

MICHIGAN STRATEGIC FUND BOARD MEMBERS

Carl Camden

President (retired), Kelly Services

Rachael Eubanks

*State Treasurer, Michigan Department
of Treasury*

Paul Gentilozzi

President, Gentilozzi Real Estate

Jeremy Hedges

*Chief of Staff, Talent and Economic
Development Department of Michigan*

Stephen Hicks

President and CEO, JM Longyear

Larry Koops

*Retired Community President for
Lakeshore Region, Fifth Third Bank*

Jeff Mason

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

Terrence J.L. Reeves

Attorney, Pepper Hamilton LLP

Terri Jo Umlor

*President, Springfield Commercial
Roofing*

Shaun W. Wilson

*Senior Vice President, Truscott
Rossman*

Wayne Wood

*President (retired), Michigan
Farm Bureau*

MICHIGAN STRATEGIC FUND (MSF) BOARD

Meeting Packet

FEBRUARY 2019

**MICHIGAN STRATEGIC FUND BOARD
DRAFT MEETING AGENDA
FEBRUARY 26, 2019
10:00 am**

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

Communications

A. Consent Agenda

Proposed Meeting Minutes – January 22, 2019
Moran Iron Works – MBDP Forbearance – Amy Lum
University of Michigan – First Customer Program Amendment – Denise Graves
Spartan Michigan, LLC – APRZ Amendment – Jeremy Webb
Morley Companies, Incorporated – MBDP Amendment – David Kurtycz
Stoneridge, Inc. – MBDP Amendment – Erik Wilford
The Kroger Co. of Michigan – MBDP Amendment – Trevor Friedberg
250 W. Larned LLC – MCRP Amendment – Katie Adkins
Diamond Place – MCRP Amendment – Lynda Franke
MyLocker Properties, LLC – Covenant Amendment – Aileen Cohen

B. Business Investment

a. Business Growth

RPM Freight Systems, LLC – MBDP Grant – Matthew Chasnis
US Roof, LLC – MBDP Grant – Jeremy Webb

b. Entrepreneurship

FY2019 Business Incubator RFP – Award Recommendations – Nadia Abunasser
Wayne State University – MTRAC Advanced Computing Innovation Hub – Denise Graves

C. Community Vitality

Kzoo Hotel Partners, LLC – MCRP and Brownfield Act 381 Work Plan – Michelle Audette-Bauman
Jackson Downtown Partners, LLC – MCRP and Brownfield Act 381 Work Plan – Paula Holtz
Michigan Meadows – Brownfield Act 381 Work Plan – Lindsay Viviano
Nailah Commons – Brownfield MBT Amendment Request – Rob Garza

**MICHIGAN STRATEGIC FUND
FINAL MEETING MINUTES
January 22, 2019**

Members Present

Larry Koops
Andrew Lockwood (on behalf of Treasurer Eubanks)
Jeff Mason

Members joined by phone

Carl Camden
Jeremy Hedges
Terrence J.L. Reeves
Shaun Wilson
Wayne Wood

Members Absent

Paul Gentilozzi
Stephen Hicks
Terri Jo Umlor

Mr. Mason called the meeting to order at 10:01 am.

Mr. Mason introduced the following legislative staff members: Katie Reiter on behalf of Senator Rosemary Bayer speaking in support of the Magneti Marelli Holding USA LLC project in Auburn Hills; Natalie Purser on behalf of Senator Sean McCann speaking in support of the Kalamazoo Corridor Improvement Authority project; and Julie Vogel on behalf of Representative Jon Hoadley speaking in support of the Kalamazoo Corridor Improvement Authority project.

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

Communications: Rhonda Bishop, Board Liaison, advised the Board that the Quarterly Report of the Chief Compliance Officer was provided to them in the briefing packet, along with several program quarterly reports.

A. CONSENT AGENDA

Resolution 2019-001 Approval of Consent Agenda Items

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

Proposed Meeting Minutes – December 18, 2018
The Kroger Co. of Michigan – MBDP Grant Amendment – **2019-002**
Amazon.com Services Inc. – MBDP Grant Reauthorization – **2019-003**
Amazon.com Services Inc. – MBDP Grants Reassignment – **2019-004**
Alma College and Alma Opera Block, LLC – MCRP Grant Re-approval – **2019-005**
Lofts on Michigan, LLC – MCRP Direct Loan Award Amendment – **2019-006**
Detroit Tigers – Sponsorship Agreement and Funding Allocation – **2019-007**
Germany/Austria/Switzerland Tourism Marketing – RFP Award – **2019-008**
United Kingdom/Ireland Tourism Marketing – RFP Award – **2019-009**

Andrew Lockwood seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

B. BUSINESS INVESTMENT

B1. Business Growth

Resolution 2019-010 Magneti Marelli Holding USA LLC – MBDP Grant

Jeremy Webb, 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 2019-010. Andrew Lockwood seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Resolution 2019-011 Waymo LLC– MBDP Grant

Jeremy Webb, Senior Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Andrew Lockwood motioned for the approval of Resolution 2019-011. Larry Koops seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

B2. Access to Capital

Resolution 2019-012 Quality Roasting, LLC – Bond Authorization

Chris Cook, Director of Capital Access, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2019-012. Andrew Lockwood seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused**

ROLL CALL VOTE: Ayes: Carl Camden, Jeremy Hedges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Shaun Wilson, Wayne Wood; Nays: None; Recused: None

C. COMMUNITY VITALITY

Resolution 2019-013 Community Development Block Grant Program - Infrastructure Grant Awards

Greg West, CDBG Program Manager, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2019-013. Andrew Lockwood seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Resolution 2019-014 City of Kalamazoo Downtown Economic Growth Authority – Request to Capture State Mills in Qualified Development Area of the Kalamazoo Corridor Improvement Authority

Michelle Audette-Bauman, Community Assistance Team Specialist, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2019-014. Andrew Lockwood seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Mr. Mason adjourned the meeting at 10:35 am.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 15, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Tebedo:

I am hereby writing to inform the Board that I have designated Andrew Lockwood to represent me at the Michigan Strategic Fund meeting of January 22, 2019.

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

MEMORANDUM

Date: February 26, 2019
To: Michigan Strategic Fund Board
From: Colleen Horton, Director, Business Compliance
Subject: **Moran Iron Works, Inc.**
Michigan Business Development Program Award Forbearance Request

Request

Moran Iron Works, Inc. (“Moran” or “Company”) is requesting the Michigan Strategic Fund (“MSF”) approve a 6-month forbearance from payments on its interest-bearing loan in order to allow for time for negotiations to restructure the company’s repayment terms.

Background

On January 23, 2013, the MSF approved a \$2,000,000 milestone-based grant for Moran under the MBDP and an agreement was executed to govern the grant terms. The Company proposed to produce larger modules and components, expand their facility in the City of Onaway, Michigan and make dock improvements at the Port of Calcite in Rogers City, Michigan. The result would be the creation of 75 Qualified New Jobs and approximately \$16 million in capital investment.

On May 9, 2013, the MBDP agreement was amended to change the local support from the purchase of a boom crawler crane to a 12 year PA 198 tax abatement. On February 6, 2015, the MBDP agreement was amended to extend the due date of Milestone Two from December 31, 2014 to December 31, 2015 to allow the Company additional time to meet the requirements of the milestone. Moran completed Milestone One for the creation of 34 Qualified New Jobs and received a disbursement of \$1,000,000. On March 22, 2016, the MBDP agreement was amended to reduce the grant by \$1,000,000 and to require repayment of \$900,000, bearing an interest rate of 2%, in equal annual installments beginning on June 30, 2017 and continuing for the following four years.

On July 25, 2017, the MSF approved the termination of the MBDP agreement and allowed for the grant to be repaid in monthly installments as an interest-bearing loan. A Note was signed and delivered to the MSF evidencing the loan.

However, the Company is facing challenges obtaining expanding financing facilities for working capital that would allow the Company to grow and be more successful. The Company has requested to restructure its debt to the MSF in collaboration with its bank in order to find a solution to its financing challenges. To this end, the MEDC is working with the Company and its bank to negotiate a potential restructure of the debt for MSF consideration.

Recommendation

MEDC staff recommends the MSF approve a 6-month forbearance of the payments owed under the Note to allow negotiations to be completed, conditioned upon payment by the Company of a \$1,000 forbearance fee.

MEMORANDUM

Date: February 26, 2019

To: Michigan Strategic Fund

From: Denise Graves, University Relations Director

Subject: Entrepreneurial Service Provider – First Customer Program Grant Amendment for Extension and Refunding

Action

MEDC Staff recommends the MSF Board approve a grant amendment for an extension of one year and refunding in an amount totaling \$335,000 for the Entrepreneurial Service Provider First Customer Program.

Background

On October 27, 2015, the MSF Board awarded the Entrepreneurial Service Provider – First Customer Program, through a competitive RFP process, a grant in the amount of \$1,000,000 for three years, with the option to extend the term of the grant for an additional two, one year terms, adding funding at the sole discretion of the MSF. The current grant agreement for the program ends on February 28, 2019.

Program

The First Customer Program is a state-wide program assisting start-ups and small companies diversifying into new industries to identify potential “first” customers. The program engages with statewide partners in the preparation and execution of referrals, assessments, marketing, tradeshow and action plans. In its most recent progress report (October 2018) the program reported the following metrics for the program to date, since February 2016:

48 companies expanded
109 companies served
116 jobs created
610 jobs retained
60 commercialized products

Recommendation

MEDC Staff recommends the MSF Board approve this grant amendment for extension and refunding, for an additional year, and that the MSF Board delegate authority to the MSF Fund Manager, with the assistance of MEDC staff, to negotiate and execute the final terms and conditions for the amended grant agreement.

MEMORANDUM

Date: February 26, 2019

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

From: Jeremy Webb, Sr. Business Development Project Manager

Subject: Spartan Michigan, LLC (“Company” or “Applicant”)
Request for Amendment to an Existing Agricultural Processing Renaissance Zone

Action

Due to delays in acquiring the land and modifications to the parcel numbers due to combinations and splits, the Company and Proliant Dairy Michigan, LLC (“Proliant”) request modification to the original approval to update the parcel numbers encompassing the Zone and to allow more time for development agreements to be executed. In addition, the Company and Proliant request the job creation and investment due date be changed from December 31, 2022 to April 30, 2023 in order to match the Company’s requirement under the Michigan Business Development Program performance-based grant that was approved by the MSF on November 27, 2018.

Background

On August 9, 2018, the MSF Board approved a recommendation to the State Administrative Board for the designation of an Agricultural Processing Renaissance Zone for the Company and Proliant at the project site in the city of St. Johns and Bingham Township for a term of 15 years, beginning January 1, 2019 and ending on December 31, 2033 conditioned on the execution of a development agreement between Company and the MSF, as well as between Proliant and the MSF, by December 7, 2018 or February 5, 2019 if the MSF Fund Manager authorized an extension of 60 days.

Due to administrative delays, the development agreement has not yet been executed between the parties.

Recommendation

MEDC Staff recommends that the MSF Board approve an amendment to the previous MSF Resolution 2018-115 as outlined in the attached Resolution and amend the job creation and investment due date from December 31, 2022 to April 30, 2023 (“Recommendation”).

MEMORANDUM

Date: February 26, 2019

To: Michigan Strategic Fund (“MSF”) Board

From: David Kurtycz, Business Development Project Manager

Subject: Morley Companies, Incorporated (“Company”)
Amendment to the Approved Michigan Business Development Program Grant Agreement

Request

The Company is requesting an amendment to the Michigan Business Development Program (“MBDP”) performance-based grant Agreement to extend the milestone deadlines and extend the term of the agreement.

Background

On July 24, 2018 the MSF approved a \$2,000,000 award for the Company under the MBDP. The Company proposed to open a new facility in the Saginaw County which would result in the creation of 525 Qualified New Jobs and \$5,175,000 in capital investment. Saginaw Future committed to assist the Company in the form of staff time and talent resources.

The Company’s customer has instituted a new computer system that has had significant problems. This has led to a delay in the rollout of some of their contracts until the issues are resolved. The Company anticipates being able to create the new jobs as outlined in the attached Term Sheet.

Recommendation

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

- a) Amend the July 24, 2018 approval for Morley Companies, Incorporated as outlined in the attached Term Sheet;
- b) All other aspects of the July 24, 2018 approval remain unchanged.

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

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: January 3, 2019

Company Name: Morley Companies, Incorporated ("Company" or "Applicant")

Company Address: One Morley Plaza
Saginaw, Michigan, 48603

Project Address ("Project"): Saginaw County

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 \$2,000,000 ("MBDP Incentive Award")
- **Base Employment Level** 1,835
- **Total Qualified New Job Creation:** 525
(above Base Employment Level)
- **Company Investment:** The Company anticipates investment of up to \$5,175,000 for computers & IT, furniture and fixtures, annual lease cost, leasehold improvements, or any combination thereof, for the Project.
- **Municipality supporting the Project:** Saginaw Future Inc. has agreed to provide staff, financial or economic assistance in support of the project.
- **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 \$1,523,000 Upon demonstrated creation of 400 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than January 31, 2019.
 - **Disbursement Milestone 2:** Up to \$477,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 125 additional Qualified New Jobs (for a total of 525 Qualified New Jobs) above the Base Employment Level, by no later than July 31, 2019.



- **Term of Agreement:** Execution of Agreement to January 31, 2020.

Proposed MBDP Incentive Amendment :

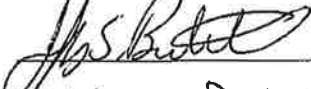
- **Disbursement Milestones:** The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award will be amended as follows:
 - **Disbursement Milestone 1:** Up to \$952,000 Upon demonstrated creation of 250 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than September 30, 2019.
 - **Disbursement Milestone 2:** Up to \$381,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 350 Qualified New Jobs) above the Base Employment Level, by no later than March 31, 2020.
 - **Disbursement Milestone 3:** Up to \$667,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 175 additional Qualified New Jobs (for a total of 525 Qualified New Jobs) above the Base Employment Level, by no later than November 30, 2020.

- **Term of Agreement:** Execution of Agreement to May 31, 2021.

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.

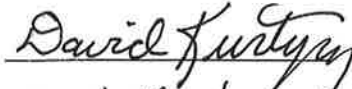
If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award Amendment for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by January 17, 2019, the MEDC may not be able to proceed with any recommendation to the MSF.

Morley Companies, Incorporated

By: 
Printed Name: Jeffrey S. Bertuleit
Its: Controller
Dated: 1/4/19

Acknowledged as received by:

Michigan Economic Development Corporation

By: 
Printed Name: David Kurtycz
Its: Business Development Project M
Dated: 1/16/2019

MEMORANDUM

Date: February 26, 2019

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

From: Erik Wilford, Business Development Project Manager

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

Request

The Company is requesting an amendment to its existing Michigan Business Development Program (“MBDP”) performance-based grant Agreement to add the related entities Stoneridge Control Devices, Inc. (“Stoneridge Control”) and Stoneridge Electronics, Inc. (“Stoneridge Electronics”) for the purpose of counting Base Employment and Qualified New Jobs.

Background

On March 22, 2016 the Michigan Strategic Fund approved a \$1,400,000 performance-based grant under the Michigan Business Development Program. The Company proposed to relocate their headquarter operations from Warren, Ohio to Novi, Michigan. The project involved the creation of 140 Qualified New Jobs and capital investment of up to \$5,150,700 in the City of Novi, Oakland County. On March 14, 2017, the Agreement was amended to extend milestone due dates by 1 year.

As of December 2018, the Company has created 56 Qualified New Jobs above the Base Employment Level and is in a position to collect on Milestone Two.

Stoneridge Control and Stoneridge Electronics are wholly owned subsidiaries of the Company. The Company included Stoneridge Control in its Base Employment headcount when applying for the MBDP grant but the entity was not included in the MBDP Agreement in error. The Company has undergone a reorganization since applying for the grant and requests that both entities are able to create eligible jobs. All jobs are physically located in Novi.

Recommendation

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

- a) Amend to allow Stoneridge Control Devices, Inc. and Stoneridge Electronics, Inc. to be added for the purpose of counting Base Employment and Qualified New Jobs.
- b) All other aspects of the approval remain unchanged.

MEMORANDUM

Date: February 26, 2019

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

From: Erik Wilford, Business Development Project Manager

Subject: The Kroger Co. of Michigan (“Company” or “Applicant”)
Amendment to Approved Michigan Business Development Program Grant Agreement

Request

The Company is requesting an amendment to its existing Michigan Business Development Program (“MBDP”) performance-based Grant Agreement to extend Disbursement Milestone 2 due date from December 31, 2018 to April 30, 2019.

Background

On June 27, 2017 the Michigan Strategic Fund approved a \$2,078,000 award for the Company under the MBDP (the “Grant”). The Company proposed to open a new dry-goods distribution center in Chesterfield Township, make investments and create jobs related to general warehousing and storage. The Project involves the creation of 377 Qualified New Jobs (“QNJ”) and capital investment of up to \$24,911,584 in the Township of Chesterfield, Macomb County.

Subsequently, the Company and the MSF entered into an agreement governing the terms of the Grant (the “Grant Agreement”), which requires the Company to create a certain number of QNJs, among other requirements, by specified due dates in order to receive disbursements of the Grant (each a “Disbursement Milestone”).

On January 23, 2018, the Michigan Strategic Fund approved an amendment to its existing agreement for the Company to include additional entities performing work at the project for purposes of QNJ creation. The grant was subsequently amended on May 22, 2018 to rectify a discrepancy in the reported baseline level of employment.

