



# MICHIGAN STRATEGIC FUND

## BOARD MEETING AGENDA

June 28, 2022

10:00AM

### I. CALL TO ORDER & ROLL CALL

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

### III. COMMUNICATIONS

### IV. CONSENT AGENDA

- a. Proposed Meeting Minutes: June 2, 2022 ..... 3
- b. 234 West Cedar: MCRP Amendment and Delegation of Authority ..... 7
- c. MCRP Program Guidelines: Delegation of Authority for Application..... 11
- d. GT Housing: MCRP Amendment ..... 17
- e. Request Foods: MBDP Grant Reauthorization ..... 25
- f. SHPO: Delegation of Authority Amendment ..... 30

### V. COMMUNITY VITALITY

- a. 50 Capital Ave Development Corporation: A resolution to approve an MCRP performance-based Other Economic Assistance Loan Participation Award in an amount up to \$7,500,000 and an approval of funds to be transferred to the MCRP Program for this purpose of this project. .... 38  
*Location: City of Battle Creek*
- b. Bagley + 16<sup>th</sup>, LLC: A resolution to approve an MCRP performance-based Direct Loan in the amount of \$3,763,130, a Brownfield Act 381 Work Plan including state tax capture in the amount of \$1,363,644, and a transfer of funds from the Investment Fund to MCRP for the purpose of this project. .... 53  
*Location: City of Detroit*
- c. CHN Annex Limited Partnership and Community Housing Network, Inc.: A resolution to approve an MCRP performance-based Grant in the amount of up to \$1,363,000. .... 75  
*Location: City of Sault Ste. Marie*
- d. Diamond Place, LLC: A resolution to approve an amendment to the existing MCRP Other Economic Assistance Loan Participation Agreement and any related ancillary agreements by reducing the interest rate on the MSF Share from two percent to one percent and a half percent reduction on Capital Impact Partners’ Share. .... 86  
*Location: City of Grand Rapids*

### VI. CAPITAL ACCESS

- a. Superior Foods Company: A resolution to increase collateral support from the MSF in the from \$2.5 million to \$3.75 million under the SSBCI Michigan Business Growth Fund – Collateral Support Program..... 92  
*Location: City of Grand Rapids*

**VII. BUSINESS INVESTMENT**

- a. Global Life Sciences Solutions: A resolution to authorize an MBDP Performance-Based Grant in the amount of \$1,500,000, a JRMP Performance-Based Grant in the amount of \$1,500,000, a 100% SESA Exemption for up to five years valued at up to \$2,707,884, and a waiver of the Eligible Distressed Area Requirement. .... 104  
*Location: Muskegon Charter Township*

**VIII. INFORMATIONAL**

- a. Delegation of Authority Report..... 121

**MICHIGAN STRATEGIC FUND**  
**APPROVED SPECIAL SESSION MINUTES**  
**June 2, 2022**

**Members joined remotely**

Britany L. Affolter-Caine  
Ronald W. Beebe  
Rachael Eubanks  
John Groen (on behalf of Director Corbin)  
Paul Gentilozzi  
Michael B. Kapp (on behalf of Director Ajegba)  
Quentin L. Messer, Jr.  
Charles P. Rothstein  
Susan Tellier  
Cindy Warner

**I. CALL TO ORDER & ROLL CALL**

Mr. Messer called the special meeting to order at 8:30 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.

Mr. Messer then introduced and welcomed Dimitrius Hutcherson, Executive Vice President, Chief Technology Officer, and Chief Administrative Officer of First Independence Bank, who will officially assume his role as a newly-appointed MSF Board member later this month.

**II. PUBLIC COMMENTS**

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

**III. COMMUNICATIONS**

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

**MSF Subcommittee Reports**

Ronald W. Beebe, chair of the MSF Finance and Investment Subcommittee, said the subcommittee has not met since last month and had nothing new to report. Cindy Warner, chair of the MSF Policy and Planning Subcommittee, said the subcommittee recently held an informative meeting on programs for educational purposes, but had no updates to report.

**IV. CONSENT AGENDA**

**Approval of Consent Agenda Item**

Mr. Messer asked if there were any questions from Board members regarding the item under the Consent Agenda. There being none, Michael B. Kapp motioned for the approval of the following:

- a. Proposed Meeting Minutes: May 24, 2022

Cindy Warner seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

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

**V. BUSINESS INVESTMENT**

**a. Resolutions 2022-085 & 2022-086 Ford Motor Company: Critical Industry Program Grant and State Essential Services Assessment Exemption**

*Josh Hundt, Chief Projects Officer, provided the Board with information regarding these action items. The actions involve approval of a \$100,800,000 Critical Industry Program performance-based grant, 100% State Essential Services Assessment (SESA) exemption for a period of 15 years valued at up to \$34,401,120, and a request to waive the Eligible Distressed Area and minimum qualified investment criteria outlined in the SESA Program Guidelines to support a business expansion project that involves ten Ford Motor Company facilities across Michigan. The project is expected to result in total capital investment of up to \$2,014,000,000 and the creation of up to 3,260 jobs.* Following discussion, Susan Tellier motioned to approve Resolution 2022-085. Quentin L. Messer, Jr. seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

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

Michael B. Kapp then motioned for the approval of Resolution 2022-086. Cindy Warner seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

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

Mr. Messer adjourned the meeting at 8:49 a.m.



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY  
LANSING

SUSAN CORBIN  
ACTING DIRECTOR

June 15, 2021

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

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

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

Sincerely,

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

Susan R. Corbin  
Acting Director



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

PAUL AJEGBA  
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File



## MEMORANDUM

**Date:** June 28, 2022

**To:** Michigan Strategic Fund Board

**From:** Debbie Stehlik, Commercial Real Estate Investment Manager

**Subject:** Request for Approval of a Michigan Community Revitalization Program  
Other Economic Assistance – Loan Participation Agreement Amendment #1  
234 West Cedar, LLC and Park@Cedar, LLC – 400 Rose Phase II

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### **Request**

234 West Cedar, LLC and Park@Cedar, LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program Other Economic Assistance Loan Participation Agreement (“Agreement”) and any related ancillary agreements. The amendment application dated March 21, 2022, includes a request to allow Related Party Builder Overhead and Profit as an eligible cost for eligible investment purposes. All other terms of the current Agreement will remain the same.

### **Background**

The Michigan Strategic Fund Board approved a \$4,850,000 Other Economic Assistance Loan Participation Award on March 23, 2021, to the Company for the purpose of supporting a community development project located in the City of Kalamazoo. The project consists of a new four-story mixed-use building that will include 101 apartments, a small commercial space, 115 underground parking spaces and 12 at-grade spaces over a 1.35-acre site. The general contractor for the project is AVB Construction which shares a common principal with Park@Cedar, LLC.

At the time the 400 Rose – Phase II agreement was signed, the MCRP guidelines in effect did not permit related party builder overhead and profit (the “Builder Profit”) as an eligible cost. On January 25, 2022, the MSF amended the MCRP guidelines (the “2022 Guidelines”) to allow Builder Profit as an eligible cost. The first phase of the project was approved by the MSF Board on June 26, 2018 and the MCRP Guidelines in place at that time allowed Builder Profit as an eligible cost.

The project is approximately 47% complete with expected substantial completion by February 2023. The company is in compliance and current with reporting requirements.

### **Recommendation**

The MEDC staff recommends approval of an amendment to the MCRP Other Economic Assistance Loan Participation Agreement with 234 West Cedar, LLC and Park@Cedar, LLC, and any related ancillary agreements, to allow for the inclusion of Related Party Builder Overhead and Profit as an eligible cost, in accordance with the 2022 Guidelines.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2022-088**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION PROGRAM OTHER ECONOMIC ASSISTANCE LOAN PARTICIPATION AWARD FOR 234 WEST CEDAR, LLC AND PARK@CEDAR, LLC**

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

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

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

**WHEREAS**, pursuant to SFCR 125.2090-1 (the “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;

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

**WHEREAS**, by Resolution 2021-054 on March 23, 2021, the MSF Board awarded a MCRP Other Economic Assistance Loan Participation award to 234 West Cedar, LLC and Park@Cedar, LLC (the “Company”), in furtherance of the project of up to \$4,850,000 (“Award”);

**WHEREAS**, the Company is requesting and MEDC is recommending that the MSF amend the Award to allow for the inclusion of Related Party Builder Overhead and Profit as an eligible cost, with all other requirements remaining in place for the Award (“MCRP Amendment Recommendation”).

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

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
June 28, 2022





STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

PAUL AJEGBA  
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

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

PURE *M*ICHIGAN®



## MEMORANDUM

**Date:** June 28, 2022

**To:** Michigan Strategic Fund Board

**From:** Lori Mullins, Managing Director, Community Development Incentives

**Subject:** Request for Delegation of Authority for amendments to award agreements impacted by the January 25, 2022 changes to the MCRP Guidelines

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### Request

The Michigan Economic Development Corporation (MEDC) staff requests approval for delegation of authority to the MSF President or the MSF Fund Manager to approve amendments to Michigan Community Revitalization Program (the “MCRP”) awards made between October 27, 2020 and January 25, 2022 in order to allow recipients to take advantage of changes to the Michigan Community Revitalization Program Guidelines approved on January 25, 2022 (the “2022 MCRP Guidelines”). Terms impacted include: (a) remove provisions requiring that developer fees or other non-related third-party fees be deferred, (b) allow hard costs (as defined in the 2022 MCRP Guidelines) incurred more than one year prior to the MSF approval date to count towards the eligible investment, and (c) allow related party builder overhead and profit to be considered as a hard cost (as defined in the 2022 MCRP Guidelines).

### Background

The MCRP was created to promote community revitalization that will accelerate private investment in areas of historical disinvestment, contribute to Michigan’s reinvention as a vital, job-generating state, foster redevelopment of functionally obsolete properties, reduce blight, support the rehabilitation of historic resources, and attract talent through innovative placemaking.

The 2022 MCRP Guidelines are a set of policies that reflect the goals and priorities of the MCRP. More specifically, the 2022 MCRP Guidelines contain an overview of the MCRP, highlight eligibility requirements, identify award limitations, and assist prospective applicants in understanding how the MEDC evaluates proposed projects on behalf of the MSF.

Under the Michigan Strategic Fund Act, MCL 125.2001 et. seq. (the “Act”), Chapter 8C, Section 90b (1) requires the MSF Board to approve any program guidelines implementing the MCRP. The initial MCRP Guidelines were approved by the MSF Board at its meeting on December 21, 2011 (Resolution 2011-185) and have been amended/restated ten times based on recommendations from staff, most recently in January of 2022 (Resolution 2022-017). The Guidelines in place prior to January 2022 were approved in October of 2020 (Resolution 2020-136). The changes approved to the 2022 MCRP Guidelines were recommended to address issues that had arisen from the October 2020 changes to guidelines. These changes are summarized below and encompass the following:

- a. Project Considerations – Economic and Financial Considerations to remove previously required developer and other non third-party fees be deferred as a general rule but retained as an underwriting preference. Developer fees (and other non-third party fees) are not

statutorily required to be deferred and have historically been allowed for MCRP projects where developer fees were beneficial in maximizing federal tax credits to the project. Staff recommended removing this factor from the guidelines but retaining deferral of developer fees as an underwriting preference in order to continue to allow for appropriate flexibility in all transactions.

- b. Appendix C: Eligible Investment – amended to allow expenses incurred more than one year prior to count towards eligible investment. There have been numerous projects in the past and several presently being reviewed that have included eligible investment beyond what the original language would allow. It is common to encounter projects where investment such as architectural and engineering expenses have been incurred several years prior to application submission. These delays between incurring project costs and requesting financing assistance sometimes are related to national or global disruptions, such as the pandemic or economic recessions, but can also be related to personal and local disruptions or financing challenges. Before the new language was included in the guidelines in October of 2020, delays such as these would not have required an exception be approved by the MSF. Removing the language from the guidelines allows for appropriate flexibility in the start date of eligible investment and is responsive to the need to move investment forward regardless of prior delays.
- c. Appendix C: Eligible Investment – allowed for the inclusion of related party Builder overhead and profit as an eligible expense. What constitutes a “Related Party” was not defined and led to questions around what level of ownership interest would be considered related. In addition, any perceived risk associated with the usage of a related party contractor is mitigated by the set underwriting target on overhead and profit. When applied to all contractors, any perceived risk is managed through defined and measurable criteria.

There were 28 projects approved by the MSF Board between October 27, 2020 and January 25, 2022 that could potentially be impacted and it is possible that some of these project agreements will need to be amended due to these issues that the 2022 MCRP Guidelines were amended to address. To avoid bringing multiple amendments to the Board with requests to allow the agreements to comply with current 2022 MCRP Guidelines, we are recommending approval of delegation of authority for the Fund Manager or MSF President to approve amendments related to the changes outlined above, to MCRP award agreements approved between October 2020 and January 2022 so that the 2022 MCRP Guidelines apply.

### **Recommendation**

The Michigan Economic Development Corporation (MEDC) staff recommends approval for delegation of authority to the MSF President or the MSF Fund Manager to approve amendments to MCRP awards made between October 27, 2020 and January 25, 2022 in order to allow recipients to take advantage of changes to the 2022 MCRP Guidelines approved on January 25, 2022 as follows: (a) remove provisions requiring that developer fees or other non-related third-party fees be deferred, (b) allow hard costs (as defined in the 2022 MCRP Guidelines) incurred more than one year prior to the MSF approval date to count towards the eligible investment, and (c) allow related party builder overhead and profit to be considered as a hard cost (as defined in the 2022 MCRP Guidelines).

## MICHIGAN STRATEGIC FUND

### RESOLUTION 2022-089

#### STRATEGIC FUND DELEGATION OF AUTHORITY

**WHEREAS**, under MCL 125.2005(7) of the Michigan Strategic Fund Act, MCL 125.2001 et. seq., the Michigan Strategic Fund (“MSF”) Board may delegate to its president, vice-president, staff or others those functions and authority the MSF Board deems necessary or appropriate;

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

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

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

**WHEREAS**, the MEDC recommends that the MSF Board amend the SFCR to delegate authority to the MSF President, the MSF Fund Manager, and the State Treasurer, as set forth in this Resolution; and

**WHEREAS**, the MSF Board wishes to approve revisions to the SFCR in accordance with the terms and conditions of this Resolution.

**NOW, THEREFORE, BE IT HEREBY RESOLVED**, that the MSF Board delegates the following authority effective June 28, 2022:

**125.2090-2 Amendments to Michigan Community Revitalization Program Awards Made Between October 27, 2020 and January 25, 2022**

(1) The MSF President or the MSF Fund Manager may approve amendments to Michigan Community Revitalization Program awards and agreements made between October 27, 2020, and January 25, 2022, in order to align the terms and conditions of those awards with the Michigan Community Revitalization Program Guidelines approved on January 25, 2022 (the “2022 MCRP Guidelines) as follows:

(a) Remove provisions requiring that developer fees or other non-related third-party fees be deferred;

(b) Allow hard costs (as defined in the Michigan Community Revitalization Guidelines dated January 25, 2022) incurred more than one year prior to the MSF approval date to count towards the eligible investment ; and

(c) Allow related party builder overhead and profit to be considered as a hard cost (as defined in the 2022 MCRP Guidelines).

(2) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate amendments approved under this section.

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
June 28, 2022



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

PAUL AJEGBA  
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File



January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

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





## MEMORANDUM

**Date:** June 28, 2022

**To:** Michigan Strategic Fund Board

**From:** Julius L. Edwards, Director, Commercial Real Estate Investment

**Subject:** Request for Approval of a Michigan Community Revitalization Program Performance Based Direct Loan Approval Amendment #1  
GT Housing, LLC and Related Entities

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### Request

Staff is requesting approval of an amendment to the Michigan Community Revitalization Program (MCRP) Performance Based Direct Loan Approval. The requested amendment is to add clarification to the MSF's security interest under the loan. All other terms of the current approval will remain the same.

### Background

On May 24, 2022, the Michigan Strategic Fund approved a \$4,100,000 MCRP Performance Based Direct Loan to GT Housing, LLC and related entities ("Company") for the purpose of demolishing three existing buildings and constructing a new five-story 25,310 square feet mixed-use building with 11,862 square feet of residential space, 4,762 square feet of commercial space, and 8,686 square feet of common area, amenity space and rooftop patio space for apartment residents.

The current amendment request is to clarify the MSF's security interest for its loan. It is anticipated that the MSF's loan will be contributed to the project through the New Market Tax Credit (NMTC) structure. As part of that structure the MSF is not able to take a direct security in the property during the NMTC compliance period of approximately 84 months. Therefore, the MSF's security interest will be subject to the NMTC structure. All other terms of the original approval will remain the same. Please see Appendix A for details of the requested changes identified in strikethrough and ALL CAPS Bolded text.

The project is in the process of closing on its financing.

### Recommendation

The MEDC staff recommends approval of an amendment to the MCRP Performance Based Direct Loan Award to make the security for the loan subject to the NMTC structure.

## APPENDIX A

### MCRP Award Terms

<b>MCRP Award Amount:</b>	Lesser of 50% of “Eligible Investment” or \$4,100,000
<b>Borrower:</b>	GT Housing, LLC, or a Related Entity
<b>Total Capital Investment:</b>	Currently estimated at \$11,975,599
<b>MSF Eligible Investment:</b>	Currently estimated at \$8,545,922
<b>Minimum Eligible Investment:</b>	Currently estimated at \$8,200,000
<b>Deferred Developer Fees:</b>	The developer fees of \$330,000 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.
<b>Funding:</b>	The MSF will fund up to \$4,100,000 to be disbursed at closing of the financing and completion of other performance criteria.
<b>Contingencies/Reserves:</b>	Anticipated to be over \$1,367,000 in contingencies and reserves.
<b>Other Conditions:</b>	The MSF’s investment will be contingent upon the following: <ul style="list-style-type: none"><li>- A copy of an executed Guaranteed Maximum Price (GMP) construction contract between the Applicant and its contractor</li><li>- Copies of final construction documents</li><li>- Final development budget</li><li>- Final projections</li><li>- Minimum owner equity investment of \$3,300,000</li><li>- Other documents that may be required for review</li></ul>
<b>MCRP Loan #1:</b>	
MSF Loan Amount:	\$2,600,000
Interest Rate:	1.00% per annum
MSF Fee(s):	Equal to 1.00% of the loan amount, plus any out-of-pocket third-party costs incurred to close the transaction.
Term:	Anticipated to be 90 months
Amortization:	Anticipated to be 360 months

Repayment Terms: Monthly interest only for up to 36 months, followed by monthly principal and interest payments with principal due at maturity.

