

MICHIGAN STRATEGIC FUND BOARD MEMBERS

Paul Ajegba

*Director, Michigan Department of
Transportation*

Ronald W. Beebe

*Principal Owner & CEO
Euclid Industries, Inc.*

Britany Affolter - Caine, Ph.D.

*Executive Director
Michigan's University Research
Corridor*

Jeff Donofrio

*Director, Department of Labor
& Economic Opportunity*

Rachael Eubanks

*State Treasurer, Department of
Treasury*

Paul Gentilozzi

President, Gentilozzi Real Estate

September Hargrove

*Vice President, Global
Philanthropy, JP Morgan Chase*

Jeff Mason

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

Charles Rothstein

*Founder & Senior Managing Director
Beringea, LLC*

Susan Tellier

*President
JetCo Packaging Solutions*

Cindy Warner

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

MICHIGAN STRATEGIC FUND (MSF) BOARD

Meeting Packet

December 2019

**MICHIGAN STRATEGIC FUND BOARD
FINAL MEETING AGENDA
December 17, 2019
10:00 am**

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

Communications

A. Consent Agenda

Proposed Meeting Minutes – November 26, 2019

Proposed Meeting Minutes – December 4, 2019

Appointments to the Board of Directors of Develop Michigan Inc. – Mark Morante

B. Business Investment

a. Entrepreneurship

Michigan Translational Research and Commercialization (MTRAC) – Funding Allocation – Fred Molnar

Life Science MTRAC Hub – Grant Renewal – Fred Molnar

Advanced Transportation MTRAC Hub – Grant Renewal – Fred Molnar

Tech Transfer Talent Network (T3N) – Grant Renewal – Fred Molnar

Pre-Seed III – Request for RFP – Fred Molnar

BBCetc – Grant Request for Small Business Innovation Research/Small Business Technology Transfer Research – Maggie McCammon

Small Business Development Center – Grant Request for Emerging Technology Fund & Business Accelerator Services Fund – Maggie McCammon

b. Business Growth

Fairlife, LLC– MBDP Amendment – David Kurtycz

Ford Motor Company – Good Jobs for Michigan and State Essential Services Assessment Exemption – Erik Wilford

C. Community Vitality

Fulton & Seward – MCRP Amendment – Lynda Franke

Sweetwater Development Partners, LLC – Brownfield Act 381 Work Plan Amendment and MCRP Award – Sarah Rainero

55 Ionia Partners, LLC – MCRP Amendment – Julius Edwards

Village of Kalkaska-Railroad Square – CDBG Request – Dan Leonard

Sugar Hill Redevelopment – Brownfield Act 381 Work Plan/MCRP Award/Brownfield MBT Amendment – Brittney Hoszkiw

**MICHIGAN STRATEGIC FUND
FINAL MEETING MINUTES
November 26, 2019**

Members Present

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

Member joined by phone

Charles P. Rothstein

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

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 an updated briefing memorandum for the Loose Plastics project under Capital Access was provided to the Board at the table.

A. CONSENT AGENDA

Resolution 2019-165 Approval of Consent Agenda Items

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

Proposed Meeting Minutes – October 22, 2019
Challenge Mfg. Company, LLC – MBDP Grant Amendment – **2019-166**
City Modern 440 Alfred Street LLC and Brush Park Development Company Phase I LLC – MCRP Loan Reapproval – **2019-167**
2020 MSF Board Meeting Dates – Amendment
Delegation of Authority for State Historic Preservation Office (SHPO) – **2019-168**

Michael B. Kapp seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

B. BUSINESS INVESTMENT

B1. Business Growth

Resolution 2019-169 Michigan Manufacturing Technology Center – Manufacturing Support Services Grant Amendment

Colin Dillon, PMBC Data & Strategy Manager, provided the Board with information regarding this action item. Following discussion, Paul Gentilozzi motioned for the approval of Resolution 2019-169. Ronald W. Beebe seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

Charles P. Rothstein, recused from the next item, disconnected from the meeting; a recusal letter is attached to the minutes.

Resolutions 2019-170 & 2019-171 Wayfair, LLC – MBDP Grant and Jobs Michigan Ready Program Grant

Erik Wilford, Business Development Project Manager, provided the Board with information regarding these action items. Following discussion, Paul Gentilozzi motioned for the approval of Resolution 2019-170. Andrew Lockwood seconded the motion. **The motion carried: 10 ayes; 0 nays; 1 recused.** Michael B. Kapp then motioned for the approval of Resolution 2019-171. Cindy Warner seconded the motion. **The motion carried: 10 ayes; 0 nays; 1 recused**

Charles P. Rothstein rejoined the meeting.

Resolution 2019-172 GTB Agency, LLC – MBDP Grant

Jibran Ahmed, Business Development Project Manager, provided the Board with information regarding this action item. Following discussion, Paul Gentilozzi motioned for the approval of Resolution 2019-172. Andrew Lockwood seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

B2. Capital Access

Resolution 2019-173 – Loose Plastics Inc. – SSBCI Collateral Support Program

Chris Cook, Director of Capital Access, provided the Board with information regarding this action item. Following discussion, Ronald W. Beebe motioned to amend the Resolution to waive the program’s annual fee requirement, which ranges from one to three percent of the Michigan Strategic Fund annual balance, for this project only. The motion was seconded by Paul Gentilozzi. **The motion carried: 9 ayes; 2 nays; 0 recused.** Michael B. Kapp then motioned for the approval of Resolution 2019-173, as amended. Cindy Warner seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

Resolution 2019-174 Graphic Packaging International LLC – Bond Inducement

Chris Cook, Director of Capital Access, provided the Board with information regarding this action item. Following discussion, Ronald W. Beebe motioned for the approval of Resolution 2019-174. Paul Gentilozzi seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin (on behalf of Director Donofrio, designation attached), Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

C. COMMUNITY VITALITY

Resolution 2019-175 Proposed 166 Oak Redevelopment / City of Wyandotte Brownfield Redevelopment Authority – Brownfield Act 381 Work Plan

Dominic Romano, Community Assistance Team Specialist, provided the Board with information regarding this action item. Following discussion, Andrew Lockwood motioned for the approval of Resolution 2019-175. Britany L. Affolter-Caine seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused; 1 abstained.**

Resolution 2019-176 Project River Watch / City of Grand Haven – CDBG Grant Request

Sarah Rainero, Regional Director of Community Development, provided the Board with information regarding this action item. Following discussion, Cindy Warner motioned for the approval of Resolution 2019-176. Andrew Lockwood seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

Mr. Mason adjourned the meeting at 12:18 pm.



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

November 13, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

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

Sincerely,

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

Jeff Donofrio
Director

Cc: Susan Corbin



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

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

BERINGEA

32330 W. 12 Mile Road
Farmington Hills, MI 48334
Tel: 248-489-9000
Fax: 248-489-8819
www.beringea.com

November 25, 2019

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

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the following item on the Michigan Strategic Fund Board Meeting Agenda on Tuesday, November 26, 2019.

- Wayfair, LLC

The reason for my recusal relates to the fact that I may have a potential conflict of interest with respect to the parties involved in the Agenda item.

Sincerely,

A handwritten signature in black ink, appearing to read 'Charles Rothstein', with a large, sweeping flourish extending to the right.

Charles Rothstein
Founder & Sr. Managing Director
Beringea, LLC

**MICHIGAN STRATEGIC FUND
FINAL BOARD RETREAT MINUTES
December 4, 2019**

Members Present

Amanda Bright-McClanahan (on behalf of Chairman Mason)
Britany L. Affolter-Caine
Ronald W. Beebe
Susan Corbin (on behalf of Director Donofrio)
September Hargrove
Michael B. Kapp (on behalf of Director Ajegba)
Andrew Lockwood (on behalf of Treasurer Eubanks)

Member joined by phone

Director Jeff Donofrio

Members absent

Paul Gentilozzi
Charles P. Rothstein
Susan Tellier
Cindy Warner

An ongoing education series for the Michigan Strategic Fund (MSF) Board was held in the Lake Michigan Room at the Michigan Economic Development Corporation headquarters in Lansing at 11:30 am.

Ms. Bright-McClanahan called meeting to order at 11:30 am.

There was no public comment.

The following items were discussed: 1) Overview on the MEDC Strategic Plan, including history of the Michigan Strategic Fund (MSF), project examples and performance evaluation; 2) Overview of the MSF Budget, including state appropriations and spending dashboard for the fiscal year 2019 budget; and 3) Introduction to Entrepreneurship Services.

No Action was taken.

The meeting adjourned at 1:38 pm.

July 18, 2019

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan 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



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

November 13, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

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

Sincerely,

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

Jeff Donofrio
Director

Cc: Susan Corbin



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

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

MEMORANDUM

TO: Michigan Strategic Fund

FROM: Mark Morante, Fund Manager

DATE: December 17, 2019

SUBJECT: Appointment to the Board of Directors of Develop Michigan, Inc.

REQUEST

This request is to appoint Michele Wildman, Senior Vice President of Community Development for the Michigan Economic Development Corporation, to the Board of Directors for Develop Michigan, Inc. replacing Katharine Czarnecki, and appoint Lori Mullins, Director of Community Development Incentives to the Board of Directors for Develop Michigan, Inc. replacing Greg Tedder. Both Katharine Czarnecki and Greg Tedder have resigned from the MEDC in recent months. Ms. Wildman's term will be for the remainder of a five-year term expiring July of 2024 and Ms. Mullins' term will be for the remainder of a five-year term expiring July 2023

BACKGROUND

On July 24, 2013, the Michigan Strategic Fund Board ("MSF", "MSF Board") appointed three individuals to represent its interest in Develop Michigan, Inc. From its inception, Develop Michigan Inc. ("DMI") and its for-profit subsidiary private equity fund was designed to be a public-private partnership. As such, the composition of the nine-member Board of Directors is as follows:

- Three members appointed from private limited partner investors
- Three members appointed by the management team
- Three members appointed by the Michigan Strategic Fund

The current appointees by the MSF Board are:

- Mark J. Morante, MSF Fund Manager
- Gregory Tedder
- Katharine Czarnecki

RECOMMENDATION

Staff recommends the appointment of Michele Wildman to the Develop Michigan, Inc. Board of Directors for a term expiring on July 23, 2024 and appointment of Lori Mullins to the Develop Michigan Inc. Board of Directors for a term expiring on July 23, 2023.

Michele M. Wildman

██████████
██████████
██████████
██████████@yahoo.com

PROFESSIONAL EXPERIENCE

Genesee County Land Bank Authority Flint, Michigan

Executive Director *(11/2016 to Present)*

- Human resource management for over 60 full-time, part-time and seasonal employees.
- Oversee \$5 million annual operating budget
- Completed Lean Process Improvement within Sales & Development Department.
- Updated policies, procedures and objectives in conjunction with Board of Directors.
- Oversight for implementation of a variety of state and federal grant programs.
- Work with local, state and federal elected officials on issues surrounding vacant and abandoned properties.

Michigan State Housing Development Authority Lansing, Michigan

Chief Housing Investment Officer *(2015 to 2016)*

- Served as the Deputy Director responsible for the Rental Development and Asset Management Divisions and the State Historic Preservation Office.
- Oversight of MSHDA funded rental units including 52,000 units, \$1.5 billion in loan volume and associated underwriting, compliance and LIHTC allocation teams.
- Served as member of executive team including strategic planning, department level workgroups and cross-departmental planning committees.
- Lead Lean Process Improvement on MSHDA's Direct Lending Program.

Director, Federal Programs & Strategic Initiatives Division *(2014 to 2015)*

- Set and oversee overall direction of the Authority's HOME, CDBG, NSP, and ESG programs and policy across MSHDA divisions.
- Staff management responsibilities for the Internal Compliance unit.
- Technical Advisor on State's blight elimination programs including the State Land Bank.
- Served as a member of senior management including participation on the Authority's Grant Committee and Placemaking Investment Committees.

Director of Special Programs, Executive Division *(2013 to 2014)*

- Developed parameters to reprogram \$100 million in federal TARP funds for demolition.
- Provided technical and regulatory advice Authority wide on federal policy issues.
- Facilitate MSHDA's programming with state and local land banks.
- Represented the Authority on several state and federal planning bodies.

Acting Senior Policy Specialist, Executive Division *(2011 to 2013)*

- Policy development, staff oversight and coordination for Michigan's \$223 million NSP2 Consortium including interaction with local governments and land banks.
- Train staff, land banks and local units of government statewide on federal programs.

- Executive oversight responsibilities for MSHDA's \$98 million NSP1 and NSP3 funding including cross divisional coordination.
- Provide counsel across the agency within other units of government for policy and program development around urban redevelopment and blight elimination.

Supportive Housing/Closing Specialist, Rental & Homeless Initiatives (2009 to 2011)

- Completed underwriting on supportive housing rental projects.
- Negotiated workouts in underperforming rental projects.
- Provided direction for multi-agency planning efforts for state partnerships to create supportive housing and end homelessness.
- Processed applications for Project Based Voucher (PBV) assistance.
- Monitored direct lending transactions from initial closing to lease up.

Community Development Specialist, Community Development Division (2002 to 2005)

- Administered portfolio of CDBG, ESG, HOME and MSHDA grants.
- Review, award and assist communities with on Blueprints, Main Street, Cool Cities, and other economic development initiatives.
- Award Housing Resource Fund and Neighborhood Preservation grants.
- Make funding recommendations on Balance of State SHP funds.
- Collaborate with Foundations on CEDF funds.
- Provide technical assistance to non-profits and local units of government in eight counties on housing and homeless programs.
- Assist communities with Continuum of Care planning documents.

Michigan Land Bank Fast Track Authority Lansing & Detroit, Michigan

Acting Executive Director (Appointed 2/2014 – 7/2014 by the Governor)

- Directed State Land Bank staff and programming.
- Managed administrative functions including budgeting and human resources.
- Provided materials and testimony necessary for the Michigan Legislature including those necessary for annual appropriations.
- Participated in annual planning activities around land banking in Michigan.
- Participated on executive level planning committees to advance administration goals.
- Lead agency during transition to MSHDA.

Metro Housing Partnership Flint, Michigan

Director of Partnerships (2006 to 2008)

- Managed existing programming and staff within the department.
- Oversee management and distribution of \$1 million in TBRA funding.
- Oversee management and distribution of \$5 million in SHP grants to local non-profits.
- Solicited and develop new community partnerships.
- Provided construction and process management on supportive housing development.
- Coordinated to the Genesee County Community Collaborative.
- Provided technical assistance to local service providers for programming funded with Strong Family Safe Children funding.
- Wrote successful grant proposals to local, state and federal funders.

Continuum of Care & Technical Assistance Coordinator (2001 to 2002)

- Conducted local review process for HUD-SHP and ESG applications.
- Coordinated and developed Continuum of Care planning process for Genesee County.

- Monitored and coordinated \$2.5 million annually in local SHP and S+C grants.
- Provided technical assistance for development of supportive housing.
- Submitted and implemented successful MSHDA/CMIF Homeless Challenge Initiative.

Community Foundation of St. Clair County Port Huron, Michigan

Consultant (2006 to 2007)

- Prepared presentation on role of philanthropy in neighborhood revitalization for Statewide Conference.
- Developed program evaluation and white paper of Community Renaissance Program.

Program Officer (2006)

- Implemented privately financed housing redevelopment programs.
- Solicited public and private funding for implementation of targeted neighborhood revitalization programs.
- Facilitated funding for the creation of a permanent endowment to support local homeless and domestic violence programming.
- Developed and implemented workshops and technical assistance for non-profit organizations by expanding the Community Resource Center
- Provided technical assistance to area non-profits on the acquisition, new construction and redevelopment of housing.
- Provided in-kind leadership and fiscal sponsorship functions to local non-profit arts studio, including fund development, budget oversight and program management.

EDUCATION & TRAINING

Walsh College

Master of Arts in Economics

Michigan State University

Bachelor of Arts in Public Administration & Public Policy

BOARD EXPERIENCE

- Federal Home Loan Bank of Indianapolis Affordable Housing Advisory Council Member
- Board Treasurer for Seymour Elementary PTO
- Past Board Treasurer for Flushing Early Childhood Center PTO
- Past Board Vice President for Flushing Christian Outreach Center
- Past YWCA of Greater Flint Board Member

COMMUNICATION SKILLS

- Excellent public speaker and presenter
- Experienced Facilitator and Moderator
- Frequent panelist at local state and national trainings and conferences.
- Proficient with Microsoft Word, Excel, and Power Point

REFERENCES

- Available Upon Request



Lori Mullins

Director, Community Development Incentives

Education

Master of Urban and Regional Planning

Michigan State University
Degree 2006, with honors

Master of Urban Design

University of Michigan
Attended 2001

Bachelors of Landscape Architecture

Michigan State University
Degree 1997, with honors

Technical Skills

MS Word, Excel & PPT
AutoCAD
Adobe InDesign
Salesforce

Professional Skills

Project Management
Economic Development Administration
Planning and Zoning Administration
Placemaking and Design
Teaching
Meeting Facilitation
Communication and Public Speaking
Construction Administration
Budget Planning
Fund-Raising
Special Event Coordination

Contact Me



[Redacted]@gmail.com

www.linkedin.com/in/[Redacted]

Most Relevant Experience

- Experience administering MEDC incentive and financing programs, from the MEDC and local partner roles
- Proficiency creating and reviewing real estate development proformas and lending documents
- Michigan Main Street and Redevelopment Ready Communities Program experience from the local partner and MEDC staff perspectives
- Business development and entrepreneurship support skills gained from work at the East Lansing Technology Innovation Center, Downtown Development Authority and local attraction and retention activities
- Coordination of board and commission functions including providing staff reports and presentations to multiple boards
- Ability to interpret and implement Federal, State and Local policies and procedures.

Professional Experience

December 2017 to Present: • Director, Community Development Incentives, MEDC

- Provides leadership and direction to nine team members, including three direct reports
- Amended the CRP Guidelines and underwriting parameters
- Co-launched the Façade Restoration Initiative
- Led effort to educate partner communities, and private sector real estate professionals about federal Opportunity Zone tools.

July 2017 to Dec. 2017 • Manager, Brownfield/MCRP/SmartZone, MEDC

- Administered incentive and financing programs including Brownfield, MBT, MCRP and SmartZone
- Coordinated efforts of multiple divisions related to the launch of new programs and procedures
- Analyzed opportunities for improvement related to program implementation and customer service

2009 to 2017 • Community and Economic Dev. Administrator, City of East Lansing

- Division Administrator, Manage staff and four City boards
- Manager or the City's CDBG program, business recruiting efforts & property development initiatives

Lori Mullins

Professional References

Cristina Benton, PhD, Director
Anderson Economic Group

Jeffrey J. Smith, Director
University Corporate Research Park

Summer Hallwood Minnick
Deputy Executive Director and CMO
Michigan Municipal League

Professional Experience Continued

2004-2009 • Senior Project Manager, City of East Lansing

- Led the implementation of the Downtown East Lansing Urban Design Plan including bidding/contract management
- Championed and co-led creation of the Lansing Regional SmartZone, the East Lansing Technology Innovation Center and the Hatch student business incubator
- Managed the design and reconstruction of approximately \$20 million in public investment in infrastructure

1999-2004 • Community Development Analyst, City of EL

- Participated in management of the City's capital development campaign that raised over \$500,000 for downtown improvements
- Managed the development of the East Village Master Plan
- Initiated the EL Cool Cities collaborative and led the creation of the Grand River Connection.

1997-1999 • Landscape Designer, OCBA, Kalamazoo

- Urban Design and Construction Administration.

Key Professional Activities

2016 - Present: Urban Planning Instructor in the School of Planning Design and Construction at MSU

2002 – Present: Licensed Landscape Architect in Michigan, License Number 3901001367

2018 – Present: Certified Economic Development Finance Professional, National Development Council

2004 – 2006: Founding Board Member for the Grand River Connection; a young professionals networking organization

2008: Presented at the International Town Gown Conference/Texas A&M

2009-2011: Treasurer of the Michigan Chapter of the American Society of Landscape Architects

2010 – 2017: Certified Tourism Ambassador Facilitator, Greater Lansing Convention and Visitor's Bureau

2011-2014: Treasurer of the Michigan State University Landscape Architecture Alumni Advisory Board

2013: Publication - Makerspaces: Supporting an Entrepreneurial Ecosystem, [with Cristina Benton, Kristin Shelley & Tim Dempsey], Webinar, Report and Presentation for the University Center for Regional Economic Innovation.

<http://reicenter.org/projects/past-projects>

2014: Panelist at the Midwest Creative College Town Conference, University of Iowa. [with Jeff Smith and Paul Jaques]

<http://urban.uiowa.edu/midwest-creative-college-town-conference>

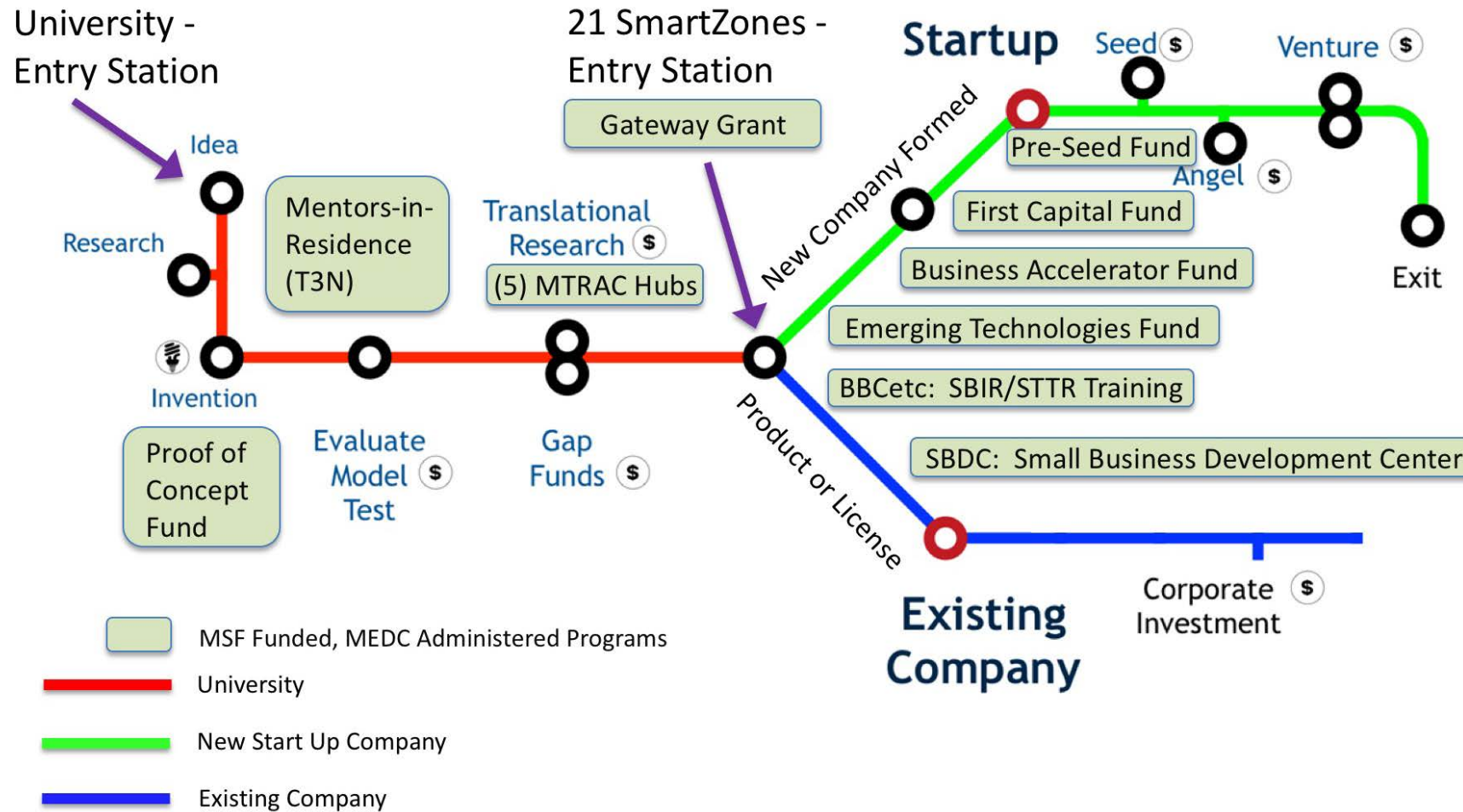
2014: Panelist at 517 Creative Spaces: Artist Live/Work Space <http://www.517creativespaces.org/dream-spaces/>

2015: Panelist at International Council of Economic Developers; Economic Futures Forum, Madison, WI

2017 and 2019: Speaker at the Michigan Economic Developers Association Conference

ENTREPRENEURSHIP & INNOVATION

“SUBWAY MAP” OF CURRENT PROGRAMS



MEMORANDUM

Date: December 17, 2019

To: Michigan Strategic Fund Board

From: Denise Graves, University Relations, Entrepreneurship and Innovation

Subject: Request for allocation of funds for the Michigan Translational Research and Commercialization Program

Request

Michigan Economic Development Corporation (“MEDC”) staff requests the Michigan Strategic Fund (“MSF”) Board approve the programmatic allocation of funds of \$2,450,000 from the FY2020 funding allocation for Entrepreneurial Programs and Grants to the Michigan Translational Research and Commercialization (“MTRAC”) Statewide Program (the “Request”).

Background

The Michigan Translational Research and Commercialization Statewide Program (the “MTRAC Statewide Program”) is created pursuant to Section 880 of the MSF Act, MCL 125.20880, to 1) encourage and work with the State of Michigan’s public universities to identify commercial potential in advanced technologies from individual institutions of higher education; 2) facilitate the bundling of inventions from individual institutions of higher education into packages that could be of interest to private sector firms looking for commercialization opportunities; 3) encourage business formation efforts in institution of higher education technology transfer offices to increase the number of institution of higher education related start-up companies; 4) encourage institutions of higher education to provide their faculty with incentives for participating in the technology transfer and commercialization activities; and 5) facilitate the use of applied research expertise within institutions of higher education by qualified businesses.

In April 2016, the MSF approved the creation of the MTRAC Statewide Program and guidelines including the designation of 5 Innovation Hubs for the support of translational research projects, in the following key areas: Bio-Medical Sciences, Life Sciences, Advanced Transportation, Advanced Materials and Agriculture-Biology. In October 2018, the MSF approved the elimination of the Bio-Medical program and recognized those activities as part of the Life Sciences Innovation Hub. The MSF also approved the addition of the Advance Computing Innovation Hub, maintaining program guidelines to support a total of 5 statewide innovation hubs: Life Science, Advanced Transportation, Ag Bio, Advanced Materials and Advanced Computing.

These Innovation Hubs will support the translation of competitive edge research into commercial applications at all Michigan based institutions of higher education, hospital systems and nonprofit research centers.

As outlined in the program guidelines, in order to be designated as an Innovation Hub and to receive funding from the MSF under the MTRAC Statewide Program, an applicant must meet all the following criteria:

- Be a state research university with a designated technology transfer office.
- Can meet or exceed the following metrics at the Innovation Hub or through a Subawardee (defined below), or a combination thereof: 1) create a minimum of five (5) jobs; 2) create a minimum of two (2) start-up companies; 3) issue a minimum of three (3) licenses to corporate partners; and 4) obtain a minimum of \$2,000,000 in follow on funding.
- Demonstrated expertise in one of the following five key areas: Advanced Computing, Life Sciences, Advanced Transportation, Advanced Materials or Agriculture-Biology.
- Demonstrate a financial match according to the tiers below, as an institution of higher education based upon research expenditures as reported through the Higher Education Research and Development (HERD) survey:

>\$150 Million – 100% match

\$50 Million - \$150 Million – 75% match

<\$50 Million –whereas institutions of higher education that fall below \$50 million in research expenditures, the match requirement will be 10% of their proposed project budget

- Maintain an annual Request for Proposals or alternative competitive process in which proposals can be submitted to the Innovation Hub from internal faculty of the state research university with which the Innovation Hub is affiliated, other Innovation Hubs, institutions of higher education, non-profit research centers and hospital systems throughout the State of Michigan (the “Subawardee(s)”) for funding of Eligible Technology Transfer Activities (defined below).
- Have a Commercialization Program Director (“CPD”) who is responsible for program management, oversight and reporting to ensure program efficiency and future success.
- Have an Oversight Committee comprised of industry experts and investment professionals to review and score proposals, provide commercialization goals and milestones to projects, vote on project awards and mentor projects to completion.
- Demonstrate a commitment from the state research university with which the Innovation Hub is affiliated to support the commercialization of advanced technologies and bio economy technologies on a statewide basis through the collaboration with other Innovation Hubs, industry, institutions of higher education, non-profit research centers and hospital systems throughout the State of Michigan.

The 5 Innovation Hubs as part of the MTRAC Statewide program are as follows:

Life Sciences (began in July 2016) – medical devices, diagnostics, therapeutics and healthcare IT

Advance Transportation (began in February 2017) – mobility, robotics and autonomy, sensors, electric vehicle drivetrain/propulsion

Ag Bio (began in June 2016) – food, fuel & fiber, bio-derived/bio-based materials, natural resources and animal health

Advanced Materials (began in February 2017) – novel materials, novel applications of conventional materials, equipment or processes that enable application of either novel materials or conventional materials for novel purpose

Advanced Computing (began in February 2019) – cognitive computing, immersive technologies, cybersecurity, internet of things, industry x.0, blockchain and next generation computing

The designation as an Innovation Hub and its ability to receive funding from the MSF under the MTRAC Statewide Program is valid for a period not to exceed six (6) years from date of designation.

The research university managing an Innovation Hub may apply for additional funding annually and a new grant award with continuation funding every two years, within three months prior to the current grant period end date.

Since the establishment of the statewide program, the MSF has supported annual funding allocations as follows:

Funding Year	Amount
FY 2016	\$3,600,000
FY 2017	\$1,525,000
FY 2018	\$3,100,000
FY 2019	\$2,600,000

As of 9/30/2019 the innovation hubs have reported the follow metrics:

	Prior to statewide program designation 2012-2016 4 years	After statewide program designation 2017-2019 2 years	Total Results
Proposals reviewed by Oversight Committee	322	336	658
Projects funded	153	153	306
Commercialization Results Since Project Funding through 9/30/19 (these numbers are updated on a quarterly basis)			
	Project Results from Funding 2012-2016 4 years	Project Results from Funding 2017-2019 2 years	Total Results
Startups	30	22	52
Jobs	121	51	172
Licenses	22	12	34
Options	17	13	30
Follow on funding	\$110,111,510	\$99,606,761	\$209,718,271

The allocation will support the continued operation of the 5 MTRAC innovation hubs throughout 2020. This continued operation will provide match funding support, training and mentorship for projects with the highest commercial potential. Based on the grant end dates, the Innovation Hubs will periodically, throughout 2020, request additional funding and extensions to continue their work.

Recommendation

MEDC Staff recommends approval of the Request.

MEMORANDUM

Date: December 17, 2019

To: Michigan Strategic Fund

From: Denise Graves, University Relations, Entrepreneurship and Innovation

Subject: Continued support for the Michigan Translational Research and Commercialization (MTRAC) Statewide Program, Life Science Innovation Hub

Request

The MEDC requests that the MSF Board approve the one-year continuation of hub activities, through 12/31/2020, and \$1,000,000 allocation from the MTRAC Statewide Program budget in additional funding for the University of Michigan Medical School Fast Forward Medical Innovation MTRAC Life Science Innovation Hub.

Background

The Michigan Translational Research and Commercialization Statewide Program (the “MTRAC Statewide Program”) is created pursuant to Section 880 of the MSF Act, MCL 125.20880, to 1) encourage and work with the State of Michigan’s public universities to identify commercial potential in advanced technologies from individual institutions of higher education; 2) facilitate the bundling of inventions from individual institutions of higher education into packages that could be of interest to private sector firms looking for commercialization opportunities; 3) encourage business formation efforts in institution of higher education technology transfer offices to increase the number of institution of higher education related start-up companies; 4) encourage institutions of higher education to provide their faculty with incentives for participating in the technology transfer and commercialization activities; and 5) facilitate the use of applied research expertise within institutions of higher education by qualified businesses.

In April 2016, the MSF approved the creation of the MTRAC Statewide Program and guidelines including the designation of 5 Innovation Hubs for the support of translational research projects, in the following key areas: Bio-Medical Sciences, Life Sciences, Advanced Transportation, Advanced Materials and Agriculture-Biology. In October 2018, the MSF approved the elimination of the Bio-Medical program and recognized those activities as part of the Life Sciences Innovation Hub. The MSF also approved the addition of the Advance Computing Innovation Hub, maintaining program guidelines to support a total of 5 statewide innovation hubs: Life Science, Advanced Transportation, Ag Bio, Advanced Materials and Advanced Computing.

In July 2016, the MSF approved the University of Michigan Medical School Fast Forward Medical Innovation as the MTRAC Statewide Program Life Science Innovation Hub. The Life Science

Innovation Hub focuses on commercializing technologies including the development of therapeutics, medical devices, medical diagnostics and digital health.

As outlined in the program guidelines, the designation as an Innovation Hub and its ability to receive funding from the MSF under the MTRAC Statewide Program is valid for a period not to exceed six (6) years from date of designation. The research university managing an Innovation Hub may apply for additional funding annually through an amendment or a new grant award every 2 years, within three months prior to the current grant period end date.

Program details

The Life Science MTRAC Innovation Hub Oversight Committee reviews all proposals to determine commercial viability and votes to approve project milestones and budgets assisting the project lead in achieving the greatest potential of getting to the commercial market. The Oversight Committee comprises biotech business experts, as well as, leaders in translational science and tech transfer from participating institutions across Michigan. Current active member organizations include: Adherium, Blue Cross Blue Shield Emerging Markets, Casimir Jones, Sante Ventures, In2being, Arboretum Ventures, Renaissance Venture Capital Fund, Osage University Partners, Baird Capital, Janssen Pharmaceutical Companies of Johnson & Johnson, DigiTx Partners, Eli Lilly & Company, BridgeBio and AbbVie.

As of 9/30/19, the innovation hub has reported the following metrics:

	Prior to statewide program designation 2012-2016 4 years	After statewide program designation 2017-2019 2 years	Total Results
Number of proposals reviewed by Oversight Committee	138	172	310
Projects funded	85	79	164
Commercialization Results Since Project Funding through 9/30/19 (these numbers are updated on a quarterly basis)			
	Project Results from Funding 2012-2016 4 years	Project Results from Funding 2017-2019 2 years	Total Results
Startups	13	7	20
Jobs	40	11	51
Licenses and options	21	6	27
Follow on funding	\$46,104,280	\$3,311,535	\$49,415,815
Patents applied for	4	16	20
Patents issued	15	3	19
Institutions where projects received funding	University of Michigan	University of Michigan, Michigan State University, Wayne State	

		University, Michigan Technological University, Grand Valley State University, Western Michigan University, Beaumont, Henry Ford, Spectrum Innovations	
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Start-up Company Highlights



[Fifth Eye, Inc.](#) is an Ann-Arbor, MI based medical device software company developing an early warning indicator of impending patient deterioration using existing physiological information to improve outcomes and reduce costs. The underlying technology, Analytic for Hemodynamic Instability (AHI), was developed at the Michigan Center for Integrative Research in Critical Care (MCIRCC) at U-M by Ashwin Belle, PhD, Kayvan Najarian, PhD, Rodney Daniels, MD, Mark Salamango, MS, and Kevin Ward, MD. AHI provides emergency and critical care clinicians continuous monitoring to detect the earliest signs of patient decompensation and forecast patient trajectory. MTRAC for Life Sciences supported a prospective clinical study at U-M to refine and validate the AHI algorithm, which was licensed to Fifth Eye in 2017. Fifth Eye has gone on to raise a \$11.5MM Series A led by Arboretum Ventures and Cultivation Capital in 2019 to bring the technology through FDA clearance.

“With MTRAC’s support of our ambitious vision, we knew we could develop a platform that could help save countless lives by allowing clinicians to intervene at the earliest signs of patient deterioration,” said Jen Baird, Founder, CEO and Board Member of Fifth Eye. “Looking back on our exciting journey, we are proud to count MEDC among our earliest supporters in helping bring this technology to life.”



Fifth Eye Team (from left to right): Jeff Basch, Bryce Benson, Jen Baird, Mark Salamango, and Ashwin Belle.



[EVOQ Therapeutics](#) is a cancer immunotherapy company developing a novel synthetic high-density lipoprotein (sHDL) nanodisc platform, which serves as an alternative and complementary approach to current immunotherapies. The EVOQ nanodisc technology can carry a wide range of peptides and adjuvants, and generates superior anti-tumor T-cell responses through quicker and more effective targeting of the lymph-system. The nanodisc technology was developed at the University of Michigan by James Moon, PhD and Anna Schwendeman, PhD. MTRAC for Life Sciences supported optimization of the nanodisc design and formulation, followed by comprehensive in vivo comparison studies in relevant cancer models as compared to current state-of-the-art immunotherapies. EVOQ Therapeutics was formed by Co-founder and CEO William Brinkerhoff, and the technology was licensed from U-M in 2017. Since launch, EVOQ has raised \$500K in seed funding, including \$300k from the Michigan Biomedical Venture Fund and \$200k from Invest Detroit, to advance the technology through pharmaceutical company partnerships.



EVOQ Team (from left to right): Bill Brinkerhoff, Anna Schwendeman, and James Moon. Not pictured: Greg Barrett.

EVOQ won the \$350,000 grand prize at the Accelerate Michigan competition on November 13, 2019. “MTRAC funds helped us “de-risk” our technology by enabling us to further optimize the nanodiscs and evaluate their potency to eradicate large, hard-to-treat tumors where current therapies fall short,” said James Moon, Co-Founder and CSO of EVOQ. “These milestones were crucial to attracting a high-profile, veteran CEO and securing initial investment funds to propel us forward.”

Breakthrough technologies supported

[NeurExo Sciences, LLC](#), a subsidiary of NeuroTrauma Sciences, has developed a portfolio of breakthrough therapeutics based on the pioneering use of disease-modifying exosomes with enhanced microRNA platforms for the treatment of stroke and traumatic brain injury. The core exosome technology was developed by Benjamin Buller, PhD, Mark Katakowski, PhD, and Michael Chopp, PhD, from the Henry Ford Health System Department of Neurology. MTRAC provided critical support to characterize and scale-up the exosome production process, and then determine the overall toxicity and biodistribution to establish a safety profile. Completion of these milestones led to the licensing agreement and formation of NeurExo Sciences in 2018.

[Genomenon](#) is a genomics software company revolutionizing the way genetic discoveries are made and empowering personalized medicine by simplifying genome interpretation. Their core product, Mastermind, is a comprehensive search platform to help users identify and analyze genetic evidence found across the complete corpus of scientific articles 5-10x faster. Developed at the University of Michigan by Mark Kiel, PhD, Kojo Elenitoba-Johnson, MD, and Megan Lim, MD, PhD, the technology was licensed to Genomenon in 2014. Genomenon has since raised \$2.3MM in non-dilutive grants and \$4.3MM in venture funding from the Michigan Biomedical Venture Fund, Invest Michigan, and other investors, and has created 23 jobs in MI.

[FibrosIX, Inc.](#), a start-up based on technology from the University of Michigan and Michigan State University that aims to develop novel anti-fibrotic agents which disrupt gene transcription, ultimately for the treatment of fibrotic disease including scleroderma and idiopathic pulmonary fibrosis. The small molecule, originally developed by Scott Larsen, PhD, and Richard Neubig, MD, PhD, was optioned to FibrosIX in 2018 and is in active development under a \$300,000 SBIR grant from the National Cancer Institute.

The **Michigan Tinnitus Device** is a novel technology developed by Susan Shore, PhD, at the University of Michigan that alleviates debilitating tinnitus, or ringing in the ears, through a sequence of auditory and somatosensory stimuli to the face or neck. These stimuli are tailored to each patient to steer damaged nerve cells back to normal activity, treating the underlying cause instead of just masking symptoms. MTRAC provided support to develop and manufacture clinical-grade devices for an FDA pivotal trial. These devices are currently being tested in a 50 patient clinical study at the University of Michigan with funding from the [NIH BRAIN Initiative](#).

Institutions supported

MTRAC for Life Sciences Hub has supported projects from the following institutions:

- University of Michigan -58
- Wayne State University -4
- Michigan State University -8
- Grand Valley State University -1
- Michigan Tech University-3
- Western Michigan University -1

- Spectrum Health System -4
- Henry Ford Health System -4
- Beaumont Health System -3

Recommendation

MEDC Staff recommends that the MSF Board approve the following:

- 1) A new grant award contract extending the innovation hub activities for 1 year, through 12/31/2020, and refunding of University of Michigan Medical School Fast Forward Medical Innovation statewide MTRAC Life Science Innovation Hub;
- 2) Allocation of \$1,000,000 for 1 year from the FY2020 MTRAC Program budget for the MTRAC Life Science Innovation Hub.

MEMORANDUM

Date: December 17, 2019

To: Michigan Strategic Fund

From: Denise Graves, University Relations, Entrepreneurship and Innovation

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

Request

The MEDC requests that the MSF Board approve the one-year continuation of hub activities, through 12/31/2020, and \$500,000 from the MTRAC Statewide Program budget in funding for the University of Michigan MTRAC Advanced Transportation Innovation Hub.

Background

The Michigan Translational Research and Commercialization Statewide Program (the “MTRAC Statewide Program”) is created pursuant to Section 88o of the MSF Act, MCL 125.2088o, to 1) encourage and work with the State of Michigan’s public universities to identify commercial potential in advanced technologies from individual institutions of higher education; 2) facilitate the bundling of inventions from individual institutions of higher education into packages that could be of interest to private sector firms looking for commercialization opportunities; 3) encourage business formation efforts in institution of higher education technology transfer offices to increase the number of institution of higher education related start-up companies; 4) encourage institutions of higher education to provide their faculty with incentives for participating in the technology transfer and commercialization activities; and 5) facilitate the use of applied research expertise within institutions of higher education by qualified businesses.

In April 2016, the MSF approved the creation of the MTRAC Statewide Program and guidelines including the designation of 5 Innovation Hubs for the support of translational research projects, in the following key areas: Bio-Medical Sciences, Life Sciences, Advanced Transportation, Advanced Materials and Agriculture-Biology. In October 2018, the MSF approved the elimination of the Bio-Medical program and recognized those activities as part of the Life Sciences Innovation Hub. The MSF also approved the addition of the Advance Computing Innovation Hub, maintaining program guidelines to support a total of 5 statewide innovation hubs: Life Science, Advanced Transportation, Ag Bio, Advanced Materials and Advanced Computing.

In February 2017, the MSF approved the University of Michigan as the MTRAC Statewide Program Advanced Transportation Innovation Hub. The Advanced Transportation Innovation Hub focuses on

commercializing technologies supporting the transportation market in the following focus areas: mobility solutions, robotics and autonomy, sensors, electric vehicle drivetrain/propulsion, and advanced manufacturing processes.

As outlined in the program guidelines, the designation as an Innovation Hub and its ability to receive funding from the MSF under the MTRAC Statewide Program is valid for a period not to exceed six (6) years from date of designation. The research university managing an Innovation Hub may apply for additional funding annually through an amendment or a new grant award every 2 years, within three months prior to the current grant period end date.

Program details

The Advanced Transportation MTRAC Innovation Hub Oversight Committee reviews all proposals to determine commercial viability and votes to approve project milestones and budgets assisting the project lead in achieving the greatest potential of getting to the commercial market. The Oversight Committee comprises automotive business experts, as well as, leaders in transportation science and tech transfer from participating institutions across Michigan. Currently active member organizations include: TE Connectivity, BASF, RAVE Computer, Mercury Fund, Invest Detroit, Ford Motor Company, GM, Denso International America, Roush Enterprises, ServoTech Industries, Fiat Chrysler Automobiles and Fontinalis Partners.

