

MICHIGAN STRATEGIC FUND BOARD MEMBERS

Paul Ajegba

*Director, Michigan Department of
Transportation*

Ronald W. Beebe

*Principal Owner & CEO
Euclid Industries, Inc.*

Britany Affolter - Caine, Ph.D.

*Executive Director
Michigan's University Research
Corridor*

Jeff Donofrio

*Director, Department of Labor
& Economic Opportunity*

Rachael Eubanks

*State Treasurer, Department of
Treasury*

Paul Gentilozzi

President, Gentilozzi Real Estate

September Hargrove

*Vice President, Global
Philanthropy, JP Morgan Chase*

Jeff Mason

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

Charles Rothstein

*Founder & Senior Managing Director
Beringea, LLC*

Susan Tellier

*President
JetCo Packaging Solutions*

Cindy Warner

*Technology Executive
Consultant Founder &
Chairperson 360ofme, Inc.*

MICHIGAN STRATEGIC FUND (MSF) BOARD

Meeting Packet

February 2020

**MICHIGAN STRATEGIC FUND BOARD
FINAL MEETING AGENDA
FEBRUARY 25, 2020
10:00 am**

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

Communications

A. Consent Agenda

Proposed Meeting Minutes – January 22, 2020

B. Business Investment

1. Entrepreneurship

Flint Ferris Wheel 100K Ideas – Grant Amendment – Fredrick Molnar

Invent@NMU – Grant Amendment – Fredrick Molnar

Business Incubator Program (Gateway Representative) – Grant Amendments, Extensions and New Funding Requests – Fredrick Molnar

University Proof-of-Concept Fund – Grant Amendment – Fredrick Molnar

2. Capital Access

Jedco, Inc – SSBCI Collateral Support Program – Aileen Cohen

3. Business Growth

Cherry Growers, Inc. – Write Off Request – Colleen Horton

C. Community Vitality

Joining Jordan Project – CDBG Request – Dan Leonard

Brick Street Lofts LLC – MCRP and Brownfield Act 381 Work Plan – Michelle Audette-Bauman

Downtown City Square – CDBG Request – Jen Tucker

Papermill Demo Phase 2 – CDBG Request – Sue DeVries

Bridge and Stocking, L.L.C. – MCRP Amendment – Lori Mullins

Bridge and Turner, LLC – MCRP Amendment – Lori Mullins

Exchange Building, LLC – MCRP Amendment and Brownfield MBT Amendment – Lori Mullins

D. Image Branding

Business Marketing – McCann Amendment – Doug Kuiper

**MICHIGAN STRATEGIC FUND
FINAL MEETING MINUTES
January 22, 2020**

Members Present

Britany L. Affolter-Caine
Ronald W. Beebe
Susan Corbin (on behalf of Director Donofrio)
Paul Gentilozzi
September Hargrove
Michael B. Kapp (on behalf of Director Ajegba)
Andrew Lockwood (on behalf of Treasurer Eubanks)
Jeff Mason
Charles P. Rothstein

Member joined by phone

Cindy Warner

Member Absent

Susan Tellier

Mr. Mason called the meeting to order at 10:02 am.

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

Mr. Mason introduced the following legislator: Representative Tyrone Carter attending in support of the Jefferson Van Dyke 2 LLC and the Mosaic Eastern Market Redevelopment projects in Detroit.

Communications: Rhonda Bishop, Board Liaison, advised the Board that the Quarterly Report of the Chief Compliance Officer was provided to them in the briefing packet, along with several program quarterly reports. She also advised the Board that letters were received from Representative Isaac Robinson and Representative Tyrone Carter in support of the Dakota Integrated Systems LLC and the 3820 West End LLC projects in Detroit; the letters are attached to the minutes.

A. CONSENT AGENDA

Resolution 2020-001 Approval of Consent Agenda Items

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

Proposed Meeting Minutes – December 17, 2019

Inteva Products, LLC – MBDP Other Economic Assistance Incentive Amendment – **2020-002**

Jackson Downtown Partners, LLC – MCRP Loan Participation Amendment – **2020-003**

September Hargrove seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

B. COMMUNITY VITALITY

Resolutions 2020-004 & 2020-005 Jefferson Van Dyke 2 LLC / City of Detroit Brownfield Redevelopment Authority (Jefferson Van Dyke 2 LLC Project) – MCRP Loan and Brownfield Act 381 Work Plan

Brittney Hoszkiw, Senior Community Assistance Team Specialist, provided the Board with information regarding these action items. Following discussion, Paul Gentilozzi motioned for the approval of Resolution 2020-004. Michael B. Kapp seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.** Michael B. Kapp then motioned for the approval of Resolution 2020-005. Paul Gentilozzi seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

September Hargrove, recused from the next two items, leaves the room; a recusal letter is attached to the minutes.

Resolutions 2020-006 & 2020-007 3820 West End, LLC / City of Detroit Brownfield Redevelopment Authority (The Osi Art Apartments @ West End Project) – MCRP Loan and Brownfield Act 381 Work Plan
Brittney Hoszkiw, Senior Community Assistance Team Specialist, provided the Board with information regarding these action items. Following discussion, Paul Gentilozzi motioned for the approval of Resolution 2020-006. Ronald W. Beebe seconded the motion. **The motion carried: 9 ayes; 0 nays; 1 recused.** Ronald W. Beebe then motioned for the approval of Resolution 2020-007. Britany L. Affolter-Caine seconded the motion. **The motion carried: 9 ayes; 0 nays; 1 recused.**

Resolution 2020-008 City of Detroit Brownfield Redevelopment Authority (Mosaic Eastern Market Redevelopment Project) – Brownfield Act 381 Work Plan
Brittney Hoszkiw, Senior Community Assistance Team Specialist, provided the Board with information regarding this action item. Following discussion, Paul Gentilozzi motioned for the approval of Resolution 2020-008. Andrew Lockwood seconded the motion. **The motion carried: 9 ayes; 0 nays; 1 recused.**

September Hargrove rejoined the meeting.

Lofts on Alabama, LLC (Lofts on Alabama Project) – MCRP Loan Participation Award Amendment
Paul Gentilozzi motioned to table the Lofts on Alabama agenda item. Ronald W. Beebe seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

C. BUSINESS INVESTMENT

C1. Business Growth

Resolutions 2020-009 & 2020-010 – Dakkota Integrated Systems LLC – MBDP Grant and Next Michigan Business Certification

Jibran Ahmed, Business Development Project Manager, provided the Board with information regarding these action items. Following discussion, Ronald W. Beebe motioned for the approval of Resolution 2020-009. Paul Gentilozzi seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.** Ronald W. Beebe then motioned for the approval of Resolution 2020-010. Paul Gentilozzi seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

Resolution 2020-011 – General Motors LLC – Global MEGA Tax Credit Amendment

Joshua Hundt, Executive Vice President & Chief Business Development Officer, provided the Board with information regarding this action item. Following discussion, Paul Gentilozzi motioned for the approval of Resolution 2020-011. Michael B. Kapp seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

The Board took a brief recess at 12:12 pm. They resumed approximately around 12:20 pm.

CONTINUING EDUCATION

Tim Dempsey, Vice President of Public Sector Consultants, gave a presentation to the Board on a study his consulting firm authored entitled “Benchmarking the Michigan Economic Development Corporation to Peer Organizations.” In 2019, MEDC engaged Public Sector Consultants to provide an in-depth look at the similarities and differences in strategies, tactics, resources, and organizational structures of economic development organizations across ten states—Alabama, Georgia, Illinois, Indiana, Ohio, North Carolina, South Carolina, Tennessee, Texas, and Wisconsin.

Mr. Mason adjourned the meeting at 1:10 pm.



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

November 13, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

Pursuant to MCLA 16.51, I hereby confirm my designation of Susan Corbin 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.

If you need anything additional, please contact Monica Chrzaszcz at (517) 897-6108.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Donofrio".

Jeff Donofrio
Director

Cc: Susan Corbin



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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

January 22, 2020

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

Re: The Osi Apartments at West End & Mosaic Eastern Market Redevelopment Project

Dear Ms. Bishop

This letter is to advise that I am recusing myself from deliberations and voting on The Osi Apartments at West End and Mosaic Eastern Market Redevelopment Project during the Michigan Strategic Fund board meeting on Wednesday, January 22, 2020.

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

Regards,



September Hargrove



4TH DISTRICT
STATE CAPITOL
P.O. BOX 30014
LANSING, MI 48909-7514

MICHIGAN HOUSE OF REPRESENTATIVES

ISAAC ROBINSON

STATE REPRESENTATIVE

PHONE: (517) 373-1008
FAX: (517) 373-5995
isaacrobinson@house.mi.gov

January 21, 2020

Mr. Jeff Mason, President
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

RE: Letter of Support from State Representative Isaac Robinson, 4th District & State Representative Tyrone Carter, 6th District for the request by Dakkota Integrated Systems, LLC

Dear President Mason:

We are proud to join with community leaders and Detroit Mayor Mike Duggan in supporting the creation of good-paying new jobs on Detroit's eastside.

As we work to eradicate poverty and the challenges of a strained mental health system, we must have jobs and we are ready to welcome 400 new jobs.

We welcome the positive ripple effect on local businesses like the Raven Lounge on Chene, the oldest Blues Bar in Michigan.

Local residents and alumni from the former Kettering High School spoke in favor of the project at a community meeting.

It is my belief Dakota Integrated Systems, LLC will be committed to working with the community to support neighborhood development, to promote public safety for employees and residents and to be respectful of the deep history of the closed area schools.



It is huge capital investments like this that we need to put people work. The project is expected to result in a capital investment of \$45 million.

We support the request by Dakkota Integrated Systems, LLC for assistance from the Michigan Strategic Fund.

Respectfully,



Isaac Robinson, State Representative
The Fourth District



Tyrone Carter, State Representative
The Sixth District



4TH DISTRICT
STATE CAPITOL
P.O. BOX 30014
LANSING, MI 48909-7514

MICHIGAN HOUSE OF REPRESENTATIVES

PHONE: (517) 373-1008
FAX: (517) 373-5995
IsaacRobinson@house.mi.gov

ISAAC ROBINSON

STATE REPRESENTATIVE

January 21, 2020

Mr. Jeff Mason, President
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

**RE: LETTER OF SUPPORT FROM REPS ISAAC ROBINSON AND
TYRONE CARTER FOR THE OSI APARTMENTS**

Dear Mr. Jeff Mason, President

As proud members of the Michigan House of Representative from Detroit and as long-time residents of Detroit, we enthusiastically submit this letter in support of 3820 West End's request for assistance from the Michigan Strategic Fund.

Roderick Hardamon and George N'Namdi are deeply committed to ethical development in our Detroit Neighborhoods. The Osi Apartments project, will be a welcome addition to Grand River Avenue. As we restore our abandoned corridors, we are thankful to creative entrepreneurs who appreciate and celebrate arts and culture.

Respectfully,

Isaac Robinson, State Representative
The Fourth District

Tyrone Carter, State Representative
The Sixth District



MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-012**

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

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

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

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

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

Consent Agenda Item:

Proposed Meeting Minutes – January 22, 2020

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin (on behalf of Director Donofrio, designation attached), Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 25, 2020



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

November 13, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

Pursuant to MCLA 16.51, I hereby confirm my designation of Susan Corbin 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.

If you need anything additional, please contact Monica Chrzaszcz at (517) 897-6108.

Sincerely,

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Jeff Donofrio
Director

Cc: Susan Corbin



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

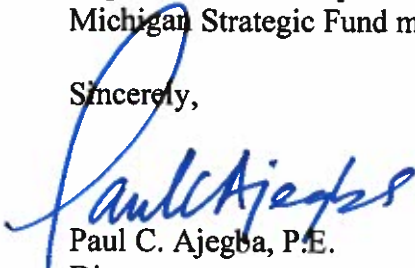
February 3, 2020

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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MEMORANDUM

Date: February 25, 2020

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

From: LeTasha Peebles, Grant Manager, Entrepreneurship and Innovation

Subject: Flint Ferris Wheel Business Incubator Grant Amendment

Request

The Michigan Economic Development Corporation (“MEDC”) Staff recommends the Michigan Strategic Fund (“MSF”) Board exercise its first option to extend the grant with the Flint Ferris Wheel Incubator (“Ferris Wheel”) for one year and allocate \$325,000 in additional funding (the “Request”).

Background

In March of 2017, the MSF Board awarded a business incubator grant in the amount of \$1,500,000 for three years, with the option to extend the term of the grant for two additional one-year terms to the Ferris Wheel. The Ferris Wheel is a seven story, 46,000 square foot business incubator and co-working space strategically located in the heart of downtown Flint. Designed after its successful Northern Michigan University counterpart “Invent@NMU”, the incubator model was extended to Flint becoming the first of its kind for the underserved area and to lower Michigan.

The Ferris Wheel provides entrepreneurial and innovation support to all entrepreneurs and start-up companies with a product, software, or service. Using 100K Ideas, a non-profit arm of the Ferris Wheel, college students are hired to work with entrepreneurs at the idea stage by taking them through a think, make, market model. This includes an initial assessment along with research, design and engineering to support their business endeavor. The goal of this platform is to “relieve the innovator of the entrepreneurial burden” by providing development support for their idea, market plan, and expansion needs. This strategic process provides anyone with an idea direct access to business incubator services where there may have been perceived barriers before.

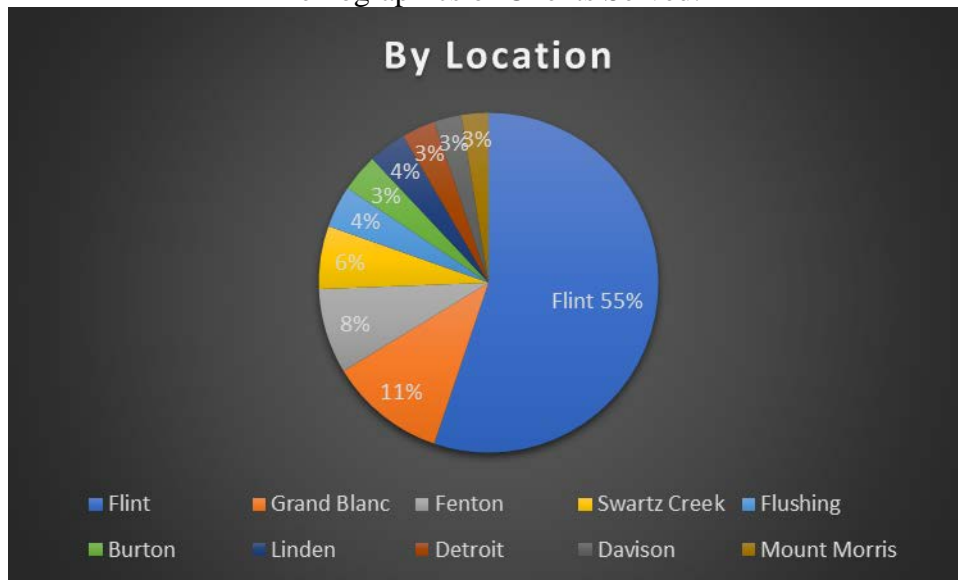
The Ferris Wheel Innovation Center is currently housed within the historic Ferris Furs Building. After standing vacant for nearly 30 years, the building was considered functionally obsolete, and therefore needed critical renovations in order to become viable again. In order to move the project forward, the MSF’s Michigan Community Revitalization Program (“MCRP”) partnered with the project providing a separate grant to Skypoint Ventures, LLC and Flint Ferris Building, LLC in the amount of \$1,000,000 for the rehabilitation of the facility. After an initial equity investment of approximately 83% of the total project cost by the developer, the MCRP grant award provided the necessary financing to close the gap. To date, the award recipient has achieved all milestones associated with the grant and is currently in monitoring status through the grant term end of October 1, 2021.

In addition to the assistance received from the MCRP grant, the Ferris Wheel received vital support as a result of further collaboration between public and private partnerships, including the following: C.S. Mott Foundation, Skypoint Ventures, Huntington Bank, Flint Downtown Development Association, Community Foundation of Greater Flint, and the Michigan Energy Office. The C.S. Mott Foundation and Skypoint Ventures both committed to the 1:1 match required for the business incubator incentive award, of which \$1,159,261.90 has been met per the latest progress report in October 2019. The grantee has one additional grant milestone under their current grant term for the remaining match balance. The C.S Mott Foundation will provide an additional cash match in the amount of \$325,000 for additional support and Skypoint Ventures will provide an in-kind match for a host of services to include HR, audit, payroll/accounting, and event/venue support along with leadership consulting time in connection with this amendment request.

Program Results

From April 2017 through October 2019, the Ferris Wheel received 485 idea submissions and completed 384 assessments with 56 active projects. They created 29 new companies and served 71, produced 10 new jobs, attracted \$1.45 million in additional funds, received 6 patents, and completed 46 new licensing agreements. Over half of the clients served were from Flint (see Table A), with 58% served male and 36% female. The incubator also achieved a 92% occupancy rate, with 56 businesses and entrepreneurial service providers calling it home.

Table A
Demographics of Clients Served:



Program Success

Thanks to the critical partnerships identified, the Ferris Wheel received the National Development Council Academy Award in October 2017 for Innovative Project Finance. This national award attracts submissions from across the country and is one of the highest honors an

economic development project can receive. At the time of the award, Daniel Marsh II, President and CEO of the National Development Council made the following remarks:

‘At a time when some might feel discouraged that economic and community development is not having an impact, we have clear-cut examples that people’s lives can be changed. What we see in the impressive project images is inspiring and even still, the pictures don’t fully capture the humanity that brought these projects to life.’

The Ferris Wheel received the award for its provision of public and private funding and its dedication to community development in an economically disadvantaged area, beating its \$90 million New York based contender. This further illustrates the significance of quality over quantity as it effectively organized resources to bring the catalytic project forward. In addition to this award, in November 2019, the Ferris Wheel received the “Community Impact Award” for its dedication to building Flint’s entrepreneurial environment and investment network from the Michigan Venture Capital Association. This prestigious award is voted on by 400 industry professionals across Michigan, further highlighting the innovative effect of this project.

With the scope of the work and achievements made, the Ferris Wheel now has 100K Ventures, a million-dollar venture capital fund. Formed in December 2018, the fund attracted founding members and investors to include (not limited to) Victor Cruz, Draymond Green, Soledad O’Brien, Reshma Saujani, and Michael Strahan (please see Attachment A for comprehensive list). This venture capital arm is dedicated to providing funding support for Flint based entrepreneurs in need of critical capital to move their startup forward. The first investment from this fund was made into Kiara Tyler, an African American entrepreneur and north Flint native who began Kalm Clothing (“Kalm”), a unisex high-end streetwear clothing line from her kitchen table. With its growing demand, Kiara enlisted assistance from the Ferris Wheel, who have since positioned Kalm to realize a 12% increase to sales, with notable celebrities sporting the local Flint brand. Optimizing the company’s backend to alleviate inefficiencies reduced overhead costs while having a physical location at the Ferris Wheel building helped the business meet its increased demand and continue to thrive.

‘Being the first investment from 100K Ventures is a dream come true. I’m confident that with the help of my team, the support of the 100K ventures group, and the Flint community behind me Kalm Clothing will continue to grow into a top fashion line.’

Kiara Tyler | <https://www.kalmclothing.online/>

In addition to the creation and first investment of 100K Ventures, two more notable success stories have also emerged:

Peter Deppe, a Kettering University engineering graduate was employed as a student working for 100K Ideas. During his time at the incubator Peter decided to launch his own business known as KUHMUTE, an electric scooter rideshare company that features smart charging hubs. The charging hubs are designed to charge e-scooters, e-bike and other electronic mobility devices utilizing the first electronic docking stations in the e-scooters industry. The company has received local investment to include winning the MEDC’s Planet M 2019 Detroit Hardware

Summit – Best Mobility Hardware Company award in the amount of \$10,000. This increase to capital has allowed their smart charging hubs to be deployed across the country.

<https://www.kuhmute.com/>

‘During my time at 100K Ideas I learned how to help people go from idea to business, and in return I was able to do the same for myself. With my business partner Scott Spitler, we have created a company that solves the dreaded problem of e scooter pile ups in major cities as well as helping these ride share operators achieve better margins. In the near future we are also launching in New Jersey, Florida, Iowa and others to provide organization and reliable infrastructure for shared fleet vehicles.’ – Peter Deppe, Electrical Engineer at 100K Ideas

Jonathan Quarles is the founder of the Flint based SolAir, a renewable water technology company using an exclusive method to collect and purify water using SOURCE™ solar hydropanels. SolAir has already placed a small set of these panels at the Berston Field House located on the northside Flint. Water collected from the solar panels is available to drink inside the facility through a drinking fountain. The Flint native recently won the Pitch for \$K competition where they took the first-place prize for \$10,000. As SolAir continues to grow, a larger scale solar "farm" will be built in Flint, along with a sustainable bottling facility, creating jobs for the city.

<https://www.drinksolair.com/>

‘SolAir came to 100K Ideas just before launching our pilot run at Berston Field House, on Flint's northside. The research they gathered for us and next steps were very fitting, as we moved forward in our implementation. They have been a great partner through our journey, and we see them as a valuable resource for the community.’ – Jonathan Quarles, Founder

Recommendation

The MEDC Staff recommends the MSF Board approve the Request.

Attachment A

100K Ventures Founding Members

Draymond Green, *NBA*

Victor Cruz, *former NFL player*

Christina Weiss Lurie, *Minority Owner of the Philadelphia Eagles*

Michael Nutter, *former Philadelphia Mayor*

Reshma Saujani, *Founder of Girls Who Code*

Michael Strahan, *former NFL player*

Frank Thomas, *former MLB player*

Meena Harris, *Founder of Phenomenal Woman Action Campaign*

Soledad O'Brien, *Journalist & Executive Producer*

Jaime Taicher, *Financial Advisor*

Robert Wolf, *Founder of 32 Ventures*

Phil Hagerman, *CEO of Skypoint Ventures*



**Chamber of
Commerce**

**Flint & Genesee
Chamber of Commerce**
519 S. Saginaw Street, Suite 200
Flint, MI 48502
Office | 810.600.1404
Fax | 810.600.1461
flintandgenesee.org

January 27, 2020

Michigan Economic Development Corporation
300 N. Washington Square
Lansing, MI 48913

To Whom it May Concern:

The Flint & Genesee Chamber of Commerce is pleased to provide a letter of support to 100K Ideas, validating the nonprofit's commitment to building a thriving entrepreneurial ecosystem. Their work provides innovative Flint and Mid-Michigan residents opportunities to develop their ideas into new business ventures that create investment and jobs.

Partnership is critical to the success of improving Flint's economy and collaboration is at the core of the 100K Ideas model. Through their unique methods, 100K Ideas gathered some of the region's leading experts on business development, engineering, design, marketing, and finance while mentoring the next generation of entrepreneurs and university students to create a space where business can start, grow, and thrive.

In just a few years since opening in the newly rehabilitated Ferris Wheel Building, the staff of 100K Ideas have assisted hundreds of Flint-area residents vet their ideas with the goal to take those ideas to market. In addition, the nonprofit has supported entrepreneurs and the community through:

- Pitch For \$K: Idea pitch competitions designed to put capital into the hands of new and burgeoning ventures
- Attracted venture capital funding from high-profile individuals
- Partnered with various organizations and entities to create networks that improve entrepreneurial efforts community-wide, such as the Chamber's eTeam
- Supported/hosted community events to promote its services and resources to residents
- Hosted presidential candidates to bring national visibility to positive news coming out of Flint
- And much more...

The Flint & Genesee Chamber of Commerce is proud to be a partner with 100K Ideas and supports its continued efforts to diversify the local economy with new and innovative ideas. I highly encourage the Michigan Economic Development Corporation to extend its partnership with 100k Ideas to further assist in Flint's economic resurgence.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Herman".

Tim Herman
CEO



OFFICE OF UNIVERSITY OUTREACH

January 27, 2020

To Whom It May Concern,

I am writing on behalf of University of Michigan-Flint's Office of University Outreach in support of 100K Ideas' proposal to the Michigan Economic Development Corporation for continued funding of its entrepreneurial service operations assistance to Flint and Genesee County residents in researching and developing their business concepts and ventures. We strongly support this amendment and the organization's focus on increasing access to entrepreneurial support services among Flint and Genesee County residents through an individualized approach.