Collateral: ~~Anticipated to be a security interest in the real estate and TIF reimbursements. It will include a prohibition on foreclosure on the property for a minimum period of 84 months.~~ **TO BE DETERMINED SUBJECT TO THE NMTC STRUCTURE.**

Guarantee(s): Anticipated to be the full and unconditional joint and several construction completion and payment and performance guarantees of John Carmichael, and any related trusts. **SUBJECT TO THE NMTC STRUCTURE.**

**MCRP Loan #2:**

MSF Loan Amount: Up to \$1,500,000

Interest Rate: 0.25% per annum

MSF Fee(s): Equal to 1.00% of the loan amount, plus any out-of-pocket third-party costs incurred to close the transaction.

Term: Anticipated to be 90 months

Repayment Terms: Monthly interest only payment for 90 months, remaining principal due at maturity. At maturity, an evaluation will be conducted to determine the financial health of the project. Repayment at maturity will occur up to the point where the projected DSCR is 1.25 to 1.00 on all debt. Potentially, any portion of the MCRP “Loan #2) that would reduce the DSCR below that threshold could be forgiven. The DSCR analysis would be performed using a 1% interest rate and 25-year amortization period on the MCRP loan. The calculation at maturity will also include an additional assumption of a \$1,550,000 senior note (monies currently contributed to the project as equity through a personal line of credit) based on a 300-month amortization schedule and interest rate of Prime plus 150 bps.

Collateral: ~~Anticipated to be a security interest in the real estate and TIF reimbursements. It will include a prohibition on foreclosure on the property for a minimum period of 84 months.~~ **TO BE DETERMINED SUBJECT TO THE NMTC STRUCTURE.**

Guarantee(s): Anticipated to be the full and unconditional joint and several construction completion and payment and performance guarantees of John Carmichael, and any related trusts. **SUBJECT TO THE NMTC STRUCTURE.**

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2022-090**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION  
PROGRAM PERFORMANCE BASED DIRECT LOAN  
AWARD FOR  
GT HOUSING, LLC AND RELATED ENTITIES**

**WHEREAS**, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2001 et. seq., to add Chapter 8C (being MCL 125.2090 – MCL 125.2090(d)), (the “Act”) 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 (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**, by Resolution 2022-078 on May 24, 2022, MSF Board awarded a MCRP Performance Based Direct Loan award to GT Housing, LLC and Related Entities (the “Company”), in furtherance of the project of up to \$4,100,000 (the “Award”);

**WHEREAS**, MEDC staff is recommending that the MSF amend the Award to clarify the MSF’s security interest in the project and in accordance with the changes identified in the Term Sheet attached as Exhibit A, with all other requirements remaining in place for the Award (the “MCRP Amendment Recommendation”).

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

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
June 28, 2022

## EXHIBIT A

### “Term Sheet”

#### MCRP Award Terms

<b>MCRP Award Amount:</b>	Lesser of 50% of “Eligible Investment” or \$4,100,000
<b>Borrower:</b>	GT Housing, LLC or a Related Entity
<b>Total Capital Investment:</b>	Currently estimated at \$11,975,599
<b>MSF Eligible Investment:</b>	Currently estimated at \$8,545,922
<b>Minimum Eligible Investment:</b>	Currently estimated at \$8,200,000
<b>Funding:</b>	The MSF will fund up to \$4,100,000 to be disbursed at closing of the financing and completion of other performance criteria.
<b>Other Conditions:</b>	The MSF’s investment will be contingent upon the following: <ul style="list-style-type: none"><li>- A copy of an executed Guaranteed Maximum Price (GMP) construction contract between the Applicant and its contractor</li><li>- Copies of final construction documents</li><li>- Final development budget</li><li>- Final projections</li><li>- Minimum owner equity investment of \$3,300,000</li><li>- Other documents that may be required for review</li></ul>
<b>MCRP Loan #1:</b>	
MSF Loan Amount:	\$2,600,000
Interest Rate:	1.00% per annum
MSF Fee(s):	Equal to 1.00% of the loan amount, plus any out of pocket third-party costs incurred to close the transaction.
Term:	Anticipated to be 90 months
Amortization:	Anticipated to be 360 months
Repayment Terms:	Monthly interest only for up to 36 months, followed by monthly principal and interest payments with principal due at maturity.
Collateral:	Anticipated to be a security interest in the real estate and TIF reimbursements. It will include a prohibition on foreclosure on the property for a minimum period of 84 months. <b>TO BE DETERMINED SUBJECT TO THE NMTC STRUCTURE.</b>
Guarantee(s):	Anticipated to be the full and unconditional joint and several construction completion and payment and performance guarantees of John Carmichael, and any related trusts. <b>SUBJECT TO THE NMTC STRUCTURE.</b>

**MCRP Loan #2:**

MSF Loan Amount: Up to \$1,500,000

Interest Rate: 0.25% per annum

MSF Fee(s): Equal to 1.00% of the loan amount, plus any out of pocket third-party costs incurred to close the transaction.

Term: Anticipated to be 90 months

Repayment Terms: Monthly interest only payment for 90 months, remaining principal due at maturity. At maturity, an evaluation will be conducted to determine the financial health of the project. Repayment at maturity will occur up to the point where the projected DSCR is 1.25 to 1.00 on all debt. Potentially, any portion of the MCRP “Loan #2) that would reduce the DSCR below that threshold could be forgiven. The DSCR analysis would be performed using a 1% interest rate and 25-year amortization period on the MCRP loan. The calculation at maturity will also include an additional assumption of a \$1,550,000 senior note (monies currently contributed to the project as equity through a personal line of credit) based on a 300-month amortization schedule and interest rate of Prime plus 150 bps.

Collateral: Anticipated to be a security interest in the real estate and TIF reimbursements. It will include a prohibition on foreclosure on the property for a minimum period of 84 months. **TO BE DETERMINED SUBJECT TO THE NMTC STRUCTURE.**

Guarantee(s): Anticipated to be the full and unconditional joint and several construction completion and payment and performance guarantees of John Carmichael, and any related trusts. **SUBJECT TO THE NMTC STRUCTURE.**



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

PAUL AJEGBA  
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

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

PURE *M*ICHIGAN®





**MEMORANDUM**

**Date:** June 28, 2022

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

**From:** Julia Veale, Senior Business Development Project Manager

**Subject:** Reauthorization of Performance-based Grant Request  
Michigan Business Development Program (“MBDP”)  
Request Foods, Inc (“Company” or “Applicant”)

---

**Request**

Reauthorization of the MBDP proposal as outlined in the attached Resolution (the “MBDP Reauthorization Request”).

**Background**

On October 26, 2021, the MSF approved:

- A \$2,000,000 MBDP Grant for the creation of a minimum of 50 Qualified New Jobs up to a maximum of 198 Qualified New Jobs and a capital investment of up to \$205,000,000 in the Holland Charter Township, Ottawa County;
- 15-year APRZ designation for its new Ready to Eat facility;
- 50% ASES exemption for up to five years valued at up to \$1,637,850 for its \$98,750,000 in Eligible Personal Property; and
- The Township was approved for up to \$6,930,000 in CDBG funds for machinery and equipment needed for the expansion of the RTE facility and the Greenly Street Plant expansion.

The MBDP approval required that an Agreement be entered into within 120 days of the date of the approval and may be extended for an additional 60 days with approval from the MSF Fund Manager.

Due to administrative limitations, all parties have been unable to enter into the MBDP Agreement within the allowable 180 days. Due to required reviews from all parties, it has taken longer than expected to execute the agreement. It is anticipated the Company will be in a position to execute the MBDP Agreement within the allotted reauthorization timeline. All other incentives are proceeding successfully.

**Recommendation**

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

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2022-091**

**REAUTHORIZATION OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT  
REQUEST FOODS**

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

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

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

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

**WHEREAS**, on December 8, 2020, by Resolution 2020-146, the MSF adopted an amendment to the guidelines for the MBDP (the “Guidelines”);

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

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

**WHEREAS**, the MSF Board approved a \$2,000,000 MBDP performance-based grant on October 26, 2021, for the expansion of four facilities in Holland and the creation of up to 198 Qualified New Jobs and investment of \$205,000,000 in Holland Charter Township, Ottawa County ;

**WHEREAS**, the Company requests that the MSF Board approve a reauthorization of the \$2,000,000 MBDP performance-based grant as outlined in Exhibit A (the “MBDP Grant Request”);

**WHEREAS**, the MEDC recommends approval of the MBDP Grant 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 120 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 60 day (the “MBDP Reauthorization Request”); and

**WHEREAS**, the MSF Board wishes to approve the MBDP Reauthorization Request.

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board approves the MBDP Reauthorization Request; and

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
June 28, 2022



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

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

Date: October 6, 2021

- Company Name: Request Foods, Inc. and/or its affiliates and subsidiaries.
Project Location: Ottawa County
MBDP Incentive Type: Performance Based Grant
Maximum Amount of MBDP Incentive: Up to \$2,000,000
Base Employment Level: At least 900, at the time of first disbursement of funds and thereafter
Qualified New Jobs ("QNJ"): At least 50 Full-Time Jobs in Michigan
Municipality Supporting Project: The Charter Township of Holland has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs: Date of MSF Approval
Term of the Agreement: December 30, 2025
Milestone Based Incentive: Disbursements will be made over a 3 year period and each are contingent upon compliance with the Agreement and performance based on job creation, as follows:
\$(10,101.01) per QNJ for the creation of a minimum of 50 jobs up to a maximum of 75 jobs.
\$(10,101.01) per QNJ for the creation of a minimum of 51 jobs up to a maximum of 178 jobs.
\$(10,101.01) per QNJ for the creation of a minimum of 52 jobs up to a maximum of 198 jobs.

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

Acknowledged as received by:

Request Foods, Inc.
By: [Signature]
Printed Name: MENALA ABEL
Its: CFO

Michigan Economic Development Corporation
By: [Signature]
Printed Name: Julia Veale
Its: Senior BDPM

October 4, 2021- Request Foods, Inc.



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

PAUL AJEGBA  
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File



January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

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



## MICHIGAN STRATEGIC FUND

### MEMORANDUM

**Date:** June 28, 2022

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

**From:** Val Hoag, Fund Manager

**Subject:** State Historic Preservation Office Delegation of Authority

---

#### Request

Staff requests that the Michigan Strategic Fund (the “MSF”) Board amend Delegation 10.7-2 to add the Deputy State Historic Preservation Officer as an authorized signer for the State Historic Preservation Office (the “SHPO”) for those instances where the State Historic Preservation Officer position is vacant (the “Request”). The reason for the Request is that the State Historic Preservation Officer position, which is appointed by the Governor, was recently vacated and the Request will allow the SHPO to continue with its business until a new State Historic Preservation Officer is appointed.

#### Background

Executive Order 2019-13 transferred the SHPO to the MSF. On November 26, 2019, the MSF Board approved Delegation 10.7-2 as follows:

#### **10.7-2 Michigan State Historic Preservation Office**

- (1) The MSF Fund Manager may make all decisions with respect to expenditures and funding of awards for programs or activities related to the State Historic Preservation Office.
- (2) The MSF Fund Manager and the State Historic Preservation Officer, with both required to act, may execute all contracts, grants, or other agreements for programs or activities on behalf of the State Historic Preservation Office.

Staff requests the approval of the following amended Delegation 10.7-2:

#### **10.7-2 Michigan State Historic Preservation Office**

- (1) The MSF Fund Manager may make all decisions with respect to expenditures and funding of awards for programs or activities related to the State Historic Preservation Office.
- (2) The MSF Fund Manager and *either* the State Historic Preservation Officer *or the Deputy State Historic Preservation Officer in the event the State Historic Preservation Officer position is vacant*, with both required to act, may execute all contracts, grants, or other agreements for programs or activities on behalf of the State Historic Preservation Office.

#### Recommendation

Staff recommends the MSF Board approve the Request.

## MICHIGAN STRATEGIC FUND

### RESOLUTION 2022-092

#### STRATEGIC FUND DELEGATION OF AUTHORITY

**WHEREAS**, under MCL 125.2005(7) of the Michigan Strategic Fund Act, MCL 125.2001 et seq., the Michigan Strategic Fund (the “MSF”) Board may delegate to its president, vice-president, staff or others those functions and authority the MSF Board deems necessary or appropriate;

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

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

**WHEREAS**, pursuant to Executive Order 2019-13, the State Historic Preservation Office (the “SHPO”), including all its authorities, powers, duties, functions, and responsibilities, was transferred from the Michigan State Housing Development Authority to the MSF;

**WHEREAS**, on November 26, 2019, the MSF Board approved the State Historic Preservation Office Delegation of Authority that modified the SFCR to delegate authority for certain duties, functions and activities related to the SHPO to the MSF Fund Manager and the State Historic Preservation Officer (the “Delegation”);

**WHEREAS**, staff recommends that the MSF Board amend the Delegation to add the Deputy State Historic Preservation Officer as an authorized signer in the event the State Historic Preservation Officer position is vacant (the “Request”); and

**WHEREAS**, the MSF Board wishes to approve the Request in accordance with the terms and conditions of this Resolution.

**NOW, THEREFORE, BE IT HEREBY RESOLVED**, that the MSF Board approves the Request by amending the Delegation, effective June 28, 2022, as follows:

#### **10.7-2 Michigan State Historic Preservation Office**

(1) The MSF Fund Manager may make all decisions with respect to expenditures and funding of awards for programs or activities related to the State Historic Preservation Office.

(2) The MSF Fund Manager and the State Historic Preservation Officer or the Deputy State Historic Preservation Officer in the event the State Historic Preservation Officer position is vacant, with both required to act, may execute all contracts, grants, or other agreements for programs or activities on behalf of the State Historic Preservation Office.

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
June 28, 2022





STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

PAUL AJEGBA  
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

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

PURE *M*ICHIGAN®

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2022-087**

**APPROVAL OF THE JUNE 28, 2022 CONSENT AGENDA  
FOR THE MICHIGAN STRATEGIC FUND BOARD**

**WHEREAS**, on February 25, 2014, Michigan Strategic Fund (“MSF”) approved use of consent agendas at MSF Board meetings, pursuant to defined consent agenda guidelines;

**WHEREAS**, on February 25, 2014, the MSF Board approved Guidelines for Preparation and Approval of Consent Agendas for the MSF, which were subsequently revised by the MSF Board on December 19, 2017 (the “Consent Agenda Guidelines”)

**WHEREAS**, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the Michigan Strategic Fund (“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 2, 2022
- b. 234 W. Cedar: MCRP Amendment and Delegation of Authority
- c. MCRP Program Guidelines: Delegation of Authority for Application
- d. GT Housing: MCRP Amendment
- e. Request Foods: MBDP Grant Reauthorization
- f. State Historic Preservation Office (SHPO): Delegation of Authority Amendment

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
June 28, 2022



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

PAUL AJEGBA  
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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Sincerely,

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Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

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To Whom It May Concern:

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Sincerely,

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

PURE *M*ICHIGAN®



**MEMORANDUM**

**Date:** June 28, 2022

**To:** Michigan Strategic Fund Board

**From:** Michelle Audette-Bauman, Senior Community Development Manager  
Debbie Stehlik, Commercial Real Estate Investment Manager  
Lisa Edmonds, Program Specialist, MCRP and Brownfield

**Subject:** Request for Approval of a Michigan Community Revitalization Program (MCRP)  
Other Economic Assistance - Loan Participation Award  
50 Capital Ave Development Corporation – Battle Creek DoubleTree

**Project Summary & Request**

50 Capital Ave Development Corporation (“Applicant”) will redevelop a vacant, functionally obsolete 15-story former hotel located in the heart of downtown Battle Creek into a 239 room DoubleTree by Hilton hotel. The original 180,000 square foot building was constructed in the 1980s and has been closed since 2019 due to code issues. The building is connected to the Kellogg Arena, a 6,000-person event venue in the heart of downtown Battle Creek. The former hotel property has been declared a public nuisance due to inadequacies in the fire suppression system and requires substantial investment in order to make the building usable again. Transforming this property into a vibrant asset that brings visitors downtown is critical for the vitality of the central business district while also offering tremendous value to the corporate partners located in the Battle Creek area who need a high-quality hotel for business purposes. Additionally, local stakeholders have plans to leverage the hotel operation to create educational and job opportunities for local youth and under-employed residents by partnering with GVSU, Kellogg Community College, Battle Creek Public Schools, and others, to support on-the-job-training programs. In order to support this community development project, the Applicant is requesting a Michigan Community Revitalization Program (MCRP) performance-based loan participation award (the “MCRP Award”) for the lesser of \$7.5 million or 20% of Eligible Investment. Additionally, staff is requesting transfer of funds from the Investment Fund to the MCRP through MCL 125.2088b(2) for the specific purpose of this project.

<b>PROJECT SUMMARY</b>	
Project Eligibility	Functionally Ob
Total Approximate Square Feet Revitalized	180,000
Total Approximate Acres Activated	2.43
Projected # of Hotel Rooms	239
Projected Full-time Equivalent Jobs Created	165
Current Taxable Value	\$1,470,484
Projected Taxable Value at Completion	\$7,449,220
Total Anticipated Capital Investment	\$45,230,853
MCRP Loan Request	\$7,500,000



This project is a very high priority for the City of Battle Creek, Calhoun County and other local stakeholders, as it redevelops one of the largest buildings in the heart of downtown into a quality, operational hotel to accommodate overnight guests in the core business district. Bringing visitors to the community's downtown will support existing local businesses and help drive demand for new enterprises. The project also meets local goals around job creation and training for local community members. Additionally, partners have identified that this project will fill a gap within the local economy as Battle Creek lacks a four-star equivalent or higher hotel to serve Fortune 500 companies located in the Fort Custer Industrial Park. The hotel is also less than 10-miles from the "Marshall Mega Site" and a quality hospitality option will enhance the marketability of the region. The project supports the MEDC strategic plan focus area of Developing Attractive Places that attract talent by transforming an underutilized property into vibrant areas and by leveraging private investment in a Geographically Disadvantaged Business Location. The project meets community development priorities because it contributes to a traditional downtown district in a certified Redevelopment Ready Community and activates 180,000 square feet of functionally obsolete building space.

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 "MCRP 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**

A need exists due to the extensive costs associated with the redevelopment of a functionally obsolete former hotel into a fully renovated and code compliant modern hotel operation. Battle Creek is a market in transition and appraised values do not match the cost of construction creating significant gaps in large construction and rehabilitation projects such as this. In this specific case the appraised value does not allow for complete financing solely through traditional sources. In addition to maximizing traditional debt, the development team is contributing significant equity at 41% or over \$18,700,000, raised from various sources to help overcome the gap between the cost of construction and appraised value. Even with MCRP support, developer return is minimal at just below 1.0% over a 20-year time horizon.

