

MICHIGAN STRATEGIC FUND BOARD
FINAL MEETING AGENDA
OCTOBER 24, 2017
10:00 am

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

Communications

Chief Compliance Officer Quarterly Report – Information Only

A. Consent Agenda

Proposed Meeting Minutes – September 26, 2017

Procurement Technical Assistance Center – FY18 Grant Allocations – Jennifer Tebedo

2018 MSF Board Meeting Dates – Mark Morante

B. Business Investment

a. Business Growth

DEG Development Company, LLC – Act 381 Work Plan – Karl Dehn

Centria Healthcare – MBDP Grant – Trevor Friedeberg

b. Entrepreneurship

University Technology and Commercialization Program – Request to Grant Contract – Denise Graves

c. Access to Capital

Luella Hannan Memorial Foundation – Bond Inducement – Chris Cook

C. Community Vitality

Detroit Pistons Corporate Headquarters & Practice Facility Campus – Act 381 Work Plan – Brittney Hoszkiw

Iron Ridge Holdings, LLC – Act 381 Work Plan – Dominic Romano

Lofts on Michigan, LLC – MCRP Amendment – Julius Edwards

Wabash and Main LLC – MCRP Amendment – Julius Edwards

Queen Lillian II LLC – MCRP Amendment – Julius Edwards

D. Quarterly Reports – Information Only



STATE OF MICHIGAN
OFFICE OF THE CHIEF COMPLIANCE OFFICER
LANSING

RICK SNYDER
GOVERNOR

KEVIN FRANCCART, ESQ.
CHIEF COMPLIANCE OFFICER

MEMORANDUM

October 10, 2017

TO: Honorable Richard D. Snyder
Governor and Chairperson of the State Administrative Board.

Jeff Mason
Chairperson
Michigan Strategic Fund Board

FROM: Kevin L. Francart
Chief Compliance Officer

RE: FY2017 Q4 Report of the Chief Compliance Officer.

The Chief Compliance Officer is required to report quarterly to the State Administrative Board and the Michigan Strategic Fund Board regarding compliance with internal policies and procedures and with applicable laws related to 21st century jobs fund programs. I am pleased to report that all compliance matters addressed during the fourth quarter of the 2017 fiscal year were either successfully resolved or are being appropriately addressed.

With respect to the Michigan Strategic Fund Board, the Michigan Strategic Fund Act requires the Chief Compliance Officer to review and evaluate compliance with internal policies and procedures along with applicable state and federal law. The Chief Compliance Officer assisted the MSF with conflict of interest questions; Board delegation; background check policy issues; and is continuing the review of the BDP decision making process. As reported previously, because of staffing changes the site visit guidelines were modified. Because of the staffing changes the site visit guidelines were changed to no longer require a minimum number of site visits. Site visits are being performed pursuant to the site visit guidelines. The Chief Compliance Officer provided informal advice regarding various issues arising this quarter concerning such topics as the breadth of delegated Board authority, authorized use of 21st century job fund funds, and compliance with established Board policy and limitations.

MICHIGAN STRATEGIC FUND

RESOLUTION 2017-

**APPROVAL OF OCTOBER 2017 CONSENT AGENDA
FOR THE MICHIGAN STRATEGIC FUND BOARD**

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

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

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

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

Consent Agenda Items:

Proposed Meeting Minutes – September 26, 2017

Procurement Technical Assistance Center – FY18 Grant Allocations

2018 MSF Board Meeting Dates

Ayes:

Nays:

Recused:

Lansing, Michigan
October 24, 2017

**MICHIGAN STRATEGIC FUND
PROPOSED MEETING MINUTES
September 26, 2017**

Members Present

Roger Curtis
Paul Gentilozzi
Stephen Hicks
Larry Koops
Andrew Lockwood (on behalf of Treasurer Khouri)
Jeff Mason
Shaun Wilson

Members Absent

Paul Anderson
Terri Jo Umlor
Jody DePree Vanderwel
Wayne Wood

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

Mr. Mason recognized the following legislators and legislative staff in attendance: Senator Margaret O'Brien speaking in support of the Newell Brands, Inc. project and the Southwest Michigan First Inc. amended project in Kalamazoo; Senator Jim Ananich and Allison Glasson on behalf of Representative Phil Phelps speaking in support of the 550 Bears LLC and Uptown Reinvestment Corporation Inc. project in Flint; Representative Daniela Garcia speaking in support of the Geenen DeKock Properties, LLC project in Holland; Representative Kim LaSata and Adam Mensinger on behalf of Senator John Proos speaking in support of the Cornerstone Alliance/Project Tech project in St. Joseph/Benton Harbor; and Craig Puckett on behalf of Senator Wayne Schmidt speaking in support of the Regency Midwest Ventures Limited Partnership/Park Place project in Traverse City.

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

Communications: Jennifer Tebedo, MSF Administrator, advised the Board that they received a revised agenda at the table with minor corrections.

A. CONSENT AGENDA

Resolution 2017-143 Approval of Consent Agenda Items

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

Proposed Meeting Minutes – August 22, 2017

UM Life Science Innovation Hub – Grant Amendments – **2017-144**

MI-SBDC – Grant Amendment – **2017-145**

Invest Michigan – Grant Amendment – **2017-146**

Henry Ford College – CCSTEP Amendment – **2017-147**

Dieomatic Cosma Casting – MBDP Forbearance Agreement – **2017-148**

fairlife LLC and Continental Dairy Facilities LLC – MBDP Grant Amendment – **2017-149**

Develop Michigan – Capital Conduit Loan Participation Agreement Amendments – **2017-150**

618 South Main, LLC – MCRP Loan Amendment – **2017-151**

Transformational Brownfield Plan – Program Guidelines Amendment – **2017-152**
MMTC – Grant Amendment – **2017-153**
Evigia Systems, Inc. – Loan Forbearance Request – **2017-154**
Council of Great Lakes Governors International Trade Centers – Contract Extension – **2017-155**
Grand Rapids Urban Market Holdings – MCRP Loan Amendment – **2017-156**
Northern Cable and Automation LLC dba Flex-Cable – Geographic Renaissance Zone Time Extension
Revocation – **2017-157**

Larry Koops seconded the motion. **The motion carried: 6 ayes; 0 nays; 0 recused.**

B. ADMINISTRATIVE

Resolutions 2017-158 & 2017-159 FY18 Allocation of Funds and MSF/MEDC Administrative Services MOU Renewal

Mark Morante, MSF Fund Manager, provided the Board with information regarding these action items. Following brief discussion, Larry Koops motioned for the approval of Resolutions 2017-158 & 2017-159. Roger Curtis seconded the motion. **The motion carried: 6 ayes; 0 nays; 0 recused.**

Resolution 2017-160 Good Jobs for Michigan Program – Guidelines-Process Documentation Approval

Josh Hundt, Interim Executive Vice President and Chief Business Development Officer, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2017-160. Shaun Wilson seconded the motion. **The motion carried: 6 ayes; 0 nays; 0 recused.**

Paul Gentilozzi joined the meeting at 10:27 am.

Resolution 2017-161 International Trade Small Business Service – RFP Grant Awards

Natalie Chmiko, Director International Trade, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2017-161. Roger Curtis seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

C. BUSINESS INVESTMENT

C1. Business Growth

Resolution 2017-162 Amazon, Shelby Township – MBDP Grant

Trevor Friedeberg, Senior Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2017-162. Roger Curtis seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2017-163 Newell Brands, Inc. – MBDP Grant

Mike Gietzen, Senior Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Andrew Lockwood motioned for the approval of Resolution 2017-163. Paul Gentilozzi seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2017-164 Southwest Michigan First Inc. – MBDP Loan Amendment

Mike Gietzen, Senior Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2017-164. Andrew Lockwood seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

D. COMMUNITY VITALITY

Resolution 2017-165 Infrastructure Capacity Enhancement – CDBG Grant Awards

Greg West, Senior Program Specialist, Community Development, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2017-165. Roger Curtis seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolutions 2017-166 & 2017-167 George F. Eyde Family, LLC/City of Lansing Brownfield Redevelopment Authority (Oliver Towers Project) – MCRP Loan Participation & Act 381 Work Plan

Nate Scramlin, Senior Community Assistance Team Specialist, provided the Board with information regarding these action items. Following brief discussion, Larry Koops motioned for the approval of Resolutions 2017-166 & 2017-167. Andrew Lockwood seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolutions 2017-168 & 2017-169 HB BM East Lansing LLC/City of East Lansing Brownfield Redevelopment Authority (City Center District Project) – MCRP Loan Participation & Act 381 Work Plan

Nate Scramlin, Senior Community Assistance Team Specialist, provided the Board with information regarding these action items. Following brief discussion, Paul Gentilozzi motioned for the approval of Resolutions 2017-168 & 2017-169. Larry Koops seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2017-170 550 Bears, LLC and Uptown Reinvestment Corporation, Inc./City of Flint (Culinary Arts Project) – MCRP Grant

Chuck Donaldson, Community Assistance Team Specialist, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2017-170. Andrew Lockwood seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2017-171 Alma College and Alma Opera Block, LLC/City of Alma (Wright Opera Block Project) – MCRP Grant

Chuck Donaldson, Community Assistance Team Specialist, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2017-171. Andrew Lockwood seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolutions 2017-172 & 2017-173 Geenen DeKock Properties, LLC/City of Holland Brownfield Redevelopment Authority (Keenen DeKock Properties, LLC and West 8th Development LLC Redevelopment Project) – MCRP Loan Participation & Act 381 Work Plan

Ryan Kilpatrick, Senior Community Assistance Team Specialist, provided the Board with information regarding these action items. Following brief discussion, Larry Koops motioned for the approval of Resolutions 2017-172 & 2017-173. Paul Gentilozzi seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2017-174 CWD Monroe LLC/City of Grand Rapids Brownfield Redevelopment Authority (CWD 50 Monroe LLC Project) – Act 381 Work Plan

Ryan Kilpatrick, Senior Community Assistance Team Specialist, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2017-174. Andrew Lockwood seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Mr. Mason recognized Representative Larry Inman who spoke in support of the Regency Midwest Ventures Limited Partnership/Park Place project in Traverse City.

Resolution 2017-175 Regency Midwest Ventures, Limited Partnership/County of Grand Traverse Brownfield Redevelopment Authority (Park Place Redevelopment Area Project) – Act 381 Work Plan

Dan Leonard, Senior Community Assistance Team Specialist, provided the Board with information regarding this action item. Following brief discussion, Paul Gentilozzi motioned for the approval of Resolution 2017-175. Roger Curtis seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2017-176 Bloomfield Village Owner, LLC/County of Oakland Brownfield Redevelopment Authority (The Village at Bloomfield Redevelopment Project) – Act 381 Work Plan

Dominic Romano, Community Assistance Team Specialist, provided the Board with information regarding this action item. Following brief discussion, Roger Curtis motioned for the approval of Resolution 2017-176. Shaun Wilson seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2017-177 Cornerstone Alliance/Project Tech – MSF Grant

Emily Petz, Community Assistance Team Specialist, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2017-177. Andrew Lockwood seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

E. IMAGE/STATE BRANDING

Resolution 2017-178 2017 Pure Michigan Campaign Insights Study – Contract Award

Lauren Branneman, Manager Corporate Research, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2017-178. Roger Curtis seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Mr. Mason adjourned the meeting at 12:19 pm.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

January 12, 2017

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

Dear Ms. Robach,

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to be "N.A. Khouri", written over a horizontal line.

N.A. Khouri
State Treasurer

Cc: Andrew Lockwood

MEMORANDUM

Date: October 24, 2017
To: Michigan Strategic Fund Board
From: Jennifer Tebedo, Federal Relations Director, Legislative Affairs
Subject: Procurement Technical Assistance Center (PTAC) Program
-FY18 Grant Allocations

Request

The Michigan Economic Development Corporation (MEDC) Staff requests the MSF Board allocate grant funds to four of the Procurement Technical Assistance Center (PTAC) Programs for fiscal year 2018.

Individual Contract Extensions Include:

Saginaw Future	\$124,000
Jackson Enterprise Group	\$81,000
Schoolcraft College	\$225,000
Macomb Community College	\$175,000

Background

Each of the host organizations currently providing PTAC services for Michigan businesses have executed their contractual obligations in the past and continue to do so. The PTAC Program assists in successfully winning federal contracts, with a strong emphasis on United States Departments of Defense (DoD) and Homeland Security (DHS) contracts, as well as state and local contracts.

The Department of Defense's PTAC Program was established by Congress in 1985 to help create jobs and to improve the local economy by assisting business firms in obtaining and performing under federal, state, and local government contracts. The U.S. Defense Logistics Agency (DLA), the MEDC, and local economic partners fund Michigan PTACs.

The Michigan PTAC Program generates an enormous economic impact. In fiscal year 2015, the PTACs teamed with Michigan companies to secure \$1 billion in government contracts resulting in thousands of jobs created or retained within the state. Collectively, hundreds of PTAC clients were successful in winning contracts and many more receiving valuable assistance towards their first contract win. In total the state is represented by nine PTAC agencies. The PTACs are regional and include: Networks Northwest, Northeast Michigan Consortium,

Muskegon Area First, Saginaw Future, Flint & Genesee Chamber of Commerce, W.E. Upjohn Institute, Jackson Enterprise Group, Schoolcraft College, and Macomb Community College. This allocation request is for the four PTACs referenced, while the remaining five are receiving funds previously budgeted through the general fund.

Recommendations

MEDC Staff recommends that the MSF Board allocate grant funds for these four qualified host organizations to manage PTAC Programs.

Individual Allocations Include:

Saginaw Future	\$124,000
Jackson Enterprise Group	\$81,000
Schoolcraft College	\$225,000
Macomb Community College	\$175,000

MICHIGAN STRATEGIC FUND

RESOLUTION

2017-

**GRANT ALLOCATIONS TO PROCUREMENT TECHNICAL ASSISTANCE CENTERS
FOR FISCAL YEAR 2017-2018**

WHEREAS, Public Act 315 and 225 of 2006, as amended, created the Michigan Defense Center (“MDC”) within the Michigan Strategic Fund (“MSF”);

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

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

WHEREAS, Section 88b(2)(c) of the Act provides that money transferred or appropriated to the MSF may be expended for programs or activities authorized under any chapter of the Act;

WHEREAS, Section 7(c) of the Act provides that the MSF shall have the power to make grants;

WHEREAS, the MEDC recommends that the MSF Board allocate funding from the 21st Century Jobs Trust Fund to the Procurement Technical Assistance Centers (“PTACs”) for FY2018, as described in Exhibit A to this resolution (the “PTAC Grant Allocations”); and

WHEREAS, the MSF Board wishes to approve the PTAC Grant Allocations.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the PTAC Grant Allocations; and

BE IT FURTHER RESOLVED, the MSF Board authorizes the MSF Fund Manager to take all steps necessary to effectuate the PTAC Grant Allocations and to execute a grant agreement with each of the PTACs identified in Exhibit A, consistent with the terms of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 24, 2017

Exhibit A

Saginaw Future	\$124,000
Jackson Enterprise Group	\$81,000
Schoolcraft College	\$225,000
Macomb Community College	\$175,000

MICHIGAN STRATEGIC FUND

**Michigan Economic Development Corporation
300 N. Washington Square, Lansing, Michigan
Lake Michigan Conference Room**

2018 Proposed Meeting Dates

Monday, January 23, 2018
10:00 am

Tuesday, February 27, 2018
10:00 am

Tuesday, March 27, 2018
10:00 am

Tuesday, April 24, 2018
10:00 am

Tuesday, May 22, 2018
10:00 am

Tuesday, June 26, 2018
10:00 am

Tuesday, July 24, 2018
10:00 am

Tuesday, August 28, 2018
10:00 am

Tuesday, September 25, 2018
10:00 am

Tuesday, October 23, 2018
10:00 am

Tuesday, November 27, 2018
10:00 am

Tuesday, December 18, 2018
10:00 am

MEMORANDUM

Date: October 24, 2017

To: Michigan Strategic Fund Board

From: Karl Dehn, Senior Project Manager
Lisa Edmonds, MCRP and Brownfield Program Specialist

Subject: City of Grand Rapids Brownfield Redevelopment Authority
Request for Approval of an Act 381 Work Plan
DEG Development Co. LLC, 1810 Turner Avenue NW

Request

The proposed project will be undertaken by DEG Development Co. LLC. The project will redevelop 9.3 acres located at 1810 Turner Avenue NW, City of Grand Rapids, Kent County, Michigan. The project qualifies for an Act 381 Work Plan because it is a facility.

In order to alleviate brownfield conditions and prepare the proposed project site for redevelopment, the City of Grand Rapids Brownfield Redevelopment Authority is seeking approval of local and school tax capture for Michigan Strategic Fund (“MSF”) eligible activities in the amount of \$1,121,407.

Redevelopment of the property is costly due to the existing significant Brownfield conditions that require lead and asbestos abatement, demolition of two existing buildings, infrastructure improvements and site preparation. The eligible activities will alleviate Brownfield conditions across the site and make it suitable for redevelopment, and protect human health and the environment. Without Brownfield tax increment reimbursement, the cost burden related to Brownfield conditions would make the project financially unfeasible.

The Applicant anticipates that the project will result in total capital investment in the amount of \$12,300,000, along with the creation of approximately 140 permanent full-time equivalent jobs with an average hourly wage of \$24.

Background

DEG Development Co. LLC is planning to construct two new speculative warehouse/industrial and office buildings on a 9.3 acre site. The first of the buildings is a warehouse that can be put to light industrial use and will total approximately 70,150 square feet. The second structure will be warehouse with attached office and will be approximately 126,750 square feet.

Lead and asbestos abatement will be necessary prior to demolition activities in order to protect human health.

Demolition activities will be necessary to provide adequate acreage for the two new buildings and the overall site plan improvements.

Site preparation activities include raising the site an average of three feet, which requires approximately 44,000 cubic yards of new fill material. This site work is necessary for two reasons. First, it will raise the elevation of the structures to above the 100-year flood plain elevation of 616.7 feet. Second, raising the site grade by three feet will allow the storm water management system to work by gravity. Given the elevation of the City's existing storm water pipes adjacent to the property, without raising the site, the storm water detention basin would have to cover much more of the property (at a shallower depth). As a result, the northern warehouse would have to be reduced in size by approximately 30 percent. The first foot of the fill is required for environmental response activities. Expenses related to the next two feet of the fill are categorized as site preparation costs.

Infrastructure improvements are necessary to support the development. Improvements will include new sidewalks along both Ann Street and Turner Avenue as part of the project. In addition, the two new buildings will require connections to the City of Grand Rapids public water system. The water main is located on the west side of Turner Avenue, creating the need to trench through Turner Avenue for the placement of water laterals and then resurface the road. The project will require a storm water system to capture, divert and slow storm water discharge from the property to the City's storm water system as required by City ordinance.

DEG Development Co., LLC owns and manages 1.5 million square feet of industrial and warehouse space in the Grand Rapids market. They have not received incentives from the MSF in the past.

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

Recommendation

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

- a) Local and school tax capture for the Act 381 eligible activities totaling \$1,121,407. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$563,731.

APPENDIX A – Programmatic Requirements & Screening Guidelines

Property Eligibility

The project is located within the boundaries of the City of Grand Rapids, which is a Qualified Local Governmental Unit, and has been determined to be a facility as verified by Michigan Department of Environmental Quality (“DEQ”) on September 27, 2017.

The property is the subject of a Brownfield Plan, duly approved by the City of Grand Rapids Brownfield Redevelopment Authority on May 4, 2017 and concurred with by the City of Grand Rapids on June 6, 2017.

In addition, the project is requesting from the DEQ \$600,050 in TIF to assist with environmental eligible activities.

Key Statutory Criteria

Act 381 requires the following information to understand and explain the benefits of the project.

- a) **Overall Benefit to the Public:** The project will significantly increase the local and state tax base through real property taxes and City income taxes paid by companies and employees; will provide improvement of property at one of the entrances to the City; and will address environmental contamination and potential exposure pathways.
- b) **Jobs Created (Excluding Construction and other Indirect Jobs):**
This project is expected to create approximately 140 new, full-time jobs in manufacturing and warehouse operations with average wages of \$24.00 per hour.
- c) **Area of High Unemployment:**
The City of Grand Rapids unadjusted jobless rate was 5.6% in July, 2017. This compares to the statewide seasonally adjusted average of 3.7% in July, 2017.
- d) **Level and Extent of Contamination Alleviated:**
According to the Phase II Environmental Site Assessment (ESA) conducted by Dixon Environmental, analysis of soil and groundwater at various locations on the site reveal that they contain at least all of the following in excess of the concentrations which satisfy the requirements of Section 20120a(1)(a) of the NREPA: PNAs, including benzo(A)anthracene, benzo(A)pyrene, benzo(B)fluoranthene, dibenzo(a,h)anthracene, fluoranthracene, ideno(1,2,3-d)pyrene, naphthalene and phenanthrene; VOCs, including 1,2,4-trimethylbenzene, trichloroethylene and xylenes; and inorganic metals including arsenic, barium, cadmium, chromium (total), copper, lead, mercury, selenium, and zinc.
- e) **Reuse of Functionally Obsolete Buildings and/or Redevelopment of Blighted Property:**
The project is not qualifying as functionally obsolete or blight property.

f) Whether Project will Create a New Brownfield Property in the State:

No new Brownfields will be created by this project.

g) Whether the Project is Financially and Economically Sound:

From the materials received, the MEDC infers that the project is financially and economically sound.

h) Other Factors Considered:

There is high demand for warehouse and industrial property in the Grand Rapids metropolitan area. Providing additional property for such uses can keep local business that are in need of more space in the area or can provide needed space for out-of-state businesses looking to enter this market. The proposed use is a much higher use than the current use. The current use does not maximize employment, tax base or income tax value while using a large section of property zoned industrial in the City of Grand Rapids. The proposed use addresses current land use demand while addressing environmental and aesthetic problems with the existing use. In addition, the project will provide the new building space for advanced manufacturing, which is one of Michigan's targeted sectors.

Tax Capture Breakdown

There are 47.7431 non-homestead mills available for capture, with school millage equaling 24 mills (50.27%) and local millage equaling 23.7431 mills (49.73%). Tax increment capture will begin in 2018 and is estimated to continue for 19 years. The requested tax capture for MSF eligible activities breaks down as follows:

School tax capture	(50.27%)	\$	563,731
Local tax capture	(49.73%)	\$	<u>557,676</u>
TOTAL		\$	<u>1,121,407</u>

Cost of MSF Eligible Activities

Demolition	\$	50,000
Lead, Asbestos, or Mold Abatement		15,000
Infrastructure Improvements		172,789
Site Preparation	+	<u>733,000</u>
Sub-Total	\$	970,789
Contingency (15%)	+	<u>145,618</u>
Sub-Total	\$	<u>1,116,407</u>
<hr/>		
Brownfield/Work Plan Preparation	+	5,000
TOTAL	\$	<u>1,121,407</u>

APPENDIX B – PROJECT MAP AND RENDERINGS



USGS 7.5 MINUTE QUADRANGLE MAPS: CEDAR SPRINGS SW, MICHIGAN AND GRAND RAPIDS WEST, MICHIGAN

KENT COUNTY, MICHIGAN

PROJECT NUMBER: 16-12-003 DATE: 1/10/2017

APPROXIMATE SCALE: 1" = 2,000'

DIXON ENVIRONMENTAL CONSULTING, INC.

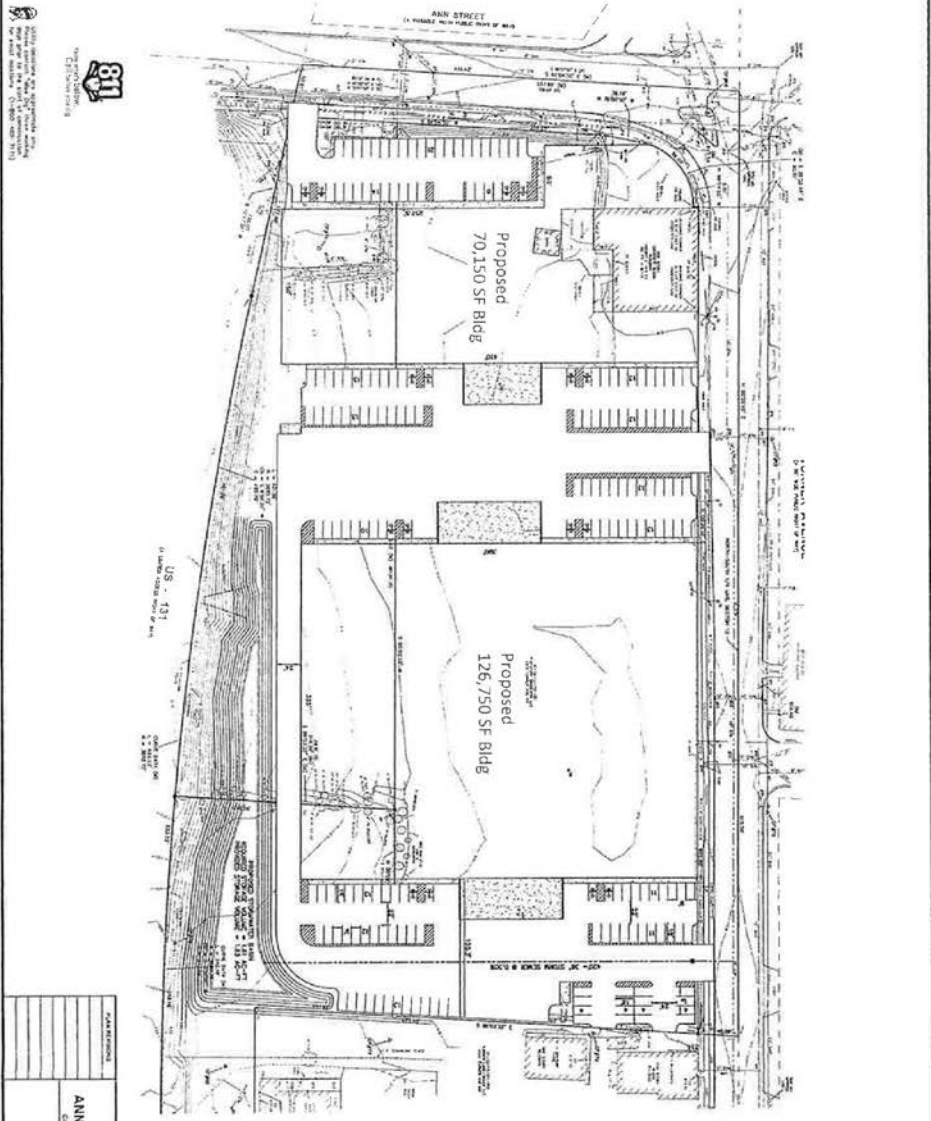
PHASE I ENVIRONMENTAL SITE ASSESSMENT

FIGURE 1 - PROJECT LOCATION MAP

NORTH

INDUSTRIAL PROPERTIES
1810 TURNER AVENUE, NW AND
331 ANN STREET, NW
GRAND RAPIDS, MICHIGAN

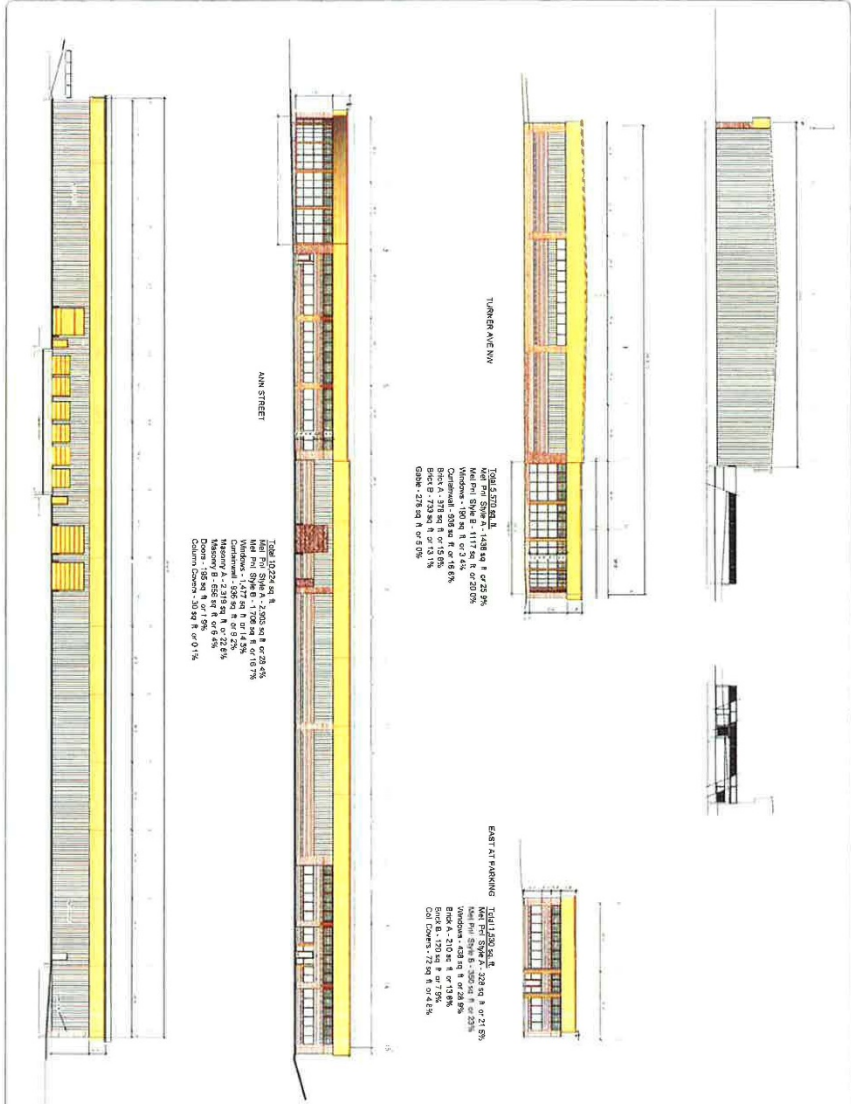
PROVIDED DIMENSIONS ARE APPROXIMATE. DIMENSIONS SHALL BE DETERMINED BY SURVEY.



<p>CONCEPTUAL SITE PLAN</p> <p>FOR ANN & TURNER DEVELOPMENT CITY OF GRAND MARSH, DUFF COUNTY, MISSISSIPPI</p> <p>MOORE & BRIGGS, INC. CIVIL ENGINEERS & ARCHITECTS 1000 BIRCHWOOD DRIVE, SUITE 100 GRAND MARSH, MISSISSIPPI 39566</p>		<p>DATE: 11/15/2011</p> <p>SCALE: 1" = 40'</p>
<p>DESIGNED BY: M&B</p> <p>DRAWN BY: M&B</p> <p>CHECKED BY: M&B</p> <p>APPROVED BY: M&B</p>	<p>PROJECT NO. 11-001</p> <p>DATE: 11/15/2011</p> <p>SCALE: 1" = 40'</p>	<p>1 OF 1</p>

MOORE & BRIGGS, INC.
 CIVIL ENGINEERS & ARCHITECTS
 1000 BIRCHWOOD DRIVE, SUITE 100
 GRAND MARSH, MISSISSIPPI 39566
 PHONE: (601) 938-1111
 FAX: (601) 938-1112
 WWW.MOOREBRIGGS.COM

PROVIDED DIMENSIONS ARE APPROXIMATE. DIMENSIONS SHALL BE DETERMINED BY SURVEY.



MICHIGAN STRATEGIC FUND

RESOLUTION 2017 -

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF GRAND RAPIDS BROWNFIELD REDEVELOPMENT AUTHORITY
DEG DEVELOPMENT**

WHEREAS, the Michigan Economic Growth Authority (“MEGA”) was 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 for property located at 1810 Turner Avenue, NW within the City of Grand Rapids, known as DEG Development (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 authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 50.27% to 49.73% 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 Work Plan dated September 1, 2017. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on costs of MSF eligible

activities with a maximum of \$1,116,407 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$5,000 for Brownfield/Work Plan preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$563,731.

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:

Nays:

Recused:

Lansing, Michigan
October 24, 2017

MEMORANDUM

Date: October 24, 2017

To: Michigan Strategic Fund Board

From: Trevor Friedeberg, Senior Business Development Project Manager

Subject: Centria Healthcare LLC (“Company” or “Applicant”)
Michigan Business Development Program Performance-based Grant Request

Summary

This is a request from the Applicant for an \$8,000,000 Michigan Business Development Program (“MBDP”) performance-based grant. This project involves the creation of 1,200 Qualified New Jobs and a capital investment of up to \$16.5 million in the city of Farmington Hills, Oakland County.

The Applicant has demonstrated a need for the funding. The Company is conducting a nation-wide site search for a new location to house its headquarter operations. Both New Mexico and Texas are being considered based on state and local incentives that are being offered. Some of the offerings include large grants for training that would help the Company quickly ramp up operations. For Michigan to remain economically competitive, assistance is required to offset incentives being offered and make the case this is the best location for the Project.

Background

Incorporated in 2009, the Company is a provider of autism therapy services and private duty nursing, and through its affiliates, traumatic brain injury and spinal cord injury care. Currently headquartered in Novi, the Company focuses on services that positively impact the lives of the people and communities. The Company is a leader in clinical and customer service for the autism community, with expertise providing Applied Behavior Analysis (ABA). The Company has developed a deep understanding of care-needs creating a strong bond with clients and a high level of service giving the Company the ability to open new service lines, expand nationally and create new opportunities.

The Applicant has not received any incentives from the MSF in the past.

Due to the increasing demand for Company services, specifically related to those in the autism community, the Company is at a critical point having outgrown its current headquarter facility prompting the need for a new permanent location to call home. The Company currently requires 80,000 square feet of office space with the ability to expand up to 160,000 square feet. With the Company’s new headquarter location and expansion in the city of Farmington Hills, 1,200 jobs will be added and investment of \$16.5 million will occur.

The MEDC has completed a civil and criminal background check for the entity and individuals related to this project. No issues were identified.

Considerations

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(7)(b), that is located and operates in Michigan.
- b) The project will be located in the City of Farmington Hills. The City of Farmington Hills has offered a “staff, financial, or economic commitment to the project”. Since this project is primarily investing in office equipment in addition to job creation, a tax abatement is not a suitable tool for this project. In lieu of a tax abatement, the city of Farmington Hills is prepared to assist the Company in finding candidates for the newly created positions through the use of the Costick Center for a recruitment event.
- c) The Applicant has demonstrated a need for the funding. Both New Mexico and Texas are being considered based on state and local incentives that are being offered. Some of the offerings from the competing states include large grants for training that would help the Company quickly ramp up operations. For Michigan to remain economically competitive, assistance is required to offset incentives being offered and make the case this is the best location for the Project.
- d) The Applicant plans to create 1,200 Qualified New Jobs above a statewide base employment level of 1,388.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: project is not a retail project; project is not a retention project; involves out-of-state competition; has a net positive return to Michigan; level of investment; shovel-ready project with the support of the MSF; prospect of near-term job creation; the company will be offering employer benefits.

Recommendation

MEDC Staff recommends the following (collectively, “Recommendation”):

- a) Approval of the MBDP Proposal as outlined in the attached term sheet (collectively, “MBDP Proposal”);
- b) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing (“Available Funding”), satisfactory completion of due diligence (collectively, “Due Diligence”), finalization of all MBDP transaction documents; and
- c) Commitment will remain valid for 120 days with approval for the MSF Fund Manager to extend the commitment an additional 60 days.

MICHIGAN STRATEGIC FUND

RESOLUTION 2017-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
CENTRIA HEALTHCARE LLC**

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

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

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

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

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

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

WHEREAS, Centria Healthcare LLC (“Company”) has requested a performance based MBDP grant of up to \$8,000,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

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

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

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF Fund Manager to negotiate the final terms and conditions and execute all final documents necessary to effectuate the MBDP Award Recommendation.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 24, 2017

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

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

Date: October 6, 2017

Company Name: Centria Healthcare LLC

Project Location: Farmington Hills

MBDP Incentive Type: Performance Based Grant

Maximum Amount of MBDP Incentive: Up to \$8,000,000

Base Employment Level: At least 1,388

Qualified New Jobs: At least 1,200

Municipality Supporting Project: The City of Farmington Hills has agreed to provide staff, financial or economic assistance in support of the project.


Start Date for Measurement of Creation of Qualified New Jobs: Date of MSF Board Approval (October 24, 2017)

Term of the Agreement: March 31, 2023

Milestone Based Incentive: Disbursements will be made over a 5 year period and will be performance based on job creation as follows:
Milestone 1: \$1,000,000 for the creation of 50 additional new jobs.
Milestone 2: \$1,000,000 for the creation of 50 additional new jobs.
Milestone 3: \$2,000,000 for the creation of 275 additional new jobs.
Milestone 4: \$2,000,000 for the creation of 275 additional new jobs.
Milestone 5: \$1,500,000 for the creation of 275 additional new jobs.
Milestone 6: \$500,000 for the creation of 275 additional new jobs.
This project does involve front loading of the incentive on a cost per job basis, as outlined above, to address funding need at the onset of the project.

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

Acknowledged as received by:

Centria Healthcare LLC
By: 
Printed Name: Jody H Boonstein
Its: Cfo
October 6, 2017 – Centria Healthcare LLC

Michigan Economic Development Corporation
By: 
Printed Name: Trevor Friedberg
Its: Sr. Business Dev. Project Manager

MEMORANDUM

Date: October 24, 2017

To: Michigan Strategic Fund Board

From: Denise Graves, University Relations Director, Entrepreneurship and Innovation

Subject: University Technology and Commercialization Program (UTACP) Joint Evaluation Committee Funding Recommendations

Action

The MEDC requests that the Michigan Strategic Fund (“MSF”) Board approve total funding of \$2,660,000 for the University Technology and Commercialization Programs as follows: \$1,260,000 for University of Michigan - Technology Transfer Network (“T3N”) and \$1,400,000 for University of Michigan – Michigan Corporate Relations Network (“MCRN”).

Background

Since 2011, the MSF has provided funding to universities to encourage the State’s public universities to collaborate and identify the commercial potential in advanced technologies from individual institutions, facilitate the bundling of inventions into packages that could be of interest to the public sector, encourage business formation efforts and to increase the number of institution of higher education related start-up companies. The T3N and MCRN programs, with matching funds, support collaboration with all universities across the State of Michigan providing mentors in residence, postdocs working to commercialize technology out of the lab, IP invention disclosure support for smaller universities, engagement with industry, internships for students and research projects between industry and universities.

On August 22, 2017, the MSF Board approved:

- Allocation of \$2,800,000 from FY18 Entrepreneurship & Innovation budget to solicit proposals from organizations that have received prior MSF funding and require additional funding to support continuation of the programs
- 2017 University Technology and Commercialization Program RFP
- Joint Evaluation Committee (JEC) to review the submission to the RFP and,
- Scoring and evaluation criteria for the review of the UTACP proposals.

Results

The MEDC received two proposals, one for each program, totaling \$3,388,500 in response to the RFP.

Organization	Requested Amount	Score	Recommended Award
University of Michigan – MCRN	\$1,498,500	77	\$1,400,000
University of Michigan – T3N	\$1,890,000	81	\$1,260,000

The JEC reviewed the proposals and with consensus scores of 77 and 81 for MCRN and T3N, respectively, recommends that the MSF award a grant to each entity in the amounts listed in the table above for an initial one year term, with the option to extend the term and allocate additional funding for up to an additional four years and allocate additional funding at the sole discretion of the MSF Board and subject to available funding.

Recommendation

The MEDC requests that the MSF Board approve funding of \$2,660,000 over one year for the support of the University Technology Commercialization Programs – T3N and MCRN, with the option to extend the grants for an additional four years and allocate additional funds, at the sole discretion of the MSF Board and subject to available funding. The MEDC also requests that the MSF Board delegate authority to the MSF Fund Manager, with the assistance of MEDC staff, to negotiate and execute the final terms and conditions for the grant agreements.

**MICHIGAN STRATEGIC FUND
RESOLUTION**

2017-

UNIVERSITY TECHNOLOGY AND COMMERCIALIZATION PROGRAM AWARDS

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

WHEREAS, MCL 125.2088o authorizes the Michigan Strategic Fund (“MSF”) Board to create and operate a program to accelerate technology transfer from Michigan’s institutions of higher education to the private sector for commercialization of competitive edge technologies and bioeconomy technologies;

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

WHEREAS, on August 22, 2017, the MSF issued a Request for Proposals (“RFP”) to award grant funding to institutions of higher education for the purpose of: 1) encouraging collaboration and identification of the commercial potential in advanced technologies from individual institutions; 2) facilitating the bundling of inventions into packages that could be of interest to the public sector; 3) encouraging business formation efforts; and 4) increasing the number of university related start-up companies (the “University Technology and Commercialization Program RFP”);

WHEREAS, on August 22, 2017, the MSF Board also allocated \$2,800,000 for the University Technology and Commercialization Program RFP, appointed a Joint Evaluation Committee (“JEC”) to review proposals received in response to the University Technology and Commercialization Program RFP; and adopted scoring and evaluation criteria to be used by the JEC in its review of proposals received in response to the University Technology and Commercialization Program RFP;

WHEREAS, two proposals were received in response to the University Technology and Commercialization Program RFP and evaluated in accordance with the requirements of the scoring and evaluation criteria adopted by the MSF Board;

WHEREAS, the JEC determined that the two proposals earned sufficient scores to warrant funding under the University Technology and Commercialization Program RFP;

WHEREAS, the JEC recommends that the MSF Board authorize the following grants for an initial term of one year, with the option to extend the grants for up to an additional four years and allocate additional funds, at the sole discretion of the MSF Board and subject to available funding:

Applicant	Amount
University of Michigan – Michigan Corporate Relations Network	\$1,400,000
University of Michigan – Technology Transfer Network	\$1,260,000

(collectively, the “University Technology and Commercialization Program Awards”); and

WHEREAS, the MSF Board wishes to approve the University Technology and Commercialization Program Awards.

NOW, THEREFORE, BE IT RESOLVED, that the MSF approves the University Technology and Commercialization Program Awards; and

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF Fund Manager to negotiate the final terms and conditions and execute all final documents necessary to effectuate the University Technology and Commercialization Program Awards.

Ayes:

Nays:

Recused:

Lansing, Michigan
October 24, 2017

MEMORANDUM

Date: October 24, 2017

TO: Michigan Strategic Fund Board

From: Christopher Cook, Director of Capital Access

Subject: *Private Activity Qualified 501(c)(3) Bond – Bond Inducement
Luella Hannan Memorial Foundation
Non-Profit - \$1,650,000 – New*

Request:

The Luella Hannan Memorial Foundation (the “Foundation”) is requesting private activity qualified 501(c)(3) bond financing for energy efficiency improvements to the Hannan House Nonprofit Office Center, a 45,000 square foot, four story (five levels) building located at 4750 Woodward Avenue, Detroit, Wayne County. In addition to the services and programs for persons age sixty and older provided by the Foundation, the Hannan House Nonprofit Office Center (Hannan House) provides affordable, high quality office, activity and meeting space for nonprofit organizations. Southwest Housing Solutions is the property manager.

Background:

The Luella Hannan Memorial Foundation is a Michigan-non-profit corporation and a charitable organization described in Section 501(c)(3) of the Internal Revenue code, incorporated in 1925 to provide service to senior citizens. Hannan House serves as a centralized location for seniors to access services to meet their medical, social, financial and housing needs and a meeting space for nonprofit organizations. The Foundation operates and supports a number of programs and services in the area including advocacy, creative aging and service coordination and case management for both senior housing and the community. The Foundation currently has eight full-time employees.

Description of Project:

The project consists of the acquisition, construction and installation of energy efficiency improvements to Hannan House which will be eligible for PACE special assessments under the Michigan Property Assessed Clean Energy Act, Act 270 of 2010, as amended.

Plans of Finance:

Keybanc Capital Markets has indicated an interest in providing private placement services to support this bond issue.

If the project size remains at \$1,650,000, the MSF issuance fee will be \$4,125.00.

Recommendation:

After reviewing the private activity bond application for the Borrower, staff finds this project meets the requirements for an Inducement Resolution in the amount of \$1,650,000.

MICHIGAN STRATEGIC FUND

**INDUCEMENT RESOLUTION
2017-**

Luella Hannan Memorial Foundation

WHEREAS, Luella Hannan Memorial Foundation, a Michigan non-profit corporation, is presently located at 4750 Woodward Avenue, Detroit (the "Foundation");

WHEREAS, the Foundation desires to finance energy efficiency improvements to its facility located at 4750 Woodward Avenue, Detroit, Michigan, collectively, the ("Project");

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

WHEREAS, the Foundation has advised the MSF that the cost of the Project will not exceed a cost of One Million Six Hundred Fifty Thousand Dollars (\$1,650,000);

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

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

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

1. The MSF intends to provide the Loan to the Foundation subject to the conditions of this Resolution.
2. The Loan shall be designated for the Project in accordance with the Foundation's Tax-Exempt Application Form dated October 4, 2017.
3. The maximum principal amount of the bonds (the "Bonds") expected to be issued to provide the Loan to finance the Project shall not exceed One Million Six Hundred Fifty Thousand Dollars (\$1,650,000). The Foundation shall be obligated to make loan repayments in an amount sufficient to assure full repayment of the Bonds, establish appropriate reserves and pay costs and expenses relating to the issuance of the Bonds and the making of the Loan.
4. The MSF's obligation to issue the Bonds and make the Loan shall be conditioned upon a) the ability of the MSF to issue, sell and deliver the bonds under applicable federal and state laws, and b) any prioritization, fee schedules or other requirements or limitations implemented by the MSF or the State Treasurer.
5. The MSF's obligation to make the Loan and issue the Bonds contemplated by this Resolution shall expire two years after the date of this Resolution.
6. The Loan may be evidenced by a promissory note and secured by such instruments as are in form and substance satisfactory to the MSF, the Attorney General of the State of Michigan (the "Attorney General") and bond counsel to the MSF, including a loan agreement and such additional security as may be required by the MSF or purchaser of the Bonds.
7. Subject to compliance with this Resolution, the MSF will authorize a bond resolution approving the issuance of the Bonds (the "Bond Resolution") for the purpose of making the Loan and funding the reserves and costs associated with the issuance and administration of the Bonds, and enter into a loan agreement and related documents with the Foundation and a bond purchase agreement with a bond purchaser, which documents shall be subject to the approval of the Attorney General and bond counsel to the MSF.
8. The Bonds shall not be general obligations of the MSF but shall be payable as to principal and interest solely from the proceeds of the payments to be made by the Foundation to the MSF (or to a trustee appointed by the MSF pursuant

to the Bond Resolution), as provided in the Bond Resolution. The agreements relating to the Loan and the issuance of the Bonds shall contain such provisions as will be necessary to make absolutely certain that under no circumstances will the Bonds or this Resolution be a debt or obligation of the State of Michigan or a general obligation of the Michigan Strategic Fund, nor will the State of Michigan be liable on the Bonds.

9. All costs and expenses involved in the authorization, issuance, sale, and delivery of the Bonds and in the making of the Loan shall be paid by the Foundation.

10. The staff of the MSF is authorized and directed to initiate the proceedings described in this Resolution and to enter into negotiations, subject to the approval of the MSF, with a bond purchaser for the sale of the Bonds.

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

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

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

ADOPTED

Ayes:

Nays:

Recused:

Lansing, Michigan
October 24, 2017

MEMORANDUM

Date: October 24, 2017

To: Michigan Strategic Fund Board

From: Brittney Hoszkiw, Community Assistance Team
Mary Kramer, Senior MCRP and Brownfield Program Specialist

Subject: City of Detroit Brownfield Redevelopment Authority
Request for Approval of an Act 381 Work Plan
Detroit Pistons Corporate Headquarters and Practice Facility Campus
Project

Request

The proposed project will be undertaken by Pistons Performance, LLC and Henry Ford Health System (“HFHS”) and will involve construction of a 167,000 square foot building to include ground floor retail/restaurant space, practice facilities and office space for the Detroit Pistons and a 36,000 square foot sports medicine and medical office facility. The project will redevelop approximately four acres of property located at 6201 and 6235 Second Avenue and 690 Amsterdam Street in the City of Detroit. The project qualifies for an Act 381 work plan because it is a facility.

In order to alleviate Brownfield conditions and prepare the proposed project site for redevelopment, the City of Detroit Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$15,981,327.

The proposed project site will require a significant amount of excavation and removal of contaminated or unsuitable soils. The project will also involve the installation of new public infrastructure to improve the public rights of way and construction of a six-story, 363 space private parking deck. The eligible activities will alleviate Brownfield conditions across the site and make it suitable for redevelopment, and protect human health and the environment. Without Brownfield tax increment reimbursement, the cost burden related to Brownfield conditions would make the project financially unfeasible.

The development team anticipates that the project will result in total capital investment in the amount of \$107,000,000, along with the creation of approximately 40 new permanent full-time equivalent jobs with an average hourly wage of \$15.

Background

The proposed project site is currently a surface parking lot and bus garage. However, beneath the asphalt surface there are subsurface soil conditions which will require significant excavation and soil removal to prepare for the new construction. Pistons Performance, LLC proposes to build a four-story, 167,000

square foot facility which is intended to include a practice facility, locker and training rooms, office space and 11,250 square feet of ground floor retail/restaurant space. The project will also include a six-floor, 363 space parking deck totaling 140,000 square feet and a 36,000 square foot sports medicine and medical office building to be constructed, owned and operated by Henry Ford Health System.

Demolition activities will be necessary to remove the bus garage building and all elements associated with the existing surface parking lot and curb lines. Site preparation activities include excavation and removal of contaminated or unsuitable soils as well as site fill and compaction to prepare the site for construction. Infrastructure improvements including sidewalks, curb and gutter, stormwater management and on-street parking, as well as a 363 space parking deck which are necessary to support the new development.

Pistons Performance, LLC will be relocating their facilities from a current location in the City of Auburn Hills. Pistons Performance, LLC parent company, Palace Sports and Entertainment, LLC, owns and operates the Palace of Auburn Hills and other entertainment facilities. However, they have not received incentives from the Michigan Strategic Fund (MSF).

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

Recommendation

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

- A) Local and school tax capture for the Act 381 eligible activities totaling \$15,981,327. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$7,751,893.

APPENDIX A – Programmatic Requirements & Screening Guidelines

Property Eligibility

The project is located within the boundaries of the City of Detroit which is a Qualified Local Governmental Unit, and has been determined to be a facility as verified by Michigan Department of Environmental Quality (DEQ) on October 3, 2017.

The property is the subject of a Brownfield Plan, duly approved by the City of Detroit on June 6, 2017.

In addition, the project is requesting \$2,717,210 in TIF from the DEQ to assist with environmental eligible activities.

Key Statutory Criteria

Act 381 requires the following information to understand and explain the benefits of the project.

a) Overall Benefit to the Public:

The project will attract economic investment to the area from employees of Detroit Pistons Basketball Company, Palace Sports & Entertainment, LLC, Henry Ford Health System and retail and commercial tenants. Redevelopment of this property in the New Center Area will provide an important stimulus to the area and extend the recent successful growth in the Midtown Detroit area further north to a part of the community that has not yet experienced the level of growth and redevelopment seen in Midtown and City Center. Both city and state income taxes will increase due to this project.

b) Jobs Created (Excluding Construction and other Indirect Jobs):

This project is expected to create approximately 40 full-time jobs in retail/service sector and retain approximately 150 full time jobs associated with the Pistons Performance Center.

c) Area of High Unemployment:

The City of Detroit unadjusted jobless rate was 3.7% in June of 2017.

d) Level and Extent of Contamination Alleviated:

The proposed project will include the removal of a significant amount of contaminated soils from the property, including proper disposal in a Type II facility. Soil contaminants include petroleum, arsenic and benzoflouranthene, among others.

e) Reuse of Functionally Obsolete Buildings and/or Redevelopment of Blighted Property:

The project is not qualifying as functionally obsolete or blighted.

f) Whether Project will Create a New Brownfield Property in the State:

No new Brownfields will be created by this project.

g) Whether the Project is Financially and Economically Sound:

From the materials received, the MEDC infers that the project is financially and economically sound.

h) Other Factors Considered:

No additional factors need to be considered for this project.

Tax Capture Breakdown

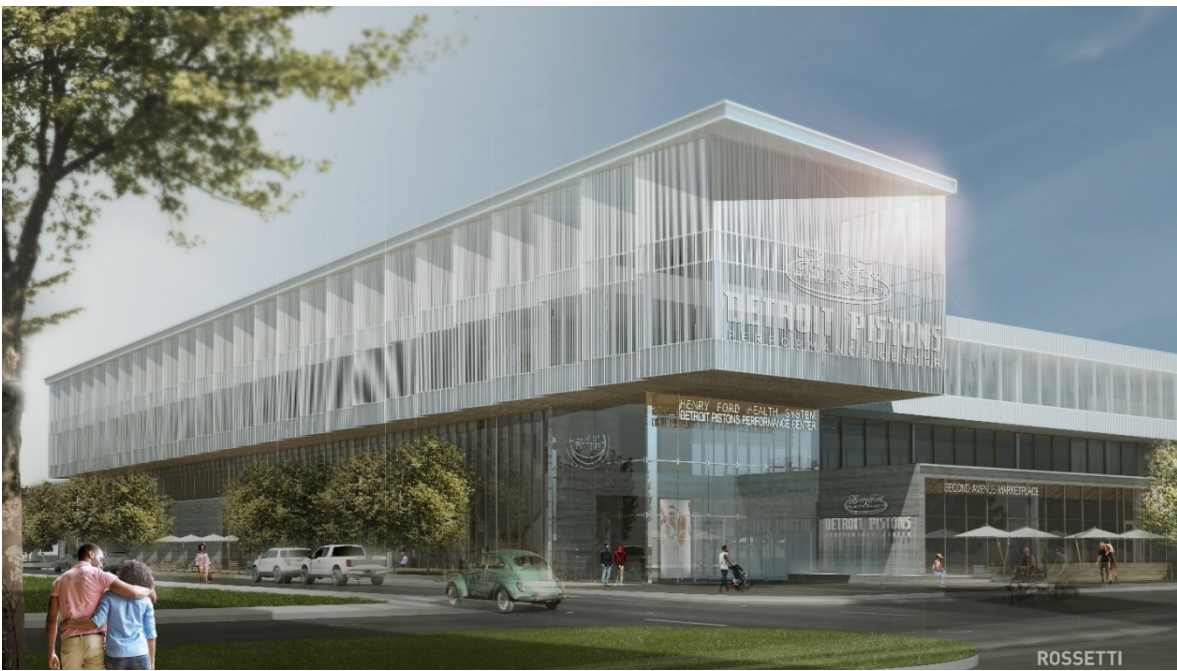
There are 63.62 non-homestead mills available for capture, with school millage equaling 24 mills (37.72%) and local millage equaling 39.62 mills (62.28%). Tax increment capture will begin in 2019 and is estimated to continue for 28 years. Due to an Act 210 Commercial Rehabilitation Act tax abatement and PA 328 personal property tax exemption, the blended ratio for the requested tax capture for MSF eligible activities breaks down as follows:

School tax capture	(48.51%)	\$	7,751,893
Local tax capture	(51.49%)	\$	8,229,434
TOTAL		\$	15,981,327

Cost of MSF Eligible Activities

Demolition	\$	188,652
Infrastructure Improvements		13,200,649
Site Preparation	+	481,418
Sub-Total	\$	13,870,719
Contingency (15%)	+	2,080,608
Sub-Total	\$	15,951,327
Brownfield/Work Plan Preparation	+	15,000
Brownfield/Work Plan Implementation	+	15,000
TOTAL	\$	15,981,327

APPENDIX B – Project Map and Renderings





MICHIGAN STRATEGIC FUND

RESOLUTION 2017 -

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
DETROIT PISTONS CORPORATE HEADQUARTERS AND PRACTICE FACILITY
CAMPUS PROJECT**

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

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

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

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

WHEREAS, the City of Detroit Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 6201 and 6235 Second Avenue and 690 Amsterdam within the City of Detroit, known as the Detroit Pistons Corporate Headquarters and Practice Facility Campus Project (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 48.51% to 51.49% 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 revised Work Plan dated October 10, 2017. 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 \$15,951,327 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$15,000 for Brownfield/Work Plan preparation, and a maximum of \$15,000 for Brownfield/Work Plan implementation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$7,751,893.

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:

Nays:

Recused:

Lansing, Michigan
October 24, 2017

MEMORANDUM

Date: October 24, 2017

To: Michigan Strategic Fund Board

From: Dominic Romano, Community Assistance Team Specialist
Rob Garza, Brownfield and MCRP Senior Program Specialist

Subject: County of Oakland Brownfield Redevelopment Authority
Request for Approval of an Act 381 Work Plan
Iron Ridge Development Project

Request

The proposed project will be undertaken by Iron Ridge Holdings, LLC. The project will redevelop thirteen acres of property located at 3155-3351 Bermuda, 3164-3252 Bermuda, 3342-3350 Bermuda, 660 East 10 Mile Road in the City of Ferndale as well as 400-404 and 660 East 10 Mile Road in the City of Pleasant Ridge. The project is located in a traditional commercial center and qualifies for an Act 381 work plan because the properties are either a facility or adjacent and contiguous.

In order to alleviate Brownfield conditions and prepare the proposed project site for redevelopment, the County of Oakland Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$3,531,500.

The developer has maximized senior financing and is contributing nearly 32% equity into the project. The developer return is acceptable and less than 12%. This investment in an underutilized and neglected former industrial site, located within a predominantly residential area, will create a robust and vibrant mixed-use district.

The eligible activities will alleviate Brownfield conditions across the site and make it suitable for redevelopment, and protect human health and the environment. Without Brownfield tax increment reimbursement, the cost burden related to Brownfield conditions would make the project financially unfeasible.

The Applicant anticipates that the project will result in total capital investment in the amount of \$32,019,626, along with the creation of approximately 200 permanent full-time equivalent jobs with an average hourly wage of \$25.

Background

This project will involve the rehabilitation of existing buildings as well as new construction which will create a vibrant, mixed-use campus. The vacant industrial building located at 660 E 10 Mile Road will be transformed into three buildings that will include a market space, beer garden, and brewery occupying

approximately 69,275 square feet. Office space, retail space, fitness center, and a fire suppression company will occupy the remainder of the five rehabilitated buildings occupying approximately 100,261 square feet. The construction of 55,650 square feet of new residential apartments containing approximately 75 units will complete the redevelopment. Cumulatively, the existing building space and proposed new construction total approximately 225,186 square feet.

Asbestos abatement will be necessary prior to demolition activities in order to protect human health. Building demolition activities will include selective building demolition and removal of existing vacant homes. Site demolition activities will be necessary to remove abandoned utilities, parking lots and concrete, sidewalks and curbs. Site preparation activities include staking, clearing and grubbing, foundation work to address special soil concerns, grading, relocation of active utilities, temporary site control, and excavation of unstable materials. Infrastructure improvements including road repairs and installation of new sidewalk, storm water retention system, storm sewer mains, water mains, public lighting, and permeable paver walkways are necessary to support the new development.

Members of Iron Ridge Holdings, LLC, who are the development team for this project, collectively manage approximately 3 million square feet of commercial space and more than 2,000 residential units. They have had recent experience redeveloping multiple properties within close proximity to the current project and have had ongoing experience in new development, construction, and property management for over 90 years. The principal member previously received approval for a Michigan Community Revitalization Program (MCRP) award from the Michigan Strategic Fund for the Trailhead Royal Oak project, but due to changes in the project scope, the project no longer required the incentive.

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

Recommendation

MEDC staff recommends approval of local and school tax capture for the Act 381 eligible activities totaling \$3,531,500. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$1,466,657.

APPENDIX A – Programmatic Requirements & Screening Guidelines

Property Eligibility

The project is located within the boundaries of the cities of Ferndale and Pleasant Ridge. The City of Ferndale is a Qualified Local Governmental Unit, and the City of Pleasant Ridge is not a Qualified Local Governmental Unit. Portions of the property have been determined to be a facility as verified by Michigan Department of Environmental Quality (DEQ) on August 22, 2017 and September 1, 2017.

The property is the subject of a Brownfield Plan, duly approved by the County of Oakland on September 28, 2017, by the City of Ferndale on September 11, 2017 and the City of Pleasant Ridge on September 12, 2017.

In addition, the project is requesting from the DEQ \$3,031,228 in TIF to assist with environmental eligible activities.

Key Statutory Criteria

Act 381 requires the following information to understand and explain the benefits of the project.

a) Overall Benefit to the Public:

The completion of this project will reactivate a group of vacant or underutilized industrial and residential parcels into a vibrant mixed-use campus. The multi-family residential buildings will promote a growth in housing stock for the City of Ferndale and will both increase density, and promote consumer spending in the area. The addition of a brewpub, marketplace, and commercial offices will create additional jobs and a marketplace destination.

b) Jobs Created (Excluding Construction and other Indirect Jobs):

This project is expected to create approximately 200 new, full-time equivalent jobs in the tech and service industry as well as managerial and sales positions.

c) Area of High Unemployment:

The City of Ferndale unadjusted jobless rate was 3.2% in June 2017. This compares to the statewide seasonally adjusted average of 4% in June 2017.

d) Level and Extent of Contamination Alleviated:

Subsurface investigations identified concentrations of tetrachloroethylene/trichloroethylene, benzene, petroleum VOCs, benzo(a)pyrene, flourathene, chromium and vinyl chloride above various Part 201 residential and nonresidential cleanup criteria.

e) Reuse of Functionally Obsolete Buildings and/or Redevelopment of Blighted Property:

The project is not qualifying as functionally obsolete or blighted.

f) Whether Project will Create a New Brownfield Property in the State:

No new Brownfields will be created by this project.

g) Whether the Project is Financially and Economically Sound:

From the materials received, the MEDC infers that the project is financially and economically sound.

h) Other Factors Considered:

No additional factors need to be considered for this project.

Tax Capture Breakdown

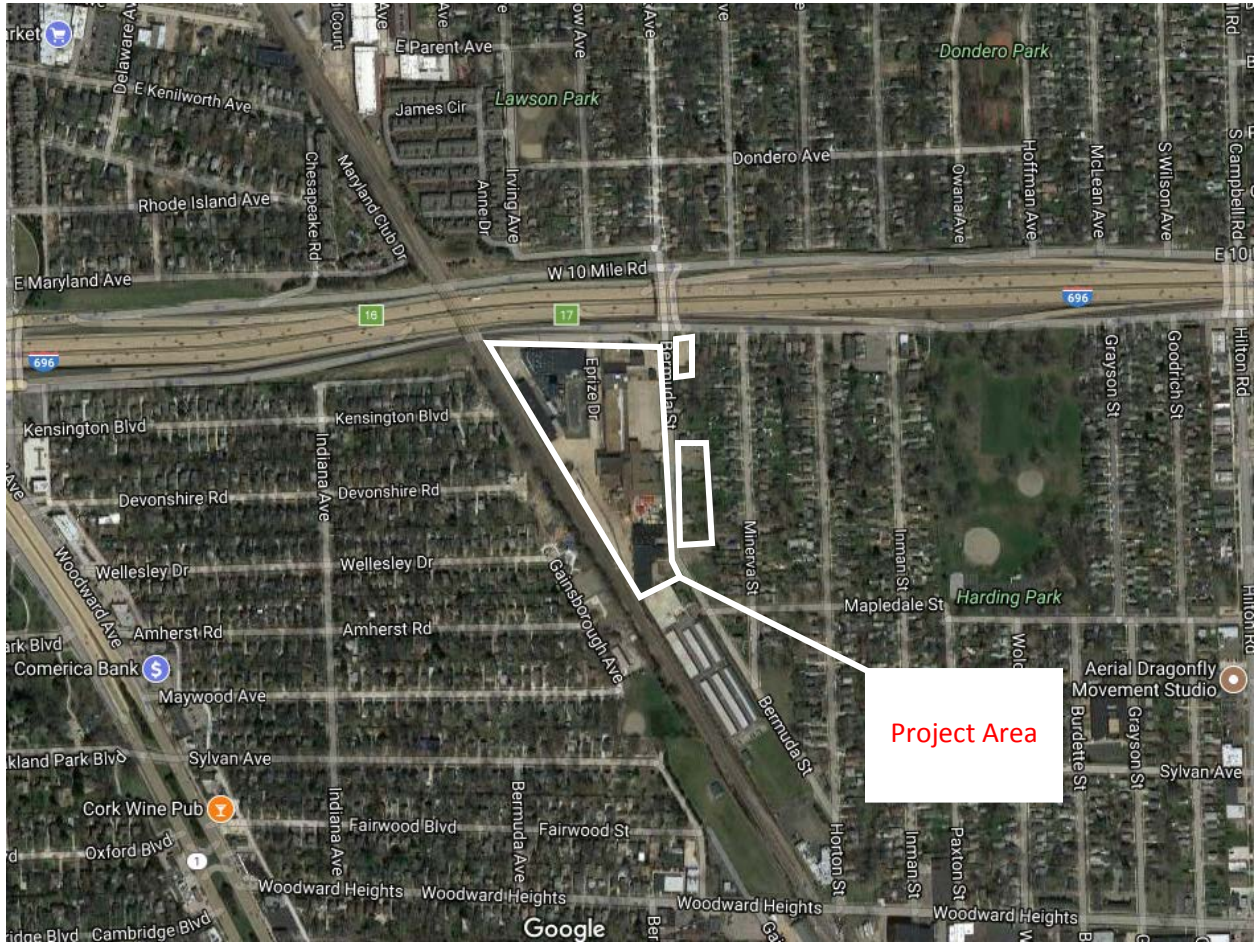
There are 58.0693 non-homestead mills available for capture, with school millage equaling 24 mills (41.33%) and local millage equaling 34.0693 mills (58.67%) for the City of Ferndale. There are 56.4461 non-homestead mills available for capture, with school millage equaling 24 mills (42.52%) and local millage equaling 32.4461 mills (57.48%) City of Pleasant Ridge. The blended ratio for this project is shown below. Tax increment capture will begin in 2019 and is estimated to continue for 28 years. The requested tax capture for MSF eligible activities breaks down as follows:

School tax capture	(41.53%)	\$	1,466,657
Local tax capture	(58.47%)	\$	2,064,843
TOTAL		\$	3,531,500

Cost of MSF Eligible Activities

Demolition	\$	920,000
Asbestos Abatement		100,000
Infrastructure Improvements		1,430,000
Site Preparation	+	610,000
Sub-Total	\$	3,060,000
Contingency (15%)	+	459,000
Sub-Total	\$	3,519,000
Brownfield/Work Plan Preparation	+	12,500
TOTAL	\$	3,531,500

APPENDIX A – Project Map and Renderings





MICHIGAN STRATEGIC FUND

RESOLUTION 2017 -

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
COUNTY OF OAKLAND BROWNFIELD REDEVELOPMENT AUTHORITY
IRON RIDGE DEVELOPMENT 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 County of Oakland Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 3155-3351 Bermuda, 3164-3252 Bermuda, 3342-3350 Bermuda, 660 East 10 Mile Road within the City of Ferndale as well as 400-404 and 660 East 10 Mile Road within the City of Pleasant Ridge, known as the Iron Ridge Development Project (the “Project”);

WHEREAS, the City of Ferndale 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 the City of Pleasant Ridge is not a “qualified local governmental unit” but is eligible to provide demolition and lead and asbestos removal as provided under 2007 PA 204;

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 41.53% to 58.47% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, asbestos abatement and infrastructure improvements as presented in the revised Work Plan dated September 29, 2017. 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 \$3,519,000 for the principal activity costs of non-environmental activities and a contingency, and a maximum of \$12,500 for Brownfield/Work Plan preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$1,466,657.

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.

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:

Nays:

Recused:

Lansing, Michigan
October 24, 2017

MEMORANDUM

Date: October 24, 2017

To: Michigan Strategic Fund (“MSF”) Board

From: Julius L. Edwards, Manager, Underwriting and Incentive Structuring

Subject: Lofts on Michigan, LLC
Michigan Community Revitalization Program
Request for Approval of an Other Economic Assistance – Loan Participation
Amendment

Request

Lofts on Michigan, LLC (“Company”) and MEDC staff are requesting approval of an amendment to the Michigan Community Revitalization Program Other Economic Assistance – Loan Participation Agreement (“Agreement”) and any related ancillary agreements. The Company and MEDC staff are requesting to dissolve the existing Agreement with Mercantile Bank and replace it with a new Loan Participation Agreement with Horizon Bank. The request will not require the MSF to advance any additional monies. The primary deviations from the current Agreement would be a change in the loan term that could potentially extend the maturity of the MSF award, and extending the amortization period from 240 months to up 300 months. Other business term of the original Agreement will remain primarily unchanged with the only other changes consisting of ancillary changes as a result of swapping financial institutions (the “MCRP Amendment Request”).

Background

The Michigan Strategic Fund Board approved a \$2,450,000 Other Economic Assistance-Loan Participation on August 26, 2014 to the Company that rescinded and replaced an approval from April 22, 2014 for the purpose of constructing upon real property owned by Borrower, a project consisting of an approximately 68,000 square foot four-story building containing approximately 11,130 square feet of first floor commercial/retail space, an estimated 54 market rate residential rental units on floors two (2) through four (4), and an approximately 29,000 square foot underground parking structure.

The following amendments have been approved for the project:

- On July 26, 2016, the MSF Board approved an amendment request to extend the interest only period, delay the Loan Conversion, Project Completion and Certification of Loan Completion deadlines and allow the release of a \$500,000 letter of credit from Comerica Bank.
- On August 23, 2016, the MSF Board approved an amendment request to allow Mercantile Bank to add a prepayment penalty to their portion of the permanent financing loan, and preclude the MSF from sharing in said penalty or in any other fees related to the prepayment of the MSF MCRP incentive.

- On May 24, 2017, the MSF Fund Manager approved a consent request to the waiver of the conversion date requirements in the MCRP Other Economic Assistance Loan Participation and Servicing Agreement and any related ancillary agreements to extend the loan conversion date from April 20, 2017 to July 10, 2017.
- On July 26, 2017, the MSF Fund Manager approved a consent request allowing the Borrower to enter into a Forbearance Agreement with Mercantile Bank and allow a principal reduction payment to apply strictly to paying Mercantile’s portion of the financing. The financing Forbearance Agreement would allow time for the Borrower to get in compliance with the financial covenants in place from the Bank and secure alternative financing.

Construction of the project is complete, but residential lease up has been slower than anticipated, resulting in the development having to reduce the original proposed rental rates. The reduction in rental rates has had multiple negative impacts on the project leading to a reduction in cash flow that has resulted in reductions in the taxable and appraised values of the building. The Bank required a principal reduction payment on their portion of the financing in order for the project to be in line with its Loan-to-Value requirements.

The requested change to financing from Horizon Bank will improve cash flow by extending the amortization on the project from 240 to 300 months. Staff believes this change will allow the project to stabilize and operate successfully if the project is able to avoid any other unforeseen circumstances.

Below is the structure of the original Other Economic Assistance Loan Participation Award with the proposed changes to the business terms detailed with ~~strike through~~ and **BOLD CAPITALIZED** fonts:

LOAN FACILITY

MSF Facility	MCRP Loan Participation and Servicing Agreement Under “other economic assistance”
Borrower:	Lofts on Michigan, LLC
Lender:	Mercantile Bank of Michigan HORIZON BANK
Total Loan Amount:	Currently estimated at \$13,063,000 \$11,150,000
Lender Share:	Currently estimated at \$10,613,000 \$9,200,000
MSF Share:	Up to \$2,450,000 \$1,950,000 (\$500,000 was forgiven at construction completion)

Term: To match that of the Lender, not to exceed ~~84~~ **112** month, ~~with an interest only period of up to 24 months.~~

Amortization: On the MSF Share up to ~~20~~ **25** years ~~following the interest only period.~~

Interest Rate: On the MSF Share 1.00% per annum

Repayment Terms: ~~On the MSF Share up to 24 months of monthly interest only payments followed by monthly principal and interest payments.~~

~~Up to 500,000 of the MSF Share of the loan to be forgiven at issuance of a “Certificate of Occupancy” for the entire building.~~

Subordination of Payments (new to the proposal)

- 1) Payments to the MSF allowed to the extent that the Debt Service Coverage Ratio (DSCR) is always above 1.15x.
- 2) Certain defaults under the loan agreement related to missed payments will trigger suspension of all payments to the MSF until the default has been cured.

Collateral: To match that of the Lender, currently anticipated being a mortgage lien on the property, and assignments of leases/rents and Tax Increment Financing. MSF Share of collateral will be subordinated to that of the Lender.

Guarantee: To match that of the Lender, currently anticipated being the unsecured ~~joint and several~~ **LIMITED** guarantees of the owners of Lofts on Michigan, LLC members during construction converting to limited proportional guarantees thereafter. The MSF Share of guarantee(s) will be subordinated to the Lender.

Fee: The **MEDC** shall be paid a one-time fee equal to **UP TO 0.50%** ~~1.00%~~ of the MSF’s Share of the loan. The Lender may charge the borrower for this fee.

Recommendation

The MEDC staff recommends approval of the MCRP Amendment Request.

MICHIGAN STRATEGIC FUND

RESOLUTION 2017 -

APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION PROGRAM OTHER ECONOMIC ASSISTANCE AWARD FOR LOFTS ON MICHIGAN, LLC

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

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

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

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

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

WHEREAS, by Resolution 2014-054 on April 22, 2014 the MSF Board awarded a MCRP Other Economic Assistance Loan Participation Award to Lofts on Michigan, LLC, in furtherance of the Project of up to \$2,450,000 (“Award”);

WHEREAS, by Resolution 2014-133 on August 26, 2014 the MSF Board rescinded Resolution 2014-134 due to a change in the senior lender, and re-awarded a MCRP Grant/Loan/Other Economic Assistance Award to Applicant, in furtherance of the Project of up to \$2,450,000 (“Award”);

WHEREAS, by Resolution 2016-115 on July 26, 2016, the MSF Board approved an amendment request to extend the loan conversion, certification of loan conversion and project completion deadlines, and to allow the release of a letter of credit as collateral;

WHEREAS, by Resolution 2016-134 on August 23, 2016, the MSF Board approved an amendment request to allow Mercantile Bank to add a prepayment penalty to their portion of the permanent financing loan, and preclude the MSF from sharing in said penalty or other associated fees collected by Mercantile Bank related to the prepayment of the MSF MCRP incentive;

WHEREAS, on May 24, 2017, the MSF Fund Manager approved a consent request for the waiver of the conversion date requirements in the MCRP Other Economic Assistance Loan Participation and Servicing Agreement and any related ancillary agreements, extending the loan conversion date from April 20, 2017 to July 10, 2017;

WHEREAS, on July 26, 2017, the MSF Fund Manager approved a consent request allowing the Borrower to enter into a Forbearance Agreement with Mercantile Bank and allow a principal reduction payment to apply strictly to paying down Mercantile's portion of the financing; and

WHEREAS, the MEDC recommends that the MSF approve an amendment to terminate the existing Agreement with Mercantile Bank and replace it with a new Loan Participation Agreement with Horizon Bank in accordance with the Term Sheet and Guidelines, subject to: (i) final due diligence performed to the satisfaction of the MEDC; and (ii) execution of the Transaction Documents for the Award Request 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 90 days ("MCRP Amendment Recommendation").

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 24, 2017

EXHIBIT A

“TERM SHEET”

LOAN FACILITY

MSF Facility	MCRP Loan Participation and Servicing Agreement Under “other economic assistance”
Borrower:	Lofts on Michigan, LLC
Lender:	Mercantile Bank of Michigan HORIZON BANK
Total Loan Amount:	Currently estimated at \$13,063,000 \$11,150,000
Lender Share:	Currently estimated at \$10,613,000 \$9,200,000
MSF Share:	Up to \$2,450,000 \$1,950,000 (\$500,000 was forgiven at construction completion)
Term:	To match that of the Lender, not to exceed 84 112 month, with an interest only period of up to 24 months.
Amortization:	On the MSF Share up to 20 25 years following the interest only period.
Interest Rate:	On the MSF Share 1.00% per annum
Repayment Terms:	On the MSF Share up to 24 months of monthly interest only payments followed by monthly principal and interest payments. Up to 500,000 of the MSF Share of the loan to be forgiven at issuance of a “Certificate of Occupancy” for the entire building. Subordination of Payments (new to the proposal) 1) Payments to the MSF allowed to the extent that the Debt Service Coverage Ratio (DSCR) is always above 1.15x. 2) Certain defaults under the loan agreement related to missed payments will trigger suspension of all payments to the MSF until the default has been cured.
Collateral:	To match that of the Lender, currently anticipated being a mortgage lien on the property, and assignments of leases/rents and Tax Increment

Financing. MSF Share of collateral will be subordinated to that of the Lender.

Guarantee: To match that of the Lender, currently anticipated being the unsecured ~~joint and several~~ **LIMITED** guarantees of the owners of Lofts on Michigan, LLC members during construction converting to limited proportional guarantees thereafter. The MSF Share of guarantee(s) will be subordinated to the Lender.

Fee: The **MEDC** shall be paid a one-time fee equal to **UP TO 0.50%** ~~1.00%~~ of the MSF's Share of the loan. The Lender may charge the borrower for this fee.

MEMORANDUM

Date: October 24, 2017

To: Michigan Strategic Fund (“MSF”) Board

From: Dominic Romano, Community Assistance Team Specialist
Jim Davis, Michigan Main Street Team Specialist
Julius L. Edwards, Manager, Underwriting and Incentive Structuring

Subject: Wabash & Main LLC and Wabash & Main Properties Corp
Michigan Community Revitalization Program
Request for Approval of a Grant Award Amendment

Request

Wabash & Main LLC and Wabash & Main Properties Corp (“Companies”) are requesting approval of an amendment to the Michigan Community Revitalization Program (“MCRP”) Grant Award approved on March 10, 2015 by the MSF Fund Manager in the amount of \$873,601. The request is to increase the MCRP Grant Award by up to \$250,000, to the lesser of \$1,123,601 or 25% of the project’s “Eligible Investment” (the “MCRP Amendment Request”).

Background

The Michigan Strategic Fund Delegates approved an \$873,601 performance-based grant on March 10, 2015 to the Company for the purpose of renovation of four partially vacant buildings in downtown Milan to include approximately 10,126 square feet of commercial space on the first floor and at least 15 residential units on the second and third floors.

An amendment request was approved on July 13, 2016. The amendment removed any requirements for unconditional certificates of occupancy for the project, replacing it with a requirement for conditional certificates of occupancy prior to grant disbursement for all of the commercial spaces.

During construction, the project faced unforeseen buildout costs due to the anchor tenant unexpectedly relocating, as well as unanticipated structural issues, and higher than anticipated costs for façade improvements. In all, these unforeseen costs increased the budget approximately \$290,000 and left the developer unable to complete the buildout to level originally anticipated. The developer has limited resources and has been unable to complete the buildout of seven (7) of the eight (8) commercial spaces to a level in which they would be attractive to potential tenants. The loss of the anchor tenant also left a significant hole in the operating budget.

The developer has completed rehabilitation of residential space and has been able to rent out 100% of the residential units and one of the commercial spaces. The additional \$250,000 in MCRP monies will be utilized to complete the following activities in each commercial space and hopefully make the development more attractive to potential commercial tenants:

- provide an ADA bathroom;
- bring electricity to the unit, provide an electric panel, and install sockets and lighting;
- place furnace in final position, install air conditioning and air exchanger, provide needed ductwork;
- bring sprinklers to ceiling tile level;
- install drywall and ceiling tiles wherever not already in place; and
- provide finish floor surfaces throughout and apply a primer to all drywall.

The project currently has approximately \$1.5 million in debt outstanding. The project is struggling to reach breakeven operational performance. It is anticipated that if the project is able to attract two (2) additional commercial tenants at modest rental rates the project will be able to generate adequate cash flow to meet its debt service requirements.

The following conditions will be placed on disbursement of the additional \$250,000 in MCRP:

- completion of the buildout, as described above, of at least four commercial units;
- execution of two (2) additional leases with tenants; and
- be compliance with all requirements of the original MCRP Grant Agreement.

Recommendation

The MEDC staff recommends approval of the MCRP Amendment Request.

MICHIGAN STRATEGIC FUND

RESOLUTION 2017 -

APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION PROGRAM OTHER ECONOMIC ASSISTANCE AWARD FOR WABASH & MAIN LLC AND WABASH & MAIN PROPERTIES CORP

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

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

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

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

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

WHEREAS, on March 10, 2015, the MSF Fund Manager approved an \$873,601 MCRP Grant Award for Wabash & Main LLC and Wabash & Main Properties Corp (“Company”) for improvements to real property located in Milan, Michigan;

WHEREAS, on July 13, 2016, the MSF Fund Manager approved an amendment removing any requirements for unconditional certificates of occupancy for the project, replacing it with a requirement for conditional certificates of occupancy prior to grant disbursement for all of the commercial spaces; and

WHEREAS, the MEDC recommends that the MSF approve an amendment recommendation to increase the MCRP Grant Award to the lesser of \$1,123,601 or 25% of the project’s “Eligible Investment” subject to: (i) final due diligence performed to the satisfaction of the MEDC; and (ii) execution of the Transaction Documents for the Award Request within 240 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 90 days (“MCRP Amendment Recommendation”).

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 24, 2017

MEMORANDUM

Date: October 24, 2017

To: Michigan Strategic Fund (“MSF”) Board

From: Julius L. Edwards, Manager, Underwriting and Incentive Structuring

Subject: Queen Lillian II, LLC
Michigan Community Revitalization Program
Request for Approval of an Other Economic Assistance – Equity Award Amendment

Request

Queen Lillian II, LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program (“MCRP”) Other Economic Assistance Equity Award. The Company’s request is to increase the MCRP Equity Award from \$3,500,000 to \$4,300,000 and restructure the distribution waterfall (the “MCRP Amendment Request”).

Background

The Michigan Strategic Fund Board approved a \$3,500,000 Other Economic Assistance – Equity Award to the Company for the purpose of constructing a five-story mixed-use building that will contain approximately 14,657 square feet of first floor commercial space and approximately 74,660 square feet of residential space on floors two through five. The residential space will be composed of approximately 104 one and two-bedroom apartments that include a mixture of affordable and market rate. A three-story parking deck will also be constructed to serve the residents of The Mondrian. The project will be located in Midtown on Woodward Avenue and on the light rail public transit system route (QLINE). The project is located three blocks north of the new Detroit Red Wing’s sports arena and just south of the main core of the Wayne State University campus.

The Company has yet to close on the MCRP Equity Award and has yet to begin construction. The development team is in the process of finalizing HUD financing from NorthPoint Capital for the project. Due to the extended timeline to finalizing HUD financing the project has experienced an approximately \$5,100,000 increase in its development budget from \$30.9 million to just over \$36.0 million. The increase in the development budget is being filled with additional HUD loan proceeds and additional investor proceeds. The remaining balance would be filled by proposed \$800,000 in the MCRP Equity Award.

In addition to the increase in the development budget a portion (\$2,246,914) of the originally anticipated investor equity will be contributed to the project in the form of mezzanine debt to the project, of which the payments on will take priority over any distributions to the MSF. In consideration for allowing for the proposed changes the MSF’s preferred return will be increased from 3% to 4%. Despite the changes to the distribution waterfall the MEDC projects the MSF will receive a higher return over a 20 year period (5.5% compared to 4.3% under the original structure).

Below is a summary of the new financing structure for the project. Additionally, the changes to the original distribution waterfall are detail below with strikethrough and **BOLD/CAPITALIZED** font.

SUMMARY OF DEVELOPMENT SOURCES:

NorthPoint Capital	\$22,900,000	63.59%
Land Acquisition Note	\$1,309,000	3.63%
HOME	\$1,400,000	3.89%
Investor Loan	\$2,246,914	6.24%
Owner Equity	\$3,857,643	10.71%
MSF Equity Investment	\$4,300,000	11.94%
TOTAL	\$36,013,557	100.00%

MCRP EQUITY INVESTMENT

Applicant(s):

Queen Lillian II, LLC (“Company” or “Applicant”)

Investor Investment Amount:

Owner equity investment of not less than ~~\$4,700,000~~ **\$3,850,000** (“Investor Equity”)

MSF Investment Amount:

Up to the lessor of 20% of “Eligible Investment” or ~~\$3,500,000~~ **\$4,300,000**. The structure of the MSF Investment will be subject to the HUD insured loan structure. (“MSF Equity”)

Interest Purchased:

MSF will acquire an equity interest in Queen Lillian II, LLC or related entity to be determined. The MSF will provide no guarantees on the debt or accept any recourse obligation.

“Put” Right:

The MSF will receive a “Put” right for among other things failure to adhere to MSF statutory requirements. If exercised, Queen Lillian II, LLC or another entity or individual to be determined shall repay in full the entire contribution provided to the partnership and any earned but unpaid profits available at the time if the Put on terms and conditions acceptable to the MSF. The owners of the project will be required to guarantee the “Put” right obligation.

“Exit” Right:

The MSF will have the option to exit the project after 480 months following disbursement of its proceeds. At time of exit the MSF will be due any remaining unpaid returns and the remaining balance of its principal equity investment.

Investor “Call” Options:

Following construction completion the Investor will have the option to call the MSF’s ownership interest for a value equal to the greater of any accrued and unpaid returns plus the MSF’s original principal investment or an amount necessary to assure a 6% IRR to the MSF.

Net Cash Flows:

To be determined at a later date that will include the following considerations:

1. Senior debt service requirements;
2. **ALLOWANCE OF RESERVES RELEASED TO BE APPLIED FIRST TOWARDS REPAYMENT OF THE INVESTOR LOAN;**
3. Annual escrowed replacement reserves;
4. Capital expenditures above and beyond what has been escrowed for replacement reserves;
5. Other restrictions placed on the property by the Senior Lender.

Split of Net Cash Flows:

1. MSF to receive 100% of available distributable cash flow until a ~~3%~~ **4%** annual cash-on cash return has been received on its original investment. This return will be cumulative but non-compounding.
2. Investors to receive 100% of remaining available cash flow until a 10% annual cash-on-cash return has been received on its original investment.
3. Thereafter, a 30/70 split of remaining available cash flow with 30% going to the MSF and 70% going to the Investors. Proceeds to be applied towards payment of the MSF and Investors equity investments.

Split of Proceeds from Sale or Refinance:

1. 100% of remaining proceeds to the MSF until any accumulated unpaid returns have been paid.
2. 100% of remaining proceeds to the Investors until any accumulated unpaid returns have been paid.

3. Pro Rata split of proceeds until the remaining original principal equity investments have been repaid to the MSF and the Investors.
4. Thereafter, a 30/70 split of remaining available cash flow with 30% going to the MSF and 70% going to the Investors.

Membership Change:

The MSF will have certain rights to block or consent to any material change in the membership of the project owner entity, except with respect to changes made for estate planning purposes.

Sale/Liquidation:

The MSF will have certain rights to block or consent to any material liquidation or sale event (e.g. sale to a non-qualified third party).

Timing of Funding:

The MSF investment would be made after (a) all of the Investors equity has been contributed to and to fund approved and budgeted for project expenses and (b) the Senior Lender has waived all conditions precedent to funding (but for any conditions or obligations required of the Fund to make the Investment). For the avoidance of doubt, the MSF investment will be funded prior to the Senior Lender advancing any amounts under its loan.

Other Conditions:

Approval will be contingent upon receipt of the following:

- Evidence of site plan approval from the City of Detroit (if applicable).
- A copy of an executed Guaranteed Maximum Price (GMP) construction contract between the Applicant and its contractor.
- Copies of final construction documents.
- Copies of all executed loan agreements, notes and mortgages, evidencing that the Applicant has financing in place in the minimum amount of \$21,300,000 in Senior Debt, or evidence of other sources available to make up the difference. The Senior Debt must have a term of not less than 48 months.
- Final agreements related to the City of Detroit's \$1,400,000 HUD/HOME investment.

- Evidence of a minimum owner equity investment of ~~\$4,700,000~~ **\$3,850,000**.
- Final organizational and flow of funds chart.
- Final executed Development Agreement.
- Other documents may be required for review.

Recommendation

The MEDC staff recommends approval of the MCRP Amendment Request.

ORIGINAL APPROVAL



MEMORANDUM

Date: December 20, 2016

To: Michigan Strategic Fund Board

From: Brittney Hoszkiw, Community Assistance Team Specialist
Jim Davis, Underwriting and Incentive Structuring Specialist
Rob Garza, Brownfield, MCRP, and SmartZone Program Specialist

Subject: City of Detroit Brownfield Redevelopment Authority
Request for Approval of an Act 381 Work Plan
Queen Lillian II, LLC - Request for Approval Michigan Community Revitalization
Program Other Economic Assistance - Equity Investment

Request

The Mondrian at Midtown will be a newly constructed five-story mixed-use building containing first floor commercial space and residential space on floors two through five. A three-story parking deck will also be erected to serve the residents of the building. The proposed project will be undertaken by Queen Lillian II, LLC and will redevelop 1.85 acres of property located at 3439-3455 Woodward Avenue in the City of Detroit. The project is located in a traditional commercial district and qualifies for a Michigan Community Revitalization Program (MCRP) award and Act 381 work plan because the property is a facility.

In order to alleviate Brownfield conditions and prepare the proposed project site for redevelopment, the City of Detroit Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$4,040,104.

Queen Lillian II, LLC (Applicant) is requesting approval of a MCRP incentive in the amount of \$3,500,000 in MCRP Other Economic Assistance in the form of an equity investment.

The project sponsors are planning to invest approximately 15% (\$4.7 million) of the overall project costs. It is anticipated that NorthPoint Capital, LLC will be providing a HUD 221(d)(4) loan of \$21.3 million which is 69% of the overall project. The developers have also been able to secure a \$1.4 million in

HOME funds from the City of Detroit for the project. To fill the remaining \$3.5 million gap the development team is requesting an MCRP equity investment and reimbursement of up to \$4,040,104 eligible activities to help offset the costs associated with the brownfield conditions that exist on the site and erection of the parking deck. The development is maximizing the available senior debt on the project and additional equity would not garner sufficient returns given the significant costs present on the site related to the Brownfield conditions. The eligible activities will alleviate Brownfield conditions across the site and make it suitable for redevelopment, and protect human health and the environment. Without Brownfield tax increment reimbursement, the cost burden related to Brownfield conditions would make the project financially unfeasible. CRP detailed structure is provided in **Appendix A**.

The Applicant anticipates that the project will result in total capital investment in the amount of \$30,900,000, along with the creation of approximately 53 permanent full-time equivalent jobs with an average hourly wage of \$12.34.

Background

The Mondrian at Midtown will consist of construction of a five-story mixed-use building that will contain approximately 14,657 square feet of first floor commercial space and approximately 74,660 square feet of residential space on floors two through five. The residential space will be composed of approximately 104 one and two-bedroom apartments that include a mixture of affordable and market rate. A three-story parking deck will also be constructed to serve the residents of The Mondrian. The project is located in Midtown on Woodward Avenue and is on the light rail public transit system route (QLINE) being constructed. The project is located three blocks north of the new Detroit Red Wing's sports arena and just south of the main core of the Wayne State University campus.

Demolition activities will be necessary to remove abandoned utilities and concrete. Site preparation activities include clearing and grubbing, excavation of unstable materials and fill of clean material, foundation work to address special soil concerns, dewatering, temporary site controls, and relocation of existing utilities. Infrastructure improvements including public utility improvements, road improvements in the public right-of-way, and a multi-level parking deck that serves retail and residential parking needs that are necessary to support the new development.

Queen Lillian II, LLC has not received any Michigan Strategic Fund (MSF) incentives in the past. The project is being sponsored by James B. Jenkins and Christopher T. Jackson who both have extensive development experience.

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

Recommendation

MEDC staff recommends approval of the following:

- a) Local and school tax capture for the Act 381 eligible activities totaling \$4,040,104. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$1,531,199.

- b) An MCRP Other Economic Assistance-Equity Investment in the amount of up to the lesser of 20% of “Eligible Investment” or \$3,500,000 for Queen Lillian II, LLC or Related Entities.

APPENDIX A

FINANCING OPPORTUNITY – MCRP EQUITY INVESTMENT

The proposed project provides new construction infill in a dense commercial area in lower Midtown, adding density that is currently lacking. MEDC is recommending the MCRP incentive for the project be structured as an equity investment in the project to allow financial flexibility for the development team and to maximize the potential financial returns on the MSF’s investment.

It is anticipated that the project will be utilizing HUD insured 1st mortgage, and construction financing from NorthPoint Capital, LLC in the amount of \$21,300,000, City of Detroit HOME funds in the amount of \$1,400,000 and Owner Equity at \$4,700,000. The remaining gap will be filled by a \$3,500,000 MCRP equity investment.

SUMMARY OF DEVELOPMENT SOURCES:

NorthPoint Capital	\$21,300,000	68.93%
HOME	\$1,400,000	4.53%
Owner Equity	\$4,700,000	15.21%
MSF Equity Investment	\$3,500,000	11.33%
TOTAL	\$30,900,000	100.00%

MCRP EQUITY INVESTMENT

- Applicant(s):** Queen Lillian II, LLC (“Company” or “Applicant”)
- Investor Investment Amount:** Owner equity investment of not less than \$4,700,000 (“Investor Equity”)
- MSF Investment Amount:** Up to the lessor of 20% of “Eligible Investment” or \$3,500,000. The structure of the MSF Investment will be subject to the HUD insured loan structure. (“MSF Equity”)
- Interest Purchased:** MSF will acquire an equity interest in Queen Lillian II, LLC or related entity to be determined. The MSF will provide no guarantees on the debt or accept any recourse obligation.

“Put” Right:

The MSF will receive a “Put” right for among other things failure to adhere to MSF statutory requirements. If exercised, Queen Lillian II, LLC or another entity or individual to be determined shall repay in full the entire contribution provided to the partnership and any earned but unpaid profits available at the time if the Put on terms and conditions acceptable to the MSF. The owners of the project will be required to guarantee the “Put” right obligation.

“Exit” Right:

The MSF will have the option to exit the project after 480 months following disbursement of its proceeds. At time of exit the MSF will be due any remaining unpaid returns and the remaining balance of its principal equity investment.

Investor “Call” Options:

Following construction completion the Investor will have the option to call the MSF’s ownership interest for a value equal to the greater of any accrued and unpaid returns plus the MSF’s original principal investment or an amount necessary to assure a 6% IRR to the MSF.

Net Cash Flows:

To be determined at a later date that will include the following considerations:

6. Senior debt service requirements;
7. Annual escrowed replacement reserves;
8. Capital expenditures above and beyond what has been escrowed for replacement reserves;
9. Other restrictions placed on the property by the Senior Lender.

Split of Net Cash Flows:

4. MSF to receive 100% of available distributable cash flow until a 3% annual cash-on-cash return has been received on its original investment. This return will be cumulative but non-compounding.
5. Investors to receive 100% of remaining available cash flow until a 10% annual cash-on-cash return has been received on its original investment.
6. Thereafter, a 30/70 split of remaining available cash flow with 30% going to the MSF and 70% going to the Investors.

Proceeds to be applied towards payment of the MSF and Investors equity investments.

Split of Proceeds from Sale or Refinance:

5. 100% of remaining proceeds to the MSF until any accumulated unpaid returns have been paid.
6. 100% of remaining proceeds to the Investors until any accumulated unpaid returns have been paid.
7. Pro Rata split of proceeds until the remaining original principal equity investments have been repaid to the MSF and the Investors.
8. Thereafter, a 30/70 split of remaining available cash flow with 30% going to the MSF and 70% going to the Investors.

Membership Change:

The MSF will have certain rights to block or consent to any material change in the membership of the project owner entity, except with respect to changes made for estate planning purposes.

Sale/Liquidation:

The MSF will have certain rights to block or consent to any material liquidation or sale event (e.g. sale to a non-qualified third party).

Timing of Funding:

The MSF investment would be made after (a) all of the Investors equity has been contributed to and to fund approved and budgeted for project expenses and (b) the Senior Lender has waived all conditions precedent to funding (but for any conditions or obligations required of the Fund to make the Investment). For the avoidance of doubt, the MSF investment will be funded prior to the Senior Lender advancing any amounts under its loan.

Other Conditions:

Approval will be contingent upon receipt of the following:

- Evidence of site plan approval from the City of Detroit (if applicable).
- A copy of an executed Guaranteed Maximum Price (GMP) construction contract between the Applicant and its contractor.
- Copies of final construction documents.

- Copies of all executed loan agreements, notes and mortgages, evidencing that the Applicant has financing in place in the minimum amount of \$21,300,000 in Senior Debt, or evidence of other sources available to make up the difference. The Senior Debt must have a term of not less than 48 months.
- Final agreements related to the City of Detroit's \$1,400,000 HUD/HOME investment.
- Evidence of a minimum owner equity investment of \$4,700,000.
- Final organizational and flow of funds chart.
- Final executed Development Agreement.

Other documents may be required for review.

MICHIGAN STRATEGIC FUND

RESOLUTION 2017-

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY
REVITALIZATION PROGRAM OTHER ECONOMIC ASSISTANCE AWARD FOR
QUEEN LILLIAN II, LLC OR A RELATED ENTITY
(THE MONDRIAN AT MIDTOWN PROJECT)**

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

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

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

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

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

WHEREAS, by resolution 2016-265 on December 20, 2016 the MSF approved an Other Economic Assistance Performance-Based Equity Investment Award from the MSF under the MCRP for the project in an amount not to exceed up to \$3,500,000 for Queen Lillian II, LLC or such entities formed or to be formed in the furtherance of the Mondrian at Midtown Project (“Applicant” or “Co-Applicants”);

WHEREAS, Queen Lillian II, LLC or such entities formed or to be formed in the furtherance of the Mondrian at Midtown Project (“Applicant” or “Co-Applicants”) request an amendment to increase an Other Economic Assistance Performance-Based Equity Investment Award from the MSF under the MCRP for the project to an amount not to exceed up to \$4,300,000 (“MCRP Amendment Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

WHEREAS, the MEDC recommends that the MSF approve the amendment to the MCRP Amendment 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 transaction documents within 240 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect (the foregoing, collectively, the “MCRP Amendment Recommendation”).

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 24, 2017

EXHIBIT A

“TERM SHEET”

MCRP EQUITY INVESTMENT

Applicant(s):

Queen Lillian II, LLC (“Company” or “Applicant”)

Investor Investment Amount:

Owner equity investment of not less than ~~\$4,700,000~~ **\$3,850,000** (“Investor Equity”)

MSF Investment Amount:

Up to the lessor of 20% of “Eligible Investment” or ~~\$3,500,000~~ **\$4,300,000**. The structure of the MSF Investment will be subject to the HUD insured loan structure. (“MSF Equity”)

Interest Purchased:

MSF will acquire an equity interest in Queen Lillian II, LLC or related entity to be determined. The MSF will provide no guarantees on the debt or accept any recourse obligation.

“Put” Right:

The MSF will receive a “Put” right for among other things failure to adhere to MSF statutory requirements. If exercised, Queen Lillian II, LLC or another entity or individual to be determined shall repay in full the entire contribution provided to the partnership and any earned but unpaid profits available at the time if the Put on terms and conditions acceptable to the MSF. The owners of the project will be required to guarantee the “Put” right obligation.

“Exit” Right:

The MSF will have the option to exit the project after 480 months following disbursement of its proceeds. At time of exit the MSF will be due any remaining unpaid returns and the remaining balance of its principal equity investment.

Investor “Call” Options:

Following construction completion the Investor will have the option to call the MSF’s ownership interest for a value equal to the greater of any accrued and unpaid returns plus the MSF’s original principal investment or an amount necessary to assure a 6% IRR to the MSF.

Net Cash Flows:

To be determined at a later date that will include the following considerations:

1. Senior debt service requirements;
2. **ALLOWANCE OF RESERVES RELEASED TO BE APPLIED FIRST TOWARDS REPAYMENT OF THE INVESTOR LOAN;**
3. Annual escrowed replacement reserves;
4. Capital expenditures above and beyond what has been escrowed for replacement reserves;
5. Other restrictions placed on the property by the Senior Lender.

Split of Net Cash Flows:

1. MSF to receive 100% of available distributable cash flow until a ~~3%~~ 4% annual cash-on cash return has been received on its original investment. This return will be cumulative but non-compounding.
2. Investors to receive 100% of remaining available cash flow until a 10% annual cash-on-cash return has been received on its original investment.
3. Thereafter, a 30/70 split of remaining available cash flow with 30% going to the MSF and 70% going to the Investors. Proceeds to be applied towards payment of the MSF and Investors equity investments.

Split of Proceeds from Sale or Refinance:

1. 100% of remaining proceeds to the MSF until any accumulated unpaid returns have been paid.
2. 100% of remaining proceeds to the Investors until any accumulated unpaid returns have been paid.
3. Pro Rata split of proceeds until the remaining original principal equity investments have been repaid to the MSF and the Investors.
4. Thereafter, a 30/70 split of remaining available cash flow with 30% going to the MSF and 70% going to the Investors.

Membership Change:

The MSF will have certain rights to block or consent to any material change in the membership of the project owner entity, except with respect to changes made for estate planning purposes.

Sale/Liquidation:

The MSF will have certain rights to block or consent to any material liquidation or sale event (e.g. sale to a non-qualified third party).

Timing of Funding:

The MSF investment would be made after (a) all of the Investors equity has been contributed to and to fund approved and budgeted for project expenses and (b) the Senior Lender has waived all conditions precedent to funding (but for any conditions or obligations required of the Fund to make the Investment). For the avoidance of doubt, the MSF investment will be funded prior to the Senior Lender advancing any amounts under its loan.

Other Conditions:

Approval will be contingent upon receipt of the following:

- Evidence of site plan approval from the City of Detroit (if applicable).
- A copy of an executed Guaranteed Maximum Price (GMP) construction contract between the Applicant and its contractor.
- Copies of final construction documents.
- Copies of all executed loan agreements, notes and mortgages, evidencing that the Applicant has financing in place in the minimum amount of \$21,300,000 in Senior Debt, or evidence of other sources available to make up the difference. The Senior Debt must have a term of not less than 48 months.
- Final agreements related to the City of Detroit's \$1,400,000 HUD/HOME investment.
- Evidence of a minimum owner equity investment of ~~\$4,700,000~~ **\$3,850,000**.
- Final organizational and flow of funds chart.
- Final executed Development Agreement.
- Other documents may be required for review.

**MSF DELEGATED AUTHORITY QUARTERLY UPDATE
FOR 21CJF LOAN PORTFOLIO
BOARD MEETING – OCTOBER 24, 2017
FOR QUARTER ENDED SEPTEMBER 30, 2017**

BACKGROUND

Pursuant to Section 125.2088k-3 of the Michigan Strategic Fund Compiled Resolutions, the Michigan Strategic Fund (MSF) Board approved a delegation of authority for decisions with regard to awards under the (i) Company Formation and Growth Fund (“CFGF”), (ii) 21st Century Jobs Fund 2006 and 2008 business plan competition rounds, as well as its predecessor programs, Michigan Technology Tri-Corridor (“MTTC”) Fund program and Michigan Life Sciences Corridor Fund program, and (iii) those loans awarded under the Choose Michigan program, including the authority to approve loan restructure requests (the “Delegation of Authority”). Under the Delegation of Authority, actions related to awards with an original amount of \$1,000,000 or less may be approved by the MSF Chairperson, the MSF Fund Manager and the MSF State Treasurer Director, with only one required to act. Actions related to awards with an original amount of \$1,000,001 to \$3,000,000 may be reviewed by the MSF Advisory Subcommittee before presentation to the delegates for final approval. Actions related to awards with an original amount of \$3,000,001 are presented to the full MSF Board.

APPROVALS BY AUTHORIZED DELEGATE

Between July 1, 2017 and September 30, 2017, the following actions were approved pursuant to the Delegation of Authority:

Company	Action(s)	Award Amount (full award amount)	Disbursed Amount (actual amount disbursed)	Date
Phrixus Pharmaceuticals, Inc.	Loan Restructure	\$350,000	\$350,000	July 26, 2017
Empirical Bioscience, LLC	Loan Settlement	\$100,000	\$100,000	August 10, 2017
XB TransMed Solutions, LLC	Loan Restructure	\$508,263	\$385,000	September 7, 2017

MEMORANDUM

DATE: October 24, 2017
TO: Michigan Strategic Fund (“MSF”) Board Members
FROM: Mary Kramer, MCRP and Brownfield Program Specialist
SUBJECT: Quarterly Report of Delegated Approvals of Brownfield Act 381 Work Plans

On April 5, 2017, the Brownfield Redevelopment Financing Act (Act 381) was amended to allow the chairperson of the Michigan Strategic Fund delegated approval of work plans that consist of tax capture of less than \$1,000,000. Listed below is a synopsis of the delegated work plans that were approved during the fourth quarter of the 2017 fiscal year.

If you would like additional information on a project, please let us know.

Project Name	Approval Date	Location	Approved TIF Amount	Jobs	Investment
Food for Thought Center	7/11/2017	Traverse City	\$441,713	7.5	\$4,792,000
1100 Trowbridge Road	7/17/2017	East Lansing	\$975,250	30	\$12,314,675
LorAnn Oils Redevelopment	8/1/2017	Lansing	\$148,000	9	\$1,542,200
St. Charles School	8/1/2017	Detroit	\$929,369	5	\$9,470,000
Heritage Place	9/1/2017	Grand Rapids	\$778,545	0	\$13,000,000
Rivore Metals Development	9/8/2017	Pontiac	\$750,000	17	\$6,670,500
381/383 South Pitcher Street	9/22/2017	Kalamazoo	\$153,653	30	\$2,200,000
Total			\$4,176,530	98.5	\$49,989,375

MEMORANDUM

DATE: October 24, 2017

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

FROM: Josh Hundt, Vice President, Business Development Projects
Mary Kramer, Senior MCRP and Brownfield Program Specialist

SUBJECT: Quarterly Report of Delegated Approvals on Michigan Business Development Program & Michigan Community Revitalization Program

On December 21, 2011, the MSF Board approved the Michigan Business Development Program (“MBDP”) and the Michigan Community Revitalization Program (“MCRP”). Both programs allow for delegated approval of projects that have incentives of \$1 million or less. Listed below is a synopsis of the delegated deals that were approved during the fourth quarter of the 2017 fiscal year.

If you would like additional information on a project, please let us know.

MBDP APPROVALS

Project Name	Approval Date	Location	Incentive Approved	Jobs	Investment
DAQRI	7/7/2017	TBD	\$100,000.00	12	\$768,000.00
J-Star Motion Corporation	7/26/2017	Kent City	\$738,000.00	122	\$4,985,000.00
Tenneco Automotive Operating Company Inc.	7/28/2017	Northville	\$750,000.00	95	\$23,100,000.00
Dart Container Corporation	8/3/2017	Mason	\$1,000,000.00	136	\$40,196,300.00
Dexter Stamping Company	8/15/2017	Jackson	\$750,000.00	150	\$14,351,782.00
Hanon Systems USA, LLC	8/25/2017	Novi	\$500,000.00	65	\$39,593,400.00
Advantage Sales and Marketing, LLC	8/30/2017	Wyoming	\$550,000.00	100	\$4,259,989.00
Superior Extrusion Inc.	9/5/2017	Gwinn	\$150,000.00	30	\$10,500,000.00
Alten Technology USA	9/5/2017	Troy	\$450,000.00	104	\$255,252.00
Tri-Mer Corporation	9/6/2017	Owosso	\$100,000.00	25	\$2,497,480.00

MBDP and MCRP Delegated Approvals

October 24, 2017

Page 2 of 2

Duncan Aviation	9/22/2017	Battle Creek	\$150,000.00	50	\$635,000.00
MOVE Systems	7/14/2017	Walker	\$200,000.00	27	\$13,381,000.00
eAgile, Inc.	7/17/2017	Grand Rapids	\$300,000.00	50	\$4,345,000.00
KLO Acquisition LLC	8/1/2017	Muskegon	\$765,000.00	153	\$9,204,175.00
Xcel Painting, LLC	8/4/2017	White Pigeon	\$200,000.00	50	\$1,752,000.00
Denso International America, Inc.	8/7/2017	Southfield	\$950,000.00	120	\$75,400,000.00
Merrill Fabricators, Inc	8/7/2017	Alma	\$408,000.00	102	\$3,750,000.00
Flex-N-Gate Advanced Product Development, LLC	8/14/2017	Sterling Heights	\$500,000.00	50	\$2,227,000.00
Auto-Owners Insurance	8/16/2017	Grand Rapids	\$315,000.00	60	\$897,900.00

MCRP APPROVALS

Project Name	Approval Date	Location	Incentive Approved	Jobs	Investment
TKJ Fenton, L.L.C.	7/25/2017	Fenton	\$543,743	10	\$5,790,000

MSF DELEGATED AUTHORITY QUARTERLY UPDATE
MSF CONFIDENTIALITY MEMOS
Board Meeting [October 24, 2017]

FOR QUARTER ENDED [September 30, 2017]

BACKGROUND

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

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

APPROVALS BY AUTHORIZED DELEGATE

During the period between [July 1 and September 30, 2017], the following confidentiality memos were approved by the MSF Fund Manager:

Company Name and Location	Overview of Confidential Information
<p>Palace Sports and Entertainment, LLC 4 Championship Drive Auburn Hills, MI 48326-1752</p> <p>Pistons Performance, LLC 6 Championship Drive Auburn Hills, MI 48326</p>	<ol style="list-style-type: none"> 1. Detroit Pistons Facilities Discussion, Confidential Discussion Materials, dated August 3, 2017 2. Organizational Chart for Palace Sports and Entertainment, LLC 3. The Platform Development Summary for the Pistons Practice Facility Project 4. PPC – CAM Parking Structure Estimate by the Platform, dated 8/21/2017 5. Kasco Construction project cost estimate document for Center for Athletic Medicine Project (Kasco Project #: E6632), dated 7/28/2017
<p>Penske Logistics, LLC 15520 Wayne Road Romulus, MI 48174</p>	<ol style="list-style-type: none"> 1. Penske Truck Leasing Co., L.P. Consolidated Financial Statements as of and for the years ended December 31, 2014 2. 2013 and the Independent Auditors' Report 3. Penske Truck Leasing Co., L.P. Consolidated Financial Statements as of and for the years ended December 31, 2015 4. 2014 and the Independent Auditors' Report 5. Penske Truck Leasing Co., L.P. 6. Consolidated Financial Statements as of and for the years ended December 31, 2016 and 2015



<p>Superior Extrusion, Inc. 118 Avenue G Gwinn, MI 49841</p>	<ol style="list-style-type: none"> 1. Superior Extrusion, Inc. Stockholders List 2. Superior Extrusion, Inc.'s 2015 Audited Financial Statement 3. Superior Extrusion, Inc.'s 2016 Audited Financial Statement
<p>Dexter Stamping Company, LLC 1013 Thorrez Road Jackson, MI 49201</p>	<ol style="list-style-type: none"> 1. Dexter Stamping Company, LLC Audited Financial Statements for years ending 3/31/2015 and 3/31/2016 (Audited Financials-Dexter.pdf)
<p>Daqri, LLC 1201 W. 5th Street, Suite T-900 Los Angeles, CA 90017</p>	<ol style="list-style-type: none"> 1. Daqri, LLC Operating Agreement 2. Daqri financial statements
<p>Williams International Co., LLC 2280 East Maple Road Commerce Township, MI 48390</p>	<ol style="list-style-type: none"> 1. Williams International Co. LLC, Operating Agreement 2. Williams International Co., LLC - Entity Org Chart
<p>Comau, LLC 21000 Telegraph Road Southfield, MI 48034</p>	<ol style="list-style-type: none"> 1. Comau LLC Operating Agreement