Most recently, there was an amendment approved on January 22, 2019 to include an additional entity performing work at the project for purposes of QNJs. This amendment inadvertently did not extend out the deadline for achievement of Disbursement Milestone 2 to allow for time to complete and submit the Disbursement Milestone 2 disbursement request, therefore causing the Company to be in default of the Grant Agreement. Approving this request will allow the Company to move forward and receive disbursement for Disbursement Milestone 1 as it works to finalize its disbursement request for Disbursement Milestone 2.

Recommendation

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

- a) Authorize the amendment of the Grant Agreement to extend the deadline to meet the requirements set forth in Disbursement Milestone 2 to April 30, 2019.
- b) All other aspects of the approval remain unchanged.

MEMORANDUM

Date: February 26, 2019

To: Michigan Strategic Fund Board (“MSF”)

From: Katie Adkins, Commercial Real Estate Investment Manager

Subject: Request for Approval of a Michigan Community Revitalization Program Other Economic Assistance-Performance Based Equity Agreement Consent Recommendation for 250 West Larned, LLC and Related Entities

Request

250 West Larned, LLC and Related Entities (“Company”) are requesting consent from the MSF under the terms of their Michigan Community Revitalization Program Other Economic Assistance Performance-Based Equity Agreement and any related ancillary agreements (“Agreement”). The amendment request dated December 3, 2018, includes a request for the MSF to consent to the refinancing of their existing \$18,000,000 senior loan with US Bank to a new \$22,250,000 interest-only, four-year term loan with Alliant.

Background

The Michigan Strategic Fund approved a \$5,840,000 MCRP Other Economic Assistance Performance Based Equity Award on October 28, 2014, with a reapproval on October 27, 2015, to the Company. The project, known as the Foundation Hotel, included the conversion of the historic Detroit Fire Department Headquarters and the adjacent vacant building into an integrated, modern luxury 100 room boutique hotel with a first floor full service restaurant and a small retail unit on approximately 91,200 square feet of property located at 234-250 W. Larned in Detroit.

The project closed on financing in March of 2016 and the historic renovation was completed and issued a Certificate of Occupancy in late September of 2017. Since opening, the hotel has performed well, showing for the 12 months ending October 2018, an average occupancy of 82.3%, with a higher average daily rate (ADR) and revenues, far exceeding initial projections. Construction financing in the amount of \$18,000,000 from US Bank is set to mature on March 1, 2019, unless a 12-month extension is requested by the Company and approved by the Bank.

In anticipation of the upcoming maturity date and in order to capitalize on the hotel’s performance, the Company has solicited and received a term sheet for refinance of the current \$18,000,000, increasing the loan by \$4,250,000 to \$22,250,000, from Alliant at interest only payments for up to four years. In line with the terms of the Agreement, the proceeds will be used to repay high-priced investor equity of the managing member capital investment of roughly \$2.35 million after unpaid accrued interest and expenses associated with the refinance, followed by a payment to the MSF applied first to accrued but unpaid base interest, then to accrued but unpaid additional interest, and then to principal. The MSF payment is anticipated to be approximately \$750,000 after payment of accrued interest.

The company is current with reporting requirements and submitted a payment of \$145,000 to the MSF in March of 2018 per the terms of the agreement.

Recommendation

The MEDC staff recommends approval of a consent request from the Company, which would allow for the existing \$18,000,000 senior loan with US Bank to be refinanced into a new \$22,250,000 interest-only, four-year term loan with Alliant with all other terms of the original agreement to remain the same.

MEMORANDUM

Date: February 26, 2019

To: Michigan Strategic Fund Board

From: Lynda Franke, Underwriting and Incentive Structuring Specialist

Subject: Request for Approval of a Correction to the Michigan Community Revitalization Program Grant Agreement - Diamond Place, LLC

Request

Diamond Place, LLC (“Company”) and MEDC staff are requesting approval of an administrative correction to the Diamond Place, LLC MCRP Performance-Based Grant Award (“Grant Award”) and the December 19, 2017 MSF Board approval.

Background

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

On December 19, 2017, the MSF Board approved an additional \$1,000,000 in the form of an MCRP Performance-Based Grant to the Company due to significant and unavoidable construction cost overruns totaling \$1,611,255. The approval of the Grant Award is attached to this briefing memo as Exhibit A.

The original project award was up to the lesser of 20% of Eligible Investment or \$2,826,000. The subsequent Grant Award was for \$1,000,000 to partially cover the additional \$1.6 million in cost overruns and was to be for up to 25% of the revised Eligible Investment amount or \$3,826,000. Although, this information was outlined in the presentation to the MSF Board, it was not identified in the briefing memo, and the Grant Agreement was executed with an incorrect percentage of 20%. It should also have been noted that up to 25% of Eligible Investment for this project was outside of CRP parameters, which limit the percentage of eligible investment award for non-historic projects to 20%.

The project has been successfully completed with an Eligible Investment total of \$15,393,360 and includes a very well-received “urban style” Gordon Food Service grocery store. The Company is current with reporting requirements.

Recommendation

The MEDC staff recommends approval of an administrative correction to the Grant Award from 20% to 25% of Eligible Investment and a waiver of the MCRP Incentive Parameter requirement that requires an award exceeding 20% of “Eligible Investment” be restricted to historic properties.

EXHIBIT A

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

MEMORANDUM

Date: December 19, 2017

To: Michigan Strategic Fund Board

From: Ryan Kilpatrick, Community Assistance Team Specialist
Julius L. Edwards, Manager, Underwriting and Incentive Structuring

Subject: Diamond Place LLC – Request for Approval Michigan Community Revitalization Program Award Amendment - Addition of Grant

Request

Diamond Place LLC is requesting approval of an amendment to the Michigan Community Revitalization Program (“MCRP”) Award approved on September 27, 2016 by the MSF Board in the amount of \$2,826,000 (the Original MCRP Award). The request is to provide a \$1,000,000 MCRP Grant Award in addition to the Original MCRP Award (the “MCRP Amendment Request”).

Background

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

During construction, the project faced unforeseen and considerable costs associated with the excavation and preparation of the site. The underground water table caused unanticipated complications and significant additional expenses related to dewatering and the removal of contaminated soils and water from the site. This work also caused a delay in the timing of foundations and concrete. In all, these unforeseen costs increased the budget by \$1,611,255 and left the developer unable to complete the buildout without additional support. The development team will be contributing more than \$650,000 in additional equity beyond the \$1,833,734 that was planned for when the Original MCRP Award was approved. This additional equity contribution will drive the investor returns well below most expectations for similar projects.

\$750,000 of the additional \$1,000,000 in MCRP monies will be utilized to offset a portion of the additional expenses related to dewatering and mitigation of environmental conditions on the site. These activities include the following:

- Export of contaminated soils to a regulated Type II facility
- Import of sand fill material
- Water discharge to the municipal system
- Installation of engineered Geopiers to counteract the instability of underground soils

The developer has also been challenged in securing a grocery tenant, which is required by the New Market Tax Credit award agreement. Until the developer has leased the space to a grocer, the developer is required to pay into a grocery lease reserve account held by the senior lender. Feedback from prospective tenants is that opening a new location involves prohibitively high capital costs. The developer has determined that in addition to the lease reserve account, more funds are required to help secure a grocery tenant. The remaining \$250,000 of the additional \$1,000,000 in MCRP monies will be utilized to offset a portion of the grocery tenant capital and build-out costs. The project development team has a signed grocery pre-lease agreement, and are working toward a signed lease for the ground floor grocery space.

The following conditions will be placed on disbursement of the additional \$1,000,000 in MCRP funds:

- Compliance with the terms of the Original MCRP Award
- Full spend-down of the construction contingency
- Project completion
- A signed grocery lease acceptable to the lenders of the development
- Compliance with all requirements of the MCRP Grant Agreement

Recommendation

The MEDC staff recommends approval of the MCRP Amendment Request as presented above.

MEMORANDUM

Date: February 26, 2019
To: Michigan Strategic Fund Board
From: Aileen Cohen, Capital Project and Portfolio Manager – Capital Access
Subject: MyLocker Properties, LLC (and/or related borrowers/guarantors)
MBGF – Loan Participation Program - Amendment

Request

To allow Invest Detroit (“Lender”) to amend the loan term and covenants for MyLocker Properties, LLC (“MyLocker” or “Company”).

Background

Company Overview

MyLocker was established by founder and President, Robert Hake. MyLocker is an online marketer of custom apparel and home goods. However, the founder and president, Robert Hacke, refers to the Company as a technology company because they have developed proprietary software that provides automation from start to finish of the product customization process. MyLocker has additional plans for growth and expects to see an increase in revenue of \$22 million for 2018.

MSF Investment Summary

On December 18, 2018, the MSF provided participation support on two separate Draw to Term Construction Loans (“Loans”) of up to \$4,225,000 each, for a total of \$8,450,000. The Draw to Term Construction Loans are held at Invest Detroit (“Lender”) for 49.9% each. The purpose of the Loans was to demolish an old building and construct a new two-story logistics and production facility.

The loan originally included a minimum Debt Service Coverage (“DSC”) ratio of not less than 1.25:1.

Through negotiations between the Lender and Chase Bank in regard to a proposed intercreditor agreement, the Lender has determined that the Loans will now be subject to a Fixed Charge Coverage Ratio Covenant (“FCCR”) instead. The FCCR will be set at a level acceptable to the Lender and the Capital Services Team staff. Fixed Charge Coverage Ratio is defined as:

The ratio determined as of the end of each fiscal quarter of the borrower, of (a) EBITDA for such period minus unfinanced capital expenditures for such period to (b) Fixed Charges, all calculated for the borrower and its subsidiaries on a consolidated basis in accordance with GAAP.

Fixed Charges means, for any period, without duplication, cash Interest Expense, plus scheduled principal payments on indebtedness made during such period, plus expense for taxes paid in cash, all calculated for the borrower and its subsidiaries on a consolidated basis.

In addition to the Fixed Charge Coverage Ratio, the Lender has also amended the term of the Loans from 60 months to 96 months consisting of 18 months of interest only and 78 months of principal and interest payments based on a 20-year amortization schedule.

Request Rationale

Chase Bank currently has approximately \$13 million of existing debt with MyLocker. Invest Detroit is negotiating an intercreditor agreement with Chase Bank so that they may facilitate the draw to term construction loans for the Company. Through these negotiations it has been determined that the Fixed Charge Coverage Ratio is a more appropriate covenant and that the loan term will be longer to facilitate the Company's repayment abilities to both creditors.

Recommendation

The MEDC Staff recommends approval of the request stated above.

MEMORANDUM

Date: February 26, 2019
To: Michigan Strategic Fund (“MSF”) Board Members
From: Matt Chasnis, Business Development Project Manager
Subject: RPM Freight Systems, LLC (“Company” or “Applicant”)
Michigan Business Development Program (“MBDP”) Grant Request

Request

This is a request from the Applicant for a \$3.75 million MBDP Grant, as outlined in the attached Term Sheet (“MBDP Request”). This project involves the creation of 500 Qualified New Jobs, and a capital investment of up to \$4,911,180 in the City of Royal Oak, Oakland County.

Background

The Applicant, founded in 2013 and headquartered in Royal Oak, Michigan, has become one of the fastest growing non-asset based vehicle logistics companies in North America. The Company provides logistics support including services associated with moving freight, vehicles, bulk, and specialty or oversized loads. Major industries that the Company services include automotive, agriculture, plastics and resin, paint and solvents, retail, consumer produce, chemicals, and food and beverage. The Company has developed technology that utilizes a hub and spoke network for moving freight, estimated to reduce cost by 20% and cycle-time by 30% compared to traditional freight movement. The Company currently employs nearly 150 individuals at its HQ office and occupies approximately 15,000 square feet of office space.

The Company has grown tremendously since its foundation and plans to reach \$1 billion in annual revenue by 2025. In order to sustain the rapid growth, the Applicant plans to hire an additional 500 employees over five years which are projected to have a total compensation package of \$100,000. The project will result in close to \$5 million of private investment. The Company has an opportunity to accommodate short-term hiring goals by leasing additional space in its current building but will ultimately necessitate a larger building to reach full employment. The Company will continue to monitor the real estate market for existing redevelopment opportunities as they become available.

The Company is also considering Nashville, Tennessee for this project. The Company has identified office opportunities in the greater Nashville area and believes there is existing space that will accommodate the growth plan. The eventual move to a permanent location in Michigan will increase project costs that the Company won’t incur if the project were to happen in the competing state of Tennessee. The support of the proposed incentives will assist the Company in expediting headcount growth and identifying office opportunities suitable for the long-term growth.

Other state and local support:

In addition to MSF support, the City of Royal Oak anticipates approval of reduced or no-cost parking for the Applicant’s employees.

Recommendation

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

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

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

Date: February 7, 2019


Company Name:	RPM Freight Systems, LLC and/or its affiliates and subsidiaries.
Project Location:	Royal Oak, Michigan
MBDP Incentive Type:	Performance Based Grant
Maximum Amount of MBDP Incentive:	Up to \$3,750,000
Base Employment Level:	At least 146
Qualified New Jobs:	At least 500 in Michigan
Municipality Supporting Project:	The City of Royal Oak has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs:	October 3, 2018 (Date of signed offer letter)
Term of the Agreement:	May 30, 2024. However, in the event the Company receives disbursement of the maximum amount of MBDP Award prior to May 30, 2024, the term of the Grant will be 6 months after the final disbursement.
Milestone Based Incentive:	<p>Disbursements will be made over a five year period and will be performance based on job creation as follows:</p> <p>On November 30th of each year, the Company may request disbursement equal to \$7,500 for each Qualified New Job (up to 500 Qualified New Jobs and not to exceed the total amount of \$3,750,000) upon demonstration that the base employment level and any Qualified New Jobs for which disbursements have previously been made have been maintained, and provided that:</p> <ol style="list-style-type: none">1. On November 30, 2019, the Company has created a minimum of at least 50 Qualified New Jobs and submits documentation verifying commitment of local support;2. On November 30, 2020, the Company has created a minimum of 100 Qualified New Jobs above the Base Employment Level; and3. On November 30, 2021, the Company has created a minimum of 150 Qualified New Jobs above the Base Employment Level; and4. On November 30, 2022, the Company has created a minimum of 200 Qualified New Jobs above the Base Employment Level; and5. On November 30, 2023, the Company has created a minimum of 500 Qualified New Jobs above the Base Employment Level;

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

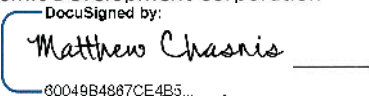
The detailed numbers, and statutorily required repayment and reporting provisions, will be reflected in the subsequent transaction documents.

Acknowledged as received by:

RPM Freight Systems, LLC

By: 
Printed Name: Barry Spilman
Its: CEO

Michigan Economic Development Corporation

By: 
Printed Name: Matthew Chasnis
Its: Business Development Projects Manager

MEMORANDUM

Date: February 26, 2019
To: Michigan Strategic Fund (“MSF”) Board Members
From: Jeremy Webb, Sr. Business Development Project Manager
Subject: US Roof, LLC (“Company” or “Applicant”)
Michigan Business Development Program (“MBDP”) Grant Request

Request

This is a request from the Applicant for a \$3,340,000 MBDP Grant, as outlined in the attached Term Sheet (“MBDP Request”). This project involves the creation of 334 Qualified New Jobs and a capital investment of up to \$13,885,000 in Wayne or Oakland County.

Background

The Company was created in 2018 as a subsidiary of Inteva Products, LLC (“Parent”). The Parent is a global automotive supplier providing automakers with innovative, reliable, environmentally friendly products that enhance vehicle quality, safety and performance. Although formed in 2008, the Parent has a rich international history, tracing its roots back to 1872. Today, the Parent has about \$3,000,000,000 in annual sales in Closure Systems, Interior Systems, Motors and Electronics, and Roof Systems. The Parent, headquartered in Troy, Michigan, employs approximately 15,000 people in 50 locations, spread over 18 countries. The Company runs the Roof Systems business which was founded in 1872 as Traugott Golde. This supplier of carriage components began the supply of sunroof components in 1904 and automotive sunroofs in 1927. In 1950, its successor company, Golde GmbH, became the first supplier of sliding sunroofs, and in 1973, developed the world's first slide and tilt module. In 1973, Golde was purchased by Rockwell Automotive, the predecessor to ArvinMeritor after which it would create the first integrated, multi-panel sunroof module to become a leader in large opening sunroof systems. Mass production of glass sunroofs as a complete system began in 1985 and major innovations have since followed. Roof Systems became an Inteva product line in January 2011 after Inteva acquired the Body Systems division of ArvinMeritor. In 2012, the Parent launched its first innovative modular panoramic roof system for premium vehicles.

The Company indicated that the market projections show a significant consumption in the Midwest and localized supply is required for the larger roof panels and systems. The Company was awarded a flagship program from a large, Michigan automaker and needs to increase its capacity in order to meet its contractual obligations. The Company is looking to lease a 70,000 to 100,000 square feet facility in Oakland or Wayne County that will encompass an office, a tech center with lab space, production and warehousing.

Michigan is in competition with Toledo, Ohio for this project. The Company looked at Northeast Indiana, Northwest Ohio and Southeast Michigan with a focus on sites with proximity to major highways. The top competing site is in the Overland Industrial Park in Toledo which is owned by the Toledo-Lucas County Port Authority. It purchased the property in 2010 after the site operated for more than a century as an automobile manufacturing hub, Toledo Jeep. This site has been heavily subsidized with public dollars and offers an attractive lease rate and no real estate tax. In addition, the Company indicated the Toledo area has more favorable labor costs than the Detroit area according to the Bureau of Labor Statistics for the positions needed. Incentive assistance is needed to help offset the increased cost of doing business in Michigan when compared to Ohio.