### **Local Support**

This project is an extremely high priority for local partners and over \$16 million in local financial support has been raised for the project including:

- City of Battle Creek American Rescue Plan Act - \$1,500,000;
- Calhoun County American Rescue Plan Act - \$1,500,000;
- Calhoun County Visitor Bureau - \$200,000;
- Miller Foundation - \$1,000,000;
- Kellogg Company - \$100,000;
- Bronson Battle Creek Hospital - \$100,000;
- W.K. Kellogg Foundation - \$11,000,000;
- Battle Creek Unlimited Cash/Other Grants - \$1,184,353.

Additionally, the City of Battle Creek is also providing an Obsolete Property Rehabilitation Act (OPRA) tax abatement valued at approximately \$3.23 million. The project also received a \$2 million State of Michigan 2021/2022 budget appropriation.

**Applicant Background / Qualifications**

50 Capital Ave Development Corporation is a new for-profit entity created by Battle Creek Unlimited (BCU) to hold and develop the hotel property. BCU has been involved with many projects that have been awarded incentives from the MSF (The Milton, New Holland, Record Box, and many Industrial investment projects). BCU is a nearly 50-year-old economic development organization most notably known for the Fort Custer Industrial Park (FCIP), a successful conversion of a former 3,000-acre military installation into a modern industrial park now home to over 85 companies. Of the 85 companies, 25 are internationally based. In total the 85 companies employ close to 14,000 employees. FCIP is the largest industrial park in Michigan with an annual output over \$5 Billion and is the third largest industrial park in the Midwest. BCU has attracted over 100 companies to Battle Creek and holds tremendous community development experience.

An Organizational Chart for 50 Capital Ave Development Corporation 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**

- Significant equity contribution in excess of \$18,000,000 or over 41%.
- Construction cost per square foot is projected at \$175 per square foot, consistent with other comparable projects in the region.
- Projected debt service coverage ratio of 1.52 to 1.0 with a 30-year average of 1.56 to 1.0.
- The W.K. Kellogg Foundation is providing a \$13.5 million guaranty of the senior note.
- Developer return is projected at 0.49% over a 20-year time horizon.

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 Award are included in Appendix B.

**Recommendation**

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

- a) MCRP performance-based Other Economic Assistance Loan Participation Award for the lesser of \$7,500,000 or 20% of Eligible Investment for 50 Capital Ave Development Corporation on terms and conditions outlined in Exhibit A found in the resolution.
- b) Approval of funds to be transferred from the Investment Fund for the specific purpose of this project through MCL 125.2088b(2) to the MCRP Program for the purpose of the program authorized under MCL 125.2088b(2) as long as the program provides for repayment for breach of the written agreement or the failure to meet measurable outcomes.



**APPENDIX A – Organizational Chart**

**50 Capital Ave Development Corporation Organizational Structure**

**50 Capital Ave Development Corporation EIN: 85-3488169**

**50 Capital Ave Development Corporation Manager: Joseph Alan Sobieralski**

<b>Member</b>	<b>Ownership Interest</b>	<b>EIN</b>	<b>State of Organization</b>
<b>Member, / Battle Creek Unlimited, Inc. Manager: Joseph Alan Sobieralski</b>	<b>100.00%</b>	xx-xxxxx	Michigan
Battle Creek Unlimited, Inc 100.00% Manager: Joseph Alan Sobieralski	<b>100%</b>	38-1951806	Michigan

**APPENDIX B – Financial Terms**

**Summary of Development Sources:**

Bank Share	\$	16,000,000	35.38%
MSF Share	\$	7,500,000	16.58%
BC Direct Fund Loan	\$	2,700,000	5.97%
Other Grants	\$	250,000	0.55%
Developer Equity*	\$	18,780,853	41.52%
<b>TOTAL</b>	<b>\$</b>	<b>45,230,853</b>	<b>100.00%</b>

\*Developer Equity includes \$2 million FY21/22 State of Michigan Budget appropriation

**Summary of Development Uses:**

Acquisition	\$	3,000,000
Hard Construction Costs	\$	32,094,104
Eligible Soft Costs	\$	7,065,939
Other	\$	3,070,810
<b>TOTAL</b>	<b>\$</b>	<b>45,230,853</b>

**Loan Terms**

<b>MSF Incentive:</b>	MCRP Other Economic Assistance Loan Participation
<b>Borrower:</b>	50 Capital Ave Development Corporation
<b>Senior Lender:</b>	United Federal Credit Union or other federally insured lender acceptable to the MSF
<b>Total Amount of Loans:</b>	Currently estimated at \$23,500,000
<b>Senior Lender Share:</b>	Currently estimated at \$16,000,000
<b>Total Capital Investment:</b>	Currently estimated at \$45,230,853
<b>MSF Eligible Investment:</b>	Currently estimated at \$39,160,043
<b>Minimum Eligible Investment:</b>	Currently estimated at \$37,500,000
<b>MSF Share:</b>	Up to the lesser of 20% of “Eligible Investment” or \$7,500,000
<b>Term:</b>	Shall match that of the Senior Lender, currently anticipated to be up to 96 months
<b>Amortization:</b>	Currently anticipated not to exceed 360 months, following the interest only period
<b>Interest Rate:</b>	1.0% per annum
<b>Repayment Terms:</b>	Monthly interest only payments for up to 36 months, followed by monthly principal and interest payments with principal due at maturity. During the amortization period, payments on the MSF Share may be set periodically at a level to assist the project in maintaining a minimum debt service

coverage ratio of 1.20 to 1.00, only in the event Lender requires for covenant compliance.

**Collateral:** To reasonably match that of the Senior Lender, currently anticipated to be a first real estate mortgage on the subject real estate, assignment of rents and leases, first lien on all personal property, and assignment of various contracts and agreements as deemed necessary. MSF Share of collateral will be subordinated to that of the Lender.

**Guarantee:** To reasonably match that of the Senior Lender, currently anticipated to be the unsecured and unlimited corporate guaranty of Battle Creek Unlimited, Inc. MSF Share of collateral will be subordinated to that of the Lender.

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

**Reserves:** Currently anticipated to be approximately \$3,034,000 in construction interest, contingencies, and reserves.

**Funding:** The MSF will fund up to \$7,500,000 to be disbursed following closing of the financing and other performance criteria.

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

- Copies of final construction documents, including a "Guaranteed Maximum Price" construction contract.
- Final development budget.
- Minimum owner equity investment of \$18,700,000.
- Copy of executed hotel management agreement.
- Other legal due diligence documentation as may be required by legal counsel.

## **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:**

This project is a very high priority for the City of Battle Creek, Calhoun County and other local stakeholders, as it redevelops one of the largest buildings in the heart of downtown into a quality, operational hotel to accommodate overnight guests in the core business district. Bringing visitors to the community's downtown will support existing local businesses and help drive demand for new enterprises. The project also meets local goals around job creation and training for local community members. Additionally, partners have identified that this project will fill a gap within the local economy as Battle Creek lacks a four-star equivalent or higher hotel to serve Fortune 500 companies located in the Fort Custer Industrial Park.

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

Adding a marquee hotel in downtown Battle Creek will help support existing small businesses in the district by capturing visitor spending, especially in the food and beverage sector, while also helping to drive demand for new business enterprises. The hotel is also located within 10 miles of the Marshall Mega Site and the high-quality hospitality option will enhance the attractiveness of the overall region. Additionally, the hotel will include an employment training program for local youth and under-employed residents with a goal to engage community members in the labor force and provide pathways for future opportunities.

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

This project is an extremely high priority for local partners and over \$16 million in local financial support has been raised for the project including:

- City of Battle Creek American Rescue Plan Act - \$1,500,000;
- Calhoun County American Rescue Plan Act - \$1,500,000;
- Calhoun County Visitor Bureau - \$200,000;
- Miller Foundation - \$1,000,000;
- Kellogg Company - \$100,000;
- Bronson Battle Creek Hospital - \$100,000;
- W.K. Kellogg Foundation - \$11,000,000;
- Battle Creek Unlimited Cash/Other Grants - \$1,184,353.

Additionally, the City of Battle Creek is also providing an Obsolete Property Rehabilitation Act (OPRA) tax abatement valued at approximately \$3.23 million.

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

A need exists due to the extensive costs associated with the redevelopment of a functionally obsolete former hotel into a fully renovated and code compliant modern hotel operation. Battle Creek is a market in transition and appraised values do not match the cost of construction creating significant gaps in large construction and rehabilitation projects such as this. In this specific case the appraised value does not allow for complete financing solely through traditional sources. In addition to maximizing traditional debt, the development team is contributing significant equity at 41% or over \$18,700,000, raised from various sources to help overcome the gap between the cost of construction and appraised value. Even with MCRP support, developer return is minimal at just below 1.0% over a 20-year time horizon.

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

The project will reuse a currently vacant 180,000 square foot building.

**F. Creation of jobs:**

The project is anticipated to create 165 full-time equivalent jobs with an average estimated hourly wage of \$13.00.

**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 investment and other contributions is expected to be in excess of \$35,700,000.

**H. Whether the project is financially and economically sound:**

The projected debt service coverage ratio is 1.52 to 1.0 with a 30-year average of 1.56 to 1.0. The development team is contributing significant equity in excess of \$18,000,000 or over 41%. The W.K. Kellogg is also providing a \$13.5 million guaranty of the senior debt. Staff considers the project to be financially and economically sound.

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

The project increases the density of the area by converting a currently vacant and functionally obsolete building into a vibrant asset with over 200 guest rooms to bring visitors, business travelers and others into the downtown core of the community.

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

Through the primary focus on the project is providing hospitality services the hotel will include a dedicated restaurant that the general public can patronize. There will also be a small commercial space within the property which will be rented to AVIS car rental. In addition, the back of the hotel is being redesigned with green space and outdoor areas accessible to both guests and the public with a goal to encourage pedestrian traffic between the hotel and surrounding mixed-use downtown business district.

**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:**

All mechanical systems, elevators, electrical systems, HVAC systems, roofs, and windows are being replaced with new equipment that will meet today's energy efficiency standards. The project will also incorporate EV charging stations in the parking lots.

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

The project does not include a historic resource.

**N. Whether the project addresses area-wide redevelopment:**

Downtown Battle Creek has seen significant investment in the past few years and adding a high-quality hotel builds on these investments, particularly those in the food and beverage sector that are critical to the vitality of the downtown district. Overnight guest spending can help support both existing small businesses and drive demand for new investment. The hotel is also less than 10-miles from the “Marshall Mega Site” and a quality hospitality option in downtown Battle Creek will enhance the marketability of the broader region.

**O. Whether the project addresses underserved markets of commerce:**

The Calhoun County Convention and Visitor Bureau provides hospitality reports on a regular basis and the Calhoun County/Battle Creek markets include some of the highest occupancy rates in the State of Michigan for hotels, suggesting that the market is underserved. Additionally, local stakeholders have plans to leverage the hotel operation to create educational and job opportunities for local youth and under-employed residents by partnering with GVSU, Kellogg Community College, Battle Creek Public Schools, and others, to support on-the-job-training programs. The project is also located in a Geographically Disadvantaged Business Location.

**P. The level and extent of environmental contamination:**

Both Phase I and Phase II environmental surveys were conducted on the property. The site meets the definition of facility under Part 201. The Phase II identified the need to test for ground vapor which was ultimately determined above an acceptable limitation. Therefore, a vapor mitigation system is being installed. Additionally, a hazardous material survey was conducted resulting in the removal of asbestos within the facility.

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

The project does not include a historic resource.

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

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

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

There are no additional criteria.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2022-093**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM  
OTHER ECONOMIC ASSISTANCE LOAN PARTICIPATION AWARD TO  
50 CAPITAL AVE DEVELOPMENT CORPORATION**

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

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

**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 (“Guidelines”);

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

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

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

**WHEREAS**, pursuant to MCL 125.2088h(3)(e), the MSF Board shall direct the investment and reinvestment of the Investment Fund as authorized under Chapter 8A for incentives, including, but not limited to, for the purposes of creating incentives in this state for revitalizing Michigan communities;

**WHEREAS**, pursuant to MCL 125.2088b(2)(c), the MSF Board may allocate money for authorized programs to make expenditures or investments from the Investment Fund for programs or activities authorized pursuant to the 21<sup>st</sup> Century Jobs Trust Fund legislation as long as those programs or activities provide for repayment for breach of the written agreement or the failure to meet measurable outcomes;

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

**WHEREAS**, 50 Capital Ave Development Corporation (“Company”) has requested a MCRP performance based Other Economic Assistance Loan Participation Award of up to \$7,500,000 (“Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

**WHEREAS**, the MEDC has recommended that the MSF approve the Award Request in accordance with the Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 180 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 120 days (“MCRP Award Recommendation”); and

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

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
June 28, 2022



**EXHIBIT A**  
**“TERM SHEET”**

**MSF Loan Terms**

<b>MSF Incentive:</b>	MCRP Other Economic Assistance Loan Participation
<b>Borrower:</b>	50 Capital Ave Development Corporation
<b>Senior Lender:</b>	United Federal Credit Union or other federally insured lender acceptable to the MSF
<b>Total Amount of Loans:</b>	Currently estimated at \$23,500,000
<b>Senior Lender Share:</b>	Currently estimated at \$16,000,000
<b>Total Capital Investment:</b>	Currently estimated at \$45,230,853
<b>MSF Eligible Investment:</b>	Currently estimated at \$39,160,043
<b>Minimum Eligible Investment:</b>	Currently estimated at \$37,500,000
<b>MSF Share:</b>	Up to the lesser of 20% of “Eligible Investment” or \$7,500,000
<b>Term:</b>	Shall match that of the Senior Lender, currently anticipated to be up to 96 months
<b>Amortization:</b>	Currently anticipated not to exceed 360 months, following the interest only period
<b>Interest Rate:</b>	1.0% per annum
<b>Repayment Terms:</b>	Monthly interest only payments for up to 36 months, followed by monthly principal and interest payments with principal due at maturity. During the amortization period, payments on the MSF Share may be set periodically at a level to assist the project in maintaining a minimum debt service coverage ratio of 1.20 to 1.00, only in the event Lender requires for covenant compliance.
<b>Collateral:</b>	To reasonably match that of the Senior Lender, currently anticipated to be a first real estate mortgage on the subject real estate, assignment of rents and leases, first lien on all personal property, and assignment of various contracts and agreements as deemed necessary. MSF Share of collateral will be subordinated to that of the Lender.
<b>Guarantee:</b>	To reasonably match that of the Senior Lender, currently anticipated to be the unsecured and unlimited corporate guaranty of Battle Creek Unlimited, Inc. MSF Share of collateral will be subordinated to that of the Lender.

**MSF Fees:**

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

**Funding:**

The MSF will fund up to \$7,500,000 to be disbursed following closing of the financing and other performance criteria.

**Other Conditions:**

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

- Copies of final construction documents, including a "Guaranteed Maximum Price" construction contract.
- Final development budget.
- Minimum owner equity investment of \$18,700,000.
- Copy of executed hotel management agreement.
- Other legal due diligence documentation as may be required by legal counsel.



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

PAUL AJEGBA  
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

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

PURE *M*ICHIGAN®



**MEMORANDUM**

**Date:** June 28, 2022

**To:** Michigan Strategic Fund Board

**From:** Dominic Romano, Community Assistance Team Specialist  
Debbie Stehlik, Commercial Real Estate Investment Manager  
Jake Winder, Community Development Incentives Manager

**Subject:** Request for Approval of a Michigan Community Revitalization Program (MCRP) Direct Loan and a Request for Approval of an Act 381 Work Plan Bagley + 16<sup>th</sup>, LLC and City of Detroit Brownfield Redevelopment Authority (BRA) - Bagley + 16<sup>th</sup> Redevelopment Project

**Project Summary**

The request will support a community development project located in the City of Detroit that will construct a new four-story mixed-use, mixed-income building, representing an estimated \$22,819,905 in total capital investment. The project will transform a vacant 0.7-acre lot in Detroit’s Mexicantown neighborhood into a hub for activity with four 500 square foot retail bays on the first floor and 78 residential units across approximately 47,668 square feet on floors two through four, ranging from studios to two-bedroom units. Units range from \$1,254 to \$2,200 per month with an average rental cost of \$2.44 per square foot. In total, the project consists of 57,885 square feet with an anticipated construction cost of roughly \$272 per square foot, which is consistent with the Detroit market. The project will include 6,600 square feet of public improvements made up of sidewalks, parking, and public seating with a barbeque pit.

<b>PROJECT SUMMARY</b>	
Project Eligibility	Facility
Total Approximate Square Feet Revitalized	57,885
Total Approximate Acres Activated	0.7
Estimated # of Residential Units	78
Estimated Commercial Square Footage	2,000
Current Taxable Value	\$0
Projected Taxable Value at Completion	\$2,295,225
Total Anticipated Capital Investment	\$22,819,905
Brownfield TIF State Capture Request	\$647,991
MCRP Loan Request	\$3,763,130

A financing gap exists due to the costs associated with the redevelopment of a brownfield site combined with project cash flow that is limited by the rents that can be achieved in the area, which does not see the same level of competitive rents as other areas of Detroit. In addition, the project will offer affordable residential rents, with 20% of units designated for households earning 80% of area median income. The

projected rental rates and resulting revenue are not high enough to justify new construction without assistance to bridge the gap between the value and construction costs. The development team has maximized all financing sources, including a variety of mission-based lenders, and has leveraged additional grant funding from EGLE and the Detroit Brownfield Redevelopment Authority. Furthermore, they are contributing approximately \$2,290,000 in equity to the project or 10%. However, a financing gap remains. With the requested gap financing and participation in Brownfield TIF, the project is able to achieve positive cash flow and reasonable returns of 9.8% IRR over 20 years. Even with the additional cash flow support offered through Brownfield TIF, the debt service coverage ratio dips below 1.20 to 1.0 in years five through seven. Staff is comfortable with this due to the involvement and firm commitment of the project's socially driven lenders and the level of reserves and contingencies in the project budget.

### **Request**

Bagley + 16th, LLC ("Applicant") is requesting a MCRP performance-based Direct Loan in the amount of \$3,763,130 and the Detroit Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including state tax capture in the amount of \$647,991 to reimburse for MSF eligible activities. Additionally, staff is requesting transfer of funds from the Investment Fund to the Michigan Community Revitalization Program through MCL 125.2088b(2) for the specific purpose of this project. The Applicant anticipates that the project will result in a total capital investment in the amount of \$22,819,905.

### **Program Summary**

The request for MCRP and Brownfield support is consistent with program requirements to alleviate brownfield conditions and create attractive places. The project qualifies for the MCRP and Brownfield Act 381 program because the site is a facility. The project is consistent with MEDC Strategic Plan as it develops attractive places. The project meets our community development objectives as the project supports the vision and goals stated in the Framework Plan for the Mexicantown neighborhood, the project is located in a Michigan Main Street district and local certified government community as well as a geographically disadvantaged area. The project serves as a catalyst within the Mexicantown district, fostering additional development and investment. Upon completion, the project will offer mixed-income units in a neighborhood that is quickly changing as Ford's Michigan Central Station project begins to take shape. The building will contribute to a traditionally dense mixed-use district that is contextually appropriate and positively contribute to the pedestrian experience. The West Vernor Corridor is one of ten strategic neighborhoods identified by the City of Detroit for redevelopment. As such, the City led planning activities which included a vision for City owned property, like the Bagley + 16th site that resulted in competitive RFP process where the development team was selected by a panel of neighborhood stakeholders. The project meets local objectives outlined in the West Vernor Corridor Neighborhood Framework Plan which identified this site as a development opportunity that could maintain affordability in the community and support neighborhood scale businesses. The project is also consistent with the City of Detroit's Multi Family Affordable Housing Strategy.

### **Local Support**

Local support for the project includes a real estate loan in the amount of \$911,400 and an equipment loan in the amount of \$200,000 from the Detroit Economic Growth Corporation. The Detroit Brownfield Redevelopment Authority is offering a \$632,439 loan from its Revolving Loan Fund and a grant of \$100,000. The City of Detroit is also participating in the local portion of the TIF valued at \$1,115,728 and Public Act 210 tax abatement with an anticipated value of \$1,892,151 over ten years. The property is formerly owned by the City of Detroit who is selling the lot at a reduced rate in order to encourage development on the site. Detroit is engaged with the MEDC's Redevelopment Ready Communities (RRC) program. The project is located in a Michigan Geographically Disadvantaged Business Location.

**Financing Opportunity – MCRP Direct Loan**

The Applicant is requesting a \$3,763,130 MCRP Performance-based Direct Loan. A financing gap exists due to the limited revenue generated by the combination of market rate rents for this neighborhood and inclusion of affordable housing merged with the high cost of construction associated with redevelopment of a brownfield site in Detroit. This limits the amount of traditional debt the project can secure. All other financing sources have been explored and maximized, including an \$11,000,000 senior loan provided by Capital Impact Partners, \$2,693,067 in loans from Invest Detroit, \$1,111,400 in loans from the Detroit Economic Growth Corporation, a \$632,439 Revolving Fund loan from the Detroit Brownfield Redevelopment Authority and a \$1,000,000 EGLE grant. The project is also leveraging Brownfield TIF and a PA-210 tax abatement. The applicant is providing an equity contribution of approximately \$2,290,722 or 10%. The proposed MCRP incentive will fill the remaining financing gap and allow the project to remain financially feasible. Below outlines a summary of the development sources and the proposed structure of the loan. With the financing structure described below, it is anticipated the project will be able to achieve a 9.8% return. Returns fall to near 6% if Invest Detroit Foundation debt, which carries a 0% interest rate and repayment terms subject to available cash flow, is assumed to be amortized in line with the terms of the senior debt.

**Loan Terms**

<b>MSF Facility:</b>	MCRP Performance Based Direct Loan
<b>Borrower:</b>	Bagley + 16th, LLC
<b>Total Capital Investment:</b>	Currently estimated at \$22,819,905
<b>MSF Eligible Investment:</b>	Currently estimated at \$19,821,228
<b>Minimum Eligible Investment:</b>	Currently estimated at \$18,815,650
<b>Loan Amount:</b>	Up to the lesser of 20% of “Eligible Investment” or \$3,763,130
<b>Term:</b>	To reasonably match that of the senior loan, currently anticipated to be up to 84 months
<b>Amortization:</b>	Currently anticipated to be 360 months
<b>Interest Rate:</b>	1.0% per annum
<b>Repayment Terms:</b>	Monthly interest only payments for up to 48 months, followed by monthly principal and interest payments with principal due at maturity.
<b>Collateral:</b>	Currently anticipated to be a shared second priority security interest in all real estate, assignment of rents and leases, assignment of construction contracts and documents, and any other assignments deemed necessary or to match senior loan.
<b>Guarantee:</b>	To reasonably match that of the senior loan, currently anticipated to be the full unconditional corporate guaranty of Woodborn Partners, LLC and 16 <sup>th</sup> Development, LLC, and the full unconditional personal guaranty of Clifford Brown.

- MSF Fees:** The MSF shall be paid a one-time fee equal to 1.0% of the Loan Amount.
- Reserves:** Currently anticipated to be over \$3,000,000 in construction interest, lease up, operating and construction reserves and contingencies.
- Funding:** The MSF will fund up to \$3,763,130 to be disbursed following closing of the financing and other performance criteria.
- Other Conditions:** The MSF’s investment will be contingent upon the following:
- Copies of final construction documents, including a “Guaranteed Maximum Price” construction contract.
  - Final development budget.
  - Minimum owner equity investment of \$2,200,000.
  - Other legal due diligence documentation as may be required by legal counsel.

**Summary of Development Sources:**

Senior Loan	\$	11,000,000	48.20%
MSF Loan	\$	3,763,130	16.49%
Invest Detroit	\$	2,693,067	11.80%
EDC Loans	\$	1,111,400	4.87%
BF Revolving Fund	\$	632,439	2.77%
EGLE Grant	\$	1,000,000	4.38%
Other Grants	\$	125,000	.55%
Deferred Developer Fee	\$	204,147	.90%
Developer Equity	\$	2,290,722	10.04%
<b>TOTAL</b>	<b>\$</b>	<b>22,819,905</b>	<b>100.00%</b>

**Summary of Development Uses:**

Acquisition	\$	68,251
Hard Construction Costs	\$	18,444,169
Eligible Soft Costs	\$	1,377,059
Other	\$	2,930,426
<b>TOTAL</b>	<b>\$</b>	<b>22,819,905</b>

**Tax Capture Summary**

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Detroit, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on October 21, 2021. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on April 28, 2022.

There are 65.3238 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24.0000 mills (36.74%) and local millage equaling 41.3238 mills (63.26%). Tax increment capture will begin in 2021 and is estimated to continue for 29 years. The state tax capture is recommended to be capped at \$647,991, which is the amount of tax increment revenue anticipated to be generated in 29 years. The Commercial Rehabilitation Act tax abatement impacts the total capture, so the blended ratio is shown below. Total MSF eligible activities are estimated at \$1,763,720. MSF eligible activities breaks down as follows:



State tax capture	(36.74%)	\$	647,991
Local tax capture	(63.26%)	\$	<u>1,115,728</u>
<b>TOTAL</b>		<b>\$</b>	<b>1,763,719</b>

**Cost of MSF Eligible Activities**

Demolition		\$	40,531
Infrastructure Improvements			295,943
Site Preparation		+	<u>743,325</u>
Sub-Total		\$	1,079,799
Contingency (15%)		+	<u>161,970</u>
Sub-Total		\$	1,241,769
Interest			491,950
Brownfield/Work Plan Implementation		+	20,000
Brownfield/Work Plan Preparation			<u>10,000</u>
<b>TOTAL</b>		<b>\$</b>	<b>1,763,719</b>

In addition, the project is requesting \$978,952 in TIF from EGLE to assist with environmental eligible activities.

**Applicant History**

The developer of the site will be Woodborn Partners, whose principal is Clifford Brown. Brown has developed other Detroit properties including The Scott at Brush Park in conjunction with Broder Sachse Real Estate and The Coe at West Village. Both projects received MSF funding and are in good standing. A background check has been completed in accordance with the MSF Background Review Policy, and the project may proceed for MSF consideration.

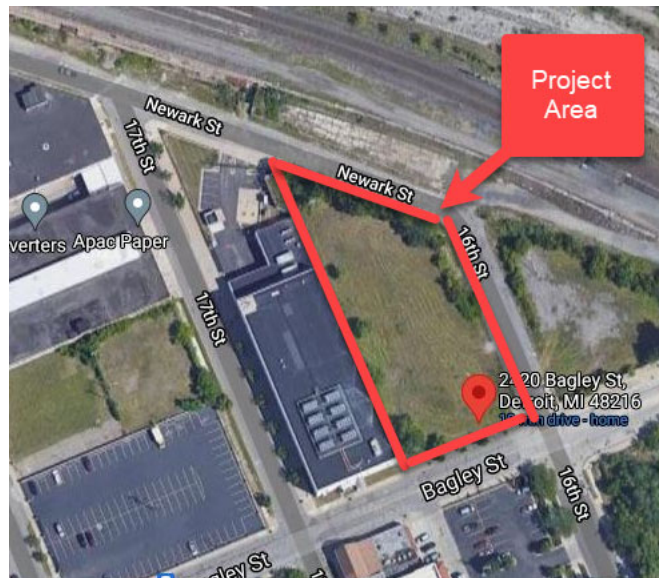
**Appendix A** includes a project map and renderings, **Appendix B** addresses the programmatic requirements and **Appendix C** contains the Organizational Chart.

**Recommendation**

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

- a) State tax capture for the Act 381 eligible activities capped at \$647,991, utilizing the current state to local capture ratio.
- b) A MCRP performance-based Direct Loan in the amount of up to \$3,763,130 for Bagley + 16th, LLC.
- c) Approval of funds to be transferred from the Investment Fund for the specific purpose of this project through MCL 125.2088b(2) to the MCRP Program for the purpose of the program authorized under MCL 125.2088b(2) as long as the program provides for repayment for breach of the written agreement or the failure to meet measurable outcomes.

### APPENDIX A – Project Map and Renderings





## APPENDIX B – Programmatic Requirements

### MCRP Program and Guidelines

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on 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 when making the recommendations in this memo. The project meets the MCRP Guidelines, and a financial review has been completed.

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

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

This project will occupy a vacant, former publicly owned piece of land that has been underutilized for approximately 100 years and turn into a mixed-use building that will add density and affordable residential options directly adjacent to an employment center at the Michigan Central Train Station. The project was identified several times in the Framework Plan for this neighborhood which received significant public participation as an opportunity to support neighborhood scale businesses and offer affordable residential options to existing and future residents.

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

The project was identified as an early redevelopment opportunity in the West Vernor corridor intended to demonstrate viability of development in the southwest Detroit neighborhood and catalyze future development.

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

Detroit Economic Growth Corporation has committed to provide an equipment loan of \$200,000 and a real estate loan in the amount of \$911,400. Detroit Brownfield Redevelopment Authority has committed to a \$632,439 loan from its Revolving Loan Fund and a \$100,000 grant. The City of Detroit will also be participating in the local portion of the TIF with an estimated value of \$1,115,728 and a Public Act 210 tax abatement with an additional savings of \$1,892,151 over ten years. The property was previously City of Detroit owned land, sold to the development team at a reduced rate in order to encourage development.

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

A financing gap exists due to the high cost of construction associated with the development of a brownfield site in Detroit combined with the limited revenue generated by the combination of market rate rents for this neighborhood and inclusion of affordable housing. The projected rental rates and resulting revenue are not high enough to justify new construction without assistance to bridge the gap between the value and construction costs. All other financing sources have been explored and maximized, including an \$11,000,000 senior loan provided by Capital Impact Partners, \$2,693,067 in loans from Invest Detroit, \$1,111,400 in loans from the Detroit Economic Growth Corporation, a \$632,439 Revolving Fund loan from the Detroit Brownfield Redevelopment Authority and a \$1,000,000 EGLE grant. The project is also leveraging Brownfield TIF and a PA-210 tax abatement. The applicant is providing an equity contribution of approximately \$2,290,000

or 10%. The proposed MCRP incentive will fill the remaining financing gap and allow the project to remain financially feasible.

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

No vacant, historic, or blighted properties will be redeveloped as part of this project.

**F. Creation of jobs:**

Five full time equivalent jobs will be created as part of this project. The jobs will be related to property management, leasing, and maintenance. Additional jobs may be created by future tenants. The average hourly wage is estimated to be \$18.

**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 investment and other contributions is expected to be in excess of \$19,056,000 which includes project financing from Capital Impact Partners and Invest Detroit, over \$2,490,000 in developer cash equity and deferred developer fees, and contributions from the local EDC.

**H. Whether the project is financially and economically sound:**

The development team has maximized all financing sources, including a variety of mission-based lenders, and is leveraging additional grant funding from EGLE and the Detroit Brownfield Redevelopment Authority. Furthermore, they are contributing approximately \$2,290,000 in equity to the project or 10%. The average debt service coverage ratio (over 30 years) is 1.37 to 1.0, however, the debt service coverage ratio dips below 1.20 to 1.0 in years five through seven. Staff is comfortable with this due to the involvement and firm commitment of the project's socially driven lenders and the level of reserves and contingencies in the project budget. It is anticipated the project will be able to achieve a 9.8% return, however, returns fall to near 6% if Invest Detroit Foundation debt, which carries a 0% interest rate and repayment terms subject to available cash flow, is assumed to be amortized in line with the terms of the senior debt.

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

The project will result in a four-story building on a previously vacant site. The property will add seventy-eight residential units which will create pedestrian traffic and retail demand along the corridor.

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

The project will have residential, neighborhood retail, parking, and outdoor amenities for residents and the community resulting in a true mixed-use development.

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

The project does not involve the conversion of an abandoned public building into private use.

**L. Whether the project promotes sustainable development:**

The project is planned to have an electric vehicle charging station and bio detention on site. However, the project will not be seeking third-party certification for sustainable development.

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

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

**N. Whether the project addresses area-wide redevelopment:**

The project is part of an economic development strategy led by the City of Detroit and Invest Detroit to encourage development outside of the greater downtown and create vibrant and sustainable neighborhoods for Detroiters. In addition to encouraging commercial real estate development, the City of Detroit is making investments in streetscapes, signature parks, and affordable housing within the Framework plan study area.

**O. Whether the project addresses underserved markets of commerce:**

The project is located in a geographically disadvantaged business location.

**P. The level and extent of environmental contamination:**

Soil contamination was encountered in fill material on the property. Metals, including arsenic, chromium, selenium, zinc, and mercury were detected on the front half of the site at concentrations exceeding Michigan Department of Environment Great Lakes, and Energy General Residential Cleanup Criteria at depths ranging from 1 to 3.75 feet below ground surface. Clean up will be included as part of the project scope.

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

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

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

The project is not anticipated to compete with or affect an existing Michigan business 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 criteria has been identified.

**Brownfield Act 381 Program Additional Project Information:**

**A. Area of High Unemployment:**

The City of Detroit unadjusted jobless rate was 10% in March 2022. This compares to the statewide seasonally unadjusted average of 4.5% in March 2022.

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

Project does not include the reuse of a functionally obsolete building or redevelopment of a blighted property.

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

No new Brownfields will be created by this project.

### APPENDIX C - Organizational Chart

Bagley & 16th, LLC Organizational Structure					
Bagley & 16th, LLC EIN: 83-3819679					
Bagley & 16th, LLC Manager: Clifford Andrew Brown					
Member			Ownership Interest	EIN	State of Organization
<b>Bagley &amp; 16th, LLC</b>			<b>100.00%</b>	<b>83-3819679</b>	<b>Michigan</b>
16th Development, LLC	70.00%			83-3802286	
Andrew Clifford Brown		99%			
Laura Castone		1%			
Woodborn Partners, LLC	30.00%			27-2476137	
Andrew Clifford Brown		100.00%			

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2022-094**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM  
PERFORMANCE BASED DIRECT LOAN AWARD  
TO BAGLEY + 16th, LLC**

**WHEREAS**, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2001 et. seq., to add Chapter 8C (being MCL 125.2090 – MCL 125.2090(d)), (the “Act”) 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 21st Century Jobs Trust Fund programs and activities and the MCRP for the MSF;

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

**WHEREAS**, pursuant to MCL 125.2088h(3)(e), the MSF Board shall direct the investment and reinvestment of the Investment Fund as authorized under Chapter 8A for incentives, including, but not limited to, for the purposes of creating incentives in this state for revitalizing Michigan communities;

**WHEREAS**, pursuant to MCL 125.2088b(2)(c), the Investment Fund may allocate money for authorized programs to make expenditures or investments from the Investment Fund for programs or activities authorized pursuant to the 21st Century Jobs Trust Fund legislation as long as those programs or activities provide for repayment for breach of the written agreement or the failure to meet measurable outcomes;

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

**WHEREAS**, Bagley + 16th, LLC has requested a performance based Direct Loan of up to \$3,763,130 (the “Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (the “Term Sheet”);



**WHEREAS**, the MEDC has recommended that the MSF approve the Award Request in accordance with the Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; 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 120 days (the “MCRP Award Recommendation”); and

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

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: Dimitrius Hutcherson

Lansing, Michigan  
June 28, 2022

**EXHIBIT A**  
**“TERM SHEET”**

**MSF Loan Terms**

<b>MSF Facility:</b>	MCRP Performance Based Direct Loan
<b>Borrower:</b>	Bagley + 16th, LLC
<b>Total Capital Investment:</b>	Currently estimated at \$22,819,905
<b>MSF Eligible Investment:</b>	Currently estimated at \$19,821,228
<b>Minimum Eligible Investment:</b>	Currently estimated at \$18,815,650
<b>Loan Amount:</b>	Up to the lesser of 20% of “Eligible Investment” or \$3,763,130
<b>Term:</b>	To reasonably match that of the senior loan, currently anticipated to be up to 84 months
<b>Amortization:</b>	Currently anticipated to be 360 months
<b>Interest Rate:</b>	1.0% per annum
<b>Repayment Terms:</b>	Monthly interest only payments for up to 48 months, followed by monthly principal and interest payments with principal due at maturity.
<b>Collateral:</b>	Currently anticipated to be a shared second priority security interest in all real estate, assignment of rents and leases, assignment of construction contracts and documents, and any other assignments deemed necessary or to match senior loan.
<b>Guarantee:</b>	To reasonably match that of the senior loan, currently anticipated to be the full unconditional corporate guaranty of Woodborn Partners, LLC and 16th Development, LLC, and the full unconditional personal guaranty of Clifford Brown.
<b>MSF Fees:</b>	The MSF shall be paid a one-time fee equal to 1.0% of the Loan Amount.
<b>Funding:</b>	The MSF will fund up to \$3,763,130 to be disbursed following closing of the financing and other performance criteria.
<b>Other Conditions:</b>	The MSF’s investment will be contingent upon the following: <ul style="list-style-type: none"><li>- Copies of final construction documents, including a “Guaranteed Maximum Price” construction contract.</li><li>- Final development budget.</li><li>- Minimum owner equity investment of \$2,200,000.</li><li>- Other legal due diligence documentation as may be required by legal counsel.</li></ul>



7310 WOODWARD AVE., STE. 101 DETROIT, MI 48202  
TELEPHONE 313-256-8400

June 16, 2022

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, June 28, 2022.

