repay to the MSF a portion of the Grant funds received by Company (or the remainder of which following any repayment required by the Investment Deadline). The Repayment Amount shall be calculated by the dividing (A) the Peak Overall Jobs Attained by (B) the Overall Jobs Minimum (the “Jobs Performance Percentage”). Company shall repay the difference between (A) the amount of Grant funds received by the Company and (B) the amount of Grant funds received by the Company multiplied by the Jobs Performance Percentage (the “Eligible CIP Award”). “Peak Overall Jobs Attained” is the peak number of Qualified Jobs above the Overall Base within one year prior to the Performance Requirement Deadline.
- **Sale or Transfer of Land** – The fully executed written agreement will include security interests and repayment language in the event land purchased by or transferred to the Company utilizing the Strategic Site Readiness Grant proceeds as outlined in the Development Agreement is sold or transferred.

- **Mass Relocation** – If the Company transfers to another State more than 50% of the total number of jobs at the Project on or before the end of the Term, it will be required to repay all or a portion of Grant disbursements made under the CIP Award.
- **Project Abandonment** – If the Company abandons Eligible Expense activities or production at the Project at one or more of the Project Sites for a period of one hundred twenty (120) consecutive days after the CIP Award is disbursed and on or before the end of the Term it will be required to repay a proportionate amount of Grant disbursements made under the CIP Award.
- **Company Bankruptcy or Insolvency** – If the Company files for bankruptcy or otherwise becomes insolvent on or before the end of the Term, with any such proceedings against the Company not being set aside within sixty (60) calendar days from the date of institution thereof and results in the material reduction to the Company's operations at the Project, it will be required to repay 100% of grant disbursements made under the CIP Award. The MSF would be entitled to foreclose on any security interest and, in the case of bankruptcy, submit a proof of claim in any such bankruptcy proceedings and seek recovery of the CIP Award.
- **Material Misrepresentation** – If the Company makes any material misrepresentation under the grant agreement, any required submissions thereunder, or any reimbursement request to the MSF on or before the end of the Term, it will be required to repay 100% of Grant disbursements made under the CIP Award.
- **Misuse of Funds** – If the Company uses the CIP Award for a prohibited purpose during the Term it will be required to repay 100% of grant disbursements made under the CIP Award.

Suspension of Disbursements: The MSF may immediately suspend making disbursements of the CIP Award upon the occurrence of: (i) an event resulting in a Repayment Amount, or (ii) an event of default, which shall be defined in the grant agreement, but shall include, without limitation, material noncompliance with the terms of the grant agreement, etc., (iii) default in any other agreement with the State of Michigan or (iv) the occurrence of an event which, with the giving notice or the passage of time, or both, would constitute an event of default.

ADDITIONAL STATE REQUIRED TERMS

- **Amendments** – As required under Section 88s(5) of the MSF Act, MCL 125.2088s(5), the MSF will provide written notice to the Legislature of any requests to modify the fully executed written grant agreement and will otherwise comply with requirements of Section 88s(5) prior to taking any action on such amendment request.
- **Annual Compliance Certificate** – During the Term the Company will be required to sign and submit an Annual Compliance Certificate certifying that the Company is in compliance with the terms and conditions of the grant agreement.
- **Annual Progress Report** – During the Term the Company will be required to submit annual progress reports, which shall include the total number of Qualified Jobs created at the Project, the average annual salary of both the Base Jobs and the new Qualified Jobs, and the total investment into the Project. This information will be transmitted to the Legislature as required under Section 9 of the MSF Act, MCL 125.2009.
- **Access to Records & Audit Rights** – During the Term and for a period of three years after the Term, and upon reasonable advance notice, the Company is required to permit the MSF, MEDC, the Office of the Auditor General, the Department of Technology, Management and Budget, and the MSF Chief Compliance Officer to visit the Company, and any other location where books and records of the Company are normally kept, to inspect the books and records, including financial

records and all other information and data relevant to the terms of the Grant, all at times and locations mutually agreed upon by the parties.

- **Other provisions.** The grant agreement will include standard representations, covenants, and other provisions required by the MSF, including without limitation, indemnification, non-discrimination and unfair labor practices, termination of funding, any other requirements of the Critical Industry Program Guidelines, as approved by the MSF, and any requirements of the Michigan Strategic Fund Act, including without limitation, cross default, and any other provisions of Section 88s.

**MICHIGAN STRATEGIC FUND
RESOLUTION 2022-**

**APPROVAL OF MICHIGAN STRATEGIC SITE READINESS PROGRAM
GRANT TO THE RIGHT PLACE, INC.**

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

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

WHEREAS, pursuant to Section 88t of the MSF Act, MCL 125.2088t, the MSF shall create and operate the Michigan strategic site readiness program to provide grants, loans, and other economic assistance for eligible applicants to conduct eligible activities for the purpose of creating investment-ready sites to attract and promote investment in this state for eligible activities on, or related to, strategic sites and mega-strategic sites (the “Strategic Site Readiness Program”);

WHEREAS, the Strategic Site Readiness Program will be funded through the Strategic Outreach and Attraction Reserve (“SOAR”) Fund created by Public Act 137 of 2021, upon transfer of SOAR funds to the MSF;

WHEREAS, on January 11, 2022, the MSF Board created the Strategic Site Readiness Program and approved the guidelines for the implementation and operation of the Strategic Site Readiness Program (the “Strategic Site Readiness Program Guidelines”);

WHEREAS, The Right Place, Inc. (“RPI”) submitted an application on September 29, 2022 seeking a Strategic Site Readiness Program grant in the amount of \$50,000,000 and in accordance with the terms and conditions outlined in the term sheet attached as Exhibit A to this Resolution (the “Grant Request”);

WHEREAS, subject to transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MEDC recommends the MSF approve the Grant Request; and

WHEREAS, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MSF Board wishes to approve the Grant Request.

NOW THEREFORE, BE IT RESOLVED, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MSF Board approves the Grant Request;

BE IT FURTHER RESOLVED, the MSF President and the MSF Financial Officer are authorized to take all actions necessary to request transfer of SOAR funds to the MSF to fund the Grant Request; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 5, 2022

**MICHIGAN STRATEGIC FUND
RESOLUTION 2022-**

**APPROVAL OF THE
CRITICAL INDUSTRY PROGRAM GRANT TO
GOTION, INC.**

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

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

WHEREAS, pursuant to Section 88s of the MSF Act, MCL 125.2088s, the MSF shall create and operate the critical industry program to provide qualified investments to qualified businesses for deal-closing, gap financing, or other economic assistance to create or retain qualified jobs as a result of a technological shift in product or production or make capital investments (the “Critical Industry Program”);

WHEREAS, the Critical Industry Program will be funded through the Strategic Outreach and Attraction Reserve (“SOAR”) Fund created by Public Act 137 of 2021, upon transfer of SOAR funds to the MSF;

WHEREAS, on January 11, 2022, the MSF Board created the Critical Industry Program and approved the guidelines for the implementation and operation of the Critical Industry Program;

WHEREAS, Gotion, Inc. (the “Company”) submitted an application on September 29, 2022 seeking a Critical Industry Program grant in the amount of \$125,000,000, to support capital investment of \$2,364,000,000 and a minimum of 2,350 Qualified Jobs in the Big Rapids Township and Green Township, Mecosta County, Michigan in accordance with the terms and conditions outlined in the term sheet attached as Exhibit A to this Resolution (the “Grant Request”);

WHEREAS, the MEDC recommends the MSF approve the Grant Request, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request;

WHEREAS, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MSF wishes to approve the Grant Request.

NOW THEREFORE, BE IT RESOLVED, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MSF Board approves the Grant Request;

BE IT FURTHER RESOLVED, the MSF President and the MSF Financial Officer are authorized to take all actions necessary to request transfer of SOAR funds to the MSF to fund the Grant Request; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 5, 2022

**MICHIGAN STRATEGIC FUND
RESOLUTION
2022-**

**MICHIGAN STRATEGIC FUND DESIGNATED RENAISSANCE ZONE:
GOTION, INC.**

WHEREAS, Section 8a(2) of the Michigan Renaissance Zone Act (the “Act”), 1996 PA 376, as amended, authorizes the Michigan Strategic Fund (the “MSF”) to designate up to twenty seven (27) renaissance zones (an “MSF-Designated Renaissance Zone”) at the application of a qualified local governmental unit and with the consent of the city, village, or township within which the boundaries of the MSF-Designated Renaissance Zone reside;

WHEREAS, the MSF has designated twenty-three (23) of the twenty-seven (27) MSF-Designated Renaissance Zones available under the Act;

WHEREAS, on June 28, 2016, via MSF Resolution 2016-091, the MSF adopted guidelines for MSF-Designated Renaissance Zones (the “Guidelines”), which require, among other things, that the term of any MSF-Designated Renaissance Zone be limited to a maximum of fifteen (15) years (the “Term Limit”);

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

WHEREAS, the MEDC received an application from Mecosta County (the “Application”) for a thirty (30) year MSF-Designated Renaissance Zone for Gotion, Inc. (the “Company”) under Section 8a(2) of the Act for a total of nineteen parcels totaling 523.38 acres in Mecosta County, including eight parcels totaling 115.33 acres in Big Rapids Charter Township and eleven parcels totaling 408.05 acres in Green Charter Township (the “Property”);

WHEREAS, the Company is requesting approval to make a payment in lieu of taxes to Big Rapids Charter Township, Green Charter Township, or Mecosta County, or any combination thereof, for reimbursement of the real property taxes abated by the renaissance zone designation for their respective jurisdictions (the “PILOT”);

WHEREAS, the MEDC recommends that the MSF Board 1) waive the Time Limit; 2) approve the Application for designation of an MSF-Designated Renaissance Zone for the Company for a period of thirty (30) years at the Property, to begin on December 31, 2022 for property tax purposes and January 1, 2023 for all other purposes; and 3) approve the PILOT (collectively, the “Renaissance Zone Recommendation”).

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Renaissance Zone Recommendation; and

BE IT FURTHER RESOLVED, that the MSF Board authorizes the Fund Manager to negotiate the final terms and conditions of and to execute all documents necessary to effectuate the Renaissance Zone Recommendation, consistent with the terms of this Resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan

October 5, 2022



MEMORANDUM

Date: October 5, 2022

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

From: Josh Hundt, Executive Vice President, Strategic Accounts & Chief Projects Officer

Subject: Strategic Site Readiness Program (“SSRP”) Grant Request
Muskegon County (“Applicant”)

Request Summary

The Applicant is requesting incentive support to assist with funding for the Southeast Regional Force Main project (the “Project”). to provide wastewater transport and disposal services to those southeast of the existing Muskegon County Resource Recovery Center (“MCRRC”) Service District. The Project is expected to benefit the municipalities of the City of Coopersville, Polkton Charter Township, Ravenna Township, and the Village of Ravenna. Businesses that are expected to benefit include fairlife, Continental Dairy, DeVries Meats, Applegate Dairy, and Swanson Pickle. These companies plan to invest at least \$187 million and anticipate creation of 145 jobs upon completion of the Project. The Applicant is requesting a \$60 million SSRP performance-based grant for public infrastructure and utility upgrades in connection with the Project, as outlined in the attached Summary of Terms (“SSRP Request”).

Background

On December 20, 2021, Governor Gretchen Whitmer, in collaboration with the Legislature, labor leaders, economic development agencies and various business groups, signed a package of economic incentives that will allow Michigan to compete for, and win, transformational projects that will bring long-term economic opportunity to Michiganders. Local agricultural and food processing businesses are limited in their ability to expand without an upgrade to wastewater infrastructure. There have been several rounds of investment made by both the private and public sectors in efforts to move forward the Project since 2008.

Project Description

The goal of the Project is to provide wastewater transport and disposal services to those located southeast of the MCRRC Service District. The City of Coopersville Wastewater Treatment Plant currently provides wastewater disposal service for local industry, including heavy users Continental Dairy and fairlife, in addition to residents of the city. The Project will allow the City of Coopersville to redirect all its wastewater north to the MCRRC Service District. Flow redirection will be accomplished by constructing a new 30-inch inside diameter Southeast Regional Force Main and Lift Station system. Portions of the existing City of Coopersville collection system will be modified or repurposed to facilitate flow redirection.

Under the Project, the Southeast Regional Force Main and Lift Station will be sized and available for connections from various immediately adjacent entities and municipalities along the proposed force main route. The Project has a total budget of \$65,000,000, with fairlife contributing \$5,000,000 toward the Project. The Project is expected to be completed in 2025.

Project Impact

Completion of the Project will strengthen the agriculture industry in Michigan. The agriculture industry plays a significant role in the state's economy. The food and agriculture industry contributes \$104.7 billion annually to the state's economy. Livestock, including dairy, has the greatest impact at \$5.13 billion, followed by crops with an economic impact of \$5.12 billion. In addition to revenue, Michigan's food and agriculture system is a large portion of the state's workforce with total employment of approximately 805,000, which accounts for 17 percent of the state's economy.¹

From total job opportunities to average earnings, the agriculture industry plays a significant role in West Michigan's economy. Local food processors and manufacturers are significant drivers of Ottawa County's economy. Specifically, the industry has invested \$1.5 billion over the past three years and employs 4,800 individuals with an average annual wage of \$72,000.

As this industry grows and wastewater disposal needs increase, local infrastructure bears the burden of a higher rate of usage. The increased wastewater capacity needs can strain local municipal systems and require multi-million-dollar investments to keep up with demand. Local food processors in Ottawa and Muskegon Counties consistently identify wastewater capacity as one of the leading barriers to continued growth in Michigan.

The proposed solution will build a wastewater line connecting employers in the greater Coopersville area to the MCRRC Service District. The Project will drastically increase carrying capacity, removing the long-standing barrier to growth, and allowing these key employers to grow and thrive here in the State of Michigan for years to come.

The MCRRC Service District currently treats only one-third of the wastewater volume it was built to manage, with more than 30 million gallons a day of excess capacity. The design of the plant has the capability and capacity to take on much more agricultural, industrial and residential flow.

The City of Coopersville has the potential to experience the most immediate benefit from the Project by securing the futures of its two key food processors—fairlife and Continental Dairy. While Ottawa County shows the strongest population growth in Michigan with 4.7 percent growth since 2016, Coopersville's population only grew by two percent over that time and saw jobs decline by 11.2 percent over the same period. Maintaining and expanding these significant employers lends a greater degree of security to the future of the City of Coopersville.

In addition to equipping existing employers to grow and expand, the pipeline also creates opportunity for much-needed housing development and attraction of new businesses in rural, underserved communities in both Ottawa and Muskegon Counties.

Employment Impact

The five employers expected to initially grow because of the Project (fairlife, Continental Dairy, DeVries Meats, Applegate Dairy, and Swanson Pickle Co.) anticipate creating up to 145 new jobs as a result of the Project. These jobs will be in addition to the 558 employees the companies currently have in the state. These jobs will pay an average of \$23.18 per hour. Additionally, these five companies combine to have 884 Michigan suppliers that may also grow because of this Project.

¹ <https://www.michigan.gov/mdard/about/mi-agriculture/michigan-agriculture-resources>

Demonstrated Need

Local food industry employers in northern Ottawa County and southern Muskegon County such as fairlife, Swanson Pickle, Continental Dairy, Applegate Dairy, and DeVries Meats have indicated that current wastewater capacity constraints are their leading barrier to growth and are significantly limiting their ability to be successful in West Michigan.

Given the importance of Continental Dairy and fairlife to the City of Coopersville the community has worked to address their robust wastewater needs over the years. However, scaling up to meet the needs of these companies has proved challenging for the community's small municipal facility. Coopersville residents only produce a daily average of .52 MGD of wastewater, while Continental Dairy and fairlife are both Significant Industrial Users currently permitted by EGLE to send a combined 1.2 MGD of waste to the facility. Unfortunately, the 1.2 MGD limit is a challenge to meet the companies existing needs, much less allow for long-term growth. Without investing in the pipeline the only option remaining is for Coopersville to make substantial and ongoing investments to its small facility.

Request

The Applicant is requesting a \$60 million SSRP performance-based grant to support the expended infrastructure capacity that is necessary for additional business growth and expansion in Michigan.

The Project aligns with the MEDC's strategic focus areas to **attract, retain and support businesses** and **foster high-wage skills growth** in the focus industry of **Agribusiness**. The Project will impact Ottawa and Muskegon Counties with near term job growth and significant and continued investment by at least five companies in the area. In total, the Project would result in the creation of up to 145 new jobs and a capital investment of up to \$187 million.

Appendix A addresses the SSRP programmatic considerations.

Funding

The SSRP will be funded through the Strategic Outreach and Attraction Reserve ("SOAR") Fund, with initial funding currently appropriated at \$1 billion. Upon MSF approval of the recommendation for the SSRP Request, the process for legislative transfer of actual funds through the SOAR Fund will be initiated to the MSF to implement funding these incentives.

Recommendation

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

APPENDIX A – SSRP Programmatic Considerations

Key Statutory Criteria

Per section 88t of the MSF Act, to the extent reasonably applicable as reasonably determined by the MSF board to the type of project proposed, the MSF shall consider and document at least all of the following criteria for all SSRP awards before entering into a written agreement:

- **The importance of the project or Eligible Activities to the community in which is located and Michigan:**
The proposed project will impact the regions around Ottawa and Muskegon Counties with near term job growth and significant and continued investment by at least five agricultural processing businesses. The project would result in the creation of up to 145 new jobs and a capital investment of up to \$185 million in Ottawa County.
- **If the project will act as a catalyst for additional revitalization of the community where it is located and Michigan:**
The project will result in significant job creation and capital investment for the area. It is anticipated the influx of jobs will result in spin-off investments and redevelopment opportunities.
- **The amount of local community and financial support for the project:**
The City of Coopersville has completed multiple rounds of upgrades to its municipal wastewater treatment system since 2008 to meet the growing needs of the city’s agricultural processing businesses.
- **The amount of any other economic assistance or support provided by Michigan for the project:**
While there has been significant support expressed for the pipeline project, no other State of Michigan funding mechanisms have been utilized for this project.
- **The amount of any other economic assistance or support provided by the federal government for the project, including without limitation, federal appropriations or tax credits:**
No federal incentives have been sought for this project.
- **The amount of any private funds or investments for the project, including the Eligible Applicant’s own investments in the project:**
Private capital investment of up to \$185 million will occur because of this project. Additionally, fairlife plans to provide \$5 million in support of the Southeast Regional Force Main project. Applegate Dairy has contributed toward initial engineering fees and has constructed a lift station to access the Force Main.
- **The Eligible Applicant’s financial need for a grant, loan, or other economic assistance under the SSRP:**
The companies and communities along the Force Main are at or exceeding wastewater capacity. With construction of the Force Main project significant growth will occur in Michigan’s agricultural processing industry.
- **The extent of reuse of vacant buildings, public or private, reuse of historic resources and redevelopment of blighted property:**
Not applicable.
- **Creation or retention of Qualified Jobs as a result of a technological shift in product or production at the project location and within Michigan:**
At least five companies are expected to grow because of this project, with an estimated job creation of 145 new jobs.
- **Whether and how the project is financially and economically sound:**
The MCRRC is currently fully funded by the municipalities that are connected to the center. With this expansion, costs to operate the facility will be shared with the new users. Maintenance costs of

the line will be covered by Muskegon County. The new pipeline still leaves significant additional capacity for future growth and additional users.

- **Whether and how the project converts abandoned public buildings to private use:**

Not applicable.

- **Whether and how the project promotes sustainable development:**

The companies partnering on this project all hold sustainability as a core value. Given the opportunity to expand the Southeast Region Force Main, they would continue to grow in a way that is conscious of the environment and community. In addition to the companies involved, the MCRRC was conceived and designed to solve a pollution problem. It cleaned up Muskegon County lakes and rivers with its lagoon filtration system, and the water treated by the MCRRC is used for crop irrigation of 5,100 acres of farmland.

- **Whether and how the project involves the rehabilitation of a historic resource:**

Not applicable.

- **Whether and how the project addresses areawide redevelopment:**

The MCRRC does not currently serve the southeastern area of Muskegon County or northern Ottawa County. With the extension of the force main, businesses throughout the region will have the opportunity to grow and with the access to appropriate infrastructure, additional areas of the counties will be suitable for housing development, which will retain the region's workforce and attract new talent.

- **Whether and how the project addresses underserved markets of commerce:**

The new pipeline will serve rural, underserved communities that do not currently have wastewater service provided by the Muskegon Country Resource Recovery Center. In addition to equipping existing employers to grow and expand, the pipeline also opens opportunity for much-needed housing development and attraction of new businesses and residential developments in Ottawa and Muskegon Counties.

- **The level and extent of environmental contamination:**

Between 2017 and 2020, the current proposed route has been reviewed for potential environmental impact except for the length of the route between Applegate Dairy (Beaver Creek) and 64th Avenue. Preliminary data available from previous studies and EGLE's Environmental Mapper suggests there are two sites with potential environmental impact.

The first site is located adjacent to the wastewater treatment irrigation areas along Ensley extended between Apple Avenue and Laketon Avenue. Where soil samples taken as a part of a BEA detected arsenic, chromium, chloride, ammonia, nitrate, sulfate, selenium, iron, and manganese, and groundwater samples reportedly contained iron, manganese, chromium, copper, and lead at concentrations exceeding their Part 201 GRCC. To address the environmental concerns, soil generated during construction would be replaced from their excavated location. Groundwater dewatering discharge would be directed back to the wastewater treatment plant.

The second site is located at the intersection of Apple Avenue and Ensley which is located near the Muskegon County Landfill. PFAS has been detected in the groundwater inside the perimeter groundwater interceptor ditch. However, based on October 2020 PFAS sampling results, which are either non-detect or below actionable levels within the work area and the anticipated prevailing direction of the groundwater flow, it is not anticipated the construction activities will encounter PFAS.

- **Whether and how the project will compete with or affect existing Michigan businesses within the same industry:**

The project will directly benefit the agricultural processing sector of northern Ottawa and southeastern Muskegon Counties directly benefiting multiple businesses and municipalities. The

growth of these businesses and municipalities that can occur as a result of the project will have a positive impact on the state's overall agricultural processing industry.

- **Whether and how the project's proximity to rail and utility will impact the performance of the project and will maximize energy and logistics needs in the community in which it is located, and in Michigan:**

The MCRRC is located near a high voltage area of Consumers Energy. Currently employers from Ottawa and Muskegon Counties that will be connecting to the new line are trucking their hauled waste to the facility to be treated. The pipeline will reduce the impact to the roads surrounding the facility.

- **The risk of obsolescence that the project, products, and investments in the future:**
Currently, the underutilized MCRRC is still operational, but to function as it is intended the additional flow from this pipeline is beneficial.
- **The overall return on investment to Michigan:**
Five businesses are expected to create a total of 145 new jobs because of this project and support at least 884 Michigan suppliers of those five companies.
- **Whether the proposed Strategic Site is incorporated into a strategic plan of a political subdivision of Michigan:**
The expansion of the pipeline is incorporated into the strategic plan of the MCRRC. The strategic plan is to pick up flow wherever able to assist with high operating leverage the county has at its wastewater plant in order to drive down, or at least stabilize, treatment costs and rates for businesses and residents.

Additionally, under Section 88t of the MSF Act, since the end user of the Strategic Site is identified, the MSF Board shall also consider:

- **The strategic economic importance of the project to the community where it is located and Michigan:**
The proposed project will reach across multiple counties supporting growth in northern Ottawa and southeastern Muskegon Counties. The project is expected to result in near term job growth and significant and continued investment by at least five agricultural processing businesses. The project would result in the creation of up to 145 new jobs and a capital investment of up to \$185 million in Ottawa and Muskegon Counties.
- **Whether the financial assistance is needed to secure the project in Michigan:**
Without financial assistance for the Southeast Regional Force Main at least five agricultural processing businesses in the region will not be able to continue to grow.
- **The degree to which the project is a priority for the local governmental unit or local economic development corporation in the jurisdiction of which the site is located:**
The Southeast Regional Force Main is a priority for a broad network of local governments including the City of Coopersville, Muskegon County, Ottawa County, Polkton Charter Township, Ravenna Township, and Village of Ravenna. Additionally, the force main is a priority for multiple local economic development organizations, including Greater Muskegon Economic Development and Lakeshore Advantage.
- **The level of creation or retention of Qualified Jobs because of a technological shift in product:**
Not applicable.
- **Whether the Qualified Jobs created or retained because of a technological shift in product or production equal or exceed the average wage for the county in which the project is located:**
The average wage of the five companies planning to expand because of the force main is \$23.18 per hour.
- **The level of capital investment:**

fairlife plans to invest \$135 million in conjunction with the buildout of the force main.

- **The evidence of the End User's commitment to the site:**

Five companies plan to create jobs with expansions that can occur because of the Southeast Regional Force Main. The five companies plan to create at least 145 jobs. The companies plan to invest a combined \$185 million and fairlife has committed \$5 million to support the buildout of the Southeast Regional Force Main.

Strategic Site Readiness Program Grant

Summary of Terms

This document summarizes the key terms and conditions of the potential Strategic Site Readiness Program (“SSRP”) Award for Muskegon County (the “County”). The proposed terms and conditions herein will not be construed as binding upon either party until the mutual execution of a written grant agreement. Any obligations that may be deemed to arise under this Term Sheet are contingent on the County obtaining all necessary approvals, and the Michigan Economic Development Corporation (“MEDC”) obtaining all necessary Michigan Strategic Fund (“MSF”) Board and State of Michigan Legislature approvals.

SSRP Award: Up to \$60,000,000 to the County for Eligible Activities, as defined in the SSRP Guidelines approved by the MSF Board on January 11, 2022, related public wastewater infrastructure improvements (including the purchase of real property, rights-of-way and easements and legal and engineering expenses, and construction necessary to support the wastewater infrastructure improvements) (the “Project”). The Project will allow the City of Coopersville to redirect all its wastewater north to the Muskegon County Resource Recover Center (the “MCRRC”). Flow redirection will be accomplished by constructing a new Southeast Regional Force Main (the “SERFM”) and Lift Station system. Portions of the existing City of Coopersville collection system and treatment facility will be modified or repurposed to facilitate flow redirection. The SERFM will also include a connection to provide service access to Swanson Pickle. An additional lift station and force main will be constructed to the Swanson Pickle property to facilitate the connection. The SERFM will also be sized and available for connections, including connection points from various immediately adjacent entities including DeVries Meats, Applegate Farms and municipalities along the proposed force main route.

The Project will support regional growth for all impact communities and employers.

Term of the Agreement: Effective Date through the earlier of: (i) December 31, 2026; (ii) the grant manager’s approval of the Project Completion Milestone; or (iii) when the Parties agree in writing.

Disbursement of Grant Funds: Grant funds will be disbursed based on the County’s achievement of the following key milestones and, except as to Key Milestone One, only after the County has actually expended at least ninety percent (90%) of the grant funds disbursed under the immediately preceding Key Milestone in accordance with the project budget:

- **Key Milestone One:** Not to exceed \$20,000,000
 - Disbursement request in the form determined by the MEDC;
 - Copies of written agreements between the County and any contractor currently engaged to perform the Eligible Activities for the Project;
 - Memorandum of understanding or other written agreement with the City of Coopersville, Ottawa County, Polkton Township, Ravenna Township and Village of Ravenna on project scope and anticipated Eligible Activities involving the City of Coopersville, Ottawa County, Polkton Township, Ravenna Township and Village of Ravenna; and
 - A copy of the development agreement between the County and Applegate Dairy, Continental Dairy, DeVries Meats, fairlife, and Swanson Pickle.
 - Evidence of \$5,000,000 in private match commitments (“Private Match”)
- **Key Milestone Two:** Not to exceed \$ 20,000,000
 - Disbursement request in the form determined by the MEDC;
 - A spreadsheet describing and itemizing the actual expenditure for Eligible Activities of grant disbursements received under Key Milestone Number One. The

spreadsheet shall include the corresponding category of the budget, identify the name of actual vendor or recipient of each expenditure, and be accompanied by supporting documentation;

- Demonstrated verification that the Private Match has been expended for Eligible Activities excluding current debt; and
 - A narrative describing in detail the Eligible Activities to be completed with the grant disbursement received under Key Milestone Two.
 - Requirement to provide written agreements between the County and the contractor for activities that have not been provided for in Milestone One.
- Key Milestone Three: Not to exceed \$20,000,000
 - Disbursement request in the form determined by the MEDC;
 - A spreadsheet describing and itemizing the actual expenditure for Eligible Activities of grant disbursements received under Key Milestone Number Two. The spreadsheet shall include the corresponding category of the budget, identify the name of actual vendor or recipient of each expenditure, and be accompanied by supporting documentation; and
 - A narrative describing in detail the Eligible Activities to be completed with the grant disbursement received under Milestone Three.
 - Requirement to provide written agreements between the County and the contractor for activities that have not been provided for in Milestone Two.
- Project Completion Milestone:
 - A final milestone certificate in the form determined by the MEDC;
 - A spreadsheet describing and itemizing the actual expenditure of grant disbursements for all Eligible Activities completed during the Term. The spreadsheet shall include the corresponding reference category of the budget, identify the name of actual vendor or recipient of each expenditure, and be accompanied by supporting documentation.
 - Demonstrated verification that 100 percent of the funds disbursed in have been expended for Eligible Activities
 - Documentation satisfactory to the grant manager that the Project is complete.

Eligible Activities: activities related to the design, construction, and installation of infrastructure, necessary to increase the wastewater treatment capacity, including costs related to securing easements or rights of way necessary to support the public infrastructure incurred after MSF Board approval related to the Project. The County and the MSF will develop a detailed budget for the Project that includes budget categories for the Eligible Activities. The budget will be incorporated into the written agreement signed by the parties.

Security Interest: The County shall maintain a separate account (the “Project Funds Account”) into which the grant funds will be disbursed. The County shall grant the MSF a security interest in the Project Funds Account. The MSF and the County will execute all documents necessary for the MSF to perfect its interest in the Project Funds Account.

Suspension of Disbursements: The MSF may immediately suspend making disbursements of the SSRP Award upon the occurrence of: (i) an event resulting in a Repayment Amount, (ii) an event of default, which shall be defined in the grant agreement, but shall include, without limitation, material noncompliance with the terms of the grant agreement, (iii) default in any other agreement with the State of Michigan or (iv) the occurrence of an event which, with the giving notice or the passage of time, or both, would constitute an event of default

Clawback Provisions: The County will be required to repay all or a portion of the grant disbursements made under the SSRP Award upon the occurrence of one or more of the following

events (each resulting in a “Repayment Amount”), and repayment is subject to the highest applicable Repayment Amount if one or more of the same circumstances give rise to such events. All Repayment Amounts must be paid within 90 days of written notification by the MSF. Any Repayment Amount not paid within 90 days is subject to a penalty of 1% per month, prorated on a daily basis:

- **Project Abandonment:** if the County voluntarily abandons the project after the SSRP Award is disbursed and on or before the end of the Term it will be required to repay 100% of grant disbursements made under the SSRP Award.
- **Bankruptcy or Insolvency** – If the County files for bankruptcy or otherwise becomes insolvent on or before the end of the Term, with any such proceedings against the County not being set aside within sixty (60) calendar days from the date of institution thereof and results in the material reduction to the County’s operations for the Project, it will be required to repay 100% of grant disbursements made under the SSRP Award. The MSF would be entitled to foreclose on any security interest and, in the case of bankruptcy, submit a proof of claim in any such bankruptcy proceedings and seek recovery of the SSRP Award.
- **Material Misrepresentation.** If the County makes a material misrepresentation under the grant agreement, any required submissions thereunder, or any reimbursement request to the MSF on or before the end of the Term it will be required to repay 100% of grant disbursements made under the SSRP Award.
- **Misuse of Funds:** if the County uses the SSRP Award for a prohibited purpose during the Term it will be required to repay 100% of grant disbursements made under the SSRP Award.
- **Material Failure to Comply.** If the County fails to materially comply with its obligations to submit materials required under the (i) Key Milestones, (ii) annual progress reports, or (iii) annual compliance certificates under the grant agreement, it will be required to repay 100% of grant disbursements made under the SSRP Award.
- **Project Funds Account Balance.** In the event there is any remaining balance in the Project Funds Account upon the earlier of: (i) the County’s submission of the Final Milestone Certificate or (ii) December 31, 2030, the County shall pay the MSF the balance of funds in the Project Funds Account.

Additional State Required Terms:

- **Amendments** – As required under Section 88t(8) of the MSF Act, MCL 125.2088t(8) (“Section 88t”), the MSF will provide written notice to the Legislature of any requests to modify the fully executed written grant agreement and will otherwise comply with requirements of Section 88t(8) prior to taking any action on such amendment request.
- **Annual Compliance Certificate** – During the Term, the County will be required to sign and submit an annual compliance certificate certifying that the County is in compliance with the terms and conditions of the grant agreement.
- **Annual Progress Report** – During the Term, the County will be required to submit annual progress reports. This information will be transmitted by the MSF to the Legislature as required under Section 9 of the MSF Act, MCL 125.2009.
- **Access to Records & Audit Rights** – During the Term, and for a period of three years after the expiration of the Term, and upon reasonable advance notice, the County is required to permit the MSF, MEDC, the Office of the Auditor General, the Department of Technology, Management and Budget, and the MSF Chief Compliance Officer to visit the County, and any other location where books and records of the County are normally kept, to inspect the books and records, including financial records and all other information and data relevant to the terms of the grant, all at times and locations mutually agreed upon by the parties.

- **Other provisions.** The grant agreement will include standard representations, covenants, and other provisions required by the MSF, including without limitation, non-discrimination and unfair labor practices, termination of funding, any other requirements of the SSRP Guidelines, as approved by the MSF, and any requirements of the Michigan Strategic Fund Act, including without limitation, cross default, and any other provisions of Section 88t.

**MICHIGAN STRATEGIC FUND
RESOLUTION 2022-**

**APPROVAL OF MICHIGAN STRATEGIC SITE READINESS PROGRAM
GRANT TO MUSKEGON COUNTY**

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

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

WHEREAS, pursuant to Section 88t of the MSF Act, MCL 125.2088t, the MSF shall create and operate the Michigan strategic site readiness program to provide grants, loans, and other economic assistance for eligible applicants to conduct eligible activities for the purpose of creating investment-ready sites to attract and promote investment in this state for eligible activities on, or related to, strategic sites and mega-strategic sites (the “Strategic Site Readiness Program”);

WHEREAS, the Strategic Site Readiness Program will be funded through the Strategic Outreach and Attraction Reserve (“SOAR”) Fund created by Public Act 137 of 2021, upon transfer of SOAR funds to the MSF;

WHEREAS, on January 11, 2022, the MSF Board created the Strategic Site Readiness Program and approved the guidelines for the implementation and operation of the Strategic Site Readiness Program (the “Strategic Site Readiness Program Guidelines”);

WHEREAS, Muskegon County (the “County”) submitted an application on September 6, 2022 seeking a grant in the amount of \$60,000,000 and in accordance with the terms and conditions outlined in the term sheet attached as Exhibit A to this Resolution (the “Grant Request”);

WHEREAS, subject to transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MEDC recommends the MSF approve the Grant Request; and

WHEREAS, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MSF wishes to approve the Grant Request.

NOW THEREFORE, BE IT RESOLVED, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MSF Board approves the Grant Request;

BE IT FURTHER RESOLVED, the MSF President and the MSF Financial Officer are authorized to take all actions necessary to request transfer of SOAR funds to the MSF to fund the Grant Request; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 5, 2022



MEMORANDUM

Date: October 5, 2022

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

From: Josh Hundt, Executive Vice President, Strategic Accounts & Chief Projects Officer
Stacy Bowerman, Senior Business Project Executive
Matt Chasnis, Business Development Project Manager

Subject: Our Next Energy (“ONE”, the “Company” or the “Applicant”) Incentive Request
Critical Industry Program (“CIP”) Grant Request
State Essential Services Assessment (“SESA”) Exemption Request
Jobs for Michigan Investment Fund Loan

Request Summary

This is a request from the Applicant for incentive assistance for a new manufacturing facility in the Charter Township of Van Buren, Wayne County. The project is expected to result in the creation of 2,112 new jobs and a capital investment of \$1.6 billion, which may include up to \$30 million of the capital investment at its Novi facility.

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

- **Critical Industry Program (“CIP”) Grant** through Strategic Outreach and Attraction Reserve Fund (“SOAR”) - **\$200,000,000**
 - o **The CIP will support investments at the project that will lead to the creation of 2,112 jobs and \$1.6 billion in capital investment**
- **State Essential Services Assessment (“SESA”) Exemption** - **\$21,655,020**
 - o **The SESA will support investments at the project related to \$986,326,500 in eligible personal property investment at the project**
- **Jobs for Michigan Investment Fund Loan** - **\$15,000,000**
 - o **The Jobs for Michigan Investment Fund Loan will support short-term construction financing that will be complete at the end of 2022. The loan to value has changed, creating a \$20 million gap. Ashley Capital (the “Developer”) has covered \$5 million of the gap, with \$15 million remaining that ONE must supply.**

Background

On December 20, 2021, Governor Gretchen Whitmer, in collaboration with the Legislature, labor leaders, economic development agencies and various business groups, signed a package of economic incentives that will allow Michigan to compete for, and win, transformational projects that will bring long-term economic opportunity and security to regions and communities across the state. Today’s request represents another step forward for Michigan’s economy as a result of the creation of the CIP and Strategic Site Readiness Program (“SSRP”). Supporting this project will secure up to \$1.6 billion investment in Michigan by ONE for its new battery technology manufacturing location while creating a minimum of 2,112 jobs here in the state.

Project Description

In response to the automotive industry’s aggressive transition to an all-electric future, ONE has developed battery packs for commercial and consumer Electric Vehicles (“EV”) that promise to fundamentally transform consumer expectations for battery EV range and attitudes toward EVs in general. ONE aims to

pioneer sustainable battery manufacturing practices in order to support American energy independence and position the United States as a leader in disruptive energy storage technology. The Company intends to bring breakthrough technology to market by establishing a manufacturing facility that will produce cell and EV battery packs.

The factory, ONE Circle, will be ONE's first cell and EV battery pack Gigafactory. ONE is partnering with Ashley Capital to locate this inaugural factory in the Crossroads Distribution Center, where it will establish a state-of-the-art 659,589 square foot facility in the Charter Township of Van Buren, Wayne County. ONE will use a newly developed cell factory model in this project with an emphasis on developing a North American raw material supply chain and a co-located material refinement strategy. The campus plans to scale to 20 GWh capacity within four years, and will include raw material refinement, cathode materials production, as well as cell and battery manufacturing.

The key components of ONE Circle are:

1. **Material Refinement:** ONE will process battery materials in-house and have control over each aspect of the supply chain, utilizing technologies that will actively seek to minimize environmental impact. Raw material processing is traditionally one of the most high-energy, inefficient, and environmentally harmful processes in the cell manufacturing supply chain. ONE seeks to mitigate this impact by taking ownership of the process.
2. **Cell Manufacturing:** ONE will be the only U.S. wholly owned manufacturer of both LFP and anode-free cells, which will directly address exponentially growing market demand.
3. **Gigafactory-to-Grid:** This approach to production line-integrated utility-scale energy storage and energy optimization was invented by ONE and will provide utilities with a cost effective, flexible, and high-capacity storage solution. The program utilizes cells manufactured in house to provide utility-scale energy storage to the grid during an expanded quality assurance process.
4. **Pack Manufacturing:** ONE will manufacture its market-leading packs with key partners for both commercial and consumer applications that outperform in volumetric density and provide industry leading range
5. **Battery Recycling:** Consistent with the aims of Section 40207(c) of the Bipartisan Infrastructure Law, ONE will source future materials from recycling techniques that are able to re-use high-performance battery materials, minimize environmental impact and complete ONE Circle's model of circularity. Notably, ONE's material refinement process partnered with U.S.-based 6K will allow for the re-introduction of recycled materials back into cell manufacturing to demonstrate true circularity and sustainability.

ONE Circle will manufacture cells that will be used in two pack products, Aries™ and Gemini™. Aries™ and Gemini™ represent ONE's energy storage products that service the mobility market space. ONE's structural cell-to-pack architecture enables iron and manganese chemistries to be selected in lieu of nickel and cobalt. By increasing the density of cell volume in each pack, ONE is able to achieve increased vehicle range with safer and more sustainable chemistries.

Aries™ is currently in product development and samples of Aries™ have been delivered to four of ONE's customers, including Motiv, who has been publicly announced. Launch of production for Aries™ will occur at the end of 2022 which will be manufactured with ONE's partner, Piston Automotive, in Michigan. Scaling will follow through 2025 to meet growing demand.

Gemini™ is a novel range extender architecture that pairs two battery chemistries within one pack by integrating a DC-DC converter and an AI powered battery management system. ONE has also demonstrated the pack using a retro-fitted Tesla Model S with a ONE battery pack that drove 752 miles on a single charge. ONE has signed an agreement with BMW Group to incorporate the Gemini™ into the BMW iX all-electric

Sports Activity Vehicle, for which the prototype vehicle will be completed by year-end and achieve a 600-mile range.

Project Impact:

Battery development and production are strategically important for the U.S., both as part of the transition to a clean energy economy, and as a key element of the competitiveness of the automotive industry. As EV sales continue to gain market share, the demand for batteries is ramping up. This point in time marks a critical opportunity to meet the needs of the growing domestic market and cement Michigan's leadership role in battery manufacturing as the automotive industry moves toward an electric future.

To maintain Michigan's position as an automotive leader, the State of Michigan must capture as much investment into the next evolution of mobility as possible. EV battery packs are typically produced in proximity to vehicle assembly since shipping long distance is costly and exposes the products to additional risk. To keep Michigan as a vehicle assembly powerhouse, the state must ensure a ready supply of nearby battery production. The more the state grows its battery production capacity, the better positioned it will be to win future OEM vehicle assembly plants and related suppliers, including potential chipmakers.

As was the case when SOAR was enacted, the shift to electrification remains one with unprecedented competition from other states. MEDC and its consultants do rigorous analysis of the market and project specific factors before making investment decisions. By making Michigan the most cost-competitive location through these incentives, we are securing the totality of this investment and more than 2,000 new jobs here in Michigan.

It is anticipated the influx of jobs will result in spin-off investments and redevelopment opportunities. Over \$13 billion in new personal income is expected to be generated by the direct, indirect, and induced jobs that this opportunity will create over 20 years.

The shift to electrification is happening rapidly and the investment decisions made today will undoubtedly have significant impacts that will impact generations to come. The importance of securing this investment to both the local and broader state economy cannot be overstated.

Employment Impact

The jobs created through this project will provide pathway opportunities for Michiganders within the company, including individuals from geographically disadvantaged areas. The company is partnering with Focus:HOPE to develop a training program that will provide skills-based training for its employee base, modeled after established certification programs. The project will be significant to the area by bringing a large amount of well-paying manufacturing jobs to the State. The average hourly wage for the project in year six will be \$35, well above the ALICE target wage of \$22.57. The ALICE Threshold is the average income that a household needs to afford the basic necessities defined by the Household Survival Budget for each county in Michigan.

This project has a job multiplier of 3.33, meaning the project will create a significantly bigger impact on the state's overall economy than just the direct new jobs created through support from programs like the CIP. The facility is located close to geographically disadvantaged areas which will provide residents with employment opportunities and the Company with a talent pipeline. Based on an evaluation of the new job creation which included job codes, average hourly wages, training, healthcare coverage and minimum education and experience, it was determined that all new jobs created are designated as pathway jobs, a key strategic focus area for statewide economic growth.

Applicant History

ONE, which is headquartered in Novi, Michigan, was founded with the mission to double the distance electric vehicles can travel using safer, more sustainable materials. Founded in 2020, ONE uses safe, sustainable, low-cost battery chemistries for consumer and commercial electric vehicles. ONE is dedicated to the long-term vision of achieving vertical integration for American energy storage manufacturing by working to develop a robust and resilient domestic and ally supply chain for critical minerals. In addition to ONE's 110,000 square foot Michigan headquarters, it has two offices in California: a 12,000 square foot product development facility in Los Angeles and a 70,000 square foot R&D center in Silicon Valley to support over 160 employees in total.

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

Demonstrated Need

ONE conducted two site selection studies to evaluate twelve U.S. states and two Canadian provinces for this significant investment. The studies, one evaluating the business environment and another for assessing the feasibility of expanding energy storage services, narrowed the list to four U.S. states and one Canadian province. The Company received proposals and site options from the competing locations and conducted site visits to assess the viability of the project. Ultimately, Michigan was chosen based on the incentive support that was proposed. Incentive assistance is necessary to ensure this project moves forward in Michigan, particularly with a number of states aggressively competing to win this generational investment.

In addition to MSF support, the Charter Township of Van Buren is expected to approve a PA 198 real property tax abatement. The MEDC also authorized a State Education Tax abatement to be used in conjunction with the locally approved Charter Township of Van Buren abatement in support of the ONE investment.

Request

In order to secure the project in Michigan, the Applicant is requesting the following incentives:

- A \$200,000,000 CIP performance-based grant (see Appendix A for Programmatic Considerations)
- A \$15,000,000 Jobs for Michigan Incentive Fund Loan
- SESA Exemption valued at \$21,655,020 (see Appendix B for Programmatic Considerations)

The request will appropriately and necessarily address the cost disadvantage of locating the project in Michigan when compared to competing U.S. states and Canadian provinces, which also provided competitive incentive offers. Incentive support is critical to supporting a home-grown Michigan success story that has become the first wholly American-owned manufacturer of Lithium Iron Phosphate batteries. It is important that the State of Michigan support companies that have started and grown locally. Especially companies that are transforming the automotive industry in the 21st century just like the Dodge Brothers, Walter Chrysler, and Henry Ford did last century. Michigan cannot let this emerging company, which already has investors from all over the world (from Bill Gates to BMW), be pulled away from our state at a time when our mobility industry needs innovators.

The project aligns with the organization's strategic focus areas to **attract, retain and support businesses** and **foster high-wage skills growth** in the focus industries of **mobility and automotive manufacturing** and **advanced manufacturing**. The proposed project will impact the regions around the Charter Township of Van Buren with immediate job growth and a high probability for future investments. The project is expected to result in the creation of 2,112 new jobs and a capital investment of \$1.6 billion, which may include up to \$30 million of the capital investment at its Novi facility.

Funding

The CIP will be funded through the Strategic Outreach and Attraction Reserve (“SOAR”) Fund. Upon MSF approval of the recommendations for the CIP Request, the process for legislative transfer of actual funds through the SOAR Fund will be initiated to the MSF to implement funding these incentives.

Recommendation

MEDC Staff recommends approval of the following: the Jobs for Michigan Investment Fund Loan, the SESA Exemption and the CIP Request.

APPENDIX A – CIP Programmatic Considerations

Key Statutory Criteria

Per section 88s of Act 270, the MSF shall consider at a minimum all of the following criteria to the extent reasonably applicable as reasonably determined by the MSF to the type of project proposed before entering into a written agreement for a qualified investment:

- a) **The importance of the Project to the Community where it is located:**
The proposed project will impact the regions around Wayne County with immediate job growth and significant investment. The project would result in the creation of up to 2,112 new jobs and a capital investment of up to \$1.6 billion in Wayne County.
- b) **If the Project will act as a Catalyst for Additional Revitalization of the Community and in Michigan:**
The project will result in significant job creation and capital investment. It is anticipated the influx of jobs will result in spin-off investments and redevelopment opportunities. Over \$13 billion in new personal income is expected to be generated by the direct, indirect, and induced jobs that this opportunity will create over 20 years. This personal income will be utilized to not only support the many small businesses in the community that are still recovering from the COVID pandemic but will spur demand to redevelop underutilized and blighted properties in the community and the state for commercial and residential purposes.
- c) **The amount of local financial and Community Support of the Project:**
The Charter Township of Van Buren anticipates approval of a PA 198 of 1974 (“PA 198”) tax abatement in support of the ONE expansion, which amounts to a reduction in property taxes of approximately 50%, which will help reduce the overall cost of doing the project in Michigan.
- d) **The Applicant’s Financial Need for a Qualified Investment from the CIP:**
The Company has been involved in a multi-state site selection to determine where to locate the new facility and investment. Consideration on placement includes costs of implementation and ongoing operations, availability of talent, utility and labor costs. Incentive assistance is necessary to defray additional costs incurred in Michigan compared to other locations.
- e) **The extent of reuse of Public or Private Vacant Buildings, Reuse of Historic Resources, and Redevelopment of Blighted Property:**
No applicable.
- f) **The Creation or Retention of Qualified Jobs as a Result of a Technological Shift in Product or Production at the Project Location and Michigan:**
Due to the new manufacture of a new product, all new and retained jobs will be the result of a fundamental technological shift in production.
- g) **The level of other public funds, including but not limited to, the appropriation of federal or Michigan funds and any federal or Michigan tax credits:**
Additional incentive support includes the following: A SESA Exemption with an estimated value of \$21,655,020; a Jobs for Michigan Investment Fund Loan of \$15,000,000 million; a PA 198 property tax abatement estimated to be worth \$21.8 million; and a State Education Tax Abatement estimated to be worth \$4.9 million to support the project.
- h) **The level of any private funds, investments, or contributions into the project, including but not limited to, the Qualified Business’s own investments in the project:**
Private capital investment is estimated to reach \$1.6 billion and will support new building construction, machinery and equipment and other personal property.
- i) **Whether and How the Project is Financially and Economically Sound:**
A financial review of the Company was completed, including a review of the Company's past financials, business plan, customer contracts, and investments made by industry leaders. Based on

the review and analysis of these documents, the Company has the wherewithal to undertake the project.

j) Whether and How the Project Promotes Sustainable Development:

This industrial development project provides for a long-term usage of the land. Additionally, the project is related to the manufacture of EV batteries as the automotive industry transitions to a more sustainable future.

k) Whether and How the Project Involves the Rehabilitation of a Historic Resource:

Not applicable

l) Whether and How the Project Addresses Areawide Redevelopment and its Overall Economic Benefit to the Existing Supply Chain:

Based on an economic impact analysis of this project using REMI (Regional Economic Models Inc.), this opportunity has an employment multiplier of 3.33. This means that an additional 2.33 jobs in Michigan's economy are anticipated to be created for every new direct job, due to the extensive supply chain that exists in Michigan that can support this opportunity. In addition, these new jobs are generating new income, much of which is spent at local small businesses throughout the community and the state. Over 20 years, the total direct, indirect, and induced jobs will generate over \$13 billion in new personal income in Michigan.

m) The Extent and Level of Environmental Contamination:

An environmental assessment of the site has been completed and shows soil conditions are suitable for construction of the planned facility. A geotechnical evaluation is currently underway, but based on the information available, including the construction of the facility, it is assumed geotechnical conditions will support the planned facility and the Company is in compliance with all environmental permits and regulations.

n) Whether and How the Project will Compete with or effect Existing Michigan Businesses Within the Same Industry:

The project will continue to enhance Michigan's leadership in the EV battery and automotive industries.

o) Whether and How the Project's Proximity to Rail and Utility will Impact Performance of the Project and Maximize Energy and Logistics needs in Michigan and in the Community Where the Project is Located:

This site is well served by Michigan's highway and rail systems. The site also sits near a DTE high voltage service area, providing quality reliable service. The Company does not anticipate a negative impact.

p) The Risk of Obsolescence of the Project, Products, and Investments in the Future:

The electric vehicle battery industry is a growth industry. The company's safe, sustainable, low-cost battery chemistries for consumer and commercial electric vehicles are expected to play a key role in the future of this industry.

q) The Overall Return on Investment to Michigan:

In total, the project will result in nearly \$967 million in state taxes generated for the state of Michigan over a period of 20 years. This calculation was completed using a Regional Economic Modeling Inc. (REMI) model.

r) How the Project Addresses Food Supply Challenges:

Not applicable

s) Other Factors Considered:

The project will result in additional electrical vehicle battery investment in the state that will help Michigan maintain its position as North America's automotive leader.

APPENDIX B – SESA Programmatic Considerations

Considerations for SESA

- a) The Applicant is an “Eligible Claimant,” as defined in MCL 211.1053(d), which will claim an exemption for Eligible Personal Property, as defined in MCL 211.1053(e).
- b) The eligible investments will be made after MSF approval and completed within three years of January 1, 2024 (“Commencement of the Project”).
- c) The Company is requesting the MSF Board approve a SESA exemption in a non-Eligible Distressed Area for the project by waiving the EDA Requirement due to the transformational nature of the project
- d) The Company has agreed to pay a State ESA Exemption administrative fee of \$10,000 payable to the MEDC for the State Essential Services Assessment Exemption upon completion of the first performance milestone.
- e) The Company will invest at least \$100 million with a total maximum investment of up to \$986,326,500 in Qualified Investments in Eligible Manufacturing Personal Property.
- f) The 15-year State ESA Exemption is estimated to be worth \$21,655,020. The requested exemption breaks down as follows:

	Years 1 – 5 (2.4 mills)	Years 6 – 10 (1.25 mills)	Years 11-15 (0.9 mills)	Total
State ESA Exemption Amount	\$9,745,496	\$7,166,201	\$4,743,322	\$21,655,020

Critical Industry Program (“CIP”) Grant Term Sheet

This term sheet (“Term Sheet”) sets forth key terms of a potential grant by the Michigan Strategic Fund (the “MSF”) in favor of Our Next Energy, Inc. (“Company”). The proposed terms and conditions herein will not be construed as binding upon either party until the mutual execution of a written grant agreement. Any obligations that may be deemed to arise under this Term Sheet are contingent on Company obtaining all necessary corporate approvals, and the MEDC obtaining all necessary Michigan Strategic Fund Board and State of Michigan Legislature approvals.

PROJECT SUMMARY

Scope of the Project: The Company intends to create a new battery campus at the Crossroads Distribution Center in Van Buren Township, Wayne County (the “Project Site”). The campus will include lithium-ion cell manufacturing for electric vehicle and grid storage applications. In total, the Company expects to ramp up over the course of the next six (6) years resulting in an expected creation of at least 2,112 new jobs at the Project Site and a projected investment of \$1,624,845,244 by December 31, 2028, to lease, renovate, build, and equip the facilities at the Project Site and the Company’s facility in the City of Novi, Oakland County (collectively, the “Project”).

CIP Award Amount: A maximum grant of \$200,000,000 (the “CIP Award”), all or a portion of which is also referred to as the “Grant”).

Term of the Agreement: Effective Date through June 30, 2030 (the “Term”).

Overall Investment Commitment: Investment by the Company of no less than a total of \$1,624,845,244 for the Project by December 31, 2029 (the “Investment Performance Deadline”), which the Company shall invest at the Project Site and the Company’s facility in the City of Novi, Oakland County (collectively, the “Investment Commitment”). Provided that in no event shall the investment counted toward the Overall Investment Commitment exceed \$30 million at its Novi facility.

Overall Jobs Commitment: Creation of a minimum of 2,112 Qualified Jobs (the “Overall Jobs Minimum”) at the Project, above a Statewide Base of 120 employees (the “Overall Base”), on December 31, 2029 (the “Jobs Performance Deadline”) (collectively, the “Overall Jobs Commitment”).

- A “Qualified Job” or “QJ” is defined as a job that the Company creates at the Project Site, on or after November 1, 2022, maintained for the previous 12 months, and is performed by either: (i) a Michigan resident whose state income taxes are withheld by the Company, or by an employee leasing company or professional employer organization on behalf of the qualified business; or (ii) a nonresident who is employed by the Company at the Project Site, as determined and verified by the MSF.

Security Interest: As required under Section 88s(4) of the MSF Act, MCL 125.2088s(4), the MSF shall have a security interest as defined in section 1201(2)(ii) of the uniform commercial code, 1962 PA 174, MCL 440.1201, to the extent of the Grant funds disbursed, and to the extent applicable to the security interest, the Company will sign all ancillary security instruments acceptable to the Company and the MSF. As also required by Section 88s(4) of the MSF Act, the foregoing provision does not apply if it conflicts with any contractual obligation of the Company or any federal or state bankruptcy or insolvency laws. Such security interest will be used to secure the repayment of any amounts owed to the MSF under the grant agreement

through the end of the Term. To the extent the MSF takes a security interest in accordance with Section 88s(4), such security interest shall be subordinate to any existing or after-arising liens or security interest granted by the Company to any other third-party lender.

GRANT DISBURSEMENTS

Grant funds will be disbursed for Eligible Expenses (defined below) and in accordance with the requirements set forth below. Requests for reimbursement will be verified by the MEDC Compliance Unit of the Legal and Compliance division of the MEDC prior to release of any funds. "Eligible Expenses" means hard costs for construction related to the retrofit of the facility at the Project Site, infrastructure, machinery, equipment, tooling, computers, furniture, fixtures, costs related to talent recruitment and job training including, but not limited to, employee recruitment expenses, development of customized training development plans, and instructor and training materials costs and other such capital expenditures related to the Project beginning on or after November 1, 2022. Certain costs, to be more particularly described in the grant agreement, such as administrative costs, debt and lease payments, meals and entertainment expense and on-the-job training, are not eligible for reimbursement. Provided, however, the portion of the CIP Award which may be reimbursed for talent recruitment and job training costs may not exceed \$5 million.

- **Phase One Pre-Disbursement Milestone – Due on or before June 30, 2023**
 - o Demonstrate receipt of \$169,000,000 in private financing (i.e. non-state, federal or local sources)
 - o Closing of the MSF Jobs for Michigan Investment Fund Loan
 - o Demonstrate verification of an executed Lease Agreement between Crossroads Distribution Center North 6, LLC (or such other affiliate of Ashley Capital, LLC) and the Company for a period at least 20 years along with the executed Promissory Note in the amount of \$15,000,000 between Ashley Equities II, LLC and the Company.
 - o Sign joint development agreement with materials refinement partner for materials refinement processing of cathode active materials for lithium-iron phosphate and anode-free cells.
 - o Sign strategic collaboration agreement with a battery manufacturer for cell off-take of at least 5 GWh.
 - o Finalize purchase order requirements and supplier contracts for cell prototype and training line for Novi facility.

Failure to meet Phase One Pre-Disbursement Milestone may result in no Grant disbursements and termination of the Grant.

- **Phase One Disbursements – \$50,000,000**
 - o Upon verification that the Company has completed the Phase One Pre-Disbursement Milestone, the Company may request disbursements on a reimbursement basis for 60 percent of Eligible Expenses, related to the Project and paid by the Company, up to \$50,000,000. The Company shall submit one or more reimbursement requests, at its discretion, but no more frequently than quarterly together with a certification of the Company's compliance with the grant agreement.
- **Phase Two Pre-Disbursement Milestone – Due on or before December 31, 2023**

- Completion of Phase One Pre-Disbursement Milestone by the timing for Phase One Milestones)
- Demonstrate receipt of \$360,000,000 (cumulative with the Phase One requirements) in private financing (i.e. non-state, federal or local sources)
- ONE will hire a general contractor to complete pre-construction of Van Buren facility site to retrofit the facility for high-tech cell manufacturing.
- Finalize purchase order requirements and supplier specifications for first cell manufacturing equipment line for Van Buren facility.
- Sign additional Aries customer

Failure to meet Phase Two Pre-Disbursement Milestone may result in no Grant disbursements and termination of the Grant and repayment of a portion or all of funds disbursed under Phase One.

- **Phase Two Disbursements – \$70,000,000**
 - Upon verification that the Company has completed the Phase Two Pre-Disbursement Milestone, the Company may request disbursements on a reimbursement basis for 60 percent of Eligible Expenses related to the Project and paid by the Company, up to \$70,000,000. The Company shall submit one or more reimbursement requests, at its discretion, but no more frequently than quarterly together with a certification of the Company's compliance with the grant agreement.

- **Phase Three Pre-Disbursement Milestone – Due on or before September 30, 2026**
 - Completion of Phase Two Pre-Disbursement Milestone
 - Demonstrate receipt of private financing of \$560,000,000 in private financing (i.e., non-state, federal or local sources) (cumulative with the prior Phase requirements).
 - Demonstrate cumulative total Company revenue of \$300,000,000.
 - Investment by the Company of no less than \$1,069,417,756 for the Project at the Project Site.
 - Launch at least two cell manufacturing lines
 - Initiate purchase orders for equipment to scale two additional cell manufacturing lines.

- Failure to meet Phase Three Pre-Disbursement Milestone may result in no Grant disbursements and termination of the Grant and repayment of a portion or all of funds disbursed under Phases One and Two.

- **Phase Three Disbursements – \$60,000,000**
 - Upon verification that the Company has completed the Phase Three Pre-Disbursement Milestone, the Company may request disbursements on a reimbursement basis for 60 percent of Eligible Expenses, incurred at the Project Site and paid by the Company, up to \$60,000,000. The Company shall submit one or more reimbursement requests, at its discretion, but no more frequently than quarterly together with a certification of the Company's compliance with the grant agreement.

- **Project Completion Milestone – Due on or before December 31, 2029**
 - Completion of all prior Phase Disbursement Milestones
 - Achievement of the Investment Commitment
 - Creation of 2,112 Qualified Jobs

Failure to meet the Project Completion Milestone may result in no disbursement of remaining Grant funds and may result in repayment of Grant funds disbursed under all prior phases.

- **Project Completion Disbursement – \$20,000,000**

CLAWBACK PROVISIONS AND REPAYMENT EVENTS

The Company may be required to repay all or a portion of the Grant disbursements made under the CIP Award upon the occurrence of one or more of the following events (each resulting in a “Repayment Amount”), and repayment is subject to the highest applicable Repayment Amount if one or more of the same circumstances give rise to such events. All Repayment Amounts must be paid within 90 days of written notification by the MSF. Any Repayment Amount not paid within 90 days is subject to a penalty of 1% per month, prorated on a daily basis.

- **Failure to Meet Phase Two and Three Pre-Disbursement Milestones:** The Company’s failure to meet the requirements of the Phases Two and Three Pre-Disbursement Milestone may result in termination of the CIP Award and require the Company to repay up to 100% of the Grant Funds received by the Company.
- **Failure to Meet Investment Commitment by Project Completion:** The Company’s failure to satisfy the Investment Commitment by the Project Completion Milestone deadline will result in the Company’s obligations to repay a portion of the Grant Funds received by the Company to the MSF, which will be calculated by dividing: (A) the actual amount of demonstrated investment by the Company for the Project by (B) the Investment Commitment (the “Investment Performance Percentage”). Company shall repay the difference between (A) the amount of Grant Funds received by the Company and (B) the amount of Grant Funds received by the Company multiplied by the Investment Performance Percentage.
- **Failure to Meet Overall Jobs Commitment:** The Company’s failure to satisfy the Overall Jobs Commitment on the Jobs Performance Deadline will result in Company’s obligation to repay to the MSF a portion of the Grant Funds received by Company (or the remainder of which following any repayment required by the Investment Deadline). The Repayment Amount shall be calculated by the dividing (A) the Peak Overall Jobs Attained by (B) the Overall Jobs Minimum (the “Jobs Performance Percentage”). Company shall repay the difference between (A) the amount of Grant Funds received by the Company and (B) the amount of Grant Funds received by the Company multiplied by the Jobs Performance Percentage (the “Eligible CIP Award”). “Peak Overall Jobs Attained” is the peak number of Qualified Jobs above the Overall Base within one year prior to the Performance Requirement Deadline.
- **Default of Project Contracts:** The fully executed written agreement will include repayment and remedy language for events of default in other contracts with the MSF, MEDC, or State of Michigan arising out of the Project, which shall include but not be limited to the Company’s failure to comply with the MSF Term Loan between the MSF and the Company.
- **Mass Relocation:** If the Company transfers to another State more than 50% of the total number of jobs at the Project on or before the end of the Term, it will be required to repay all or a portion of Grant disbursements made under the CIP Award.
- **Project Abandonment:** If the Company abandons Eligible Expense activities or production at the Project at one or more of the Project Sites for a period of one hundred twenty (120) consecutive

days after the CIP Award is disbursed and on or before the end of the Term it will be required to repay a proportionate amount of Grant disbursements made under the CIP Award.

- **Company Bankruptcy or Insolvency:** If the Company files for bankruptcy or otherwise becomes insolvent on or before the end of the Term, with any such proceedings against the Company not being set aside within sixty (60) calendar days from the date of institution thereof and results in the material reduction to the Company's operations at the Project, it will be required to repay 100% of Grant disbursements made under the CIP Award. The MSF would be entitled to foreclose on any security interest and, in the case of bankruptcy, submit a proof of claim in any such bankruptcy proceedings and seek recovery of the CIP Award.
- **Material Misrepresentation:** If the Company makes any material misrepresentation under the grant agreement, any required submissions thereunder, or any reimbursement request to the MSF on or before the end of the Term, it will be required to repay 100% of grant disbursements made under the CIP Award.
- **Misuse of Funds:** If the Company uses the CIP Award for a prohibited purpose during the Term it will be required to repay 100% of grant disbursements made under the CIP Award

ADDITIONAL STATE REQUIRED TERMS

- **Amendments:** As required under Section 88s(5) of the MSF Act, MCL 125.2088s(5), the MSF will provide written notice to the Legislature of any requests to modify the fully executed written grant agreement and will otherwise comply with requirements of Section 88s(5) prior to taking any action on such amendment request.
- **Annual Compliance Certificate:** During the Term the Company will be required to sign and submit an Annual Compliance Certificate certifying that the Company is in compliance with the terms and conditions of the grant agreement.
- **Annual Progress Report:** During the Term the Company will be required to submit annual progress reports, which shall include the total number of Qualified Jobs created at the Project, the average annual salary of both the Base Jobs and the new Qualified Jobs, and the total investment into the Project. This information will be transmitted to the Legislature as required under Section 9 of the MSF Act, MCL 125.2009.
- **Access to Records & Audit Rights:** During the Term and for a period of three years after the Term, and upon reasonable advance notice, the Company is required to permit the MSF, MEDC, the Office of the Auditor General, the Department of Technology, Management and Budget, and the MSF Chief Compliance Officer to visit the Company, and any other location where books and records of the Company are normally kept, to inspect the books and records, including financial records and all other information and data relevant to the terms of the grant, all at times and locations mutually agreed upon by the parties.
- **Other provisions:** The grant agreement will include standard representations, covenants, and other provisions required by the MSF, including without limitation, indemnification, non-discrimination and unfair labor practices, termination of funding, any other requirements of the Critical Industry Program Guidelines, as approved by the MSF, and any requirements of the Michigan Strategic Fund Act, including without limitation, cross default, and any other provisions of Section 88s.

**MICHIGAN STRATEGIC FUND
RESOLUTION 2022-**

**APPROVAL OF THE
CRITICAL INDUSTRY PROGRAM GRANT TO
OUR NEXT ENERGY INC.**

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

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

WHEREAS, pursuant to Section 88s of the MSF Act, MCL 125.2088s, the MSF shall create and operate the critical industry program to provide qualified investments to qualified businesses for deal-closing, gap financing, or other economic assistance to create or retain qualified jobs as a result of a technological shift in product or production or make capital investments (the “Critical Industry Program”);

WHEREAS, the Critical Industry Program will be funded through the Strategic Outreach and Attraction Reserve (“SOAR”) Fund created by Public Act 137 of 2021, upon transfer of SOAR funds to the MSF;

WHEREAS, on January 11, 2022, the MSF Board created the Critical Industry Program and approved the guidelines for the implementation and operation of the Critical Industry Program;

WHEREAS, Our Next Energy Inc. (the “Company”) submitted an application on August 3, 2022 seeking a Critical Industry Program grant in the amount of \$200,000,000, to support capital investment of \$1,600,000,000 and 2,112 Qualified Jobs in Van Buren Charter Township, Wayne County, Michigan in accordance with the terms and conditions outlined in the term sheet attached as Exhibit A to this Resolution (the “Grant Request”);

WHEREAS, the MEDC recommends the MSF approve the Grant Request, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request;

WHEREAS, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MSF wishes to approve the Grant Request.

NOW THEREFORE, BE IT RESOLVED, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MSF Board approves the Grant Request;

BE IT FURTHER RESOLVED, the MSF President and the MSF Financial Officer are authorized to take all actions necessary to request transfer of SOAR funds to the MSF to fund the Grant Request; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 5, 2022

MSF Loan Term Sheet

This term sheet (“Term Sheet”) sets forth key terms of a potential loan by the Michigan Strategic Fund (the “MSF” or “Lender”) in favor of Our Next Energy, Inc. (“Company” or “Borrower”). The proposed terms and conditions herein will not be construed as binding upon either party until the mutual execution of a written Loan agreement. Any obligations that may be deemed to arise under this Term Sheet are contingent on Company obtaining all necessary corporate approvals, and the MEDC obtaining all necessary Michigan Strategic Fund Board approvals, and State of Michigan Legislature approval of a potential Critical Industry Program awards.

Scope of the Project: The Company intends to create a new battery campus at the Crossroads Distribution Center in the Charter Township of Van Buren, Wayne County (the “Project Site”). The campus will include raw material refinement, cathode materials production, as well as cell and battery manufacturing. In total, the Company expects to ramp up over the course of the next six (6) years over two phases resulting in an expected creation of at least 2,112 new jobs and a projected investment of \$1.6 billion by December 31, 2028, to lease, renovate, build, and equip the facilities at the Project Site (collectively, the “Project”).

MSF Incentive: Term Loan

Borrower: Our Next Energy, Inc.

Loan Amount: \$15,000,000

Interest Rate: The principal sum outstanding shall bear interest at a fixed rate per annum equal to five percent (5%) per annum (except in the Event of Default), which shall be calculated on the basis of a 365-day year. All interest hereunder shall begin accruing on April 1, 2023.

Default Interest Rate: After an Event of Default, including failure to pay upon final maturity, the interest rate shall be equal to seven percent (7%) per annum.

Fees: If any required payment is not made within ten (10) days after the date it is due, then, at the option of Lender, a late charge in the amount of five percent (5%) of the payment so overdue may be charged.

Disbursement of Funds: \$15,000,000 will be disbursed from the MSF to the Borrower after closing of the Critical Industry Program grant agreement between the MSF and the Company (“CIP Grant”), the Borrower meeting the requirements of the Phase One Pre-Disbursement Milestone under the CIP Grant, and demonstrated verification of an executed Lease Agreement between Ashley Capital, LLC and the Borrower for a period at least 20 years along with the executed Promissory Note in the amount of \$15,000,000 between Ashley Equities II, LLC and the Borrower (“Company – Ashley Note”). Requests for disbursement of funds will be verified by the MEDC Compliance of the Legal and Compliance division of the MEDC prior to release of any funds.

Term: Deferment Period followed by fully amortizing 240-month loan.

Payments: Deferred payments from the date of closing until June 1, 2023 (the “Deferment Period”). Equal monthly payment of principal and interest (which are anticipated to be monthly installments of principal and accrued interest, (“Monthly Payment”). The Monthly Payment is anticipated to begin on June 1, 2023, with a final payment

MSF Loan Term Sheet

of all outstanding principal and accrued interest anticipated to be due on the May 1, 2043 (“Maturity Date”).

Security: The MSF shall have a security interest anticipated to be an assignment/pledge by the Company of the payments to Company under the Company – Ashley Note. The Company will sign all ancillary security instruments acceptable to the Company and the MSF. Such security interest will be used to secure the repayment of any amounts owed to the MSF under the Loan agreement until the MSF is paid in full.

Additional State Required Terms:

- **Acceleration:** The Maturity Date and/or all indebtedness owed the MSF under the Loan may be accelerated for events of default, which shall include, but not limited to, the Borrower’s failure to comply with the Critical Industry Program Award between the MSF and the Company, or State of Michigan agreements, or any other contracts arising out of the Project.
- **Annual Compliance Certificate:** During the Term the Company will be required to sign and submit an Annual Compliance Certificate certifying that the Company is in compliance with the terms and conditions of the Loan agreement.
- **Annual Progress Report:** During the Term the Company will be required to submit annual progress reports, which shall include the total number of jobs created at the Project, the average annual salary of jobs, and the total investment into the Project. This information will be transmitted to the Legislature as required under Section 9 of the MSF Act, MCL 125.2009.
- **Access to Records & Audit Rights:** During the Term and for a period of three years after the Term, and upon reasonable advance notice, the Company is required to permit the MSF, MEDC, the Office of the Auditor General, the Department of Technology, Management and Budget, and the MSF Chief Compliance Officer to visit the Company, and any other location where books and records of the Company are normally kept, to inspect the books and records, including financial records and all other information and data relevant to the terms of the grant, all at times and locations mutually agreed upon by the parties.
- **Other provisions:** The investment agreement will include standard representations, covenants, and other provisions required by the MSF, including without limitation, indemnification, non-discrimination and unfair labor practices, cross default, termination of funding and any requirements of the Michigan Strategic Fund Act or the MSF Board.

**MICHIGAN STRATEGIC FUND
RESOLUTION**

2022-

**JOBS FOR MICHIGAN INVESTMENT FUND
LOAN TO OUR NEXT ENERGY INC.**

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

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

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

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

WHEREAS, Our Next Energy, Inc. (the “Company”) has requested a loan in the amount of \$15,000,000 from the Investment Fund to support short term construction financing for property located in Van Buren Charter Township, Wayne County in accordance with the terms and conditions outlined in the term sheet attached as Exhibit A to this Resolution (the “Loan Request”);

WHEREAS, the MEDC recommends that the MSF Board approve the Loan Request; and

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

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 5, 2022

MICHIGAN STRATEGIC FUND

RESOLUTION 2022-

APPROVAL OF A STATE ESSENTIAL SERVICES ASSESSMENT EXEMPTION TO OUR NEXT ENERGY 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 (the “SESA”) and the Alternative State Essential Services Assessment Act (the “Alternative SESA”);

WHEREAS, SESA and Alternative SESA authorized the creation and operation of the SESA Exemption and the Alternative SESA Program by the Michigan Strategic Fund (the “MSF”) pursuant to MCL 211.1059;

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

WHEREAS, the Program Guidelines require that projects be located in Eligible Distressed Areas, as defined in the Program Guidelines, in order to be eligible for a SESA Exemption (the “EDA Requirement”);

WHEREAS, the Michigan Economic Development Corporation (the “MEDC”) provides administrative services to the MSF for the SESA Exemption and Alternative SESA Program;

WHEREAS, Our Next Energy Inc. (the “Company”) has requested that the MSF Board approve a fifteen-year SESA Exemption estimated to be worth \$21,655,020 for up to \$986,326,500 in qualified investment in Eligible Personal Property in the Charter Township of Van Buren, Wayne County (the “SESA Exemption Request”);

WHEREAS, the Company is requesting the MSF Board approve a SESA exemption in a non-Eligible Distressed Area for the project by waiving the EDA Requirement due to the transformational nature of the project (the “Waiver Request”); and

WHEREAS, the MEDC recommends that the MSF Board approve (1) approve the SESA Exemption Request; (2) approve the Waiver Request; and (3) require a one-time administrative fee of \$10,000 payable to the MSF upon completion of the first performance milestone (collectively, the “Recommendation”).

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

BE IT FURTHER RESOLVED, that the MSF Fund Manager is authorized to negotiate the final terms and conditions of the Recommendation and to execute all documents necessary to effectuate the Recommendation in accordance with the terms of this Resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 5, 2022