Recommendation

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

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

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

Date: February 13, 2019

Company Name:	US Roof, LLC and/or its affiliates and subsidiaries.
Project Location:	Auburn Hills or Livonia
MBDP Incentive Type:	Performance Based Grant
Maximum Amount of MBDP Incentive:	Up to \$3,340,000
Base Employment Level:	At least 33
Qualified New Jobs:	At least 334 at the Project Location
Municipality Supporting Project:	Auburn Hills or Livonia has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs:	Date of MSF Board approval
Term of the Agreement:	August 31, 2024
Milestone Based Incentive:	Disbursements will be made over a 5 year period and will be performance based on job creation as follows: Milestone 1: \$500,000 for the creation of 50 jobs. Milestone 2: \$1,000,000 for the creation of 100 jobs. Milestone 3: \$360,000 for the creation of 36 jobs. Milestone 4: \$750,000 for the creation of 75 jobs. Milestone 5: \$730,000 for the creation of 73 jobs.

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

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

Acknowledged as received by:

US Roof, LLC

By:



Printed Name:

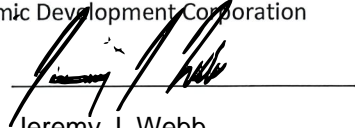
R. TAD MAGRUDER

Its:

ROOF SYSTEMS PRODUCT
LINE DIRECTOR, AMERICAS

Michigan Economic Development Corporation

By:



Printed Name:

Jeremy J. Webb

Its:

Sr. Business Development Project Manager

MEMORANDUM

Date: February 26, 2019

To: Michigan Strategic Fund

From: Nadia Abunasser, Federal & Development Projects Director

Subject: FY 2019 Business Incubator Program Award Recommendations

Action

The MEDC requests that the MSF Board approve awards in the amount of \$600,000 to the following 5 organizations to provide business incubator services to early stage technology companies and institutions for commercializing competitive-edge technologies:

- Ann Arbor SPARK (SPARK) - Ann Arbor and Ypsilanti, MI
- The Enterprise Group of Jackson, Inc (EGJ) - Jackson, MI
- Automation Alley (AA) - Troy, MI
- TechTown Detroit (TT) – Detroit, MI
- The City of Grand Rapids SmartZone LDFA (GRSZ) – Grand Rapids, MI

Background

Since 2009 the Michigan Strategic Fund (“MSF”) has provided funding to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs by capitalizing on the State of Michigan's growing base of high technology industry, its skilled labor force, its nationally recognized university system, its SmartZones, and its business incubators. The Michigan Economic Development Corporation (“MEDC”) provides administrative services for the business incubator grants.

On December 18th, 2018 the MSF Board approved:

- 1) Allocation of \$668,792 for the program;
- 2) Approval of the purpose, eligibility and timeline for the RFP;
- 3) Appointment of the JEC listed above; and
- 4) Approval of the scoring and evaluation criteria appointing the JEC and approving the scoring criteria

Results

The MEDC received 5 proposals totaling \$700,000 in response to the RFP. The JEC reviewed the proposals and decided to fund all proposals that received a consensus score of 70 or higher.

Of the 5 proposals, 5 were recommended for funding totaling \$600,000.

- **Ann Arbor SPARK (\$150,000 over 1 year):** The funding will be used to pay the salary and expenses of the key person who will work out of the SPARK East Innovation Center and will have a primary focus on gateway activities in eastern Washtenaw County; and a portion of the salary and expenses of a key person who will work out of the SPARK Central Innovation Center. The funding is contingent on the MEDC approving refined milestones and metrics.

- **The Enterprise Group of Jackson, Inc (\$150,000 over 1 year):** The Enterprise Group of Jackson (manager of the Jackson SmartZone LDFA) has contracted with the Lean Rocket Lab to provide high tech entrepreneurs the needed support in the Jackson area. Through this grant they will pay the salaries of two key people at the Lean Rocket Lab to act as the Gateway Representatives for their SmartZone. The funding is contingent on the MEDC approving refined milestones and metrics.
- **Automation Alley (\$100,000 over 1 year):** The funding will be used to pay the salary of the Gateway Representative identified in the grant proposal, John Bedz, who will spend 75% of his time serving the high-tech entrepreneurs in the Automation Alley SmartZone. The funding is contingent on the MEDC approving refined milestones and metrics.
- **Techtown Detroit (\$100,000 over 1 year):** The funding will be used to pay the salary of a to be hired Entrepreneur in Residence to act as the Gateway Representative for the Techtown SmartZone. The funding is contingent on the MEDC approving the Gateway Representative and refined milestones and metrics.
- **The City of Grand Rapids SmartZone LDFA (\$100,000 over 1 year):** The funding will be used to pay the salary of the Gateway Representative at a yet to be determined not-for-profit incubator/accelerator in the Grand Rapids SmartZone. The funding is contingent on identifying an eligible incubator/accelerator by May 1st, 2019, and the MEDC's approval of the contractor (accelerator/incubator) along with refined milestones and metrics.

Recommendation

MEDC staff, based on the recommendation of the Joint Evaluation Committee, requests that the MSF Board approve the following awards:

- \$150,000 - Ann Arbor SPARK (SPARK) - Ann Arbor and Ypsilanti, MI
- \$150,000 - The Enterprise Group of Jackson, Inc (EGJ) - Jackson, MI
- \$100,000 - Automation Alley (AA) - Troy, MI
- \$100,000 - TechTown Detroit (TT) – Detroit, MI
- \$100,000 - The City of Grand Rapids SmartZone LDFA (GRSZ) – Grand Rapids, MI

\$600,000 - Total

MEDC staff also recommends that the awards be made with the option to extend the grant for up to an additional four years and allocate additional funding, at the discretion of the MSF; and that the MSF Board delegate authority to the MSF Fund Manager, with the assistance of MEDC staff, to negotiate and execute the final terms and conditions and all necessary agreements with awardees.

Exhibit A- Scores of Proposals (Sorted in Descending Order of Consensus Score)

Organization	Score	Requested Amount	Recommended Award	Reason for Reduction
Ann Arbor SPARK	90.25	\$150,000	\$150,000	-
The Enterprise Group of Jackson	85.25	\$150,000	\$150,000	-
Techtown Detroit	83.75	\$150,000	\$100,000	Did not give sufficient justification for the need of a second Gateway Rep.
Automation Alley	75	\$150,000	\$100,000	Did not give sufficient justification for the need of a second Gateway Rep.
The City of Grand Rapids SmartZone LDFA	71	\$100,000	\$100,000	

MEMORANDUM

Date: February 26, 2019

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 Computing Innovation Hub Application

Action

The MEDC requests that the MSF Board approve the request from Wayne State University as an Advanced Computing Innovation Hub within the MTRAC Statewide Program. The MEDC also requests the allocation of \$250,000 from the 21st Century Jobs Fund 2019 MTRAC program budget as funding for 1 year for this Innovation Hub.

Background

At its April 26, 2016 meeting, the MSF approved the creation of the MTRAC Statewide Program, Program Guidelines and Scoring Criteria 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 commercialization of competitive edge technologies in the 5 key areas.

At its October 23, 2018 meeting, the MSF approved two updates to the MTRAC Program Guidelines related to the establishment of the Innovation Hubs. The first update was to eliminate the Bio-Medical Sciences Innovation Hub and recognize those activities as having synergies with the Life Sciences Innovation Hub. The second update was to create an Advanced Computing Innovation Hub – maintaining Innovation Hubs in five key technology areas of Life Sciences, Ag Bio, Advanced Transportation, Advanced Materials and Advanced Computing.

The MEDC program administrator received one application for the Advanced Computing Innovation Hub from Wayne State University. The application was reviewed and scored, based on the approved scoring criteria as attached. Wayne State University meets the criteria for an Innovation Hub as outlined in the approved and updated Program Guidelines.

Wayne State University has managed a Bio-Medical MTRAC program, supporting Wayne State faculty, for the past 3 years.

In their most recent progress report (October 2018) the current WSU MTRAC Program reported the following metrics cumulative to date (7/2015-10/2018):

Metrics	Actual to Date through 9/30/18
Start-ups	2
Jobs Created	8
Follow on Funding	\$5.7M
Licenses to Industry	2
Proposals Reviewed by Oversight Committee	32
Projects Funded	13

Recommendation

MEDC Staff recommends that the MSF Board approve the following, subject to completion of a civil and criminal background check under the MSF Background Review Policy:

- 1) Approval of Wayne State University Application for the Advanced Computing Innovation Hub for the MTRAC Statewide Program;
- 2) Allocation of \$250,000 from the 2019 21st Century Jobs Fund MTRAC program budget for the Advanced Computing Innovation Hub for 1 year.

**2016 MTRAC Statewide Program – Innovation Hub
FULL PROPOSAL APPLICATION FORM
MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

TO: **Denise Graves**, University Relations Director, Entrepreneurship and Innovation
Michigan Economic Development Corporation
300 N Washington Sq
Lansing, MI 48913
(P) 517-599-5123
E-mail: mtrac@michigan.org

Name of Applicant Organization: Wayne State University		
Address: 5057 Woodward, Suite 6400		
City: Detroit	State: MI	Zip: 48202
Contact Name: Joan C. Dunbar		Title: Associate Vice President for Technology Commercialization
Phone: (313) 577-1912	Email: aj0824@wayne.edu	
EIN/Vendor Number: EIN: 38-6028429		
Requested Funding: \$ 500,000		
Timeframe for requested funding: April 1, 2019 to March 31, 2021		
Amount of cash matching funds: \$ 500,000		
INNOVATION HUB TITLE: Advanced Computing Technologies		
INNOVATION HUB TECHNOLOGY AREA OF FOCUS: Advanced Computing Technologies		
Institutional Partners: College of Engineering, School of Medicine, Mike Illitch School of Business, Henry Ford Health System		

EXECUTIVE SUMMARY: *(500 words or less)*

Applications of Advanced Computing technologies—Big Data Analytics, Artificial Intelligence and Machine Learning—are driving economic growth and societal benefits across multiple industry sectors. The Detroit region, home to 17 Fortune 500 companies, is rapidly embracing innovation and entrepreneurial opportunities enabled by these technologies. Wayne State University, in the heart of Detroit, has extensive ties to local industry, and the University’s Big Data Analytics conference, now in its 6th year, attracts over 500 key industry leaders across multiple sectors. WSU is also significantly investing in faculty recruitment, advanced computing infrastructure and coordinating its efforts across traditional academic

silos to concentrate and prioritize big data analytics, artificial intelligence and machine learning as key research platforms.

Over the past five years, WSU has transformed the Technology Commercialization office from a traditional transactional function into a dynamic, industry-focused unit with deep expertise in translating the efforts of talented researchers into meaningful products that benefit society. In 2013, the WSU Technology Commercialization office launched the “Technology Development Incubator” (TDI) as an integrated approach to stimulate innovation and commercialization at WSU. The TDI provides market, technical and business model validation of innovative, early stage technologies derived from the academic research enterprise. An extensive network of advisors/mentors from industry and the investment community provides critical guidance on the commercial opportunities as well as assistance in the development of commercialization roadmaps and the prioritization for funding. The complementary “Innovation Fellows” educational program provides a talent resource pipeline to assist in the market assessments and validate the value propositions.

Building on the experience and success of the TDI, WSU was successful in its 2015 application for an MTRAC award to support the translation and commercialization of technologies specifically related to medical devices and biomedical materials. By integrating the TDI and MTRAC activities, WSU has created a cohesive and comprehensive infrastructure to maximize the benefit of each of the programs. The TDI has awarded 35 projects over \$850,000 in funding. Six startup companies have been launched and over \$8.8M in follow-on funding has been secured. The WSU MTRAC biomedical program has met all milestones.

WSU is proposing to serve as the MTRAC Advanced Computing Hub. With the foundation and infrastructure of the current TDI and MTRAC programs, extensive ties to regional industry, a growing partnership with the Henry Ford Health System (as both a consumer and a producer of such healthcare related ACT applications), and the expanding collaboration with the Mike Illitch School of Business for advancing start-up and entrepreneurial ventures, WSU is well positioned to lead the Hub. These networks will provide access to highly qualified oversight committee members, industry liaisons and innovation resources necessary to drive the State’s advanced computing technologies toward successful commercialization. WSU is also providing a 1:1 cash match (\$250K/yr for two years) in addition to “in-kind” matches to support the infrastructure of the Hub.

PROGRAM SUMMARY: (5 pages or less)

1. Technology Focus Area

Advanced Computing Technologies (ACT), including artificial intelligence (AI), big data analytics, and deep learning (DL), is a technology platform spurring economic growth and development across numerous industry sectors including healthcare, cybersecurity, fintech, advanced manufacturing, communications, mobility and transportation. The economic impact of the application of the technologies is reflected in the recent exponential growth in the global AI market with a projected five-year (2018-2023) CAGR of nearly 50% across multiple industry sectors. The Deep Learning healthcare market alone is expected to reach \$36 billion by 2025.

The Detroit region is poised for growth and innovation in the development and application of ACT. The expanding focus of the auto industry on mobility, connectivity and autonomous vehicles is driving the development of the enabling digital infrastructure. Both Ford Motor Company and General Motors are actively investing in development of artificial intelligence platforms through partnerships and investments in start-up companies. Cybersecurity, critical to all sectors, not the least automotive, finance and health, is also creating opportunities in the Detroit region as exemplified by recent location of Duo Security and the Microsoft Technology Center in the city and the opening of the Accenture Detroit (Livonia) Innovation Hub. Local and regional healthcare providers are also seeking big data analytics and AI tools to provide value-based healthcare. Entrepreneurial services and incubators specifically focused on ACT have launched or are soon to launch in Detroit, including PlanetM, the Fintech Consortium and Techstars Detroit. Tech Town, Next Energy, Automation Alley, and OU Inc. are creating a vibrant community in Detroit for innovative start-ups. Events such as TiE, Ignite to Disrupt (2018) and the upcoming IoT Tech Connect attract national/international attention to the start-up and partnership opportunities of ACT in Detroit.

Through extensive ties to the region and its location in the heart of Detroit, WSU is primed to capitalize on the emerging opportunities. Since 2014, WSU has been steadily building a comprehensive industry and academic network to support innovative research, partnerships and the application of new technologies in advanced computing and big data analytics. Wayne State University leads the Business Analytics spoke for the *National Science Foundation's Midwest Big Data Hub*. The annual *Big Data Analytics* summit, led by WSU, attracts more than 500 participants including key industry leaders from multiple sectors.

Comprehensive initiatives currently in place at WSU include Big Data Analytics applications in Mobility, Cyber Security, Edge Computing and Healthcare Data Analytics. The WSU CAR lab exemplifies the vision of connected and autonomous driving and accordingly is engaged in the development, integration and implementation of edge computing, communication systems, data analytics, secure trusted execution environment, privacy preservation models and tools. Dr. Weisong Shi, the Director of the Car Lab was recently recognized as one of only seven international recipients of the Facebook Hardware and Software Systems Research Award in 2018 for his innovative edge computing research.

WSU interdisciplinary research teams have established collaborations with multiple industry partners, including Facebook, IBM and Intel, plus key players in the Detroit area, including Henry Ford Health System, Goodyear, Dominos, Magna, Urban Science, and the City of

Detroit. Further, WSU investigators are engaged in developing the enabling technologies to build future energy-efficient computing systems ranging from mobile devices to ultra-dense servers for data centers.

Emerging Opportunities. As an institutional priority, the Office of the Provost recently committed \$3M for AI and Big Data Analytics. The investment includes research and faculty recruitment as well as the expansion of the institutional advanced computing infrastructure. The WSU School of Medicine has further invested \$1M in the “Big Idea” based on Big Data and AI to correlate health, socioeconomic and demographic data to improve clinical interventions and health outcomes and reduce health disparities in the Detroit region. A collaboration between Dr. Philip Levy, MD, WSU Assistant VP for Translational Sciences and Clinical Research Innovation, and Microsoft is integral to this project. With the recently announced affiliation between WSU and Henry Ford Health System (HFHS), it is anticipated that there will be further expansion of the interdisciplinary collaborations between WSU and HFHS, particularly in health care analytics.

WSU Research Funding in Advanced Computing

Since 2015, Wayne State University researchers have secured over \$10M in Federal/State grant funding, over \$750,000 in industry sponsored and foundation research dollars, and over \$1.5M in collaborative projects with other academic institutions in the areas of ACT and Big Data Analytics applications. There are currently over 25 active sponsored research projects in the tech area spanning multiple departments across the university.

2. Experience/Expertise in Tech Transfer in Advanced Computing

WSU has broad expertise in tech transfer support of ACT. The Technology Commercialization (TC) office leadership team has extensive industry experience, crucial for developing commercialization and licensing strategies and developing industry relationships. Over the past five years, Assistant VP Joan Dunbar has created an infrastructure of complementary academic and industry expertise, including the TC innovation programs (that rely heavily on industry and investor insight), thus transforming the range of services and value delivered to faculty inventors by the TC Office.

In support of the ACT MTRAC hub, WSU anticipates the recruitment a licensing professional with specific domain expertise in ACT. The appointee will work closely with other members of the TC team who have expertise in specific sectors such as healthcare and mobility.

With the projected growth, economic and societal impact of ACT, WSU has committed to aligning the resources and expertise of the TC Office to capitalize on the innovative academic research in this technology space. Although ACT is emerging in both academia and the private sector, WSU has already nurtured technologies as a pipeline for the MTRAC program. These technologies include public safety threat detection, reliability in network sensing and control, and medical image analysis. Recent early stage WSU start-up successes in ACT include E2i, a data driven company focused on Energy Emissions Intelligence (E2i). The technology empowers facilities to reduce electricity emissions and costs. Artificial intelligence and deep learning is the underlying technology for Serapec, a point of care device for pathogen detection. Seraph Biosciences, which launched in 2015 to commercialize the device, has raised more than \$6M in seed funding and has secured a strategic partnership for veterinary applications. Newly launched **SHARENOMY** is a social

impact venture serving under-banked micro-enterprises with block chain-based artificial intelligence.