As of 9/30/19, the innovation hub has reported the following metrics:

	Prior to statewide program designation 2012-2016 4 years	After statewide program designation 2017-2019 2 years	Total Results
Number of proposals reviewed by Oversight Committee	51	61	112
Projects funded	17	27	44
Commercialization Results Since Project Funding through 9/30/19 (these numbers are updated on a quarterly basis)			
	Project Results from Funding 2012-2016 4 year	Project Results from Funding 2017-2019 2 years	Total Results
Startups	9	11	20
Jobs	50	38	88
Licenses and options	4	1	5
Follow on funding	\$28,235,172	\$33,052,420	\$61,287,592
Patents applied for	30	19	49
Patents issued	11	9	20

Institutions funded	University of Michigan	University of Michigan, Michigan State University, Wayne State University, Michigan Technological University, Western Michigan University	
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Start-up Company Highlights

NanoSound, a Michigan Technological University startup founded as a result of work through the MTRAC program and local industry partner Great Lakes Sound and Vibration, focuses on the elimination of noise from pipe and duct systems, like automotive exhausts and heating and ventilation pipes.

“Through the customer discovery process, we learned that we needed key environmental data in order to continue commercialization of our product for automotive markets. The MTRAC award allowed us to conduct industry-relevant durability and environmental testing on our product that led to a redesign. The new and improved product is generating more industry interest and our company is in the process of spinning out of the university.”

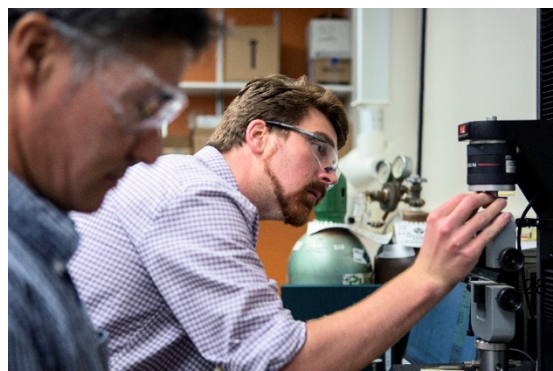


- Andrew R. Barnard, Ph.D., INCE Bd. Cert., CLD
 Director, Great Lakes Research Center
 Associate Professor, Mechanical Engineering, Michigan Technological University

Zakuro is a University of Michigan start-up that exclusively licensed 14 UM patents in the areas of battery materials, cell architecture, thin film fabrication, Li filament suppression and catholyte(s).

Currently, widespread adoption of EVs and miniaturization of microelectronics is limited by battery technology. Zakuro’s non-flammable ceramic electrolyte technology will reduce battery pack mass, volume, cost, and complexity while improving safety; enabling longer range EVs with smaller and lighter and less expensive battery packs.

In January 2020, the 2-year funding period for a \$1.4 M Arpa-E PlusUp Award will begin, which will help the company accelerate the transition from the lab-to-market. The current challenge involves scaling the technology from 10mAh to 1 Ah pouch cells using Zakuro’s unique processing tool integrated into a pre-pilot production line. The step is to transfer manufacturing technology to a ion industrial partner to demonstrate kWh/month production rates.



“With MTRAC, we have learned how to evaluate markets quickly and efficiently, interview

next
Li-

customers, and find applications where our technology can best address the issues that people have.”

- Travis Thompson, PhD
(former) Research Fellow,
Zakuro LLC

Breakthrough technologies supported

Autonomous driving:

- Advanced LIDAR Semantics: Light detection and ranging (LIDAR) system that provides improved object recognition, particularly in inclement weather, and that packages into various vehicle designs.
- Enertia Microsystems: Low cost, low power, high performance motion sensors.
- TrustedAVware: Automated safety compliance verification for autonomous vehicle software.
- Orasis Systems: Millimeter-wave distributed RADAR imager for high-resolution imaging which operates in all weather conditions and costs less than existing LIDAR systems.
- Neurox: Dedicated computing hardware for sensor fusion (e.g. LiDAR, camera, RADAR), which enables higher speed / lower cost trajectory prediction, multi-object tracking, and semantic segmentation.

Vehicle Electrification:

- Elegus: Next generation battery separator material which enables safer, longer-lasting batteries.
- Zakuru: Lithium metal solid-state batteries which are non-flammable and twice as dense as Li-ion.

Additive Manufacturing:

- 3Dash Technologies: Hybrid additive / subtractive, 3D metal printing system.
- Diplodocal: Multi-wavelength irradiation system for ultra-rapid additive manufacturing.
- S2A Technologies: Software which applies vibration compensation algorithms to improve printer accuracy without compromising its speed.
- S3D Precision Dispensing: Solution which enables the manufacturing of smart surfaces.
- Scion Plasma: Novel plasma technology used to deposit low-friction and super-hard carbon coatings onto the inner surfaces of cylinder liners.

Institutions supported

The MTRAC Innovation Hub for Advanced Transportation has supported projects from the following institutions:

- University of Michigan - 35
- Michigan State University - 4
- Wayne State University - 2
- Western Michigan University - 2
- Michigan Technological University - 1

Recommendation

MEDC Staff recommends that the MSF Board approve the following:

- 1) A new grant award contract extending the innovation hub activities for 1 year, through 12/31/2020 and refunding of the University of Michigan MTRAC Advanced Transportation Innovation Hub;
- 2) Allocation of \$500,000 from the FY2020 MTRAC Program budget for the MTRAC Advanced Transportation Innovation Hub.

MEMORANDUM

Date: December 17, 2019

To: Michigan Strategic Fund

From: Denise Graves, University Relations Director

Subject: Technology Transfer Talent Network (T3N) Grant Amendment for Extension and Refunding

Request

In October 2017, the MSF Board awarded the T3N Program, through a competitive RFP process, a University Technology Acceleration and Commercialization Program grant in the amount of \$1,260,000 for one year (1/1/18-12/31/18) with the option to extend the term of the grant for four additional one-year terms. In October 2018 the MSF Board approved an additional amount of \$1,175,000 for the first-year extension beginning 1/1/2019 and ending on 12/31/2019.

MEDC Staff requests the MSF Board approve a grant amendment for an extension of one year, through 12/31/2020 and refunding in an amount totaling \$500,000 for the Technology Transfer Talent Network (T3N).

Background

The Technology Transfer Talent Network (T3N) program is a statewide university network designed to support the commercialization of university technologies, licenses to industry and startup creation through key talent and business expertise programs; mentors-in-residence, postdocs, fellows and shared services.

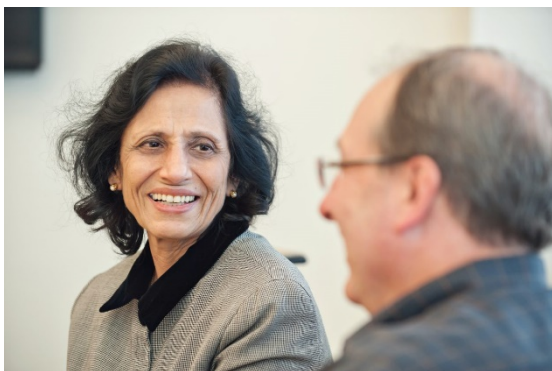
The Tech Transfer Talent Network (T3N) program, began in 2011, as a collaboration between seven of Michigan's leading research universities – University of Michigan, Michigan State University, Wayne State University, Michigan Technological University, Western Michigan University, Grand Valley State University and Oakland University. In 2015, with program expansion, collaboration at all public universities in Michigan is now supported through the availability of technology assessments by graduate student fellows, intellectual property commercialization and implementation plan development, mentors-in-residence and quarterly roundtable discussions that share strategies and best practices between the major research institutions and the smaller institutions statewide.

Supporting the commercialization of university projects into licenses with industry or startup companies, T3N provides key matching funds for the hiring of mentors in residence, postdocs and fellows. These targeted resources are a critical component of the entrepreneurial and startup ecosystem across the state in support of getting technology from the university into the commercial market.

Program Accomplishments and Highlights

Funding Year	Project engagement	Issued patents	Companies created	License agreements	Follow on funding
2012-2014 3 Years	484	31	31	30	\$24,899,393
2015	854	22	8	21	\$7,799,319
2016	825	45	18	67	\$11,770,904
2017	457	16	13	30	80,116,000
2018	660	315*	33	113**	\$322,795,204***
2019 (through 9/30/19)	451	223	10	230	\$21,756,004
*denotes a change in reporting, going forward, to include patents, copyrights and trademarks					
**denotes a change in reporting, going forward, to include licenses and options					
***includes an IPO as well as a strategic investment and license agreement					

Mentors-in-Residence



Mentors-in-residence (MIRs) are seasoned entrepreneurs, investors, and business professionals who work within tech transfer offices bringing entrepreneurial expertise and connections for opportunity assessment and venture creation. Mentors bring sector-specific knowledge, hands on experience, and their extensive networks within designated focus areas including life sciences, physical sciences, automotive/mobility, and digital/software. The T3N program maintains a group of 20-25 mentors who are available as a resource for commercialization projects from all universities within the state. Mentors bring deep, high-tech industry expertise (fund raising, customer focused business support, growth management, regulatory navigation, operations, product development, business development) to support university projects and include key technology areas of physical sciences, life sciences, health IT, engineering, software, med device, and advanced manufacturing.

Mentors-in-residence (MIRs) are seasoned entrepreneurs, investors, and business professionals who work within tech transfer offices bringing entrepreneurial expertise and connections for opportunity assessment and venture creation. Mentors bring sector-specific knowledge, hands on experience, and their extensive networks within designated focus areas including life sciences, physical sciences, automotive/mobility, and digital/software. The T3N program maintains a group of 20-25 mentors who are available as a resource for commercialization projects from all universities within the state. Mentors bring deep, high-tech industry expertise (fund raising, customer focused business support, growth management, regulatory navigation, operations, product development, business development) to support university projects and include key technology areas of physical sciences, life sciences, health IT, engineering, software, med device, and advanced manufacturing.



Mike Klein, a former U-M T3N Mentor in residence, now the CEO of Michigan based Genomenon, a licensed U-M startup, provided a brief quote of his experience as the MIR, and the positive impact the program and the company are having on Michigan.

“My work as a Mentor-in Residence at the University of Michigan under the T3N program, allowed me the opportunity to support several projects that turned into new companies located in Michigan. In fact, I became the CEO of one of those companies, Genomenon, located

in Ann Arbor Michigan through the connection while at UM. The mentoring of research and technical teams at universities is a critical component in the commercialization process that leads to

economic activity spinning out of our great research universities. Genomenon, is having a very positive impact on the state's economy. To date, we have hired 20 employees, brought in over \$2 million in grant funding, secured \$5 million in investment funding and generating significant sales revenues, and that economic impact will continue to grow as the company grows. More importantly, we're playing a critical role around the world in saving babies with rare genetic diseases and saving the lives of cancer patients. Genomenon would not be viable today without the incredibly valuable work and services the Michigan Tech Transfer office has provided the company in its early years under the T3N and other MEDC supported programs.” Mike Klein, CEO of Genomenon – Ann Arbor Michigan.

Mentor-in-residence:
Braden Robison
Chief Operating Officer
Seraf Biosciences, Detroit MI

I was a medical device executive who grew up in Michigan but moved away for growth opportunities in my career. I had wanted to move back to the east side of the state for several years but did not have a local network to draw on - and the med device industry was not very strong here. I found the Mentor in Residence (MIR) program, it was a great opportunity for me to move back to my home state, try to invigorate a professional network here and help the overall ecosystem grow.

A little more about my background - As a Sr. Director of Business Development and Strategy, I purchased and integrated businesses for Stryker Corporation and enjoyed the small business elements of my job. The MIR role enabled me to bring some of my experience at Stryker to bear on startups to help establish business plans, and systems that would help them grow into long term viable businesses. During my time as a mentor - I supported as many as 12 new businesses through the University and consulting. After my 18-month commitment - I joined one of those companies (from Wayne State University) full time. Since starting that company - I have been able to raise over \$10M which we have reinvested into the economy, supported \$2.5M in sponsored research, and created 5 full time roles. Our plans for 2020 include raising another \$15-20M and to hire another 3-5 people.

I would not have been able to make this transition without the MIR program. What is more, I like to think the MIR program has enabled me to make a meaningful economic impact in South East Michigan.

University Post-Doc Fellowships and Technology Assessment Fellows



Post-Doc Fellowships are one-year fellowships designed specifically to encourage and support recent graduates in the commercialization of the university technology they helped developed. Technology Assessment Fellows Program – Fellows are graduate students who receive training in fundamentals of technology assessment and work part-time under the direction of an experienced technology transfer professional. Fellows assist tech transfer licensing specialists to assess the technical

and market potential of new inventions and, in return, they receive valuable training and experience for their careers.

Shared Services



The Technology Transfer Shared Services program is intended to support universities that do not currently have designated technology transfer offices or have small offices with limited scale and breadth with respect to sector-specific technical or market expertise, licensing and intellectual property strategy and execution.

The Shared Services program is a statewide program leveraging existing T3N resources, which includes Tech Transfer Fellows for technology and market assessment, Mentors-in-Residence for sector specific guidance as well as additional matching funds for targeted assessment, marketing, and licensing services.

“We are so grateful to the entire T3N team for their generous support of Ferris State University. The MSU tech transfer interns have assisted us greatly with reviewing our invention disclosures and providing initial technology reviews. We received an early-stage grant that helped to develop a technology that is now moving into a MTRAC application. The mentors-in-residence who have been working with us have gone the extra mile to help our faculty – from identifying new development strategies for the technology, such as pharmacologic screening of the novel compounds via U of M’s Center for Chemical Genomics, to ensuring that a thorough and complete market/commercialization review be conducted.”

Thomas C Dowling, PharmD, PhD, FCCP
Professor and Assistant Dean, College of Pharmacy
Director, Office of Research and Sponsored Programs
Ferris State University

Recommendation

MEDC Staff recommends the MSF Board approve this grant amendment for extension through 12/31/2020 and refunding of \$500,000, in addition, 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: December 17, 2019
To: MSF Board
From: Nataliya Stasiw, Portfolio Manager, Entrepreneurship and Innovation
Subject: FY20 Pre-Seed Fund – Request for Proposals

Action

Michigan Economic Development Corporation (“MEDC”) Staff recommends the Michigan Strategic Fund (“MSF”) Board approve release of the FY20 Pre-Seed Fund Request for Proposals in the amount of \$3,000,000 (using funds allocated for the Fiscal Year 2020 21st Century Jobs Fund to support Entrepreneurship and Innovation). The purpose of the Pre-Seed Fund Request for Proposals (“RFP”) is to award grant(s) to non-profit organization(s) that operate early stage funding program. The non-profit awardee(s) through a review board and due diligence process will then provide funding to companies to support their efforts in moving competitive-edge technologies to commercialization.

The MEDC anticipates the following proposed timeline for the execution of this RFP:

Issue RFP to the public:	December 20, 2019
Applications deadline:	January 20, 2020
JEC Application Reviews completed:	January 31, 2020
Applicant Oral Presentations (as necessary):	February 4, 2020
JEC Review Process completed:	February 7, 2020
Results of the JEC Review presented to MSF Board:	February 25, 2020

The MEDC requests the MSF approve a Joint Evaluation Committee (“JEC”) comprised of MEDC Staff and external partners to review the proposals submitted and make award recommendations to the MSF Board, including:

Phil Tepley, Director of Technology Commercialization Services, Michigan Small Business Development Center (SBDC)
Dale Grogan, Managing Partner, Charter Capital Partners
Raymond Johnson, CEO, Innovation Marquette Enterprise Corporation
Fredrick Molnar, Vice President, Entrepreneurship & Innovation, MEDC
Nataliya Stasiw, Portfolio Manager, Entrepreneurship & Innovation, MEDC

The MEDC requests the MSF approve the attached Proposal Evaluation Form (attached as Exhibit B) to be used by the JEC to evaluate proposals.

Background

Section 88b(2)(c) of the MSF Act (the “Act”) provides that money transferred or appropriated to the MSF may be expended for programs or activities under any chapter of the Act. According to Section 2 of the Act, the purpose of the MSF is to, among other things, help diversify the economy of the State of Michigan, to assist business enterprise in obtaining additional sources of financing to aid the State in achieving the goal of long-term economic growth and full employment, to meet the growing competition for business enterprises, to preserve existing jobs, to create new jobs, to reduce the cost of business and production.

The proposed FY20 Pre-Seed Fund RFP would solicit applications to continue funding early stage investments at pre-seed level. As seed and series A rounds have grown increasingly larger over the past decade, pre-seed funding is now one of the most important parts of the funding continuum for high-tech entrepreneurial companies. Pre-seed (typically less than a \$1M in aggregate capital raised) is the first institutional capital invested in a company. In order for a company to attract a full seed round (\$2-3M), that company needs to show a completed product/advance prototype or high demand/traction metrics. Pre-seed dollars are used to support this critical stage in the development lifecycle.

Since 2011, Michigan Pre-Seed Fund has played a critical role in supporting the entrepreneurial tech community by providing initial capital to startup companies that are bringing new products to market. The Fund offers a much-needed pipeline of investment opportunities for the state’s angel and venture capital investors. To date, Michigan Pre-Seed Fund has achieved the following:

Pre-Seed Fund I (10/1/2011 – 9/20/2019 with a 5-year reporting period), has made 86 microloans and investments (total of \$10.2M) in 74 early-stage tech companies. As a result:

- \$283,260,928 investment followed
- 509 new jobs created/retained
- \$25,163,583 new sales generated
- 109 patents issued
- 193 companies assisted
- Repayments to the MSF Permanent Fund totaling \$317,177 (10% on total returns to the Pre-Seed Fund of \$3.17M, to date).

In the last five years, Pre-Seed Fund II (3/24/14 – 9/30/2019) has made 108 investments (\$10.3M) in 51 early stage tech companies. As a result:

- \$274,500,000 investment followed
- 2248 new jobs created/retained
- \$130,226,000 new sales generated
- 95 patents issued
- 1245 companies assisted
- Repayments to the MSF Permanent Fund totaling \$54,161.71 (10% on returns less than \$1M and 20% on returns over \$1M)

Recommendation

MEDC Staff recommends that the MSF Board approve the following actions:

- 1) Allocation of \$3,000,000 to the program;
- 2) Approval of the RFP Scope of Work attached as Exhibit A;
- 3) Approval of the Proposal Evaluation Form attached as Exhibit B for the review of proposals; and
- 4) Approval of the JEC listed above.

Exhibit A

Scope of Work

FY20 Pre-Seed Fund RFP

Purpose of the grant

Public Act 215 of 2005, Section 88k(2) allows the Michigan Strategic Fund (“MSF”) Board to award grants and loans from the 21 Century Jobs Fund 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 in the state.”

Through this FY20 Pre-Seed Fund Request for Proposals (the “RFP”), the MSF Board desires to allocate up to \$3,000,000 (“Award Amount”), disbursed over 1 year minimum to a non-profit organization that operates fund programs to invest in pre-seed and start-up stage competitive edge technologies that require capital in the earliest stages of the commercialization process (the “Fund”). Smaller award(s) might be considered in support of existing funds to offer training (e.g. portfolio companies management, good governance training, finding staffing) and outreach opportunities in line with the MSF Strategic Plan.

Specifically, the key objectives of the Pre-Seed Fund are to:

- Increase the amount of early stage capital being invested in Michigan technology-based companies in the earliest phases of commercialization;
- Create a capital climate that supports the development, retention, and attraction of venture-backed technology companies in Michigan;
- Build a pipeline of high-growth technology company deal flow for the subsequent stages of funding, attracting investments both within and outside of Michigan.

Funding of \$3,000,000 for one (1) year term (in the form of a grant) will be awarded to a non-profit organization through a competitive process in which all submitted proposal will be reviewed by a Joint Evaluation Committee (“JEC”). Results from the JEC review will be provided, in the form of numerical scores and award recommendation(s), to the MSF Board.

Technology Sectors supported under the grant

Proposals submitted must be to foster the growth of Michigan’s technology based economy by supporting early stage companies and entrepreneurs to create jobs and commercialize product(s)

within one or more of the competitive edge technology sectors defined in Section 125.2088a of the MSF Act, as amended, and as approved by the MSF Board, including Advanced Automotive, Manufacturing, Materials, Information, and Agricultural Processing Technology, Alternative Energy, Homeland Security and Defense Technology, Life Sciences, and Other Innovative Technologies.

Eligibility

- Only non-profit organizations that currently manage early stage funding programs are eligible to receive funding through this RFP; AND
- An applicant must, at the time the award is made, be: (i) a non-profit corporation duly organized under the laws of Michigan; or (ii) a foreign non-profit corporation duly authorized to transact business in Michigan; AND
- The principal site for the applicant’s project must be a facility located in Michigan. Such a facility must be either: (i) owned or leased by the non-profit organization; or (ii) owned or leased by an organization collaborating on the project. If the principal site is owned or leased by a collaborating organization, the organization must meet the “principal site of the project” requirement for a non-profit corporation, as defined in this section.

Timeline

Issue RFP to the Public:	December 20, 2019
Questions from potential Applicants are due:	January 3, 2020
Responses to all qualifying questions posted to the MEDC web page:	January 8, 2020
Applications Deadline:	January 20, 2020

EXHIBIT B

Proposal Evaluation Form FY20 Pre-Seed Fund RFP

Name of Applicant: _____

Name of Reviewer: _____

Criteria	Reviewer's Comments	Points
<p>Eligibility</p> <ul style="list-style-type: none"> • Only non-profit organizations that currently manage early stage funding programs are eligible to receive funding through this RFP; AND • An applicant must, at the time the award is made, be: (i) a non-profit corporation duly organized under the laws of Michigan; or (ii) a foreign non-profit corporation duly authorized to transact business in Michigan; AND • The principal site for the applicant's project must be a facility located in Michigan. Such a facility must be either: (i) owned or leased by the non-profit organization; or (ii) owned or leased by an organization collaborating on the project. If the principal site is owned or leased by a collaborating organization, the organization must meet the "principal site of the project" requirement for a non-profit corporation, as defined in this section. 		Y/N
<p>Executive Summary:</p> <p>Overview</p> <ul style="list-style-type: none"> • NAME OF THE APPLICANT ORGANIZATION • AMOUNT OF FUNDS REQUESTED • AMOUNT OF MATCHING FUNDS • TERM (Years) • PURPOSE OF FUNDING • TARGETED NUMBERS FOR: <ul style="list-style-type: none"> ○ Number of investments ○ Companies Created ○ Jobs Created ○ Jobs Retained ○ Follow on Investment 		Max. Possible Points: 5 Score: _____
<p>Purpose/Proposed Services:</p> <p>The Applicant must clearly indicate whether the organization is a non-profit entity. The Applicant must clearly describe how the proposed use of funds will foster the growth of Michigan's technology-based economy and clearly identify the specific competitive edge technology sectors that the Applicant will serve. The following must be identified in the proposal:</p> <ul style="list-style-type: none"> • The services proposing to deliver including but not limited to: identifying opportunities, collaborating with partners, managing investment review board, completing due diligence and legal paperwork, providing and managing funds, providing follow-up to applicants not receiving funding, providing portfolio management to applicants receiving funding, restructuring deals, handling conflict of interest, reporting. • The Competition or others that provide similar services 		Max. Possible Points: 20 Score: _____

<p>Past Experience: The Applicant should indicate past experience in early stage investing and/or investment/loan portfolio management, including successes, metrics and the source of past funding for these services, for example were they supported by state programs, federal programs, other sources, etc. Also indicate if Applicant is currently receiving funds from state programs and how if the Applicant receives an award from this RFP, all state funds will be used in the most effective manner. Clearly indicate the Applicant’s past experience and expertise in all areas of the Program, specifically examples of past experience in identifying opportunities, marketing programs, branding programs, collaborating with partners, identifying and managing investment review boards, completing due diligence and legal paperwork, providing and managing funds, providing follow-up to applicants not receiving funding, providing portfolio management to applicants receiving funding, restructuring of deals, reporting.</p>		<p>Max. Possible Points: 15 Score: _____</p>
<p>Team, Partners: Summarized key personnel, their time commitment to Program, their specific responsibilities, and their value. Identified collaborative partners, their responsibilities, and value.</p>		<p>Max. Possible Points: 20 Score: _____</p>
<p>Milestones/Deliverables:</p> <ul style="list-style-type: none"> • Identified meaningful milestones/deliverables • Achievable and leading to economic impact • Transparency in reporting 		<p>Max. Possible Points: 10 Score: _____</p>
<p>Budget:</p> <ul style="list-style-type: none"> • Identified meaningful budget for proposal • Included detail of administration • Provided detail of repayment terms to the Permanent Fund 		<p>Max. Possible Points: 10 Score: _____</p>
<p>Economic Impact:</p> <ul style="list-style-type: none"> • Identified targeted metrics: <ul style="list-style-type: none"> ○ Companies Created ○ Jobs Created ○ Jobs Retained ○ Increase Investment/Revenue • Defined success and how will deliver a successful program • Identified economic development impact and sustainability 		<p>Max. Possible Points: 20 Score: _____</p>
<p>Total Score:</p>		<p>Max. Possible Points: 100 Score: _____</p>

Michigan Pre-Seed Fund

Helping Create The Tech Companies of Today and Tomorrow

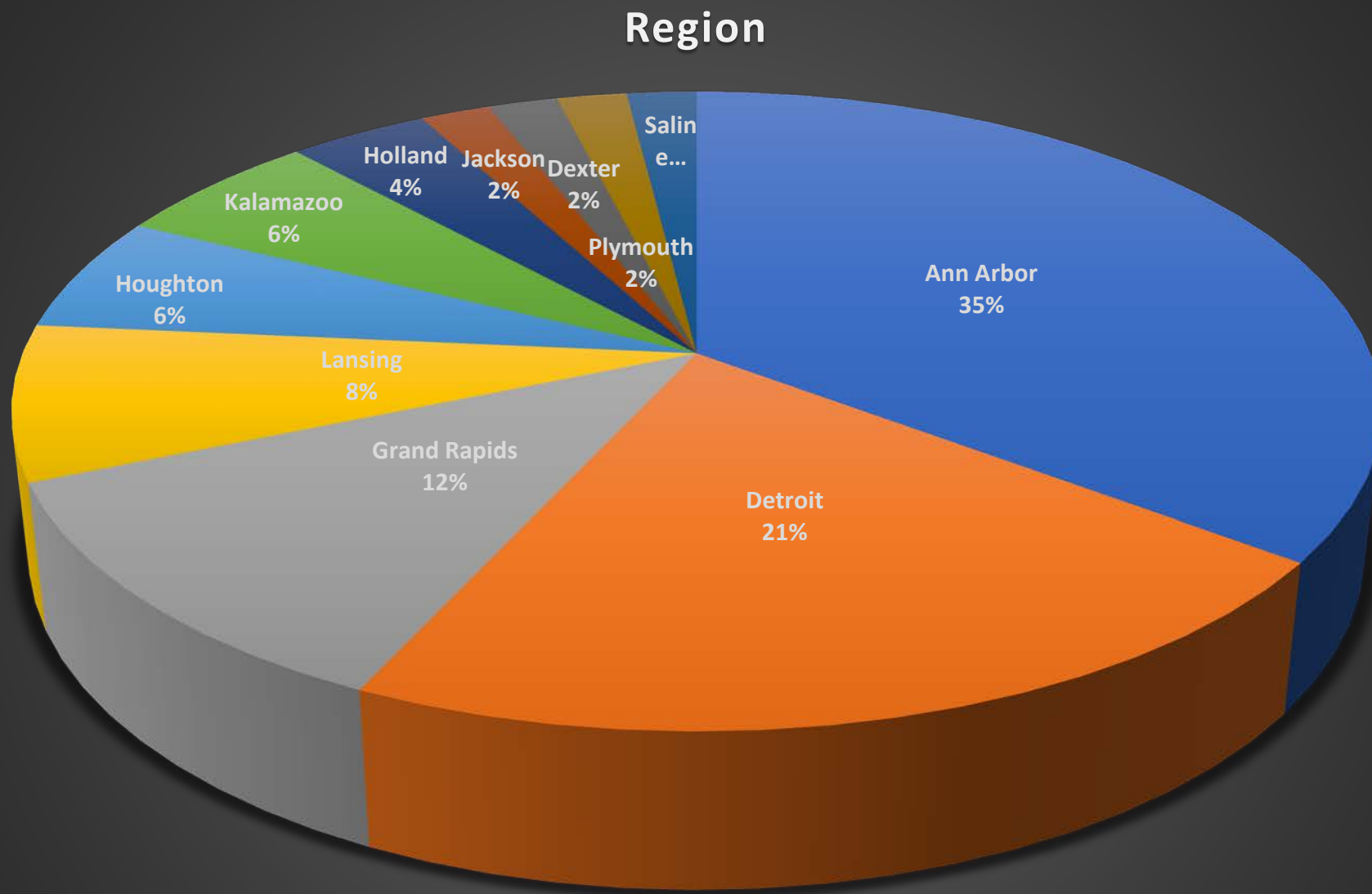
Introduction

- The ratio of VC investment to R&D expenditures in Michigan (top 8) is a meager 1.93%; compared to 12.12% in Illinois (top VC investment state in Midwest) and 61.84% in California.
- The Michigan Pre-Seed Fund fills a substantial market gap, playing a critical role in supporting the entrepreneurial tech community by providing critical and unavailable capital to startup companies that are innovating and bringing new products to market.
- The Fund offers a much-needed pipeline of investment opportunities for the state's angel and venture capital investors.
- The Michigan Pre-Seed Fund has **45% Minority Or Female Led** companies, leading the way nation-wide in supporting all entrepreneurs, no matter what race or gender.

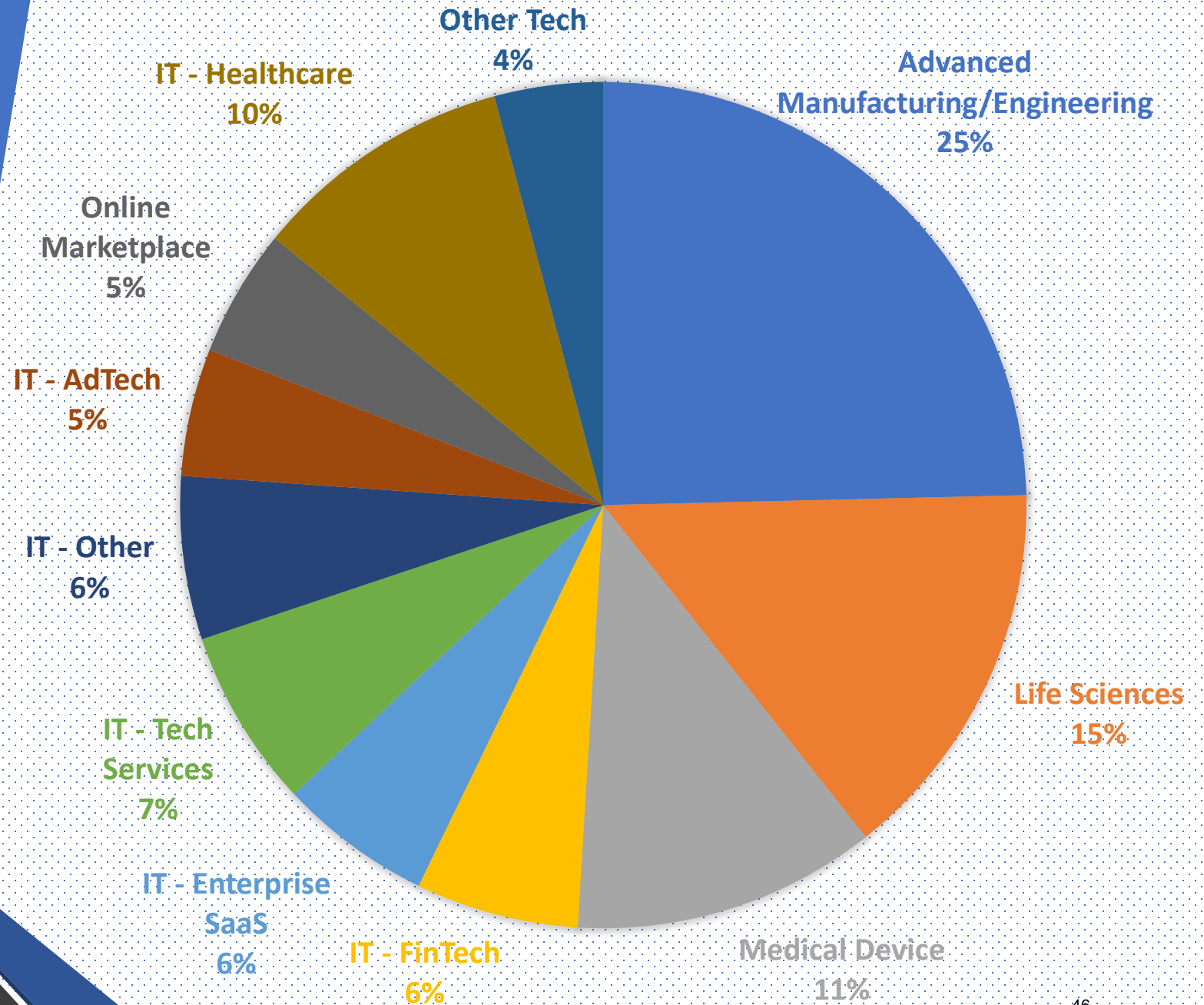
Michigan Entrepreneurial Tech Startup Ecosystem

- ✓ 533 venture firms from outside of Michigan have invested in Michigan-based startups.
- ✓ Every dollar invested in a Michigan startup by a Michigan venture capital firm attracts \$7.85 of investment from outside of Michigan.
- ✓ There are 140 venture-backed startups in Michigan, an increase of 37 percent over the last five years.
- ✓ **Every dollar invested by the Michigan Pre-Seed Fund has attracted \$26.7 of additional investment.**

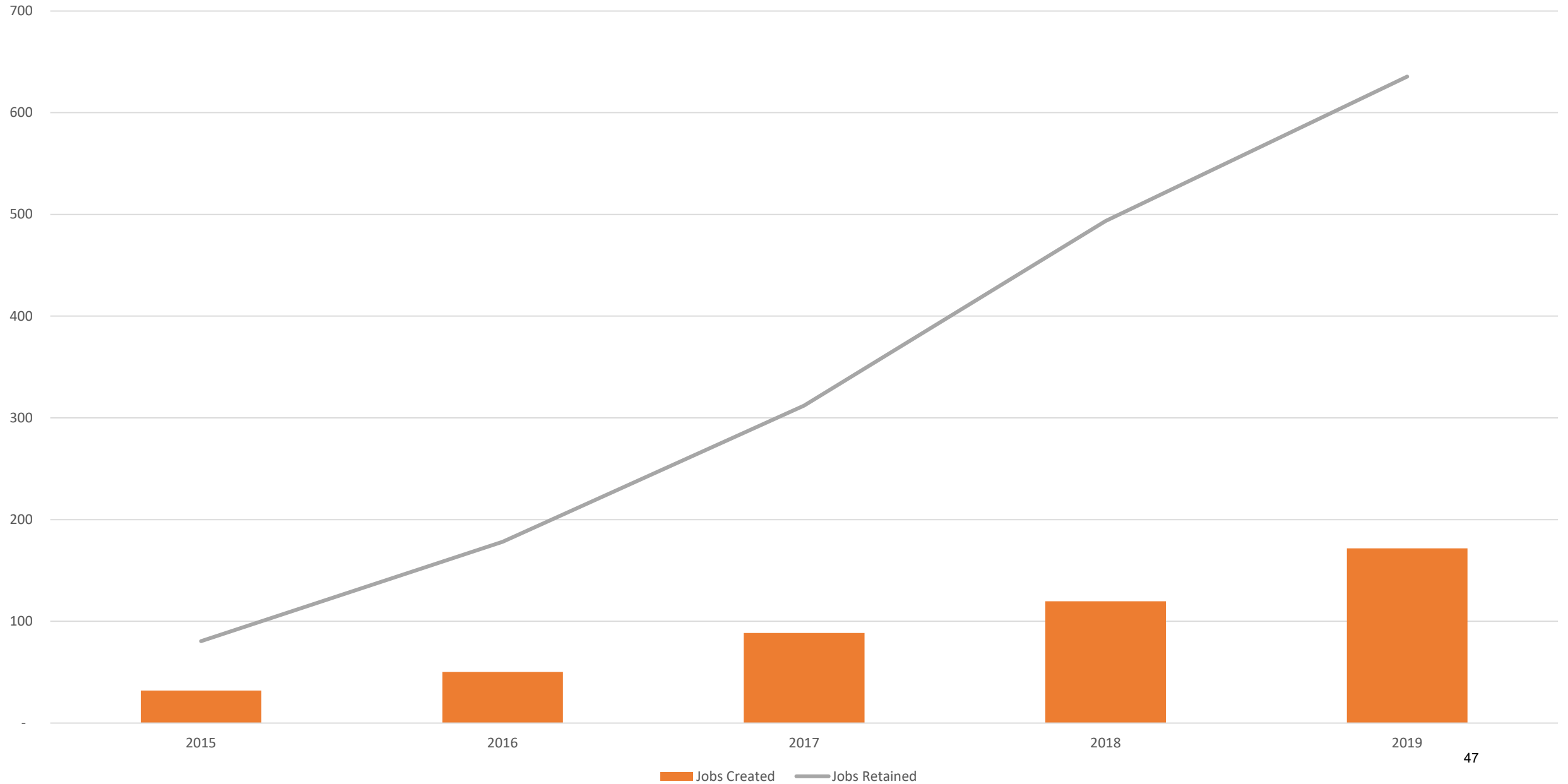
Michigan Pre-Seed Fund Invests Throughout the State



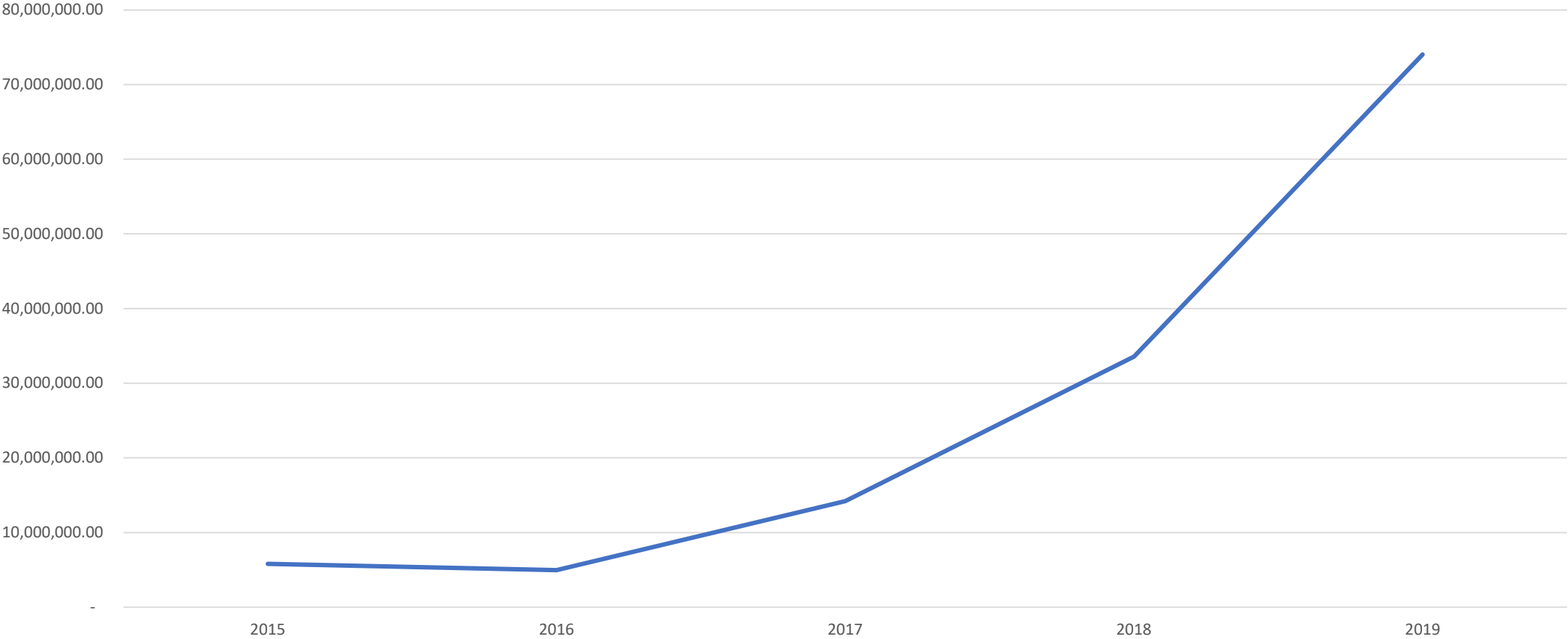
Michigan Pre-Seed Fund Invests Across Many Industry Sectors



Jobs Created and Retained by Year Post Investment



Revenue Generated After Investment



Case Study One



Micro-LAM

Advanced Manufacturing Cutting Edge Precision. Laser Focused

- 2014 Graduate student with professor invent technology in WMU lab
- 2015 PhD establishes company and obtains early funding from Mtrac, ETF, BAF and SBIR
- 2016 Pre-seed Fund first investment - develop toolkit for testing on different advanced materials and hire a salesperson
- 2017 Pre-Seed Fund Second investment with Angel investors for further product development, inventory, IP development, sales expansion and hire CFO
- 2019 Third Investment with Angel investors for expansion, entering tooling joint venture, personnel and growth and further development and protection of intellectual property

Sales grew 500% between 2016 and 2018 and will double in 2020 selling globally, entering into strategic partnerships with international companies employing 30 people and expanding.

