

**MICHIGAN STRATEGIC FUND BOARD
FINAL MEETING AGENDA
FEBRUARY 28, 2017
10:00 am**

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

Communications

A. Consent Agenda

Proposed Meeting Minutes – January 30, 2017
Community College Skilled Trades Equipment Program (CCSTEP) – Awards – Tangie Jones
State Trade and Export Promotion – Delegation of Authority – Natalie Chmiko
CDBG Loan Program – Regional Fund Assignment – Christine Whitz
The Landing Development Group – City of Marquette – Brownfield MBT Amendment – Rob Garza
MCRP Reporting Waiver – Proposed Reporting Change – Shane Schamper
Jackson National Life Insurance Company – MBDP Amendment – Trevor Friedeberg
Stoneridge, Inc. – MBDP Amendment – Trevor Friedeberg

B. Business Investment

a. Business Growth

Huron, Inc. – MBDP Grant – Jeremy Webb
Stryker Corporation – Act 381 Work Plan – Mike Gietzen
Antolin Shelby, Inc. – MBDP Grant – Marcia Gebarowski
AM General – MBDP Grant – Marcia Gebarowski
Credit Acceptance Corporation – MBDP Grant – Marcia Gebarowski

b. Entrepreneurship

MTRAC Advanced Transportation Innovation Hub – Grant Award – Fred Molnar/Denise Graves
MTRAC Advanced Materials Innovation Hub – Grant Award – Fred Molnar/Denise Graves

C. Community Vitality

637 Michigan LLC – City of Grand Rapids – Act 381 Work Plan – Ryan Kilpatrick
150 Ottawa Development LLC – City of Grand Rapids – Act 381 Work Plan – Ryan Kilpatrick
Michigan Magnet Fund – MSF Activity – Julius Edwards
Recovery Park – City of Detroit – MSF Activity – Julius Edwards

D. Image/State Branding

Aviareps – Contract Extension – Dave Lorenz

MICHIGAN STRATEGIC FUND

RESOLUTION 2017-

**APPROVAL OF FEBRUARY 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 – January 30, 2017

Community College Skilled Trades Equipment Program (CCSTEP) – Awards

State Trade and Export Promotion – Delegation of Authority

CDBG Loan Program – Regional Fund Assignment

The Landing Development Group – City of Marquette – Brownfield MBT Amendment

MCRP Reporting Waiver – Proposed Reporting Change

Jackson National Life Insurance Company – MBDP Amendment

Stoneridge, Inc. – MBDP Amendment

Ayes:

Nays:

Recused:

Lansing, Michigan
February 28, 2017

**MICHIGAN STRATEGIC FUND
FINAL MEETING MINUTES
January 30, 2017**

Members Present

Paul Anderson
Larry Koops
Andrew Lockwood (on behalf of Treasurer Khouri)
Allan Pohl (on behalf of Director Edgerton)
Greg Tedder (on behalf of Chairman Arwood)
Jody DePree Vanderwel
Shaun Wilson
Wayne Wood

Members Absent

Dan Boge
Terri Jo Umlor

Mr. Tedder called the meeting to order at 10:00 am.

Public Comment: Mr. Tedder asked that any attendees wishing to address the Board come forward at this time. Mr. John Lauve addressed the Board regarding suggested changes to MSF Board meeting agendas and minutes. He also presented the Board with excerpts of documents related to the Little Caesars Arena project (frequently referenced by other names) and Detroit Red Wings, Detroit Pistons and Detroit Tigers obligations related to a lease and/or a City of Detroit Downtown Development Authority TIF agreement. These items were not on the agenda.

Mr. Tedder recognized the following legislators in attendance: Representative Jim Tedder speaking in support of the Automotive Lighting, LLC project in Independence Township and Representative Darrin Camilleri speaking in support of the Fuel Cell System Manufacturing LLC project in Brownstown Charter Township. He also recognized Callie Abrams who attended on behalf of Senator Hoon-Yung Hopgood in support of the Fuel Cell System Manufacturing LLC project in Brownstown Charter Township.

Communications: Jennifer Tebedo, MSF Administrator, advised the Board that they received a revised agenda at the table as well as the final Term Sheet for the Automotive Lighting, LLC agenda item and a revised resolution for the Samaritas f/k/a Lutheran Social Services of Michigan agenda item. She also noted that the Quarterly Report of the Chief Compliance Officer and the Program Quarterly Reports were provided to the Board in the briefing packet.

A. CONSENT AGENDA

Resolution 2017-001 Approval of Consent Agenda Items

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

Proposed Meeting Minutes – **December 20, 2016**

MSHDA HDF Grant Acceptance & National Main Street Contract Renewal – **2017-002 & 2017-003**

James Group International – Renaissance Zone Revocation – **2017-004**

Shaun Wilson seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

B. BUSINESS INVESTMENT

B1. Business Growth

Resolution 2017-005 Fuel Cell System Manufacturing LLC – Brownstown Charter Township/Wayne County – MBDP Grant

Stacy Bowerman, Manager Business Development Projects, provided the Board with information regarding this action item. Following brief discussion and questions, Larry Koops motioned for the approval of Resolution 2017-005. Wayne Wood seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Resolution 2017-006 Automotive Lighting, LLC – Independence Township/Oakland County – MBDP Grant

Marcia Gebarowski, 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 2017-006. Paul Anderson seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

B2. Capital Access

Resolution 2017-007 Paramount Baking Co., Inc. – MBGF-Collateral Support Proposal

Rachel Bakken, Capital Project and Portfolio Manager, provided the Board with information regarding this action item. Following brief discussion and questions, Wayne Wood motioned for the approval of Resolution 2017-007. Shaun Wilson seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Resolution 2017-008 Consumers Energy Company – Bond Inducement

Chris Cook, Director Capital Programs, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2017-008. Paul Anderson seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Resolution 2017-009 Samaritas f/k/a Lutheran Social Services of Michigan – Bond Amendment

Chris Cook, Director Capital Programs, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2017-009. Wayne Wood seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Paul Anderson, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri), Allan Pohl (on behalf of Director Edgerton), Greg Tedder (on behalf of Chairman Arwood), Jody DePree Vanderwel, Shaun Wilson, Wayne Wood; **Nays:** None; **Recused:** None

Mr. Tedder adjourned the meeting at 10:36 am.



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



STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

RICK SNYDER
GOVERNOR

SHELLY EDGERTON
DIRECTOR

DESIGNATION OF AUTHORITY

As Director of the Michigan Department of Licensing and Regulatory Affairs, I hereby designate Allan Pohl to serve as the LARA representative at the January 30, 2017, meeting of the Michigan Strategic Fund Board.



Shelly Edgerton, Director
Department of Licensing and Regulatory Affairs

Dated: 1/17/2017

January 17, 2017

Mr. Mark Morante, Fund Manager
Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

Dear Mr. Morante,

I hereby designate Gregory Tedder to represent me at the Michigan Strategic Fund Board meetings that I am unable to attend.

Sincerely,



Steve Arwood
MSF Board President & Chairman



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
LANSING

ROGER CURTIS
DIRECTOR

Memorandum

DATE: February 28, 2017

TO: Michigan Strategic Fund Board (MSF)

FROM: Wanda Stokes, Director, Michigan Talent Investment Agency (TIA) 

SUBJECT: Community Colleges Skilled Trades Equipment Program (CCSTEP) Awards

Request

The TIA is requesting the MSF Board, at the February 28, 2017 meeting, consent to CCSTEP project funding decreases for Alpena Community College, Bay College, Kalamazoo Valley Community College, and Kellogg Community College and a funding increase for Washtenaw Community College as outlined below.

- **Alpena Community College**
Alpena Community College is requesting a decrease to their CCSTEP award in the amount of \$1,027.61 based on a decrease in actual equipment cost from the original price proposal estimate. A site visit has been conducted and Alpena Community College has submitted their final reimbursement request.
- **Bay College**
Bay College is requesting a decrease to their CCSTEP award in the amount of \$1,574.15 due to lower-than-expected costs for welding simulators, as well as reductions for robotic welders and EMT equipment. A site visit has been conducted and Bay College has been fully reimbursed for their grant award.
- **Kalamazoo Valley Community College**
Kalamazoo Valley Community College is requesting a decrease to their CCSTEP award in the amount of \$19,937.56. The reduction is due to actual costs of equipment coming in under their original bid estimates. A site visit has been conducted and Kalamazoo Valley Community College has submitted a final reimbursement request.
- **Kellogg Community College**
Kellogg Community College is requesting a decrease to their CCSTEP award in the amount of \$23,777.62. Healthcare grant expenses came in under budget by \$18,662.17,

TED is an equal opportunity employer/program.

Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities.
201 N. WASHINGTON SQUARE • LANSING, MICHIGAN 48913 • www.michigan.gov/tia • 517-335-5858

law enforcement by \$4,570.45, and manufacturing by \$545.00. A site visit has been conducted and Kellogg Community College has been fully reimbursed for their grant award.

- **Washtenaw Community College**

Washtenaw Community College would like to request an increase to their CCSTEP award in the amount of \$42,022.05 to cover additional equipment purchases for their Automotive Service program. This increase will bring the total CCSTEP grant award for Washtenaw Community College to \$4,516,749.17. Washtenaw Community College will use the additional equipment to upgrade their current course offerings in the Automotive Service Program.

WMS:TJ:fd

MICHIGAN STRATEGIC FUND

RESOLUTION

2017-

**COMMUNITY COLLEGE SKILLED TRADE EQUIPMENT PROGRAM
GRANT AMENDMENTS**

WHEREAS, Public Act 224 of 2014 (the “Act”) authorized the Michigan Strategic Fund (“MSF”) to award up to \$50,000,000 for the community colleges skilled trades equipment program for equipment and related investments that ensure that Michigan community colleges can deliver educational programs in high-wage, high-skill, and high-demand occupations, as identified by regional labor market conditions and that build and retain a talented workforce in Michigan (the “Community College Skilled Trades Equipment Program” or “CCSTEP”);

WHEREAS, at its February 24, 2015 meeting, the MSF made CCSTEP awards to 18 community colleges;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) and the Talent Investment Agency (“TIA”) administer the CCSTEP on behalf of the MSF;

WHEREAS, MEDC and TIA staff determined that it is necessary to amend the CCSTEP grants awarded to Alpena Community College, Bay College, Kalamazoo Valley Community College, Kellogg Community College, and Washtenaw Community College as detailed in the memo to the MSF Board dated February 28, 2017 and in Exhibit A to this Resolution (the “CCSTEP Grant Amendments”);

WHEREAS, MEDC and TIA staff recommend that the MSF Board approve the CCSTEP Grant Amendments.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the CCSTEP Grant Amendments; and

BE IT FURTHER RESOLVED, the MSF Board authorizes the MSF Fund Manager to execute all documents necessary to effectuate the CCSTEP Grant Amendments.

Ayes:

Nays:

Recused:

Lansing, Michigan
February 28, 2017

Exhibit A

College	Existing Award Amount	Revised Award Amount
Alpena Community College	\$468,750	\$467,722.39
Bay College	\$748,893.37	\$747,319.22
Kalamazoo Valley Community College	\$3,575,116.95	\$3,555,179.39
Kellogg Community College	\$2,107,575	\$2,083,797.38
Washtenaw Community College	\$4,474,727.12	\$4,516,749.17

MEMORANDUM

Date: February 28, 2017

To: Michigan Strategic Fund (“MSF”) Board

From: Natalie Chmiko, Director, International Trade

Subject: STEP Delegation of Authority - Modification

Summary

Michigan Economic Development Corporation (“MEDC”) Staff is requesting modification to its current MSF delegation of authority to allow the MSF Fund Manager or the MSF President the authority to approve grants through the Michigan State Trade Expansion Program (“MI-STEP”), which are limited to \$12,000 per company per year. Currently, the MSF delegation requires two of the following in order to approve these small grants: the MSF Fund Manager, the MSF President, and the State Treasurer.

Background

MI-STEP was created to provide grants up to \$12,000 per fiscal year to eligible companies to enhance their ability to launch or grow their export initiatives. At the inception of MI-STEP, the MSF contracted out to third parties to award MI-STEP grants to eligible companies on the MSF’s behalf. As the program evolved, the MSF, in conjunction with the MEDC, now directly award eligible companies with MI-STEP grants, rather than using third parties.

The current delegation of authority, passed on July 22, 2014, did not contemplate this administrative change and therefore, MI-STEP has been governed by the delegation in place for much larger agreements related to the overall International Trade Program, requiring approval from two of the following for all award amounts that are less than or equal to \$600,000: the MSF Fund Manager, MSF President, or the State Treasurer.

By empowering the MSF Fund Manager or MSF President alone to approve the MI-STEP grants, it allows the MI-STEP program to function more efficiently, similarly to how it functioned when the grants were awarded by third party contractors. The MSF still retains control over the overall budget for the program, approving that at the start of each fiscal year, and each award must be consistent with the program guidelines passed by the MSF Board previously.

Recommendation

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

- 1) Approve an amendment to the current State Trade and Export Promotion Program delegation of authority to add an additional delegation of authority to the MSF Fund Manager or the MSF President, to award grants under MI-STEP for an amount up to \$12,000 per company per year.
- 2) All other aspects of the delegation of authority remain unchanged.

MICHIGAN STRATEGIC FUND

RESOLUTION

2017-

STRATEGIC FUND DELEGATION OF AUTHORITY

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

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

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

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

WHEREAS, the MEDC recommends that the MSF Board approve revisions to the Strategic Fund Compiled Resolutions for the Michigan State Trade Expansion Program (“MI-STEP”) to reflect changes in the program guidelines and operation of MI-STEP and to promote efficiency in administration of MI-STEP; and

WHEREAS, the MSF Board wishes to approve revisions to the Strategic Fund Compiled Resolutions for MI-STEP in accordance with the terms and conditions of this Resolution;

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the MSF Board delegates the following authority effective February 28, 2017:

10.6-1 Michigan State Trade Expansion Program (“MI-STEP”)

(1) The MSF President, the MSF Fund Manager, and the State Treasurer, with any two required to act, may make all decisions with respect to awards under MI-STEP where the award amount is equal to or greater than \$12,001 and less than or equal to \$600,000.

(2) The MSF President or the MSF Fund Manager may make all decisions with respect to awards under MI-STEP where the award amount is less than or equal to \$12,000.

(3) The MSF President or MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate awards or decisions approved under MI-STEP.

(4) The MSF President, the MSF Fund Manager, and the State Treasurer, with only two required to act, may reallocate up to 5% of all funds received by the MSF from the U.S Small Business Administration among programs operating under MI-STEP.

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

Ayes:

Nays:

Recused:

Lansing, Michigan
February 28, 2017

MEMORANDUM

Date: February 28, 2017

To: Michigan Strategic Fund Board

From: Christine Whitz, Director, Community Development Block Grant Program

Subject: *Community Development Block Grant Program
CDBG Loan Program – Regional Fund Assignment*

Request

MEDC Staff is requesting that the Michigan Strategic Fund (MSF) approve the assignment of existing Community Development Block Grant (CDBG) loan funds with Region 5 – Great Lakes Bay Regional Development Corporation to another existing CDBG Regional Fund Manager.

Background

The MSF approved the Regionalization of CDBG Revolving Loan Funds, now known as CDBG Loan Funds, into five Regional Fund Managers on October 24, 2012. Each of the Regional Fund Managers entered into a Repaid Funds Agreement with the MSF. The Great Lakes Bay Regional Development Corporation would like to terminate their Repaid Funds Agreement with the MSF. The Repaid Funds Agreement states “ If the suspension/termination is for convenience, the MSF and Fund Manager shall be provided sixty (60) days written notice of the termination and the specific rational for that action”. The MSF Fund Manager was notified November 21, 2016 that the Great Lakes Bay Regional Development Corporation was looking to transfer the remaining funds and to withdraw from the agreement in place as a CDBG Regional Fund Manager.

The existing portfolio of loan funds with the Great Lakes Bay Regional Development Corporation requires assignment to a new Regional Fund Manager. The existing portfolio consists of approximately \$462,000.

Recommendation

MEDC Staff recommends:

- That the MSF terminate their repaid funds agreement with Great Lakes Bay Regional Development Corporation.
- That the MSF approve the assignment of CDBG loan funds from Great Lakes Bay Regional Development Corporation to another existing CDBG Regional Fund Manager.
- That the MSF authorize the MSF Fund Manager to execute documents necessary to assign the existing loan portfolio with the Great Lakes Bay Regional Development Corporation to a new Regional Fund Manager.

MICHIGAN STRATEGIC FUND

RESOLUTION 2017- _____

APPROVAL OF CDBG LOAN PROGRAM REGIONAL FUND ASSIGNMENT

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

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

WHEREAS, The CDBG program has policies, criteria, and parameters that are enumerated in the 2015 Program Guidelines, as amended (the “Criteria”). The MSF authorized and approved the Consolidated Plan and the Criteria, by Resolution 2015-039;

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

WHEREAS, the MSF and Great Lakes Bay Regional Development Corporation have a repaid funds agreement in place;

WHEREAS, the Great Lakes Bay Regional Development Corporation desires to terminate the repaid funds agreement with the MSF.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the termination of the repaid funds agreement with Great Lakes Bay Regional Development Corporation and authorizes the assignment of their existing loan portfolio to another CDBG Regional Fund Manager. Also, that the assignment of the existing loan portfolio be delegated to the MSF Fund Manager.

Ayes:

Nays:

Recused:

Lansing, Michigan
February 28, 2017

MEMORANDUM

Date: February 28, 2017

To: Michigan Strategic Fund Board

From: Rob Garza, Brownfield and MCRP Senior Program Specialist

Subject: The Landing Development Group, LLC - Request for Approval of MBT Brownfield Credit Amendment #3

Request

The proposed project will be undertaken by The Landing Development Group, LLC. The project will redevelop two parcels of property located on South Lakeshore Drive in the City of Marquette. The project is located in a downtown and qualifies for an MBT Amendment because it is a facility.

The Landing Development Group, LLC requests the following amendments be made to the Brownfield MBT credit for the Founder's Landing Project, Project A – The Landing Project, originally approved by the MEGA Board on August 18, 2009: material changes to the approved project, realignment of project phasing, and the addition of a qualified taxpayer, One Marquette Place, LLC.

The developer will secure financing for each individual phase as the project progresses. The developer has currently secured senior financing for the One Marquette Place - Unit 1 building (phase seven) and is contributing 18% of the project capital need as cash equity. The MBT credit is needed in order to fill both the funding gap for this phase as well as the overall project.

The developer anticipates that the project will result in total capital investment in the amount of \$64,158,651, along with the creation of approximately 230 permanent full-time equivalent jobs with an average hourly wage of \$14.54.

Background

The project was originally anticipated to be a ten phase project containing mixed-use buildings, condominium buildings, and a hotel with banquet facility and a capital investment figure of \$57,246,046. The project was first amended November 23, 2010 to add a qualified taxpayer with the capital investment amount unchanged. The most recent amendment occurred December 13, 2011 and included the realignment of the phases and a scope change to reflect changes in the number of residential units and mixed-used building components. Amendment two capital investment increased to \$58,350,273. Phases one through four have been completed to date and the fifth phase certificate of completion was received by the MEDC in December of 2016.

The developer has responded to changing market demand and is now proposing the following changes to the project scope and phase realignment (full phase descriptions can be found in **Appendix A**). Phase five

will reduce the number of condominiums from eleven to nine and reduce building height by one story. Phase six will increase the number of condominiums from seven to nine and reduce building height by one story. Phase seven will increase the building height by one story, add one level of parking, and include machinery and equipment costs. Phase eight will reduce building height by two stories, convert from mixed-use to restaurant and banquet center, and include machinery and equipment costs. Phase nine will modify the use from mixed-use to a restaurant/banquet building and include machinery and equipment costs.

Phase ten was originally anticipated to be a five-story mixed use building with restaurant space and residential units. The amended phase ten will be a three-story residential addition over the phase eight building or a three-story mixed-use building with commercial and residential space over one to two levels of parking and machinery and equipment costs. The developer requires the flexibility in phase ten between the two options in order to best meet anticipated market demand. This also serves the purpose of reducing the need for an additional amendment to account for the completed phase ten buildout.

The Landing Development Group, LLC and its principals have not been awarded MEGA or MSF incentives outside of this project. The City of Marquette Brownfield Redevelopment Authority was awarded an Act 381 Work Plan for this project by the MEGA Board in 2009.

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

Recommendation

MEDC staff recommends approval of the following:

- A) The Brownfield MBT credit amendment requests to add the qualified taxpayer One Marquette Place, LLC, realignment of project phasing, and material changes to the approved project.

APPENDIX A – Programmatic Requirements & Screening Guidelines

Brownfield MBT Credit Amendment Request By:

The Landing Development Group, LLC
P.O. Box 267
Marquette, MI 49855

Contact: Barry Polzin, Managing Member

	Previous Approval	Amendment
Project Eligible Investment:	\$50,874,357	\$60,358,651
Requested Credit Amount:	\$10,000,000 (capped)	\$10,000,000 (capped)
Requested Credit Percentage:	20%	20%

The project is a multi-phase project and will be completed in ten (10) phases as described below:

Phase I (COMPLETED) – The Kawbawgam and Baraga buildings (two-story) are seven total residential condominiums with private garages developed on Parcel 1. Included associated site improvements; and,

Phase II (COMPLETED) – The Hotel consists of 84 guest rooms, meeting facility, pool and fitness center developed on Parcel 3. The building is a three-story structure over a basement level. The site includes 84 surface parking spaces and other site improvements. Purchased machinery & equipment supported this phase; and,

Phase III (COMPLETED) – The Ripley building (three-story) is comprised of eight residential condominiums with private garages, a common elevator and ten storage units developed on Parcel 1 and included associated site improvements; and,

Phase IV (COMPLETED) – The Everett building (three-story) is nine residential condominiums with private garages and a common elevator developed on Parcel 1. The Smith building (one-story) is made up of six garages and six storage units developed on Parcel 1 and included associated site improvements, and;

Phase V – The Gaines building (three-story) is comprised of nine residential condominiums with below grade parking and common elevator developed on Parcel 1 and includes associated site improvements; and,

Phase VI – The Adams building (three-story) is comprised of nine residential condominiums with underground parking and elevator developed on Parcel 1. Includes associated site improvements; and,

Phase VII – One Marquette Place (Unit 1) is a five-story mixed use building with restaurant, office and residential over two levels of parking developed on Parcel 3. Includes associated site improvements. Purchased machinery & equipment support this phase; and,

Phase VIII – One Marquette Place (Unit 2) is a one-story restaurant and banquet building over one level of parking developed on Parcel 3. Includes associated site improvements. Purchased machinery & equipment support this phase; and,

Phase IX – Two Marquette Place (Unit 4) is a four-story restaurant and banquet building over one level of parking developed on Parcel 3. Includes associated site improvements. Purchased machinery & equipment support this phase; and,

Phase X – One Marquette Place (Unit 3) is a three-story residential addition over the completed One Marquette Place Unit 2 developed on Parcel 3 **OR** Three Marquette Place (Unit 5) is a three-story mixed use building with commercial and residential over one or two levels of parking developed on Parcel 3. Includes associated site improvements. Purchased machinery, equipment & fixtures support this phase.

COST OF ELIGIBLE INVESTMENTS BY PHASE

Phase I

New Construction	\$	2,253,636
Site Improvements	+	107,320
Phase I Total	\$	2,360,956

Phase II

New Construction	\$	7,269,351
Site Improvements	+	188,017
Addition of Machinery and Equipment	+	984,428
Incurred TIF costs not eligible for MBT	-	495,086
Phase II Total	\$	7,946,710

Phase III

New Construction	\$	3,226,637
Site Improvements	+	152,563
Phase III Total	\$	3,379,200

Phase IV

New Construction	\$	3,350,000
Site Improvements	+	86,200
Phase IV Total	\$	3,436,200

Phase V	
New Construction	\$ 3,829,680
Site Improvements	+ 92,018
Phase V Total	\$ 3,921,698

Phase VI	
New Construction	\$ 3,344,000
Site Improvements	+ 82,000
Phase VI Total	\$ 3,426,000

Phase VII	
New Construction	\$ 14,869,884
Site Improvements	+ 468,550
Addition of Machinery and Equipment	+ 120,000
Incurred TIF costs not eligible for MBT	- 5,244,034
Phase VII Total	\$ 10,214,400

Phase VIII	
New Construction	\$ 3,080,000
Site Improvements	+ 98,000
Addition of Machinery and Equipment	+ 160,000
Incurred TIF costs not eligible for MBT	- 348,000
Phase VIII Total	\$ 2,990,000

Phase IX	
New Construction	\$ 10,700,000
Site Improvements	+ 244,367
Addition of Machinery and Equipment	+ 120,000
Incurred TIF costs not eligible for MBT	- 2,524,367
Phase IX Total	\$ 8,540,000

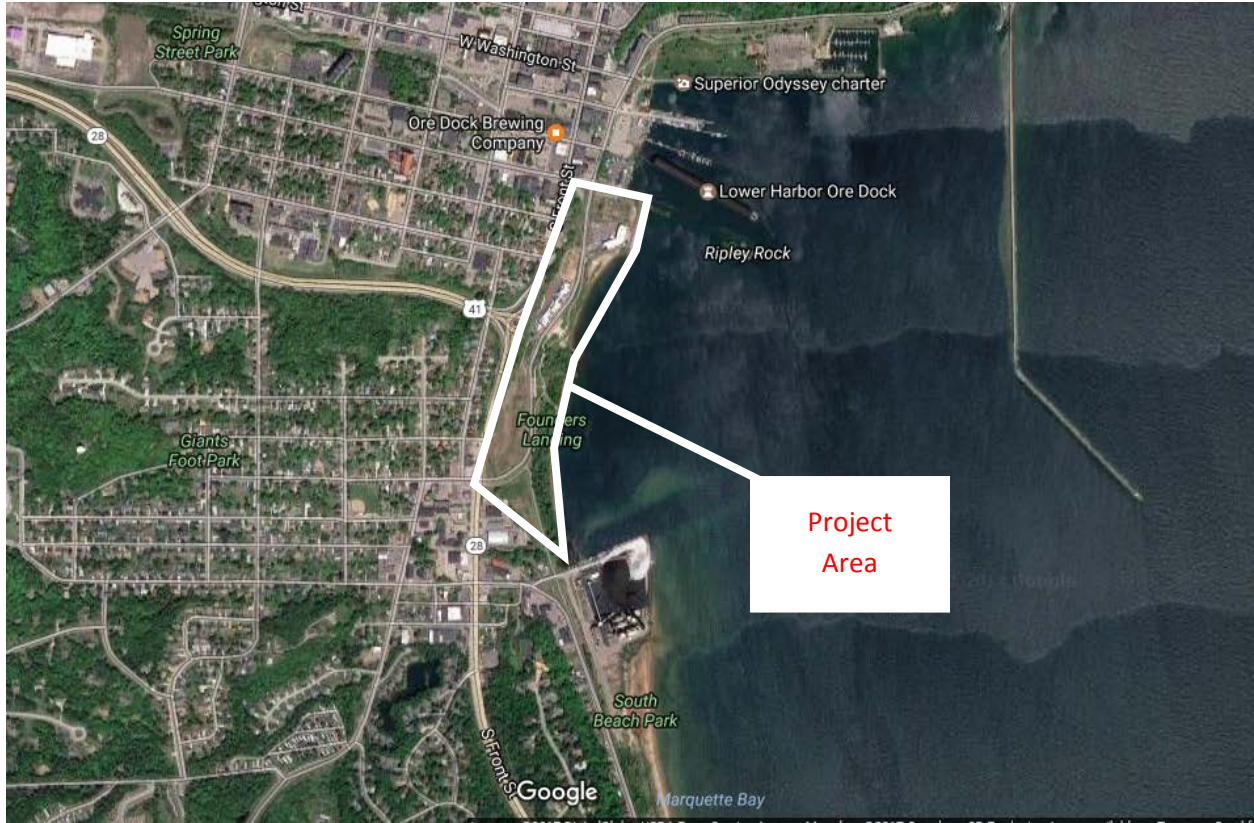
Phase X (Option 1)	
New Construction	\$ 3,800,000
Phase X Total	\$ 3,800,000

Phase X (Option 2)	
New Construction	\$ 5,336,000
Site Improvements	+ 96,000
Addition of Machinery and Equipment	+ 100,000
Phase X Total	\$ 5,532,000

TOTAL COST OF ELIGIBLE INVESTMENTS (Maximum Anticipated MBT Eligible Investment)

New Construction	\$	57,259,188
Site Improvements	+	1,615,035
Addition of Machinery and Equipment	+	1,484,428
Incurred TIF costs not eligible for MBT	-	8,611,487
Total	\$	51,747,164

APPENDIX B – Project Map and Renderings



PHASE VII – ONE MARQUETTE PLACE



113 One Marquette Place (Unit 4, 3 and 2) Rendering June 2016

MICHIGAN STRATEGIC FUND

RESOLUTION 2017 -

**FOUNDER'S LANDING PROJECT, PROJECT A – THE LANDING PROJECT
THE LANDING DEVELOPMENT GROUP, LLC
BROWNFIELD REDEVELOPMENT MBT CREDIT – AMENDMENT #3
CITY OF MARQUETTE**

At the meeting of the Michigan Strategic Fund (“MSF”) held on February 28, 2017 in Lansing, Michigan;

WHEREAS, the Michigan Economic Growth Authority (“MEGA”) is authorized by 1995 PA 24, as amended, to amend projects for brownfield redevelopment tax credits authorized by Section 437 of the Michigan Business Tax Act, PA 36 of 2007, as amended (the “Act”), or by former section 38(g) of the Michigan Single Business Tax Act, PA 228 of 1975;

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

WHEREAS, by Resolution 2009-130 on August 18, 2009, the MEGA Board awarded a Brownfield MBT Tax Credit to The Landing Development Group, LLC (the “Applicant”) to make eligible investment up to \$50,874,357 at an eligible property in the City of Marquette (the “Project”);

WHEREAS, Section 437(9) of the Act allows approved projects to request an amendment to the Project if the Project is unable to be completed as described in the original application;

WHEREAS, a request has been submitted to amend the Project to add a qualified taxpayer, realign the project phases, and change the scope of the project;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF, and recommends approval of the amendment by the MSF Board, provided that the maximum credit amount does not exceed \$10,000,000;

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends the Project by modifying the scope and realigning the phases of the Project as follows:

Phases I – IV have been completed.

Phase V – The Gaines building (three-story) is comprised of nine residential condominiums with below grade parking and common elevator developed on Parcel 1 and includes associated site improvements; and,

Phase VI – The Adams building (three-story) is comprised of nine residential condominiums with underground parking and elevator developed on Parcel 1. Includes associated site improvements; and,

Phase VII – One Marquette Place (Unit 1) is a five-story mixed use building with restaurant, office and residential over two levels of parking developed on Parcel 3.

Includes associated site improvements. Purchased machinery & equipment support this phase; and,

Phase VIII – One Marquette Place (Unit 2) is a one-story restaurant and banquet building over one level of parking developed on Parcel 3. Includes associated site improvements. Purchased machinery & equipment support this phase; and,

Phase IX – Two Marquette Place (Unit 4) is a four-story restaurant and banquet building over one level of parking developed on Parcel 3. Includes associated site improvements. Purchased machinery & equipment support this phase; and,

Phase X – One Marquette Place (Unit 3) is a three-story residential addition over the completed One Marquette Place Unit 2 developed on Parcel 3 **OR** Three Marquette Place (Unit 5) is a three-story mixed use building with commercial and residential over one or two levels of parking developed on Parcel 3. Includes associated site improvements. Purchased machinery, equipment & fixtures support this phase.

BE, IT FURTHER RESOLVED, that the Project is amended by adding One Marquette Place, LLC as a qualified taxpayer; and

BE IT FURTHER RESOLVED, that the Project is required to submit a Certificate of Completion request for the final phase within one year of project completion.

Ayes:

Nays:

Recused:

Lansing, Michigan
February 28, 2017

MEMORANDUM

Date: February 28, 2017

To: Michigan Strategic Fund Board

From: Shane Schamper, Senior Compliance Specialist

Subject: Request for waiver to remove reporting requirements under the Michigan Community Revitalization Program

Request

MEDC Staff recommends the Michigan Strategic Fund Board approve a waiver of the provisions under the Michigan Community Revitalization Program annual progress reports related to a finalized sources and uses statement and income statements for the project that include net operating income, debt service and cash flow after debt service. All other provisions of the annual progress reports will remain the same (the aforementioned, collectively, the “Request”).

BACKGROUND

The Michigan Strategic Fund Act (MCL 125.2001 et. Seq.), as amended, includes Sections 90, 90a, 90b, 90c and 90d, as further amended, to enable the MSF to create and operate the Michigan Community Revitalization Program (the “MCRP”) which provides incentives in the form of grants, loans, and other economic assistance for the redevelopment of communities in Michigan.

Contained within all MCRP award agreements are various annual progress reporting requirements that include, but are not limited to, the collection of the finalized sources and uses statement for the project (including developer equity and fee) and income statements for the project that include net operating income, debt service and cash flow after debt service. Each awardee reports this information through the term of the incentive, which typically is for a period of two years after the project is complete, through an annual progress report submitted through the Salesforce Portal.

The MCRP agreements also include an access to records provision that allows the MSF and MEDC to obtain and review all information or data concerning the business, operations, assets or liabilities of the business in connection with those agreements. This would allow the MEDC and MSF to continue to collect this information on an as-needed basis instead of through the annual progress report process. Accordingly, approval of this Request will not impair the MEDC or MSF’s ability to effectively monitor the MCRP incentives.

RECOMMENDATION

MEDC Staff recommends that the MSF Board approve the Request.

**MICHIGAN STRATEGIC FUND
RESOLUTION
2017-**

WAIVER OF REPORTING REQUIREMENTS

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

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the Michigan Strategic Fund (“MSF”) for programs operated under the Act, including the Michigan Community Revitalization Program (“MCRP”);

WHEREAS, the incentive agreements for awards authorized under the MCRP include a provision requiring awardees to submit an annual progress report that includes, among other items, a finalized sources and uses statement for the project (including developer equity and fee) and income statements for the project that include net operating income, debt service and cash flow after debt service for the term of the agreement (the “MCRP Progress Report Requirement”);

WHEREAS, MEDC Staff recommends that the MSF Board waive the component of the MCRP Progress Report Requirement related to the finalized sources and uses statement for the project (including developer equity and fee) and income statements for the project that include net operating income, debt service and cash flow after debt service for all MCRP incentives that have been approved by the MSF Board or its authorized delegate since inception of the MCRP (the “Reporting Waiver Request); and

WHEREAS, the MSF Board has determined that approval of the Reporting Waiver Request will not impair the ability of the MEDC or MSF to effectively monitor incentives awarded under the MCRP and wishes to approve the Reporting Waiver Request.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Reporting Waiver Request.

Ayes:

Nays:

Recused:

Lansing, Michigan
February 28, 2017

MEMORANDUM

Date: February 28, 2017

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

From: Trevor Friedeberg, Business Development Project Manager

Subject: Jackson National Life Insurance Company (“Company” or “Applicant”)
Extension to Execute Amendment to Approved Michigan Business Development Program
Grant Agreement

Request

Re-approve the amendment request (originally approved April 26, 2016) allowing for more time for the Company to enter into an agreement with the MSF.

Background

On July 24, 2013 the Michigan Strategic Fund approved a \$3,000,000 award for Jackson National Life Insurance Company under the Michigan Business Development Program (“MBDP”). The Company proposed to create a new building adjacent and linked to the existing headquarters located at One Corporate Way, Lansing, Michigan. The company planned to construct a new print center across the street, make investments and create jobs related to retirement solutions, including variable, fixed and fixed index annuities.

As the project developed, the Company requested employees from Prudential Global Data Services (“PGDS”) be included as part of Qualified New Jobs as well as the Base Employment Level. Employees from PGDS work side by side with other Jackson employees and support project activities and job creation efforts. Initially the PGDS entity was inadvertently left out of the original application, therefore disallowing the employees to count under the definition of a Qualified New Job and Base Employment Level. On April 26, 2016, the MSF Board approved the inclusion of PGDS employees for purposes of counting the Base Employment Level and Qualified New Jobs.

Due to administrative limitations and attrition within the Company, an amendment to the agreement reflecting the approved modification was not executed within the timeframe approved by the MSF Board. The Company is ready to sign the agreement at this point necessitating this re-approval.

The headquarter expansion is now complete and the Company has been on track with hiring. All other terms and conditions of the original approval, other than modifications which have previously been approved of by the MSF Board, remain in place.

Recommendation

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

- a) Re-approve the amendment request from April 26, 2016;
- b) All other aspects of the approval remain unchanged.

MICHIGAN STRATEGIC FUND

RESOLUTION 2017-

APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT AMENDMENT TO JACKSON NATIONAL LIFE INSURANCE COMPANY

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, the MSF approved a \$3 million Michigan Business Development Program performance based grant on July 24, 2013 for the creation of a new building linked to the existing headquarters and make investments and create jobs related to retirement solutions, including variable, fixed and fixed index annuities (the “Project”);

WHEREAS, the Company requests that the Michigan Business Development Program performance based grant be amended and revised as follows: add Prudential Global Data Services (EIN 20-5383763) as an entity for purposes of Base Employment Level and Qualified New Jobs (“Amendment”);

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
February 28, 2017

MEMORANDUM

Date: February 28, 2017

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

From: Trevor Friedeberg, Business Development Project Manager

Subject: Stoneridge, Inc. (“Company” or “Applicant”)
Amendment to Approved Michigan Business Development Program Grant Agreement

Request

The Company has requested a 6 month extension to meet the first milestone and a 1 year extension on subsequent milestones to ensure the project is up and running and meets all future milestones.

Background

On March 22, 2016 the Michigan Strategic Fund approved a \$1,400,000 award for Stoneridge, Inc. under the Michigan Business Development Program (“MBDP”). The Company proposed to relocate its headquarter operations from Warren, Ohio bringing in 70 new highly paid individuals to Michigan, with a potential of an additional 70 positions, and further bolster the automotive technology market segment in the state. The location will be deemed the new Global Headquarters for the Company.

Under the MBDP Grant Agreement, the Company was required to create 25 Qualified New Jobs by December 31, 2016. However, there were a number of Ohio residents who unexpectedly chose to not relocate to the newly established Michigan facility, which has caused an overall delay in the Company’s hiring schedule, which is why the Company has requested additional time to meet current and future milestones.

Recommendation

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

- a) Amend original MBDP approval to reflect the changes outlined in the attached Term Sheet;
- b) All other aspects of the approval remain unchanged.

MICHIGAN STRATEGIC FUND

RESOLUTION 2017-

APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT AMENDMENT TO STONERIDGE, INC.

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

WHEREAS, the Michigan Economic Development Corporation (“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, the MSF approved an \$1,400,000 Michigan Business Development Program Performance based grant on March 22, 2016 for the relocation of the Company headquarter operations from Ohio to Michigan (the “Project”);

WHEREAS, the Company requests that the Michigan Business Development Program performance based grant be amended and revised as outlined in the attached term sheet (“Amendment”);

WHEREAS, the MEDC recommends that the MSF approve the Company’s Grant 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 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 Amendment Award Recommendation”).

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

Ayes:

Nays:

Recused:

Lansing, Michigan
February 28, 2017

**MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant Amendment - Term Sheet**

The following is a summary of the highlights of the amendment and basic terms for which the Company desires grant support from the Michigan Strategic Fund ("MSF") under the Michigan Business Development Program ("MBDP"). While the MBDP is operated and funded through the MSF, recommendation for approval of a MBDP Incentive Amendment is presented by the Michigan Economic Development Corporation ("MEDC") to the MSF.

Date: 1/11/2017

Company Name: Stoneridge, Inc. ("Company" or "Applicant")

Company Address: 9400 East Market Street
Warren, OH 44484

Project Address ("Project"): 39625 Mackenzie Drive
Novi, MI 48377

MBDP Incentive Type: Performance Based Grant

Current Status of the MBDP Incentive, as set forth in the final MBDP Incentive Award Agreement ("Agreement"):

- **Maximum Amount of MBDP Incentive:** Up to \$1,400,000 ("MBDP Incentive Award")
- **Base Employment Level** 21
- **Total Qualified New Job Creation:** 140
(above Base Employment Level)
- **Company Investment:** \$1,950,000 in leasehold improvements, and annual lease costs or any combination thereof, for the Project.
- **Municipality supporting the Project:** City of Novi committed to provide a tax abatement on real and/or personal property.
- **Disbursement Milestones:** The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award are outlined in Exhibit B of the Agreement, and include:
 - **Disbursement Milestone 1:** Up to \$337,500 Upon demonstrated creation of 25 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than December 31, 2016.
 - **Disbursement Milestone 2:** Up to \$312,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 25 additional Qualified New Jobs (for a total of 50 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2017.



- **Disbursement Milestone 3:** Up to \$250,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 20 additional Qualified New Jobs (for a total of 70 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2018.
 - **Disbursement Milestone 4:** Up to \$178,500 Upon completion of Disbursement Milestone 1 Disbursement Milestone 2, and Disbursement Milestone 3, and upon demonstrated creation of 25 additional Qualified New Jobs (for a total of 95 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2019.
 - **Disbursement Milestone 5:** Up to \$178,500 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, and Disbursement Milestone 4, and upon demonstrated creation of 25 additional Qualified New Jobs (for a total of 120 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2020.
 - **Disbursement Milestone 6:** Up to \$178,500 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, Disbursement Milestone 4, and Disbursement Milestone 5, and upon demonstrated creation of 25 additional Qualified New Jobs (for a total of 120 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2020.
- **Term of Agreement:** Execution of Agreement to December 31, 2022

Proposed MBDP Incentive Amendment:

- **Disbursement Milestones:** The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award will be amended as follows:
 - **Disbursement Milestone 1:** Up to \$337,500 Upon demonstrated creation of 25 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than June 30, 2017.
 - **Disbursement Milestone 2:** Up to \$312,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 25 additional Qualified New Jobs (for a total of 50 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2018.
 - **Disbursement Milestone 3:** Up to \$250,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 20 additional Qualified New Jobs (for a total of 70 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2019.

- **Disbursement Milestone 4:** Up to \$178,500 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, and Disbursement Milestone 3, and upon demonstrated creation of 25 additional Qualified New Jobs (for a total of 95 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2020.
- **Disbursement Milestone 5:** Up to \$178,500 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, and Disbursement Milestone 4, and upon demonstrated creation of 25 additional Qualified New Jobs (for a total of 120 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2021.
- **Disbursement Milestone 6:** Up to \$178,500 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, Disbursement Milestone 4, and Disbursement Milestone 5, and upon demonstrated creation of 25 additional Qualified New Jobs (for a total of 120 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2022.

- **Term of Agreement:** Execution of Agreement to June 30, 2023

Any final MBDP Incentive Amendment is contingent upon several factors, including: (i) submission by the Company of a completed amendment application and all other documentation required under the MBDP (ii) satisfactory municipality support, if applicable (iii) available MSF funding (iv) completion of financial review, business integrity review, required background checks, and other business and legal review and due diligence as required, and the results of which must be satisfactory to the MEDC, the MSF, and as applicable, the Chief Compliance Officer, (v) approval of an award by the MSF, and (vi) execution of a final Amendment containing the established milestones, repayment terms, reporting requirements, and all other detailed terms and conditions, required by the MSF.


If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award Amendment for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by January 20, 2017, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

Stoneridge, Inc.

Michigan Economic Development Corporation

By:



By:



Printed Name:

ROBERT R. KUZROWSKI

Printed Name:

Trevor Friedberg

Its:

CFO

Its:

Business Dev. Project Mgr

Dated:

1/12/17

Dated:

1/12/2017

Stoneridge, Inc.

MEMORANDUM

Date: February 28, 2017

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

From: Jeremy Webb, Business Development Project Manager

Subject: Huron, Inc. (“Company” or “Applicant”)
Michigan Business Development Program Performance-based Grant Request

Summary

This is a request from the Applicant for a \$1.4 million performance-based grant. This project involves the creation of 181 Qualified New Jobs and a capital investment of up to \$12.9 million in Worth Township, Sanilac County.

The Applicant has demonstrated a need for the funding. Michigan is in competition with Ohio, Kentucky, and Pennsylvania for this project. The Company's owner, a private equity firm out of New York, is looking at incentives as the primary driver on their location decision. Though the Company was established in Sanilac County, 60% of their products ship to Ohio and the cost savings of logistics is clear if they were to open a second location closer to their customer. If the project were to happen outside of Michigan, the existing footprint in Michigan would be reduced. The proposed incentive offer is needed for deal closing and to combat the anticipated offers from Ohio, Pennsylvania, and Kentucky.

Background

Founded in 1943 in Lexington, Michigan, the Company began as an automatic screw machine company supplying the automotive industry. Although the Company initially started as a precision machining company, they have been involved with tubular assemblies since the 1980's. However, over the last 20 years the Company has migrated to a business model around more complex tubular assembly components for automotive OEM engines and transmissions.

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

The Applicant plans to expand their existing facility in Worth Township by about 40,000 square feet in order to fulfill newly awarded contracts, make investments and create jobs related to engine parts manufacturing.

The MEDC legal unit has completed a civil and criminal background check for the entity and individuals related to this project.

Considerations

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.

- b) The project will be located in Worth Township. Worth Township has offered a “staff, financial, or economic commitment to the project” in the form of a property tax abatement.
- c) The Applicant has demonstrated a need for the funding. Michigan is in competition with Ohio, Kentucky, and Pennsylvania for this project. The Company's owner, a private equity firm out of New York, is looking at incentives as the primary driver on their location decision. The proposed incentive offer is needed for deal closing and to combat the anticipated offers from Ohio, Pennsylvania, and Kentucky.
- d) The Applicant plans to create 181 Qualified New Jobs above a statewide base employment level of 441.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: the project is not a retail project; involves out-of-state competition; has a net positive return to Michigan; has a high level of investment in a rural area; is shovel-ready with the support of the MSF; and will reuse an existing facility.

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
HURON, INC.**

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

WHEREAS, the Michigan Economic Development Corporation (“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, Huron, Inc. (“Company”) has requested a performance based MBDP grant of up to \$1,400,000 (“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.

Ayes:

Nays:

Recused:

Lansing, Michigan
February 28, 2017

MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant - Term Sheet

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"). While the MBDP is operated and funded through the MSF, recommendation for approval of a MBDP incentive award is presented by the Michigan Economic Development Corporation ("MEDC") to the MSF.

Date: 2/13/2017

1. **Company Name:** Huron, Inc. ("Company" or "Applicant")
2. **Company Address ("Project"):** 6554 Lakeshore Road
Lexington, Michigan 48450
3. **MBDP Incentive Type:** Performance Based Grant
4. **Maximum Amount of MBDP Incentive:** Up to \$1,400,000 ("MBDP Incentive Award")
5. **Base Employment Level** 441 The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company's employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.
6. **Total Qualified New Job Creation:** 181 The minimum number of total Qualified New Jobs the Company shall be required to create in Michigan (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum number of Qualified New Jobs that must be
(above Base Employment Level)

created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

- a. **Start Date for Measurement of Creation of Qualified New Jobs:** Date of Approval of MSF Award
- 7. **Company Investment:** \$12,919,599 in new construction, machinery & equipment, pollution control equipment, leasehold improvements, or any combination thereof, for the Project.
- 8. **Municipality supporting the Project:** Worth Township
 - a. **Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: a property tax abatement in support of the project. The final terms and conditions demonstrating this support shall be included in the final Agreement.
- 9. **Disbursement Milestones:** The final terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award shall be included in the final Agreement, including that before any disbursement is made to the Company, the Company must have maintained: (i) the Base Employment Level (exclusive of the number of Qualified New Jobs then created) and (ii) any Qualified New Jobs created for which disbursements by the MSF have been made, and the Company must otherwise be in compliance with all terms and conditions of the final Agreement, and further shall include:
 - a. **Disbursement Milestone 1:** Up to \$193,350 Upon demonstrated creation of 25 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than September 30, 2018.
 - b. **Disbursement Milestone 2:** Up to \$672,858 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 87 additional Qualified New Jobs (for a total of 112 Qualified New Jobs) above the Base Employment Level, by no later than April 30, 2020.
 - c. **Disbursement Milestone 3:** Up to \$533,792 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 69 additional Qualified New Jobs (for a total of 181 Qualified New Jobs) above the Base Employment Level, by no later than April 30, 2021.
- 10. **Term of Agreement:** Execution of Agreement to October 31, 2021

11. Repayment Provisions:

Repayment provisions are required by law. The Repayment terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement. The final repayment provisions may require repayment of some or all of the disbursements made by the MSF, including if the Company moves 25% or more of their employees out of Michigan, if the Company fails to maintain the Base Employment Level in Michigan, if the Company fails to maintain the Qualified New Jobs incented by this Award.

12. Reporting Requirements:

Periodic reporting will be required with this program. The detailed information needed from the Company will be included in the final Agreement, but will include Project reporting for such things as: amount of proposed incentive, amount of actual incentive received by Company; amount of proposed and actual investment made by Company for Project; the committed number of new jobs and the actual number of new jobs created as a result of the Project.

13. Public Announcements:

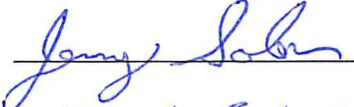
The Company shall not make, or cause, any announcement of the proposed MBDP Incentive Award parameters outlined in this letter before the date of approval by the MSF of the MBDP Incentive Award, unless prior authorized and coordinated with the MEDC. At the request and expense of the MSF or the MEDC, the Company will cooperate with the MSF or the MEDC to promote the Project through one or more of the placement of a sign, plaque, media coverage or other public presentation at the Project or other location acceptable to the Parties.

Any final MBDP Incentive Award is contingent upon several factors, including: (i) submission by the Company of a completed application and all other documentation required under the MBDP (ii) satisfactory municipality support (iii) available MSF funding (iv) completion of financial review, business integrity review, required background checks, and other business and legal review and due diligence as required, and the results of which must be satisfactory to the MEDC, the MSF, and as applicable, the Chief Compliance Officer, (v) approval of an award by the MSF, and (vi) execution of a final Agreement containing the established milestones, repayment terms, reporting requirements, and all other detailed terms and conditions, required by the MSF.

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by 2/14/2017, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

Huron, Inc.

By: 

Printed Name: JERRY SOLAR

Its: PRESIDENT / CEO

Dated: 2/13/17

Michigan Economic Development Corporation

By: 

Printed Name: Jeremy J. Webb

Its: Business Development Project Manager

Dated: 2/13/2017

MEMORANDUM

Date: February 28, 2017

To: Michigan Strategic Fund Board

From: Mike Gietzen, Business Development Project Manager
Rob Garza, Brownfield and MCRP Senior Program Specialist

Subject: Kalamazoo County Brownfield Redevelopment Authority
Request for Approval of an Act 381 Work Plan

Request

Stryker Corporation will redevelop nine vacant industrial parcels on approximately 287 acres located at 6000, 6100, 6520 Portage Road; 2403, 2321, 2221, 1405 Ramona Avenue; 1306 and 1700 East Milham Avenue located in the City of Portage. 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 Kalamazoo County Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of \$7,283,675.

Stryker Corporation is financing this project. 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 and also make the Michigan site potentially unattractive.

Stryker Corporation anticipates that the project will result in total capital investment in the amount of \$215,000,000 along with the creation of approximately 105 permanent full-time equivalent jobs with an average hourly wage of \$33.

Background

Stryker Corporation was incorporated in Michigan in 1941 and is a global leader in medical technology. Their products are sold in over 100 countries through company-owned sales subsidiaries and branches as well as third-party dealers and distributors. Stryker's products include implants used in joint replacement and trauma surgeries; surgical equipment and surgical navigation systems; endoscopic and communications systems; patient handling and emergency medical equipment; neurological, neurovascular and spinal devices; as well as other medical device products used in a variety of medical specialties.

The eligible activities will support the construction of a 485,000 square foot research and development complex. In order to accommodate the new development, significant infrastructure improvements will be

undertaken that benefit both the public and Stryker Corporation including public road creation and improvements as well as public multi-use trail construction.

In order to prepare the property for redevelopment, brownfield conditions will need to be alleviated. Site preparation activities include staking, geotechnical evaluation and engineering, clearing and grubbing of the site, the construction of temporary access roads, temporary facilities, temporary traffic control, temporary erosion controls, temporary site controls, land balancing, grading, cut and fill operations, and associated professional costs. Infrastructure improvements including public road construction and improvement, public multi-use trail construction, lighting, signage, curb and gutter construction and replacement, landscaping, sewer main installation, water main installation, traffic light installation, urban stormwater management system installation, and associated professional costs.

Stryker Corporation has received incentives from the MSF in the past. Stryker was recently awarded a Business Development Program (BDP) grant in December of 2016 for this project. In 2001 and 2004 the Company received Economic Development Job Training (EDJT) dollars that it has successfully closed-out.

Appendix A addresses the programmatic requirements and **Appendix B** 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 \$7,283,675. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$3,674,745.

APPENDIX A – Programmatic Requirements & Screening Guidelines

Property Eligibility

The project is located within the boundaries of the City of Portage, 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 February 8, 2017.

The property is the subject of a Brownfield Plan, duly approved by the County of Kalamazoo on February 21, 2017 and concurred with by the City of Portage on February 14, 2017.

In addition, the project is requesting from the DEQ \$30,117 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 overall public benefit is the redevelopment of the property and the construction of new public infrastructure which serves both the project and community. The property will be developed with a 485,000 square-foot research and development complex and will include new sanitary and storm sewer mains, water main, and both new and improved roads.

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

This project is expected to create approximately 105 new, full-time equivalent jobs in the City of Portage.

c) Area of High Unemployment:

The County of Kalamazoo unadjusted jobless rate was 3.9% in December 2016. This compares to the statewide seasonally adjusted average of 5.0 % in December 2016.

d) Level and Extent of Contamination Alleviated:

Specific concerns identified at the site include the past use of a portion of the property as an orchard and the placement of spoils on the site by an adjacent property owner. The Phase I Environmental Assessment collected discrete soil samples in the area where soil had been placed on the site and identified selenium above generic residential cleanup criteria. Three groundwater samples were collected at locations across the site. Lead was identified at one location above generic residential cleanup criteria and nitrates were identified at two locations above generic residential cleanup criteria. Please note there is no pathway for contaminated ground water to enter water service since the Stryker site is serviced by the municipal water system.

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

The project is not qualifying as functionally obsolete or blighted.

f) Cost Gap that Exists between the Property and a Similar Greenfield Property:

The Brownfield TIF is needed to help offset redevelopment costs compared with other out-of-state locations that were considered for this project. The Brownfield conditions on the site added more cost to the construction of this project that would not be incurred if it were constructed on a rural Greenfield site or existing site out of state.

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

No new Brownfields will be created by this project.

h) Whether the Project is Financially and Economically Sound:

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

i) Other Factors Considered:

The City of Portage is contributing a 12-year Industrial Facilities Tax exemption for the project.

Tax Capture Breakdown

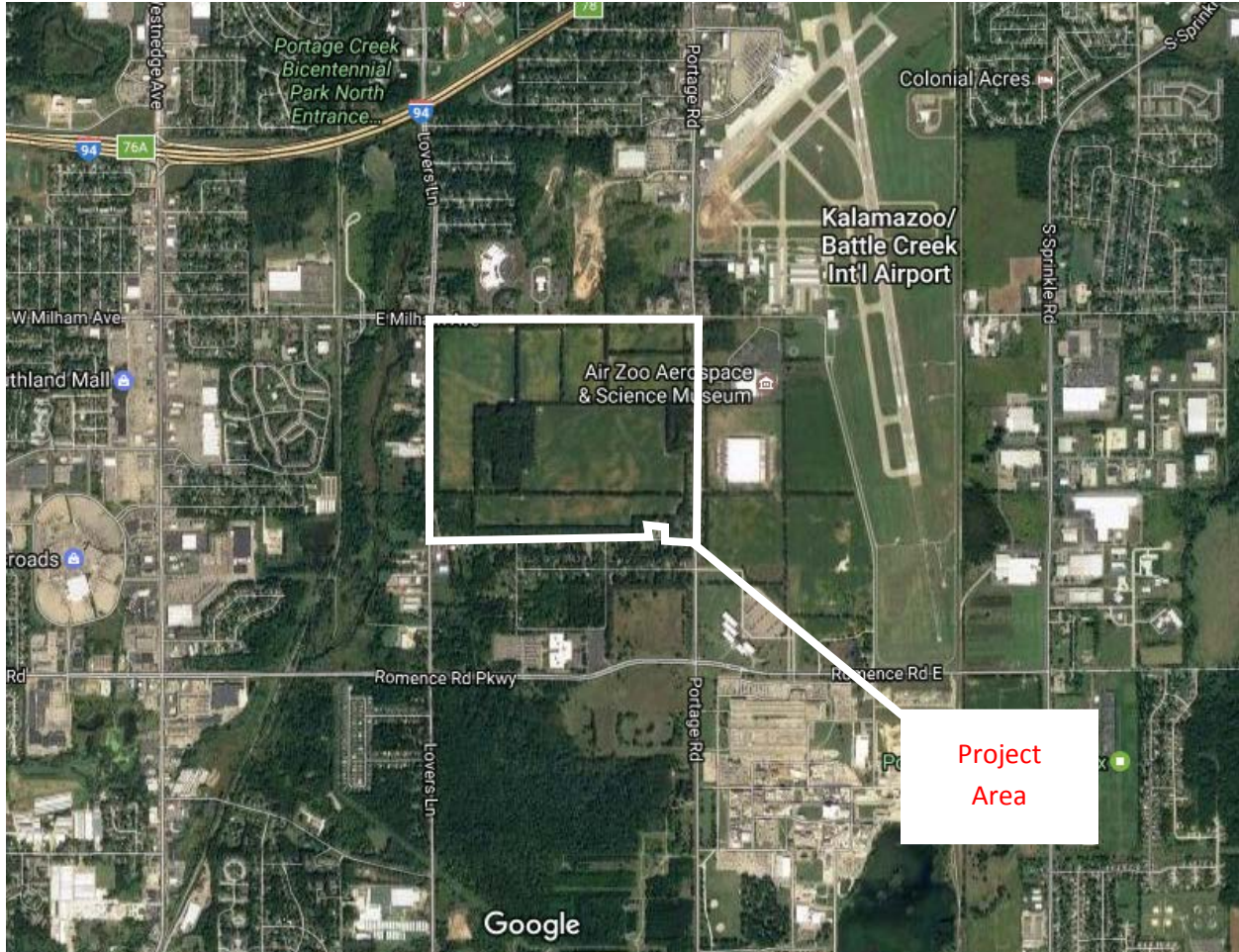
There are 52.6669 non-homestead mills available for capture, with school millage equaling 24 mills (45.57%) and local millage equaling 28.6669 mills (54.43%). However, the City of Portage has approved a 12-year Industrial Facilities Tax exemption that begins in 2019 and is in place for the duration of the anticipated capture period. As a result, the blended tax capture ratio for this project is 50.45% state school capture and 49.55% local capture. Tax increment capture will begin in 2018 and is estimated to continue for nine years. The requested tax capture for MSF eligible activities breaks down as follows:

School tax capture	(50.45%)	\$	3,674,745
Local tax capture	(49.55%)	\$	3,608,930
TOTAL		\$	7,283,675

Cost of MSF Eligible Activities

Infrastructure Improvements		4,279,468
Site Preparation	+	1,843,908
Sub-Total	\$	6,123,376
Contingency (15%)	+	918,507
Sub-Total	\$	7,041,883
Interest (2%)	+	221,792
Sub-Total	\$	7,263,675
Brownfield/Work Plan Preparation	+	20,000
TOTAL	\$	7,283,675

APPENDIX B – Project Map and Renderings



Developed area of the site:



South building elevation:



MICHIGAN STRATEGIC FUND

RESOLUTION 2017 -

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
COUNTY OF KALAMAZOO BROWNFIELD REDEVELOPMENT AUTHORITY
STRYKER RESEARCH AND 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 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 or asbestos abatement, and for structure demolition and site preparation that are not response activities under the Natural Resources and Environmental Protection Act, 1994 PA 451;

WHEREAS, the County of Kalamazoo Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 6000, 6100, 6520 Portage Road; 2403, 2321, 2221, 1405 Ramona Avenue; and 1306 and 1700 East Milham Avenue within the City of Portage, known as the Stryker Research and Development Project (the “Project”);

WHEREAS, the County of Kalamazoo is a “qualified local governmental unit” and is eligible to provide for a) demolition; b) lead and asbestos abatement; c) public infrastructure improvements; d) site preparation; e) brownfield work plan preparation and f) 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 50.45% to 49.55% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, and infrastructure improvements as presented in the revised Work Plan dated February 3, 2017. Any change in millage that increases the capture percentage of school operating taxes 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 a maximum of \$7,041,883 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$221,792 in interest, and a maximum of \$20,000 for Brownfield/Work Plan preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$3,674,745.

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. Eligible activities authorized by this resolution must be completed within three (3) years.

BE IT FURTHER RESOLVED, that they MSF Board is authorizing that capture of taxes levied for school operating purposes for the payment of interest, up to a maximum of \$221,792 related to the eligible activities for the Project.

Ayes:

Nays:

Recused:

Lansing, Michigan
February 28, 2017

MEMORANDUM

Date: February 28, 2017

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

From: Marcia Gebarowski, Senior Business Development Project Manager

Subject: *Antolin Shelby, Inc. (“Company” or “Applicant”)*
Michigan Business Development Program Performance-based Grant Request

Summary

This is a request from the Applicant for a \$3.6 million Performance-based grant. This project involves the creation of 430 Qualified New Jobs, and a capital investment of up to \$61.2 million in Shelby Township Macomb County.

Antolin Shelby, Inc. is evaluating leasing a 350,000 square foot build-to-suit manufacturing facility to house new contracts to produce automotive parts. Its parent entity, Grupo Antolin, has multiple facilities in Michigan and throughout the U.S. Grupo’s footprint in Michigan however, is at-capacity and their only option for growth is to occupy new space.

When evaluating where to locate the new work, Grupo Antolin considered growing its Michigan footprint as well as placing new work into the company’s Nashville, Illinois plant. The plant has land available to build-out that facility in lieu of leasing an additional facility in Michigan. The Company faces a cost disadvantage at the proposed Michigan site because the lease cost over ten years is much higher than an expansion in Illinois. The high lease rate is a testament to the competitive real estate market in southeast Michigan and low vacancy rate of suitable industrial space in the region. The Michigan site also requires a large investment associated with getting the necessary private infrastructure to the building to meet the Company’s power needs, a cost not required in a proposed Illinois expansion.

The Company will have a large training component to execute such a large hiring and recruitment plan. The Company will continue to work with the MEDC and the Macomb/St. Clair Michigan Works team for assistance to implement this plan.

Background

Antolin Shelby, Inc., is a newly created subsidiary of Grupo Antolin. Headquartered in Auburn Hills, Grupo Antolin is a privately owned global company which develops, designs and manufactures interior components for the automobile industry (Overhead, Doors, Seats and Lighting). In 2015, Grupo Antolin purchased the assets and business of Magna Interiors. The acquisition of Magna Interiors responded to the need to create a larger and more solid industrial group, capable of becoming a leader in the interiors industry and offering the best solutions to its customers.

Antolin Shelby was awarded a contract to increase its supply of headliners for an OEM contract. The Company has no room in any of their existing facilities in Michigan to place this work. The Company will enter in to a ten year lease for a 350,000 square foot build-to-suit facility in the Cherry Creek Industrial Park in Shelby Township.

Antolin Shelby nor its parent Grupo Antolin have received MSF incentives in the past.

The MEDC legal unit completed a civil and criminal background check for the entity and individuals related to this project.

Considerations

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.
- b) The project will be located in Shelby Township. The city has offered a “staff, financial, or economic commitment to the project” in the form of a property tax abatement related to the project.
- c) The Company will have significantly higher costs to lease a build-to-suit facility in Michigan including the high cost of electrical infrastructure. The Company will have high utility costs at this location, as well as a large training cost for an aggressive hiring plan.
- d) The Applicant plans to create 430 Qualified New Jobs above a project location base employment level of 0.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: the project involves out-of-state competition; has a net positive return to Michigan; includes a high level of investment; the project has strong links to Michigan suppliers.

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 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 ANTOLIN SHELBY, INC.**

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

WHEREAS, the Michigan Economic Development Corporation (“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, Antolin Shelby, Inc. (“Company”) has requested a performance based MBDP grant of up to \$3,600,000 (“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.

Ayes:

Nays:

Recused:

Lansing, Michigan
February 28, 2017

MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant - Term Sheet

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"). While the MBDP is operated and funded through the MSF, recommendation for approval of a MBDP incentive award is presented by the Michigan Economic Development Corporation ("MEDC") to the MSF.

Date: 2/15/2017

1. **Company Name:** Antolin Shelby Inc. ("Company" or "Applicant")
2. **Company Address ("Project"):** Address TBD
Shelby Township, Michigan 48034
3. **MBDP Incentive Type:** Performance Based Grant
4. **Maximum Amount of MBDP Incentive:** Up to \$3,600,000 ("MBDP Incentive Award")
5. **Base Employment Level** 0 The number of jobs currently maintained **at the Project** by the Company based on data submitted by the Company to the MEDC reflecting the Company's employment level **at the project** prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.
6. **Total Qualified New Job Creation:** 430 The minimum number of total Qualified New Jobs the Company shall be required to create **at the Project** (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum number of Qualified New Jobs that must be
(above Base Employment Level)

created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

- a. **Start Date for Measurement of Creation of Qualified New Jobs:** Date of Approval of MSF Award.
7. **Company Investment:** \$61,200,000 in annual building lease costs, machinery and equipment, building renovations, *or any combination thereof, for the Project.*
8. **Qualified Investment:** \$1,000,000 The total minimum amount of the required Company Investment in Michigan related to the project, which at a minimum must include the following: electrical or private infrastructure costs, or machinery and equipment related to the project ("Qualified Investment"). Investment made after February 1, 2017 and no later than October 30, 2017 will be considered as Qualified Investment. The final terms and conditions of the Qualified Investment shall be included in the final Agreement.
9. **Municipality supporting the Project:** Shelby Township
- a. **Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: **a property tax abatement related to the project.** The final terms and conditions demonstrating this support shall be included in the final Agreement.
10. **Disbursement Milestones:** The final terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award shall be included in the final Agreement, including that before any disbursement is made to the Company, the Company must have maintained: (i) the Base Employment Level (exclusive of the number of Qualified New Jobs then created) and (ii) any Qualified New Jobs created for which disbursements by the MSF have been made, and the Company must otherwise be in compliance with all terms and conditions of the final Agreement, and further shall include:
- a. **Disbursement Milestone 1:** Up to \$1,800,000 Upon demonstrated creation of 75 Qualified New Jobs above the Base Employment Level, demonstrated completion of the Qualified Investment, and verification of final approval of municipality support by no later than November 30, 2017
- b. **Disbursement Milestone 2:** Up to \$1,000,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 275 Qualified New Jobs (for a

total of 350 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2018.

c. Disbursement Milestone 3: Up to \$800,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 80 additional Qualified New Jobs (for a total of 430 Qualified New Jobs) above the Base Employment Level, by no later than May 30, 2019.

11. Term of Agreement: Execution of Agreement to November 30, 2019

12. Repayment Provisions:

Repayment provisions are required by law. The Repayment terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement. The final repayment provisions may require repayment of some or all of the disbursements made by the MSF, including if the Company moves 25% or more of their employees out of Michigan, if the Company fails to maintain the Base Employment Level in Michigan, if the Company fails to maintain the Qualified New Jobs incented by this Award.

13. Reporting Requirements:

Periodic reporting will be required with this program. The detailed information needed from the Company will be included in the final Agreement, but will include Project reporting for such things as: amount of proposed incentive, amount of actual incentive received by Company; amount of proposed and actual investment made by Company for Project; the committed number of new jobs and the actual number of new jobs created as a result of the Project.

14. Public Announcements:

The Company shall not make, or cause, any announcement of the proposed MBDP Incentive Award parameters outlined in this letter before the date of approval by the MSF of the MBDP Incentive Award, unless prior authorized and coordinated with the MEDC. At the request and expense of the MSF or the MEDC, the Company will cooperate with the MSF or the MEDC to promote the Project through one or more of the placement of a sign, plaque, media coverage or other public presentation at the Project or other location acceptable to the Parties.

Any final MBDP Incentive Award is contingent upon several factors, including: (i) submission by the Company of a completed application and all other documentation required under the MBDP (ii) satisfactory municipality support (iii) available MSF funding (iv) completion of financial review, business integrity review, required background checks, and other business and legal review and due diligence as required, and the results of which must be satisfactory to the MEDC, the MSF, and as applicable, the Chief Compliance Officer, (v) approval of an award by the MSF, and (vi) execution of a final Agreement containing the established milestones, repayment terms, reporting requirements, and all other detailed terms and conditions, required by the MSF.

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by February 16, 2017, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

Antolin Shelby, Inc.

By:



Printed Name:

Pablo Muñoz Baroja

Its:

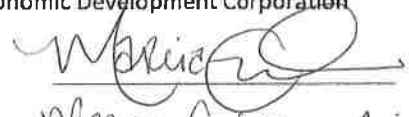
President

Dated:

2-22-17

Michigan Economic Development Corporation

By:



Printed Name:

Marcia Gebrowski

Its:

Smc BP Project Mgr

Dated:

2/22/17

Antolin Shelby, Inc.

By:

Karen Abbey

Printed Name:

KAREN Abbey

Its:

E.V.P. Finance

Dated:

2-22-17

MEMORANDUM

Date: February 28, 2017

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

From: Marcia Gebarowski, Senior Business Development Project Manager

Subject: *AM General, LLC (“Company” or “Applicant”)
Michigan Business Development Program Performance-based Grant Request*

Summary

This is a request on behalf of AM General, LLC for a \$1,400,000 performance-based grant. This project involves the creation of up to 55 Qualified New Jobs over three years, and a capital investment of up to \$9.5 million in the City of Auburn Hills, Oakland County.

AM General has been leasing the same facility in Livonia for over 30 years housing the Company’s engineering, product development, and technical support operations. The Company’s lease is set to expire in the coming year, and AM General has begun to evaluate alternative locations that can better suit the needs of the Company to achieve business growth in the defense and commercial automotive markets and allow them to better serve its customer base and attract and retain a technical and talented workforce. The Company’s site search would prove to be very difficult to find a building that met the unique needs of this operation including needing a specific combination of office and shop/prototype space and the ability to maintain Department of Defense facility and security requirements due to their work in the defense industry.

AM General evaluated moving Livonia operations to Indiana to be more centrally located to its current facilities allowing for improved costs due to the reduction in travel, the ability to utilize existing space, and increasing operational efficiency of having product engineering and technical support integrated with their operations and corporate office. AM General has a significant footprint in South Bend, Indiana, including their corporate offices, assembly plants, warehousing, and vehicle proving grounds. South Bend is close proximity to robust employment markets and universities that provide a broad pool of talent from which to fill new engineering and technical positions.

State and local assistance is required to help offset the higher cost of locating an existing building in Michigan and the cost to renovate it to meet the needs of the intended operation in lieu of their headquarters campus in South Bend, Indiana. MichiganWorks! and Oakland Community College also committed assistance and incentives to assist the Company’s recruitment and training costs.

Background

Headquartered in South Bend, Indiana, AM General designs, engineers, manufactures, supplies and supports specialized vehicles for military and commercial customers worldwide. Through its military business, the company is widely recognized as the world leader in design, engineer, manufacture and support of Light Tactical Vehicles, having produced and sustained more than 300,000 vehicles in over 60 countries. AM General has more than five decades of experience meeting the changing needs of the defense

and automotive industries, supported by its employees at major facilities in Indiana, Michigan, and Ohio, and a strong supplier base that stretches across 43 states.

The Company will enter into a long-term lease at a facility in Auburn Hills, relocate their existing operation from Livonia there, as well as add new jobs to support the Company's growth related to product development for the defense and automotive industries.

The MEDC legal unit has completed a civil and criminal background check for the entity and individuals related to this project

Considerations

- a) The Applicant is a "Qualified Business", as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.
- b) The project will be located in the city of Auburn Hills. The city has offered a "staff, financial, or economic commitment to the project" in the form of a staff time and assistance related to the project.
- c) The Company has demonstrated a need for the funding. The Company has capacity to house new employee growth at their corporate office campus in South Bend Indiana which presents a lower cost option to the Company due to the competitive real estate market in southeast Michigan and limited availability of buildings suitable to the Company's needs.
- d) The Applicant plans to create up to 55 Qualified New Jobs above a project base employment level of 124.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: the project will re-use an existing building, there was out of state competition for the project, the project will result in more and better jobs, and the project will have a positive ROI to Michigan.

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 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 AM
GENERAL 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, AM General LLC (“Company”) has requested a performance based MBDP grant of up to \$1,400,000 (“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 Board 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.

Ayes:

Nays:

Recused:

Lansing, Michigan
February 28, 2017

**MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant - Term Sheet**

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"). While the MBDP is operated and funded through the MSF, recommendation for approval of a MBDP incentive award is presented by the Michigan Economic Development Corporation ("MEDC") to the MSF.

Date: 1/30/2017

1. **Company Name:** AM General LLC ("Company" or "Applicant")
2. **Company Address:** 12200 Hubbard Road
Livonia, MI 48150
3. **Project Address ("Project"):** 1399 Pacific Drive
Auburn Hills, MI 48134
4. **MBDP Incentive Type:** Performance Based Grant
5. **Maximum Amount of MBDP Incentive:** Up to \$1,400,000 ("MBDP Incentive Award")
6. **Base Employment Level** 124 The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company's employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.
7. **Total Qualified New Job Creation:** 55 The minimum number of total Qualified New Jobs the Company shall be required to create at **the Project** (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of
(above Base Employment Level)

the Base Employment Level. The final terms and conditions of the requirements for the minimum number of Qualified New Jobs that must be created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

a. **Start Date for Measurement of Creation of Qualified New Jobs:** November 30, 2016 (Date of accepted offer letter)

8. **Company Investment:** 9,500,000 annual building lease costs, machinery and equipment, computers, site improvements, *or any combination thereof, for the Project.*

9. **Municipality supporting the Project:** City of Auburn Hills

a. **Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: **staff time related to the project.** The final terms and conditions demonstrating this support shall be included in the final Agreement.

10. **Disbursement Milestones:** The final terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award shall be included in the final Agreement, including that before any disbursement is made to the Company, Company must have maintained: (i) the Base Employment Level (exclusive of the number of Qualified New Jobs then created) and (ii) any Qualified New Jobs created for which disbursements by the MSF have been made, and the Company must otherwise be in compliance with all terms and conditions of the final Agreement, and further shall include:

a. **Disbursement Milestone 1:** Up to \$700,000 Upon demonstrated creation of 25 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than November 30, 2018

b. **Disbursement Milestone 2:** Up to \$700,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 30 additional Qualified New Jobs (for a total of 55 Qualified New Jobs) above the Base Employment Level, by no later than November 30, 2019.

11. **Term of Agreement:** Execution of Agreement to May 30, 2020

12. Repayment Provisions:

Repayment provisions are required by law. The Repayment terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement. The final repayment provisions may require repayment of some or all of the disbursements made by the MSF, including if the Company Group moves 25% or more of their employees out of Michigan, if the Company Group fails to maintain the Base Employment Level in Michigan, if the Company Group fails to maintain the Qualified New Jobs incented by this Award.

13. Reporting Requirements:

Periodic reporting will be required with this program. The detailed information needed from the Company will be included in the final Agreement, but will include Project reporting for such things as: amount of proposed incentive, amount of actual incentive received by Company; amount of proposed and actual investment made by Company for Project; the committed number of new jobs and the actual number of new jobs created as a result of the Project.

14. Public Announcements:

The Company shall not make, or cause, any announcement of the proposed MBDP Incentive Award parameters outlined in this letter before the date of approval by the MSF of the MBDP Incentive Award, unless prior authorized and coordinated with the MEDC. At the request and expense of the MSF or the MEDC, the Company will cooperate with the MSF or the MEDC to promote the Project through one or more of the placement of a sign, plaque, media coverage or other public presentation at the Project or other location acceptable to the Parties.

Any final MBDP Incentive Award is contingent upon several factors, including: (i) submission by the Company of a completed application and all other documentation required under the MBDP (ii) satisfactory municipality support (iii) available MSF funding (iv) completion of financial review, business integrity review, required background checks, and other business and legal review and due diligence as required, and the results of which must be satisfactory to the MEDC, the MSF, and as applicable, the Chief Compliance Officer, (v) approval of an award by the MSF, and (vi) execution of a final Agreement containing the established milestones, repayment terms, reporting requirements, and all other detailed terms and conditions, required by the MSF.

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by February 15, 2017, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

AM General, LLC

By:



Printed Name: Mark Santamaria

Its: Exec. V.P. and Chief Financial Officer

Dated: February 15, 2017

Michigan Economic Development Corporation

By:

Printed Name: Marcia Gebarowski

Its: Snr. BD Project Manager

Dated: February 17, 2017

MEMORANDUM

Date: February 28, 2017

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

From: Marcia Gebarowski, Senior Business Development Project Manager

Subject: *Credit Acceptance Corporation (“Company” or “Applicant”)
Michigan Business Development Program Performance-based Grant Request*

Summary

This is a request on behalf of Credit Acceptance Corporation for a \$2,300,000 performance-based grant. This project involves the creation of up to 532 Qualified New Jobs over five years, and a capital investment of up to \$33 million in the City of Southfield, Oakland County.

Due to continued growth in their industry, Credit Acceptance Corporation must grow employment in North America to meet the needs of a growing customer base. The Company evaluated placing all new growth at their facility in Henderson, Nevada. There, the average wage is about \$2/hr less than the average wage the Company pays at their campus in Southfield, Michigan. The Company requires additional space in Southfield and will expand and extend their lease contract at one or more of their buildings which is an added cost to the planned expansion in Southfield as well.

State and local assistance is required to help offset the higher cost of committing the planned expansion in Michigan in lieu of their facility in Nevada. MichiganWorks! and Oakland Community College committed assistance and incentives to assist the Company’s recruitment and training costs.

Background

Credit Acceptance Corporation was formed in 1972 and provides auto financing to consumers, regardless of their credit history. The Applicant partners with automotive dealerships throughout the United States to provide auto financing to individuals who otherwise would not have access to the automobile credit market. The Applicant’s customer base is spread throughout the U.S., with significant sales in Michigan, New York, Texas, Ohio and Pennsylvania. The Applicant maintains a physical presence in Southfield, Michigan, and its facility in Henderson, Nevada.

The Company will add new jobs throughout their three facilities in the city of Southfield. The Company will lease additional space at one or more of their buildings and make renovations to accommodate the new growth to meet future staffing needs of the entire organization, make investments and create jobs related to servicing of automotive contracts.

The Company received a \$1.8 million MBDP grant in 2012 for 274 new jobs at their Southfield locations. The Company is currently in their maintenance period after creating all required new jobs and have received all disbursements.

The MEDC legal unit has completed a civil and criminal background check for the entity and individuals related to this project

Considerations

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.
- b) The project will be located in the city of Southfield. The city has offered a “staff, financial, or economic commitment to the project” in the form of a property tax abatement related to the project.
- c) The Company has demonstrated a need for the funding. The Company has capacity to house new employee growth at their Henderson, Nevada facility which presents a lower cost option to the Company based on lower average wages and less building-related costs.
- d) The Applicant plans to create up to 532 Qualified New Jobs above a project base employment level of 1,058.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: the project will re-use an existing building, there was out of state competition for the project, the project will result in more and better jobs, and the project will have a positive ROI to Michigan.

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 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 CREDIT
ACCEPTANCE CORPORATION**

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, Credit Acceptance Corporation (“Company”) has requested a performance based MBDP grant of up to \$2,300,000 (“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 Board 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.

Ayes:

Nays:

Recused:

Lansing, Michigan
February 28, 2017

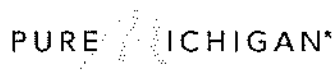
MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

**MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant - Term Sheet**

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"). While the MBDP is operated and funded through the MSF, recommendation for approval of a MBDP incentive award is presented by the Michigan Economic Development Corporation ("MEDC") to the MSF.

Date: 2/13/2017

1. **Company Name:** Credit Acceptance Corporation ("Company" or "Applicant")
2. **Company Address ("Project"):** City of Southfield
3. **MBDP Incentive Type:** Performance Based Grant
4. **Maximum Amount of MBDP Incentive:** Up to \$2,300,000 ("MBDP Incentive Award")
5. **Base Employment Level** 1,058 The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company's employment level in the **City of Southfield** prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.
6. **Total Qualified New Job Creation:** 532 The minimum number of total Qualified New Jobs the Company shall be required to create in the **City of Southfield** (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum
(above Base Employment Level)



number of Qualified New Jobs that must be created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

- a. **Start Date for Measurement of Creation of Qualified New Jobs:** Date of accepted offer letter (January 27, 2017)

- 7. **Company Investment:** \$32,975,000 in building leasehold improvements, building renovations, computers, furniture and fixtures, other personal property, or any combination thereof, for the Project.

- 8. **Municipality supporting the Project:** City of Southfield
 - a. **Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: *property tax abatement and/or staff time related to the project*. The final terms and conditions demonstrating this support shall be included in the final Agreement.

- 9. **Disbursement Milestones:** The final terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award shall be included in the final Agreement, including that before any disbursement is made to the Company, the Company must have maintained: (i) the Base Employment Level (exclusive of the number of Qualified New Jobs then created) and (ii) any Qualified New Jobs created for which disbursements by the MSF have been made, and the Company must otherwise be in compliance with all terms and conditions of the final Agreement, and further shall include:
 - a. **Disbursement Milestone 1:** Up to \$432,330 Upon demonstrated creation of 100 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than June 30, 2018.

 - b. **Disbursement Milestone 2:** Up to \$432,330 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 200 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2018.

- | | | |
|-------------------------------------|-----------------|---|
| c. Disbursement Milestone 3: | Up to \$432,330 | Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 300 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2019. |
| d. Disbursement Milestone 4: | Up to \$432,330 | Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, Milestone 3, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 400 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2020. |
| e. Disbursement Milestone 5: | Up to \$570,680 | Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, and Disbursement Milestone 4, the MSF will disburse \$4,323 per Qualified New Job (up to 132 Qualified New Jobs and, in combination with Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, and Disbursement Milestone 4, not to exceed \$2,300,000), which the Company may request only one time and such request must occur by no later than December 31, 2021. |

10. Term of Agreement: Execution of Agreement to June 30, 2022

11. Repayment Provisions:

Repayment provisions are required by law. The Repayment terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement. The final repayment provisions may require repayment of some or all of the disbursements made by the MSF, including if the Company moves 25% or more of their employees out of Michigan, if the Company fails to maintain the Base Employment Level in Michigan, if the Company fails to maintain the Qualified New Jobs incented by this Award.

12. Reporting Requirements:

Periodic reporting will be required with this program. The detailed information needed from the Company will be included in the final Agreement, but will include Project reporting for such things as: amount of proposed incentive, amount of actual incentive received by Company; amount of proposed and actual investment made by Company for Project; the committed number of new jobs and the actual number of new jobs created as a result of the Project.

13. Public Announcements:

The Company shall not make, or cause, any announcement of the proposed MBDP Incentive Award parameters outlined in this letter before the date of approval by the MSF of the MBDP Incentive Award, unless prior authorized and coordinated with the MEDC. At the request and expense of the MSF or the MEDC, the Company will cooperate with the MSF or the MEDC to promote the Project through one or more of the placement of a sign, plaque, media coverage or other public presentation at the Project or other location acceptable to the Parties.

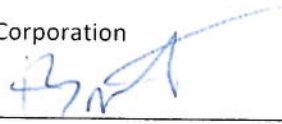
Any final MBDP Incentive Award is contingent upon several factors, including: (i) submission by the Company of a completed application and all other documentation required under the MBDP (ii) satisfactory municipality support (iii) available MSF funding (iv) completion of financial review, business integrity review, required background checks, and other business and legal review and due diligence as required, and the results of which must be satisfactory the MEDC, the MSF, and as applicable, the Chief Compliance Officer, (v) approval of an award by the MSF, and (vi) execution of a final Agreement containing the established milestones, repayment terms, reporting requirements, and all other detailed terms and conditions, required by the MSF.

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by February 16, 2017, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

Credit Acceptance Corporation

By:



Printed Name:

Ken Booth

Its:

CFO

Dated:

2/17/17

Michigan Economic Development Corporation

By:

Printed Name:

Marcia Gebarowski

Its:

Snr. BD Project Manager

Dated:

2/17/2017

MEMORANDUM

Date: February 28, 2017

To: Michigan Strategic Fund

From: Denise Graves, University Relations, Entrepreneurship and Innovation

Subject: Support for the Michigan Translational Research and Commercialization (MTRAC) Statewide Program, Advanced Transportation Innovation Hub Application

Action

The MEDC requests that the MSF Board approve the request from University of Michigan College of Engineering as an Advanced Transportation Innovation Hub within the MTRAC Statewide Program. The MEDC also requests the allocation of \$1,695,346 from the 21st Century Jobs Fund Entrepreneurship and Innovation 2017 MTRAC budget as funding for 2 years for this Innovation Hub.

Background

At its April 26, 2016 meeting, the MSF approved the creation of the MTRAC Statewide Program for the support of translational research projects in five (5) Innovation Hubs in the following key areas Bio-Medical Sciences, Life Sciences, Advanced Transportation, Advanced Materials and Agriculture-Biology. The program supports the acceleration of technology transfer from Michigan's institutions of higher education, non-profit research centers and hospital systems for the commercialization of competitive edge technologies in the 5 key areas.

The MEDC program administrator received one application for the Advanced Transportation Innovation Hub from the University of Michigan, College of Engineering. The application was reviewed and scored, based on the previously approved scoring criteria. The University of Michigan, College of Engineering meets the criteria for an Innovation Hub as outlined in the approved Program Guidelines.

In February of 2013, the MSF Board Awarded the University of Michigan College of Engineering a MTRAC award in the amount of \$150,000 for a 6 month pilot program with the option (which was exercised) to award an additional \$1,000,000 for a total of 3 years for the technology transfer and commercialization of competitive edge technologies and bioeconomy technologies to the private sector focusing on Advanced Transportation.

The current UM MTRAC Advanced Transportation Program reported the following metrics cumulative to date (8/2013-12/2016):

Metrics	Actual to Date through 12/31/16
Start-ups	5
Jobs Created	15
Follow on Funding	\$7.98M
Licenses to Industry	2
Proposals Reviewed by Oversight Committee	47
Projects Funded	17

With the work of the University of Michigan College of Engineering team, the collaboration and success of MTRAC and increased transportation initiatives in Michigan (MCity, American Center for Mobility) there is a growing interest across the state in bringing advanced transportation technology to the commercial market.

Recommendation

MEDC Staff recommends that the MSF Board approve the following:

- 1) Approval of University of Michigan College of Engineering Application for the Advanced Transportation Innovation Hub for the MTRAC Statewide Program;
- 2) Allocation of \$1,695,346 from the 2017 21st Century Jobs Fund MTRAC budget for the Advanced Transportation Innovation Hub for 2 years.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2017-**

**APPROVAL OF MICHIGAN TRANSLATIONAL RESEARCH
AND COMMERCIALIZATION INNOVATION HUB AWARD**

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

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

WHEREAS, pursuant to Section 88o of the Act, the MSF shall 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, on April 26, 2016, the MSF Board 1) created the Michigan Translational Research and Commercialization Program to award grants to Michigan institutions of higher education for the purpose of advancing of competitive edge technologies and bio economy technologies into commercial applications and increasing the number of startups, jobs, industry licenses and investment for Michigan (the “MTRAC Program”) and 2) adopted the MTRAC Program Guidelines;

WHEREAS, the University of Michigan College of Engineering (“U of M”) has submitted a request to receive a grant of up to \$1,695,346 as the Innovation Hub for Advanced Transportation activities (the “Grant Request”);

WHEREAS, the MEDC has reviewed the Grant Request using scoring and evaluation criteria adopted by the MSF Board for the MTRAC Program and determined that U of M meets the criteria for approval as an Innovation Hub for Advanced Transportation activities as described in the MTRAC Program Guidelines;

WHEREAS, the MEDC recommends that the MSF Board approve a grant award of up to \$1,695,346 to U of M as an Innovation Hub for Advanced Transportation activities, with an initial grant term of two years (the “Grant Award”); and

WHEREAS, the MSF Board wishes to approve the Grant Award.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Grant Award and authorizes the MSF Fund Manager to take all action necessary to effectuate the Grant Award, consistent with the terms and conditions of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
February 28, 2017

MEMORANDUM

Date: February 28, 2017

To: Michigan Strategic Fund

From: Denise Graves, University Relations, Entrepreneurship and Innovation

Subject: Support for the Michigan Translational Research and Commercialization (MTRAC) Statewide Program, Advanced Materials Innovation Hub Application

Action

The MEDC requests that the MSF Board approve the request from Michigan Technological University as an Innovation Hub within the MTRAC Statewide Program. The MEDC also requests the allocation of \$525,000 from the 21st Century Jobs Fund Entrepreneurship and Innovation 2016 MTRAC budget as funding for 2 years for this Innovation Hub.

Background

At its April 26, 2016 meeting, the MSF approved the creation of the MTRAC Statewide Program for the support of translational research projects in five (5) Innovation Hubs in the following key areas Bio-Medical Sciences, Life Sciences, Advanced Transportation, Advanced Materials and Agriculture-Biology. The program supports the acceleration of technology transfer from Michigan's institutions of higher education, non-profit research centers and hospital systems for the commercialization of competitive edge technologies in the 5 key areas. At the June and July meeting, the MSF approved MSU and UM Medical School as the Innovation Hubs for Ag Bio and Life Sciences, respectively.

The MEDC, program administrator, received one application for the Advanced Materials Innovation Hub from Michigan Technological University. The application was reviewed and scored, based on the previously approved scoring criteria. Michigan Technological University meets the criteria for an Innovation Hub as outlined in the approved Program Guidelines.

In February of 2013, the MSF Board Awarded Michigan Technological University a MTRAC award in the amount of \$517,500 for 4 year for the technology transfer and commercialization of competitive edge technologies and bioeconomy technologies to the private sector focusing on Advanced Materials.

The current MTU Advanced Materials Program reported the following metrics cumulative to date (7/2013-12/2016):

Metrics	Actual to Date through 12/31/16
Start-ups	3
Jobs Created	14
Follow on Funding	\$5.67M
Licenses to Industry	3
License Options	3
Proposals Reviewed by Oversight Committee	37
Projects Funded	14

Recommendation

MEDC Staff recommends that the MSF Board approve the following:

- 1) Approval of Michigan Technological University's Application for the Advanced Materials Innovation Hub for the MTRAC Statewide Program;
- 2) Allocation of \$525,000 from the 2016 21st Century Jobs Fund MTRAC budget for the Advanced Materials Innovation Hub for 2 years.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2017-**

**APPROVAL OF MICHIGAN TRANSLATIONAL RESEARCH
AND COMMERCIALIZATION INNOVATION HUB AWARD**

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

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

WHEREAS, pursuant to Section 88o of the Act, the MSF shall 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, on April 26, 2016, the MSF Board 1) created the Michigan Translational Research and Commercialization Program to award grants to Michigan institutions of higher education for the purpose of advancing of competitive edge technologies and bio economy technologies into commercial applications and increasing the number of startups, jobs, industry licenses and investment for Michigan (the “MTRAC Program”) and 2) adopted the MTRAC Program Guidelines;

WHEREAS, Michigan Technological University (“Michigan Tech”) has submitted a request to receive a grant of up to \$525,000 as the Innovation Hub for Advanced Materials activities (the “Grant Request”);

WHEREAS, the MEDC has reviewed the Grant Request using scoring and evaluation criteria adopted by the MSF Board for the MTRAC Program and determined that Michigan Tech meets the criteria for approval as an Innovation Hub for Advanced Materials activities as described in the MTRAC Program Guidelines;

WHEREAS, the MEDC recommends that the MSF Board approve a grant award of up to \$525,000 to Michigan Tech as an Innovation Hub for Advanced Materials activities, with an initial grant term of two years (the “Grant Award”); and

WHEREAS, the MSF Board wishes to approve the Grant Award.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Grant Award and authorizes the MSF Fund Manager to take all action necessary to effectuate the Grant Award, consistent with the terms and conditions of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
February 28, 2017

MEMORANDUM

Date: February 28, 2017

To: Michigan Strategic Fund Board

From: Ryan Kilpatrick, Community Assistance Team Specialist, Region 4
Lori LaPerriere, MCRP and Brownfield Program Specialist

Subject: City of Grand Rapids Brownfield Redevelopment Authority
Request for Approval of an Act 381 Work Plan

Request

The proposed project will be undertaken by 637 Michigan LLC and is sponsored by Third Coast Development. The project will redevelop 3 parcels of property located at 637 Michigan Street NE in the City of Grand Rapids. The project is located in a traditional commercial corridor and qualifies for 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 MSF eligible activities in the amount of \$675,069.

The proposed project will redevelop a small urban site to create 42 micro apartment units which will be targeted toward moderate income earners – those earning approximately 80% of area median income in the City of Grand Rapids. Although the units are smaller than traditional apartments, the economies of scale do not result in dramatic savings simply because the same number of fixtures, appliances and similar amenities per apartment will be present as would be found in a larger studio or one-bedroom apartment. As a result, the overall cost of construction is not dramatically lower for these micro units than it would have been for a similar number of units sized on par with the traditional market rate product. This factor, combined with the fact that the site is a brownfield facility and will require demolition, lead and asbestos abatement, site preparation and public infrastructure improvements results in a project that would not be financially feasible without the brownfield tax increment finance (TIF) reimbursement. The City of Grand Rapids has been steadily working for over two years to provide means and methods for producing more affordable housing within the downtown and nearby neighborhoods where significant growth and tangential price increases have occurred. The limited supply of low income housing tax credits (LIHTC) funding in the 9% category requires the City to seek out unique and creative methods for supporting affordable apartments for moderate income earners.

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 \$6,870,000, along with the creation of approximately 12 full-time equivalent jobs with an average hourly wage of \$12.

Background

The proposed project will include 42 micro-sized apartment units for moderate income earners in Grand Rapids. Residential unit sizes will range from 312 square feet for a studio unit to 610 square feet for a two-bedroom unit. This will be the first project in Grand Rapids to offer this type of product. While renters are expected to be relatively transient, it is expected that this product type is sorely needed and will continue to be in high demand. The project will also provide 3,600 square feet of ground floor retail and an additional 700 square feet of on-site storage space available for lease by the residential tenants.

Lead and asbestos abatement will be necessary prior to demolition activities in order to protect human health. Demolition activities will be necessary to remove obsolete structures on the site. Site preparation activities include site grading and balancing, site fencing and erosion control, construction of retaining walls, relocation of utilities, dewatering, and subsurface soil compaction. Infrastructure improvements including sidewalk and street repairs, landscaping, lighting and storm sewer improvement are necessary to support the new development. Interest costs will not be reimbursed.

Third Coast Development has successfully completed several moderate and large scale projects in Grand Rapids over the past decade. This has included the Midtown Village project which received a CRP loan in the amount of \$3,000,000 as well as a Brownfield work plan in the amount of \$2,500,000 approved in 2012. The project resulted in the completion of the Women's Health Center – a 40,000 square foot medical office building, as well as the Mid Towne Village townhomes and a newly constructed Hampton Inn and Suites. Third Coast Development also received a development incentive approval for the Diamond Place project, also located on Michigan Street. This project was approved in October, 2016 and construction is anticipated to begin in February 2017. The project was awarded a \$2,800,000 million CRP loan and a \$9,900,000 million Brownfield work plan to construct 42 market rate residential apartments and a new neighborhood grocery store. The project will also include 102 LIHTC supported units which will have an additional 25 market rate apartments integrated within them. The ground floor will include another 12,000 square feet of neighborhood retail. This project was financed as a partnership with Lansing based PK Development.

Appendix A addresses the programmatic requirements and **Appendix B** 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 \$675,069. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$423,757.

APPENDIX B – 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 January 3, 2017

The property is the subject of a Brownfield Plan, duly approved by the City of Grand Rapids on January 5, 2017.

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 redevelopment of this site results in both immediate and long term benefits to the public. The immediate benefit is the cleaning up of three underutilized, vacant buildings. These buildings have been an eyesore to the neighborhood that has shown overwhelming support for this project. A new, pedestrian friendly mixed use development will provide an immediate boost to the safety and cleanliness of the area. In addition to the long-term benefit to the City's tax base directly resulting from the redevelopment, the development is expected to increase property values of properties in the vicinity.

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

This project is expected to create or retain approximately 12 full-time equivalent jobs. The average hourly wage is estimated to be \$12.00.

c) Area of High Unemployment:

The City of Grand Rapids unadjusted jobless rate was 4.2% in October 2016.

d) Level and Extent of Contamination Alleviated:

The redevelopment project will improve the environmental condition of the Property by capping contaminated areas with concrete and asphalt and will satisfy the due care obligations required for the Project.

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

The project is not qualifying as functionally obsolete or blighted.

f) Cost Gap that Exists between the Property and a Similar Greenfield Property:

The Brownfield TIF is needed to support costs associated with demolition, site preparation and infrastructure improvements. The project proposal is located on a sloped urban site and will require significant excavation, grading, land retention and erosion control to prepare for new

construction. Given the fact that the developer will be capping the rental rates to accommodate moderate income individuals and families, the Brownfield TIF is necessary to justify the investment and allow for a reasonable rate of return.

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

No new Brownfields will be created by this project.

h) Whether the Project is Financially and Economically Sound:

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

Tax Capture Breakdown

There are 46.7818 non-homestead mills available for capture during years 2018, 2034 and 2035, with school millage equaling 24 mills (51.30%) and local millage equaling 22.7818 (48.70%). There are 25.8799 non-homestead mills available for capture years 2019-2033, due to a Neighborhood Enterprise Zone (NEZ), with school millage equaling 16.7972 (64.89%) and local millage equaling 9.0878 mills (35.11%). Tax increment capture will begin in 2018 and is estimated to continue for 18 years. The school and local tax capture rates below are a blended ratio of capture based on a NEZ for 15 years and normal school and local tax capture rates for 3 years. The estimated value of the NEZ for this project is \$435,000. The requested tax capture for MSF eligible activities breaks down as follows:

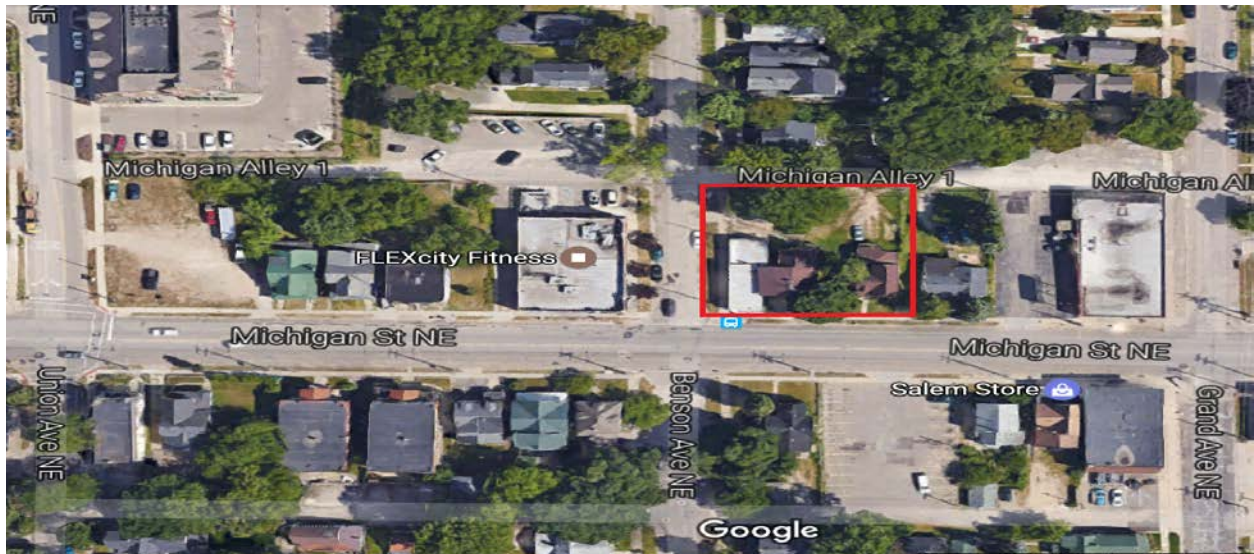
School tax capture	(62.77%)	\$	423,757
Local tax capture	(37.23%)	\$	251,322
TOTAL		\$	675,079

Cost of MSF Eligible Activities

Demolition		\$	40,000
Lead or Asbestos Abatement			10,000
Infrastructure Improvements			90,000
Site Preparation		+	440,060
Sub-Total		\$	580,060
Contingency (15%)		+	87,009
Sub-Total		\$	667,069
Brownfield/Work Plan Preparation		+	8,000
TOTAL		\$	675,069

APPENDIX C – Project Map and Renderings





MICHIGAN STRATEGIC FUND

RESOLUTION 20__ -

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN CITY OF GRAND RAPIDS
BROWNFIELD REDEVELOPMENT AUTHORITY
THE MIDTOWN CITYZEN 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 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 or asbestos abatement, and for structure 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 637, 645, and 649 Michigan Street NE within the City of Grand Rapids, known as The Midtown Cityzen Project (the “Project”);

WHEREAS, the City of Grand Rapids is a “qualified local governmental unit” and is eligible to provide for a) demolition; b) lead and asbestos abatement; c) public infrastructure improvements; d) site preparation; e) brownfield work plan preparation and f) 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 62.77% to 37.23% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, lead and asbestos abatement and infrastructure improvements as presented in the revised Work Plan dated January 5, 2017. Any change in millage that increases the capture percentage of school operating taxes 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 a maximum of \$667,069 for the principal

activity costs of non-environmental activities and a contingency, and a maximum of \$8,000 for Brownfield/Work Plan preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$423,757.

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 of Grand Rapids, 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. Eligible activities authorized by this resolution must be completed within three (3) years.

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
February 28, 2017

MEMORANDUM

Date: February 28, 2017

To: Michigan Strategic Fund Board

From: Ryan Kilpatrick, Community Assistance Team Specialist, Region 4
Lori LaPerriere, MCRP and Brownfield Program Specialist

Subject: City of Grand Rapids Brownfield Redevelopment Authority
Request for Approval of an Act 381 Work Plan

Request

The proposed project will include the new construction of two towers – one 15 story office tower and one 12 story tower with a hotel and retail on the ground floor – on an existing surface parking lot in the center of downtown Grand Rapids. The proposed project will be undertaken by 150 Ottawa Development LLC and Orion Construction. The project will redevelop two parcels of property located at 47 Pearl Street, NW and 155 Ionia Avenue NW in the City of Grand Rapids. 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 MSF eligible activities in the amount of \$15,205,065. Due to local support limitations, actual MSF eligible activities recommended is \$8,665,164.

The proposed project site is currently occupied by a surface parking lot. However, when the building that once stood on this site was demolished, nearly all of the original foundations and footings were left in place and remain beneath the asphalt on the surface. In order to prepare this site for new development, the original foundations and footings must first be excavated and removed from the site along with the top 10 feet of subsurface soils. Further, in order to provide the level of density this urban site demands, the parking must be integrated into the structure. The project proposes to include a seven story parking structure that will be integrated into floors 2 through 8 of the proposed office tower. This structure will serve both the office users as well as the hotel users in the adjacent tower. These costs cannot be entirely absorbed by the proposed development. The result of this brownfield investment will include significantly improved public infrastructure and streetscape, as well as a significant urban infill project on what has been a parking lot for several decades. The additional activity generated by the uses on this site, as well as the infill of what is almost an entire city block, will provide tremendous benefit to the City and the downtown.

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 \$63,500,000, along with the creation of approximately 235 permanent full-time equivalent jobs with an average hourly wage of \$30.00.

Background

The proposed project involves new construction of an existing surface parking lot in downtown Grand Rapids. The result will include a north tower with 6,500 square feet of ground floor retail and lobby space as well as seven stories of integrated parking, and seven stories of office space at approximately 120,000 square feet. A second, south tower will also be constructed. This will include 6,500 square feet of ground floor retail/restaurant and lobby space, as well as an 11-story Hyatt Place hotel.

Demolition activities will be necessary to remove the minimal improvements to the site associated with the surface parking lot. Site preparation activities include the excavation and removal of buried remnants of the original building, as well as excavation and replacement of unstable soils. Site preparation activities will also include geotechnical soil engineering, erosion control measures, site staking, deep foundations, grade level beams and pile caps. Infrastructure improvements including streetscape improvements, curb and gutter replacement, sidewalk replacement, milling and repaving of the adjacent roadway, and construction of the integrated 7-story parking deck.

150 Development LLC is sponsored by Orion Construction. Orion is a full service construction management firm based in Grand Rapids. They have previously sponsored the Arena Place development in downtown Grand Rapids which resulted in an 11-story mixed use building with 108,000 square feet of new office space and 76 residential apartments. This project was completed in early 2016 with a total private investment of \$44 million and a CRP loan amount of \$4.5 million. Orion has also participated in several other Michigan Strategic Fund supported projects including the Blue Water convention center and Double Tree hotel in downtown Port Huron, the Gateway at Belknap and the Fulton Square project both in Grand Rapids.

Appendix A addresses the programmatic requirements and **Appendix B** 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 \$8,665,164 or 22 years. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$7,590,753.

APPENDIX B – 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 January 19, 2017.

The property is the subject of a Brownfield Plan, duly approved by the City of Grand Rapids on January 5, 2017.

In addition, the project is receiving from the DEQ \$7,765 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 proposed project will convert a surface parking, currently occupying the majority of a full city block in the center of downtown Grand Rapids and will create two towers (15 stories and 12 stories) and more than 440 structured parking spaces. Not only will this project add significant density to the downtown core, it will also dramatically improve the vitality of all four city streets adjacent to the project (Lyon, Ottawa, Pearl and Ionia). The project will significantly increase the taxable value of the site and is also expected to add to the City's income tax, the County lodging tax and the State sales tax base.

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

This project is expected to create approximately 235 new, full-time jobs in the office, retail and hospitality industries.

c) Area of High Unemployment:

The City of Grand Rapids unadjusted jobless rate was 4.2% in October of 2017.

d) Level and Extent of Contamination Alleviated:

The project site has been found to contain high levels of selenium Contaminated soils will be removed from the site and transported to a Type II land fill capable of proper disposal of the materials.

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

The project is not qualifying as functionally obsolete or blighted.

f) Cost Gap that Exists between the Property and a Similar Greenfield Property:

The Brownfield TIF is needed to offset the extraordinary costs associated with site demolition, excavation and removal of the buried materials which remain from the former structure as well as to partially reimburse the developer for costs associated with a structured parking deck.

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

No new Brownfields will be created by this project.

h) Whether the Project is Financially and Economically Sound:

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

i) Other Factors Considered:

No additional factors need to be considered for this project.

Tax Capture Breakdown

There are 29.2803 non-homestead mills available for capture, with school millage equaling 24 mills (81.97%) and local millage equaling 5.2803 mills (18.03%). Tax increment capture will begin in 2020 and is estimated to continue for 22 years. There is also DDA TIF on the property that will reimburse project related activities not to exceed \$4,421,638, for a period of 22 years. The MSF will mirror the maximum reimbursement period approved by the Downtown Development Authority of 22 years, which will result in school tax capture estimated at \$7,590,753, though total MSF eligible activity is requested was \$15,205,065. The requested tax capture for MSF eligible activities breaks down as follows:

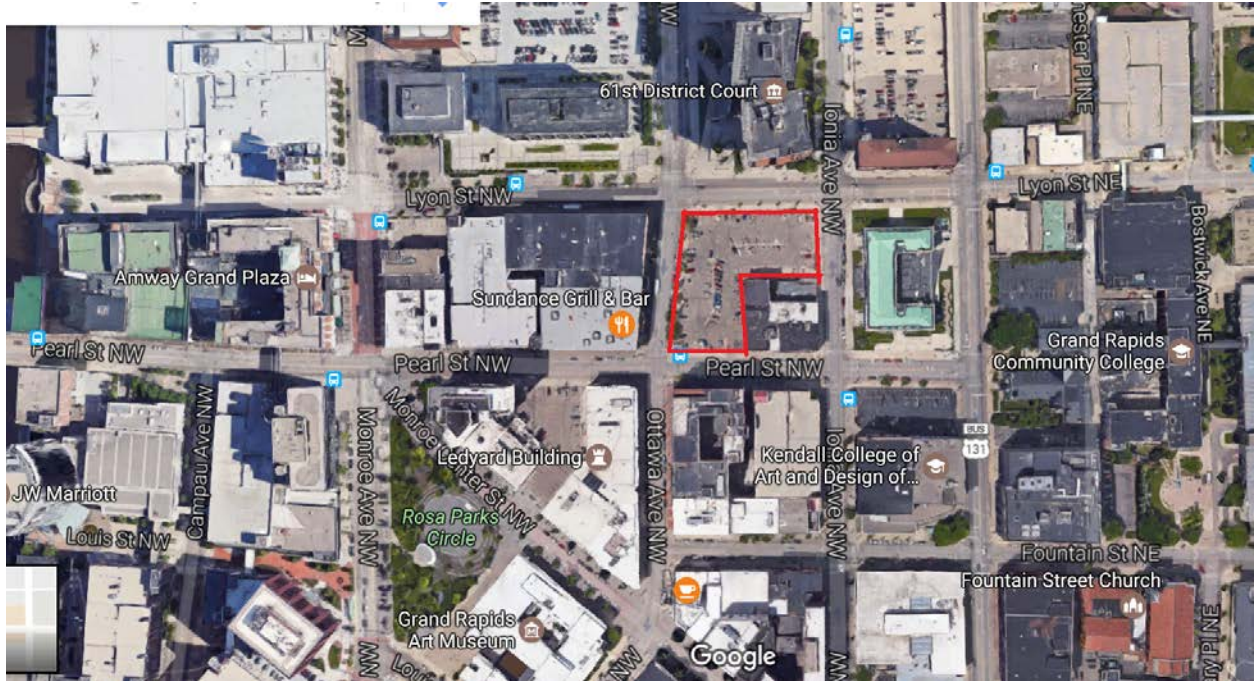
School tax capture	(81.97%)	\$ 12,463,592
Local tax capture	(18.03%)	\$ 2,741,473
TOTAL		\$ 15,205,065

Requested Cost of MSF Eligible Activities

Demolition	\$	45,000
Infrastructure Improvements		11,262,000
Site Preparation	+	1,906,100
Sub-Total	\$	13,213,100
Contingency (15%)	+	1,981,965
Sub-Total	\$	15,195,065
Brownfield/Work Plan Preparation	+	10,000
Eligible Activities	\$	***15,205,065

*****The Actual Approved MSF Eligible Activities Cost is \$8,665,164**, based on the City of Grand Rapids Downtown Development Authority limiting its maximum DDA TIF reimbursement to \$4,421,638 for a period no more than 22 years for this project. The Michigan Strategic Fund will mirror the maximum reimbursement period approved by the Downtown Development Authority of 22 years or maximum MSF TIF reimbursement not to exceed \$8,665,164.

APPENDIX C – Project Map and Renderings





150 OTTAWA
Grand Rapids, Michigan



1407-03 09-22-16



150 OTTAWA
Grand Rapids, Michigan



1407-03 09-22-16

MICHIGAN STRATEGIC FUND

RESOLUTION 20__ -

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF GRAND RAPIDS BROWNFIELD REDEVELOPMENT AUTHORITY
150 Ottawa Development, LLC Redevelopment Project**

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

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

WHEREAS, Executive Order 2012-9 transferred all the authority, powers, duties, functions, responsibilities, records, personnel, property, unexpended balances of appropriations, allocations or other funds of the MEGA to the 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 or asbestos abatement, and for structure 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 47 Pearl Avenue NW and 155 Ionia NW within the City of Grand Rapids, known as 150 Ottawa Development, LLC Redevelopment Project (the “Project”);

WHEREAS, the City of Grand Rapids is a “qualified local governmental unit” and is eligible to provide for a) demolition; b) lead and asbestos abatement; c) public infrastructure improvements; d) site preparation; e) brownfield work plan preparation and f) 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 81.97% to 18.03% 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 February 2, 2017. Any change in millage that increases the capture percentage of school operating taxes 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 a maximum capture period of 22 years or \$8,655,164 for the principal activity costs of non-environmental activities and a contingency, and a maximum of \$10,000 for Brownfield/Work Plan preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum capture period of 22 years or maximum of \$7,590,753.

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 of Grand Rapids, 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. Eligible activities authorized by this resolution must be completed within three (3) years.

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
February 28, 2017

MEMORANDUM

Date: February 28, 2017

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

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

Subject: Investment Fund Award to Michigan Community Capital f/k/a Michigan Magnet Fund

Summary

The request is for up to a \$10,000,000 Loan Award from the Investment Fund for Michigan Community Capital (MCC) to facilitate investment in “Attainable Housing” projects across the state. It is anticipated that MCC will utilize the Award to invest in between three (3) to five (5) Attainable Housing projects. The proposed Loan Award would be disbursed on a project-by-project basis. The proposed structure of the Investment Fund Loan Award is presented in more detail in Appendix A.

Attainable Housing is defined as housing targeted at individuals and families with incomes between 60% and 120% Area Median Income (AMI). Attainable Housing has been identified by staff and partners as an unmet need in many communities across the State as rental rates have continued to increase in many markets in the State, primarily Central Business Districts and other commercial cores. An unanticipated consequence has led to displacement of many residents away from employment centers in those communities.

By making the Loan Award to MCC it will allow MEDC to leverage MCC’s staffing capacity and potentially assist MCC in building its resume for future New Market Tax Credit (NMTC) allocations. All of the underwriting and due diligence will be performed or contracted by MCC. MEDC’s oversight will be limited and will primarily consist of reviewing the underwriting materials and project details provided by MCC staff to determine if the individual projects meet the desired goals of providing quality Attainable Housing.

Recommendation

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

- a) Approval of an Investment Fund Loan Award request as outlined in Appendix A.

APPENDIX A

LOAN FACILITY

MSF Incentive:	Non-Revolver Draw Facility
Borrower(s):	Michigan Community Capital (MCC) f/k/a Michigan Magnet Fund
Loan Amount:	\$10,000,000
Interest Rate:	1% per annum, beginning in the 37 th month following loan closing.
Fees:	Anticipated to be 1% of the Loan Award Amount spread over three annual payments. MCC to be responsible for all third-party fees incurred by the MEDC and MSF in closing the transactions.
Draw Period:	24 months following loan closing.
Term:	276 months (23 years) following loan closing.
Amortization:	Not Applicable
Repayment Terms:	Anticipated to be annual interest only payments beginning in the 37 th month following closing. Payments made prior to that time will be applied to principal. Outstanding principal balance due at maturity of the loan. Additionally, the loan will require principal pay downs upon disposal of a portion or 100% of MCC individual project investments.
Collateral:	Anticipated to be assignment/pledge of a controlled deposit account setup to invest in projects financed by the Investment Fund Loan Award, and a security interest in the individual projects or assignment/pledge of benefits/distributions related to individual project investments.
Guarantee:	N/A
Funding:	Individual advances will be subject to MEDC staff review, approval by the MSF Fund Manager or another approved representative of the MSF, and completion of to be determined Milestones.
Other Requirements:	Anticipated to consist of the following with final terms to be negotiated: <ul style="list-style-type: none">• It is anticipated that MCC will have between 60-90 days to close on individual projects following disbursement of MSF funds.• Each advance will be subject to funding availability.

- Projects will require preliminary approval of the location and project details by MEDC staff.
- Projects will contain a minimum of 20% of the residential units to be targeted at tenants with incomes between 60% to 120% of Area Median Income (strong preference of 100% of AMI and below) through a rental cap or other agreeable mechanism.
- Projects will maintain a minimum affordability period equal to the greater of 60 months or the term of MCC's investment in the project.
- Projects will be subject to a minimum compliance period equal to the greater of 60 months or the term of MCC's investment in the project.
- Projects will contain some form of municipal support.
- Projects will be required to meet MSF statutory requirements.
- Outside financing acquired by MCC will be limited to 20% of the MSF's outstanding loan balance.

MICHIGAN STRATEGIC FUND

RESOLUTION 2017-

**APPROVAL OF FUNDING AN INVESTMENT FUND LOAN
TO MICHIGAN COMMUNITY CAPITAL (f/k/a MICHIGAN MAGNET FUND)**

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

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

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

WHEREAS, pursuant to MCL 125.2088(h)(5)(b), the Investment Fund consists of, among other things, return on investments, return on principal, payments made, or other money received by or payable to the MSF under agreements related to grants, loans or investments made by the MSF under Chapter 8A or Chapter 8C;

WHEREAS, pursuant to MCL 125.2088(h)(3), the Investment Fund shall be invested as authorized under Chapter 8A for the purpose of creating incentives for activities arising out of retaining or creating jobs, or increasing capital investment activity, or increasing commercial lending activity or encouraging the development and commercialization of competitive edge technologies, or revitalizing Michigan communities;

WHEREAS, pursuant to Chapter 8A, specifically, MCL 125.2088(b)(2)(c), Investment Fund monies are authorized to be invested for programs or activities authorized under the MSF Act as long as the programs or activities provide for repayment for breach of the written agreement or the failure to meet measureable outcomes;

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

WHEREAS, Michigan Community Capital (f/k/a Michigan Magnet Fund) have requested a loan of up to \$10 million to invest into certain residential rental and mixed use development projects toward among other things, revitalizing Michigan communities, along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”) (the, foregoing, collectively, “MCC Investment”);

WHEREAS, the MEDC recommends that the MSF approve funding of up to \$10 million from the Investment Fund to fund the MCC Investment (“Funding”);

WHEREAS, the MEDC recommends that the MSF approve the MCC Investment 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 180 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager or MSF Financial Officer, the Time Period may be extended for up to an additional 60 days (the foregoing, collectively, the “Recommendation for the MCC Investment”).

WHEREAS, the MEDC recommends that the MSF Board delegate to the MSF Fund Manager or MSF Financial Officer the authority to negotiate the final terms and conditions of, and sign, all documents necessary to effectuate the MCC Investment (“Delegation to Finalize the MCC Investment”).

NOW THEREFORE, BE IT RESOLVED, the MSF approves the Funding;

BE IT FURTHER RESOLVED, the MSF approves the Recommendation for the MCC Investment; and

BE IT FURTHER RESOLVED, the MSF approves the Delegation to Finalize the MCC Investment.

Ayes:

Nays:

Recused:

Lansing, Michigan
February 28, 2017

EXHIBIT A
“TERM SHEET”

LOAN FACILITY

MSF Incentive:	Non-Revolving Draw Facility
Borrower(s):	Michigan Community Capital (MCC) f/k/a Michigan Magnet Fund
Loan Amount:	\$10,000,000
Interest Rate:	1% per annum, beginning in the 37 th month following loan closing.
Fees:	Anticipated to be 1% of the Loan Award Amount spread over three annual payments. MCC to be responsible for all third-party fees incurred by the MEDC and MSF in closing the transactions.
Draw Period:	24 months following loan closing.
Term:	276 months (23 years) following loan closing.
Amortization:	Not Applicable
Repayment Terms:	Anticipated to be annual interest only payments beginning in the 37 th month following closing. Payments made prior to that time will be applied to principal. Outstanding principal balance due at maturity of the loan. Additionally, the loan will require principal pay downs upon disposal of a portion or 100% of MCC individual project investments.
Collateral:	Anticipated to be assignment/pledge of a controlled deposit account setup to invest in projects financed by the Investment Fund Loan Award, and a security interest in the individual projects or assignment/pledge of benefits/distributions related to individual project investments.
Guarantee:	N/A
Funding:	Individual advances will be subject to MEDC staff review, approval by the MSF Fund Manager or another approved representative of the MSF, and completion of to be determined Milestones.
Other Requirements:	Anticipated to consist of the following with final terms to be negotiated: <ul style="list-style-type: none">• It is anticipated that MCC will have between 60-90 days to close on individual projects following disbursement of MSF funds.• Each advance will be subject to funding availability.

- Projects will require preliminary approval of the location and project details by MEDC staff.
- Projects will contain a minimum of 20% of the residential units to be targeted at tenants with incomes between 60% to 120% of Area Median Income (strong preference of 100% of AMI and below) through a rental cap or other agreeable mechanism.
- Projects will maintain a minimum affordability period equal to the greater of 60 months or the term of MCC's investment in the project.
- Projects will be subject to a minimum compliance period equal to the greater of 60 months or the term of MCC's investment in the project.
- Projects will contain some form of municipal support.
- Projects will be required to meet MSF statutory requirements.
- Outside financing acquired by MCC will be limited to 20% of the MSF's outstanding loan balance.

MEMORANDUM

Date: February 28, 2017

To: Michigan Strategic Fund Board

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

Subject: RecoveryPark and RecoveryPark Farms (“Company”)
Request to Amend the Approval of a MSF Performance Based Loan

Request

The Company is requesting approval of an amendment of the \$1,000,000 Michigan Strategic Fund (MSF) Performance Based Loan approval. The amendment request is for various changes to the Disbursement Milestones for the project. The requested changes are detailed in Appendix A. Changes are reflected with ~~strikethrough~~ font and **BOLDED/CAPITALIZED** font.

Background

The MSF Board approved a \$1,000,000 Performance Based Loan on October 25 2016 to the Company as financing for the acquisition of land, build out and working capital needs related to the BETA Phase and furtherance of the overall Recovery Park Farms project. The BETA Phase of the project involves acquisition of land from the city of Detroit, referred to as “Area 1” in Appendix B, environmental remediation of the land, construction of a greenhouse containing eight (8) high tunnels and purchase of the associated equipment.

The MSF Board approved Amendment One on November 22, 2016. Amendment One removed the requirement that additional support for the project come exclusively from the Kresge Foundation, and lowered the number of jobs created.

The proposed changes to the approval are necessitated due to the fact the Company currently leases the vast majority of parcels compiling Area I from the City of Detroit and the Detroit Land Bank. The lease contains an option for the company to purchase the land, but title issues and the value of the land may cause title insurance for MSF mortgages to be cost prohibitive, and therefore Staff is requesting that the MSF Board grant the Fund Manager discretion to accept collateral on terms and conditions that the Fund Manager deems appropriate in order to effectuate the award.

Recommendation

The MEDC staff recommends approval of an amendment to the MSF Performance Based Loan as requested above.

APPENDIX A

LOAN FACILITY

MSF Incentive:	Performance-Based Direct Loan
Borrower(s):	RecoveryPark and RecoveryPark Farms
Loan Amount:	\$1,000,000
Term:	60 months
Amortization:	Not applicable
Interest Rate:	0%
Repayment Terms:	Balance due at maturity. MSF will forgive 100% of the loan upon achievement of to be determined milestones (i.e. operations of the BETA farm for 3 years and securing additional financing).
Collateral:	Anticipated to be a 1 st priority lien on all assets of RecoveryPark Farms, to include but not limited to the Project Area 1 land, and all structures, machinery & equipment related to the BETA FARM, EXCEPT FOR DIRECTLY FINANCED EQUIPMENT PURCHASES ADDITIONALLY, REAL ESTATE TITLE ISSUES INVOLVING THE LAND PARCELS MAY CAUSE INSURED 1ST PRIORITY MORTGAGES TO BE COST PROHIBITIVE.
Guarantee:	N/A
MSF Fees:	The MSF shall be paid a one-time fee equal to one percent of the MSF's award.
Funding:	THE FOLLOWING Milestones, SUBJECT TO MSF FUND MANAGER DISCRETION IN MAKING APPROPRIATE ALTERATIONS AS NECESSARY TO EFFECTUATE THE AWARD. anticipated to include, but limited to the following: I. Disbursement Milestone One: Up to \$500,000 A. Subject to receipt and review of the following: a. Final budget and construction contract for BETA project FARM

- b. Evidence of adequate insurance for the project plus MSF named as payee
- ~~c. Deliverance of clear title for Area 1~~
- ~~d. Survey~~
- e. Environmental due diligence
- f. Evidence of taxes being current on **THE PRIVATELY ACQUIRED PARCELS IN Area 1**
- g. Final documents for Max M. and Marjorie Fisher Foundation loan
- h. Evidence of executed agreement with Del Bene
- i. Evidence of monies from Paramount Pictures
- j. Other applicable legal due diligence

II. Disbursement Milestone Two: Up to \$250,000

B. Subject to evidence of the following:

- a. Completion of construction of the BETA Farm
- b. Evidence that BEA Due Care Plan was followed (if applicable)
- c. Evidence of ~~creation of~~ 12 **CURRENT EMPLOYEES**
- d. Evidence of clear title for Area 1
- e. Evidence of taxes being current on **PROPERTY OWNED OR UNDER LAND CONTRACT IN Area 1**
- f. Evidence of insurance requirements being current
- G. EVIDENCE OF SITE PLAN APPROVAL FOR THE BETA FARM FROM THE CITY OF DETROIT**
- H. AN ALTA SURVEY WITH A BOUNDARY MAP FOR AREA I**
- i. **AREA I MORTGAGE INTERESTS ON TERMS, CONDITIONS, AND IN PRIORITY AS DEEMED ACCEPTABLE BY THE FUND MANAGER.**

III. Disbursement Milestone Three: Up to \$250,000

C. Subject to evidence of the following:

- a. Evidence of creation of ~~12~~ **6** additional jobs
- b. ~~Evidence of clear title for Area 1~~

- c. Evidence of taxes being current on **PROPERTY OWNED OR UNDER LAND CONTRACT IN** Area 1
- d. Evidence of insurance requirements being current
- e. Evidence of a long-term (3+ years) distribution contract with Del Bene or another third-party distributor
- f. Secured a minimum level of financing from an entity or entities acceptable to MEDC staff
- g. Board includes at least one member of an entity acceptable to MEDC staff
- h. Formally engaged collective CDFI group or other funding source for next round of financing

**MICHIGAN STRATEGIC FUND
RESOLUTION 2017-**

**APPROVAL OF AN AMENDMENT TO
A PERFORMANCE BASED LOAN AWARD TO
RECOVERYPARK AND RECOVERYPARK FARMS, INC.**

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

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

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

WHEREAS, pursuant to MCL 125.2007(c), the MSF has, among other things, the power to make grants;

WHEREAS, pursuant to, 2015 PA 84, Article VIII, Part 1 Section 109, Subsection 3, the legislature appropriated funds for business attraction and community revitalization;

WHEREAS, by resolution 2015-124, the MSF Board allocated the annual appropriation from the 21st Century Job Fund to the CRP and BDP;

WHEREAS, by resolution 2016-217 the MSF awarded to RecoveryPark and RecoveryPark Farms (“Borrower”) under MCL 125.2088b(2)(c) a \$1,000,000 Performance Based Loan for developing, financing, building, owning and operating an urban agriculture farm for specialty produce, consisting of “high tunnel” and greenhouse facilities in Detroit, MI (“Original Approval”);

WHEREAS, by resolution 2016-224 on November 22, 2016 the MSF Board approved an amendment request to remove the requirement that additional support for the project come exclusively from the Kresge Foundation, and lowered the number of new jobs created.

WHEREAS, the Borrower is requesting an amendment to the amended Approval;

WHEREAS, the MEDC is recommending the MSF approve the amendment recommendation in accordance with Exhibit A (“Term Sheet”) with all other terms of the Original Approval remaining in place;

NOW THEREFORE, BE IT RESOLVED, the MSF Board approves the Amendment Recommendation and authorizes the MSF Fund Manager to take all action necessary to effectuate the Award, consistent with the terms and conditions of this resolution.

ADOPTED

Ayes:

Nays:

Recused:

Lansing, Michigan
February 28, 2017

APPENDIX A

LOAN FACILITY

MSF Incentive:	Performance-Based Direct Loan
Borrower(s):	RecoveryPark and RecoveryPark Farms
Loan Amount:	\$1,000,000
Term:	60 months
Amortization:	Not applicable
Interest Rate:	0%
Repayment Terms:	Balance due at maturity. MSF will forgive 100% of the loan upon achievement of to be determined milestones (i.e. operations of the BETA farm for 3 years and securing additional financing).
Collateral:	Anticipated to be a 1 st priority lien on all assets of RecoveryPark Farms, to include but not limited to the Project Area 1 land, and all structures, machinery & equipment related to the BETA FARM, EXCEPT FOR DIRECTLY FINANCED EQUIPMENT PURCHASES ADDITIONALLY, REAL ESTATE TITLE ISSUES INVOLVING THE LAND PARCELS MAY CAUSE INSURED 1ST PRIORITY MORTGAGES TO BE COST PROHIBITIVE.
Guarantee:	N/A
MSF Fees:	The MSF shall be paid a one-time fee equal to one percent of the MSF's award.
Funding:	THE FOLLOWING Milestones, SUBJECT TO MSF FUND MANAGER DISCRETION IN MAKING APPROPRIATE ALTERATIONS AS NECESSARY TO EFFECTUATE THE AWARD. anticipated to include, but not limited to the following: <ol style="list-style-type: none">I. Disbursement Milestone One: Up to \$500,000<ol style="list-style-type: none">A. Subject to receipt and review of the following:<ol style="list-style-type: none">a. Final budget and construction contract for BETA projectFARMb. Evidence of adequate insurance for the project plus MSF named as payeec. Deliverance of clear title for Area 1d. Surveye. Environmental due diligence

- f. Evidence of taxes being current on **THE PRIVATELY ACQUIRED PARCELS IN Area 1**
- g. Final documents for Max M. and Marjorie Fisher Foundation loan
- h. Evidence of executed agreement with Del Bene
- i. Evidence of monies from Paramount Pictures
- j. Other applicable legal due diligence

II. Disbursement Milestone Two: Up to \$250,000

B. Subject to evidence of the following:

- a. Completion of construction of the BETA Farm
- b. Evidence that BEA Due Care Plan was followed (if applicable)
- c. Evidence of ~~creation~~ of 12 **CURRENT EMPLOYEES**
- d. Evidence of clear title for Area 1
- e. Evidence of taxes being current on **PROPERTY OWNED OR UNDER LAND CONTRACT IN Area 1**
- f. Evidence of insurance requirements being current

G. EVIDENCE OF SITE PLAN APPROVAL FOR THE BETA FARM FROM THE CITY OF DETROIT

H. AN ALTA SURVEY WITH A BOUNDARY MAP FOR AREA I

- i. **AREA I MORTGAGE INTERESTS ON TERMS, CONDITIONS, AND IN PRIORITY AS DEEMED ACCEPTABLE BY THE FUND MANAGER.**

III. Disbursement Milestone Three: Up to \$250,000

C. Subject to evidence of the following:

- a. Evidence of creation of ~~12~~ **6** additional jobs
- b. ~~Evidence of clear title for Area 1~~
- c. Evidence of taxes being current on **PROPERTY OWNED OR UNDER LAND CONTRACT IN Area 1**
- d. Evidence of insurance requirements being current
- e. Evidence of a long-term (3+ years) distribution contract with Del Bene or another third-party distributor
- f. Secured a minimum level of financing from an entity or entities acceptable to MEDC staff
- g. Board includes at least one member of an entity acceptable to MEDC staff

- h. Formally engaged collective CDFI group or other funding source for next round of financing

MEMORANDUM

Date: February 28, 2017
To: MSF Board Members
From: David Lorenz, Vice President Travel Michigan
Subject: China Tourism Promotion Services Amendment

REQUEST

This request is for the Michigan Strategic Fund (MSF) Board to approve a one-year extension of an existing contract with Aviareps for leisure travel promotion in China for \$270,000.00.

BACKGROUND

On March 22, 2016, the MSF Board approved an RFP to seek a representative for tourism promotion services in China and authorized the MSF Fund Manager to appoint a Joint Evaluation Committee (JEC) to review the proposals. The MSF Board subsequently awarded the RFP to Aviareps on May 24, 2016 for the period of June 1, 2016 to May 31, 2017, with the option to extend the contract for four, one-year terms.

During the initial contract term, Aviareps created a strategy to attract more Chinese visitors, particularly leisure visitors to Michigan.

The scope of work includes

- creating Chinese-language brochures, e-newsletters, social media and website;
- working with tour operators to get more Michigan product in Chinese tour operator catalogs;
- identifying Chinese travel journalists to invite to Michigan for Familiarization Tours;
- identifying and representing Michigan at key Chinese travel and tourism trade shows;
- securing appointments with top Chinese tour operators and media;
- devising and executing consumer promotions to build consumer awareness of Michigan as a destination.

RECOMMENDATION

To use the Pure Michigan appropriations monies to continue the marketing efforts underway, it is staff's recommendation for approval to enter into a contract with Aviareps for tourism promotion services in China for the period of June 1, 2017 to May 31, 2018, at a cost of \$270,000.00.

MICHIGAN STRATEGIC FUND

RESOLUTION

2017-

AVIAREPS CONTRACT EXTENSION

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

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

WHEREAS, at its March 22, 2016 meeting, the MSF Board authorized a Request for Proposals to invite proposals from vendors to develop and implement a campaign for Michigan tourism promotion in China (the “Michigan Promotion RFP”);

WHEREAS, at its May 24, 2016 meeting the MSF Board awarded a contract to Aviareps in the initial amount of \$300,000 and for an initial term of June 1, 2016 to May 31, 2017, with the option to extend the term of the contract for an additional four one-year terms (the “Aviareps Contract”);

WHEREAS, MEDC recommends that the MSF Board exercise its first option to extend the Aviareps Contract to May 31, 2018 and allocate \$270,000 in additional funds (the “Amendment Request”);

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

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

BE IT FURTHER RESOLVED, the MSF Board authorizes the MSF Fund Manager to negotiate the final terms and conditions and to execute all documents necessary to effectuate the Amendment Request in accordance with the terms and conditions of this Resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
February 28, 2017