3. Key Program Personnel

- *Joan Dunbar, PhD*: Associate Vice-President Technology Commercialization and current PI of the WSU Biomedical MTRAC. Dr. Dunbar will serve as the PI of the proposed MTRAC Advanced Computing Hub
- *Bramdon Stawiasz*: Project Manager, Technology Development Incubator – Proof of Concept funding program; Director of the Innovation Fellows Program and liaison with the Mike Illitch School of Business Innovation and Entrepreneurship programs.
- *Scott Olson*: Commercial Program Director, WSU Biomedical MTRAC and WSU liaison to MTRAC Hubs
- *Ed Kim*: WSU TC Mentor in Residence. Mr. Kim has extensive experience in new technology development, innovation, commercialization and venture investment including start-ups based on Machine Learning and Predictive Analytics for intelligent manufacturing, healthcare big data analytics and fintech platforms.
- *Dennis Blanchette*: WSU TC Mentor in Residence, Expert in Software Platform Development

Key Academic Champions:

- *Philip Levy, MD*: WSU Asst VP, Translational Sciences and Clinical Research Innovation
- *Babu Chinnam, PhD*: Professor, Dept of Industrial & Systems Engineering; Director of the Big Data & Business Analytics Group; Director, Data Science & Business Analytics MS Program; Business Analytics NSF's Midwest Big Data Hub
- *Weisong Shi, PhD*: Professor, Dept. of Computer Science, Program Director of CPS Program, Director of the CAR Lab
- *Ming Dong, PhD*: Professor, Dept. of Computer Science, Co-Director, Data Science and Business Analytics Program, Big Data & Business Analytics Group

4. Tech Transfer Leadership/Experience

Joan Dunbar, PhD: Associate VP Tech Commercialization: In her role of AVP, Tech Commercialization, Dr. Dunbar is responsible for overseeing all activities of the WSU Technology Commercialization Office including the mining, protection, value creation and licensing of the intellectual property assets of the university. Previously founding director of the Office of Biotechnology Development and Biomedical Innovation in Wayne State's School of Medicine, Dr. Dunbar established a new enterprise and infrastructure to promote and facilitate commercial translation of academic research by providing critical outreach and counseling to faculty on invention disclosures, intellectual property and technology commercialization. She created one of the first "Business of Biotech" curriculum programs in the nation that focused on engaging graduate students and postdoctoral fellows in innovation and entrepreneurship. Upon her appointment as AVP in 2013, she expanded these programs with \$2.5M funding from the New Economy Initiative to develop the Proof-of-Concept Technology Development Incubator and the Innovation Fellows Program. She has further leveraged state funding programs such as MTRAC and the Tech Transfer Talent Network to expand the gap funding and mentoring infrastructure to support and create value for early-stage technologies and so catalyze commercialization and start-up ventures.

5. Policy and Processes Conducive to Commercialization

WSU, akin to other academic research institutions, and consistent with the Bayh-Dole Act, generally retains ownership of the Intellectual Property developed by its employees. Nonetheless, WSU investigators are supported in their engagement in technology commercialization and WSU has one of the most favorable inventor royalty revenue distribution policies compared to other national universities. Faculty entrepreneurship and participation in start-up companies is encouraged and nurtured in accordance with all applicable university and conflict of interest policies. In addition to the university policies, TC continues to expand and support the engagement of the faculty:

- a) Outreach and education: Seminars and workshops including the “Conversations on Commercialization” breakfast series and TC101 basics for inventors. TC actively recruits industry, venture and start-up experts to lead the discussions. TC also supports faculty attendance at industry and venture meetings.
- b) Provides assistance to the faculty, including the engagement of mentors, to compete for iCorps and related federally funded programs. TC was instrumental in the receipt by WSU of the first NSF iCorps, NIH C31 and NIH Niche Assessment programs. The unit continues to support faculty on translational research and SBIR/STTR proposals.
- c) Mentorship: TC is committed to facilitating faculty engagement with mentors on product development, market assessment, company formation and early stage funding.
- d) Innovation Fellows: TC sponsors the Innovation Fellows Program aimed to engage postdoctoral associates and graduate-level students in the process of commercialization by taking a hands-on approach to technology development, performing marketing assessments, developing commercial roadmaps, and preparing marketing documents centered around WSU technologies.

6. Past experience with MTRAC/Implementation

WSU has managed the Biomedical MTRAC for the past three years from within its Technology Commercialization Office. The Commercial Program Director has served both as operations manager of the MTRAC and as WSU's liaison to the MTRAC Hubs for the University. In addition, he sits on the review committee for the Life Sciences KickStart program. These experiences form the basis for WSU's approach to the Advanced Computing Technologies hub.

Marketing: The WSU ACT hub will create a website and marketing collateral to promote its services to eligible projects. Hub representatives will promote the annual funding cycle early in the calendar year to eligible institutions through direct email, statewide press releases and social media. For doctoral degree granting academic institutions, the Hub will present information sessions (in person or via webinar), working in tandem with the local Hub staff or technology transfer offices.

Coordination: As is currently done among the Hubs, the WSU Hub will rely on formal and informal means to coordinate with sponsoring institutions. Formally, the Hub will require sign-off by the sponsoring institution's technology transfer office and evidence of the required matching funds. Informally, the Hub will reach out to sponsor staff during the marketing activities, to help facilitate early guidance of prospective projects.

Implementation: WSU will recruit an Oversight Committee comprised of industry professionals with domain expertise in advanced computing applications in order to guide

funding decisions, assist in project development, and provide ongoing project guidance and support.

7. Integration/Collaborations with other Commercialization Programs:

Two innovation related programs within WSU will significantly interface with the Hub:

a) The WSU Technology Development Incubator (TDI) was launched in 2012 by the office of Technology Commercialization to provide a comprehensive solution to the cultural, technological and financial challenges associated with the translation of innovative early stage technologies from academia to the marketplace. The objective of the Incubator is to provide qualified technologies with the support necessary to undertake prototype development and technical and market validation. Critical to the success of the program is not only the financial support for early validation studies but also access to industry mentors and consultants to provide insights into market opportunities and guidance on technology development and commercialization road maps. The TDI program functions in concert with the WSU Biomedical M-TRAC, providing risk assessments, proof-of concept studies and technology development in order to prepare technologies for consideration in the M-TRAC Program. Since 2012 the TDI has awarded 35 projects over \$850,000 in funding. Six startup companies have been launched and over \$8.8M in follow-on funding has been secured as a result of the support and resources provided through the program.

b) Mike Illitch School of Business BELL. Tech Commercialization has forged strong ties with the Mike Illitch School of Business including the launch of Special Topics Course: Technology Commercialization. The course included early stage technology projects from the TC portfolio to further validate product-market fit and business model. The collaboration will expand as the MSIB embarks on the launch of the Belinsky Entrepreneurial Learning Laboratory (BELL). The BELL will provide resources, insights, and expertise to help launch sustainable, investment-ready student startups, and startups based on WSU intellectual property. Projects from the proposed MTRAC hub will be eligible to participate.

Additional collaboration within the WSU community will include the *Anderson Engineering Ventures Institute* (College of Engineering), led by Sorin Draghici, PhD, Professor of Computer Science, Director of the Anderson Institute, which provides early stage funding to student and faculty start-ups, and *Tech Town Detroit*, the WSU business incubator and accelerator that assists start-ups with collaboration and networking opportunities.

Externally, the University has strong ties to the other academic and non-profit institutions across the State, through its participation in the Tech Transfer Talent Network (T3N), MTRAC program directors, SmartZone Network (via TechTown), and participation in the University Research Corridor.

8. University's Commitment to Commercialization

WSU will commit a 1:1 cash match to the grant award (i.e., \$250,000/yr over two years). In addition, WSU will provide the services of the Technology Development Incubator, a program that assists projects that are not yet stage-ready for the MTRAC program, with expertise, funding and access to an established network of reviewers and mentors.

PROGRAM ECONOMIC IMPACT: WSU Biomedical MTRAC

In 2015, the MEDC awarded WSU a three-year MTRAC program with a Biomedical focus, encompassing medical devices, diagnostics and health IT. Currently in a one-year no cost extension, the program has already exceeded its metrics.

PROGRAM FOCUS AREA: Biomedical

PROGRAM ECONOMIC IMPACT: (as of 12/31/2018)

A. Companies created	2
B. Licenses to Michigan companies	2
C. Licenses to non-Michigan companies	0
D. Jobs created	10
E. Amount of follow-on funding	\$4.9 million
F. Any other items relevant to the success of the program and future success of the Innovation Hub	

- The WSU Biomedical MTRAC completed its third year of operation and entered into a one year no-cost extension for calendar 2019. Over its three rounds of awards, the program funded 13 projects, 6 of which involved Advanced Computing Technologies.
- Its 10-member oversight committee represents global and local companies, exposing WSU technologies to a wide audience through the varied committee members.

G. How does this program impact industry and/or the general public?

The WSU MTRAC funded projects in various fields of the biomedical industry: surgical and medical other devices, diagnostics, and therapeutic delivery systems. Most of the projects will have a direct impact on patients should they be commercialized. Importantly, the program signals to WSU faculty and grad students that there are meaningful resources available in the region to assist in translation and commercialization activities.

TARGETED METRICS for the INNOVATION HUB:

Metric 1: Companies created

Benchmark 1: A minimum of two (2) start-up companies will be created.

Metric 2: Licenses to corporate partners

Benchmark 2: A minimum of three (3) licenses will be issued to corporate partners.

Metric 3: Jobs created

Benchmark 3: A minimum of five (5) jobs will be created.

Metric 4: Amount of follow-on funding

Benchmark 4: A minimum of \$2,000,000 in follow on funding will be obtained.

MILESTONES FOR THE INNOVATION HUB:

MTRAC Statewide Program Innovation Hub		
Milestones*	Completed by (date)	Reporting Period**
Pre-launch Activities <ul style="list-style-type: none"> Recruit CPD, target hire date April 1 Announce funding cycle and deadlines BY MAR 1? Select and implement review software Develop promotional materials and create website Conduct promotional visits (live or webinar) to doctoral institutions (UM, MSU, MTU, CMU, EMU, OU, WMU) by March 22 Letter of Intent (LOI) deadline (Mar 29) Conduct initial mtg w the WSU Development office regarding program sustainability plan 	March 31, 2019	October 15, 2019
Y1H1	Click here to enter text.	October 15, 2019
Establish Oversight Committee and meeting dates (target first mtg Apr 4-5 for LOI rvw; in person 2nd week of Jun)	April 1, 2019	
LOI triage	April 4-5, 2019	
Full proposals invited	April 5, 2019	
LOI feedback to all applicants	April 8, 2019	
Full proposal submission	April 22, 2019	
OC receives proposals for review	April 25, 2019	
OC triage and selection for oral presentations	May 17, 2019	
CPD mentors faculty for oral presentation	May 17-June 7, 2019	
OC in-person meeting for oral presentations, project selection	2 nd week June, 2019	
Award decisions and announcements (targeted for one week after the oral Presentations)	June 21, 2019	
Provide feedback to funded and unfunded applications	June 24, 2019	
Project Kickoff	July 1, 2019	
CPD completes project planning for funded projects: revising project milestones as decided by the OC, finalizing an MOU and Gantt Chart, identifying potential follow-on funding, addressing any contingencies required by the OC.	July 1, 2019	
Address contingencies requested by the OC (if applicable)	Varies	
Obtain approval or disapproval from OC on the contingencies via phone call or email	Varies	
Secure evidence of matching funds from sponsor org	July 1, 2019	
Create index# for Hub funds	July 1, 2019	
Assign mentors to project teams	July 1, 2019	
Continue development of MTRAC sustainability plan		
Review calendars with MEDC to ensure mtg/call availability for meetings and calls	June 30, 2019 September 30, 2019	
Submit proof of matching funds to MEDC	September 30, 2019	
Y1H2		April 15, 2020
Address contingencies requested by the OC (if applicable)	Varies	
Obtain approval or disapproval from OC on the contingencies via phone call or email	Varies	
Conduct promotional visits (live or webinar) to public doctoral institutions (UM, MSU, MTU, CMU, EMU, OU, WMU)	January, 2020	
Letter of Intent (LOI) deadline	February 14, 2020	
LOI triage (OC review for eligibility/responsiveness)	February 26, 2020	
Full proposals invited	February 28, 2020	
LOI feedback to both successful and unsuccessful applicants	March 4, 2020	
Continue development of MTRAC sustainability plan	March 31, 2020	

Review calendars with MEDC to ensure availability for meetings and calls	December 31, 2019 March 31, 2020	
Submit proof of matching funds to MEDC	March 31, 2020	
Y2H1		October 15, 2020
Full proposal submission	April 3, 2020	
OC receives proposals for review	April 6, 2020	
OC triage and selection for oral presentations	May 1, 2020	
CPD mentors faculty for oral presentation	May 22, 2020	
OC in-person meeting for oral presentations, project selection	3 rd week May, 2020	
Award decisions and announcements (targeted for one week after the oral Presentations)	May 29, 2020	
Provide feedback to funded and unfunded applications	June 5, 2020	
Project Kickoff	June 15, 2020	
CPD completes project planning for funded projects: revising project milestones as decided by the OC, finalizing an MOU and Gantt Chart, identifying potential follow-on funding, addressing any contingencies required by the OC.	June 15, 2020	
Address contingencies requested by the OC (if applicable)	Varies	
Obtain approval or disapproval from OC on the contingencies via phone call or email	Varies	
Secure evidence of matching funds from sponsor org	June 15, 2020	
Create index# for Hub funds	June 15, 2020	
Assign mentors to project teams	June 15, 2020	
Complete Yr1 projects	June 14, 2020	
Review calendars with MEDC to ensure availability for meetings and calls	June 30, 2020 September 30, 2020	
Continue development of MTRAC sustainability plan	September 30, 2020	
Submit proof of matching funds to MEDC	September 30, 2020	
Y2H2		April 15, 2021
Address contingencies requested by the OC (if applicable)	December 31, 2020	
Obtain approval or disapproval from OC on the contingencies via phone call or email	Varies	
Review calendars with MEDC to ensure availability for meetings and calls	December 31, 2020	
Implement MTRAC sustainability plan	March 31, 2021	
Submit proof of matching funds to MEDC	March 31, 2021	
Complete Yr2 projects (Mar 31)	March 31, 2021	

BUDGET Y1:

Item	6 month reporting period	6 month reporting period	Y1 Total
MSF Contribution	217,000.00	33,000.00	250,000.00
Matching Contribution	183,500.00	66,500.00	250,000.00
Total Contribution	400,500.00	99,500.00	500,000.00
Non-Project Funds			
CPD salary & fringe	67,000.00	67,000.00	134,000.00
Admin	32,500.00	32,500.00	65,000.00
Total Salaries	99,500.00	99,500.00	199,000.00
Project Funds			
Translational Research Funds	247,000.00	0	247,000.00
Risk Assessment Funds	30,000.00	0	30,000.00
Total Direct Project Funds	277,000.00	0	277,000.00
Total Indirect 15%	24,000.00	0	24,000.00
Total Project Funds	301,000.00	0	301,000.00
Total Expenses	400,500.00	99,500.00	500,000.00

BUDGET Y2:

Item	6 month reporting period	6 month reporting period	Y1 Total
MSF Contribution	217,000.00	33,000.00	250,000.00
Matching Contribution	183,500.00	66,500.00	250,000.00
Total Contribution	400,500.00	99,500.00	500,000.00
Non-Project Funds			
CPD salary & fringe	67,000.00	67,000.00	134,000.00
Admin	32,500.00	32,500.00	65,000.00
Total Salaries	99,500.00	99,500.00	199,000.00
Project Funds			
Translational Research Funds	247,000.00	0	247,000.00
Risk Assessment Funds	30,000.00	0	30,000.00
Total Direct Project Funds	277,000.00	0	277,000.00
Total Indirect 15%	24,000.00	0	24,000.00
Total Project Funds	301,000.00	0	301,000.00
Total Expenses	400,500.00	99,500.00	500,000.00

Application Evaluation Form MTRAC Statewide Program – Innovation Hub

Name of Applicant: Wayne State University – MTRAC Innovation Hub for Advanced Computing

Criteria	Reviewer's Comments	Points
<p>Executive Summary: Following items are included:</p> <ul style="list-style-type: none"> • Name of the applicant organization • Amount of funds requested • Amount of cash matching funds • Term • Technology and/or market area of focus • The targeted numbers for: <ul style="list-style-type: none"> ○ Companies Created ○ Licenses to Michigan companies ○ Licenses to non-Michigan companies ○ Jobs created ○ Amount of follow-on funding 		Eligible
<p>Research Background and Past Experience: Does the description of the proposed technology and/or market area make sense? Does the applicant have the experience to do this? Is the team capable of doing it? Are the policies and processes conducive to commercialization? Please consider the following.</p> <ul style="list-style-type: none"> • The technology and/or market focus and the reasons for why this area has been chosen • The volume of federal, state, and other research funding in the proposed area • The applicant's experience and expertise in technology transfer in the proposed area • Key program personnel and their relevant experience (if available) • Technology transfer leadership and their experience • The applicant institution's leaders and their experience • Policies and processes being conducive to commercialization <ul style="list-style-type: none"> ○ Intellectual Property ○ Tenure promotion ○ Conflict of Interest Policy 		Max. Possible Points: 25 Score: <u> 23 </u>
<p>The university ecosystem and implementation of the MTRAC program: Do they have a reasonable plan for execution? Do they understand what they need to do to accomplish the goals? Does the applicant have the experience to do this? Please consider the following.</p> <ul style="list-style-type: none"> • Understanding of the MTRAC Process • How the Process will be implemented and how the relevant units (departments, centers and institutes) will be involved • Integration with the other commercialization programs • The applicant's commercialization expertise and experience in the proposed market and/or technology area • The university's commitment at all levels in terms of financial match, in-kind resources and willingness to support an Innovation Hub and collaborate with other institutions • Collaborative partners and their value • Technology Transfer leadership, their past track record and their commitment • Key program personnel and their value • Buy-in and support from the university leadership 		Max. Possible Points: 25 Score: <u> 24 </u>
<p>Milestones/Deliverables/Budget:</p>		Max. Possible Points: 25

