MICHIGAN STRATEGIC FUND

BOARD MEETING AGENDA
July 25, 2023
10:00AM

I. CALL TO ORDER & ROLL CALL

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

III. COMMUNICATIONS

a. Chief Compliance Officer Quarterly Report

IV. CONSENT AGENDA

a. Proposed Meeting Minutes: June 27, 2023
b. Gotion: Incentives Amendment
c. City of Romulus Brownfield Redevelopment Authority: Brownfield Act 381 Work Plan
d. International Trade: FY23 Additional Funding Allocation – MI-STEP Grant
e. Michigan State University Foundation (MSUF): Michigan Rise Pre-Seed Fund Amendment
f. Chevron Corporation: Private Activity Bond Extension of Inducement
g. MSF Subcommittees: Subcommittee Charter Revisions

V. DEVELOP ATTRACTIVE PLACES

a. MICAH 6 Community and Webster Community Center, LLC: A resolution to approve a Michigan Community Revitalization Program Performance-Based Direct Loan in the amount of up to $7,600,000 and a Revitalization and Placemaking Program Performance-Based Grant in the amount of up to $5,000,000.
Location: City of Pontiac

b. Anson Building, LLC: A resolution to approve a Michigan Community Revitalization Program Performance-Based Grant in the amount of up to $1,500,000.
Location: City of Battle Creek

VI. ATTRACT, RETAIN AND GROW BUSINESS

a. Bollinger Motors, Inc: A resolution to approve a Michigan Business Development Program Performance-Based Grant in the amount of $3,000,000.
Location: City of Oak Park

b. Magna Seating of America, Inc.: A resolution to approve a Michigan Business Development Program Grant in the amount of $4,250,000.
Location: City of Auburn Hills

c. LuxWall, Inc.: A resolution to approve a Michigan Business Development Program Grant in the amount of $6,000,000.
Location: City of Detroit

d. P.R.A. Company (DBA Vantage Plastics): A resolution to approve a Michigan Business Development Program Grant in the amount of $1,200,000.
Location: Bangor Township, Bay County

VII. ADMINISTRATIVE

a. Transformational Brownfield Plan: A resolution to approve the amendment of the Transformational Brownfield Plan Program Guidelines.

b. Policy and Planning Subcommittee: New Member Appointment

VIII. INFORMATIONAL

a. Delegation of Authority Report

STATE OF MICHIGAN
OFFICE OF THE CHIEF COMPLIANCE OFFICER
LANSING

GRETCHEN WHITMER
GOVERNOR

KEVIN FRANCART, ESQ.
CHIEF COMPLIANCE OFFICER

MEMORANDUM

July 11, 2023

TO: Honorable Gretchen Whitmer
Governor and Chairperson of the State Administrative Board.

Quentin L. Messer Jr.
President
Michigan Strategic Fund Board

FROM: Kevin L. Francart
Chief Compliance Officer

RE: FY2023 Q3 Report of the Chief Compliance Officer. (April 1, 2023 – June 30, 2023)

The Chief Compliance Officer is required to report quarterly to the State Administrative Board and the Michigan Strategic Fund Board regarding compliance with internal policies and procedures as well as applicable laws related to 21st century jobs fund programs. I am pleased to report that all compliance matters addressed during the third quarter of the 2023 fiscal year were either successfully resolved, are being appropriately addressed, or are undergoing review and are currently being evaluated.

With respect to the Michigan Strategic Fund Board, the Michigan Strategic Fund Act requires the Chief Compliance Officer to review and evaluate compliance with internal policies and procedures along with applicable state and federal law.

The Chief Compliance Officer (CCO) assisted the Auditor General with questions regarding conflicts of interest concerning MEDC and MSF Staff and MSF Board Members. The CCO, along with the AG and MEDC Legal, assisted with the Finance and Investment Subcommittee and the Policy and Planning Subcommittee. The review of the relationship with and the economic incentives provided to Michigan Community Capitol as reported previously continued. The CCO, along with the AG and MEDC Legal, assisted the MSF with drafting a Public Comment Policy that complies with the Open Meetings Act. 2023 PA 24 was became effective on April 26, 2023 amending MCL 125.2005 restructuring the MSF Board. The MSF Board was expanded to thirteen members. Because the Board was reconstituted the CCO assisted the AG with new Board Member appointments and a resolution to adopts the previous Boards operating documents. Two new members were appointed replacing holdovers, however, the appointments fail to set a full four year term as required by the MSF Act. Two additional members were appointed to fill the two new members required under MCL 125.2005 (4). The CCO assisted the MSF with a Conflict of Interest question regarding a Board Member's company applying for incentives from a program funded by the MSF but in which MSF/MEDC staff have no input on the awards. The conclusion was, because staff were not involved with the decision making in the awarding of funding a conflict did not exist at that time, but if the Board Member's company was an active participant in the program and the program comes to the Board, a conflict is likely and this should be monitored. The CCO referred a question to the AG inquiring if the prohibition in the State Contracts with Certain Employers Prohibited Act, MCL 423.321 *et sec*. which, in part, prohibits State contracts, including MSF contracts, with an employer whose name appears on a register compiled by the State for having been found in contempt for failure to correct an unfair labor practice, as prohibited by section 8 of chapter 372 of the national labor relations act, 29 U.S.C. 158., is enforceable as to contracts related to Chapter 8A and 8C of the MSF Act in light of Wisconsin Dept of Indus, Labor & Human Relations v Gould Inc, 475 US 282; 106 S Ct 1057; 89 L Ed 2d 223 (1986), in which the U.S. Supreme Court found that such provisions are preempted and thus not enforceable. The CCO continued to assist the Department of Technology, Management, and Budget with the workgroup to implement the requirements of the Economic Development Incentive Evaluation Act, MCL 18.1751 *et seq*. As reported previously, because of the staffing changes the site visit guidelines were changed by the MEDC compliance section to no longer require a minimum number of site visits. Site visits are being performed pursuant to the site visit guidelines.

The Chief Compliance Officer provided informal advice regarding various issues arising this quarter concerning such topics as the conflict of interest determination, breadth of delegated Board authority, authorized use of 21st century job fund funds, and compliance with established Board policy and limitations.

MICHIGAN STRATEGIC FUND
APPROVED MEETING
MINUTES
JUNE 27, 2023

Member Present
Quentin L. Messer, Jr.

Members joined remotely
Britany L. Affolter-Caine
Susan Corbin
Wesley Eklund
Dimitrius Hutcherson
Michael B. Kapp (on behalf of Director Wieferich)
Andrew Lockwood (on behalf of Treasurer Eubanks)
Dan Meyering
Leon Richardson
Charles P. Rothstein
Susan Tellier
Randy Thelen

Member Absent
Cindy Warner

I. CALL TO ORDER & ROLL CALL

Mr. Messer called the meeting to order at 9:02 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.

Mr. Messer introduced Katelyn Wilcox Surmann, MSF Board Liaison, who conducted the attendance roll call.

Michael B. Kapp joined the meeting at 9:05 a.m. and Charles P. Rothstein joined the meeting at 9:06 a.m.

II. PUBLIC COMMENT

Ms. Wilcox Surmann explained the process for members of the public to participate. Public comment was given.

Michael B. Kapp temporarily disconnected from the meeting and rejoined at 9:20 a.m.

III. COMMUNICATIONS

Ms. Wilcox Surmann reported several communications were received that were shared with MSF Board members.

MSF Subcommittee Reports

Dimitrius Hutcherson, chair of the MSF Finance and Investment Subcommittee, had no updates to report. Cindy Warner, chair of the MSF Policy and Planning Subcommittee, was absent from the meeting.

IV. CONSENT AGENDA

Resolution 2023-095 Approval of Consent Agenda Items

Mr. Messer asked if there were any questions from Board members regarding items under the Consent Agenda. There being none, Quentin L. Messer, Jr. motioned for the approval of the following:

a. Proposed Meeting Minutes: May 23, 2023
b. Revitalization and Placemaking Project Amendment – **2023-096**
c. Gemini Capital Management XIII, LLC: MCRP Amendment – **2023-097**
d. Magna Seating of America, Inc.: MBDP Amendment – **2023-098**
e. LG Energy Solution Michigan, Inc.: MBDP & JRMP Amendments – **2023-099 & 2023-100**
f. Disaster Recovery Action Plan Amendment: Wayne County Allocation Increase – **2023-101**
g. Plasan Carbon Composites, Inc.: MBDP Repayment Write-Off Request – **2023-102**
h. MSF Public Comment Policy – **2023-103**

Michael B. Kapp and Dimitrius Hutcherson seconded the motion. **The motion carried: 12 ayes; 0 nays; 0 recused**.

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Susan Corbin, Wesley Eklund, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen; Nays: None; Recused: None

V. DEVELOP ATTRACTIVE PLACES

a. **Resolutions 2023-104 & 2023-105 Talbot Quimby, LLC and City of Grand Rapids Brownfield Redevelopment Authority: Michigan Community Revitalization Program Other Economic Assistance Loan Participation Award and Brownfield Act 381 Work Plan**

Mackenzie Miller, Community Development Manager, provided the Board with information regarding these action items. The actions involve approval of a Michigan Community Revitalization Program loan participation award of up to $2,650,000 and state tax capture for Act 381 eligible activities capped at $367,680 to support a community development project in the City of Grand Rapids, Kent County. The project is expected to result in total capital investment of $14,823,720. Following discussion, Susan Corbin motioned for the approval of Resolution 2023-104. Dimitrius Hutcherson seconded the motion. **The motion carried: 12 ayes; 0 nays; 0 recused**.

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Susan Corbin, Wesley Eklund, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen; Nays: None; Recused: None

Leon Richardson then motioned for the approval of Resolution 2023-105. Quentin L. Messer, Jr. seconded the motion. **The motion carried: 12 ayes; 0 nays; 0 recused**.

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Susan Corbin, Wesley Eklund, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen; Nays: None; Recused: None

b. **Resolutions 2023-106, 2023-107 & 2023-108 Lumber Square Nonprofit Housing Corporation and G.A. Haan Development, LLC and County of Emmet Brownfield Redevelopment Authority: Michigan Community Revitalization Program Other Economic Assistance Loan Participation Award, Brownfield Act 381 Work Plan, and Revitalization and Placemaking (RAP) Grant**
Dan Leonard, Redevelopment Services Director, provided the Board with information regarding these action items. The actions involve approval of a Michigan Community Revitalization Program loan participation award of up to $3,330,000 with up to $1,500,000 forgivable, state tax capture for Act 381 eligible activities capped at $1,430,195, and a Revitalization and Placemaking (RAP) grant of $2,500,000 to support a community development project in the City of Petoskey, Emmet County. The project is expected to result in total capital investment of $16,600,000. Following discussion, Quentin L. Messer, Jr. motioned for the approval of Resolution 2023-106. Randy Thelen seconded the motion. **The motion carried: 12 ayes; 0 nays; 0 recused**.

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Susan Corbin, Wesley Eklund, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen; Nays: None; Recused: None

Susan Corbin then motioned for the approval of Resolution 2023-107. Quentin L. Messer, Jr. seconded the motion. **The motion carried: 12 ayes; 0 nays; 0 recused**.

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Susan Corbin, Wesley Eklund, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen; Nays: None; Recused: None

Finally, Leon Richardson motioned for the approval of Resolution 2023-108. Quentin L. Messer, Jr. seconded the motion. **The motion carried: 12 ayes; 0 nays; 0 recused**.

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Susan Corbin, Wesley Eklund, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen; Nays: None; Recused: None

c. **Resolution 2023-109 115 Lake Street, LLC: Michigan Community Revitalization Grant**
Mackenzie Miller, Community Development Manager, provided the Board with information regarding this action item. The action involves approval of a Michigan Community Revitalization Program performance-based grant of up to $1,500,000 to support a community development project in the City of Whitehall, Muskegon County. The project is expected to result in total capital investment of $8,676,412. Following discussion, Wesley Eklund motioned for the approval of Resolution 2023-109. Susan Corbin seconded the motion. **The motion carried: 12 ayes; 0 nays; 0 recused**.

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Susan Corbin, Wesley Eklund, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen; Nays: None; Recused: None

VI. ATTRACT, RETAIN AND GROW BUSINESS

a. **Resolution 2023-110 Expleo USA Inc.: Michigan Business Development Program Grant**
Matt Chasnis, Senior Business Development Project Manager, provided the Board with information regarding this action item. The action involves approval of a $3,000,000 Michigan Business Development Program performance-based grant to support a business development project in Oakland County. The project is expected to result in the creation of up to 196 jobs and a capital investment of up to $2,010,000. Following discussion, Britany L. Affolter-Caine motioned for the approval of Resolution 2023-110. Quentin L. Messer, Jr. seconded the motion. **The motion carried: 12 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Susan Corbin, Wesley Eklund, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen; Nays: None; Recused: None

VII. SUPPORT SMALL BUSINESS

a. **Resolutions 2023-111 & 2023-112 Small Business Support Hubs: Program Authorization, Funding Allocation, Guidelines Adoption, and Delegation of Authority Approval**
Amy Rencher, Senior Vice President of Small Business Services, provided the Board with information regarding these action items. The actions involve authorization to create the Small Business Support Hubs Program, allocation of $75,000,000, adoption of guidelines, authorization to delegate authority to the MSF President or MSF Fund Manager to make all decisions necessary and appropriate to administer the program, and for the MSF President, the MSF Fund Manager, and the State Treasurer, with any two required to act, to make all decisions with respect to awards in the amount of $6,000,000 or less. Following discussion, Susan Tellier motioned for the approval of Resolution 2023-111. Dimitrius Hutcherson seconded the motion. **The motion carried: 12 ayes; 0 nays; 0 recused**.

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Susan Corbin, Wesley Eklund, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen; Nays: None; Recused: None

Quentin L. Messer, Jr. then motioned for the approval of Resolution 2023-112. Dimitrius Hutcherson seconded the motion. **The motion carried: 12 ayes; 0 nays; 0 recused**.

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Susan Corbin, Wesley Eklund, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen; Nays: None; Recused: None

b. **Resolution 2023-113 Operating Engineers' Local 324 Journeyman and Apprentice Training Fund, Inc.: Michigan Supplier Diversification Fund-Cash Collateral Deposit Agreement Approval**
Rachel Bakken, Senior Capital Project & Portfolio Manager, provided the Board with information regarding this action item. The action involves authorization of collateral support in the amount of $3,250,000 for a $21,250,000 draw-to-term construction loan through Independent Bank to support construction of a new training facility in the City of Howell, Livingston County. Following

discussion, Susan Corbin motioned for the approval of Resolution 2023-113. Leon Richardson seconded the motion. **The motion carried: 12 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Susan Corbin, Wesley Eklund, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen; Nays: None; Recused: None

VIII. ACCELERATE HIGH-TECH INNOVATION

a. **Resolutions 2023-114 & 2023-115 Michigan Innovate Capital Fund: Program Authorization, Funding Allocation, Guidelines Adoption, and Delegation of Authority Approval**
Fredrick Molnar, Senior Vice President of Entrepreneurship and Innovation, provided the Board with information regarding these action items. The actions involve authorization to create the Michigan Innovate Capital Fund Program, approval of an initial allocation of $23,000,000 from the Jobs for Michigan Investment Fund, adoption of guidelines, and delegation of authority to the MSF President, the MSF Fund Manager, and the State Treasurer, with any two required to act, to approve awards in the amount of up to $5,000,000. Following discussion, Charles P. Rothstein motioned for the approval of Resolution 2023-114. Quentin L. Messer, Jr. seconded the motion. **The motion carried: 12 ayes; 0 nays; 0 recused**.

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Susan Corbin, Wesley Eklund, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen; Nays: None; Recused: None

Britany L. Affolter-Caine then motioned for the approval of Resolution 2023-115. Quentin L. Messer, Jr. seconded the motion. **The motion carried: 12 ayes; 0 nays; 0 recused**.

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Susan Corbin, Wesley Eklund, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen; Nays: None; Recused: None

IX. INFORMATIONAL

Mr. Messer noted the MSF delegated authority report for the period May 1 to May 31, 2023, was included in the meeting packet. He asked if there were any questions from Board members regarding the information; there were none.

Mr. Messer adjourned the meeting at 10:49 a.m.

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 6, 2023

Valerie Hoag
MSF Fund Manager
Michigan Economic Development Corporation
300 N. Washington Square
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting and Michigan Strategic Fund Finance and Investment Subcommittee Designee for Treasurer Eubanks

Dear Ms. Hoag:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund Board Meetings and Michigan Strategic Fund Finance and Investment Subcommittee meetings that I am unable to attend in 2023.

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

Sincerely,

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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,

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

Katelyn Wilcox (MEDC)

From: Durrie Parker <durriepruitt@gmail.com>
Sent: Friday, June 23, 2023 8:38 PM
To: Katelyn Wilcox (MEDC)
Subject: Save our farmland

To Whom It May Concern,

Please help by doing whatever you can to preserve our community from the Blue Oval Megasite. Even if we can't completely stop it, scale it down, slow it down anything will help as I truly believe this is a bad idea for our town.

Thank you for your consideration,

Durrie Parker

Katelyn Wilcox (MEDC)

From:	LuAnne Kozma <luannekozma@gmail.com>
Sent:	Tuesday, May 23, 2023 9:45 AM
To:	Katelyn Wilcox (MEDC)
Subject:	Preserve the historic farm buildings in Marshall

Dear MEDC board members:

I ask you to please preserve the historic farmstead structures at Riverside Farms in Marshall. There is no need to destroy them. Michigan's agricultural heritage is told in the preservation of such buildings, not their destruction.

Sincerely,

LuAnne Kozma
Charlevoix, Michigan
Former director of the Michigan Barn and Farmstead Survey, MSU Museum

To the Michigan Strategic Fund Board, and those proposing the Gotion facility,

As a concerned citizen, I strongly advise that a lithium battery facility not be built in Big Rapids. The watershed is too close to the Muskegon River. Any thing put in the ground there will surely get into the Muskegon River and Lake Muchigan. Michigan is known for having the most fresh water in the country. We need to protect and preserve it.

I'm am also adamantly opposed to having a Chinese run company in our state.

Please, keep our state clean.

Sandra Kempf

1269 Witham St

North Muskegon, MI 49445

JON BUMSTEAD
32ND DISTRICT
P.O. BOX 30036
LANSING, MI 48909-7536
PHONE: (517) 373-1635
FAX: (517) 373-3300
senjbumstead@senate.michigan.gov

THE SENATE
STATE OF MICHIGAN

June 26, 2023

Michigan Economic Development Corporation
ATTN: Quentin L. Messer, Jr., Chairperson of the Michigan Strategic Fund board
300 N. Washington Sq.
Lansing, MI 48913

Dear Quentin L. Messer, Jr.,

This letter is written in support of the 115 Lake Street, LLC's project in the City of Whitehall and their request for support from the Michigan Strategic Fund (MSF) Board. Specifically, 115 Lake Street, LLC request of $1.5 million in a Michigan Community Revitalization Program performance-based grant.

115 Lake Street, LLC's project will be located on the shoreline of White Lake and will develop a new mixed-use building that will house commercial space and new residential units. Currently, this proposed development site is vacant as it was the former home of the Pinheads Bowling Alley. The development of this site to will not only improve the current landscape of the area but will also attract new visitors to the area and a space for both tourists and locals to enjoy.

There has been a lot of support for this project from local residents, the City Council, and the Chamber of Commerce. The developers have taken careful consideration into what the town would like to see and will be working with the city for the construction of a switchback bike/pedestrian trail adjacent to the site so that there is a direct pathway from downtown into Goodrich Park. With support from MSF, this project will be able to bring new excitement to this area and not only attract new visitors but also provide great benefits to the residents of Whitehall.

In addition to many others that have supported this project, I would like to add my strong support and ask that the board approve the requests for 115 Lake Street, LLC project in the City of Whitehall. If you have any questions or concerns, please feel free to contact my office by phone at (855) 347-8032 or by email at SenJBumstead@senate.michigan.gov.

Best Regards,

Jon Bumstead

Jon Bumstead
State Senator
Michigan Senate District 32

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

MEMORANDUM

Date: **July 25, 2023**

To: **Michigan Strategic Fund ("MSF") Board Members**

From: **Jeremy Webb, Managing Director, Business Development Projects**

Subject: **Incentives Amendment Request**

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

Request
This is a request from the Applicants to amend the following to (collectively, the "Incentives Amendment Request"):

- **Gotion Request**
  - Amend the MSF Board approved CIP grant to remove Big Rapids Charter Township from the scope of the project and extend the project timeline by one year, as more particularly outlined in the attached term sheet ("CIP Amendment Request");
- **RPI Request**
  - Amend the MSF Board approved SSRP grant to remove Big Rapids Charter Township from the scope of the project and extend the project timeline by one year, as more particularly outlined in the attached term sheet ("SSRP Amendment Request"); and
- **County Request**
  - Amend the MSF Board approved MSFRZ to reduce the boundary to account for the changes to the project site, allow for a flexible start date conditioned on certain occurrences, as more particularly outlined in the attached resolution ("MSFRZ Amendment Request").

Background
On October 5, 2022, the MSF Board approved a $125 million CIP grant to Gotion, a $50 million SSRP grant to RPI, and an MSF Designated Renaissance Zone designation for 30 years. Gotion proposed to create a new battery campus that will produce cathode and anode materials for battery cells at the industrial park in Green Township, Mecosta County. Gotion expects to ramp up over the course of the next seven 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, 2031, to build and equip the battery material facilities.

Currently, Gotion and RPI are working on land acquisition and Purchase Agreements are in place for the parcels that will require near-term development. The Company is confident that with the MSF's approval, the project will be completed within the new timeframe.

The Incentives Amendment Request is needed to appropriately address the restructuring of the project site that has taken place since MSF Board approval as well as minor delays. Though these were high level changes, and the project remains the same with regard to job creation and investment, an amendment request is needed to accurately reflect the changes. In addition to height restrictions associated with the airport in Big Rapids Charter Township, wetland impacts also changed the configuration of the site. Lastly, additional time was needed to meet the requirements of the CIP, SSRP, and MSFRZ approval.

Company Background

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 on establishing production capacity in North America.

Recommendation

MEDC Staff recommends approval of the Incentives Amendment Request, as outlined in the attached resolutions.

MICHIGAN STRATEGIC FUND
RESOLUTION 2023-117

AMENDMENT TO THE 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, on October 5, 2022, the MSF Board approved a $125 million CIP grant to Gotion, Inc. (the "Company") for its proposed construction of a new battery campus that will produce cathode and anode components for battery cells at the industrial park in Big Rapids Township and Green Township, Mecosta County, which is anticipated to require a capital investment of $2,364,000,000 and a minimum of 2,350 Qualified Jobs (the "CIP Approval");

WHEREAS, on April 20, 2023, the Senate and House Appropriations Committees, via Legislative Transfer Request 2023-1, approved the transfer of SOAR funds to the MSF necessary to fund the CIP grant;

WHEREAS, the Company requests that the MSF Board approve an amendment to the CIP Approval in accordance with the terms and conditions outlined in the amended term sheet attached as Exhibit A to this Resolution (the "CIP Amendment Request");

WHEREAS, the MEDC recommends the MSF Board approve the CIP Amendment Request;

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

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

Ayes: Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays:

Recused: Britany L. Affolter-Caine; Randy Thelen

Lansing, Michigan
July 25, 2023

MICHIGAN STRATEGIC FUND
RESOLUTION
2023-118

AMENDMENT TO 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 (a "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 Renaissance Zone reside;

WHEREAS, the MSF has designated twenty-five (25) of the twenty-seven (27) Renaissance Zones available under the Act, including approval by the MSF via Resolution 2022-156 of a Renaissance Zone for Gotion, Inc. (the "Company") for thirty (30) years on October 5, 2022 (the "Original RZ Approval");

WHEREAS, Section 6(5) of the Act allows the MSF Board to choose the beginning date of a Renaissance Zone designation made pursuant to Section 8a(2) of the Act, provided that the beginning date must be January 1 of a year for income tax and Michigan Business Tax purposes and December 31, for property tax purposes, and must not be more than five (5) years after the date of designation (a "Flexible Start Date");

WHEREAS, the Company has requested the MSF amend certain portions of the Original RZ Approval, including allowing a Flexible Start Date conditioned on certain occurrences and modifying the boundaries of the Renaissance Zone (the "Property");

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

WHEREAS, the MEDC recommends that the MSF Board approve the following amendments to the Original RZ Approval: (i) redefine the Property to the area in Green Charter Township depicted in the map attached as Exhibit A, and (ii) allow a Flexible Start Date for which the term of the Renaissance Zone shall begin upon the following occurrences: (the foregoing and the following, the "RZ Approval Amendment")

1. Approval by the MSF Fund Manager of the Flexible Start Date for the Renaissance Zone for the Company;

2. The execution of a development agreement between the MSF, landowners of the Property, and the Company governing the terms and conditions of the Renaissance Zone.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the RZ Approval Amendment; and

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

Ayes: Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays:

Recused: Britany L. Affolter-Caine; Randy Thelen

Lansing, Michigan
July 25, 2023

MICHIGAN STRATEGIC FUND
RESOLUTION 2023-119

AMENDMENT TO THE APPROVAL OF THE 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, on October 5, 2022, the MSF Board approved a $50,000,000 SSRP grant to The Right Place, Inc. ("RPI") to support Gotion's proposed construction of a battery cell campus in Mecosta County (the "SSRP Approval");

WHEREAS, on April 20, 2023, the Senate and House Appropriations Committees, via Legislative Transfer Request 2023-1, approved the transfer of SOAR funds to the MSF necessary to fund the SSRP Approval;

WHEREAS, RPI requests that the MSF Board approve an amendment to the SSRP Approval in accordance with the terms and conditions outlined in the amended term sheet attached as Exhibit A to this Resolution (the "SSRP Amendment Request");

WHEREAS, the MEDC recommends the MSF Board approve the SSRP Amendment Request; and

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

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

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 SSRP Amendment Request.

Ayes: Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays:

Recused: Britany L. Affolter-Caine; Randy Thelen

Lansing, Michigan
July 25, 2023

GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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,

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

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www.michigan.gov • (517) 373-2090

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

GRETCHEN WHITMER
GOVERNOR

SUSAN CORBIN
DIRECTOR

January 21, 2022

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

Re: Michigan Strategic Fund Board Meeting Designees

Dear Ms. Wilcox:

Pursuant to MCLA 16.51, I hereby confirm my designation of John Groen and 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 or portions thereof that I am unable to attend.