Case Study Two



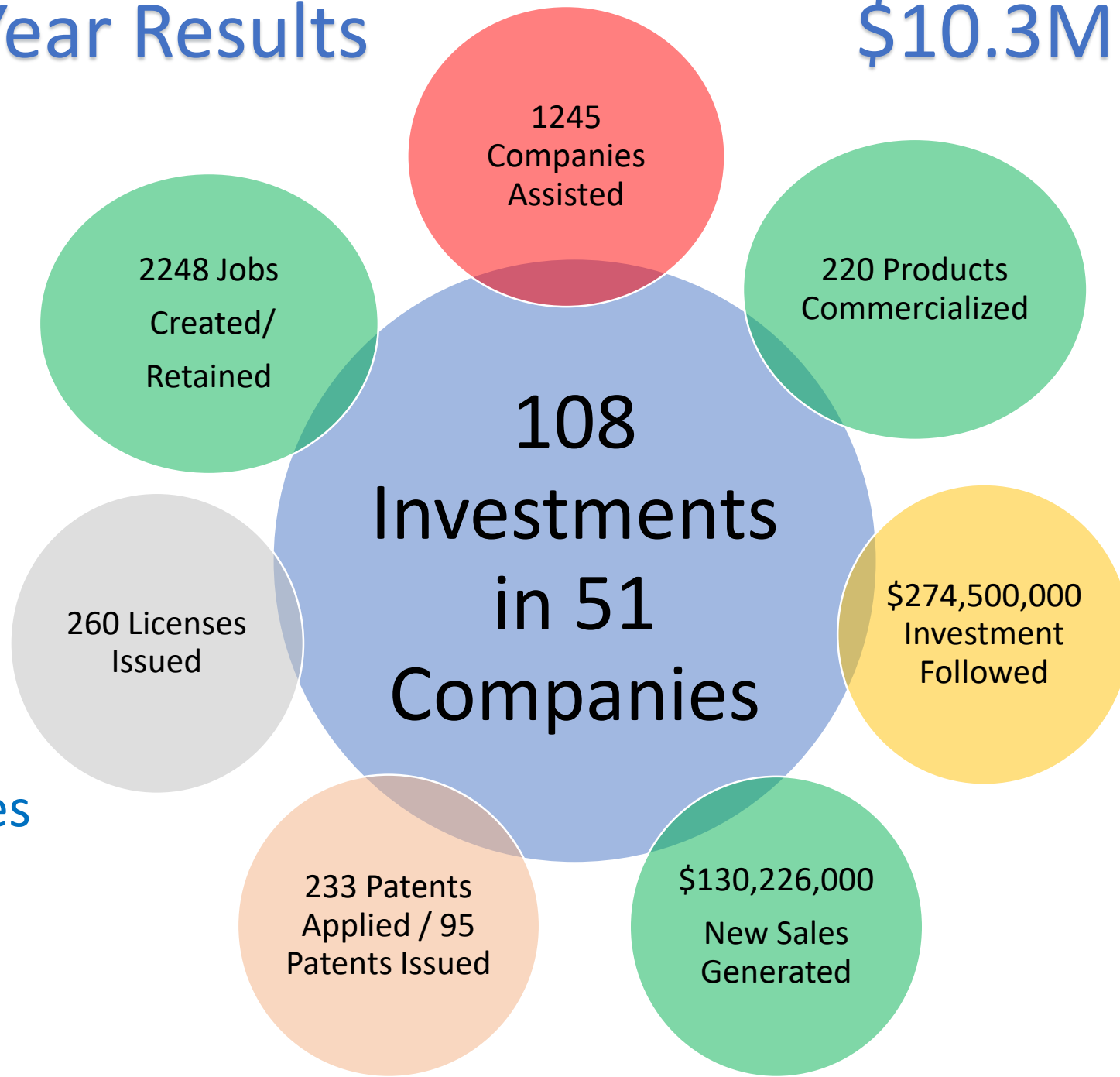
Advanced Manufacturing Supercritical CO2 replacing oil in machine tooling

- 2012 Professor invents technology and teams with a business leader – company founded
- Dec 2014 Pre-Seed Fund partners with Angel investors first investment for test equipment and hiring engineering personnel
- Feb 2017 Second Investment expand technical capabilities for new applications, enter joint development efforts with tool makers and hire sales personnel
- Sept 2018 Third Investment hire full time CEO, expand sales team and acquire additional equipment to scale operations

- ✓ Now funded by Boston venture capital firm. Sales grew 300% year over year, selling globally to major OEMs in medical device, aerospace and automotive, entering into strategic partnerships with international companies employing 20 people and expanding
- ✓ Faster machining, increased tool life, environmental benefit

Five Year Results

\$10.3M Invested

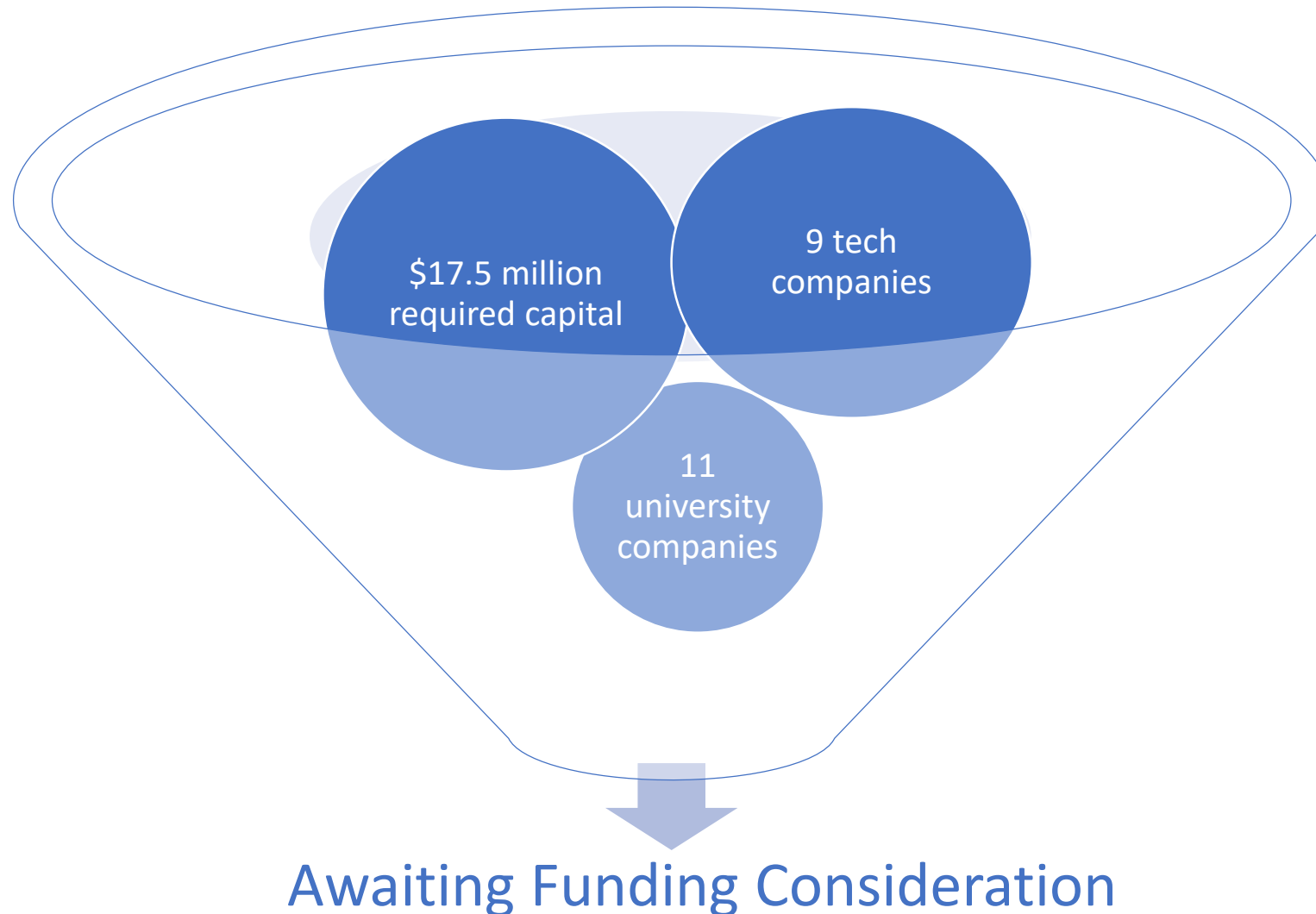


½ of Companies Reached a Major Milestone



45% Minority Or Female Led

Pipeline of Companies in need of Pre-Seed Funding



MEMORANDUM

Date: December 17, 2019

To: MSF Board

From: Maggie McCammon, Portfolio Manager, Entrepreneurship and Innovation

Subject: BBCetc – Grant Request Small Business Innovation Research (SBIR) and Small Business Technology Transfer Research (STTR) Michigan Assistance Program (MAP)

REQUEST

Michigan Economic Development Corporation (“MEDC”) Staff recommends the Michigan Strategic Fund (“MSF”) Board approve a grant of \$480,000 to BBCetc to fund the Small Business Innovation Research (“SBIR”) and Small Business Technology Transfer Research (“STTR”) Michigan Assistance Program (“MAP”) for one year, with the option to extend the contract up to five additional years and allocate additional funding at the sole discretion of the MSF (the “Request”).

BACKGROUND

BBCetc offers consulting support for individual companies and entrepreneurs in applying for federal SBIR and STTR awards, which can range up to several million dollars each. When it was founded in 1990, they primarily focused on working with entrepreneurs in Michigan's life science sectors and the name "Bio Business Consultants" (or BBC) was selected. As the company evolved and began to serve all technology sectors (including defense, aerospace, education, transportation, energy, commerce and environmental), the name no longer reflected the full breadth of the BBC services. However, BBC had developed significant name recognition within Michigan and with the federal funding agencies, so in order to retain the equity that was already developed in that name it was officially changed to BBC Entrepreneurial Training and Consulting (or BBCetc) in 2012.

BBCetc provides entrepreneurs with consultants who bring expertise in all participating federal agencies as well as grants/contracts management and commercialization planning. Eleven federal agencies participate in the SBIR program and five of these also participate in the sister program STTR: Department of Defense, National Institutes of Health, NASA, Department of Energy and National Science Foundation participate in both programs. Department of Homeland Security, US Department of Agriculture, Department of Commerce, Department of Education, Department of Transportation and Environmental Protection Agency only participate in SBIR. Many of BBCetc's clients have technologies that can address needs and problems identified by multiple agencies. This provides additional nondilutive funding sources for Michigan companies, but only if they are compliant with both the legislated program requirements AND the different requirements of each agency. BBCetc can leverage expertise in all of these agencies and has developed professional relationships with personnel at each one. This ensures that Michigan

companies not only find these sources of funding to move their companies forward, but also that they are doing so in a legal and compliant manner. Having close contacts within each agency also allows BBCetc to reach directly into the agencies with any questions and obtain a very quick response. In addition, BBCetc team members have participated as peer reviewers on a number of agency review panels, including the National Science Foundation, the United States Department of Agriculture and other federal agencies.

PROGRAM SUCCESS

The Program is recognized for its excellence at a national level. Most recently, in January 2019, a study conducted by the national State Science & Technology Institute (SSTI) measured the effectiveness of state programs intended to encourage the success of SBIR applications. The study focused on National Institutes of Health awards from 2008 - 2017. Based on their analysis, and specifically recognizing the MAP program, Michigan ranked 5th in the nation for submitting the most proposals that also achieved the highest success rates. Of the 1207 proposals submitted to NIH from Michigan in the time period 2008 - 2017 there were 255 awarded. This 21% average compares favorably with peer states such as Ohio (16), Indiana (18) and Missouri (18). Of the top 10 states ranked in the study, BBCetc has provided training and other support to 8 of the SBIR programs.

<https://ssti.org/blog/useful-stats-nih-sbirsttr-success-rates-state-2008-2017>

BBCetc is also recognized by the U.S. Small Business Administration (SBA) as the SBIR/STTR representative for the state of Michigan, represents the state in monthly “State Rep” conference calls and is one of three companies nationally to be invited to present at the National SBIR/STTR Conferences and the National Institutes of Health (NIH) National Conference. In addition to speaking at the national conferences, BBCetc has provided invited speakers at other events including the National Defense Industry Association (NDIA) Small Business Roundtable in Washington DC in 2019; annual conference of the Michigan NDIA in 2014; and 3 years at NIH's National Institute of Allergy and Infectious Disease (NIAID) SBIR Small Business Workshop In 2018, BBCetc was awarded a three- year, \$3.5 million STTR FastTrack award by the NIH.

PROGRAM RESULTS

Projects that receive one-on-one assistance developing a proposal: average costs of \$2,600 MSF dollars per application. In the last 5 years, the MAP program has provided grant assistance to 135 companies statewide, including 66 training sessions with 649 attendees and 274 webinars, leading to the creation of more than 250 jobs and more than \$94 million federal SBIR and STTR dollars being awarded to Michigan companies.

Average clients served by geography:

80% - Southeast Michigan (Ann Arbor, Detroit and surrounding areas)

14% - Lansing, East Lansing and surrounding areas)

2% - Kalamazoo

2% - Grand Rapids, Muskegon, St. Joseph, Portage

2% - Upper Peninsula

BBCetc has also initiated efforts to reach underserved regions including a monthly Pursuit newsletter that reaches all across the state with important SBIR information and the development of a Pursuit webinar series, which offers 31 one hour webinars with on-demand training and

focused SBIR/STTR information. This is available to all Michigan companies at no charge. Workshop and informative sessions are held at multiple locations around the state including, Houghton, Traverse City, West Olive, Jackson, Ann Arbor, Kalamazoo, Grand Rapids, Detroit, Troy, Sterling Heights, East Lansing, Southfield and Midland. BBCetc is also a subcontractor to the WMed Innovation Center on a 2020 Growth Accelerator Award from the SBA specifically to focus on female entrepreneurs and women in tech.

Entrepreneur testimonials

'BBC's assistance was a crucial factor in the success of our proposal, and we can't imagine going through the process without them!' - Ecovia Renewables, Ann Arbor.

'We believe that insights gained from our relationship with BBC were crucial in obtaining funding for these programs and increasing our proposal success rate.' – Electro Mechanical Associates, Ann Arbor.

'For an established company accustomed to commercial contracts, the SBIR landscape can be very foreign territory. Having an experienced guide lead us through, point out the pitfalls, and head us in the right direction was extremely helpful. While the SBIR proposal was ours to prepare and submit, the existence of the BBC "lifeline" was greatly appreciated.' – Airflow Sciences Corporation, Livonia.

'BBC has a mission to help start-up companies and fledgling entrepreneurs, and they understand that service to their customers is paramount. Their assistance was outstanding, their experience in how to frame this type of proposal was invaluable.' - Vinazene, Inc., Plymouth.

'BBC's depth of experience is very comforting. You don't want a rookie helping you through this process; if you don't get funding the first time, you have to wait three months before re-submitting a proposal. For start-ups, three months is a lifetime.' – Compendia Bioscience, Ann Arbor.

RECOMMENDATION

MEDC Staff recommends the MSF Board approve the Request for \$480,000 to fund the MAP program through 2020.



MICHIGAN SBIR/STTR ASSISTANCE PROGRAM

NewHaptics, Ann Arbor, MI

“The MI SBIR/STTR Assistance program allowed us to focus our energies on the content of our proposal rather than the red tape. It ended up being so useful that we recommended their services to another company outside of Michigan. “

Service Provided: Training attendee; One on one assistance (NIH Phase I & Phase II)

Hi-Lite Aircraft, Bannister, MI

“We sincerely thank each and every one involved in the meeting.(Nov 7, 2019 Meet the Feds To produce a meeting with key Directors of the Federal Government that are overseeing the SBIR programs, was amazing! We are truly grateful, at the high level of Government contact on a personal level with such ease and purpose, to share our stories, beliefs and innovations which are directed to help, assists, and benefit all Americans, and most importantly secure our environment and Nation from hostile regimes.

Additionally, our innovative solutions from HI-Lite Aircraft are directed at our NATO Allies around the world to provide the next generation of high speed "Future Vertical Lift", with revolutionary technologies.

WE again, thank every team member for their extraordinary efforts to produce this enlightening event.” *Jeff & Tracie Hymer, Founders*

Service Provided: Training attendee; One on one assistance (NSF/DOD)

InheRET, Inc., Ann Arbor, MI

“We used BBCetc extensively for our first STTR application, which was awarded. We didn't allow enough time for BBC review on our 2nd and it was not funded. BBC etc. made a big difference!”

Service Provided: Training attendee; One on one assistance (NIH phase I)

Applications Insight, LLC, Lansing, MI

BBCETC has been very important to our success in winning SBIR grants and we are grateful for the resource. We are generally happy with the service. More resources to help access some of the other programs other than SBIR/STTR, many of which I've never heard, would be useful. Also, specific training on licensing technologies would be hugely useful for us. We have been a client for BBCETC for 3 years.

Service Provided: Training attendee; One on one grant development assistance (2 -USDA phase Is)



Smart Production Systems, Ann Arbor, MI

The "Training with the Feds" event allowed for one-on-one meetings with funding agencies program directors, which otherwise would require substantial time and financial resources to arrange. So, thank you for his event and please keep me informed of similar events in the future.

I have learned so many and met so many at this one day event, I am very happy to have the honor to be invited and have attended this training. Please continue the wonderful works! now have much greater confidence in all of you. Thanks for your leadership and great support!

Service Provided: Training attendee; One on one assistance (NIH Phase I)

Airflow Sciences Corporation, Livonia, MI

BBCetc has been critical to our SBIR proposal efforts - their guidance through the unfamiliar terrain of government funding has been critical to our successes in this area.

Services Provided: Training attendee; One on one grant development assistance (3 applications)

Alchemie, Troy, MI

The resources and guidance from the BBCetc team have been a huge boost for Alchemie as we have secured nearly \$1.5M in NSF SBIR funding over the past three years to create new learning tools for STEM education.

Service Provided: Training attendee; One on one assistance (NSF phase I & II, 1 DoED and 1 NIH applications)

Creathadh Energies, LLC, Ann Arbor, MI

Dear BBC and Jerry Hollister,

I wanted to give deep thanks and appreciation for your help over the last year. With Jerry's extensive assistance I was able to submit 3 SBIR phase I grants from my company, Creathadh Energies, which is based on my PhD research in electrical engineering at the University of Michigan. Recently, I heard back from the project manager for a National Science Foundation (NSF) SBIR submission that I completed and submitted in early September. Very recently this project manager has told me he would recommend my grant proposal for funding. While this is not completely official, I remain very optimistic.

I'd like to describe how BBC has helped. To begin throughout this year, I have attended several very helpful BBC training sessions in southern Michigan that were in easy travelling distance from my location in Ann Arbor. These training sessions very much helped prepare me to write DOD and NSF SBIR grants. The most important help I received from BBC is extensive and prompt feedback on every draft of every SBIR grant that I wrote. For example, for the NSF grant previously mentioned, we went through about 5 or 6 different drafts. Revisions focused



on showing that the proposed ideas from Creathadh Energies were marketable, well explained, and fit the needs and requirements of NSF.

While I completed both a PhD and a postdoctoral fellowship, my grant writing experience was limited before working with BBC. Through working with BBC and Jerry Hollister over the last year, I have really learned to write grants. Through this process BBC has enabled my research to very likely be turned into a Michigan business that will create jobs and opportunities for Michigan residents such as myself. I would strongly recommend BBC to former classmates and associates from my time at the University of Michigan.

Sincerely,

James McCullagh

Service Provided: Training; One on one assistance (5 proposals to DOE, NSF, AirForce, DOD)

Edgewater Safety Systems, LLC, St. Joseph, MI

"We found the support of the BBC team incredibly helpful during the stressful weeks and days leading up to proposal submission. With their deep SBIR/STTR knowledge and existing document templates, they were incredible time savers for us in sorting through the many rules, guidelines and format issues. They are truly experts in the creation of effective grant proposals."

Service Provided: One on one assistance (NIH phase I)

Genomenon Inc, Ann Arbor, MI

Kris Bergman and the BBC were invaluable resources as we navigated the rough waters of the SBIR grant application process - from early scientific discussions and draft review all the way to 'deadline day' application submission assistance. I cannot emphasize enough how helpful they were throughout the process."

Services Provided: Training, One on one assistance, Post award assistance (NIH FastTrack)

GreenMark Biomedical Inc, Okemos, MI

"The thoughtful advice and assistance that we received from Kris Bergman and others at BBCetc through the Michigan SBIR/STTR Assistance Program was essential to our success in receiving our SBIR Phase I, and more recently Phase II, awards. Their wealth of experience and expertise is tremendously and critically helpful to a company seeking and being awarded SBIR/STTR funding."

Services Provided: Training, One on one assistance, Post award assistance (NIH phase I & phase II)



3Dash Technologies, Kalamazoo, MI

3 Dash has worked with BBC on several SBIR proposals. I have also attended a number of training sessions in the Kalamazoo area presented by BBC. Both the training and one-on-one assistance has been invaluable in helping us apply to the SBIR program.

Service Provided: Training; One on one assistance (Air Force phase I & NSF phase I)

GS Engineering, Houghton, MI

The depth of knowledge and understanding of the path to DOD funding that BBC has provided has strengthened many of the proposals we have been awarded. It is hard to find this much needed expertise.

Service Provided: One on one assistance (DoD both phase I & phase II)



Spartan Innovations
325 E. Grand River Ave., Suite 355
East Lansing, MI 48823
517-884-4540
www.spartaninnovations.org

December 2nd, 2019

Michigan Economic Development Corporation (MEDC)

RE: Support for BBCetc.

To whom it may concern:

Spartan Innovations (SI) was asked to draft a letter describing the support provided by BBCetc for startup companies coming out of Michigan State University. As a part of our program, all startup companies supported by SI need to pursue federal grants, particularly SBIR and STTR. We see BBCetc support as essential to obtaining these grants; so much so that SI pays the \$500 membership fee for every company we support. In the 2018 – 2019 fiscal year, BBCetc helped SI supported companies obtain 8 SBIR/STTR federal grants. This provides non-dilutive funding to these technologies, greatly improving their chances of success. Recently, 2 SI supported companies, Scion Plasma and Zakuro (joint UM and MSU technology) received DOE ARPA-E grants for \$800,000 and \$1,000,000, respectively; in addition to nearly \$500,000 in matching investments. Attached is a forecast slide from SI's December presentation to the MSU Foundation Board, showing federal grants SI supported startups plan to submit over the next 7 months. These are grants outlined in individual companies' business plans, but not all submissions are identified. The BBCetc is assisting with all of these grant submissions; including a SBIR Phase II proposal. SI values BBCetc's support and appreciates the MEDC's continued support of our supported startups.

Spartan Innovations is a wholly owned subsidiary of the Michigan State University Foundation. Spartan Innovations supports new startup company opportunities emerging from Michigan State University with market assessment, commercial business plan development, project team management, funding support (through its Red Cedar Venture funds) and other support programs which include Entrepreneur-in-Residence programs, post-doctoral funding, grant writing, etc. Five startup companies, defined according to the criteria set by the Association of University Technology Managers (AUTM), were successfully launched and funded in the 2018/2019 fiscal year.

Sincerely,

Frank A. Urban
Director, Venture Creation, Life Sciences

Funding Forecast, Federal



December 2019	January 2020	February 2020	March 2020
GLCT, NSF STTR, PI - \$220k*	IASO Therapeutics, NIH SBIR, PI - \$300k*	Scion Plasma, NSF SBIR, PII - \$750k*	
SCOPS Coating Technologies, NSF SBIR, PI - \$220k*	Life Genomics, NIH SBIR, NIH SBIR PI - \$220k*		
	PEDS AI, NIH STTR, PI - \$225k*		

April 2020	May 2020	June 2020	July 2020
IASO Therapeutics, NIH SBIR, PI - \$300k*		Nimble Acoustics, NSF SBIR, PI - \$220k*	
Advertant Bio, NIH SBIR, PI - \$300k*		GLCT, NSF STTR, PI - \$220k*	
Tarn BioSciences, NIH SBIR PI - \$300k*		Mag Plasma, NSF SBIR, PI - \$220k*	
Nimble Acoustics, NIH SBIR, PI - \$220k*		Wei Newco, NIH STTR, PI - \$220k*	
FibrosIX, NIH SBIR, PI - \$300k*			
Wei Newco, NIH STTR, PI - \$220k*			
Liby Newco, NIH SBIR, PI - \$300k* (if not Licensed, Potential Licensee Inquiring)			

* Emerging Technologies Fund (ETF) adds \$25k to PI SBIR and up to \$125k to PII SBIR/STTR awards

MEMORANDUM

Date: December 17, 2019

To: MSF Board

From: Maggie McCammon, Portfolio Manager, Entrepreneurship and Innovation

Subject: Michigan Small Business Development Center Strategic Service Provider Emerging Technology Fund and Business Accelerator Fund continued funding

REQUEST

Michigan Economic Development Corporation (“MEDC”) Staff recommends the Michigan Strategic Fund (“MSF”) Board approve a grant of \$3,585,000 to the Michigan Small Business Development Center (“SBDC”) to fund the Business Acceleration Fund (“BAF”) and the Emerging Technology Fund (“ETF”) for one year (the “Request”).

BACKGROUND

The SBDC has operated as a non-profit entity in the State of Michigan since 1983. The statewide host of the organization has been Grand Valley State University (“GVSU”) since 2001, with 11 regional offices and more than 20 satellite offices across the state. The BAF and ETF programs are funded entirely by the MSF. By being housed at the SBDC, BAF and ETF indirectly benefit from the Lead Center and Regional offices which help promote the program throughout the state, support companies that are not a fit or borderline fit, and identify companies that were not aware of the Smart Zone network.

The SBDC has a thorough Malcolm Baldrige model accreditation process, which is conducted by the Association of Small Business Development Centers, every five years. The accreditation committee consists of State Directors and Associate State Directors from other SBDCs. The MI SBDC was recognized as an exceptional program by the national accreditation team in 2006, 2011 and in 2016. The next accreditation will be in 2021, with the same expected outcome. Accreditation from the Association of Small Business Development Centers is in accordance with the specifications set forth by Congress and the U.S. Small Business Administration (“SBA”).

In October 2016 the MSF consolidated the four SBDC programs, including the ETF and BAF, into one master agreement with an expiration date of December 31, 2019. Two programs, the Technology Consulting Services and the Core entrepreneur, were refunded at the October 2019 Board meeting. This request is to allocate planned 2020 funding to enable the ETF and BAF programs to continue operating through 2020.

EMERGING TECHNOLOGY FUND (ETF) PROGRAM

The ETF program makes Michigan more competitive in attracting federal dollars into the State in the form of Small Business Innovation Research (“SBIR”) and Small Business Technology Transfer Research (“STTR”) awards, which can be worth up to several million dollars each. The ETF provides matching funds of up to \$25,000 for Phase I and \$125,000 for Phase II clinical studies associated with these awards.

In February 2014, the MSF selected the MI-SBDC to receive a grant to renew the ETF program in the amount of \$2,293,472 (Resolution 2014-017) along with an additional \$2,076,500 (Resolution 2014-178) awarded in October 2014 and \$2,500,000 (Resolution 2015-153) in October 2015. In October 2016 the MSF approved the consolidation of the four MI-SBDC programs under one contract to December 2019 with an additional \$2,100,000 to fund the continuation of the ETF through 2017 (Resolution 2016-210), followed by \$2,150,000 in December 2017 (Resolution 2017-202) and \$1,280,000 in September 2018 (Resolution 2018-152). The current request is for \$2,155,000 to fund the program for 2020.

Program Results

Since April 2014, the ETF program has served 112 high tech Michigan companies and created 467 full time positions. In addition, the Program has attracted almost \$95M in federal funding, over \$20M in private VC and angel investment, and increased sales by almost \$70M. A detailed breakdown of the Program activity, results, business testimonials and letters of support is provided in Attachment 1.

ETF return on investment is as follows:

- MSF dollars per company job created = \$21,018
- Company capital raised per MSF dollar = \$21 to \$1
- Company capital raised + new sales per MSF dollar = \$28 to \$1

Company feedback

‘This was critical to our technology commercialization and helped Niowave grow to where it is today, employing more than 60, selling internationally, and manufacturing radioisotopes to cure cancer and saves lives’. Jerry Hollister, Director of Government Relations, Niowave

‘The current SBDC procedure is excellent, allows startups to access the first \$40,000 ETF payment with a moderate matching of \$5,000. This allows us to use the ETF budget to grow, and gives us more time to raise funds to match the remaining payment.’ Yoke Khin, President, Stabilux Biosciences, Inc

‘The ETF award provided critical support toward the construction and operation of a mobile demonstration system, deployed for six months in order to treat wastewater from the country's 5th largest landfill.’ Algal Scientific

BUSINESS ACCELERATOR (BAF) PROGRAM

The BAF provides a series of small grants (up to a maximum of \$50,000 per company) for high tech businesses to access the required specialized services they need to grow and compete. The BAF is available to all 19 of the participating business accelerators in Michigan’s statewide

SmartZone network. These funds are used toward the delivery of specialized commercialization services that are not otherwise available from these business accelerators, to assist advanced technology companies regardless of the company's geography. A participating business accelerator will engage a third party specialist to help advance the client's path to commercialization, company success, and economic impact for the state of Michigan. BAF requests are reviewed and awarded through a competitive process.

In February 2014, the MSF selected the MI-SBDC to receive a grant to renew the BAF program in the amount of \$1,733,248 (Resolution 2014-018) with an additional \$1,965,000 in February 2015 (Resolution 2015-018), \$1,200,000 in October 2016 (Resolution 2016-210), \$1,425,000 in December 2017 (Resolution 2017-202) and \$710,000 in September 2018 (Resolution 2018-152). The current request is for \$1,430,000 to fund the program for 2020.

Program Results

Since October 2014, the BAF program has served 464 high tech Michigan start-up companies, supported the creation of 51 new companies and generated almost 500 full time positions. In addition, the program has attracted over \$20M in federal funding, almost \$80M in private VC and angel investment and increased sales by almost \$65M. A detailed breakdown of the Program activity, results, business testimonials and letters of support is provided in Attachment 2.

BAF return on investment is as follows:

- MSF dollars per company job created = \$11,543
- Company capital raised per MSF dollar = \$29 to \$1
- Company capital raised + new sales per MSF dollar = \$40 to \$1

Company feedback

'BAF funds are a tremendous help for us as we have been grass rooting this company and its associated product. We would not have made the progress with a key potential customer without this funding.' Holland SmartZone.

'As the founder of Airway Innovations, we received a BAF engagement to help us develop a production-representative prototype and establish a regulatory quality management system.... We found the BAF program to be an efficient and effective program for early stage capital. It helped us raise an additional \$360,000 of private equity.' Company at the Muskegon SmartZone.

'Excellent catalyst for clarifying research results, working with very capable people and documenting evident to support claims which can now be shown to potential clients.' Company at the Houghton/Hancock SmartZone.

'The BAF grant was especially meaningful at a time when our company had no external investments yet. It allowed us to stay on track with our Critical Path to market launch, rather than having to put the brakes on. We are very grateful for this timely support.' Company at the Lansing SmartZone.

SmartZone feedback

'The BAF program managed by SBDC has served as a true catalyst for TechTown's ability to fulfill its core mission with its network of tech startups, researchers and innovators.' Tech Town Detroit

'As a hardware accelerator supporting developers of physical products and advanced manufacturing systems, this program is vital to helping early stage Michigan companies with developing proof of concepts and beta prototypes for evaluations with customers. I applaud the Michigan SBDC as the manager of this program.' Centrepolis Accelerator

'The BAF program is an essential tool for aiding startup companies in their earliest stages. ...The BAF program has been essential in helping companies launch such as Packaging Compliance, Alchemie and Photo-Up, all fast growing technology companies in Michigan.' Gateway Grand Rapids

RECOMMENDATION

The SBDC continues to be the primary strategic entrepreneurship partner for MEDC across the entirety of the state of Michigan and continually achieves or exceeds the metrics required by MEDC. MEDC Staff recommends the MSF Board approve the Request to fund the ETF and BAF programs for 2020 at \$3,585,000.

MEMORANDUM

Date: December 17, 2019

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

From: David Kurtycz, Business Development Project Manager

Subject: Fairlife, LLC and Continental Dairy Facilities LLC (collectively, the “Companies”) Amendment to Michigan Business Development Program (“MBDP”) Grant Agreement

Request

The Companies are requesting an amendment to the existing MBDP performance based grant Agreement (the “Agreement”) to amend Disbursement Milestone Two to require demonstrated verification that the Companies and the City of Coopersville (“City”) have entered into a Consent Agreement for the purpose of resolving local issues by no later than March 31, 2020 and to extend the Term of the Grant from January 31, 2020 to June 30, 2020 (the “MBDP Amendment Request”).

Background

The Companies are two separate dairy processing companies that are located on the same 100-acre dairy processing plant site at the former GM/Delphi Mfg. plant within the City. On March 28, 2017, the MSF approved a \$2,407,000 MBDP grant award for the Companies to support the expansion of the existing facilities in the City, which would result in the creation of 52 Qualified New Jobs (“QNJ”) and \$173,000,000 in capital investment. The expansion included new products and production lines. The significant growth and the additional processing lead to additional wastewater that needs to be treated.

The Companies successfully completed Disbursement Milestone One of the MBDP Grant Agreement for the creation of 52 QNJ, attainment of local support, and funding from Michigan Department of Agriculture and Rural Development’s Food and Agriculture Investment Program in the amount of \$225,000. However, the Companies second and final Disbursement Milestone requires that the Companies be in compliance with the City Nondomestic IPP User permit (the “Permit”) by no later than July 31, 2019. To support the Companies’ planned expansion, the City committed to make a \$1,100,000 upgrade to the City’s own Wastewater Treatment Plant to provide adequate wastewater infrastructure for the facilities. But, the City has not moved forward with updates to its wastewater system as quickly as anticipated, which has caused the Companies to be out of compliance of the Permit and therefore, Disbursement Milestone Two of the Agreement. However, the Companies have entered into a Consent Agreement with the City to fully resolve the violations, fines, costs, charges, and compliance issues related to the Permit.

The Companies are requesting to have the Agreement amended to modify Disbursement Milestone Two to allow for the verification of the Consent Agreement to take the place of the requirement that the Companies remain compliant with the Permit. Without this amendment, the repayment language in the Agreement would require the Companies to pay back the entire grant. The amendment would cure the default while acknowledging the Companies have agreed to resolve the issues with the City.

The Companies have made the investments at the site, including installing a Dissolved Air Flotation (DAF) pretreatment system at the dairy facility utilizing existing infrastructure from the old GM Delphi facility to remove solids from the wastewater. The Grant was used to help offset the cost of the DAF system. The Companies have also created the 52 QNJ required by the Agreement. Agriculture production and processing are critical to Michigan's Strategic Plan. The Companies plant produces products that have longer shelf-life and helps level out peaks and valleys of milk production in the State of Michigan.

Company Background

The Companies' facilities has been in operation since 2008 and in 2012, began production of Cream Condensed Milk and Non-fat Dried Milk at their Coopersville location. This is the fourth expansion for the Companies, which has moved from being a milk balancing plant to a regional dairy ingredient facility that takes in milk from four other Dairy Cooperatives from 35 different counties. The Michigan plant produces dry non-fat milk.

Fairlife, LLC, established in 2013, is a partnership between Select Milk Producers and The Coca-Cola Company with a goal to produce exceptional quality milk while changing the face of the dairy industry with cutting edge innovation, dedication to animal care and comfort, and a commitment to agricultural sustainability.

Amendment History

The company had unforeseen delays in applying for the milestone and executing the agreement. On August 22, 2017 the MSF reauthorized the grant award to extend the deadline to execute the Agreement an additional sixty (60) days to September 24, 2017 and revised the Disbursement Milestone One due date to November 1, 2017. Upon review of the agreement and completion of the Milestone 1 application, the Companies noted an error in the Base Employment Level. On September 26, 2017 the MSF authorized an amendment of the Agreement to reduce the Base Employment Level from 289 to 260. The City had not moved forward with updates to its wastewater system as soon as anticipated so, on July 24, 2018 the MSF agreed to amend the Agreement to extend the due date of Disbursement Milestone Two from March 30, 2018 to July 31, 2019 and to extend the term of the Agreement from October 31, 2018 to January 31, 2020 to allow more time for the wastewater system updates.

Recommendation

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

**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: December 2, 2019

Company Name: fairlife LLC and Continental Dairy Facilities, LLC
("Company" or "Applicant")

Company Address: 999 West Randall
Coopersville, MI 49404

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 \$2,407,000 ("MBDP Incentive Award")
- **Base Employment Level:** 260
- **Total Qualified New Job Creation:** 52
(above Base Employment Level)
- **Company Investment:** \$173,000,000 in purchase of land, leasehold improvements, building renovations, machinery and equipment, furniture and fixtures, and engineering or any combination thereof, for the Project.
- **Municipality supporting the Project:** The City of Coopersville is required to have committed to provide: approval by the City Council to invest in an upgrade to the City's wastewater treatment plant necessary to support the project and the Companies capacity needs. The final terms and conditions demonstrating this support shall be included in the final agreement.
- **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 \$2,407,000 Upon demonstrated creation of 52 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support and verification of final approval of funding from Michigan Department of Agriculture and Rural Development's Food and Agriculture Investment Program in the amount of \$225,000 by no later than June 30, 2017.

○ **Disbursement Milestone 2:** Up to \$0 Upon demonstrated verification the Companies are in compliance with the City of Coopersville's Nondomestic IPP User permit 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 2:** Up to \$0 Upon demonstrated verification the Companies and the City of Coopersville have entered into a Consent Agreement, for the purpose of resolving the violations, fines, costs, charges, and compliance issues regarding the water dispute by no later than March 31, 2020.

● **Term of Agreement:** Execution of Agreement to June 30, 2020.

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 December 2, 2019, the MEDC may not be able to proceed with any recommendation to the MSF.

fairlife LLC

By: 

Printed Name: Nicholas Adamson

Its: Senior VP Operations

Dated: 12/2/2019

Acknowledged as received by:

Michigan Economic Development Corporation

By: 

Printed Name: David Kurtycz

Its: Business Development Project Manager

Dated: 12/3/2019

Continental Dairy Facilities, LLC

By: 

Printed Name: BRUCE BURN

Its: DIRECTOR OF FINANCE

Dated: 12/2/19

CITY OF COOPERSVILLE
WATER & SEWER DEPARTMENT

City Manager: Jonathan Seyferth
289 Danforth Street
Coopersville, MI 49404-1204

**In re Continental Dairy Facilities, LLC,
and fairlife, LLC, doing business at
999 Randall Street West,
Coopersville, Michigan, 49404.**

CONSENT AGREEMENT

(Control No.: CDFfairlife-11-01-19)

THE CITY OF COOPERSVILLE, MICHIGAN (THE "CITY"), CONTINENTAL DAIRY, LLC, AND FAIRLIFE, LLC, STATE AND AGREE AS FOLLOWS:

1. These proceedings result from alleged violations by Continental Dairy Facilities, LLC ("CDF") and fairlife, LLC, ("fairlife") of the City of Coopersville Sewer Use and Pretreatment Ordinance (Chapter 1045 of Part 10 of the City Coopersville Codified Ordinances, as amended) ("Sewer Use Ordinance"), and Nondomestic User Permit No. 0001 CDF/FL, ID:06, as amended, (the "Companies' Permit"), as set forth by this Consent Agreement ("Consent Agreement"). CDF and fairlife are referred to collectively in this Consent Agreement as "the Companies."

2. This Consent Agreement is the result of a compromise and settlement reached between the City of Coopersville (the "City") and the Companies and does not constitute an admission by the City or the Companies of any facts or law. For purposes of this Consent Agreement, the Companies dispute the violations, fines, costs, charges, and compliance issues alleged by the City in this Consent Agreement.

3. By entry of this Consent Agreement, and without any trial or adjudication of facts or law, the City and the Companies agree, subject to the terms, conditions, and requirements of this Consent Agreement, to fully resolve the violations, fines, costs, charges, and compliance issues as alleged by the City herein.

A. LEGAL AUTHORITY

4. The Sewer Use Ordinance authorizes the City to enter into a consent agreement with the Companies to resolve disputed claims and address identified and potential deficiencies in the Companies' compliance status. (Sewer Use Ordinance, Section 1045.104(F).)

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Consent Agreement CDFairlife-11-01-19**

5. This Consent Agreement is entered between the City and the Companies under the authority of the Sewer Use Ordinance, and applicable state and federal laws and regulations, including, without limitation, Part 31 of Act 451 of the Public Acts of Michigan of 1994, MCLA §§ 324.3101 et seq., as amended (“Water Resources Protection”); the Michigan Industrial Pretreatment Rules, Michigan Administrative Code, R 323.1101 et seq., as amended; the Federal Water Pollution Control Act (also known as the “Clean Water Act”), as amended, 33 U.S.C. 1251, et seq.; and the Federal General Pretreatment Regulations (40 CFR part 403).

6. Any violation of the terms or conditions of a user permit is a violation of the Sewer Use Ordinance, subject to the fine, penalty, and other enforcement provisions of the Sewer Use Ordinance. (SUO Section 1045.36(d).)

7. Any person who violates any provision of the Sewer Use Ordinance (including, without limitation, any notice, order, permit, decision or determination promulgated, issued or made by the City) is, among other sanctions, responsible for a municipal civil infraction, subject to payment of a civil fine of not less than \$1,000.00 per day for each infraction. (SUO Section 1045.107.)

8. Each act of violation, and each day or portion of a day that a violation of the Sewer Use Ordinance (or of any permit, order, notice or agreement issued or entered into under the Ordinance) exists or occurs constitutes a separate violation and is subject to fines, penalties and other sanctions as provided by the Ordinance. (SUO Section 1045.109.)

9. Any person that discharges to the POTW (including, but not limited to, any person who causes or creates a discharge that violates any provision of the Sewer Use Ordinance, or causes or contributes to a violation of any local, state, or federal law or regulation governing the POTW, whether any such act is intentional or unintentional) shall be liable to and shall fully reimburse the City for all expenses, costs, losses or damages (direct or indirect) payable or incurred by the City as a result of any such discharge, violation, exceedence, noncompliance, or act. The costs that must be reimbursed to the City shall include, but are not limited to, all of the following: All costs incurred by the City in responding to and enforcement in connection with the violation or discharge; the full value of any City staff time (including any administrative and overhead costs and any required overtime), consultant and engineering fees, and actual attorney fees and defense costs (including the City’s legal counsel and any special legal counsel), associated with reviewing, responding to, investigating, verifying, and/or prosecuting any discharge, violation, or noncompliance, or otherwise incurred by the City in administering and enforcing the requirements of the Sewer Use Ordinance. The failure by any person to pay any amounts required to be reimbursed to the City shall constitute an additional violation of the Sewer Use Ordinance. (SUO Section 1045.112; Companies’ Permit, Part IX.)

**Coopersville Water & Sewer Department
Consent Agreement CDF/fairlife-11-01-19**

B. BACKGROUND AND FINDINGS

Expansion of City's WWTP

10. The Companies discharge wastewater generated by the Companies' operations on the above-referenced premises (999 Randall Street West, Coopersville, Michigan) to the City's Wastewater Treatment Plant (the "WWTP").

11. The Companies' discharges to the WWTP are authorized by the Companies' Permit, subject to terms, conditions, and requirements specified by the Companies' Permit, including, but not limited to, limits on the levels of flow and pollutants that may be discharged.

12. The current total design annual average mechanical treatment capacity at the WWTP is approximately 1.65 MGD flow.

13. The current non-dairy flow to the WWTP is approximately 0.45 MGD. ("Non-dairy flow" means wastewater flows from all sources other than the Companies, such as from residential, commercial, and light industrial users.)

14. The Companies' discharge of flow to the WWTP is currently limited under the Companies' Permit to 1.2 MGD.

15. In the early 2010's, the City's engineering firm produced a 20-year growth/buildout projection for the WWTP related to the amount of wastewater treatment capacity that would likely be required to treat non-dairy flows in the coming years.

16. The growth/buildout projection estimates that by the late 2010s and into the early 2030s, the WWTP will need the capacity to treat about 0.9 MGD of non-dairy flow to accommodate future non-dairy users.

17. Prior to the arrival in the City of CDF and fairlife, the City was able to maintain a 0.9 MGD of non-dairy reserve flow; and when the City expanded the WWTP in the early 2010s, the City's intent was to maintain and reserve this 0.9 MGD of non-dairy flow to allow for future non-dairy growth.

18. To accommodate the Companies' increased levels of production over the past several years, the City has increased the Companies' permitted flow to the current 1.2 MGD level.

19. Increasing the Companies' permitted flow to 1.2 MGD has consumed a significant portion of the City's 20-year reserved non-dairy growth capacity and, combined with the current 0.5 MGD non-dairy flow, has used up virtually all of the total mechanical treatment capacity at

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the WWTP (1.2 MGD dairy flow plus 0.45 non-dairy flow = 1.65 MGD total WWTP treatment capacity).

20. The Companies' flow to the WWTP exceeds its current user permit limit of 1.2 MGD on a regular and continuing basis, resulting in violations and the repeated assessment of fines to the Companies under the Sewer Use Ordinance, the Companies' Permit, the City's approved IPP, and applicable state and federal laws.

21. The Michigan Department of Environment, Great Lakes, and Energy ("EGLE") has stated to the City that the state would not approve further increases by the City of the Companies' user permit flow limit above 1.2 MGD absent an expansion of capacity at the WWTP to accommodate such an increase.

22. The City has several current growth opportunities which could result in additional significant non-dairy flow over the next 10 years. However, EGLE has notified the City that because virtually all of the total mechanical treatment capacity at the WWTP is currently being used, the state will not approve expansion of the City's sewer collection system to accommodate these growth opportunities until the treatment capacity at the WWTP is actively in the process of being increased.

23. The City and the Companies recognize that expansion of the total treatment capacity at the WWTP is necessary now so that the City can: (1) recapture its 20-year growth projection need of 0.90 MGD for non-dairy growth and accommodate the City's non-dairy growth opportunities; and (2) increase the Companies' permitted flow to the WWTP above the current 1.2 MGD to allow the Companies to meet their production needs without being in violation of applicable flow limits.

24. On December 10, 2018, the Coopersville City Council authorized engineering and application for a permit for a third clarifier at the City WWTP. Construction of a third clarifier would allow WWTP capacity to be increased from the current 1.65 MGD to 2.5 MGD.

25. The estimated cost of engineering, design, permitting, and construction of the third clarifier is \$3.2 million.

26. The estimated design, permitting, and construction timeline is 20 to 24 months from the date engineering was authorized in December 2018.

27. The City has obtained a Part 41 permit from EGLE as required prior to construction of the third clarifier. Because the third clarifier option is allowed under the City's current NPDES permit, the Part 41 permit is the only EGLE review step required for this project.

29. The City has solicited bids for construction of the third clarifier.

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30. It is the City's goal to start construction on the third clarifier (and accompanying site work) in the Fall of 2019.

31. Completion of the third clarifier is expected to increase the WWTP's capacity to 2.5 MGD. Subject to EGLE approval and certification, this will allow the City to recapture its 20-year growth projection need of 0.90 MGD for non-dairy growth and enable the City to increase the Companies' permitted flow limit to 1.6 MGD, as provided by this Consent Agreement. (The third clarifier will allow for treatment of 3.2 MGD, but the existing single effluent pipe to the Grand River will limit the discharge to 2.5 MGD.)

Fines Assessed But Not Paid

32. During the period May 2018 through October 2018, sampling and monitoring results conducted by the Companies, signed and certified by a responsible corporate officer, and submitted to the City have shown multiple, recurring violations of the Companies' permitted flow limit and also violations of the Companies' suspended solids limit applicable to the Companies' discharges to the WWTP.

33. Based on the sampling and monitoring results submitted by the Companies to the City that showed violations of the Companies' discharge limits for flow and suspended solids, the City issued to the Companies written Wastewater Industrial Pretreatment Program Violation Notices ("Violation Notices"). For each violation, the Violation Notices included the dates of the violation, the pollutant parameter violated, the type of violation (e.g., daily limit, weekly average limit), the amount of the fine associated with each listed violation, and the total fine due and payable by the Companies for the stated period. Copies of the Violation Notices sent to the Companies for flow and suspended solids limit violations that occurred during the period May 2018 through October 2018 are attached as Exhibit A ("Violation Notices Sent By City To Companies"). (All referenced Exhibits are incorporated into this Consent Agreement as an integral part of this Consent Agreement.)

34. The violations by the Companies of the flow and suspended solids discharge limits that occurred during the period May 2018 through October 2018 are set forth in Exhibit B to this Consent Agreement ("*Violations of Discharge Limits May 2018 through October 2018; Fines Assessed and Billed But Not Paid By Companies*"), including the discharge limits, the sample results, the sampling period, and the fines assessed and billed by the City for each pollutant parameter.

35. As of the effective date of this Consent Agreement, the Companies have not paid any of the fines assessed and billed by the City for the violations that occurred during the period May 2018 through October 2018 in the total amount of \$197,000.00 as set forth in Exhibit B.

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Noncompliance with NOV/Order CDFairlife-03-22-18

36. In March 2018, the City issued the Companies a Notice of Violation and Order, Control Number CDFairlife-03-22-18, (the "March 2018 NOV/Order") which required the Companies to take certain actions by no later than the times and dates specified by the March 2018 NOV/Order.

37. The March 2018 NOV/Order required that within 30 calendar days from the effective date of the NOV/Order, the Companies submit for the City's approval a detailed, proposed final Compliance Plan to permanently prevent further violations by the Companies' discharges to the POTW of the Companies' weekly average flow limit for flow.

38. The March 2018 NOV/Order required that the Compliance Plan be prepared, signed, and sealed by a qualified, licensed Michigan engineer and include all of the steps the Companies would take to achieve full, permanent compliance for the Covered Discharges, including, but not limited to, implementation and adoption of procedures, operation, and/or maintenance; or installation and operation of pretreatment facilities, and/or reduction of discharges (partial or complete, and temporary or permanent) to the POTW.

39. The March 2018 NOV/Order required for the Compliance Plan that each compliance milestone must not exceed 4 weeks and that the total compliance period must not exceed 3 months. Further, at a minimum, March 2018 NOV/Order required that the Compliance Plan must provide for full completion of the Plan with all included procedures ready for full implementation and any required equipment or facilities in place and fully operational by no later than May 25, 2018.

40. At the Companies' request, the deadline to submit the Compliance Plan was extended from April 22, 2018, to May 7, 2018. On May 8, 2018, the Companies requested an additional extension of the deadline to May 14, 2018 to submit the Compliance Plan, and the additional extension to May 14, 2018 was approved by the City.

41. On May 14, 2018, the Companies emailed to the City what the Companies stated was their proposed "compliance plan." The documents emailed to the City consisted of marketing "brochures on likely equipment" for COW water filter system equipment; a list of related equipment; a map for one of the two possible proposed options for elimination of discharge of COW water; and a proposed draft insert to a consent decree outlining the two possible options. The Companies subsequently withdrew one of the two proposed possible options by way of a telephone call from the Companies' legal counsel to the City's legal counsel with no further written confirmation to the City.

**Coopersville Water & Sewer Department
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42. The specific detailed requirements for the Compliance Plan as required by the March 2018 NOV/Order are set forth in Exhibit C of this Consent Agreement. The City alleges that the documents submitted by the Companies as set forth in Paragraph 41, above, did not meet the requirements specified by the March 2018 NOV/Order: The City determined, for example, that the documents did not adequately specify how the actions (taken or proposed) would achieve compliance, whether or when compliance would be achieved, the implementation schedule requirements for compliance milestones or completion of the plan, all as required by the March 2018 NOV/Order. Also, the documents were not prepared, signed, and sealed by a qualified, licensed Michigan engineer as required by the March 2018 NOV/Order.

43. Following the Companies' emailed submission of the documents on May 14, 2018 as set forth in Paragraph 41, there was no further documentation or other written communication from the Companies whether or not the Companies had decided they would proceed with any of the proposed possible options outlined in the documents.

44. The March 2018 NOV/Order expressly provides that the Companies' failure to fully and timely comply with any requirement of the NOV/Order is a violation of the Companies' Permit and the Sewer Use Ordinance and may subject the Companies to additional enforcement responses including the assessment by the City of additional fines and penalties.

Failure to Pay Cost Reimbursement Amounts

45. As set forth in Paragraph 9, above, the Sewer Use Ordinance and the Companies' Permit require the Companies to reimburse the City for costs incurred by the City, including legal fees, in responding to and enforcement in connection with the Companies' discharges to the POTW.

46. In addition, a prior Consent Agreement between the City and the Companies dated October 2, 2017 (Control No.: CDFairlife-09-19-17) (the "October 2017 Consent Agreement"), requires the Companies to fully pay such reimbursable costs to the City within 30 days of receiving the City's bill for the costs. (October 2017 Consent Agreement, Paragraph 29; see also, the note to Table A of the October 2017 Consent Agreement.)

47. The City has incurred legal costs associated with reviewing, responding to, investigating, verifying, and enforcing the Sewer Use Ordinance and the Companies' Permit with regard to the Companies' discharges to the POTW and has billed the Companies' for reimbursement of these costs.

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48. Specifically, the City has billed the Companies for reimbursement of legal fees associated with the Companies' discharges as follows: \$8,083.75 (billed May 2018, payment due June 25, 2018); \$4,495.00 (billed August 2018, payment due September 23, 2018); \$5,981.25 (billed January 2019, payment due February 10, 2019) \$7,648,75 (due May 5, 2019); and \$1,341.25 (due July 28, 2019). Copies of the bills for these amounts are attached as Exhibit D ("Bills Sent To Companies For Reimbursable Costs").

49. As of the effective date of this Consent Agreement, none of the cost reimbursement amounts billed as provided by Paragraph 48, above, have been paid by the Companies for a total of past due and unpaid cost reimbursement amounts of \$27,550.00.

50. The Companies' failure to fully and timely pay the amounts required to be reimbursed to the City constitutes an additional violation of the Sewer Use Ordinance and the Companies' Permit.

C. ALLEGED VIOLATIONS AND FINES

51. The violations alleged by the City against the Companies as set forth in this Section C of this Consent Agreement are for purposes of this Consent Agreement collectively referred to as the "Alleged Violations." "Alleged Violations" does not include any violations (past, present, or future; known or unknown) except the violations alleged against the Companies as specified in this Section C, below.

52. Exhibit E of this Consent Agreement sets forth the billed/unpaid amounts, due dates, and minimum potential fines associated with:

a. The Companies' failure as of February 15, 2019, to fully and timely pay the fines assessed and billed by the City, as set forth in Paragraphs 32 through 35 of this Consent Agreement (6 unpaid invoices);

b. The Companies' failure as of February 15, 2019, to fully and timely comply with the requirements of the March 2018 NOV/Order as set forth in Paragraphs 36 through 44 of this Consent Agreement (1 failure to comply by 5/14/18); and

c. The Companies' failure as of November 1, 2019, to fully and timely pay the reimbursable legal fees billed by the City as set forth in Paragraphs 45 through 50 of this Consent Agreement (5 unpaid invoices).

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(Exhibit E, “Total Outstanding Amount: Billed/Unpaid Fines and Cost Reimbursement Plus Associated Fines For Nonpayment.”)

53. As set forth in Exhibit E, the minimum potential fines as of February 15, 2019 for the Companies’ failure to fully and timely pay the fines assessed and billed by the City and to fully and timely comply with the March 2018 NOV/Order, total \$1,143,000.00 (\$1,000.00 per day for each day the fine amounts not paid were past due).

54. As set forth in Exhibit E, the minimum potential fines as of November 1, 2019 for the Companies’ failure to fully and timely pay the reimbursable legal fees billed by the City total \$1,442,000.00 (\$1,000.00 per day for each day the reimbursable costs not paid were past due).

55. As set forth in Exhibit E, the total minimum potential fines for the Alleged Violations is \$2,585,000.00 (\$1,143,000.00 + \$1,442,000.00 = \$2,585,000.00).

56. For purposes of Exhibit E and this Consent Agreement, the City has used February 15, 2019 as the “cut-off” date for calculating the fines to be imposed for the Companies’ failure to fully and timely pay the fines assessed and billed by the City for flow and suspended solids violations and failure to fully and timely comply with the March 2018 NOV/Order; and the City has used November 1, 2019 as the “cut-off” date for calculating the fines to be imposed for the Companies’ failure to fully and timely pay the reimbursable legal fees. However, unless the Alleged Violations are resolved pursuant to this Consent Agreement, and the requirements and conditions of this Consent Agreement are fully and timely complied with by the Companies, the total minimum potential fines as provided by Exhibit E for the Alleged Violations for flow and suspended solids and for failure to fully and timely comply with the March 2018 NOV/Order are subject to increase by \$7,000.00 per day for each day after February 15, 2018 (an additional \$1,000.00 per day for each of the 7 items as set forth in subparagraphs 52(a) and (b) of this Consent Agreement which remain unpaid after February 15, 2019); and the total minimum potential fines for the Alleged Violations for nonpayment of reimbursable legal fees are subject to increase by \$5,000.00 per day for each day after November 1, 2019 (an additional \$1,000.00 per day for each of the 5 items as set forth in subparagraph 52(c) of this Consent Agreement which remain unpaid after November 1, 2019).

D. TOTAL OUTSTANDING AMOUNT

57. As set forth in Exhibit E of this Consent Agreement, the Total Outstanding Amount of billed but unpaid amounts plus the minimum potential fines associated with the Alleged Violations as of the dates set forth therein is \$2,809,550.00 (\$197,000.00 + 27,550.00 + \$1,143,000.00 + \$1,442,000.00 = \$2,809,550.00).

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E. COMPROMISE SETTLEMENT AMOUNT

58. The City has considered the Companies' good-faith willingness to cooperate to resolve these proceedings pursuant to this Consent Agreement; the Companies' agreement to, as expeditiously as possible, bring the Companies' discharges into full compliance with applicable discharge requirements going forward; the Companies' recent payment for the past several months of Violation Notices sent by the City; and other relevant factors as justice requires.

59. Based on these considerations, the City agrees to accept, as full settlement, satisfaction and resolution of the Alleged Violations as set forth in Section C of this Consent Agreement, and the Total Outstanding Amount of \$2,809,550.00 as set forth in Section D and Exhibit E of this Consent Agreement, a payment by the Companies in the total amount of \$1,000,000.00 (which amount is hereinafter referred to as the "Compromise Settlement Amount").

60. The Companies' payment of the "Compromise Settlement Amount" as required by this Consent Agreement does not affect the Companies' responsibility to pay fines or other penalties for any "Interim Flow Violations" that are otherwise being held in abeyance as provided by Section G of this Consent Agreement ("City's Enforcement Discretion") except as otherwise expressly provided by Section G; nor does the Companies' payment of the "Compromise Settlement Amount" affect the Companies' responsibility, as of and after the effective date of this Consent Agreement, to fully and timely reimburse the City for all costs, expenses, losses, or damages (direct or indirect) payable or incurred by the City after the effective date of this Consent Agreement as a result of the Companies' discharges to the POTW as may be required by this Consent Agreement, prior consent agreements or orders, the Companies' Permit, the Sewer Use Ordinance, or other applicable laws or regulations.

**F. APPLICATION OF COMPROMISE SETTLEMENT AMOUNT
TO PROPOSED THIRD CLARIFIER**

61. The City and the Companies agree that the City will apply the full amount of the Compromise Settlement Amount (\$1,000,000.00) paid by the Companies to the City as provided by this Consent Agreement toward the engineering, design, permitting, and construction of the third clarifier as generally described in paragraphs 24 through 35 of this Consent Agreement (the "Third Clarifier").

62. The City and the Companies agree:

a. Upon the completion and successful commencement of operation of the Third Clarifier, the City will recapture and reserve the City's 20-year growth projection need of 0.90

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MGD of treatment capacity at the City WWTP for non-dairy growth to accommodate the City's non-dairy growth opportunities and future non-dairy users (the "City's Non-Dairy Reserve Capacity"); and

b. As soon as practicable, but no later than 60 days after certification by EGLE that the flow capacity of the City WWTP has been expanded to at least 2.5 MGD and approval by EGLE of a 1.6 MGD maximum flow limit for the Companies, the City will increase the Companies' maximum permitted flow limit from 1.2 MGD to 1.6 MGD, subject to the following:

- (1) If EGLE will not approve a maximum flow limit of 1.6 MGD for the Companies while at the same time approving the City's Non-Dairy Reserve Capacity of 0.90 MGD, then, in an effort to accommodate the Companies' 1.6 MGD maximum permitted flow as set forth above, the City will first reduce its Non-Dairy Reserve Capacity in the amount needed to allow the Companies a permitted discharge of 1.6 MGD, provided that this will not reduce the Non-Dairy Reserve Capacity below 0.8 MGD; and
- (2) If reducing the City's Non-Dairy Reserve Capacity from 0.9 MGD to 0.8 MGD is still not sufficient to allow the Companies' flow to be increased to 1.6 MGD as approved by EGLE, any further reductions below 0.8 MGD that might be required to allow an increase in the Companies' maximum permitted flow above the current maximum of 1.2 MGD would be made by further reducing the Companies' agreed upon maximum flow of 1.6 MGD and the City's Non-Dairy Reserve Capacity of 0.8 MGD. This further reduction, if needed, would be made on a basis that is proportionate to the Companies' and the City's respective maximum flow capacities (Companies $1.6 \text{ MGD} / 2.5 \text{ MGD} = 0.64$; and City $0.9 \text{ MGD} / 2.5 \text{ MGD} = 0.36$).

63. The City and Companies agree that the City's Non-Dairy Reserve Capacity will not be reduced or impaired to provide any future additional capacity to the Companies beyond the additional flow capacity of up to 1.6 MGD that the City is able to make available to the Companies as a result of the completion and successful commencement of operation of the Third Clarifier as provided by Paragraph 62, above.

64. The City and the Companies agree that if any subsequent additional expansion or improvement of the POTW or related wastewater treatment or conveyance facilities is needed to provide the Companies more treatment capacity (flow or strength) beyond the additional flow capacity of up to 1.6 MGD that the City is able to make available to the Companies as a result of the completion and successful operation of the Third Clarifier as provided by Paragraph 62, any

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subsequent investments or expenditures that may be required to make such additional expansions or improvements or to provide such additional treatment capacity for the Companies shall be paid for by the Companies or by some other third-party source or entity, but shall not be paid for by the City unless otherwise mutually agreed to by the City and the Companies.

G. CITY'S ENFORCEMENT DISCRETION

65. As an exercise of its enforcement discretion, the City will hold in abeyance its determination as to whether to impose any fines or other penalties for violations of the Companies' current permitted 1.2 MGD discharge limit for flow that occur in connection with the Companies' discharges to the POTW beginning on the effective date of this Consent Agreement and ending upon completion and successful commencement of operation of the Third Clarifier (the "Abeyance Period").

66. Violations of the Companies' current permitted 1.2 MGD discharge limit for flow that occur during the Abeyance Period are referred to in this Consent Agreement as "Interim Flow Violations."

67. The City's willingness to hold in abeyance its determination whether to impose fines or penalties for Interim Flow Violations shall be at the City's sole discretion and is subject to the following specific conditions and requirements:

a. The City's willingness to hold in abeyance its determination whether to impose fines or penalties for "Interim Flow Violations" is contingent upon full and timely compliance by the Companies with all requirements and conditions of this Consent Agreement, including, but not limited to, full and timely payment of (1) all costs, amounts, fines, and reimbursable costs that are required by this Consent Agreement to be paid by the Companies to the City; and (2) all costs, amounts, fines, wastewater treatment usage fees, and reimbursable costs that are assessed and billed to the Companies by the City subsequent to the effective date of this Consent Agreement in connection with the Companies' discharges to the POTW going forward.

b. So long as the Companies have, and continue to, fully and time comply with all of the requirements of this Consent Agreement and other laws and regulations applicable to the Companies' discharges to the POTW, the City will waive the assessment of fines or other penalties for "Interim Flow Violations."

c. If the City determines at any time that the Companies have failed to fully and timely comply with any of the requirements of this Consent Agreement or other laws and regulations applicable to the Companies' discharges to the POTW, the City shall have the right in the City's

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sole discretion to assess the Companies and require payment of fines and penalties for any or all of the “Interim Flow Violations” and to bring other enforcement action under applicable laws and regulations as determined appropriate by the City.

d. The City’s willingness to hold in abeyance its determination as to whether to impose any fines or other penalties for “Interim Flow Violations” as provided by this paragraph 67 is limited solely to exceedances or violations of the Companies’ current permitted 1.2 MGD weekly average discharge limit for flow. The abeyance does not apply to, and the Companies shall be subject to full liability and possible enforcement action for, any and all exceedances or violations of discharge limits for any other pollutant parameters regulated by the Companies’ Permit, the Sewer Use Ordinance, or other applicable laws and regulations; and noncompliance with any other terms, conditions, or requirements of the Companies’ Permit or the Sewer Use Ordinance or other laws and regulations applicable to the Companies’ discharges to the POTW.

e. The City’s willingness to hold in abeyance its determination as to whether to impose any fines or other penalties for “Interim Flow Violations” as provided by this paragraph 67 is also contingent upon the City’s determination that the Companies have fully and timely met their duties with respect to the “Interim Flow Violations” to properly operate and continuously maintain pretreatment facilities and systems of control (and related appurtenances) that are currently installed or used by the Companies to comply with applicable discharge limits (SUO, Section 1045.94); to halt or reduce production activity (including, but not limited, to production flow) as necessary to maintain compliance with applicable limits (SUO Section 1045.96); and have taken all reasonable steps to minimize or correct any adverse impacts on the POTW and conducted accelerated or additional monitoring as necessary to determine the nature and impact of the “Interim Flow Violations” (SUO Section 1045.97). Further, the Companies must demonstrate to the City’s satisfaction that each particular Interim Flow Violation was caused by factors beyond the Companies’ reasonable control; was not caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventive maintenance, or careless or improper operation; and could not have been avoided by the Companies’ use of due diligence.

f. Notwithstanding anything in this Section G to the contrary, the fine or penalty for any of the following discharges shall not be held in abeyance and shall at all times be subject to full liability and possible enforcement action by the City: Any discharge by the Companies to the POTW with a flow that exceeds 1.6 MGD; and any discharge by the Companies to the POTW of flow that results in pass through or interference or that otherwise results in a violation of the City’s NPDES permit.

g. It shall be the Companies’ sole burden to demonstrate to the City’s satisfaction that the requirements, conditions, and contingencies provided by this paragraph have been met,

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including providing any necessary supporting information and documentation, at the Companies' sole cost.

H. RELEASE AND COVENANT NOT TO SUE

68. The City releases and covenants not to sue or to take any other action against the Companies (or either of them, together with their directors, officers, or employees) under any law, regulation, ordinance, or common law, for any amounts to be paid by the Companies to the City in excess of the "Compromise Settlement Amount" for the billed but unpaid fines and cost reimbursement amounts, and the fines assessed for the Companies' nonpayment of those fines and cost reimbursement amounts, as set forth in Exhibit E of this Consent Agreement. This release and covenant not to sue extends only to the "Compromise Settlement Amount" to be paid by the Companies under this Consent Agreement, and does not apply in any way to any fines, penalties, or amounts associated with any other violations, past, present or future, known or unknown, or applicable wastewater treatment usage fees, resulting from or associated with the Companies' discharges to the POTW under this Consent Agreement, the Companies' Permit, the Sewer Use Ordinance, and/or other applicable local, state, and federal laws or regulations (this Consent Agreement, the Companies' Permit, the Sewer Use Ordinance, and other applicable local, state, and federal laws or regulations are collectively referred to herein as "Applicable Legal Requirements"). Further, this release and covenant extends only to the Companies (or either of them, together with their directors, officers, or employees) and does not extend to any other entity or person. Except as otherwise expressly provided by this Paragraph 68 regarding the "Compromise Settlement Amount" to be paid by the Companies under this Consent Agreement, the Companies (or either of them, together with their directors, officers, or employees) shall be subject to full enforcement remedies, including the imposition of fines and penalties, at all times prior to, during, and after the effective date of this Consent Agreement, for any violation of "Applicable Legal Requirements." This release and covenant shall take effect upon the effective date of this Consent Agreement.

I. RESERVATION OF RIGHTS

69. Except as otherwise expressly provided by Paragraph 68 ("Release and Covenant Not To Sue") of this Consent Agreement, this Consent Agreement does not constitute a release from, nor a waiver of, any requirement of law, regulation, order, or agreement, and City reserves the right to seek all remedies and relief available to it under "Applicable Legal Requirements" relating to the Companies' past, current, or future discharges, activities and operations. Further, except as otherwise expressly provided by Paragraph 68, the City expressly reserves, and this Consent Agreement is without prejudice to, all matters, claims and causes of action, administrative

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or judicial, civil or criminal, past or future, in law or in equity, including, but not limited to, the following:

a. Claims to enforce this Consent Agreement between the City and the Companies or based on any failure by the Companies to meet a requirement of this Consent Agreement;

b. The City's liability for fines and penalties arising from past, present, or future discharges by the Companies to the POTW (as of the effective date of this Consent Agreement the City is not aware of any other past violations associated with the Companies' discharges to the POTW except such other violations that have previously been identified or set forth in prior notices, orders, agreements, or other documents or written communications issued by or entered into by the City);

c. Liability for any violation or failure on the part of the Companies to comply with Applicable Legal Requirements;

d. Liability for damages for injury to, destruction of, or loss of natural resources, and for the costs of any natural resource damage assessments caused, in whole or in part, by any discharge from the Companies to the POTW, including, but not limited to, any such liability, damages, or costs caused, in whole or in part, by the Alleged Violations claimed against the City by EGLE, the U.S. Environmental Protection Agency ("US EPA"), or by any other person or entity;

e. Criminal liability;

f. Liability for any expenses, costs, losses, fines, penalties, or damages (direct or indirect) payable or incurred by City in connection with any discharge, violation, exceedence, or noncompliance by the Companies, including, without limitation, all costs which must be reimbursed to the City by the Companies as required by Applicable Legal Requirements; and

g. The City's right to institute additional proceedings in this action or in a new action against the Companies as required to achieve compliance with the requirements of Applicable Legal Requirements, or to protect public health, safety, welfare, or the environment.

J. CONSENT ORDER

Based on the foregoing, the City hereby orders and the Companies hereby consent and agree as follows:

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70. **Compliance - In General.** In addition to and notwithstanding any of the specific requirements of this Consent Agreement, and except as otherwise expressly provided by Section G (“City’s Enforcement Discretion”) of this Consent Agreement with respect to the City holding in abeyance fines or other penalties for violations of the Companies’ current permitted 1.2 MGD discharge limit for flow during the Abeyance Period, the Companies shall immediately, at the Companies’ sole cost, commence to take all actions necessary to bring all discharges from the Companies to the POTW into compliance with all conditions and requirements of the Companies’ Permit, the Sewer Use Ordinance, and all other applicable laws and regulations (including, but not limited to, implementation and adoption of procedures, operational practices, and/or maintenance activities; and installation and operation of pretreatment facilities to minimize to the fullest extent practicable, and, if possible, prevent, any further exceedances of applicable discharge limitations).

71. **Payment of Compromise Settlement Amount.** The Companies shall pay to the City by checks made payable to the City Treasurer, at 289 Danforth Street, Coopersville, Michigan 49404, the total Compromise Settlement Amount of \$1,000,000.00 in accordance with the following payment schedule:

a. Within 30 calendar days of the effective date of this Consent Agreement (and by no later than 5:00 p.m. of the 30th calendar day) the Companies shall pay to the City by check the amount of \$250,000.00.

b. Within 120 calendar days of the effective date of this Consent Agreement, the Companies shall pay to the City by check the amount of \$250,000.00.

c. Within 240 calendar days of the effective date of this Consent Agreement, the Companies shall pay to the City by check the amount of \$250,000.00.

d. Within 360 calendar days of the effective date of this Consent Agreement, the Companies shall pay to the City by check the amount of \$250,000.00, such that the remaining balance owed by the Companies as provided by the above Compromise Settlement Amount payment schedule shall be zero.

72. **Payment of Amounts Billed.** The Companies shall fully and timely pay all costs, amounts, fines, usage fees, and reimbursable costs that are assessed and billed to the Companies by the City subsequent to the effective date of this Consent Agreement in connection with the Companies’ discharges to the POTW as provided by the Companies’ Permit, the Sewer Use Ordinance, this Consent Agreement, and/or other applicable laws or regulations.

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73. **Compliance with Consent Agreement.** The Companies shall fully comply with all requirements of this Consent Agreement. Failure to comply with any requirement of this Consent Agreement may result in stipulated penalties as provided by this Consent Agreement; and may also subject the Companies to additional enforcement responses by the City as provided by Applicable Legal Requirements.

K. STIPULATED PENALTIES

74. The Companies shall be liable to the City for stipulated penalties in the amount of \$500.00 per violation per day for the Companies' failure or refusal to fully and timely meet any requirement of Section J of this Consent Agreement.

75. Stipulated penalties shall begin to accrue immediately and automatically, without any action required by the City, on the day after full and timely compliance with any requirement of this Consent Agreement is due and shall continue to accrue through the final day that complete compliance with the requirement is achieved.

76. All stipulated penalties accruing under this Consent Agreement shall be due and payable to the City within 30 calendar days of receipt by the Companies of a demand from the City for payment of the penalties. The payment of stipulated penalties as required by this Consent Agreement shall not alter in any way the Companies' obligation to complete the action required under this Consent Agreement or to pay any portion of the "Compromise Settlement Amount" as required by other sections of this Consent Agreement.

77. Notwithstanding any other provision of this Section, the City may waive any portion of stipulated penalties that may accrue pursuant to this Consent Agreement, for sufficient good cause shown by the Companies as determined by the City.

L. COST REIMBURSEMENT

78. The Companies' payment of the "Compromise Settlement Amount" as provided by this Consent Agreement or otherwise meeting its obligations under this Consent Agreement shall not affect in any way the Company's responsibility to reimburse the City for any costs incurred by the City in connection with the Companies' discharges to the POTW, including, but not limited to, any costs incurred by the City in connection with these enforcement settlement proceedings, or as required to be reimbursed by Applicable Legal Requirements. The Companies shall reimburse the City for all such costs incurred by the City. Such additional costs, if any, shall be paid in full by the Companies to the City upon the City's written demand within 30 days of such written demand.

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**M. ACTION TO COLLECT REQUIRED PAYMENTS
OR REQUIRE PERFORMANCE**

79. The Companies' failure or refusal to pay all or any portion of the "Compromise Settlement Amount," stipulated penalties, reimbursable costs, or other amounts as required by this Consent Agreement, or the Companies' failure or refusal to comply with any of the requirements of this Consent Agreement, may subject the Companies to legal proceedings to collect the required payments, or to require performance of the required actions, plus attorney fees and costs. In any such collection action, the validity, amount, and appropriateness of the settlement amount, stipulated penalties, and/or reimbursable costs as required by this Consent Agreement shall not be subject to review by the court, and the Companies shall pay the City's attorney's fees and costs associated with the action. The Companies reserve the right, however, to challenge the factual basis upon which the application of stipulated penalties is made.

N. WAIVER

80. Except as otherwise expressly provided by Paragraph 81, the Companies knowingly and explicitly waive their right to an appeal to the Wastewater Board of Appeals under Article XVIII of the Sewer Use Ordinance, and also waive their right to judicial review, regarding any matter resolved by this Consent Agreement, including, but not limited to, payment of the "Compromise Settlement Amount – Failure to Pay Assessed Fines," stipulated penalties, and reimbursable costs.

81. Notwithstanding Paragraph 80, the Companies reserve their right to administrative appeal and/or judicial review regarding the payment of stipulated penalties as required by this Consent Agreement, provided that such reserved right of appeal shall be limited solely to the factual basis upon which the application of stipulated penalties is made.

O. EFFECT OF ORDER

82. Except as otherwise expressly provided by this Consent Agreement, nothing in this Consent Agreement shall be construed to limit in any way the ability, authority, or discretion of the City to fully administer and enforce the terms and requirements of this Consent Agreement, Applicable Legal Requirements, prior orders issued by the City, and/or prior consent agreements entered into by the City, including, but not limited to, the assessment of fines and penalties, the issuance of additional orders, or termination of the Companies' sewer service; provided that with respect to the October 2017 Consent Agreement, upon the City's determination that the Companies have fully and timely comply with all terms, conditions, and requirements of this Consent

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Agreement, the City will terminate the October 2017 Consent Agreement and consider all failures, if any, by the Companies to fully and timely comply with the terms, conditions, and requirements of the October 2017 Consent Agreement to be resolved.

83. Except as otherwise expressly provided by this Consent Agreement, nothing in this Consent Agreement shall affect in any way the Companies' responsibility and liability to fully comply with all Applicable Legal Requirements and/or prior orders issued by the City associated with the Companies' discharges to the POTW.

84. Nothing in this Consent Agreement shall be construed to create any rights in, or grant any cause of action to, any person not a party to this Consent Agreement. The preceding sentence shall not be construed to waive or nullify any rights that any person not a signatory to this Consent Agreement may have under applicable law. The City and the Companies expressly reserve any and all rights, defenses, claims, demands, and causes of action that the City or the Companies may have against any person not a party to this Consent Agreement with respect to any matter, transaction, or occurrence relating in any way to the Companies' discharges to the POTW.

P. BINDING EFFECT

85. The provisions of this Consent Agreement shall apply to and be binding upon the City and the Companies, and their respective successors and assigns.

Q. EFFECTIVE DATE

86. This Consent Agreement shall become effective and shall be deemed entered on the date it is signed by authorized representatives of both the City and the Companies, as provided below. This Agreement may be executed in any number of counterparts.

R. TERMINATION

40. This Consent Agreement shall continue in full force and effect until the Companies are notified in writing by the City that it has been terminated.

S. ORDER COMPLETE AND FINAL

41. The City and the Companies agree to the issuance and entry of this Consent Agreement and it shall be considered a complete and final order of the City.

**Coopersville Water & Sewer Department
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FINAL ORDER AND AGREEMENT

IT IS ORDERED AND AGREED, as set forth above.

[The rest of this page is intentionally left blank.]

**Coopersville Water & Sewer Department
Consent Agreement CDF fairlife-11-01-19**

SIGNATORIES

The undersigned CERTIFY that they are fully authorized by the party they represent to enter into this Consent Agreement to comply by consent and to EXECUTE and LEGALLY BIND that party to it.

City of Coopersville, Michigan

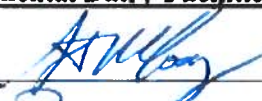
By: J. C. Seyfert
Title: City Manager

Date: Nov. 22, 2019

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Continental Dairy Facilities, LLC

By: 


Title: Pres. & GM.

Date: 11/22/19

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fairlife, LLC

By:  _____

Title:  _____

Date: 4-22-19

[Exhibits are attached and incorporated in this Consent Agreement.]

[The rest of this page is intentionally left blank.]

**Coopersville Water & Sewer Department
Consent Agreement**

EXHIBIT A

Violation Notices Sent By City To Companies

(Reference: Consent Agreement Finding 33)

CITY OF COOPERSVILLE

289 Danforth Street
 Coopersville MI 49404-1204
 Telephone: (616) 997-9731 • Facsimile: (616) 997-6679
 www.cityofcoopersville.com



FINES ASSESSED TO:

Continental Dairy Facilities, LLC, and
 fairlife, LLC; doing business at
 999 Randall Street West,
 Coopersville, Michigan, 49404

WASTEWATER INDUSTRIAL PRETREATMENT PROGRAM VIOLATIONS NOTICE OF ASSESSMENT OF FINES

DATE: June 21, 2018		DUE DATE: July 10, 2018	
DATE	SAMPLE	BACK IN COMPLIANCE DATE	FINE
Week ending 05/05/2018	Weekly Flow 1.284 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
Week ending 05/12/2018	Weekly Flow 1.309 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
Week ending 05/19/2018	Weekly Flow 1.283 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
Week ending 05/26/2018	Weekly Flow 1.283 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
Week ending 06/02/2018	Weekly Flow 1.283 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
05/27/2018	Suspended Solids 4129.4 lbs (3900 lbs)	Exceeded Weekly Average Back in Compliance – 05/28/2018 Letter of Explanation from CDF	\$1,000.00
06/02/2018	Suspended Solids 3966.8 lbs (3900 lbs)	Exceeded Weekly Average Back in Compliance – 06/03/2018 Letter of Explanation from CDF	\$1,000.00
MONTHLY TOTAL			\$37,000.00

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 To file a complaint of discrimination, write USDA, Assistant Secretary for Civil Rights
 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (866) 632-9992 (English) or (800) 877-8339 (TDD)
 Or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay)

CITY OF COOPERSVILLE



289 Danforth Street
 Coopersville MI 49404-1204
 Telephone: (616) 997-9731 • Facsimile: (616) 997-6679
 www.cityofcoopersville.com

FINES ASSESSED TO:

Continental Dairy Facilities, LLC, and
 fairlife, LLC; doing business at
 999 Randall Street West,
 Coopersville, Michigan, 49404

WASTEWATER INDUSTRIAL PRETREATMENT PROGRAM VIOLATIONS NOTICE OF ASSESSMENT OF FINES

DATE: July 16, 2018		DUE DATE: August 10, 2018	
DATE	SAMPLE	BACK IN COMPLIANCE DATE	FINE
Week ending 06/09/2018	Weekly Flow 1.369 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
Week ending 06/16/2018	Weekly Flow 1.341 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
06/15/2018	Suspended Solids 4403.8 lbs (3900 lbs)	Exceeded Weekly Average Back in Compliance – 06/16/2018 Letter of Explanation from CDF	\$1,000.00
Week ending 06/23/2018	Weekly Flow 1.334 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
06/18/2018	Suspended Solids 3910.6 lbs (3900 lbs)	Exceeded Weekly Average Back in Compliance – 06/19/2018 Letter of Explanation from CDF	\$1,000.00
Week ending 06/30/2018	Weekly Flow 1.386 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
MONTHLY TOTAL			\$30,000.00

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WASTEWATER INDUSTRIAL PRETREATMENT PROGRAM VIOLATIONS NOTICE OF ASSESSMENT OF FINES

DATE: August 14, 2018		DUE DATE: September 10, 2018	
DATE	SAMPLE	BACK IN COMPLIANCE DATE	FINE
Week ending 07/07/2018	Weekly Flow 1.417 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
Week ending 07/14/2018	Weekly Flow 1.409 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
Week ending 07/21/2018	Weekly Flow 1.360 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
7/20/2018	Suspended Solids 4311.4 lbs (3900 lbs)	Exceeded Daily Limit Back in Compliance – 07/21/2018 Letter of Explanation from CDF	\$1,000.00
Week ending 07/28/2018	Weekly Flow 1.358 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
MONTHLY TOTAL			\$29,000.00

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WASTEWATER INDUSTRIAL PRETREATMENT PROGRAM VIOLATIONS NOTICE OF ASSESSMENT OF FINES

DATE: September 14, 2018		DUE DATE: October 10, 2018	
DATE	SAMPLE	BACK IN COMPLIANCE DATE	FINE
Week ending 08/04/2018	Weekly Flow 1.472 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
Week ending 08/11/2018	Weekly Flow 1.500 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
Week ending 08/18/2018	Weekly Flow 1.456 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
8/14/2018	Suspended Solids 5344.0 lbs (3900 lbs)	Exceeded Daily Limit Back in Compliance – 8/16/2018 Letter of Explanation from CDF	\$1,000.00
8/15/2018	Suspended Solids 4014.4 lbs (3900 lbs)	Exceeded Daily Limit Back in Compliance – 8/16/2018 Letter of Explanation from CDF	\$1,000.00
Week ending 08/25/2018	Weekly Flow 1.466 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
8/21/2018	Suspended Solids 4726.4 lbs (3900 lbs)	Exceeded Daily Limit Back in Compliance – 8/22/2018 Letter of Explanation from CDF	\$1,000.00
Week ending 09/01/2018	Weekly Flow 1.381 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
MONTHLY TOTAL			\$38,000.00

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 Coopersville, Michigan, 49404

WASTEWATER INDUSTRIAL PRETREATMENT PROGRAM VIOLATIONS NOTICE OF ASSESSMENT OF FINES

DATE: October 15, 2018		DUE DATE: November 10, 2018	
DATE	SAMPLE	BACK IN COMPLIANCE DATE	FINE
Week ending 09/08/2018	Weekly Flow 1.399 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
Week ending 09/15/2018	Weekly Flow 1.289 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
Week ending 09/22/2018	Weekly Flow 1.409 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
Week ending 09/29/2018	Weekly Flow 1.388MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
MONTHLY TOTAL			\$28,000.00

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WASTEWATER INDUSTRIAL PRETREATMENT PROGRAM VIOLATIONS NOTICE OF ASSESSMENT OF FINES

DATE: November 15, 2018		DUE DATE: December 10, 2018	
DATE	SAMPLE	BACK IN COMPLIANCE DATE	FINE
Week ending 10/06/2018	Weekly Flow 1.452 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
Week ending 10/13/2018	Weekly Flow 1.379 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
Week ending 10/20/2018	Weekly Flow 1.438 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
Week ending 10/27/2018	Weekly Flow 1.591 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
Week ending 11/03/2018	Weekly Flow 1.575 MG (1.2 MG)	Exceeded Weekly Average Back in Compliance – Still out Letter of Explanation from CDF	\$7,000.00
MONTHLY TOTAL			\$35,000.00

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Exhibit B

*Violations of Discharge Limits May 2018 through October 2018
(Fines Assessed and Billed But Not Paid By Companies)*

Parameter	Discharge Limit	Sample Result (NC)	Date	Amount Billed
MAY 2018				
Flow	1.2 MGD WKLY AVG	1.284 MGD WKLY AVG	Week ending 05-05-18	7,000.00
Flow	1.2 MGD WKLY AVG	1.309 MGD WKLY AVG	Week ending 05-12-18	7,000.00
Flow	1.2 MGD WKLY AVG	1.283 MGD WKLY AVG	Week ending 05-19-18	7,000.00
Flow	1.2 MGD WKLY AVG	1.283 MGD WKLY AVG	Week ending 05-26-18	7,000.00
Flow	1.2 MGD WKLY AVG	1.357 MGD WKLY AVG	Week ending 06-02-18	7,000.00
Suspended Solids	3900 LBS/DAY	4129.4 LBS/DAY	Day – 05-27-2018	1,000.00
Suspended Solids	3900 LBS/DAY	3966.8 LBS/DAY	Day – 06-02-2018	1,000.00
<i>Total Fines Assessed and Billed But Not Paid for May 2018 Violations:</i>				\$37,000.00
JUNE 2018				
Flow	1.2 MGD WKLY AVG	1.369 MGD WKLY AVG	Week ending 06-09-18	7,000.00
Flow	1.2 MGD WKLY AVG	1.341 MGD WKLY AVG	Week ending 06-16-18	7,000.00
Flow	1.2 MGD WKLY AVG	1.334 MGD WKLY AVG	Week ending 06-23-18	7,000.00
Flow	1.2 MGD WKLY AVG	1.386 MGD WKLY AVG	Week ending 06-30-18	7,000.00
Suspended Solids	3900 LBS/DAY	4403.8 LBS/DAY	Day – 06-15-2018	1,000.00
Suspended Solids	3900 LBS/DAY	3910.6 LBS/DAY	Day – 06-18-2018	1,000.00
<i>Total Fines Assessed and Billed But Not Paid for June 2018 Violations:</i>				\$30,000.00
JULY 2018				
Flow	1.2 MGD WKLY AVG	1.417 MGD WKLY AVG	Week ending 07-07-18	7,000.00
Flow	1.2 MGD WKLY AVG	1.409 MGD WKLY AVG	Week ending 07-14-18	7,000.00
Flow	1.2 MGD WKLY AVG	1.360 MGD WKLY AVG	Week ending 07-21-18	7,000.00
Flow	1.2 MGD WKLY AVG	1.358 MGD WKLY AVG	Week ending 07-28-18	7,000.00
Suspended Solids	3900 LBS/DAY	4311.4 LBS/DAY	Day – 07-20-2018	1,000.00
<i>Total Fines Assessed and Billed But Not Paid for July 2018 Violations:</i>				\$29,000.00
AUGUST 2018				
Flow	1.2 MGD WKLY AVG	1.472 MGD WKLY AVG	Week ending 08-04-18	7,000.00
Flow	1.2 MGD WKLY AVG	1.500 MGD WKLY AVG	Week ending 08-11-18	7,000.00
Flow	1.2 MGD WKLY AVG	1.456 MGD WKLY AVG	Week ending 08-18-18	7,000.00
Flow	1.2 MGD WKLY AVG	1.466 MGD WKLY AVG	Week ending 08-25-18	7,000.00
Flow	1.2 MGD WKLY AVG	1.381 MGD WKLY AVG	Week ending 09-01-18	7,000.00
Suspended Solids	3900 LBS/DAY	5344.0 LBS/DAY	Day – 08-14-2018	1,000.00
Suspended Solids	3900 LBS/DAY	4014.4 LBS/DAY	Day – 08-15-2018	1,000.00
Suspended Solids	3900 LBS/DAY	4726.4 LBS/DAY	Day – 08-21-2018	1,000.00
<i>Total Fines Assessed and Billed But Not Paid for August 2018 Violations:</i>				\$38,000.00
SEPTEMBER 2018				
Flow	1.2 MGD WKLY AVG	1.399 MGD WKLY AVG	Week ending 09-08-18	7,000.00
Flow	1.2 MGD WKLY AVG	1.289 MGD WKLY AVG	Week ending 09-15-18	7,000.00
Flow	1.2 MGD WKLY AVG	1.409 MGD WKLY AVG	Week ending 09-22-18	7,000.00
Flow	1.2 MGD WKLY AVG	1.388 MGD WKLY AVG	Week ending 09-29-18	7,000.00
<i>Total Fines Assessed and Billed But Not Paid for September 2018 Violations:</i>				\$28,000.00
OCTOBER 2018				
Flow	1.2 MGD WKLY AVG	1.452 MGD WKLY AVG	Week ending 10-06-18	7,000.00
Flow	1.2 MGD WKLY AVG	1.379 MGD WKLY AVG	Week ending 10-13-18	7,000.00
Flow	1.2 MGD WKLY AVG	1.438 MGD WKLY AVG	Week ending 10-20-18	7,000.00
Flow	1.2 MGD WKLY AVG	1.591 MGD WKLY AVG	Week ending 10-27-18	7,000.00
Flow	1.2 MGD WKLY AVG	1.575 MGD WKLY AVG	Week ending 11-03-18	7,000.00
<i>Total Fines Assessed and Billed But Not Paid for October 2018 Violations:</i>				\$35,000.00
<i>Total Fines Assessed and Billed for May 2018 through October 2018 Violations But Not Paid:</i>				\$197,000.00

Exhibit C

Compliance Plan Requirements NOV/Order CDFairlife-03-22-18

- “2. *Compliance Plan.* Within 30 calendar days from the effective date of this NOV/Order (and by no later than 5:00 PM of the 30th calendar day), the Companies shall submit for the City’s approval a detailed, proposed final Compliance Plan to permanently prevent further violations by the Companies’ discharges to the POTW of the weekly average flow limit for flow (the “Covered Discharges”).

The Compliance Plan shall be prepared, signed, and sealed by a qualified, licensed Michigan engineer and shall include all of the steps the Companies will take to achieve full, permanent compliance for the Covered Discharges, including, but not limited to, implementation and adoption of procedures, operation, and/or maintenance; or installation and operation of pretreatment facilities, and/or reduction of discharges (partial or complete, and temporary or permanent) to the POTW.

It is the Companies’ sole responsibility to provide all wastewater pretreatment or take all other necessary actions that are required to comply with the requirements of the Companies’ Permit, the Consent Agreement, the Sewer Use Ordinance, and other applicable laws and regulations. All facilities required to pretreat discharges to meet applicable requirements must be provided, operated, and maintained by the Companies at the Companies’ sole expense. Accordingly, the Compliance Plan must focus on the *actions that the Companies have taken and will take to achieve full compliance, independent of any actions taken or proposed by the City or by any other entity.* The City will not approve a Compliance Plan where the ability of the Companies to achieve compliance with applicable requirements is to any significant degree dependent or contingent upon actions that may or may not be taken by the City or some entity other than the Companies.

The Compliance Plan shall list and detail the *actions currently being taken, if any, by the Companies* to prevent Covered Discharges that do not meet applicable requirements under the Companies’ Permit, the Consent Agreement, the Sewer Use Ordinance, and other applicable state and federal pretreatment standards and requirements (e.g., implementation and adoption of procedures, operation, and/or maintenance; or installation and operation of pretreatment facilities). For each action, at a minimum, indicate in detail the following information: the intended purpose of the action with respect to compliance, how the action is expected to assist in achieving compliance, when each action was implemented (or, if not completed, the implementation schedule) and how long each current action is proposed or expected to continue.

The Compliance Plan shall list and detail any *additional actions that will be taken by the Companies* as necessary to prevent Covered Discharges that do not meet applicable requirements under the Companies’ Permit, the Consent Agreement, the Sewer Use Ordinance, and other applicable state and federal pretreatment standards and requirements (e.g., implementation and adoption of procedures, operation, and/or maintenance; or installation and operation of any additional pretreatment facilities) to be taken by Companies. For each action, at a minimum, indicate in detail the following information:

the intended purpose of the action with respect to compliance, how the action is expected to assist in achieving compliance, and the implementation schedule (see implementation schedule requirements, below).

For each action, the Compliance Plan shall include an implementation schedule acceptable to the City, with specified discrete, enforceable, compliance milestones proposed or determined necessary to implement or complete the action.

- (a) The schedule must contain progress increments (compliance milestones) in the form of specific dates for the commencement and completion of major events leading to the construction and operation or implementation of each action required to comply with the applicable pretreatment standards and requirements (including, without limitation, hiring an engineer, completing preliminary plans, completing final plans, executing contracts for major components, commencing construction, completing construction, beginning operation or implementation, and conducting routine operation, etc.).
- (b) The increments of progress must be listed in sequential order on the basis of their specific scheduled completion dates.
- (c) No increment referred to above shall exceed four (4) weeks, nor shall the total compliance period exceed three (3) months. At a minimum, the Compliance Plan shall provide for full completion of the Plan with all included procedures ready for full implementation and any required equipment or facilities in place and fully operational no later than May 25, 2018.
- (d) The final listed increment of progress will be the deadline for compliance with applicable discharge limits for the Covered Discharges.
- (e) No later than seven (7) calendar days following each interim date in the schedule and the final date for compliance, the Companies shall submit a detailed written progress report to the City including, at a minimum, whether or not the Companies have complied with the increment of progress, the reason for any delay, and, if appropriate, the steps being taken by the Companies to return to the established schedule.

The details of the Compliance Plan, including the proposed actions, schedule, and compliance milestones shall be subject to approval by the City. The City will not approve the Compliance Plan unless it is satisfied that it is substantially likely to prevent future violations by the Companies of applicable laws and regulations with respect to the Covered Discharges consistent with the requirements of this NOV/Order. If the City determines for any reason not to approve the Compliance Plan timely submitted by the Companies as required by this Paragraph, the City may in its discretion then: (1) allow additional time as specified in writing by the City for the Companies to modify and resubmit the Plan for the City's approval; and/or (2) take such other action as determined appropriate by the City, including, but not limited to, escalated enforcement response. The City's approval or disapproval of a Compliance Plan (or failure to approve a Plan) shall not in any way relieve the Companies from fully complying with all applicable laws and regulations, or relieve

the Companies from their responsibility to modify the Plan or their facilities, or to take any other action as necessary to prevent any further violations. Further, The City's approval or disapproval of a Plan (or failure to approve a Plan) shall not in any way impart or be construed to result in any liability of the City for any claims, actions, suits, demands, requests, costs, damages or liabilities connected with the implementation of the Plan, failure to implement a Plan or the Companies' failure to take other action, or the use and operation of the Companies' premises thereafter."

**Coopersville Water & Sewer Department
Consent Agreement**

EXHIBIT D

Bills Sent To Companies For Reimbursable Costs

(Reference: Consent Agreement Finding 48)

CITY OF COOPERSVILLE



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 Coopersville MI 49404-1204
 Telephone: (616) 997-9731 • Facsimile: (616) 997-6679
 www.cityofcoopersville.com

SOLD TO:

INVOICE

Continental Dairy Facilities LLC
 999 Randall St. W
 Coopersville, MI 49404

Customer Order No.:	Terms: Net 30 Days	Date: May 22, 2018
	<p>Legal Fees</p> <p style="text-align: center;">TOTAL:</p> <p>Any user that discharges to the City's sewer system is liable to and must fully reimburse the City for all costs incurred by the City in connection with the user's discharges. The costs that must be reimbursed to the City include the full value of any City staff time, consultant and engineering fees, and actual attorney and legal counsel fees associated with reviewing, responding to, investigating, verifying, and/or prosecuting any discharge, violation, or noncompliance or otherwise incurred by the City in administering and enforcing the requirements of the City's Sewer Use Ordinance. (Sewer Use Ordinance, Section 1045.112.)</p> <p>The Consent Agreement between the City, Continental Dairy Facilities, LLC, and fairlife, LLC, dated October 2, 2017, requires the companies to fully pay such reimbursable costs to the City within 30 days of receiving the City's bill for the costs. (Consent Agreement, Paragraph 28; see also, the note to Table A of the Consent Agreement.)</p>	<p>\$8,083.75</p> <p><u>\$8,083.75</u></p>

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INVOICE

Continental Dairy Facilities LLC
 999 Randall St. W
 Coopersville, MI 49404

Customer Order No.:	Terms: Net 30 Days	Date: August 21, 2018
	<p>Legal Fees – 5/23/18 through 8/7/18</p> <p style="text-align: center;">TOTAL:</p> <p>Any user that discharges to the City's sewer system is liable to and must fully reimburse the City for all costs incurred by the City in connection with the user's discharges. The costs that must be reimbursed to the City include the full value of any City staff time, consultant and engineering fees, and actual attorney and legal counsel fees associated with reviewing, responding to, investigating, verifying, and/or prosecuting any discharge, violation, or noncompliance or otherwise incurred by the City in administering and enforcing the requirements of the City's Sewer Use Ordinance. (Sewer Use Ordinance, Section 1045.112.)</p> <p>The Consent Agreement between the City, Continental Dairy Facilities, LLC, and fairlife, LLC, dated October 2, 2017, requires the companies to fully pay such reimbursable costs to the City within 30 days of receiving the City's bill for the costs. (Consent Agreement, Paragraph 28; see also, the note to Table A of the Consent Agreement.)</p>	<p>\$4,495.00</p> <p><u>\$4,495.00</u></p>

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Continental Dairy Facilities LLC
 999 Randall St. W
 Coopersville, MI 49404

Customer Order No.:	Terms: Net 30 Days	Date: January 2, 2019
	<p>Legal Fees – 8/08/18 through 12/14/18</p> <p style="text-align: center;">TOTAL:</p> <p>Any user that discharges to the City's sewer system is liable to and must fully reimburse the City for all costs incurred by the City in connection with the user's discharges. The costs that must be reimbursed to the City include the full value of any City staff time, consultant and engineering fees, and actual attorney and legal counsel fees associated with reviewing, responding to, investigating, verifying, and/or prosecuting any discharge, violation, or noncompliance or otherwise incurred by the City in administering and enforcing the requirements of the City's Sewer Use Ordinance. (Sewer Use Ordinance, Section 1045.112.)</p> <p>The Consent Agreement between the City, Continental Dairy Facilities, LLC, and fairlife, LLC, dated October 2, 2017, requires the companies to fully pay such reimbursable costs to the City within 30 days of receiving the City's bill for the costs. (Consent Agreement, Paragraph 28; see also, the note to Table A of the Consent Agreement.)</p>	<p>\$5,981.25</p> <p><u>\$5,981.25</u></p>

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Continental Dairy Facilities LLC
 999 Randall St. W
 Coopersville, MI 49404

Customer Order No.:	Terms: Net 30 Days	Date: March 27, 2019
	<p style="text-align: center;">12-15-18 3-21-19</p> <p>Legal Fees – 8/08/18 through 12/14/18</p> <p style="text-align: center;">TOTAL:</p> <p>Any user that discharges to the City's sewer system is liable to and must fully reimburse the City for all costs incurred by the City in connection with the user's discharges. The costs that must be reimbursed to the City include the full value of any City staff time, consultant and engineering fees, and actual attorney and legal counsel fees associated with reviewing, responding to, investigating, verifying, and/or prosecuting any discharge, violation, or noncompliance or otherwise incurred by the City in administering and enforcing the requirements of the City's Sewer Use Ordinance. (Sewer Use Ordinance, Section 1045.112.)</p> <p>The Consent Agreement between the City, Continental Dairy Facilities, LLC, and fairlife, LLC, dated October 2, 2017, requires the companies to fully pay such reimbursable costs to the City within 30 days of receiving the City's bill for the costs. (Consent Agreement, Paragraph 28; see also, the note to Table A of the Consent Agreement.)</p>	<p style="text-align: right;">\$7,648.75</p> <p style="text-align: right;"><u>\$7,648.75</u></p>

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Continental Dairy Facilities LLC
 999 Randall St. W
 Coopersville, MI 49404

Customer Order No.:	Terms: Net 30 Days	Date: June 26, 2019
	<p>Legal Fees – 3/22/19 through 6/22/19</p> <p style="text-align: center;">TOTAL:</p> <p>Any user that discharges to the City's sewer system is liable to and must fully reimburse the City for all costs incurred by the City in connection with the user's discharges. The costs that must be reimbursed to the City include the full value of any City staff time, consultant and engineering fees, and actual attorney and legal counsel fees associated with reviewing, responding to, investigating, verifying, and/or prosecuting any discharge, violation, or noncompliance or otherwise incurred by the City in administering and enforcing the requirements of the City's Sewer Use Ordinance. (Sewer Use Ordinance, Section 1045.112.)</p> <p>The Consent Agreement between the City, Continental Dairy Facilities, LLC, and fairlife, LLC, dated October 2, 2017, requires the companies to fully pay such reimbursable costs to the City within 30 days of receiving the City's bill for the costs. (Consent Agreement, Paragraph 28; see also, the note to Table A of the Consent Agreement.)</p>	<p>\$1,341.25</p> <p><u>\$1,341.25</u></p>

Exhibit E

Total Outstanding Amount: Billed/Unpaid Fines and Cost Reimbursement Plus Associated Fines for Nonpayment

Violation	Month Billed	Amount Billed	due date	Nonpayment Fine @ \$1,000/day*
May	Jun-18	\$ 37,000.00	7/10/2018	\$ 221,000.00
June	Jul-18	\$ 30,000.00	8/10/2018	\$ 190,000.00
July	Aug-18	\$ 29,000.00	9/10/2018	\$ 159,000.00
August	Sep-18	\$ 38,000.00	10/10/2018	\$ 129,000.00
September	Oct-18	\$ 28,000.00	11/10/2018	\$ 98,000.00
October	Nov-18	\$ 35,000.00	12/10/2018	\$ 68,000.00
Consent Agreement			5/14/2018	\$ 278,000.00
	Outstanding Fines Total	\$ 197,000.00	Nonpayment Fines Total	\$ 1,143,000.00

*as of Feb. 15, 2019

(This amount will increase by \$7K per day if violations not resolved by Consent Agreement)

Legal Fees

Month	Amount	Due Date	Nonpayment Fine@ \$1,000/day**	
May	\$ 8,083.75	25-Jun-18	\$ 494,000.00	
August	\$ 4,495.00	23-Sep-18	\$ 405,000.00	
January	\$ 5,981.25	10-Feb-19	\$ 265,000.00	
March	\$ 7,648.75	5-May-19	\$ 181,000.00	
June	\$ 1,341.25	28-Jul-19	\$ 97,000.00	
	Outstanding Legal Fees Total	\$ 27,550.00	Nonpayment of Legal Fees Fine Total	\$ 1,442,000.00

** as of November 1, 2019

(This amount will increase by \$5K per day if violations not resolved by Consent Agreement)

Total Outstanding \$ 2,809,550.00

CITY OF COOPERSVILLE

289 Danforth Street
Coopersville MI 49404-1204
Telephone: (616) 997-9731 • Facsimile: (616) 997-6679
www.cityofcoopersville.com



November 22, 2019

Mr. Steve Cooper
President/General Manager
Continental Dairy
999 W. Randall St.
Coopersville, MI 49404

RE: Consent Agreement Cover Letter

Dear Steve:

Thank you again for the hard work of you and your team as we bring to conclusion the efforts of the last few months. The City has signed the Consent Agreement today and a copy is attached to the transmittal email.

Provided that both CDF and fairlife have signed the Consent Agreement by no later than November 27, 2019, this letter is to serve as an understanding and acknowledgement from the City of Coopersville that any outstanding fines that would have otherwise been assessed and added to Exhibit E of the Consent Agreement for non-payment of flow violations and reimbursable costs for the period between November 1, 2019 and the date that CDF and fairlife have both signed the Consent Agreement will be considered settled and fully resolved by the Consent Agreement.

Sincerely,


Jonathan Seyferth
City Manager

The City of Coopersville is an equal opportunity provider and employer.
In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident. (2016)

MEMORANDUM

Date: March 28, 2017

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

From: Stacy Bowerman, Senior Project Manager
David Kurtycz, Business Development Project Manager

Subject: Fairlife LLC and Continental Dairy Facilities, LLC (“Companies” or “Applicants”)
Michigan Business Development Program Performance-based Grant Request

Summary

This is a request from the Applicants for a \$2,407,000 Performance-based grant. This project involves the creation of 52 Qualified New Jobs, and a capital investment of up to \$173 million in the City of Coopersville, Ottawa County.

The Applicants have demonstrated a need for the funding. The Companies are experiencing significant growth and the additional processing will lead to additional wastewater that needs to be treated. The City’s wastewater treatment facility is at capacity and cannot support the Companies growth. The Applicants and the City of Coopersville evaluated various options to determine the most economic and fastest way to add additional wastewater processing capabilities. The solution was to install a Dissolved Air Flotation (DAF) pretreatment system at the Dairy facility utilizing existing infrastructure from the old GM Delphi facility to remove solids from the waste water. The second component is on the City waste treatment site which involves installation of a larger effluent pumps to handle the increased flow. In total, the wastewater upgrades are estimated to cost \$3.7 million. Without capacity in the wastewater treatment system, Fairlife and Continental Dairy have no choice but to stop expanding their Coopersville operations and focus new growth in other out-of-state locations that have wastewater capacity. Incentive assistance will be used to offset the cost of the DAF pretreatment system.

Background

Fairlife and Continental Dairy are two separate dairy processing companies that are located on the same 100-acre dairy processing plant site at the former GM/Delphi Mfg. plant within the City of Coopersville.

Continental Dairy Facilities (CDF) has been in operation since 2008. In 2012, CDF began production of Cream Condensed Milk and Non-fat Dried Milk at their Coopersville location. The Company is currently on their fourth expansion, has moved from being a milk balancing plant to a regional dairy ingredient facility that takes in milk from four other Dairy Cooperatives from 35 different counties and has 93 employees because of the rapid milk production in the State of Michigan. Their Michigan plant produces over 300,000 pounds of dry, non-fat milk per day and has been so successful that it is currently being replicated in Texas.

Fairlife, established in 2013, is a partnership between Select Milk Producers and The Coca-Cola Company with a goal to produce exceptional quality milk while changing the face of the dairy industry with cutting edge innovation, dedication to animal care and comfort, and a commitment to agricultural sustainability.

Fairlife's patented cold filtration process filters natural milk to increase protein and calcium and decrease lactose and sugars. Fairlife's products include fairlife, Core Power, and Yup. Fairlife also produces Dunkin Donuts ready to serve iced coffee. Fairlife has 196 employees in Michigan.

Both Applicants have received incentives from the MSF in the past. Fairlife has a \$ 900,000 Michigan Business Development grant currently and is in good standing. They met both milestones and are in a monitoring period until 10/10/17. Continental Dairy has a 10 year \$ 1,526,000 MEGA credit that will allow them to collect on it through 2021. They are in good standing. The City of Coopersville and Fairlife, LLC have a \$ 2,400,000 Community Development Block Grant Program (CDBG) grant for waste water infrastructure improvements. The grant is in good standing.

The Applicants are expanding their operations to include new products and production lines. Fairlife will increase capacity by adding a third packaging line to produce fairlife, Core Power and Yup. The additional line will result in \$120 million in private investment and the creation of 42 new jobs. CDF recognized a need for a facility to process butterfat or cream due to the increased supply of cream from fairlife and other manufacturers in Michigan. As a result CDF, is expanding operations to produce butter and buttermilk powder from that cream, which will result in \$53 million in private investment and the creation of 10 jobs. In total the Companies will invest \$173 million and create 52 new jobs to support the Coopersville Dairy Park Campus.

In addition to MSF support, the Michigan Department of Agriculture and Rural Development will contribute \$225,000 in grant funding to the project.

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

Considerations

- a) Each Applicant is a "Qualified Business", as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.
- b) The project will be located in the City of Coopersville. The City of Coopersville has offered a "staff, financial, or economic commitment to the project" in the form of a \$1.1 million upgrade to the City's own Waste Water Treatment Plant.
- c) The Applicant has demonstrated a need for the funding. Without capacity in the wastewater treatment system, Fairlife and Continental Dairy would have no choice but to stop expanding their Coopersville operations and focus new growth in other out-of-state locations that have waste water capacity.
- d) The Applicant plans to create 52 Qualified New Jobs above a statewide base employment level of 289.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: near term job creation and investment, involves out-of-state competition, is not a retail project, and has strong links to Michigan agriculture suppliers.

Recommendation

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

- a) Approval of the MBDP Proposal as outlined in the attached term sheet (collectively, "MBDP Proposal");

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

MEMORANDUM

Date: December 17, 2019
To: Michigan Strategic Fund (“MSF”) Board Members
From: Erik Wilford, Business Development Project Manager
Subject: Ford Motor Company (“Company” or “Applicant”)
Good Jobs for Michigan (“GJFM”) Withholding Tax Capture Revenues Request
State Essential Services Assessment (“SESA”) Exemption Requests

Request Summary

This is a request from the Applicant for incentive assistance for the creation of 2,700 new jobs with a capital investment of up to \$766,500,000 at its Michigan Assembly Plant (“MAP”) and 300 new jobs with a capital investment of up to \$696,000,000 at its Dearborn Truck Plant (“DTP”). In total, the project will result in 3,000 new jobs and \$1,462,500,000 in capital investment, of which \$408,560,000 is Qualified Investment in Eligible Personal Property.

To support this project, the Applicant is requesting the following:

- 100% GJFM Withholding Tax Capture for up to 10 years valued at up to \$26,000,000 (“GJFM Request”);
- 100% SESA Exemption for up to 15 years valued at up to \$6,109,740 for up to \$268,560,000 in Qualified Investment in Eligible Personal Property (“MAP SESA Request”)
- 100% SESA Exemption for up to 15 years valued at up to \$3,185,000 for up to \$140,000,000 in Qualified Investment in Eligible Personal Property (“DTP SESA Request”)

Applicant History

The Company was founded in Michigan in 1903 and incorporated in Delaware in 1919. Based in Dearborn, Michigan, the Company is among the world’s largest producers of cars and trucks. With about 200,000 employees, of which approximately 40,000 employees are located in Michigan, and 62 plants worldwide. Its core business includes designing, manufacturing, marketing, financing, and servicing Ford cars, trucks, and SUVs, as well as Lincoln luxury vehicles. The Company continues to pursue emerging opportunities through investments in mobility, electrification and autonomous vehicles. The Michigan Economic Development Corporation (“MEDC”) has completed civil and criminal background checks in accordance with the MSF Background Review Policy.

The Applicant has received incentives from the MSF in the past that are currently active. The Company has a Michigan Economic Growth Authority (“MEGA”) Retention Tax Credit effective until December 31, 2025. The tax credit is for a maximum 40,200 retained jobs in Michigan and requires the Company to make additional new capital investment of \$6.2 billion over the term of the MEGA. As of the most recent MEGA filing the Company has exceeded its investment threshold by more than double, and has met the 40,200 maximum retained jobs in Michigan for each and every year of the program. Language will be included in the final agreement that job creation and investment as a result of this project will not count toward the MEGA Tax Credit and the Company must reach its maximum retained jobs each year of the GJFM incentive in order to qualify for the GJFM benefit.

The Company also has a 15 year SESA Exemption in the City of Livonia that was approved on April 26, 2016, which was subsequently amended for total SESA Exemption value of \$35,130,000 for up to

\$1,550,000,000 in Eligible Investment. As of the most recent filing, the Company has invested \$1,056,405,271 of Eligible Investment in Livonia.

On March 28, 2017 the MSF approved a \$2,000,000 Business Development Program (“BDP”) performance based grant and SESA Exemptions estimated to be worth \$8,550,000 for a project at the Company’s Romeo Engine Plant (“REP”) and MAP facility involving the creation of 100 new jobs and \$1,000,000,000 in investment. The Company proposed investments in new equipment and tooling related to the Bronco and Ranger product lines. Since that time, in January of 2018, the Company announced that it will increase its focus on electrified vehicles by spending more than \$11,500,000,000 by 2022 to have 40 hybrid and fully electric vehicles in its model lineup. In addition, fuel economy regulations at the federal level have driven the need for smaller and more fuel-efficient engines. This resulted in a shift away from traditional powertrain offerings and an excess of Ford engine plants, especially those manufacturing the larger-sized engines, such as REP. REP has been underutilized (at approximately 25% utilization) for a number of years and during this last UAW contract cycle, it was decided that its operations would be consolidated into a nearby plant, Van Dyke Transmission. All 600 existing REP employees will be offered jobs at this plant, which is approximately 15 miles away from their current place of employment.

The MSF also approved a \$10,000,000 BDP performance based grant and SESA Exemption estimated to be worth up to \$10,400,000 over 15 years for \$435,000,000 in Eligible Investment for a project at the Company’s Flat Rock Assembly Plant (“FRAP”) involving the creation of 650 new jobs and \$1,200,000,000 in total investment. The Company proposed to expand its FRAP to create a manufacturing innovation center as well as build a new enterprise data center. The Company is on track to meeting its SESA investment requirement and is completing its construction of a state-of-the-art data center on the plant site. Since the award of these programs, the Company announced that it was rebalancing resources to meet demand for SUVs and trucks. This announcement resulted in approximately 650 existing FRAP hourly employees to be moved to other locations within SE Michigan, primarily in Livonia and Dearborn. The remaining workers at FRAP continue to build the Ford Mustang and Lincoln Continental.

The Company hasn’t proceeded with the projects as originally planned and has not received any disbursements and therefore has agreed to mutually terminate the previously awarded BDP performance based grants and REP Alternative SESA Exemption which will return \$12,000,000 to the BDP fund.

Project Description

The Company is looking to invest nearly \$1,500,000,000 at two of its key manufacturing sites in Michigan. The Company intends to renovate and install new machinery and equipment at existing plant buildings, re-purpose and modernize underused plant land and building sites, as well as add employment for product line expansions.

At its Wayne facilities, the Company will renovate and install new machinery and equipment for the upcoming launch of its all new Bronco and a new Ranger/Bronco modification center beginning in 2020. Additional machinery and tooling investment in the plant facilities in 2021 and 2022 for additional Ranger and Bronco and other product up-fitting is also expected. These two products are critical to the Company in maintaining its leadership in SUVs and light trucks.

In addition, the Company is considering the City of Wayne as the location of an Autonomous Vehicle (“AV”) production center. This facility will take new commercial grade hybrid models and incorporate the self-driving technology needed to turn them into autonomous vehicles. This would be the first center of its kind for the Company and is expected to drive synergies with its existing AV research functions in Dearborn and Detroit.

The modification centers for autonomous vehicles as well as to upfit the Ranger/Bronco product lines will drive additional supplier jobs into the area and will assist with Michigan’s push to be the leader in the next generation of mobility and advanced technology vehicles.

At its Dearborn facilities, the Company plans to invest in new manufacturing equipment and tooling to support production of new electrified variants of its F-150 truck series, producing both a hybrid and fully electric vehicle. Stamping and powertrain investment related to the F-series investments will also take place.

The Company remains focused on increasing its electrified vehicle offerings and providing these powertrain options for the best-selling vehicle in the U.S., and is a key step to the Company's leadership in this space. The Company will also locate a battery build-up operation in Dearborn where battery cells are assembled into a battery pack for the F-150. Producing the hybrid and battery electric F-150 in Michigan will help drive an increase in related battery component jobs as well as synergies with the Company's research activities in Dearborn and Detroit.

Business Case

The Company is considering the investment and job creation at current plants in Michigan, Missouri, Ohio and Kentucky as well as locations Canada, Mexico and outside of North America. The Company's Michigan plants constantly compete for product sourcing with operations across the globe.

The Company's operating costs in Michigan remain higher than competing locations due to ongoing property tax costs, additional taxes on manufacturing investment, and labor costs compared to other competing locations. The Company competes globally on price and quality for vehicle sales and market share. Keeping manufacturing costs lower enables the Company's continued investment in products, facilities and jobs.

The Company has a second site in Kansas City, Missouri that produces the F-150. This plant will continue to produce the F-150, but the Dearborn facility was selected to produce the electrified version which results in significant new investment and represents the advanced technology vehicles of the future.

In addition, the Company could locate its AV modification center closer to where the base vehicle is being manufactured in Mexico, where labor costs are lower, but is looking to focus its advanced technology capabilities here in Michigan.

The Company has long-standing roots in Michigan and has contributed significantly to the economic development of this state. In 2018, the Company announced a \$740,000,000 investment to renovate the blighted Michigan Central Station train station and turn it into an innovation hub in the City of Detroit. In addition, this year the Company reconfirmed its commitment to keeping its headquarters in Michigan with plans of a reimagined and redesigned Dearborn campus which will also result in significant investment and economic development for the region.

These incentives help offset some of the increased costs associated with doing business in Michigan as compared with other competing locations. In addition, these projects require a skilled labor force. Michigan has a shortage of qualified workers who are skilled in advanced manufacturing technologies involving electrification and autonomous vehicles. The Company will have significant training costs associated with hiring and developing workers skilled in these areas and this funding will help offset those costs.

Considerations for GJFM

- a) The Applicant is an "Eligible Business," as defined in MCL 125.2090g(d), that is located and operates in Michigan.
- b) The Eligible Business has committed to creating and maintaining a minimum of 3,000 Certified New Jobs at MAP & DTP with an average wage of equal to or greater than the regional prosperity average wage of \$61,047.
 - a. The Applicant plans to create 3,000 Certified New Jobs which will have an average wage of at least \$61,047. The Certified New Jobs will be created within five years of

entering into the agreement and will be in excess of the base employment level of 8,948 (Wayne/MAP: 2,745; Rouge/DTP: 6,203).

- c) The maximum amount of withholding tax capture revenues captured related to the project is \$26,000,000.
- d) The project will be located in the county of Wayne. The county of Wayne anticipates approval of the Eligible Business’s new location OR expansions by resolution.
- e) The plans for the expansion are economically sound.
- f) The expansion or location of the Eligible Business will increase employment opportunities and strengthen Michigan’s economy.
- g) Assistance under this program is an incentive to expand or locate the Eligible Business in Michigan and address the competitive disadvantages with sites outside the state.
- h) The expansion or location of the Applicant will result in a positive fiscal impact to the state.

Considerations for SESA

- a) The Applicant is an “Eligible Claimant,” as defined in MCL 211.1053(d), which will claim an exemption for Eligible Personal Property, as defined in MCL 211.1053(e).
- b) The Eligible Investments will be made after MSF approval and completed within three years of December 31, 2020 (“Commencement of the Project”).
- c) The Company has agreed to pay a SESA Exemption administrative fee of \$10,000 payable to the MEDC for each State Essential Services Assessment Exemption upon completion of the first performance milestone for MAP and after the first performance milestone for DTP.
- d) The 15 year SESA Exemption for MAP is estimated to be worth \$6,109,740. The requested exemption breaks down as follows:

	Years 1 – 5 (2.4 mills)	Years 6 – 10 (1.25 mills)	Years 11-15 (0.9 mills)	Total
SESA Exemption Amount	\$3,222,720	\$1,678,500	\$1,208,520	\$6,109,740

- e) The 15 year SESA Exemption for DTP is estimated to be worth \$3,185,000. The requested exemption breaks down as follows:

	Years 1 – 5 (2.4 mills)	Years 6 – 10 (1.25 mills)	Years 11-15 (0.9 mills)	Total
SESA Exemption Amount	\$1,680,000	\$875,000	\$630,000	\$3,185,000

The proposed project will further expand the Company’s massive footprint in Michigan and create an extended ripple effect that will benefit Tier 1 suppliers, the Tier 1 supply base and several communities. By creating a pathway for current hourly/temporary employees to move to full time status, the Company provides secured wages and benefits that offer a sense of permanency to its employees. While the investment of \$1,462,500,000 and creation of 3,000 jobs is substantial, incentive assistance continues to ensure the Company considers Michigan first to expand their indelible imprint. Additionally, The Company’s decision to locate the projects in Michigan will have a substantial ripple effect and investment in Michigan plants will result in significant sourcing opportunities from local Michigan Tier 1 suppliers and their supply base as well.

Recommendation

MEDC Staff recommends approval of the following:

- Approval of the GJFM Request for up to 100 percent for 10 years up to \$26,000,000;
- Approval of the MAP SESA Request for up to 15 years valued at up to \$6,109,740 for up to \$268,560,000 in Qualified Investment in Eligible Personal Property;
- Approval of the DTP SESA Request for up to 15 years valued at up to \$3,185,000 for up to \$140,000,000 in Qualified Investment in Eligible Personal Property;
- Approval of the termination of the REP Alternative SESA approved by the MSF Board on March 28, 2017;
- Closing is subject to available funding under the programs at the time of closing (“Available Funding”), satisfactory completion of due diligence (collectively, “Due Diligence”), finalization of terms and conditions, including closing conditions, to effectuate the incentives satisfactory to the MSF Fund Manager or MSF President, and other general due diligence as requires.

MEMORANDUM

Date: December 17, 2019

To: Michigan Strategic Fund Board

From: Lynda Franke, Underwriting and Incentive Structuring Analyst

Subject: Request for Approval of a Michigan Community Revitalization Program Other Economic Assistance-Performance Based Loan Participation Agreement
Fulton and Seward, L.L.C. - Amendment #2

Request

Fulton and Seward, L.L.C. ("Company") is requesting approval of an amendment to the Michigan Community Revitalization Program Other Economic Assistance Performance Based Loan Participation Agreement ("Agreement") and any related ancillary agreements. The amendment request dated November 8, 2019 includes a request to: 1) release property unrelated to the project, 614 NW Bridge Street, Grand Rapids, MI as collateral from the CRP Fulton and Seward loan participation, and 2) allow all of the net sale proceeds from the building to go toward right-sizing the senior loan caused by the collateral release due to maximum loan to value (LTV) rules, with the remaining proceeds to be used as a paydown on an unsecured loan also held by the senior lender.

Background

The Michigan Strategic Fund Board approved a \$3,000,000 Other Economic Assistance Performance Based Loan Participation on June 23, 2015 to the Company for the purpose of constructing a five-story building containing 10,000 square feet of ground floor retail and 102 residential, market rate apartments, as well as a two-story, 116 space parking structure on the approximately one-acre site located at 616 West Fulton Street in the City of Grand Rapids. The MSF participation was with Chemical Bank ("Lender") for a total of \$28,500,000 in construction to permanent loan funds, consisting of a \$22,350,000 construction note, \$3,150,000 TIF note, and a \$3,000,000 MSF note (the "Project Loan").

The MSF Board approved an amendment to the project on June 25, 2019. The amendment approved a loan workout to address lease-up difficulties for both the residential and commercial spaces resulting in the: 1) conversion of MSF principal and interest payments to interest only for 24 months, 2) payoff of the TIF note, 3) partial paydown of the senior loan and restructuring of \$5,000,000 into an unsecured note from the Lender to West Side Village, LLC, the sole member of Fulton and Seward, LLC, 4) substitution of a guarantor and reconfiguration of guarantor percentages, and 5) addition of some DSCR and distribution covenants. As part of the amendment, the Lender took a mortgage on 614 NW Bridge Street to better secure the obligations of the Company. The commercial leasing at the property has not changed since the recent amendment. Residential occupancy has ~~seen some improvement~~ improved from approximately 66% to just over 88%. All reporting requirements are current.

The June 2019 amendment reduced the lender's share of the Project Loan through a new, unsecured Lender loan to the project owner's sole member. The MSF has no interest in the Lender's new loan to the project owner's sole member. The Lender also collected additional collateral for the benefit of the Project Loan. This additional collateral was a mortgage on property that is unrelated to the Project, 614 NW Bridge Street.

The transfer of the Project Loan debt to a related party improved the health of the Project Loan for the benefit of both the lender and the MSF.

The Company has found a buyer for the unrelated 614 NW Bridge Street property. The Company and the Lender wish to eliminate the unrelated unsecured note as soon as cash-flow allows. This amendment would enable an approximately \$445,000 paydown of the unsecured note, after the compulsory paydown of the Lender by approximately \$515,000. This \$515,000 Project Loan payment will go solely toward reducing the Lender's Share of the Project Loan, in order to maintain the loan to value ratio required by the bank's regulators. This is in compliance with the extended interest only period of the MSF's Share of the loan. The MEDC does not consider sale of the property to be a material impairment of the MSF's security position given the improvement in the residential leasing and the pay down to the senior financing. MSF's position as it relates to collateral would be virtually unchanged by this amendment.

It should be noted that the 614 NW Bridge Street property was not contemplated as collateral when the original transaction was closed, and that the \$5,000,000 in paydown has improved the MSF's position by improving the LTV ratio of the loan and reducing the debt in priority to the MSF's position.

Rockford Development Group, an experienced developer headquartered in downtown Grand Rapids has successfully spearheaded another project that received an MCRP loan participation incentive. Bridge and Turner, LLC, which houses New Holland Brewing Company, is complete and has met all of the MCRP milestones. There have been no performance-related amendment requests on the Bridge and Turner LLC project. Principal and Interest payments have commenced and the project is current.- Rockford Construction Co. has They have been involved in a couple of other MCRP projects in Grand Rapids as the general contractor. In addition to MCRP, Rockford has been supported with Brownfield TIF on a couple of other projects. The MEDC does not track performance of projects approved for Brownfield TIF as any reimbursement are contingent upon performance and tracked on the local level.

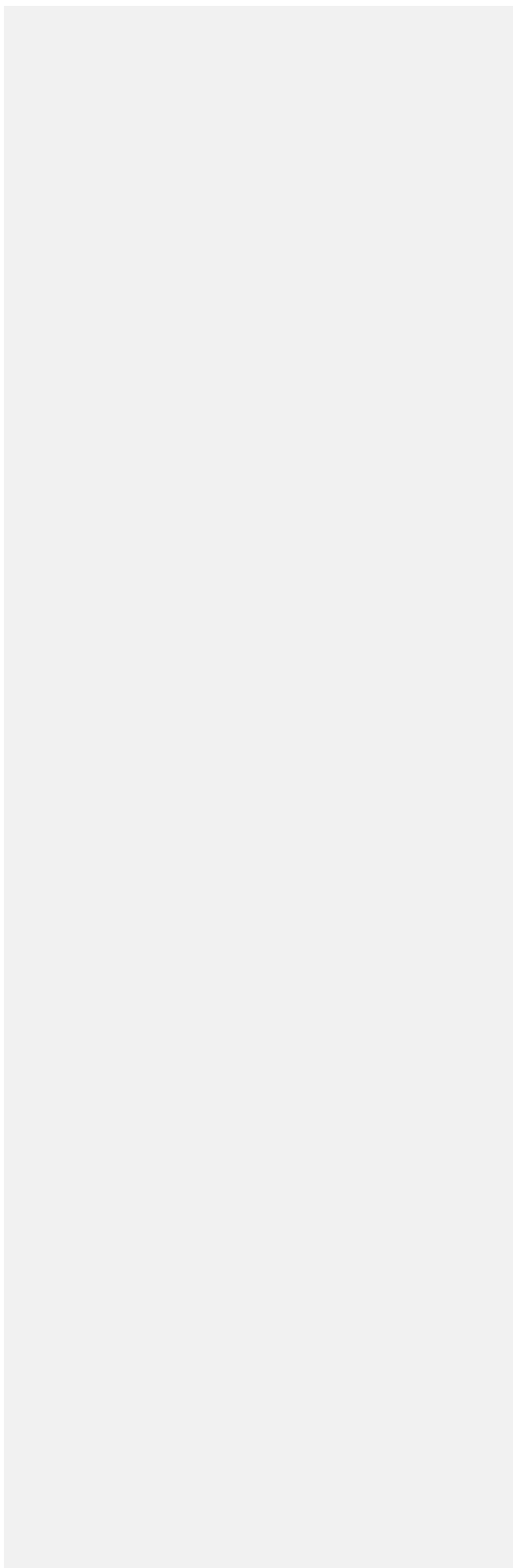
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Recommendation

The MEDC staff recommends approval of an amendment to the MCRP Other Economic Assistance Performance Based Loan Participation Agreement and any related ancillary agreements, per the Company's request dated November 8, 2019, to 1) release MCRP property unrelated to the project, 614 NW Bridge St., Grand Rapids, MI as collateral from the CRP Fulton and Seward loan participation, and 2) allow all of the net sale proceeds from the building to be used toward right-sizing the senior loan caused by the collateral release, with the remaining proceeds to be used as a paydown on an unsecured loan also held by the Lender.

Fulton and Seward, L.L.C. –Amendment Memo
December 17, 2019
Page 3 of 14



AMENDMENT ONE APPROVAL



MEMORANDUM

Date: June 25, 2019

To: Michigan Strategic Fund Board

From: Katie Adkins, Commercial Real Estate Investment Manager

Subject: Request for Approval of a Michigan Community Revitalization Program Other Economic Assistance-Performance Based Loan Participation Agreement
Fulton and Seward, L.L.C. - Amendment #1

Request

Fulton and Seward, L.L.C. ("Company") is requesting approval of an amendment to the Michigan Community Revitalization Program Other Economic Assistance Performance Based Loan Participation Agreement ("Agreement") and any related ancillary agreements. The amendment request dated May 10, 2019 includes the following request as part of the senior lender debt restructure: 1) to convert monthly principal and interest payments on the MSF loan to monthly interest only payments for 24 months; 2) to remove the success fee to be paid to the MSF at maturity in 2025; 3) to remove the personal guaranty of Paul Roberts & Trust and replace with Bridge and Lexington, LLC as well as update all percentages on the remaining guarantees based on pro-rata ownership after the removal of Paul Roberts & Trust; and 4) to approve the following proposed new covenants:

- Proforma pre-distribution debt service coverage of 1.00x as of December 31, 2019 with a pre-distribution debt service coverage of 1.15x to be tested December 31, 2020 and thereafter.
- A limited distribution covenant of \$0 will be implemented on West Side Village, LLC until the new \$5 million unsecured note from the senior lender is repaid in full.
- A post-distribution debt service coverage ratio covenant of 1.00x will be tested on West Side Village as of December 31, 2019.

Background

The Michigan Strategic Fund Board approved a \$3,000,000 Other Economic Assistance Performance Based Loan Participation on June 23, 2015 to the Company for the purpose of constructing a five-story building containing 10,000 square feet of ground floor retail and 102 residential, market rate apartments, as well as a two-story, 116 space parking structure on the approximately one-acre site located at 616 West Fulton Street in the City of Grand Rapids. The MSF participation was in coordination with Chemical Bank in a participated \$28,500,000 of construction to permanent loan facilities, consisting of a \$22,350,000 construction note, \$3,150,000 TIF note, and a \$3,000,000 MSF note.

On May 10, 2019, MEDC staff received an amendment request to allow for the restructuring of senior debt with Chemical Bank on Fulton and Seward, L.L.C., due to lease-up difficulties on both the residential and commercial space. The Fulton and Seward amendment request would allow for the paydown of \$3,000,000 of the Chemical Bank senior lender note through an owner equity contribution as



well as a carve-out of a \$5,000,000 unsecured note to West Side Village, the sole member of Fulton and Seward, L.L.C.

With the restructuring, the TIF note would be paid in full and the \$22,350,000 construction to perm loan would be reduced to \$16,353,000 to allow for a performing note on the Bank's books. Although the Participation Agreement calls for any accelerated payments to be pro-rata between the Bank and MSF debt, MEDC staff is requesting we waive the pro-rata payment due to the following; regulatory mandates for the restructure of the senior debt has received federal examiner approvals; Chemical Bank is reducing the debt against the project by \$5,000,000 and instead lending those dollars to a separate entity on an unsecured basis resulting in a highly risk rated credit, therefore improving the MSF position.

MEDC staff is not recommending a waiver of the \$500,000 success fee as requested. This is due to the concession of the waiver of any pro-rata paydown of the MSF loan and the fact that the success fee does not come due until September of 2025 and therefore should be evaluated at that time based on project performance.

Milestone Two for Project Completion and Milestone Three for Certification of Conversion were due October 9, 2018 and have not been completed due to the following; Exhibit D-1 (Form of Lender Project Completion Status Submission) has not been signed by the lender as the DSCR covenant was not being met (item #4 on the exhibit); Certification of Conversion of the Credit Facility (Milestone Three) was due on October 9, 2018 and is not complete due to the restructure request above. All other reporting requirements are current.

Recommendation

The MEDC staff recommends approval of an amendment to the MCRP Other Economic Assistance Performance Based Loan Participation Agreement and any related ancillary agreements, per the Company's request dated May 10, 2019, to convert monthly principal and interest payments on the MSF loan to monthly interest only payments for 24 months, to replace the personal guaranty of Paul Roberts & Trust with the corporate guaranty of Bridge and Lexington, LLC, as well as adjust percentage of guarantees based on pro-rata ownership after removal of Paul Roberts & Trust, and to allow for the following three new covenants: (1) a Proforma pre-distribution debt service coverage of 1.00x as of December 31, 2019, with a pre-distribution debt service coverage of 1.15x to be tested December 31, 2020 and thereafter, (2) a limited distribution covenant of \$0 to be implemented on West Side Village, LLC until the new \$5 million unsecured note from the senior lender is repaid in full, and (3) a post-distribution debt service coverage ratio covenant of 1.00x to be tested on West Side Village as of December 31, 2019.

ORIGINAL APPROVAL
PURE MICHIGAN®

MEMORANDUM

Date: June 23, 2015
To: Michigan Strategic Fund Board
From: Deborah Stuart, Director, Community Incentive Programs
Rachel Bakken, Capital Project & Portfolio Manager
Dan Wells, Brownfield Program Specialist
Ryan Kilpatrick, Community Assistance Team Specialist
Subject: Fulton and Seward, L.L.C. and Chemical Bank – City of Grand Rapids
Request for Approval of an Act 381 Work Plan and a Michigan Community
Revitalization Program Performance-Based Other Economic Assistance-Loan
Participation

Request

The project requests to use both the Brownfield Act 381 Program and the Michigan Community Revitalization Program (MCRP) for the project located at 616 West Fulton Street, Grand Rapids, Michigan.

The City of Grand Rapids Brownfield Redevelopment Authority has submitted an Act 381 Work Plan (hereinafter Work Plan) request for the approval of local and school tax capture for eligible activities in the amount of \$5,598,600. Eligible activities include: asbestos abatement, demolition, site preparation, private infrastructure construction in the form of a two-story parking structure, public infrastructure improvements and contingency funds. These activities will alleviate Brownfield conditions across the site and make it suitable for redevelopment and protect human health and the environment.

Fulton and Seward, L.L.C. (Applicant) is requesting approval of a MCRP award in the amount of \$3,000,000 in the form of a Loan Participation under Other Economic Assistance. The Applicant anticipates that the project will result in eligible investment of \$25,026,044 and total capital investment in the amount of \$33,775,000 in the City of Grand Rapids and the creation of 28 jobs.

The proposed project is located within a distressed neighborhood on the west side of downtown Grand Rapids. Although it is adjacent to Grand Valley State University's downtown campus, it is also located within a neighborhood where very little redevelopment has occurred outside of the college campus for the last decade. As a result, the project has an as-complete and as-stabilized value of \$27,800,000 and \$29,500,000, respectively. However, the anticipated cost to construct the project is \$33,775,000.

Chemical Bank has provided very competitive terms to finance the project at up to 80% loan to value ("LTV") for a loan amount of \$22,350,000 (this is at the high end of traditional market financing of 70-80% LTV), as well as a \$3,150,000 loan, equal to 90% of the eligible brownfield activities (also known as tax increment financing or "TIF"), an aggressive advance rate compared to the market at 75%. The development team is bringing more than 15% equity to the project totaling \$5,275,000 (with an anticipated development return of less than 12%), and the remaining gap would be filled with a \$3,000,000 MCRP Other Economic Assistance Award. The award would be in the form of a "Loan Participation" bearing interest of three percent and terms similar to those of Chemical Bank

Background

Fulton and Seward, L.L.C. is comprised of the partners of Rockford Development Group, who have over 20 years of real estate development experience in West Michigan. A \$1 million CRP grant was awarded for the redevelopment of the former Miller Products building (on Grand Rapids' Westside) into the new Rockford Construction headquarters. Rockford has experience with similar residential projects, including "The Morton", as well as student housing projects on the campuses of Aquinas College and Davenport University.

The Applicant plans to construct a new, five-story building containing 10,000 square feet of ground floor retail space and 102 residential, market rate apartments on approximately one acre of property, as well as a two-story, 116 space parking structure on the site located at 616 West Fulton Street in the City of Grand Rapids. This project is part of an overall redevelopment of a larger parcel that will also include the construction of two other mixed-use or residential buildings.

- a) The project is located within the boundaries of the City of Grand Rapids, which is a Qualified Local Governmental Unit, and has been deemed a facility as verified by the Michigan Department of Environmental Quality (MDEQ). The property is the subject of a Brownfield Plan, duly approved by the City of Grand Rapids on March 5, 2015.
- b) The project is located in a traditional commercial center and qualifies for a MCRP award because it is a facility.

The project's statutory requirements are addressed in Appendix A, and a project map and rendering are provided in Appendix B.

FINANCING OPPORTUNITY – MCRP LOAN PARTICIPATION

The project is seeking Michigan Strategic Fund (MSF) participation in coordination with Chemical Bank as the senior lender. The Lender, along with the Borrower, has requested the MSF participate in up to \$3,000,000 in a \$28,500,000 construction to permanent loan facility. The MSF would participate in all payments in proportion to its share of the loan, but would allow the collateral to apply first to the Lender's share in an event of liquidation. 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.

SUMMARY OF DEVELOPMENT SOURCES:

Chemical Share	\$ 25,500,000	75.50%
MCRP Share	<u>\$ 3,000,000</u>	8.88%
Developer Equity	<u>\$ 5,275,000</u>	15.62%
TOTAL	\$ 33,775,000	100.0%

LOAN FACILITY

- MSF Facility:** MCRP Loan Participation and Servicing Agreement Under "Other Economic Assistance"
- Borrower:** Fulton and Seward, L.L.C.
- Lender:** Chemical Bank

Total Loan Amount:	Currently estimated at \$28,500,000
Lender Share:	Two loans currently estimated at \$22,350,000, not to exceed 80% of Appraised Value and \$3,150,000, limited to 90% of the TIF
MSF Share:	Up to \$3,000,000
Term:	To match that of the Lender, not to exceed 120 months with an interest only period of up to 36 months.
Amortization:	To match that of the Lender, not to exceed 360 months following the interest only period.
Interest Rate:	On the MSF share anticipated to be three percent per annum
Repayment Terms:	On the MSF share up to 36 months of monthly interest only payments followed by monthly principal and interest payments.
Collateral:	To match that of the Lender, currently anticipated being a mortgage lien on the property and assignment of leases and rents, and assignment of TIF reimbursements. MSF share of collateral will be subordinated to that of the Lender.
Guarantee:	To match that of the Lender, currently anticipated to be the limited pro-rated unsecured personal guarantees of the members of Rockford Development Group during construction. At project completion, guarantees will reduce to 50% of the loan balance. If 90% of the rentable space is occupied (stabilized) and all covenants are in compliance, the guarantees will be released. The MSF Share of guarantee(s) will be subordinated to the Lender.
MSF Fee:	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.
Success Fee:	The MSF shall be paid \$500,000 in addition to the remaining principal balance of the CRP loan at the termination of the original <u>ten year</u> term.
Funding:	The MSF will fund up to \$3,000,000 to be disbursed following closing of the Loan and other performance criteria.
Other Conditions:	The MSF's investment will be contingent upon a minimum owner equity contribution being made to the project equal to \$5,275,000.
MSF Delegation:	It is requested the Board delegate to the MSF Fund Manager, in consultation with legal counsel and other MSF and Michigan Economic Development Corporation (MEDC) staff, the final terms for the payment and amortization schedule, collateral, interest rate on the lenders share, and guarantees.

Recommendation

MEDC Staff recommends the following:

- a) Approval of local and school tax capture for the Act 381 eligible activities totaling \$5,598,600 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$2,876,001.
- b) Approval of a MCRP performance-based loan participation in the amount of \$3,000,000 for Fulton and Seward, L.L.C.

APPENDIX A

MCRP PROGRAM AND ITS GUIDELINES

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and its guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan.

SOURCE OF INFORMATION

It is the role of the Project Management staff (MEDC Staff) to review for eligibility, completeness, and adherence to MCRP guidelines, the information provided by the applicant and to manage the MSF's investment. Explanatory and background information is supplied in summary form to provide context for the request and is drawn exclusively from materials submitted by the applicant, and, as applicable, from other relevant third party sources utilized by staff.

As required under the program, the following statutory criteria shall be considered by the MSF, as MEDC Staff believes each is reasonably applicable to proposed project:

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

This site serves as a transition zone between Grand Valley State University's downtown campus and the West Fulton business corridor. This project increases residential density in an existing commercial corridor near downtown (which is consistent with the City Master Plan), and benefits the community in the following ways: 1) significantly increases the taxable value of the property, 2) creates opportunities for additional commerce and investment in the district, and 3) relies on the local workforce for construction assistance.

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

This project will be the first major mixed-used development along the West Fulton Business corridor in several decades. It is expected to catalyze additional investment along the business corridor as well as within the surrounding neighborhood.

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

In addition to the local brownfield support of up to \$2,722,599, the City has upgraded and installed public infrastructure to serve the site at a cost of \$2,900,000.

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

The development team has been able to secure senior financing from Chemical Bank in the amount of \$25,500,000, which is equal to approximately 80% of the appraised value of the building upon completion and 90% of the TIF. Traditional lending limits allow for a 70-80% loan-to-value ratio so Chemical Bank is advancing on the higher side of the market norm and the 90% advance rate on the TIF is aggressive compared to the market advance rate of 75%. Additionally, the development team has raised \$5,275,000 (15.62% of the total development cost with an anticipated developer return of less than 12%). The remaining gap would be filled with a \$3,000,000 MCRP Other Economic Assistance Award. The MCRP award would allow the development team to earn an acceptable rate of return on the project.

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

The site was occupied by a defunct auto garage and four blighted residential homes. All existing structures will be removed from the site.

F. Creation of jobs and areas of high unemployment:

The project is anticipated to create 28 full-time equivalent jobs. The average hourly wage is estimated to be \$20.00.

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

The development team has been able to secure senior financing from Chemical Bank in the amount of \$25,500,000, which is equal to approximately 80% of the appraised value of the building upon completion and 90% of the TIF. The LTV ratio is on the higher end of traditional financing and the TIF advance rate of 90% is aggressive compared to the market at 75% advance rate. Additionally, the development team has raised \$5,275,000 (15.62% of the total development cost) in equity.

H. Whether the project is financially and economically sound:

Upon reaching stabilized occupancy, it is anticipated that the project will generate sufficient cash flow to meet its debt service obligations and achieve an average debt service coverage of greater than 1.20:1.00. Additionally, the project will be supported by the financial backing of the private ownership team.

Following a review of other projects in the surrounding area and market data contained within an appraisal performed by CBRE and dated May 1, 2015, MEDC staff has determined that the underwritten rental and vacancy rates are acceptable.

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

The project will add 102 additional residential units to a site which has been unoccupied for several years. The project is anticipated to accommodate up to or more than 200 residents.

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

The project includes a mix of residential and retail land uses. The project will be designed and built to the standards of the City's form-based code and includes a level of residential density that is key to supporting a walkable and amenity rich environment.

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

A portion of the project site was owned by the City of Grand Rapids. Via an RFP process, Rockford Construction was awarded an option to the property pending adequate financing and local approval of the project plans. The proposal will convert public property to private use.

L. Whether the project promotes sustainable development:

The project involves the reuse of brownfield property and site development that is in keeping with the City standards for stormwater management and walkable, mixed use development along a traditional business corridor. High efficiency windows, HVAC and appliances will be used throughout the project.

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

The project does not involve rehabilitation of a historic resource.

N. Whether the project addresses area-wide redevelopment:

This project is expected to be a catalyst for further development of the West Fulton Business corridor and is portion of an overall redevelopment of nearly four acres of property adjacent to the Grand Valley State University downtown campus.

O. Whether the project addresses underserved markets of commerce:

The project provides residential housing for up to an additional 200 people. Grand Valley State University has identified a need for at least 1,000 additional housing units near the downtown campus in the next five years.

P. The level and extent of environmental contamination:

Soil and groundwater on the site contain concentrations of volatile organic compounds (VOCs), polynuclear aromatic hydrocarbons (PAHs), and heavy metals that exceed Michigan Department of Environmental Quality (MDEQ) Part 201 criteria. The upper eight feet of soil across the site contains buried debris, including coal, bricks, glass, metal and concrete. The contaminated soil containing [this materials](#) requires excavation and disposal at a licensed landfill to facilitate site redevelopment.

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

The project does not involve the rehabilitation of a historic resource.

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

The project is not expected to provide significant competition for existing Michigan businesses.

S. Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter:

No additional factors need to be considered for this project.

ADDITIONAL STATUTORY CRITERIA UNDER ACT 381:

a) Reuse of functionally obsolete buildings and/or redevelopment of blighted property:

The project does involve the reuse of blighted property.

b) Cost gap that exists between the property and a similar greenfield property:

The Brownfield Tax Increment Financing is needed to offset the costs of demolition and the removal of extensive amounts of unsuitable urban fill and contamination present on the site. Additionally, significant public and private site infrastructure improvements are needed due to the existing aging and inadequate systems.

c) Whether project will create a new brownfield property in the State:

No new Brownfields will be created by this project.

d) Other Factors Considered:

No additional factors need to be considered for this project.

Act 381 TIF: There are 46.7182 non-homestead mills available for capture, with school millage equaling 24 mills (51.37%) and local millage equaling 22.7182 mills (48.63%). Tax increment capture will begin in 2017 and is estimated to continue for 24 years. The requested tax capture for eligible activities breaks down as follows:

School tax capture (51.37%)	\$2,876,001
Local tax capture (48.63%)	<u>\$2,722,599</u>
TOTAL	\$5,598,600

COST OF ELIGIBLE ACTIVITIES

Demolition	\$ 75,000
Asbestos Abatement	43,000
Infrastructure Improvements	3,640,000
Site Preparation	<u>+1,106,000</u>
Sub-Total	\$4,864,000
Contingency (15%)	<u>+ 729,600</u>
Sub-Total	\$5,593,600
Brownfield/Work Plan Preparation	<u>+ 5,000</u>
TOTAL	\$5,598,600

APPENDIX B



MEMORANDUM

Date: December 17, 2019

To: Michigan Strategic Fund Board

From: Sarah Rainero, Regional Director, Community Assistance Team
Lori LaPerriere, Brownfield & MCRP Program Specialist
Lynda Franke, Underwriting & Incentive Structuring Specialist
Julius Edwards, Commercial Real Estate Investment Manager

Subject: Request for Approval Michigan Community Revitalization Program
(MCRP) Other Economic Assistance-Loan Participation and Request for
Approval of an Act 381 Work Plan Amendment
Muskegon Mall Redevelopment/Sweetwater Development Partners, LLC

REQUEST

Sweetwater Development Partners, LLC (“Applicant”) is requesting a MCRP performance-based Other Economic Assistance-Loan Participation with Chemical Bank in the amount of \$1,500,000 and the City of Muskegon Brownfield Redevelopment Authority is requesting approval of an amendment to a Brownfield Act 381 Work Plan with state tax capture for MSF eligible activities in the amount of \$1,265,535. The request will support an estimated \$8,900,970 community development project that will construct a new six-story mixed-use building in the heart of downtown Muskegon in the former Muskegon Mall area. The project is consistent with the MEDC’s Community Development goals in that it supports the City of Muskegon’s local master plan, and creates a dense mixed-use, multi-story building in the heart of downtown Muskegon. Despite the owner contributing over 16% owner equity, receiving tax abatements from the City of Muskegon, and leveraging financing from Chemical Bank, this project would not be financially feasible without MSF support.

FINANCING OPPORTUNITY – MCRP LOAN PARTICIPATION

The senior lender, Chemical Bank, along with the Applicant has requested the MSF participate in up to \$1,500,000 of a total \$7,400,000 in construction to permanent loan financing. A financing gap exists due to the current rental rates in Muskegon compared to the cost of construction. New developments in downtown Muskegon are showing pent-up demand for residential units and rates are starting to improve. The current demand for commercial space is not as strong. We are proposing a minimum debt-service coverage ratio for MSF repayment to reflect this project’s current risk level. It is anticipated that disbursements to the project on the loan will be made on a pro-rata basis. A summary of the development sources and the proposed structure of the loan participation is outlined below. With the financing structure described, it is anticipated that the investor will be able to achieve a 7.5% return.

LOAN TERMS

MSF Facility:	MCRP Other Economic Assistance Loan Participation
Borrower:	Sweetwater Development Partners, LLC
Senior Lender:	Currently anticipated to be Chemical Bank
Total Amount of Loans:	Currently estimated at \$7,400,000
Lender Share:	Currently estimated at \$5,900,000
Total Capital Investment:	Currently estimated at \$8,900,970
MSF Eligible Investment:	Currently estimated at \$7,682,848
Minimum Eligible Investment:	Currently estimated at \$7,500,000
MSF Share:	Up to the lesser of 20% of “Eligible Investment” or \$1,500,000
Term:	To match that of the Senior Lender up to 84 months
Amortization:	Up to 360 months
Interest Rate:	1% per annum
Repayment Terms:	Monthly interest only payments for up to 36 months, followed by principal and interest payments until maturity, with a balloon payment. MSF repayment during the P&I period will be based on a minimum Debt Service Coverage Ratio of 1.20, before distributions. Repayment, full or partial, would occur unless such repayment would result in a DSCR less than 1.2.
Collateral:	To reasonably match that of the Lender, currently anticipated to be all assets filing with first lien and assignment of leases and rents on the property financed. MSF share of collateral will be subordinated to that of the Lender.
Guarantee:	To reasonably match that of the Lender, currently anticipated to be guarantees from Corey Leonard and BigSigns.com, Inc. MSF interest will be subordinated to that of the Lender.
MSF Fees:	The MSF shall be paid a one-time fee equal to one percent of the MSF’s share of the loan. The Lender may charge the borrower for this fee.
Reserves:	The Developer has a successful business in BigSigns.com, Inc., and the senior lender is requiring the borrower to maintain a minimum liquidity level of \$750,000.
Funding:	The MSF will fund up to \$1,500,000 to be disbursed following closing of the financing and other performance criteria.

Other Conditions:

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

- a. Executed Construction Documents (includes “Guaranteed Maximum Price” construction contract) that includes all hard costs in the pro forma.
- b. Final Development Budget.

SUMMARY OF DEVELOPMENT SOURCES:

Bank Share	\$	5,900,000	66.29%
MSF Share	\$	1,500,000	16.85%
Developer Equity	\$	<u>1,500,970</u>	<u>16.86%</u>
TOTAL	\$	8,900,970	100.00%

SUMMARY OF DEVELOPMENT USES:

Acquisition	\$	130,622
Hard Construction Costs	\$	8,123,848
Eligible Soft Costs	\$	320,000
Other	\$	<u>326,500</u>
TOTAL	\$	8,900,970

LOCAL SUPPORT

Local support for the project includes a 12-year Commercial Facilities Tax Exemption with an estimated value of \$332,882, a 15-year Neighborhood Enterprise Zone abatement with an estimated value of \$389,609, and local brownfield tax increment financing support in the amount of \$1,416,615. The City of Muskegon is certified with the MEDC’s Redevelopment Ready Communities (RRC) program. The project is located in a Michigan Geographically Disadvantaged Business Location and an Opportunity Zone. The project qualifies for the MCRP program as an “other” property because the property will promote community revitalization when redeveloped, as determined by the board.

TAX CAPTURE SUMMARY

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Muskegon, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on May 22, 2018. The property was determined to be a facility at the time of the original Act 381 Work Plan approval dated August 1, 2005.

There are 53.5841 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (44.79%) and local millage equaling 29.5841 mills (55.21%). Tax increment capture began in 2013 and is estimated to continue for 23 years. Total MSF eligible activities are estimated at \$2,682,150, which is less than what was approved in the original Act 381 Work Plan. The original Work Plan for the former Muskegon Mall property in downtown Muskegon was established as one parcel made up of a 23-acre site. As part of the original Brownfield activities, a majority of the buildings on the site have been demolished. This Work Plan amendment allows for development of .38 acres of the Muskegon Mall parcel. The amended eligible activities reflect both the activities completed under the original Work Plan plus the activities necessary for development of this portion of the site. Since the overall site includes a much larger area, there is the potential for additional development and additional amendments. Tax capture is impacted by the NEZ tax abatement and the Commercial Facilities tax abatement, so the requested blended tax capture for MSF eligible activities breaks down as follows:

ORIGINAL WORK PLAN

State tax capture	(55.00%)	\$	2,493,932
Local tax capture	(45.00%)	\$	<u>2,040,490</u>
TOTAL		\$	4,534,422

AMENDED WORK PLAN

State tax capture	(47.18%)	\$	1,265,535
Local tax capture	(52.82%)	\$	<u>1,416,615</u>
TOTAL		\$	2,682,150

COST OF MSF ELIGIBLE ACTIVITIES (ORIGINAL WORK PLAN)

Property Acquisition – Public Right of Way	450,000
Design Engineering	168,300
Construction Engineering	207,500
Public Infrastructure	3,112,045
MEGA Review Cost	1,000
Work Plan Preparation	2,500
Contingency (15%)	<u>593,077</u>
TOTAL	\$ 4,534,422

COST OF MSF ELIGIBLE ACTIVITIES (AMENDED WORK PLAN)

Demolition	700,000
Infrastructure Improvements	1,676,000
Site Preparation	<u>165,000</u>
Sub-Total	\$ 2,541,000
Contingency (15%)	<u>111,150</u>
Sub-Total	\$ 2,652,150
Brownfield/Work Plan Preparation	<u>30,000</u>
TOTAL	\$ 2,682,150

In addition, the project is requesting \$123,000 in TIF from EGLE to assist with environmental eligible activities.

PROJECT BACKGROUND

This project is located at 292 W. Western Avenue, which was previously owned by the Downtown Muskegon Development Corporation (DMDC), whose mission was to acquire the properties housed by the former Muskegon Mall, and demolish and prepare the sites for future redevelopment. This parcel is a part of the existing Muskegon Mall Work Plan which was approved in 2005. Sweetwater Development Partners, LLC is proposing to construct a new 51,565 square foot, six-story mixed use building, which will contain first floor retail space, second and third floor office space, and the remaining three floors will contain 18 one- and two-bedroom residential apartments. The development will include approximately 30 parking spaces, both underneath and behind the building.

The proposed project is a high priority for the city and will continue the momentum of the revitalization of downtown Muskegon. This deal would not be feasible without the proposed MCRP award. The development team has maximized available financing options, by securing a loan from Chemical Bank, is utilizing Opportunity Zone investment and maximizing potential incentives from the City of Muskegon.

The developer will be contributing equity in the amount equal to approximately 17% of the development cost. The proposed MCRP award would be deployed to fill the remaining financing gap.

APPLICANT HISTORY

The owner of Sweetwater Development Partners, LLC, Corey Leonard, previously developed the property located at 605 W. Western Avenue in Muskegon and is also the owner of the Grand Haven-based company, *BigSigns.com*. Mr. Leonard has not previously received incentives from the Michigan Strategic Fund (MSF). MEDC has completed the background check in accordance with the MSF policy, and the project may proceed for MSF consideration.

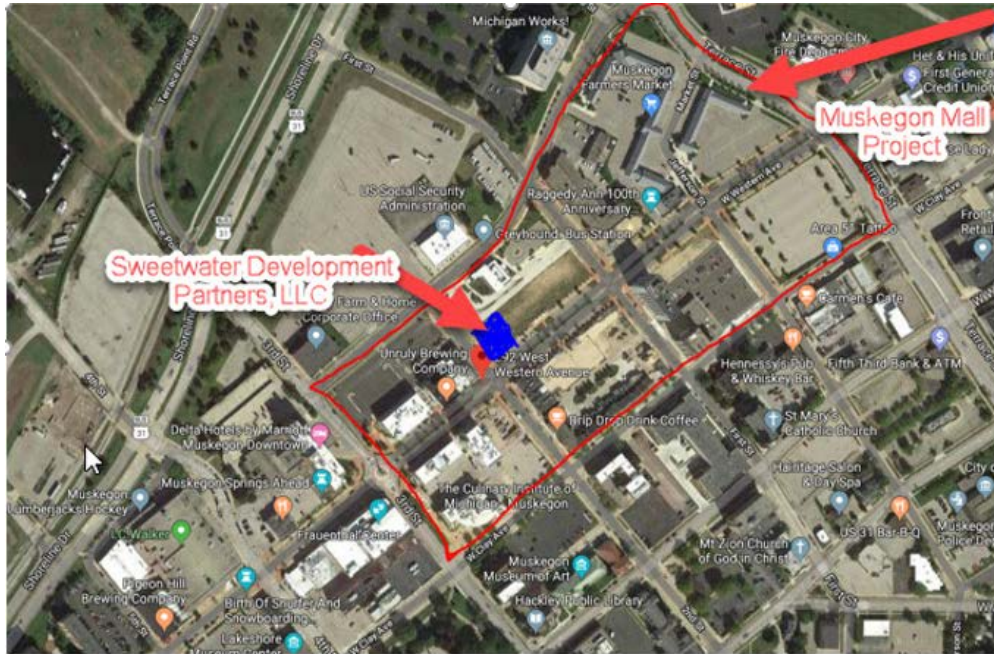
Appendix A includes a project map and renderings and **Appendix B** addresses the programmatic requirements.

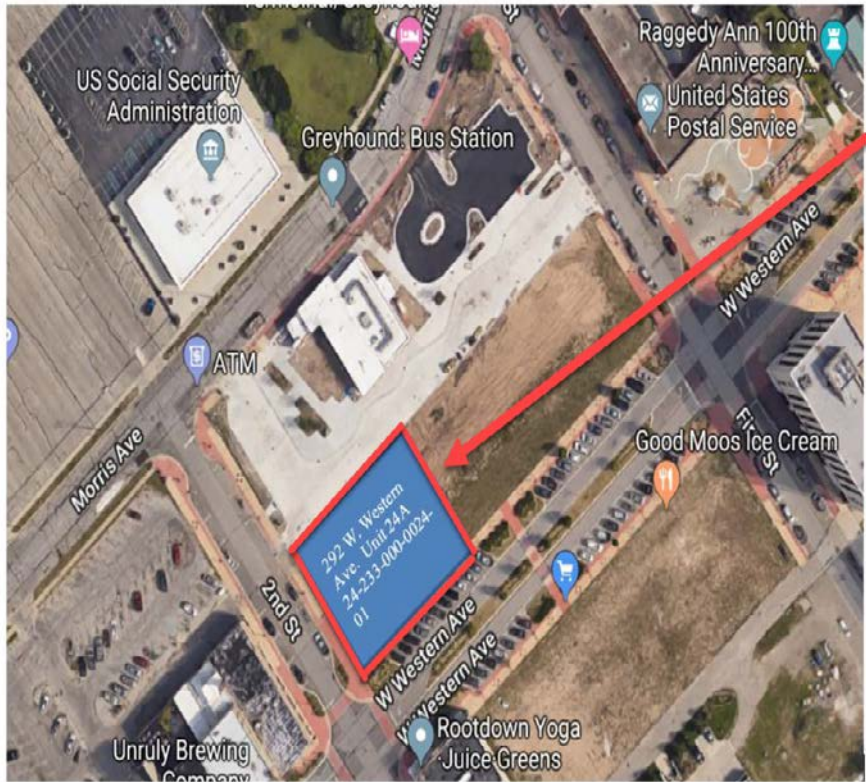
RECOMMENDATION

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

- a) Local and school tax capture for the Act 381 eligible activities totaling \$2,682,150. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated and capped at \$1,265,535.
- b) A MCRP performance-based Other Economic Assistance-Loan Participation in the amount of up to \$1,500,000 for Sweetwater Development Partners, LLC on terms and conditions outlined in Exhibit A found in the resolution.

APPENDIX A – Project Map and Renderings





**PROJECT
SITE**



APPENDIX B – Programmatic Requirements

MCRP Program and Guidelines

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

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

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

This project is extremely important to the City of Muskegon because it is located in the heart of their downtown where the former Muskegon shopping mall was located. This is a vacant lot that is ready for dense, mixed-use development. The City still lacks market-rate residential apartments, so this project will bring residential tenants downtown, along with new commercial tenants.

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

This project will act as a catalyst for additional revitalization of the community by implementing a piece of the downtown plan and demonstrating the market for mixed-use development.

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

The City of Muskegon is contributing significantly to this project with a Commercial Redevelopment Act tax abatement with an estimated value of \$332,882, a Neighborhood Enterprise Zone tax abatement with an estimated value of \$389,609, and support of local brownfield tax increment financing in the amount of \$1,416,615.

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

The costs of construction compared to current rental rates are driving the need for public gap financing. The projected appraised value will not support exclusively private financing.

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

This property was a vacant lot in downtown Muskegon, where the shopping mall was previously located and will be used to create a new mixed-use development.

F. Creation of jobs:

This project will create approximately 61 permanent full-time equivalent jobs with an average hourly wage of \$17.00.

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

Chemical Bank will be contributing with a loan of \$5,900,000 and the owner is contributing nearly \$1,600,000 in equity.

H. Whether the project is financially and economically sound:

The proposed structure results in a modest return for the developer, while generating enough cash flow for repayment to the senior lender and to the MSF.

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

This project increases the density of the area. This property is currently vacant, and this will create new residential apartments, office, and retail space.

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

This project is a mixed-use project in the center of downtown consisting of ground floor retail, office space, and residential apartments. It is walkable to many community development amenities including the Farmer's Market, Western Market chalets, breweries, restaurants, coffee shops, L.C. Walker Arena, etc.

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

This project is on a vacant lot that was previously owned by Downtown Muskegon Development Corp., which sold the property to the development team for private use.

L. Whether the project promotes sustainable development:

The project will incorporate energy efficient mechanicals and building materials.

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

The project does not involve the rehabilitation of a historic resource.

N. Whether the project addresses area-wide redevelopment:

This project will be catalytic in continuing the momentum of the revitalization of downtown Muskegon.

O. Whether the project addresses underserved markets of commerce:

This project will create new commercial and retail space in downtown Muskegon.

P. The level and extent of environmental contamination:

Lead and mercury were found in the soil based upon the MDEQ Part 201 Generic Cleanup Criteria, however, no significant levels were discovered at the site during the Phase I and II process.

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

The site is not a historic resource.

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

This project will not compete with or affect existing Michigan businesses within the same industry.

S. Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter:

The project is located in a Michigan Geographically Disadvantaged Business Location.

Brownfield Act 381 Program Additional Project Information:

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

No functionally obsolete or blighted buildings are located on this property.

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

No new Brownfields will be created by this project.

MEMORANDUM

Date: December 17, 2019

To: Michigan Strategic Fund Board

From: Julius Edwards, Commercial Real Estate Investment Manager
Rob Garza, Brownfield and MCRP Senior Program Specialist

Subject: Request for Approval of a Michigan Community Revitalization Program Other Economic Assistance-Loan Participation Agreement Amendment #3
55 Ionia Partners, LLC

Request

55 Ionia Partners, LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program Other Economic Assistance-Loan Participation Agreement (“Agreement”) and any related ancillary agreements. The amendment request dated November 26, 2019, includes a request to modify the programming of the project and consent to \$3,500,000 in additional debt being sought by the Company from Macatawa Bank for the purposes of programming modifications to the building which will incorporate a hotel component in order to improve marketability of the unleased commercial space and improve the overall project cash flow. No additional funds are being requested from the MSF.

Background

The Michigan Strategic Fund Board approved a \$4,325,000 Other Economic Assistance-Loan Participation as part of an overall \$24,325,000 financing package from Macatawa Bank on February 24, 2015 to the Company. The MCRP award was approved for the purpose of renovating a 13-story building in the central business district of downtown Grand Rapids to include 38,000 square feet of ground floor retail and second story office, as well as 111 market rate residential units. The top two floors of the building were set aside as for-sale residential condominium units, not considered as part of the project receiving MSF support.

An amendment to the project was approved on September 22, 2015 to fix a clerical error, which corrected the amortization period from 276 months identified in the original approval to 300 months.

Construction on the development was completed in the last quarter of calendar year 2015 and the project was determined to have met its project completion milestone on January 21, 2016. Upon completion, the project consisted of approximately 40,000 square feet of commercial space on the first two floors and 85 residential units, with floors 12 and 13 consisting of residential condominium units not part of the MSF approval.

An amendment to the project was approved on June 27, 2017 to extend the loan conversion date, extend the start date of principal and interest repayment, extend the timing of the required excess debt payment, and change the due date of Milestone Three.

As of August 31, 2019, approximately 93% of the residential units were occupied and 40% of the commercial space was occupied by paying tenants. The Company is looking to modify the project's programming in order to generate additional revenue and improve overall cash flow. The development team is proposing to convert a portion of the residential rental units and unsold residential condominium units into a 32 key hotel to meet the perceived demand for additional hotels in downtown Grand Rapids. Additionally, the development team and Macatawa Bank (senior lender) believe the addition of hotel rooms will improve the marketability of the commercial space available within the project. Without any improvement in commercial leasing, it is anticipated that upon reaching completion the hotel will generate between \$300,000 to \$600,000 of additional cash flow after servicing of the new debt. The modified project programming will reflect approximately 39,129 square feet of commercial and office space on floors 1-3, 77 residential units, and 32 hotel units. Residential condominium units are not part of the MSF approved project.

The Company is seeking \$3,500,000 in additional debt financing from Macatawa Bank in order to complete the proposed modifications. The MCRP agreement requires the consent of the MSF for any additional debt on the property.

The Company has completed three of four milestones and the final milestone is due February 3, 2020. The Company is current with reporting requirements. Principal payments on the project commenced in February of 2019, with all payments current. As of October 25, 2019, the project had paid approximately \$550,000 of principal and interest payments to the MSF.

Recommendation

The MEDC staff recommends approval of an amendment to the MCRP Other Economic Assistance-Loan Participation Agreement and any related ancillary agreements to modify the programming of the project and consent to additional debt from Macatawa Bank per the Company's request dated November 19, 2019.

ORIGINAL APPROVAL



MEMORANDUM

Date: February 24, 2015

To: Michigan Strategic Fund Board

From: Brent Morgan, Manager, Community Revitalization and Brownfield Programs
Julius Edwards, Capital Services
Ryan Kilpatrick, Community Assistance Team Specialist

Subject: 55 Ionia Partners, LLC and Macatawa Bank
Michigan Community Revitalization Program
Request for Approval of up to \$4,325,000 in Other Economic Assistance - Loan Participation

Request

55 Ionia Partners, LLC (“Applicant” or “Borrower”) and Macatawa Bank (“Lender”) are requesting approval of a Michigan Community Revitalization Program incentive in the amount of the lesser of \$4,325,000 or 20% of “Eligible Investment” in the form of a Loan Participation under Other Economic Assistance. The Applicant anticipates that the project could result in eligible investment of \$25.3M and total capital investment in the amount of \$34.4 M in the City of Grand Rapids and the creation of 25 jobs.

Traditionally, projects of this size and nature have been difficult for private developers to justify redeveloping without some form of additional financial assistance aside from traditional financing mechanisms to make the project financially feasible. Similar difficult to redevelop properties are located one block to the east of this site and have been a continued blight on the downtown for a number of years. The building being redeveloped has been vacant since 2008. The development team has taken the necessary steps to secure \$20,000,000 in senior financing. Additionally, the project has secured \$170,000 in other grants and is contributing over \$9.5M in owner equity to the project. The project owner views this project as a long-term hold and the MCRP incentive will allow the project to produce a minimal annual cash-on-cash return of under 6% prior to sale.

Background

55 Ionia Partners, LLC will be managed by the RDV Corporation. The RDV Corporation is a private investment and financial management firm for the family of Mr. Richard M. DeVos and provides investment management, estate planning, tax and personal services, and foundation administration to the DeVos family. The firm was incorporated in 1991 and is based in Grand Rapids, Michigan. Rockford Construction Group will be supervising the construction of the project. Rockford is one of the top 400 contractors in the nation with projects in 44 states. Rockford has successfully developed numerous properties in Grand Rapids, including the Cherry Street Landing, Blue Cross Blue Shield building (adjacent to The Morton), the Grand Rapids Police Department, the Peck Building, and Front Row Condominiums. Rockford is committed to revitalizing blighted properties, evidenced by their rehabilitated headquarters located in the former Miller Products brownfield site on the west side of Grand Rapids.

The Applicant has not received any incentives from the MSF previously. However, Rockford Construction did receive a \$1,000,000 grant and brownfield participation on the recent construction of their headquarters in downtown Grand Rapids.

The Applicant plans to renovate a 13 story building in the central business district of downtown Grand Rapids. The project will include 38,000 square feet of ground floor retail and second story office, as well as 111 market rate residential units on approximately 0.10 acres of property located at 55 Ionia in the City of Grand Rapids. The top two floors of the project will consist of for-sale condominium units which are not being considered for MEDC support.

The project is located in a downtown and qualifies for a MCRP award because it is a functionally obsolete structure.

The project's statutory requirements are addressed in Appendix A and a project map is provided in Appendix B.

FINANCING OPPORTUNITY – MCRP LOAN PARTICIPATION

The project is seeking MSF participation in coordination with Macatawa Bank as the senior lender. The Lender, along with the Borrower, has requested the MSF participate in up to \$4,325,000 in \$24,325,000 of construction to permanent loan financing. The MSF would participate in all payments in proportion to its share of the financing, but would allow the collateral to apply first to the Lender's share in an event of liquidation.

There are a couple of things that are unique to the transaction. The first being, the loans will not be subject to traditional real estate underwriting. The primary variances are the Lender is not requiring an appraisal or title work until construction completion and project stabilization. This is mitigated by 196 Investors (must maintain \$40,000,000 of unencumbered liquidity) acting as a Co-Borrower during construction and lease up. Additionally, a condition for conversion to permanent financing is providing clear title to the property. MEDC staff believes due to the inclusion of 196 Investors as a Co-Borrower during construction and stabilization these variances pose a very minimal risk to the project. The second unique aspect to the transaction, is the fact the Lender has closed and begun to disburse on \$20,000,000 of the financing for the

project. The MSF will be purchasing 100% of a separate \$4,325,000 note. Although this is a deviation from the norm it does not present additional risk to the project or the MSF Share of the financing.

Other financing sources for the project include a \$400,000 EPA Revolving Loan Fund loan from the City of Grand Rapids Economic Development Office, other grants totaling \$170,000 and an owner equity contribution of approximately \$9,505,000. All sources of financing for the project are summarized below:

SUMMARY OF DEVELOPMENT SOURCES:

Macatawa Bank Share	\$	20,000,000	58.1%
MSF Share	\$	4,325,000	12.6%
EPA Revolving Loan Fund Loan	\$	400,000	1.2%
Other Grants	\$	170,000	0.5%
Developer Equity	\$	<u>9,505,000</u>	27.6%
TOTAL	\$	34,400,000	100.0%

LOAN FACILITY

MSF Facility	MCRP Loan Participation and Servicing Agreement Under “Other Economic Assistance”
Borrower:	55 Ionia Partners, LLC
Lender:	Macatawa Bank
Total Amount of Loans:	Currently estimated at \$24,325,000
Lender Share:	\$20,000,000 (82.2%)
MSF Share:	Up to \$4,325,000 (17.8%)
Term:	To match that of the Lender, not to exceed 120 months with an interest only period of up to 30 months.
Amortization:	To match that of the Lender, not to exceed 276 months following the interest only period.
Interest Rate:	On the MSF Share 3.00% per annum
Repayment Terms:	On the MSF Share up to 30 months of monthly interest only payments followed by monthly principal and interest payments.

- Collateral:** To match that of the Lender, currently anticipated being a security position in all assets of the Borrower (including the Development Support Policy Reimbursements), a mortgage lien on the property and assignment of leases and rents. MSF Share of collateral will be subordinated to that of the Lender.
- Guarantee:** To match that of the Lender, currently it is anticipated that the loan will not be guaranteed. The MSF Share of guarantee will be subordinated to the Lender
- Fee:** The MSF shall be paid a one-time fee equal to 1.00% of the MSF's share of the loan. The Lender may charge the borrower for this fee.
- Funding:** The MSF will fund up to \$4,325,000 to be disbursed following closing of the Loan and other performance criteria.
- Other Conditions:** 196 Investors, LLC will be a Co-Borrower on the loan during construction and until the project has reached stabilization as defined by the Lender.
- The MSF's investment will be contingent upon a minimum owner equity contribution being made to the project in a minimum of \$9,505,000.

Recommendation

The MEDC staff recommends approval of an MCRP performance-based loan participation in the amount of \$4,325,000 for 55 Ionia Partners, LLC.

APPENDIX A

MCRP PROGRAM AND ITS GUIDELINES

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and its guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan.

SOURCE OF INFORMATION

It is the role of the Project Management staff (MEDC Staff) to review for eligibility, completeness, and adherence to MCRP guidelines, the information provided by the applicant and to manage the MSF's investment. Explanatory and background information is supplied in summary form to provide context for the request and is drawn exclusively from materials submitted by the applicant, and, as applicable, from other relevant third party sources utilized by staff.

As required under the program, the following statutory criteria shall be considered by the MSF, as MEDC Staff believes each is reasonably applicable to proposed project:

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

The project will revitalize approximately 113,000 square feet of vacant functionally obsolete space located in the heart of downtown Grand Rapids and will add more than 100 market rate dwelling units to the central business district providing further strength to the local retail and business climate. Additionally, the project is anticipated to create 25 new jobs.

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

Similarly difficult properties to redevelop are located one block to the east of this site and have been a continued blight on the downtown for a number of years. The successful redevelopment of 55 Ionia is anticipated to spark the redevelopment of the remaining problem sites within the downtown.

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

The City of Grand Rapids and the DDA are providing over \$2,000,000 in support for this project through an areaway infill grant, streetscape grants, energy grant, development reimbursement support for façade improvements and an EPA revolving loan fund for asbestos abatement.

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

Traditionally, projects of this size and nature have been difficult for private developers to justify redeveloping without some form of additional financial assistance aside from traditional financing mechanisms to make the project financially feasible. The development team has taken the necessary steps to secure \$20,000,000 in senior financing. Additionally, the project has secured

\$170,000 in other grants and is contributing over \$9.5M in owner equity to the project. The project owner views this project as a long-term hold and the MCRP incentive will allow the project to produce a minimal annual cash-on-cash return of under 6% prior to sale.

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

The 13 story structure was last occupied in 2008 at the end of its cycle as Section 8 housing. Long term maintenance had been significantly neglected and serious issues were uncovered during the demolition process.

F. Creation of jobs:

A minimum of 25 jobs are expected to be created. The average hourly wage is estimated to be \$10.

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

The development team will be contributing \$9.5M in equity and has secured a \$20M loan with Macatawa Bank.

H. Whether the project is financially and economically sound:

The rental market in Grand Rapids continues to be strong with high demand and vacancy under 3% for comparable properties in the area. During construction and lease up, the project will have the financial support of 196 Investors, which the Lender is requiring to maintain a minimum of \$40M in unencumbered liquid assets. Following stabilization it is anticipated the project will produce sufficient cash flow to support the loans (DSC greater than 1.25x). Additionally, the ownership team consists of family members from one of the most prominent families in the Grand Rapids area; a family that have been stalwarts in the community in the areas of investment and philanthropy.

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

The project will add 111 additional residential units to the downtown on a site that is just over 1/10th of an acre.

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

The project will include ground floor retail, second floor office and upper story residential. The site is located at the intersection of Monroe Center and Ionia Ave and is walkable to all of the downtown amenities, including museums, the arena, convention center, medical institutions, colleges and universities.

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

The project does not convert an abandoned public building to private use.

L. Whether the project promotes sustainable development:

The project will incorporate significant upgrades to the site mechanicals, insulation and windows to improve building efficiency.

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

The original was constructed in 1933 but is not a registered historic structure.

N. Whether the project addresses area-wide redevelopment:

The building is located in the heart of downtown Grand Rapids, with frontage on Monroe Center (retail district) and the Ionia Avenue business corridor. Once renovated, the building will provide much-needed residential space to support growing demand for downtown living space. This greater population of urban residents will also drive demand for increased downtown retail and commercial opportunities. The project will result in the creation of new retail and commercial space needed for entrepreneurs to make investments in the local community. In addition, the redevelopment of this property will significantly increase its taxable value, which will benefit the community by providing increased revenue for municipal services and other public improvements within Grand Rapids.

O. Whether the project addresses underserved markets of commerce:

The project does not address an underserved market.

P. The level and extent of environmental contamination:

Significant asbestos remediation is required to properly rehabilitate the building.

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

The project is not a registered historic resource.

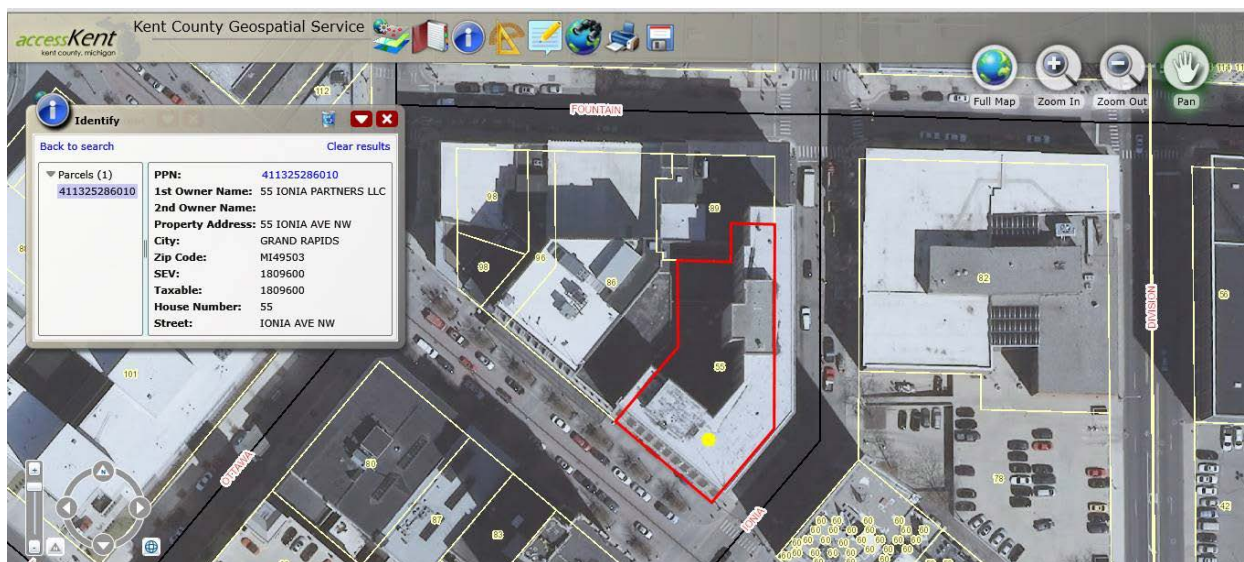
R. Whether the project will compete with or affect existing Michigan businesses within the same industry:

The project is expected to compete with other residential rental developments in the area, but is not expected to negatively impact them because demand is more than sufficient to support the new development. Retail tenants have not been firmly identified, but it is anticipated that the space will have minimal impact and add to the retail options for consumers as consumer wealth and spending has continued to increase in the Grand Rapids market.

S. Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter:

No additional criteria is necessary.

APPENDIX B



AMENDMENT 1

MEMORANDUM

Date: June 27, 2017

To: Michigan Strategic Fund Board

From: Lynda Franke, Underwriting and Incentive Structuring Specialist

Subject: 55 Ionia Partners, LLC and 196 Investors, LLC
Michigan Community Revitalization Program
Request for Approval of a MCRP Loan Participation and Servicing Agreement
Amendment

Request

55 Ionia Partners, LLC and 196 Investors, LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program (MCRP) Loan Participation and Servicing Agreement (“Agreement”) and any related ancillary agreements. The amendment request is to extend the loan “Conversion Date” from July 1, 2017, to January 1, 2019, resulting in a delay to the start of principal and interest repayment. The start date of the principal and interest repayment will be delayed for Macatawa Bank (“Lender”) and the MSF Shares of the Loan Participation. The Lender also requests waiver of the timing for the “Excess Debt Payment”, which was originally required by the Conversion Date. The Excess Debt Payment, when paid, will be applied to the Lender’s Share of the Loan Participaton, bringing their outstanding balance to no greater than 70% of the property’s appraised value.

Background

The Michigan Strategic Fund Board (“MSF Board”) approved up to a \$4,325,000 Other Economic Assistance-Loan Participation on February 24, 2015, to the Company for the purpose of renovating a 13-story building in the central business district of downtown Grand Rapids into approximately 38,000 square feet of ground floor retail and second story office, and approximately 111 market rate residential

units. On September 22, 2015, the MSF Board approved an amendment to extend the amortization period due to a clerical error in the original approval.

Construction is complete, and the project is in compliance. The request is necessitated primarily by a slower than anticipated lease-up of the commercial space. To date, only one of the commercial spaces representing 38% of that space is currently leased, and there are no other commercial tenants in negotiations. The residential portion is doing better, with 82 of 99 units currently leased. The 18 month extension to the Conversion Date will allow the project time to advance its lease-up efforts. The Lender's rationale in allowing the extension is that 196 Investors, LLC will continue to be a Co-Borrower until stabilization is met. The original terms were that 196 Investors, LLC would exit prior to the Conversion Date. Under the proposed scenario, 196 Investors, LLC will remain as a Co-Borrower until the project has reached stabilization as defined within the agreement. The Lender and MSF staff are comfortable with the proposed change due to the financial strength of 196 Investors, LLC. The Lender will continue to require 196 Investors, LLC to maintain unencumbered liquidity totaling at least \$40,000,000.

Recommendation

The MEDC staff recommends approval of an amendment to the MCRP Agreement and any related ancillary agreements to allow the following:

- a) an extension of the Conversion Date
- b) an extension of the start of principal and interest repayment
- c) an extension for any required Excess Debt Payment
- d) date changes in Milestone Three to effectuate the modifications described.

The maturity date of the Term Loan Note will remain the same.

MEMORANDUM

Date: December 17, 2019

To: Michigan Strategic Fund Board

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

Subject: *Community Development Block Grant Program
Railroad Square – Public Facilities Project
Village of Kalkaska, County of Kalkaska*

Request

The Village of Kalkaska is requesting \$3,477,500 in Community Development Block Grant (CDBG) funds for public facility infrastructure improvements and administrative support needed for the Railroad Square – Public Facilities project located in Kalkaska County, Michigan. The Village expects that this project will result in new private investment throughout the adjacent private properties given the increase in downtown activity and pedestrian traffic.

Background

The Village of Kalkaska engaged the residents in a unique, cooperative approach to the redevelopment plan for the community. The Village engaged and completed a process of updating five different local plans. The Kalkaska Downtown Development Authority (DDA) Tax Increment Financing (TIF) Plan, Village Master Plan, Village Recreation Plan, Kalkaska County Recreation Plan, and the Kalkaska County Library Plan were engaged simultaneously to prioritize public support. These plans were coordinated to maximize the benefit of each individualized plan and as a result of the large public process of engagement, the Railroad Square project was established.

The Railroad Square project was the community’s early engagement into a proactive effort to eliminate a contaminated brownfield site in the heart of downtown. Initially the partnership between the Village of Kalkaska and the DDA demolished an abandoned lumberyard onsite providing the community with vacant open space for future improvement. Project components were identified for the Village owned “Central Open Space” through the various public input sessions. The following list was generated by the input to encompass the project: 1) an information center with electronic signage to market community events, as well as Public Safety Announcements, 2) a Multi-Purpose “Pavilion” with restrooms, and an incubator kitchen that is capable of hosting a multitude of activities to expand the existing Farmers’ Market, 3) a food truck court with a fire pit and covered gathering structure(s); and 4) limited façade improvements of the railroad department museum including roof, eave, brick repairs and painting.

Additionally, Maple Street that runs along one side of the park will be redesigned to improve storm water runoff with new rain gardens and, also the deteriorated road surface will be improved, including better on-street parking accessibility.

Given the large-scale of this project and significant number of low- and moderate-income individuals it will benefit, the community could not support implementation of this project financially without the assistance of the MSF. In order to garner the greatest benefit from economies of scale, the project in its entirety is best completed in one effort rather than through multiple, smaller projects, thus increasing cost and delaying future benefit from the Village. A ten (10) percent collaborative matched fund was assembled utilizing multiple local and regional partners including a Rotary Charities Grant, DDA Capital Funds, and Village Major Street Funds. In its totality, the community will provide \$390,000 of the approximate \$3.842 million-dollar total project costs.

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

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

Recommendation

The MEDC Staff recommends:

- A CDBG Public Facilities grant agreement in the amount of \$3,477,500 be authorized for the Village of Kalkaska to support the Railroad Square Project.

APPENDIX A – Programmatic Requirements & Screening Guidelines

Program Requirements

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

- **National Objective:**
This project qualifies for CDBG funding as the project activities will benefit all residents of the project area and 54.48 percent of the residents of the Village of Kaskaska are low- and moderate-income persons as determined by census data provided by the U.S. Department of Housing and Urban Development. The project meets a national objective by providing benefit to at least 51 percent low- and moderate-income persons.
- **Eligible Activity:**
This project involves eligible activities identified in Section 105(a) (2) of Title I of the Housing and Community Development Act of 1974, as amended.

Screening Guidelines

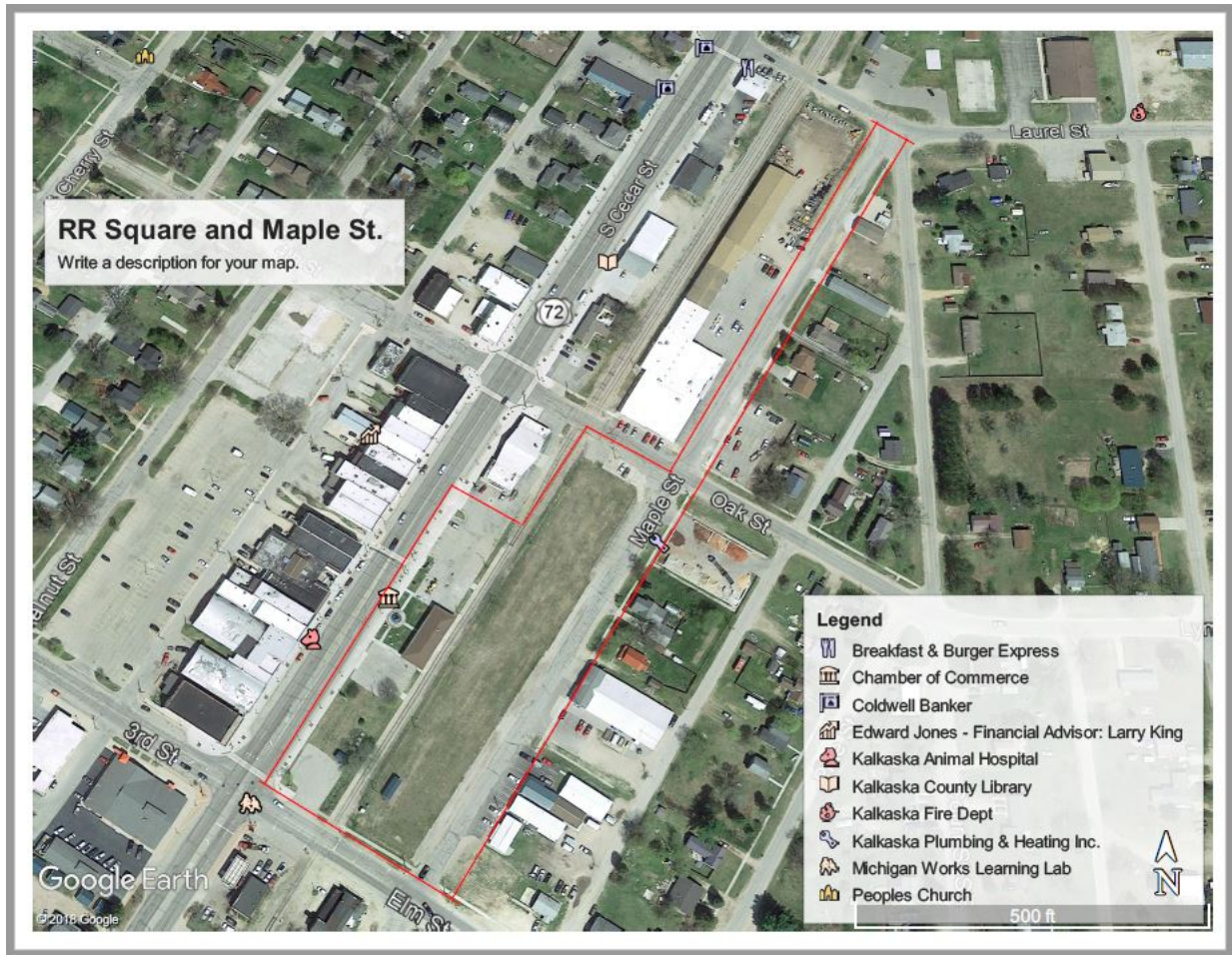
The project was evaluated utilizing the CDBG guidelines. It has been determined that the project meets the following standards to qualify as an eligible project under the CDBG program:

- **Economic Impact:** The economic impact of this project was evaluated. It was determined that the project is:
 - Located in a highly visible location
 - Located in a DDA,and the Village has:
 - Prior use of downtown development incentives with the MEDC
 - Local organizational capacity to successfully complete this project
 - A full-time downtown development professional or community staff member able to administer the project
 - Adopted a downtown development plan, and
 - Kaskaska is an Engaged Level Main Street community
- **Minimum Local Participation:** The Village of Kaskaska will make an anticipated contribution of \$390,000 which is ten percent (10%) of the total public facilities costs. The funds will be provided by the Village's DDA funds and Village general fund.
- **Financial Viability and Background Check:** The community receiving the benefit from this project has completed a civil and criminal background check in accordance with the MSF Background Review Policy with no concerns and has been determined to be financially viable.

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

APPENDIX B

Site Location Map – Downtown Kalkaska



Site Photo – Looking N across site



Site Photo – Looking S across site



Site Rendering – Railroad Square Project



VILLAGE OF KALKASKA, MICHIGAN
RAILROAD SQUARE
CLOCK TOWER PLAZA CONCEPTUAL RENDERING - AUGUST 2017

PREPARED FOR:
Village of Kalkaska

WADETRIM

Project Rendering – Food Court Area



VILLAGE OF KALKASKA, MICHIGAN
RAILROAD SQUARE
COMMUNITY COURT CONCEPTUAL RENDERING - AUGUST 2017

PREPARED FOR:
Village of Kalkaska
WADETRIM

Full Project Site Rendering – Railroad Square Project



VILLAGE OF KALKASKA, MICHIGAN
RAILROAD SQUARE
PARK AERIAL CONCEPTUAL RENDERING - AUGUST 2017

PREPARED FOR:
Village of Kalkaska

WADETRIM



Preliminary Engineers Estimate
 Railroad Square/Maple Street
 Infrastructure Project
 Kalkaska, MI



Railroad Square

	Quantity	Unit	Unit Price	Amount
General				
Mobilization	1 ls	x	\$ 125,125.00 = \$	125,125.00
Project Signage	1 ls	x	\$ 1,250.00 = \$	1,250.00
Traffic Maintenance & Control	1 ls	x	\$ 5,000.00 = \$	5,000.00
SESC Controls Measures	1 ls	x	\$ 2,000.00 = \$	2,000.00
Demolition				
Clearing and Grubbing	1 ls	x	\$ 12,500.00 = \$	12,500.00
Excavation	1 ls	x	\$ 5,000.00 = \$	5,000.00
Remove Trees	4 ea	x	\$ 300.00 = \$	1,200.00
Remove Signage	2 ea	x	\$ 250.00 = \$	500.00
Remove Concrete Curb and Gutter	120 sf	x	\$ 17.50 = \$	2,100.00
Sawcutting	660 lf	x	\$ 1.50 = \$	990.00
Remove Concrete Pavement	5,490 sf	x	\$ 2.00 = \$	10,980.00
Remove Asphalt Pavement	6,210 sf	x	\$ 1.00 = \$	6,210.00
Remove/Replace Traffic Sign	1 ls	x	\$ 2,000.00 = \$	2,000.00
Remove/Relocate Park Table	3 ea	x	\$ 100.00 = \$	300.00
Site Work				
Asphalt Parking Area	1,100 syd	x	\$ 35.00 = \$	38,500.00
4" Concrete Sidewalk	28,300 sf	x	\$ 5.30 = \$	149,990.00
6" Reinforced Concrete Sidewalk	12,240 sf	x	\$ 7.50 = \$	91,800.00
Decompressed Granite Walkway	7,260 sf	x	\$ 4.00 = \$	29,040.00
Pedestrian RR X-ing	2 ea	x	\$ 5,000.00 = \$	10,000.00
Retaining Wall	290 lf	x	\$ 475.00 = \$	137,750.00
Seat Wall	762 lf	x	\$ 375.00 = \$	285,750.00
Fire Pit	1 ea	x	\$ 2,500.00 = \$	2,500.00
Signage	6 ea	x	\$ 3,250.00 = \$	19,500.00
Curb & Gutter	1,350 lf	x	\$ 30.00 = \$	40,500.00
Trees	43 ea	x	\$ 450.00 = \$	19,350.00
Planting Soil - 8"	1,150 syd	x	\$ 10.00 = \$	11,500.00
Landscape - Shrubs/Groundcover	1,275 syd	x	\$ 45.00 = \$	57,375.00
Topsoil - 4"	1,320 syd	x	\$ 3.60 = \$	4,752.00
Lawn Restoration	1,320 syd	x	\$ 3.50 = \$	4,620.00
Irrigation	27,700 sf	x	\$ 1.00 = \$	27,700.00
Underground Electric	1 ls	x	\$ 25,000.00 = \$	25,000.00
Benches	25 ea	x	\$ 2,200.00 = \$	55,000.00
Tables	6 ea	x	\$ 3,000.00 = \$	18,000.00
Site Lighting	1 ls	x	\$ 37,500.00 = \$	37,500.00
Street Lighting	19 ea	x	\$ 5,000.00 = \$	95,000.00
Year 1 Maintenance Contract	1 ls	x	\$ 16,000.00 = \$	16,000.00



Preliminary Engineers Estimate
 Railroad Square/Maple Street
 Infrastructure Project
 Kalkaska, MI



Building & Structures					
Clock Tower	1 ls	x	\$ 250,000.00	=	\$ 250,000.00
Pergola - Clock Tower	1 ls	x	\$ 8,500.00	=	\$ 8,500.00
Pergola Park (including seating/furnishing)	1 ls	x	\$ 50,000.00	=	\$ 50,000.00
Pavilion	3,600 sf	x	\$ 85.00	=	\$ 306,000.00
Restroom & Prep Kitchen	1 ls	x	\$ 125,000.00	=	\$ 125,000.00
Museum Restoration	1 ls	x	\$ 50,000.00	=	\$ 50,000.00
Renovated Boxcar	1 ls	x	\$ 40,000.00	=	\$ 40,000.00
Infrastructure					
Road Reconstruction (w/concrete curb)	1,500 lf	x	\$ 350.00	=	\$ 525,000.00
8' wide 4" sidewalk	12,000 sft	x	\$ 5.00	=	\$ 60,000.00
Rain Gardens Stormwater Management	5 ea	x	\$ 15,000.00	=	\$ 75,000.00
Total Project Costs					\$ 2,841,782.00
Cost Escalation for 2019 Construction	2,841,782 ls	x	\$ 1.04	=	\$ 2,955,500.00
10% Contingency	2,955,500 ls	x	\$ 0.10	=	\$ 295,600.00
5% Misc. Owner Costs	2,955,500 ls	x	\$ 0.05	=	\$ 147,800.00
A/E Fee	2,955,500 ls	x	\$ 0.15	=	\$ 443,300.00
Total Project Costs					\$ 3,842,200.00

The Preliminary Engineers Estimate is C2AE opinion of probable costs based upon the available information as February 13, 2019. The opinion is only that; it represents C2AE's best judgement as a design professional and based on recent experience and adjusted to accomodate factors known at the time the opinion was prepared.

PROJECT BUDGET
MICHIGAN COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

1. Applicant: City of Kalkaska		2. Project Title:		Kalkaska Railroad Square	
3. Project Cost Elements		4. Project Funding Sources		(Identify all other funding sources)	
Activities	(Grant No)	CDBG	Local		TOTAL
Construction Architectural & Engineering Certified Grant Administrator		\$3,053,230 \$398,970 \$25,300	\$345,670 \$44,330		\$3,398,900 \$443,300 \$25,300
TOTAL		\$3,477,500	\$390,000		\$3,867,500

MEMORANDUM

Date: December 17, 2019

To: Michigan Strategic Fund Board

From: Brittney Hoszkiw, Senior Community Assistance Team Specialist
Julius Edwards, Commercial Real Estate Investment Manager
Rob Garza, Brownfield and MCRP Senior Program Specialist

Subject: Request for Approval Michigan Community Revitalization Program (MCRP) Loan and a Request for Approval of an Act 381 Work Plan and a Request for Approval of SBT/MBT Brownfield Credit Amendment #1 Sugar Hill Redevelopment Project

REQUEST

POAH DD Sugar Hill LLC (“Applicant”) is requesting a MCRP Performance-Based Direct Loan in the amount of \$4,000,000; Sugar Hill Residential, LLC is requesting the addition of POAH DD Sugar Hill LLC as a qualified taxpayer on the MBT credit and a change of scope to the project; and the City of Detroit Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including state tax capture in the amount of \$2,183,301 to reimburse for MSF eligible activities. The requests will support a \$36,612,679 community development project that will include the construction of a new five-story mixed-use building with ground floor commercial/retail, four stories of market rate and affordable housing, and an integrated parking structure in Detroit’s Sugar Hill District of Midtown. The project is consistent with the Michigan Economic Development Corporation’s Five-Year Strategic Plan by positioning affordable housing options within Detroit’s employment center near local and regional mass transit options. The project also meets local objectives by providing necessary public parking in a contextually appropriate design for a historic district on what is otherwise a vacant site along one of Detroit’s most significant corridors. A financing gap exists due to suppressed rental rates in order to maintain affordability, steep cost of the precast parking structure, and rising overall construction costs in the City of Detroit.

FINANCING OPPORTUNITY

This is a high-priority project for the City of Detroit, which can be seen by the level of support from the City in the form of a \$6,706,930 Section 108 Loan, \$2,000,000 in HOME investment, \$1,400,000 CDBG investment, and Brownfield TIF support of approximately \$852,012. Additionally, the development team has been able to secure New Market Tax Credit (NMTC) allocations of \$27,000,000 from organizations such as Building America CDE, PNC Bank, Cinnaire, and Michigan Community Capital, which is anticipated to generate an estimated \$8,950,500 of funding for the project. Other financing consists of senior debt from PNC of \$4,000,000, a Program Related Investment (PRI) loan from The Prudential Foundation in the amount of \$5,000,000, grants of \$500,000, contingent sources of \$808,000 and owner equity of \$1,000,000~~2,308,000~~. The remaining gap would be filled by the proposed \$4,000,000 MCRP loan and a Brownfield MBT Credit with a cash value estimated at \$2,247,249. The above structure will allow the development team to achieve anticipated returns of around ~~under~~ 125% from operations.

The project is outside of the MCRP financial underwriting evaluation preferences as the ownership team is contributing ~~6.32.7~~6.32.7% of the total development cost in equity which is less than the preferred minimum of 7-10% and is taking just above the preferred maximum developer fee of 4.0%. Staff has taken into consideration the level of other resources secured by the development team, the non-profit status of the developers, and the all-in support of City of the Detroit when making the recommendation.

The proposed MCRP Performance-Based Direct Loan would be structured as a “leveraged loan” under the NMTC with interest only payments until maturity. Below is a summary of the anticipated financing terms for the MCRP loan, and summary other sources for the project:

LOAN TERMS

MSF Facility:	MCRP Performance-Based Direct Loan
Borrower:	POAH DD Sugar Hill LLC or a Related Entity as part of the NMTC Structure
MSF Loan:	Up to the lesser of 20% of “Eligible Investment” or \$4,000,000
Term:	Up to 90 months
Interest Rate:	Up to 3% per annum
Repayment Terms:	Up to 90 months interest-only payments, with principal due at maturity.
Collateral:	To be determined subject to the NMTC structure
Guarantee:	The guarantees of the project owners, with the final and/or alternative guarantee(s) approved by the MSF Fund Manager.
MSF Fees:	One-time fee equal to one percent of the MSF Loan award.
Deferred Developer Fees:	Developer Fees of \$1,500,000 with none to be deferred for repayment through cash flows.
Funding:	The MSF will fund up to \$4,000,000 to be disbursed following closing of the financing and other performance criteria.
Reserves & Contingencies:	Interest, Lease-up, Operating and Replacement reserves currently anticipated to be approximately \$1,200,000. Contingencies of approximately \$2,400,000.
Other Conditions:	Milestones or closing conditions anticipated to include: <ul style="list-style-type: none"> • At maturity any equity drawn from the project will be done on a pro rata basis with the MCRP loan • Receipt of a Guaranteed Maximum Price construction contract • Final Development Budget and Projections

- Final Flow of Funds
- Receipt of State approval of the tax abatement
- Minimum owner equity investment of \$2,300,000

SUMMARY OF DEVELOPMENT SOURCES:

PNC Loan	\$	4,000,000	10.93%
Prudential PRI Loan	\$	5,000,000	13.65%
Section 108 Loan	\$	6,706,930	18.32%
City of Detroit HOME	\$	2,000,000	5.46%
City of Detroit CDBG	\$	1,400,000	3.82%
NMTC Equity	\$	8,950,500	24.45%
MBT Credit	\$	2,247,249	6.14%
MCRP Loan	\$	4,000,000	10.93%
<u>Grants</u>	<u>\$</u>	<u>500,000</u>	<u>1.37%</u>
<u>Contingent Sources</u>	<u>\$</u>	<u>808,000</u>	<u>2.20%</u>
Owner Equity	\$	1,000,000 <u>2,308,000</u>	2.73 <u>6.30%</u>
TOTAL	\$	36,612,679	100.00%

SUMMARY OF DEVELOPMENT USES:

Acquisition	\$	200,000
Hard Construction Costs	\$	27,727,425
Eligible Soft Costs	\$	2,214,749
Other	\$	6,470,505
TOTAL	\$	36,612,679

LOCAL SUPPORT

Local support for the project includes the local portion of the Brownfield Tax Increment Financing estimated value of \$852,012, a HOME loan for housing development valued at \$2,000,000, a Community Development Block Grant loan valued at \$1,400,000. In addition, the City is participating in a Section 108 loan guarantee. The City of Detroit is engaged with the MEDC’s Redevelopment Ready Communities (RRC) program and the project is located in a Michigan Geographically Disadvantaged Business Location.

TAX CAPTURE SUMMARY

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Detroit, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on September 11, 2018. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on October 25, 2019.

There are 67.3244 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (35.65%) and local millage equaling 43.3244 mills (64.35%). Tax increment capture will begin in 2020 and is estimated to continue for 16 years. The amount of tax increment revenue anticipated to be generated for reimbursement over 16 years is \$3,035,313 and the recommendation is to cap reimbursement from state tax capture at \$2,183,301, which is the amount of state tax capture projected in the plan. Total MSF eligible activities are estimated at \$9,368,646. Tax capture is impacted by an anticipated Commercial Rehabilitation Act (CRA) tax abatement approval, therefore, the blended tax capture for MSF eligible activities breaks down as follows:

State tax capture	(71.93%)	\$	2,183,301
Local tax capture	(28.07%)	\$	852,012
TOTAL		\$	3,035,313

COST OF MSF ELIGIBLE ACTIVITIES

Site Preparation		\$	410,000
Infrastructure Improvements		+	6,831,303
Sub-Total		\$	7,241,303
Contingency (15%)		+	1,086,195
Sub-Total		\$	8,327,498
Interest (5%)		+	1,013,148
Sub-Total		\$	9,340,646
Brownfield/Work Plan Preparation		+	15,000
Brownfield/Work Plan Implementation		+	13,000
TOTAL		\$	9,368,646

In addition, the project is requesting \$66,725 in TIF from EGLE to assist with environmental eligible activities.

BROWNFIELD TAX CREDIT STRUCTURE

Brownfield MBT Credit Amendment Request By:

Sugar Hill Residential, LLC
76 East Forest Avenue
Detroit, Michigan 48201

Contact: Ernest Zachary, Vice President

	Previous Approval	Amendment
Project Eligible Investment:	\$12,484,714	\$20,648,114
Requested Credit Amount:	\$2,496,943	\$2,496,943 (capped)
Requested Credit Percentage:	20%	20%

ELIGIBLE INVESTMENT BREAKDOWN

Site Improvements	\$	632,766
New Construction	+	20,015,348
Total	\$	20,648,114

Sugar Hill Residential, LLC requests an amendment to the Brownfield MBT credit for the Sugar Hill Redevelopment Project located in the City of Detroit. This amendment requests the addition of POAH DD Sugar Hill LLC as a qualified taxpayer and a scope change to the project. The Brownfield MBT credit was originally approved by the MEGA Board on December 14, 2010, with the Pre-Approval Letter being issued June 14, 2011. The project originally qualified for a MBT tax credit as a blighted property.

PROJECT BACKGROUND

The Applicant is proposing to redevelop the approximately .78 acre, blighted, tax-reverted property located at the Northwest corner of Garfield Street and John R Street in Detroit's Sugar Hill Historic District of Midtown. The anticipated scope of development for the property includes the construction of a 5-story mixed-use building with 11,761 square feet of ground floor commercial and 62,270 square feet with 54 market rate and 14 affordable residential units over 4 stories above. Affordable units will be rented to veterans through HUD-VASH program that provides rental assistance for homeless U.S. Veterans. The redevelopment will also incorporate green infrastructure improvements, green building techniques, and an integrated 160-space, 71,980 square foot parking structure to support the project and surrounding neighborhood. The completed project will include the five-story approximately 146,011 square feet building, approximately 71,980 square foot parking structure, and approximately 3,707 square feet of publicly owned and maintained infrastructure.

The project has several economic challenges. The desired programming of the site to include a mixed-use integrated parking development on a relatively small size of the site, paired with rising construction costs and labor shortage in the City all pose challenges to the redevelopment. Despite the need for this type of development, expected cash flows from the project cannot support a traditional financing structure. The development team, with the support of the City of Detroit, have been able to secure critical sources of below-market funding, including New Market Tax Credit and equity, Program-Related Investment through Prudential Foundation, and public funds from City of Detroit.

APPLICANT HISTORY

The development is led by POAH DD Sugar Hill LLC a single purpose LLC representing the partnership between Preservation of Affordable Housing (POAH) and Development Detroit. POAH has extensive experience developing housing and leading neighborhood revitalization activities since its 2001 inception. They have since grown their portfolio to 11,000 affordable homes in 11 states. Development Detroit was incorporated in 2015 and is an arm of the Housing Partnership Network, a collaboration of over 100 housing and community development nonprofits with success stories across the country. Neither POAH nor Development Detroit, nor their principals, have received incentives from the Michigan Strategic Fund (MSF) previously. MEDC has completed the background check in accordance with the MSF policy, and the project may proceed for MSF consideration.

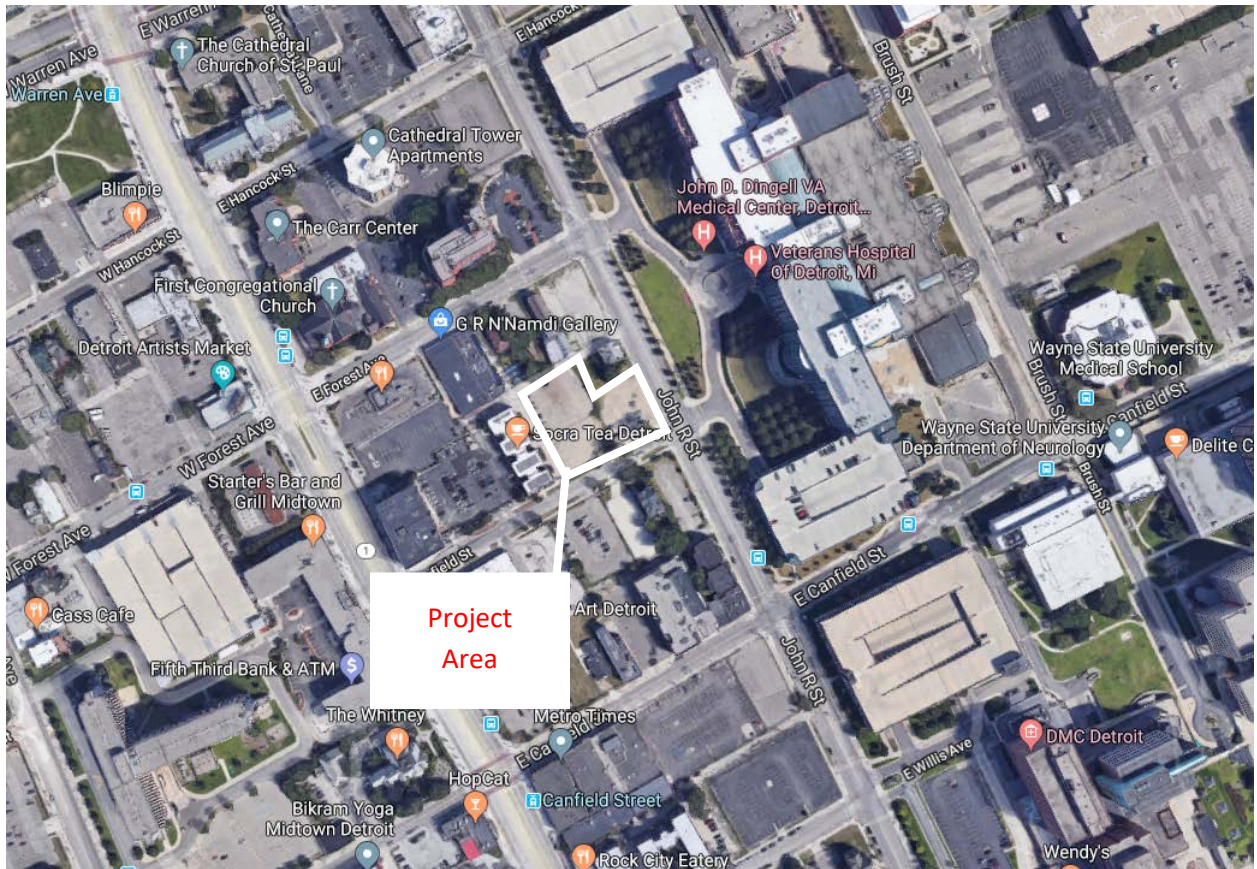
Appendix A includes a project map and renderings and **Appendix B** addresses the programmatic considerations.

RECOMMENDATION

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

- a) Local and school tax capture for the Act 381 eligible activities totaling \$9,368,646. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is recommended to be capped at \$2,183,301.
- b) A MCRP performance-based loan in the amount of up to \$4,000,000 for POAH DD Sugar Hill LLC or a related entity based on the NMTC structure, on terms and conditions outlined in Exhibit A found in the resolution.
- c) The Brownfield MBT credit amendment request to add POAH DD Sugar Hill LLC as a qualified taxpayer and to change the scope of the project.

APPENDIX A – Project Map and Renderings





APPENDIX B – Programmatic Requirements

MCRP Program and Guidelines

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

As required under the MCRP, the following statutory criteria should be considered by the MSF:

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

The development activates a long vacant tax reverted property to a dense, mixed-use, mixed-income development. It provides much needed parking for this part of the City while also remaining contextually appropriate to the surrounding historic district and neighborhood.

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

The project transforms a vacant lot currently used as surface parking, into a mixed-use development, which reinforces urban vitality in one of Detroit's most dynamic districts. The development will build upon the pedestrian-oriented urban density being cultivated by Midtown Detroit Inc., which is successfully attracting investment to the area. The proposed project maximizes efficiency and density on this relatively small property and is a sustainable, creative addition to the Sugar Hill district.

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

The City of Detroit will support the project with the local portion of Brownfield Tax Increment Financing (TIF) with an estimated value of \$852,012, a HOME loan for housing development of \$2,000,000, a Community Development Block Grant Loan of \$1,400,000, and a Section 108 loan guarantee.

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

The project is limited in the amount of senior debt that it can attract due to a large portion of the cost of the development related to nominal income producing costs such as the parking structure, with an approximate cost of \$20,000,000. This necessitates the need for non-traditional sources of funding to complete the project's construction. This is a high-priority project for the City of Detroit, which can be seen by the high level of support of the City in the form of an approximate \$6,700,000 Section 108 loan guarantee, \$2,000,000 in HOME investment, \$1,400,000 CDBG investment, and Brownfield TIF support of approximately \$852,012. Additionally, the development team has been able to secure New Market Tax Credit Allocations of \$27,000,000 from organizations such as Building America CDE, PNC Bank, Cinnaire, and Michigan Community Capital, which is anticipated to generate approximately \$9,000,000 of funding for the project. Other financing consists of senior debt from PNC of \$4,000,000, a Program Related Investment (PRI) loan from The Prudential Foundation in the amount of \$5,000,000, grants of \$500,000, contingent sources of \$808,000 and owner equity of \$1,000,000 and owner equity of

~~\$2,300,000~~. The remaining gap would be filled by the proposed \$4,000,000 MCRP loan and a Brownfield MBT Credit with a value of approximately \$2,200,000. The above structure will allow the development team to achieve anticipated return of ~~under 5~~ around 12% from operations.

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

The project originally qualified for a Brownfield MBT credit due to a blight declaration for this property. POAH DD Sugar Hill LLC has executed a Purchase and Development Agreement with the City of Detroit and will redevelop the tax-reverted property.

F. Creation of jobs:

The project is expected to create approximately 15 new jobs. The types of jobs that will be available will largely depend on the tenants of the first-floor commercial space, but may include; commercial management, early education and caretakers, office, retail and restaurant staff and parking attendants. The average hourly wage is estimated to be \$15.

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

The developer also anticipated financial contributions of New Market Tax Credits valued at \$8,950,500, senior financing from PNC bank valued at \$4,000,000, Prudential PRI sub debt of \$5,000,000, and developer equity valued at \$2,300,000.

H. Whether the project is financially and economically sound:

Upon reaching stabilization it is anticipated that the project will be able to achieve an average debt service coverage ratio of over 1.20 to 1.00.

As part of the staff's review of the project a number of due diligence documents were reviewed in order to determine the financial viability of the project including an appraisal prepared to by BBG dated September 18, 2019. The appraisal returned an "As-Complete and Stabilized" valuation of \$15,800,000. In addition to the valuation, the appraisal included a rent comp study that displayed a residential occupancy level of nearly 98% and rent levels well above the proposed project for comparable projects. As for commercial component, vacancy levels in the area have remained around 5% since 2014 and the average rental level for comparable properties were around \$31/sf compared to the subject properties \$25/sf proposed rate. Additionally, market demand is anticipated to remain high in Midtown due to on-going population and job growth in the submarket.

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

The project will increase urban density in the Sugar Hill Arts District by providing an additional 68 studio, 1-bedroom, and 2-bedroom apartments, a portion of which will be restricted for low income individuals.

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

The project promotes mixed-use development and will create 11,761 square feet of street level commercial space and 68 residential units on the upper floors. The integrated parking structure will support the commercial and residential uses in addition to providing public parking. The project will support walkable communities due to its relatively short proximity to existing public institutions like the Detroit Institute of Arts, Wayne State, and other museums, medical centers,

and amenities like restaurants and the Qline. The project also incorporates design features that support a pedestrian-scale development including street trees, pedestrian walkways and landscaping.

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

The development does not convert an abandoned public building to private use.

L. Whether the project promotes sustainable development:

The completed project will aim to receive certification from Enterprise Green Communities. The western edge of the property will be developed as a green alley and will include public seating, landscaped areas and a pedestrian walkway. The project design also incorporates low impact design urban stormwater management systems; a green roof above the retail space and the installation of soil cells.

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

The project is not qualifying as a historical resource.

N. Whether the project addresses area-wide redevelopment:

The project will increase urban density and provide community services, attracting more residents to the neighborhood as well as supporting other recent redevelopment activity along nearby Woodward Avenue.

O. Whether the project addresses underserved markets of commerce:

The project will meet the developer's and City's goals of supporting the neighborhood with community services in the commercial space, creating additional public parking and providing affordable housing to Detroit residents. Approximately 14 of the 68 units will be rented to veterans through UD-VASH, a program that provides rental assistance for homeless U.S. veterans. The remaining units will be listed at market rate. The parking deck includes 55 spaces reserved for residents and 105 public spaces to support the first-floor commercial space in the new development as well as the community.

P. The level and extent of environmental contamination:

A Phase II ESA was performed in April 2018 which concluded that metals are present in soil at the property in concentrations exceeding Michigan Department of Environment, Great Lakes, and Energy Residential Cleanup Criteria. A Baseline Environmental Assessment was completed on behalf of POAH DD Sugar Hill in April 2018. A Response Activity Plan to address on-site concerns, was subsequently prepared and approved on April 5, 2019. During redevelopment, cleanup activities will consist of activities to manage contaminated soil.

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

The project is not qualifying as a historic resource.

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

The project will not compete with or affect existing Michigan businesses within the same industry.

S. Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter:

The project is located in a Michigan Geographically Disadvantaged Business Location.

Brownfield Act 381 Program Additional Project Information:

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

The project originally qualified for a Brownfield MBT credit due to a blight declaration for this property, but has since been determined to qualify as a facility.

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

No new Brownfields will be created by this project.

RESOLUTIONS

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-177**

**APPROVAL OF DECEMBER 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 – November 26, 2019
Proposed Meeting Minutes – December 4, 2019
Appointments to the Board of Directors of Develop Michigan Inc.

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

Nays: None

Recused: None

Lansing, Michigan
December 17, 2019



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-178**

**APPOINTMENT OF BOARD OF DIRECTORS FOR
DEVELOP MICHIGAN, INC. – CAPITAL CONDUIT PROGRAM,
REAL ESTATE INITIATIVE AWARD RECIPIENT**

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

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

WHEREAS, pursuant to MCL.125.2088d(1) the MSF shall create and operate a loan enhancement program;

WHEREAS, on May 20, 2009, the MSF created the Michigan Supplier Diversification Fund (“MSDF”) as a loan enhancement program;

WHEREAS, on December 21, 2011, the MSF approved the creation and operation of a Develop Michigan – Capital Conduit Program under the MSDF (“CCP”);

WHEREAS, on December 21, 2011, by Resolution No. 2011-189, as a subprogram of the CCP, the MSF also approved the Real Estate Initiative (“REI”) and the program guidelines for the REI (as further amended on April 25, 2012, by Resolution No 2012-48) (“REI Guidelines”);

WHEREAS, on January 25, 2012, by Resolution No. 2012-08, the MSF approved an award to Develop Michigan, Inc. (“DMI”) to operate the REI pursuant to the REI Guidelines, and approved the delegation of authority to the MSF Fund Manager, the MSF Chairperson, or State Treasurer Director, with only two required to act, to execute final transaction documents memorializing the DMI award under the CCP (“Delegation of Authority”);

WHEREAS, pursuant to the REI Guidelines and the terms of the DMI award, the MSF Board has the right to appoint three members to the DMI board of directors;

WHEREAS, at its July 23, 2013, meeting, the MSF Board appointed Jennifer Nelson, Senior Vice President of Community Development and General Counsel, MEDC, for an initial term of one (1) year to the DMI board of directors;

WHEREAS, the MSF Board re-appointed Jennifer Nelson, then-Senior Vice President of Community Development & General Counsel, for a term of five (5) years to the DMI board of directors (the “DMI Appointee”);

WHEREAS, at its September 25, 2018 meeting, the MSF Board, upon the resignation of Jennifer Nelson, appointed Katharine Czarnecki, then-Senior Vice President of Community Development to the remainder of Jennifer Nelson’s five (5) year term.

WHEREAS, following the recent resignation of Katharine Czarnecki, staff recommends appointing Michele Wildman, Senior Vice President of Community Development for the MEDC to replace Ms. Czarnecki for a term expiring July 23, 2024;

NOW THEREFORE, BE IT RESOLVED, the MSF hereby approves the recommendation.

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

Nays: None

Recused: None

Lansing, Michigan
December 17, 2019



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

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

MICHIGAN STRATEGIC FUND

RESOLUTION

2019-179

**APPOINTMENT OF BOARD OF DIRECTORS FOR
DEVELOP MICHIGAN, INC. – CAPITAL CONDUIT PROGRAM,
REAL ESTATE INITIATIVE AWARD RECIPIENT**

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

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

WHEREAS, pursuant to MCL.125.2088d(1) the MSF shall create and operate a loan enhancement program;

WHEREAS, on May 20, 2009, the MSF created the Michigan Supplier Diversification Fund (“MSDF”) as a loan enhancement program;

WHEREAS, on December 21, 2011, the MSF approved the creation and operation of a Develop Michigan – Capital Conduit Program under the MSDF (“CCP”);

WHEREAS, on December 21, 2011, by Resolution No. 2011-189, as a subprogram of the CCP, the MSF also approved the Real Estate Initiative (“REI”) and the program guidelines for the REI (as further amended on April 25, 2012, by Resolution No 2012-48) (“REI Guidelines”);

WHEREAS, on January 25, 2012, by Resolution No. 2012-08, the MSF approved an award to Develop Michigan, Inc. (“DMI”) to operate the REI pursuant to the REI Guidelines, and approved the delegation of authority to the MSF Fund Manager, the MSF Chairperson, or State Treasurer Director, with only two required to act, to execute final transaction documents memorializing the DMI award under the CCP (“Delegation of Authority”);

WHEREAS, pursuant to the REI Guidelines and the terms of the DMI award, the MSF Board has the right to appoint three members to the DMI board of directors;

WHEREAS, at its July 23, 2013 meeting, the MSF Board appointed Eric Larson, Larson Realty Group (formerly Bedrock Real Estate, ODM) for a term of five (5) years to the DMI board of directors;

WHEREAS, at its May 24, 2016 meeting, the MSF Board removed Eric Larson from the DMI board of directors and appointed Gregory Tedder, Executive Vice President, Community Development, to a term of three (three) years;

WHEREAS, following the recent resignation of Gregory Tedder, staff recommends appointing Lori Mullins, Director of Community Development Incentives for the MEDC to replace Mr. Tedder for a term expiring July 23, 2023.

NOW THEREFORE, BE IT RESOLVED, the MSF hereby approves the recommendation.

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

Nays: None

Recused: None

Lansing, Michigan
December 17, 2019



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-180**

**ALLOCATION OF FUNDING TO MICHIGAN TRANSLATIONAL RESEARCH AND
COMMERCIALIZATION PROGRAM**

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, on October 22, 2019, the MSF Board approved the FY2020 Funding Allocations, which included an allocation of \$14,924,000 for Entrepreneurial Programs and Grants;

WHEREAS, MEDC staff recommends that the MSF Board allocate \$2,450,000 from the FY2020 Funding Allocations for Entrepreneurial Programs and Grants to the MTRAC Program (the “MTRAC Funding Allocation Request”); and

WHEREAS, the MSF Board wishes to approve the MTRAC Funding Allocation Request.

NOW, THEREFORE, BE IT RESOLVED, the MSF approves the MTRAC Funding Allocation Request.

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

Nays: None

Recused: Britany L. Affolter-Caine

Lansing, Michigan
December 17, 2019



December 16, 2019

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

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the following items on the Michigan Strategic Fund Board Meeting Agenda on Tuesday, December 17, 2019.

- Michigan Translational Research and Commercialization (MTRAC) – Funding Allocation
- Life Science MTRAC Hub – Grant Renewal
- Advanced Transportation MTRAC Hub – Grant Renewal
- Tech Transfer Talent Network (T3N) – Grant Renewal

The reason for my recusal is that I have a potential conflict of interest with respect to the parties involved in the Agenda items.

Sincerely,

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

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



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-181**

**APPROVAL OF MICHIGAN TRANSLATIONAL RESEARCH
AND COMMERCIALIZATION PROGRAM AWARD TO UNIVERSITY OF MICHIGAN LIFE
SCIENCES INNOVATION HUB**

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, on July 26, 2016, the MSF Board designated the University of Michigan Medical School as the Innovation Hub for Life Science activities;

WHEREAS, on September 25, 2018, the MSF approved a grant of \$2,000,000 for an initial term of one year, with the option to extend for one additional year and to allocate additional funding at the sole discretion of the MSF (the “UM Life Sciences MTRAC Grant”);

WHEREAS, on September 24, 2019, the MSF Fund Manager, in accordance with the MSF Compiled Resolutions for delegation of authority, approved a no cost extension of the MTRAC Grant to December 31, 2019;

WHEREAS, under the MTRAC Guidelines, an Innovation Hub designation lasts for up to six years and a designed Innovation Hub is eligible to receive new grant funding every two years;

WHEREAS, the MEDC recommends that the MSF Board approve a new grant award under the MTRAC Program to the UM Life Sciences Innovation Hub in the amount of \$1,000,000 from the MTRAC Program budget and for an initial term of one year, with the option to extend for an additional one year and to allocation additional funding at the sole discretion of the MSF Board (the “Award Recommendation”); and

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

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

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

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

Nays: None

Recused: Britany L. Affolter-Caine

Lansing, Michigan
December 17, 2019



December 16, 2019

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

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the following items on the Michigan Strategic Fund Board Meeting Agenda on Tuesday, December 17, 2019.

- Michigan Translational Research and Commercialization (MTRAC) – Funding Allocation
- Life Science MTRAC Hub – Grant Renewal
- Advanced Transportation MTRAC Hub – Grant Renewal
- Tech Transfer Talent Network (T3N) – Grant Renewal

The reason for my recusal is that I have a potential conflict of interest with respect to the parties involved in the Agenda items.

Sincerely,

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

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



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-182**

**APPROVAL OF MICHIGAN TRANSLATIONAL RESEARCH
AND COMMERCIALIZATION PROGRAM AWARD TO UNIVERSITY OF
MICHIGAN ADVANCED TRANSPORTATION INNOVATION HUB**

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 880 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, on February 28, 2017, the MSF Board designated the University of Michigan Medical School as the Innovation Hub for Advanced Transportation activities and approved a grant of \$1,695,346 for a grant term of two years (the “UM Advanced Transportation MTRAC Grant”);

WHEREAS, under the MTRAC Guidelines, an Innovation Hub designation lasts for up to six years and a designated Innovation Hub is eligible to receive new grant funding every two years;

WHEREAS, the MEDC recommends that the MSF Board approve a new grant award under the MTRAC Program to the UM Advanced Transportation Hub in the amount of \$500,000 from the MTRAC Program budget and for an initial term of one year, with the option to extend for one additional year and to allocate additional funding at the sole discretion of the MSF Board (the “Award Recommendation”); and

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

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

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

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

Nays: None

Recused: Britany L. Affolter-Caine

Lansing, Michigan
December 17, 2019



December 16, 2019

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

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the following items on the Michigan Strategic Fund Board Meeting Agenda on Tuesday, December 17, 2019.

- Michigan Translational Research and Commercialization (MTRAC) – Funding Allocation
- Life Science MTRAC Hub – Grant Renewal
- Advanced Transportation MTRAC Hub – Grant Renewal
- Tech Transfer Talent Network (T3N) – Grant Renewal

The reason for my recusal is that I have a potential conflict of interest with respect to the parties involved in the Agenda items.

Sincerely,

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

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



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-183**

**UNIVERSITY TECHNOLOGY AND COMMERCIALIZATION PROGRAM
GRANT AMENDMENT**

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

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

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

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

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

WHEREAS, the University of Michigan received a grant award for the Technology Transfer Talent Network (“T3N”) in the initial amount of \$1,260,000 and an initial one year term of January 1, 2018 to December 31, 2018, with the option to extend the term for an additional four one-year terms and allocate additional funding, at the sole discretion of the MSF Board (the “T3N Grant Award”);

WHEREAS, on October 24, 2017, the JEC recommended that the MSF Board authorize the following grants for an initial term of one year, with the option to extend the grants for up to an additional four years and allocate additional funds, at the sole discretion of the MSF Board and subject to available funding:

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

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

WHEREAS, on October 23, 2018, the MSF Board exercised its first option to extend the T3N Grant by one year to December 31, 2019 and allocated \$1,175,000 in additional funding;

WHEREAS, the MEDC recommends that the MSF Board exercise its second option to extend the T3N Grant to December 31, 2020 and allocate \$500,000 in additional funding (the “T3N Grant Amendment Request”); and

WHEREAS, the MSF Board wishes to approve the T3N Grant Amendment Request.

NOW, THEREFORE, BE IT RESOLVED, that the MSF approves the T3N Grant Amendment Request; and

BE IT FURTHER RESOLVED, that the MSF authorizes the MSF Fund Manager to negotiate the final terms and conditions and execute all final documents necessary to effective the T3N Grant Amendment Request.

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

Nays: None

Recused: Britany L. Affolter-Caine

Lansing, Michigan
December 17, 2019



December 16, 2019

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

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the following items on the Michigan Strategic Fund Board Meeting Agenda on Tuesday, December 17, 2019.

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- Advanced Transportation MTRAC Hub – Grant Renewal
- Tech Transfer Talent Network (T3N) – Grant Renewal

The reason for my recusal is that I have a potential conflict of interest with respect to the parties involved in the Agenda items.

Sincerely,

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

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



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

August 12, 2019

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

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Dear Ms. Bishop:

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Sincerely,

A handwritten signature in blue ink that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-184**

**PRE-SEED FUND REQUEST FOR PROPOSALS
AND FUNDING ALLOCATION**

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

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

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

WHEREAS, the MSF has reviewed a scope of work, timeline and eligibility requirements for awarding grants to non-profit organizations that operate early stage funding programs (the “Pre-Seed Fund RFP”), as set forth in Attachment A to this Resolution;

WHEREAS, the MEDC recommends and the MSF desires to initiate the competitive proposal process to award grants to non-profit organizations that operate early stage funding programs by issuing the Pre-Seed Fund RFP and allocating \$3,000,000 for the Pre-Seed Fund RFP (the “Pre-Seed Fund RFP Issuance and Funding Request”);

WHEREAS, the MEDC recommends and the MSF desires to appoint the following individuals to the JEC for the Pre-Seed Fund RFP:

Fred Molnar, VP of Entrepreneurship and Innovation, MEDC
Nataliya Stasiw, Portfolio Manager, MEDC
Dale Grogan, Managing Partner, Charter Capital Partners
Raymond Johnson, CEO, Innovation Marquette Enterprise Corporation
Phil Tepley, Director of Commercialization Services, SBDC

WHEREAS, the MEDC recommends and the MSF Board desires to adopt the scoring and evaluation criteria contained in Attachment B to this Resolution for use by the JEC in its review of proposals received in response to the Pre-Seed Fund RFP (the “Pre-Seed Fund RFP Scoring and Evaluation Criteria”).

NOW, THEREFORE, BE IT RESOLVED, that the MSF approves 1) the Pre-Seed Fund RFP Issuance and Funding Request; 2) the JEC as set forth above; and 3) the Pre-Seed Fund RFP Scoring and Evaluation Criteria; and

BE IT FURTHER RESOLVED, that the MSF authorizes the MSF Fund Manager to modify the Pre-Seed Fund RFP as may be necessary or appropriate, so long as the modifications are not material or adverse to the interests of the MSF.

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

Nays: None

Recused: None

Lansing, Michigan
December 17, 2019

Exhibit A

Scope of Work

FY20 Pre-Seed Fund RFP

Purpose of the grant

Public Act 215 of 2005, Section 88k(2) allows the Michigan Strategic Fund (“MSF”) Board to award grants and loans from the 21 Century Jobs Fund 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 in the state.”

Through this FY20 Pre-Seed Fund Request for Proposals (the “RFP”), the MSF Board desires to allocate up to \$3,000,000 (“Award Amount”), disbursed over 1 year minimum to a non-profit organization that operates fund programs to invest in pre-seed and start-up stage competitive edge technologies that require capital in the earliest stages of the commercialization process (the “Fund”). Smaller award(s) might be considered in support of existing funds to offer training (e.g. portfolio companies management, good governance training, finding staffing) and outreach opportunities in line with the MSF Strategic Plan.

Specifically, the key objectives of the Pre-Seed Fund are to:

- Increase the amount of early stage capital being invested in Michigan technology-based companies in the earliest phases of commercialization;
- Create a capital climate that supports the development, retention, and attraction of venture-backed technology companies in Michigan;
- Build a pipeline of high-growth technology company deal flow for the subsequent stages of funding, attracting investments both within and outside of Michigan.

Funding of \$3,000,000 for one (1) year term (in the form of a grant) will be awarded to a non-profit organization through a competitive process in which all submitted proposal will be reviewed by a Joint Evaluation Committee (“JEC”). Results from the JEC review will be provided, in the form of numerical scores and award recommendation(s), to the MSF Board.

Technology Sectors supported under the grant

Proposals submitted must be to foster the growth of Michigan’s technology based economy by supporting early stage companies and entrepreneurs to create jobs and commercialize product(s)



within one or more of the competitive edge technology sectors defined in Section 125.2088a of the MSF Act, as amended, and as approved by the MSF Board, including Advanced Automotive, Manufacturing, Materials, Information, and Agricultural Processing Technology, Alternative Energy, Homeland Security and Defense Technology, Life Sciences, and Other Innovative Technologies.

Eligibility

- Only non-profit organizations that currently manage early stage funding programs are eligible to receive funding through this RFP; AND
- An applicant must, at the time the award is made, be: (i) a non-profit corporation duly organized under the laws of Michigan; or (ii) a foreign non-profit corporation duly authorized to transact business in Michigan; AND
- The principal site for the applicant’s project must be a facility located in Michigan. Such a facility must be either: (i) owned or leased by the non-profit organization; or (ii) owned or leased by an organization collaborating on the project. If the principal site is owned or leased by a collaborating organization, the organization must meet the “principal site of the project” requirement for a non-profit corporation, as defined in this section.

Timeline

Issue RFP to the Public:	December 20, 2019
Questions from potential Applicants are due:	January 3, 2020
Responses to all qualifying questions posted to the MEDC web page:	January 8, 2020
Applications Deadline:	January 20, 2020

EXHIBIT B

Proposal Evaluation Form FY20 Pre-Seed Fund RFP

Name of Applicant: _____

Name of Reviewer: _____

Criteria	Reviewer's Comments	Points
<p>Eligibility</p> <ul style="list-style-type: none"> • Only non-profit organizations that currently manage early stage funding programs are eligible to receive funding through this RFP; AND • An applicant must, at the time the award is made, be: (i) a non-profit corporation duly organized under the laws of Michigan; or (ii) a foreign non-profit corporation duly authorized to transact business in Michigan; AND • The principal site for the applicant's project must be a facility located in Michigan. Such a facility must be either: (i) owned or leased by the non-profit organization; or (ii) owned or leased by an organization collaborating on the project. If the principal site is owned or leased by a collaborating organization, the organization must meet the "principal site of the project" requirement for a non-profit corporation, as defined in this section. 		Y/N
<p>Executive Summary:</p> <p>Overview</p> <ul style="list-style-type: none"> • NAME OF THE APPLICANT ORGANIZATION • AMOUNT OF FUNDS REQUESTED • AMOUNT OF MATCHING FUNDS • TERM (Years) • PURPOSE OF FUNDING • TARGETED NUMBERS FOR: <ul style="list-style-type: none"> ○ Number of investments ○ Companies Created ○ Jobs Created ○ Jobs Retained ○ Follow on Investment 		Max. Possible Points: 5 Score: _____
<p>Purpose/Proposed Services:</p> <p>The Applicant must clearly indicate whether the organization is a non-profit entity. The Applicant must clearly describe how the proposed use of funds will foster the growth of Michigan's technology-based economy and clearly identify the specific competitive edge technology sectors that the Applicant will serve. The following must be identified in the proposal:</p> <ul style="list-style-type: none"> • The services proposing to deliver including but not limited to: identifying opportunities, collaborating with partners, managing investment review board, completing due diligence and legal paperwork, providing and managing funds, providing follow-up to applicants not receiving funding, providing portfolio management to applicants receiving funding, restructuring deals, handling conflict of interest, reporting. • The Competition or others that provide similar services 		Max. Possible Points: 20 Score: _____

<p>Past Experience: The Applicant should indicate past experience in early stage investing and/or investment/loan portfolio management, including successes, metrics and the source of past funding for these services, for example were they supported by state programs, federal programs, other sources, etc. Also indicate if Applicant is currently receiving funds from state programs and how if the Applicant receives an award from this RFP, all state funds will be used in the most effective manner. Clearly indicate the Applicant’s past experience and expertise in all areas of the Program, specifically examples of past experience in identifying opportunities, marketing programs, branding programs, collaborating with partners, identifying and managing investment review boards, completing due diligence and legal paperwork, providing and managing funds, providing follow-up to applicants not receiving funding, providing portfolio management to applicants receiving funding, restructuring of deals, reporting.</p>		<p>Max. Possible Points: 15 Score: _____</p>
<p>Team, Partners: Summarized key personnel, their time commitment to Program, their specific responsibilities, and their value. Identified collaborative partners, their responsibilities, and value.</p>		<p>Max. Possible Points: 20 Score: _____</p>
<p>Milestones/Deliverables:</p> <ul style="list-style-type: none"> • Identified meaningful milestones/deliverables • Achievable and leading to economic impact • Transparency in reporting 		<p>Max. Possible Points: 10 Score: _____</p>
<p>Budget:</p> <ul style="list-style-type: none"> • Identified meaningful budget for proposal • Included detail of administration • Provided detail of repayment terms to the Permanent Fund 		<p>Max. Possible Points: 10 Score: _____</p>
<p>Economic Impact:</p> <ul style="list-style-type: none"> • Identified targeted metrics: <ul style="list-style-type: none"> ○ Companies Created ○ Jobs Created ○ Jobs Retained ○ Increase Investment/Revenue • Defined success and how will deliver a successful program • Identified economic development impact and sustainability 		<p>Max. Possible Points: 20 Score: _____</p>
<p>Total Score:</p>		<p>Max. Possible Points: 100 Score: _____</p>



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-185**

**GRANT AWARD TO BBCetc FOR
SMALL BUSINESS INNOVATION RESEARCH AND
SMALL BUSINESS TECHNOLOGY TRANSFER RESEARCH
MICHIGAN ASSISTANCE PROGRAM**

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

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

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

WHEREAS, BBCetc provides consulting support to individual companies and entrepreneurs seeking federal Small Business Innovation Research (“SBIR”) and Small Business Technology Transfer (“STTR”) awards (the “BBCetc Services”);

WHEREAS, the MEDC recommends that the MSF Board approve a grant of \$480,000 to support the BBCetc Services with an initial one year term, with the option to extend the term for an additional five years and allocate additional funding at the sole discretion of the MSF (the “BBCetc Grant Request”); and

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

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

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

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

Nays: None

Recused: None

Lansing, Michigan
December 17, 2019



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-186**

GOOD JOBS FOR MICHIGAN AWARD

FORD MOTOR COMPANY

WHEREAS, Public Act 109 of 2017 authorized the Michigan Strategic Fund (the “MSF”) to create and operate the Good Jobs for Michigan Program (the “GJFM Program”);

WHEREAS, on September 26, 2017, the MSF created the GJFM Program and adopted guidelines for the GJFM Program;

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

WHEREAS, Ford Motor Company (the “Company”) proposes to make capital investment of \$1,462,500,000 and create 3,000 Certified New Jobs as it expands its Michigan Assembly Plant (“MAP”) and its Dearborn Truck Plant (“DTP”), (collectively identified herein as the “Project”) in the Cities of Wayne and Dearborn and applied for a GJFM incentive in connection with the Project;

WHEREAS, MEDC staff has reviewed the Company’s request for a GJFM incentive and determined that the following statutory requirements have been or will be met by the Company:

- (a) The Company is an Eligible Business as defined in MCL 125.2090g(d);
- (b) The Company will create and maintain a minimum of 3,000 Certified New Jobs with an average wage equal to the regional prosperity average wage of \$61,047 annually;
- (c) The plans for the expansion are economically sound;
- (d) The expansion of the Eligible Business will increase employment opportunities and strengthen Michigan’s economy;
- (e) The assistance provided under GJFM is an incentive to expand in Michigan and address the competitive disadvantages with sites outside the State;
- (f) An industry-recognized regional economic model cost-benefit analysis has indicated that the payment of withholding tax capture revenues under the GJFM Program will result in an overall positive fiscal impact to the State;
- (g) The Company will create the Certified New Jobs not more than five years after execution of a written agreement with the MSF;
- (h) The Company will maintain the requisite number of Certified New Jobs for the duration of the period of time that the Company receives withholding tax capture revenues under the GJFM Program; and
- (i) The Cities of Wayne and Dearborn approved the Company’s expansion by resolution.

WHEREAS, the MEDC recommends that the MSF authorize the Company to receive withholding tax capture revenues for the Project of up to 100 percent for ten years, not to exceed \$26,000,000 (the “GJFM Award Recommendation”); and

WHEREAS, the MSF wishes to approve the GJFM Award Recommendation.

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

BE IT FURTHER RESOLVED that prior to the collection of the first year of the GJFM Award the Company must provide documentation of acceptance to utilizing the Workforce Development Agency which may include recruitment, pre-screening and vetting or work-readiness training to address the Company's talent needs at the Project;

BE IT FURTHER RESOLVED that the GJFM Award is conditioned upon the rescission and termination of the Company's Business Development Program grant awards approved by the MSF on March 28, 2017 via MSF Resolutions 2017-036 and 2017-038; and

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

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

Nays: None

Recused: Jeff Donofrio

Lansing, Michigan
December 17, 2019



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

December 17, 2019

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

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the following items on the Michigan Strategic Fund Board Meeting Agenda on Tuesday, December 17, 2019.

- Ford Motor Company – Good Jobs for Michigan and State Essential Services Assessment Exemption

The reason for my recusal is that I have a potential conflict of interest with respect to the parties involved in the Agenda items.

Sincerely,

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

Jeff Donofrio
Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-187**

STATE ESSENTIAL SERVICES ASSESSMENT EXEMPTION

FORD MOTOR COMPANY

WHEREAS, the Michigan Legislature passed legislation, 2014 PA 80, to revise the personal property tax system so as to allow individuals, small businesses, and large businesses to thrive and create jobs in the State of Michigan, but which needed to be approved by the qualified electors of the State of Michigan;

WHEREAS, on August 5, 2014, the qualified electors of the State of Michigan approved the legislation to revise the personal property tax system. The approval enacted 2014 PA 92 and 2014 PA 93, the State Essential Services Assessment Act (“SESA”) and the Alternative State Essential Services Assessment Act (“Alternative SESA”);

WHEREAS, SESA and Alternative SESA authorized the creation and operation of the SESA and the Alternative SESA Exemption Program by the MSF pursuant to MCL 211.1059;

WHEREAS, on October 28, 2014, the MSF Board approved the SESA and Alternative SESA Exemption Program Guidelines (“SESA and Alternative SESA Guidelines”).

WHEREAS, the Company has requested that the MSF Board approve a SESA exemption of up to 15 years for up to \$140,000,000 in Eligible Investment in Eligible Personal Property, as defined in the SESA and Alternative SESA Exemption Guidelines, in the City of Dearborn at its Detroit Truck Plant (“DTP”) and a SESA exemption for up to 15 years for up to \$268,560,000 in Eligible Investment in Eligible Personal Property, in the City of Wayne at its Michigan Assembly Plant (“MAP”), collectively identified herein as “SESA Exemptions Recommendation;”

WHEREAS, the MEDC recommends the MSF Board approve the SESA Exemptions Recommendation and require a one-time administrative fee in the amount of \$10,000 for DTP and \$10,000 for MAP, both payable to the MEDC upon completion of the first performance milestone;

WHEREAS, the MSF Board desires to approve the SESA Exemptions Recommendation and require a one-time administrative fee in the amount of \$10,000 for DTP and \$10,000 for MAP, both payable to the MEDC upon completion of the first performance milestone.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the SESA Exemption Recommendation

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

Nays: None

Recused: Jeff Donofrio

Lansing, Michigan
December 17, 2019



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

JEFF DONOFRIO
DIRECTOR

December 17, 2019

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

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the following items on the Michigan Strategic Fund Board Meeting Agenda on Tuesday, December 17, 2019.

- Ford Motor Company – Good Jobs for Michigan and State Essential Services Assessment Exemption

The reason for my recusal is that I have a potential conflict of interest with respect to the parties involved in the Agenda items.

Sincerely,

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

Jeff Donofrio
Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-188**

**GRANT AWARD TO SMALL BUSINESS DEVELOPMENT CENTER FOR
EMERGING TECHNOLOGY FUND AND THE BUSINESS ACCELERATOR FUND**

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

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

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

WHEREAS, the Small Business Development Center (“SBDC”) provides support to individual companies and entrepreneurs seeking through administration of the Emerging Technology Fund (“ETF”) and the Business Accelerator Fund (“BAF”) on behalf of the MSF (the “SBDC Services”);

WHEREAS, the MEDC recommends that the MSF Board approve a grant of \$3,585,000 to support the SBDC Services for the term of January 1, 2020 to December 31, 2020 (the “SBDC Grant Request”); and

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

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

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

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

Nays: None

Recused: None

Lansing, Michigan
December 17, 2019



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-189**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT
PROGRAM GRANT AMENDMENT TO
FAIRLIFE LLC and CONTINENTAL DAIRY FACILITIES, 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 MSF Board approved a \$2,407,000 Michigan Business Development Program Performance based grant for Fairlife, LLC and Continental Dairy Facilities, LLC (the “Companies”) on March 28, 2017 and again on August 22, 2017, for the expansion of a dairy processing facility in the City of Coopersville (the “City”), make investments and create jobs related to dairy processing (the “MBDP Award”);

WHEREAS, following approval of the MBDP Award, the MSF and Continental Dairy Facilities, LLC entered into an agreement outlining the terms and conditions of the MBDP Award (the “Agreement”);

WHEREAS, on September 26, 2017, the MSF Board approved an amendment to the Agreement to reduce the Base Employment Level from 289 to 260;

WHEREAS, on July 24, 2018, the MSF Board approved another amendment to the Agreement to extend the due date of the second disbursement milestone and to extend the term of the Agreement;

WHEREAS, the Companies request that the MSF Board approve an amendment to the Agreement to replace the requirements of Disbursement Milestone 2 and instead require the demonstrated verification the Companies and the City have entered into a Consent Agreement, for the purpose of resolving the violations, fines, costs, charges, and compliance issues regarding the water dispute by no later than March 31, 2020 and to extend the term of the Agreement from January 31, 2020 to June 30, 2020 (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: Britany L. Affolter-Caine, Ronald W. Beebe, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
December 17, 2019

**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: December 2, 2019

Company Name: fairlife LLC and Continental Dairy Facilities, LLC
("Company" or "Applicant")

Company Address: 999 West Randall
Coopersville, MI 49404

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 \$2,407,000 ("MBDP Incentive Award")
- **Base Employment Level:** 260
- **Total Qualified New Job Creation:** 52
(above Base Employment Level)
- **Company Investment:** \$173,000,000 in purchase of land, leasehold improvements, building renovations, machinery and equipment, furniture and fixtures, and engineering or any combination thereof, for the Project.
- **Municipality supporting the Project:** The City of Coopersville is required to have committed to provide: approval by the City Council to invest in an upgrade to the City's wastewater treatment plant necessary to support the project and the Companies capacity needs. The final terms and conditions demonstrating this support shall be included in the final agreement.
- **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 \$2,407,000 Upon demonstrated creation of 52 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support and verification of final approval of funding from Michigan Department of Agriculture and Rural Development's Food and Agriculture Investment Program in the amount of \$225,000 by no later than June 30, 2017.

○ **Disbursement Milestone 2:** Up to \$0 Upon demonstrated verification the Companies are in compliance with the City of Coopersville's Nondomestic IPP User permit 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 2:** Up to \$0 Upon demonstrated verification the Companies and the City of Coopersville have entered into a Consent Agreement, for the purpose of resolving the violations, fines, costs, charges, and compliance issues regarding the water dispute by no later than March 31, 2020.

● **Term of Agreement:** Execution of Agreement to June 30, 2020.

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 December 2, 2019, the MEDC may not be able to proceed with any recommendation to the MSF.

fairlife LLC

By: 

Printed Name: Nicholas Adamson

Its: Senior VP Operations

Dated: 12/2/2019

Acknowledged as received by:

Michigan Economic Development Corporation

By: 

Printed Name: David Kurtycz

Its: Business Development Project Manager

Dated: 12/3/2019

Continental Dairy Facilities, LLC

By: 

Printed Name: BRUCE BURN

Its: DIRECTOR OF FINANCE

Dated: 12/2/19



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-190**

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

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

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

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

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

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

WHEREAS, by Resolution 2015-081 on June 23, 2015 the MSF Board awarded a MCRP Other Economic Assistance Performance Based Loan Participation Award to the Applicant, in furtherance of the Project of up to \$3,000,000 (“Award”); and

WHEREAS, by Resolution 2019-093 on June 25, 2019, the MSF Board approved a MCRP amendment to complete a loan workout resulting in the: 1) conversion of MSF principal and interest payments to interest only for 24 months, 2) payoff of the TIF note, 3) partial paydown of the senior loan and restructuring of \$5,000,000 into an unsecured note from the senior lender to West Side Village, the sole member of Fulton and Seward, LLC, 4) substitution of a guarantor and reconfiguration of guarantor percentages, and 5) addition of DSCR and distribution covenants;

WHEREAS, the MEDC is recommending that the MSF approve the amendment recommendation to: 1) release property unrelated to the project, 614 NW Bridge Street, Grand Rapids, MI as collateral from the CRP Fulton and Seward loan participation, and 2) allow all of the net sale proceeds from the building to go toward right-sizing the senior loan caused by the collateral release, with the remaining proceeds to be used as a paydown on an unsecured loan also held by the Lender, with all other requirements remaining in place from the original approval (“MCRP Amendment Recommendation”).

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

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

Nays: None

Recused: None

Abstained: Paul Gentilozzi

Lansing, Michigan
December 17, 2019



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-191**

**APPROVAL OF A SECOND AMENDMENT TO A MICHIGAN COMMUNITY
REVITALIZATION PROGRAM OTHER ECONOMIC ASSISTANCE AWARD FOR
55 IONIA PARTNERS, LLC
(MORTON HOUSE PROJECT)**

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2011 et. seq., to add Chapter 8C (being MCL 125.2090a – MCL 125.2090d) 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 2015-023 on February 24, 2015 the MSF Board awarded a MCRP Other Economic Assistance Loan Participation Award to 55 Ionia Partners, LLC, in furtherance of the Project of up to \$4,325,000 (“Award”);

WHEREAS, by Resolution 2015-118 on September 22, 2015, the MSF Board approved an amendment to extend the amortization period due to a clerical error in the original award;

WHEREAS, by Resolution 2017-080 on June 27, 2017, the MSF Board approved an amendment to Transaction Documents to: 1) to allow Macatawa Bank to extend the Conversion Date from July 1, 2017 to January 1, 2019; and 2) to waive the requirement of the Excess Debt Payment to occur by the Conversion Date;

WHEREAS, the MEDC is recommending that the MSF approve requests to 1) amend the Transaction Documents to reflect a modification to the project programming, and 2) to consent to Macatawa Bank advancing an additional \$3,500,000 in financing in order to complete the modification of the project programming. The additional MSF financing will be subordinate to the new \$3,500,000 loan from Macatawa Bank (collectively “Amendment Recommendation”);

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

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

Nays: None

Recused: None

Lansing, Michigan
December 17, 2019



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-192**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF MUSKEGON BROWNFIELD REDEVELOPMENT AUTHORITY
MUSKEGON MALL REDEVELOPMENT PROJECT
AMENDMENT #1**

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, the MEGA Board approved a Work Plan request for Muskegon Mall Redevelopment Project (the “Project”), by Resolution 2005-63 on August 1, 2005, authorizing the Authority to capture taxes levied for school operating purposes based on a maximum of \$4,534,422 in eligible activities;

WHEREAS, the City of Muskegon Brownfield Redevelopment Authority (the “Authority”) wishes to amend the scope of the Project by adding new MSF eligible activities and decreasing the maximum amount for eligible costs;

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 amended 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 47.18% to 52.82% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, and infrastructure improvements as presented in the revised Work Plan dated November 26, 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 \$2,652,150 for the principal activity costs of non-environmental activities and a contingency, and a maximum of \$30,000 for Brownfield/Work Plan preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$1,265,535.

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.

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2005-63 are reaffirmed, and the MSF authorizes the MSF Fund Manager to implement the terms of this resolution.

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

Nays: None

Recused: None

Lansing, Michigan
December 17, 2019



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-193**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
OTHER ECONOMIC ASSISTANCE LOAN PARTICIPATION AWARD TO
SWEETWATER DEVELOPMENT PARTNERS, 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, Sweetwater Development Partners, LLC (“Company”) has requested a performance-based Other Economic Assistance Loan Participation up to \$1,500,000 (“Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

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

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

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

Nays: None

Recused: None

Lansing, Michigan
December 17, 2019

“EXHIBIT A”

LOAN TERMS

MSF Facility:	MCRP Other Economic Assistance Loan Participation
Borrower:	Sweetwater Development Partners, LLC
Senior Lender:	Currently anticipated to be Chemical Bank
Total Amount of Loans:	Currently estimated at \$7,400,000
Lender Share:	Currently estimated at \$5,900,000
Total Capital Investment:	Currently estimated at \$8,900,970
MSF Eligible Investment:	Currently estimated at \$7,682,848
Minimum Eligible Investment:	Currently estimated at \$7,500,000
MSF Share:	Up to the lesser of 20% of “Eligible Investment” or \$1,500,000
Term:	To match that of the Senior Lender up to 84 months
Amortization:	Up to 360 months
Interest Rate:	1% per annum
Repayment Terms:	Monthly interest only payments for up to 36 months, followed by principal and interest payments until maturity, with a balloon payment. MSF repayment during the P&I period will be based on a minimum Debt Service Coverage Ratio of 1.20, before distributions. Repayment, full or partial, would occur unless such repayment would result in a DSCR less than 1.2.
Collateral:	To reasonably match that of the Lender, currently anticipated to be all assets filing with first lien and assignment of leases and rents on the property financed. MSF share of collateral will be subordinated to that of the Lender.
Guarantee:	To reasonably match that of the Lender, currently anticipated to be Corey Leonard and BigSigns.com, Inc. MSF interest will be subordinated to that of the Lender.
MSF Fees:	The MSF shall be paid a one-time fee equal to one percent of the MSF’s share of the loan. The Lender may charge the borrower for this fee.
Reserves:	The Developer has a successful business in BigSigns.com, Inc., and the senior lender is requiring the borrower to maintain a minimum liquidity level of \$750,000.
Funding:	The MSF will fund up to \$1,500,000 to be disbursed following closing of the financing and other performance criteria.



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink that reads 'Paul C. Ajegba'.

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

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

MICHIGAN STRATEGIC FUND

RESOLUTION 2019-194

APPROVAL OF THE VILLAGE OF KALKASKA'S RAILROAD SQUARE PROJECT

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

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

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

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

WHEREAS, the Village of Kalkaska (the "Community") has submitted a complete application for approval requesting funding to be used to fund the public facilities improvements to their Railroad Square within their downtown (the "Project");

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

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF authorizes a grant to the Community not to exceed \$3,477,500 for the payment or reimbursement of costs associated with the Project, and allocates \$3,477,500 from the Michigan CDBG program for the purpose of funding the Community's proposed Project contingent upon the MSF's continued receipt of CDBG funds and availability of adequate funds; and

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

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

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

Nays: None

Recused: None

Lansing, Michigan
December 17, 2019



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink that reads 'Paul C. Ajegba'.

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-195**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
SUGAR HILL 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 Detroit Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 81,95, 107, and 119 Garfield within the City of Detroit, known as the Sugar Hill Redevelopment Project (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 71.93% to 28.07% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation and infrastructure improvements as presented in the Work Plan dated November 4, 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 \$8,327,498 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$1,013,148 in interest, a maximum of \$15,000 for Brownfield/Work Plan preparation, and a maximum of \$13,000 for Brownfield/Work Plan implementation, and with the total capture of state school taxes capped at a maximum of \$2,183,301.

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 they MSF Board is authorizing that capture of taxes levied for school operating purposes for the payment of interest, up to a maximum of \$1,013,148 related to the eligible activities for the Project.

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

Nays: None

Recused: September Hargrove

Lansing, Michigan
December 17, 2019

December 17, 2019

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

Re: Sugar Hill Recusal

Dear Ms. Bishop

This is to advise that I am recusing myself from deliberations and voting for the Sugar Hill Redevelopment Project during the Michigan Strategic Fund Board Meeting on Tuesday, December 17, 2019.

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

Regards,



September Hargrove



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-196**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
PERFORMANCE BASED DIRECT LOAN AWARD TO
POAH DD SUGAR HILL LLC OR A RELATED ENTITY
(SUGAR HILL PROJECT)**

WHEREAS, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2011 et. seq., to add Chapter 8C (being MCL 125.2090a – MCL 125.2090d) 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, POAH DD Sugar Hill LLC (“Company”) has requested an MCRP Performance Based Direct Loan Award of up to the lesser of 20% of “Eligible Investment” or \$4,000,000, along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Award Request”);

WHEREAS, the MEDC has recommended that the MSF approve the Company’s Award Request in accordance with the Term Sheet subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 240 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 240 days (“MCRP Award Recommendation”); and

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

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

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

Nays: None

Recused: September Hargrove

“EXHIBIT A”

LOAN TERMS

MSF Facility:	MCRP Performance-Based Direct Loan
Borrower:	POAH DD Sugar Hill LLC or a Related Entity as part of the NMTC Structure
MSF Loan:	Up to the lesser of 20% of “Eligible Investment” or \$4,000,000
Term:	Up to 90 months
Interest Rate:	Up to 3% per annum
Repayment Terms:	Up to 90 months interest-only payments, with principal due at maturity.
Collateral:	To be determined subject to the NMTC structure
Guarantee:	The guarantees of the project owners, with the final and/or alternative guarantee(s) approved by the MSF Fund Manager.
MSF Fees:	One-time fee equal to one percent of the MSF Loan award.
Deferred Developer Fees:	Developer Fees of \$1,500,000 with none to be deferred for repayment through cash flows.
Funding:	The MSF will fund up to \$4,000,000 to be disbursed following closing of the financing and other performance criteria.
Other Conditions:	Milestones or closing conditions anticipated to include: <ul style="list-style-type: none">• At maturity any equity drawn from the project will be done on a pro rata basis with the MCRP loan• Receipt of a Guaranteed Maximum Price construction contract• Final Development Budget and Projections• Final Flow of Funds• Receipt of State approval of the tax abatement• Minimum owner equity investment of \$1,000,000

December 17, 2019

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

Re: Sugar Hill Recusal

Dear Ms. Bishop

This is to advise that I am recusing myself from deliberations and voting for the Sugar Hill Redevelopment Project during the Michigan Strategic Fund Board Meeting on Tuesday, December 17, 2019.

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

Regards,


September Hargrove



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

A handwritten signature in blue ink that reads "Paul C. Ajegba".

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

February 26, 2019

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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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2019-197**

**SUGAR HILL REDEVELOPMENT PROJECT
SUGAR HILL RESIDENTIAL, LLC
BROWNFIELD REDEVELOPMENT MBT CREDIT – AMENDMENT #1
CITY OF DETROIT**

At the meeting of the Michigan Strategic Fund (“MSF”) held on December 17, 2019 in Lansing, Michigan;

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

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

WHEREAS, by Resolution 2010-218 on December 14, 2010, the MEGA Board awarded a Brownfield MBT Tax Credit to Sugar Hill Residential, LLC (the “Applicant”) to make eligible investment up to \$12,484,714 at an eligible property in the City of Detroit (the “Project”);

WHEREAS, the MBT Pre-Approval Letter was issued June 14, 2011, giving the Project until June 14, 2021 to be completed as approved.

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

WHEREAS, a request has been submitted to amend the Project to add POAH DD Sugar Hill, LLC as a qualified taxpayer and a scope change that is estimated to increase the Project eligible investment and will construct a 5-story mixed-use building containing approximately 11,761 square feet of commercial/retail space on the first floor and approximately 68 residential units occupying approximately 62,270 square feet on floors 2-5; and

WHEREAS, no certificate of completion has been issued for the Project; and

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF, and recommends approval of the amendment by the MSF Board, provided that the maximum credit amount does not exceed the original approved amount of \$2,496,943;

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends the Project by modifying the scope of the Project to reflect a 5-story mixed-use building containing approximately 11,761 square feet of commercial/retail space on the first floor and approximately 68 residential units occupying approximately 62,270 square feet on floors 2-5.

BE, IT FURTHER RESOLVED, that POAH DD Sugar Hill, LLC is added as a qualified taxpayer.

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

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

Nays: None

Recused: September Hargrove

Lansing, Michigan
December 17, 2019

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