- Bagley + 16<sup>th</sup> Item of Business

The reason for my recusal is that I have a potential conflict of interest with respect to the grantee, The Detroit Economic Growth Corporation (DEC), and with my involvement as a Board Member of the Detroit Economic Growth Corporation.

Sincerely,

A handwritten signature in blue ink, appearing to read 'D Hutcherson', with a stylized flourish at the end.

Dimitrius M. Hutcherson  
Executive Vice President, Chief Administrative Officer/Chief Technology Officer  
First Independence Bank



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

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

PURE *M*ICHIGAN®



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

PAUL AJEGBA  
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2022-095**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN  
CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY  
BAGLEY + 16<sup>TH</sup> REDEVELOPMENT PROJECT**

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

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

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

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

**WHEREAS**, the City of Detroit Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan (the “Work Plan”) dated April 27, 2022, for property located at 2420 Bagley Avenue within the City of Detroit, known as Bagley + 16<sup>th</sup> Redevelopment Project (the “Project”);

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

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

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

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board approves the Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 36.74% to 63.26% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, and infrastructure improvements as presented in the Work Plan dated April 27, 2022. 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 \$1,241,769 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$10,000 for Brownfield/Work Plan preparation, and a maximum of \$20,000 for Brownfield/Work Plan implementation, and with the total capture of state school taxes capped at a maximum of \$647,991.

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

**BE IT FURTHER RESOLVED**, that the MSF Board is authorizing the capture of taxes levied for school operating purposes for the payment of interest, up to a maximum of \$491,950 related to the eligible activities for the Project.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: Dimitrius Hutcherson

Lansing, Michigan  
June 28, 2022



7310 WOODWARD AVE., STE. 101 DETROIT, MI 48202  
TELEPHONE 313-256-8400

June 16, 2022

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

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Sincerely,

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Dimitrius M. Hutcherson  
Executive Vice President, Chief Administrative Officer/Chief Technology Officer  
First Independence Bank





STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

PAUL AJEGBA  
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

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

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**MEMORANDUM**

**Date:** June 28, 2022

**To:** Michigan Strategic Fund Board

**From:** Lindsey Miller, Community Development Manager  
Debbie Stehlik, Commercial Real Estate Investment Manager  
Jake Winder, Manager, Community Development Incentives

**Subject:** Request for Approval of a Michigan Community Revitalization Program (MCRP) Grant - CHN Annex Limited Partnership and Community Housing Network, Inc.

**Project Summary & Request**

CHN Annex Limited Partnership and Community Housing Network, Inc. (“Applicants”) are proposing to rehabilitate a historic building into 11 market rate apartments, activating 14,250 square feet of currently vacant space, to assist with the housing shortage in downtown Sault Ste. Marie. The former County Annex Building is a contributing building to the Downtown Historic District. The building sustained water damage several years ago and has not been in productive use since. Upon completion, the project will provide market rate rental units with rental rates anticipated to be accessible for households making 80% of the Chippewa County area median income. The need for market rate housing has been identified through a target market study. In addition to rehabilitating the building to provide new housing units, the project will also add landscaping and parking to complement the recent streetscape work completed by the Sault Ste. Marie Access & Placemaking Project. To support this community development project, the Applicants are requesting a Michigan Community Revitalization Program (MCRP) performance-based grant of the lesser of \$1,363,000 or 50% of eligible investment.

<b>PROJECT SUMMARY</b>	
Project Eligibility	Historic
Total Approximate Square Feet Revitalized	14,250
Total Approximate Acres Activated	.198
Estimated # of Residential Units	11
Current Taxable Value	\$92,993
Projected Taxable Value at Completion	\$223,200
Total Anticipated Capital Investment	\$3,224,528
MCRP Grant Request	\$1,363,000

The project is a very high priority to the Sault Ste. Marie community because it will add needed housing units for moderate income households to the downtown district, while also activating a prominent historic building. Sault Ste. Marie has experienced strong job growth in recent years, including the War Memorial Hospital with over 900 employees and the Soo Lock Expansion project. Job growth is helping to drive strong housing demand in the area. The project aligns with the MEDC strategic focus area to develop



attractive places by activating underutilized property and increasing density, as well as the focus on attainable housing to support talent retention and reuse of historic buildings. The State Historic Preservation Office has reviewed the project design and determined that 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 C.F.R. §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 (the "MCRP 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**

Costs to redevelop this historic building into new housing units are substantial due to the current condition of the building, the materials needed to maintain the historic character of the structure and to complete a full historic rehabilitation. There are also major systems that need to be added or upgraded to safely convert the use from office space to residential housing. Additionally, market rental rates in downtown Sault Ste. Marie and resulting revenue are not high enough to support the value and corresponding debt required to activate this important, historic downtown building. The newly created apartments will add new residents to the downtown district which helps support existing small businesses, while also providing those new residents access to walkable amenities such as a pharmacy, grocery store, retail, entertainment, City and County government and public greenspace. Without support from the MCRP program, this project's ability to create housing units and activate a historic property in downtown Sault Ste Marie would not be financially feasible. Even with MCRP support, the projected return over a 20-year time horizon is a negative 3.2%.

### **Local Support**

Local support for the project includes a \$7,000 mural grant from the Downtown Development Authority. The City of Sault Ste. Marie recently completed a "Public Access & Placemaking" project, funded in part with CDBG monies, that completely reconstructed the public spaces on all sides of the building. The City contributed \$2 million to the CDBG project which improves public access and placemaking surrounding the project site.

### **Applicant Background / Qualifications**

Over the last 19 years Chippewa Housing Network (CHN) has acquired significant expertise with adaptive reuse and acquisition/rehabilitation to create residential rental and homeownership properties.

- In 2018 CHN completed its largest development to date, Jefferson Oaks in Oak Park, Michigan. This development featured the adaptive reuse of the vacant Thomas Jefferson school, which was built in the late 1920s. CHN converted the school into 20 one- and two-bedroom loft-style apartments and a significant community space. The project also added an additional 40 three- and four-bedroom townhome units in eight separate buildings surrounding the school.
- CHN has also acquired and renovated more than 60 single family homes and condominiums for both rental residences for people with disabilities and resale to low-income homebuyers. The applicant has not previously received incentives from the Michigan Strategic Fund (MSF) or MEDC.

Organizational Chart for CHN Annex Limited Partnership is provided in Appendix A. CHN Annex Limited Partnership is a non-profit organization. The Chief Executive Officer is Marc Craig, the Chief Financial Officer is Carrie Mendoza, and the Chief Operating Officer is Kirsten Elliot. The majority owner of CHN

Annex Limited Partnership is Chippewa Housing Partners II, Inc. 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 \$184.16.
- Rental rates are projected at \$850-\$1,000 for a one-bedroom unit and \$1,200- \$1,350 for a two-bedroom unit, averaging \$1.12/square foot.
- Projected rental rates align with between 70% and 80% of the area median income (AMI) for Chippewa County.
- Projected debt service coverage ratio is 1.21 to 1.0 with a 30-year average of 1.35 to 1.0.
- Owner Equity contribution of approximately \$524,552 or 16% and Federal Historic Tax Credit Equity estimated at \$439,976 or 13.6%.
- Developer return over a 20-year timeframe is projected at -3.2%.

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 B.

### **Recommendation**

MEDC staff recommends approval of a MCRP performance-based Grant in an amount up to \$1,363,000 for CHN Annex Limited Partnership and Community Housing Network, Inc.

### APPENDIX A – Organizational Chart

Company Name: CHN Annex LP  
 Employer Identification Number: 88-2504758  
 MANAGER: Michelle Brinkmann

Member	Ownership Interest Totals	EINs -No Soc Sec numbers	State of Organization
<b>CHN Annex LP</b>	<b>100.00%</b>	88-2504758	Michigan
Community Housing Network, Inc. - Limited Partner	10%	38-3372734	
Chippewa Housing Partners II, Inc. - General Partner (Wholly owned subsidiary of CHN)	90%	85-2201185	

**APPENDIX B – Financial Terms**

**Summary of Development Sources:**

Bank Share	\$	860,000	26.67%
MSF Grant	\$	1,363,000	42.27%
Other Grants	\$	7,000	.22%
Developer Equity	\$	524,552	16.27%
HTC Equity	\$	439,976	13.64%
Deferred Developer Fee	\$	30,000	.93%
<b>TOTAL</b>	<b>\$</b>	<b>3,224,528</b>	<b>100.00%</b>

**Summary of Development Uses:**

Acquisition	\$	250,000
Hard Construction Costs	\$	2,624,300
Eligible Soft Costs	\$	101,700
Other	\$	248,528
<b>TOTAL</b>	<b>\$</b>	<b>3,224,528</b>

**Grant Terms**

**MSF Incentive:** MCRP Performance Based Grant

**Grantee:** CHN Annex Limited Partnership and Community Housing Network, Inc

**Total Capital Investment:** Currently estimated at \$3,224,528

**MSF Eligible Investment:** Currently estimated at \$2,726,000

**Minimum Eligible Investment:** Currently estimated at \$2,180,800

**MSF Share:** Up to the lesser of 50% of “Eligible Investment” or \$1,363,000. The project is eligible for an award of up to 50% of eligible investment because the population of the City of Sault Ste. Marie is less than 15,000.

## **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 is being considered by the MSF:

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

The former county annex building is a contributing building to the Downtown Historic District of Sault Ste Marie. The building sustained water damage several years ago and has not been in productive use since. Upon completion, the project will provide market rate rental units with rental rates anticipated to be accessible for households making 80% of the Chippewa County area median income. The need for market rate housing has been identified through a target market study and support letters from area employers. In addition to rehabilitating the building to provide new housing units, the project will also add landscaping and parking to compliment the recent streetscape work completed by the Sault Ste Marie Access & Placemaking project.

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

The project sits at a prominent corner in Downtown Sault Ste. Marie. It greets hundreds of tourists and locals alike each day as they enter the Downtown area. The area around the project has been underserved and underdeveloped for years. The site will be redeveloped as a beautiful multi story building. The increased density and property value gained by this project coming to fruition will spur further development in the area

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

The City via it's Downtown Development Authority will be contributing \$7,000 to the project for completion of a mural to be hung on building. The contribution will complete the historic mural project, which showcases local historic imagery throughout the downtown area.

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

Costs to redevelop this historic building into new housing units are substantial due to the current condition of the building, the materials needed to maintain the historic character of the structure and to complete a full historic rehabilitation. There are also major systems that need to be added or upgraded to safely convert the use from office space to residential housing. Additionally, market rental rates in downtown Sault Ste. Marie and resulting revenue are not high enough to support the value and corresponding debt required to activate this important, historic downtown building. Without MCRP support, this project's ability to create housing units and activate a historic property in downtown Sault Ste Marie would not be financially feasible. Even with MCRP support, the projected return over a 20-year time horizon is a negative 3.2%.



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

The former county annex building is a vacant and historic building. The building sustained water damage several years ago and has not been in productive use since. The property will be rehabbed to create 11 market rate rental units with rental rates anticipated to be accessible for households making 80% of the Chippewa County area median income.

**F. Creation of jobs:**

The redevelopment will create or retain jobs in two categories. 1 - The management company - KMG Prestige will have a staff assigned to the management of the units and 2 - Construction will create jobs. The average hourly wage is estimated to be \$15.

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

There is a total of \$1,861,528 in private sector and other contributions. This includes a \$7,000 contribution from the Sault Ste Marie Downtown Development Authority, federal historic tax credits in the amount of \$439,976 and Community Housing Network, Inc. will invest \$524,552 in owner equity to the development.

**H. Whether the project is financially and economically sound:**

The projected debt service coverage ratio is 1.21 to 1.0 with a 30-year average of 1.35 to 1.0. The development team is contributing equity of approximately \$524,552 or 16% and Federal Historic Tax Credits will generate an estimated \$439,976 or 13.6%. Staff considers the project to be financially and economically sound.

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

The project is adapting a vacant and abandoned building and adding 11 new rental units to the market, which activates all three floors of the building.

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

The sidewalks, roads, and parking lots adjacent to all four sides of this development were completely replaced and upgraded from 2020-2022 making walkability of the neighborhood and downtown much easier and safer.

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

The building has been privately owned for several years, but historically functioned as the county annex offices.

**L. Whether the project promotes sustainable development:**

The rehabilitation and re-use of historic buildings is proven to be one of the most sustainable methods of development in Downtowns. This project specifically is focused on energy efficiency and sustainable development; poor quality windows will be upgraded; energy efficient lighting and plumbing fixtures will be prioritized throughout the common space and residential units in the building.

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

The building is listed as a contributing building in the newly designated Sault Ste. Marie's commercial historic district. The district was designated a historic district by the National Park Service in 2020.

**N. Whether the project addresses area-wide redevelopment:**

Historic Downtown Sault Ste. Marie has recently become the focus of substantial redevelopment, since 2017 CDBG funding has assisted with three recently rehabilitated facades. CDBG-funded rental rehabilitation projects have recently been completed in the Downtown area, and five new privately funded upper floor units have recently been remodeled nearby, due to the catalyst of MSF CDBG funding. CHN is excited to be part of the redevelopment of downtown Sault Ste Marie.

**O. Whether the project addresses underserved markets of commerce:**

The Downtown area of Sault Ste. Marie has been classified as a low-moderate income project area, recognized by the MEDC, with recent residential surveys showing a poverty rate of 82.9% in the traditional Downtown area. The Downtown area borders the historic "Little Italy" neighborhood, a historically underserved neighborhood in Sault Ste. Marie.

**P. The level and extent of environmental contamination:**

A phase 1 environmental report has been completed with no environmental concerns.

**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 C.F.R. §67):**

The project will meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings (36 C.F.R. §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 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:**

There are no additional criteria.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2022-096**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM  
GRANT AWARD TO  
CHN ANNEX LIMITED PARTNERSHIP AND COMMUNITY HOUSING NETWORK, INC.**

**WHEREAS**, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2001 et. seq., to add Chapter 8C (being MCL 125.2090 – MCL 125.2090(d)), (the “Act”) 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**, CHN Annex Limited Partnership and Community Housing Network, Inc. have requested a performance-based Grant of up to \$1,363,000 (the “Award Request”), along with other general terms and conditions;

**WHEREAS**, the MEDC has recommended that the MSF 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 180 days (the “MCRP Award Recommendation”); and

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

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
June 28, 2022



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

PAUL AJEGBA  
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

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

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## MEMORANDUM

**Date:** June 28, 2022

**To:** Michigan Strategic Fund Board

**From:** Julius Edwards, Director, Community Real Estate Investment

**Subject:** Request for Approval of a Michigan Community Revitalization Program Other Economic Assistance-Loan Participation Agreement Amendment #3  
Diamond Place, LLC

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### Request

Diamond Place, LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program Other Economic Assistance Loan Participation Agreement and any related ancillary agreements (“Agreement”). The amendment request dated June 2, 2022 includes a request to reduce the interest rate on the MSF Share from two percent to one percent, and a half percent reduction on Capital Impact Partners’ Share. All other terms of the current Agreement will remain the same.

### Background

The Michigan Strategic Fund Board approved a \$2,826,000 MCRP performance-based loan participation on September 27, 2016 to the Company for the demolition of a former manufacturing facility on 2.8 acres of property and redevelopment of the site to create 42 market rate residential apartments and 22,000 square feet of ground floor commercial use, including a 16,000 square foot neighborhood grocery store. Developed in tandem with this project was an additional 123 residential units (98 are affordable), supported by the MSHDA Low Income Housing Tax Credit program. Also included in the development is a 240 space, multi-level parking deck to serve both the residential and commercial uses on the site.

An amendment to the project approval was approved on October 25, 2016 to allow Capital Impact Partners to increase their share of the loan by approximately \$500,000 and to correct a scrivener’s error within Resolution 2016-196.

An amendment to the project was approved on December 19, 2017 for an additional \$1,000,000 MCRP grant to the Company to offset a portion of unforeseen expenses related to dewatering and mitigation of environmental conditions on the site, as well as grocery tenant capital and build-out costs to facilitate securing a grocery tenant.

The project was completed at the end of 2018 and has met all milestone requirements. The project has struggled to achieve the forecasted market-rate rents and parking revenue. This is due largely to a higher than anticipated supply of new units in the area coming online at the same time. The parking revenue shortfall has also been exacerbated by COVID-19.

The development team has contributed approximately \$1,000,000 in additional investment in the project since the end of 2018 to maintain debt payments. However, revenue is insufficient to meet Mercantile Bank’s (“Senior Lender”) loan covenant of a rolling 1.05 total Debt Service Coverage Ratio (“DSCR”).

Diamond Place, LLC

June 28, 2022

Page 2 of 2

The proposed combined reduction in interest rates from the MSF and Capital Impact Partners will assist the Company in maintaining the global DSCR covenant until maturity in December 2023.

The Company has documented that net operating income is trending upward. However, the current forecast shows the project will be unable to pay off all debt at maturity. Further support in the form of a refinance of some or all of the MSF Share and Capital Impact Share may be needed. MEDC staff will work with the Company in 2023 to develop a plan for the unwinding of the current Agreement. Market conditions for both the project's revenue and lending requirements leading up to maturity will shape the future request.

**Recommendation**

The MEDC staff recommends approval of an amendment to the MCRP Other Economic Assistance Loan Participation Agreement to reduce the interest rate on the MSF Share to one percent, and a half percent reduction in interest rate on the Capital Impact Partners' Share until maturity per the Company's request dated June 2, 2022.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2022-097**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY  
REVITALIZATION PROGRAM OTHER ECONOMIC ASSISTANCE AWARD FOR  
DIAMOND PLACE, LLC**

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

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

**WHEREAS**, on December 21, 2011, by Resolution 2011-185, the MSF (i) created the MCRP, (ii) adopted the guidelines for the MCRP, as later amended on January 25, 2022 (“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, (“Transactional Documents”);

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

**WHEREAS**, by Resolution 2016-196 on September 27, 2016, the MSF Board awarded a MCRP Other Economic Assistance Performance Based Loan Participation Award to Diamond Place, LLC, in furtherance of the project of up to \$2,826,000 (“Award”);

**WHEREAS**, by Resolution 2016-206 on October 25, 2016, the MSF Board approved an amendment to the Award that would allow Capital Impact Partners, Inc. to increase their share of the loan by approximately \$500,000 and to correct a scrivener’s error within Resolution 2016-196;

**WHEREAS**, by Resolution 2017-215 on December 19, 2017, the MSF Board approved an amendment to add a \$1,000,000 MCRP Grant to the Award; and

**WHEREAS**, the Company is requesting and MEDC is recommending that the MSF amend the Award to reduce the interest rate on the MSF Share to 1% until the Maturity Date, and consent to an interest rate reduction by Capital Impact Partners anticipated to be one half of a percent, with all other requirements remaining in place for the Award (“MCRP Amendment Recommendation”).

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



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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
June 28, 2022



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

PAUL AJEGBA  
DIRECTOR

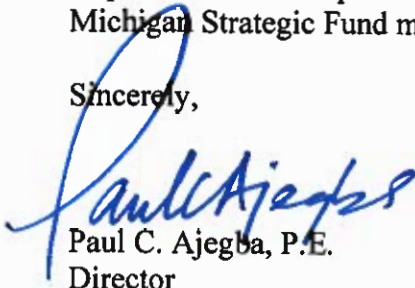
February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,



Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

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

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**MEMORANDUM**

**To:**  
Michigan Strategic Fund Board

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

**Date:**  
06/28/2022

**Subject:**  
Superior Foods Company (and/or related borrower(s)) - Collateral Support Increase

**Request**  
Superior Foods Company ("Superior Foods" or "Company") is a full service wholesale food processor and distributor serving retail grocery stores and the food service industry located in Grand Rapids, MI. The Company is best known for its seafood and meat products, but now also offers a large variety of fresh products that are privately labeled and distributed through retail grocery chains. The Company has been in operation over 67 years and is working with Macatawa Bank to increase the current working capital line of credit. Superior Foods was founded by the Osterhaven family, and is co-owned by James and Melissa Osterhaven.

Macatawa Bank ("Bank") has proposed financing of an increase to the current working capital line of credit to Superior Foods Company from \$10MM to \$13MM. Due to collateral shortfall on the working capital line, the Bank is requesting additional collateral support from the MSF for the following:

**Bank Facility and MSF Support**  
The Bank has proposed the following credit facilities:

<u>Revolving = Line of Credit</u>	<u>\$13,000,000</u>
Total Loans Leveraged	\$13,000,000

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

<u>Revolving = Line of Credit</u>	<u>\$3,750,000</u>
Total MSF Contribution	\$3,750,000

Under definitions provided by the US Department of Treasury related to the calculation of leverage, the reported leveraged lending as compared to MSF exposure is 3.47.

**Borrower History**  
Superior Foods Company, located in Kentwood, Michigan, moved its banking relationship to Macatawa Bank during the summer of 2021 after a long-term relationship with Lake Michigan Credit Union in order to partner with a financial institution that could provide additional working capital and growth opportunities.

At that time the Bank partnered with the MSF's Collateral Support Program to provide a \$10MM Line of Credit to Superior Foods. The MSF provided \$2.5MM in cash collateral to the Bank on July 30, 2021 allowing them to provide additional line availability on the company's inventories. With this support the bank approved lending up to \$5MM on inventory based on a 60% advance rate.

The company is reaching its line renewal period and it has become apparent that due to continuing increases in sales volume and a need to carry larger inventories due to supply chain concerns, Superior Foods is in need of a larger working capital line.

A background check has been completed for the company. See Exhibit A for full borrower history.

**Recommendation**

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

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

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

**Facility 1 - Superior Foods Company**

Borrower: Superior Foods Company  
Lender: Macatawa Bank  
Loan Amount: up to \$13,000,000  
MSF Cash Collateral: up to \$3,750,000  
Loan Type: 12 month Line of Credit, monthly payments of interest only  
Fees: Tier II: 1.00% at Closing  
1.00% annually thereafter on the MSF Share Balance.

**Exhibit A**

**Credit Presentation**

**GENERAL INFORMATION**

<b>Company Name</b> Superior Foods Company	<b>Address</b> 4243 Broadmoor Ave, SE	<b>City, State Zip</b> Grand Rapids, Michigan 49512
<b>Entity Type</b> C Corporation	<b>Type of Operation - Primary</b> Fish and Seafood Merchant Wholesalers NAICS: 424460	
<b>Lender</b> Macatawa Bank	<b>Lender Contact</b> aschmidt@macatawabank.com	

**Bank Facility and MSF Support**

The Bank has proposed the following credit facilities:

Revolving = Line of Credit	\$13,000,000
Total Loans Leveraged	\$13,000,000

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

Revolving = Line of Credit	\$3,750,000
Total MSF Contribution	\$3,750,000

Under definitions provided by the US Department of Treasury related to the calculation of leverage, the reported leveraged lending as compared to MSF exposure is 3.47.

**Background**

Superior Foods Company is a wholesale processor and distributor of meat, seafood, and related food products to restaurants and grocery chains throughout the Eastern U.S. They've been in operation since 1954 and are located in Grand Rapids, Michigan. The Osterhaven family founded the company, and it continues to be owned and operated by them. Jim Osterhaven (the son of the founder) continues to serve as president and CEO of the company - a position that he has held since 1997. Jim began working for the company in 1975 and has comprehensive knowledge of the business and industry.

The company began with a focus on the food service industry, and particularly with the distribution of seafood and beef products. However, they have progressively expanded their relationships to retail grocery store chains to such a degree that now this industry segment makes up 60% of their sales and is growing. Superior Foods remains best known for seafood and meat products, but they now offer many fresh products such as salsa, beer cheese and other specialty dips and pre-packaged meals.

Although the restaurant industry was hit hard in 2020, Superior didn't experience as much of a downturn as expected. A shortage of labor in the retail and restaurant industry have made them reach out to suppliers like Superior to have products processed and prepared prior delivery in order to operate kitchens with less staffing.

In 2021 the company demonstrated strong cash flows and an increase in revenues of over \$15 million to \$88 million. Projections for 2022 show an even larger increase in revenues of over \$105 million. The company has recently began production at their second Kentwood facility, further expanding the company's capacity for co-packing arrangements and additional volumes of pre-packaged meals. The company has uniquely positioned themselves to meet increasing demands to process, prepare and package the type of products that the grocery chains need for end consumers.

The company currently has a 33 state service area and are continually stretching those boundaries and reaching new areas. Expansion opportunities for the retail grocer segment along the Eastern seaboard and down to Florida are currently under discussion. Superior Foods largest customers are currently Meijer, Kroger and Spartan.

Superior foods is committed to sourcing from local suppliers and farmers, supporting agribusiness throughout the State of Michigan. The company sources with Country Dairy located in New Era, Prairie Farms which is comprised of more than 800 farm families throughout the Midwest, Great Lakes Bee Company located in Newaygo County, and more.

The growth of Superior Foods continues to be driven by their long-term shift towards the retail grocery segment based on the industry trend toward more value-added products in the form of meals ready to eat, pre-packaged meats, and processed meat products (such as pre-assembled shish kabob, stuffed chicken breasts, and a variety of higher end cuts of beef). Labor shortages, especially for skilled butchers and seafood processors is a challenge throughout the industry. Retail chains are moving away from full service counters in favor of pre-packaged meal solutions both in order to save labor costs and to better meet consumer demands for partially prepared meals.

Annual revenues for the company now exceed over \$90 million and the company currently has 268 employees.

The company's working capital line of \$7.5MM was sufficient in 2019 and 2020 with average sales of \$71MM, but last years increase to \$10MM was needed to support growth in 2021 to \$88.6MM in sales - and today's requested increase is keeping pace with their forecasted revenue of \$105MM+ in 2022.

Reliance on the MSF cash collateral is expected to continue until such a time that Superior Foods is able to retain sufficient profitability to reduce the need. Superior is forecasting profits in 2022 of \$1.56MM and EBITDA of \$2.9MM. Based on cash flow generation the Bank expects that the need for MSF support could be eliminated in as little as 2 years, but will most likely take 3-4 years based on continued growth of the company.

#### **Financing Opportunity**

Macatawa Bank is working with Superior Foods Company to provide additional financing to increase its working capital availability. The Borrower has been in business for over 67 years, and is owned by James and Melissa Osterhaven. Superior Foods has continued to steadily grow and currently employees over 260 people.

Loan #	Purpose	Type	Balance/ Request Amt.	Accrued Interest	Commit.	Interest Rate	Payment Amt. P&I	# Pmts.	Term	Amort	Orig. Date	Mat. Date
Working Capital LOC		LOC	13,000,000									
<b>Total</b>			<b>13,000,000</b>									

Collateral	Type	Value	Adv Rate	Disc. Value	Prior Lien	Coll. Amt.
A/R - 31-60 Days	Eligible	1,772,000	80%	1,417,600		1,417,600
A/R - 61-90 Days	Eligible	773,000	80%	618,400		618,400
A/R - Current	Eligible	3,038,000	80%	2,430,400		2,430,400
A/R - Over 90 Days	Eligible	-46,000				
CVLI	Eligible	282,000	80%	225,600		225,600
Inventory	Eligible	11,749,000	40%	4,699,600		4,699,600
SSBCI-CSP	Cash	3,750,000	100%	3,750,000		3,750,000
<b>Total</b>		<b>21,318,000</b>		<b>13,141,600</b>		<b>13,141,600</b>

<b>Total Loan Amount</b>	<b>13,000,000</b>	<b>Margin of Collateral to Loan</b>	<b>1.01</b>
<b>Total Collateral Amount</b>	<b>13,141,600</b>	<b>% Loan to Collateral</b>	<b>98.92%</b>

#### Summary

<b>Total Loan Amount</b>	<b>13,000,000</b>	<b>Margin of Collateral to Loan</b>	<b>1.01</b>
<b>Total Collateral Amount</b>	<b>13,141,600</b>	<b>% Loan to Collateral</b>	<b>98.92%</b>

### Collateral

The Bank is requesting an increase in collateral support on the proposed increased line of credit of up to \$1,250,000 for a total support amount of \$3,750,000. Total support will be at 28.8% of the line amount of \$13,000,000. As shown above by the collateral chart, the accounts receivables and inventory are not valued high enough to support the proposed line amount due to significant reliance on partially perishable inventory and receivables from the restaurant industry. The bank would not be able to provide an increase to this line without the assistance of the MSF's collateral support program.

## Ratios and Indicators

### LIQUIDITY / LEVERAGE RATIOS

Balance Sheet Dates	12/31/2018	12/31/2019	12/31/2020	12/31/2021
<b>Balance Sheet Description</b>				
Current Ratio:	1.03	1.10	1.17	1.12
Quick Ratio(Acid Test):	0.45	0.49	0.57	0.32
Working Capital:	344,788	1,263,421	2,314,757	1,951,682
Debt / Equity:	4.38	4.00	3.65	2.77
Debt / Asset:	81.42%	79.99%	78.49%	73.46%
Current Liabilities / Total Liabilities:	83.94%	84.65%	84.01%	92.23%
Debt / Tang Net Worth:	4.38	4.00	3.65	2.77

### PROFITABILITY RATIOS

Inc. & Exp. Beginning Date	01/01/2018	01/01/2019	01/01/2020	01/01/2021
Inc. & Exp. Ending Date	12/31/2018	12/31/2019	12/31/2020	12/31/2021
Inc. & Exp. Description				
Return on Investment:	-0.6%	7.1%	12.8%	36.1%
Gross Profit Margin:	24.3%	25.8%	27.8%	27.6%
Net Profit Margin:		0.6%	1.3%	3.0%

### Cash Flow / Repayment Capacity

	01/01/2018	01/01/2019	01/01/2020	01/01/2021
	12/31/2018	12/31/2019	12/31/2020	12/31/2021
<b>CAP RPLC &amp; DEBT REPAYMENT CAPACITY</b>	<b>469,762</b>	<b>1,018,439</b>	<b>1,350,871</b>	<b>3,325,014</b>
Total Annual Payment				
<b>Total Debt Service</b>	891,000	891,000	891,000	891,000
<b>MARGIN AFTER DEBT SERVICING</b>	<b>891,000</b>	<b>891,000</b>	<b>891,000</b>	<b>891,000</b>
<b>Commercial DSCR</b>	<b>-421,238</b>	<b>127,439</b>	<b>459,871</b>	<b>2,434,014</b>
<b>Sensitivity Analysis</b>	<b>0.53</b>	<b>1.14</b>	<b>1.52</b>	<b>3.73</b>
Debt Service Margin will be Depleted if:				
Net Sales/Revenues Decreases by:	-0.51%	0.17%	0.66%	2.54%
Operating Expense plus COGS Increase by:	-0.51%	0.17%	0.67%	2.64%
Interest Rate Increase by:	0.00%	1.35%	5.23%	29.18%



**INDUSTRY COMPARISON**

Balance Sheet: 12/31/2021

Comparative Historical Data - current year (Based on RMA 2021 Data) - Median Quartile

Income/Expense: 01/01/2021 to 12/31/2021

NAICS: 424460 - Fish and Seafood Merchant Wholesalers

Unqualified: 10, Reviewed: 10, Compiled: 8, Tax Return: 2, Other: 51, Total Number Stmt: 81

	Client	Industry	Variance		Client	Industry	Variance	Quartile
<b>Assets</b>				<b>Liquidity Ratios</b>				
Cash & Equivalents	0.0	8.6	-8.6	Current Ratio	1.1	1.8	-0.7	4
Trade Receivables (net)	20.0	29.9	-9.9	Quick Ratio (Acid Test)	0.3	0.8	-0.5	4
Inventory	44.0	40.0	4.0	Sales / Receivables	19.2	11.8	7.4	1
All Other Current	11.6	2.6	9.0	Cost of Sales / Inventory	6.3	6.8	-0.5	3
Total Current	75.6	81.1	-5.5	Cost of Sales / Payables	10.2	18.2	-8.0	4
Fixed Assets (net)	24.4	11.4	13.0	Sales / Working Capital	49.0	10.5	38.5	
Intangibles (net)	0.0	3.3	-3.3					
Other Non-Current	0.0	4.1	-4.1	<b>Coverage Ratio</b>				
<b>Total Assets</b>	<b>100.0</b>	<b>100.0</b>		EBIT / Interest	7.8	5.0	2.8	2
				Net Prof. + Depr / Cur. Mat. L/T/D	17.8	4.0	13.8	1
<b>Liabilities</b>								
Notes Payable	39.0	16.7	22.3	<b>Leverage Ratios</b>				
Cur. Mat. L/T/D	0.7	1.7	-1.0	Fixed / Net Worth	0.9	0.2	0.7	
Trade Payables	27.3	19.9	7.4	Debt / Net Worth	2.8	2.2	0.6	
Income Tax Payable	0.0	0.1	-0.1					
All Other Current	0.8	7.1	-6.3	<b>Operating Ratios</b>				
Total Current	67.7	45.4	22.3	% Prof. Bf. Taxes / Net Worth	43.9	16.2	27.7	2
Long Term Debt	0.6	11.2	-10.6	% Prof. Bf. Taxes / Total Assets	11.6	5.6	6.0	2
Deferred Taxes	0.0	0.2	-0.2	Sales / Net Fixed Assets	15.8	76.3	-60.5	4
Other Non-Current	5.1	7.9	-2.8	Sales / Total Assets	3.8	3.4	0.4	2
Net Worth	26.5	35.3	-8.8					
<b>Total Liab. &amp; Net Worth</b>	<b>100.0</b>	<b>100.0</b>		<b>Expense to Sales Ratio</b>				
				% Depreciation / Sales	0.0	0.3	-0.3	1
<b>Income Data</b>				Officers' Compensation/Sales	0.0	1.2	-1.2	1
Net Sales	100.0	100.0	0.0					
Gross Profit	27.6	13.5	14.1					
Operating Expenses	24.1	11.1	13.0					
Operating Profit	3.5	2.4	1.1					
All Other Expenses (net)	0.4	0.2	0.2					
Profit Before Taxes	3.1	2.2	0.9					

Last Updated 06/01/2022 2:13:19 PM From RMA 2021 Data

**OWNERSHIP / GUARANTORS**

Name	Address	Relationship	% Own	Amt Guar.
James B. Osterhaven Trust		Guarantor	0.00	
Melissa A. Osterhaven Trust		Guarantor	0.00	
James Osterhaven		Co-Owner Guarantor	50.00	
Melissa Osterhaven		Co-Owner Guarantor	50.00	

Source	Program
SSBCI	CSP

<b>Committed Date</b>	<b>Loan Closing Date</b>	<b>Total Loan</b> \$13,000,000
<b>MSF Share</b> \$3,750,000	<b>Additional Leverage (at closing)</b>	<b>Additional Leverage (ongoing)</b>
<b>Leverage</b> 3.47	<b>Closing Fee</b> 1% of MSF Share	<b>Annual Fee</b> 1% of MSF Share
<b>FTE @ Closing (in State)</b> 268	<b>FTE @ Closing (out of state)</b>	<b>Projected FTE Increase</b> 80
<b>FTE @ Annual Review</b>	<b>FTE Net Increase/Decrease</b>	<b>Support \$ per new job</b> \$46,875
<b>Associate</b>	<b># Co's</b> 1	<b>Loan Type</b> Revolving

### Employment

Superior Foods has 268 full-time equivalent employees. The company anticipates adding 30 fulltime employees within the next 6 months and an additional 50 within the next 2 years. The annual salary for employees of Superior Foods is \$58,000.

### Source of Information

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

### Capital Access Program History

The Michigan Economic Development Corporation's (MEDC) Capital Access Programs began in 2009 with a state allocation of \$26 million. In 2011, the Federal government deployed an additional \$79 million to the State of Michigan to continue its efforts towards providing access to capital for small businesses. The programs under the Capital Access department assist small business and financial lending institutions by providing collateral support or loan participation. In either case, there is always a closing fee and annual fee charged, in addition to all principal returned as well as any fees and interest expense that the MEDC may receive through its support with the transactions. To date the program has funded over \$192 million to 252 companies, leveraged over \$904 million in Private Investments, received a total of \$10.9 million in program revenue, and has had losses of just over 1% of the total loan funded.

### Exit Strategy

The Bank has implemented the following loan covenants in conjunction with its existing financing to Superior Foods Company:

#### Minimum Debt Service Coverage of 1.20x

- Defined as (a) the sum of the Borrower's net income before depreciation, amortization and interest expense, less distributions, dividends and any extraordinary items for the twelve month period then ending to (b) the sum of (i) Borrower's interest expense and (ii) all principal payments with respect to term debt that were paid or were due and payable during the period.
- Measured quarterly beginning 12/31/2021

#### Minimum Effective Tangible Net Worth of \$4,500,000

- Defined as the total of Tangible Assets less Liabilities plus Subordinated Debt.
- Measured quarterly beginning 12/31/2021

#### Minimum Debt (less employee savings) to Effective Tangible Net Worth of 3.00x

- Defined as Liabilities less Subordinated Debt less employee savings divided by Effective Tangible Net Worth
- Measured quarterly beginning 12/31/2021

#### Minimum Current Ratio of 1.15x

- Defined as Borrower's total Current Assets divided by Borrower's total Current Liabilities
- Measured quarterly beginning 12/31/2021

These covenants are intended to require re-investment in the balance sheet of Superior Foods Company and

ultimately the release of the pledged collateral from the MSF.

**Conditions**

- Commitment will remain valid for 90 days with approval for MSF Fund Manager to extend the commitment an additional 30 days.
- Unlimited, unsecured personal guaranty of James and Melissa Osterhaven and applicable Trust(s).
  - \*Guarantees are for the benefit of the MSF, subordinated to the senior lender and limited by senior lender's exposure at time of closing, but the subordination of the guarantees to the MSF in favor of the senior lender may not exceed a principal balance of \$13,000,000, along with reasonable interest and fees.
- The proposed financing will be subject to a Minimum Debt Service Coverage covenant, Effective Tangible Net Worth covenant, Debt to Effective Tangible Net Worth covenant and a Current Ratio covenant, as calculated by the Bank. These covenants will be set at a level acceptable to Bank and CST.

**SCORING & RATING**

**SCORING & RATING : SUPERIOR FOODS\_MBGF CSP 2022**

Score = <b>3.40</b>	<b>3 Average</b>
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**Model Used:** MEDC CRE Model - Board

**Last Scored:** 06/02/2022 7:28 AM Amber Westendorp

**Financial Statements and Forms calculated from:**

Balance Sheet:	Inc. / Exp.:
12/31/2021	12/31/2021

Criteria		Criteria Score	Wt %	Weighted Criteria Score	Review
Debt / Tang Net Worth:	2.77	1.00	20.00	0.200	
Debt Coverage Ratio:	3.73	5.00	20.00	1.000	
MSF Leverage Ratio	4.00	2.00	20.00	0.400	
Management / Borrower Character	Excellent team/Well exper	5.00	20.00	1.000	
Business & Industry Trends	Ltd vulnerability to sudd	4.00	20.00	0.800	
				<b>3.400</b>	

<<<Insert Photos and Maps Here>>>

## **MICHIGAN STRATEGIC FUND**

### **RESOLUTION 2022-098**

#### **SSBCI MBGF-CSP APPROVAL OF CASH COLLATERAL DEPOSIT AGREEMENT FOR SUPERIOR FOODS COMPANY (AND/OR RELATED BORROWER(S))**

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

**WHEREAS**, at its May 25, 2011 meeting, the MSF Board approved: (i) the creation of the Michigan Business Growth Fund (the “MBGF”), an SSBCI Program created by the MSF to disburse SSBCI funds in accordance with the SSBCI, and (ii) as part of the MBGF, the creation of a collateral support program designed to facilitate financing of projects for commercial borrowers (the “MBGF-CSP”), and (iii) the guidelines for the MBGF-CSP (“MBGF-CSP Guidelines”) and MBGF-CSP Cash Collateral Deposit Agreement (“MBGF-CSP Agreement”), each to be utilized for the operation of the MBGF-CSP, and (iv) pursuant to Strategic Fund Compiled Resolution 10.5-1(4) the MSF Fund Manager or MSF President may negotiate and sign the terms and conditions of the MBGF-CSP Agreement as authorized by the MSF Board;

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

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

**WHEREAS**, on July 27, 2021, Superior Foods Company (and/or related entities (“Proposed Borrower”)) requested and the MSF approved the request collateral support from the MSF under the MBGF-CSP in an amount not to exceed the lesser of (i) \$2,500,000 or (ii) up to 25% of the total amount of the Bank loan;

**WHEREAS**, on July 30, 2021, Macatawa Bank (“Lender”) closed on a credit facility to Proposed Borrower of \$10,000,000 for a working capital line of credit;

**WHEREAS**, Lender has proposed to increase the credit facility to Proposed Borrower to \$13,000,000 for a working capital line of credit;

**WHEREAS**, Proposed Borrower has requested collateral support from the MSF under the MBGF-CSP in an amount not to exceed the lesser of (i) \$3,750,000 or (ii) up to 28.8% of the total amount of the Bank loan (“MBGF-CSP Support”);

**WHEREAS**, the MEDC has reviewed the Bank’s current credit documents for the Proposed Borrower, and recommends that the MSF Board approve the MBGF-CSP Support, subject to: (i) available funding, and final due diligence performed, to the satisfaction of the MEDC; and (ii) execution of the MBGF-CSP Agreement within 90 days of the date of this Resolution (“Time Period”), or the collateral support approvals under this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 30 days (“MBGF-CSP Support Award”);

**NOW, THEREFORE, BE IT RESOLVED**, the MSF approves the MBGF-CSP Support Award;

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
June 28, 2022



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

PAUL AJEGBA  
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

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

PURE *M*ICHIGAN®



## MEMORANDUM

**Date:** June 28, 2022  
**To:** Michigan Strategic Fund (“MSF”) Board Members  
**From:** Jeremy Webb, Sr. Business Development Project Manager  
**Subject:** Incentives Request  
Michigan Business Development Program (“MBDP”) Grant Request  
State Essential Services Assessment (“SESA”) Exemption Request  
Jobs Ready Michigan Program (“JRMP”) Grant Request  
Global Life Sciences Solutions USA LLC (“Company” or “Applicant”)

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### Request Summary

- This is a request from the Applicant for (collectively, the “Incentives Request”):
  - \$1,500,000 MBDP Grant, as outlined in the attached Term Sheet (“MBDP Request”);
  - 100% SESA Exemption for up to five years valued at up to \$2,707,884 for its \$283,410,000 eligible investment in Eligible Personal Property (“SESA Request”);
  - In accordance with the SESA and Alternative SESA Program Guidelines (“Program Guidelines”), SESA Exemptions can be considered for those projects locating in an Eligible Distressed Area (“EDA Requirement”). As part of the SESA Request, staff is recommending the MSF waive the EDA Requirement for this project (“EDA Requirement Waiver Request”) as this is a transformational project for Muskegon Charter Township, Muskegon County; and
  - \$1,500,000 JRMP Grant, as outlined in the attached Term Sheet (“JRMP Request”).
- This project involves the creation of up to 200 Qualified New Jobs and a capital investment of up to \$430,000,000 in Muskegon Charter Township, Muskegon County.

### Applicant History

The Company is a global provider of technologies and services that advance and accelerate the development and manufacture of therapeutics. The Company has a rich heritage tracing back hundreds of years, and a fresh beginning since 2020. Its customers undertake life-saving activities ranging from fundamental biological research to developing innovative vaccines, biologic drugs, and novel cell and gene therapies. The Company supplies the tools and services its customers need to work better, faster and safer, leading to better patient outcomes. The Company has nearly 8,000 associates across 40 countries and is part of the Danaher family of companies, a global science and technology innovator committed to helping customers solve complex challenges and improving quality of life around the world.

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

### Project Description

The Company is looking to acquire a 168,000 square foot development and retrofit it to meet the standards of the Company’s life sciences equipment manufacturing operations. The facility sits on roughly 400 acres of land, 40 of which are developed. The Company plans to invest significantly in real property upgrades and new machinery and equipment to establish an environment capable of high-quality life sciences manufacturing including lab and clean-room space. This facility will manufacture resins for use in biologic, pharmaceutical and diagnostic and medical products. In addition to retrofitting the existing structure, the Company may construct additional space on the remaining acreage in future phases.



The Company is considering Muskegon Charter Township for the project and anticipates the project will result in capital investment of up to \$430,000,000. The project will also result in the creation of up to 200 new jobs paying an average wage of more than \$1,800 per week plus benefits.

The Company provides training for its employees and anticipates significant costs for direct training as well as employee travel for training. The training is anticipated to cover a wide range of skills and roles, including manufacturing practices, engineering & technology, and quality control. The highly specialized work of the facility will require a uniquely tailored skill profile that must be developed by the Company and is not easily recruited directly from external pipelines, especially outside of an established biotech market.

### **Demonstrated Need**

The Company is considering facilities in five other states for the project. In addition, the Company has a large domestic and international footprint with existing facilities that could also accommodate many of the functions required under this project. The alternative locations offered varying advantages related to labor availability, labor costs, market connectivity, the presence of an established biotech industry, and economic incentive offers. Additionally, the relative ease of expanding in a state with existing operations was considered as opposed to entering an entirely new market with an unproven track record.

The Company is attracted to locating this facility in Michigan due to the unique fit the site provided, despite its need for improvements. Additionally, the Company sees the potential in the production labor base of Michigan providing benefit to its biotech processes. What is more, the Company is excited to expand its footprint beyond existing locations and bringing its operations to a new state. Even though the Company would like to locate in Michigan, incentive assistance is necessary to ensure the project move forward in Michigan.

In addition to MSF support, Muskegon Charter Township 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 \$1,500,000 MBDP performance-based grant, a \$1,500,000 JRMP performance-based grant, and a 100% SESA Exemption for up to five years valued at up to \$2,707,884. The collective 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 fostering high-wage skills growth and supporting a business in the target industry of medical device technology and leverages Michigan's existing medical device anchor companies and research assets to enable growth of the medical device industry. This facility will result in the creation of up to 200 new jobs and up to \$430,000,000 in capital investment in Muskegon Charter Township, Muskegon County. Adding 200 new jobs near a geographically disadvantaged area in the State of Michigan would establish the Company's presence and potential for future business in the state.

### **Recommendation**

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



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

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

Date: April 29, 2022

- Company Name: Global Life Sciences Solutions USA LLC and/or its affiliates and subsidiaries.
Project Location: Muskegon County
MBDP Incentive Type: Performance Based Grant
Maximum Amount of MBDP Incentive: Up to \$1,500,000
Base Employment Level: At least zero, at the time of first disbursement of funds and thereafter
Maximum Number of Qualified New Jobs ("QNJ"): Up to 200 Full-Time Jobs in at the Project Location
Municipality Supporting Project: Muskegon Charter Township has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs: Date of MSF Approval
Term of the Agreement: June 30, 2026
Milestone Based Incentive: Disbursements will be made over a three-year period and each are contingent upon compliance with the Agreement and performance based on job creation, as follows:
\$7,500 per QNJ for the creation of a minimum of 25 jobs up to a maximum of 125 jobs.
\$7,500 per QNJ for the creation of a minimum of 100 jobs up to a maximum of 175 jobs.
\$7,500 per QNJ for the creation of a minimum of 150 jobs up to a maximum of 200 jobs.

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

Acknowledged as received by:

Global Life Sciences Solutions USA LLC
By: [Signature]
Printed Name: Steven Thomas
Its: Assistant Secretary

Michigan Economic Development Corporation
By: [Signature]
Printed Name: Jeremy J. Webb
Its: Sr. Business Development Project Mgr



**EXHIBIT A  
JOBS READY MICHIGAN 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 Jobs Ready Michigan Program ("JRMP").

**Date: April 29, 2022**

**Company Name:** Global Life Sciences Solutions USA LLC and/or its affiliates and subsidiaries.

**Project Location:** Muskegon County

**JRMP Incentive Type:** Performance Based Grant

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


**Start Date for Measurement of Eligible Activities:** Date of MSF Approval

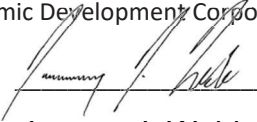
**Term of the Agreement:** October 31, 2024

**Milestone Based Incentive:** Disbursements will be made over a two-year period and will be performance based on job creation as follows:  
Milestone 1: up to \$650,000 for any combination of the following:  
a) reimbursement for demonstrated documentation of costs related to training (including, but not limited to, training classes, travel related to training, training machinery and construction), recruiting (including, but not limited to, external and internal recruiting), and any other Eligible Activity as defined in the Term Sheet  
b) \$10,000 per employee completed training with certification.  
Milestone 2: up to \$850,000 (upon completion of Disbursement Milestone 1) for any combination of the following:  
a) reimbursement for demonstrated documentation of additional costs related to training (including, but not limited to, training classes, travel related to training, training machinery and construction), recruiting (including, but not limited to, external and internal recruiting), and any other Eligible Activity as defined in the Term Sheet  
b) \$10,000 per employee completed training with certification

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

**Acknowledged as received by:**

Global Life Sciences Solutions USA LLC  
By:   
Printed Name: Steven Thomas  
Its: Assistant Secretary

Michigan Economic Development Corporation  
By:   
Printed Name: Jeremy J. Webb  
Its: Sr. Business Development Project Mgr

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2022-099**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO  
GLOBAL LIFE SCIENCES SOLUTIONS USA LLC**

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

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

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

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

**WHEREAS**, on December 8, 2020, by Resolution 2020-146, the MSF adopted an amendment to the guidelines for the MBDP (“Guidelines”);

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

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

**WHEREAS**, pursuant to the Guidelines, the project is eligible as an Innovation BDP because the project falls under Navigation, measurement, and control instruments, an Innovation Industry;

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

**WHEREAS**, Global Life Sciences Solutions USA LLC (“Company”) has requested a performance based MBDP Grant of up to \$1,500,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

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

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

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
June 28, 2022



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

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

Date: April 29, 2022

- Company Name: Global Life Sciences Solutions USA LLC and/or its affiliates and subsidiaries.
Project Location: Muskegon County
MBDP Incentive Type: Performance Based Grant
Maximum Amount of MBDP Incentive: Up to \$1,500,000
Base Employment Level: At least zero, at the time of first disbursement of funds and thereafter
Maximum Number of Qualified New Jobs ("QNJ"): Up to 200 Full-Time Jobs in at the Project Location
Municipality Supporting Project: Muskegon Charter Township has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs: Date of MSF Approval
Term of the Agreement: June 30, 2026
Milestone Based Incentive: Disbursements will be made over a three-year period and each are contingent upon compliance with the Agreement and performance based on job creation, as follows:
\$7,500 per QNJ for the creation of a minimum of 25 jobs up to a maximum of 125 jobs.
\$7,500 per QNJ for the creation of a minimum of 100 jobs up to a maximum of 175 jobs.
\$7,500 per QNJ for the creation of a minimum of 150 jobs up to a maximum of 200 jobs.

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

Acknowledged as received by:

Global Life Sciences Solutions USA LLC
By: [Signature]
Printed Name: Steven Thomas
Its: Assistant Secretary

Michigan Economic Development Corporation
By: [Signature]
Printed Name: Jeremy J. Webb
Its: Sr. Business Development Project Mgr



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

PAUL AJEGBA  
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

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

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**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2022-100**

**APPROVAL OF A JOBS READY MICHIGAN PROGRAM GRANT TO  
GLOBAL LIFE SCIENCES SOLUTIONS USA LLC**

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

**WHEREAS**, pursuant to the MSF Act, specifically MCL 125.2088(b)(2)(c), funds appropriated to the MSF under the Michigan Business Development Program (“MBDP”) are authorized to be expended for programs or activities authorized under the MSF Act, so long as the programs or activities provide for repayment for breach of the written agreement or the failure to meet measurable milestones;

**WHEREAS**, on April 23, 2019, via MSF Resolution 2019-066, the MSF (i) created the Jobs Ready Michigan Program (“JRMP”) by transferring funds from the MBDP to fund grants to eligible business applicants to support talent recruitment or training needs to retain or create jobs, and (ii) adopted the guidelines for the JRMP (the “Guidelines”);

**WHEREAS**, Global Life Sciences Solutions USA LLC (“Company”) has requested a JRMP grant of up to \$1,500,000 (“Grant Request”) for attainment of the milestones and other general terms and conditions outlined in the term sheet attached as Exhibit A (“Term Sheet”);

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

**WHEREAS**, the MEDC recommends that the MSF approve the Company’s Grant Request in accordance with the Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of a grant agreement in accordance with the MSF Act and the Guidelines, 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 (“JRMP Award Recommendation”).

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

**BE IT FURTHER RESOLVED**, the MSF Fund Manager, or the MSF President, is directed to negotiate the terms and conditions and execute all final documents necessary to effectuate the JRMP Award Recommendation in accordance with the MSF Act and the Guidelines.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
June 28, 2022



EXHIBIT A
JOBS READY MICHIGAN 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 Jobs Ready Michigan Program ("JRMP").

Date: April 29, 2022

- Company Name: Global Life Sciences Solutions USA LLC and/or its affiliates and subsidiaries.
Project Location: Muskegon County
JRMP Incentive Type: Performance Based Grant
Maximum Amount of JRMP Incentive: Up to \$1,500,000
Start Date for Measurement of Eligible Activities: Date of MSF Approval
Term of the Agreement: October 31, 2024
Milestone Based Incentive: Disbursements will be made over a two-year period and will be performance based on job creation as follows:
Milestone 1: up to \$650,000 for any combination of the following:
a) reimbursement for demonstrated documentation of costs related to training...
b) \$10,000 per employee completed training with certification.
Milestone 2: up to \$850,000 (upon completion of Disbursement Milestone 1) for any combination of the following:
a) reimbursement for demonstrated documentation of additional costs related to training...
b) \$10,000 per employee completed training with certification

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

Acknowledged as received by:

Global Life Sciences Solutions USA LLC
By: [Signature]
Printed Name: Steven Thomas
Its: Assistant Secretary

Michigan Economic Development Corporation
By: [Signature]
Printed Name: Jeremy J. Webb
Its: Sr. Business Development Project Mgr



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

PAUL AJEGBA  
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

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

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**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2022-101**

**APPROVAL OF A STATE ESSENTIAL SERVICES ASSESSMENT EXEMPTION TO  
GLOBAL LIFE SCIENCES SOLUTIONS USA LLC**

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

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

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

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

**WHEREAS**, Global Life Sciences Solutions USA LLC (“Company”) is an Eligible Claimant, as defined in MCL 211.1053(d), which will claim an exemption for Eligible Personal Property, as defined in MCL 211.1053(e);

**WHEREAS**, the eligible investments will be made after MSF approval and completed within three years of December 31, 2022 (“Commencement of the Project”);

**WHEREAS**, the MSF intends to authorize SESA Exemptions for projects located in Eligible Distressed Areas in accordance with Program Guidelines (“EDA Requirement”);

**WHEREAS**, the Michigan Economic Development Corporation (“MEDC”) is requesting the MSF Board approve a SESA Exemption in a non-Eligible Distressed Area for the project by waiving the EDA Requirement due to the transformational nature of the project (“EDA Requirement Waiver”);

**WHEREAS**, the Company has requested that the MSF Board approve a SESA exemption of up to five years valued at up to \$2,707,884 for its \$283,410,000 eligible investment in Eligible Personal Property, as defined in the Program Guidelines, in Muskegon Charter Township (“SESA Exemption Recommendation”); and

**WHEREAS**, the MEDC recommends the MSF Board approve the SESA Exemption Recommendation, the EDA Requirement Waiver, and require a one-time administrative fee in the amount of \$10,000 payable to the MEDC upon completion of the first performance milestone (the “Admin Fee”).

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF Board approves the SESA Exemption Recommendation, the EDA Requirement Waiver, and the Admin Fee; and

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
June 28, 2022



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
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February 3, 2020

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**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

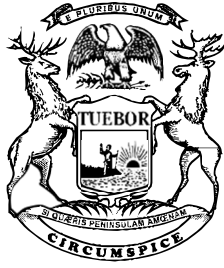
Pursuant to MCLA 16.51, I hereby confirm my designation of Jennifer Nelson as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am unable to attend.

Sincerely,

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

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## MICHIGAN STRATEGIC FUND

### MEMORANDUM

**Date:** June 28, 2022  
**To:** Michigan Strategic Fund ("MSF") Board Members  
**From:** Quentin Messer, Jr., Chief Executive Officer  
**Subject:** Quarterly 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 May 1, 2022 to May 31, 2022, 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 evolve and 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 May 1, 2022 to May 31, 2022.

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 May delegate-approved projects continue to represent our emphasis on supporting underserved populations in geographically disadvantaged areas. Throughout May 2022, 35% of the projects approved through delegated authority are in geographically disadvantaged areas. Additionally, all May approved projects through delegated authority have committed to create just over 310 jobs and over \$110 million in private investment.

# MSF Report Delegate Approvals



Under the authority delegated by the MSF Board, the MSF delegates approved the following projects during May 2022, 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 assistance to businesses for highly competitive projects in Michigan that create jobs and/or provide investment.

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Bleistahl North America, LP	5/16/2022	Battle Creek	\$414,000	Bleistahl North American Limited Partnership, founded in 2013 and located in Battle Creek, manufactures powder metal valve train components for Ford, General Motors, and Stellantis. Bleistahl North America's parent, Bleistahl GmbH & Co. & Co. KG, has been supplying parts for the auto industry worldwide since 1954. Bleistahl is experiencing significant growth and plans to expand at its facility in Battle Creek, where it will add new equipment and a fourth shift. The project is expected to generate a total capital investment of \$8.7 million and create 69 jobs, supported by a \$414,000 Michigan Business Development Program performance-based grant. Michigan was chosen for the project over competing sites in Indiana and Ohio.
Hudsonville Creamery & Ice Cream Company, LLC	5/17/2022	Holland	\$1,000,000	Due to increased demand, Hudsonville is planning a multi-phase expansion at its facility in the city of Holland. The expansion will include construction of additional manufacturing space, the purchase of new machinery and equipment, and renovation of existing employee facilities. It will also include the construction of a wastewater treatment plant. The project is expected to generate a total capital investment of \$65.7 million and create 76 jobs, resulting in a \$1 million Michigan Business Development Program performance-based grant.
Rexair LLC	5/18/2022	Cadillac	\$48,000	Due to supply chain constraints, Rexair LLC needs to expand its operations to produce its power nozzle product line that is currently manufactured in China. The Company plans to expand at its facility in the city of Cadillac, where it will install nine new injection molding machines. The project is expected to generate a total capital investment of \$3.35 million and create nine jobs, supported by a \$48,000 Michigan Business Development Program performance-based grant. Michigan was chosen for the project over a competing site in Kentucky.
American Recreational Products, LLC	5/23/2022	Fenton	\$250,000	The Company has identified a 100,000 square foot building in the city of Fenton, Genesee County for the expansion of a new fiberglass product line. This project involves the creation of up to 59 Qualified New Jobs and a capital investment of up to \$4,020,000 in the City of Fenton, Genesee County.

## Michigan Business Development Program (MBDP) Cont.

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 assistance to businesses for highly competitive projects in Michigan that create jobs and/or provide investment.

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Coastal Container Corporation	5/24/2022	Holland	\$264,000	Coastal Container Corporation is experiencing increasing demand as consumer spending has shifted toward eCommerce purchases, leading to a greater need for corrugated materials. The Company plans to expand at its existing facility in Holland, where it will add 65,000 square feet of manufacturing space and new equipment, including an on-site corrugator. The project is expected to result in a total capital investment of at least \$22 million and create at least 62 jobs in the next three years, supported by a \$264,000 Michigan Business Development Program performance-based grant. Michigan was chosen for the project over a competing site in Indiana.

## Brownfield 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
Marine City Apartments, LLC	5/2/2022	Marine City	\$119,275	Marine City Apartments, LLC was awarded a \$ \$746,244 MCRP performance-based grant; and approval of a Brownfield Act 381 Work Plan including state tax capture estimated at \$119,275 to rehabilitate a vacant, functionally obsolete two-story building in downtown Marine City. The property is located at 402-416 S. Water Street, is estimated at 12,161 square feet, and locally known as the Geck Building. The new mixed-use development will contain three new commercial spaces, and six garages for residents on the first floor. The second floor, as well as part of the first floor will be converted into six new apartments. The project is expected to create 3 new full-time equivalent jobs with total capital investment of approximately \$2,116,556. The local community is supporting the project through the local portion of the Brownfield TIF request, and the St. Clair County BRA has approved the project with the local portion being \$149,725.

## Community Development Block Grant (CDBG)

The U.S. Department of Housing and Urban Development (HUD) allocates Community Development Block Grant (CDBG) funding to the State of Michigan, through the Michigan Strategic Fund with assistance from the MEDC, for further distribution to eligible units of general local government (UGLGs) to carry out MSF- approved activities. CDBG program funds are used to provide grants and loans to UGLGs, usually with populations under 50,000 (referred to as non-entitlement jurisdictions), in support of economic or community development projects.

### CDBG- Disaster Recovery Consultant Contract

Project Name	Approval Date	Incentive Amount	Project Highlights
CDBG-DR Consultant Contract	5/3/2022	\$777,990	\$777,990 of CDBG funding was awarded to ICF Incorporated, LLC for the contract to assist the CDBG program with its CDBG-DR funding administration.

## 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
Marine City Apartments, LLC	5/2/2022	Marine City	\$746,244	Marine City Apartments, LLC was awarded a \$ 746,244 MCRP performance-based grant; and approval of a Brownfield Act 381 Work Plan including state tax capture estimated at \$119,275 to rehabilitate a vacant, functionally obsolete two-story building in downtown Marine City. The property is located at 402-416 S. Water Street, is estimated at 12,161 square feet and locally known as the Geck Building. The new mixed-use development will contain three new commercial spaces, and six garages for residents on the first floor. The second floor, as well as part of the first floor will be converted into six new apartments. The project is expected to create 3 new full-time equivalent jobs with total capital investment of approximately \$2,116,556. The local community is supporting the project through the local portion of the Brownfield TIF request, and the St. Clair County BRA has approved the project with the local portion being \$149,725.
Quay Docks LLC	5/12/2022	Port Huron	\$681,701	Quay Docks, LLC, was awarded a \$681,701 MCRP performance-based grant to renovate the two story functionally obsolete and vacant building into a reactivated mixed-use development in downtown Port Huron. The property is located at 402 Quay Street and is approximately 13,050 square feet. The proposed development will contain 2 new commercial spaces on the first floor; and the second floor will be converted into 5 new apartments. The project is expected to create 30 new full-time equivalent jobs with total capital investment of approximately \$2,604,146. The City of Port Huron is supporting the project through a local OPRA tax abatement with an estimated value of \$596,339 over 9 years.

## Michigan Community Revitalization Program (MCRP) Cont.

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
27 Marshall Street, LLC	5/18/2022	Coldwater	\$750,000	27 Marshall Street, LLC will rehabilitate a vacant, historic building into seven workforce apartment units in downtown Coldwater. Originally constructed as a purpose-built funeral home in 1920, the building proposed for redevelopment was designed by Robert C. Spencer, Jr., a colleague of Frank Lloyd Wright and a prominent figure in the Prairie School design movement. The structure is believed to be one of only two remaining buildings in Michigan designed by Spencer. In support of these outcomes, the project was awarded a \$750,000 MCRP performance-based grant; the project will also receive support from the City of Coldwater through a 12-year Obsolete Property Rehabilitation Act abatement and local facade grant from the Downtown Development Authority. The rehabilitation of this historic structure into an active development with much needed housing would not be feasible without the support of the MCRP program, local community and investment by private partners.
Park North, LLC	5/18/2022	Calumet	\$462,400	Project will rehabilitate a functionally obsolete, historic building adding two office units, representing a capital investment of \$1,279,838.

## 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
Automatic Spring Products Corporation – Automation Alley Hannover Messe	5/2/2022	Grand Haven	\$4,275
Dongan Manufacturing – EU Marketing and Sales Trip	4/2/2022	Fraser	\$13,302
Fairrer Samani Group – Caribbean South Florida DEC Commercial Serv	5/2/2022	River Rouge	\$1,383
Hil-Man Automation – Foam Expo 22	5/2/2022	Zeeland	\$6,258
Landscape Forms – Azure Awards 2022	5/2/2022	Kalamazoo	\$15,000
National Research Company –Cobalt Conference and Sales Trip Switzerland, Italy, and Ireland	5/2/2022	Chesterfield	\$9,580
Advanced Farm Equipment, LLC – Sales Trip Belgium and Netherlands	5/4/2022	Vestaburg	\$4,700
Coherix, Inc. – Hannover Messe Germany	5/4/2022	Ann Arbor	\$5,047
Electro-Matic Products, Inc. – Ford Ranger Argentina	5/4/2022	Farmington Hills	\$4,488
Great Lakes Sound and Vibration (GLSV) – Eurosatory Paris France	5/4/2022	Houghton	\$6,927
Grotnes – CE Certification for Pro Pack Norway	5/4/2022	Niles	\$6,150
OG Technologies – Germany and Poland Marketing Sales Trip	5/4/2022	Ann Arbor	\$3,695
Pisces Fish Machinery, Inc. – Seafood Processing Global Spain	5/4/2022	Wells	\$12,743
Workhorse Irons –14th Annual Baltimore Tattoo Arts Trade Show	5/4/2022	Grandville	\$1,918
Automatic Spring Products Corporation – AM Queretaro Automotive Meetings	5/5/2022	Grand Haven	\$4,125
Huron Industries, Inc. – 2022 Eurosatory USA Security and Defense	5/5/2022	Port Huron	\$14,879
RnD Engineering – USCS Gold Key Cameroun	5/5/2022	Chelsea	\$3,622
Detroit Manufacturing Systems, LLC – Michigan Israel EcoMotion Mobility	5/6/2022	Detroit	\$6,682
Pophouse – Salone del Mobile Italy	5/6/2022	Detroit	\$7,182
Ausco Products, Inc. – Sales Trip Italy	5/9/2022	Benton Harbor	\$7,092
Maelstrom Chemical Technologies, LLC – Fastener and Fixing Marketing May	5/9/2022	Shelby Township	\$637
MedImage, Inc. – SNMMI Vancouver Canada	5/9/2022	Ann Arbor	\$9,439
Binsfeld Engineering Inc – ITM 2022 Exhibit Turkey	5/10/2022	Maple City	\$15,000

## Michigan State Trade Expansion Program (MI-STEP) Continued

Project Name	Approval Date	Location	Incentive Amount
Celcius Corp – India Sales Trip 2022	5/10/2022	Bloomfield hills	\$2,545
Duperon Corporation – WEFTEC 2022 Intl Trade Show Booth Space	5/10/2022	Saginaw	\$12,000
Grip Studios Inc. – UK Marketing Campaign	5/10/2022	Livonia	\$5,250
MIC Customs Solutions – 2022 ICPA Europe	5/10/2022	Southfield	\$6,360
NeuroNexus Technologies, Inc – Optogen 2022 France	5/10/2022	Ann Arbor	\$7,009
Riveer Environmental – Eurosatory Show France	5/10/2022	South Haven	\$8,127
Ryan Industries, Inc. – Auto Care Assoc International Matchmaking	5/10/2022	Wixom	\$300
SSI Electronics Inc. – European Society of Cardio Spain	5/10/2022	Belmont	\$8,235
eFlex Systems – Hannover Messe Tradeshow	5/11/2022	Rochester Hills	\$8,333
Videka – Fenagra 2022 Brazil	5/11/2022	Kalamazoo	\$4,662
Videka – Interzoo 2022 Germany	5/11/2022	Kalamazoo	\$15,000
Dedoes Industries, LLC – UK and CA International Domain Purchases	5/12/2022	Walled Lake	\$112
Maelstrom Chemical Technologies, LLC – Fastener and Fixing Web Ad UK Publication	5/12/2022	Shelby Twp	\$375
OPCO dba Mighty Lube Systematic Lubrication – USCS Trade America 2022 Brazil	5/12/2022	Fremont	\$11,572
Supply Chain Solutions – South Korea Trade Mission and Thailand Visit	5/17/2022	Grand Rapids	\$11,040
VS Aviation LLC – Airport Show 2022	5/17/2022	Grand Rapids	\$1,691
Therma-Tech Engineering Inc – Follow up Sales Trip	5/18/2022	Redford	\$2,353
Underground Computers, Inc – E commerce Platform Maintenance Upgrade	5/19/2022	Jenison	\$14,250
Carter Products Company, Inc. – AA of Woodturners Intl Symposium Chattanooga	5/20/2022	Grand Rapids	\$12,681
FlexPost Inc. – REMI Show Toronto	5/20/2022	Holland	\$11,182
LightGuide, Inc. – Hannover Messe with Automation Alley	5/20/2022	Wixom	\$3,900
Michigan Instruments – EXIM Insurance Q4	5/20/2022	Kentwood	\$750
Michigan Instruments – EXIM Insurance Reimbursement Q3	5/20/2022	Kentwood	\$750
EZM LLC dba EZMETROLOGY – BusWorld Istanbul Turkey	5/23/2022	Commerce Charter Township	\$3,778
Link Engineering Company – Automotive Testing Expo Germany- SBA	5/23/2022	Plymouth	\$12,000



## Michigan State Trade Expansion Program (MI-STEP) Continued

Project Name	Approval Date	Location	Incentive Amount
The Mackinac Technology Company – Website Enhancement	5/23/2022	Grand Rapids	\$6,412
Fairrer Samani Group – CANTO Conference Miami	5/24/2022	River Rouge	\$1,106
Dog Might LLC – International Facebook Advertising	5/25/2022	Ann Arbor	\$11,250
Guardhat – Hannover Messe	5/25/2022	Detroit	\$11,212
Laser Access – Website Translation	5/25/2022	Walker	\$1,125
WaterSolve LLC – WEDA Dredging Summit	5/25/2022	Caledonia	\$5,171
Frank Willard and Associates – Queretaro Automotive Meeting	5/31/2022	Birmingham	\$2,955
Versant Medical Physics and Radiation Safety – The Society for Radiological Protection UK	5/31/2022	Kalamazoo	\$6,137

# Program Amendments



For a variety of reasons, projects may return to the MSF requesting an amendment to their previous approvals, at which point the Business Development and Community Development 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 contracted timelines; redefined project sites; and modified award amounts. See below for a list of program amendments that received delegated approval in May 2022.

## Business Development Program (BDP)

Project Name	MSF Delegate Amended Date	Project Location	Type of Request
Arrow Automation and Engineering Inc. Headquarters	5/16/2022	Auburn Hills	Amended Qualified New Job's start date to reflect the initial grant application date from 04/07/2021 to 05/15/2021.

## Community Development Block Grant (CDBG)

### Rental Rehabilitation & Housing Partnerships

Project Name	MSF Delegate Amended Date	Project Location	Type of Request
City of Adrian - Rental Rehabilitation at 109 N Main/150 N Main	5/31/2022	Adrian	A CDBG grant increase amendment in the amount of \$33,150 be authorized for the City of Adrian 109 N. Main Project. The local building inspector is requiring fire separation on the project.

# MSF Awardee Relief Report Grants and Loans



The following include delegated approvals from May 1, 2022, to May 31, 2022, for the MSF Awardee Relief Program demonstrating the impact this program has continued to have on providing flexibility, accountability and transparency for those projects previously approved by the MSF Board but are now facing challenges due to COVID-19.

## CD Awardee Relief

Project Name	Program Name	Project Location	MSF Delegate Approval Date	Type of Request
Flint Cultural Center Corporation	Community Revitalization Program	Flint	5/2/2022	Four-month extension to Milestone Two and Pre-Disbursement Due Diligence.
Thunder Bay Properties, LLC	Community Revitalization Program	City of Alpena	5/21/2022	Extend Milestone Two and Pre-Grant Disbursement Due Diligence Conditions each by six months.

## BD Awardee Relief

Project Name	Program Name	Project Location	MSF Delegate Approval Date	Type of Request
Sequiris Group, LLC	Business Development Program	Charter Township of Plymouth	5/16/2022	Amendment extended Milestone 2 due date from 7/31/21 to 7/31/23, Milestone 3 due date from 7/31/22 to 7/31/24 and grant term from 1/31/23 to 1/31/25.

# Financial Data Overview and Terminations



## Michigan Business Development Program - Terminations

Project Name	Project Location	Incentive Type	Amount	Disbursed	Termination Date	Reason for Termination	Repayment
Automotive Lighting, LLC	Clarkston	Expansion	\$2,000,000	\$1,800,000	5/2/2022	Unable to fulfill grant requirements	\$370,175
Piston Automotive, LLC	Redford	New Development	\$212,000	\$0	5/11/2022	Unable to fulfill grant requirements	\$0
Jackson (formerly Jackson National Life)	Lansing	Expansion	\$4,150,000	\$4,150,000	5/26/2022	Unable to fulfill grant requirements	\$0

# MSF Confidentiality Memos



As a part of the process for negotiating with companies seeking to invest in Michigan, the Michigan Strategic Fund (MSF) receives information of a financial and/or proprietary nature from applicant companies. Avoiding the public disclosure of this information is desirable in order to protect against the potential for significant competitive harm to the applicant companies.

Via MCL 125.2005(9), as amended by Public Act 251 of 2011, information of a financial or proprietary nature considered by the applicant as confidential and acknowledged as confidential by the Michigan Strategic Fund Board or its designee is exempted from disclosure by the Michigan Freedom of Information Act, Public Act 442 of 1976, as amended. On February 27, 2012, the MSF Board approved by resolution the delegation of this authority to the MSF Fund Manager, who acknowledges the confidentiality of eligible information on behalf of the MSF Board by executing a confidentiality memo.

## Approvals by Authorized Delegate

During the period between May 1, 2022, and May 31, 2022, the following confidentiality memos were approved by the MSF Fund Manager:

Company Name and Location	Overview of Confidential Information
Ford Motor Company 1 American Road Dearborn, MI 48126	Organizational documents; Financial Statements; Draft incentive applications; Draft term sheets; Draft incentive agreements; Draft MSF Board Briefing Memo.