<p>Do they have a realistic plan and time line? Is the budget enough to support the necessary MTRAC activities and goals and bring the projects to an industry/investor-ready stage? Does the applicant fund the necessary personnel for the program?</p> <ul style="list-style-type: none"> • Reasonable milestones/deliverables • Achievable and leading to economic impact • The budget is appropriate in scale and scope to proposed technology and/or market area • Previous MTRAC program and accomplishment of milestones/deliverables and budget 		<p>Score: <u> 22 </u></p>
<p>Economic Impact: Is the proposed impact reasonable given the proposed technology/market area and the local ecosystem?</p> <ul style="list-style-type: none"> • Potential for company creation per MEDC grant invested • Potential for licenses to industry per MEDC grant invested • Potential for generating local follow-on investment and/or drawing out-of-state investment into Michigan • Reasonable targeted metrics: <ul style="list-style-type: none"> ○ Companies Created ○ Licenses to Michigan companies ○ Licenses to non-Michigan companies ○ Jobs created ○ Amount of follow-on funding 		<p>Max. Possible Points: 25</p> <p>Score: <u> 23 </u></p>
<p>Total Score:</p>		<p>Max. Possible Points: 100</p> <p>Score: <u> 92 </u></p>

MEMORANDUM

Date: February 26, 2019

To: Michigan Strategic Fund Board

From: Michelle Audette-Bauman, Community Assistance Team Specialist
Katie Adkins, Commercial Real Estate Investment Manager
Lynda Franke, Program and Investment Specialist
Lisa Edmonds, MCRP and Brownfield Program Specialist

Subject: Request for Approval of Michigan Community Revitalization Program (MCRP) Other Economic Assistance - Loan Participation and a Request for Approval of an Act 381 Work Plan
303 North Rose Street / Kzoo Hotel Partners Project

REQUEST

Kzoo Hotel Partners, LLC (“Applicant”) is requesting a MCRP performance-based loan participation with Fifth Third Bank in the amount of \$7,454,000 and the City of Kalamazoo Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including local and school tax capture for MSF eligible activities in the amount of \$3,413,041, to support a community development project that will redevelop the historic Rose Street Market building and adjacent surface parking lot into hotel and commercial space. The Applicant anticipates that the project will result in a total capital investment in the amount of \$44,065,463 along with the creation of approximately 75 permanent full-time equivalent jobs with an average hourly wage of \$16.83.

FINANCING OPPORTUNITY - MCRP LOAN PARTICIPATION

The Senior Lender along with the Applicant has requested the MSF participate in up to \$7,454,000 of a total \$35,454,000 in construction to permanent loan financing. It is anticipated that disbursements to the project on the loan will be made on a pro-rata basis. Below outlines a summary of the development sources and the proposed structure of the loan participation. With the financing structure described below, it is anticipated that the investors will be able to achieve approximately a 9% return.

LOAN TERMS

MSF Facility: MCRP Loan Participation

Borrower: Kzoo Hotel Partners, LLC

Senior Lender: Fifth Third Bank

Total Amount of Loans: Currently estimated at \$35,454,000

Lender Share:	Currently estimated at \$28,000,000
Total Capital Investment:	Currently estimated at \$44,065,463
MSF Eligible Investment:	Currently estimated at \$30,119,821
MSF Share:	Up to the lesser of 25% of “Eligible Investment” or \$7,454,000
Term:	To match that of the Lender, not to exceed 120 months including an interest only period of up to 36 months.
Amortization:	To match that of the Lender, not to exceed 300 months, following the interest only period.
Interest Rate:	2.0% per annum
Repayment Terms:	Up to 36 months of interest only payments, followed by monthly principal and interest payments with balance due at maturity.
Collateral:	To reasonably match that of the Lender, currently anticipated being a i-1st Priority Mortgage, Assignment of Leases and Rents, and 1 st Priority Security Interest on Furniture, Fixtures and Equipment for the property located at 303 N. Rose Street, Kalamazoo, MI 49007 (the Property); ii- Assignment of all Management Contracts and/or Franchise Agreements; iii-Assignment of all Construction and Development related contracts; iv-Assignment of any Brownfield TIF Reimbursement Agreements; v-Other collateral as required by Bank. MSF share of collateral will be subordinated to that of the Lender.
Guarantee:	To reasonably match that of the Lender, currently anticipated to be the personal guaranty of Archie Leach & Trust, Jeffrey A. Nicholson & Trust, Timothy J. Dora & Trust. The obligations of the Guarantors to pay principal on the loans shall be reduced to 75% of the Facility Amount at such time as Construction Completion (as defined in the Loan Agreement) has occurred and the Borrower demonstrates to the Lender’s satisfaction that the Project has achieved a Global DSCR of not less than 1.0:1.0 for two consecutive calendar quarters, provided that in determining the Global DSCR for purposes of reducing the obligation to pay principal, the calculation of NOI shall include a vacancy rate equal to the actual vacancy rate for the Project as of the date of the calculation. The obligations of the Guarantors to pay principal on the loan shall be further reduced to 50% of the Facility Amount at such time as the Project has converted to the extension Option. MSF rights under guarantee(s) will be subordinated to that of the Lender.
MSF Fees:	The MSF shall be paid a one-time fee equal to one percent of the MSF’s share of the loan. The Lender may charge the borrower for this fee.

- Deferred Developer Fees:** The developer fees of \$1,750,000 will be deferred until such time that the project is producing cash flow in excess of that required for priority debt and other operating obligations.
- Funding:** The MSF will fund up to \$7,454,000 to be disbursed following closing of the Loan and achievement of other performance criteria.
- Reserves:** Operating and Replacement Reserves are required to be established and satisfactory to Lender, currently anticipated to be \$300,000 and 2.9% of Gross Income deposits annually, respectively. Hard Cost Contingency currently anticipated to be \$2,477,260.
- Other Conditions:** The MSF’s investment will be contingent upon the following:
- A minimum owner equity contribution of \$6,861,463.
 - Executed Construction Documents (includes “Guaranteed Maximum Price” construction contract).
 - Final Development Budget
 - Review and acceptance of Hotel Operator and Hotel Management Agreement and/or Hotel Franchise Agreements.
 - Other due diligence as may be required by MEDC staff.
 - Such other conditions as determined by Lender.

SUMMARY OF DEVELOPMENT SOURCES:

Fifth Third Bank Share	\$ 28,000,000	63.54%
MSF Share	\$ 7,454,000	16.92%
Deferred Developer Fee	\$ 1,750,000	3.97%
Developer Equity	\$ 6,861,463	15.57%
TOTAL	\$ 44,065,463	100.00%

SUMMARY OF DEVELOPMENT USES:

Acquisition	\$ 1,922,203
Hard Construction Costs	\$ 29,910,048
Eligible Soft Costs	\$ 6,421,333
Other	\$ 5,811,879
TOTAL	\$ 44,065,463

LOCAL SUPPORT

Local support for the project includes \$2,620,328 in local Brownfield TIF reimbursement for both environmental and non-environmental (MSF eligible) activities. The City of Kalamazoo is certified with the MEDC’s Redevelopment Ready Communities (RRC) program. The project qualifies because it is a facility.

MCRP PROGRAM AND GUIDELINES

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on September 22, 2015, the MSF Board approved its restated program guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan. It is the role of the MEDC staff to review for eligibility, completeness, and adherence to the program, the information provided by the applicant and to manage the MSF’s investment. As required under the MCRP, all statutory criteria for the project have been considered when making the recommendations in this memo.

The project complies with all of the Board-approved MCRP parameters with the exception of the following: The pro forma debt service coverage ratio is between 1.10 and 1.20 in early years based on the committed financing for the project. Staff is comfortable with this deviation due to the financial strength of the development team and their experience with owning and operating similar developments.

Additionally, MEDC staff is requesting an MCRP award above 20% of “Eligible Investment” for a non-historic project. The project is seeking a Green Globes Certification for long term energy efficiency resulting in additional project costs up front of approximately \$1,400,000. Therefore, staff is recommending an award of up to 25% of “Eligible Investment”.

TAX CAPTURE SUMMARY

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Kalamazoo, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on April 2, 2018. The property has been determined to be a facility as verified by the Michigan Department of Environmental Quality (DEQ) on January 7, 2019.

There are 59.7221 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 23.8704 mills (39.97%) and local millage equaling 35.8517 mills (60.03%). Tax increment capture will begin in 2022 and is estimated to continue for 16 years. The requested tax capture for MSF eligible activities breaks down as follows:

State tax capture	(39.97%)	\$	1,364,192
Local tax capture	(60.03%)	\$	2,048,849
TOTAL		\$	3,413,041

COST OF MSF ELIGIBLE ACTIVITIES

Demolition	\$	636,560
Lead, Asbestos, or Mold Abatement		82,000
Infrastructure Improvements		1,491,500
Site Preparation	+	750,845
Sub-Total	\$	2,960,905
Contingency (15%)	+	444,136
Sub-Total	\$	3,405,041
Brownfield/Work Plan Preparation	+	4,000
Brownfield/Work Plan Implementation	+	4,000
TOTAL	\$	3,413,041

In addition, the project is requesting from the MDEQ \$121,585 in TIF to assist with eligible environmental activities.

PROJECT BACKGROUND

This project will rehabilitate a vacant six story historic building and construct two new “sister” buildings over a 0.79 acre site in downtown Kalamazoo. The completed project will include a 113-room national flag boutique hotel, 107-room extended stay facility and approximately 15,000 square feet of office/commercial space for a total of building area of approximately 181,925 square feet. The project expects to receive Green Globes certification for the inclusion of green building elements and sustainable best practices.

The developer is bringing 15% cash equity to the project, deferring \$1.75 million in developer fees and leveraging Brownfield TIF, as well as \$28 million in senior financing, while generating a return of approximately 8.6%. The project will activate an historic building and add density to downtown Kalamazoo through the redevelopment of an adjacent surface parking lot. Additionally, the new hotel rooms and commercial space will add vibrancy, while also increasing the taxable value of the site.

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

APPLICANT HISTORY

Kzoo Hotel Partners, LLC is a single-purpose entity formed by KZ Partners (Jeff Nicholson), RSM Hospitality (Tim Dora) and ArmKal (Archie Leach) to develop the property at 303 N. Rose, in Kalamazoo, Michigan. Jeff Nicholson and related entities founded Plazacorp in 1988 and since that time has built or redeveloped several dozen properties in three states. Redevelopment ventures (incentivized by MEDC and municipal partners) undertaken by Plazacorp and related entities in Kalamazoo include Portage Center Plaza, Neil's Automotive Building, the United Building, the Spearflex Block, the Globe Building, GTW Depot, 216-220 W. Michigan Avenue and the Exchange project, which is currently under construction.

Tim Dora is a managing partner/member or stockholder of one DoubleTree by Hilton, one TownePlace Suites, one Home2 Suites, two Candlewood Suites, three Hilton Garden Inns, three Holiday Inn Express & Suites, one Holiday Inn, one Hotel Indigo, two Staybridge Suites and one Independent hotel. His properties have been recipients of numerous awards for quality and service excellence including the 2001 Developer of the Year Award from Hilton Hotels Corporation and the 2008 Developer of the Year Award from Intercontinental Hotels Group. He has been involved in the management, development and opening of over thirty hotels during his career in the hospitality industry.

Archie Leach started his career in public accounting, building his own firm that was acquired by Deloitte & Touche. He is the former President and CEO of Carroll Hospital Group, Inc., a London, Ontario manufacturer of specialized beds for the hospital and long-term-care industry. Mr. Leach acquired Carroll in 2005 and grew its sales from \$2.5 million to its present sales of over \$80 million annually. In 2014, the corporation was sold to Stryker Corporation. Mr. Leach is a partner in the United Kennel Club since 2010 and Kalamazoo's Heritage Guitar, which he and Jeff Nicholson bought in 2016.

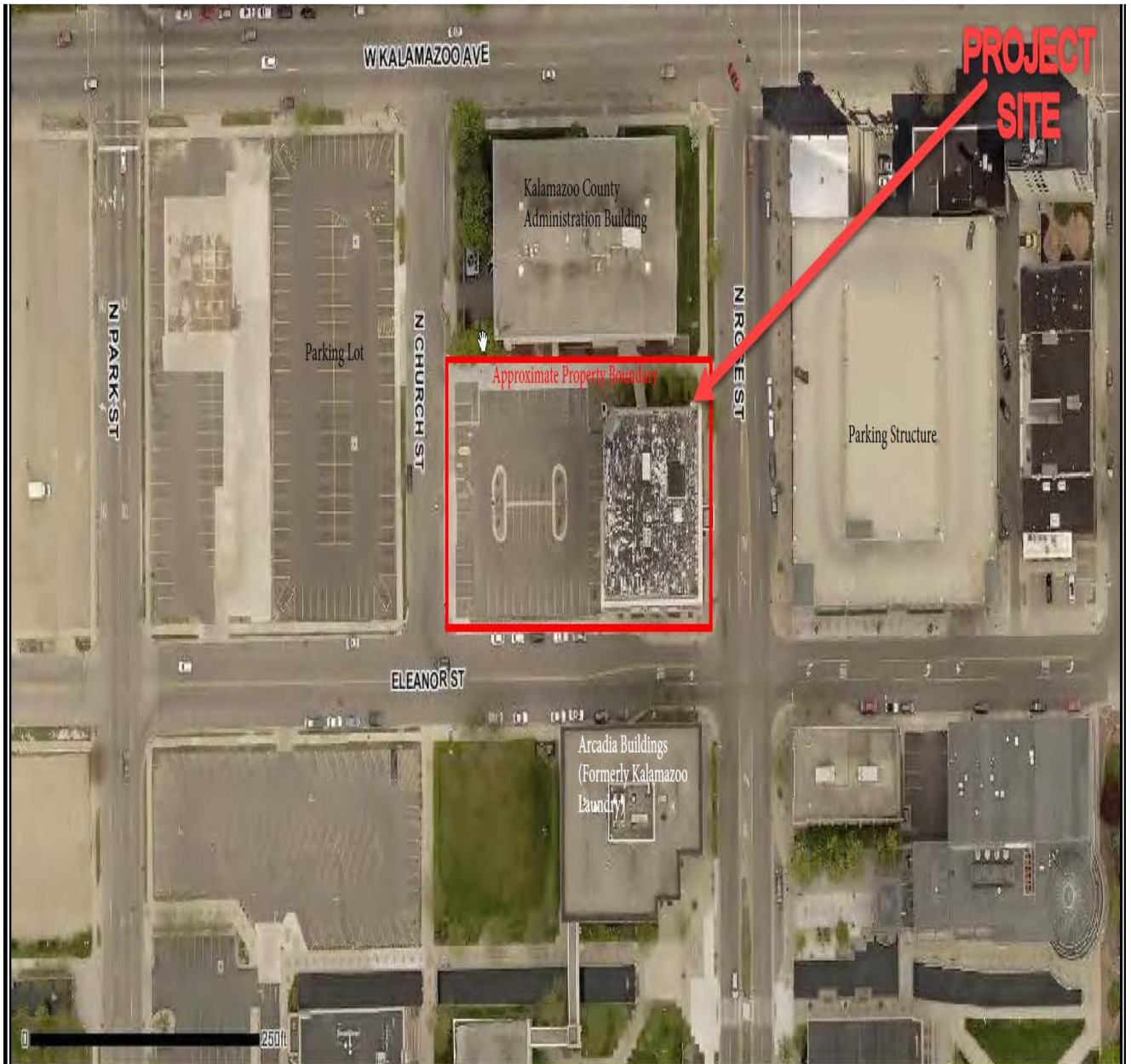
MEDC has completed the background check in accordance with the MSF policy, and the project may proceed for MSF consideration.

RECOMMENDATION

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

- a) Local and school tax capture for the Act 381 eligible non-environmental activities totaling \$3,413,041. Utilizing the current state to local capture ratio, the amount of state tax capture for this project is estimated at \$1,364,192. Any change in millage that increases the capture percentage of school taxes by more than 5 percentage points must be approved by the MSF Delegates or Board, if applicable.
- b) A MCRP performance-based other economic assistance loan participation in the amount of up to \$7,454,000 for Kzoo Hotel Partners, LLC on terms and conditions outlined in Exhibit A found in the resolution.
- c) Waiver of the MCRP Incentive Parameters requirement of a 1.20 to 1.00 debt service coverage ratio for the project.
- d) Waiver of the MCRP Incentive Parameters that prefer MCRP investments in non-historic projects to be limited to 20% of "Eligible Investment".

APPENDIX A – Project Map and Renderings





MEMORANDUM

Date: February 26, 2019

To: Michigan Strategic Fund Board

From: Paula Holtz, Community Assistance Specialist, Region 9
Emanuel Odom, Program and Investment Specialist
Jake Winder, Program Specialist – Brownfield and MCRP

Subject: Request for Approval Michigan Community Revitalization Program (MCRP) Other Economic Assistance Loan Participation and a Request for Approval of an Act 381 Work Plan, The 200 Redevelopment Project, Jackson Downtown Partners, LLC

REQUEST

Jackson Downtown Partners, LLC (“Applicant”) is requesting a MCRP Other Economic Assistance Performance-Based Loan Participation in the amount of \$3,066,250 to support a community development project that will redevelop a vacant, former industrial site in downtown Jackson into a mixed-use building. Additionally, the City of Jackson Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan, including local and school tax capture for MSF eligible activities in the amount of \$757,679 to support the project. The Applicant anticipates that the project will result in a total capital investment in the amount of \$13,560,651, along with the creation of approximately 9 permanent full-time equivalent jobs with an average hourly wage of \$14.50.

FINANCING OPPORTUNITY – MCRP OTHER ECONOMIC ASSISTANCE LOAN PARTICIPATION

The Senior Lender, County National Bank, along with the Applicant, Jackson Downtown Partners, LLC is requesting the MSF participate in up to \$3,066,250 of a total \$10,752,649 in construction to permanent loan financing. The proposed MCRP award would include a \$1,500,000 forgivable portion. The proposed award will provide flexibility in order to help insure the project will be financially viable as well as allow the development team to generate an acceptable rate of return for its investors. It is anticipated that disbursements to the project on the loan will be made on a pro-rata basis. Below outlines a summary of the development sources and the proposed structure of the MSF’s share of the loan participation. With the financing structure described below, it is anticipated that the investors will be able to achieve an internal rate of return (IRR) of under 3% from operations.

LOAN TERMS

MSF Facility: MCRP Other Economic Assistance Loan Participation

Borrower: Jackson Downtown Partners, LLC

Senior Lender: County National Bank

Total Amount of Loans:	Currently estimated at \$10,752,649
Lender Share:	Currently estimated at \$7,686,399
Total Capital Investment:	Currently estimated at \$13,560,651
MSF Eligible Investment:	Currently estimated at \$12,265,000
MSF Share:	Up to the lesser of 25% of “Eligible Investment” or \$3,066,250
Term:	Shall match that of the lender, anticipated to be 60 months, the MSF share will include an interest only period of up to 36 months
Amortization:	Not exceed 300 months, following the interest only period
Interest Rate:	1.0% per annum
Repayment Terms:	<p>Monthly principal and interest payments with the balance due at maturity.</p> <ul style="list-style-type: none"> • Up to \$1,500,000 of the MSF Share of the financing to be forgiven upon completion of construction and achievement of other performance milestones. • Payments to the MSF will be limited to an amount necessary to maintain a debt service coverage ratio of 1.20 to 1.00.
Collateral:	To match that of the Lender currently anticipated to be first mortgage on the property, assignment of rents and leases at 200 North Jackson Street and an interest in the TIF reimbursements. MSF share of the collateral will be subordinated to the lender.
Guarantee:	To match that of the Lender, currently anticipated to be limited personal guarantees of the Borrower.
MSF Fees:	The MSF shall be paid a one-time fee equal to one percent (1%) of the MSF’s share of the financing. One time “Exit Fee” of up to \$750,000. The Exit Fee will be based on a future value of the property at the time of the MSF’s exit. The trigger for repayment is anticipated to be a future value above \$14,500,000 for the property.
Deferred Developer Fees:	The developer fees of \$298,000 will be deferred until such time that the project is producing cash flow in excess of that required for priority debt and other operating obligations.
Funding:	The MSF will disburse its share of the financing to the Lender following closing of the financing and achievement of other performance criteria.

Reserves: Lease-up, Operating and Replacement reserves will be required and determined based on Lender’s review of residential and commercial market data, currently anticipated to be \$55,000 for the “Rent Up Reserve”, \$50,000 for the “Operating Reserve”, and 1.4% of Revenues annually for “Replacement Reserves”.

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

- Construction documents (includes a “Guaranteed Maximum Price” construction contract)
- Final Development Budget
- Minimum Owner Equity Investment of \$2,500,000

SUMMARY OF DEVELOPMENT SOURCES:

Bank Share	\$ 7,686,399	56.68%
MSF Share	\$ 3,066,250	22.61%
Deferred Developer Fee	\$ 298,000	2.20%
Developer Equity	\$ 2,510,002	18.51%
TOTAL	\$13,560,651	100.00%

SUMMARY OF DEVELOPMENT USES:

Acquisition	\$ 1
Hard Construction Costs	\$11,800,000
Eligible Soft Costs	\$ 465,000
Other	\$ 1,295,650
TOTAL	\$13,560,651

LOCAL SUPPORT

Local support for the project includes the costs associated with land assembly and land preparation costs in the amount of approximately \$603,740, as well as local Brownfield TIF reimbursement in the amount of \$210,938. The City of Jackson is certified with the MEDC’s Redevelopment Ready Communities (RRC) program. The project qualifies because it is a facility.

MCRP PROGRAM AND GUIDELINES

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on September 22, 2015, the MSF Board approved its restated program guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan. It is the role of the MEDC staff to review for eligibility, completeness, and adherence to the program, the information provided by the applicant and to manage the MSF’s investment. As required under the MCRP, all statutory criteria for the project have been considered when making the recommendations in this memo.

The project complies with all of the Board-approved MCRP parameters with the exception of the following:

- MEDC staff is requesting an MCRP award above 20% of “Eligible Investment” for a non-historic project. The project will utilize the LEED (Leadership in Energy and Environmental Design) framework in design, construction and operations and will obtain a third-party opinion the project could qualify for a third-party green certification. Therefore, staff is recommending an award of up to 25% of “Eligible Investment”.
- MEDC staff is requesting a waiver of the MCRP Incentive Parameter that limits the amount of grant to \$750,000. Staff is proposing up to a \$1,500,000 grant, with up to \$750,000 repayable through a success fee at the time of the MSF’s exit from the project.

TAX CAPTURE SUMMARY

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Jackson, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on February 27, 2018. The property has been determined to be a facility as verified by the Michigan Department of Environmental Quality (DEQ) on December 26, 2018.

There are 33.2600 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (72.16%) and local millage equaling 9.2600 mills (27.84%). Because the property is located in the Downtown Development Authority (DDA), several local millages are being captured by the DDA and are not available for capture under this work plan. Tax increment capture will begin in 2019 and is estimated to continue for 8 years. The requested tax capture for MSF eligible activities breaks down as follows:

State tax capture	(72.16%)	\$	546,741
Local tax capture	(27.84%)	\$	<u>210,938</u>
TOTAL		\$	<u>757,679</u>

COST OF MSF ELIGIBLE ACTIVITIES

Demolition		\$	7,500
Infrastructure Improvements			102,500
Site Preparation		+	<u>585,515</u>
Sub-Total		\$	696,515
Contingency (7.5%)		+	<u>52,164</u>
Sub-Total		\$	747,679
Brownfield/Work Plan Preparation		+	<u>10,000</u>
TOTAL		\$	<u>757,679</u>

PROJECT BACKGROUND

Jackson Downtown Partners, LLC is redeveloping a vacant site in the heart of downtown Jackson. The development will include new construction of a four-story, mixed-use building known as “The 200”. The building will be on-grade construction with total square footage of 79,004 including 4,100 square feet of commercial rental space on the ground level. The upper three stories, and a portion of the first floor, will be

market-rate residential apartments consisting of studio, one-bedroom, and two-bedroom apartments for a total of 86 rental units.

The project is located in the downtown Jackson Smart Energy District and is designed and will be built using strategies aimed at improving performance in: energy savings, water efficiency, carbon dioxide emissions reduction, improved indoor environmental quality, stewardship of resources and sensitivity to their impacts. This development will seek an independent third-party verification that it can qualify for LEED certification, based on the green technologies incorporated into the project.

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

APPLICANT HISTORY

Jackson Downtown Partners, LLC has not received previous incentives from the Michigan Strategic Fund (MSF). Mr. Deary received a MBT credit in the amount of approximately \$465,000 through a related entity, Great Lakes Home Health and Hospice in 2006. MEDC has completed the background check in accordance with the MSF policy, and the project may proceed for MSF consideration.

RECOMMENDATION

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

- a) Local and school tax capture for the Act 381 eligible activities totaling \$757,679. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$546,741.
- b) A MCRP Other Economic Assistance Performance-Based Loan Participation in the amount of up to \$3,066,250 for Jackson Downtown Partners, LLC on terms and conditions outlined in Exhibit A found in the resolution.
- c) Waiver of the MCRP Incentive Parameter requirement that requires an award exceeding 20% of “Eligible Investment” be restricted to historic properties;
- d) Waiver of the MCRP Incentive Parameter that limits the amount of grant to \$750,000.

APPENDIX A – Project Map and Renderings





THE 200
DOWNTOWN JACKSON, MICHIGAN

MERCER

STUDIO (IN)TRIGUE ARCHITECTS, LLC

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MEMORANDUM

Date: February 26, 2019
To: Michigan Strategic Fund Board
From: Lindsay Viviano, Community Assistance Team Specialist
Lori LaPerriere, Brownfield Program Specialist
Subject: Request for Approval of an Act 381 Work Plan - Michigan Meadows

REQUEST

The City of Grand Rapids Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including local and school tax capture for MSF eligible activities in the amount of \$2,021,784, to support a community development project that will demolish a vacant church building and maintenance garage to construct 23 two- and four-bedroom townhome buildings to ultimately create 88 new residential units. The applicant anticipates that the project will result in a total capital investment in the amount of \$19.1 million. No jobs are anticipated to be created as a result of the project.

LOCAL SUPPORT

Local support for the project includes approximately \$1,752,451 of MSF brownfield eligible expenses as well as a prepaid administrative fee, estimated at \$20,000, which will be reimbursed along with the other eligible activity costs. The City of Grand Rapids is certified with the MEDC's Redevelopment Ready Communities (RRC) program.

TAX CAPTURE SUMMARY

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Grand Rapids, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on September 18, 2018. The property has been deemed functionally obsolete as verified by a Michigan Master Assessing Officer (MMAO) assessor on January 28, 2018.

There are 47.9890 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (50.01%) and local millage equaling 23.9890 mills (49.99%). Tax increment capture will begin in 2019. Local tax capture is estimated to continue for 13 years. The State tax capture is limited to two (2) years and a maximum of \$269,333, resulting in a blended ratio for the requested tax capture for MSF eligible activities that breaks down as follows:

State tax capture	(13.32%)	\$	269,333
Local tax capture	(86.68%)	\$	1,752,451
TOTAL		\$	2,021,784

COST OF MSF ELIGIBLE ACTIVITIES

Demolition	\$	104,500
Lead, Asbestos, or Mold Abatement		58,888
Infrastructure Improvements		900,116
Site Preparation	+	<u>685,873</u>
Sub-Total	\$	1,749,377
Contingency (15%)	+	<u>262,407</u>
Sub-Total	\$	2,011,784
Brownfield/Work Plan Preparation	+	<u>10,000</u>
TOTAL	\$	<u>2,021,784</u>

PROJECT BACKGROUND

This project will redevelop a parcel which currently houses a 40,000 square foot vacant church building and 1,500 square foot maintenance garage to construct 88 new residential townhome units in the City of Grand Rapids. This project includes the demolition of the church building and maintenance garage, clearing the site, and constructing 23 two and four-unit townhome buildings with a total square footage of 137,000. The new townhomes will range from 1,273 square feet to 2,113 square feet. This project also includes a new public road and associated streetscaping, private drives, extensive sitework and retaining walls, while maintaining over 10 acres of natural features, wetlands, and greenspace. This project will create significant investment within the Michigan Oaks neighborhood by increasing the density of the area and bringing new residents to this vacant site near downtown Grand Rapids, which will ultimately generate new income and property taxes.

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

APPLICANT HISTORY

The developer, Orion Real Estate Solutions, has completed more than a dozen development projects in the State of Michigan within the last seven years. Orion Real Estate Solutions has previously received incentives from the Michigan Strategic Fund (MSF) on projects in Grand Rapids including, Arena Place, The Gateway at Belknap, Eastown Flats, Fulton Square, River's Edge, Venue Tower, and Heritage Place. MEDC has completed the background check in accordance with the MSF policy, and the project may proceed for MSF consideration.

RECOMMENDATION

MEDC staff recommends approval of local and school tax capture for the Act 381 eligible activities totaling \$2,021,784 with the amount of school tax capture for this project capped at \$269,333.

APPENDIX A – Project Map and Renderings





MICHIGAN MEADOWS
NEW RESIDENTIAL DEVELOPMENT

MEMORANDUM

Date: February 26, 2019

To: Michigan Strategic Fund Board

From: Rob Garza, Brownfield and MCRP Senior Program Specialist

Subject: Request for Waiver of Michigan Strategic Fund Brownfield Michigan Business Tax Amendment Policy
Nailah Commons Project

Request

Nailah Commons (the “Project”) was originally approved by the Michigan Economic Growth Authority (MEGA) Chairperson on December 19, 2007 with Nailah Commons, LLC (“Nailah”) as the qualified taxpayer. An amendment was approved by the Michigan Strategic Fund Chairperson (“MSF”) on January 5, 2016. The Project’s most recent scope of work included the completion of eight townhome buildings containing a total of 58 residential units located at 658, 676, 692, 702, and 710 East Ferry; 653, 663, 681, 671, and 701 East Kirby; and 6431 Hastings in the city of Detroit.

On December 19, 2017 the MSF Board adopted the Brownfield Michigan Business Tax (MBT) Amendment Policy (the “Brownfield MBT Policy”) which states that a formal Brownfield MBT amendment application must (1) be completed and fully executed by the qualified taxpayer(s) and (2) be received by the MEDC prior to the ten-year statutory expiration date of the Brownfield MBT credit.

Nailah’s Certificate of Completion (“COC”) application was received by the MEDC on September 6, 2018, almost nine months past the Expiration Date. Staff determined that the project was not completed as approved by the Expiration Date and therefore, the COC application could not be processed. Furthermore, because of the adoption of the Brownfield MBT Policy, no amendment request could be considered to amend the project scope, which would allow a COC request to be processed. Nailah is requesting that (1) the Brownfield MBT Policy be waived for the Project and (2) an amendment application be processed. The Brownfield MBT Policy adoption date and the Expiration Date are the same day, which is entirely coincidental.

Background

The Project’s 10-year Brownfield MBT credit expiration date was December 19, 2017 (the “Expiration Date”) and the first MBT certificate of completion (COC) request was received by MEDC staff on September 6, 2018. Staff reviewed the COC packet and was able to determine that as of December 19, 2017, only three of the eight proposed townhome buildings, or 37.5%, of the Project was completed. Specifically, 20 of the 58 proposed (34.5%) of residential units were issued their certificate of occupancy by the City of Detroit as of the Expiration Date. The remaining five buildings, comprised of 38 units, were not issued their certificates of occupancy until April 2018 (2), May 2018, June 2018, and

August 2018, respectively. Upon receipt of the COC, Staff inquired as to whether or not permits for the remaining five buildings were in process in order to determine the completeness of the Project; however, no additional permits were provided by Nailah. As a result, Staff determined that the Project was not completed, as approved, by the Expiration Date.

Nailah is requesting a waiver to the Brownfield MBT Policy so that it may amend and reduce the Project scope to be exactly what was completed at the Expiration Date. It is Staff's interpretation that a waiver of the MSF policy to grant an amendment after the 10-year expiration of the original MBT credit approval would violate the Michigan Business Tax Act. The Finance Division of the Department of Attorney General concurs with Staff's interpretation.

Nailah has not received additional incentives, but its manager, Julio Bateau, has been a principal of other qualified taxpayers that were awarded Brownfield MBT credits. Nailah, LLC was awarded a Mini Brownfield MBT credit in 2004 for the Nailah Condominium East Project. This project was completed in 2012. Nailah-Brush Park Mack Development, LLC was awarded a Small Brownfield MBT credit in 2004 for The Mack at Brush Park Project. Mr. Bateau was the manager of Nailah-Brush Park Mack Development, LLC, but sold the property and project rights to a new entity. The new entity, The Mack @ Brush Park, LLC completed one of three phases of the project, and was remitted to Treasury for failing to complete an MBT multi-phase project within the 10-year statutory expiration date of the Brownfield MBT credit, per Act 36 of 2007.

Recommendation

MEDC staff recommends denial of the request to waive MSF policy due to the fact that as of the Expiration Date, (1) the Project was not completed as approved and (2) an amendment application was not received by MEDC.

RESOLUTIONS

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-015**

**APPROVAL OF FEBRUARY 2019 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 22, 2019
Moran Iron Works – MBDP Forbearance
University of Michigan – First Customer Program Amendment
Spartan Michigan, LLC – APRZ Amendment
Morley Companies, Incorporated – MBDP Amendment
Stoneridge, Inc. – MBDP Amendment
The Kroger Co. of Michigan – MBDP Amendment
250 W. Larned LLC – MCRP Amendment
Diamond Place – MCRP Amendment
MyLocker Properties, LLC – Covenant Amendment

Ayes: Carl Camden, Jeremy Hendges, Stephen Hicks, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Terrence J.L. Reeves, Greg Tedder (on behalf of Chairman Mason, designation attached), Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
February 26, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

February 26, 2019

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

RE: Designation of Greg Tedder

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Greg Tedder as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,



Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC

MICHIGAN STRATEGIC FUND

RESOLUTION 2019-016

MICHIGAN BUSINESS DEVELOPMENT PROGRAM FORBEARNCE REQUEST Moran Iron Works, 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 \$1,000,000 be approved by the MSF Board;

WHEREAS, on January 23, 2013, the MSF approved an \$2,000,000 Michigan Business Development Program Performance based grant for Moran Iron Works, Inc. (the “Company”) for an expansion of their operations in the City of Onaway and at the Port of Calcite in Rogers City (the “MBDP Award”);

WHEREAS, on May 9, 2013, the MBDP Award was amended to change the local support from purchase of a boom crawler crane to issuance of a PA 198 tax abatement;

WHEREAS, on February 6, 2015, the MBDP Award was amended to extend the due date of Milestone Two from December 31, 2014 to December 31, 2015;

WHEREAS, on March 22, 2016, the MBDP Award was amended to reduce the grant from \$2,000,000 to \$1,000,000 and to require repayment of \$900,000, bearing an interest rate of 2%, in equal annual installments beginning on June 30, 2017;

WHEREAS, on July 25, 2017, the MBDP Award was amended to allow for the grant to be repaid in monthly installments beginning on August 1, 2017 and continuing for the following 71 months;

WHEREAS, the Company and the MEDC are negotiating regarding the Company's request to restructure its MDBP repayment obligations; and

WHEREAS, to provide adequate time for the negotiations to be completed, the MEDC recommends the MSF enter into a forbearance agreement with the Company to allow for up to 6 months of payments to be delayed under its Amended and Restated Promissory Note, conditioned upon payment by the Company of a \$1,000 forbearance fee (the "Forbearance Request").