UM-Flint's Innovation Incubator and EDA University Center for Community & Economic Development, which are both part of the Office of University Outreach, have worked cooperatively with 100K Ideas for the past three years to offer wraparound business support services to early stage entrepreneurs in the greater Flint community. 100K Ideas' approach to offer product development services has allowed pre-startup companies to create minimally viable products and test the market before launching their big ideas. This approach allows for critical feedback, market-based research, iterative design and market testing to provide an efficient and cost effective snapshot of how a product might perform in the larger retail market.

In addition, the organization's pitch competitions provide another entry point for new pre-start up entrepreneurs seeking validation and early stage funding. 100K Ideas' success has shown that there is an unmet community need for their type of professional services.

We look forward to continuing our relationship with 100K Ideas and the expansion of their vision to support as many residents as possible in achieving their own business vision and development.

Sincerely,

A handwritten signature in black ink that reads "Paula L. Nas".

Paula L. Nas
Director, Office of University Outreach
University of Michigan-Flint



OUR LEGACY. OUR HOPE.

(810) 787-6531
PO Box 5026 • Flint, MI 48505

January 22, 2019

To Whom It May Concern,

I have had the pleasure of working with 100K Ideas on several initiatives and I am happy to provide a letter of support for their work.

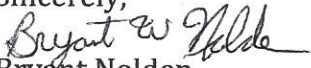
100K Ideas and Berston Field House became partners in early 2018 with the launch of the 100K Ideas' Office Hours initiative. This initiative is designed to bring their services closer to the people in the community, especially for those where access to

Downtown Flint may be a barrier. Since launching, 100K Ideas has a constant presence in our building once a week, for those looking to pursue their business ideas.

Our partnership has since grown, as Berston Field House hosted the second Pitch for \$K - Idea Pitch Competition and 100K Ideas has joined the African American Advisory Council for the Flint & Genesee Chamber of Commerce, which I lead. They have been consistent partners in the community and are truly vested in being a resource for Flint residents.

I am happy to support their request for an Amendment by the MEDC. If you have any questions regarding this letter, please do not hesitate to reach out.

Sincerely,


Bryant Nolden

Executive Director

Friends of Berston

Bryant.nolden@berston.org www.berston.org

810-787-6531 or 810-252-5170

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-013**

FLINT FERRIS WHEEL INNOVATION CENTER GRANT AMENDMENT

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

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

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

WHEREAS, on March 28, 2017, the MSF Board approved a grant of \$1,500,000 to the Ferris Wheel Innovation Center for an initial term of three years, with the option to extend up to an additional two years and allocate additional funding at the sole discretion of the MSF (the “Ferris Wheel Grant”);

WHEREAS, the MEDC recommends that the MSF Board exercise its first option to extend the term of the Ferris Wheel Grant to March 31, 2021 and allocate \$325,000 in additional funding (the “Grant Amendment Request”); and

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

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

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin (on behalf of Director Donofrio, designation attached), Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 25, 2020



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

November 13, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

Pursuant to MCLA 16.51, I hereby confirm my designation of Susan Corbin 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.

If you need anything additional, please contact Monica Chrzaszcz at (517) 897-6108.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Donofrio".

Jeff Donofrio
Director

Cc: Susan Corbin



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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MEMORANDUM

Date: February 25, 2020

To: Michigan Strategic Fund

From: Maggie McCammon, Portfolio Manager, Entrepreneurship and Innovation

Subject: Northern Michigan University Invent@NMU Business Incubator Grant Amendment

Request

Michigan Economic Development Corporation (“MEDC”) Staff recommends the Michigan Strategic Fund (“MSF”) Board exercise its first option to extend the grant with the Northern Michigan University Invent@NMU, Business Incubator/Accelerator for one year and allocate \$400,000 in additional funding (the “Request”).

Background

Invent@NMU is the business incubator/accelerator at Northern Michigan University, established in 2014 to support students and regional entrepreneurs to develop and launch their ideas. In 2017, the incubator partnered with the Innovate Marquette SmartZone and expanded its services to support tech entrepreneurs across the Upper Peninsula to start up small businesses.

This repositioning was supported by funding from the City of Marquette, Northern Michigan University and MSF in the form of a) a separate Gateway Representative award to the Innovate Marquette SmartZone and b) a direct grant to Invent@NMU of \$1,150,000 to support this activity for a period of three years ending April 30, 2020. This request is to allocate planned FY2020 funding to extend the Invent@NMU award to April 30, 2021 and to increase the value of the award by \$400,000.

Specific Use of Funds: This grant extension will be used to support one year of Invent@NMU operations. This includes funding for project marketing, consultants, and other related administrative expenses along with operational expenses such as salaries, wages, and fringe benefits covered at the following percentages:

- 100% for NMU Student and NMU Principal Secretary employees
- Management’s direct time/support:
 - 30% for Executive Director
 - 50% for Operations and Finance Manager
 - 100% for Entrepreneurial Services Manager
 - 80% for Marketing Manager Services

Overall Invent@NMU Program Funding

- MSF Grant: \$1.15 million over 3-years (2017, 2018, 2019)

- (MSF grant has been 52% of overall funding)
- Northern Michigan University Contributions: \$1.05 million (including in-kind) over 5+ years
 - Initial program seed funding provided by NMU: \$717,535
 - In-Kind (through 9/30/19) during MSF grant: \$280,789
 - Anticipated In-Kind to 3/31/19 of MSF grant (end of grant): \$52,121
- Other Direct NMU Alumni Donation:
 - \$10,000 earmarked for service fees for NMU student ideas

In-Kind Contributions: NMU will be providing in-kind support that includes 10% of Vice President of Extended Learning and Community Education salary for oversight of the project and other in-kind expenses such as Invent@NMU facility rent, building operations and maintenance, and the waiver of their university overhead/administrative fees.

Specific Priorities: The Invent@NMU program aligns with the MEDC Strategic Plan by supporting the rural communities in the Upper Peninsula of Michigan in two crucial ways; local economic development and work-force training.

Access to the program is not restricted by geography but most of their current clientele is from Marquette and surrounding communities. Services provided include coaching and commercialization expertise to help entrepreneurs and small business owners bring their product and ideas to market.

These services are provided by student teams from NMU - mentored by experienced professionals - who gain experience and training in areas such as project managers, engineers, designers, and marketing and PR specialists. This training has included negotiated bill-of-materials and payment terms for clients, financial compilations, press releases and media/public speaking engagements. On the maker side, the experience has included the production of more than 1,500 product ideation sketches, work with Computer Numerical Control (“CNC”) machined aluminum, steel and plastic, and manipulation of hundreds of yards of fabric. All graduates of the program have gone on to employment in their respective fields before, or within months of, graduation.

Program results

This project is being presented because Invent@NMU provides crucial support for tech entrepreneurs, an otherwise scarce resource across the UP. The Program has expanded from the NMU campus to key locations throughout the UP via remote booths, currently in four locations, which includes support for each location in building a local entrepreneurial ecosystem. 20% of the ideas that come through the door are moved towards launch and 50% of the launched products have women founders. Further, 99% of the students trained in this process find jobs in their field after graduation and 89% stay to work in Michigan. The success of the Invent@NMU approach led directly to the creation of the 100K Ideas program at the Flint Ferris Wheel.

The activity and metrics of the program are monitored via semi-annual reports to the MEDC. Since July 2017 the program has reported:

- services to 25 tech businesses
- Creation of seven (7) new companies
- Created two new jobs
- Attracted over \$165,000 in follow on funding
- Supported \$84,730 in new sales.

'People like me can't afford to do this kind of stuff...and they (Invent@NMU) are critical for helping inventors.' Earl Senchuk, The Crown FireTent.

'It is very hard to start a business on your own, but it is possible with the help of Invent@NMU...' Michelle Walters and Mandy Swanson.

'If you have an idea, no matter what stage of design, I highly recommend contacting Invent@NMU and seeing how far your idea can go.' Ron Aho, TinKnocker Tool.

Recommendation

MEDC Staff recommends the MSF Board approve the Request.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-014**

INVENT@NMU BUSINESS INCUBATOR GRANT AMENDMENT

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

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

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

WHEREAS, on June 27, 2017, the MSF Board approved a grant of \$1,150,000 to the invent@NMU Business Incubator (“invent@NMU”) for an initial term of three years, with the option to extend up to an additional two years and allocation additional funding at the sole discretion of the MSF (the “invent@NMU Grant”)

WHEREAS, the MEDC recommends that the MSF Board exercise its first option to extend the term of the invent@NMU Grant to April 30, 2021 and allocate \$400,000 in additional funding (the “Grant Amendment Request”); and

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

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

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin (on behalf of Director Donofrio, designation attached), Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 25, 2020



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

November 13, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

Pursuant to MCLA 16.51, I hereby confirm my designation of Susan Corbin 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.

If you need anything additional, please contact Monica Chrzaszcz at (517) 897-6108.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Donofrio".

Jeff Donofrio
Director

Cc: Susan Corbin



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

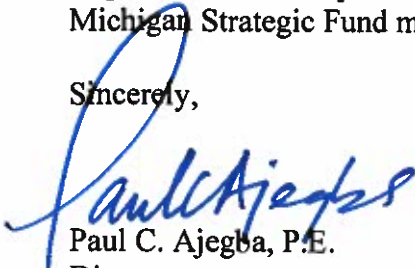
February 3, 2020

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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MEMORANDUM

Date: February 25, 2020
To: Michigan Strategic Fund Board
From: Fredrick Molnar, VP Entrepreneurship and Innovation
Subject: Business Incubator Program (Gateway Representative) Grants and Amendments

Request

The Michigan Economic Development Corporation (“MEDC”) requests that the Michigan Strategic Fund (“MSF”) Board approve 1) exercise options to extend and allocate additional funding for existing grants and 2) authorize new grants to 19 nonprofit/university organizations to provide business incubator (Gateway Representative) services as set forth in the tables below and as more particularly described throughout this memorandum (the “Request”).

Amendments:

SmartZone Location	Grantee	Amount of Increase	New End Date
Marquette	Innovation Marquette Enterprise Corporation	\$50,260	3/31/21
Holland	Lakeshore Advantage	\$75,800	3/31/21
Adrian/Tecumseh	Lenawee Now	\$100,000	3/31/21
Houghton/Hancock	Michigan Tech Enterprise Corporation	\$100,000	3/31/21
Sault Sainte Marie	Economic Development Corporation of the City of Sault Sainte Marie	\$40,000	3/31/21
Rochester Hills	Oakland University Incubator	\$99,813	3/31/21
Port Huron	Economic Development Alliance of St. Clair County	\$60,900	3/31/21
Ann Arbor/Ypsilanti	Ann Arbor SPARK	\$150,000	3/31/21
Jackson	The Enterprise Group of Jackson, Inc.	\$150,000	3/31/21
Troy	Automation Alley	\$100,000	3/31/21
Detroit	TechTown Detroit	\$100,000	3/31/21
Grand Rapids	The City of Grand Rapids SmartZone LDFA	\$55,000	3/31/21

New Grants

SmartZone Location	Grantee	Award Amount	Initial Term
Mt. Pleasant	Central Michigan University Research Corporation	\$100,000	4/1/20-3/31/21
Lansing	Lansing Economic Area Partnership	\$100,000	4/1/20-3/31/21
Sterling Heights	Macomb-Oakland University Incubator	\$100,000	4/1/20-3/31/21
Muskegon	Muskegon Innovation Hub SmartZone	\$60,000	4/1/20-3/31/21
Midland	Midland Business Alliance	\$100,000	4/1/20-3/31/21
Kalamazoo	Western Michigan University Homer Stryker M.D. School of Medicine	\$100,000	4/1/20-3/31/21
Southfield	Lawrence Technological University	\$100,000	4/1/20-3/31/21

Background

Since 2009 the MSF has provided funding to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs by capitalizing on the State of Michigan's growing base of high technology industry, its skilled labor force, its nationally recognized university system, its SmartZones, and its business incubators.

In 2015, the Gateway Representative (formerly Gatekeeper) Business Incubator grant program was established. The "Business Incubator Grant" is designed to support the 21 SmartZones spread across Michigan. Only SmartZones or those organizations associated with a SmartZone or SmartZone satellite are eligible to receive the Business Incubator Gateway Representative Grant. The program was developed in response to the need for a key point of contact at the SmartZones experienced in working with high tech start-ups and with an understanding of the statewide high-tech entrepreneurial ecosystem. The goal of this program is to support a Gateway Representative (GWR) at each SmartZone. The business incubator grant pays part of the salary, expenses and travel of the GWR, and requires a 1:1 match.

Gateway Representative Responsibilities

The GWR is responsible for all local SmartZone client services, including: welcoming and introducing the tech company to the local ecosystem, providing an overview of the Michigan statewide tech ecosystem, recruitment and development of other tech companies in the local SmartZone, local SmartZone business development activities, vetting of local tech companies, providing strategic business guidance, helping companies with fundraising efforts and connecting local tech companies to the various MSF funded entrepreneurial resources available to innovative companies across the State of Michigan. Examples of MSF funded resources are the Small Business Development Center (SBDC Tech team) and BBCEtc for SBIR/STTR federal grant application support. The Gateway representative is also responsible for supporting the companies' applications to other MSF funded tech entrepreneurial programs such as the Business Accelerator Fund, First Capital Fund and Pre-Seed Fund. Lastly the GWR is also responsible for the semi-annual performance metric reports due to the MEDC. This performance metric data is then used in the annual Legislative report. The geographic distribution of the SmartZones across the state allows for easier access to MSF funded programs by all tech and innovative

entrepreneurs regardless of company location. For example, the three SmartZones in the Upper Peninsula (Houghton, Marquette and Sault Ste. Marie) all receive GWR grants.

There are currently 19 funded Gateway Representatives across the state with grants ending March 31, 2020.

In fiscal year 2019, the 19 Gateway Representatives achieved the following performance metrics:

Companies served	645
Companies created	111
New jobs	342
Retained Jobs	1854
Follow-on-Funding	\$135,993,457
New sales/increase in revenue	\$485,300,109

The results and funding amounts requested for each of the 19 Gateway Representatives are grouped by initial grant date in the following material.

Results

FY16 Business Incubator Gateway Representative Grants

On December 15, 2015 the MSF Board issued a request for proposals for the purpose of awarding grants to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs and on April 26, 2016, the MSF selected IMQT, MTEC, Lenawee Now, and Lakeshore Advantage for 2-year grants. The MSF subsequently approved their refunding and extension twice, on January 23, 2018 and December 18, 2018 with a current end date of March 31, 2020.

- **Innovate Marquette Enterprise Corporation, Marquette SmartZone (\$50,260 over 12 months):**
The funding will be used to partially fund the salary and expenses of the gateway representative (GWR). IMQT was initially awarded a 2 year (May 1, 2016-April 30, 2018), \$190,000 grant to partially fund the CEO as the GWR. The gatekeeping duties were shifted to the SmartZone program manager and the salary was reduced allowing the original grant funds to be utilized over a longer period and therefore only an additional \$6,997 was added to the grant to extend it to March 31, 2019. A third allocation of funding in the amount of \$50,260 extended the end of the grant to March 31, 2020. This fourth allocation of funding in the amount of \$50,260 will extend the end date to March 31, 2021 and allow the SmartZone to continue Gateway Representative services. The matching funds will be provided by Innovate Marquette Enterprise Corporation.

Since being awarded this grant through September 30, 2019 IMQT has achieved the following metrics:

- New companies formed: 8
- New jobs created: 10
- Companies Served: 154
- Follow on funding: \$840,250 with an additional \$934,151 in new sales

All the companies they served are in a rural area. They are currently serving two women entrepreneurs and one veteran owned company. Below is a quote from one of their clients.

"Innovate Marquette SmartZone was instrumental in helping Lucid Coast gain initial market traction, connect with partners including Miller Canfield, a major Michigan law firm, that led to a joint go to market offering, and identify state resources." - Keith Glendon, Founder of LucidCoast, LLC

- **Lakeshore Advantage, Holland SmartZone (\$75,800 over 12 months):** The funding will be used to cover the salary and expenses of the GWR. Lakeshore Advantage was originally awarded a 2 year (May 1, 2016-April 30, 2018), \$151,600 grant to fund the GWR position. They were refunded for an additional 11 months (\$69,210) to continue these activities through March 31, 2019. A third allocation of funding in the amount of \$75,800 extended the end of the grant to March 31, 2020. Lakeshore Advantage will provide matching funds. The additional funding will extend the grant through March 31, 2021.

Since being awarded this grant through September 30, 2019 Lakeshore Advantage has achieved the following metrics:

- New companies formed: 13
- New jobs created: 143
- Companies served: 136
- Follow on funding: \$11,046,083 with an additional \$18,727,984 in new sales

Three of the companies they are serving currently have women co-founders and one is minority owned. Below is a quote from a client company.

“Great program. This made a huge difference for me. I don't think I would have taken the leap and left my corporate job without the support from the startup community in the program. Starting your own business is one of the scariest things I have ever done in my life and I have the utmost respect for all the others founders in this program for being brave, facing their fears, and following their dreams and taking this journey. I also have a lot of respect for Lakeshore Advantage and Surge for taking the initiative to support the startups in the area. Without that support, we wouldn't have the vibrant startup community that we have today.” – Charles Elwood, Solismatica

- **Lenawee Now, Adrian and Tecumseh SmartZone (\$100,000 over 12 months):** This funding will be used to cover the salary and expenses of the GWR who will be responsible for gatekeeping activities. Lenawee Now was originally awarded a 2 year, (May 1, 2016-April 30, 2018), \$190,000 grant to fund the GWR position. They were refunded for an additional 11 months (\$91,667) to continue these activities through March 31, 2019. A third allocation of funding in the amount of \$100,000 extended the end of the grant to March 31, 2020. Matching funds will be available from multiple organizations as both in-kind and cash matches. The additional funding will extend the grant through March 31, 2021.

Since being awarded this grant through September 30, 2019 Lenawee Now has achieved the following metrics:

- New companies formed: 8
- New jobs created: 12
- Companies served: 31
- Follow on funding: \$190,000 with an additional \$2,460,000 in new sales

Over 60% of the companies they serve are in rural areas and they currently have two minority owned companies as clients. Below are quotes from client companies.

“As a developing business with both strategic and operational questions and needs, Lenawee Now has been my Michigan-based “Wikipedia”, Investopedia” and “Portable MBA in Entrepreneurship”. As a source for robust business development insight and broad network, this organization has enabled me to mature with confidence... to expand my bandwidth... and to overcome the challenges of growing my business with anchor points here in Michigan.” – Ed Eng, Medisite

“Lenawee Now was invaluable to our company in developing a business vision. The partners all have advanced degrees in the sciences but are business novices. Without Lenawee Now's help our ideas developed from a cumulative 100 years of experience would have never seen the light of day. I cannot express enough gratitude for their help.” – Steve Albee-Scott, Ecowise Scientific

- **Michigan Tech Enterprise Corporation, Houghton/Hancock SmartZone (\$100,000 over 12 months):** This funding will be used to partially fund the GWR salary. MTEC was originally awarded a 2 year (May 1, 2016-April 30, 2018), \$180,759 grant to fund the GWR position. They were refunded for an additional 11 months (\$91,667) to continue these activities through March 31, 2019. A third allocation of funding in the amount of \$100,000 extended the end of the grant to March 31, 2020. The GWR conducts activities from the MTEC SmartZone business incubator/accelerator office locations headquartered in Hancock and Houghton, Michigan. The additional funding will extend the grant through March 31, 2021.

Since being awarded this grant through September 30, 2019 MTEC has achieved the following metrics:

- New companies formed: 22
- New jobs created: 166
- Companies served: 216
- Follow on funding: \$26,739,114 with an additional \$45,749,317 in new sales

They currently serve 20 companies located in a rural area, five women owned companies and one minority owned company. Below is a quote from one of their clients.

“When Brad King, CEO, first had the idea to create plasma thrusters, he knew he had the skills to do it. After a conversation with CTO Jason Sommerville, they knew they had something. They brought their idea to the MTEC SmartZone team where it was overwhelmingly supported. They knew their idea was valid when they heard, “You should form a company. You should do this.” That was the spark that started Orbion Space Technology. What they do is simple: build small engines that push satellites around in space. What sets them apart from others in their field? “Surprisingly it’s not the rocket science that distinguishes our product, but instead our revolutionary manufacturing approach that enables us to provide high performance at low cost,” said King. King explained, “Orbion is, and will be, a U.P. company. The balance of quality of life and access to a world-class STEM university are the keys.” Jason Makela, VP of Engineering, agreed and added, “The company is already growing, and it’s bringing people back to the area.” King concluded, “You don’t have to sacrifice anything by locating a high-tech business in the UP. If you have a solid business plan and a good team, you’ll compete with anybody.” – Brad King, CEO, Orbion Space Technology

- **Economic Development Corporation of the City of Sault Sainte Marie, Sault Ste. Marie SmartZone (\$40,000 over 12 months):** Lake Superior State University (LSSU) was awarded a Business Incubator Gateway grant from the 21st CJF 2016 Business Incubators program in the amount of \$87,641 for the period (May 1, 2016-April 30, 2018), to fund the Gateway representative. They were awarded an additional \$40,170 extending the grant to March 31, 2019. At the December 18, 2018 MSF Board meeting, at the request of LSSU, the grant was transferred to EDC of Sault Ste. Marie and an additional \$40,000 was awarded extending the grant through March 31, 2020.

Since being awarded this grant through September 30, 2019 EDC SSM/LSSU has achieved the following metrics:

- New companies formed: 9
- New jobs created: 17
- Companies served: 25
- Follow on funding: \$362,058 with an additional \$17,000 in new sales

They are currently serving two companies located in an opportunity zone, one is also in an SBA HubZone and one is veteran owned. Below is a quote from one of their client companies.

“Sault Ste. Marie EDC and its staff have been very supportive in helping Osprey Technologies setup its composite shop. Two great achievements were the wiring of its large 3 axis CNC machine and paint booth to the building's electrical panel. The paint booth also included SSMEDC funding installation of an air makeup unit for the building as well as installation of ducting from the paint booth to outside. This support is crucial to the success of Osprey.”- Dave Crockett, Osprey Technologies

FY17 Business Incubator Gateway Representative Grants

On April 27, 2017 the MSF Board issued a request for proposals for the purpose of awarding grants to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs and on June 27, 2017, the MSF selected OUInc and EDA of St. Clair County for 2-year grants. The MSF subsequently approved their refunding December 18, 2018 with a current end date of March 31, 2020.

- **Oakland University Incubator, Rochester Hills SmartZone (\$99,813 over 12 months):** OUInc was originally awarded \$199,625 over a 2-year period (July 1, 2017- June 30, 2019). They were refunded for an additional 9 months at \$74,860 extending the grant to March 31, 2020. The funding will be used to fund the salary and expenses of the GWR. The additional funding will extend the grant through March 31, 2021.

Since being awarded this grant through September 30, 2019 OUInc has achieved the following metrics:

- New companies formed: 13
- New jobs created: 62
- Companies Served: 237
- Follow on funding: \$7,344,150 with an additional \$13,926,600 in new sales

Per the incubator, 17 of the 31 companies they are currently serving are diverse – eight are women owned and/or women led, seven are minority owned, and two are veteran owned. Below are quotes from clients.

“Herculeze has had tremendous opportunities thanks to OU INC. The physical space is easily accessible, has tons of resources and is extremely accommodating to a fluctuating Intern team (anywhere from 2-12 per semester). OU INC has provided assistance with press releases, grant applications, and much more. Steve Kent and the team make themselves available to all team members, are responsive, thorough and help to drive business growth. They are open to ideas and research the possibilities as well as bring about new opportunities.” - Donna Darrow, Co-founder / Partner, Herculeze Technologies Inc.

“OU INC has provided continuous support of the Berylline Project over the past several years. Without this support, I am convinced we would not be even close to a start of production mode that we hope to achieve in 2020.” - Dennis Dresser, President, Berylline Corporation

- **Economic Development Alliance of St. Clair County, Port Huron SmartZone (\$60,900 over 12 months):** EDA of St. Clair County was originally awarded \$121,800 over 2 years (July 1, 2017- June 30, 2019). They were refunded for an additional 9 months at \$45,675 extending the grant to March 31, 2020. The additional funding will further extend the grant to March 31, 2021. The funding will be used to fund the salary of the incubator manager who acts as the GWR.

Since being awarded this grant through September 30, 2019 St. Clair EDA has achieved the following metrics:

- New companies formed: 13
- New jobs created: 25
- Companies served: 35
- Follow on funding: \$2,595,700 with an additional \$1,791,355 in new sales

Of the companies they are serving, two are minority owned, one is veteran owned and five are woman owned. The incubator is in a designated SBA Hub Zone and Opportunity Zone. Below are quotes from client companies.

“The team at Cogent Hex credits The Underground Business Incubator and Service Center for contributing to their success. The Economic Development Alliance of St. Clair County, a partner in The Underground, provided Cogent Hex a board of advisors to help in their decision-making.” - Cogent Hex

“The Underground and its services have been critical to our company’s growth by connecting us to key resources which have helped us with marketing, planning and most importantly access to capital. Often in business who you know is just as important as what you know. The Underground provided a ready-made network of critical knowledge and connections we would not otherwise have access to.” - ImmediPay, John Robbins

FY19 Gateway Representative Grant amendments and refunding

On December 18, 2018 the MSF Board issued a request for proposals for the purpose of awarding grants to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs and on February 29, 2019, the MSF selected Ann Arbor SPARK, The Enterprise Group of Jackson, Automation Alley, TechTown Detroit, and the City of Grand Rapids SmartZone LDFA to receive one year grants to fund their GWR through March 31, 2020.

- **Ann Arbor SPARK, Ann Arbor/Ypsilanti SmartZone (\$150,000 over 12 months):** SPARK was initially awarded \$150,000 to pay the salary and expenses of the key person who will work out of the SPARK East Innovation Center and will have a primary focus on gateway activities in eastern Washtenaw County; and a portion of the salary and expenses of a key person who will work out of the SPARK Central Innovation Center. This additional funding will be used to continue these activities through March 31, 2021.

In the first 6 months of the grant, SPARK achieved the following metrics

- New companies formed: 18
- New jobs created: 204
- Companies served: 46
- Follow on funding: \$56,083,000 with an additional \$24,563,000 in new sales

Of those 46 companies served, nine are women led companies and two are minority owned. Below are quotes from client companies.

“Ann Arbor SPARK has been an integral part of our success and growth. The support we have received by being a part of the greater SPARK family has touched many aspects of our business. The list is long and in the interest of time will outline a few of the ways SPARK has positively impacted and help accelerate the growth of our start-up business. In short Ann Arbor SPARK has been an ideal partner and without them we would not have access or have found the resources necessary build a growing technology business in Michigan.”- Richard Millunchick- VP of Operations Shoptelligence

“Ann Arbor SPARK has been a wonderful partner to our firm, Mountain Pass Solutions. Our company has been a client of SPARK for close to five years and during that time they have provided us a myriad of services including virtual space, grant funding, marketing support, interns and talent (including the identification of the individual we hired in our latest CEO search). I have personally worked with many members of their team and all have been exceedingly supportive of our company. As such, I would highly recommend the organization to any startup or later stage technology firm.”- David Morin-Chairman, Mountain Pass

- **The Enterprise Group of Jackson, Inc, Jackson SmartZone (\$150,000 over 12 months):** The Enterprise Group of Jackson was initially awarded \$150,000 to fund the GWRs for one year through March 31, 2020. They have contracted with the Lean Rocket Lab to provide high tech entrepreneurs the needed support in the Jackson area. Through this grant they will pay the salaries of two key people at the Lean Rocket Lab (LRL) to act as the Gateway Representatives for their SmartZone. This additional funding will allow them to continue the activities through March 31, 2021.

In the first 6 months of the grant the Lean Rocket Lab achieved the following metrics:

- New companies formed: 6
- New jobs created: 6
- Companies served: 19
- Follow on funding: \$4,450,300 with an additional \$313,000 in sales.

Of the companies they serve, five are women-led, four are minority owned, one is veteran owned, 16 are located in an SBA Hub Zone, 11 are in a rural area, 11 are in an opportunity zone and 11 are located in Jackson county which is designated as an historically disadvantaged area. Below are some quotes from clients.

“The assistance LRL has provided HLX in finding contract prototype manufacturers, suppliers as well as manufacturing and engineering talent has been crucial for our development.” - HLX Drive / Engine Systems, CEO Evan Collins

"I would have never known that I could start, and then stay in this area and grow my business... The Lean Rocket Lab and the services that they have provided us have allowed CrossBraining to do what we're trying to do best; and helped to speed up and get momentum by allowing us to hand some of this work off to other talented individuals and just let them take care of it. What's so cool about this space and the people that are in it, is that there are young people in Jackson that now have the resources that they need to carry out incredible ideas that go through their mind, this place is fostering that and letting people know you can do it here." - CrossBraining, CEO Josh Nichols

- **Automation Alley, Troy SmartZone (\$100,000 over 12 months):** Automation Alley was initially funded at \$100,000 for one year. The funding is used to pay the salary of the Gateway Representative identified in the grant proposal, John Bedz, who spends 75% of his time serving the high-tech entrepreneurs in the Automation Alley SmartZone. This additional funding will allow these activities to continue through March 31, 2021.

In the first 6 months of the grant Automation Alley achieved the following metrics:

- New companies formed: 3
- New jobs created: 20
- Companies served: 13
- Follow on funding: \$2,973,000 with an additional \$956,187 in sales.

Of their current clients, 10 companies are women owned, two are minority owned and two are veteran owned. Below is a quote from a client company.

“The most valuable part of working with Automation Alley has been the business connections. John Bedz has been an incredible champion for us helping us meet new teammates, new partners and avenues of business. The availability of meeting space has also helped us with client meetings.” - Mettle Ops

- **TechTown Detroit, Detroit SmartZone (\$100,000 over 12 months):** TechTown Detroit was initially funded at \$100,000 for one year. The funding is used to pay part of the salary of a tech-based programs director to act as the Gateway Representative for the TechTown. This additional funding will allow these activities to continue through March 31, 2021.

In the first 6 months of the grant TechTown achieved the following metrics:

- New companies formed: 4
- New jobs created: 50
- Companies served: 30
- Follow on funding: \$3,266,750 with an additional \$97,500 in sales.

Of their client tech companies 75% are minority owned, about 30% are women led, 39% are located in an SBA HubZone and 31% are located in an Opportunity Zone. Below are client quotes.

“The most important thing is, you know you’re not alone. There are people here who actually want you to succeed. The team here at TechTown really want to inspire you, and they structure things so that you can actually reach out and get the help you need.” - Jay Brown- Gas App

“Before I came to Start Studio it was all about guessing, but through this program and customer discovery, I was able to turn those guesses into facts.” - Brian Pollyn, BRICKLAYR

- **The City of Grand Rapids SmartZone LDFA, Grand Rapids SmartZone (\$55,000 over 12 months):** The City of Grand Rapids SmartZone LDFA was initially funded at \$100,000 for one year. At the time of the award they had not yet identified the subcontractor that would perform the work of the GWR. At their May LDFA meeting they selected Michigan State University Innovations to be the Gateway Representative. The agreement, however, was not finalized until mid-August and therefore the work did not begin until that time. As a result, they are currently under budget, and therefore the amount of funding needed to continue GWR serviced through March 31, 2021 is \$55,000. The funding is used to pay the salary of the GWR at MSU Innovations.

In the first 6 months of the grant Grand Rapids achieved the following metrics:

- New companies formed: 6
- Companies served: 13
- Follow on funding: \$44,400

Of the companies they are serving, three are female owned, two are minority owned and three are located in a rural area. Below is a quote from one of their clients.

“The team at the Grand Rapids Gateway and Jason Pliml of the SBDC have been instrumental in helping prepare our BAF application. The BAF is critical to help us develop new contracts as part of our preparation to raise a seed round of \$750,000.” - Feliciano Paredes of AgHelp

FY20 Gateway Representative Grants

On November 25, 2014 the MSF board approved the release of the 2015 Business Incubator Request for Proposals. On February 24, 2015 the MSF board selected Central Michigan University Research Corporation, Lansing Economic Area Partnership, Macomb- Oakland University Incubator, Muskegon Innovation Hub (formerly Michigan Alternative and Renewable Energy Center), Midland Business Alliance (formerly MidMichigan Innovation Center and Midland Tomorrow), and Western Michigan University Homer Stryker M.D. School of Medicine (WMU Med) – formerly Southwest Michigan Innovation Center (SMIC) for 2 year business incubator grants ending March 31, 2017 and Lawrence Technological University (LTU) for a 1 year grant. The grant to LTU was refunded by the MSF for an additional year on June 28, 2016. The MSF then approved refunding of all the grants on December 20, 2016 for a third year with March 31, 2018 as the end date, on January 23, 2018 for a fourth year ending March 31, 2019 and for a fifth year on December 18, 2018 with a March 31, 2020 end date. This exhausts the amendments allowed under the current agreements. In order to continue GWR activities at these SmartZones, new one-year grants need to be approved, with the option to extend for an additional four years and allocate additional funding, at the sole discretion of the MSF.

- **Central Michigan University Research Corporation, Mt. Pleasant SmartZone (\$100,000 over 12 months):** CMURC was initially awarded a 2-year (April 1, 2015-March 31, 2017) grant in the amount of \$199,100 for GWR activities. They were granted three one-year extensions of the grant each in the amount of \$99,550 to continue these activities first through March 31, 2018, then through March 31, 2019 and finally through March 31, 2020. The funding has been used to cover the salary and expenses of the GWR. The additional funding requested here will be used to continue funding the GWR for an additional year through March 31, 2021.

Since being awarded this grant in 2015, CMURC has achieved the following metrics:

- New companies formed: 59
- New jobs created: 256
- Companies served: 412
- Follow on funding: \$8,150,793 with an additional \$22,324,547 in new sales

Of their client companies 26% are women owned, 7% are an ethnic minority, 48% are in a rural area, 68% are in a qualified SBA Hub Zone, and 96% are in an Opportunity Zone. Below are some client quotes.

“GCI Water Solutions came to CMURC while in the early development phase. Working with CMURC gave us access to resources that we didn’t even know were available to us,” said Mike Schuette, founder of GCI Water Solutions. “CMURC was able to facilitate close to \$50k in Business Accelerator Funds for our company, which assisted in the development of a full-scale facility. In addition to working through funding opportunities, CMURC and the network gave valuable direction as we continue to develop a scalable business model and communication tools necessary for strategic partnership and investment opportunities.”

“As a community member at CMURC, we have the unique opportunity to expand our business operations within the Mt. Pleasant SmartZone,” said Lisa Ferden, Vice President of Integrated Database Systems. We have worked with CMURC for over 5 years, including flexible space needs with amenities that meet the need for high tech infrastructure, talent acquisition and strategy as we explore growth opportunities for our company.”

- **Lansing Economic Area Partnership, Lansing SmartZone (\$100,000 over 12 months):** LEAP was initially awarded a 2 year (April 1, 2015-March 31, 2017), \$200,000 grant to fund the GWR position. They were granted three one-year extensions of the grant each in the amount of \$100,000 to continue these activities first through March 31, 2018, then through March 31, 2019 and finally through March 31, 2020. The funds have gone toward the salary and expenses of the GWR position. The additional funding requested here will go towards funding the GWR position for an additional year ending March 31, 2021.

Since being awarded this grant in 2015, LEAP has achieved the following metrics:

- New companies formed: 78
- New jobs created: 154
- Companies served: 308
- Follow on funding: \$19,423,462 with an additional \$3,774,404 in new sales

Of their clients served, an average of 30% percent is considered underserved. Listed below are client quotes.

“If it were not for Jerry (LEAP) and his guidance, we would have failed completely.” - Jordan Munster, Combat Karting/High Caliber Karting

“Super helpful and a key resource in getting us much closer to production. We are miles closer than where we were before getting BAF!” - Mark Harburg, SafetySit

“The BAF program is very helpful for moving our business forward. We are very grateful for the funding.” - Dr. Bill Vuillemot, SmileBond

“We would like to thank the BAF team for the amazing support that they provide--SU2 would not be at this stage w/o their ongoing help. Also, we love to get more help with our funding challenges as a Fintech startup based out of Michigan!” - SU2 Systems Inc.

- **Macomb-Oakland University Incubator, Sterling Heights SmartZone (\$100,000 over 12 months):** Mac OUInc was initially awarded a 27-month (April 1, 2015-June 30, 2017) grant in the amount of \$197,326. They were refunded for an additional year at the same level (\$98,663) to continue these activities through June 30, 2018. They were refunded a third time for an additional 9 months (\$49,332). The grant was then extended for a final time at the level of \$98,663 and ending March 31, 2020. This funding has been used to cover the salary and expenses of the GWR who is responsible for GWR activities at the incubator. This GWR is also responsible for Capital-raise Activities, Direct Consulting, Business Pipeline Development and Supporting the Technology-based Entrepreneurial Ecosystem. The additional funding requested here will go towards funding the GWR position for an additional year ending March 31, 2021.

Since being awarded this grant in 2015, MacOUInc has achieved the following metrics:

- New companies formed: 45
- New jobs created: 176
- Companies served: 337
- Follow on funding: \$33,326,620 with an additional \$25,253,680 in new sales

Of their current client companies, four are women owned, six ethnic minority, one veteran owned, five are in a qualified SBA Hub Zone, and five are in an Opportunity Zone. Below are client quotes.

“The level of assistance and commitment needed for Metro Detroit small business to obtain economic growth are paramount and often neglected. Mac-OU Inc steps up to the plate and provides a multitude of necessary resources which are most likely out of reach for startup companies. The small-business resources Mac-OU Inc provides are of the highest quality one cannot find elsewhere. Mac-OU Inc allows us to be involved with the highest quality advisors in their respective fields, and use their knowledge to help further our company.” - Jim Correll, CEO, Health Conexions

“We leveraged the expansive knowledge of Mac-OU Inc staff members in how to structure the merger deal. Mac-OU Inc is also offering continuous ongoing support to assist with additional funding, such as the Business Accelerator Funds which have allowed for us to bring on a consultant to assist with Department of Defense customer development. [Mac-OU Inc] is opening up many new doors.” - John Swiatek, President & CEO, Coliant Group

- **Muskegon Innovation Hub, Muskegon SmartZone (\$60,000 over 12 months):** In June 2016 Michigan Alternative and Renewable Energy Center changed its name to better reflect its activities and the original agreement was amended to reflect this change. MIH was initially awarded a 27-month (April 1, 2015-June 30, 2017) grant in the amount of \$111,980. They were awarded \$60,000 to fund the GWR position through September 1, 2018 and then awarded \$25,456 to fund the position through March 31, 2019. The final refunding was at the level of \$46,400 and extended the grant activities through March 31, 2020. This funding has been used to cover the salary and expenses for the GWR. The additional funding requested here will be used to continue funding the GWR position for an additional year through March 31, 2021.

Since being awarded this grant in 2015, MIH has achieved the following metrics:

- New companies formed: 29
- New jobs created: 69
- Companies served: 150
- Follow on funding: \$25,255,025 with an additional \$9,033,368 in new sales

Of their current client companies, five are women owned, four are minority owned, two are veteran owned, seven are located in a rural area and five are located in an Opportunity Zone. Below are client quotes.

“As an experienced entrepreneur who has successfully executed startups in larger cities, I am well versed in selecting office environments that are conducive at fostering and supporting emerging entities through the initial phases of their journey. After moving back home to Muskegon, I found Colaunch to be the

ideal new home to incubate my latest venture. The facilities are outstanding, and the staff genially cares about the growth and vitality of the clients who utilize the Colaunch space. Further, an additional benefit is Colaunch's proximity and synergy with the GVSU Innovation Hub, making Colaunch the confluence between GVSU research and technology transfer and commercialization of innovative technologies and ideas." - Rick Smith, CEO, HyVIDA Brands

"I have a unique experience of incubating and growing two businesses serving different industries at the Hub. With this distinction, I have been able to engage a tremendous cross-section of services provided by the Hub including legal, financial, marketing and funding support. Without this type of dynamic and resourceful environment, neither business would be thriving!" - Brigit Hassig, President/CEO, Active Chair Solutions

- **Midland Business Alliance, Midland SmartZone (\$100,000 over 12 months):** On September 27, 2016 the MSF reassigned the grant originally awarded to the MidMichigan Innovation Center (MMIC) to Midland Tomorrow following their acquisition of MMIC and transfer of all activities to Midland Tomorrow. In 2018, they rebranded as the Midland Business Alliance. Midland Business Alliance originally received a 2 year (April 1, 2015-March 31, 2017), \$200,000 grant to fund the GWR position. They were granted three one-year extensions of the grant each in the amount of \$100,000 to continue these activities first through March 31, 2018, then through March 31, 2019 and the final through March 31, 2020. This funding covers the costs associated with maintaining a full-time staff person to manage GWR activities. The Midland Business Alliance will subcontract with the Central Michigan University Research Corporation (CMURC) Business Incubator. The funding will provide Midland with one-third of the grant for their portion of the work, with two-thirds going to CMURC for their portion of the work. The additional funding requested will continue to fund the GWR position for an additional year ending March 31, 2021.

Since being awarded this grant in 2015, Midland Business Alliance has achieved the following metrics:

- New companies formed: 16
- New jobs created: 51
- Companies served: 216
- Follow on funding: \$20,378,941 with an additional \$2,544,500 in new sales

Of the current client companies served, 38% are women owned. Below is a quote from a client company.

"The MidMichigan Innovation Center was a tremendous asset to our company during the startup phase of the business. In addition to providing ample office space, the Innovation Center connected us to mentors, prospects, and other resources throughout the community that we otherwise wouldn't have had access to." - Dustin Neumeyer, CEO & Founder of Aberro Creative

- **Western Michigan University Homer Stryker M.D. School of Medicine, Kalamazoo SmartZone (\$100,000 over 12 months):** On February 23, 2016 the MSF approved reassigning the grant originally awarded to Southwest Michigan Innovation Center (SMIC) to the Western Michigan University Homer Stryker M.D. School of Medicine after they acquired SMIC. WMU Med/SMIC initially received a 2 year (April 1, 2015-March 31, 2017), \$200,000 grant to fund the GWR position. They were granted

three one-year extensions of the grant each in the amount of \$100,000 to continue these activities first through March 31, 2018, then through March 31, 2019 and finally through March 31, 2020. This funding has supported the salary and travel expenses for GWR and looking for drug development related technologies for commercialization. The additional funding requested will continue to fund the GWR position for an additional year ending March 31, 2021.

Since being awarded this grant in 2015, WMU Med has achieved the following metrics:

- New companies formed: 15
- New jobs created: 294
- Companies served: 118
- Follow on funding: \$220,261,089 with an additional \$506,524,418 in new sales

Their client companies employ 61 women and 25 minorities. And five of the companies are minority led. Below are quotes from client companies.

“We were able to ‘launch and go’ with help from the WMed Innovation Center, and now, 6 years and \$72 million in raised capital later, we have grown Tetra into a clinical-stage biotechnology company with a promising drug in mid-stage clinical trials for the treatment of Alzheimer's disease.” - Dr. Mark Gurney, CEO of Tetra Therapeutics

“The Innovation Center is instrumental to the success of Proteos, providing high quality space and ancillary services that enable our CRO business.” – Mary Shuck, President of Proteos, Inc.

“The WMed Innovation Center has been of crucial importance to us. It provided us with the means and knowledge to get started, and with continuous support and encouragement since.” - Dr. Ake Elhammer, CEO of AureoGen Biosciences, Inc.

- **Lawrence Technological University Business Incubator Gateway Representative Grant, Southfield SmartZone (\$100,000 over 12 months)**

On February 24, 2015, the MSF selected Lawrence Technological University to receive a grant in the amount of \$100,000 over 12 months to act as a GWR for the Southfield SmartZone and to establish the Business and Technology Center in a 4,000 square foot space within a LTU building located on the campus. The Center is operated by LTU Economic Development, with day to day management provided by the LTU Centrepolis Accelerator. This grant funds all GWR activities. On June 28, 2016, the MSF selected LTU for an additional \$100,000 grant to continue funding the GWR position through June 30, 2017. On December 20, 2016, the MSF approved an additional extension through March 31, 2018 adding \$75,000 to the award. On January 23, 2018, the MSF approved a third extension through March 31, 2019 adding \$100,000. A fourth extension was approved on December 18, 2018 extending the grant through March 31, 2020 adding \$100,000. The additional funding requested will continue to fund the GWR position for an additional year ending March 31, 2021.

Since being awarded this grant through September 30, 2019 LTU has achieved the following metrics:

- New companies formed: 23
- New jobs created: 69
- Companies served: 216
- Follow on funding: \$26,427,345 with an additional \$6,943,689 in new sales

Currently, they are serving nine companies that are minority owned and 12 companies that are women owned. Below are quotes from their clients.

“As an early-stage manufacturing startup, Intecells has an extremely fruitful partnership with the Centrepolis Accelerator under the exceptional leadership of Dan Radomski. Dan and his team always go the extra mile in supporting Intecells with the business expertise and various resources needed to succeed. Thanks to Dan's extensive network and tireless efforts, Intecells has partnered with several Michigan firms in the innovation ecosystem allowing us to accelerate product development. The Centrepolis Accelerator is a dream launchpad for startups.”- Shawn Gayden, CEO, Intecells

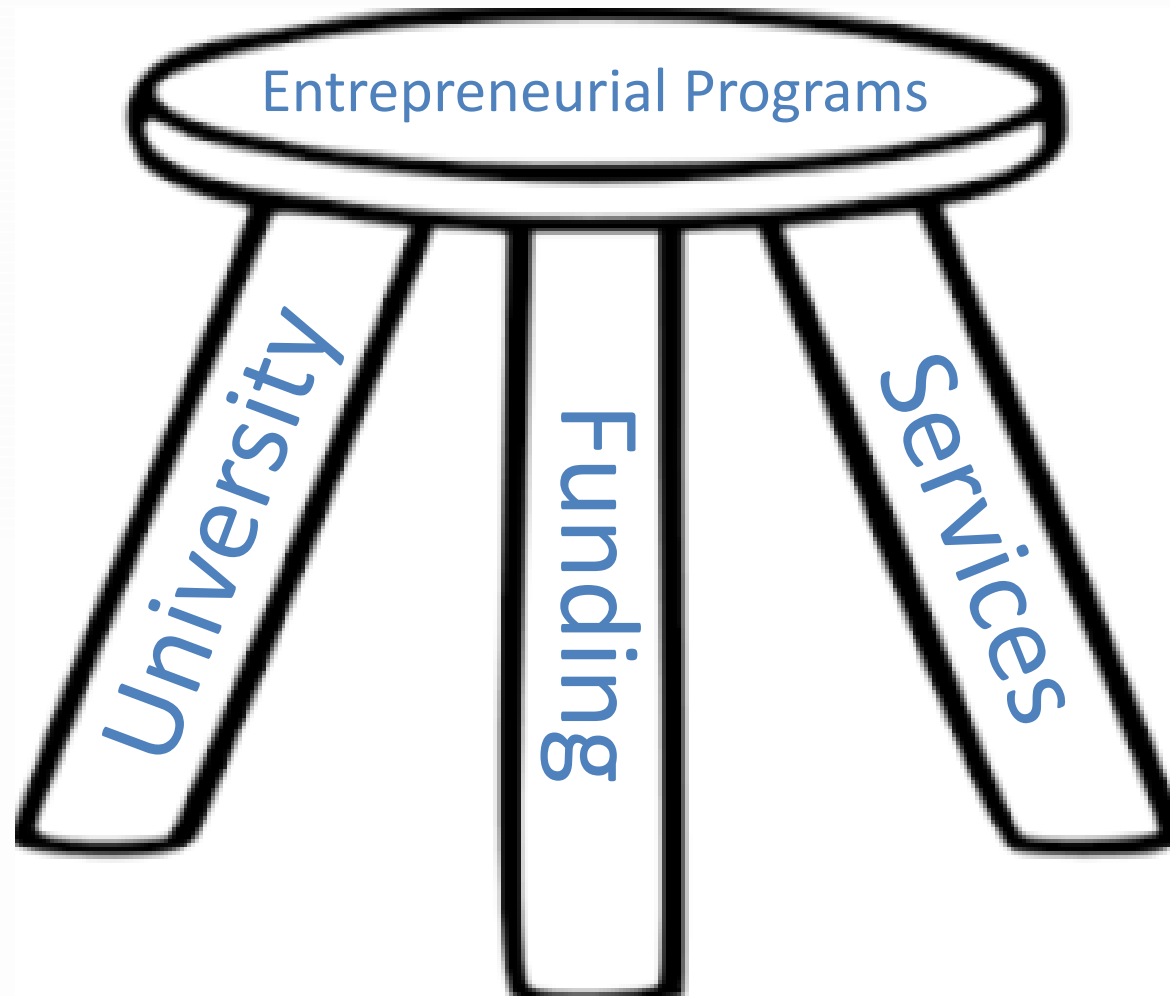
“Switched Source has been working with the Centrepolis Accelerator in 2019 to commercialize its Smartgrid Technology. As incubators go, we have found very few resources that understand the unique challenges of developing hardware and more specifically the process to develop these products with the ability to scale. Centrepolis and Dan have been a tremendous help in navigating potential early pitfalls and have helped put us in the best possible position for success.”- Charles Murray, CEO, Switched Source

Civil and criminal background checks for all grantees have been completed in accordance with the MSF Background Review Policy.

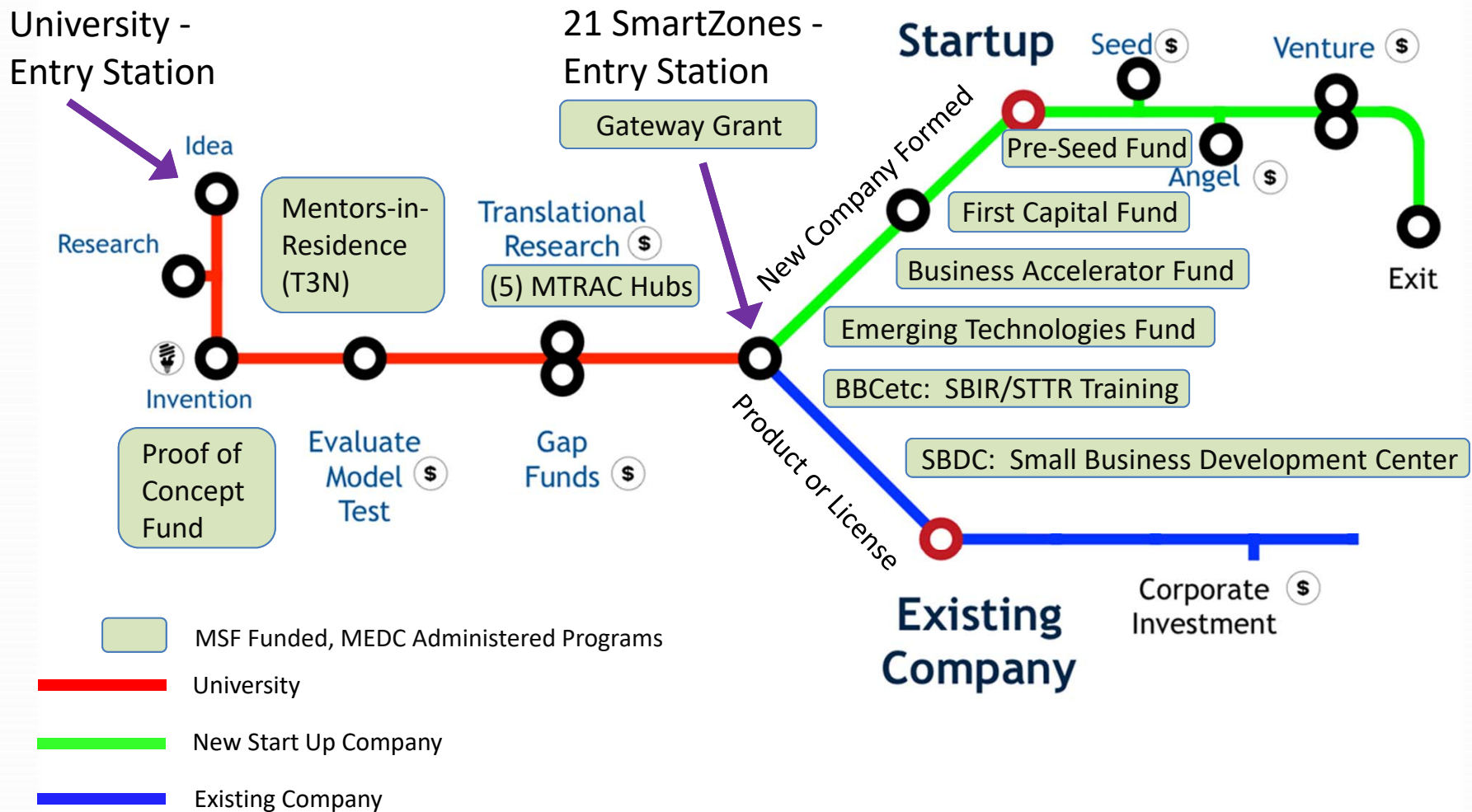
Recommendation

MEDC Staff recommends that the MSF Board approve the Request.

Three Areas of Focus for Early Stage Technology at the MEDC



Entrepreneurship and Innovation – “Subway Map” of Current Programs



MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-015**

2016 BUSINESS INCUBATORS GRANTS AMENDMENT #3

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

WHEREAS, MCL 125.2088k authorizes the Michigan Strategic Fund (“MSF”) Board to award grants and loans for basic research, applied research, university technology transfer, and commercialization of products, processes and services to encourage the development of competitive edge technologies to create jobs within the State of Michigan;

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

WHEREAS, on December 15, 2015, the MSF initiated a competitive proposal process to award grants to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs (the “Business Incubators RFP”);

WHEREAS, on April 26, 2016, the MSF Board authorized grants to the following entities for the initial terms and award amounts listed below, with the option to extend the grants for up to an additional three years and allocate additional funds at the sole discretion of the MSF:

Grantee	Initial Term	Initial Award Amount
Innovate Marquette Enterprise Corporation	5/1/16-4/30/18	\$190,000
Lakeshore Advantage	5/1/16-4/30/18	\$151,600
Lenawee Now	5/1/16-4/30/18	\$190,000
Michigan Tech Enterprise Corporation	5/1/16-4/30/18	\$180,759
Lake Superior State University/SSMart	5/1/16-4/30/18	\$87,641

(the aforementioned, collectively, the “2016 Business Incubator Awards”);

WHEREAS, on January 23, 2018, the MSF exercised its first option to extend and allocate additional funds to the 2016 Business Incubator Awards for the terms and amounts listed below:

Grantee	Extension	Additional Funds
Innovate Marquette Enterprise Corporation	3/31/19	\$6,977
Lakeshore Advantage	3/31/19	\$69,210
Lenawee Now	3/31/19	\$91,667
Michigan Tech Enterprise Corporation	3/31/19	\$91,667
Lake Superior State University/SSMart	3/31/19	\$40,170

WHEREAS, on December 18, 2018, the MSF Board approved the assignment of the Lake Superior State University/SSMart grant to the Economic Development Corporation of Sault Ste. Marie (the “EDC of Sault Ste. Marie”);

WHEREAS, on December 18, 2018, the MSF exercised its second option to extend and allocate additional funds to the 2016 Business Incubator Awards for the terms and amounts listed below:

Grantee	Extension	Additional Funds
Innovate Marquette Enterprise Corporation	3/31/20	\$50,260
Lakeshore Advantage	3/31/20	\$75,800
Lenawee Now	3/31/20	\$100,000
Michigan Tech Enterprise Corporation	3/31/20	\$100,000
EDC of Sault Ste. Marie	3/31/20	\$40,000

WHEREAS, the MEDC recommends that the MSF Board exercise its third option to extend the grants and allocate additional funds to the 2016 Business Incubator Awards for the terms and amounts listed below:

Grantee	Extension	Additional Funds
Innovate Marquette Enterprise Corporation	3/31/21	\$50,260
Lakeshore Advantage	3/31/21	\$75,800
Lenawee Now	3/31/21	\$100,000
Michigan Tech Enterprise Corporation	3/31/21	\$100,000
EDC of Sault Ste. Marie	3/31/21	\$40,000

(the aforementioned, collectively, the 2016 Business Incubator Grants Amendment #3).

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the 2016 Business Incubator Grants Amendment #3; and

BE IT FURTHER RESOLVED, the MSF Fund Manager is authorized to negotiate the final terms and conditions of the 2016 Business Incubator Grants Amendment #3 and to execute all documents necessary to effectuate the 2016 Business Incubator Grants Amendment #3.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin (on behalf of Director Donofrio, designation attached), Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 25, 2020



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

November 13, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

Pursuant to MCLA 16.51, I hereby confirm my designation of Susan Corbin 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.

If you need anything additional, please contact Monica Chrzaszcz at (517) 897-6108.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Donofrio".

Jeff Donofrio
Director

Cc: Susan Corbin



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

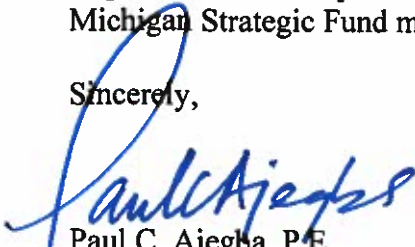
February 3, 2020

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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-016**

2017 BUSINESS INCUBATORS GRANT AMENDMENTS

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

WHEREAS, MCL 125.2088k authorizes the Michigan Strategic Fund (“MSF”) Board to award grants and loans for basic research, applied research, university technology transfer, and commercialization of products, processes and services to encourage the development of competitive edge technologies to create jobs within the State of Michigan;

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

WHEREAS, on April 25, 2017, the MSF Board initiated a competitive proposal process to award grants to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs (the “Business Incubators RFP”);

WHEREAS, on June 27, 2017, the MSF Board authorized grants to the following entities for the initial terms and award amounts listed below, with the option to extend the grants for up to an additional three years and allocate additional funds at the sole discretion of the MSF:

Grantee	Initial Term	Initial Award Amount
Oakland University Incubator	7/1/17-6/30/19	\$199,625
Economic Development Alliance of St. Clair County	7/1/17-6/30/19	\$121,800

(the aforementioned, collectively, the “2017 Business Incubator Grants”);

WHEREAS, on December 18, 2018, the MSF Board exercised its first option to extend and allocate additional funds to the 2017 Business Incubator Grants for the terms and amounts listed below:

Grantee	Extension	Additional Funds
Oakland University Incubator	7/1/17-3/31/20	\$74,860
Economic Development Alliance of St. Clair County	7/1/17-3/31/20	\$45,675

WHEREAS, the MEDC recommends that the MSF Board exercise its second option to extend and allocate additional funds to the 2017 Business Incubator Grants for the terms and amounts listed below:

Grantee	Extension	Additional Funds
Oakland University Incubator	7/1/17-3/31/21	\$99,813
Economic Development Alliance of St. Clair County	7/1/17-3/31/21	\$60,900

(the aforementioned, collectively, the “2017 Business Incubator Grants Amendment #2”).

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the 2017 Business Incubator Grants Amendment #2; and

BE IT FURTHER RESOLVED, the MSF Fund Manager is authorized to negotiate the final terms and conditions of the 2017 Business Incubator Grants Amendment #2 and to execute all documents necessary to effectuate the 2017 Business Incubator Grants Amendment #2.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin (on behalf of Director Donofrio, designation attached), Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 25, 2020



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

November 13, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

Pursuant to MCLA 16.51, I hereby confirm my designation of Susan Corbin 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.

If you need anything additional, please contact Monica Chrzaszcz at (517) 897-6108.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Donofrio".

Jeff Donofrio
Director

Cc: Susan Corbin



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

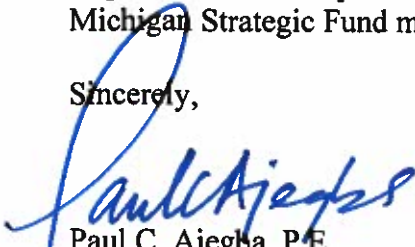
February 3, 2020

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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-017**

2019 BUSINESS INCUBATORS GRANT AMENDMENTS

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

WHEREAS, MCL 125.2088k authorizes the Michigan Strategic Fund (“MSF”) Board to award grants and loans for basic research, applied research, university technology transfer, and commercialization of products, processes and services to encourage the development of competitive edge technologies to create jobs within the State of Michigan;

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

WHEREAS, on December 18, 2018, the MSF Board issued a request for proposals (“RFP”) to award grants to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs (the “Business Incubators RFP”); appointed a joint evaluation committee (“JEC”) to evaluate the proposals received in response to the Business Incubators RFP; and adopted scoring and evaluation criteria to be used by the JEC;

WHEREAS, on February 26, 2019, the MSF Board authorized grants to the following entities for the initial terms and award amounts listed below, with the option to extend the grants for up to an additional four years and allocate additional funds at the sole discretion of the MSF:

Grantee	Initial Term	Initial Award Amount
Ann Arbor SPARK	4/1/19-3/31/20	\$150,000
Automation Alley	4/1/19-3/31/20	\$100,000
The City of Grand Rapids SmartZone Local Development Finance Authority	4/1/19-3/31/20	\$100,000
Enterprise Group of Jackson	4/1/19-3/31/20	\$150,000
The Wayne State University Research and Technology Park in City of Detroit dba Techtown Detroit	4/1/19-3/31/20	\$100,000

(the aforementioned, collectively, the “2019 Business Incubator Grants”); and

WHEREAS, the MEDC recommends that the MSF Board exercise its first option to extend and allocate additional funds to the 2019 Business Incubator Grants for the terms and amounts listed below:

Grantee	Extension	Initial Award Amount
Ann Arbor SPARK	4/1/19-3/31/21	\$150,000
Automation Alley	4/1/19-3/31/21	\$100,000
The City of Grand Rapids SmartZone Local Development Finance Authority	4/1/19-3/31/21	\$55,000
Enterprise Group of Jackson	4/1/19-3/31/21	\$150,000
The Wayne State University Research and Technology Park in City of Detroit dba Techtown Detroit	4/1/19-3/31/21	\$100,000

(the aforementioned, collectively, the “2019 Business Incubator Grants Amendment #1”).

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the 2019 Business Incubator Grants Amendment #1; and

BE IT FURTHER RESOLVED, MSF Fund Manager is authorized to negotiate the final terms and conditions of the 2019 Business Incubator Grants Amendment #1 and to execute all documents necessary to effectuate the 2019 Business Incubator Grants Amendment #1.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin (on behalf of Director Donofrio, designation attached), Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 25, 2020



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

November 13, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

Pursuant to MCLA 16.51, I hereby confirm my designation of Susan Corbin 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.

If you need anything additional, please contact Monica Chrzaszcz at (517) 897-6108.

Sincerely,

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Jeff Donofrio
Director

Cc: Susan Corbin



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

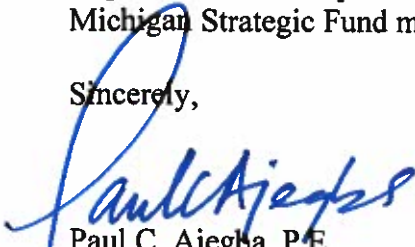
February 3, 2020

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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-018**

2020 BUSINESS INCUBATOR GRANT AWARDS

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

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

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

WHEREAS, the MEDC recommends that the MSF Board approve grants to the following entities for the initial terms and in the initial amounts set forth in the table below, with the option to extend for an additional four years and allocate additional funding at the sole discretion of the MSF:

Grantee	Initial Term	Initial Award Amount
Central Michigan University Research Corporation	4/1/20-3/31/21	\$100,000
Lansing Economic Area Partnership	4/1/20-3/31/21	\$100,000
Lawrence Technological University	4/1/20-3/31/21	\$100,000
Macomb-Oakland University Incubator	4/1/20-3/31/21	\$100,000
Midland Business Alliance	4/1/20-3/31/21	\$100,000
Muskegon Innovation Hub	4/1/20-3/31/21	\$60,000
WMU Homer Stryker M.D. School of Medicine	4/1/20-3/31/21	\$100,000

(the aforementioned, collectively, the “2020 Business Incubator Grants”); and

WHEREAS, the MSF Board wishes to approve the 2020 Business Incubator Grants.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the 2020 Business Incubator Grants; and

BE IT FURTHER RESOLVED, the MSF authorizes the MSF Fund Manager to negotiate the final terms and conditions and execute all final documents necessary to effectuate the 2020 Business Incubator Grants.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin (on behalf of Director Donofrio, designation attached), Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 25, 2020



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

November 13, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

Pursuant to MCLA 16.51, I hereby confirm my designation of Susan Corbin 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.

If you need anything additional, please contact Monica Chrzaszcz at (517) 897-6108.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Donofrio".

Jeff Donofrio
Director

Cc: Susan Corbin



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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MEMORANDUM

Date: February 25, 2020

To: Michigan Strategic Fund

From: Denise Graves, University Relations, Entrepreneurship and Innovation

Subject: University Early Stage Proof of Concept Fund Grant Amendment

Request

The Michigan Economic Development Corporation (“MEDC”) recommends that the Michigan Strategic Fund (“MSF”) Board exercise its second option to extend the grant with Michigan State University (“MSU”) for the University Early State Proof of Concept Fund and allocate \$200,000 in additional funding (the “Request”).

Background

On September 27, 2016, the MSF Board issued the University Early Stage Proof of Concept Fund Request for Proposals to award grants to one or more Michigan non-profit organizations or Michigan institutions of higher education to provide resources and specialized services that will enhance and support the transition of institution of higher education projects from scientific research to applied research to translational research to the commercial market. The University Early Stage Proof of Concept Fund assists all public universities in Michigan with matching funds for very early stage projects in the transition from basic science to applied translational research into the commercial market by analyzing the market application, proving out the concept validation, demonstrating technical feasibility and developing a prototype in the preparation for implementation and testing.

On November 22, 2016, the MSF awarded the University Early Stage Proof of Concept grant to MSU in the amount of \$1,000,000 for an initial two year term, with the option to extend the term for an additional three years and allocate additional funding, at the sole discretion of the MSF. On August 28, 2018, the MSF exercised its first option to extend the grant for an additional two years to March 31, 2020 and allocated \$500,000 in additional funding. The MSF has one remaining option to extend.

Program Details

The University Proof of Concept Fund grant program is designed to closely align with other programs such as the Michigan Translational Research and Commercialization (“MTRAC”) program to provide a pipeline of de-risked technologies and potential fundable startup opportunities for further advancement. The program provides a strong incentive for faculty with early stage technologies at Michigan public universities to engage with their university’s Technology Transfer Office (“TTO”) or respective commercialization activities within their institutions. Technologies from inventors that receive funding under the program need to provide a 1:1 match. This funding will assist in the achievement of critical early stage milestones such as proof-of-concept or market opportunity validation which will lead to follow-on commercialization activities. The program is targeted at high-

value technology sectors represented by the research portfolios at the public universities across the state, including but not limited to:

1. Innovations in the life science and healthcare including diagnostics, therapeutics and medical devices;
2. Advanced automotive manufacturing;
3. Biotechnology and agricultural processing technology;
4. Advanced materials;
5. Alternative energy, and
6. Homeland security and defense technology.

As of September 30, 2019, from the most recent bi-annual progress report, the program has reported the following metrics:

Commercialization Metric	Result
Number of proposals reviewed by review committee	44
Projects funded	35
Licenses and options	5
Follow on funding	\$1,145,345
Patents applied for	15
Patents issued	2
Institutions Supported	University of Michigan – 8 Michigan State University – 14 Grand Valley State University – 1 Michigan Technological University – 1 Western Michigan University – 7 Ferris State University – 1 Wayne State University - 3

Example Early Stage Technologies Supported

University of Michigan: Boosting Speed and Precision of Desktop 3D Printers via Software-Based Vibration Compensation

Development of an entirely software-based vibration compensation technique that allows up to 2x faster printing without causing surface waviness or registration errors. The method involves two steps: (1) Creation of a calibration map of the 3D printer by measuring its vibration characteristics using a sensor and describing it mathematically (as a matrix). This is a one-time process, ideally done at the factory for each new printer model. (2) Creation of a software algorithm that runs on the 3D printer as firmware; the algorithm uses the calibration map of the specific printer model to modify its motion so as to compensate for the effects of vibration. The method does not require sensors or additional hardware to be installed on the printer; this leads to a low-cost solution (i.e., no additional hardware cost).”

Michigan State University: Development of Scalable Linear Ion Sources for Thin Film Processing

The project has demonstrated a small single beam ion source that overcomes the limitations of conventional ion sources and leads to five-fold increase in the electrical conductivity of transparent

conductive thin films, which are extensively used in displays and solar cells. Multiple potential customers expressed strong interest in this new ion source technology. The grant will support the team to demonstrate a prototype ion source that can be readily adopted to research labs and industry with great potential.

Dr. Fan: *“I initially had a concept of a single beam plasma source with promising modeling data and the grant funding allowed me to develop a prototype single beam ion source that has the potential to enable cost-effective manufacturing of thin films. A Michigan start-up company Scion Plasma plans to license the technology. The company has received further funding from NSF SBIR (\$225k) and DOE Solar (\$1M) programs to develop commercial products.”*

Western Michigan University: Impact Sensor and Rigid-Flex Readout Electronics System

The project developed an impact sensor and rigid-flex readout electronics system; that helmet manufacturers can use in existing helmets to automatically record and communicate the occurrence of potentially dangerous impacts; thus, reducing the chance of inaccurate judgements.

Dr. Atashbar: *“The results obtained from the field tests, made possible through the grant funding, has enabled the successful demonstration of the impact sensing system to the OEM – Xenith LLC who had previously shown interest in this technology. Zenith has started to actively participate in the project development to further enhance the impact system for integration in their helmets. It is anticipated that once product manufacturing begins, a licensing partnership will be initiated with the OEM to commercialize the impact system.”*

Recommendation

MEDC Staff recommends that the MSF Board approve Request.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-019**

**UNIVERSITY EARLY STAGE PROOF OF CONCEPT FUND
MICHIGAN STATE UNIVERSITY GRANT AMENDMENT**

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

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

WHEREAS, MCL 125.2088k provides that the MSF Board shall award grants and loans for basic research, applied research, university technology transfer, and commercialization of products, processes and services to encourage the development of competitive edge technologies to create jobs within the State of Michigan;

WHEREAS, on September 27, 2016, the MSF Board issued a Request for Proposals to award grants to one or more Michigan non-profit organizations or Michigan institutions of higher education to provide resources and specialized services that will enhance and support the transition of institution of higher education projects from scientific research to applied research to translational research to the commercial market (the “University Early Stage Proof of Concept RFP”) and adopted scoring and evaluation criteria to be used by the joint evaluation committee (“JEC”) in evaluating proposals received in response to the University Early Stage Proof of Concept RFP (the “Proof of Concept Scoring Criteria”);

WHEREAS, on November 22, 2016, the MSF awarded a grant to Michigan State University in the amount of \$1,000,000 for an initial two year term, with the option to extend the term for an additional three years and allocate additional funding, at the sole discretion of the MSF (the “University Early Stage Proof of Concept Grant Award”);

WHEREAS, on August 28, 2018, the MSF Board exercised its first option to extend the term of the University Early Stage Proof of Concept Grant Award for two years to March 31, 2020 and allocated \$500,000 in additional funding (“Amendment One”);

WHEREAS, the MEDC recommends that the MSF exercise its second option to extend the term of the University Early Stage Proof of Concept Grant Award for an additional one year to March 31, 2021 and allocate \$200,000 in additional funding (the “Amendment Two Recommendation”); and

WHEREAS, the MSF wishes to approve the Amendment Two Recommendation.

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

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

Ayes: Ronald W. Beebe, Susan Corbin (on behalf of Director Donofrio, designation attached), Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: Britany L. Affolter-Caine

Lansing, Michigan
February 25, 2020



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

November 13, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

Pursuant to MCLA 16.51, I hereby confirm my designation of Susan Corbin 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.

If you need anything additional, please contact Monica Chrzaszcz at (517) 897-6108.

Sincerely,

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Jeff Donofrio
Director

Cc: Susan Corbin



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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood



February 21, 2020

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

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the following items on the Michigan Strategic Fund Board Meeting Agenda on Tuesday, February 25, 2020.

- Entrepreneurship: University Proof-of-Concept Fund – Grant Amendment

The reason for my recusal is that I have a potential conflict of interest with respect to grantee, MSU.

Sincerely,

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

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

MEMORANDUM

To: Michigan Strategic Fund Board

From: Aileen Cohen, Capital Project & Portfolio Manager

Date: February 25, 2020

Subject: Jedco, Inc. and NTN, L.L.C. (and/or related borrower(s))
Collateral Support Proposal

Request

Jedco Inc., ("Jedco") and its related real estate holding company NTN, L.L.C. ("NTN") (Collectively, "the Borrower" or "Company") is a supplier to the aerospace industry with a heavy emphasis on the defense segment. The Company is located in Grand Rapids, Michigan. Jedco's work is extremely high precision with very tight tolerances. Jedco was formed in 1972 as a sole proprietorship and was purchased and incorporated in 1994 by its 100% owner, Dan Szymanski. The Company is working with Macatawa Bank to increase its working capital availability.

Macatawa Bank ("Bank") has proposed the increase of its existing working capital line of credit by \$4,000,000 and providing a new max draw note for the Borrower's CapEx purchases during the next year, both loans will increase the Company's availability. Due to collateral shortfall on the working capital line, the Bank is requesting collateral support from the MSF for the following:

Bank Facility and MSF Support

The Bank has proposed the following credit facilities:

Revolving = Working Capital Line of Credit	\$16,250,000
Draw to Term = Equipment Line of Credit	500,000
Total Loans Leveraged	\$16,750,000

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

Revolving = Line of Credit	\$1,996,000
Total MSF Contribution	\$1,996,000

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 2.25:1.

Borrower History

Jedco, Inc. was purchased and incorporated in 1994 by Dan Szymanski and is located in Grand Rapids, Michigan. The Borrower has grown its operations into a \$42 million company and employs over 200 people. Jedco has immediate plans for growth and expects to see an increase in sales for 2020 by \$6 million. A background check for the Company has been completed. 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 - Jedco, Inc./NTN, L.L.C.

Borrower: Jedco, Inc./NTN, L.L.C.
Lender: Macatawa Bank up
Loan Amount: to \$16,250,000
MSF Cash Collateral: up to \$1,996,000
Loan Type: 12 month Line of Credit, monthly payments of interest only
Fees: Tier II: 1.75% at Closing
1.00% annually thereafter on the MSF Share Balance.



Exhibit A

Credit Presentation

GENERAL INFORMATION

Company Name Jedco, Inc.	Address 1615 Broadway Ave NW	City, State Zip Grand Rapids, Michigan 49504
Entity Type C Corporation	Type of Operation - Primary Aircraft Engine and Engine Parts Manufacturing NAICS: 336412	
Lender Macatawa Bank	Lender Contact fclake@macatawabank.com	

Bank Facility and MSF Support

The Bank has proposed the following credit facilities:

Revolving = Line of Credit	\$16,250,000
Draw to Term = Line of Credit	500,000
Total Loans Leveraged	\$16,750,000

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

Revolving = Line of Credit	\$1,996,000
Total MSF Contribution	\$1,996,000

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 2.25:1.

Background

Jedco is a supplier to the aerospace industry with a heavy emphasis on the defense segment. Jedco was formed in 1972 as a sole proprietorship and was purchased and incorporated in 1994 by Dan Szymanski. Dan is an engineer by training, so the Company is managed by a team of professionals. Jedco's work is extremely high precision with very tight tolerances. Many parts have raw-material content (titanium, for one). It is a typical for a single produced part to sell for \$30M. Jedco's core competencies include: Sheet Metal Fabrication and Assembly, Hot Forming, TIG/Resistance/Laser/Plasma Welding, Exotic Metal Forming, A proprietary process called JEDCAP (Jedco Chem-Mill Alternative Program) which allows for more cost-effective milling and grinding by using chemicals instead of 5-axis machining, Non-Destructive Testing, and Laser Drilling and Machining. Jedco does not design parts. Designs are provided by its customers and parts must be produced exactly to those designs. However, many of the parts it supplies continuously evolve and Jedco focuses on innovation in the production process.

Jedco's largest customer is Pratt and Whitney. Sales to Pratt and Whitney represented 87% of total sales in 2019 and are expected to represent 76% of 2020 sales. Examples of programs that use Jedco parts are the existing F22 Raptor Jet and the F35 Joint Strike Fighter. Production of the F-35 continues to ramp up with production reaching 150 planes in 2019 and approaching 190 by 2022. Jedco continues to expand its customer base as well. It added Lockheed Martin as a customer in 2016 and has expanded sales to existing customers Honeywell and MB Aerospace. In 2016, it gained approved supplier status with GE and in 2017 added Raytheon, EDAC, and GE Aviation as new customers. GE Aviation is seen as Jedco's greatest opportunity for consistent future growth. Jedco has now been awarded 5 programs with GE that will be launched in 2020 and is actively quoting additional business opportunities. In 2019, Jedco achieved corporate objectives by acquiring and launching development business with Pratt and Whitney while receiving other quote opportunities for Government break out work. Jedco also continues to expand into the commercial market. Commercial revenues are expected to reach 16% of the Company's total during 2020.

Jedco operates from 3 adjacent facilities near Broadway and Richmond on the northwest side of Grand Rapids. The buildings are all owned by Jedco or NTN. NTN is a single member LLC owned by Dan Szymanski and is part of the obligated group. In early 2021, the Company plans on moving facilities due to the tremendous growth seen over the past several years. The move to the location in Grand Rapids will happen over the course of the entire calendar year, with hopes of being completely moved in the beginning of 2022. The Company has already budgeted for slightly scaled-back revenues for the moving period. Initial conversations have been had with the SBA regarding 504 financing for the project.

Financing Opportunity

Macatawa Bank is working with Jedco/NTN to provide additional financing to increase its working capital availability. The Borrower has been in business for over 40 years, and is owned by Dan Szymanski. Dan is 100% owner of both Jedco and the real estate holding company, NTN, L.L.C. Jedco has seen steady growth over by past 5 years and employs over 200 people. The Borrower is investing in the Company to ensure it has the correct equipment and people needed to continue the growth of the Company.

Loan #	Purpose	Type	Balance/ Request Amt.	Accrued Interest	Commit.	Interest Rate	Payment Amt. P&I	# Pmts.	Term	Amort	Orig. Date	Mat. Date
	Working Capital Line of Credit	Revolving	16,250,000			4.02						
Total			16,250,000									

Collateral	Type	Value	Adv Rate	Disc. Value	Prior Lien	Coll. Amt.
Accounts Receivable	Eligible	2,290,000	80%	1,832,000		1,832,000
Inventory	Eligible	11,302,000	50%	5,651,000		5,651,000
Related A/R	Eli	312,000	80%	249,600		249,600
SSBCI-CSP	Cash	1,996,000	100%	1,996,000		1,996,000
WIP	Eligible	14,830,000	30%	4,449,000		4,449,000
Total		30,730,000		14,177,600		14,177,600

Total Loan Amount	16,250,000	Margin of Collateral to Loan	0.87
Total Collateral Amount	14,177,600	% Loan to Collateral	114.62%

Summary

Total Loan Amount	16,250,000	Margin of Collateral to Loan	0.87
Total Collateral Amount	14,177,600	% Loan to Collateral	114.62%

Collateral

The Bank is requesting collateral support on the proposed increase to an existing line of credit of up to \$1,996,000 or 49.9% of the \$4,000,000 increase. As shown by the above collateral chart, the existing equipment is not valued high enough to support the proposed loan amount, therefore the bank would not be able to provide the line without the assistance of the MSF's collateral support program.

INDUSTRY COMPARISON

Balance Sheet: 12/31/2018

Comparative Historical Data - 1 year ago (Based on RMA 2018 Data) - Median Quartile

Income/Expense: 01/01/2018 to 12/31/2018

NAICS: 336412 - Aircraft Engine and Engine Parts Manufacturing

Unqualified: 10, Reviewed: 13, Compiled: 4, Tax Return: 7, Other: 44, Total Number Stmt: 78

	Client	Industry	Variance		Client	Industry	Variance	Quartile
Assets				Liquidity Ratios				
Cash & Equivalents	0.3	9.3	-9.0	Current Ratio	1.3	2.2	-0.9	3
Trade Receivables (net)	9.9	17.0	-7.1	Quick Ratio (Acid Test)	0.2	0.9	-0.7	4
Inventory	59.7	30.8	28.9	Sales / Receivables	10.9	8.3	2.6	2
All Other Current	2.6	3.5	-0.9	Cost of Sales / Inventory	1.5	3.2	-1.7	4
Total Current	72.5	60.6	11.9	Cost of Sales / Payables	5.4	11.5	-6.1	4
Fixed Assets (net)	27.1	22.1	5.0	Sales / Working Capital	6.1	4.3	1.8	
Intangibles (net)	0.0	13.0	-13.0	Coverage Ratio				
Other Non-Current	0.4	4.3	-3.9	EBIT / Interest	2.0	4.2	-2.2	3
Total Assets	100.0	100.0		Net Prof. + Depr / Cur. Mat. L/T/D	1.0	3.1	-2.1	4
Liabilities				Leverage Ratios				
Notes Payable	26.3	7.4	18.9	Fixed / Net Worth	1.2	0.5	0.7	
Cur. Mat. L/T/D	5.1	3.6	1.5	Debt / Net Worth	3.3	1.2	2.1	
Trade Payables	16.7	10.6	6.1	Operating Ratios				
Income Tax Payable	0.0	0.1	-0.1	% Prof. Bf. Taxes / Net Worth	8.8	16.4	-7.6	3
All Other Current	6.6	12.0	-5.4	% Prof. Bf. Taxes / Total Assets	2.0	5.8	-3.8	3
Total Current	54.7	33.7	21.0	Sales / Net Fixed Assets	4.0	7.9	-3.9	3
Long Term Debt	22.0	14.9	7.1	Sales / Total Assets	1.1	1.4	-0.3	3
Deferred Taxes	0.0	0.3	-0.3	Expense to Sales Ratio				
Other Non-Current	0.0	7.1	-7.1	% Depreciation / Sales	3.1	2.1	1.0	3
Net Worth	23.2	44.0	-20.8	Officers' Compensation/Sales	0.0	4.0	-4.0	1
Total Liab. & Net Worth	100.0	100.0						
Income Data								
Net Sales	100.0	100.0	0.0					
Gross Profit	15.5	34.3	-18.8					
Operating Expenses	11.8	26.0	-14.2					
Operating Profit	3.7	8.4	-4.7					
All Other Expenses (net)	1.8	2.3	-0.5					
Profit Before Taxes	1.9	6.1	-4.2					

Last Updated 02/07/2020 2:01:28 PM From RMA 2018 Data

OWNERSHIP / GUARANTORS

Name	Address	Relationship	% Own	Amt Guar.
NTN, L.L.C. Daniel Szymanski		Co-Applicant Guarantor		

Source	Program	
SSBCI	CSP	
Committed Date	Loan Closing Date	Total Loan \$16,250,000
MSF Share \$1,996,000	Additional Leverage (at closing) \$500,000	Additional Leverage (ongoing)
Leverage 2.25	Closing Fee 1.75% of MSF share	Annual Fee 1% of MSF annual balance
FTE @ Closing (in State) 212	FTE @ Closing (out of state)	Projected FTE Increase 35
FTE @ Annual Review	FTE Net Increase/Decrease	Support \$ per new job \$57,029
Associate	# Co's 2	Loan Type Revolving

Employment

Jedco has 212 full-time equivalent employees. The Company anticipates adding 27 fulltime employees within the next 6 months and an additional 8 within the next 2 years. The annual salary for employees of Jedco, Inc. is \$56,300.

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 204 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 Jedco, Inc/NTN, L.L.C.

- Minimum Fixed Charge Ratio of 1.15x
 - Measured quarterly beginning 03/31/2020
 - Defined as: (a) the sum of the Borrower's income before interest expense, taxes, depreciation and amortization expense plus any extraordinary losses and less any extraordinary gains, plus increases in LIFO reserve, less decreases in LIFO reserve for the twelve month period then ending to (b) the sum of (i) Borrower's interest expense less interest expensed but not paid and (ii) all principal payments with respect to term debt that were paid or were due and payable during the period plus all cash taxes paid, distributions, dividends and capital expenditures (other than capital expenditures financed with proceeds of purchase money indebtedness) in the same such period.
- Debt to Effective Tangible Net Worth does not exceed 2.75x
 - Measured quarterly beginning 03/31/20
 - Defined as: Liabilities less Subordinated Debt Divided by Effective Tangible Net Worth.

These covenants are intended to require re-investment in the balance sheet of Jedco 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 Daniel Szymanski
 - *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 \$16,750,000, along with reasonable interest and fees.
- The proposed financing will be subject to a Minimum Fixed Charge Coverage Ratio and Debt to Effective Tangible Net Worth, as calculated by the Bank. Required minimum fixed charge coverage ratio and debt to effective tangible net worth will be set at a level acceptable to Bank and CST.

SCORING & RATING

SCORING & RATING : MBGF_CSP_2020

Score = 3.00	3 Average
---------------------	------------------

Model Used: MEDC CRE Model - Board

Last Scored: 02/18/2020 12:52 PM Aileen Cohen

Financial Statements and Forms calculated from:

Balance Sheet: Inc. / Exp.:
12/31/2019 12/31/2019

Criteria		Criteria Score	Wt %	Weighted Criteria Score	Review
Debt / Tang Net Worth:	3.71	1.00	20.00	0.200	
Debt Coverage Ratio:	1.10	3.00	20.00	0.600	
MSF Leverage Ratio	2.25	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	
				3.000	

MICHIGAN STRATEGIC FUND

RESOLUTION 2020-020

SSBCI MBGF-CSP APPROVAL OF CASH COLLATERAL DEPOSIT AGREEMENT FOR JEDCO, INC. AND NTN, L.L.C. AND RELATED BORROWERS

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

WHEREAS, at its May 25, 2011 meeting, the MSF Board approved: (i) the creation of the Michigan Business Growth Fund (the “MBGF”), an SSBCI Program created by the MSF to disburse SSBCI funds in accordance with the SSBCI, and (ii) as part of the MBGF, the creation of a collateral support program designed to 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) the MSF Fund Manager or Chairperson to negotiate and sign the terms and conditions of the MBGF-CSP Agreement as authorized by the MSF Board;

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

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

WHEREAS, Macatawa Bank (“Lender”) has proposed an increase to an existing credit facility to Jedco, Inc. and NTN, L.L.C. (and/or related borrowers (the “Proposed Borrower”)) of \$4,000,000 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) \$1,996,000 or (ii) up to 12.28% 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, Susan Corbin (on behalf of Director Donofrio, designation attached), Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: Ronald W. Beebe

Recused: None

Lansing, Michigan
February 25, 2020



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

November 13, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

Pursuant to MCLA 16.51, I hereby confirm my designation of Susan Corbin 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.

If you need anything additional, please contact Monica Chrzaszcz at (517) 897-6108.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Donofrio".

Jeff Donofrio
Director

Cc: Susan Corbin



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

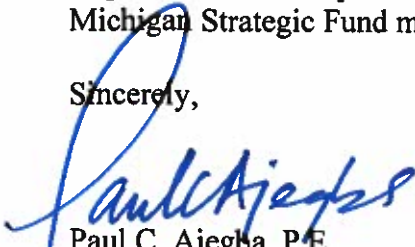
February 3, 2020

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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MEMORANDUM

Date: February 25, 2020

To: Michigan Strategic Fund Board

From: Colleen Horton, Director, Business Compliance
Christin Armstrong, Associate General Counsel & Vice President,
Compliance and Contract Services

Subject: Cherry Growers, Inc. – Michigan Business Development Grant – Write-Off Request

Request

Michigan Economic Development Corporation (“MEDC”) staff recommends that the Michigan Strategic Fund (“MSF”) Board authorize a write-off of \$2,288,362.80 owed by Cherry Growers, Inc. (“Cherry Growers” or “Company”) to the MSF under its Michigan Business Development Program (“MBDP”) grant agreement (the “Request”).

Background

On July 25, 2012, the MSF awarded a \$2,500,000 performance-based MBDP grant to Cherry Growers for the creation of 72 Qualified New Jobs (“QNJ’s”), maintenance of 137 Base Jobs, and capital investment of approximately \$12,499,760 in Green Lake Township in Grand Traverse County (the “Cherry Growers Grant”). The Cherry Growers Grant also included annual profit participation payments to the MSF beginning October 31, 2015 and continuing until the Company repaid the entire grant. The Company received disbursements of \$2,500,000 for the creation of 59 of the required QNJ’s by September 30, 2012. No profit participation payments have been received to date.

Cherry Growers executed a fifteen year supply agreement for infrastructure, services and apples with Materne North America Corp. (“Materne”) for the manufacture of Materne’s GoGosqueeZ fruit pouch product line. As a result of this partnership, the Company expanded its existing Michigan operation with the construction of a food grade manufacturing facility, warehouse, and cooking machinery necessary to support the manufacture of these pouch style fruit products.

In connection with this project, the MSF also awarded a MBDP grant of up to \$3,000,000 to Materne on July 25, 2012 for the creation of 65 QNJ’s, maintenance of 68 Base Jobs, and capital investment of \$23,472,500 in Green Lake Township (the “Materne Grant”). The Materne Grant also included profit participation payments to the MSF beginning on December 31, 2014 and continuing until December 31, 2027. Materne has paid \$331,953 in annual profit participation payments through December 31, 2019 and is currently in compliance with its agreement.

Cherry Growers faced challenges during the term of the grant, including a difficult growing season in 2012 that resulted in a failure of the apple and cherry crops. The Company simultaneously undertook the largest capital expansion in its history. In addition, a loss of contracts amounted to a 40% decrease in demand for the Company’s three primary crops. As a result of these issues, the Company requested an extension of its Milestone Two due date. The MSF approved an extension of Milestone Two to September 30, 2015. The Company was unable to meet Milestone Two by the amended due date and was placed in default, with a cure period that expired on November 29, 2015. The Company continued to experience reductions in headcount and did not meet the requirements of Milestone Two.

As a result of the default, the MSF was entitled to immediately seek full repayment of the Cherry Growers Grant. Recognizing the significant financial hardship it would cause the company and the overall economic impact of Cherry Growers in Grand Traverse County, the MSF Board approved a forbearance on the Cherry Growers Grant under which the MSF agreed to forbear on its right to repayment until October 31, 2017. In consideration for the forbearance, the Company paid a fee of \$25,000. The MSF and Cherry Growers executed a forbearance agreement on May 2, 2016.

The Company continued to experience financial challenges and filed Chapter 11 bankruptcy on August 31, 2017. The MSF Fund Manager executed and filed a proof of claim on behalf of the MSF for the \$2,500,000 owed under the Cherry Growers Grant. The amount sought by the MSF was treated as a general unsecured claim. On December 11, 2019, the MSF received a check in the amount of \$211,637.20 on its claim for \$2,500,000 under the Cherry Growers Grant. This amount is approximately 8.5% of the general unsecured claim in the bankruptcy. This represents the MSF’s pro rata share of the full and final distribution to the holders of allowed general unsecured claims, which includes all payments made to the liquidating trust and a reservation for all fees, costs, and expenses associated with administration of the liquidating through dissolution.

In addition to the Cherry Growers Grant, the Company had the following MSF-supported loans with Huntington Bank through the Michigan Supplier Diversification Fund (“MSDF”) and State Small Business Credit Initiative (“SSBCI”):

Program	Date	Total Loan	MSF Share	Status
SSBCI	8/24/2011	\$2,740,000	\$1,367,260	Paid in full
SSBCI	8/24/2011	\$3,210,000	\$1,601,790	Paid in full
MSDF	5/22/2012	\$880,000	\$439,120	Paid in full
MSDF	5/22/2012	\$1,650,000	\$823,350	Paid in full

The MSF-supported loans, including the MSF shares, were repaid in full through the liquidation proceedings. Currently there are no outstanding items owed to the MSF from Cherry Growers. A majority of the Company’s assets were purchased by Materne, which is currently producing its GoGosqueeZ product line at the former Cherry Growers’ site in Grawn, Michigan.

Recommendation

MEDC Staff recommends that the MSF Board approve the Request.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-021**

**CHERRY GROWERS, INC.
MICHIGAN BUSINESS DEVELOPMENT GRANT WRITE-OFF REQUEST**

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

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

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

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

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

WHEREAS, on July 25, 2012, the MSF Board authorized a performance-based MBDP other economic assistance incentive of up to \$2,500,000 to Cherry Growers, Inc. (“Cherry Growers” or the “Company”) for the creation of 72 Qualified New Jobs, maintenance of 137 Base Jobs, and capital investment of \$12,499,760 in Green Lake Township in Grand Traverse County (the “Cherry Growers Grant”);

WHEREAS, pursuant to the terms and conditions of the MBDP Grant Agreement, the Company received disbursements of \$2,500,000 for creation of 59 Qualified New Jobs and maintenance of 137 Base Jobs in the State of Michigan;

WHEREAS, the Cherry Growers Grant was amended to extend the due date of Milestone Two from December 31, 2014 to September 30, 2015;

WHEREAS, on October 1, 2015 the Company was placed in default for failing to meet Milestone Two and triggered repayment of \$2,500,000 (the “Repayment Event”);

WHEREAS, on April 26, 2016, the MSF Board approved a forbearance request under which the MSF agreed to forbear on its rights under the Repayment Event until October 31, 2017 in exchange for a forbearance fee of \$25,000;

WHEREAS, the Company and the MSF executed a Forbearance Agreement on May 2, 2016:

WHEREAS, the Company continued to experience financial challenges and filed Chapter 11 bankruptcy on August 31, 2017;

WHEREAS, the MEDC filed a proof of claim on behalf of the MSF for the \$2,500,000 in disbursed grant funds, which claim was treated as a general unsecured claim through the bankruptcy proceedings;

WHEREAS, on December 11, 2019, the MSF received a check in the amount of \$211,637.20 on its proof of claim, which represents approximately 8.5% of the \$2,500,000, and is the full and final distribution to holders of allowed general unsecured claims;

WHEREAS, the MEDC requests that the MSF Board approve a write off of \$2,288,362.80, which represents the remaining balance owed as a result of the Repayment Event (the "Write-Off Request").

NOW, THEREFORE, BE IT RESOLVED, the MSF approves the Write-Off Request and

BE IT FURTHER RESOLVED, that the MSF Fund Manager or the MSF Chairperson, in coordination with MEDC Staff, is authorized to negotiate all final terms and conditions and execute all documents necessary to effectuate the Write-Off Request.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin (on behalf of Director Donofrio, designation attached), Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 25, 2020



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

November 13, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

Pursuant to MCLA 16.51, I hereby confirm my designation of Susan Corbin 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.

If you need anything additional, please contact Monica Chrzaszcz at (517) 897-6108.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Donofrio".

Jeff Donofrio
Director

Cc: Susan Corbin



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

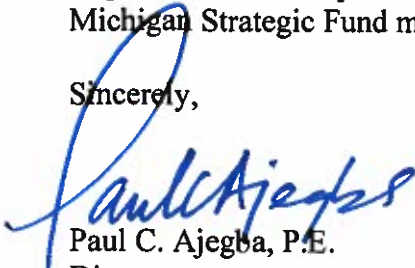
February 3, 2020

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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MEMORANDUM

Date: February 25, 2020

To: Michigan Strategic Fund Board

From: Daniel Leonard, Senior Community Assistance Specialist
Bill Povalla, Program Specialist, Community Development Block Grant

Subject: *Community Development Block Grant Program
Joining Jordan - Public Facilities Project
City of East Jordan, County of Charlevoix*

Request

The City of East Jordan is requesting \$2,209,430 in Community Development Block Grant (CDBG) funds for public facilities improvements for the Joining Jordan Project located in Charlevoix County, Michigan. The City anticipates that this project will result in increased private investment within the downtown because of the enhanced connection to the east and west portions of the downtown district. This project will provide services and opportunities to members of the entire community of which 51% are considered low-to-moderate income in status. Additionally, the project will also benefit by providing safe access to Lake Charlevoix and increasing pedestrian traffic throughout this commercial business district.

Background

In late 2017 the East Jordan Downtown Development Authority (DDA) began a sub-planning process to assess needs and create a consolidated Waterfront Sub-area Plan within the DDA district. The planning process included significant public input and work sessions to identify the connectivity of the east and western portions of the district as a high priority. To accomplish this goal, the DDA set a priority to improve pedestrian and multi-modal connections from the east side of town with the intent of increasing development potential on the west side of town. Additionally, improvements would allow for improved access to Lake Charlevoix. To accommodate future goals for this corridor, the DDA took action to decommission and relocate the City's existing boat launch on the west side of Lake Charlevoix. Adjacent to the M-32 bridge, this move opened prime real estate within the DDA for redevelopment. With significant gain in open space along the lake front, the DDA will utilize a portion of the space to create a public waterfront pocket park to anchor the west side of Lake Charlevoix and the Jordan River. The pocket park will enhance public recreation areas for low-to-moderate income households. The remaining property in conjunction with this project, once occupied with vehicle and trailer parking, will be available and marked as a priority redevelopment site with the City's partnership of MEDC's Redevelopment Ready Communities program.

Physical construction will create a new public waterfront park with boardwalk, an elevated pedestrian bridge with pavilions and streetscape improvements to integrate the proposed project into the existing City infrastructure. Redevelopment of this corridor will reallocate the existing three vehicle lanes into two vehicle lanes with adjacent bicycle lanes. Additionally, the M-32 bridge will receive decorative railings and new lighting to match that of the existing downtown streetscape. Local contribution from the City of East Jordan will fund both contractual work from the City's engineering team, as well as public infrastructure improvements necessary to accommodate this new effort into the existing City streetscape.

In its existing state, this corridor vastly limits access to non-motorized users of downtown East Jordan, Lake Charlevoix and presents significant safety concerns for bicyclists, walkers and vehicular circulation alike. With the above improvements, public safety concerns will be greatly lessened and the opportunity for future private economic development projects are much more likely to take place. Throughout many of our rural disadvantaged communities the primary method for transportation is a vehicle. The Joining Jordan project will provide residents and visitors of the community with a safe, non-motorized connection to the entirety of the City benefiting those low-moderate-income residents who walk and bike to school, work or to recreate within the community.

Providing non-motorized transportation solutions to rural communities is a primary goal for northwest Michigan and is further supported by the City of East Jordan's recreation plan. Additionally, this project meets the goals and objectives of the CDBG program by both helping to attract new private development and/or businesses to the community for enhancement of the downtown and redevelopment assets adjacent to this project in a distressed community and through the development of a place-based project through financial support to create an attractive place to attract talent.

In order to garner the greatest benefit from economies of scale, the project in its entirety is best completed in one effort rather than through multiple, smaller projects, thus increasing cost and delaying future benefit from the City. In the past six months East Jordan has invested in public improvements via a new water infrastructure system for the entire community. Utilizing CDBG for financial support of this large-scale project proves a successful demonstration of the community's capacity to implement goals and garners the possibility of additional new investment throughout the City. A ten (10) percent collaborative matched fund was assembled utilizing both City and DDA Capital resources. In its totality, the community will provide \$243,826 of the approximate \$2.438 million-dollar total project costs.

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

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

Recommendation

The MEDC Staff recommends:

- A CDBG Public Facilities grant agreement in the amount of \$2,209,430 be authorized for the City of East Jordan for the Joining Jordan Project.

APPENDIX A – Programmatic Requirements & Screening Guidelines

Program Requirements

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

- **National Objective:**
This project qualifies for CDBG funding as the project activities will benefit all residents of the project area and 51.93 percent of the residents of the City of East Jordan are low and moderate income persons as determined by census data provided by the U.S. Department of Housing and Urban Development. The project meets a national objective by providing a significant benefit to at least 51 percent low- and moderate-income persons. Again, with this project's implementation all members of the community will have safe access to water recreational activities as well as safe passage throughout the east and west portions of the community without vehicle assistance.
- **Eligible Activity:**
This project involves eligible activities identified in Section 105(a) (2) of Title I of the Housing and Community Development Act of 1974, as amended.

Screening Guidelines

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

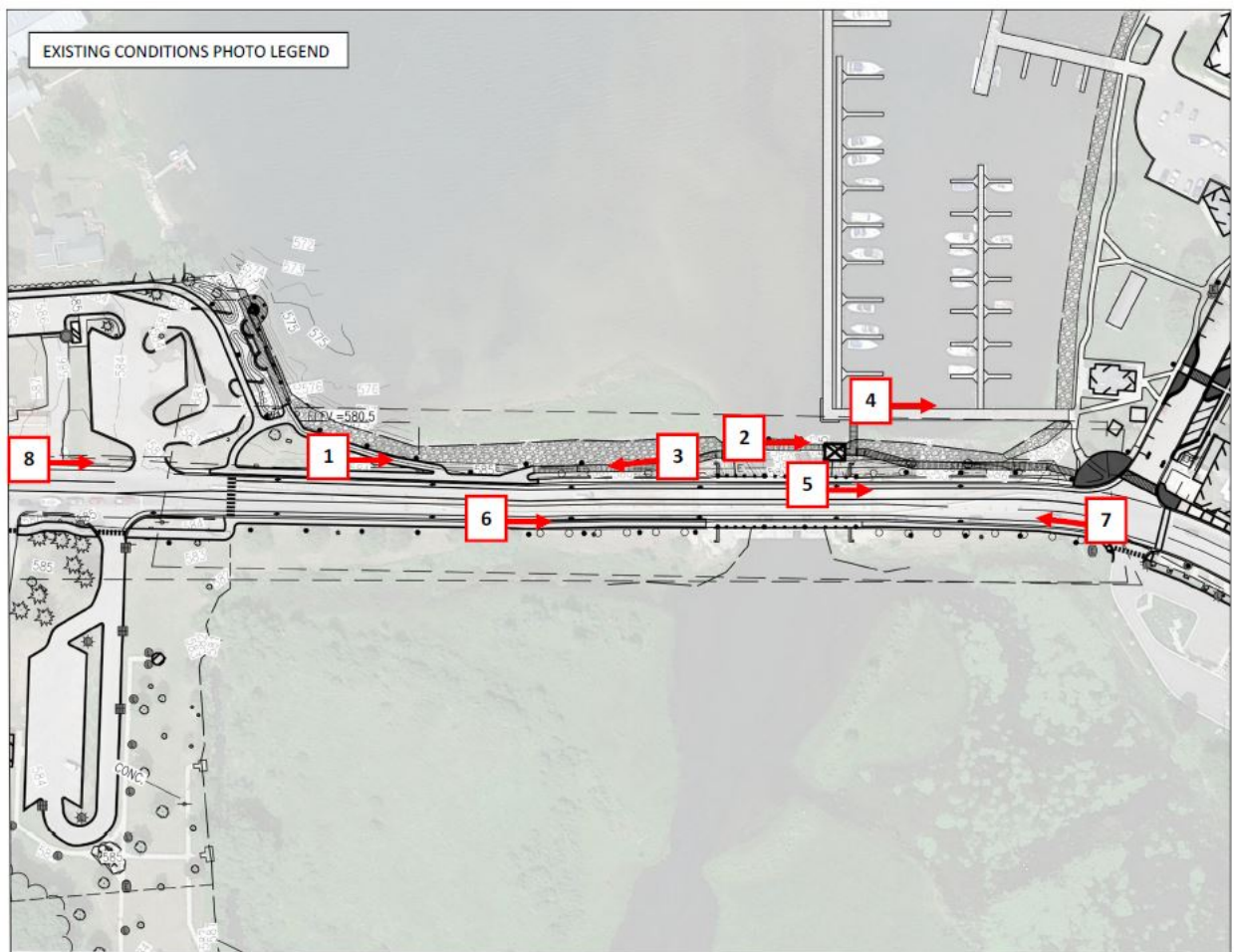
- **Economic Impact:** The economic impact of this project was evaluated. It was determined that the project is:
 - Located in a highly visible location
 - Located in a DDA
 - Prior use of downtown development incentives (TIFs, abatements, etc.)
 - Local organizational capacity to successfully complete this project
 - A full-time downtown development professional staff member able to administer the project
 - Consistent with the goals and objectives of the DDA's adopted downtown development plan
 - Will provide a positive impact on this portion of the community and invite new private investment into a targeted area of the community
- **Minimum Local Participation:** The City of East Jordan will make an anticipated contribution of \$243,826 which is ten percent (10%) of the total public facility project costs. The funds will be provided by the City of East Jordan's DDA fund.

- **Financial Viability and Background Check:** The community receiving the benefit from this project has completed a civil and criminal background check in accordance with the MSF Background Review Policy with no concerns and the City of East Jordan has been determined to be financially viable.

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

APPENDIX B – Map, Renderings and Site Photos

Project Map – East Jordan







Project Rendering – East Jordan

CITY OF EAST JORDAN STREETScape MASTER PLAN
CONCEPTUAL CROSSING ENHANCEMENTS
6/18/18

design program
Pedestrians and Public space
Multi-Modal Access
Architecture
Public Spaces
Environmental Sustainability
Recreation
Public Art and Culture
Utilities & Infrastructure



MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-022**

APPROVAL OF CITY OF EAST JORDAN’S JOINING JORDAN PROJECT

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

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

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

WHEREAS, pursuant to SFCR 10.1-1, the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards or decisions approved under the CDBG program;

WHEREAS, the City of East Jordan (the “Community”) has submitted a complete application for approval requesting funding to be used to fund Joining Jordan (the “Project”);

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

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF authorizes a grant to the Community not to exceed \$2,209,430 for the payment or reimbursement of costs associated with the Project, and allocates \$2,209,430 from the Michigan CDBG program for the purpose of funding the Community’s proposed Project contingent upon the MSF’s continued receipt of CDBG funds and availability of adequate funds; and

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin (on behalf of Director Donofrio, designation attached), Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 25, 2020



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

November 13, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

Pursuant to MCLA 16.51, I hereby confirm my designation of Susan Corbin 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.

If you need anything additional, please contact Monica Chrzaszcz at (517) 897-6108.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Donofrio".

Jeff Donofrio
Director

Cc: Susan Corbin



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

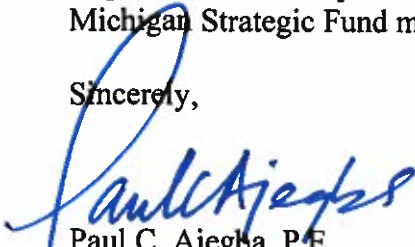
February 3, 2020

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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MEMORANDUM

Date: February 25, 2020

To: Michigan Strategic Fund Board

From: Michelle Audette-Bauman, Community Assistance Team Specialist
Emanuel Odom, Program and Investment Specialist
Lisa Edmonds, MCRP and Brownfield Program Specialist

Subject: Request for Approval Michigan Community Revitalization Program (MCRP)
Grant and a Request for Approval of an Act 381 Work Plan
Brick Street Lofts, LLC Project

REQUEST

Brick Street Lofts, LLC (“Applicant”) is requesting a MCRP performance-based grant in the amount of \$931,534 and the City of Albion Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including state tax capture in the amount of \$217,388 to reimburse for MSF eligible activities. The request will support a community development project that will redevelop three blighted buildings to add new residential units and enhanced commercial space in downtown Albion. The project is consistent with the MEDC Strategic Plan focus area to attract talent through transforming underutilized properties into vibrant areas. The project also meets local objectives by redeveloping blighted property and providing new housing units in downtown. A financing gap exists due to the cost of rehabilitation compared to the revenue that the project is expected to generate based on current market-rate commercial and residential rents in Albion. The Applicant anticipates that the project will result in a total capital investment in the amount of \$3,011,972.

FINANCING OPPORTUNITY – MCRP PERFORMANCE BASED GRANT

The request for the performance-based grant incentive is made necessary by the rental rates for residential and commercial units in the local market that would not generate the revenue necessary to finance this project and produce a positive investment return for the developer. Also, the condition of the structures will require increased rehabilitation costs that will require funding sources beyond that of the lenders.

GRANT TERMS

MSF Facility: MCRP Performance Based Grant

Grantee: Brick Street Lofts, LLC

Senior Lender: Huntington Bank

Total Amount of Loan: Currently estimated at \$1,100,000

Total Capital Investment: Currently estimated at \$3,011,972

MSF Eligible Investment: Currently estimated at \$2,176,670

Minimum Eligible Investment: Currently estimated at \$1,741,336

MSF Share: Up to the lesser of 43% of “Eligible Investment” or \$931,534. The project is eligible for an award of up to 50% of eligible investment because the population of the City of Albion is less than 15,000.

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

- Construction documents (includes a “Guaranteed Maximum Price” construction contract)

SUMMARY OF DEVELOPMENT SOURCES:

Bank Share	\$	1,100,000	36.52%
MSF Share	\$	931,534	30.93%
Developer Equity	\$	980,438	32.55%
TOTAL	\$	3,011,972	100.00%

SUMMARY OF DEVELOPMENT USES:

Acquisition	\$	180,000
Hard Construction Costs	\$	2,628,870
Eligible Soft Costs	\$	113,000
Other	\$	90,102
TOTAL	\$	3,011,972

LOCAL SUPPORT

Local support for the project includes the local portion of the Brownfield Act 381 Work Plan with an anticipated value of \$365,812, which is approximately 62% of the total Act 381 request. The City of Albion is certified with the MEDC’s Redevelopment Ready Communities (RRC) program. The project is located in a Michigan Geographically Disadvantaged Business Location.

TAX CAPTURE SUMMARY

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Albion, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on August 5, 2019. The property has been deemed blighted by the City of Albion on January 22, 2020. The Albion Downtown Development Authority has also entered into an interlocal agreement with the brownfield redevelopment authority in support of this project.

There are 63.2645 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24.0000 mills (37.94%) and local millage equaling 39.2645 mills (62.06%). Tax increment capture will begin in 2020 and is estimated to continue for 21 years. The state tax capture is recommended to be capped at \$217,388, which is the amount of tax increment revenue anticipated to be

generated in 22 years. Total MSF eligible activities are estimated at \$583,200. MSF eligible activities breaks down as follows:

State tax capture	(37.94%)	\$	217,388
Local tax capture	(62.06%)	\$	365,812
TOTAL		\$	583,200

COST OF MSF ELIGIBLE ACTIVITIES

Demolition		\$	448,000
Lead, Asbestos, or Mold Abatement			29,000
Site Preparation		+	15,000
Sub-Total		\$	492,000
Contingency (15%)		+	73,200
Sub-Total		\$	565,200
Brownfield/Work Plan Preparation		+	18,000
TOTAL		\$	583,200

PROJECT BACKGROUND

This project will redevelop three blighted and partially vacant buildings on 0.25 acres in downtown Albion into a mixed-use development with eight residential units, six commercial spaces and a new front façade. Upon completion, the project is anticipated to improve an approximately 15,458 square foot building located in Albion’s National Register Historic District. Rehabilitation of the buildings will require removal and replacement of the entire front façade of the buildings, due to ongoing deterioration of the sandstone used to construct the original façade in the 1800s. Additionally, the project includes complete renovation of the long-vacant second-floor spaces, new roofs, complete fire suppression system, new water/sewer, electric and gas, varying levels of commercial build-out, the addition of an elevator and abatement of any lead and asbestos materials within the buildings. The property currently houses four commercial tenants that occupy five commercial spaces and two of those tenants are enterprises owned by the developer; one commercial space is currently vacant and in need of complete rehabilitation, while the other five spaces will benefit from improved building systems (i.e. mechanical, plumbing, fire suppression) but not include any tenant-specific improvements. In addition to the six ground-floor commercial spaces, the project also intends to construct one ground-level, ADA accessible residential unit in the rear of the vacant commercial space.

There are several factors that contribute to the financing gap in this project. Rehabilitation costs are substantial, in-part due to the need for a complete façade replacement, as well as very deteriorated conditions on the upper-floors of the buildings which have been vacant for almost 40 years. Additionally, though downtown Albion has seen some important investments in the past 10 years, there are still a significant number of vacant, blighted or underutilized properties that contribute to limited growth of market values throughout the district. As a consequence, rents for both commercial and residential spaces in this project are insufficient to support the level of debt the project would require to adequately cover the cost of construction and to generate a financial return. The developer is leveraging \$1,100,000 in senior financing and is bringing over 26% cash equity to the project while generating a return of approximately 1%; however, a financing gap remains and the development would not be realized without

support from the Michigan Community Revitalization Program, as well as brownfield tax increment financing.

The City of Albion, along with the Albion Economic Development Corporation, Albion College, Calhoun County Land Bank and many other community organizations, have been working to enhance Albion for existing residents and to attract new investment. Downtown revitalization is a key component of the community's strategy and this project would complete the rehabilitation and activation of an entire block of buildings on South Superior Street, the main commercial thoroughfare in downtown Albion. It will also replace a deteriorating façade with safe, stable and appropriate materials, while also enhancing commercial spaces for downtown businesses and activating upper-floor space that has been vacant for almost 40 years. These improvements will add new housing units and residents in downtown, increase density and vibrancy in the downtown district, and increase the taxable value of the properties being developed.

APPLICANT HISTORY

Brick Street Lofts, LLC is a single-purpose entity created by Bill and Karen Dobbins, who also own ACE Investment Properties, LLC. In 2019 ACE Investment Properties LLC redeveloped the Peabody building, one of the oldest structures in downtown Albion, to create four market-rate apartments and add 2,000 square feet of commercial space for a local bakery operation. The Peabody project utilized Community Development Block Grant (CDBG) funds from MEDC to complete the historic rehabilitation; additionally, the project utilized Federal Historic Tax Credits. MEDC has completed the background check in accordance with the MSF policy, and the project may proceed for MSF consideration.

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

RECOMMENDATION

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

- a) State tax capture for the Act 381 eligible activities capped at \$217,388 utilizing the current state to local capture ratio.
- b) A MCRP performance-based grant in the amount of up to \$931,534 for Brick Street Lofts, LLC.

APPENDIX A – Project Map and Renderings





APPENDIX B – Programmatic Requirements

MCRP Program and Guidelines

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

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

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

This project is a high priority for the City of Albion, Albion Economic Development Corporation, Albion College and other local stakeholders who have been working for many years to enhance downtown and the community at large. This project meets local goals to add new housing units and improve commercial storefronts in downtown, while also addressing blight and activating upper floor spaces that have been vacant for almost 40 years. These improvements are expected to add density and enhance walkability in downtown, while also increasing the taxable value of the properties being developed.

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

This project will complete the rehabilitation and activation of an entire block of buildings on South Superior Street, the main commercial thoroughfare in downtown Albion. The highly visible location of these improvements, as well as the new residential units, commercial space and improved exterior of the buildings, is anticipated to bring residents and visitors to downtown. Additionally, the development team hopes that seeing an entire block of buildings fully rehabilitated will build community pride and encourage others to invest in the City of Albion.

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

Local support for the project includes the local portion of the brownfield Act 381 Workplan with an anticipated value of \$365,812 which is approximately 62% of the total Act 381 request.

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

A financing gap exists due to the cost of rehabilitation compared to the revenue that the project is expected to generate based on current market-rate commercial and residential rents in Albion.

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

This project will redevelop three blighted properties with second floor spaces that have been vacant for almost 40 years.

F. Creation of jobs:

The project is anticipated to create 4 full-time equivalent jobs with an average hourly wage of \$14.50.

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

The developer has leveraged \$1,100,000 in senior financing and is contributing over \$800,000 in cash equity and \$180,000 in building equity to the project. Additionally, the project does plan to seek Federal Historic Tax credits.

H. Whether the project is financially and economically sound:

The development team is contributing over 26% cash equity to the project and has secured \$1,100,000 in senior financing. Additionally, the anticipated Debt Service Coverage Ratio is projected to be greater than 1.42 to 1.00 over a 20-year period. There is significant local support for the development including the local portion of the Brownfield Act 381 Workplan with an anticipated value of \$365,812 which is approximately 62% of the total Act 381 request. The project has demonstrated that it is economically sound, although the developer return is low at approximately 1%.

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

The project increases density of the area by converting long-vacant space into eight residential units that will be occupied by new downtown residents and activating a currently vacant commercial space to attract a new business and new customers to the downtown district.

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

This project promotes mixed-use development and walkable communities by adding new residential and commercial spaces to downtown, improving the exterior façade of three buildings to make the pedestrian experience more enjoyable and helping to complete the rehabilitation of an entire block of downtown Albion.

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

This project does not involve publicly owned property.

L. Whether the project promotes sustainable development:

The project will utilize high-efficiency HVAC systems, upgraded electrical with LED lighting and water-saving plumbing fixtures throughout the buildings.

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

This project is not qualifying as a historic resource. However, the properties included in the project are contributing structures within the Albion Superior Street Commercial Historic District, which is listed on the National Register of Historic Places.

N. Whether the project addresses area-wide redevelopment:

This project is closely aligned with the goals outlined in the City of Albion's Comprehensive Plan to add new residential units throughout the community, including in the downtown district, to

improve commercial buildings and storefronts downtown and to attract new and retain existing businesses in the community.

O. Whether the project addresses underserved markets of commerce:

The project is located in downtown Albion which has very high rates of commercial vacancy and limited commercial amenities to bring community residents and visitors to the district.

P. The level and extent of environmental contamination:

The project is anticipated to require both asbestos and lead-based paint abatement activities. Asbestos materials will be removed by a licensed asbestos contractor using workers accredited to remove asbestos and all waste generated during the abatement activities will be properly packaged, labeled, and disposed. Any activities related to lead-based paint abatement will employ lead safe work practices during demolition and renovation to allow for safe demolition and future use of the buildings. Abatement is required to prevent creation of lead dust and debris that may impact future occupants of the building.

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):

It is expected that the project will meet the federal Secretary of the Interior standards for rehabilitating historic buildings as part of securing Federal Historic Tax Credits, which the developer plans to use directly.

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 other additional criteria specific to this project.

Brownfield Act 381 Program Additional Project Information:

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

This project will redevelop three blighted buildings in downtown Albion.

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

No new Brownfields will be created by this project.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-023**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
PERFORMANCED-BASED GRANT AWARD TO BRICK STREET LOFTS, LLC**

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

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

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

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

WHEREAS, Brick Street Lofts, LLC (“Company”) has requested a performance-based grant of up to \$931,534 (“Award Request”), along with other general terms and conditions;

WHEREAS, the MEDC has recommended that the MSF approve the Company’s Award Request subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 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 30 days (“MCRP Award Recommendation”); and

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

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin (on behalf of Director Donofrio, designation attached), Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 25, 2020



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

November 13, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

Pursuant to MCLA 16.51, I hereby confirm my designation of Susan Corbin 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.

If you need anything additional, please contact Monica Chrzaszcz at (517) 897-6108.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Donofrio".

Jeff Donofrio
Director

Cc: Susan Corbin



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

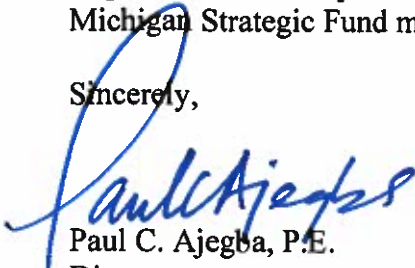
February 3, 2020

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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-024**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF ALBION BROWNFIELD REDEVELOPMENT AUTHORITY
BRICK STREET LOFTS, LLC**

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 Albion Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 408 S. Superior Street within the City of Albion, known as Brick Street Lofts (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 37.94% to 62.06% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, and lead, asbestos, or mold abatement as presented in the Work Plan dated January 16, 2020. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on costs of MSF eligible

activities with a maximum of \$565,200 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$18,000 for Brownfield/Work Plan preparation, and with the total capture of state school taxes capped at a maximum of \$217,388.

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

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin (on behalf of Director Donofrio, designation attached), Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 25, 2020



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

November 13, 2019

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

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Dear Ms. Bishop:

Pursuant to MCLA 16.51, I hereby confirm my designation of Susan Corbin 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.

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Sincerely,

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Jeff Donofrio
Director

Cc: Susan Corbin



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

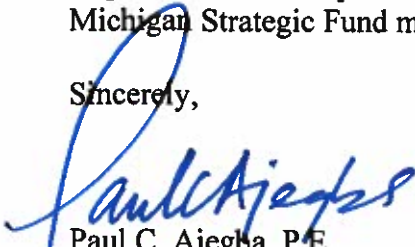
February 3, 2020

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

Dear Ms. Bishop:

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Sincerely,



Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MEMORANDUM

Date: February 25, 2020

To: Michigan Strategic Fund Board

From: Jen Tucker, Senior Community Assistance Team Specialist
Julie Gardner, Senior Program Specialist, Community Development Block Grant
Christine Whitz, Director, Community Development Block Grant Program

Subject: *Community Development Block Grant Program*
City of Ironwood – Downtown Ironwood City Square
City of Ironwood, County of Gogebic

Request

The City of Ironwood is requesting \$1,475,927 in Community Development Block Grant (CDBG) funds for public facilities improvements needed for the Downtown Ironwood City Square project located in Gogebic County, Michigan. This request includes \$25,850 to provide the City with a CDBG Certified Grant Administrator to assist with grant compliance.

Background

The Downtown Ironwood City Square project will transform a vacant downtown lot into an active community space that serves Ironwood and the western Upper Peninsula, by creating a downtown recreational and community space. The Ironwood Comprehensive Plan identifies the proposed project site as a priority redevelopment site, directing the City to invest in downtown community park space as part of the City's Parks Action Program. Investing in downtown placemaking, eliminating blight, and activating public space, are also priorities of the Downtown Ironwood Development Authority. It is expected that the project will benefit this low-moderate income community by increasing outdoor, year-round recreational and cultural opportunities, and contribute to safer and more vibrant pedestrian and economic activity. The City anticipates that this project will spur increased private investment and economic activity within the downtown as a result of the creation of additional public space and amenities.

The City will be contributing \$9,250 to the acquisition of land in the core downtown block for the development of the Downtown Ironwood City Square, as well as leveraging additional funding, \$191,850, for the expansion of streetscape lighting through downtown increasing connectivity and safety. With placemaking amenities such as an amphitheater for larger music performances and outdoor theater functions, an ice rink in the winter, a splash pad in the summer, a location for food truck vendors, outdoor fireplace for year round use, solar and environmental features, outdoor seating, and extensive landscaping and greenspace to beautify the downtown, it is expected that this public place will be a central location of activity year round in Downtown Ironwood. The space is also planned to host a variety of community

events such as the finish line for an annual ski race event, which draws 650 participants from all over the country, in addition to friends, family, and community spectators.

The City will contribute at least 12.2 percent of the project cost, totaling \$201,100, from their general fund, but cannot complete this project to this extent, enhancing sense of place and providing such amenities and features, without significant support from CDBG funds.

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

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

Recommendation

The MEDC Staff recommends:

A CDBG Public Facilities grant agreement in the amount of \$1,475,927 be authorized for the City of Ironwood for the Downtown Ironwood City Square project.

APPENDIX A – Programmatic Requirements & Screening Guidelines

Program Requirements

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

- **National Objective:**
This project qualifies for CDBG funding as the project activities will benefit all residents of the project area and 55.5 percent of the residents of the City of Ironwood are low- and moderate-income persons as determined by census data provided by the U.S. Department of Housing and Urban Development. The project meets a national objective by providing benefit to at least 51 percent low- and moderate-income persons.
- **Eligible Activity:**
This project involves eligible activities identified in Section 105(a)(2) of Title I of the Housing and Community Development Act of 1974, as amended.

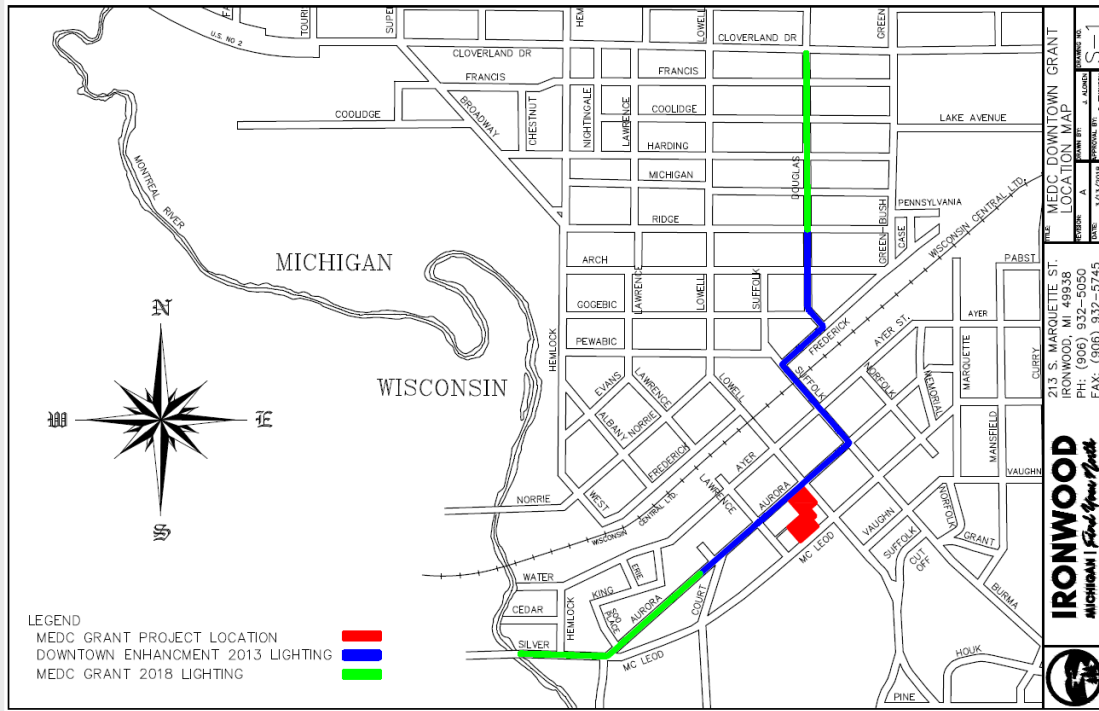
Screening Guidelines

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

- **Economic Impact:** The economic impact of this project was evaluated. It was determined that the project is:
 - Located in a highly visible location
 - Located in a DDA
 - Consistent with the goals and objectives of the DDA's adopted a Downtown Development Plan also,the community has:
 - Prior use of downtown development incentives (TIFs, abatements, etc.)
 - Local organizational capacity to successfully complete this project
 - A full-time community development professional staff member and Certified Grant Administrator able to administer the project
- **Minimum Local Participation:** The City of Ironwood will make a minimum anticipated contribution of \$201,100 which is 12.2% of the total project costs. The funds will be provided by the City of Ironwood's General Fund.
- **Financial Viability and Background Check:** The community receiving the benefit from this project has completed a civil and criminal background check in accordance with the MSF Background Review Policy with no concerns and the City of Ironwood has been determined to be financially viable.

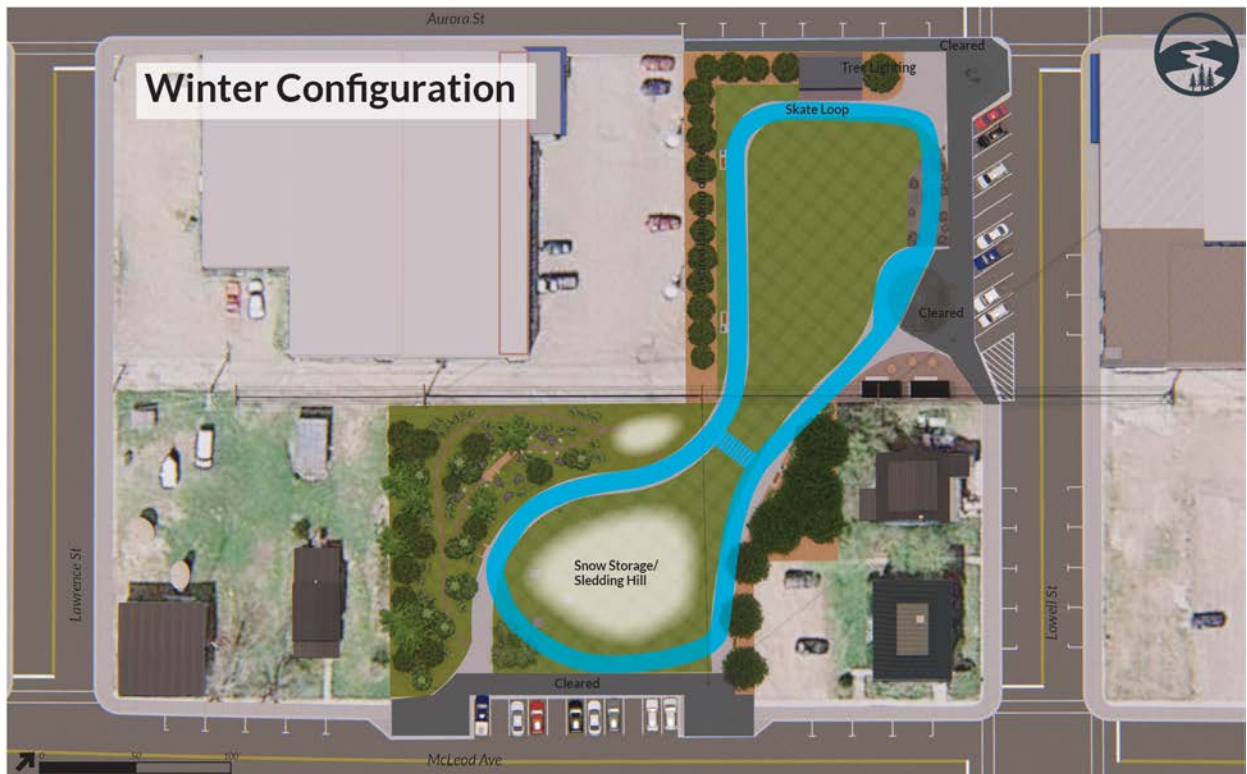
The MEDC staff has concluded that the project meets the minimum program requirements and screening guidelines to be eligible under the CDBG program.

APPENDIX B – Map, Renderings and Site Photos









Current, vacant site
101 W Aurora St. Ironwood, MI



MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-025**

APPROVAL OF CITY OF IRONWOOD'S DOWNTOWN CITY SQUARE PROJECT

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

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

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

WHEREAS, pursuant to SFCR 10.1-1, the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards or decisions approved under the CDBG program;

WHEREAS, the City of Ironwood (the "Community") has submitted a complete application for approval requesting funding to be used to fund the public improvements to their Downtown Square Project (the "Project");

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

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF authorizes a grant to the Community not to exceed \$1,475,927 for the payment or reimbursement of costs associated with the Project, and allocates \$1,475,927 from the Michigan CDBG program for the purpose of funding the Community's proposed Project contingent upon the MSF's continued receipt of CDBG funds and availability of adequate funds; and

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin (on behalf of Director Donofrio, designation attached), Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 25, 2020



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

November 13, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

Pursuant to MCLA 16.51, I hereby confirm my designation of Susan Corbin 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.

If you need anything additional, please contact Monica Chrzaszcz at (517) 897-6108.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Donofrio".

Jeff Donofrio
Director

Cc: Susan Corbin



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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MEMORANDUM

Date: February 25, 2020

To: Michigan Strategic Fund Board

From: Sue DeVries, Community Assistance Team Specialist
Bill Povalla, Senior Program Analyst, Community Development Block Grant
Christine Whitz, Director, Community Development Block Grant Program

Subject: *Community Development Block Grant Program
City of Plainwell - Paper Mill Demo Phase Two
City of Plainwell, County of Allegan*

Request

The City of Plainwell is requesting \$5,100,000 in Community Development Block Grant (CDBG) funds to assist in the final phase of blight elimination related to the Plainwell Paper Mill located in Allegan County, Michigan.

Background

This project will be the final phase of demolition for the remaining non-contributing historic buildings that exist on the former Plainwell Paper Mill site. The obsolete Mill located at 200 Allegan Street in Plainwell, is situated on 36 acres along the Kalamazoo River and directly adjacent to downtown. The Mill discontinued operation and formally declared bankruptcy in 2000. The Mill had contributed 18% of the City of Plainwell's tax base and employed 400 workers. The closure of the Mill created several challenges for the community due to the loss of tax base. This obsolete site continues to be a challenge for the community. The City purchased the Mill to ensure that it is redeveloped in line with the community's goals. These goals include developing a regional asset by creating jobs, housing, recreational opportunities, and increased services.

At its closure, the Mill consisted of 39 structures, of which 13 have been determined feasible for adaptive reuse. In order to realize the vision for the site, the remaining 26 blighted buildings were selected for demolition. These were identified based on non-adaptability, health, and safety considerations.

The City purchased the site for \$483,956 and has invested in excess of \$2.5 million in the redevelopment of the site. Upon completion of an analysis of the site and its structures, a two-phase approach was developed in coordination with, and oversight from, the Environmental Protection Agency (EPA). Over the past ten years, clean-up activities on the site have been occurring with nearly \$6 million of funding coming from Weyerhaeuser Corporation, the responsible party. This work is anticipated to be completed by the end of 2020.

In 2012 the City, along with MEDC and DEQ (now EGLE), demolished 10 buildings, which is about a third of the buildings slated for demolition. The Michigan Land Bank Fast Track Authority assisted in the removal of the Mill's former wastewater treatment plant. At the completion of this first phase, roughly two-thirds of the demolition structures still spanned the site.

The SHPO has identified two of the remaining blighted buildings (buildings 2 and 3) as historically significant and those will be saved for rehabilitation in the future. The remaining blighted buildings slated for demolition are a safety hazard due to structural issues and contamination such as PCB's, lead, oils, asbestos, and miscellaneous chemicals.

The first phase demonstrated some success. A significant amount of blight removal and contamination was addressed. Also, two of the historic structures were activated. A private engineering firm purchased and renovated space investing over \$1 million and bringing 50+ jobs to the site. Moreover, the City renovated space and relocated City Hall to the site. In 2017, new construction was realized when Sweetwater Donut Mill purchased property on the western portion of the site for its franchise headquarters.

The goal of the first phase was for public monies to prompt additional private investment. Unfortunately, the site preparation costs proved to be a barrier for additional development. The City has continued to address and plan for the development they desire: a mixed-use activated waterfront.

This second and final phase of the project will specifically focus on the removal of blighted structures to include buildings 1A, the train shed, 1, 4, 4A, 5, 5A, 5B, 6, 6A, 7, 9, 14/5E, 26, 27, 29, and the water tower.

The City will make every effort possible to recycle and/or reuse all appropriate materials. Asbestos and other environmental remediation will take place. Concrete walls/foundations will be removed to grade. Basement floors will be broken but left in place and filled with inert debris and general fill to make areas safe. Structural support of remaining walls will be installed for building separation with historic preservation, engineering, and construction oversight. It will entail eliminating blighted and dangerous buildings through selective demolition identified above. The City will pay 10% of the demolition costs.

Upon completion of this phase the City will work with the MEDC's Redevelopment Services Team to market the property for mixed use development and much needed recreation along the Kalamazoo River.

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

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

Recommendation

The MEDC Staff recommends:

- A CDBG blight grant agreement in the amount of \$5,100,000 be authorized for the City of Plainwell for the City of Plainwell-Paper Mill Demo Phase Two Project.

APPENDIX A – Programmatic Requirements & Screening Guidelines

Program Requirements

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

This project qualifies for CBDG funding as the project meets the definition of blight as defined in the Brownfield Redevelopment Financing Act 381 of 1996, MCL 125.2652 (e)(i-iv) and (vii). The project meets a national objective by eliminating or preventing slums and blight on a spot basis.

- **Eligible Activity:**

This project involves eligible activities identified in Section 105(a)(4) of Title I of the Housing and Community Development Act of 1974, as amended.

Screening Guidelines

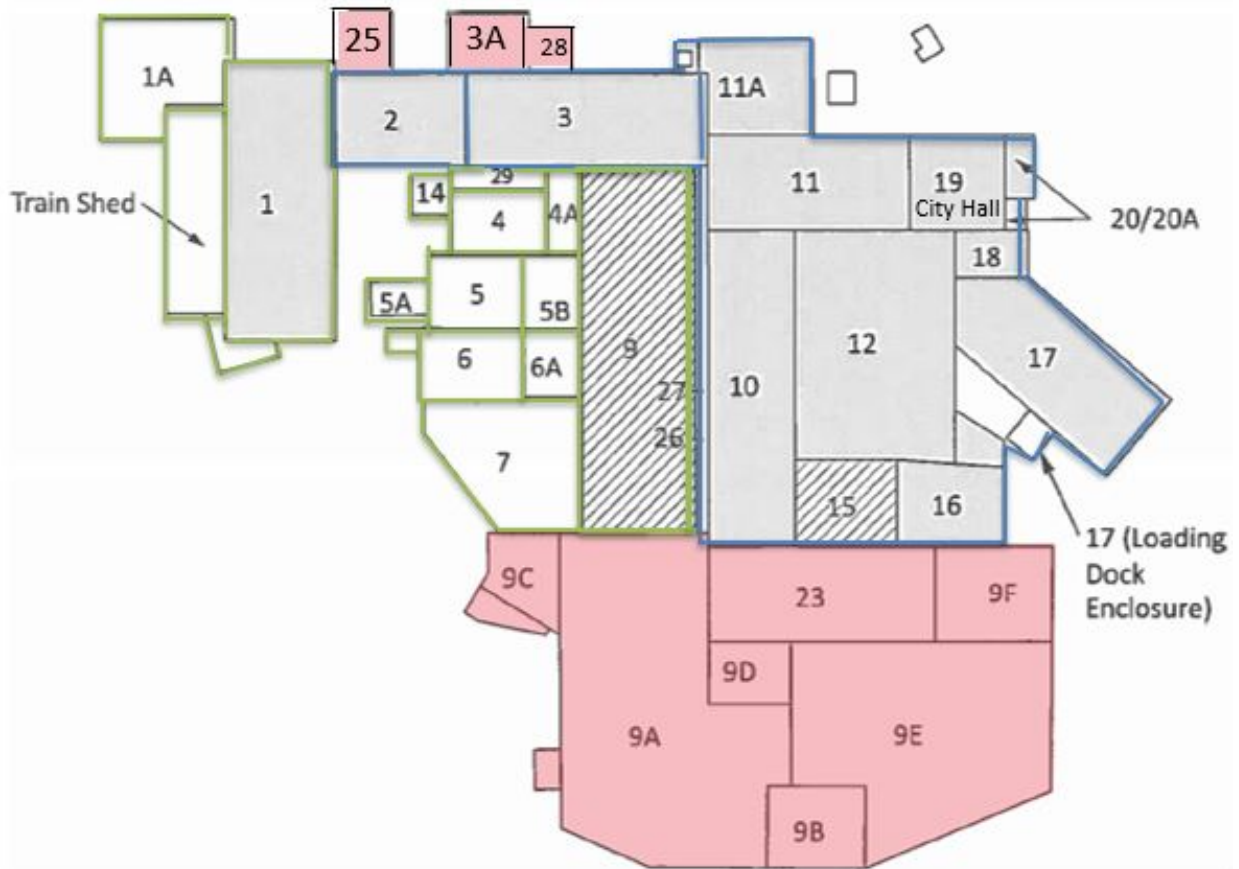
The project was evaluated utilizing the CDBG guidelines. It has been determined that the project meets the following standards to qualify as an eligible project under the CDBG program:


- **Economic Impact:** The economic impact of this project was evaluated. It was determined that the project is:
 - Located in a highly visible location
 - Located in a DDA or other like districts and the community has:
 - Prior use of downtown development incentives (TIFs, abatements, etc.)
 - Local organizational capacity to successfully complete this project
 - A full-time downtown development professional or community staff member able to administer the project
 - Adopted a downtown development plan.
- **Minimum Local Participation:** The City of Plainwell will make an anticipated contribution of \$566,666 which is ten percent (10%) of the total demolition costs. The funds will be provided by City's general fund.
- **Financial Viability and Background Check:** The City of Plainwell receiving the benefit from this project has completed a civil and criminal background check in accordance with the MSF Background Review Policy with no concerns and has been determined to be financially viable.


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


APPENDIX B – Map and Site Photos

Map



 Previously Demolished Buildings

 Buildings To Stay

 Buildings To Be Demolished (CDBG)

Photos









MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-026**

APPROVAL OF CITY OF PLAINWELL'S PAPER MILL DEMO PROJECT

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

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

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

WHEREAS, pursuant to SFCR 10.1-1, the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards or decisions approved under the CDBG program;

WHEREAS, the City of Plainwell (the "Community") has submitted a complete application for approval requesting funding to be used to fund the Paper Mill Demolition within their community (the "Project");

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

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF authorizes a grant to the Community not to exceed \$5,100,000 for the payment or reimbursement of costs associated with the Project, and allocates \$5,100,000 from the Michigan CDBG program for the purpose of funding the Community's proposed Project contingent upon the MSF's continued receipt of CDBG funds and availability of adequate funds; and

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin (on behalf of Director Donofrio, designation attached), Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 25, 2020



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
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November 13, 2019

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Michigan Strategic Fund
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Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee

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If you need anything additional, please contact Monica Chrzaszcz at (517) 897-6108.

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Jeff Donofrio
Director

Cc: Susan Corbin



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
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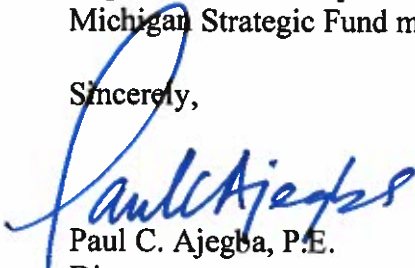
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Michigan Strategic Fund Office
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Lansing, Michigan 48913

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Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MEMORANDUM

Date: February 25, 2020

To: Michigan Strategic Fund Board

From: Lynda Franke, Underwriting and Incentive Structuring Specialist

Subject: Request for Approval of a Michigan Community Revitalization Program Other Economic Assistance Performance-Based Loan Participation Agreement Amendment One
Bridge and Stocking, LLC

Request

Bridge and Stocking, LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program (“MCRP”) Other Economic Assistance Performance-Based Loan Participation Agreement (“Agreement”) and any related ancillary agreements. The amendment request dated January 13, 2020 includes a request to 1) remove Paul Roberts, individually and as Trustee of the Paul B. Roberts living Trust dated January 14, 2005 as a guarantor for, and owner of, Bridge and Stocking, LLC, and 2) modify the guaranty amounts for the remaining Rockford Development Group (RDG) guarantors/owners to match that of the senior lender. The request does not have a materially negative impact on the MSF’s position or likelihood of repayment.

Background

The Michigan Strategic Fund Board approved a \$6,300,000 MCRP Other Economic Assistance Performance-based Loan Participation utilizing the Investment Fund on April 25, 2017 to the Company for the purpose of development of the first full-service urban grocery store in downtown Grand Rapids in combination with a structured parking deck, 116 market rate residential units, and approximately 56,000 square feet of office space.

The project is substantially complete, but not yet stabilized. The Bridge and Stocking development consists of two buildings and a parking structure; the first building includes a 38,300 square foot Meijer Grocery Store, the Bridge Street Market, as well as 116 market-rate apartments which are currently 98% occupied. The second building is a 55,000 square foot, three-story office building, which consists of 33,000 square feet of market rate office/commercial space as well as 22,000 square feet of condo space that West Michigan Center for Arts and Technology (WMCAT) purchased and occupies. Of the total commercial space in the project, 66% has been leased or purchased as of January 2020.

Currently, members of RDG have unlimited guaranties and therefore need to report \$38,000,000 of contingent liabilities, even though they would not be able to repay that amount in the event the guaranties were relied upon. Paul Roberts is no longer an owner of RDG, which owns 5% of Bridge and Stocking, LLC. Mercantile Bank (“Lender”) has determined that new levels of guaranty amounts for the four remaining RDG members will be sufficient. Guaranties at \$8,000,000 each, combined with guaranties from other owners that are not changing, will cover the estimated total debt of the Lender and the MSF at project completion. The Lender is also changing the future step-down amounts for the RDG guarantors from \$7,000,000 to \$5,000,000 and from \$5,000,000 to \$2,500,000 each. The step-downs occur post loan conversion upon meeting various loan covenants.

The MCRP practice for loan participations is to accept a subordinate position on whatever collateral and guaranty the Lender requires from the Company. As Paul Roberts departed RDG, the Lender needs to make adjustments to the guaranty amounts of the remaining members, and the adjustments they are requesting appear reasonable to MEDC staff. The Company is current with reporting requirements.

LOAN FACILITY

The loan terms outlined below were approved by the MSF Board in April of 2017. The proposed amendment does not affect these terms. The original project documents are available upon request.

MSF Facility: MCRP Loan Participation and Servicing Agreement under “Other Economic Assistance”

Borrower: Bridge and Stocking, L.L.C. or Related Entity

Lender: Mercantile Bank

Total Amount of Loans: \$48,000,000

Lender Share: \$41,700,000

MSF Share: \$6,300,000

Term: Shall match that of the Lender, not to exceed 120 months. Includes an interest only period of up to 36 months.

Amortization: Shall match that of Lender, not to exceed 360 months, following the interest only period.

Interest Rate: 3% per annum.

Repayment Terms: Interest only for up to 36 months, followed by principal and interest, monthly payments. Borrower shall maintain a minimum Debt Service Coverage Ratio of not less than 1.10x on all debt obligations, measured quarterly after amortization commences, and building into a rolling four quarter measurement. The Borrower will have the ability to “cure” the required total DSCR of 1.10x if the debt service calculation falls below 1.10x but not lower than 1.00x on Senior debt service coverage. If “cure” is allowed, the Bank will have ability to shut off payments to the MSF, and require those payments be made on Mercantile Bank portion of debt service. MSF to agree it won’t accept payments that will cause a debt service coverage violation. Greater of 100% of sales or \$3,585,000 from sale of condo to WMCAT (date of sale to be agreed up prior to close).

Collateral: Shall match that of Lender, currently anticipated-1st REM on 614 First Street NW, Grand Rapids and 421, 419, 415 Seward Avenue NW, Grand

Rapids and 601, 603, 605, 613, 617 Bridge Street, NW, Grand Rapids, and 414, 420, 424, 428, 436 Lexington Avenue NW, Grand Rapids. Assignment of rents, assignment of Brownfield TIF reimbursement stream. MSF share of collateral will be subordinated to that of the Lender.

Guarantee: To match that of Lender, currently anticipated to be, during construction prior to stabilization: Unlimited, unsecured personal guaranty of Rockford Development Group Members and Trust, if applicable, and unsecured corporate guarantees of remaining West Side Village, LLC Members limited to \$3,000,000 each. MSF share of collateral will be subordinated to that of the lender.

Fee: One-time fee equal to 1% of the MCRP Incentive Award

Funding: The MSF will fund up to \$6,300,000 to be disbursed following closing of the loan and other performance criteria.

Other Conditions: -Submittal of a final Guaranteed Maximum Price (GMP) Construction Contract
-Minimum owner equity contribution equal to \$11,200,000 (includes minimum pay down of Mercantile debt following the sale of the WMCAT space)
-MSF to allow for pay down of Mercantile Share of the loan prior to conversion (any principal pay downs will be applied only to Mercantile Share)

Recommendation

The MEDC staff recommends approval of an amendment to the MCRP Performance-Based Other Economic Assistance Loan Participation Agreement and any related ancillary agreements to 1) remove Paul Roberts, individually and as Trustee of the Paul B. Roberts living Trust dated January 14, 2005 as a guarantor for, and owner of, Bridge and Stocking, LLC, and 2) modify the guaranty amounts for the remaining Rockford Development Group (RDG) guarantors/owners to match that of the senior lender.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-027**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION
PROGRAM OTHER ECONOMIC ASSISTANCE PERFORMANCE BASED LOAN
PARTICIPATION AWARD FOR
BRIDGE AND STOCKING, L.L.C.**

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

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

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

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

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

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

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

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

WHEREAS, pursuant to MCL 125.2088h(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, by Resolution 2017-066 on April 25, 2017 the MSF Board utilized the Investment Fund to award a MCRP Other Economic Assistance Performance Based Loan Participation Award to Bridge and Stocking, LLC, in furtherance of the Project of up to \$6,300,000 (“Award”);

WHEREAS, the MEDC is recommending that the MSF approve the amendment recommendation to 1) remove Paul Roberts, individually and as Trustee of the Paul B. Roberts living Trust dated January 14, 2005 as a guarantor for, and owner of, Bridge and Stocking, L.L.C., and 2) modify the guaranty amounts for the remaining Rockford Development Group (RDG) guarantors/owners to match that of the senior lender, with all other requirements remaining in place from the original approval (“MCRP Amendment Recommendation”).

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

Ayes: Ronald W. Beebe, Susan Corbin (on behalf of Director Donofrio, designation attached), Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 25, 2020



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

November 13, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

Pursuant to MCLA 16.51, I hereby confirm my designation of Susan Corbin 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.

If you need anything additional, please contact Monica Chrzaszcz at (517) 897-6108.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Donofrio".

Jeff Donofrio
Director

Cc: Susan Corbin



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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MEMORANDUM

Date: February 25, 2020

To: Michigan Strategic Fund Board

From: Lynda Franke, Underwriting and Incentive Structuring Specialist

Subject: Request for Approval of a Michigan Community Revitalization Program Other Economic Assistance-Loan Participation Agreement Amendment Two
Bridge and Turner, LLC

Request

Bridge and Turner, LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program Other Economic Assistance Performance-Based Loan Participation Agreement (“Agreement”) and any related ancillary agreements. The amendment request dated January 13, 2020 includes a request to 1) remove Paul Roberts, individually and as Trustee of the Paul B. Roberts living Trust dated January 14, 2005 as a guarantor for, and owner of, Bridge and Turner, LLC, and 2) increase the percentages on the remaining Rockford Development Group (RDG) guarantors/owners based on the new pro-rata ownership. These changes have no negative effect on the MSF’s position or potential for repayment on the Agreement.

Background

The Michigan Strategic Fund Board approved a \$2,500,000 MCRP Other Economic Assistance Performance Based Loan Participation utilizing the Investment Fund on October 27, 2015, to the Company for the purpose of supporting the redevelopment of the property located at 405, 415, 425, and 427 Bridge Street NW and 416 and 424 Broadway NW into two-mixed use buildings that include space for New Holland Brewery (NHB), residential apartments, commercial offices, and ground floor retail.

An amendment to the project was approved on June 25, 2019 to amend the Debt Service Coverage covenant in the Senior Lender’s Loan Agreement to remove distributions from the definition.

Paul Roberts is no longer an owner of RDG, which owns 3.75% of Bridge and Turner, LLC. With his removal, the unsecured personal guarantees of Michael VanGessel and Trust, Kurt Hassberger, Julie Towner and Trust, and Michael Mraz and Trust need to be increased to \$5,937,500 to maintain the originally required guaranty amount on the participated debt through stabilization. Upon stabilization, the guaranties for these individuals will be limited to \$1,250,000 each, which will be an increase from the currently scheduled step-down to \$1,000,000 each.

The project is complete but not yet stabilized. The Bridge and Turner property encompasses nearly 100,000 square feet of office, retail and market-rate apartments. The primary tenant, and 25% owner in the project, is New Holland Brewing Company (Stout Dog, LLC) which occupies 45,245 square feet.

- Guarantee:** To match that of the Lender, currently anticipated to be the limited unsecured personal guarantees of the members of Bridge and Turner, LLC. The MSF Share of guarantee(s) will be subordinated to 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. Additionally, the MSF will be charging a \$425,000 “Exit Fee” due at loan maturity.
- Funding:** The MSF will fund up to \$2,500,000 to be disbursed following closing of the Loan and other performance criteria.
- Other Conditions:** The MSF’s investment will be contingent upon the following:
- A minimum owner equity contribution of \$3,660,000 to the project.
Receipt and review of a final executed lease with NHB and any other ancillary agreements regarding debt service payments covered by NHB.

Recommendation

The MEDC staff recommends approval of an amendment to the MCRP Other Economic Assistance Performance-Based Loan Participation Agreement and any related ancillary agreements to 1) remove Paul Roberts, individually and as Trustee of the Paul B. Roberts living Trust dated January 14, 2005 as a guarantor for, and owner of, Bridge and Turner, LLC, and 2) increase the percentages on the remaining Rockford Development Group (RDG) guarantors/owners based on the new pro-rata ownership, per the Company’s request dated January 13, 2020.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-028**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION
PROGRAM OTHER ECONOMIC ASSISTANCE
PERFORMANCE BASED LOAN PARTICIPATION AWARD FOR
BRIDGE AND TURNER, LLC**

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

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

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

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

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

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

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

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

WHEREAS, pursuant to MCL 125.2088h(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 loan and investments;

WHEREAS, by Resolution 2015-161 on October 27, 2015 the MSF Board utilized the Investment Fund to award a MCRP Other Economic Assistance Performance-Based Loan Participation Award to Bridge and Turner, LLC, in furtherance of the Project of up to \$2,500,000 (“Award”);

WHEREAS, by Resolution 2019-094 on June 25, 2019, the MSF Board approved a MCRP amendment to amend the Senior Lender Debt Service Coverage covenant within the Loan Agreement to remove distributions from the definition;

WHEREAS, the MEDC is recommending that the MSF approve the amendment recommendation to 1) remove Paul Roberts, individually and as Trustee of the Paul B. Roberts living Trust dated January 14, 2005 as a guarantor for, and owner of, Bridge and Turner, LLC, and 2) increase the percentages on the remaining Rockford Development Group (RDG) guarantors/owners based on the new pro-rata ownership, with all other requirements remaining in place from the original approval (“MCRP Amendment Recommendation”).

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

Ayes: Ronald W. Beebe, Susan Corbin (on behalf of Director Donofrio, designation attached), Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 25, 2020



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

November 13, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

Pursuant to MCLA 16.51, I hereby confirm my designation of Susan Corbin 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.

If you need anything additional, please contact Monica Chrzaszcz at (517) 897-6108.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Donofrio".

Jeff Donofrio
Director

Cc: Susan Corbin



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

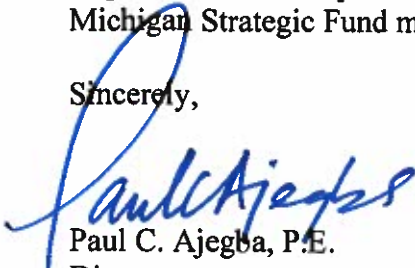
February 3, 2020

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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MEMORANDUM

Date: February 25, 2020

To: Michigan Strategic Fund Board

From: Lynda Franke, Underwriting and Incentive Structuring Specialist
Lisa Edmonds, MCRP and Brownfield Program Specialist

Subject: Request for Approval of a Michigan Community Revitalization Program Other Economic Assistance Performance Based Loan Participation Agreement Amendment #2
The Exchange Building, LLC

Request for Approval of a Brownfield MBT Credit Amendment #2
The Exchange Building, LLC

Request

The Exchange Building, LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program Other Economic Assistance Performance Based Loan Participation Agreement (“Agreement”) and any related ancillary agreements. The amendment will allow the Company additional time to complete the project which is necessary due to construction delays.

The amendment request dated January 14, 2020 includes a request to 1) extend the interest only period for the Lender and the MSF Shares from July 31, 2020 to January 31, 2021, 2) change the Conversion Date to February 1, 2021, 3) extend the start date of loan covenant testing to June 30, 2021, 4) extend all deadlines relating to Milestone Three, Project Completion Status Submission by Lender, to February 28, 2021, and 5) extend the due date for all conditions for the Certification of Conversion of the Loans from July 31, 2020 to February 28, 2021.

The Exchange Building, LLC also requests the following amendment be made to the Brownfield MBT credit for The Exchange project, originally approved by the MEGA Board on November 15, 2011. The amendment requests to extend the project completion date one year to December 13, 2020. There is no request to change the approved MBT credit cap of \$3,183,746.

Background

The Michigan Strategic Fund Board approved a \$6,400,000 Other Economic Assistance Performance Based Loan Participation Award (“Award”) and MBT Brownfield Credit Amendment on December 20, 2016, to the Company for the purpose of redeveloping .6 acres of property located at 155 West Michigan Avenue in the city of Kalamazoo into a 15 story, mixed-use building with market rate residential units, an integrated parking ramp for about 319 spaces and approximately 58,720 square feet of commercial space.

An amendment to the Award was approved on June 27, 2017 to add language regarding the senior lender's ~~allow additional~~ subordination requirements related to repayment of the MSF Share concerning certain potential future instances of default. The additional approval was necessary in order to close the loan with Chemical Bank (“Lender”).

Project construction completion has been delayed due to issues with the contractor, who was not able to deliver the project on time. The owner’s representative took over in 2019 and is working directly with the subcontractors to complete the project. A temporary certificate of occupancy has been issued for the entire building. Chemical Bank, the anchor tenant, has moved into their office and branch spaces and 45 of the 130 apartments are occupied. The remaining apartment units are projected to be completed in the next few months. Currently, residential rates are coming in slightly higher than projected. The building has some other prospective commercial tenants.

The Company is current with reporting requirements, and the MSF has received approximately \$95,000 in interest payments on the \$6,400,000 outstanding balance.

The Company has contributed \$7,074,000 to the project so far, over a million more than anticipated at the time of MSF approval. Upon loan conversion, the Company will need to pay principal and interest payments on the Lender Share and on the MSF’s Share, at least until the debt service covenant testing begins. The MSF approved structure includes a debt service coverage ratio dependent repayment. The cash flow from the project is behind schedule due to the delay in the completion of the building. To ensure that the project cash flow is adequate for debt service coverage after loan conversion, the Lender is requesting this seven-month delay. MEDC staff believes this is in the best interest of the project, both in the short and long-term, which will improve the likelihood of full repayment on the MSF Share.

LOAN FACILITY

The loan terms outlined below were approved by the MSF Board in December of 2016. The proposed amendment affects these terms as highlighted in yellow.

MSF Facility	MCRP Loan Participation and Servicing Agreement Under “Other Economic Assistance”
Borrower:	Exchange Building, LLC
Lender:	Chemical Bank
Total Loan Amount:	Currently estimated at \$42,976,000
Lender Share:	Currently estimated at \$6,400,000
MSF Share:	Up to the lesser of 20% of “Eligible Investment” or \$6,400,000

- Term:** To match that of the Lender, not to exceed 96 months with an interest only period of up to ~~36 months~~42 months.
- Amortization:** Up to 300 months following the interest only period.
- Interest Rate:** On the MSF share anticipated to be 2.00% per annum.
- Repayment Terms:** Up to ~~36~~42 months of monthly interest only payments followed by monthly principal and interest payments. Balance is due at maturity.

Subordination of Payments

It is anticipated that payments to the MSF will be allowed to the extent that the Debt Service Coverage Ratio (DSCR) is always above 1.20x. This ratio may be negotiated to a lower threshold (i.e. 1.10x)

- Collateral:** To match that of the Lender, currently anticipated being a mortgage lien on the property, assignment of leases and rents, and a security interest in the TIF reimbursements. MSF share of collateral will be subordinated to that of the Lender.
- Guarantee:** To match that of the Lender, currently anticipated to be the personal guarantees of Jeff Nicholson, Archie Leach, and Greg Taylor. The MSF Share of guarantee(s) 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 \$6,400,000 to be disbursed following closing of the Loan and other performance criteria.
- Other Conditions:** The MSF's investment will be contingent upon the following:
- A minimum owner equity contribution of \$6,000,000 to the project.
 - Receipt of a "Guaranteed Maximum Price" construction contract.

Recommendation

The MEDC staff recommends approval of the following:

- a) An amendment to the MCRP Other Economic Assistance Performance Based Loan Participation Agreement and any related ancillary agreements to 1) extend the interest only period for the Lender and the MSF Shares from July 31, 2020 to January 31, 2021, 2) change the Conversion Date to February 1, 2021, 3) extend the start date of loan covenant testing to June 30, 2021, 4) extend all deadlines relating to Milestone Three, Project Completion Status Submission by Lender, to February 28, 2021, and 5) extend the due date for all conditions for the Certification of Conversion of the Loans from July 31, 2020 to February 28, 2021, per the Company's request dated January 14, 2020.
- b) The Brownfield MBT credit amendment request to extend the project completion date one year to December 13, 2020.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-029**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
OTHER ECONOMIC ASSISTANCE PERFORMANCE BASED LOAN PARTICIPATION AWARD FOR
THE EXCHANGE BUILDING, LLC**

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

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

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

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

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

WHEREAS, by Resolution 2016-262 on December 20, 2016, the MSF Board awarded a MCRP Other Economic Assistance Performance Based Loan Participation Award to The Exchange Building, LLC, in furtherance of the Project of up to \$6,400,000 (“Award”);

WHEREAS, by Resolution 2017-082 on June 27, 2017, the MSF Board approved a MCRP Award approval amendment to allow additional subordination requirements related to repayment of the MSF Share concerning certain instances of default;

WHEREAS, the MEDC is recommending that the MSF approve the amendment recommendation to 1) extend the interest only period for the Lender and the MSF Shares from July 31, 2020 to January 31, 2021, 2) change the Conversion Date to February 1, 2021, 3) extend the start date of loan covenant testing to June 30, 2021, 4) extend all deadlines relating to Milestone Three to February 28, 2021, and 5) extend the due date for all conditions for the Certification of Conversion of the Loans from July 31, 2020 to February 28, 2021, with all other requirements remaining in place from the original approval (“MCRP Amendment Recommendation”).

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin (on behalf of Director Donofrio, designation attached), Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 25, 2020



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

November 13, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

Pursuant to MCLA 16.51, I hereby confirm my designation of Susan Corbin 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.

If you need anything additional, please contact Monica Chrzaszcz at (517) 897-6108.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Donofrio".

Jeff Donofrio
Director

Cc: Susan Corbin



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

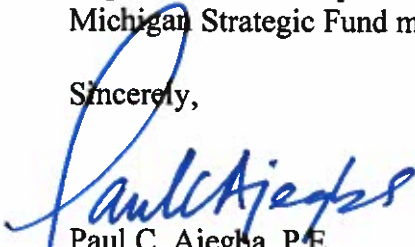
February 3, 2020

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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-030**

**THE EXCHANGE PROJECT
THE EXCHANGE BUILDING, LLC
BROWNFIELD REDEVELOPMENT MBT CREDIT – AMENDMENT #2
CITY OF KALAMAZOO**

At the meeting of the Michigan Strategic Fund (“MSF”) held on February 25, 2020 in Lansing, Michigan;

WHEREAS, the Michigan Economic Growth Authority (“MEGA”) is authorized by 1995 PA 24, as amended, to amend projects for brownfield redevelopment tax credits authorized by Section 437 of the Michigan Business Tax Act, PA 36 of 2007, as amended (the “Act”), or by former section 38(g) of the Michigan Single Business Tax Act, PA 228 of 1975;

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

WHEREAS, by Resolution 2011-126 on November 15, 2011, the MEGA Board awarded a Brownfield MBT Tax Credit to W. Michigan & Rose Development, LLC (the “Applicant”) to make eligible investment up to \$25,469,965 at an eligible property in the City of Kalamazoo (the “Project”);

WHEREAS, Section 437(9) of the Act allows approved projects to request an amendment to the Project if the Project is unable to be completed as described in the original application;

WHEREAS, a request has been submitted to amend the Project to extend the project completion date one year to December 13, 2020; and

WHEREAS, no certificate of completion has been issued for the Project; and

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF, and recommends approval of the amendment by the MSF Board, provided that the maximum credit amount does not exceed \$3,183,746;

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends the Project by extending the project completion date one year to December 13, 2020, provided the maximum credit does not exceed \$3,183,746.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin (on behalf of Director Donofrio, designation attached), Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 25, 2020



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

November 13, 2019

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

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Dear Ms. Bishop:

Pursuant to MCLA 16.51, I hereby confirm my designation of Susan Corbin 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.

If you need anything additional, please contact Monica Chrzaszcz at (517) 897-6108.

Sincerely,

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Jeff Donofrio
Director

Cc: Susan Corbin



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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 16, 2020

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

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Dear Ms. Bishop:

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

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MEMORANDUM

Date: February 25, 2020
To: MSF Board Members
From: Doug Kuiper, Senior Vice President, Marketing & Communications
Subject: Business Marketing and Advertising Services Contract Amendment

REQUEST

This request is for the MSF Board to approve an extension of an existing contract with McCann Erickson, a global advertising agency, for the MEDC's business marketing advertising services, including digital media. Further, this request is for the MSF Board to approve FY2020 funding to the contract amendment in the amount of \$4,948,995.

BACKGROUND

On March 22, 2016, the MSF Board approved issuance of a business marketing and advertising services Request for Proposal ("RFP") and authorized the MSF Fund Manager to appoint a Joint Evaluation Committee ("JEC") to review the proposals. On August 23, 2016, the MSF subsequently awarded the contract to McCann Erickson, for the period of October 1, 2016, to September 30, 2017, with the option to renew the term of the agreement and allocate more funding for additional terms, at the sole discretion of the Board. The first extension, with funding allocation, was approved by the Board on August 22, 2017. On August 28, 2018 the Board approved the amendment for two, one-year terms through September 30, 2020 and allocated funding for FY2019.

McCann has been an effective strategic partner with MEDC, promoting Michigan's reputation as a world-class business location through the full range of strategic marketing and communications activities including advertising, social media, digital media, events, content marketing and more.

In March 2019, MEDC collaborated with McCann to launch two new business marketing and communications campaigns. The campaigns implement the full range of marketing and communications activities to attract, retain and grow target industries that deliver economic benefit to the people of the state.

Aligned with significant new market research spearheaded by McCann, the business attraction "Pure Opportunity" campaign focuses on impactful peer-to-peer testimonials, featuring CEOs and leaders from across Michigan who convey the value and competitive advantage of doing business in our state. Appearing in national print, social and digital media, these testimonials also serve as the foundation of a digital and social campaign promoting Michigan as the place to do business.

The in-state services campaign, promoting “Pure Partnership,” demonstrates MEDC’s commitment to providing services that drive growth and retention for existing businesses. This campaign highlights several of MEDC’s programs in digital channels, billboards and radio spots. The campaigns are integrated with traditional and social media, as well as extensive new efforts to create valuable content for our prospects and customers.

Since launch, the campaigns have resulted in 561 million impressions which drove 1,300,000 visitors to MEDC websites. Through a branded content and lead generation mindset, 8,900 prospects’ contact details were acquired allowing for ongoing conversations that keep Michigan top of mind. Completing the next step in the acquisition journey, 141 website visitors wanted to learn more and filled out a contact us form. Additionally, the campaign has enhanced Michigan’s reputation as a leader in business and mobility, with the state improving three places to the number two state that business decision makers consider a leader in mobility and in 2019 recognized by Site Selection Magazine as a top ten state for business competitiveness.

The campaigns are proving to be effective. Continuous evaluation takes place to ensure we reach the right people with the right message at the right time. In the year ahead, MEDC will partner with McCann to continue optimizing media channels, digital marketing techniques and content recommendations to strengthen campaign performance and continue reaching decision-makers in those industries that align with the organization’s strategic plan.

RECOMMENDATION

The MEDC recommends that the MSF Board allocate up to \$4,948,995.00 for FY2020 and authorize the Fund Manager to enter into an extension of the contract agreement with McCann Erickson for business marketing and advertising services, including digital media.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2020-031**

MCCANN-ERICKSON USA, INC. CONTRACT FOR BUSINESS MARKETING (Amendment #3)

WHEREAS, Public Act 489 of 2000, MCL 12.251 to 12.260, created the Michigan Trust Fund Act, of which the 21st Century Jobs Trust Fund (“Trust Fund”) is established;

WHEREAS, Public Act 270 of 1984, MCL 125.2088b(4), provided for not more than five percent of the annual appropriations as provided by law from the Trust Fund may be used for business development and business marketing costs;

WHEREAS, on August 23, 2016, the Michigan Strategic Fund (“MSF”) approved the use of McCann-Erickson USA, Inc. as the vendor for a business marketing and advertising campaign for a period of one year, with the option for four additional one-year extensions;

WHEREAS, the MSF and McCann-Erickson USA, Inc. desire to exercise the option for the remaining one-year term from October 1, 2020 through September 30, 2021 and to allocate up to \$4,948,995 in funding for the fiscal year 2020 to provide services for business marketing and advertising campaign;

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

WHEREAS, the MEDC recommends that the MSF exercise the option for the final one-year term from October 1, 2020 through September 30, 2021 and to allocate up to \$4,948,995 in funding for the fiscal year 2020 to provide services for business marketing and advertising campaign.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends the McCann-Erickson USA, Inc. contract by exercising the option for the final one-year term from October 1, 2020 through September 30, 2021 and to allocate up to \$4,948,995 in funding for the fiscal year 2020; and

BE IT FURTHER RESOLVED, that the MSF Fund Manager is authorized to execute the amendment to the McCann-Erickson USA, Inc. contract consistent with the terms of this resolution.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin (on behalf of Director Donofrio, designation attached), Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 25, 2020



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
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Sincerely,

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Jeff Donofrio
Director

Cc: Susan Corbin



STATE OF MICHIGAN
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PAUL AJEGBA
DIRECTOR

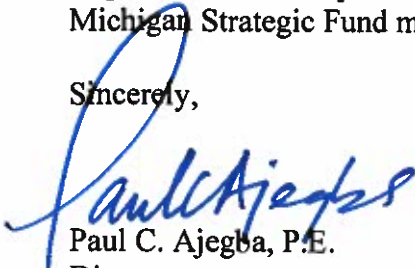
February 3, 2020

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Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



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Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood