



## MICHIGAN STRATEGIC FUND

### BOARD MEETING AGENDA

June 27, 2023

9:00AM

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

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

#### **III. COMMUNICATIONS**

#### **IV. CONSENT AGENDA**

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

#### **V. DEVELOP ATTRACTIVE PLACES**

- a. Talbot Quimby, LLC: A resolution to approve an MCRP Other Economic Assistance Loan Participation Award in the amount of \$2,650,000 and a Brownfield Act 381 Work Plan with state tax capture for eligible activities capped in the amount of \$367,680.  
*Location: City of Grand Rapids*
- b. Lumber Square Nonprofit Housing Corporation and G.A. Haan Development, LLC, and County of Emmet Brownfield Redevelopment Authority: A resolution to approve an MCRP Performance-Based Other Economic Assistance Loan Participation Award in an amount of up to \$3,300,000, a RAP Performance-Based Grant in the amount of \$2,500,000 and a Brownfield Act 381 Work Plan with state tax capture for eligible activities capped at the amount of \$1,430,195.  
*Location: City of Petoskey*
- c. 115 Lake Street, LLC: A resolution to approve an MCRP Performance-Based Grant in the amount of up to \$1,500,000.  
*Location: City of White Hall*

#### **VI. ATTRACT, RETAIN AND GROW BUSINESS**

- a. Expleo: A resolution to approve at Performance-Based Michigan Business Development Grant in the amount of up to \$3,000,000.

#### **VII. SUPPORT SMALL BUSINESS**

- a. Small Business Support Hubs: A resolution to allocate American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (SLFRF) in the amount of \$75,000,000 to create and operate the Small Business Support Hubs program, adopt the corresponding guidelines and approve delegate authority for the MSF President, MSF Fund Manager, and the State Treasurer.

- b. Operating Engineers' Local 324 Journeyman and Apprentice Training Fund, Inc.: A resolution to approve a Cash Collateral Deposit Agreement with collateral support from the MSF under the Michigan Supplier Diversification Fund Collateral Support Program in an amount not to exceed the lesser of \$3,250,000 or up to 15.3% of the total amount of the Bank loan.

**VIII. ACCELERATE HIGH-TECH INNOVATION**

- a. Michigan Innovate Capital Fund: A resolution to allocate \$23 million to create a program that will award incentives to multiple non-profit organizations that operate fund programs to invest in pre-seed and start-up stage competitive edge technologies that require capital in the earliest stages of the commercialization process, adopt the corresponding guidelines and approve delegate authority for the MSF President, MSF Fund Manager and the State Treasurer.

**IX. INFORMATIONAL**

- a. Delegation of Authority Report

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

**MICHIGAN STRATEGIC FUND  
APPROVED MEETING MINUTES  
MAY 23, 2023**

**Member Present**

Jennifer Nelson (on behalf of Chairman Messer)

**Members joined remotely**

Britany L. Affolter-Caine

Susan Corbin

Rachael Eubanks

Dimitrius Hutcherson

Michael B. Kapp (on behalf of Acting Director Wieferich)

Leon Richardson

Charles P. Rothstein

Susan Tellier

Randy Thelen

Cindy Warner

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

Ms. Nelson called the meeting to order at 10:03 a.m. The meeting was held in person in the Lake Michigan Conference Room at the MEDC headquarters building in Lansing with optional participation remotely.

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

**II. PUBLIC COMMENT**

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

**III. COMMUNICATIONS**

Ms. Wilcox Surmann reported no communications were received.

*Britany L. Affolter-Caine joined the meeting at 10:13 a.m.*

**MSF Subcommittee Reports**

Dimitrius Hutcherson, chair of the MSF Finance and Investment Subcommittee, said subcommittee members met recently to discuss loan processes. He motioned for the approval to appoint new Board members Leon Richardson and Randy Thelen to the MSF Finance and Investment Subcommittee. Charles P. Rothstein seconded the motion. **The motion carried: 9 ayes; 0 nays; 2 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Susan Corbin, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: Leon Richardson, Randy Thelen

Cindy Warner, chair of the MSF Policy and Planning Subcommittee, said she was unable to attend a recent subcommittee meeting. Valerie Hoag, who led the subcommittee meeting, reported members discussed potential future topics.

#### IV. CONSENT AGENDA

##### **Resolution 2023-079 Approval of Consent Agenda Items**

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

- a. Proposed Meeting Minutes: April 25, 2023
- b. Associate MSF Manager Approval – **2023-080**
- c. City of Morenci: Water Related Infrastructure Project Amendment – **2023-081**
- d. Commongrounds Cooperative & Commongrounds LLC: Michigan Community Revitalization Program Grant Agreement Amendment – **2023-082**
- e. Detroit Entrepreneur Development, LLC: Michigan Community Revitalization Program Other Economic Assistance Loan Participation Award Amendment #8 – **2023-083**
- f. VIA Motors Inc.: Michigan Business Development Program Performance-Based Grant Reauthorization – **2023-084**
- g. MSF Board Operating Documents: Ratification and Confirmation – **2023-085**
- h. Delegation of Authority Amendment – **2023-086**

Britany L. Affolter-Caine seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Susan Corbin, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: None

#### V. DEVELOP ATTRACTIVE PLACES

- a. **Resolution 2023-087 Downtown Detroit Partnership: Michigan Strategic Fund Grant Agreement Amendment**

*Jake Winder, Manager of Community Development Incentives, provided the Board with information regarding this action item. The action involves approval of an amendment to the Michigan Strategic Fund performance-based grant agreement to increase the award amount by \$2,000,000 to a total of \$4,000,000 to help cover increased costs.* Following discussion, Dimitrius Hutcherson motioned for the approval of Resolution 2023-087. Susan Corbin seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Susan Corbin, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: None

- b. **Resolutions 2023-088, 2023-089 & 2023-090 Michigan Community Revitalization Program Other Economic Assistance Loan Participation Agreements Amendments**

*Julius Edwards, Director of Commercial Real Estate Investment, provided the Board with information regarding these action items. The actions involve approval of amendments to the Michigan Community Revitalization Program Other Economic Assistance Loan Participation Agreements for the following entities that are owned by the same development with senior loans with Mercantile Bank:*

- i. *Fulton and Seward, L.L.C.: reduce interest rate on MCRP loan from 3% to 1% and waive a “Success Fee” of \$500,000 due at maturity*

Following discussion, Cindy Warner motioned for the approval to amend the resolution to remove reference to the “Success Fee” and consider the interest rate reduction only. Dimitrius Hutcherson seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Susan Corbin, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: None

Cindy Warner then motioned for the approval of Resolution 2023-088, as amended. Leon Richardson seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Susan Corbin, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: None

*ii. Bridge and Turner, LLC: reduce interest rate on MCRP loan from 3% to 1% and waive a “Success Fee” of \$425,000 due at maturity*

Cindy Warner motioned for the approval to amend the resolution to remove reference to the “Success Fee” and consider the interest rate reduction only. Dimitrius Hutcherson seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Susan Corbin, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: None

Cindy Warner then motioned for the approval of Resolution 2023-089, as amended. Susan Corbin seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Susan Corbin, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: None

*iii. Bridge and Stocking L.L.C.: reduce interest rate on MCRP loan from 3% to 1%*

Finally, Cindy Warner motioned for the approval of Resolution 2023-090. Dimitrius Hutcherson seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Susan Corbin, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: None

c. **Resolution 2023-091 Community Development Block Grant Disaster Recovery Program: Disaster Events Year 2020 & 2021 Action Plan and Grant Agreement**

*Christine Whitz, Managing Director, Community Development Block Grant Program, provided the Board with information regarding this action item. The action involves approval of the 2020 & 2021 Disaster Events Action Plan Summary and for the MSF President to sign the grant agreements for the Community Development Block Grant Disaster Recovery Program funding.* Following discussion, Jennifer Nelson motioned for the approval of Resolution 2023-091. Susan Corbin seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Susan Corbin, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: None

VI. **ATTRACT, RETAIN AND GROW BUSINESS**

a. **Resolutions 2023-092 & 2023-093 Dairy Distillery Alliance, LLC: Michigan Business Development Program Grant and State Essential Services Assessment Exemption**

*Erik Wilford, Strategic Project Advisor, provided the Board with information regarding these action items. The actions involve approval of a \$2,000,000 Michigan Business Development Program performance-based grant, a 15-year 100% State Essential Services Assessment (SESA) Exemption valued at up to \$682,500, and waivers to the SESA Guidelines that the project be located in an Eligible Distressed Area and qualified investments be greater than \$100,000,000 to support a business development project in the Village of Constantine, St. Joseph County. The project is expected to result in the creation of up to 12 jobs and a capital investment of up to \$41,100,000.* Following discussion, Dimitrius Hutcherson motioned for the approval of Resolution 2023-092. Susan Corbin seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Susan Corbin, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: None

Leon Richardson then motioned for the approval of Resolution 2023-093. Charles P. Rothstein seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Susan Corbin, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: None

VII. **SUPPORT SMALL BUSINESS**

a. **Resolution 2023-094 Atlantis Fish Company, LLC: Private Activity Bond Inducement**

*Amber Westendorp, Capital Project & Portfolio Manager, provided the Board with information regarding this action item. The action involves adoption of an inducement resolution for private activity bond financing not to exceed \$100,000,000 for the purpose of financing the company's Recirculating Aquaculture Systems (RAS) to be located in Muskegon. The RAS will sustainably raise 2,500 metric tons of Atlantic salmon per year.* Following discussion, Britany L. Affolter-Caine motioned for the approval of Resolution 2023-094. Cindy Warner seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Susan Corbin, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Acting Director Wieferich, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: None

**VIII. INFORMATIONAL**

Ms. Nelson noted the MSF delegated authority report for the period April 1 to April 30, 2023, was included in the meeting packet. She asked if there were any questions from Board members regarding the information; there were none.

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



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File





**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

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

PURE MICHIGAN®



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

## MEMORANDUM

**Date:** June 27, 2023

**To:** Michigan Strategic Fund Board

**From:** Jake Winder, Manager of Community Development Incentives

**Subject:** Request for Approval of a Revitalization and Placemaking Program Grant  
Amendment #1  
City of Lansing Downtown Revitalization

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### **Request**

Staff is requesting approval of an amendment to the Revitalization and Placemaking (“RAP”) Program Resolution, number 2022-139, that was approved by the MSF Board on September 7, 2022, to remove the City of East Lansing as a recipient and increase the City of Lansing’s RAP award.

### **Background**

In September, the MSF Board approved a \$1,000,000 RAP award to the City of East Lansing and a \$6,694,375 RAP award to the City of Lansing.

In March, the City of East Lansing City Council voted to reject the \$1,000,000 RAP grant, citing staff shortages and project concerns as reasons why they did not want to utilize the funds. In response, MEDC staff recommends reallocating the \$1,000,000 to the City of Lansing’s award, bringing their total award amount to \$7,694,375.

### **Recommendation**

MEDC staff recommends approval of an amendment to Resolution 2022-139 that would remove the City of East Lansing as a recipient of RAP awards and increase the City of Lansing’s RAP award by \$1,000,000.



## **MICHIGAN STRATEGIC FUND**

### **RESOLUTION 2023-096**

#### **APPROVAL OF A REVITALIZATION AND PLACEMAKING (RAP) GRANT AWARDS AND ADMINISTRATIVE FUNDING**

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

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

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

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

**WHEREAS**, the JEC selected 26 RAP applications which collectively earned sufficient application scores, represented program goals, complied with RAP Guidelines, demonstrated project readiness and accomplished adequate geographic distribution of funds, (the “Grantees”);

**WHEREAS**, on September 7, 2022, the MSF Board approved a \$1,000,000 RAP award to the City of East Lansing and a \$6,694,375 RAP award to the City of Lansing;

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

**WHEREAS**, in March 2023, the City of East Lansing City Council rejected the \$1,000,000 RAP award;

**WHEREAS**, MEDC staff recommends reallocating the \$1,000,000 award previously made to the City of East Lansing to the City of Lansing, bringing their total RAP award amount to \$7,694,375;

**WHEREAS**, the MSF Board wishes to approve the RAP Award Recommendations; and

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF Board authorizes approval of the recommendation.

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

Nays: None

Recused: None

Lansing, Michigan  
June 27, 2023



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2023

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

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

Dear Ms. Hoag:

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

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

Sincerely,

A handwritten signature in cursive script that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



## MEMORANDUM

**Date:** June 27, 2023

**To:** Michigan Strategic Fund Board

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

**Subject:** Request for Approval of a Michigan Community Revitalization Program  
Other Economic Assistance Loan Participation Agreement Amendment #1  
Gemini Capital Management XIII, LLC / 235 West Saginaw St. Redevelopment

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### Request

Gemini Capital Management XIII, LLC (the “Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program (the “MCRP”) Loan Participation Agreement (the “Agreement”) and any related ancillary agreements. The amendment request, dated May 4, 2023, includes a request to move the Eligible Investment start date from April 1, 2021 to January 1, 2020. All other terms of the current Agreement will remain the same.

### Background

The Michigan Strategic Fund Board approved a \$1,920,000 MCRP Other Economic Assistance Loan Participation award to the Company on February 22, 2022, to support a community development project located in the Village of Merrill that redeveloped the two-story former Merrill High School building. This project reactivates the building, originally built in 1937, into a new multi-family housing development containing 17 market-rate residential rental units.

This amendment is necessary to correct the start date of eligible investment in order to include all of the Company’s incurred eligible costs in the eligible investment calculation. The developer incurred eligible costs for environmental and architectural and engineering, prior to April 1, 2021, the current eligible investment start date.

This project is complete, milestones have been met and the company is considered in compliance and current with reporting requirements.

### Recommendation

MEDC staff recommends approval of an amendment to the MCRP Other Economic Assistance Loan Participation Agreement, and any related ancillary agreements, to move the Eligible Investment Start Date from April 1, 2021 to January 1, 2020, per the Company’s request dated May 4, 2023.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2023-097**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION  
PROGRAM OTHER ECONOMIC ASSISTANCE  
LOAN PARTICIPATION AWARD FOR  
GEMINI CAPITAL MANAGEMENT XIII, LLC**

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

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

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

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

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

**WHEREAS**, by Resolution 2022-030 on February 22, 2022, the MSF Board awarded a MCRP Other Economic Assistance Performance-based Loan Participation Award to Gemini Capital Management XIII, LLC (the “Company”), in furtherance of the Project of up to \$1,920,000 (the “Award”); and

**WHEREAS**, the Company is requesting, and the MEDC is recommending, that the MSF Board amend the Award agreement to allow for a change in the eligible investment start date from April 1, 2021, to January 1, 2020, with all other requirements remaining in place for the Award (the “MCRP Amendment Recommendation”).

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

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

Nays: None

Recused: None

Lansing, Michigan  
June 27, 2023





STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2023

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

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

Dear Ms. Hoag:

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

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

Sincerely,

A handwritten signature in cursive script that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



**MEMORANDUM**

**Date:** June 27, 2023

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

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

**Subject:** Grant Amendment Request  
Michigan Business Development Program (“MBDP”)  
Magna Seating of America, Inc. (“Company”)

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**Request**

This is a request from the Company to amend the MBDP grant agreement (“Agreement”) to (collectively, the “MBDP Amendment Request”):

- Extend the due date of Key Milestone One from June 30, 2023 to December 31, 2024; and
- Extend the Term of the Agreement from December 31, 2023 to June 30, 2025.

**Background**

On October 25, 2022, the MSF Board approved a \$2,900,000 award for the Company under the MBDP. The Company proposed to lease a new 114,000 square foot facility in the city of Highland Park which would result in the creation of up to 490 Qualified New Jobs and \$3,772,000 in capital investment.

The Company successfully executed the lease for the Highland Park facility and the Company has created 420 of the 490 new jobs related to the project. Due to an unexpected delay by its customer, the Company is requesting 18 more months to create the 490 new jobs. The Company is confident that with the MSF’s approval, the project will be completed within the new timeframe.

**Company Background**

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

The Company will be assembling seat frames and insourcing the trim and foam assembly. The project will require the Company to bring in new assembly equipment for the frame lines and redeploy equipment from its sub supplier.

**Recommendation**

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

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2023-098**

**AMENDMENT TO THE MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT  
TO  
MAGNA SEATING OF AMERICA, INC.**

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

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

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

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

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

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

**WHEREAS**, the MSF Board approved, by Resolution 2022-178, a \$2,900,000 MBDP performance-based grant on October 25, 2022, for Magna Seating of America, Inc. (“Company”) to support the Company’s plans to lease a facility for assembling seat frames and insourcing the trim and foam assembly (the “Grant Award”);

**WHEREAS**, the MSF and Company entered into a MBDP grant agreement governing the terms and conditions of the Grant Award (the “Agreement”);

**WHEREAS**, the Company requests that the MSF Board approve an amendment to the Agreement to (collectively, the “MBDP Agreement Amendment Request”):

- Extend the due date of Key Milestone One from June 30, 2023, to December 31, 2024;
- Extend the Term of the Agreement from December 31, 2023, to June 30, 2025;

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

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

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

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

Nays: None

Recused: None

Lansing, Michigan  
June 27, 2023



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2023

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

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

Dear Ms. Hoag:

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

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

Sincerely,

A handwritten signature in cursive script that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



## MEMORANDUM

**Date:** June 27, 2023

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

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

**Subject:** Grant Amendment Requests  
Michigan Business Development Program (“MBDP”)  
Jobs Ready Michigan Program (“JRMP”)  
LG Energy Solution Michigan, Inc. (“Company”)

---

### Request

This is a request from the Company to amend the MBDP and JRMP grant approvals to (collectively, the “MBDP & JRMP Amendment Request”) as outlined in the attached resolutions:

- Extend the due dates and restructure the MBDP Milestones One, Two, and Three;
- Extend the term of the MBDP grant accordingly;
- Adjust the due dates of the JRMP Milestones One, Two, and Three to match that of the MBDP Milestones; and
- Adjust the term of the JRMP grant accordingly.

### Background

On March 22, 2022, as reauthorized and amended on January 24, 2023, the MSF Board approved a \$10,000,000 MBDP award and \$10,000,000 JRMP award for the Company, as well as a renaissance zone. The Company proposed to construct several new facilities on the Company’s existing footprint in Holland, Michigan. The expansion will quintuple plant capacity to provide the means to produce battery components now and into the future as the EV industry grows. The project contains construction of several buildings in the aggregate sum of 1,400,000 square feet on vacant land already owned by the Company with the purpose of manufacturing lithium-ion battery components for EV which would result in the creation of up to 1,200 Qualified New Jobs and \$1,700,000,000 in capital investment.

The Company has begun construction on the site in Holland. Due to unexpected delays in construction and project rollout, the Company is requesting an extension of its disbursement milestones under both the MBDP and JRMP. The Company is confident that with the MSF’s approval, the project will be completed within the new timeframe.

### Company Background

Founded in 1947, the Company, formerly known as LG Chem Michigan, designs and produces innovative energy solutions to solve the automotive industry’s toughest challenges. The Company manufactures large lithium-ion polymer battery cells and packs for electric vehicles (“EV”) and other energy storage applications. The Company has been a presence in Holland, Michigan since 2009 when it built its first EV battery plant in the United States.

### Recommendation

MEDC Staff recommends approval of the MBDP & JRMP Amendment Request, as outlined in the attached resolutions.



**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2023-099**

**AMENDMENT TO THE MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO  
LG ENERGY SOLUTION MICHIGAN, INC.**

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

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

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

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

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

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

**WHEREAS**, the MSF Board approved a \$10,000,000 MBDP performance-based grant on March 22, 2022, as reauthorized on January 24, 2023, for LG Energy Solution, Inc. (“Company”) for the construction of several new facilities on the Company’s site and the creation of up to 1,200 Qualified New Jobs and investment of \$1,700,000,000 in the city of Holland, Allegan County;

**WHEREAS**, the Company requests that the MSF Board approve an amendment to the MBDP grant approval as outlined in the Amended MBDP Term Sheet attached hereto as Exhibit A (the “MBDP Grant Amendment Request”);

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

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

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

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

Nays: None

Recused: None



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

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

Date: March 4, 2022

- Company Name: LG Energy Solution Michigan, Inc. and/or its affiliates and subsidiaries.
Project Location: 1 LG Way, Holland, Michigan 49423
MBDP Incentive Type: Performance Based Grant
Maximum Amount of MBDP Incentive: Up to \$10,000,000
Base Employment Level: At least 1495, at the time of first disbursement of funds and thereafter
Maximum Number of Qualified New Jobs ("QNJ"): Up to 1,200 Full-Time Jobs in at the Project Location
Municipality Supporting Project: Allegan County has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs: January 1, 2022
Term of the Agreement: June 30, 2026 2027
Milestone Based Incentive: Disbursements will be made over a 3-year period and each are contingent upon compliance with the Agreement and performance based on job creation, as follows:
\$8,333.33 per QNJ for the creation of a minimum of 50 jobs up to a maximum of 300 jobs.
\$8,333.33 per QNJ for the creation of a minimum of 98 jobs up to a maximum of 600 jobs.
\$8,333.33 per QNJ for the creation of a minimum of 634 jobs up to a maximum of 1,200 jobs.

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

Acknowledged as received by:

LG Energy Solution Michigan, Inc.
By: [Signature]
Printed Name: BENCHUL KOV
Its: president

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



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2023

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

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

Dear Ms. Hoag:

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

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

Sincerely,

A handwritten signature in cursive script that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2023-100**

**AMENDMENT TO THE JOBS READY MICHIGAN PROGRAM GRANT TO  
LG ENERGY SOLUTION MICHIGAN, INC.**

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

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

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

**WHEREAS**, pursuant to SFCR 125.2088b-4(3), the MSF Board approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the JRMP in accordance with the Guidelines;

**WHEREAS**, the MSF Board approved a \$10,000,000 JRMP grant to LG Energy Solution Michigan, Inc. (the “Company”) on March 22, 2022, as reauthorized and amended on January 24, 2023, for attainment of the milestones and other general terms and conditions as outlined in the resolution and the attachment thereto (the “JRMP Grant Approval”);

**WHEREAS**, the Company requests that the MSF Board approve an amendment to the JRMP Grant Approval by extending the deadlines for Disbursement Milestone One to December 31, 2024, Disbursement Milestone Two to December 31, 2025, Disbursement Milestone Three to December 31, 2026, and the Term of the Agreement to June 30, 2027 (the “JRMP Grant Amendment Request”);

**WHEREAS**, the MEDC recommends that the MSF Board approve the JRMP Grant Amendment Request; and

**WHEREAS**, the MSF Board wishes to approve the JRMP Grant Amendment Request.

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board approves the JRMP Grant Amendment Request.

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

Nays: None

Recused: None

Lansing, Michigan  
June 27, 2023



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2023

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

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Dear Ms. Hoag:

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

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

Sincerely,

A handwritten signature in cursive script that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



## MEMORANDUM

**Date:** June 27, 2023

**To:** Michigan Strategic Fund Board

**From:** Christine Whitz, Managing Director, Community Development Block Grant Program  
Greg West, Manager, Community Development Block Grant Program

**Subject:** *Community Development Block Grant Program  
Disaster Recovery 2020 & 2021 Action Plan Amendment #1*

---

### Request

Michigan Economic Development Corporation (“MEDC”) Staff requests the Michigan Strategic Fund (“MSF”) board approve Amendment #1 to the Community Development Block Grant Disaster Recovery (“CDBG-DR”) 2020 & 2021 Action Plan - an additional allocation of \$7,864,000 in CDBG-DR funds to the State of Michigan for Wayne county disasters occurring in 2021.

### Background

On May 23, 2023 the MSF board approved the 2020 & 2021 Disaster Recovery Action Plan (“Action Plan”) by Resolution 2023-091. Which included the “most impacted and distressed areas for disasters occurring in 2020 in Midland, Saginaw and Gladwin counties and in 2021 for Wayne county. The City of Detroit and City of Dearborn received direct 2021 disaster recovery funding from HUD.

In the existing approved Action Plan HUD allocated \$59,898,000 in CDBG-DR funds to the State of Michigan in response to 2020 severe storms and flooding and also an initial allocation of \$12,033,000 in CDBG-DR funds to the State of Michigan for disasters occurring in Wayne county in 2021.

An additional allocation of \$7,864,000 in CDBG-DR funds, Federal Register Notice 88 FR 3198 (FR-6368-N-01) was made by HUD to the State of Michigan on January 18, 2023 for disasters occurring in 2021 in Wayne county.

A summary of changes to the Action Plan is attached as Exhibit A.

A more detailed summary of Amendment #1 including the additional allocation to Wayne county and other administrative changes is posted on our website under **IMPORTANT DOCUMENTS** as “**DRAFT MEDC Action Plan Amendment #1**” (Summary of Changes, Page 4).

[https://www.miplace.org/4916f7/globalassets/documents/cdbg/resources/medc-action-plan\\_508.pdf](https://www.miplace.org/4916f7/globalassets/documents/cdbg/resources/medc-action-plan_508.pdf)

### Recommendation

The MEDC Staff recommends the MSF approve:

- The Disaster Recovery 2020 & 2021 Action Plan Amendment #1



**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2023-101**

**APPROVAL OF THE COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER  
RECOVERY PROGRAM 2020 & 2021 ACTION PLAN AMENDMENT #1**

**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**, Executive Order 2023-1 stated that the MSF retain the administration of the CDBG Disaster Recovery Program, the CDBG Coronavirus Aid, Relief and Economic Security (CARES) Act program and CDBG Program related to the 2022 CDBG annual program allocation and all prior year allocations;

**WHEREAS**, on May 23, 2023, by Resolution 2023-091, the MSF board approved the 2020 & 2021 Disaster Recovery Action Plan and approved the MSF President to sign the 2020 & 2021 Disaster Recovery grant agreements;

**WHEREAS**, on January 18, 2023, HUD made an additional allocation of \$7,864,000 in CDBG-DR funds for disasters occurring in 2021 in Wayne County (the "Action Plan Amendment #1") attached hereto as Exhibit A;

**WHEREAS**, the CDBG-DR program staff has reviewed the Action Plan Amendment #1 and found that it meets federal regulations and the requirements of Federal Register Notice 88 FR 2198 (FR-6368-N-01);

**WHEREAS**, the CDBG-DR program staff recommends that the MSF adopt the Action Plan Amendment #1;

**WHEREAS**, the MSF Board desires to authorize the MSF Fund Manager to submit the final Action Plan Amendment #1 to HUD and make any non-budgetary amendments to the Action Plan; and

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF Board authorizes the MSF Fund Manager, to submit the final Action Plan Amendment #1 to HUD;

**BE IT FURTHER RESOLVED**, the MSF Fund Manager is authorized to make any non-budgetary amendments to the Action Plan Amendment #1 on the MSF's behalf so long as the final terms and conditions are consistent with this resolution of the MSF Board and not otherwise materially adverse to the interests of the MSF;

**BE IT FURTHER RESOLVED**, the MSF Fund Manager or the MSF President shall negotiate the terms and conditions and execute all final documents necessary to effectuate the terms of this Resolution.

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

Nays: None

Recused: None

Lansing, Michigan  
June 27, 2023

# COMMUNITY DEVELOPMENT BLOCK GRANT DISASTER RECOVERY (CDBG-DR)

## Action Plan Amendment #1 Summary

### Introduction

In response to extraordinary impacts from disasters, when the President declares a major disaster, Congress may appropriate funds to the Department of Housing and Urban Development (HUD) when there are significant unmet needs for long-term recovery.

The special appropriation provides funds to the most impacted and distressed areas for:

- Disaster Relief.
- Long Term-Recovery.
- Restoration of Infrastructure.
- Housing.
- Economic Revitalization.

In March 2022, HUD allocated nearly \$3 billion in Community Development Block Grant Disaster Recovery (CDBG-DR) funds appropriated by the Disaster Relief Supplemental Appropriations Act, 2022 for major disasters occurring in 2020 and 2021.

HUD allocated approximately \$72 million in long-term recovery funds to Michigan to support recovery and mitigation efforts following severe storms and flooding in 2020 and 2021. A total of \$59.7 million was allocated to the counties of Midland, Saginaw, Gladwin (2020 disaster) and \$12.0 million was allocated to Wayne County (2021 disaster).

An additional allocation of \$7,864,000 was made by HUD on January 18, 2023 for disasters occurring in 2021 through FR-6368-N-01. These CDBG-DR funds are for necessary expenses for activities authorized under Title I of the Housing and Community Development Act of 1974 (42 United States Code [U.S.C.] 5301 et seq.) (HCDA) related to disaster relief, long-term recovery, restoration of infrastructure and housing, economic revitalization, and mitigation in the “most impacted and distressed” (MID) areas resulting from a qualifying major disaster in 2020 or 2021.

<b>CDBG-DR Allocation 2021</b>		
<b>– Most Impacted and Distressed Areas (MIDs)</b>		
<b>Grant</b>	<b>MIDs</b>	<b>Award Amount</b>
B-21-DF-26-0001	Wayne	\$ 7,864,000

## CDBG-DR Action Plan

In order to use these funds, the State must create an Action Plan to identify the unmet needs of the communities and people affected by the declared disasters and outline programs and activities that will address these needs.

To develop this plan the MEDC adopted a Citizen Participation Plan to encourage citizens to participate in an advisory role in the planning, implementing, and assessing of Michigan's CDBG-DR funded programs. Multiple public hearings were held across the impacted areas to further garner feedback on needs and priorities. The programs outlined below are designed to address the needs for recovery and mitigation of disasters.

CDBG-DR Programs 2021		
Program	MIDs	Budgeted Amount
Public Infrastructure Program	Wayne	\$4,486,250
Planning	Wayne	\$2,984,550
Administration	Wayne	\$393,200

## Program Summaries

### 2021 Infrastructure Program

This program will award funds to eligible projects within the identified HUD MID counties to address unmet recovery and mitigation needs associated with general infrastructure. The grant funds will allow recipients to design and construct infrastructure that will directly benefit individuals and the larger community.

### 2021 Planning

The program will provide CDBG-DR funds to assist with updating the State of Michigan Hazard Mitigation Plan as well as providing funds for the development, update, and cost share for local hazard mitigation plans.



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2023

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

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

Dear Ms. Hoag:

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

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

Sincerely,

A handwritten signature in cursive script that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



## MEMORANDUM

**TO:** Michigan Strategic Fund (“MSF”) Board  
**FROM:** Colleen Horton – Director, Business Compliance  
**DATE:** June 27, 2023  
**SUBJECT:** Plasan Carbon Composites, Inc. – Michigan Business Development Program Repayment Write-off Request

---

### Request Summary

Plasan Carbon Composites, Inc., (“Plasan” or “Company”) is ceasing operations and Michigan Economic Development Corporation (“MEDC”) staff recommend that the MSF accept payment of \$204,000 in full satisfaction of the repayment obligation owed to the Michigan Strategic Fund (“MSF”) and authorize a write-off of the remaining repayment obligation under the Michigan Business Development Program (“MBDP”) grant for accounting purposes. (the “Request”)

### Background

On September 17, 2014, Plasan was awarded a \$6,000,000 MBDP Performance-based Other Economic Assistance Incentive. A total of \$3,000,000 of the incentive was to be paid back to the MSF in annual payments beginning December 1, 2018, and continuing through December 1, 2026. The project included the creation of 620 Qualified New Jobs (“QNJ”) above a statewide base job requirement of 369 and projected investment of \$29,000,000 in the City of Walker, Kent County, Michigan. The Company successfully met Milestones One through Five, receiving disbursements totaling \$4,800,000.

On October 10, 2016, the Company reported having eliminated 69 previously incented QNJs, triggering a repayment of \$667,742 plus interest (the “Repayment Event”). On March 22, 2016, the MSF Board approved forbearance with respect to the Repayment Event under which the MSF agreed to forbear exercising its rights to repayment until the earlier to occur of 1) the Company’s cure of the Repayment Event or 2) June 30, 2017. In consideration for the forbearance, Plasan paid a fee of \$60,000. The Company did not cure the Repayment Event by June 30, 2017.

### Current Status

The MSF and the Company executed a Repayment, Release and Termination Agreement on April 12, 2018, under which the Company was required to repay a total of \$681,060.25 in five annual installments beginning January 1, 2021. The Company has made one payment to date in the amount of \$137,000, leaving an unpaid balance of \$544,060.25. The Company has completed contract workouts with their major customers which included final part shipments and the sale of specialized machinery and inventory. Plasan is now in the process of finalizing the sale of remaining inventory and related assets and is proposing a final payment of \$204,000 in full satisfaction of the remaining repayment obligation.

### Recommendation

MEDC staff recommends approval of the Request.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2023-102**

**PLASAN CARBON COMPOSITES, INC.  
MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT WRITE OFF REQUEST**

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

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

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

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

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

**WHEREAS**, on September 17, 2014, the MSF Board authorized a performance-based MBDP other economic assistance incentive of up to \$6,000,000 to Plasan Carbon Composites, Inc. (“Plasan” or “Company”) for the creation of 620 Qualified New Jobs, maintenance of 369 Base Jobs, and capital investment of \$29,000,000 in the City of Walker in Kent County (the “Plasan Grant”);

**WHEREAS**, pursuant to the terms and conditions of the Plasan Grant, the Company received disbursements of \$4,800,000 for creation of 410 Qualified New Jobs and maintenance of 369 Base Jobs;

**WHEREAS**, on October 10, 2016, the Company reported that it had eliminated 69 QNJs which resulted in a default under Section 5.2(b)(i) of the Plasan Grant for eliminating Qualified New Jobs and triggered repayment of \$667,742 plus 7% interest (the “Repayment Event”);

**WHEREAS**, on March 22, 2016, the MSF Board approved forbearance with respect to the Repayment Event under which the MSF agreed to forbear exercising its rights to repayment until the earlier to occur of 1) the Company’s cure of the Repayment Event or 2) June 30, 2017, in exchange for payment of a forbearance fee of \$60,000;

**WHEREAS**, the Company was unable to cure the Repayment Event by June 30, 2017, and the event of default remains outstanding;



**WHEREAS**, on April 12, 2018, the MSF and the Company executed a Repayment, Release and Termination Agreement on April 12, 2018, under which the Company was required to repay a total of \$681,060.25 in five annual installments beginning January 1, 2021;

**WHEREAS**, the Company made one payment of \$137,000, leaving an unpaid balance of \$544,060.25;

**WHEREAS**, the Company has begun a formal wind down of its operations and has requested that the MSF accept payment of \$204,000 in full satisfaction of the remaining repayment obligation (the "Settlement Request");

**WHEREAS**, the MEDC recommends that the MSF Board approve the Settlement Request and authorize a write off of the remaining balance for accounting purposes only (the "Write Off Request"); and

**WHEREAS**, the MSF wishes to approve the Settlement Request and the Write Off Request.

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board approves the Settlement Request and the Write Off Request; and

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

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

Nays: None

Recused: None

Lansing, Michigan  
June 27, 2023



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2023

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

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

Dear Ms. Hoag:

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

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

Sincerely,

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Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



## MICHIGAN STRATEGIC FUND

### MEMORANDUM

**Date:** June 27, 2023  
**To:** Michigan Strategic Fund Board  
**From:** Matthew Casby, Senior Advisor and Associate Fund Manager  
**Subject:** MSF Public Comment Policy

---

#### **Request**

Michigan Economic Development Corporation (“MEDC”) staff request that the Michigan Strategic Fund (“MSF”) Board approve and adopt the attached MSF Public Comment Policy, as well the delegation of authority to the MSF President and Fund Manager to develop, finalize, and revise the overall process and procedure related to the implementation of the policy (collectively, the “Request”).

#### **Background**

MSF Board meetings are conducted pursuant to the Open Meetings Act, MCL 15.261 *et seq.*; see also MCL 125.2005(10). Accordingly, all Board meetings are open to the public, and members of the public attending a Board meeting are permitted to address the Board under rules established and recorded by the Board. MCL 15.263(5). In order to ensure that members of the public have a fair and adequate opportunity to be heard at Board meetings, and to facilitate the orderly conduct of the meeting, MEDC staff has developed a public comment policy to apply at all MSF Board meetings.

#### **Recommendation**

MEDC staff recommend that the MSF Board approve this Request.

#### **EXHIBITS**

A. Proposed MSF Public Comment Policy

# Michigan Strategic Fund (MSF) Public Comment Policy

## Background

Meetings of the MSF Board are conducted pursuant to the Open Meetings Act MCL 15.261 *et seq.*; see also MCL 125.2005(10). Accordingly, all Board meetings are open to the public, and members of the public attending a Board meeting are permitted to address the Board under rules established and recorded by the Board. MCL 15.263(5). In order to ensure that members of the public have a fair and adequate opportunity to be heard at Board meetings, and to facilitate the orderly conduct of the meeting, the following public comment policy shall apply at all MSF Board meetings:

## Guidelines

### I. Public Comment

- a. Members of the public must stay within the area designated for the public.
- b. Public comment is limited to the designated public comment period as listed on the agenda. Unless requested by a Board member, the public has no right to address the Board during its deliberations on a particular matter.
- c. No individual may make a comment until recognized. Upon being recognized and prior to making their public comment, an individual shall state their name and city of residence.
- d. Each individual public comment must last no longer than three (3) minutes. Individuals making a public comment cannot reserve or yield this time, however, this three (3) minute time limitation may be waived or modified at the discretion of the Chair or at the request of any MSF Board member.
- e. No individual may be recognized to speak more than once during the designated public comment period.
- f. The public comment period is an opportunity for the public to express their comments regarding any subject matter. Board members may engage in dialogue with an individual making a public comment, however no Board member is required to respond to a public comment. In general, the Board will not respond to comments made during the public comment period unless it becomes necessary to ask a clarifying question, correct a factual error, or provide or request specific factual information.
- g. In an effort to provide the public a full opportunity to be heard, if a Board member provides a response to an individual's public comment, the time used by the Board member shall not count against the individual's 3-minute time limit for making their comment, i.e. the 3 minute time limit for an individual public comment shall be tolled while a Board member is speaking. However, once an individual has used their 3-minute period, there is no right to additional time to make a "rebuttal" or follow-up comment in response to a Board member's reply unless specifically granted under sub-paragraph d above.
- h. Individuals making a public comment shall direct all comments to the Board and not to staff or other participants.
- i. Groups are encouraged to designate one or more individuals to speak on their behalf to avoid cumulative comments.

- j. Individuals making a public comment may submit materials in support of their comments. In order to ensure that members of the MSF Board have access to materials being used by public commenters during the public comment period, such materials must be provided to the MEDC no later than noon the day prior to the scheduled meeting. The MEDC cannot guarantee that materials provided after this deadline will be incorporated into the board materials for the scheduled meetings. Materials in support of comments may be submitted by the public in the manner specified on the MSF website.
- II. Meeting minutes
    - a. Pursuant to the Open Meetings Act, minutes of the meeting shall consist of the date, time, place, members present, members absent, any decisions made at the meeting open to the public and as appropriate, the purpose or purposes for which a closed session is held. Additionally, the minutes will include a record of all roll call votes taken at the meeting.

Procedure

- I. The presiding member of the Board shall have the authority to maintain order during the meeting.
- II. In an effort to maintain order during the public comment period, the presiding member of the Board is empowered to enforce the public comment policy and may:
  - a. terminate an individual's comment period when the comment exceeds three (3) minutes;
  - b. request that any individual leave the meeting if that individual commits a breach of the peace;
  - c. request the assistance of law enforcement officers in the removal of an individual when an individual commits a breach of the peace.

Effective: June 27, 2023

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2023-103**

**APPROVAL OF MSF PUBLIC COMMENT POLICY**

**WHEREAS**, Public Act 270 of 1984, MCL 125.2001 *et seq.* (the “MSF Act”), established the Michigan Strategic Fund (“MSF”);

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

**WHEREAS**, under Section 5(10) of the MSF Act, MCL 125.2005(10), MSF Board meetings are conducted in accordance with the Michigan Open Meetings Act, MCL 15.261 *et seq.*, (the “OMA”);

**WHEREAS**, under Section 3(5), MCL 15.263(5), of the OMA, members of the public attending a meeting of a public body are permitted to address the public body under rules established and recorded by the public body;

**WHEREAS**, in order to ensure that members of the public have a fair and adequate opportunity to be heard at meetings of the MSF Board and to facilitate the orderly conduct of MSF Board meetings, the MEDC recommends that the MSF Board adopt the Public Comment Policy attached to this Resolution (the “MSF Public Comment Policy”); and

**WHEREAS**, the MSF Board wishes to adopt the MSF Public Comment Policy.

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board adopts the MSF Public Comment Policy, effective as of June 27, 2023.

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

Nays: None

Recused: None

Lansing, Michigan  
June 27, 2023

# Michigan Strategic Fund (MSF) Public Comment Policy

## Background

Meetings of the MSF Board are conducted pursuant to the Open Meetings Act MCL 15.261 *et seq.*; see also MCL 125.2005(10). Accordingly, all Board meetings are open to the public, and members of the public attending a Board meeting are permitted to address the Board under rules established and recorded by the Board. MCL 15.263(5). In order to ensure that members of the public have a fair and adequate opportunity to be heard at Board meetings, and to facilitate the orderly conduct of the meeting, the following public comment policy shall apply at all MSF Board meetings:

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  - c. request the assistance of law enforcement officers in the removal of an individual when an individual commits a breach of the peace.

Effective: June 27, 2023



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2023

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

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

Dear Ms. Hoag:

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

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

Sincerely,

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Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2023-095**

**APPROVAL OF THE JUNE 27, 2023 CONSENT AGENDA  
FOR THE MICHIGAN STRATEGIC FUND BOARD**

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

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

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

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

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

Consent Agenda Items:

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

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

Nays: None

Recused: None

Lansing, Michigan  
June 27, 2023



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

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Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2023

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

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

Dear Ms. Hoag:

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

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

Sincerely,

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Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



**MEMORANDUM**

**Date:** June 27, 2023

**To:** Michigan Strategic Fund Board

**From:** Mackenzie Miller, Community Development Manager, Region 4  
Julius L. Edwards, Director, Commercial Real Estate Investment  
Jake Winder, Manager, Community Development Incentives

**Subject:** Request for Approval of a Michigan Community Revitalization Program (MCRP)  
Other Economic Assistance Loan Participation and a Request for Approval of an Act  
381 Work Plan  
Talbot Quimby, LLC, and City of Grand Rapids Brownfield Redevelopment  
Authority (BRA)

**Project Summary & Request**

The Project will include construction of a four-story, 72-unit mixed use development that combines efficient, modern units with thoughtful amenities, setting a new standard in the blossoming Creston neighborhood of Grand Rapids. The building will consist of 49 studios, 20 one-bedrooms and 3 two-bedroom units, totaling 33,733 square feet of residential space: a 1,100 square foot commercial café seamlessly blended into the first-floor lobby; along with 9,337 square feet of common area. As a result of the project, 2,454 square feet of public sidewalks, curbs and gutters will be rehabilitated. Eligible activities under the original brownfield plan commenced in Spring of 2016 and will be completed in the summer of 2024.

The Project will significantly improve the overall use of the site by replacing the vacant land with a high-density mixed-use development that will bring new life to the Plainfield Corridor. The Project is expected to generate approximately 3 full-time equivalent jobs with estimated average wages of \$18 per hour. Total capital investment is estimated at \$14,823,720.

<b>PROJECT SUMMARY</b>	
Project Eligibility	Facility
Total Approximate Square Feet Revitalized	46,624
Total Approximate Acres Activated	0.51
Estimated # of Residential Units	72
Estimated Commercial Square Footage	1,100
Current Taxable Value	\$103,700
Projected Taxable Value at Completion	\$4,468,200
Total Anticipated Capital Investment	\$14,823,720
Brownfield TIF / MSF Eligible Activities or State Capture Request	\$367,680
MCRP Loan Participation	\$2,650,000



The project is a high priority for the City of Grand Rapids, as it will provide new market rate housing in an area that suffers from a housing shortage, and significant improvements to vacant property that will enhance the Creston neighborhood. The project supports the MEDC strategic plan focus area of Developing Vibrant Places that attract talent by transforming underutilized property into activated development. The public will benefit through the construction of a multistory mixed-use infill project that will increase residential density, add new retail, and increase property and income taxes for the City of Grand Rapids and State of Michigan. The Project will support and promote a vibrant neighborhood.

While the project is not rehabbing a historic resource, the State Historic Preservation Office did note that the development is located in the Plainfield/Creston Historic District, which appears to meet the Criteria for listing in the National Register of Historic Places. Therefore, to ensure the design of the new structure is compatible with the surrounding historic district, SHPO Staff provided recommendations regarding the residential patio design, wall plane and fenestration patterns.

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

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

### **Demonstrated Needs**

The development team is contributing approximately 17% equity and has maximized traditional financing at over 65% of the total development cost. The project is also leveraging a Neighborhood Enterprise Zone tax abatement with an estimated value of \$1,703,869. The remaining gap would be filled by the proposed MCRP award. With the Michigan Community Revitalization Program and Brownfield TIF support the projected return is anticipated to be just over 2% from operations. The revitalization of this vacant, underutilized brownfield property into a mixed-use development with appropriate density that enhances walkability and creates new housing units within the traditional downtown district would not be feasible without the requested support.

### **Local Support**

The City of Grand Rapids is participating in a Neighborhood Enterprise Zone tax abatement valued at approximately \$1,444,962 over the duration of the abatement period alongside local brownfield support of approximately \$213,390.

### **Applicant Background / Qualifications**

The developer for this project is Ryan Talbot of Talbot Development, a Michigan native that spent time in Portland starting in 2008. While in Portland, Ryan worked on more than 1,000 units worth of multifamily projects, specifically urban infill, and high-density new construction. This is his first solo development project in the state of Michigan.



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

### **Financial Highlights**

- construction cost of \$248.90 per square foot
- average residential rental rate of \$2.97 per square foot
- average commercial rental rate of \$20 per square foot
- average debt service coverage ratio of 1.18 to 1.00
- net owner equity contribution of \$2,520,031 or 17% of total development cost
- anticipated developer return of 2.2% through cash flow
- debt service coverage is below the preferred debt service coverage ratio target of 1.20 to 1.00. Staff is comfortable with this deviation due the strong performance of rental housing in and around downtown Grand Rapids and the Bank's requirement of 1.10 to 1.00
- residential rents at or below 120% of Kent County's Area Median Income

From the materials received and reviewed, staff considers the project to be financially and economically sound. A detailed Sources and Uses and financial terms for the MCRP Incentive are included in Appendix C. An MSF Eligible Activities and Tax Capture Summary are included in Appendix D.

### **Recommendation**

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

- a) State tax capture for Act 381 eligible activities capped at \$367,680, utilizing the current state to local capture ratio.
- b) A MCRP Other Economic Assistance Loan Participation in the amount of up to \$2,650,000 for Talbot Quimby, LLC on terms and conditions outlined in Exhibit A found in the resolution.

## APPENDIX A – Organizational Chart

### Organizational Structure

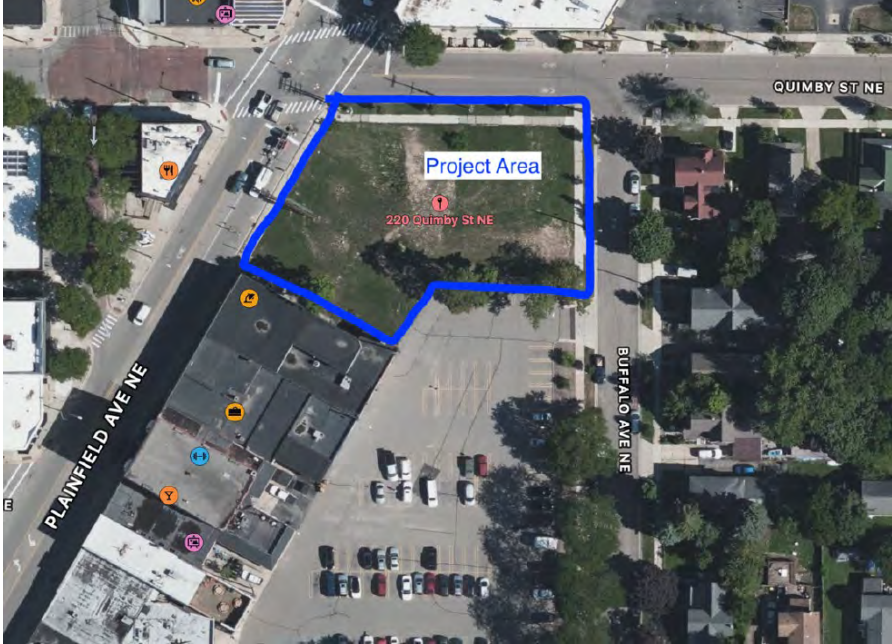
Company Name: Talbot Quimby LLC

Employer Identification Number: 92-0893387

MANAGER: Ryan Stephen Talbot

Member	Ownership Interest Totals	EINs -No Soc Sec numbers	State of Organization
Talbot Quimby Holdings, LLC - Ryan Talbot, Manager	88.00%	92-0658371	Michigan
Various members, none more than 20%	100.00%		
Ryan Talbot	8.00%		
Michael Garrett	4.00%		
	0.00%		
	100.00%		

**APPENDIX B – Project Map and Renderings**



### APPENDIX C – Financial Terms

**Summary of Development Sources:**

Bank Share	\$	9,653,689	65.12%
MSF Share	\$	2,650,000	17.88%
Developer Equity	\$	2,520,031	17.00%
<b>TOTAL</b>	<b>\$</b>	<b>14,823,720</b>	<b>100.00%</b>

**Summary of Development Uses:**

Acquisition	\$	1,550,000	
Hard Construction Costs	\$	10,994,057	
Eligible Soft Costs	\$	632,000	
Other	\$	1,647,663	
<b>TOTAL</b>	<b>\$</b>	<b>14,823,720</b>	

**Loan Terms**

<b>MSF Incentive:</b>	MCRP Other Economic Assistance Loan Participation
<b>Borrower:</b>	Talbot Quimby, LLC, or a Related Entity
<b>Senior Lender:</b>	Currently anticipated to be Lake Michigan Credit Union or other federally insured lender acceptable to the MSF
<b>Total Amount of Loans:</b>	Currently estimated at \$12,303,689
<b>Lender Share:</b>	Currently estimated at \$9,653,689
<b>Total Capital Investment:</b>	Currently estimated at \$14,823,720
<b>MSF Eligible Investment:</b>	Currently estimated at \$11,014,278
<b>Minimum Eligible Investment:</b>	Currently estimated at \$10,600,000
<b>MSF Share:</b>	Up to the lesser of 25% of “Eligible Investment” or \$2,650,000.
<b>Term:</b>	To match that of the Senior Lender up to 84 months
<b>Amortization:</b>	To match that of the Senior Lender up to 300 months
<b>Interest Rate:</b>	1.0% per annum
<b>Repayment Terms:</b>	Currently anticipated to be monthly interest only payments for up to 24 months, followed by equal monthly payments of principal and interest until maturity. Principal balance due at maturity.
<b>Collateral:</b>	To reasonably match that of the Lender, currently anticipated to be 1 <sup>st</sup> priority security interest in the real estate, assignment of rents, and a security interest in the TIF reimbursements. MSF share of collateral will be subordinated to that of the Lender.

- Guarantee:** To reasonably match that of the Lender, currently anticipated to be the unlimited unsecured guarantees and associated trusts of owners greater than 20%. MSF share of guarantee will be subordinated to that of the Lender.
- MSF Fees:** The MSF shall be paid a one-time fee equal to one percent of the MSF's share of the loan. The Lender may charge the borrower for this fee.
- Reserves:** Reserves and contingencies of approximately \$812,400.
- Funding:** The MSF will fund up to \$2,650,000 to be disbursed following closing of the financing and other performance criteria.
- Other Conditions:** The MSF's investment will be contingent upon the following:
- Receipt of final construction documents, including a guaranteed maximum price construction contract
  - Receipt of final development budget
  - Minimum owner equity investment of \$2,520,000

## **MCRP Programmatic Requirements**

### **MCRP Program and Guidelines**

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

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

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

This project will provide increased density at the site and provide new residential and commercial options for residents and patrons along the Plainfield Corridor in the Creston Neighborhood and within the Creston Business District. The project will significantly improve the overall use of the site by replacing the vacant land with a high-density mixed-use development that will bring new life to the Plainfield Corridor.

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

The additional 72 housing units in the Creston Neighborhood will greatly strengthen the local economy and provide the opportunity and encouragement for additional development.

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

The City of Grand Rapids is participating in a Neighborhood Enterprise Zone tax abatement valued at approximately \$1,444,962 over the duration of the abatement period alongside local brownfield support of approximately \$213,390.

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

The development team is contributing approximately 17% equity and has maximized traditional financing at over 65% of the total development cost. The project is also leveraging a Neighborhood Enterprise Zone tax abatement with an estimated value of \$1,703,869. The remaining gap would be filled by the proposed MCRP award. With the Michigan Community Revitalization Program and Brownfield TIF support the projected return is anticipated to be just over 2% from operations. The revitalization of this vacant, underutilized brownfield property into a mixed-use development with appropriate density that enhances walkability and creates new housing units within the traditional downtown district would not be feasible without the requested support.

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

The Project will significantly improve the overall use of the site by replacing the vacant land with a high-density mixed-use development that will bring new life to the Plainfield Corridor.

**F. Creation of jobs:**

The project itself is expected to generate 3 full-time equivalent jobs, between the leasing and maintenance staff, as well as the coffee shop in the lobby. Wages for these positions are estimated

to be about \$18/hour. Given that the site is vacant, no existing jobs exist to calculate a retained job estimate.

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

The capital stack for the project includes traditional debt, owner equity, MCRP and Brownfield TIF support.

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

Upon reaching stabilized occupancy it is anticipated that the project will be able to achieve an average debt service coverage ratio of 1.18 to 1.00. Additionally, the project will be supported by the guarantees of the owners.

A market study performed by Integra, dated September 6, 2022, shows adequate demand for additional residential rental housing and support for the proposed rental structure. Vacancy in the market is less than 5%.

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

This project, at 72 units on a vacant half-acre site, will be the densest housing development in the Creston neighborhood.

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

This development will add housing units right in the center of the walkable Creston neighborhood and will drastically increase foot traffic. The building sits right in the heart of the neighborhood - across the street from Creston Brewing, and only steps away from many other local shops, restaurants, and neighborhood amenities. Plus, with a coffee shop in the lobby that's open to the public, the building will serve as another community gathering space.

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

This project is new construction on a vacant lot.

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

The goal of this building is to be as green as is feasible given the constraints of cost, time, technology, and resident needs. The project will be all electric (no gas at all in the building), feature at least 5 EV charging spots on day one with conduit ready to electrify most of the rest of the lot someday, a green/living wall on the east facade, and as many solar panels the project can afford by the end of development.

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

The project is not rehabbing a historic resource, however the State Historic Preservation Office did note that the infill development is located in the Plainfield/Creston Historic District, which appears to meet the Criteria for listing in the National Register of Historic Places.

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

The project site has been vacant for some time and is a priority site of redevelopment for the City of Grand Rapids. Construction of the proposed new mixed-use building will help to promote new development in the community with its successful completion. It will improve the visual appearance of the area and provide an additional connection from downtown Grand Rapids to the Creston Neighborhood.

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

The Creston Neighborhood commercial district is in need of additional development. This project will increase economic vitality and foot traffic of the area by adding 72 additional residential units.

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

The site is designated as a facility due to the aforementioned (3) 1000-gallon underground storage tanks. At least one of the tanks appears to be leaking as per a LUST report before Talbot Quimby LLC or Ryan Talbot had any affiliation with the site. These conditions are documented in the BEA filed near the time of purchase by Talbot Quimby LLC.

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

The project is infill construction and will not be rehabilitating a historic resource.

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

Not applicable.

**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:**

Not applicable.



**APPENDIX D – MSF Eligible Activities Summary**

**Tax Capture Summary:**

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Grand Rapids, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on April 26, 2023. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on May 10, 2023.

There are 47.4908 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24.0000 mills (50.54%) and local millage equaling 23.4908 mills (49.46%). Tax increment capture will begin in 2024 and is estimated to continue for 7 years. The state tax capture is recommended to be capped at \$367,680, which is the amount of tax increment revenue anticipated to be generated in 7 years. Total MSF eligible activities are estimated at \$581,070. Please note that the NEZ impacts the capture and has resulted in the blended ratio below. MSF eligible activities breaks down as follows:

**Tax Capture Summary:**

State tax capture	(63.28%)	\$ 367,680
Local tax capture	(36.72%)	\$ <u>213,390</u>
<b>TOTAL</b>		<b>\$ <u>581,070</u></b>

**Cost of MSF Eligible Activities**

Demolition	\$ 17,100
Infrastructure Improvements	251,483
Site Preparation	+ <u>228,000</u>
Sub-Total	\$ 496,583
Contingency (15%)	+ <u>74,487</u>
Sub-Total	\$ 571,070
Brownfield/Work Plan Preparation	+ <u>10,000</u>
<b>TOTAL</b>	<b>\$ <u>581,070</u></b>

In addition, the project is requesting \$8,400 in TIF from EGLE to assist with environmental eligible activities.

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

**A. Area of High Unemployment:**

The City of Grand Rapids unadjusted jobless rate was 4.8% in March 2023. This compares to the statewide seasonally unadjusted average of 4.1% in March 2023.

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

Not applicable.

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

No new Brownfields will be created by this project.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2023-104**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM  
OTHER ECONOMIC ASSISTANCE LOAN PARTICIPATION  
AWARD TO  
TALBOT QUIMBY, LLC**

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

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

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

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

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

**WHEREAS**, Talbot Quimby, LLC (“Company”) has requested a performance based Other Economic Assistance Loan Participation Award of up to \$2,650,000 (the “Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (the “Term Sheet”) and;

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

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

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

Nays: None

Recused: None

Lansing, Michigan  
June 27, 2023

**EXHIBIT A**  
**“TERM SHEET”**

**Loan Terms**

<b>MSF Incentive:</b>	MCRP Other Economic Assistance Loan Participation
<b>Borrower:</b>	Talbot Quimby, LLC or a Related Entity
<b>Senior Lender:</b>	Currently anticipated to be Lake Michigan Credit Union or other federally insured lender acceptable to the MSF
<b>Total Amount of Loans:</b>	Currently estimated at \$12,303,689
<b>Lender Share:</b>	Currently estimated at \$9,653,689
<b>Total Capital Investment:</b>	Currently estimated at \$14,823,720
<b>MSF Eligible Investment:</b>	Currently estimated at \$11,014,278
<b>Minimum Eligible Investment:</b>	Currently estimated at \$10,600,000
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<b>Term:</b>	To match that of the Senior Lender up to 84 months
<b>Amortization:</b>	To match that of the Senior Lender up to 300 months
<b>Interest Rate:</b>	1.0% per annum
<b>Repayment Terms:</b>	Currently anticipated to be monthly interest only payments for up to 24 months, followed by equal monthly payments of principal and interest until maturity. Principal balance due at maturity.
<b>Collateral:</b>	To reasonably match that of the Lender, currently anticipated to be 1 <sup>st</sup> priority security interest in the real estate, assignment of rents, and a security interest in the TIF reimbursements. MSF share of collateral will be subordinated to that of the Lender.
<b>Guarantee:</b>	To reasonably match that of the Lender, currently anticipated to be the unlimited unsecured guarantees and associated trusts of owners greater than 20%. MSF share of guarantee will be subordinated to that of the Lender.
<b>MSF Fees:</b>	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.
<b>Funding:</b>	The MSF will fund up to \$2,650,000 to be disbursed following closing of the financing and achievement of other performance criteria.
<b>Other Conditions:</b>	The MSF’s investment will be contingent upon the following: <ul style="list-style-type: none"><li>- Receipt of final construction documents, including a guaranteed maximum price construction contract</li><li>- Receipt of final development budget</li><li>- Minimum owner equity investment of \$2,520,000</li></ul>



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2023

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

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

Dear Ms. Hoag:

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

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

Sincerely,

A handwritten signature in cursive script that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2023-105**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN  
CITY OF GRAND RAPIDS BROWNFIELD REDEVELOPMENT AUTHORITY  
TALBOT QUIMBY, LLC REDEVELOPMENT PROJECT**

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

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

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

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

**WHEREAS**, the City of Grand Rapids Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan (the “Brownfield Work Plan”) dated May 10, 2023, for property located at 220 Quimby Street NE within the City of Grand Rapids, known as the Talbot Quimby, LLC Redevelopment Project (the “Project”);

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

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

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

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 63.28% to 36.72% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, and infrastructure improvements as presented in the Brownfield Work Plan. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating

mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on costs of MSF eligible activities with a maximum of \$571,070 for the principal activity costs of non-environmental activities and a contingency, and a maximum of \$10,000 for brownfield and work plan preparation, and with the total capture of state school taxes capped at a maximum of \$581,070.

**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, Susan Corbin, Wesley Eklund, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designated attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen

Nays: None

Recused: None

Lansing, Michigan  
June 27, 2023



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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Board Relations Liaison  
Michigan Strategic Fund Office  
300 N. Washington Square  
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Sincerely,

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Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File





STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
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RACHAEL EUBANKS  
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January 6, 2023

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

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

Dear Ms. Hoag:

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

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

Sincerely,

A handwritten signature in cursive script that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



**MEMORANDUM**

**Date:** June 27, 2023

**To:** Michigan Strategic Fund Board

**From:** Daniel Leonard, Redevelopment Services Director  
Debbie Stehlik, Commercial Real Estate Investment Manager  
Jake Winder, Manager, CD Incentives

**Subject:** Request for Approval of a Michigan Community Revitalization Program (MCRP) Other Economic Assistance Loan Participation, Revitalization and Placemaking (RAP) Grant and a Request for Approval of an Act 381 Work Plan  
Lumber Square Nonprofit Housing Corporation and G.A. Haan Development, LLC, and County of Emmet Brownfield Redevelopment Authority (BRA) – Lofts at Lumber Square

**Project Summary & Request**

The subject property is located within the City of Petoskey’s Old Town Emmet neighborhood and identified as a priority redevelopment site per their local economic development strategy. Site improvements include the removal of various foundations throughout the property to prepare the site for the construction of sixty (60) new residential rental units which will comply with silver LEED certification. Onsite parking will be provided as well as low-impact design features to both manage stormwater and provide multi-modal transportation options for new residents. This project is requesting a combination of MCRP, RAP and state Tax Increment Financing (“TIF”) through a brownfield work plan.

<b>PROJECT SUMMARY</b>	
Project Eligibility	Facility
Total Approximate Square Feet Revitalized	70,224
Total Approximate Acres Activated	1.5
Estimated # of Residential Units	60
Estimated Commercial Square Footage	0
Current Taxable Value	\$131,252
Projected Taxable Value at Completion	\$2,850,110
Total Anticipated Capital Investment	\$16,600,000
RAP Grant	\$2,500,000
Brownfield TIF / MSF Eligible Activities or State Capture Request	\$1,430,195
MCRP Loan**	\$3,330,000

*\*\*If Applicant is in compliance with all agreements and conditions, up to \$1,500,000 will be forgiven upon construction completion.*



This project is a product of local philanthropic parties collaborating to address a regional housing challenge. The Petoskey-Harbor Springs Area Community Foundation was the catalyst for bringing this new construction project forward. After acquiring the site, they sought local development partners in both G.A. Haan Development, LLC and Northern Homes CDC to assemble a capital stack, create a housing product to fit the City's needs, and provide structure in long-term management to ensure the units created would benefit local residents. All units will be offered to residents who fall within 80% to 120% percent of Area Median Income (AMI) for Emmet County. That target will be maintained for a minimum of 50 years.

Development of this site is a high priority for this area of the Old Town Emmet neighborhood in Petoskey. The City is leveraging public infrastructure improvements connecting this portion of the City to its traditional downtown via sidewalk improvements as well as extending a connection of the existing "Greenway Corridor", which is a multi-modal non-motorized trail system acting as a connection throughout all service areas of the community. With Northern Homes CDC acting as the new owner and operator of the site, this partnership will ensure units will be utilized for workforce rental housing long-term.

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

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

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

### **Demonstrated Needs**

The site will require significant environmental clean-up as well as extension of water, sewer, and the greenway corridor to reactivate the area. In addition to the substantial cost associated with the redevelopment of the site, the projected rental rates in the small market of Petoskey are not high enough to justify new construction without assistance to bridge the gap between the value and construction costs. The need is further exacerbated by the non-profit development team's goal of providing attainable housing for the local workforce, further limiting future revenue potential. Multiple financing sources have been explored and maximized, including loans from IFF, a MSHDA Missing Middle grant, and a Revitalization and Placemaking (RAP) grant. The Applicant is contributing \$4,000,000 in equity or roughly 24%. Even with MCRP and Act 381 support, the anticipated return over a 20-year time horizon is projected to be below zero (-3.5%).

### **Local Support**

The City of Petoskey will support this project by leveraging contribution to an Act 381 work plan with locally supported eligible activities totaling \$1,587,095. These future tax dollars will support the project financially with eligible activities including demolition, site prep, lead, and asbestos abatement as well as infrastructure improvements for the extension of water, sewer, and the greenway corridor to the site. It should also be noted that without the philanthropic investment from the Petoskey – Harbor Springs Area Community Foundation, this project would not have taken shape, or been feasible for consideration of any future impact.

### **Applicant Background / Qualifications**

The development consultant for this project is G.A. Haan Development. G.A. Haan Development is a local multifamily workforce housing developer with extensive experience across the country. G.A. Haan Development does not have previous experience with incentives from the Michigan Strategic Fund but has developed over 40 multifamily projects over the last 15 years, the majority of which have some form of income restriction. Projects developed over the last 5 years include:

- Kennedy Park Townhomes – 40 units – LIHTC – Wahpeton, ND – PIS 2017
- Sage Apartments – 36 units – LIHTC/HOME/Sec. 8 – Torrington, WY – PIS 2018
- Green River Apartments – 30 units – LIHTC/HOME – Green River, WY – PIS 2018
- Jefferson Village Apartments – 40 units – LIHTC/HOME – Huron, SD – PIS 2018
- Alpine Park Apartments – 24 units – LIHTC/HOME – Alpine, WY – PIS 2019
- Westgate Apartments – 36 units – LIHTC/HOME/Sec. 8 – Douglas, WY – PIS 2021
- Jasperlite Senior Housing – 36 units – LIHTC – Ishpeming, MI – PIS 2021
- Madison Park Townhomes II – 40 units – LIHTC/HOME – Vermillion, SD – PIS 2021
- Coolidge Place Senior Apartments – 36 units – LIHTC – Coolidge, AZ – PIS 2021
- Copper Stone on 32nd – 50 units – LIHTC/HOME – Phoenix, AZ – PIS 2021
- Edgebrook Townhomes – 40 units – LIHTC/HOME – Brookings, SD – Under Construction
- LaPrele Apartments – 46 units – LIHTC/HOME/Sec. 8 – Douglas, WY – Under Construction
- Rainbow Vista Apartments – 27 units – LIHTC/HOME/Sec. 8 – Laramie, WY – Under Construction
- Sunrise Villa Apartments – 20 units – LIHTC/HOME/Sec. 8 – Lander, WY – Under Construction
- Trails Apartments – 60 units – LIHTC/HOME/Sec. 8 – Glenrock, WY – Under Construction

An Organizational Chart for Lumber Square Nonprofit Housing Corporation is provided in Appendix A. A background check has been completed in accordance with the MSF Background Review Policy and the project may proceed for MSF consideration.

### **Financial Highlights**

- Construction cost per square foot is \$196.03.
- Projected residential rental rates range from \$1,107 to \$1,150 for one-bedroom units, \$1,350 for two-bedroom units, and \$1,550 for three-bedroom units, with an average of \$1.53 per square foot.
- The projected residential rental rates fall at roughly 80% of Area Median Income for Emmet County. The residential rental rates will not exceed 120% of Area Median Income for Emmet County for a duration of 50 years per a Restrictive Use Agreement between the Applicant and the Petosky Harbor Springs Area Community Foundation, as a condition of the donation of the subject site.
- Average debt service coverage ratio of 1.26 to 1.0. Year 1 and proforma debt service coverage are projected to dip below 1.20, however, not materially at 1.18 to 1.0. The MSF debt is structured with an extended interest only period and proposed forgiveness of \$1,500,000 at completion to

allow for maximum flexibility and help ensure the project's long-term viability, given the project's workforce housing goals and income restrictions.

- Owner equity contribution of approximately \$4,000,000 or 24%, structured so that \$2,000,000 will be contributed at closing and \$2,000,000 at completion.
- Developer return over a 20-year timeframe is projected below zero at -3.5%.

From the materials received and reviewed, staff consider the project to be financially and economically sound. A detailed Sources and Uses and financial terms for the MCRP Incentive are included in Appendix C. An MSF Eligible Activities and Tax Capture Summary are included in Appendix D.

### **Recommendation**

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

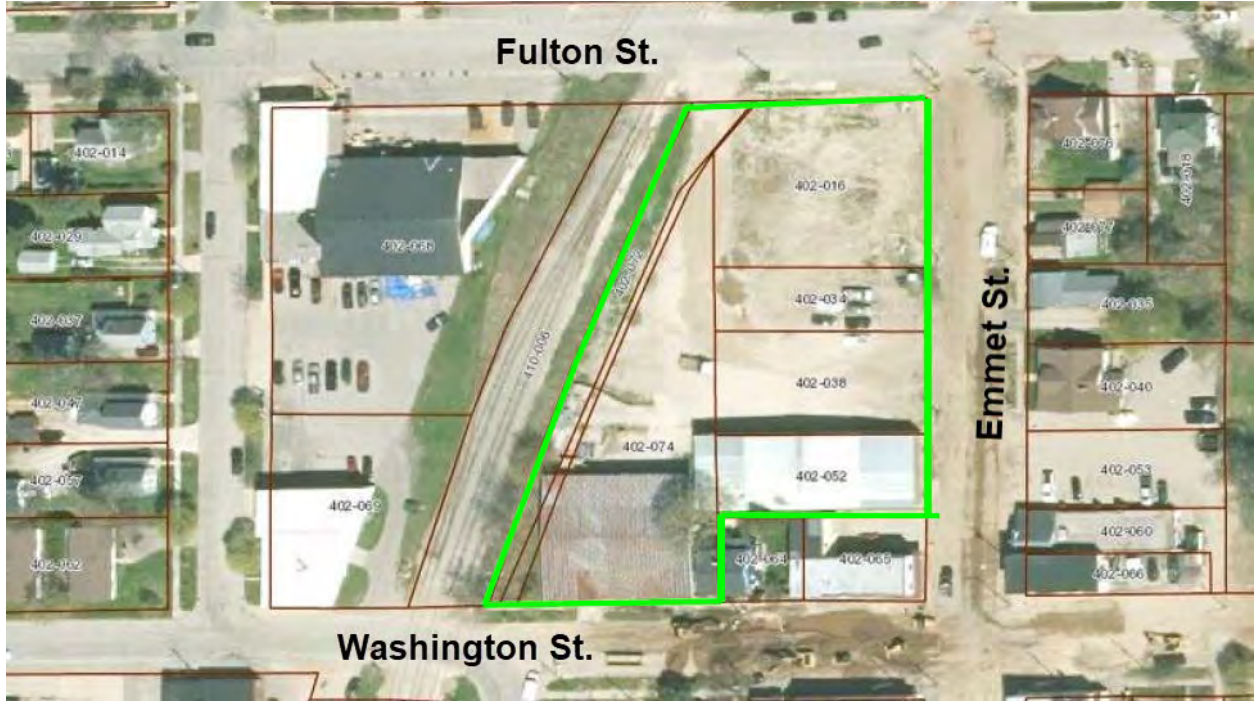
- a) A brownfield work plan with State tax capture for Act 381 eligible activities capped at \$1,430,195, utilizing the current state to local capture ratio.
- b) A MCRP performance-based Other Economic Assistance Loan Participation in an amount up to \$3,300,000, including up to \$1,500,000 to be forgiven upon completion, for Lumber Square Nonprofit Housing Corporation on terms and conditions outlined in Exhibit A found in the resolution.
- c) A RAP performance-based Grant in the amount of \$2,500,000

## **APPENDIX A – Organizational Chart**

**This project is 100% owned by Northern Homes Community Development Corporation.**

- President: David White
- Executive Director: Jane MacKenzie

**APPENDIX B – Project Map and Renderings**



VIEW FROM FULTON STREET

### **APPENDIX C – Financial Terms**

**Summary of Development Sources:**

IFF	\$	6,185,000	37.26%
MSF Loan	\$	3,330,000	20.06%
RAP Grant	\$	2,500,000	15.06%
MSHDA Missing Mid	\$	585,000	3.52%
Developer Equity	\$	4,000,000	24.10%
<b>TOTAL</b>	<b>\$</b>	<b>16,600,000</b>	<b>100.00%</b>

**Summary of Development Uses:**

Acquisition	\$	450,000
Hard Construction Costs	\$	13,472,149
Eligible Soft Costs	\$	525,000
Other	\$	2,152,851
<b>TOTAL</b>	<b>\$</b>	<b>16,600,000</b>

**Loan Terms**

<b>MSF Incentive:</b>	MCRP Other Economic Assistance Loan Participation
<b>Borrower:</b>	Lumber Square Nonprofit Housing Corporation and G.A. Haan Development, LLC
<b>Senior Lender:</b>	Currently anticipated to be IFF or other federally insured lender acceptable to the MSF
<b>Total Amount of Loans:</b>	Currently estimated at \$9,515,000
<b>Lender Share:</b>	Currently estimated at \$6,185,000
<b>Total Capital Investment:</b>	Currently estimated at \$16,600,000
<b>MSF Eligible Investment:</b>	Currently estimated at \$13,082,149
<b>Minimum Eligible Investment:</b>	Currently estimated at \$10,466,000
<b>MSF Share:</b>	Up to the lesser of 30% of “Eligible Investment” or \$3,330,000. The project is eligible for an award of up to 50% of eligible investment because the population of the City of Petoskey is less than 15,000.
<b>Term:</b>	To reasonably match that of the Senior Lender, currently anticipated to be up to 148 months
<b>Amortization:</b>	To reasonably match that of the Senior Lender, currently anticipated to be up to 420 months
<b>Interest Rate:</b>	1.00% per annum



- Repayment Terms:** Currently anticipated to be monthly interest only payments for 66 months, followed by monthly principal and interest payments, with principal balance due at maturity. **If Borrower is in compliance with all agreements and conditions, up to \$1,500,000 will be forgiven upon construction completion.**
- Collateral:** To reasonably match that of the Senior Lender, currently anticipated to be a first priority security interest in the subject real estate, assignment of rents and leases, and assignment of TIF reimbursements. MSF Share of collateral will be subordinated to that of the Lender.
- Guarantees:** To reasonably match that of the Senior Lender, currently anticipated to be Developer payment and completion guaranty during construction. Non-recourse after conversion. MSF Share of guaranties will be subordinated to that of the Lender.
- MSF Fees:** The MSF shall be paid a one-time fee equal to 1.0% of the MSF's share of the loan and any out-of-pocket costs incurred by the MEDC to close the loan. The Lender may charge the borrower for this fee.
- Funding:** The MSF will fund up to \$3,330,000 to be disbursed following closing of the financing and other performance criteria.
- Other Conditions:** The MSF's investment will be contingent upon the following:
- Receipt of final construction documents, including a "Guaranteed Maximum Price" construction contract
  - Final development budget
  - Appraisal
  - Minimum owner equity investment of \$4,000,000, to be contributed \$2,000,000 at closing and \$2,000,000 at completion.
  - Other legal due diligence documentation, as may be required.

**APPENDIX D – MSF Eligible Activities Summary**

**Tax Capture Summary:**

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Petoskey, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on November 22, 2022. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on May 25, 2023.

There are 50.6380 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24.0000 mills (47.40%) and local millage equaling 26.6380 mills (52.60%). State tax increment capture will begin in 2024 and is estimated to continue for 23 years. The state tax capture is recommended to be capped at \$1,430,195, which is the amount of tax increment revenue anticipated to be generated in 23 years. Total MSF eligible activities are estimated at \$3,130,290. MSF eligible activities breaks down as follows:

**Tax Capture Summary:**

State tax capture	(47.40%)	\$	1,430,195
Local tax capture	(52.60%)	\$	<u>1,587,095</u>
<b>TOTAL</b>		<b>\$</b>	<b><u>3,017,290</u></b>

**Cost of MSF Eligible Activities**

Demolition		\$	170,000
Lead, Asbestos, or Mold Abatement			38,000
Infrastructure Improvements (Developer)			343,750
Site Preparation		+	<u>372,000</u>
Sub-Total		\$	923,750
Contingency (15%)		+	<u>138,560</u>
Sub-Total		\$	1,062,310
Interest (Developer) (5%)		+	<u>313,430</u>
Sub-Total		\$	1,375,740
Infrastructure Improvements (City)			1,100,000
Contingency (City)			165,000
Interest (City) (5%)		+	<u>324,550</u>
Sub-Total			2,965,290
Brownfield/Work Plan Implementation			27,000
Brownfield/Work Plan Preparation			<u>25,000</u>
<b>TOTAL</b>		<b>\$</b>	<b><u>3,017,290</u></b>

In addition, the project is requesting \$257,755 in TIF from EGLE to assist with environmental eligible activities.

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

**A. Area of High Unemployment:**

The County of Emmet unadjusted jobless rate was 8.7% in March 2023. This compares to the statewide seasonally unadjusted average of 4.1% in March 2023.

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

Not applicable.

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

No new Brownfields will be created by this project.

**MCRP Programmatic Requirements**

**MCRP Program and Guidelines**

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

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

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

This project will provide much needed housing solutions for both existing residents and business owners looking to attract talent to the region. With 100% of the units being restricted to members of the community with incomes at or below 120% AMI, this rental housing project will fill a gap in the housing market for years to come.

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

Within the Old Town Emmet Neighborhood this project will be a catalyst for surrounding vacant and underutilized properties to infill with additional commercial, office, and housing potential. This property has been vacant and/or underutilized for over 10 years and will physically connect this portion of the community with downtown Petoskey via new multi-modal connections realized due to the redevelopment of this site.

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

The City of Petoskey will support this project by leveraging contribution to an Act 381 work plan with locally supported eligible activities totaling \$1,587,095.

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

A financing need exists due to the high cost of construction combined with the environmental clean-up required as well as extension of water, sewer, and the greenway corridor to reactivate the site. In addition to the significant cost, the projected rental rates in the small market of Petoskey are not high enough to justify new construction without assistance to bridge the gap between the value and construction costs. This combination creates the need for subsidy as traditional financing sources are limited by both cash flow and appraised values, both of which are restricted by the rent levels that can be obtained in smaller, less urban areas. The need is further exacerbated by the non-profit development team's goal of providing attainable housing for the local workforce, further limiting future revenue potential. Multiple financing sources have been explored and maximized, including loans from IFF, a MSHDA Missing Middle grant, and a Revitalization and Placemaking (RAP) grant. The Applicant is contributing \$4,000,000 in equity or roughly 24%. Even with MCRP and Act 381 support, the anticipated return over a 20-year time horizon is projected to be below zero (-3.5%).

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

Currently, the property is mostly vacant, and the remaining foundations will be demolished and removed to prep the site for new development. No historic buildings or elements exist onsite at this time.

**F. Creation of jobs:**

There will be 1.5 full-time equivalent jobs created for site management, 1 job created for maintenance, and a part-time job will be created for ongoing asset management/compliance. Total anticipated FTEs that will be created is 3. The average wage rate estimate is \$22 per hour.

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

This project's capital stack is led by a \$4,000,000 contribution from the Petoskey-Harbor Springs Area Community Foundation as well as long-term debt of \$6,185,000 from the senior lender IFF. Additional financial support from MSHDA's Missing Middle Program will contribute \$585,000 to the project.

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

The Applicant is contributing \$4,000,000, or approximately 24%, equity to the project and has maximized multiple financing sources, including traditional bank financing, a MSHDA Missing Middle grant, a Revitalization and Placemaking (RAP) grant and Act 381 Brownfield TIF. The average debt service coverage ratio is 1.26 to 1.0. Year 1 and proforma debt service coverage are projected to dip below 1.20, however, not materially at 1.18 to 1.0. The MSF debt is structured with an extended interest only period and proposed forgiveness of \$1,500,000 at completion to allow for maximum flexibility and help ensure the project's long-term viability, given the project's workforce housing goals and income restrictions. Staff consider the project to be financially and economically sound.

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

This project will add sixty (60) new residential rental housing units in an area where this 1.5-acre site has sat vacant for over 10 years. This will be a greatly beneficial project for the community and neighborhood by adding residential activity and infill development to a past industrial-based area.

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

This project is a housing only project, however, with its development it will tie physically to the existing greenway corridor, of which is a non-motorized trail connecting the Old Town Emmet Neighborhood to the traditional downtown of Petoskey.

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

This was privately owned property.

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

Clean Energy is one of the Strategic Initiatives of the Petoskey-Harbor Springs Area Community Foundation. The project team will construct the building as sustainably as possible. Management of the project will include a sustainability consultant and intend to achieve at least LEED Silver.

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

This is a vacant site and will not impact any historic resources on or surrounding the site.

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

This project is the direct result of an area-wide issue tied to a shortage of housing throughout the region. It will provide housing for members of the community looking to move into town or move to the region for purposes of new employment and/or opportunities.

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

This project facilitates a housing need for members of the community who may not financially qualify for available properties throughout the community and region in general. Management of these units will be maintained long-term by the primary ownership of Northern Homes Community Development Corporation.

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

Two of the 7 parcels have RECs based on environmental testing performed in 2008 and in 2022. Soil contamination has been identified above the EGLE Residential VIAP screening levels and above the Direct Contact levels. Per the environmental consultant, these exceedances will be removed as part of cut/grade activities.

**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):**

This is new construction and not subject to the requirements of the Secretary of the Interior.

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

This project will not compete with or affect existing businesses in a negative way.

**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:**

The Old Town Emmet neighborhood is a transitioning neighborhood, which has seen a lot of infrastructure investment recently. Emmet Street has been completely reconstructed, including all of the utilities being undergrounded. The Downtown Greenway has been extended to the edge of the neighborhood but is anticipated to be extended all the way through the neighborhood immediately adjacent to our site. The neighborhood borders the Bear River, which is an incredible

asset. The city has invested into the Bear River Valley Recreation Area to turn it into a great trail system, but much of the riverfront through the neighborhood could still be reclaimed for residential or public uses. A development of this scale could speed up the redevelopment of some of those underutilized and industrial properties. Additionally, the single largest factor hindering growth in Petoskey is a lack of housing, which this project will help to address.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2023-106**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN  
COUNTY OF EMMET BROWNFIELD REDEVELOPMENT AUTHORITY  
LOFTS AT LUMBER SQUARE**

**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 County of Emmet Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan (the “Brownfield Work Plan”) dated May 25, 2023, for property located at 900 & 920 Emmet Street within the City of Petoskey, known as Lofts at Lumber Square (the “Project”);

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

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

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

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 47.40% to 52.60% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, lead, asbestos, or mold abatement and infrastructure improvements as presented in the Brownfield Work Plan. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on costs of MSF eligible activities with a maximum

of \$2,327,310 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$637,980 in interest, a maximum of \$25,000 for brownfield and work plan preparation, and a maximum of \$27,000 for brownfield and work plan implementation, and with the total capture of state school taxes capped at a maximum of \$1,430,195.

**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 County, 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.

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

Nays: None

Recused: None

Lansing, Michigan  
June 27, 2023





STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2023

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

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

Dear Ms. Hoag:

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

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

Sincerely,

A handwritten signature in cursive script that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2023-107**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM  
OTHER ECONOMIC ASSISTANCE LOAN PARTICIPATION AWARD TO  
LUMBER SQUARE NONPROFIT HOUSING CORPORATION AND  
G.A. HAAN DEVELOPMENT, LLC**

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

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

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

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

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

**WHEREAS**, Lumber Square Nonprofit Housing Corporation and G.A. Haan Development, LLC (the “Companies”) have requested a performance-based Other Economic Assistance Loan Participation award of up to \$3,330,000 (the “Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (the “Term Sheet”); and

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

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

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

Nays: None

Recused: None

Lansing, Michigan  
June 27, 2023

**EXHIBIT A**  
**“TERM SHEET”**

**Loan Terms**

<b>MSF Incentive:</b>	MCRP Other Economic Assistance Loan Participation
<b>Borrower:</b>	Lumber Square Nonprofit Housing Corporation and G.A. Haan Development, LLC
<b>Senior Lender:</b>	Currently anticipated to be IFF or other federally insured lender acceptable to the MSF
<b>Total Amount of Loans:</b>	Currently estimated at \$9,515,000
<b>Lender Share:</b>	Currently estimated at \$6,185,000
<b>Total Capital Investment:</b>	Currently estimated at \$16,600,000
<b>MSF Eligible Investment:</b>	Currently estimated at \$13,082,149
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<b>Term:</b>	To reasonably match that of the Senior Lender, currently anticipated to be up to 148 months
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<b>Repayment Terms:</b>	Currently anticipated to be monthly interest only payments for 66 months, followed by monthly principal and interest payments, with principal balance due at maturity. <b>If Borrower is in compliance with all agreements and conditions, up to \$1,500,000 will be forgiven upon construction completion.</b>
<b>Collateral:</b>	To reasonably match that of the Senior Lender, currently anticipated to be a first priority security interest in the subject real estate, assignment of rents and leases, and assignment of TIF reimbursements. MSF Share of collateral will be subordinated to that of the Lender.
<b>Guarantees:</b>	To reasonably match that of the Senior Lender, currently anticipated to be Developer payment and completion guaranty during construction. Non-recourse after conversion. MSF Share of guaranties will be subordinated to that of the Lender.
<b>MSF Fees:</b>	The MSF shall be paid a one-time fee equal to 1.0% of the MSF’s share of the loan and any out-of-pocket costs incurred by the MEDC to close the loan. The Lender may charge the borrower for this fee.

**Funding:**

The MSF will fund up to \$3,330,000 to be disbursed following closing of the financing and other performance criteria.

**Other Conditions:**

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

- Receipt of final construction documents, including a "Guaranteed Maximum Price" construction contract
- Final development budget
- Appraisal
- Minimum owner equity investment of \$4,000,000, to be contributed \$2,000,000 at/prior to closing and \$2,000,000 at completion.
- Other legal due diligence documentation, as may be required.



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2023

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

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and Investment Subcommittee Designee for Treasurer Eubanks

Dear Ms. Hoag:

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

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

Sincerely,

A handwritten signature in cursive script that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2023-108**

**APPROVAL OF A REVITALIZATION AND PLACEMAKING (RAP) GRANT AWARD  
LOFTS AT LUMBER SQUARE**

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

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

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

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

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

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

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

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

**WHEREAS**, Lumber Square Nonprofit Housing Corporation and G.A. Haan Development, LLC has requested a RAP Grant in the amount of \$2,500,000 (the “RAP Award Recommendation”);

**WHEREAS**, the Lofts at Lumber Square project was one of the four projects that were anticipated to come before the MSF Board for approval at a later date.

**WHEREAS**, the MSF Board wishes to approve the RAP Award Recommendation of \$2,500,000 to the Lofts at Lumber Square project; and



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

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

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

Nays: None

Recused: None

Lansing, Michigan  
June 27, 2023



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2023

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

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

Dear Ms. Hoag:

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

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

Sincerely,

A handwritten signature in cursive script that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



## MEMORANDUM

**Date:** June 27, 2023

**To:** Michigan Strategic Fund Board

**From:** Mackenzie Miller, Community Development Manager, Region 4  
Debbie Stehlik, Commercial Real Estate Investment Manager  
Sarah McKinley, Community Development Incentives Program Specialist

**Subject:** Request for Approval of a Michigan Community Revitalization Program (MCRP) Grant  
115 Lake Street, LLC

### Project Summary & Request

The proposed project, located at 115 Lake Street, connects downtown Whitehall into Goodrich Park which is located along the shoreline of White Lake. This vacant site was home to the former Pinheads Bowling Alley and will be developed into a new, 31,650 square foot three-story mixed-use building containing approximately 2,050 square feet of first floor commercial space, an estimated 32 attainable residential units on floors one, two and three, and lower-level integrated parking. Construction of the proposed new mixed-use building will help to promote new development in the community with its successful completion. Additionally, this development will improve the visual appearance of the area and provide a tie to the downtown and waterfront.

PROJECT SUMMARY	
Project Eligibility	Facility
Total Approximate Square Feet Revitalized	31,650
Total Approximate Acres Activated	1.12
Estimated # of Residential Units	32
Estimated Commercial Square Footage	2,050
Current Taxable Value	\$121,000
Projected Taxable Value at Completion	\$1,740,750
Total Anticipated Capital Investment	\$8,676,412
MCRP Grant	\$1,500,000

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

### **Demonstrated Needs**

The project has a financial need due to costs associated with the redevelopment of a brownfield site with appropriate infill. The projected rental rates in the small market of Whitehall are not high enough to justify new construction without assistance to bridge the gap between the value and construction costs. The development team is contributing approximately 23% equity and has maximized traditional financing. The project is also leveraging a Commercial Rehabilitation Act tax abatement with an estimated value of \$733,000. Even with Michigan Community Revitalization Program support, the projected return is anticipated to be near zero (.88%) over the first 20 years. The revitalization of this vacant, underutilized brownfield property into a mixed-use development with appropriate density that enhances walkability and creates new housing units within the traditional downtown district would not be feasible without the requested support.

### **Local Support**

The City of Whitehall is providing a Commercial Rehabilitation Act tax abatement valued at approximately \$733,000 over a period of 10 years. The City of Whitehall has plans to make public improvements to the park and surrounding infrastructure, including construction of a switchback bike/pedestrian trail adjacent to the site that will tie the downtown into Goodrich Park.

### **Applicant Background / Qualifications**

The development team for 115 Lake Street, LLC has completed many successful commercial and residential projects. Members of the development team have also received MCRP awards for the following projects:

- Lofts on 820 Project - Grand Rapids
- South Haven Center Project - South Haven
- Lofts on 128 Project - Hastings

An Organizational Chart for 115 Lake Street, LLC is provided in Appendix A. A background check has been completed in accordance with the MSF Background Review Policy and the project may proceed for MSF consideration.

### **Financial Highlights**

- Construction cost per square foot is \$240.74.
- Projected residential rental rates range from \$1,325 to \$1,375 for one-bedroom units, \$1,700 to \$1,725 for two-bedroom units, and \$1,850 to \$1,900 for three-bedroom units, with an average of \$2.22 per square foot.
- The projected residential rental rates fall at roughly 100% of Area Median Income for Muskegon County. The residential rental rates will not exceed 120% of Area Median Income for Muskegon County for the duration of the three-year grant compliance period.
- The commercial space is pre-leased to Edward Jones at \$17.00 per square foot.
- Proforma debt service coverage is projected at 1.23 to 1.0 with a 30-year projected average of 1.30 to 1.0.
- Owner equity contribution of approximately \$2,000,000 or 23% and senior debt of \$5,176,000 or nearly 60%.
- Developer return over a 20-year timeframe is projected at .88%.

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

115 Lake Street, LLC

June 27, 2023

Page 3 of 9

**Recommendation**

MEDC staff recommend approval of an MCRP performance-based Grant in an amount up to \$1,500,000 for 115 Lake Street, LLC.

## APPENDIX A – Organizational Chart

### Organizational Structure

Company Name: 115 Lake St, LLC

Employer Identification Number: 86-2562886

MANAGER: Christopher Alan Veneklasen

Member	Ownership Interest	EINs - No Soc Sec numbers	State of Organization
<b>MGB LLC</b>	<b>28.57%</b>		Michigan
Michael Berry Byam	100.00%		
<b>Byfam, LLC</b>	<b>14.29%</b>		Michigan
<b>Whitehall VeneFam, LLC</b>	<b>14.29%</b>		Michigan
<b>WinBerg Development, LLC</b>	<b>14.29%</b>		Michigan
<b>Briegel Trust</b>	<b>14.29%</b>		Michigan
<b>David Beemer 2017 Annuity Trust</b>	<b>14.29%</b>		Michigan
	<b>100.00%</b>		

### APPENDIX B – Project Map and Renderings





## APPENDIX C – Financial Terms

### Summary of Development Sources:

Bank Loan	\$	5,176,412	59.66%
MSF Grant	\$	1,500,000	17.29%
Developer Equity	\$	2,000,000	23.05%
<b>TOTAL</b>	<b>\$</b>	<b>8,676,412</b>	<b>100.00%</b>

### Summary of Development Uses:

Acquisition	\$	275,000
Hard Construction Costs	\$	7,619,277
Eligible Soft Costs	\$	315,000
Other	\$	467,135
<b>TOTAL</b>	<b>\$</b>	<b>8,676,412</b>

### Grant Terms

**MSF Incentive:** MCRP Performance-Based Grant

**Grantee:** 115 Lake Street, LLC

**Total Capital Investment:** Currently estimated at \$8,676,412

**MSF Eligible Investment:** Currently estimated at \$7,934,277

**Minimum Eligible Investment:** Currently estimated at \$6,347,425

**MSF Share:** Up to the lesser of 19% of “Eligible Investment” or \$1,500,000. The project is eligible for an award of up to 50% of eligible investment because the population of the City of Whitehall is less than 15,000.

**Funding/Disbursement:** The MSF will fund up to \$1,500,000 to be disbursed following construction completion and achievement of other to be determined performance criteria.

**Other Conditions:** Project completion will be a required term of the MSF Agreement. If requested by Lender, MSF may allow for the assignment of the Grant rights and responsibilities to the Lender, per section 8.8 of the Grant Agreement.

## **MCRP Programmatic Requirements**

### **MCRP Program and Guidelines**

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

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

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

Construction of the proposed new mixed-use building will help to promote new development in the community with its successful completion. Attainable housing units combined with significant commercial space will assist in bringing new employees and visitors to the area, ultimately strengthening the community's economy. Additionally, this development will improve the visual appearance of the area and provide connections to the downtown and waterfront.

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

This building will be a gateway to downtown Whitehall and the waterfront. The additional people living in downtown Whitehall will add to the vitality of downtown and strengthen the economy in the area.

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

The City of Whitehall is participating in a Commercial Rehabilitation Act tax abatement valued at approximately \$733,000 over a period of 10 years. The City of Whitehall has plans to make public improvements to the park and surrounding infrastructure, including construction of a switchback bike/pedestrian trail adjacent to the site that will tie downtown into Goodrich Park.

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

A financing gap exists due to the added cost of redeveloping a brownfield site with appropriate infill. The projected rental rates in the small market of Whitehall are not high enough to justify new construction without assistance to bridge the gap between the value and construction costs. This combination creates the need for subsidy as traditional financing sources are limited by both cash flow and appraised values, both of which are restricted by the rent levels that can be obtained in smaller, less urban areas. The development team is contributing approximately 23% equity, has maximized traditional financing, and is leveraging a Commercial Rehabilitation Act tax abatement. Even with MCRP support, the projected return is anticipated to be near zero (.88%) over the first 20 years. The revitalization of this underutilized brownfield property into a mixed-use development with appropriate urban density that enhances walkability and creates new housing units within the traditional downtown district would not be feasible without this support.

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

The project is reusing a vacant lot for development of a mixed-use building creating 32 rental housing units.

**F. Creation of jobs:**

The project anticipates creating 5 FTE jobs and the average hourly wage is estimated to be \$15. In addition to the FTEs above the Edward Jones tenant will create 4 FTE jobs with annual salaries ranging from 25,000 to 50,000.

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

The capital stack for the project includes traditional debt, owner equity and MCRP support.

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

The Applicant is contributing \$2,000,000 or approximately 23% equity to the project and has maximized traditional financing. Proforma debt service coverage is projected at 1.23 to 1.0 with a 30-year average of 1.30 to 1.0. Staff consider the project to be financially and economically sound.

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

The Project includes the addition of thirty-two (32) living units to the downtown adding much needed housing to the area. The commercial component will also add to the downtown community with the goal of bringing additional employees and visitors to the area.

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

The project includes development of both residential and commercial space which will build the connection between the White Lake waterfront and Downtown Whitehall by activating what is currently a vacant lot in the downtown core.

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

The project will develop a vacant site and does not include the rehabilitation of an abandoned public building.

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

The Project will include the use of environmentally friendly construction materials, energy efficient appliances, and reuse of a contaminated site in the downtown core. Current building codes support sustainable development, and the new building will be energy efficient.

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

The project involves new construction and does not include rehabilitation of a historic resource.

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

The project site has been vacant for several years and was an eye sore to the community prior to removal of the former building. Construction of the proposed new mixed-use building will help to promote new development in the community with its successful completion. It will improve the visual appearance of the area and provide a tie to the downtown and waterfront.

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

While not addressing an underserved market of commerce, the project is providing attainable rental housing units to an area with great need.

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

The Project is a facility and will require limited soil disposal. Given the type and location of the identified contamination, construction of the project is expected to provide sufficient barriers to prevent exacerbation of the existing contamination.

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

The project involves new construction and does not include rehabilitation of a historic resource.

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

Not applicable

**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:**

Not applicable

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2023-109**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM  
GRANT AWARD TO 115 LAKE STREET, LLC**

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

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

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

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

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

**WHEREAS**, 115 Lake Street, LLC (the “Company”) has requested a performance-based Grant of up to \$1,500,000 (the “Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (the “Term Sheet”); and

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

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

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

Nays: None

Recused: None

Lansing, Michigan  
June 27, 2023

**EXHIBIT A**  
**“TERM SHEET”**

**Grant Terms**

<b>MSF Incentive:</b>	MCRP Performance-Based Grant
<b>Grantee:</b>	115 Lake Street, LLC
<b>Total Capital Investment:</b>	Currently estimated at \$8,676,412
<b>MSF Eligible Investment:</b>	Currently estimated at \$7,934,277
<b>Minimum Eligible Investment:</b>	Currently estimated at \$6,347,425
<b>MSF Share:</b>	Up to the lesser of 19% of “Eligible Investment” or \$1,500,000. The project is eligible for an award of up to 50% of eligible investment because the population of the City of Whitehall is less than 15,000.
<b>Funding/Disbursement:</b>	The MSF will fund up to \$1,500,000 to be disbursed following construction completion and achievement of other to be determined performance criteria.
<b>Other Conditions:</b>	Project completion will be a required term of the MSF Agreement. If requested by Lender, MSF may allow for the assignment of the Grant rights and responsibilities to the Lender, per section 8.8 of the Grant Agreement.



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2023

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

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

Dear Ms. Hoag:

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

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

Sincerely,

A handwritten signature in cursive script that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood





**MEMORANDUM**

**Date:** June 27, 2023  
**To:** Michigan Strategic Fund (“MSF”) Board Members  
**From:** Matt Chasnis, Senior Business Development Project Manager  
**Subject:** Grant Request  
Michigan Business Development Program (“MBDP”)  
Expleo USA Inc. (“Company” or “Applicant”)

---

**Request Summary**

- This is a request from the Applicant for a \$3,000,000 MBDP Grant, as outlined in the attached Term Sheet (“MBDP Request”).
- This project involves the creation of up to 196 Qualified New Jobs and a capital investment of up to \$2,010,000 in Oakland County.

**Applicant History**

The Company, headquartered in Wichita, Kansas, is a subsidiary of Expleo SASU, a global engineering and technology services company that helps businesses design, develop, and deploy innovative solutions that drive growth and efficiency. The company was founded in 2017 through the merger of Assystem Technologies and SQS and has over 17,000 employees in more than 30 countries. Assystem Technologies was founded in France in 1966 and was a leading engineering services company, providing solutions in areas such as aerospace, defense, and automotive. SQS, on the other hand, was a software testing and quality assurance company founded in Cologne, Germany in 1982. The Company offers a range of services, including engineering, quality assurance, digital transformation, and consulting, to clients in industries such as aerospace, automotive, financial services, and healthcare.

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

**Project Description**

The company provides electronic, mechanical and digital engineering services in the Automotive industry and has a long history in vehicle engineering development and testing. The Company is evaluating locations to establish their first Research and Development (R&D) center in North America to meet expected increases in demand. The Company is looking for an initial 5,000-8,000 square feet of office space where it will locate an engineering team and will expand the office as additional employees are hired. The new space will be a part of the Company’s long-term strategy to secure future business with its customers in the automotive industry.

The Company is considering facilities in Oakland County for the project and anticipates the project will result in capital investment of up to \$2,010,000 over 5 years. The project is expected to result in the creation of up to 196 new jobs paying an estimated average wage of \$2,285 per week plus benefits.

**Demonstrated Need**

The Company is considering space in Canada, the Midwest, and locations in the southern United States. The Company has existing locations in many of these areas and locating this new R&D center at or near those existing locations would provide synergistic efficiencies associated with recruitment and cost sharing. The competing locations also have lower labor costs for the engineering talent that will be necessary.

Additionally, competing locations have provided aggressive incentive packages in an effort to secure the growth in their respective locations.

Michigan is being considered for this location because of the significant automotive presence in the state. Many of the company's clients have locations in Michigan and locating their facility in the epicenter of automotive R&D is expected to support existing client relationships while also building new relationships. Lastly, while more expensive, Michigan's engineering talent in the automotive space will help the Company recruit the necessary talent. Even though the Company would like to locate in Michigan, incentive assistance is necessary to move the project forward in Michigan. In addition to MSF support the local municipality has offered support in the form of marketing, recruitment, and training support.

### **Request**

In order to secure the project, the Applicant is requesting a \$3,000,000 MBDP performance-based grant. The MBDP request will help address the cost disadvantage of locating the project in Michigan when compared to the competing sites outside of Michigan. The MBDP funds will help offset the incentive offers that were provided by competing locations and allow the Company to establish its R&D facility and become a strong employer in the region.

This project aligns with the MEDC's strategic focus area of supporting a business in the target industry of mobility and builds on the state's work to position itself as the global leader in the future of mobility and vehicle electrification. The proposed project will also create high-wage engineering jobs while bringing another automotive supplier to the state. This facility will result in the creation of up to 196 new jobs and up to \$2,010,000 in capital investment in Oakland County.

### **Recommendation**

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

## **MICHIGAN STRATEGIC FUND**

### **RESOLUTION 2023-110**

#### **APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO EXPLEO USA INC.**

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

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

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

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

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

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

**WHEREAS**, Expleo USA Inc. (the “Company”) has requested a performance based MBDP grant of up to \$3,000,000 (the “Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (the “Term Sheet”) to establish their first Research and Development center in North America (the “Project”);

**WHEREAS**, pursuant to the Guidelines, the Company is a Qualified Business, and the Project is eligible as a Micro BDP because the Company committed to the creation of at least 196 new jobs and operates within the Engineering, Design, and Development industry, an MEDC Strategic Focus Industry and will result in a Qualified Investment in Michigan;

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

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

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

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

Nays: None

Recused: None

Lansing, Michigan  
June 27, 2023



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

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

Date: June 9, 2023

- Company Name: Expleo USA Inc. and/or its affiliates and subsidiaries.
Project Location: Oakland County, Michigan
MBDP Incentive Type: Performance Based Grant
Maximum Amount of MBDP Incentive: Up to \$3,000,000
Base Employment Level: At least 0, at the time of first disbursement of funds and thereafter
Maximum Number of Qualified New Jobs ("QNJ"): Up to 196 Full-Time Jobs in Michigan
Municipality Supporting Project: The Detroit Regional Partnership has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs: March 15, 2023 (date of accepted offer letter)
Term of the Agreement: January 31, 2029
Milestone Based Incentive: Disbursements will be made over a 5-year period and each are contingent upon compliance with the Agreement and performance based on job creation, as follows:
\$15,306 per QNJ for the creation of a minimum of 10 jobs up to a maximum of 13 jobs.
\$15,306 per QNJ for the creation of a minimum of 31 jobs up to a maximum of 44 jobs.
\$15,306 per QNJ for the creation of a minimum of 56 jobs up to a maximum of 80 jobs.
\$15,306 per QNJ for the creation of a minimum of 88 jobs up to a maximum of 125 jobs.
\$15,306 per QNJ for the creation of a minimum of 137 jobs up to a maximum of 196 jobs.

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

Expleo USA Inc.
By: Jeff Hoyle
Printed Name: Jeff Hoyle
Its: Board Director
Expleo USA, Inc. - June 9, 2023

Acknowledged as received by:
Michigan Economic Development Corporation
By: Matthew Chasnis
Printed Name: Matthew Chasnis
Its: Business Development Projects Manager



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2023

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

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

Dear Ms. Hoag:

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

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

Sincerely,

A handwritten signature in cursive script that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



## MEMORANDUM

**Date:** May 30, 2023  
**To:** Michigan Strategic Fund Board Members  
**From:** Amy Rencher, Senior Vice President, Small Business Services  
**Subject:** Small Business Support Hubs

---

### Request

The Michigan Economic Development Corporation (“MEDC”) requests that the Michigan Strategic Fund (“MSF”) take several actions to establish the Small Business Support Hubs. The MEDC recommends that the MSF approve the following (collectively, the “Request”):

- Allocate \$75 million for the development of Small Business Support Hubs Program (“Program”)
- Authorize creation of the Program
- Adopt the Small Business Support Hubs Program Guidelines (“Guidelines”), attached as Exhibit A
- Delegate authority for:
  - the MSF President or Fund Manager to:
    - finalize and revise the program application, scoring criteria and overall process to operate the Program as well as to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the Program consistent with the Guidelines
    - negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the SBSH Program.
  - the MSF President, the MSF Fund Manager, and the State Treasurer, with any two required to act, to make all decisions with respect to awards under the Program where the award amount is \$6,000,000 or less in accordance with the approved Guidelines

### Background

In February 2023, the Michigan legislature passed into law the \$75 million Small Business SmartZones and Business Accelerators initiative. This is a one-time appropriation using American Rescue Plan Act (“ARPA”) funds to create and operate programs to support small businesses disproportionately impacted by COVID-19. This concept was initially conceived as part of a series of COVID-19 relief efforts for small businesses under Governor Gretchen Whitmer’s MI New Economy Plan in 2021.

To ensure program design meets the current needs of the small business support ecosystem and Michigan small businesses, an integrated team of MEDC Entrepreneurship and Innovation and Small Business staff conducted an accelerated period of stakeholder engagement, from March to April 2023. During this period, the team conducted over thirteen virtual feedback sessions including 120 organizations and individuals representing SmartZones and other entrepreneurial hubs, business service organizations, community development financial institutions, small business owners and independent consultants.

Information collected during this period mirror insights gleaned from two years of robust stakeholder feedback in which a combination of State leadership including the Governor and Lieutenant Governor, the Office of Labor and Economic Opportunity and the MEDC engaged over 150 statewide stakeholders



through small and large in-person and virtual events, meetings as well as through an online survey conducted by a third party completed by over 1000 small business owners across the state<sup>1</sup>.

The following key ecosystem needs have remained consistent and serve as strategic positioning for the Small Business Support Hubs:

- prioritizing investments into the small business ecosystem to build organizational capacity, enhance and diversify operations, strengthen programming, and better meet distinct regional needs
- engaging in targeted outreach and culturally competent small business support to underserved and diverse communities
- improving access to capital
- ensuring equity and inclusion in program design

Small Business Support Hubs build on the success of the MEDC's twenty-member, tech-focused SmartZone network and would provide critical funding to bolster the state's small business ecosystem – the network of consultants, coaches, non-profit organizations, universities, lenders, community and economic development partners that help our state's small businesses launch, stabilize and grow.

Pursuant to P.A. 1 of 2023, Section 304(5), the MSF may use up to 2.5% of the appropriation for administration of the Program. In September of 2022, the Michigan Strategic Fund Board approved a Memorandum of Understanding between the MSF and MEDC authorizing the MEDC to seek reimbursement or payment for administrative expenses incurred in connection with programs and activities authorized under the ARPA, which would be inclusive of this Program, once approved.

### **Program Objectives**

Small Business Support Hubs will bring new and more comprehensive resources to small businesses across the state by providing funding to entrepreneurial hubs for operations, programming, and direct support to small businesses.

The Small Business Support Hub objectives are to:

- Support small businesses disproportionately impacted by COVID-19
- Cultivate a more inclusive, accessible and integrated (tech and small business) entrepreneurial ecosystem
- Increase the number of businesses served through new and scaled programming, technical assistance, and support services
- Increase awareness of Michigan's small business ecosystem; assist small businesses in navigating to and through local, regional and statewide business support resources
- Expand the geographic reach of network partners into underserved communities and rural areas
- Raise the national profile of Michigan's small business ecosystem

### **Request Summary**

The MEDC recommends that the MSF approve the Request.

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<sup>1</sup> <https://www.michiganbusiness.org/services/small-business/resource-finder/survey-results/>

# MICHIGAN STRAGIC FUND

## RESOLUTION 2023-111

### ADOPTION OF THE SMALL BUSINESS SUPPORT HUBS PROGRAM

**WHEREAS**, on March 11, 2021, the American Rescue Plan Act (“ARPA”) of 2021 established the Coronavirus State and Local Fiscal Recovery Funds (“SLFRF”) to provide state, local, and Tribal governments with the resources needed to respond to the pandemic and its economic effects and to build a stronger, more equitable economy during the recovery;

**WHEREAS**, the State of Michigan (“State”) was awarded approximately \$6.5 billion in SLFRF funding;

**WHEREAS**, on January 21, 2023, as part of P.A.1 of 2023, the State legislature appropriated \$75,000,000 to the Michigan Strategic Fund (“MSF”) in ARPA SLFRF funding for the creation and operation of programs to support small businesses disproportionately impacted by COVID-19;

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

**WHEREAS**, the MSF desires to address the impacts of COVID-19 by investing in activities that support small businesses disproportionately impacted by COVID-19;

**WHEREAS**, under Section 7(c) of the Michigan Strategic Fund Act, MCL 125.2007(c) (the “Act”), the MSF has the power to make grants, loans and investments;

**WHEREAS**, the MEDC recommends the creation and operation of the Small Business Smart Hubs Program (the “SBSH Program”) to address the impacts of COVID-19 by investing in activities that support small businesses disproportionately impacted by COVID-19;

**WHEREAS**, the MEDC recommends adoption of the Small Business Smart Hubs Program Guidelines, attached as Exhibit A to this Resolution (“SBSH Guidelines”);

**WHEREAS**, the MEDC recommends allocation of \$75,000,000 in ARPA SLFRF funding to the SBSH Program (the “Funding Allocation”);

**WHEREAS**, the MSF Board wishes to: 1) create and operate the SBSH Program; 2) adopt the SBSH Guidelines; and 3) approve the Funding Allocation (collectively, the “SBSH Program Requests”); and

**NOW, THEREFORE, BE IT RESOLVED**, the MSF hereby approves the SBSH Program Requests.

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

Nays: None

Recused: None

Lansing, Michigan  
June 27, 2023

## EXHIBIT A

### Small Business Support Hubs

#### Program Guidelines

##### **Program Overview**

The Small Business Support Hubs will deploy \$75 million in American Rescue Plan (“ARPA”) funding to support small businesses disproportionately impacted by the COVID-19 pandemic. Administered by the Michigan Economic Development Corporation (“MEDC”) on behalf of the Michigan Strategic Fund (“MSF”), this initiative will bring new and more comprehensive resources to small businesses across the state by providing up to \$6 million in funding to entrepreneurial hubs for operations, programming, deployment of business support services, as well as direct grant support to small businesses. Further, the Small Business Support Hubs will raise awareness of local, state, and federal resources and will help foster a collaborative culture among service providers which supports entrepreneurs in navigating to and through these resources.

##### **Program Goals**

Through the Small Business Support Hubs initiative, the MSF will partner with entrepreneurial hubs to support small businesses disproportionately impacted by the COVID-19 pandemic. The program will:

- Support small businesses disproportionately impacted by COVID-19
- Cultivate a more inclusive, accessible and integrated (small business and tech) entrepreneurial ecosystem
- Increase the number of businesses served through new and scaled programming, technical assistance, and support services
- Increase awareness of Michigan’s small business ecosystem; assist small businesses in navigating to and through local, regional and statewide business support resources
- Expand the geographic reach of network partners into underserved and rural areas
- Raise the national profile of Michigan’s small business ecosystem

Additionally, pursuant to P.A. 1 of 2023, Section 304(3) not less than 20% of businesses served by the Program must be minority-owned businesses<sup>1</sup>.

##### **Eligible Applicants**

Eligible applicants are entities that identify as an entrepreneurial hub. For the purposes of this program, an entrepreneurial hub is defined as an entity that has a **physical space** that provides **training and resources** to entrepreneurs through a combination of **direct service** (i.e., on-site through staff, contractors, or strategic partnerships), **remote service** (i.e., off-site through field staff, contractors, or strategic partnerships), **and referral relationships** (i.e. organizations, entities or individuals with distinct or complementary technical or culturally competent expertise) to support the launch, sustainability and/or growth of entrepreneurs. The types of training and resources provided to entrepreneurs through Hubs include one-on-one coaching, consultations, workshops, seminars, cohort-based learning, incubation activities, accelerator activities, networking and mentorship opportunities and events.

Eligible applicants must be:

- Self-identified as an entrepreneurial hub
- A non-profit organization
- Headquartered in Michigan
- In good standing with the State of Michigan
- Registered or have the ability to register for a federal UIC number
- Eligible to do business with the federal government
- Able to demonstrate a history of serving as an entrepreneurial hub

Examples of eligible applicants include, but are not limited to:

- Michigan SmartZones
- Business Service Organizations (“BSO”)
- Entrepreneurial hubs, business accelerators, or business incubators
- Tribal entities
- Other entities serving small business owners in diverse, rural and other underrepresented communities

Eligible applicants may also contract with third parties to plan, execute, and manage the deployment of small business support services. Any contracted entity shall be subject to all applicable federal requirements.

### **Eligible Small Businesses Served**

Small businesses served by the Program must meet certain eligibility requirements. Each business must:

- Qualify as Disproportionately Impacted by COVID-19<sup>1</sup>

### **Eligible Costs and Activities**

“Eligible Costs” for Operations and Programming activities are at least one, or any combination of the following activities:

1. Eligible Costs associated with **strengthening the Hub** to better support small businesses disproportionately impacted by COVID-19:
  - a) Personnel;
  - b) Purchase of upgrades to systems and technology;
  - c) Purchase of fixtures, furniture & equipment;
  - d) Purchase of supplies, hardware & software;
  - e) Professional Development and Training, including certifications, memberships, subscriptions, licenses, and continuing education;
  - f) Marketing Expenses; or
  - g) Other costs associated with strengthening the Hub to better support eligible small businesses will be considered on a case-by-case basis and subject to approval by the MSF.

2. Eligible Costs associated with **delivery of programming and services** to small businesses disproportionately impacted by COVID-19:
  - a) Small business training including one-on-one coaching, consultations, workshops, seminars, cohort-based learning, networking and mentorship delivered by Full Time or Part Time employees, or subject matter expert contractors
  - b) Licensing of programs, curriculum, online learning platforms and other educational tools for the purposes of providing training to small businesses served through this program
  - c) Deployment of support services that may be delivered directly by the Hub or through third-party contracts to meet the launch, sustainability, or growth needs of the business
  - d) Other costs associated with the delivery of programming and services will be considered on a case-by-case basis and should be reflective of distinct local or regional needs and are subject to approval by the MSF.

Eligible small businesses may receive multiple support services. Hubs are responsible for exercising appropriate discretion in the amount of support services any individual eligible small business may receive.

“Eligible activities” also include direct grants to eligible small businesses. Grant awards are intentionally limited and are meant to serve as a reserve for business needs which cannot be directly met through programs or services provided by the Hub. The distribution of grants must align with the following requirements:

- a) Grant awards to an individual business may not exceed \$20,000
- b) Grants must relate to eligible programs or services provided by the Hub. Eligible grant recipients must have completed an eligible program or service within the previous six months in order to receive a grant.
- c) Grant funding must support business operations or growth needs as identified by the Hub. Eligible expenses include purchase of equipment, inventory, software, hardware; highly specialized consulting services, or other services which cannot be contracted by 12/31/2024.
  - a. Grant funds used to pay certification or licensing fees must result in receipt of corresponding certification or license by 9/30/2026.
- d) An eligible small business may only receive one small business grant.

### **Awards Structure**

All awards will be structured as grants with performance metrics and reporting requirements.

1. Up to \$65 million in funding will be allocated to Hubs for Operations and Programming. Applicants may apply for a minimum of \$500,000 in funding up to a maximum of \$5 million for Operations and Programming.

2. Additionally, up to \$10 million in funding will be allocated to Hubs for grants to eligible small businesses. This funding will be distributed proportionately to the Hubs, based upon the total Operations and Programming amount allocated, and other factors as determined by the MSF. Hubs may choose to opt out of direct grant deployment.

All Program agreements shall be memorialized by final written agreement with terms and conditions in accordance with the MSF Act, these Guidelines, MSF approval, and any other applicable laws, including all requirements of the American Rescue Plan Act of 2021, Public Law 17-2 (“ARPA”) and attendant federal regulations, as amended. These terms and conditions shall otherwise be satisfactory to the MSF, and shall include, without limitation, disbursement requirements, repayment provisions and periodic reporting to facilitate the MSF’s report to the Michigan legislature and reporting requirements of ARPA. The Program agreements shall also include a provision for repayment due to breach of the written agreement or failure to meet certain requirements.

### **Application Process**

- The MSF will select Small Business Support Hub grantees by conducting an open and competitive application process. The application will be open for at least 60 days.
- Once application submissions have been reviewed and scored, the MSF reserves the right to ask applicants to amend their proposals based upon the quality of other applications received to ensure program goals are met.
- The MSF may seek additional application submissions based on lack of submissions or quality responses to ensure program goals are met.

### **Program Considerations**

Applications may be evaluated by a numerical scoring process including, but not limited to, the following criteria:

- ability to effectively raise awareness of, and make relevant connections to local, state and federal small business support resources
- cultural competence and highly localized geographic knowledge of small business needs
- ability to work collaboratively within new and established networks to serve the launch, stabilization and growth needs of small businesses
- plan to promote and track referrals to network partners, including the State of Michigan, MEDC entrepreneurial and small business resources, such as the State Small Business Credit Initiative (SSBCI) Capital and Technical Assistance programs
- plan to use the Small Business Support Hubs to collaborate with local, regional, and statewide small business resource providers
- ability to serve small businesses disproportionately impacted by COVID-19\*
- ability to serve minority-owned, rural and otherwise underserved small business owners
- ability to demonstrate catalytic economic development through program outcomes
- and other factors as determined by the MSF

### **Program Outcomes**

Hubs will be required to report on a quarterly basis both financial obligations and expenses as well as key performance indicators. These key performance indicators may include:

- Total Number of businesses served
- Number of businesses served by program activities
- Number of businesses served for the first time by network services/referrals
- Referrals made
- Number of Minority-Owned Businesses served
- New business starts
- Loans, venture, angel or other financial investments obtained
- Jobs retained /created
- Increase revenue / facilitated revenue
- And other factors as determined by the MSF

## APPENDIX A - Definitions

**Disproportionately impacted by COVID-19** (any of the following factors will qualify a business):

- The business (either the owner's or majority owner's home address or the business address) is located in one of the following geographic areas:
  - 2015 CDFI Investment Tract
  - 2020 Qualified Census Tract
  - Rural Michigan Counties, as defined by the Office of Rural Development (2023)
    - Note: these areas are mapped [here](#)
- The business meets the US Treasury definition of SEDI-owned
- The business can demonstrate a disproportionate negative economic impact as a result of COVID 19

**Entrepreneurial Hub:** For the purposes of this program, an entrepreneurial hub is defined as an entity that has a **physical space** that provides **training and resources** to entrepreneurs through a combination of **direct service** (i.e., on-site through staff, contractors, or strategic partnerships), **remote service** (i.e., off-site through field staff, contractors, or strategic partnerships), **and referral relationships** (i.e. organizations, entities or individuals with distinct or complementary technical or culturally competent expertise) to support the launch, sustainability and/or growth of entrepreneurs. The types of training and resources provided to entrepreneurs through Hubs include one-on-one coaching, consultations, workshops, seminars, cohort-based learning, incubation activities, accelerator activities, networking and mentorship opportunities and events.

**Minority-owned business:** at least 51% owned by such individuals or, in the case of a publicly owned business, at least 51% of the stock is owned by one or more such individuals (i.e., the management and daily operations are controlled by those minority group members.)

### *Asian Pacific*

- A U.S. citizen whose origins are from the Asian Pacific region. These countries include the following: Cambodia; China; Guam; Japan; Korea; Laos; Malaysia; the Philippines; Samoa; Thailand; Tibet; Taiwan; the U.S. Trust Territories of the Pacific or the Northern Marianas; and, Vietnam.

### *Hispanic*

-A U.S. citizen of true-born Hispanic heritage, from any of the Spanish-speaking areas of the following regions: Argentina, Belize, Bolivia, Brazil, Central America, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Guyana, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, South America, Uruguay, Venezuela.

### *Asian Indian*



- *A U.S. citizen whose origins are from the Asian Indian region. These countries include Bangladesh; India; Indonesia; Nepal; Pakistan; Sri Lanka.*

*Black / African*

- *A U.S. citizen having origins in any of the Black racial groups of Sub-Sahara Africa. These countries include Angola; Benin; Botswana; Burkina-Faso; Burundi; Cameroon; Cape Verde; Central African Republic; Chad; Comoros; Democratic Republic of Congo (DRC); Cote d'Ivoire; Djibouti; Equatorial Guinea; Eritrea; Ethiopia; Gabon; Gambia; Ghana; Guinea; Guinea-Bissau; Kenya; Lesotho; Liberia; Madagascar; Malawi; Mali; Mauritania; Mauritius; Mozambique; Namibia; Niger; Nigeria; Rwanda; Sao Tome & Principe; Senegal; Seychelles; Sierra Leone; Somalia; South Africa; Swaziland; Tanzania; Togo; Uganda; Western Sahara; Zambia; and Zimbabwe.*

*Native American*

- *A person who is an American Indian, Eskimo, Aleut or Native Hawaiian, and regarded as such by the community of which the person claims to be a part.*

*Middle East / North African*

- *A U.S citizen whose origins are from the Middle East or North Africa such as; Iran, Iraq, Saudi Arabia, Turkey, Algeria, Egypt, Morocco, Libya or Syria.*

***Socially or Economically Disadvantaged Individual (“SEDI-owned”)***: A small business may qualify as a SEDI-owned business if it meets at least one of the criteria below:

1. Business enterprises that certify that they are owned and controlled by individuals who have had their access to credit on reasonable terms diminished as compared to others in comparable economic circumstances, due to their: (1) membership of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society; (2) gender; (3) veteran status; (4) limited English proficiency; (5) physical handicap; (6) long-term residence in an environment isolated from the mainstream of American society; (7) membership of a federally or state-recognized Indian Tribe; (8) long-term residence in a rural community; (9) residence in a U.S. territory; (10) residence in a community undergoing economic transitions (including communities impacted by the shift towards a net-zero economy or deindustrialization); or (11) membership of another “underserved community”. (Underserved communities are populations sharing a particular characteristic, as well as geographic communities, that have been systematically denied a full opportunity to participate in aspects of economic, social, and civic life, as exemplified by the list in the definition of equity. Equity is consistent and systematic fair, just, and impartial treatment of all individuals, including individuals who belong to underserved communities that have been denied such treatment, such as Black, Latino, and Indigenous and Native American persons, Asian Americans and Pacific Islanders and other persons of color; members of religious minorities; lesbian, gay, bisexual, transgender, and queer (LGBTQ+) persons; persons with disabilities; persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality.);
2. Business enterprises that certify that they are owned and controlled by individuals whose residences are in [CDFI Investment Areas](#), as defined in 12 C.F.R. § 1805.201(b)(3)(ii), as amended;
3. Business enterprises that certify that they will operate a location in a CDFI Investment Area, as defined in 12 C.F.R. § 1805.201(b)(3)(ii), as amended; or

4. Business enterprises that are located in a CDFI Investment Area, as defined in 12 C.F.R. § 1805.201(b)(3)(ii), as amended.



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2023

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

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

Dear Ms. Hoag:

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

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

Sincerely,

A handwritten signature in cursive script that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

## MICHIGAN STRATEGIC FUND

### RESOLUTION 2023-112

#### STRATEGIC FUND DELEGATION OF AUTHORITY

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

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

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

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

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

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

**NOW, THEREFORE, BE IT HEREBY RESOLVED**, that the MSF Board hereby amends Strategic Fund Compiled Resolutions to add the following sections effective June 27, 2023:

#### **125.2005-8 Small Business Support Hubs Program**

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

(2) The MSF President, the MSF Fund Manager, and the State Treasurer, with only two required to act, may make all decisions with respect to awards under the Small Business Support Hubs Program where the award amount is \$6,000,000 or less in accordance with the Small Business Support Hubs Program guidelines adopted by the MSF Board.

(3) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execution all documents necessary to effectuate awards and decisions approved under the Small Business Support Hubs Program.

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

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

Nays: None

Recused: None

Lansing, Michigan  
June 27, 2023



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

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Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File



STATE OF MICHIGAN  
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January 6, 2023

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MSF Fund Manager  
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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**

**To:**  
Michigan Strategic Fund Board

**From:**  
Rachel A. Bakken, Senior Capital Project & Portfolio Manager

**Date:**  
06/27/2023

**Subject:**  
Operating Engineers' Local 324 Journeyman and Apprentice Training Fund, Inc - MSDF - CSP

**Request**

Operating Engineers' Local 324 Journeyman and Apprentice Training Fund, Inc, ("OE 324" or "Company") represents over 14,000 members in the operating engineering field. OE 324 offers classroom and on the job training at their 2 facilities, located in Howell and Detroit, MI. They provide training across the broad spectrum of 324's work from GPS-enhanced equipment to Hazmat, MSHA, Distribution, CCO Training and Certification, and its unique Raising Gang Program.

Independant Bank ("Bank") has proposed financing of a draw to term loan to OE 324 to construct a new 108,000 sf training facility. Due to collateral shortfall on the loan, 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:

<u>Loan A: Draw to Term = Construction Loan....</u>	<u>\$21,250,000</u>
Total Loans Leveraged	\$21,250,000

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

<u>Loan A: Draw to Term = Construction Loan....</u>	<u>\$21,250,000</u>
Total MSF Contribution up to:	\$3,250,000 or 15.30%

During construction, the MSF's support will be up to \$3,250,000 or 15.30% of the line. Upon completion of the construction, the Bank will term out the line into 2 separate credit facilities. A \$18,000,000 5-year term loan (Loan A-1) and a \$3,250,000 5-year term loan (Loan A-2). Upon the term out of these loans, the MSF's support will remain at a maximum of \$3,250,000, however, that support will be divided over the 2 term loans, As follows:

Loan A-1: Term	\$18,000,000
Total MSF Contribution up to:	\$1,628,250 or 9.04%

Loan A-2 Term:	\$3,250,000
Total MSF Contribution up to:	\$1,621,750 or 49.9%

The MSF's collateral support for this project will be a maximum of \$3,250,000 at any stage during this construction/term out. This structure is intended to allow the MSF to recoup its funding more quickly than a normal amortization.

In addition to the financing being proposed, the borrower will be injecting \$3,750,000 in equity towards the transaction. 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 7.69:1.



## **Borrower History**

Established in 1906, Operating Engineers 324 has played a central role in building, operating and maintaining Michigan's industrial infrastructure. As time and technology advanced, its Members began working on internal combustion engines, electric motors, hydraulic machinery, refrigeration systems and even the operation of nuclear power plants. Today, over 100 years from its founding, its members are the highest trained, certified and experienced experts in their industries. OE324's Membership is currently at 14,900 (10,900 active; 4,000 retired) scattered around the State of Michigan.

OE324 currently has two career centers, one is located in Howell, MI (construction career center), the other one is located in Detroit Michigan (stationary engineer center). The Howell facility is a construction career center, it has a 560-acre world-class heavy equipment training site with modern and technical classroom facilities. Both of the existing facilities will remain as training centers for OE 324. The new facility will provide the Company with a 3rd training building. The proposed 108,000sf facility will consist of training arena with dirt floors, a wash bay, and finished areas for classroom / offices. Allowing for more year-round training for the apprentices.

## **Recommendation**

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

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

b. Subject to available funding under the MSDF-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 MSDF-CSP Cash Collateral Deposit Agreement, and further subject to the following terms and conditions:

### **Facility A - Operating Engineers' Local 324 Journeyman and Apprentice Training Fund, Inc**

Borrower: Operating Engineers' Local 324 Journeyman and Apprentice Training Fund, Inc  
Lender: Independent Bank  
Loan Amount: up to \$21,250,000  
MSF Cash Collateral: up to \$3,250,000 or 15.30%  
Loan Type: 24 month Draw to Term Construction Line of Credit, monthly payments of interest only

Fees: Tier II: 1.00% at Closing  
1.00% annually thereafter on the MSF Share Balance

Upon completion of construction the line will be converted into the 2 following loans:

### **Facility A-1 - Operating Engineers' Local 324 Journeyman and Apprentice Training Fund, Inc**

Borrower: Operating Engineers' Local 324 Journeyman and Apprentice Training Fund, Inc  
Lender: Independent Bank  
Loan Amount: up to \$18,000,000  
MSF Cash Collateral: up to \$1,628,250 or 9.04%  
Loan Type: 5-year term loan  
Fees: 1.00% annually thereafter on the MSF Share Balance.

### **Facility A-2 - Operating Engineers' Local 324 Journeyman and Apprentice Training Fund, Inc**

Borrower: Operating Engineers' Local 324 Journeyman and Apprentice Training Fund, Inc  
Lender: Independent Bank  
Loan Amount: up to \$3,250,000  
MSF Cash Collateral: up to \$1,621,750 or 49.9%  
Loan Type: 5-year term loan  
Fees: 1.00% annually thereafter on the MSF Share Balance.

## Exhibit A

### Credit Presentation

#### GENERAL INFORMATION

<b>Company Name</b> Operating Engineers' Local 324 JATF, Inc.	<b>Address</b> 275 E. Highland Rd	<b>City, State Zip</b> Howell, Michigan 48843
<b>Entity Type</b> S Corporation	<b>Type of Operation - Primary</b> Labor Unions and Similar Labor Organizations NAICS: 813930	
<b>Lender</b> Independent Bank	<b>Lender Contact</b> David Rozewski	

#### **Bank Facility and MSF Support**

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The Bank has proposed the following credit facilities:

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Total MSF Contribution up to:	\$1,621,750 or 49.9%

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In addition to the financing being proposed, the borrower will be injecting \$3,750,000 in equity towards the transaction. 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 7.69:1

#### **Background**

Operating Engineers cover a variety of job classifications in industries such as highway and building construction, mining, toll ways, municipalities, tunnels, slag, landscaping, power plants, refineries, railroads, quarries, plants that produce rock, sand and gravel, logging, utility work such as gas, water and sewer excavation.

Whether working as heavy equipment operators, heavy equipment mechanics, or surveyors, Operating Engineers are the highly skilled persons who are found on any project using construction equipment. "Heavy Equipment" is the blanket term for numerous types of machines. Cranes, bulldozers, front-end loaders, rollers, backhoes, graders, dredges, hoists, drills, pumps and compressors are just some of the equipment utilized by Operating Engineers.

Almost all of the work performed by Operating Engineers, including some of the mechanics work, takes place outdoors, in all kinds of weather and conditions. Each I.U.O.E. local union covers a specific jurisdictional area, a geographical area that can be so widespread as to cover an entire state or even part of another, and its members are expected to work anywhere within these boundaries.

#### **Apprenticeships Programs**

At the Howell location, OE324 offers two apprenticeships. They are Operating Engineer Apprentice, and Technician/Mechanic

Apprentice. Operating Engineer apprentice will be operating and maintenance of hoisting and portable construction equipment, including but not limited to: Bulldozers, Excavators, Scrapers, Graders, Loaders and Cranes. They will learn to use construction equipment to perform following functions.

- Diggings, hauling and leveling operations to build roads and subdivisions.
- Dig or excavate material for basements and footings.
- Excavate and backfill ditches and trenches on sewer and pipeline work.
- Erect steel on large buildings and bridges.
- Unload heavy material on building projects.

Technician/Mechanic Apprentice is heavy equipment repair technician. They will maintain, service, and repair equipment used in all forms of construction. Equipment technicians work for contractor, rental companies, material producers, and other organizations operating and maintaining heavy equipment. The equipment that Technicians repair and maintain ranges from as small as a chain saw to the largest mining equipment on the marker.

Current number of Apprentices (as of 05/2023) totaled 175; increase from 115 just 12-months ago. Apprentices are required to attend 200 training hours annually during their four (4) year program. In addition, Journeymen are required to attend periodic on-site training on new equipment and keep-up with safety certifications.

#### Training Facilities:

Training and recruiting have been vital for OE 324 through the years to maintain membership. Engineers are responsible to complete 200 hours annually of continuing education for safety compliance and learn the latest technology. In addition to the Membership are 900 active apprentices working in the trade. The Apprenticeship Training program requires a four-year, on the job training curriculum from which Apprentices are paid and graduate debt free, ready to begin their career as Journeymen Engineers. 85% of the apprentices will successful complete the training programs.

OE324 has two career centers, one is the located in Howell, MI (construction career center), the other one is located in Detroit Michigan (stationary engineer center). The Howell facility is construction career center, it has a 560-acre world -class heavy equipment training site with modern and technical classroom facilities. Those facilities will remain in place as training centers along with the new proposed facility.

The Howell location consists of two adjacent / adjoining sites:

- 1) 44,000sf industrial / flex building used for classroom learning. Included with the building is 87 acres of excess land.
- 2) 465 acres of land, which is used as outdoor training facility. Due to heighten demand, notably during the winter months, the OE have decided to build an indoor training facility.

The proposed 108,000sf facility will consist of training arena with dirt floors, a wash bay, and finished areas for classroom / offices. Estimated cost to construct the facility is \$25MM. This facility will be used for indoor training in winter months. It has a dirt floor, a wash bay and finished classroom and office areas. The new building is a pre-engineered metal building. It will have steel frame with concrete foundation with max ceiling height of 74 feet and clear height of 38 feet, the roof is pitched metal. This building will have 12 18'x18' overhead doors that allow easy access by the equipment.

#### **Financing Opportunity**

Independent Bank is working with Operating Engineers' Local 324 Journeyman and Apprentice Training Fund, Inc. to provide a \$21,250,000 draw to term construction loan for the construction of its new training facility in Howell, Michigan. Based on review of OE 324's historical financials the Company shows the ability to cash flow the proposed at an average of 1.13x. When adding in the proposed member funding, the debt service average jumps to 2.77x.

The Bank is asking for the MSF's support through the Michigan Supplier Diversification Program Collateral Support program for its draw to term construction loan. MSF's collateral support is based on a percentage of the principal balance. It is anticipated that the project property will reach a loan-to-value that will allow the MSF collateral deposit to be released back to the MSF.

Loan #	Purpose	Type	Balance/ Request Amt.	Accrued Interest	Commit.	Interest Rate	Payment Amt. P&I	# Pmts.	Term	Amort	Orig. Date	Mat. Date
	Construction	Draw to Term	21,250,000			7.56						
<b>Total</b>			<b>21,250,000</b>									

Collateral	Type	Value	Adv Rate	Disc. Value	Prior Lien	Coll. Amt.
1550 Howard St. Detroit	Real Estate	1,600,000	75%	1,200,000		1,200,000
275-325 Highland Rd., Howell	Real Estate	4,400,000	75%	3,300,000		3,300,000
2770 Fisher Rd. Howell (Proposed New Building)	Real Estate	17,570,000	75%	13,177,500		13,177,500
MEDC Cash Collateral	Cash	3,250,000	100%	3,250,000		3,250,000
<b>Total</b>		<b>26,820,000</b>		<b>20,927,500</b>		<b>20,927,500</b>

<b>Total Loan Amount</b>	<b>21,250,000</b>	<b>Margin of Collateral to Loan</b>	<b>0.98</b>
<b>Total Collateral Amount</b>	<b>20,927,500</b>	<b>% Loan to Collateral</b>	<b>101.54%</b>

#### Summary

<b>Total Loan Amount</b>	<b>21,250,000</b>	<b>Margin of Collateral to Loan</b>	<b>0.98</b>
<b>Total Collateral Amount</b>	<b>20,927,500</b>	<b>% Loan to Collateral</b>	<b>101.54%</b>

### Collateral

The Bank is requesting collateral support on the proposed draw to term construction line of credit of up to \$3,250,000 or 15.30% of the \$21,250,000 loan. The loan will be secured by the proposed training facility located at 2770 Fisher Rd. Howell, and the existing training facilities located at 275-325 Highland Rd, Howell and 1550 Howard St., Detroit. As shown by the above collateral chart, the combined real estates do not value high enough to support the proposed loan amount, therefore would not be able to provide the line without the assistance of the MSF's collateral support program.

### Ratios and Indicators

#### LIQUIDITY / LEVERAGE RATIOS

Balance Sheet Dates	04/30/2020	04/30/2021	04/30/2022	04/30/2023
Balance Sheet Description	12 months	12 months	12 months	12 months
Current Ratio:	1.53	2.14	15.23	13.35
Quick Ratio(Acid Test):	1.53	2.14	15.20	13.33
Working Capital:	3,157,000	4,424,000	7,597,000	7,425,000
Debt / Equity:	0.27	0.17	0.02	0.02
Debt / Asset:	21.25%	14.33%	2.11%	2.33%
Current Liabilities / Total Liabilities:	100.00%	100.00%	100.00%	100.00%
Debt / Tang Net Worth:	0.27	0.17	0.02	0.02

## OWNERSHIP / GUARANTORS

<b>Source</b> MSDF	<b>Program</b> CSP	
<b>Committed Date</b>	<b>Loan Closing Date</b>	<b>Total Loan</b> \$21,250,000
<b>MSF Share</b> \$3,250,000	<b>Additional Leverage (at closing)</b> \$3,750,000	<b>Additional Leverage (ongoing)</b>
<b>Leverage</b>	<b>Closing Fee</b> 1% of MSF Share	<b>Annual Fee</b> 1% of MSF annual balance
<b>FTE @ Closing (in State)</b> 425	<b>FTE @ Closing (out of state)</b>	<b>Projected FTE Increase</b> 120
<b>FTE @ Annual Review</b>	<b>FTE Net Increase/Decrease</b>	<b>Support \$ per new job</b> \$27,083
<b>Associate</b>	<b># Co's</b> 1	<b>Loan Type</b> Draw to Term

### Employment

Operating Engineers' Local 324 Journeyman and Apprentice Training Fund, Inc, 425 full-time equivalent employees. The company anticipates adding 120 fulltime employees within the next 6 months and an additional 250 within the next 2 years. The anticipated annual salary for employees of Operating Engineers' Local 324 Journeyman and Apprentice Training Fund, Inc, is \$72,000.

### Source of Information

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

### Capital Access Program History

The Michigan Economic Development Corporation's (MEDC) Capital Access Programs began in 2009 with a state allocation of \$26 million. In 2011, the Federal government deployed an additional \$79 million to the State of Michigan to continue its efforts towards providing access to capital for small businesses. The programs under the Capital Access department assist small business and financial lending institutions by providing collateral support or loan participation. In either case, there is always a closing fee and annual fee charged, in addition to all principal returned as well as any fees and interest expense that the MEDC may receive through its support with the transactions. To date the program has funded over \$182 million to 252 companies, leveraged over \$834 million in Private Investments, received a total of \$9.9 million in program revenue, and has had losses of less than 1% of the total loan funded.

### Exit Strategy

The Bank has implemented the following loan covenants in conjunction with its existing financing to Operating Engineers' Local 324 Journeyman and Apprentice Training Fund, Inc:

- Debt Service coverage of 1.20x to be measured annually beginning (1st year after construction finished estimated to be started at fiscal year 2026) based on (annual CPA audited statement)
  - DSC is defined as: The ratio obtained by dividing "Net Operating Income" by "Debt Service."
    - Net Operating Income is defined (fiscal year end) as the sum of Net Income plus Depreciation, Amortization, and Interest Expense for the 12 months period.
    - Debt Service is defined as the sum of all required payments of principal and interest to the Bank on all debt obligations for the 12-month period.

These covenants are intended to require re-investment in the balance sheet of Operating Engineers' Local 324 Journeyman and Apprentice Training Fund, Inc and ultimately the release of the pledged collateral from the MSF.

**Conditions**

- Commitment will remain valid for 120 days with approval for MSF Fund Manager to extend the commitment an additional 60 days.
- The proposed financing will be subject to a Minimum Debt Service Coverage Ratio, as calculated by the Bank. Required minimum debt service coverage ratio will be set at a level acceptable to Bank and CST.

**SCORING & RATING**

**SCORING & RATING : MSDF\_CSP\_2023**

Score = <b>4.20</b>	<b>4 Good</b>
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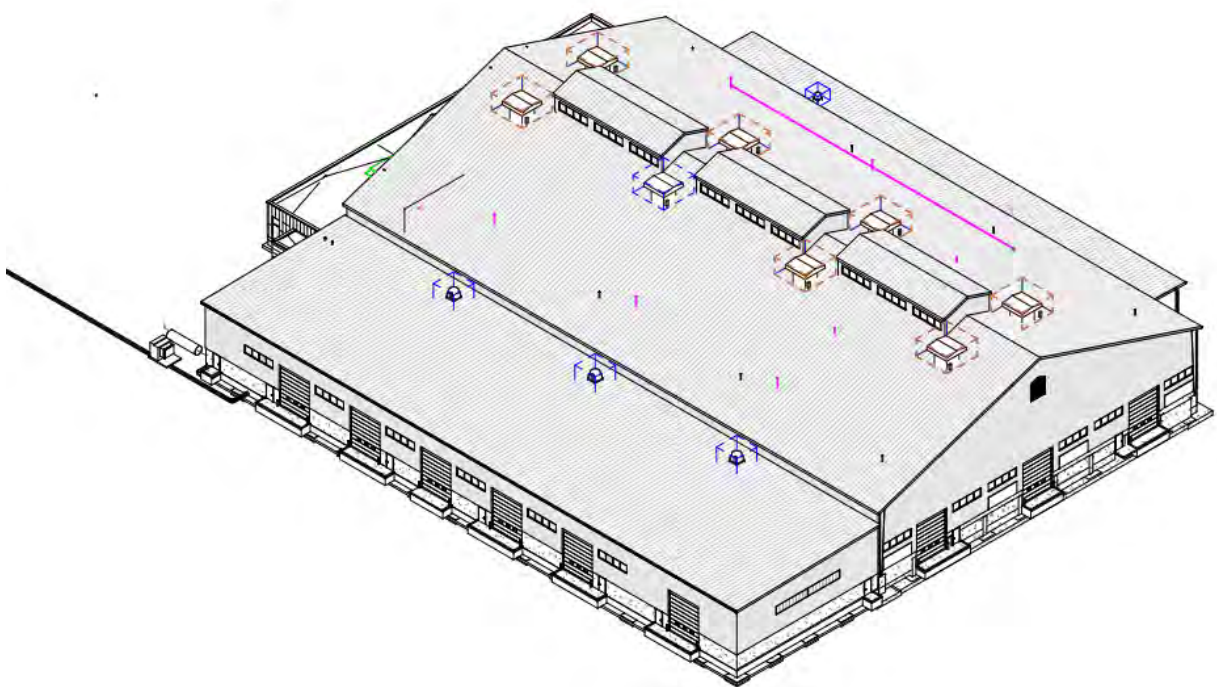
**Model Used:** MEDC CRE Model - Board

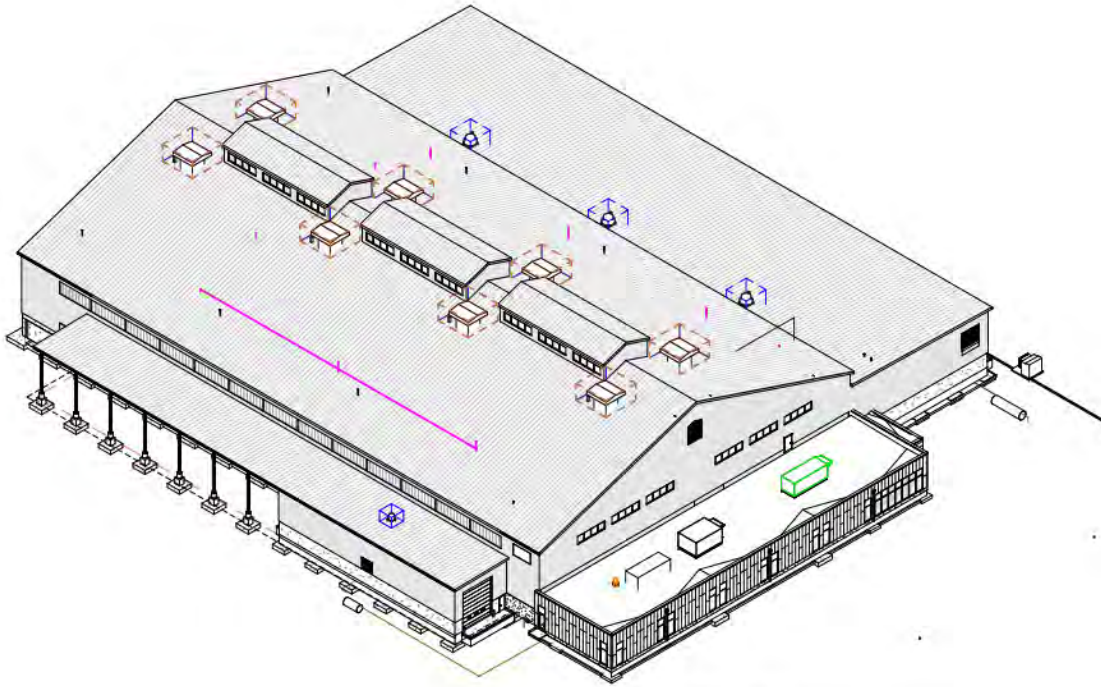
**Last Scored:** 05/30/2023 11:21 AM Rachel Bakken

**Financial Statements and Forms calculated from:**

Balance Sheet:                      Inc. / Exp.:  
 04/30/2023 12 months              04/30/2023 12 Months

Criteria		Criteria Score	Wt %	Weighted Criteria Score	Review
Debt / Tang Net Worth:	0.02	5.00	20.00	1.000	
Debt Coverage Ratio:	2.52	5.00	20.00	1.000	
MSF Leverage Ratio	7.69	3.00	20.00	0.600	
Management / Borrower Character	Good team/Depth in key ar	4.00	20.00	0.800	
Business & Industry Trends	Ltd vulnerability to sudd	4.00	20.00	0.800	
				<b>4.200</b>	





NORTH- WEST VIEW



**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2023-113**

**MSDF-CSP  
APPROVAL OF CASH COLLATERAL DEPOSIT AGREEMENT FOR  
OPERATING ENGINEERS' LOCAL 324 JOURNEYMAN AND APPRENTICE TRAINING  
FUND, INC.  
AND RELATED BORROWERS**

**WHEREAS**, Public Acts 215 and 225 of 2005 established the 21st Century Jobs Fund initiative;

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

**WHEREAS**, pursuant to MCL.125.2088d(1) the MSF shall create and operate a loan enhancement program;

**WHEREAS**, on May 20, 2009, the MSF approved the creation of the Michigan Supplier Diversification Fund (“MSDF”) as a loan enhancement program;

**WHEREAS**, at its May 20, 2009, meeting, the MSF Board approved the: (i) creation and operation of the Michigan Collateral Support Program (“MCSP”) under the MSDF, and (a) adopted the MCSP guidelines, as later amended (“MCSP Guidelines”);

**WHEREAS**, on June 24, 2009, the MSF approved the MSF Chairperson to negotiate the final terms and conditions of the Cash Collateral Deposit Agreement, as later amended, to be used for the MCSP (“MCSP Agreements”) and sign the final MCSP Agreements on the MSF’s behalf, so long as the final terms and conditions of the MCSP Agreements are not materially adverse to the interest of the MSF Board;

**WHEREAS**, Independent Bank (“Bank”) has proposed a new credit facility the Operating Engineers’ Local 324 Journeyman and Apprentice Training Fund, Inc, and/or related borrowers (the “Proposed Borrower”) of \$21,250,000 for a draw to term construction line of credit;

**WHEREAS**, Proposed Borrower has requested collateral support from the MSF under the MSDF-CSP in an amount not to exceed the lesser of: (i) \$3,250,000 or (ii) up to 15.3% of the total amount of the Bank loan (“MSDF-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 MSDF-CSP Support, subject to: (i) available funding, and final due diligence performed, to the satisfaction of the MEDC; and (ii) execution of the MSDF-CSP Agreement within 120 days of the date of this Resolution (“Time Period”), or the collateral support approval 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 60 days;

**NOW, THEREFORE, BE IT RESOLVED**, the MSF approves the MSDF-CSP Support subject to: (i) available funding, and final due diligence performed, to the satisfaction of the MEDC; and (ii) execution of the MSDF-CSP Agreements within 120 days of the date of this Resolution (“Time Period”), or the collateral support approval 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 60 days; and

**BE IT FURTHER RESOLVED**, that the MSF Fund Manager is authorized to negotiate all final terms and conditions and to execute the MSDF-CSP Agreement 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, Wesley Eklund, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designated attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Randy Thelen

Nays: None

Recused: None

Lansing, Michigan  
June 27, 2023



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2023

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

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

Dear Ms. Hoag:

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

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

Sincerely,

A handwritten signature in cursive script that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



## MEMORANDUM

**Date:** June 27, 2023  
**To:** Michigan Strategic Fund Board  
**From:** Fredrick Molnar, Senior Vice President, Entrepreneurship and Innovation  
**Subject:** Creation of the Michigan Innovate Capital Fund Program, Adoption of Program Guidelines, Allocation of Funding and Delegation of Authority

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### Request

MEDC staff is requesting the MSF Board take the following actions related to creation of the new Michigan Innovate Capital Fund Program (“MICF” or “Program”): 1) creation of Program; 2) adoption of the guidelines for the Program set forth in Exhibit A to the proposed Resolution; 3) allocation of funding in the amount of \$23,000,000 from the Jobs for Michigan investment fund (the “Investment Fund”); and 4) a delegation of authority to the MSF delegates to approve grants in the amount of up to \$5,000,000.

### Program

The Program will award incentives to multiple non-profit organizations that operate fund programs to invest in pre-seed and start-up stage competitive edge technologies that require capital in the earliest stages of the commercialization process. It is anticipated that the Program will make multiple awards through two tracks: 1) a track for applicants that have previously received financial support from the MSF or MEDC for pre-seed fund activities (“Established Applicants”) and 2) a track for applicants that have not previously received financial support from the MSF or MEDC for pre-seed fund activities (“Emerging Applicants”). To qualify, applicants will have to demonstrate an ability and willingness to invest in high growth technology-based companies that are primarily in the earliest phases of commercialization (seeking \$250,000 or less to prove out technology and market concepts). Specific program guidelines are outlined in Attachment 1.

### History

Since 2011, a well-established network of the MSF-funded Pre-Seed Funds (see table below) has been critical in building a healthy pipeline of high-impact technology start-ups in Michigan.

BRCC Pre-Seed Fund	2011 – 2019	\$3,830,000
SPARK Pre-Seed Fund	2011 – 2019	\$10,170,000
Invest Michigan Pre-Seed Fund	2014 – 2019	\$15,208,000
Invest Detroit First Capital Fund	2017 – 2020	\$8,500,000*
<i>*includes \$3M “Tech Startup Stabilization Fund”, a subprogram that provided COVID-19 relief funds to 58 companies within a three-month period</i>		
MSU Foundation Pre-Seed Fund	2020 – 2023	\$17,500,000



This network of early-stage funds that are closely integrated with Michigan SmartZones, Entrepreneurial Service Providers and Universities, is a vital feeder for the state's venture capital industry providing opportunity for innovation to thrive across the state.

As an example, the Invest Detroit First Capital Fund (FCF) has had the following impact since its inception:

- made over 200 investments in 111 companies, with 96 active companies currently in the portfolio
- disbursed more than \$13.4 Million into Michigan companies (leveraging additional funding from other partner organizations)
- over 60% of investments have supported minority, women-led, or companies located in distressed areas.
- helped to create over 1,000 jobs.
- FCF portfolio companies have raised over \$500 Million in leveraged private capital, resulting in a leverage ratio of 58x on MSF funding.

The MSF currently funds one pre-seed fund (the MSU Foundation Michigan Rise Fund). For comparison purposes, Ohio currently has a statewide network of 11 pre-seed fund programs. Several of the funds listed have assets under management of greater than \$100 Million, and they receive significant ongoing financial support from the State of Ohio. \$73 Million was awarded to Ohio pre-seed funds in 2021 alone.

### **Recommendation**

MEDC staff recommends approval of the following actions:

- Creation and operation of MICEF;
- Approval of adoption of guidelines for MICEF;
- Approval of the initial allocation of funding in the amount of \$23,000,000 from the Investment Fund; and
- Delegation of authority to the MSF President, the MSF Fund Manager, and the State Treasurer Director, with only two required to act, to approve MICEF awards in the amount of up to \$5,000,000.

# **Michigan Innovate Capital Fund Program Guidelines**

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## **Purpose of the Program**

The MSF desires to make awards through the Michigan Innovate Capital Fund (“MICF”) to non-profit organizations to operate early-stage funding programs that invest in pre-seed and start-up stage competitive edge technology companies that require capital in the earliest stages of the commercialization process. The primary objectives of the Program are to:

1. Increase the amount of capital being invested in Michigan-based competitive edge technology companies that are in the earliest stages of commercialization.
2. Create a capital climate that supports the development, retention, and attraction of venture-backed competitive edge technology companies in Michigan.
3. Build a pipeline of high-growth, competitive edge technology company deal flow for the subsequent stages of funding, attracting investments from inside and outside the State of Michigan.

## **Program Overview**

The MSF created the MICF to provide awards to eligible non-profit organizations that will be used to make investments in pre-seed and early-stage companies in accordance with the Investment Criteria set forth below. The MSF intends to award multiple awards through two tracks under the MICF: 1) a track for Eligible Applicants (defined below) that have previously received financial support from the MSF or Michigan Economic Development Corporation (“MEDC”) for pre-seed fund activities (“Established Applicants”) and 2) a track for Eligible Applicants that have not previously received financial support from the MSF or MEDC for pre-seed fund activities (“Emerging Applicants”).

Both Established Funds and Emerging Funds are eligible to receive initial awards of up to \$5,000,000 with the option to increase the award amount during the term of the award, subject to available funding and approval of the MSF.

## **Eligibility Requirements**

All applicants to the MICF must meet the following eligibility criteria:

- Be a Michigan nonprofit corporation, properly registered and in good standing with the State of Michigan.
- Maintain a physical presence in Michigan, which may include a facility that is either owned or leased by the applicant.

- Demonstrate an ability and willingness to invest in the earliest (pre-seed) stages of a company's development, particularly in competitive edge technology-based companies with high growth potential in the very early phases of commercialization.

### **Additional Eligibility Requirements**

#### ***Track 1: Established Applicants***

In addition to the Eligibility Requirements listed above, Established Applicants MUST meet the following additional eligibility criteria:

- Be a nonprofit entity that has previously received financial support from the MSF or MEDC for pre-seed and/or first capital fund activities.
- Have a successful track record making and exiting from investments in Michigan-based entrepreneurial ventures.
- Actively deploy capital exclusively in the State of Michigan and provide mentorship support to portfolio companies.
- Align the objectives of the Fund with the MEDC's Strategic Plan.

#### ***Track2: Emerging Applicants***

In addition to the Eligibility Requirements listed above, Emerging Applicants MUST meet the following additional eligibility criteria:

- Be established by a nonprofit entity that has not received previous MSF or MEDC funding in the pre-seed investment area.
- Focus on industries that have strategic benefits regionally and to the State of Michigan.
- Deploy capital exclusively in the State of Michigan.
- Be able to show how this Fund will create jobs and commercialize product(s) within one or more of the competitive edge technology sectors where Michigan has a distinct competitive advantage to drive sustained, long-term growth as well as tools and sustainment programs in sectors that drive regional impact.

Preference will be given to fund(s) based in underserved locations and that clearly address the funding gap in underrepresented industries.

### **Evaluation Criteria**

Applications for funding under the MICF will be evaluated on the following criteria:

- Ability to originate, process, and monitor equity investments, loans, and other funding instruments to companies.
- Strategy and/or prior experience in providing portfolio or grant management to companies that receive a pre-seed investment.
- Prior record of statewide reach and collaboration with the existing MEDC SmartZone network and Michigan institutions of higher education.
- Articulated strategy for identification of opportunities for investment into early-stage, competitive edge technology.
- Ability to provide business acceleration services to companies.



- Knowledge and experience with Michigan’s entrepreneurial ecosystem, strong relationships within the ecosystem, and a platform for collaboration that demonstrates an ability to market and promote Michigan entrepreneurial programs and services in order to expand the investment base in Michigan.
- Experience leveraging a qualified volunteer network to deliver a screening and due diligence process from the investment community with successful experience in venture financing or growing competitive edge technology companies.
- Applicant’s plan for supporting companies with activities that include, but are not limited to, prototype development and testing, customer and partnership sourcing, continued pre-clinical data compilation, achieving staffing requirements, and securing following on funding through a variety of sources.

### **MICF Award Terms and Conditions**

All awards made under the MICF will include the following terms and conditions:

**Award Term:** Initial term of five years, with the option to extend the term for an additional five years upon approval of the MSF.

**Use of Funds:** Awardees shall use awards to make pre-seed investments in accordance with the Investment Criteria set forth below.

**Disbursements:** An initial disbursement may be made within 30 days of execution of the award agreement. Subsequent disbursements for pre-seed investments may be requested by the awardee after it has demonstrated that it has expended at least 90% of funds previously disbursed for pre-seed investments. Administrative Expenses (defined below) will be paid on a reimbursement basis.

**Administrative Expenses:** No more than 15% of the award (including any increases to the initial award amount that the MSF may approve from time to time) may be used for administrative costs incurred by the awardee. Administrative Expenses include expenses associated directly with program management, client relations, and fund management expenses, and overhead such as accounting for financial transactions, facility operations and other traditional overhead expenses.

**Repayment:** Awardees to repay entire award amount plus a fee equal to one percent (1%) of the total award amount (including any increases to the initial award amount that the MSF may approve from time to time).

**Reinvestment of Returns:** During the term of the award, the awardee must reinvest Annual Returns. “Annual Returns” means the sum of the earnings, royalties,

return on investments, return of principal, payments made, or other money received under agreements related to investments made by the awardee, calculated on an annual 12-month basis for the immediately preceding annual 12-month period ending June 30.

Upon expiration of the term and until the earlier to occur of (1) repayment to the MSF of the award amount plus a fee equal to one percent (1%) of the total award amount (including any increases to the initial award amount that the MSF may approve from time to time) or (2) the tenth anniversary of the end of the term, the awardee shall use the Annual Returns as follows:

- (i) First, 25% of the Annual Returns shall be reinvested in eligible companies in accordance with the Investment Criteria.
- (ii) Second, after the 25% reinvestment requirement is met, up to an additional 15% of the Annual Returns may be used to cover the awardee's Administrative Expenses related to reinvestment of the Annual Returns.
- (iii) Third, payment to the MSF based on the following sliding scale:

<b>Amount of Annual Returns</b>	<b>Percent to the MSF</b>
\$0 - \$1,000,000	10%
\$1,000,000.01 - \$2,000,000	20%
\$2,000,000.01 - \$3,000,000	30%
\$3,000,000.01 - \$4,000,000	40%
\$4,000,000.01 - \$5,000,000	50%
Over \$5,000,000.01	60%

- (iv) Fourth, the remaining balance of the Annual Returns payable to the awardee.

The award shall be memorialized by a final written agreement that includes terms and conditions required under the MSF Act, the MICF Program Guidelines, MSF approval, and any other applicable laws. The agreements shall also include a provision for repayment due to breach of the written agreement or failure to meet measurable milestones.

**Investment Criteria**

Recipients of an award under the Program must use the funds in accordance with the following investment criteria and requirements:

- **Investment Requirements:**

- Statewide accessible program, investments not regionally limited.
- Awardee shall make investments in Eligible Companies (defined below).
- Awardee may invest a maximum of \$250,000 per Eligible Company.
- Investments may be in the form of equity and/or convertible securities (including Notes and SAFEs).
- A minimum of 75% of the available capital (determined on an annual basis) must be invested in Eligible Companies that have received less than \$2,500,000 in private sector investments and less than \$1,500,000 revenue in the immediately preceding 12-month period. These terms apply to the initial investment only.

**Eligible Company Criteria**

- Must be properly formed as a Michigan corporation or authorized to transact business in Michigan, and in good standing (see the [Corporations Online Filing System](#) maintained by the Department of Licensing and Regulatory Affairs to confirm proper registration and status).
- On a scalable path that has strong potential for job creation and diversifying the Michigan economy.
- Company is a for-profit LLC, C corporation, or S corporation that has been in business for seven years or less and with key founders and a majority of its full-time employees located in Michigan.
- Demonstrated execution against business model and is in the earliest stages of commercialization in one or more of the following competitive edge technologies as defined in Section 88a of the Act, MCL 125.2088a:
  - Advanced Automotive, including mobility;
  - Advanced Manufacturing;
  - Advanced Materials;
  - Information Technology;
  - Agricultural Processing Technology;
  - Alternative Energy;
  - Homeland Security and Defense Technology;
  - Life Sciences, including medical device technology; or
  - Other Innovative Technologies

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2023-114**

**APPROVAL OF THE  
MICHIGAN INNOVATE CAPITAL FUND, PROGRAM GUIDELINES,  
AND FUNDING ALLOCATION**

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

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

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

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

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

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

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

**WHEREAS**, the MEDC recommends the MSF create and operate the Michigan Innovate Capital Fund to increase capital being invested in Michigan-based technology companies in the earliest stages of commercialization (the “MICF”);

**WHEREAS**, the MEDC recommends the MSF approve the guidelines for the MICF, a copy of which are attached as Exhibit A to this Resolution (the “MICF Program Guidelines”);

**WHEREAS**, the MEDC recommends that MSF allocate \$23,000,000 from the Investment Fund to the MICF (the “Funding Allocation”); and

**WHEREAS**, the MSF wishes to create the MICF, approve the MICF Program Guidelines, and approve the Funding Allocation (collectively, the “MICF Program Requests”).

**NOW THEREFORE, BE IT RESOLVED**, the MSF Board approves the MICF Program Requests.

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

Nays: None

Recused: None

Lansing, Michigan  
June 27, 2023

# **Exhibit A**

## **Michigan Innovate Capital Fund Program Guidelines**

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### **Purpose of the Program**

The MSF desires to make awards through the Michigan Innovate Capital Fund (“MICF”) to non-profit organizations to operate early-stage funding programs that invest in pre-seed and start-up stage competitive edge technology companies that require capital in the earliest stages of the commercialization process. The primary objectives of the Program are to:

1. Increase the amount of capital being invested in Michigan-based competitive edge technology companies that are in the earliest stages of commercialization.
2. Create a capital climate that supports the development, retention, and attraction of venture-backed competitive edge technology companies in Michigan.
3. Build a pipeline of high-growth, competitive edge technology company deal flow for the subsequent stages of funding, attracting investments from inside and outside the State of Michigan.

### **Program Overview**

The MSF created the MICF to provide awards to eligible non-profit organizations that will be used to make investments in pre-seed and early-stage companies in accordance with the Investment Criteria set forth below. The MSF intends to award multiple awards through two tracks under the MICF: 1) a track for Eligible Applicants (defined below) that have previously received financial support from the MSF or Michigan Economic Development Corporation (“MEDC”) for pre-seed fund activities (“Established Applicants”) and 2) a track for Eligible Applicants that have not previously received financial support from the MSF or MEDC for pre-seed fund activities (“Emerging Applicants”).

Both Established Funds and Emerging Funds are eligible to receive initial awards of up to \$5,000,000 with the option to increase the award amount during the term of the award, subject to available funding and approval of the MSF.

### **Eligibility Requirements**

All applicants to the MICF must meet the following eligibility criteria:

- Be a Michigan nonprofit corporation, properly registered and in good standing with the State of Michigan.
- Maintain a physical presence in Michigan, which may include a facility that is either owned or leased by the applicant.

- Demonstrate an ability and willingness to invest in the earliest (pre-seed) stages of a company's development, particularly in competitive edge technology-based companies with high growth potential in the very early phases of commercialization.

### **Additional Eligibility Requirements**

#### ***Track 1: Established Applicants***

In addition to the Eligibility Requirements listed above, Established Applicants MUST meet the following additional eligibility criteria:

- Be a nonprofit entity that has previously received financial support from the MSF or MEDC for pre-seed and/or first capital fund activities.
- Have a successful track record making and exiting from investments in Michigan-based entrepreneurial ventures.
- Actively deploy capital exclusively in the State of Michigan and provide mentorship support to portfolio companies.
- Align the objectives of the Fund with the MEDC's Strategic Plan.

#### ***Track2: Emerging Applicants***

In addition to the Eligibility Requirements listed above, Emerging Applicants MUST meet the following additional eligibility criteria:

- Be established by a nonprofit entity that has not received previous MSF or MEDC funding in the pre-seed investment area.
- Focus on industries that have strategic benefits regionally and to the State of Michigan.
- Deploy capital exclusively in the State of Michigan.
- Be able to show how this Fund will create jobs and commercialize product(s) within one or more of the competitive edge technology sectors where Michigan has a distinct competitive advantage to drive sustained, long-term growth as well as tools and sustainment programs in sectors that drive regional impact.

Preference will be given to fund(s) based in underserved locations and that clearly address the funding gap in underrepresented industries.

### **Evaluation Criteria**

Applications for funding under the MIFC will be evaluated on the following criteria:

- Ability to originate, process, and monitor equity investments, loans, and other funding instruments to companies.
- Strategy and/or prior experience in providing portfolio or grant management to companies that receive a pre-seed investment.
- Prior record of statewide reach and collaboration with the existing MEDC SmartZone network and Michigan institutions of higher education.
- Articulated strategy for identification of opportunities for investment into early-stage, competitive edge technology.
- Ability to provide business acceleration services to companies.

- Knowledge and experience with Michigan’s entrepreneurial ecosystem, strong relationships within the ecosystem, and a platform for collaboration that demonstrates an ability to market and promote Michigan entrepreneurial programs and services in order to expand the investment base in Michigan.
- Experience leveraging a qualified volunteer network to deliver a screening and due diligence process from the investment community with successful experience in venture financing or growing competitive edge technology companies.
- Applicant’s plan for supporting companies with activities that include, but are not limited to, prototype development and testing, customer and partnership sourcing, continued pre-clinical data compilation, achieving staffing requirements, and securing following on funding through a variety of sources.

**MICF Award Terms and Conditions**

All awards made under the MICF will include the following terms and conditions:

**Award Term:** Initial term of five years, with the option to extend the term for an additional five years upon approval of the MSF.

**Use of Funds:** Awardees shall use awards to make pre-seed investments in accordance with the Investment Criteria set forth below.

**Disbursements:** An initial disbursement may be made within 30 days of execution of the award agreement. Subsequent disbursements for pre-seed investments may be requested by the awardee after it has demonstrated that it has expended at least 90% of funds previously disbursed for pre-seed investments. Administrative Expenses (defined below) will be paid on a reimbursement basis.

**Administrative Expenses:** No more than 15% of the award (including any increases to the initial award amount that the MSF may approve from time to time) may be used for administrative costs incurred by the awardee. Administrative Expenses include expenses associated directly with program management, client relations, and fund management expenses, and overhead such as accounting for financial transactions, facility operations and other traditional overhead expenses.

**Repayment:** Awardees to repay entire award amount plus a fee equal to one percent (1%) of the total award amount (including any increases to the initial award amount that the MSF may approve from time to time).

**Reinvestment of Returns:** During the term of the award, the awardee must reinvest Annual Returns. “Annual Returns” means the sum of the earnings, royalties,



return on investments, return of principal, payments made, or other money received under agreements related to investments made by the awardee, calculated on an annual 12-month basis for the immediately preceding annual 12-month period ending June 30.

Upon expiration of the term and until the earlier to occur of (1) repayment to the MSF of the award amount plus a fee equal to one percent (1%) of the total award amount (including any increases to the initial award amount that the MSF may approve from time to time) or (2) the tenth anniversary of the end of the term, the awardee shall use the Annual Returns as follows:

- (i) First, 25% of the Annual Returns shall be reinvested in eligible companies in accordance with the Investment Criteria.
- (ii) Second, after the 25% reinvestment requirement is met, up to an additional 15% of the Annual Returns may be used to cover the awardee's Administrative Expenses related to reinvestment of the Annual Returns.
- (iii) Third, payment to the MSF based on the following sliding scale:

<b>Amount of Annual Returns</b>	<b>Percent to the MSF</b>
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\$4,000,000.01 - \$5,000,000	50%
Over \$5,000,000.01	60%

- (iv) Fourth, the remaining balance of the Annual Returns payable to the awardee.

The award shall be memorialized by a final written agreement that includes terms and conditions required under the MSF Act, the MIFC Program Guidelines, MSF approval, and any other applicable laws. The agreements shall also include a provision for repayment due to breach of the written agreement or failure to meet measurable milestones.

### **Investment Criteria**

Recipients of an award under the Program must use the funds in accordance with the following investment criteria and requirements:

- **Investment Requirements:**

- Statewide accessible program, investments not regionally limited.
- Awardee shall make investments in Eligible Companies (defined below).
- Awardee may invest a maximum of \$250,000 per Eligible Company.
- Investments may be in the form of equity and/or convertible securities (including Notes and SAFEs).
- A minimum of 75% of the available capital (determined on an annual basis) must be invested in Eligible Companies that have received less than \$2,500,000 in private sector investments and less than \$1,500,000 revenue in the immediately preceding 12-month period. These terms apply to the initial investment only.

**Eligible Company Criteria**

- Must be properly formed as a Michigan corporation or authorized to transact business in Michigan, and in good standing (see the [Corporations Online Filing System](#) maintained by the Department of Licensing and Regulatory Affairs to confirm proper registration and status).
- On a scalable path that has strong potential for job creation and diversifying the Michigan economy.
- Company is a for-profit LLC, C corporation, or S corporation that has been in business for seven years or less and with key founders and a majority of its full-time employees located in Michigan.
- Demonstrated execution against business model and is in the earliest stages of commercialization in one or more of the following competitive edge technologies as defined in Section 88a of the Act, MCL 125.2088a:
  - Advanced Automotive, including mobility;
  - Advanced Manufacturing;
  - Advanced Materials;
  - Information Technology;
  - Agricultural Processing Technology;
  - Alternative Energy;
  - Homeland Security and Defense Technology;
  - Life Sciences, including medical device technology; or
  - Other Innovative Technologies



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2023

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

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

Dear Ms. Hoag:

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

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

Sincerely,

A handwritten signature in cursive script that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

## MICHIGAN STRATEGIC FUND

### RESOLUTION 2023-115

#### STRATEGIC FUND DELEGATION OF AUTHORITY

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

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

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

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

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

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

**NOW, THEREFORE, BE IT HEREBY RESOLVED**, that the MSF Board hereby amends Strategic Fund Compiled Resolutions to add the following sections effective June 27, 2023:

#### **125.2088b-9 Michigan Innovate Capital Fund Program**

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

(2) The MSF President, the MSF Fund Manager, and the State Treasurer, with only two required to act, may make all decisions with respect to awards under the Michigan Innovate Capital Fund Program where the award amount is \$5,000,000 or less in accordance with the Michigan Innovate Capital Fund Program guidelines adopted by the MSF Board.

(3) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execution all documents necessary to effectuate awards and decisions approved under the Michigan Innovate Capital Fund Program.

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

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

Nays: None

Recused: None

Lansing, Michigan  
June 27, 2023



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File



STATE OF MICHIGAN  
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GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2023

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Michigan Economic Development Corporation  
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and Investment Subcommittee Designee for Treasurer Eubanks

Dear Ms. Hoag:

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

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

Sincerely,

A handwritten signature in cursive script that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood





## MICHIGAN STRATEGIC FUND

### MEMORANDUM

**Date:** June 27, 2023  
**To:** Michigan Strategic Fund ("MSF") Board Members  
**From:** Quentin Messer, Jr., Chief Executive Officer  
**Subject:** Monthly MSF Delegated Authority and Activities Report

We are pleased to present our monthly report to the MSF Board, featuring a review of our delegated authority activity over the previous month. The following pages provide a narrative centered around the types of projects supported through delegated approval from May 1, 2023, to May 31, 2023, as well as information about the impact that those projects have had on communities across the state.

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

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

# Monthly Impacts



To continue providing transparent, intentional, and impactful reporting to the MSF Board members on delegated project approvals and activities, the following report details delegated approval updates from May 1, 2023, to May 31, 2023.

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

## **MONTHLY IMPACTS**

We are pleased to share the May delegate-approved projects continue to represent our emphasis on supporting underserved populations in geographically disadvantaged areas. Throughout May 2023, 39% of the projects approved through delegated authority are in geographically disadvantaged areas. Additionally, all May approved projects through delegated authority have committed to creating nearly 900 jobs and just over \$73 million in private investment.

# MSF Report

## Delegate Approvals



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

### Michigan Business Development Program (MBDP)

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

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Jireh Metal Products	5/3/2023	Grand Rapids	\$200,000	Jireh Metal Products, a minority-owned provider of metal stamping and fabrication solutions, is expanding in Walker with support from the Michigan Strategic Fund. The project is expected to generate a total capital investment of \$1.56 million and create 50 jobs, supported by a \$200,000 Michigan Business Development Program performance-based grant. Michigan was chosen for the project over competing sites in Indiana and Ohio. Jireh is planning an expansion that will vertically integrate metal fabrication and assembly operations, giving the company better control over costs and the ability to manage the transition from prototype to finished part. The company plans to lease an existing facility in the city of Walker, where it will add new equipment and plans to do its assembly work, kitting, and warehousing in this space as well.
TiiCKER	5/3/2023	Grand Rapids	\$510,000	TiiCKER, the world's first shareholder loyalty and engagement platform, is expanding in Grand Rapids, further building on the state's efforts to position itself as the global leader in high-tech innovation. The project is expected to generate a total capital investment of \$4.8 million and create 73 high-wage jobs over a three-year period. The company chose Michigan for the project over competing sites in Florida, Missouri, and New York. The Michigan Strategic Fund approved a \$510,000 Michigan Business Development Program performance-based grant in support of the project. The project supports a business in Michigan's target industries of tech and professional and corporate services and advances the MEDC's efforts to foster high-wage job growth throughout the state.

## Michigan Business Development Program (MBDP) Continued

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
International Automotive Components Group North America, Inc. (IAC)	5/4/2023	Mendon	\$800,000	International Automotive Components North America, Inc. is a subsidiary of International Automotive Components Group, a Luxembourg-based global supplier of automotive interior components. The company has 44 manufacturing facilities and an additional 15 business and innovation centers around the world. IAC North America's headquarters are in Southfield, and the company operates four manufacturing facilities in Michigan, located in Alma, Port Huron, Warren, and Mendon (St. Joseph County), employing 811 Michiganders. IAC Group has moved certain manufacturing programs in production from Indiana to its existing Alma and Mendon facilities. The relocation project, supported by an \$800,000 Michigan Business Development Program performance-based grant, is expected to generate a total capital investment of \$20.6 million and create 273 new jobs. Michigan was chosen for the project over a competing site in Ohio.
UltraFit Manufacturing	5/4/2023	Jonesville	\$630,000	Ultra-Fit Manufacturing U.S.A. Incorporated is a subsidiary of Ultra-Fit Manufacturing Incorporated (Ultra-Fit). Headquartered in Mississauga, Ontario, Ultra-Fit provides tube bending and parts manufacturing, covering a broad range of processes, from complex tube bending and forming to welded fabrication and sub-assemblies. The company does not currently have a location in Michigan. The project is expected to generate a total capital investment of approximately \$1.5 million and create 63 jobs as well as retain 44 existing jobs, supported by a \$630,000 Michigan Business Development Program (MBDP) performance-based grant. Michigan was chosen for the project over its existing facility in Ontario due to the strong auto industry and extended customer reach.
XPO Logistics	5/8/2023	Ann Arbor	\$650,000	RXO Corporate Solutions, a leading provider of asset-light transportation solutions, is expanding in Ann Arbor. The project is expected to generate a total capital investment of \$2.35 million and create 140 jobs. Michigan was chosen for the project over competing sites in Missouri, Ohio, and South Carolina. Michigan's talent base and skilled workforce were key factors in selecting Michigan for this project. The project, supported by a \$650,000 Michigan Business Development Program performance-based grant, will provide immediate logistics jobs with a growing, multi-billion-dollar company in the logistics industry and will solidify the company's presence and future investment in the state.
EVAPCO SelectTech	5/17/2023	Belmont	\$190,000	EVAPCO Select Technologies, Inc., headquartered in Maryland, is an employee-owned manufacturing company offering products for commercial HVAC, industrial refrigeration, power generation & industrial processes worldwide. EVAPCO currently has 27 employees in Michigan. EVAPCO is experiencing growing demand for these products and has purchased an existing facility in Plainfield Charter Township, where it will add assembly space for control panels and other products to help meet this demand. The project is expected to generate a total capital investment of \$3 million and create 38 well-paying jobs with the support of a \$190,000 Michigan Business Development Program performance-based grant. Michigan was chosen for the project over competing sites in multiple sites across the United States due to access to the state's talented workforce. The project will bring immediate tech jobs to the region & will strengthen and secure the company's future investment in the state.

## Michigan Business Development Program (MBDP) Continued

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Shapeways	5/25/2023	Livonia	\$375,000	Shapeways Holdings, Inc., headquartered in New York City, makes 3D printing more accessible through automation, innovation, and digitization, and provides additive manufacturing services for the company's proprietary ordering software. Shapeways acquired Linear AMS, based in Livonia, in May 2022 and plans to relocate its existing Long Island operations to the Livonia facility. The company plans to renovate the existing manufacturing space to house its entire U.S. fleet of commercial 3D printing and finishing equipment. The project is expected to generate a total capital investment of \$5.1 million and create 75 jobs with the support of a \$375,000 Michigan Business Development Program performance-based grant. Michigan was chosen for the project over the company's existing site in Long Island as well as a competing site in New Jersey.

## Jobs Ready Michigan Program

The Jobs Ready Michigan Program is available from the MSF, in cooperation with MEDC. The program is designed to meet the talent needs of companies that are expanding or relocating to Michigan.

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Eaton Corporation	5/26/2023	Marshall	\$600,000	Eaton Corporation is a provider of power management systems and vehicle electrification products. Driven by the growing demands for future mobility, Eaton plans to expand its facility in Eckford Township. The expansion will include a new 10,000 square foot lab for powered electronics, environmental testing, and durability. Eaton is also looking at 100 positions focused on electrification research, which will include a mix of new hires and legacy employees transitioning to EV across its Eckford Township, Southfield, and Canton Township locations. The project is expected to generate a total capital investment of \$22.5 million and create 100 high-wage jobs, supported by a \$600,000 Jobs Ready Michigan Program performance-based grant to assist with training for the new positions. Michigan was chosen for the project over competing sites in Missouri, Oregon, Wisconsin, Poland, China, India, and France.

## Michigan Community Revitalization Program (MCRP)

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

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
DBMA Owosso, LLC	5/5/2023	Owosso	\$557,387	DBMA Owosso, LLC was awarded a \$557,387 MCRP performance-based grant to rehabilitate a vacant, functionally obsolete two-story building in downtown Owosso. The property at 902 West Main Street is located on the M-21 commercial corridor in West Town Historic Commercial and Industrial District, which was the city of Owosso's second "downtown" area. The property has been vacant for about 5 years, has suffered decades of deferred maintenance; and is at serious risk of significant deterioration threatening structural stability. The new mixed-use development will contain a new brewery restaurant on the first floor, and the project will retain the existing residences on the 2nd floor. The project is expected to create 9 new full-time equivalent jobs with a total capital investment of approximately \$1.3 million. The City of Owosso, through their Owosso Main Street program, is contributing a grant award of \$21,000 toward a fire suppression (sprinkler) system for the building.

## Capital Access

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

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

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Mid-Michigan Mulch Producers LLC	5/4/2023	Hemlock	\$265,000	Mid-Michigan Mulch Producers LLC is working with Dart Bank to purchase new equipment, however there is a collateral shortfall, and Dart is asking the MSF for support.
Thoms Solutions	5/18/2023	Essexville	\$600,000	Independent Bank is working With Thoms Solutions to refinance outstanding seller debt and is requesting collateral support.

### Michigan Supplier Diversification Fund (MSDF) – Collateral Support Program

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Flexible Automation, Inc.	5/19/2023	Burton	\$2,495,000	Flexible Automation is looking to increase their current line of credit and is working with Citizens Bank. Due to work in progress, there is a collateral shortfall, and the bank is looking for support utilizing the MSDF CSP.

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

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
B.S.D. Capital Inc., dba Lendistry	5/26/2023	Los Angeles	\$5,000,000	Working with Lendistry on an SSBCI 2.0 LGP agreement to allow lender to enroll Michigan based loans.

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

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

Project Name	Approval Date	Location	Incentive Amount
MFP Automation Engineering Automation Alley Trade Mission Vietnam and Thailand	5/1/2023	Hudsonville	\$9,576
Sunrise SRL Egypt Trade Fair and Visit	5/2/2023	East Lansing	\$6,626
BETA CAE Systems USA., Inc. NAFEMS World Congress Florida	5/3/2023	Farmington Hills	\$1,805
Techmark, Inc. - Mushrooms Days, The Netherlands	5/3/2023	Lansing	\$2,444
Livegistics, Inc. - Waste Expo 23 New Orleans	5/4/2023	Detroit	\$9,862
MedImage, Inc. SNMMI 23 Chicago	5/4/2023	Ann Arbor	\$6,007
MIC Customs Solutions 23 ICPA Europe Amsterdam	5/4/2023	Southfield	\$8,696
Fullerton Tool Company, Inc. Ireland and UK Sales Trip	5/5/2023	Saginaw	\$6,462
DCL, Incorporated IPBS Expo 23	5/10/2023	Charlevoix	\$9,198
Maelstrom Chemical Technologies, LLC China Sales Trip	5/10/2023	Shelby Twp	\$7,096
Merlin Simulation, Inc. PAF Sales Trip Philippines	5/10/2023	Dexter	\$5,132
Michigan Instruments EXIM Q4	5/10/2023	Kentwood	\$750
Michigan Instruments FIME Show Miami	5/10/2023	Kentwood	\$1,875
Banks Hardwoods, Inc. Interzum Germany 23 and London Sales Trip	5/11/2023	White Pigeon	\$11,253
Xoran Technologies vTRON Training in Singapore	5/11/2023	Ann Arbor	\$8,120
VS Aviation LLC Airport Show Dubai	5/12/2023	Grand Rapids	\$2,861
Dunamis Charge USCS GDEI Trade Mission	5/15/2023	Detroit	\$12,839
Hibbard Inshore LLC ICOLD 23 Sweden	5/15/2023	Auburn Hills	\$7,909
Logic Solutions Inc 23 China Summit	5/15/2023	Plymouth	\$5,589
RHK Technology, Inc. 23 Spring China Sales Trip	5/15/2023	Troy	\$10,129
Techmark, Inc. Hort Connections Expo Australia	5/15/2023	Lansing	\$6,564
The BTL Group Saudi Arabia Business Summit	5/15/2023	Detroit	\$188
ACME Manufacturing Company Automate Show 23 Detroit	5/16/2023	Auburn Hills	\$15,000



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

Project Name	Approval Date	Location	Incentive Amount
Cobra Aero AUVSI Denver	5/16/2023	Hillsdale	\$12,417
Therma-Tech Engineering Inc Sales Trip Canada	5/17/2023	Redford	\$1,812
Anderson Paint Store LLC USCS Trade Mission to South Africa, Ghana, Nigeria	5/22/2023	Detroit	\$11,604
Binsfeld Engineering Inc ITMA Milan	5/22/2023	Maple City	\$6,399
Boswell Creative Inc Pitti Unmo Florence Italy	5/24/2023	Oak Park	\$4,590
Laser Marking Technologies Spain Macsa ID Meeting	5/24/2023	Caro	\$10,888
Weldaloy Products Co. Paris Airshow	5/24/2023	Warren	\$15,000
Enspired Solutions America Water Works ACE Conf Toronto 23	5/25/2023	East Lansing	\$3,953

# Program Amendments



For a variety of reasons, projects may return to the MSF requesting an amendment to their previous approvals, at which point the Economic Development Incentives teams evaluate whether those projects would qualify for those amendments. These amendments include, but are not limited to, changes of scope for projects; adjusted milestones; extended or contracted timelines; redefined project sites; and modified award amounts. From May 1, 2023, to May 31, 2023, no amendments were approved via delegate approval.

# Financial Data Overview and Terminations



## Michigan Business Development Program - Terminations

Project Name	Project Location	Incentive Type	Amount	Date	Reason for Termination	Repayment
Excellence Optoelectronics Inc.	Dundee	Expansion	\$1,000,000	5/2/2023	Company did not move forward with project	\$1,000,000