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

BE IT FURTHER RESOLVED, the MSF Board authorizes the MSF Fund Manager to negotiate and execute the final terms and conditions of the final documents necessary to effectuate the Restructure Request.

Ayes: Carl Camden, Jeremy Hendges, Stephen Hicks, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Terrence J.L. Reeves, Greg Tedder (on behalf of Chairman Mason, designation attached), Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
February 26, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

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Dear Ms. Bishop:

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Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

February 26, 2019

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Lansing, MI 48913

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To Whom It May Concern:

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Sincerely,



Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-017**

**ENTREPRENEURIAL SERVICE PROVIDER
FIRST CUSTOMER PROGRAM GRANT AMENDMENT**

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, at its September 22, 2015 meeting, the MSF Board issued a Request for Proposals (“RFP”) to award grants to non-profits and universities to provide business acceleration services to entrepreneurs and new technology start-up companies in order to encourage new company formation and job creation (the “Entrepreneurial Services RFP”);

WHEREAS, at its September 22, 2015 meeting, the MSF Board also appointed a joint evaluation committee (“JEC”) and approved scoring and evaluation criteria for the use by the JEC for reviewing applications submitted in response to the Entrepreneurial Services RFP;

WHEREAS, at the October 27, 2015 meeting, the JEC recommended the MSF Board approve an award in the amount of \$1,000,000 under the Entrepreneurial Services RFP to the University of Michigan Institute for Research on Labor, Employment and the Economy for the Entrepreneurial Services Provider First Customer Program (the “First Customer Program Grant”);

WHEREAS, at the October 27, 2015 meeting by the Resolution No. 2015-152, the MSF Board approved a grant of \$1,000,000 to the University of Michigan for the First Customer Program Grant;

WHEREAS, in order to continue these entrepreneurial support services, the MEDC recommends that the First Customer Program Grant be increased by \$335,000 and extended for one year to February 29, 2020 (the “Grant Amendment #1”); and

WHEREAS, the MSF Board wishes to approve Grant Amendment #1.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Grant Amendment #1 and authorizes the MSF Fund Manager to take all action necessary to execute and effectuate the Grant Amendment #1, consistent with the terms and conditions of this resolution.

Ayes: Carl Camden, Jeremy Hedges, Stephen Hicks, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Terrence J.L. Reeves, Greg Tedder (on behalf of Chairman Mason, designation attached), Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
February 26, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
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State Treasurer

Cc: Eric Bussis
Andrew Lockwood

February 26, 2019

Michigan Strategic Fund
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Lansing, MI 48913

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Sincerely,



Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-018**

**AMENDMENT TO AN EXISTING AGRICULTURAL PROCESSING RENAISSANCE
ZONE
SPARTAN MICHIGAN, LLC and PROLIANT DAIRY MICHIGAN, LLC**

WHEREAS, Section 8c of the Michigan Renaissance Zone Act, 1996 PA 376, as amended (the “Act”), authorizes the State Administrative Board to designate up to 30 renaissance zones for agriculture processing facilities (an “Agricultural Processing Renaissance Zone”) upon the recommendations of the Michigan Strategic Fund (“MSF”) and the Michigan Commission of Agriculture and Rural Development (“MCARD”) and the consent of the local unit of government in which the proposed renaissance zone will be located;

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the renaissance zone program;

WHEREAS, on August 28, 2018, the State Administrative Board, at the recommendation of the MSF and MCARD, approved the designation of an agricultural processing renaissance zone for Spartan Michigan, LLC (the “Company”) and Proliant Dairy Michigan, LLC (“Proliant”) (the “Zone”);

WHEREAS, due to delays in acquiring the land and modifications to the parcel numbers due to combinations and splits, the Company and Proliant request modification to the original approval to update the parcel numbers encompassing the Zone and to allow more time for development agreements to be executed, among others;

WHEREAS, the MEDC recommends that the MSF Board amend MSF Resolution 2018-115 to modify the approval of the recommendation to the State Administrative Board in the following ways:

1. Update the property parcels encompassing the Zone to the following: 300-004-300-099-03, 300-004-300-099-04, and 300-004-300-100-01; and
2. Extend the deadline for execution of the development agreements referenced in the first and second conditions enumerated in MSF Resolution 2018-115 to April 30, 2019.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends to MSF Resolution 2018-115 to modify the approval of the recommendation to the State Administrative Board in the following ways:

1. Update the property parcels encompassing the Zone to the following: 300-004-300-099-03, 300-004-300-099-04, and 300-004-300-100-01; and
2. Extend the deadline for execution of the development agreements referenced in the first and second conditions enumerated in MSF Resolution 2018-115 to April 30, 2019;

BE IT FURTHER RESOLVED, that the MSF Board authorizes the Fund Manager to negotiate the final terms and conditions of and to execute the development agreement(s) and any other related documents necessary to effectuate the terms of this Resolution on behalf of the MSF; and

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF President or Fund Manager to transmit the MSF's recommendation to the State Administrative Board.

Ayes: Carl Camden, Jeremy Hendges, Stephen Hicks, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Terrence J.L. Reeves, Greg Tedder (on behalf of Chairman Mason, designation attached), Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
February 26, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

February 26, 2019

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

RE: Designation of Greg Tedder

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Greg Tedder as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,



Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-019**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT
PROGRAM GRANT AMENDMENT TO
MORLEY COMPANIES, INCORPORATED**

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 Board approved a \$2,000,000 MBDP performance-based grant on July 24, 2018 for the creation of 525 Qualified New Jobs and \$5,175,000 in new investment to open a new facility in Saginaw County (the “Project”);

WHEREAS, the Company requests that the MSF Board approve an amendment to the MBDP performance-based grant Agreement to extend the milestone deadlines and extend the term of the agreement (the “Grant Amendment Request”);

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

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

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

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

Ayes: Carl Camden, Jeremy Hedges, Stephen Hicks, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Terrence J.L. Reeves, Greg Tedder (on behalf of Chairman Mason, designation attached), Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
February 26, 2019

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

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: January 3, 2019

Company Name: Morley Companies, Incorporated ("Company" or "Applicant")

Company Address: One Morley Plaza
Saginaw, Michigan, 48603

Project Address ("Project"): Saginaw County

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 \$2,000,000 ("MBDP Incentive Award")
- **Base Employment Level** 1,835
- **Total Qualified New Job Creation:** 525
(above Base Employment Level)
- **Company Investment:** The Company anticipates investment of up to \$5,175,000 for computers & IT, furniture and fixtures, annual lease cost, leasehold improvements, or any combination thereof, for the Project.
- **Municipality supporting the Project:** Saginaw Future Inc. has agreed to provide staff, financial or economic assistance in support of the project.
- **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 \$1,523,000 Upon demonstrated creation of 400 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than January 31, 2019.
 - **Disbursement Milestone 2:** Up to \$477,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 125 additional Qualified New Jobs (for a total of 525 Qualified New Jobs) above the Base Employment Level, by no later than July 31, 2019.

PURE MICHIGAN®

• **Term of Agreement:**

Execution of Agreement to January 31, 2020.

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 \$952,000 Upon demonstrated creation of 250 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than September 30, 2019.
- **Disbursement Milestone 2:** Up to \$381,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 350 Qualified New Jobs) above the Base Employment Level, by no later than March 31, 2020.
- **Disbursement Milestone 3:** Up to \$667,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 175 additional Qualified New Jobs (for a total of 525 Qualified New Jobs) above the Base Employment Level, by no later than November 30, 2020.

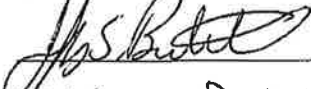
• **Term of Agreement:**

Execution of Agreement to May 31, 2021.

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.

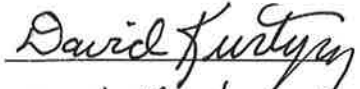
If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award Amendment for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by January 17, 2019, the MEDC may not be able to proceed with any recommendation to the MSF.

Morley Companies, Incorporated

By: 
Printed Name: Jeffrey S. Bertulait
Its: Controller
Dated: 1/4/19

Acknowledged as received by:

Michigan Economic Development Corporation

By: 
Printed Name: David Kurtycz
Its: Business Development Project M
Dated: 1/16/2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

February 26, 2019

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

RE: Designation of Greg Tedder

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Greg Tedder as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,



Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-020**

**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 Board approved a \$1,400,000 Michigan Business Development Program performance-based grant on March 22, 2016 for the relocation of headquarters in the City of Novi (the “Project”);

WHEREAS, the Company requests that the MSF Board approve an amendment to the Michigan Business Development Program performance-based grant by adding the related entities Stoneridge Control Devices, Inc. (“Stoneridge Control”) and Stoneridge Electronics, Inc. (“Stoneridge Electronics”) for the purpose of counting Base Employment and Qualified New Jobs (the “Grant Amendment Request”);

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

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

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

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

Ayes: Carl Camden, Jeremy Hedges, Stephen Hicks, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Terrence J.L. Reeves, Greg Tedder (on behalf of Chairman Mason, designation attached), Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
February 26, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

February 26, 2019

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

RE: Designation of Greg Tedder

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Greg Tedder as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,



Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-021**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT
PROGRAM GRANT AMENDMENT TO
THE KROGER CO. OF MICHIGAN**

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 Board approved a \$2,078,000 Michigan Business Development Program Performance based grant (the “Grant”) on June 27, 2017 for The Kroger Co. of Michigan (the “Company”) for the creation of 377 Qualified New Jobs and capital investment of up to \$24,911,584 to open a new dry-goods distribution center in Chesterfield Township, Michigan (the “Project”);

WHEREAS, subsequently, the MSF entered in to an agreement with the Company governing the terms of the Grant (the “Grant Agreement”), including the requirement that the Company meet certain milestones by specified due dates in order to receive disbursements of the Grant (each a “Disbursement Milestone”);

WHEREAS, the Company requests that the MSF Board approve an amendment to the Grant Agreement to extend the deadline to meet the requirements set forth in the second Disbursement Milestone to April 30, 2019. (the “Grant Amendment Request”);

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

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

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

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

Ayes: Carl Camden, Jeremy Hedges, Stephen Hicks, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Terrence J.L. Reeves, Greg Tedder (on behalf of Chairman Mason, designation attached), Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
February 26, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

February 26, 2019

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

RE: Designation of Greg Tedder

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Greg Tedder as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,



Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-022**

**APPROVAL OF A CONSENT RECOMMENDATION FOR A MICHIGAN COMMUNITY
REVITALIZATION PROGRAM OTHER ECONOMIC ASSISTANCE PERFORMANCE
BASED EQUITY AWARD FOR
250 West Larned, LLC**

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

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

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

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

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

WHEREAS, by Resolution 2014-188 on October 28, 2014 the MSF Board awarded CRP Other Economic Assistance Equity Investment to 250 West Larned, LLC, or such other entities formed or to be formed in furtherance of the Foundation Hotel Project (“Applicant” or “Co-Applicants”) of up to \$5,840,000 (“Award”);

WHEREAS, by the terms of Resolution 2014-188 the MSF Fund Manager approved an extension of the Award to October 28, 2015 (“Original Expiration Date”);

WHEREAS, the Applicant was unable to execute the Transaction Documents by the Original Expiration Date and a re-approval of the Award was approved by the MSF Board on October 27, 2015;

WHEREAS, by the terms of Resolution 2015-151 the MSF Fund Manager approved an extension of the Award to March 24, 2016 (“Original Expiration Date”);

WHEREAS, the MEDC is recommending that the MSF authorize the fund manager to approve a consent agreement that will allow the applicant to refinance and increase of the senior debt up to \$22,250,000 with all other requirements remaining in place from the original approval (“MCRP Amendment Recommendation”).

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

Ayes: Carl Camden, Jeremy Hedges, Stephen Hicks, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Terrence J.L. Reeves, Greg Tedder (on behalf of Chairman Mason, designation attached), Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
February 26, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

February 26, 2019

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

RE: Designation of Greg Tedder

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Greg Tedder as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,



Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC

MICHIGAN STRATEGIC FUND

RESOLUTION 2019-023

APPROVAL OF AN ADMINISTRATIVE CORRECTION TO A MICHIGAN COMMUNITY REVITALIZATION PROGRAM GRANT AWARD TO DIAMOND PLACE, LLC

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

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

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

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

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

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

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

WHEREAS, by Resolution 2017-215 on December 19, 2017, the MSF Board approved a \$1,000,000 MCRP Grant Award to partially cover approximately \$1.6 million in unforeseen construction cost overruns on the Project;

WHEREAS, the MEDC is recommending that the MSF approve an administrative correction to the MCRP Grant Award to clarify that the previous approval increased the award from 20% to 25% of Eligible Investment and also recommends a deviation from the parameter which limits MCRP requests for non-historic projects to 20% of “Eligible Investment”, with all other requirements remaining in place from the previous approvals (“MCRP Administrative Correction Recommendation”).

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the MCRP Administrative Correction Recommendation; and authorizes the Fund Manager to make necessary corrections to the existing Agreement.

Ayes: Carl Camden, Jeremy Hendges, Stephen Hicks, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Terrence J.L. Reeves, Greg Tedder (on behalf of Chairman Mason, designation attached), Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
February 26, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

February 26, 2019

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

RE: Designation of Greg Tedder

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Greg Tedder as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,



Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-024**

**SSBCI MBGF-LPP
APPROVAL OF AN AMENDMENT LOAN PARTICIPATION AND SERVICING
LOAN AWARD FOR
MYLOCKER PROPERTIES, LLC AND RELATED BORROWERS**

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

WHEREAS, at its May 25, 2011 meeting, the MSF Board approved: (i) the creation of the Michigan Business Growth Fund (the “MBGF”), an SSBCI Program created by the MSF to disburse SSBCI funds in accordance with the SSBCI, and (ii) as part of the MBGF, the creation of a loan participation program designed to facilitate financing of projects for commercial borrowers (the “MBGF-LPP”), and (iii) the guidelines for the MBGF-LPP (“MBGF-LPP Guidelines”) and MBGF-LPP Loan Participation and Servicing Agreement (“MBGF-LPP Agreement”), each to be utilized for the operation of the MBGF-LPP, and (iv) the MSF Fund Manager or Chairperson to negotiate and sign the terms and conditions of the MBGF-LPP Agreement as authorized by the MSF Board;

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

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

WHEREAS, by resolution 2018-219 on December 18, 2018 the MSF Board approved the loan participation of 49.9% in two separate credit facilities with Invest Detroit Foundation (“Lender”) of up to a total of \$8,450,000 (“MBGF-LPP Support”);

WHEREAS, the MEDC recommends that the MSF approve an amendment to change the term of the loan from 60 months to 96 months and change the loan covenant from a Debt Service Coverage Ratio to a Fixed Charge Coverage Ratio subject to: (i) available funding, and final due diligence performed, to the satisfaction of the MEDC; (“MSF LPP Amendment Recommendation”).

NOW, THEREFORE, BE IT RESOLVED, the MSF approves the MBGF-LPP Award Amendment Recommendation; and

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

Ayes: Carl Camden, Jeremy Hedges, Stephen Hicks, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Terrence J.L. Reeves, Greg Tedder (on behalf of Chairman Mason, designation attached), Wayne Wood

Nays: 0

Recused: 0

Lansing, Michigan
February 26, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

February 26, 2019

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

RE: Designation of Greg Tedder

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Greg Tedder as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,



Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-025**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT, TO
RPM FREIGHT SYSTEMS, 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, the MEDC has completed the background check in accordance with the MSF policy, and the project may proceed for MSF consideration;

WHEREAS, RPM Freight Systems, LLC (“Company”) has requested a performance based MBDP Grant of up to \$3,750,000 (“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: Carl Camden, Jeremy Hendges, Stephen Hicks, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Terrence J.L. Reeves, Greg Tedder (on behalf of Chairman Mason, designation attached), Wayne Wood

Nays: None

Recused: None

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

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

Date: February 7, 2019


Company Name:	RPM Freight Systems, LLC and/or its affiliates and subsidiaries.
Project Location:	Royal Oak, Michigan
MBDP Incentive Type:	Performance Based Grant
Maximum Amount of MBDP Incentive:	Up to \$3,750,000
Base Employment Level:	At least 146
Qualified New Jobs:	At least 500 in Michigan
Municipality Supporting Project:	The City of Royal Oak has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs:	October 3, 2018 (Date of signed offer letter)
Term of the Agreement:	May 30, 2024. However, in the event the Company receives disbursement of the maximum amount of MBDP Award prior to May 30, 2024, the term of the Grant will be 6 months after the final disbursement.
Milestone Based Incentive:	<p>Disbursements will be made over a five year period and will be performance based on job creation as follows:</p> <p>On November 30th of each year, the Company may request disbursement equal to \$7,500 for each Qualified New Job (up to 500 Qualified New Jobs and not to exceed the total amount of \$3,750,000) upon demonstration that the base employment level and any Qualified New Jobs for which disbursements have previously been made have been maintained, and provided that:</p> <ol style="list-style-type: none">1. On November 30, 2019, the Company has created a minimum of at least 50 Qualified New Jobs and submits documentation verifying commitment of local support;2. On November 30, 2020, the Company has created a minimum of 100 Qualified New Jobs above the Base Employment Level; and3. On November 30, 2021, the Company has created a minimum of 150 Qualified New Jobs above the Base Employment Level; and4. On November 30, 2022, the Company has created a minimum of 200 Qualified New Jobs above the Base Employment Level; and5. On November 30, 2023, the Company has created a minimum of 500 Qualified New Jobs above the Base Employment Level;

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

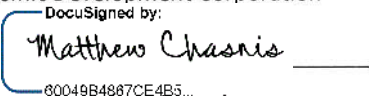
The detailed numbers, and statutorily required repayment and reporting provisions, will be reflected in the subsequent transaction documents.