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

Sincerely,

Susan R. Corbin

Susan R. Corbin
Director

105 WEST ALLEGAN STREET, LANSING, MICHIGAN 48933 • www.michigan.gov/leo • 517-241-6712

February 20, 2023

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

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the following item on the Michigan Strategic Fund Board Meeting Agenda on Tuesday, February 28, 2023.

- EV Scholars

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

Sincerely,

Britany Affolter-Caine

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

July 18, 2023

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

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the following item on the Michigan Strategic Fund Board Meeting Agenda on July 25, 2023.

- Consent Agenda item: Gotion: RenZone, SSRP, and CIP Amendments

The reason for my recusal is I have a potential conflict with this project due to a potential MSF grant to RPI related to this project.

Sincerely,

Randy Thelen

MEMORANDUM

Date: **July 25, 2023**

To: **Michigan Strategic Fund Board**

From: **Janay Jenkins, Tax Abatement Specialist**
Sara Bishop, Senior Business Development Project Manager
Rob Garza, Manager, Statutory Analysis

Subject: **Request for Approval of an Act 381 Work Plan**
City of Romulus Brownfield Redevelopment Authority (BRA)
Romulus Distribution Center Project

Project Summary & Request

Romulus Distribution Center 2, LLC ("Developer") intends to redevelop a former landfill consisting of six parcels located south of Ecorse Road and north of Wick Road in the city of Romulus into two high-bay, multi-tenant industrial buildings (approximately 469,780 and 546,881 square feet respectively) with parking and stormwater detention. The property is expected to be redeveloped in two, overlapping phases with one building complete in 2025 and the second building complete in 2026. The buildings are being constructed on a speculative basis and the buildings are being planned at the same elevation to reserve the option to combine them into one larger one million square foot building if requested by a tenant before construction begins. The total estimated investment for the development is approximately $75,000,000 in private investment and is expected to create up to 625 new jobs.

PROJECT SUMMARY	
Project Eligibility	Facility
Total Approximate Square Feet Revitalized	1,016,661
Total Approximate Acres Activated	289
Estimated Commercial Square Footage	1,016,661
Current Taxable Value	$1,439,431
Projected Taxable Value at Completion	$20,474,154
Total Anticipated Capital Investment	$75,000,000
Brownfield TIF State Capture Request	$4,203,054

The Development will be the final phase of the redevelopment of the former landfill property and is expected to attract additional companies to Romulus, resulting in the continued expansion of the area and creation of additional jobs for the area. It is anticipated that current and future commercial establishments in the area of the Development would benefit from increased worker traffic and increased worker spending. The Property is ideally located in the metropolitan Detroit area with excellent access to Interstate Highways I-94 and I-275and U.S. Highway 12.

Act 381 of 1996 (the "Act"), as amended, authorizes the MSF to approve Work Plans that include the capture of the School Operating Millage and State Education Tax millages for the purpose of supporting projects statewide. On March 23, 2021, the MSF Board approved the Brownfield Tax Increment Financing MSF Program Guidelines ("Guidelines"). As required under the Act, all statutory criteria for the project have been considered when making the recommendations in this memo. The project meets the Brownfield TIF Guidelines and programmatic requirements, and a financial review has been completed. An MSF Eligible Activities and Tax Capture Summary are included in Appendix C.

Demonstrated Needs

The site consists of two adjacent former unregulated landfills and, as a result, contains significant development challenges associated with the contaminated soil, groundwater, soil gas, and methane present on the site as well as the loose unconsolidated soils from the former landfill. The redevelopment is not economically viable without significant brownfield incentive support to offset the negative equity created by brownfield site conditions. The site will require significant grading, special environmental controls on utilities, a vapor mitigation system in the buildings, and Geopiers to support the building foundations.

Local Support

The project is being supported locally by the local portion of the Brownfield TIF, valued at $6,402,683.

Applicant Background / Qualifications

Romulus Distribution Center 2, LLC (RDC), is an affiliate of Ashley Capital and was created to develop this site. Founded in 1984, Ashley Capital has become one of the largest privately held industrial real estate investment companies in the United States. The firm has offices in Atlanta, Chicago, Detroit, Florida, and New York. Ashley Capital pursues opportunistic investments, creating value by buying brownfield parcels and transforming them into state-of-the-art industrial centers, acquiring and redeveloping underperforming industrial and office properties, as well as developing and managing new business parks. Ashley Capital's current portfolio consists of approximately 30 million square feet, with properties concentrated throughout the eastern half of the United States including over 22 million square feet in Michigan.

Summary of Ashley Capital projects awarded incentives by the MSF in the Last Ten Years:

- **Warren Business Center East Project in Warren, MI** – In 2016, the MSF awarded and Act 381 Work Plan for the construction of a 262,000 square foot cold storage warehouse building. The project was completed in 2018 and approximately 828 jobs were created.
- **Tri-County Commerce Center Project in Hazel Park, MI** – In 2016 and 2018, the MSF awarded two separate Act 381 Work Plans for the construction of a three-building light-industrial park totaling over two million square feet, constructed on former Hazel Park Raceway. The final phase was completed in 2022 and the projects created a total of approximately 1500 jobs.
- **Livonia West Commerce Center 2 Project in Livonia, MI** – In 2022, the MSF awarded an Act 381 Work Plan for the construction of a 370,000 square foot light industrial building on a former GM plating facility. The project was completed in 2022 and is currently 72% leased with multiple potential tenants negotiating for the final space.
- **Means Logistics Park in Highland Park, MI** – In 2021, the MSF awarded and Act 381 Work Plan for the construction of a 446,000 square foot light-industrial building. The project is currently under construction with completion estimated in mid-2023.

An Organizational Chart for Romulus Distribution Center 2, LLC is provided in Appendix A. A background check has been completed in accordance with the MSF Background Review Policy and the project may proceed for MSF consideration.

Recommendation
MEDC staff recommends approval of state tax capture for Act 381 eligible activities capped at $4,203,054, utilizing the current state to local capture ratio.

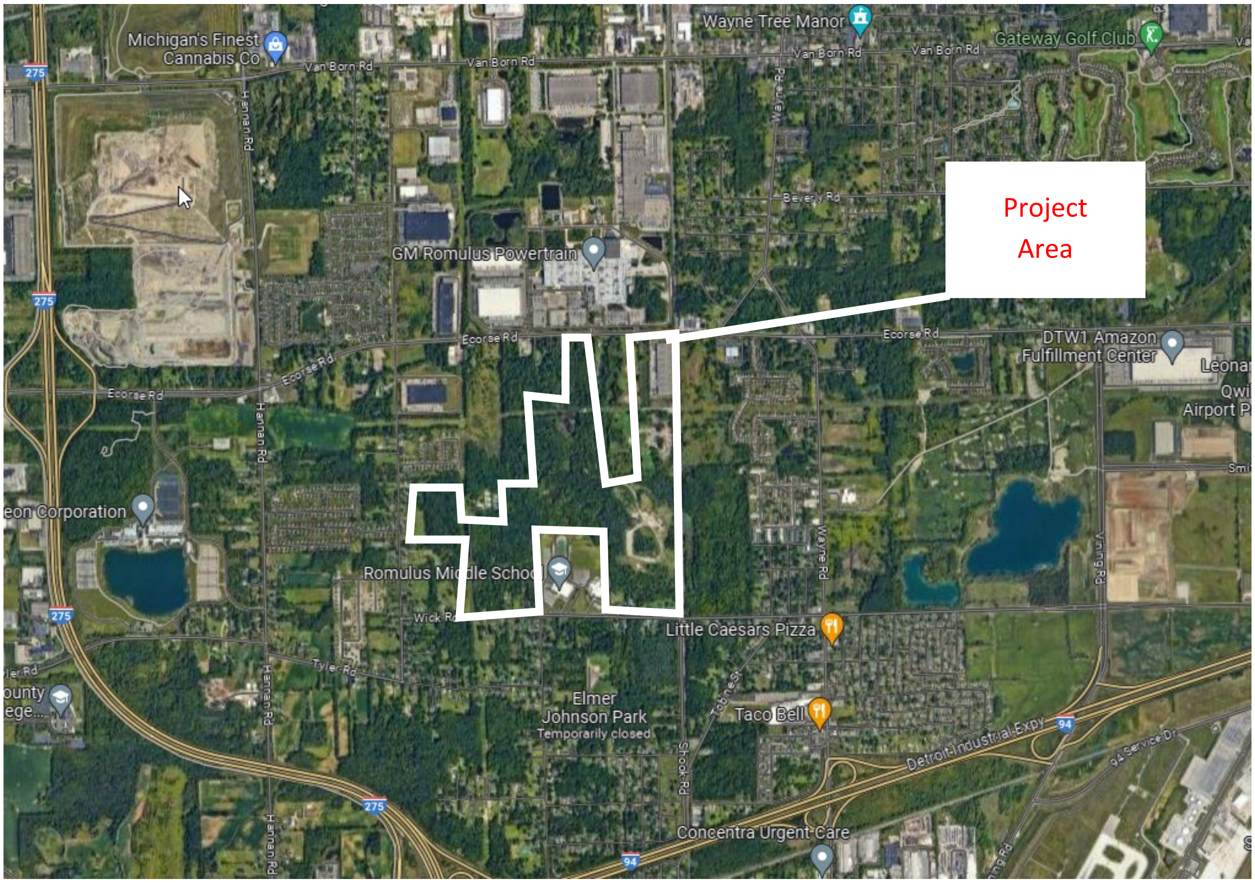
APPENDIX A – Organizational Chart

Organizational Structure

Company Name: Romulus Distribution Center 2, LLC
Employer Identification Number: 85-3003941
Manager: Susan Marie Harvey

Member			Ownership Interest Totals	EINs -No Soc Sec numbers	State of Organization
Romulus Distribution Center 2, LLC			**100.00%**	92-0287711	Michigan
Ashley Equities II, LLC	100.00%				Florida
Tar Heel Trust*		89%			Florida
Richard Ashley Morton		10%			Florida
Kyle Torrey Morton		1%			Michigan

APPENDIX B – Project Map and Renderings



APPENDIX C – MSF Eligible Activities Summary and Tax Capture Summary

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Romulus, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on May 1, 2023. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on May 25, 2023.

There are 60.5676 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (39.63%) and local millage equaling 36.5676 mills (60.37%). Tax increment capture will begin in 2025 and is estimated to continue for 24 years. The state tax capture is recommended to be capped at $4,203,054, which is the amount of tax increment revenue anticipated to be generated in 24 years. The BRA will capture 90% of both state and local Tax Increment Revenue ("TIR") for reimbursement to the developer while the remaining 10% of TIR will be collected by the taxing jurisdiction. Total MSF eligible activities are estimated at $10,605,737. MSF eligible activities breaks down as follows:

Tax Capture Summary:

State tax capture	(39.63%)	$	4,203,054
Local tax capture	(60.37%)	$	6,402,683
TOTAL		**$**	**10,605,737**

Cost of MSF Eligible Activities

Demolition	$	31,500
Infrastructure Improvements		1,393,484
Site Preparation	+	7,771,309
Sub-Total	$	9,196,293
Contingency (15%)	+	1,379,444
Sub-Total	$	10,575,737
Brownfield/Work Plan Preparation	+	15,000
Brownfield/Work Plan Implementation	+	15,000
TOTAL	**$**	**10,605,737**

In addition, the project is requesting $14,503,443 in TIF from EGLE to assist with environmental eligible activities.

Key Statutory Criteria

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

a) Overall Benefit to the Public:
The project will revitalize a former unlicensed landfill and add key logistical capability for both Romulus and southeast Michigan.

b) Jobs Created (Excluding Construction and other Indirect Jobs):
This project is expected to create approximately 625 new, full-time equivalent jobs in job manufacturing, warehousing and distribution with an average hourly wage of $15.

c) Area of High Unemployment:
The City of Romulus unadjusted jobless rate was 2.2% in April 2023.

d) Level and Extent of Contamination Alleviated:
A cap on the contaminated soil will be created to make the site usable. Any soil moved within the site and offsite will be handled in accordance with existing state and federal laws and regulations.

e) Reuse of Functionally Obsolete Buildings and/or Redevelopment of Blighted Property:
The project is not qualifying as functionally obsolete or blighted.

f) Whether Project will Create a New Brownfield Property in the State:
No new Brownfields will be created by this project.

g) Whether the Project is Financially and Economically Sound:
From the materials received, the MEDC infers that the project is financially and economically sound.

h) Other Factors Considered:
No additional factors need to be considered for this project.

MICHIGAN STRATEGIC FUND

RESOLUTION 2023 - 120

APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF ROMULUS BROWNFIELD REDEVELOPMENT AUTHORITY
ROMULUS DISTRIBUTION CENTER PROJECT

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

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

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

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

WHEREAS, the City of Romulus Brownfield Redevelopment Authority (the "Authority") has submitted a work plan (the "Brownfield Work Plan") dated June 16, 2023, for property located at multiple parcels in the city of Romulus within the City of Romulus, known as the Romulus Distribution Center Project (the "Project");

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 39.63% to 60.37% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, and infrastructure improvements as presented in the Brownfield Work Plan. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on costs of MSF eligible activities with a maximum of $10,575,737 for the principal activity costs of non-environmental activities and a contingency, a maximum of $15,000 for brownfield and work plan preparation, and a maximum of $15,000 for brownfield and work plan implementation, and with the total capture of state school taxes capped at a maximum of $4,203,054.

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

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

Ayes: Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays:

Recused: Britany L. Affolter-Caine; Randy Thelen

Lansing, Michigan
July 25, 2023

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

MEMORANDUM

Date: **July 25, 2023**

To: **Michigan Strategic Fund Board**

From: **Alyssa Tracey, Director, International Trade**

Subject: **FY23 Additional Funding Allocation – MI-STEP grant**

Request

The Michigan Economic Development Corporation (the "MEDC") requests that the Michigan Strategic Fund (the "MSF") Board allocate $375,000 in additional funding to support the Michigan State Trade Expansion Program (the "MI-STEP") for the term of July 25, 2023 to October 30, 2023 (the "Request").

Background

The MEDC International Trade program assists Michigan-based companies by linking them to resources and opportunities to expand exports to new international markets. The program focus is primarily on small businesses that meet the Small Business Administration (SBA)'s definition and size standards. The MI-STEP grant program helps Eligible Small Business Concerns (ESBCs) export to international markets and increase the value of their exports. STEP began as a pilot program to support President Obama's 2010 initiative to double U.S. exports in five years, and it became a permanent program in 2016. MSF has received SBA STEP funding in each of the ten years that funds have been available. In September 2022, Michigan received the maximum level award at $1,400,000, out of a national award pool of $20,000,000, and MSF approved the requisite $466,666 match. Michigan was one of only two states in 2022 that received the maximum award level for STEP funding from SBA, a distinction earned by successful program administration.

MI-STEP allows Michigan ESBCs to begin exporting or expand their current exports by offsetting the cost of eligible export development activities into new markets. The International Trade program provides financial assistance awards to ESBCs, reimbursing up to 75% of expenses for eligible export related activities for a maximum of $15,000 per eligible small business award per award year. Eligible export activities include: participation in foreign trade missions; subscription to services provided by U.S. Department of Commerce; international website development; e-commerce platform utilization; design of marketing media; trade show exhibition; participation in export training workshops; reverse trade missions; sample product shipping; and other export activities approved by SBA.

Due to increased demand for funding in FY23 by Michigan ESBCs, MEDC International Trade program seeks an additional $375,000 to ensure export activities may continue to be supported by critical MI-STEP dollars. With $1,866,666 total approved for FY23 ESBCs, and $2,542,863 requested in 403 MI-STEP applications, demand and utilization of MI-STEP funds is at an all-time high. In FY22, $2,054,784 total MI-STEP dollars were disbursed, and FY23 demand has surpassed this amount. Additional funding approved by MSF could support 25-100 additional small businesses. Demand far exceeds availability of funding for FY23, however an additional $375,000 can make a critical difference to Michigan ESBCs seeking export development opportunities.

Recommendation

MEDC staff recommends that MSF Board approve the Request.

MICHIGAN STRATEGIC FUND

RESOLUTION 2023-121

INTERNATIONAL TRADE PROGRAM FUNDING ALLOCATION
MICHIGAN STATE TRADE EXPANSION PROGRAM

WHEREAS, the Michigan Strategic Fund ("MSF") desires to assist eligible Michigan-based small businesses, increase the number of small businesses that are exporting, increase the value of exports for those small businesses that are currently exporting, and to expand their customer base through a variety of international trade services that lead to international market expansion ("International Trade Program");

WHEREAS, under the Michigan Strategic Fund Act, MCL 125.2001 et seq. ("Act"), the MSF has the power to make grants, loans and investments, which includes business development and business marketing, creating or retaining jobs, and increasing capital investment activity;

WHEREAS, Section 2 of the Act provides that the purposes of the Act and of the MSF is to, among other things, foster export activity and promote and develop export markets and export activities;

WHEREAS, on October 23, 2013, via MSF Resolution 2013-165, the MSF created the Pure Michigan Export Program, now called the Michigan State Trade Expansion Program (the "MI-STEP"), for the purpose of disbursing funds provided by the federal Small Business Administration ("SBA") State Trade Expansion Program in conjunction with MSF matching funds;

WHEREAS, the Michigan Economic Development Corporation ("MEDC") provides administrative services to the MSF for a variety of programs overseen by the MSF, including the MI-STEP within the boundaries of the MI-STEP program guidelines previously adopted by the MSF;

WHEREAS, for the 2022-2023 fiscal year, the federal Small Business Administration State Trade Expansion Program awarded the MSF up to $1,350,000 for MI-STEP (the "SBA Award") and on September 27, 2022, the MSF Board approved $466,666 to be allocated to MI-STEP (the "Initial Funding Allocation"), the required 25% match of the SBA Award;

WHEREAS, demand for MI-STEP funds is exceeding the amount of the SBA Award plus the Initial Funding Allocation; and

WHEREAS, the MEDC recommends the MSF approve an additional allocation of $375,000 to the MI-STEP to support the additional demand for MI-STEP funds (the "MI-STEP Funding Allocation Request").

NOW, THEREFORE, BE IT RESOLVED, that the MSF hereby approved the MI-STEP Funding Allocation Request; and

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

Ayes: Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays:

Recused: Britany L. Affolter-Caine; Randy Thelen

Lansing, Michigan
July 25, 2023

MEMORANDUM

Date: **July 25, 2023**

To: **Michigan Strategic Fund Board**

From: **Fredrick Molnar, Senior Vice President, Entrepreneurship & Innovation**

Subject: **Michigan State University Foundation - Michigan Rise Pre-Seed Fund Amendment Three**

Request

The Michigan Economic Development Corporation (the "MEDC") requests that the Michigan Strategic Fund (the "MSF") Board approve (1) an allocation in the amount of $5,000,000 from the Jobs for Michigan investment fund (the "Investment Fund") to Michigan State University Foundation (the "MSUF") (the "Allocation") and (2) an amendment to the Grant Agreement, as amended (the "Grant Agreement") between the MSF and the MSUF (collectively, the "Request"), to fund the continuation of investments in the form of loans and equity financing for the Michigan Rise Pre-Seed Fund III, LLC (the "Pre-Seed Fund").

Background

On April 14, 2020, the MSF Board selected the MSUF following a competitive public application process to manage the Pre-Seed Fund, and awarded it a grant in the amount of $3,000,000, with an initial term of May 1, 2020 through April 30, 2025, with the option to extend up to an additional five years (the "Term") and allocate additional funding throughout the Term at the sole discretion of the MSF Board (the "Pre-Seed Fund Award"). On July 27, 2021, the MSF Board approved allocation of additional funding in the amount of $6,500,000 to the Pre-Seed Fund Award, with the approved allocation reflected in an amendment to the Grant Agreement dated October 14, 2021. On October 25, 2022, the MSF Board approved allocation of additional funding in the amount of $8,000,000 to the Pre-Seed Fund Award, with the approved allocation reflected in an amendment to the Grant Agreement dated October 14, 2021.

The purpose of the Pre-Seed Fund is to provide early-stage funding to help Michigan high-tech start-ups achieve commercial and technical milestones that will position them for future scaleup through capital, talent, and customer acquisition. Economic development and diversification of the Michigan economy is the primary objective of the Pre-Seed Fund. Success drivers for the Pre-Seed Fund include collaboration with Michigan SmartZones and university technology transfer offices, supporting high-potential Michigan university spinouts, and a commitment to both demographic and geographic diversity as the Pre-Seed Fund builds its portfolio. The Pre-Seed Fund provides the following financing options to Eligible Companies[1]:

- Up to $250,000 per Eligible Company in equity through priced or convertible financial instruments. Investments are generally provided in tranches according to milestones and execution demonstration.

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[1] Eligible Companies means companies that 1) are in the early stages of commercialization in one or more competitive edge technologies including advanced automotive (including mobility), advanced manufacturing, advanced materials, information technology, agricultural processing technology, alternative energy, homeland security and defense technology, life sciences (including medical device technology) or other innovative technologies; 2) is a for-profit LLC, C corporation, or S corporation that has been in business for seven years or less, and with key founders and a majority of its full-time employees located in Michigan; 3) is able to demonstrate strong market potential.

- Up to $500,000 per Eligible Company in loan financing to fulfill purchase orders before payments are received for those orders. The Eligible Company must have a purchase order as verification for the loan and this loan would make a significant impact to working capital and enhance the Eligible Company's ability to scale.

Eligible Companies that receive a loan or investment through the Pre-Seed Fund receive additional value beyond just a capital infusion. MSUF maintains active engagement with portfolio companies, including mentorship, access to an extensive professional network through MSUF, assistance with additional grant funding, and investment syndication.

As of the March 31, 2023, the Pre-Seed Fund has committed investment of $12,794,974 in 61 of the most promising Eligible Companies to build a diverse and high-quality portfolio. Approximately 30% of the Pre-Seed Fund's portfolio companies are university spinouts, which are bringing to market disruptive research being done at Michigan universities. As a result, the Pre-Seed Fund has created over 571 new jobs and attracted over $341,000,000 in follow on funding, including new sales. Approximately 70% of the 61 companies are led by diverse and underserved founders, and approximately 51% of the Pre-Seed Fund's companies are located in SBA HubZones and 25% are located in Michigan Opportunity Zones.

As of May 31, 2023 the Pre-Seed Fund has made 6 Purchase Order Financing loans totaling $1,350,000 to five companies. Two of these loans were paid back and the Pre-Seed Fund is in discussions with another 13 companies for a total PO Financing pipeline of over $3,000,000.

The following testimonial for the Pre-Seed Fund was provided by Promethient Inc. ("Promethient"), a seating technology startup based in Traverse City, MI:

On behalf of the Promethient team and our investors, I am taking this opportunity to express our appreciation for the support that Michigan Rise has provided.

As you know, since developing and patenting technology for conductive cooling and heating of seating systems, Promethient has been working to scale a manufacturing business in Michigan. As we have worked to raise capital to grow our business, we have been discouraged by how many investors will only consider investments in software businesses. Of course, this prevailing attitude is at odds with the industry that helped build Michigan and will continue to be key to our collective success in the future.

Fortunately for Promethient, Michigan Rise has demonstrated a willingness to invest in new technologies and manufacturing businesses. In 2022, Promethient was able to take advantage of an innovative short-term loan program using our purchase orders. In partnership with the MEDC, Michigan Rise provided a loan in a timely fashion which was paid back within the six-month term. This was a game changer for Promethient since banks will not provide lines of credit to early-stage businesses.

More recently, Michigan Rise invested in a convertible note offered by the Company. This investment further demonstrated the long-term commitment of Michigan Rise to support early-stage technology and manufacturing businesses in Michigan.

In summary, our Company has been fortunate to build a productive working relationship with Michigan Rise and we look forward to growing our business in Michigan with your continued support and advice.

Based on the Pre-Seed Fund's performance to date, the reinvestment and repayment terms, and MSUF's strong track record for successful early-stage investments, MEDC staff believes the MSF will realize a return on its investment into the Pre-Seed Fund. In order to support continued investment by MSUF through the

Pre-Seed Fund, the MEDC recommends that the MSF Board allocate $5,000,000 from the Investment Fund to the Pre-Seed Fund Award.

Recommendation

MEDC staff recommends that the MSF Board approve the Request

MICHIGAN STRATEGIC FUND
RESOLUTION

2023-122

MICHIGAN STATE UNIVERSITY FOUNDATION
PRE-SEED FUND AMENDMENT RECOMMENDATION

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

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

WHEREAS, as part of the 21st Century Jobs Trust Fund initiative, and pursuant to Section 88h(1) of the Act, 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 Section 88h(5)(b) of the Act, MCL 125.2088h(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 Section 88h(3) of the Act, MCL 125.2088h(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, on December 17, 2019, the MSF issued a request for proposals for awarding grants to non-profit organizations that operate early-stage funding programs (the "Pre-Seed Fund RFP"), appointed a joint evaluation committee ("JEC") to evaluate the proposals received in response to the Pre-Seed Fund RFP, and adopted scoring and evaluation criteria to be used by the JEC;

WHEREAS, on April 14, 2020, the MSF Board authorized a grant to the Michigan State University Foundation ("MSU Foundation") with an initial term of May 1, 2020 through April 30, 2025 (the "Initial Term"), with the option to extend up to an additional five years and an initial allocation of $3,000,000 for the first year of the Initial Term, with the option to allocate additional funding throughout the term at the sole discretion of the MSF Board and subject to available funds (the "Pre-Seed Fund Grant Award");

WHEREAS, on July 27, 2021, the MSF Board allocated $6,500,000 in additional funding to support a continuation of the Pre-Seed Fund Grant activities;

WHEREAS, on October 25, 2022, the MSF Board allocated $8,000,000 from the Investment Fund to support a continuation of the Pre-Seed Fund Grant activities;

WHEREAS, the MEDC recommends that the MSF Board allocate $5,000,000 from the Investment Fund to support a continuation of the Pre-Seed Fund Grant activities (the "Amendment Request"); and

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

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

Ayes: Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays:

Recused: Britany L. Affolter-Caine; Randy Thelen

Lansing, Michigan
July 25, 2023

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

MEMORANDUM

Date: **July 25, 2023**

To: **Michigan Strategic Fund Board**

From: **Amber Westendorp, Capital Project & Portfolio Manager**

Subject: ***Private Activity Bond – Extension of Inducement***
Chevron Corporation
Solid Waste - $150,000,000 - New

Request
Chevron Corporation ("Chevron") is requesting private activity bond financing for the purpose of issuing bonds to finance solid waste disposal facilities related to the production of renewable natural gas. The MSF previously adopted Inducement Resolution 2021-107 on July 27, 2021 in connection with the Chevron project and Chevron is requesting an extension of the inducement.

Background
Chevron is primarily in the business of petroleum refining, operating as an integrated energy company with exploration, production and refining operations worldwide. Chevron is the second largest oil company in the United States with production of approximately 3.2 million barrels of oil equivalent per day. Chevron is incorporated in the state of Delaware. Chevron was originally incorporated under the name Standard Oil Company of California. The date of filing of its original Certificate of Incorporation was January 27, 1926. Chevron is a publicly traded company on the New York Stock Exchange. Chevron U.S.A. Inc. is a wholly owned subsidiary of Chevron and provides fuels, motor oil, fuel additives, chemicals natural gas, lubricants and other related services.

Description of Project
The project will produce renewable natural gas ("RNG") for transportation fuel sourced from biomethane from dairy farms. The project will use anaerobic digesters at the farms to capture raw biogas and then clean, upgrade, and compress it. RNG from the project will be used to power trucks, buses, and other vehicles operating on compressed natural gas. The RNG will be transported through local, state, and/or interstate pipelines.

The project will consist of the acquisition, construction, rehabilitation, installation, development and equipping of solid waste disposal facilities related to the production of renewable natural gas, including, but not limited to handling and sorting systems, conveyance systems, anaerobic digesters, purification and refinement systems, collection systems, pumps, pipes, monitoring control systems, site improvements, digestate handling and treatment systems and all other assets (including land) necessary to support the foregoing improvements and to place them into service in one or more locations in Michigan.

It is currently anticipated that Chevron, or its wholly owned subsidiary Chevron U.S.A Inc., will be the borrower in connection with the bonds. The project is expected to be owned and/or operated by a joint venture to be formed between Chevron U.S.A. Inc. and Brightmark LLC, a global waste solutions company.

Chevron indicates the project will benefit the local community and state environmentally and economically. Anaerobic digestion of manure reduces local pollution and greenhouse gas emissions. The process recovers elements from the manure so that it does not escape into the air or waterways through run off. It prevents methane from entering the atmosphere, reducing greenhouse gases.

Chevron indicates the project will help local farms continue to be environmentally friendly to the community and exceed environmental regulations and responsibilities.

Chevron currently employs one individual in the State of Michigan. Chevron estimates approximately 6 new full-time positions will be created. Also, an estimated 100 new construction positions will be created to build each component of the facilities, including construction of any necessary biogas systems related to the facilities.

Plans of Finance

BofA Securities has indicated an interest in providing underwriting services for this bond issue.

Recommendation

After reviewing the Private Activity Bond application of Chevron, staff finds this project meets the requirements for an Inducement Resolution in the amount of $150,000,000 extending the original Inducement Resolution 2021-107.

MICHIGAN STRATEGIC FUND

INDUCEMENT RESOLUTION
(EXTENSION)
2023-123

Chevron Corporation

WHEREAS, Chevron Corporation**,** a Delaware limited liability company, its subsidiaries and related parties (collectively, the "Borrower");

WHEREAS, the Borrower desires to finance the costs of the acquisition, construction, rehabilitation, installation, development and equipping of certain solid waste disposal and/or wastewater treatment facilities related to the production of renewable natural gas, including but not limited to, anaerobic digesters; handling, processing, sorting, pumping, piping and conveyance systems; treatment systems; refinement systems; site improvements and all other assets (including land) necessary to support the foregoing improvements and to place them into service in one or more locations in Michigan; (the "Project"), and pay certain expenses incurred in connection with the issuance of the Bonds;

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

WHEREAS, the Borrower has advised the MSF that the cost of the Project will not exceed One Hundred Fifty Million Dollars ($150,000,000);

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

WHEREAS, the MSF previously adopted Inducement Resolution 2021-107 on July 27, 2021 in connection with the Project and desires to extend the original inducement pursuant to this Resolution; and

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

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

1. The MSF intends to provide the Loan to the Borrower subject to the conditions of this Resolution.

2. The Loan shall be designated for the Project in accordance with the Borrower's Tax-Exempt Application Form dated May 20, 2021, and as updated on May 24, 2023.

3. The maximum principal amount of the bonds (the "Bonds") expected to be issued to provide the Loan to finance the Project shall not exceed One Hundred Fifty Million Dollars ($150,000,000). The Borrower shall be obligated to make loan repayments in an amount sufficient to assure full repayment of the Bonds, establish appropriate reserves and pay costs and expenses relating to the issuance of the Bonds and the making of the Loan.

4. The MSF's obligation to issue the Bonds and make the Loan shall be conditioned upon a) the ability of the MSF to issue, sell and deliver the bonds under applicable federal and state laws, and b) any prioritization, fee schedules or other requirements or limitations implemented by the MSF or the State Treasurer.

5. The MSF's obligation to make the Loan and issue the Bonds contemplated by this Resolution shall expire two years after the date of this Resolution.

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

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

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

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

10. The staff of the MSF is authorized and directed to initiate the proceedings described in this Resolution and to enter into negotiations, subject to the approval of the MSF, with a bond purchaser for the sale of the Bonds. Any authorized signatory is authorized to prepare and file with the Michigan Department of Treasury a request for allocation as it relates to the State limitations on the issuance of private activity bonds.

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

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

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

ADOPTED

Ayes: Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays:

Recused: Britany L. Affolter-Caine; Randy Thelen

Lansing, Michigan

MICHIGAN STRATEGIC FUND

MEMORANDUM

Date: **July 25, 2021**

To: **Michigan Strategic Fund Board**

From: **Matthew Casby, Associate MSF Fund Manager**

Subject: **Revisions to the Finance and Investment Subcommittee and a Policy and Planning Subcommittee Charters**

Background

The Finance and Investment Subcommittee and the Policy and Planning Subcommittee were established by this Board via resolution at a regular MSF board meeting on August 24, 2021, and governing charters for each subcommittee were also adopted at the meeting. Each charter provides that "that not less than three and no more than five Board members may serve on each subcommittee."

On April 26, 2023, the MSF Act was amended to increase the number of board members from 11 to 13. To account for this increase in board membership, it is proposed that the charters be revised to provide that each subcommittee "shall be comprised of at least three members but less than a quorum of the full MSF Board." This language allows for board members appointed under MCL 125.2005(4) to be appointed to the subcommittees while also creating flexibility to adjust to any future changes in MSF Board membership without need of additional charter revisions.

In addition, minor changes were made to the purpose and duties of the subcommittee charters to create consistency between both subcommittees and maintain compliance with the Open Meetings Act.

Recommendation

I am requesting the MSF Board:

1) Approve the Revised Charter of the Finance and Investment Subcommittee.
2) Approve the Revised Charter of the Policy and Planning Subcommittee.

Exhibit A

CHARTER OF THE POLICY AND PLANNING SUB-COMMITTEE OF THE MICHIGAN STRATEGIC FUND

I. Purpose:

The primary purpose of the Policy and Planning Sub-committee ("PPSC") is to make recommendations regarding the development, implementation, andevaluation of economic development policies and practices of the Michigan Strategic Fund ("MSF"). The recommendations of the PPSC are merely advisory and shall not constitute a decision on public policy. This charter may only be modified by the MSF Board.

II. Composition and Meetings:

The MSF Board shall appoint the members of the PPSC. The members of the PPSC will elect a chair from among its members. Only members of the MSF Board can be nominated and approved to serve on the PPSC. MSF Board members who serve in ex officio seats are not eligible to serve as chair of the PPSC. Only MSF Board members who serve in ex officio seats may designate an individual from within their department or agency to attend subcommittee meetings on their behalf.

The PPSC shall be comprised of at least three members but less than a quorum of the full MSF Board. Each PPSC member shall be independent and free from any relationship that would interfere with the exercise of his or her judgment.

The PPSC shall meet as often as necessary to fulfill its duties and responsibilities, but not less than quarterly. Meetings may be called by the Chair of the PPSC or a majority of the members of the PPSC. An agenda of each meeting should be clearly determined in advance and the PPSC should receive supporting documents in advance, for reasonable review and consideration. The Chair of the PPSC or the MSF Fund Manager shall provide a readout of the meetings and any recommendations to the MSF Board for consideration. The MSF Fund Manager will serve as the primary liaison to the PPSC.

A quorum of the subcommittee shall be a majority of the members appointed.

III. Responsibilities and Duties:

The primary duties and responsibilities of the PPSC are to:

1. Collaborate with MSF and MEDC staff to:
    a. Develop guidelines and processes for new MSF programs.
    b. Review amendments to existing MSF program guidelines and processes.
2. Consider policies and practices related to diversity, equity, and inclusion.
3. Propose performance metrics that can be used by the MSF Board to monitor performance of MSF programs and initiatives.
4. Conduct periodic review of existing program guidelines and processes.
5. Conduct periodic review of MSF Board governance policies and procedures.
6. Make recommendations on any other matter at the request of the MSF President or a board member for MSF Board consideration.

Exhibit A

CHARTER OF THE FINANCE AND INVESTMENT SUBCOMMITTEE OF THE MICHIGAN STRATEGIC FUND

I. Purpose:

The primary purpose of the Finance and Investment Sub-committee ("FISC") is to make recommendations to the Michigan Strategic Fund ("MSF") in setting and monitoring the MSF's financing strategy and practices to aid this state in achieving the goals of the MSF Act while safeguarding the state's assets at an acceptable risk threshold. Any recommendations of the FISC are merely advisory and shall not constitute a decision on public policy. This charter may only be modified by the MSF Board.

II. Composition and Meetings:

The MSF Board shall appoint the members of the FISC. The members of the FISC will elect a chair from among its members. Only members of the MSF Board can be nominated and approved to serve on the FISC, and preference shall be given to MSF Board members with financial industry experience such as private equity, venture capital investments, or commercial lending activities. MSF Board members who serve in ex officio seats are not eligible to serve as chair of the FISC. Only MSF Board members who serve in ex officio seats may designate an individual from within their department or agency to attend subcommittee meetings on their behalf.

The FISC shall be comprised of at least three members but less than a quorum of the full MSF Board. Each FISC member shall be independent and free from any relationship that would interfere with the exercise of his or her judgment.

The FISC shall meet as often as necessary to fulfill its duties and responsibilities, but not less than quarterly. Meetings may be called by the Chair of the FISC or a majority of the members of the FISC. An agenda of each meeting should be clearly determined in advance and the FISC should receive supporting documents in advance, for reasonable review and consideration. The Chair of the FISC or the MSF Fund Manager shall provide a readout of the meetings and any recommendations to the MSF Board for consideration. The MSF Fund Manager will serve as the primary liaison to the FISC.

A quorum of the subcommittee shall be a majority of the members appointed.

III. Responsibilities and Duties

The primary duties and responsibilities of the FISC are to:

1. Monitor the health and performance of the overall portfolio of incentives (both grant and non-grant).
2. Review non-standard incentives, loan workouts, guideline waivers, and projects funded from the Jobs for Michigan investment fund.
3. Measure the effectiveness of the MSF investment portfolio.
4. Review proposed MSF annual funding allocations.
5. Advise MSF and MEDC staff on the parameters for periodic MSF financial reporting to the FISC and the MSF Board.
6. Make recommendations on any other matter at the request of the MSF President or a board member for MSF Board consideration.

MICHIGAN STRATEGIC FUND BOARD
RESOLUTION 2021-124

APPROVE AMENDMENTS TO CHARTER FOR FINANCE AND INVESTMENT SUBCOMMITTEE AND POLICY AND PLANNING SUBCOMMITTEE

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, on August 24, 2021, the MSF Board established a Finance and Investment Subcommittee and a Policy and Planning Subcommittee;

WHEREAS, on August 24, 2021, the MSF Board also adopted a Finance and Investment Subcommittee Charter and a Policy and Planning Subcommittee Charter (the "Subcommittee Charters");

WHEREAS, Public Act 24 of 2023 expanded the membership of the MSF Board from eleven members to thirteen members;

WHEREAS, as a result of the change to the composition of the MSF Board, the MSF Board has determined it is necessary and appropriate to amend the Subcommittee Charters; and

WHEREAS, the MSF Board wishes to approve the amended Subcommittee Charters attached as Exhibit A to this Resolution (the "Amended Subcommittee Charters").

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Amended Subcommittee Charters.

Ayes: Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays:

Recused: Britany L. Affolter-Caine; Randy Thelen

Lansing, Michigan
July 25, 2023

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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,

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

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LH-LAN-0 (01/19)

GRETCHEN WHITMER
GOVERNOR

SUSAN CORBIN
DIRECTOR

January 21, 2022

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

Re: Michigan Strategic Fund Board Meeting Designees

Dear Ms. Wilcox:

Pursuant to MCLA 16.51, I hereby confirm my designation of John Groen and 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 or portions thereof that I am unable to attend.

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

Sincerely,

Susan R. Corbin

Susan R. Corbin
Director

February 20, 2023

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

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the following item on the Michigan Strategic Fund Board Meeting Agenda on Tuesday, February 28, 2023.

- EV Scholars

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

Sincerely,

Britany Affolter-Caine

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

July 18, 2023

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

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the following item on the Michigan Strategic Fund Board Meeting Agenda on July 25, 2023.

- Consent Agenda item: Gotion: RenZone, SSRP, and CIP Amendments

The reason for my recusal is I have a potential conflict with this project due to a potential MSF grant to RPI related to this project.

Sincerely,

Randy Thelen

MICHIGAN STRATEGIC FUND
RESOLUTION

2023-116

APPROVAL OF THE JULY 25, 2023 CONSENT AGENDA
FOR THE MICHIGAN STRATEGIC FUND BOARD

WHEREAS, on November 20, 2013, Michigan Strategic Fund ("MSF") approved use of consent agendas at MSF Board meetings, pursuant to defined consent agenda guidelines (the "Consent Agenda");

WHEREAS, on February 25, 2014, the MSF Board approved Guidelines for Preparation and Approval of Consent Agendas for the MSF, which were subsequently amended and restated by the MSF Board on December 13, 2022;

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

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

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

Consent Agenda Items:

a. Proposed Meeting Minutes: June 27, 2023
b. Gotion: Incentives Amendment
c. City of Romulus Brownfield Redevelopment Authority: Brownfield Act 381 Work Plan
d. International Trade: FY23 Additional Funding Allocation – MI-STEP Grant
e. Michigan State University Foundation (MSUF): Michigan Rise Pre-Seed Fund Amendment
f. Chevron Corporation: Private Activity Bond Extension of Inducement
g. MSF Subcommittees: Subcommittee Charter Revisions

Ayes: Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays:

Recused: Britany L. Affolter-Caine; Randy Thelen

Lansing, Michigan
July 25, 2023

MEMORANDUM

Date: July 25, 2023

To: Michigan Strategic Fund Board

From: Dominic Romano, Senior Community Development Manager
Julius Edwards, Director of Commercial Real Estate Investment
Jake Winder, Manager of Community Development Incentives

Subject: Request for Approval of a Revitalization & Placemaking Grant (RAP), Michigan Community Revitalization Program (MCRP) Grant and a Michigan Community Revitalization Program (MCRP) Loan Request for MICAH 6 Community and Webster Community Center, LLC – Webster Community Center.

Project Summary & Request

The request will support a community development project in the City of Pontiac consisting of the rehabilitation of the former Webster Elementary School near the downtown into a business and non-profit hub out of the structure's 26 classrooms, gymnasium, kitchen, stage, and outdoor spaces. This historic asset will allow for services and educational opportunities for the impacted neighborhood, city, and region where it is located. Improvements will span 53,714 square feet of interior space as well as to the 4.8 acres surrounding the structure. This project is requesting a combination of MCRP and RAP to help make the project succeed. MICAH 6 Community and Webster Community Center, LLC (the "Applicant") is requesting a MCRP Performance-Based Direct Loan Award of $7,600,000, which is currently anticipated to be approximately 33% of eligible investment. This will be one of three MCRP projects this year that can be allocated an award of up to 50% of eligible investment, for the specific purpose of historic preservation.

PROJECT SUMMARY	
Project Eligibility	Functionally Obsolete & Historic
Total Approximate Square Feet Revitalized	53,714
Total Approximate Acres Activated	5
Estimated Commercial Square Footage	37,551
Current Taxable Value	$0
Projected Taxable Value at Completion	$700,000
Total Anticipated Capital Investment	$28,052,057
MCRP Loan Request	$7,600,000
Revitalization & Placemaking Grant Request	$5,000,000

The location will host various amenities and activities to the benefit of the neighborhood including theater performances, special events, and food related support and entrepreneurship. The first floor will also have an indoor bus terminal operated by SMART with participation by MDOT. Two of the classrooms will be leased by the Pontiac Community Foundation to operate a neighborhood business incubator. All of the leasable space has been committed. Multiple tenants have committed to using the community shared spaces also. Other tenants include Rochester University, OLHSA (Head Start), SMART regional bus service, Honor Health, Art Experience, Accent Pontiac, Yaktown Yoga, Sprout Food Store, and Plain and Fancy Food (bakery and coffee shop). Outside there will be an athletic field, playground, three greenhouses, and a large community garden. Currently the community garden produces 5,000 pounds of food annually for the neighbors, and excess is distributed to low-income individuals throughout Pontiac. There will also be an outdoor pavilion in the courtyard area where community events will take place. The community center will have a highly interactive role daily with residents of the surrounding neighborhood and throughout Pontiac.

SHPO has reviewed the project design and determined it will have no negative impact on the property. As submitted to the National Park Service for federal historic tax credits the rehabilitation of the historic resource will meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings (36 CFR 67).

December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on January 25, 2022, the MSF Board approved its restated program guidelines. As required under the MCRP, all statutory criteria for the project have been considered when making the recommendations in this memo. The project meets the MCRP Guidelines and programmatic requirements, and a financial review has been completed.

On December 7, 2021, the Michigan Strategic Fund ("MSF") Board authorized the Revitalization and Placemaking ("RAP") Program. All RAP awards will be structured as grants that provide up to 50 percent of a project's eligible costs and require performance milestones and reporting. Awards must meet all requirements of the American Rescue Plan Act of 2021, Public Law 117-2 and comply with its attendant federal regulations, 31 CFR 35, as may be amended from time to time. Grant awards may be made directly to individual projects, or to local or regional partner organizations for regranting to as part of a coordinated subgrant program.

Demonstrated Needs

The project will consist of the historic renovation and repurposing of a former school building that has been vacant since 2007 and has sustained significant interior water damage. The financing gap is being driven by the high costs of development typically associated with historic renovations, remediation of the water damage, and the proposed end use of the project which will target not-for-profit tenants and limits the project's ability to attract and support traditional debt. The development team has been able to secure significant financial support locally from the City, County, and various foundations totaling approximately $3,000,000 Additionally, the project will generate approximately $9.2 million in New Market and Historic Tax Credit Equity. The remaining gap would be filled by the proposed $7.6 million MCRP award of which it is anticipated $1.6 million will be repaid through additional foundation support and $5,000,000 RAP award.

Local Support

Oakland County has committed to using $2,000,000 of their ARPA funds to the deal while the City of Pontiac council has already approved a resolution for an Obsolete Property Rehabilitation Act abatement valued at $281,229 over a twelve-year period. Oakland County has also contributed two adjacent parcels, and these are valued at approximately $230,000.

Applicant Background / Qualifications

Coleman Yoakum is the executive director of MICAH 6 Community, the non-profit responsible for initiating the development. MICAH 6 Community has limited experience in improving property therefore has employed several capable firms and professionals to guide the project including PM Environmental, CBI Architects, Spence Brothers, and Tom Johnson of the Landmark Group. Coleman Yoakum and MICAH6 Community have not previously requested incentives from the MSF.

An Organizational Chart for MICAH6 Community is provided in Appendix A. A background check has been completed in accordance with the MSF Background Review Policy and the project may proceed for MSF consideration.

Financial Highlights

- Construction cost is $368.40 per square foot
- Anticipated commercial rental rates of $14.00/square foot or less.
- The average debt service coverage ratio is above 1.20 to 1.00.
- The development team is contributing $1,365,660 to the project.
- The development team anticipates a negative return on their investment. Staff is comfortable with this due to the not-for-profit nature of the development team.
- The capital stack also includes Historic Tax Credits, New Market Tax Credits, ARPA funds from Oakland County, and local grants.

From the materials received and reviewed, staff considers the project to be financially and economically sound. A detailed Sources and Uses and financial terms for the MCRP Incentive are included in Appendix C.

Recommendation

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

a. A MCRP performance-based Loan in the amount of up to $7,600,000 for the Applicant on terms and conditions outlined in Exhibit A found in the resolution.

b. A RAP performance-based Grant in the amount of $5,000,000.

APPENDIX A – Organizational Chart

Organizational Structure

Company Name: Micah 6 Community
Employer Identification Number: 45-4458125
MANAGER: Coleman, Patrick, Yoakum

Member	Ownership Interest Totals	EINs -No Soc Sec numbers	State of Organization
Micah 6 Community	**100.00%**	45-4458125	Michigan
Micah 6 Community is a 501 C-3 non-profit corporation, Coleman Yoakum is their executive director			

Organizational Structure

Webster Community Center LLC
Employer Identification Number: 93-2116591
MANAGER: Coleman Yoakum

Member/Company name and manager	Member			Ownership	EINs -No Soc Sec	State of
				100.00%	88-1391861	Michigan
Webster CC Manager Inc		100.00%				
	Coleman Yoakum		100%			

APPENDIX B – Project Map and Renderings


WEBSTER
ELEMENTARY SCHOOL
A Great Place To Learn
KIDS 1st
A Gift From PTA 1997-98
640

APPENDIX C – Financial Terms

Summary of Development Sources:

MCRP Loan	$	7,600,000	27.10%
RAP Grant	$	5,000,000	17.82%
County ARPA Grant	$	2,000,000	7.13%
Foundation Grants	$	1,000,000	3.56%
EGLE Grant	$	425,000	1.52%
HTC Equity	$	3,252,196	11.59%
NMTC Equity	$	5,928,000	21.13%
Tenant Contributions	$	250,000	0.89%
Deferred Developer Fees	$	920,000	3.28%
Developer Equity	$	1,676,831	5.98%
TOTAL	**$**	**28,052,027**	**100.00%**

Summary of Development Uses:

Acquisition	$	46,660
Hard Construction Costs	$	22,192,086
Eligible Soft Costs	$	1,428,600
Other	$	4,384,681
TOTAL	**$**	**28,052,027**

Loan Terms

MSF Incentive: MCRP Performance-Based Direct Loan

Borrower: Micah 6 Community or a Related Entity

Total Capital Investment: Currently estimated at $28,052,027

MSF Eligible Investment: Currently estimated at $23,620,686

Minimum Eligible Investment: Currently estimated at $18,896,550

Term: Up to 90 months

Amortization: Up to 360 months

Interest Rate: 1% per annum

Repayment Terms: Monthly interest only payments for 90 months

Collateral: Security interest in the real estate consistent with the requirements of the New Market Tax Credit program.

Guarantee: N/A

MSF Fees: The MSF shall be paid a one-time fee equal to one percent of the MSF's loan.

Reserves: It is anticipated that the project will have approximately $3.2 million in reserves and contingencies.

Deferred Developer Fees: The developer and related-party fees equal to $920,000 will be deferred until such time that the project is producing cash flow in excess of that required for priority debt and other operating obligations.

Funding: The MSF will fund up to $7,600,000 to be disbursed following closing of the financing and other performance criteria.

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

- Receipt of final construction documents, including a fixed price construction contract
- Receipt of final development budget

MCRP Programmatic Requirements

MCRP Program and Guidelines

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on January 25, 2022, the MSF Board approved its restated program guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan. It is the role of the MEDC staff to review for eligibility, completeness, and adherence to the program, the information provided by the applicant and to manage the MSF's investment. As required under the MCRP, all statutory criteria for the project have been considered. The project meets the MCRP Guidelines, and a financial review has been completed.

As required under the MCRP, the following statutory criteria have been reviewed:

A. The importance of the project to the community in which it is located:
To determine the importance to the community this project could fulfill, a 2016 survey of the neighborhood showed the desire for a community center in the long vacant property. The significant history of the location was expressed to be preserved through the survey results, and in 2022 an OPRA was approved by the city council to address the blight and bring multi-faceted center to the highly impacted home of the Webster Elementary school. Additionally, a MSU study of the corridor procured by the city noted the importance of the reuse of the Webster School as a key factor in revitalizing the Huron Street Corridor.

B. If the project will act as a catalyst for additional revitalization of the community in which it is located:
This project will act as a catalyst for additional revitalization in the community where it is located. This section of the Pontiac community commercial corridor and residential neighborhood will gain elements of placemaking which will make the area more desirable to work and live. Placemaking includes the community gardens, athletic fields, community theater, live music, festivals, art gallery, coffee shop, community kitchen, bus stop, and preserving a historic landmark. These elements of placemaking at Webster Community Center will make the neighborhood more desirable. This will encourage more home ownership in the neighborhood and more pride of ownership which will increase property values and ultimately increase tax base. It is well documented that people like to live near community centers which makes a neighborhood more desirable.

C. The amount of local community and financial support for the project:
The amount of local community and financial support for the project is significant. Oakland County has committed to using $2,000,000 of their ARPA funds to the deal while the City of Pontiac council has already approved a resolution for an Obsolete Property Rehabilitation Act abatement valued at $281,229 over a twelve-year period. Oakland County has also contributed two adjacent parcels, and these are valued at approximately $230,000.

D. The applicant's financial need for a community revitalization incentive:
The project will consist of the historic renovation and repurposing of a former school building that has been vacant since 2007 and has sustained significant interior water damage. The financing gap is being driven by the high costs of development typically associated with historic renovations, remediation of the water damage, and the proposed end use of the project which will target not-for-profit tenants and limits the project's ability to attract and support traditional debt. The development team has been able to secure significant financial support locally from the City, County, and various

foundations totaling $1,000,000 Additionally, the project will generate approximately $9.2 million in New Market and Historic Tax Credit Equity. The remaining gap would be filled by the proposed $7.6 million MCRP award of which it is anticipated $1.6 million will be repaid through additional foundation support and $5,000,000 RAP award.

E. The extent of reuse of vacant buildings, reuse of historical buildings, and redevelopment of blighted property:
The project reuses the Webster Elementary School which is vacant, historical, and blighted structure.

F. Creation of jobs:
The project creates 43 new jobs as well as retains 24 from the tenants committed to lease in the center. The average hourly wage is estimated to be $21.00.

G. The level of private sector and other contributions, including, but not limited to, federal funds and federal tax credits:
The level of private sector and other contributions, includes federal funds (Oakland County ARPA and THUD appropriation), federal tax credits (FHTCs and NMTCs), local grants, EGLE support, deferred developer fees, developer equity, land & building contributions, and tenant contributions. These total $15,504,333.

H. Whether the project is financially and economically sound:
Upon reaching stabilized occupancy it is anticipated that the project will be able to achieve an average debt service coverage ratio of greater than 1.20 to 1.00. The only hard pay debt associated with the project will come in the form of the MCRP loan which will allow for additional financial flexibility for the project. At the time of the writing of this memo tenants for 100% of the leasable space have been identified.

I. Whether the project increases the density of the area:
The project increases commercial and support services density in the area by providing 26 refurbished classrooms, gymnasium, kitchen, and outdoor space for access and leasing by committed tenants.

J. Whether the project promotes mixed-use development and walkable communities:
The project promotes mixed-use development and a walkable community by providing many goods and services available in one place that is accessible to neighborhood by foot, bicycle, or bus. These include food from WIC, Pontiac Food Cooperative, community gardens and farmers market, health care, Head Start, community theater, live music, athletic events, and many community events. The project is expected to be a center of activity for the community and will encourage a large amount of foot traffic in the neighborhood as a result of being a mixed-use location.

K. Whether the project converts abandoned public buildings to private use:
The project converts portions of an abandoned public building into private use spaces. The project is a place with public, non-profit, and private users.

L. Whether the project promotes sustainable development:
The project promotes sustainable development by repurposing a blighted building which is a demonstration of sustainable development. Renovating the building with a modern roof, new insulation, and all new heating, and electrical will make the building more energy efficient. Solar

panels on the roof as well as beehives are additional green elements. Also, rainwater from the roof will be collected in a holding tank so it can be used to water the community gardens. The finished building will serve as a community center with over 200,000 visits per year and will be an opportunity to show how historic preservation and sustainable development are achievable for other projects around Pontiac.

M. Whether the project involves the rehabilitation of a historic resource:
The project involves the rehabilitation of a historic resource and with the State Historic Preservation Office has been submitted through the application process to the National Park Service for an award of Federal Historic Tax Credits.

N. Whether the project addresses area-wide redevelopment:
The project addresses area-wide redevelopment supported by local planning. The project will have a major impact on development within the City of Pontiac and the M-59/Huron Avenue corridor. It meets the requirements of the City of Pontiac and fits within and is noted in several plans and studies for development in area including the city master plan, parks and recreation plan, and Huron Corridor Study.

O. Whether the project addresses underserved markets of commerce:
The project addresses underserved markets of commerce in the community by providing goods and services this neighborhood and city currently lack. The project will also invest in an underserved area and increase property values and community pride which will likely attract other residents and businesses therefore addressing other shortcomings of the local market.

P. The level and extent of environmental contamination:
The project addresses the level and extent of environmental contamination. Phase I and Phase II environmental studies have been completed. Removal and mitigation of an underground fuel tank, lead based paint and asbestos, 400,000 gallons of basement water with PCBs, and remaining sludge and debris from the basement are being paid for with a $425,000 grant from EGLE.

Q. If the rehabilitation of the historic resource will meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings (36 CFR 67):
The rehabilitation of this historic resource will meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings to the extent that federal historic tax credits will be issued for the project.

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

S. Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter:
No other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter apply to this project.

MICHIGAN STRATEGIC FUND

RESOLUTION 2023 - 125

APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM PERFORMANCE-BASED DIRECT LOAN AWARD TO MICAH 6 COMMUNITY AND WEBSTER COMMUNITY CENTER, LLC

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2001 et. seq. (the "Act"), to add Chapter 8C (being MCL 125.2090 – MCL 125.2090d), to enable the Michigan Strategic Fund (the "MSF") to create and operate the Michigan Community Revitalization Program (the "MCRP") to provide incentives in the form of grants, loans and other economic assistance for redevelopment of communities in Michigan;

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

WHEREAS, on December 21, 2011, by Resolution 2011-185, the MSF (i) created the MCRP and (ii) adopted the guidelines for the MCRP, as later amended on January 25, 2022 (the "Guidelines");

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

WHEREAS, the Act and the Delegation require that MCRP awards over $1 million must be approved by the MSF Board;

WHEREAS, Micah 6 Community and Webster Community Center, LLC (together, the "Company") has requested a performance based Direct Loan of up to $7,600,000 (the "Award Request"), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (the "Term Sheet") and;

WHEREAS, the MEDC has recommended that the MSF Board approve the Award Request as detailed in the Term Sheet subject to: (i) available funding; (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 180 days of the date of this Resolution (the "Time Period"), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 180 days (collectively, the "MCRP Award Recommendation");

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

Ayes: Britany L. Affolter-Caine, Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner

Nays:

Recused:

Lansing, Michigan
July 25, 2023

EXHIBIT A

"TERM SHEET"

<u>**Loan Terms**</u>

MSF Incentive:	MCRP Performance-Based Direct Loan
Borrower:	Micah 6 Community or a Related Entity
Total Capital Investment:	Currently estimated at $28,052,027
MSF Eligible Investment:	Currently estimated at $23,620,686
Minimum Eligible Investment:	Currently estimated at $18,896,550
Term:	Up to 90 months
Amortization:	Up to 360 months
Interest Rate:	1% per annum
Repayment Terms:	Monthly interest only payments for 90 months
Collateral:	Security interest in the real estate consistent with the requirements of the New Market Tax Credit.
Guarantee:	N/A
MSF Fees:	The MSF shall be paid a one-time fee equal to one percent of the MSF's loan.
Funding:	The MSF will fund up to $7,600,000 to be disbursed following closing of the financing and other performance criteria.
Other Conditions:	The MSF's investment will be contingent upon the following: - Receipt of final construction documents, including a fixed price construction contract - Receipt of final development budget

MICHIGAN STRATEGIC FUND

RESOLUTION 2023 - 126

APPROVAL OF A REVITALIZATION AND PLACEMAKING (RAP) GRANT AWARD WEBSTER COMMUNITY CENTER, LLC

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

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

WHEREAS, the State of Michigan fiscal year 2022 budget was approved with $100 million allocated to community revitalization and placemaking investments that will enable population and tax revenue growth through the revitalization and repurposing of vacant, underutilized, blighted, or historic buildings and place-based infrastructure (the "RAP Funds");

WHEREAS, on December 7, 2021, by Resolution 2021-154, the MSF Board has approved the Revitalization and Placemaking Program ("RAP Program") and the RAP Program Guidelines ("RAP Guidelines") to address the impacts of COVID-19 by investing in projects that rehabilitate vacant and blighted buildings and historic structures and the development of permanent place-based infrastructure associated with social zones and traditional downtowns, outdoor dining, and place-based public spaces;

WHEREAS, from March 31, 2022, through June 3, 2022, the MEDC accepted proposals for the RAP Program and also formed a joint evaluation committee ("JEC") to review all applications;

WHEREAS, 185 applications were evaluated by the JEC in accordance with the requirements of the RAP Guidelines;

WHEREAS, 22 awards were approved by the MSF Board on September 7, 2022, by Resolution 2022-139;

WHEREAS, Webster Community Center, LLC has requested a RAP grant in the amount of $5,000,000 (the "RAP Award Recommendation");

WHEREAS, the Webster Community Center project was one of the four projects that were anticipated to come before the MSF Board for approval at a later date.

WHEREAS, the MSF Board wishes to approve the RAP Award Recommendation of $5,000,000 to the Webster Community Center project; and

WHEREAS, by SFCR 125.2005-7(3), the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the RAP Program.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board authorizes approval of this RAP Award Recommendation.

Ayes: Britany L. Affolter-Caine, Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner

Nays:

Recused:

Lansing, Michigan
July 25, 2023

MEMORANDUM

Date: **July 25, 2023**

To: **Michigan Strategic Fund Board**

From: **Michelle Audette-Bauman, Senior Community Development Manger**
Bryan Robbins, Incentive Structuring and Underwriting Analyst
Tori LaDuke, Program Specialist, Community Development Incentives

Subject: **Request for Approval of a Michigan Community Revitalization Program (MCRP) Grant**
Anson Building, LLC– 119 W Michigan Ave

Project Summary & Request

Anson Building, LLC (the "Applicant") is proposing to redevelop a historic and functionally obsolete building into a mixed-use project that will add eight housing units and 4,500 square feet of commercial space in downtown Battle Creek. In addition to activating a long-vacant and highly visible historic property, the first-floor commercial space is anticipated to house Spout BC Co-op Market which will help meet community goals around fresh food access in downtown and the surrounding neighborhoods. The building has been vacant since 1997 and has been slated for demolition three separate times due to exposure to the elements, especially water damage from various roof openings. In an effort to stabilize the property and attract a private development partner, Battle Creek Unlimited (BCU), purchased the building and installed a new roof in 2020. The development team will leverage BCU's past investment to complete the restoration and activation of the building, returning the building to the tax rolls while also meeting identified community needs around housing and food access. To support this community development project, the Applicant is requesting a Michigan Community Revitalization Program (the "MCRP") performance-based grant of $1,500,000. This project is requesting up to 50% of the eligible MCRP basis which, if approved, will be the first of up to three MCRP projects this year that, per the MSF Act, that can be allocated an award of up to 50% of eligible investment for the specific purpose of historic preservation.

PROJECT SUMMARY	
Project Eligibility (Facility/Historic/F.O./Blighted/Other)	Historic
Total Approximate Square Feet Revitalized	13,287
Total Approximate Acres Activated	.10
Estimated # of Residential Units	8
Estimated Commercial Square Footage	4,500
Current Taxable Value	$42,158
Projected Taxable Value at Completion	$500,000
Total Anticipated Capital Investment	$3,028,001
MCRP Grant	$1,500,000

This project is a very high priority for the City of Battle Creek and Battle Creek Unlimited, as it would restore a long-vacant, historic property at a key gateway into downtown. It also meets community housing and food-access needs outlined in the community Master Plan. The project will also enhance pedestrian foot traffic and activity on the west end of the downtown corridor by adding an anchor commercial tenant, Sprout BC Co-op Market. The project supports the MEDC strategic focus area to develop attractive places by activating underutilized property and increasing density, as well as leveraging private investment in a Geographically Disadvantaged Business Location. Additionally, the project aligns with MCRP program guidelines by contributing to a mixed-use district in a certified Redevelopment Ready Community, implementing community priorities identified in the Master Plan, activating long-vacant property, increasing density, and rehabilitating an historic building. The State Historic Preservation Office has reviewed the project design and determined it will have no negative impact and that the rehabilitation of the historic resource is consistent with the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings (36 CFR 67).

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on January 25, 2022, the MSF Board approved its restated program guidelines. As required under the MCRP, all statutory criteria for the project have been considered when making the recommendations in this memo. The project meets the MCRP Guidelines and programmatic requirements, and a financial review has been completed.

Demonstrated Needs

The project's financial gap is driven by the development cost associated with rehabilitation of long-vacant, functionally obsolete, and historic property, including replacement of all major building systems and restoration of remaining historic features. Additionally, the project is limited by market conditions in downtown Battle Creek, specifically commercial and residential rental rates, which constrain cash flow and limit the amount of financing that can be levered to fund the project. The development team has maximized senior debt from United Federal Credit Union and is also bringing approximately $528,000, or 17%, cash equity to fund the project. With MCRP grant support the project is anticipated to generate an internal rate of return (IRR) of approximately 7% over a 20-year time frame. Without MCRP grant support the project will not generate the necessary returns to attract private-sector investment.

Local Support

Local support for the project includes a 12-year Obsolete Property Rehabilitation Act (OPRA) tax abatement with an estimated value of approximately $530,000. Additionally, Battle Creek Unlimited is selling the property to the development team for $1.00 and had previously invested in replacing the roof, to make a redevelopment project financially viable.

Applicant Background / Qualifications

Anson Building, LLC is a single purpose entity owned by Caitlynn Newman. Ms. Newman and her husband, Cody Newman, a registered architect, are owners of Restore (269) LLC, a development company which has undertaken several other historic building redevelopment projects in downtown Battle Creek. Each of their prior projects have restored long-vacant buildings to create mixed-use projects that contribute to the vibrancy of the Battle Creek community. Their mission is not only building development, restoration, and historic preservation of their town's invaluable historic buildings, but also to work closely with locally owned, new, and existing businesses, to create spaces in a fully renovated building they can call their forever home.

The Newman's have previously received support from the Michigan Strategic fund for the Record Box project which was approved for a MCRP grant in 2019. That project involved the total restoration of a

19,000 square foot building at 15 Carlyle Street in Battle Creek. Today the restored building is home to three businesses – a brewery, office space with a shared workspace, and event space. The project won the Michigan Historic Preservation Network Building Award in 2021.

An Organizational Chart for Anson Building, LLC is provided in Appendix A. A background check has been completed in accordance with the MSF Background Review Policy and the project may proceed for MSF consideration.

Financial Highlights

- Construction cost per square foot is $214.12
- The ground floor commercial space will be fully leased at $12.00 per square foot, modified gross
- Residential rental units are targeted at market levels with the 1-bedroom units renting at $2.02 per square foot and below 100% AMI for the county. The 2-bedroom units are renting at $1.91 and $1.99 per sq ft and respectively below the 120% and 140% AMI for the county.
- The projected debt service coverage ratio is 1.59 to 1.00 with a 20-year average of 1.50 to 1.00
- Developer is contributing $528,000 in cash equity which is 17.44%
- Developer return is projected at 6.9%

From the materials received and reviewed, staff considers the project to be financially and economically sound. A detailed Sources and Uses and financial terms for the MCRP Incentive are included in Appendix C.

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

- A MCRP performance-based Grant in the amount of up to $1,500,000 (one of three annual awards of up to 50% of eligible investment, for the specific purpose of historic preservation) for Anson Building LLC ("Company" or "Applicant").

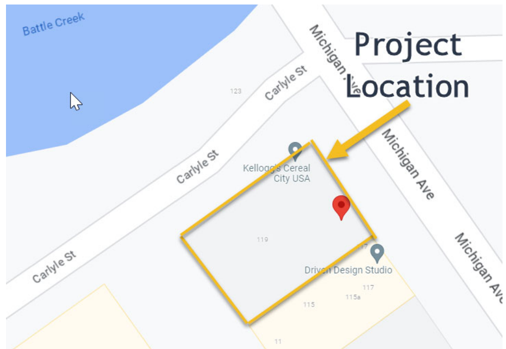
APPENDIX A – Organizational Chart

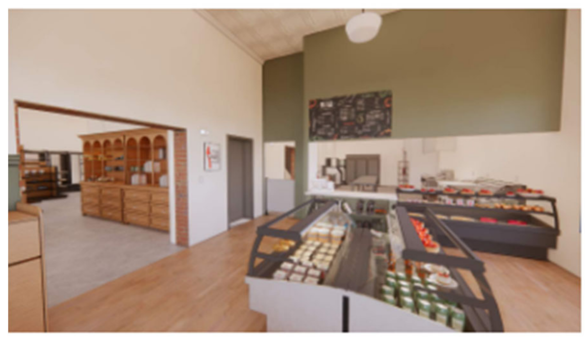
Organizational Structure

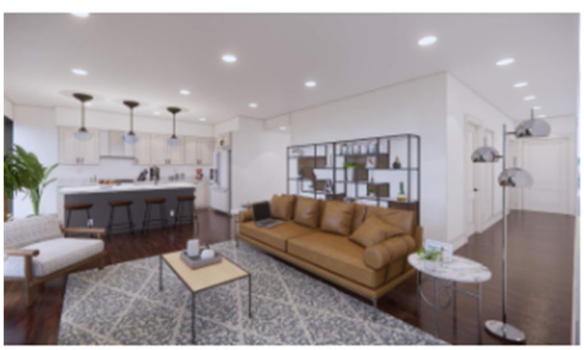
Company Name: Anson Building LLC
Employer Identification Number: 923585576
MANAGER: Caitlynn Newman

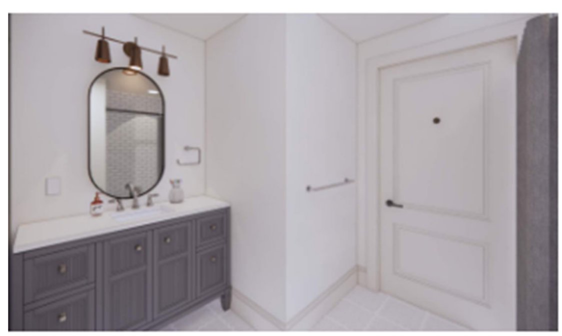
Member	Ownership Interest Totals	EINs -No Soc Sec numbers	State of Organization
Anson Building LLC		923585576	Michigan
Caitlynn Newman	**100%**		

APPENDIX B – Project Map and Renderings









APPENDIX C – Financial Terms

<u>Summary of Development Sources:</u>

Bank Loan	$	1,000,000	33.00%
MCRP Grant	$	1,500,000	49.50%
Developer Equity	$	528,001	17.44%
TOTAL	**$**	3,028,001	**100.00%**

<u>Summary of Development Uses:</u>

Acquisition	$	1
Hard Construction Costs	$	2,845,000
Eligible Soft Costs	$	155,000
Other	$	28,000
TOTAL	**$**	3,028,001

<u>Grant Terms</u>

MSF Incentive: MCRP Performance Based Grant

Grantee: Anson Building LLC

Total Capital Investment: Currently estimated at $3,028,001

MSF Eligible Investment: Currently estimated at $3,000,000

Minimum Eligible Investment: Currently estimated at $2,400,000

Grant Amount: Up to the lesser of 50% of “Eligible Investment” or $1,500,000. The project is eligible for an award of up to 50% of eligible investment for the purpose of historic preservation.

Other Conditions: The MSF’s investment will be contingent upon the following: Minimum of $528,000 in combined cash and building equity.

<u>MCRP Program and Guidelines</u>
On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on January 25, 2022, the MSF Board approved its restated program guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan. It is the role of the MEDC staff to review for eligibility, completeness, and adherence to the program, the information provided by the applicant and to manage the MSF's investment. As required under the MCRP, all statutory criteria for the project have been considered. The project meets the MCRP Guidelines, and a financial review has been completed.

As required under the MCRP, the following statutory criteria have been reviewed:

A. **The importance of the project to the community in which it is located:**
This project is a very high priority for the City of Battle Creek and Battle Creek Unlimited, as it would restore a long-vacant, historic property at a key gateway into downtown. It also meets community housing and food-access needs outlined in the community Master Plan. The project will also enhance pedestrian foot traffic and activity on the west end of the downtown corridor by adding an anchor commercial tenant, Sprout BC Co-op Market.

B. **If the project will act as a catalyst for additional revitalization of the community in which it is located:**
This project will act as a catalyst for additional revitalization in the community as new residents of the development spend dollars on goods and services in the surrounding area. Successful completion of the project is also anticipated to encourage investment in nearby properties that are underutilized or in need of revitalization.

C. **The amount of local community and financial support for the project:**
Local support for the project includes a 12-year Obsolete Property Rehabilitation Act (OPRA) tax abatement with an estimated value of approximately $530,000. Additionally, Battle Creek Unlimited is selling the property to the development team for $1.00 and had previously invested in replacing the roof, to make a redevelopment project financially viable.

D. **The applicant's financial need for a community revitalization incentive:**
The project's financial need is driven by the extensive neglect of the building over the years and the additional cost of the historic elements of the rehabilitation. The market rate rents in Battle Creek limit the amount of debt the project can support. The developer has maximized senior financing of $1,000,000 and is bringing over 17% equity to the project. With proposed MCRP support, the return over the 20-year time horizon is projected at 7%. Without financial support from the MCRP program, the project would not be financially feasible.

E. **The extent of reuse of vacant buildings, reuse of historical buildings, and redevelopment of blighted property:**
The project will reuse a long-vacant and historic building, activating over 13,000 square feet of mixed-use space in downtown Battle Creek.

F. **Creation of jobs:**
The project is expected to create ten full-time equivalent jobs with an average wage estimated to be $22.50/hour.

G. The level of private sector and other contributions, including, but not limited to, federal funds and federal tax credits:
Total private sector and other contributions are anticipated to total $1,530,500.

H. Whether the project is financially and economically sound:
The project at 119 West Michigan Ave will reactivate a three-story 13,000 square foot building in what is a gateway of downtown Battle Creek. The 4,500 commercial space on the ground floor is slated to become a much-needed grocer for the area. The 2nd and 3rd floor total just over 8,000 square feet and will become a mix of 8 1-and 2-bedroom apartments. Commercial and residential rents are competitive with the market and staff is comfortable with their structure. The projected debt service coverage ratio is 1.53 to 1.00 with a 20-year average of 1.41 to 1.00. The projected debt service ratio in the first 12 years is greatly improved by the OPRA tax abatement. The development team is contributing equity of approximately $528,001 or 17.44% and bank financing has been maximized at $1,000,000. Staff considers the project to be financially and economically sound.

I. Whether the project increases the density of the area:
The project increases density of the area by converting currently vacant space into housing and commercial space that will bring new residents and a new small business to the downtown district.

J. Whether the project promotes mixed-use development and walkable communities:
The project promotes mixed-use development and walkability by adding both residential and commercial space within walking distance to local businesses, downtown employers, cultural attractions, public spaces, and other community amenities.

K. Whether the project converts abandoned public buildings to private use:
The project does not involve abandoned public buildings.

L. Whether the project promotes sustainable development:
The reuse of a historic structure keeps materials out of a landfill and is inherently green. The developers plan to preserve and use many existing materials. In addition to the renovation of the structure, the new roof installed by Battle Creek Unlimited in 2020 is a "cool" roof which helps to reduce environmental impact. In addition, all new appliances and utilities will be energy efficient.

M. Whether the project involves the rehabilitation of a historic resource:
The State Historic Preservation Office has reviewed the project design and determined it will have no negative impact and that the rehabilitation of the historic resource is consistent with the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings (36 CFR 67). If approved, this project will be the first of up to three projects receiving MCRP awards this year of up to 50% of eligible investment, for the specific purpose of historic preservation.

N. Whether the project addresses area-wide redevelopment:
The project will address area-wide redevelopment by creating new housing units that will help meet demand for diverse housing types in the City of Battle Creek. Bringing more housing units to the downtown area will also help support existing small businesses and drive demand for new commercial enterprises in the community. Adding new housing and commercial spaces will also support area employers seeking to attract and retain talent that is looking for high quality housing within walking distance of vibrant and attractive places.

O. Whether the project addresses underserved markets of commerce:
The project addresses underserved markets of commerce by providing high quality housing in the City of Battle Creek, which has identified housing as a key need in their Master Plan. Additionally, the project leverages private investment in a Geographically Disadvantaged Business Location.

P. The level and extent of environmental contamination:
Phase 1, phase 2, and environmental hazardous materials reports have been completed on the site. Lead paint was found in the building and that will be abated per the baseline environmental due care plan.

Q. If the rehabilitation of the historic resource will meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings (36 CFR 67):
The State Historic Preservation Office (SHPO) has reviewed the project design and the rehabilitation of the historic resource is anticipated to meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings (36 CFR 67).

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

S. Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter:
If approved, this project will be the first of up to three projects receiving MCRP awards this year of up to 50% of eligible investment, for the specific purpose of historic preservation.

MICHIGAN STRATEGIC FUND

RESOLUTION 2023 - 127

APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM GRANT AWARD TO ANSON BUILDING LLC

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2001 et. seq. (the "Act"), to add Chapter 8C (being MCL 125.2090 – MCL 125.2090d), to enable the Michigan Strategic Fund (the "MSF") to create and operate the Michigan Community Revitalization Program (the "MCRP") to provide incentives in the form of grants, loans and other economic assistance for redevelopment of communities in Michigan;

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

WHEREAS, on December 21, 2011, by Resolution 2011-185, the MSF (i) created the MCRP and (ii) adopted the guidelines for the MCRP, as later amended on January 25, 2022 (the "Guidelines");

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

WHEREAS, the Act and the Delegation require that MCRP awards over $1 million must be approved by the MSF Board;

WHEREAS, Anson Building LLC ("Company") has requested a performance based MCRP Grant of up to $1,500,000 (the "Award Request"), along with other general terms and conditions and;

WHEREAS, the MEDC has recommended that the MSF Board approve the Award Request subject to: (i) available funding; (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 180 days of the date of this Resolution (the "Time Period"), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 90 days (collectively, the "MCRP Award Recommendation")

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

Ayes: Britany L. Affolter-Caine, Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner

Nays:

MEMORANDUM

Date: **July 25, 2023**

To: **Michigan Strategic Fund ("MSF") Board Members**

From: **Jennifer Wood, Business Development Project Manager**

Subject: **Grant Request**
Michigan Business Development Program ("MBDP")
Bollinger Motors, Inc. ("Company" or "Applicant")

Request Summary

- This is a request from the Applicant for a $3,000,000 MBDP Grant, as outlined in the attached Term Sheet ("MBDP Request").
- This project involves the creation of up to 237 Qualified New Jobs and a capital investment of up to $44,000,000 in the City of Oak Park, Oakland County.

Applicant History

The Company is a commercial electric truck manufacturer, headquartered in the City of Oak Park. The Company was originally founded in 2015 in the Catskill Mountains of New York where it manufactured and revealed its first working electric truck prototype in 2017. With a huge response to the all-original ground-up truck design, the electric vehicle company promptly moved to Michigan to expand the engineering team and prepare a new design for production where it now employs 55 Michigan residents.

The background review process was completed in accordance with the MSF Background Review Policy on July 25, 2023.

Project Description

This project is focused on expanding the company's staff and resources to prepare for the start of production of the company's vehicle in the first half of 2024. The project requires substantial investment in additional machinery and equipment to allow for increased manufacturing. Requisite hiring will include executive management, engineering, manufacturing, and a variety of support services careers in a geographically disadvantaged area. The business plan involves contracting with a third-party assembly manufacturer to manage the production of its fleet vehicle platform. The Company has identified a manufacturing company in Livonia, Michigan to manage this work but negotiations with this company are not contingent upon future growth operation remaining in Michigan.

The Company is considering the City of Oak Park for the project and anticipates the project will result in a capital investment of up to $44,000,000. The capital investment will occur primarily at the Livonia manufacturing location, while some of the investment will go into renovating the City of Oak Park corporate headquarters in order to accommodate the additional job growth. The project will also result in the creation of up to 237 new jobs paying an average wage of $55.37 per hour plus benefits.

The Company supports personal growth and offers a variety of training opportunities for its employees and utilizes Michigan Works to reach local talent in disadvantaged areas and underrepresented employees.

Demonstrated Need

Mullen Automotive recently purchased a 60% interest in the Company and is pushing it to consider using one of their existing facilities, specifically the recently acquired ELMS facility in Indiana. The Indiana facility has the manufacturing capacity needed and would not only be able to support the headquarter jobs being created now, but also offers sufficient space to meet the five-year manufacturing expansion projections included in the Company's business plan.

The Company is attracted to expanding its Oak Park headquarters facility due to the relationships it has created, the dedicated talent established, and Michigan's commitment to the automotive and mobility industries. Incentive assistance is necessary to ensure the project moves forward in Michigan and will help offset the additional investment that will be required versus expanding in Indiana.

Request

In order to secure the project, the Applicant is requesting a $3,000,000 MBDP performance-based grant. The MBDP request will help address the considerably higher upfront costs of purchasing machinery and equipment associated to expanding its manufacturing in Michigan when compared to the competing site outside of Michigan.

This project aligns with the MEDC's strategic focus area of supporting a business in the target industry of mobility and automotive manufacturing and builds on the state's work to position itself as the global leader in the future of mobility and vehicle electrification. The proposed project will also impact a geographically disadvantaged region with immediate job growth with a large and expanding manufacturing company. This facility will result in the creation of up to 237 new jobs paying an average wage of $55.37 per hour and up to $44,000,000 in capital investment in the City of Oak Park, Oakland County.

Recommendation

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

MICHIGAN STRATEGIC FUND

RESOLUTION 2023-128

APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO BOLLINGER MOTORS, INC.

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

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

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

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF Board (i) created the MBDP, and (ii) adopted the guidelines for the MBDP, as later amended on December 8, 2020 by Resolution 2020-146 (the "Guidelines");

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

WHEREAS, the MSF Act, MCL 125.2001 et seq. and the Delegation require that MBDP awards over $1 million must be approved by the MSF Board;

WHEREAS, Bollinger Motors, Inc. (the "Company") has requested a performance based MBDP grant of up to $3,000,000 (the "Request"), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (the "Term Sheet") to expand the company's staff and resources to allow for additional electric truck manufacturing (the "Project");

WHEREAS, pursuant to the Guidelines, the Company is a Qualified Business, and the Project is eligible as a Micro MBDP because the Company falls within mobility and automotive manufacturing, an MEDC strategic focus industry;

WHEREAS, the background review process was completed in accordance with the MSF Background Review Policy on June 30, 2023; and

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

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

Ayes: Britany L. Affolter-Caine, Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner

Nays:

Recused:

Lansing, Michigan
July 25, 2023

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

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

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

Date: May 30, 2023

Company Name:	Bollinger Motors, Inc. and/or its affiliates and subsidiaries.
Project Location:	14925 W 11 Mile Road Oak Park, MI 48237
MMBDP Incentive Type:	Performance Based Grant
Maximum Amount of MMBDP Incentive:	Up to $3,000,000
Base Employment Level:	At least 55, at the time of first disbursement of funds and thereafter
Maximum Number of Qualified New Jobs ("QNJ"):	Up to 237 Full-Time Jobs at the Project Location
Municipality Supporting Project:	The City of Oak Park has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs:	May 15, 2023 (date of signed offer letter)
Term of the Agreement:	**October 31, 2028**
Milestone Based Incentive:	Disbursements will be made over a 5-year year period, and each are contingent upon compliance with the Agreement and performance based on job creation, as follows: $12,658 per QNJ for the creation of a minimum of 34 jobs up to a maximum of 49 jobs. $12, 658 per QNJ for the creation of a minimum of 67 jobs up to a maximum of 96 jobs. $12,658 per QNJ for the creation of a minimum of 99 jobs up to a maximum of 142 jobs. $12,658 per QNJ for the creation of a minimum of 138 jobs up to a maximum of 198 jobs. $12,658 per QNJ for the creation of a minimum of 165 jobs up to a maximum of 237 jobs.

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

Acknowledged as received by:

Bollinger Motors, Inc.		Michigan Economic Development Corporation	
By:	Jason Puscas	By:	DocuSigned by: Jennifer Wood 1AF2AF0AD7FF42F...
Printed Name:	Jason Puscas	Printed Name:	Jennifer Wood
Its:	General Counsel	Its:	Business Development Project Manager

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

MEMORANDUM

Date:	**July 25, 2023**
To:	**Michigan Strategic Fund ("MSF") Board Members**
From:	**Jeremy Webb, Managing Director, Business Development Projects**
Subject:	**Grant Request** **Michigan Business Development Program ("MBDP")** **Magna Seating of America, Inc. ("Company" or "Applicant")**

Request Summary

- This is a request from the Applicant for a $4,250,000 MBDP Grant, as outlined in the attached Term Sheet ("MBDP Request").
- This project involves the creation of up to 532 Qualified New Jobs and a capital investment of up to $105,170,174 in the City of Auburn Hills, Oakland County.

Applicant History

The Company's parent, Magna International, Inc. group of companies ("Magna"), has had deep roots in the auto industry going back to 1957 when they began working with General Motors. Today, Magna is a global automotive supplier that makes everything from seats to powertrains and is the only auto supplier to build complete vehicles. Magna's products include body, chassis, exterior, seating, powertrain, active driver assistance, electronics, mechatronics, mirrors, lighting, and roof systems. The products they manufacture can be found on most vehicles today. Magna also has electric and software capabilities across many of these areas.

Magna's organizational structure includes several separate entities as well as divisions within each entity that operate independently from each other. Magna has four operating segments: body, exteriors and structures; power and vision; seating systems; and complete vehicles. Each operating segment is overseen by the Magna Executive Management team. Operating segment activities are conducted through divisions, which are autonomous business with separate profit centers under the authority of a general manager. The general manager has the discretion to determine rates of pay, hours of work and sources of supply. The processes and products are separate and distinct and in many cases Magna divisions compete against each other for new products and business. In total Magna has 341 manufacturing operations and 89 product development, engineering, and sales centers in 28 countries with over 161,000 employees worldwide, of which 32 facilities and more than 11,000 employees are located in Michigan.

The background review process was completed in accordance with the MSF Background Review Policy on July 5, 2023 and the project may proceed for MSF consideration.

Project Description

The Company is looking to construct an approximately 280,000 square foot facility split between nearly 90 percent manufacturing with the remainder being office space. The Company will be supplying polyurethane foam, cloth and leather seat trim, and complete seat assemblies. This will be a three-shift operation and bring on an additional 532 employees.

The Company is considering Auburn Hills for the project and anticipates the project will result in capital investment of up to $105,170,174. The project will also result in the creation of up to 532 new jobs paying an average wage of over $958 per week plus benefits.

The Company understands that employees feel more engaged when their employer is concerned about their growth and provides avenues to reach individual career goals. Each employee at the Company has access to check for internal job listings, training opportunities, and a career development path to enhance their skills and knowledge, leading to mastery of their current jobs, promotions, and transfers to new or different positions. The employee skillsets and interests will determine which optional path within the company they can take. The Company provides medical, dental, and vision insurance; short-term and long-term disability benefits; employee profit sharing program; 401(k) with company match; paid vacations and holidays. The Company utilizes Michigan Works to reach local talent.

Demonstrated Need

The Company is considering its facility in Tennessee as Magna has an existing manufacturing facility and capacity in Tennessee. Mexico is also under consideration as its customer has sites in both areas. Tennessee offers various financial incentives to help support investments, job creation, and training. Some of its incentives include FastTrack Job Training Assistance, FastTrack Economic Development Fund, Job Tax Credit, Enhanced Job Tax Credit, Industrial Machinery Tax Credit, and Sales & Use Tax Exemptions.

Michigan is Magna's U.S. corporate home and the state with their largest U.S. footprint. Magna operates 32 facilities in the State of Michigan and employs more than 11,000 Michiganders. While Magna remains committed to Michigan, incentive assistance is necessary to make the expansion in Michigan a competitive decision.

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

Request

In order to secure the project, the Applicant is requesting a $4,250,000 MBDP performance-based grant. The MBDP request will help address the cost disadvantage of locating the project in Michigan when compared to the competing sites outside of Michigan.

This project aligns with the MEDC’s strategic focus area of supporting a business in the target industry of mobility and builds on the state's work to position itself as the global leader in the future of mobility and vehicle electrification. The proposed project will also impact the local region with significant redevelopment of the former Oakland County animal shelter that closed in 2017. This facility will result in the creation of up to 532 new jobs and up to $105,170,174 in capital investment in the city of Auburn Hills, Oakland County. Adding 532 new jobs in the State of Michigan would further solidify the Company’s presence and future business in the state.

Under the MSF Act, the MSF Board has the ability to determine which entity (or entities) it deems to be the qualified business. In this case, it could be the complete Magna umbrella of 32 facilities and 11,000+ employees in the state, just the Company, or any other combination thereof. The qualified business must maintain the number of jobs the qualified business had in the state prior to the expansion or investment is the base employment level (the “Base Jobs”) in order to receive disbursement for QNJs. QNJs are those jobs in excess of the Base Jobs.

The Company requests that due to its organizational structure and the fact that the Company will operate independent from other Magna related entities, it, and not Magna, should be deemed the qualified business. However, based on its application, Magna International will be providing 100% of the financing for the project. If the MSF Board approves of the Company’s request, the Base Jobs for this project will be zero rather than the 11,000+ jobs Magna currently has in the state. As such, Magna would be able to eliminate any or all of its jobs within the state and the Company would still qualify for 100 percent of the grant if it created the required QNJs.

The MEDC supports the Company's request to establish the Base Jobs at zero, due to the Company's organizational structure (outlined above) and the nature of the work being completed. For this project, the Company will operate under the Magna Seating division that is housed within the seating systems operating group. The Company will have its own management and leadership group with its own payroll system and accounting systems and will fulfill customer requirements under separate programs, terms, and purchase orders separate from other divisions. Additionally, each business entity under a division manufactures products that require a completely different skillset. The skill set required to manufacture this product is unique to the facility and is not commonly available from other Magna operations in Michigan. Since the skills required are very technical and unique it is very unlikely there will be many employees transferred from an existing Michigan business operation to the facility.

Recommendation

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

MICHIGAN STRATEGIC FUND

RESOLUTION 2023-129

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

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

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

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

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF Board (i) created the MBDP, and (ii) adopted the guidelines for the MBDP, as later amended on December 8, 2020 by Resolution 2020-146 (the "Guidelines");

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

WHEREAS, the MSF Act, MCL 125.2001 et seq. and the Delegation require that MBDP awards over $1 million must be approved by the MSF Board;

WHEREAS, Magna Seating of America, Inc. (the "Company") has requested a performance based MBDP grant of up to $4,250,000 (the "Request"), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (the "Term Sheet") to establish a new seating manufacturing facility (the "Project");

WHEREAS, pursuant to the Guidelines, the Company is a Qualified Business and the Project is eligible as an Innovation MBDP because the Company has committed to the creation of at least twenty-five (25) Qualified New Jobs and the Project falls within the Motor Vehicle Parts industry, an Innovation Industry;

WHEREAS, the background review process was completed in accordance with the MSF Background Review Policy on July 5, 2023; and

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

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

Ayes: Britany L. Affolter-Caine, Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner

Nays:

Recused:

Lansing, Michigan
July 25, 2023

June 23, 2023

Michigan Business Development Program ("MBDP") Grant Term Sheet

This term sheet (the "Term Sheet") sets forth key terms of a potential grant by the Michigan Strategic Fund (the "MSF") in favor of Magna Seating of America, Inc. (the "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 the approval of the MSF Fund Board.

PROJECT SUMMARY

Scope of the Project: The Company intends to build a new automotive seating manufacturing facility in Auburn Hills (the "Project Site"). The Company expects to ramp up over the course of the next four (4) years resulting in an expected creation of at least 532 new jobs at the Project Site and a projected investment of $105,170,174 by December 31, 2027 at the Project Site (collectively, the "Project").

Award Amount: A maximum grant of $4,250,000 (the "Award"), all or a portion of which is also referred to as (the "Grant").

Term of the Agreement: Effective Date of the Grant Agreement through August 31, 2028 (the "Term").

Overall Jobs Commitment: Creation of a minimum of 532 Qualified New Jobs (the "Overall Jobs Minimum") at the Project Site, above a Statewide Base of zero (0) employees (the "Overall Base"), on May 31, 2028 (the "Jobs Performance Deadline") (collectively, the "Overall Jobs Commitment").

- A "Qualified New Job" or "QNJ" is defined as a new, full-time job created by the Company for the Project at the Project Site on or after March 22, 2023, and maintained continuously for the previous six (6) months, and performed for the Company by an individual who is either (i) a resident of the State of Michigan whose Michigan 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 of the State of Michigan who is employed by the Company at the Project Site, provided that the Company certifies in writing at the time of the MSF disbursement that not less than 75 percent of the employees of that Company are residents of Michigan. In both cases, the QNJs must be in excess of the Overall Base.

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 the actual expenditure by the Company on or after March 22, 2023 for the Project, at the Project Site, in Hard Costs for construction related to the Project, and 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. 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.

The Company may request disbursements on a reimbursement basis for 50 percent of Eligible Expenses, related to the Project and paid by the Company. The Company shall submit one or more reimbursement requests, at its discretion, but no more frequently than quarterly, no later than January 31, 2028, together with a certification of the Company's compliance with the grant agreement.

In the event that all Grant funds have been disbursed and the Overall Jobs Commitment has been achieved, the MSF Fund Manager may, at its discretion, terminate the Agreement ahead of the Term.

CLAWBACK PROVISIONS AND REPAYMENT EVENTS

The Company may be required to repay all or a portion of the Grant disbursements made under the 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.

- **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 proportionate amount of the Grant funds received by Company (or the remainder of which following any repayment required by the failure to meet the Investment Commitment).
- **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.
- **Failure to Submit Commitment Documentation**: If the Company fails to submit, when due, required documentation described in the Agreement to verify achievement of the Overall Jobs Commitment, it will be required to repay all of the Grant funds received by 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 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 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 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 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 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 Award.
- **Misuse of Funds**: If the Company uses the Award for a prohibited purpose during the Term it will be required to repay 100% of grant disbursements made under the Award.

ADDITIONAL STATE REQUIRED TERMS

- **Annual Progress Report**: During the Term, the Company will be required to submit annual progress reports, which shall include the total number of Qualified New Jobs created at the Project, the average annual salary of both the Base Jobs and the new Qualified New 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 Business Development Program Guidelines, as approved by the MSF, and any requirements of the Michigan Strategic Fund Act.

MEMORANDUM

Date: July 25, 2023

To: Michigan Strategic Fund ("MSF") Board Members

From: Matt Chasnis, Senior Business Development Project Manager

Subject: Grant Request
Michigan Business Development Program ("MBDP")
LuxWall, Inc. ("Company" or "Applicant")

Request Summary

- This is a request from the Applicant for a $6,000,000 MBDP Grant, as outlined in the attached Term Sheet ("MBDP Request").
- This project involves the creation of up to 453 Qualified New Jobs and a capital investment of up to $165,675,228 in the City of Detroit, Wayne County and Litchfield Township, Hillsdale County.

Applicant History

The Company, headquartered in Ypsilanti, Michigan, was founded in late 2016 by Scott Thomsen, former CTO, Group Vice President and President of Guardian Industries' Global Glass Group, to develop vacuum insulated glass materials and processes. LuxWall has developed vacuum insulated glass that will significantly increase the insulation performance of windows and reduce heating and cooling energy consumption by approximately 45%. The Company has 44 existing employees in Michigan and is preparing for high volume manufacturing of their products through significant investments from Breakthrough Energy Ventures, Prelude Ventures, Khosla Ventures, and 2150 Ventures.

The background review process was completed in accordance with the MSF Background Review Policy on June 12th, 2023.

Project Description

The Company is evaluating locations to construct the world's first high volume vacuum insulated glass production facilities. The project will involve two factories that house manufacturing, quality control, office space, and laboratories for testing. The first facility will consist of renovating and rehabilitating two buildings that total 216,000 square feet in Litchfield Township. Factory 1, which will produce up to 200,000 units per year, will be used to validate the manufacturing processes and to seed the market. The second facility, which is evaluating locations in Detroit, will consist of 280,000 square feet of space that will expand production capacity to 600,000 units per year. The two sites will manufacture energy efficient windows that will be sold to residential and commercial glazing customers in the US, Canada, UK, Scandinavia, Germany, Poland, and Austria. The Company anticipates continued growth through 2032 that will involve approximately $211 million of total private investment and 665 new jobs.

The Company is considering Litchfield Township and locations in Detroit for the project and anticipates the project will result in capital investment of up to $165,675,228. The project will also result in the creation of up to 453 new jobs paying an average wage of $1,653 per week plus benefits.

Demonstrated Need

The Company is also considering placing the new facilities in Indiana and Ohio. These two states are being considered because of lower industrial electricity rates for high demand customers and attractive incentive proposals. Additionally, the states offer an inventory of existing buildings with sufficient electrical power as well as available Department of Energy (DOE) mine land tracts that could be used to construct Factory 2. These DOE land tracts are eligible for the Advanced Energy Manufacturing and Recycling Grants, which is designed to provide grants to manufacturers that enable them to build new or retrofit existing manufacturing and industrial facilities to produce or recycle advanced energy products in communities where coal mines or coal power plants have closed.

Michigan is an attractive location because of the proximity to its headquarters and pilot line in Ypsilanti. Even though the Company would like to locate in Michigan, incentive assistance is necessary to offset industrial electricity rates and the incentive proposals provided by competing states.

In addition to MSF support, Litchfield Township anticipates approval of a real property tax abatement in support of the project.

Request

In order to secure the project, the Applicant is requesting a $6,000,000 MBDP performance-based grant. The MBDP request will help address the cost disadvantage of locating the project in Michigan when compared to the competing sites in Indiana and Ohio. The MBDP funds will help offset the incentive proposals offered by competing states while also supporting the renovation and rehabilitation of factory 1 and the construction of factory 2.

This project aligns with the MEDC's strategic focus area of attract, retain, and grow businesses and accelerates high-tech innovation. The proposed project will create a significant number of high-paying jobs while capturing the Company's significant growth. This project will result in the creation of up to 453 new jobs and up to $165,675,228 in capital investment in Litchfield Township, Hillsdale County and the City of Detroit, Wayne County, a geographically disadvantaged area.

Recommendation

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

MICHIGAN STRATEGIC FUND

RESOLUTION 2023-130

APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO LUXWALL, INC

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

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

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

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF Board (i) created the MBDP, and (ii) adopted the guidelines for the MBDP, as later amended on December 8, 2020 by Resolution 2020-146 (the "Guidelines");

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

WHEREAS, the MSF Act, MCL 125.2001 et seq. and the Delegation require that MBDP awards over $1 million must be approved by the MSF Board;

WHEREAS, LuxWall, Inc. (the "Company") has requested a performance based MBDP grant of up to $6,000,000 (the "Request"), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (the "Term Sheet") to establish new vacuum insulated glass manufacturing operations (the "Project");

WHEREAS, pursuant to the Guidelines, the Company is a Qualified Business and the Project is eligible as a Standard BDP because the Applicant committed to the creation of at least 50 QNJs;

WHEREAS, the background review process was completed in accordance with the MSF Background Review Policy on June 12th, 2023; and

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

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

Ayes: Britany L. Affolter-Caine, Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner

Nays:

Recused:

Lansing, Michigan
July 25, 2023

Michigan Business Development Program ("MBDP") 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 LuxWall, 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 the approval of the MSF Board.

PROJECT SUMMARY

Scope of the Project: The Company intends to renovate an existing facility and construct a new facility to be used for manufacturing vacuum insulated glass in Litchfield Township and Detroit, respectively. (the "Project Site"). The Company expects to ramp up over the course of the next five (5) years resulting in an expected creation of at least 453 new jobs at the Project Site and a projected investment of $165,675,228 by December 31, 2028 at the Project Site (collectively, the "Project").

Award Amount: A maximum grant of $6,000,000 (the "Award"), all or a portion of which is also referred to as the "Grant").

Term of the Agreement: Effective Date of the Grant Agreement through March 31, 2030 (the "Term").

Overall Jobs Commitment: Creation of a minimum of 453 Qualified New Jobs (the "Overall Jobs Minimum") at the Project Site, above a Statewide Base of 44 employees (the "Overall Base"), on December 31, 2029 (the "Jobs Performance Deadline") (collectively, the "Overall Jobs Commitment").

- A "Qualified New Job" or "QNJ" is defined as a new, full-time job created by the Company for the Project at the Project Site on or after May 13, 2023 (date of signed offer), and maintained continuously for the previous six (6) months, and performed for the Company by an individual who is either (i) a resident of the State of Michigan whose Michigan 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 of the State of Michigan who is employed by the Company at the Project Site, provided that the Company certifies in writing at the time of the MSF disbursement that not less than 75 percent of the employees of that Company are residents of Michigan. In both cases, the QNJs must be in excess of the Overall Base.

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 the actual expenditure by the Company on or after May 13, 2023 for the Project, at the Project Site, in Hard Costs for construction related to the Project, and 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. 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.

The Company may request disbursements on a reimbursement basis for 35 percent of Eligible Expenses, related to the Project and paid by the Company. The Company shall submit one or more reimbursement requests, at its discretion, but no more frequently than quarterly, no later than September 30, 2029, together with a certification of the Company's compliance with the grant agreement.

In the event that all Grant funds have been disbursed and the Overall Jobs Commitment has been achieved, the MSF Fund Manager may, at its discretion, terminate the Agreement ahead of the Term.

CLAWBACK PROVISIONS AND REPAYMENT EVENTS

The Company may be required to repay all or a portion of the Grant disbursements made under the 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.

- **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 proportionate amount of the Grant funds received by Company.
- **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.
- **Failure to Submit Commitment Documentation**: If the Company fails to submit, when due, required documentation described in the Agreement to verify achievement of the Overall Jobs Commitment, it will be required to repay all of the Grant funds received by 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 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 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 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 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 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 Award.
- **Misuse of Funds**: If the Company uses the Award for a prohibited purpose during the Term it will be required to repay 100% of grant disbursements made under the Award.

ADDITIONAL STATE REQUIRED TERMS

- **Annual Progress Report**: During the Term, the Company will be required to submit annual progress reports, which shall include the total number of Qualified New Jobs created at the Project, the average annual salary of both the Base Jobs and the new Qualified New 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 Business Development Program Guidelines, as approved by the MSF, and any requirements of the Michigan Strategic Fund Act.

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

Date:	**July 25, 2023**
To:	**Michigan Strategic Fund ("MSF") Board Members**
From:	**Matthew Chasnis, Business Development Project Manager**
Subject:	**Grant Request** **Michigan Business Development Program ("MBDP")** **P.R.A. Company (DBA Vantage Plastics) ("Company" or "Applicant")**

Request Summary

- This is a request from the Applicant for a $1,200,000 MBDP Grant, as outlined in the attached Term Sheet ("MBDP Request").
- This project involves the creation of up to 93 Qualified New Jobs and a capital investment of up to $30,950,000 in Bangor Township, Bay County.

Applicant History

Vantage Plastics started in Standish, Michigan in 1996 with 6 employees. The Company is a custom thermoformer with full in-house design, prototype builds, and tool build capabilities. The Company has grown to 318 employees and expects significant growth in the near future as a result of increased customer demand, especially in the Automotive supply chain.

The background review process was completed in accordance with the MSF Background Review Policy on June 12, 2023.

Project Description

The Company serves customers in the automotive and consumer goods industries and additional contracts will require the company to expand production. The Company is evaluating locations to establish their production facility and proposed the purchase and repair of a 325,000 square foot facility in Bangor Township. The building has been vacant since 2003, and will need significant repairs, but would provide an additional 100,000 square feet for manufacturing and 200,000 square feet for warehousing.

The Company is considering Bangor Township for the project and anticipates the project will result in capital investment of up to $30.95 million and will result in 93 new jobs averaging $20.54 an hour. The Company offers careers in many business aspects and encourages employee growth and advancement across functions. The Company has employees that started in production that are now engineers and managers. Benefits offered include matching 401K, several low-cost health care options, competitive wages and on-site access to Michigan Works Career Advisors. Vantage Plastics also utilizes the Offender Success program through the Department of Corrections.

Demonstrated Need

The Company is also considering construction of a new facility in Nevada. This would provide an advantage in freight costs ($682,000/year), energy ($300,000/year) and water costs (10%). The Company does have space available to expand in Arenac County on the existing compound. This alternative would provide a savings in professional headcount, but it does not address its customer's concerns related to business interruption in the event of a catastrophic event. The combined cost for freight and energy in Michigan is $982,000 higher annually than the costs in Nevada. Even though the company would like to move forward with locating in Michigan, the financial disadvantage that exists compared to Nevada is clear and therefore incentive assistance is necessary to ensure that the project moves forward in Michigan.

Request
In order to secure the project, the Applicant is requesting a $1,200,000 MBDP performance-based grant. The MBDP request will help address the cost disadvantage of locating the project in Michigan when compared to the competing site in Nevada. The MBDP funds will help offset the cost of renovating the blighted site in Bangor Township and become a strong link in the supply chain of advanced manufacturing. This project aligns with the MEDC strategic focus area of supporting projects that will position the State of Michigan to be a global leader in the future of mobility and vehicle electrification. This project will overhaul a building that has been in disrepair and vacant for 20 years. With over $30 million in capital investment for the creation of 93 Qualified New Jobs, this project if approved would solidify the Company's presence and future business in the state.

Recommendation
MEDC Staff recommend approval of the MBDP Request, as outlined in the attached resolution.

MICHIGAN STRATEGIC FUND

RESOLUTION 2023-131

APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO P.R.A. COMPANY (DBA VANTAGE PLASTICS)

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

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

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

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF Board (i) created the MBDP, and (ii) adopted the guidelines for the MBDP, as later amended on December 8, 2020 by Resolution 2020-146 (the "Guidelines");

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

WHEREAS, the MSF Act, MCL 125.2001 et seq. and the Delegation require that MBDP awards over $1 million must be approved by the MSF Board;

WHEREAS, P.R.A. Company (DBA Vantage Plastics) (the "Company") has requested a performance based MBDP grant of up to $1,200,000 (the "Request"), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (the "Term Sheet") to establish a new manufacturing and warehousing operation (the "Project");

WHEREAS, pursuant to the Guidelines, the Company is a Qualified Business and the Project is eligible as a Micro BDP because the Applicant operates within Advanced Manufacturing, an MEDC Strategic Focus Industry;

WHEREAS, the background review process was completed in accordance with the MSF Background Review Policy on June 12, 2023; and

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

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

Ayes: Britany L. Affolter-Caine, Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner

Nays:

Recused:

Lansing, Michigan
July 25, 2023

Michigan Business Development Program ("MBDP") Grant Term Sheet

This term sheet (the "Term Sheet") sets forth key terms of a potential grant by the Michigan Strategic Fund (the "MSF") in favor of P.R.A. Company (DBA Vantage Plastics) (the "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 the approval of the MSF Board.

PROJECT SUMMARY

Scope of the Project: The Company intends to rehabilitate a distressed building and establish a manufacturing facility in Bangor Township (the "Project Site"). The Company expects to ramp up over the course of the next three (3) years resulting in an expected creation of at least 93 new jobs at the Project Site and a projected investment of $30,950,000 by December 31, 2026 at the Project Site (collectively, the "Project").

Award Amount: A maximum grant of $1,200,000 (the "Award"), all or a portion of which is also referred to as the "Grant").

Term of the Agreement: Effective Date of the Grant Agreement through June 30, 2027 (the "Term").

Overall Jobs Commitment: Creation of a minimum of 93 Qualified New Jobs (the "Overall Jobs Minimum") at the Project Site, above a Statewide Base of 318 employees (the "Overall Base"), on March 31, 2027 (the "Jobs Performance Deadline") (collectively, the "Overall Jobs Commitment").

- A "Qualified New Job" or "QNJ" is defined as a new, full-time job created by the Company for the Project at the Project Site on or after April 11, 2023 (Date of Accepted Offer), and maintained continuously for the previous six (6) months, and performed for the Company by an individual who is either (i) a resident of the State of Michigan whose Michigan 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 of the State of Michigan who is employed by the Company at the Project Site, provided that the Company certifies in writing at the time of the MSF disbursement that not less than 75 percent of the employees of that Company are residents of Michigan. In both cases, the QNJs must be in excess of the Overall Base.

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 the actual expenditure by the Company on or after April 11, 2023 (Date of Accepted Offer) for the Project, at the Project Site, in Hard Costs for construction related to the Project, and 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. 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.

The Company may request disbursements on a reimbursement basis for 25 percent of Eligible Expenses, related to the Project and paid by the Company. The Company shall submit one or more reimbursement requests, at its discretion, but no more frequently than quarterly, no later than December 31, 2026, together with a certification of the Company's compliance with the grant agreement.

In the event that all Grant funds have been disbursed and the Overall Jobs Commitment have been achieved, the MSF Fund Manager may, at its discretion, terminate the Agreement ahead of the Term.

CLAWBACK PROVISIONS AND REPAYMENT EVENTS

The Company may be required to repay all or a portion of the Grant disbursements made under the 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.

- **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 proportionate amount of the Grant funds received by Company.
- **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.
- **Failure to Submit Commitment Documentation**: If the Company fails to submit, when due, required documentation described in the Agreement to verify achievement of the Overall Jobs Commitment, it will be required to repay all of the Grant funds received by 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 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 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 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 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 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 Award.
- **Misuse of Funds**: If the Company uses the Award for a prohibited purpose during the Term it will be required to repay 100% of grant disbursements made under the Award.

ADDITIONAL STATE REQUIRED TERMS

- **Annual Progress Report**: During the Term, the Company will be required to submit annual progress reports, which shall include the total number of Qualified New Jobs created at the Project, the average annual salary of both the Base Jobs and the new Qualified New 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 Business Development Program Guidelines, as approved by the MSF, and any requirements of the Michigan Strategic Fund Act.

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

Date: July 25, 2023

To: Michigan Strategic Fund Board

From: Rob Garza, Manager, Statutory Analysis
Lori Mullins, Vice President, Economic Incentives

Subject: Request to Amend Transformational Brownfield Plan Program Guidelines

Request
MEDC staff request approval of an amendment to the Transformational Brownfield Plan ("TBP") Program Guidelines.

Background
In July of 2017, the Michigan Legislature passed legislation creating the TBP program, which is incorporated into the Brownfield Redevelopment Financing Act, 1996 Public Act 381 ("Act"), as amended. TBP is a brownfield plan that allows developers the opportunity to capture a portion of specific incremental taxes generated from large-scale projects that will have a transformational impact on local economic development and community revitalization and result in an overall positive fiscal impact to the State.

The MSF Board reviewed and approved TBP Program Guidelines at its July 25, 2017, meeting and amended the TBP Program Guidelines at its September 26, 2017, April 23, 2019, and March 22, 2022, meetings. The first TBP was approved by the MSF Board in May of 2018.

The amended TBP Program Guidelines is necessary to allow the program to conform to the amended legislation that became effective in July of 2023. The amendment also includes staff recommendations that add clarification and detail to existing and new legislative requirements. Please see the complete list of changes made to conform to the legislative changes below:

- The addition of Sales and Use Tax Capture as a revenue stream that may be requested for eligible activity reimbursement.
- Inclusion of the new, tiered system that speficies the percentage of total TBPs to be approved in communities based on population ranges.
- Inclusion of Sales and Use Tax Capture as a factor in determining the threshold for the third-party underwriting analysis.
- Inclusion of the requirement of any TBP requesting Sales and Use Tax Capture to undergo third-party verification of the proposed Sales and Use Tax assumptions.
- Specification that a formal request for a TBP approval may not occur until the project's financial analysis has been completed.
- Inclusion of the condition that the start date of the three post-construction revenue streams may occur later than 5 years from MSF approval for a TBP that includes a related program of investment.
- Recognition of the increase in the statutory program cap from $1 billion to $1.8 billion

- Recognition of the increase in the statutory program cap for post-construction tax capture from $800 million to $1.6 billion
- Recognition of the increased maximum annual rollover amounts available for commitment and disbursement of post construction revenues to $80 million instead of $40 million. In addition, The carry-over is not to exceed $30 million over the $80 million cap and cannot exceed the $1.6 billion cap
- Removal of the projected sales and use tax exemptions from the $200 million construction period tax capture revenue cap.

In addition to the recognizing the legislative changes, the amended guidelines also now include the following staff recommendations/clarifications:

- Clarification of the administrative fee structure.
- Replacement of eligible property descriptions with a reference to the section of the Act that defines eligible property.
- Addition of the following considerations for layering of other MSF incentives with a TBP request:
    - Additional MSF incentive requests must consist of no more than one incentive request per incentive program per TBP request.
    - Additional incentive support must be presented at the same MSF Board meeting that the TBP request will be considered.
- Clarification of what level of new development activity is required for an eligible property to be included in a TBP request.
- Specification that the MSF may require a third-party underwriting analysis for any project if deemed necessary and appropriate.
- Removal of the reservation of 15% of funding for communities with a population of 100,000 or less.

The additions to the guidelines that are not based on the legislative amendment, have been included in order to establish more consistency in the application of the program that have been previously unclear. All changes are shown on the attached marked up document.

Recommendation
The MEDC staff recommends approval of the amended Transformational Brownfield Plan Program Guidelines attached to the Resolution.

TRANSFORMATIONAL BROWNFIELD PLAN
PROGRAM GUIDELINES

PROGRAM OVERVIEW

The Brownfield Redevelopment Financing Act, 1996 Public Act (PA) 381, as amended (Act 381), effective July 24, 2017, incorporates Transformational Brownfield Plans (TBP), which affords developers the opportunity to capture a portion of specific incremental taxes generated from large-scale transformational projects for a specified time period.

A TBP is defined under Act 381 as a Brownfield Plan that, among other requirements, will have a transformational impact on local economic development and community revitalization based on the extent of brownfield redevelopment and growth in population, commercial activity, and employment that will result from the plan. The plan must be either a mixed-use development project with planned integration of some combination of retail, office, residential, or hotel uses or a development in a municipality that is not a county and that has a population of less than 25,000 that utilizes one of the listed uses and has had the mixed-use requirement waived by the MSF. Other requirements include minimum thresholds of capital investment depending on the population size of the municipality in which the development is proposed.

A TBP allows for the capture of five sources of ~~new~~ tax revenues associated with a project~~, in addition to incremental revenue from property taxes.~~. The ~~additional~~available tax revenues ~~available~~ include the following: (1) Construction Period Income Tax; (2) ~~Construction Period Sales Tax Exemptions, (3) Construction Period Use Tax Exemptions;~~ Property Tax Capture; (4) Income Tax Capture; ~~and (5~~(4) Withholding Tax Capture; and (5) Sales and Use Tax Capture Revenues. These tax revenues can be used in financing a wide array of eligible activities where costs were incurred no more than 90 days prior to MSF approval of the TBP, specifically including any demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property, including infrastructure improvements that directly benefit eligible property. Income Tax Capture ~~and~~, Withholding Tax Capture, and Sales and Use Tax Capture are ~~both~~all limited to up to 20 years. The TBP may also authorize the exemption of construction period sales and use tax.

The Michigan Strategic Fund (MSF) is the project-authorizing entity and can approve no more than five TBPs in a calendar year statewide. In the event the MSF approves fewer than five plans in a calendar year, the unused approval authority shall carry forward into future calendar years and remain available until December 31, 2027. No new TBPs can be approved after December 31, 2027, and no unused plans can carry over past that date. A TBP approved prior to that date would remain in effect and could be amended.

~~An equitable geographic distribution of plans is required, balancing the needs of municipalities of different sizes and geographic areas with a target that at least 35% of all TBPs over the life of the program be located in cities, villages, and townships with populations under 100,000. The MSF will reserve 15% of the funds for these projects.~~
An equitable geographic distribution of plans is required, balancing the needs of municipalities of different sizes and geographic areas. Per the statute, not less than 33% and not more than 38% of the total transformational brownfield plans approved before December 31, 2027, will be located in cities, villages, and townships with a population of less than 100,000. Furthermore, not less

than 33% and not more than 38% of the total transformational brownfield plans approved before December 31, 2027, will be located in cities, villages, and townships with populations of not less than 100,000 and not more than 225,000. In order to maintain a reasonable balance of number of plans approved in communities within the three population bands (less than 100,000, between 100,000 and 225,000, and over 225,000), the MEDC will not extend any invitations to apply to projects located in a population band where there is a difference of greater than two plans approved or in active application review above the number of plans approved or in active application review in either of the other population bands. Furthermore, in order to ensure a balance on December 31, 2027, the MEDC will not extend any invitation to apply after January 31, 2027 to a project located in a population band where there is a difference of greater than one plan approved or in active application review above the number of plans approved or in active application review in either of the other population bands.

AMENDMENTS

A TBP may be amended to add parcels of property, increase or reduce capture, or change project scope of work. Any amendment that proposes to change the project so that it would no longer qualify as transformational, will result in the TBP being revoked. Amendments are not considered new plans and plans may be amended beyond December 31, 2027.

If specific aspects of the Transformational Brownfield Plan within Act 381 are legislatively amended in the future, the MSF may amend existing TBP plans to make conforming and consistent changes to the approved TBPs on an administrative basis, provided that those changes do not result in any increase in the aggregate total amount of reimbursement authorized under the initial TBP.

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FEES

The MSF will charge and collect application fees, amendment fees, transfer fees and annual administrative fees[1]. Annual administrative fees are estimated to be between 0.8 and 0.9 percent of ~~TBP awards.~~the average annual projection of Income Tax Capture, Withholding Tax Capture and Sales Tax Capture Revenues at the time of MSF approval. If the safe harbor option is elected for Withholding and Income Tax Capture revenue streams for all applicable project sites, the annual average fee will be reduced to 90% of the initial fee calculation beginning the year following the first disbursement of Withholding and Income Tax Capture for all project sites included in the TBP. This fee will remain static until the disbursement of Income Tax Capture, Withholding Tax Capture and Sales and Use Tax Capture Revenues have concluded. For TBP requested awards greater than or equal to $10 million in combined Income Tax Capture ~~and~~, Withholding Tax Capture Revenue, and Sales and Use Tax Capture Revenue in any single year, a non-refundable application fee of $30,000 plus the actual cost of any necessary MSF-contracted, third-party analysis (estimated amount to be between $100,000 and $150,000) will be charged and collected by the MSF[2]. In addition, an independent third-party, MSF-contracted analysis of sales and use tax capture revenue estimates will be required for any proposed TBP that requests approval of sales and use tax capture. All costs of the independent, MSF-contracted third-party underwriting analysis and third-party sales and use tax capture analysis shall be paid by the owner or developer of the eligible property and are non-refundable. In the event that an amendment is required for TBP awards greater than or equal to $10 million in combined Income Tax Capture ~~and~~, Withholding Tax Capture Revenue; and Sales and Use Tax Capture in any single year, or that

[1] PA 46 of 2017 Sec. 8a. (3)(a),(i),(ii),(iv) (p. 7)
[2] MSF Act 270 of 1984, 125.2007 Powers and duties of fund, Sec. 7. (j)

was awarded sales and use tax capture regardless of amount, a non-refundable amendment fee of $30,000 plus actual cost of any necessary MSF-contracted, third-party analysis will be charged and collected by the MSF. In the event that the MSF-contracted, third-party analysis costs exceed the application or amendment fee, the costs shall be paid by the owner or developer of the eligible property. For TBP requested awards or amendments to award for projects with less than $10 million in combined Income Tax Capture and Withholding Tax Capture Revenue in any single year, a non-refundable application fee of $30,000 will be charged and collected by the MSF~~.~~. For any transfer of a TBP award the MSF will charge and collect a $7,000 transfer fee. The MSF reserves the right to require an independent third-party underwriting analysis, at the applicant's cost, for any project requesting a TBP award and that it deems necessary due to project complexity or capacity. If a project does not statutorily, or by policy, require third-party underwriting, an applicant may also opt to select the MSF-contracted third-party underwriting at their own cost.

ELIGIBLE APPLICANTS

A project may be located in any community but must involve a minimum level of capital investment based on the size of the community, as follows:

Population	Investment
Greater than or equal to 600,000	$500,000,000
150,000 - 599,999	$100,000,000
100,000 - 149,999	$75,000,000
50,000 - 99,999	$50,000,000
25,000 - 49,999	$25,000,000
Less than 25,000	$15,000,000

These limitations can be waived by the MSF to allow TBPs in certain areas where:

- the population is under 25,000, if the development would not be economically feasible otherwise;
- the Michigan State Housing Development Authority has approved the expenditure of federal blight elimination funds;
- the municipality is subject to a state of emergency for drinking water contamination; or
- the eligible property is a historic resource and would not otherwise be transformed.

The community's population for the purposes of meeting the capital investment threshold will be based on the most recent federal decennial census.

ELIGIBLE ACTIVITIES

TBP eligible activities include any demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property, including infrastructure improvements that directly benefit eligible property, along with eligible activities currently allowed under Act 381.

ELIGIBLE PROPERTY

Documentation that the project is located on an eligible property is required at the time the application is submitted. Eligible property ~~includes one or more~~is defined in Section 2 of ~~the following:~~Act 381.

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

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

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

4. ~~Blighted: Property that meets any of the following criteria as determined by the respective unit of government, building official, or assessor when applicable:~~
    - ~~Has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance;~~
    - ~~Is an attractive nuisance to children because of physical condition, use, or occupancy;~~
    - ~~Is a fire hazard, or is otherwise dangerous to the safety of persons or property;~~
    - ~~Has had the utilities, plumbing, heating, or sewerage permanently disconnected, destroyed, removed, or rendered ineffective so that the property is unfit for its intended use;~~
    - ~~Is tax reverted property owned by a qualified local governmental unit (QLGU), by a county, or by the state of Michigan. Tax–reverted property that is sold, leased, or transferred after the property is in a Brownfield Plan is still considered blighted property for purposes of Act 381;~~
    - ~~Is property owned, by or under the control of, a land bank fast track authority (LBFTA) under the Land Bank Fast Track Act, 2003 PA 258, whether or not it is located within a QLGU. Property that is sold, leased or transferred by a LBFTA after the property is in a Brownfield Plan is still considered blighted property for purposes of this act; and~~
    - ~~Has substantial subsurface demolition debris buried on site so that the property is unfit for its intended use.~~

5. ~~Transit-oriented Property: Property that houses a transit station in a manner that promotes transit ridership or passenger rail use.~~

~~6. Transit-oriented Development: Infrastructure improvements that are located within ½ mile of a transit station or transit-oriented property that promotes transit ridership or passenger rail use as determined by the municipality.~~

~~a. Undeveloped Property: Property that was eligible property in a previously approved brownfield plan abolished under section 14(8).~~

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PROGRAM KEY COMPONENTS

1. The project must be a mixed-use development, defined as a real estate project with planned integration of some combination of retail, office, residential, or hotel uses. A project may also be a development that utilizes one of the named mixed-use components if the development is located in a municipality that is not a county and has a population of less than 25,000 and has had the mixed-use requirement waived by the MSF. The project can be a single development on eligible property, or consist of a series of developments on eligible properties (even if they are not contiguous) that are part of a related program of investment meeting the following requirements:
   - The developments are proposed to be undertaken concurrently or in reasonable succession.
   - For developments under affiliated ownership, the developments are reasonably contiguous and are a part of a program investment in a logically defined geographic area, including, but not limited to, a Downtown District (as defined in the Downtown Development Authority Act) or a principal shopping district or business improvement district (as defined in the Shopping Areas Redevelopment Act). Other areas related to those districts that will promote infill development may also be considered.
   - For developments with unrelated ownership, projects must meet the provisions above, and are part of a master development plan, area plan, sub-area plan, or similar development plan that has been approved or adopted by resolution of the governing body.
   - The designation of the developments as a related program of investment is consistent with the purposes of this act and is not a combination of unrelated or minimally related projects calculated to meet the minimum investment threshold.

2. The TBP allows for ~~traditional property tax increment revenue and four~~construction period sales and use tax exemption and and five kinds of revenue from construction period income tax capture, income tax ~~and~~capture, withholding tax capture, ~~and exemptions from~~ sales ~~tax~~ and use tax capture and traditional property tax capture as follows:

   - Construction Period Income Tax Capture Revenues: Funds equal to the amount of income tax levied and imposed in a calendar year on wages paid to individuals physically present and working within the eligible property for the construction, renovation, or other improvement of eligible property that is an eligible activity within the TBP. Excluded are wages paid to employees of the owner or developer of the project.

   - Construction Period Sales Tax and Use Tax Exemptions:

~~b.~~a. A sales tax exemption for the purchase of tangible personal property for use in eligible brownfield redevelopment activities on eligible property included in a TBP, to the extent that the tangible personal property will be affixed and made a structural part of the real property or infrastructure improvements included within the TBP.

~~c.~~b. A use tax exemption on tangible personal property acquired by a person engaged in the business of altering, repairing, or improving real estate for others, or to the manufacture of a specific product if the property or product is to be affixed or made a structural part of the real property included within a TBP, to the extent that those improvements are eligible activities on eligible property within a TBP.

The MSF shall require the owner or developer of the eligible property to report the actual value of the sales and use tax exemptions each tax year of the construction period and at the end of the construction period.

- Income Tax Capture Revenues: Funds equal to the amount for each tax year by which the aggregate income tax from individuals domiciled within the eligible property subject to a TBP exceeds the initial income tax value (the value in the tax year when the resolution adding TBP property is adopted). A TBP cannot propose to use more than 50% of the income tax capture revenues, with the following exceptions:
  - The proposed eligible property is designated as a Renaissance Zone and otherwise meets the criteria in Section 13c(13).
  - The applicable eligible properties are subject to a written binding affordable housing agreement with the local governmental unit. This exception may include a proposal of up to 100% of income tax capture revenues, subject to an underwriting and financial analysis.

- Withholding Tax Capture Revenues: The amount for each calendar year by which the income tax withheld from individuals employed within the eligible property subject to a TBP exceeds the initial withholding tax value. Excludes those domiciled within the eligible TBP property and construction period tax capture revenues. A TBP cannot propose to use more than 50% of the withholding tax capture revenues.

- Sales and Use Tax Capture Revenues: Funds equal to the amount for each calendar year by which the sales tax and use tax collected from persons within the eligible property exceeds the initial sales and use tax value.

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These tax increment revenues can be used in financing a wide array of eligible activities, specifically including as new activities, any demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property, including infrastructure improvements that directly benefit eligible property. Capture of post-construction income tax ~~and~~, withholding tax, and sales and use tax revenue is limited to up to 20 years.

The owner or developer may elect to utilize a safe harbor method for the calculation of Income Tax and Withholding Tax Capture revenues rather than a traditional calculation. The detailed parameters of the safe harbor option can be found in the Program Limits section of these guidelines.

3. A TBP that proposes to use more than $10 million in any one year in withholding tax capture revenues ~~and~~, income tax capture revenues, and sales and use tax capture revenues, or any TBP proposal that requests sales and use tax capture require the developer or owner to~~:~~ pay for an independent third-party underwriting analysis as outlined later in this document.

- ~~Pay for an independent, third-party underwriting analysis to determine whether the amount of captured taxable value, construction period tax capture revenues, withholding tax capture revenues and income tax capture revenues estimated to result from the plan are reasonable; and~~

~~Projects that are requesting consideration for a TBP will not be eligible if other MSF program assistance is available to fill the financing gap. However,~~

4. If the MSF supports a TBP, that project(s) may also be considered for additional funding ~~under the Michigan Community Revitalization Program (MCRP).~~programs as necessary to fill financing gaps and make the project feasible. Additional MSF incentive requests must consist of no more than one incentive request per incentive program per TBP request.

5. ~~Project construction~~Additional incentive support must be presented at the same MSF Board meeting that the TBP request will be considered.

~~5.~~6. Project construction for TBPs undertaken on a single site must start within 12 months of MSF Board approval. For projects that are considered a related series of investment, construction on at least one of the sites must start within 12 months of MSF Board approval.

~~6.~~7. The owner or developer must certify the actual capital investment upon completion of TBP construction, or completion of a specific phase, or prior to the MSF initiating reimbursement from the construction period income tax capture, income tax capture, ~~and~~ withholding tax capture, and sales and use tax capture. If the actual capital investment is less than the amount included in the plan, the MSF has the right to modify the amount of reimbursement and take other recourse.

~~7.~~8. The MSF is required to approve a proposed change in ownership of eligible property subject to a transformational brownfield plan for which reimbursement will continue, prior to the assignment or transfer of the development and reimbursement agreement.

9. An eligible property may only be included in a TBP request if eligible activities are required to complete the proposed project on the proposed eligible property and the underwriting analysis concludes there is a financial need. Furthermore, a parcel with a completed and operational building shall not be included in a TBP request.

10. An applicant may not formally request a TBP approval by the MSF until the financial analysis of the TBP is complete.

11. Solely with respect to a related program of investment, subject to the approval of the governing body and MSF, the authority may amend the beginning date of capture for withholding tax capture revenues, income tax capture revenues, and sales and use tax capture revenues for an eligible property to a date later than 5 years following the date the MSF approved the inclusion of the eligible property in the TBP. The governing body and MSF must determine that the developer has proceeded in good faith and made reasonable and substantial progress in the implementation of the project. An amendment to request a new beginning date of capture may not be submitted prior to three years following MSF approval of the TBP or later than 7 years following MSF approval of the TBP.

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PROGRAM LIMITS

The MSF may authorize TBP incentives for large development projects totaling income ~~and~~tax capture, withholding tax capture, sales and use tax capture, construction period income tax capture, and sales and use tax exemptions of up to $1.~~0~~8 billion across all TBPs for the duration of the program.

1. Income Tax~~ and~~, Withholding Tax~~:~~, and Sales and Use Tax:
   - Commitments and disbursements of post-construction income~~ and~~, withholding, and sales and use tax capture revenue are limited to ~~a total of up to $800 million~~$1.6 billion over the life of the program.
     - Commitments and disbursements of post-construction income~~ and~~, withholding tax capture, and sales and use tax capture revenue are limited to $~~40~~80 million annually across all TBPs.
     - ~~ii.~~ If the $~~40~~80 million threshold is not reached in a given year, ~~the remaining balance~~ a maximum of $30 million will be carried forward into subsequent years for commitment or disbursement.
   - A TBP cannot use, or propose to use, more than 50% of the income tax capture revenues to reimburse eligible activities, with the following exceptions:
     - The proposed eligible property is designated as a Renaissance Zone and otherwise meets the criteria in Section 13c(13).
     - The applicable eligible properties are subject to a written binding affordable housing agreement with the local governmental unit. This exception may include proposal of up to 100% of income tax capture revenues, subject to an underwriting and financial analysis.
   - A TBP cannot use, or propose to use, more than 50% of the post-construction withholding tax capture revenues to reimburse eligible activities.
   - A TBP cannot award more than 25% of the annual allocation to any one project per year, not including amendments. With amendments, no more than a total 50% of annual allocation.
   - The available tax increment reimbursement from any source for a TBP will be limited to an amount that is needed to make the project economically viable based on estimates at time of TBP application.
   - In lieu of traditional calculations of Income Tax Capture, the owner or developer may elect to utilize a safe harbor method of calculating Income Tax Capture Revenues.
     - The MSF shall establish the safe harbor amount by imputing no more than 90 percent of the estimated annual taxable income for households residing within the eligible property or portion of the eligible property.
     - The safe harbor shall be effective only to the extent that the residential units within the eligible property or portion of the eligible property are actively leased or, in the case of units made available for sale, sold in arms-length transaction. The owner or developer will be required to submit copies of all leases and certification of the percentage of space in the project or specific phase of project that is leased or sold with each request for reimbursement.
     - The MSF may adjust the safe harbor amount after approval to reflect changes in the TBP, provided that any changes to the TBP do not result in an aggregate increase in the level of Income Tax Capture Revenues from the initial approval amount.

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- The owner or developer may elect to utilize the safe harbor method any time prior to the first reimbursement of Income Tax Capture Revenues, provided that an election, once made, cannot be rescinded.

- In lieu of traditional calculations of post-construction Withholding Tax Capture Revenues, the owner or developer may elect to utilize a safe harbor method of calculating Withholding Tax Capture Revenues.
  - The MSF shall establish the safe harbor amount by imputing no more than 90 percent of the average estimated employee occupancy that corresponds to the size and use of the eligible property or portion of the eligible property and a safe harbor of no more than 90 percent of the estimated average annual taxable wage for the individuals employed within the eligible property or portion of the eligible property.
  - The safe harbor shall be effective only to the extent the eligible property or portion of the eligible property is actively occupied, as evidenced by the existence of a binding lease agreement or similar instrument. The owner or developer will be required to submit copies of all leases and certification of the percentage eligible property occupied with each request for reimbursement.
  - The MSF may adjust the safe harbor amount after approval to reflect changes in the TBP, provided that any changes to the TBP do not result in an aggregate increase in the level of Withholding Tax Capture Revenues from the initial approval amount.
  - The owner or developer may elect to utilize the safe harbor method any time prior to the first reimbursement of Withholding Tax Capture Revenues, provided that an election, once made, cannot be rescinded.

- No income or withholding tax capture will occur after the permitted costs under the TBP are met or after 20 years from the start of capture.

~~1.~~2. Construction Period Tax Capture Revenue and Sales and Use Tax Exemptions:

- A total of up to $200 million can be captured ~~and exempted from a combination of~~from construction period tax capture revenue in the TBP~~ and sales and use tax exemptions on certain tangible personal property.~~ A TBP can capture 100% of the construction period tax capture for transmittal to the brownfield authority or developer.
- Disbursements of construction period tax capture revenue and the value of the sales and use tax exemptions do not have an additional annual reimbursement cap.
- The available tax increment reimbursement from any source for a TBP is limited to an amount that is needed to make the project economically viable based on estimates at time of TBP application.
- No tax capture will occur after the permitted costs under the TBP are met or after construction is complete and certified.

3. Sales and Use Tax Capture Revenue:

For persons with multiple business location, the applicable amount of sales tax and use tax is only the sales tax and use tax collections attributable to the business location within the eligible property. To calculate sales and use tax capture revenues for a calendar year under a TBP, the state treasurer or the MSF shall do all of the following

a. The state treasurer shall develop methods and processes that are necessary for each applicable person within the eligible property to report the amount of sales

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b. The MSF shall include all the following provisions in the redevelopment or reimbursement agreement for any TBP that utilizes sales and use tax capture revenues:
    i. The owner or developer of the property shall require each applicable person occupying the eligible property to comply with the reporting requirements through a contract requirement, lease requirement, or other similar means.
    ii. Reimbursement of sales and use tax capture revenues is limited to amounts that are reported in accordance with this section, and this state has no obligation with respect to sales and use tax captures that are not reported or paid.

UNDERWRITING CRITERIA

TBPs will be awarded based on financial need for the incentive and the award amount will be determined based on a demonstrated gap in financing.

TBPs proposing to use more than $10 million in any one year in withholding ~~and~~tax capture, income tax capture revenues, and sales and use tax capture, as well as any TBP proposal requesting approval of sales and use tax capture, require an independent underwriting analysis conducted by a third-party entity, paid for by the developer via the application fees or amendment fees. MSF will determine the third-parties eligible to conduct such an analysis. Developer must provide all necessary information (details of which will be relayed to the developer at the time of the project) to the appropriate MEDC contact before the analysis is conducted. TBPs proposing to use less than $10 million in annual withholding and income tax capture ~~will~~may undergo analysis through the MEDC, in participation with the State Treasurer. The MSF reserves the right to require an independent third-party underwriting analysis for any project requesting a TBP award and that it deems necessary due to project complexity or capacity.

If a TBP proposes to use more than $10 million in any one year in withholding ~~and~~tax capture, income tax capture, and sales and use tax capture, then the State Treasurer must be consulted before a recommendation is made to MSF for project approval.

1. Evaluation of specific underwriting criteria, including at minimum the following:
    - Assessment of how much traditional debt the project should be able to support/attract
    - Developer and consultant fees limited to 4% of the total development cost of the project
    - Reasonableness assessment of any related-party costs and expenses
    - Minimum Owner Equity Investment: 20% of Total Development Costs (net of developer and consulting fees). Deferred fees will not be counted in the calculation
    - Minimum Debt Service Coverage Ratio: 1.20:1.00, calculated based on all scheduled debt service requirements following stabilization and conversion to permanent financing
    - Returns in relation to the land use mix, location, size and complexity of the project and the risk involved. Unleveraged IRR and yield on cost will be evaluated if financing is preliminary. If financing term sheets are provided, leveraged IRR and cash on cash return will be evaluated. Average annual return metrics will be for the first three years following project stabilization.

2. Reasonableness assessment of the proposed rental structure and assumptions

3. Reasonableness assessment of the proposed operating expenses

4. Reasonableness assessment of the proposed development costs

5. Process conducted to analyze and determine the project's economic viability

6. A full financial and underwriting review will be completed on any future amendments and requests for project support.

PROJECT EVALUATION, PROCESS AND MSF SUPPORT

The process below is a high-level overview of the Transformational Brownfield Plan (TBP) consideration process from project identification through execution of a final agreement. TBP projects require the approval of the Brownfield Redevelopment Authority (BRA), the local unit of government, and the Michigan Strategic Fund (MSF). If department-specific activities are included in the project, approval of the Michigan Department of Environment, Great Lakes and Energy (EGLE) is also required.

1. Local partners, developers, or the BRA engage early with the Michigan Economic Development Corporation (MEDC) ~~Community Assistance Team (CAT) staff~~ for initial project evaluation and determination of appropriate incentive match. ~~CAT~~The MEDC will collect intake evaluation documentation including, but not limited to, project investment summary, local letter of support, intake questionnaire and a projected tax increment revenue table.

2. Project will undergo an internal review~~ and an~~. Upon initial determination of appropriate TBP fit~~. CAT staff~~, the MEDC will issue a ~~soft commitment~~ letter ~~outlining potential MSF support and inviting an application~~of interest and invitation to submit information necessary to complete the full underwriting and financial review.

3. Development team and BRA prepare a TBP ~~combined~~Combined Transformational Brownfield~~/Work~~ Plan and financial review package, including the ~~application~~financial review fee and TBP questionnaire, and submit to MEDC staff for review.

4. MEDC will ~~evaluate~~conducts a background check in accordance with MSF Background Review Policy and evaluates the full TBP package ~~and will conduct~~including conducting an underwriting and ~~economic impact analyses~~financial analysis. Projects anticipating more than $10 million of ~~annual~~ income ~~and/or withholding~~ tax, withholding tax, and Sales and Use Tax capture in any single year are required to undergo ~~a~~an MSF-contracted 3rd party underwriting analysis~~ and the~~. In addition, any TBP proposal requesting approval of sales and use tax capture is required to undergo an MSF-contracted 3rd party analysis of the sales and use tax capture estimates. The applicant will pay the necessary 3rd party fees as part of ~~their~~the application fee.~~ If the annual income and/or withholding tax capture is $10 million or less than the underwriting analysis will be conducted internally, and the applicant will pay~~

5. Following the ~~application~~results of the underwriting and financial analysis, MEDC staff may issue an invitation to apply to the development team and local partners.

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6. Development team will provide any additional materials and fees~~.~~ necessary to finalize the TBP analysis and MEDC staff recommendation.

7. After confirming the TBP package is administratively complete[3], MEDC staff will provide a Summary of Terms, or similar document, to the development team outlining the business terms for the proposed incentive which will be incorporated into the reimbursement agreement.

8. Following feedback from MEDC (and ~~potentially based on the~~any applicable 3rd party analysis) the TBP documents will be updated and submitted for local BRA and governing body approval; then the TBP final package is submitted to MEDC for MSF consideration.

9. MEDC ~~conducts civil and criminal background checks,~~ presents the TBP recommendation to the MSF Board ~~and after~~with the local partner and development team. Concurrent with MSF action, a final reimbursement agreement will be drafted by the MEDC and executed between MSF, Treasury, the BRA~~,~~ and the development entity(ies).

~~1. Reporting is required throughout the construction period, as well as annually through the reimbursement period.~~

10. The developer is required to report project information to the MEDC, Treasury and the associated BRA. The BRA is required to report information to the MEDC via online portal.

ADDITIONAL TERMS AND CONDITIONS

1. Owners or developers that receive a TBP ~~designation~~incentive will be subject to the MSF Background Review Policy, as may be revised from time to time by the MSF. Additional due diligence may be required at the discretion of the MSF.

2. Owners or developers that receive a TBP ~~designation~~incentive from the MSF will be required to execute a reimbursement agreement with the ~~MSF~~local BRA, MSF and the Department of Treasury, which will be performance-based and will set forth the terms and conditions of the TBP designation including, but not limited to, the term of the plan, the total amounts of tax capture the owner or developer may receive and periodic reporting requirements.

3. Owners or developers are expected to maintain detailed records demonstrating that the award recipient incurred and paid the required investment at the project location. Failure to maintain adequate records may result in adverse action by the MSF, up to and including termination of the reimbursement agreement. In addition, the MSF, MEDC, Auditor General, and the Department of Technology, Management, and Budget shall have access to all records related to the project and reserve the right to conduct on-site reviews and inspections to confirm compliance with the terms and conditions of the agreement.

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[3] Administratively complete means the TBP and all required supporting documentation is determined to be complete by MEDC staff ~~and~~, the underwriting ~~and economic impact analyses are~~analysis is complete, and ~~a determination of a positive fiscal impact to~~ the ~~state~~financial need has been confirmed.

MICHIGAN STRATEGIC FUND
RESOLUTION

2023-132

ADOPTION OF AMENDED PROGRAM GUIDELINES FOR TRANSFORMATIONAL BROWNFIELD PLANS

WHEREAS, Public Act 381 of 1996 established the Brownfield Redevelopment Financing Act ("Act 381") to promote the revitalization, redevelopment, and reuse of certain property;

WHEREAS, Section 14a of Act 381, MCL 125.2664a, authorizes the Michigan Strategic Fund ("MSF") Board to approve Transformational Brownfield Plans ("TBPs") in accordance with the requirements of the Act;

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

WHEREAS, the MSF Board adopted the TBP Program Guidelines (the "TBP Guidelines") on July 25, 2017; and

WHEREAS, the MSF Board amended the TBP Guidelines on September 26, 2017, April 23, 2019, and March 22, 2022; and

WHEREAS, Passage of Public Act 0089 ("PA 89") amended Act 381 on July 19, 2023 making a number of TBP changes and necessitating an update to the TBP Guidelines; and

WHEREAS, the MEDC recommends that the MSF Board adopt the proposed TBP Guidelines attached to this Resolution to implement the provisions of PA 89 for TBPs (the "Proposed TBP Guidelines"); and

WHEREAS, the MSF Board wishes to adopt the Proposed TBP Guidelines.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Proposed TBP Guidelines.

Ayes: Britany L. Affolter-Caine, Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner

Nays:

Recused:

Lansing, Michigan
July 25, 2023

TRANSFORMATIONAL BROWNFIELD PLAN
PROGRAM GUIDELINES

PROGRAM OVERVIEW

The Brownfield Redevelopment Financing Act, 1996 Public Act (PA) 381, as amended (Act 381), effective July 24, 2017, incorporates Transformational Brownfield Plans (TBP), which affords developers the opportunity to capture a portion of specific incremental taxes generated from large-scale transformational projects for a specified time period.

A TBP is defined under Act 381 as a Brownfield Plan that, among other requirements, will have a transformational impact on local economic development and community revitalization based on the extent of brownfield redevelopment and growth in population, commercial activity, and employment that will result from the plan. The plan must be either a mixed-use development project with planned integration of some combination of retail, office, residential, or hotel uses or a development in a municipality that is not a county and that has a population of less than 25,000 that utilizes one of the listed uses and has had the mixed-use requirement waived by the MSF. Other requirements include minimum thresholds of capital investment depending on the population size of the municipality in which the development is proposed.

A TBP allows for the capture of five sources of tax revenues associated with a project. The available tax revenues include the following: (1) Construction Period Income Tax; (2) Property Tax Capture; (4) Income Tax Capture; (4) Withholding Tax Capture; and (5) Sales and Use Tax Capture Revenues. These tax revenues can be used in financing a wide array of eligible activities where costs were incurred no more than 90 days prior to MSF approval of the TBP, specifically including any demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property, including infrastructure improvements that directly benefit eligible property. Income Tax Capture, Withholding Tax Capture, and Sales and Use Tax Capture are all limited to up to 20 years. The TBP may also authorize the exemption of construction period sales and use tax.

The Michigan Strategic Fund (MSF) is the project-authorizing entity and can approve no more than five TBPs in a calendar year statewide. In the event the MSF approves fewer than five plans in a calendar year, the unused approval authority shall carry forward into future calendar years and remain available until December 31, 2027. No new TBPs can be approved after December 31, 2027, and no unused plans can carry over past that date. A TBP approved prior to that date would remain in effect and could be amended.

An equitable geographic distribution of plans is required, balancing the needs of municipalities of different sizes and geographic areas. Per the statute, not less than 33% and not more than 38% of the total transformational brownfield plans approved before December 31, 2027, will be located in cities, villages, and townships with a population of less than 100,000. Furthermore, not less than 33% and not more than 38% of the total transformational brownfield plans approved before December 31, 2027, will be located in cities, villages, and townships with populations of not less than 100,000 and not more than 225,000. In order to maintain a reasonable balance of number of plans approved in communities within the three population bands (less than 100,000, between 100,000 and 225,000, and over 225,000), the MEDC will not extend any invitations to apply to projects located in a population band where there is a difference of greater than two plans approved or in active application review above the number of plans approved or in active application review in either of the other population bands. Furthermore, in order to ensure a balance on December 31, 2027, the MEDC will not extend any invitation to apply after January 31, 2027 to a project located in a population band where there is a difference of greater than one plan approved or in active application review above the number of plans approved or in active application review in either of the other population bands.

AMENDMENTS

A TBP may be amended to add parcels of property, increase or reduce capture, or change project scope of work. Any amendment that proposes to change the project so that it would no longer qualify as transformational, will result in the TBP being revoked. Amendments are not considered new plans and plans may be amended beyond December 31, 2027.

If specific aspects of the Transformational Brownfield Plan within Act 381 are legislatively amended in the future, the MSF may amend existing TBP plans to make conforming and consistent changes to the approved TBPs on an administrative basis, provided that those changes do not result in any increase in the aggregate total amount of reimbursement authorized under the initial TBP.

FEES

The MSF will charge and collect application fees, amendment fees, transfer fees and annual administrative fees[1]. Annual administrative fees are estimated to be between 0.8 and 0.9 percent of the average annual projection of Income Tax Capture, Withholding Tax Capture and Sales Tax Capture Revenues at the time of MSF approval. If the safe harbor option is elected for Withholding and Income Tax Capture revenue streams for all applicable project sites, the annual average fee will be reduced to 90% of the initial fee calculation beginning the year following the first disbursement of Withholding and Income Tax Capture for all project sites included in the TBP. This fee will remain static until the disbursement of Income Tax Capture, Withholding Tax Capture and Sales and Use Tax Capture Revenues have concluded. For TBP requested awards greater than or equal to $10 million in combined Income Tax Capture, Withholding Tax Capture Revenue, and Sales and Use Tax Capture Revenue in any single year, a non-refundable application fee of $30,000 plus the actual cost of any necessary MSF-contracted, third-party analysis (estimated amount to be between $100,000 and $150,000) will be charged and collected by the MSF[2]. In addition, an independent third-party, MSF-contracted analysis of sales and use tax capture revenue estimates will be required for any proposed TBP that requests approval of sales and use tax capture. All costs of the independent, MSF-contracted third-party underwriting analysis and third-party sales and use tax capture analysis shall be paid by the owner or developer of the eligible property and are non-refundable. In the event that an amendment is required for TBP awards greater than or equal to $10 million in combined Income Tax Capture, Withholding Tax Capture Revenue; and Sales and Use Tax Capture in any single year, or that was awarded sales and use tax capture regardless of amount, a non-refundable amendment fee of $30,000 plus actual cost of any necessary MSF-contracted, third-party analysis will be charged and collected by the MSF. In the event that the MSF-contracted, third-party analysis costs exceed the application or amendment fee, the costs shall be paid by the owner or developer of the eligible property. For TBP requested awards or amendments to award for projects with less than $10 million in combined Income Tax Capture and Withholding Tax Capture Revenue in any single year, a non-refundable application fee of $30,000 will be charged and collected by the MSF. For any transfer of a TBP award the MSF will charge and collect a $7,000 transfer fee. The MSF reserves the right to require an independent third-party underwriting analysis, at the applicant's

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[1] PA 46 of 2017 Sec. 8a. (3)(a),(i),(ii),(iv) (p. 7)

[2] MSF Act 270 of 1984, 125.2007 Powers and duties of fund, Sec. 7. (j)

cost, for any project requesting a TBP award and that it deems necessary due to project complexity or capacity. If a project does not statutorily, or by policy, require third-party underwriting, an applicant may also opt to select the MSF-contracted third-party underwriting at their own cost.

ELIGIBLE APPLICANTS

A project may be located in any community but must involve a minimum level of capital investment based on the size of the community, as follows:

Population	Investment
Greater than or equal to 600,000	$500,000,000
150,000 - 599,999	$100,000,000
100,000 - 149,999	$75,000,000
50,000 - 99,999	$50,000,000
25,000 - 49,999	$25,000,000
Less than 25,000	$15,000,000

These limitations can be waived by the MSF to allow TBPs in certain areas where:

- the population is under 25,000, if the development would not be economically feasible otherwise;
- the Michigan State Housing Development Authority has approved the expenditure of federal blight elimination funds;
- the municipality is subject to a state of emergency for drinking water contamination; or
- the eligible property is a historic resource and would not otherwise be transformed.

The community's population for the purposes of meeting the capital investment threshold will be based on the most recent federal decennial census.

ELIGIBLE ACTIVITIES

TBP eligible activities include any demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property, including infrastructure improvements that directly benefit eligible property, along with eligible activities currently allowed under Act 381.

ELIGIBLE PROPERTY

Documentation that the project is located on an eligible property is required at the time the application is submitted. Eligible property is defined in Section 2 of Act 381.

PROGRAM KEY COMPONENTS

1. The project must be a mixed-use development, defined as a real estate project with planned integration of some combination of retail, office, residential, or hotel uses. A project may also be a development that utilizes one of the named mixed-use components if the development is located in a municipality that is not a county and has a population of less than 25,000 and has had the mixed-use requirement waived by the MSF. The project can be a single development on eligible property, or consist of a series of developments on eligible properties (even if they are not contiguous) that are part of a related program of investment meeting the following requirements:
   - The developments are proposed to be undertaken concurrently or in reasonable

succession.

- For developments under affiliated ownership, the developments are reasonably contiguous and are a part of a program investment in a logically defined geographic area, including, but not limited to, a Downtown District (as defined in the Downtown Development Authority Act) or a principal shopping district or business improvement district (as defined in the Shopping Areas Redevelopment Act). Other areas related to those districts that will promote infill development may also be considered.
- For developments with unrelated ownership, projects must meet the provisions above, and are part of a master development plan, area plan, sub-area plan, or similar development plan that has been approved or adopted by resolution of the governing body.
- The designation of the developments as a related program of investment is consistent with the purposes of this act and is not a combination of unrelated or minimally related projects calculated to meet the minimum investment threshold.

2. The TBP allows for construction period sales and use tax exemption and and five kinds of revenue from construction period income tax capture, income tax capture, withholding tax capture, sales and use tax capture and traditional property tax capture as follows:

- Construction Period Income Tax Capture Revenues: Funds equal to the amount of income tax levied and imposed in a calendar year on wages paid to individuals physically present and working within the eligible property for the construction, renovation, or other improvement of eligible property that is an eligible activity within the TBP. Excluded are wages paid to employees of the owner or developer of the project.

- Construction Period Sales Tax and Use Tax Exemptions:
  a. A sales tax exemption for the purchase of tangible personal property for use in eligible brownfield redevelopment activities on eligible property included in a TBP, to the extent that the tangible personal property will be affixed and made a structural part of the real property or infrastructure improvements included within the TBP.

  b. A use tax exemption on tangible personal property acquired by a person engaged in the business of altering, repairing, or improving real estate for others, or to the manufacture of a specific product if the property or product is to be affixed or made a structural part of the real property included within a TBP, to the extent that those improvements are eligible activities on eligible property within a TBP.

  The MSF shall require the owner or developer of the eligible property to report the actual value of the sales and use tax exemptions each tax year of the construction period and at the end of the construction period.

- Income Tax Capture Revenues: Funds equal to the amount for each tax year by which the aggregate income tax from individuals domiciled within the eligible property subject to a TBP exceeds the initial income tax value (the value in the tax year when the resolution adding TBP property is adopted). A TBP cannot propose to use more than 50% of the income tax capture revenues, with the following exceptions:
  - The proposed eligible property is designated as a Renaissance Zone and otherwise meets the criteria in Section 13c(13).
  - The applicable eligible properties are subject to a written binding affordable housing agreement with the local governmental unit. This exception may include a proposal of up to 100% of income tax capture revenues, subject to an underwriting and financial

analysis.

- Withholding Tax Capture Revenues: The amount for each calendar year by which the income tax withheld from individuals employed within the eligible property subject to a TBP exceeds the initial withholding tax value. Excludes those domiciled within the eligible TBP property and construction period tax capture revenues. A TBP cannot propose to use more than 50% of the withholding tax capture revenues.

- Sales and Use Tax Capture Revenues: Funds equal to the amount for each calendar year by which the sales tax and use tax collected from persons within the eligible property exceeds the initial sales and use tax value.

These tax increment revenues can be used in financing a wide array of eligible activities, specifically including as new activities, any demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property, including infrastructure improvements that directly benefit eligible property. Capture of post-construction income tax, withholding tax, and sales and use tax revenue is limited to up to 20 years.

The owner or developer may elect to utilize a safe harbor method for the calculation of Income Tax and Withholding Tax Capture revenues rather than a traditional calculation. The detailed parameters of the safe harbor option can be found in the Program Limits section of these guidelines.

3. A TBP that proposes to use more than $10 million in any one year in withholding tax capture revenues, income tax capture revenues, and sales and use tax capture revenues, or any TBP proposal that requests sales and use tax capture require the developer or owner to pay for an independent third-party underwriting analysis as outlined later in this document.

4. If the MSF supports a TBP, that project(s) may also be considered for additional funding programs as necessary to fill financing gaps and make the project feasible. Additional MSF incentive requests must consist of no more than one incentive request per incentive program per TBP request.

5. Additional incentive support must be presented at the same MSF Board meeting that the TBP request will be considered.

6. Project construction for TBPs undertaken on a single site must start within 12 months of MSF Board approval. For projects that are considered a related series of investment, construction on at least one of the sites must start within 12 months of MSF Board approval.

7. The owner or developer must certify the actual capital investment upon completion of TBP construction, or completion of a specific phase, or prior to the MSF initiating reimbursement from the construction period income tax capture, income tax capture, withholding tax capture, and sales and use tax capture. If the actual capital investment is less than the amount included in the plan, the MSF has the right to modify the amount of reimbursement and take other recourse.

8. The MSF is required to approve a proposed change in ownership of eligible property subject to a transformational brownfield plan for which reimbursement will continue, prior to the assignment or transfer of the development and reimbursement agreement.

9. An eligible property may only be included in a TBP request if eligible activities are required to complete the proposed project on the proposed eligible property and the underwriting analysis concludes there is a financial need. Furthermore, a parcel with a completed and operational building shall not be included in a TBP request.

10. An applicant may not formally request a TBP approval by the MSF until the financial analysis of the TBP is complete.

11. Solely with respect to a related program of investment, subject to the approval of the governing body and MSF, the authority may amend the beginning date of capture for withholding tax capture revenues, income tax capture revenues, and sales and use tax capture revenues for an eligible property to a date later than 5 years following the date the MSF approved the inclusion of the eligible property in the TBP. The governing body and MSF must determine that the developer has proceeded in good faith and made reasonable and substantial progress in the implementation of the project. An amendment to request a new beginning date of capture may not be submitted prior to three years following MSF approval of the TBP or later than 7 years following MSF approval of the TBP.

PROGRAM LIMITS

The MSF may authorize TBP incentives for large development projects totaling income tax capture, withholding tax capture, sales and use tax capture, construction period income tax capture, and sales and use tax exemptions of up to $1.8 billion across all TBPs for the duration of the program.

1. Income Tax, Withholding Tax, and Sales and Use Tax:
   - Commitments and disbursements of post-construction income, withholding, and sales and use tax capture revenue are limited to $1.6 billion over the life of the program.
     - Commitments and disbursements of post-construction income, withholding tax capture, and sales and use tax capture revenue are limited to $80 million annually across all TBPs.
     - If the $80 million threshold is not reached in a given year, a maximum of $30 million will be carried forward into subsequent years for commitment or disbursement.
   - A TBP cannot use, or propose to use, more than 50% of the income tax capture revenues to reimburse eligible activities, with the following exceptions:
     - The proposed eligible property is designated as a Renaissance Zone and otherwise meets the criteria in Section 13c(13).
     - The applicable eligible properties are subject to a written binding affordable housing agreement with the local governmental unit. This exception may include proposal of up to 100% of income tax capture revenues, subject to an underwriting and financial analysis.
   - A TBP cannot use, or propose to use, more than 50% of the post-construction withholding tax capture revenues to reimburse eligible activities.
   - A TBP cannot award more than 25% of the annual allocation to any one project per year, not including amendments. With amendments, no more than a total 50% of annual allocation.
   - The available tax increment reimbursement from any source for a TBP will be limited to an amount that is needed to make the project economically viable based on estimates at

time of TBP application.

- In lieu of traditional calculations of Income Tax Capture, the owner or developer may elect to utilize a safe harbor method of calculating Income Tax Capture Revenues.
  - The MSF shall establish the safe harbor amount by imputing no more than 90 percent of the estimated annual taxable income for households residing within the eligible property or portion of the eligible property.
  - The safe harbor shall be effective only to the extent that the residential units within the eligible property or portion of the eligible property are actively leased or, in the case of units made available for sale, sold in arms-length transaction. The owner or developer will be required to submit copies of all leases and certification of the percentage of space in the project or specific phase of project that is leased or sold with each request for reimbursement.
  - The MSF may adjust the safe harbor amount after approval to reflect changes in the TBP, provided that any changes to the TBP do not result in an aggregate increase in the level of Income Tax Capture Revenues from the initial approval amount.
  - The owner or developer may elect to utilize the safe harbor method any time prior to the first reimbursement of Income Tax Capture Revenues, provided that an election, once made, cannot be rescinded.
- In lieu of traditional calculations of post-construction Withholding Tax Capture Revenues, the owner or developer may elect to utilize a safe harbor method of calculating Withholding Tax Capture Revenues.
  - The MSF shall establish the safe harbor amount by imputing no more than 90 percent of the average estimated employee occupancy that corresponds to the size and use of the eligible property or portion of the eligible property and a safe harbor of no more than 90 percent of the estimated average annual taxable wage for the individuals employed within the eligible property or portion of the eligible property.
  - The safe harbor shall be effective only to the extent the eligible property or portion of the eligible property is actively occupied, as evidenced by the existence of a binding lease agreement or similar instrument. The owner or developer will be required to submit copies of all leases and certification of the percentage eligible property occupied with each request for reimbursement.
  - The MSF may adjust the safe harbor amount after approval to reflect changes in the TBP, provided that any changes to the TBP do not result in an aggregate increase in the level of Withholding Tax Capture Revenues from the initial approval amount.
  - The owner or developer may elect to utilize the safe harbor method any time prior to the first reimbursement of Withholding Tax Capture Revenues, provided that an election, once made, cannot be rescinded.
- No income or withholding tax capture will occur after the permitted costs under the TBP are met or after 20 years from the start of capture.

2. <u>Construction Period Tax Capture Revenue and Sales and Use Tax Exemptions:</u>
   - A total of up to $200 million can be captured from construction period tax capture revenue in the TBP A TBP can capture 100% of the construction period tax capture for transmittal to the brownfield authority or developer.
   - Disbursements of construction period tax capture revenue and the value of the sales and use tax exemptions do not have an additional annual reimbursement cap.
   - The available tax increment reimbursement from any source for a TBP is limited to an amount that is needed to make the project economically viable based on estimates at time of TBP application.
   - No tax capture will occur after the permitted costs under the TBP are met or after

construction is complete and certified.

3. Sales and Use Tax Capture Revenue:
   For persons with multiple business location, the applicable amount of sales tax and use tax is only the sales tax and use tax collections attributable to the business location within the eligible property. To calculate sales and use tax capture revenues for a calendar year under a TBP, the state treasurer or the MSF shall do all of the following
   a. The state treasurer shall develop methods and processes that are necessary for each applicable person within the eligible property to report the amount of sales and use tax from that location.
   b. The MSF shall include all the following provisions in the redevelopment or reimbursement agreement for any TBP that utilizes sales and use tax capture revenues:
      i. The owner or developer of the property shall require each applicable person occupying the eligible property to comply with the reporting requirements through a contract requirement, lease requirement, or other similar means.
      ii. Reimbursement of sales and use tax capture revenues is limited to amounts that are reported in accordance with this section, and this state has no obligation with respect to sales and use tax captures that are not reported or paid.

UNDERWRITING CRITERIA

TBPs will be awarded based on financial need for the incentive and the award amount will be determined based on a demonstrated gap in financing.

TBPs proposing to use more than $10 million in any one year in withholding tax capture, income tax capture revenues, and sales and use tax capture, as well as any TBP proposal requesting approval of sales and use tax capture, require an independent underwriting analysis conducted by a third-party entity, paid for by the developer via the application fees or amendment fees. MSF will determine the third-parties eligible to conduct such an analysis. Developer must provide all necessary information (details of which will be relayed to the developer at the time of the project) to the appropriate MEDC contact before the analysis is conducted. TBPs proposing to use less than $10 million in annual withholding and income tax capture may undergo analysis through the MEDC, in participation with the State Treasurer. The MSF reserves the right to require an independent third-party underwriting analysis for any project requesting a TBP award and that it deems necessary due to project complexity or capacity.

If a TBP proposes to use more than $10 million in any one year in withholding tax capture, income tax capture, and sales and use tax capture, then the State Treasurer must be consulted before a recommendation is made to MSF for project approval.

1. Evaluation of specific underwriting criteria, including at minimum the following:
   - Assessment of how much traditional debt the project should be able to support/attract
   - Developer and consultant fees limited to 4% of the total development cost of the project
   - Reasonableness assessment of any related-party costs and expenses
   - Minimum Owner Equity Investment: 20% of Total Development Costs (net of developer and consulting fees). Deferred fees will not be counted in the calculation
   - Minimum Debt Service Coverage Ratio: 1.20:1.00, calculated based on all scheduled debt service requirements following stabilization and conversion to permanent financing
   - Returns in relation to the land use mix, location, size and complexity of the project and the risk involved. Unleveraged IRR and yield on cost will be evaluated if financing is

preliminary. If financing term sheets are provided, leveraged IRR and cash on cash return will be evaluated. Average annual return metrics will be for the first three years following project stabilization.

2. Reasonableness assessment of the proposed rental structure and assumptions

3. Reasonableness assessment of the proposed operating expenses

4. Reasonableness assessment of the proposed development costs

5. Process conducted to analyze and determine the project's economic viability

6. A full financial and underwriting review will be completed on any future amendments and requests for project support.

PROJECT EVALUATION, PROCESS AND MSF SUPPORT

The process below is a high-level overview of the Transformational Brownfield Plan (TBP) consideration process from project identification through execution of a final agreement. TBP projects require the approval of the Brownfield Redevelopment Authority (BRA), the local unit of government, and the Michigan Strategic Fund (MSF). If department-specific activities are included in the project, approval of the Michigan Department of Environment, Great Lakes and Energy (EGLE) is also required.

1. Local partners, developers, or the BRA engage early with the Michigan Economic Development Corporation (MEDC) for initial project evaluation and determination of appropriate incentive match. The MEDC will collect intake evaluation documentation including, but not limited to, project investment summary, local letter of support, intake questionnaire and a projected tax increment revenue table.

2. Project will undergo an internal review. Upon initial determination of appropriate TBP fit, the MEDC will issue a letter of interest and invitation to submit information necessary to complete the full underwriting and financial review.

3. Development team and BRA prepare a TBP Combined Transformational Brownfield Plan and financial review package, including the financial review fee and TBP questionnaire, and submit to MEDC staff for review.

4. MEDC will conducts a background check in accordance with MSF Background Review Policy and evaluates the full TBP package including conducting an underwriting and financial analysis. Projects anticipating more than $10 million of income tax, withholding tax, and Sales and Use Tax capture in any single year are required to undergo an MSF-contracted 3rd party underwriting analysis. In addition, any TBP proposal requesting approval of sales and use tax capture is required to undergo an MSF-contracted 3rd party analysis of the sales and use tax capture estimates. The applicant will pay the necessary 3rd party fees as part of the application fee.

5. Following the results of the underwriting and financial analysis, MEDC staff may issue an invitation to apply to the development team and local partners.

6. Development team will provide any additional materials and fees necessary to finalize the TBP analysis and MEDC staff recommendation.

7. After confirming the TBP package is administratively complete[3], MEDC staff will provide a Summary of Terms, or similar document, to the development team outlining the business terms for the proposed incentive which will be incorporated into the reimbursement agreement.

8. Following feedback from MEDC (and any applicable 3rd party analysis) the TBP documents will be updated and submitted for local BRA and governing body approval; then the TBP final package is submitted to MEDC for MSF consideration.

9. MEDC presents the TBP recommendation to the MSF Board with the local partner and development team. Concurrent with MSF action, a final reimbursement agreement will be drafted by the MEDC and executed between MSF, Treasury, the BRA and the development entity(ies).

10. The developer is required to report project information to the MEDC, Treasury and the associated BRA. The BRA is required to report information to the MEDC via online portal.

ADDITIONAL TERMS AND CONDITIONS

1. Owners or developers that receive a TBP incentive will be subject to the MSF Background Review Policy, as may be revised from time to time by the MSF. Additional due diligence may be required at the discretion of the MSF.

2. Owners or developers that receive a TBP incentive from the MSF will be required to execute a reimbursement agreement with the local BRA, MSF and the Department of Treasury, which will be performance-based and will set forth the terms and conditions of the TBP designation including, but not limited to, the term of the plan, the total amounts of tax capture the owner or developer may receive and periodic reporting requirements.

3. Owners or developers are expected to maintain detailed records demonstrating that the award recipient incurred and paid the required investment at the project location. Failure to maintain adequate records may result in adverse action by the MSF, up to and including termination of the reimbursement agreement. In addition, the MSF, MEDC, Auditor General, and the Department of Technology, Management, and Budget shall have access to all records related to the project and reserve the right to conduct on-site reviews and inspections to confirm compliance with the terms and conditions of the agreement.

[3] Administratively complete means the TBP and all required supporting documentation is determined to be complete by MEDC staff, the underwriting analysis is complete, and the financial need has been confirmed.

MICHIGAN STRATEGIC FUND

MEMORANDUM

Date: July 25, 2023

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

From: Quentin Messer, Jr., Chief Executive Officer

Subject: Monthly MSF Delegated Authority and Activities Report

We are pleased to present our monthly report to the MSF Board,featuring a review of our delegated authority activity over the previous month. The following pages provide a narrative centered around the types of projects supported through delegated approval from June 1, 2023, to June 30, 2023, as well as information about the impact that those projects have had on communities across the state.

We remain committed to maintaining transparency in our efforts to communicate with you all about our work to create equitable opportunities throughout the state. Over time, we will continue identifying ways to evolveand grow this report based on the feedback and requests we receive from Board members.

As always, we are committed to evaluating the ways in which we can continue to ensure we are transparent and accountable to Board members moving forward. Please let me or Val Hoag know if you have any questions or comments about this new reporting layout or with the contents of these reports.

Monthly Impacts

To continue providing transparent, intentional, and impactful reporting to the MSF Board members on delegated project approvals and activities, the following report details delegated approval updates from June 1, 2023, to June 30, 2023.

Throughout the Fiscal Year, MSF delegates – with authority granted by the MSF Board – approve various projects within MSF programs in accordance with each program's guidelines, as approved by the MSF Board. Under no circumstances will MSF delegates approve a project that does not meet the Board- approved guidelines for the program. Furthermore, each project approved through delegated authority must undergo the same rigorous vetting and verification process as do projects that come before the MSF Board for approval. By ensuring consistent safeguards are in place for both delegate-approved and Board-approved projects, we are ensuring fairness and uniformity in our process, as we work to enable long-term economic prosperity for the people of our state.

MONTHLY IMPACTS

We are pleased to share the June delegate-approved projects continue to represent our emphasis on supporting underserved populations in geographically disadvantaged areas. Throughout June 2023, 42% of the projects approved through delegated authority are in geographically disadvantaged areas. Additionally, all June approved projects through delegated authority have committed to creating just over 475 jobs and over $137 million in private investment.

MSF Report

Delegate Approvals

Under the authority delegated by the MSF Board, the MSF delegates approved the following projects during June 2023, which satisfy Board-approved guidelines for each program and have been vetted and approved through the same safeguards as those projects that come before the Board for consideration.

Michigan Business Development Program (MBDP)

The Michigan Business Development Program is available from the MSF, in cooperation with MEDC. The program is designed to provide grants, loans, or other economic assistanceto businesses for highly competitive projects in Michigan that create jobs and/or provide investment.

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Mersen USA Bn Corp.	6/7/2023	Bay City	$1,000,000	Mersen USA GS Corp. is a subsidiary of Mersen, a France-based global leader in electrical specialties and advanced materials for high-tech industries. Mersen's Michigan locations are in Bay City and Greenville, where the company employs a total of 304 team members. The Company plans to expand at its Bay City facility by acquiring more than five acres of land and constructing four new buildings that will house new manufacturing space. In addition, four buildings at this location will be rehabilitated and expanded and will include the addition of a technical center. The Greenville location will be adding space to its main production facility, and both locations will invest in new machinery and equipment. The project is expected to generate a total capital investment of $81.2 million and create 115 jobs, supported by a $1 million MBDP performance-based grant. Michigan was chosen for the project over a competing site in Tennessee.
HBR Consulting LLC	6/9/2023	Southfield	$534,000	HBR Consulting LLC, headquartered in Chicago, provides law firms and corporate law departments with guidance and technology solutions while also managing cost and mitigating risk. The company provides legal IT services, help desk outsourcing, managed infrastructure services, training, and security consulting to hundreds of law firms worldwide. The company is looking to establish its first Michigan operations in an existing facility in Southfield, where it will add computers and other IT equipment. The project is expected to generate a total capital investment of $712,000 and create 89 jobs with the support of a $534,000 Michigan Business Development Program performance-based grant. Michigan was chosen for the project over competing sites in Columbus, Ohio, Chicago, and Las Vegas for its deep talent pool.

Michigan Business Development Program (MBDP) Continued

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Hanon Systems USA, LLC	6/12/2023	Novi	$635,000	Hanon Systems USA, LLC is a subsidiary of Hanon Systems, a manufacturer of HVAC systems and Tier 1 supplier of components for the auto industry, including electric and hybrid vehicles. The company is headquartered in South Korea and employs more than 21,000 people across 21 countries. The company currently employs 364 Michigan residents at its North American headquarters in Novi. After winning new contracts, the company needs to expand its R&D lab space into a 45,000-square-foot building in Novi. The project is expected to result in a total capital investment of $7.2 million and create 82 high-wage jobs with the support of a $635,000 Michigan Business Development Program performance-based grant. The company chose Michigan for the project over a competing site in Ohio due to the proximity to its existing headquarters facility and to its OEM customers.
DESign Group USA	6/15/2023	New Hudson	$466,650	DESign USA Inc., headquartered in South Africa, is a large global automotive manufacturer. The company has grown significantly since it originated in 2017, completing projects for Ford, Isuzu Motors South Africa, BMW, and others. The company plans to establish its first U.S. manufacturing operations in New Hudson, where it will construct a 153,000 square-foot facility that will be used to design and build automotive automation equipment. It will also serve as the company's U.S. headquarters. The project is expected to generate a total capital investment of $19 million and create 45 jobs with the support of a $466,650 Michigan Business Development Program performance-based grant. Michigan was chosen for the project over a competing site in South Carolina because of the company's established relationships with Michigan-based suppliers and customers.
Howie's Hockey Tape	6/27/2023	Caledonia	$270,000	Howie's Hockey Incorporated was founded in 2002 in Grand Rapids and is a manufacturer and distributor of hockey tape and sports medicine supplies including adhesive wraps, ice bags, and more. The Company has outgrown its current location and needs additional office and warehouse space. The Company is building a 54,000 square foot facility in Gaines Township to house all Michigan operations. The Company currently employs 25 full-time employees. The project is expected to generate a total capital investment of $6 million and create up to 45 jobs with the support of a $270,000 Michigan Business Development Program performance-based grant. Michigan was chosen for the project over the company's existing site in Ontario, Canada, as well as competing sites in the Dakotas and Minnesota.

Brownfield Tax Increment Financing (TIF)

Through the Brownfield Redevelopment Financing Act, Brownfield TIF allows applicable taxing jurisdictions to receive property taxes on the property at the current level and capture the incremental increase in tax revenue resulting from a redevelopment project.

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Ore Dock Real Estate - Rosewood (RAP/TIF)	6/28/23	Marquette	$352,605	Ore Dock Real Estate, LLC was awarded a $3,905,000 Revitalization and Placemaking Program grant and the City of Detroit Brownfield Redevelopment Authority was awarded an Act 381 Work Plan with state capture valued at $352,605 to support the new construction and rehabilitation of a 29,025 square foot mixed use building containing four residential units and commercial space. The project is anticipated to generate a total capital investment of $7,816,456 and create up to six full time equivalent jobs.

Michigan Community Revitalization Program (MCRP)

The Michigan Community Revitalization Program is available from the MSF, in cooperation with MEDC. The program is designed to accelerate private investment in Michigan's communities through the redevelopment of functionally obsolete properties, reduction of blight, and the reuse of brownfield and historic properties.

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
644 Bridge Street, LLC	6/27/23	Grand Rapids	$146,571	The project will renovate an existing dilapidated building at 644 Bridge Street in downtown Grand Rapids into a reactivated hotel and event space. The development includes 1,800 sq. ft. of fully furnished commercial space on the main floor to cater to guests and their events, and the second floor will include six sleeping rooms and five full bathrooms (1,800 sq. ft). The project will result in approximately $1.2 million in total capital investment.

Capital Access

The Capital Access team partners with lenders to assist in helping small businesses obtain financing that would otherwise not be available.

State Small Business Credit Initiative (SSBCI) 2.0 – Collateral Support Program (CSP)

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Peak Metal Roofing Products, LLC	6/1/2023	Houghton	$124,800	Superior National Bank is working with Peak Metal Roofing Products to provide them with three loans to start up their business in Houghton Michigan. There will be two loans for equipment and one for working capital. Due to collateral shortfall on each of these notes, the bank is requesting assistance from the SSBCI 2.0 CSP.
Peak Metal Roofing Products, LLC	6/1/2023	Houghton	$23,200	Superior National Bank is working with Peak Metal Roofing Products to provide them with three loans to start up their business in Houghton Michigan. There will be two loans for equipment and one for working capital. Due to collateral shortfall on each of these notes, the bank is requesting assistance from the SSBCI 2.0 CSP.
Peak Metal Roofing Products, LLC	6/1/2023	Houghton	$64,371	Superior National Bank is working with Peak Metal Roofing Products to provide them with three loans to start up their business in Houghton Michigan. There will be two loans for equipment and one for working capital. Due to collateral shortfall on each of these notes, the bank is requesting assistance from the SSBCI 2.0 CSP.
Enco Systems, Inc.	6/12/2023	Novi	$349,300	5/3 Bank is working with Enco Systems to purchase the assets of another business. Due to a shortfall in collateral, 5/3 is requesting collateral support on their loan.
Acme Enterprises, Inc.	6/22/2023	Roseville	$245,000	Chelsea State Bank is working with Acme Enterprises to refinance debt held at another bank and provide them with working capital. Due to a collateral shortfall on the working capital line of credit, the bank is requesting support from the MBGF 2.0 CSP.
EWF Solutions LLC	6/27/2023	Dexter	$299,400	Huntington Bank has proposed financing of a working capital line of credit to EWF Solutions LLC to provide them with additional working capital. Due to a shortfall in collateral, the bank is requesting collateral support from the MSF through the SSBCI 2.0 CSP.

Capital Access Continued

State Small Business Credit Initiative (SSBCI) 2.0 – Loan Guaranty Program (LGP)

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
ProsperUs Detroit	6/26/2023	Detroit	$1,375,000	ProsperUs Detroit Micro Lending is interested in entering an SSBCI 2.0 LGP agreement for small business lending.

Michigan Supplier Diversification Fund (MSDF) – Loan Participation Program (LPP)

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Spencer Manufacturing, Inc.	6/28/2023	South Haven	$2,139,000	Union Bank is working with Spencer Manufacturing to finance a buildout of the company's current facility. Due to the bank's lending limit, they are seeking assistance from the MBGF 2.0 LPP.

Michigan State Trade Expansion Program (MI-STEP)

The MI-STEP program is designed to spur job creation by empowering Michigan small businesses that meet U.S. Small Business Administration guidelines and size standards to export their products.

Project Name	Approval Date	Location	Incentive Amount
ETO Magnetic Corp. - VTM Meeting Novi	6/1/2023	Grand Rapids	$5,625
B May Bags - Pitti Uomo Trade Show	6/1/2023	Petoskey	$6,731
Octava - 23 EASA Conv and Trade Show	6/1/2023	Warren	$9,948
Plasan North America - DDTC Annual Registration	6/1/2023	Walker	$2,063
Step Up Recruiting - Vehicle and Transportation Expo	6/1/2023	West Bloomfield	$2,175
Workhorse Irons - NIX Toronto Tattoo Show	6/1/2023	Grandville	$4,641
Banks Hardwoods, Inc. - European Customer Visits	6/2/2023	White Pigeon	$6,996
Control Dekk - American Hort Cultivate 23	6/2/2023	Jenison	$10,141
Synergeering Group, LLC. - Automate	6/2/2023	Farmington Hills	$7,125
Versant Medical Physics and Radiation Safety - FY23 MI-TEP SNMMI 23	6/2/2023	Kalamazoo	$9,124
FlexPost Inc. - ICSC Tradeshow 23	6/6/2023	Holland	$6,915
Becker Orthopedic Appliance Company - XVI Congress International Oritel Chile	6/8/2023	Troy	$6,084
General Formulations - 23 FESPA Global Print Expo Germany	6/8/2023	Sparta	$5,250
Great Lakes Label, LLC - Mexico Sales Trip	6/8/2023	Comstock Park	$2,478
Greening Associates, Inc. - Sales Trip to Japan	6/8/2023	Detroit	$5,258
Industrial Control Repair - IBT Web Dev Mexico, South Africa	6/8/2023	Warren	$15,000
BETA CAE Systems USA., Inc. - Reality International Germany	6/9/2023	Farmington Hills	$5,715
Celcius Corp dba GC Biowater - Sales Trip to India	6/9/2023	Southfield	$3,597
Dataspeed Inc. - ADAS and AVT Expo and Sales Trip Germany	6/9/2023	Rochester Hills	$8,903
Michigan Scientific Corporation - Automotive Testing 23 Germany	6/9/2023	Charlevoix	$15,000
OG Technologies - Canada, China, Japan, Korea, and Taiwan Sales Trip	6/9/2023	Ann Arbor	$11,843
OG Technologies - Europe Sales Trip	6/9/2023	Ann Arbor	$5,405
OG Technologies - Japan Sales Trip	6/9/2023	Ann Arbor	$4,007

Michigan State Trade Expansion Program (MI-STEP) Continued

Project Name	Approval Date	Location	Incentive Amount
Component Solutions - TechnoMueble 23 Mexico	6/12/2023	Menominee	$7,250
Deviate Detroit Fashion - Pitti Uomo Trade Show	6/12/2023	Detroit	$8,044
K. Walker Collective LLC - Pitti Uomo Italy	6/12/2023	Detroit	$7,215
MIC Customs Solutions - 23 ICPA Canada	6/12/2023	Southfield	$4,080
Garrison Dental Solutions - Thailand Dental Tradeshow	6/13/2023	Spring Lake	$5,225
Detroit Denim, LLC. - Pitti Uomo Italy	6/15/2023	Detroit	$6,593
United Precision Products Company - Paris Airshow France	6/15/2023	Dearborn Heights	$9,392
Danlaw, Inc. - Vehicle and Transportation Tech Innovation	6/23/2023	Novi	$3,015
Focus Business Solutions - Mexico Sales Trip	6/23/2023	Taylor	$4,547
Managed Programs, LLC - Vehicle and Transportation Expo	6/23/2023	Auburn Hills	$3,525
M Argueso & Company Inc. - English to German Translation	6/23/2023	Muskegon	$473
Edison Manufacturing and Engineering, Inc. - VTM Michigan	6/26/2023	St. Clair	$2,175
Electro-Matic Products, Inc. - Sales Trip to Mexico	6/26/2023	Oakland	$2,295
MHR, Inc. - Urethane Tech Magazine	6/26/2023	Allegan	$2,869
Amarra Products - USCS South Africa and Ghana	6/28/2023	Wayne	$7,725

Program Amendments

For a variety of reasons, projects may return to the MSF requesting an amendment to their previous approvals, at which point the Economic Development Incentives teams evaluate whether those projects would qualify for those amendments. These amendments include, but are not limited to, changes of scope for projects; adjusted milestones; extended or contractedtimelines; redefined project sites; and modified award amounts. See below for a list of program amendments that received delegated approval in June 2023.

Michigan Business Development Program (MBDP)

Project Name	MSF Delegate Amended Date	Project Location	Type of Request
Tesa tape - Expansion - FY2021	6/13/2023	Sparta	Amended to combine M1 and M2 with a due date of 9/30/2023 and pull the grant term date forward from 9/30/2027 to 3/31/2024.
MMI Engineered Solutions, Inc.- Expansion - FY2019	6/13/2023	Warren	Restructure Milestones 2 - 4 with no change to overall grant award or total QNJs created. Extend due dates as follows: M2 12/31/2021 to 6/01/2023; M3 from 12/31/2022 to 6/01/2024, M4 from 12/31/2023 to 6/1/2025 and grant term from 6/30/2024 to 12/01/2025.

Financial Data Overview and Terminations

Michigan Business Development Program - Terminations

Project Name	Project Location	Incentive Type	Amount	Date	Reason for Termination	Repayment
KLO Acquistion, LLC	Muskegon	Expansion	$250,000	6/27/2023	MBDP balance write-off	MBDP Receivable balance deemed uncollectable.
XG Sciences, Inc.-Expansion	Mason	Expansion	$39,000	6/27/2023	MBDP balance write-off	MBDP Receivable balance deemed uncollectable.
NAVYA	Saline	New Development	$13,050	6/27/2023	MBDP balance write-off	MBDP Receivable balance deemed uncollectable.
Spiech Farms	Paw Paw	Expansion	$160,000	6/27/2023	MBDP balance write-off	MBDP Receivable balance deemed uncollectable.
ArcticAx US Ltd.	Grand Rapids	New Development	$3,026.57	6/27/2023	MBDP balance write-off	MBDP Receivable balance deemed uncollectable.