Acknowledged as received by:

RPM Freight Systems, LLC

By: 
Printed Name: Barry Spilman
Its: CEO

Michigan Economic Development Corporation

By: 
Printed Name: Matthew Chasnis
Its: Business Development Projects Manager



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

February 26, 2019

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

RE: Designation of Greg Tedder

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Greg Tedder as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,



Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-026**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
US ROOF, 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, the MEDC has completed the background check in accordance with the MSF policy, and the project may proceed for MSF consideration;

WHEREAS, US Roof, LLC (“Company”) has requested a performance based MBDP Grant of up to \$3,340,000 (“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: Carl Camden, Jeremy Hendges, Stephen Hicks, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Terrence J.L. Reeves, Greg Tedder (on behalf of Chairman Mason, designation attached), Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
February 26, 2019

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

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

Date: February 13, 2019

Company Name:	US Roof, LLC and/or its affiliates and subsidiaries.
Project Location:	Auburn Hills or Livonia
MBDP Incentive Type:	Performance Based Grant
Maximum Amount of MBDP Incentive:	Up to \$3,340,000
Base Employment Level:	At least 33
Qualified New Jobs:	At least 334 at the Project Location
Municipality Supporting Project:	Auburn Hills or Livonia has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs:	Date of MSF Board approval
Term of the Agreement:	August 31, 2024
Milestone Based Incentive:	Disbursements will be made over a 5 year period and will be performance based on job creation as follows: Milestone 1: \$500,000 for the creation of 50 jobs. Milestone 2: \$1,000,000 for the creation of 100 jobs. Milestone 3: \$360,000 for the creation of 36 jobs. Milestone 4: \$750,000 for the creation of 75 jobs. Milestone 5: \$730,000 for the creation of 73 jobs.

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

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

Acknowledged as received by:

US Roof, LLC

By:



Printed Name:

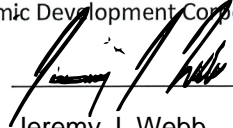
R. TAD MAGRUDER

Its:

ROOF SYSTEMS PRODUCT
LINE DIRECTOR, AMERICAS

Michigan Economic Development Corporation

By:



Printed Name:

Jeremy J. Webb

Its:

Sr. Business Development Project Manager



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

February 26, 2019

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

RE: Designation of Greg Tedder

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Greg Tedder as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,



Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-027**

BUSINESS INCUBATORS GRANT AWARDS

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

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

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

WHEREAS, MCL 125.2088k requires that the MSF Board establish a competitive process to award grants and make loans for competitive edge technologies and provides that proposals may be reviewed by a joint evaluation committee (“JEC”);

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

WHEREAS, five proposals were received in response to the Business Incubators RFP and evaluated by the JEC in accordance with the requirements of the scoring and evaluation criteria adopted by the MSF Board;

WHEREAS, the JEC determined that five proposals earned sufficient scores to warrant funding under the Business Incubator RFP;

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

Awardee	Grant Amount	Initial Term
Ann Arbor SPARK	\$150,000	4/1/2019-3/31/2020
Automation Alley	\$100,000	4/1/2019-3/31/2020
The City of Grand Rapids SmartZone Local Development Finance Authority	\$100,000	4/1/2019-3/31/2020
Enterprise Group of Jackson	\$150,000	4/1/2019-3/31/2020
The Wayne State University Research and Technology Park in City of Detroit, DBA, Techtown Detroit	\$100,000	4/1/2019-3/31/2020

(the “Business Incubator Awards”); and

WHEREAS, the MSF Board wishes to approve the Business Incubator Awards, subject to completion of a civil and criminal background check under the MSF Background Review Policy.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Business Incubator Awards subject to completion of a civil and criminal background check under the MSF Background Review Policy; and

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

Ayes: Carl Camden, Stephen Hicks, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Terrence J.L. Reeves, Greg Tedder (on behalf of Chairman Mason, designation attached), Wayne Wood

Nays: None

Recused: None

Abstained: Jeremy Hendges

Lansing, Michigan
February 26, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

February 26, 2019

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

RE: Designation of Greg Tedder

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Greg Tedder as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,



Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-028**

**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, Wayne State University (“WSU”) has submitted a request to receive a grant of up to \$250,000 as the Innovation Hub for Advanced Computing 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 WSU meets the criteria for approval as an Innovation Hub for Advanced Computing activities as described in the MTRAC Program Guidelines;

WHEREAS, the MEDC recommends that the MSF Board approve a grant award of up to \$250,000 to WSU as an Innovation Hub for Advanced Computing activities for a grant term of one year, with the option to allocate additional funding and extend the term for one year at the sole discretion of the MSF Board (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: Carl Camden, Jeremy Hendges, Stephen Hicks, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Terrence J.L. Reeves, Greg Tedder (on behalf of Chairman Mason, designation attached), Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
February 26, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

February 26, 2019

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

RE: Designation of Greg Tedder

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Greg Tedder as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,



Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-029**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
OTHER ECONOMIC ASSISTANCE LOAN PARTICIPATION AWARD TO
KZOO HOTEL PARTNERS, LLC OR RELATED ENTITY**

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

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

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

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

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

WHEREAS, Fifth Third (“Lender”) will be providing financing to Kzoo Hotel Partners, LLC and/or related entities (“Proposed Borrower”) of approximately \$35,454,000 toward the building renovations and new construction (“Project”);

WHEREAS, the Lender and Proposed Borrower have requested an Other Economic Assistance Performance Based Loan Participation of up to \$7,454,000 (“Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, it is anticipated that the project will not be able to meet the MCRP Incentive Parameters of a debt service coverage ratio of 1.20 to 1.00 in the first couple years of operation and an MCRP award above 20% of “Eligible Investment” and staff is recommending a deviation from these parameters;

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the MCRP Award Recommendation and deviations from the MCRP Incentive Parameters;

Ayes: Carl Camden, Jeremy Hedges, Stephen Hicks, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Terrence J.L. Reeves, Greg Tedder (on behalf of Chairman Mason, designation attached), Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
February 26, 2019

EXHIBIT A

“Term Sheet”

Loan Terms

MSF Facility:	MCRP Loan Participation
Borrower:	Kzoo Hotel Partners, LLC
Senior Lender:	Fifth Third Bank
Total Amount of Loans:	Currently estimated at \$35,454,000
Lender Share:	Currently estimated at \$28,000,000
Total Capital Investment:	Currently estimated at \$44,065,463
MSF Eligible Investment:	Currently estimated at \$30,119,821
MSF Share:	Up to the lesser of 25% of “Eligible Investment” or \$7,454,000
Term:	To match that of the Lender, not to exceed 120 months including an interest only period of up to 36 months.
Amortization:	To match that of the Lender, not to exceed 300 months, following the interest only period.
Interest Rate:	2.0% per annum
Repayment Terms:	Up to 36 months of interest only payments, followed by monthly principal and interest payments with balance due at maturity.
Collateral:	To reasonably match that of the Lender, currently anticipated being i-a 1st Priority Mortgage, Assignment of Leases and Rents, and 1 st Priority Security Interest on Furniture, Fixtures and Equipment for the property located at 303 N. Rose Street, Kalamazoo, MI 49007 (the Property); ii-Assignment of all Management Contracts and/or Franchise Agreements; iii-Assignment of all Construction and Development related contracts; iv-Assignment of any Brownfield TIF Reimbursement Agreements; v-Other collateral as required by Bank. MSF share of collateral will be subordinated to that of the Lender.
Guarantee:	To reasonably match that of the Lender, currently anticipated to be the personal guaranty of Archie Leach & Trust, Jeffrey A. Nicholson & Trust, Timothy J. Dora & Trust. The obligations of the Guarantors to pay principal on the loans shall be reduced to 75% of the Facility Amount at such time as Construction Completion (as defined in the Loan Agreement) has occurred and the Borrower demonstrates to the Lender’s satisfaction that the Project has achieved a Global DSCR of

not less than 1.0:1.0 for two consecutive calendar quarters, provided that in determining the Global DSCR for purposes of reducing the obligation to pay principal, the calculation of NOI shall include a vacancy rate equal to the actual vacancy rate for the Project as of the date of the calculation. The obligations of the Guarantors to pay principal on the loan shall be further reduced to 50% of the Facility Amount at such time as the Project has converted to the extension Option. MSF rights under guarantee(s) will be subordinated to that of the Lender.

- MSF Fees:** The MSF shall be paid a one-time fee equal to one percent of the MSF's share of the loan. The Lender may charge the borrower for this fee.
- Deferred Developer Fees:** The developer fees of \$1,750,000 will be deferred until such time that the project is producing cash flow in excess of that required for priority debt and other operating obligations.
- Funding:** The MSF will fund up to \$7,454,000 to be disbursed following closing of the Loan and achievement of other performance criteria.
- Other Conditions:** The MSF's investment will be contingent upon the following:
- A minimum owner equity contribution of \$6,861,463.
 - Executed Construction Documents (includes "Guaranteed Maximum Price" construction contract).
 - Final Development Budget
 - Review and acceptance of Hotel Operator and Hotel Management Agreement and/or Hotel Franchise Agreements.
 - Other due diligence as may be required by MEDC staff.
 - Such other conditions as determined by Lender.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

February 26, 2019

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

RE: Designation of Greg Tedder

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Greg Tedder as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,



Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-030**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF KALAMAZOO BROWNFIELD REDEVELOPMENT AUTHORITY
303 ROSE STREET/KZOO HOTEL PARTNERS**

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

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

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

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

WHEREAS, the City of Kalamazoo Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 303 N. Rose Street within the City of Kalamazoo, known as 303 Rose Street/Kzoo Hotel Partners (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 39.97% to 60.03% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, lead, asbestos, or mold abatement and infrastructure improvements as presented in the Work Plan dated December 17, 2018. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating

purposes is based on costs of MSF eligible activities with a maximum of \$3,405,041 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$4,000 for Brownfield/Work Plan preparation, and a maximum of \$4,000 for Brownfield/Work Plan implementation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$1,364,192.

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

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

Ayes: Carl Camden, Jeremy Hedges, Stephen Hicks, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Terrence J.L. Reeves, Greg Tedder (on behalf of Chairman Mason, designation attached), Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
February 26, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

February 26, 2019

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

RE: Designation of Greg Tedder

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Greg Tedder as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,



Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-031**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
OTHER ECONOMIC ASSISTANCE LOAN PARTICIPATION
AWARD TO JACKSON DOWNTOWN PARTNERS, LLC
THE 200**

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

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

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

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

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

WHEREAS, County National Bank (“Lender”) will be providing financing to Jackson Downtown Partners, LLC and/or related entities (“Proposed Borrower”) estimated at approximately \$10,752,649 toward construction of a four-story mixed-used development (“Project”);

WHEREAS, the Lender and the Proposed Borrower have requested an Other Economic Assistance Performance Based Loan Participation of up to \$3,066,250 (“Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, the Proposed Borrower request deviates from the MCRP Incentive Parameters which limit MCRP requests for non-historic renovations to 20% of “Eligible Investment” and the limit of \$750,000 for grants, staff is recommending a deviation from these parameters;

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the MCRP Award Recommendation and deviations from the MCRP Incentive Parameters;

Ayes: Carl Camden, Jeremy Hedges, Stephen Hicks, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Terrence J.L. Reeves, Greg Tedder (on behalf of Chairman Mason, designation attached), Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
February 26, 2019

EXHIBIT A

“Term Sheet”

LOAN TERMS

MSF Facility:	MCRP Other Economic Assistance Loan Participation
Borrower:	Jackson Downtown Partners, LLC
Senior Lender:	County National Bank
Total Amount of Loans:	Currently estimated at \$10,752,649
Lender Share:	Currently estimated at \$7,686,399
MSF Share:	Up to the lesser of 25% of “Eligible Investment” or \$3,066,250
Term:	Shall match that of the lender, anticipated to be 60 months, the MSF Share will include an interest only period of up to 36 months
Amortization:	Not exceed 300 months, following the interest only period
Interest Rate:	1.0% per annum
Repayment Terms:	Monthly principal and interest payments with the balance due at maturity. <ul style="list-style-type: none">• Up to \$1,500,000 of the MSF Share of the financing to be forgiven upon completion of construction and achievement of other performance milestones.• Payments to the MSF will be limited to an amount necessary to maintain a debt service coverage ratio of 1.20 to 1.00.
Collateral:	To match that of the Lender currently anticipated to be first mortgage on the property, assignment of rents and leases at 200 North Jackson Street and an interest in the TIF reimbursements. MSF share of the collateral will be subordinated to the lender.
Guarantee:	To match that of the Lender, currently anticipated to be Limited personal guarantees of the Borrower.
MSF Fees:	The MSF shall be paid a one-time fee equal to one percent (1%) of the MSF’s share of the financing. One time “Exit Fee” of up to \$750,000. The Exit Fee will be based on a future value of the property at the time of the MSF’s exit. The trigger for repayment is anticipated to be a future value above \$14,500,000 for the property.
Funding:	The MSF will disburse its share of the financing to the Lender following closing of the financing and achievement of other performance criteria.

Other Conditions:

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

- Construction documents (includes a "Guaranteed Maximum Price" construction contract)
- Final Development Budget
- Minimum Owner Equity Investment of \$2,500,000



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

February 26, 2019

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

RE: Designation of Greg Tedder

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Greg Tedder as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,



Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-032**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF JACKSON BROWNFIELD REDEVELOPMENT AUTHORITY
THE 200 REDEVELOPMENT PROJECT**

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

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

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

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

WHEREAS, the City of Jackson Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 200 N. Jackson Street within the City of Jackson, known as The 200 Redevelopment Project (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 72.16% to 27.84% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, and infrastructure improvements as presented in the Work Plan dated January 17, 2019. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on costs of MSF eligible activities

with a maximum of \$747,769 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 of \$546,741.

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 Jackson, as appropriate, maintaining adequate records regarding: a) all taxes captured for the project; and b) receipts or other appropriate documentation of the cost of eligible activities. The records shall be made available for review upon request by MSF or MEDC staff.

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

Ayes: Carl Camden, Jeremy Hendges, Stephen Hicks, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Terrence J.L. Reeves, Greg Tedder (on behalf of Chairman Mason, designation attached), Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
February 26, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

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

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

February 26, 2019

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

RE: Designation of Greg Tedder

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Greg Tedder as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,



Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-033**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF GRAND RAPIDS BROWNFIELD REDEVELOPMENT AUTHORITY
MICHIGAN MEADOWS**

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, asbestos, or mold abatement, and for demolition and site preparation that are not response activities under the Natural Resources and Environmental Protection Act, 1994 PA 451;

WHEREAS, the City of Grand Rapids Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 2233 Michigan Street NE within the City of Grand Rapids, known as Michigan Meadows (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 13.32% to 86.68% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, lead, asbestos, or mold abatement and infrastructure improvements as presented in the Work Plan dated September 19, 2018. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points

must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on costs of MSF eligible activities with a maximum of \$2,011,784 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$10,000 for Brownfield/Work Plan preparation and capture of taxes levied for school operating purposes being limited to a maximum of \$269,333.

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

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

Ayes: Carl Camden, Jeremy Hedges, Stephen Hicks, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Terrence J.L. Reeves, Greg Tedder (on behalf of Chairman Mason, designation attached), Wayne Wood

Nays: None

Recused: None

Lansing, Michigan
February 26, 2019



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

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Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood

February 26, 2019

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

RE: Designation of Greg Tedder

To Whom It May Concern:

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Sincerely,



Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-034**

Denial of Brownfield Tax Credit Amendment Policy Waiver

At the meeting of the Michigan Strategic Fund (“MSF”) held on February 26, 2019, in Lansing, Michigan.

WHEREAS, the Michigan Economic Growth Authority (“MEGA”) Board is authorized by Public Act 24 of 1995, as amended, to approve and 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, a Brownfield Tax Credit Amendment policy (“Policy”) was adopted by the MSF on December 19, 2017, through Resolution 2017-210, to acknowledge current and future project amendment consideration and assure staff is continuing to operate within the MSF’s guidance;

WHEREAS, the Policy established a time limitation as it pertains to the allowance of amendment consideration before the ten-year statutory expiration of a Brownfield credit;

WHEREAS, a request of a waiver of the Policy is requested by Nailah Commons, LLC to allow a credit to be authorized even though the approved project was not completed before the ten-year statutory expiration of the tax credit; and

WHEREAS, the Michigan Economic Development Corporation provides administrative services to the MSF and recommends denial of the waiver to the Policy.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board denies the request made by Nailah Commons, LLC, for a waiver to the Policy.

Ayes: Carl Camden, Jeremy Hendges, Stephen Hicks, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Greg Tedder (on behalf of Chairman Mason, designation attached), Wayne Wood

Nays: None

Recused: None

Abstained: Terrence J.L. Reeves

Lansing, Michigan
February 26, 2019



STATE OF MICHIGAN
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February 26, 2019

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February 26, 2019

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Sincerely,



Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC