



MICHIGAN STRATEGIC FUND

BOARD MEETING AGENDA

December 10, 2024

9:00am

I. CALL TO ORDER & ROLL CALL

II. PUBLIC COMMENT

III. COMMUNICATIONS

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MICHIGAN STRATEGIC FUND
APPROVED MEETING MINUTES
October 22, 2024

Member Present

Quentin L. Messer, Jr.

Members Joined Remotely

Britany L. Affolter-Caine

Wesley Eklund

Rachael Eubanks

John Groen (on behalf of Director Corbin)

Dimitrius Hutcherson

Dan Meyering

Charles P. Rothstein

Susan Tellier

Randy Thelen

Cindy Warner

Absent

Leon Richardson

Director Wieferich

I. CALL TO ORDER & ROLL CALL

Mr. Messer called the meeting to order at 9:01 a.m. The meeting was held in person in the Lake Michigan Conference Room at the MEDC headquarters building in Lansing.

Mr. Messer introduced Ms. Davenport, MSF Board Liaison, who conducted the attendance roll call.

II. PUBLIC COMMENT

Ms. Davenport explained the process for members of the public to participate. Public comment was had.

III. COMMUNICATIONS

Ms. Davenport stated that the Fiscal Year 2024 Quarterly 4 Report from the Chief Compliance Officer was included in the briefing packet.

Dimitrius Hutcherson, Chair of the MSF Finance and Investment Subcommittee, and Cindy Warner, Chair of the MSF Policy and Planning Subcommittee, provided updates on subcommittee activity.

Britany L. Affolter Caine, recused, left the meeting at 9:17 a.m.

IV. CONSENT AGENDA

Resolution 2024-147, Approval of Consent Agenda Items

Mr. Messer asked if there were any questions from Board Members regarding items under the Consent Agenda. There being none, Cindy Warner motioned for the approval of the following:

- a. Proposed September 24, 2024, Meeting Minutes
- b. MSF 2025 Board Meeting Dates **2024-148**
- c. MSF Board Delegation of Authority **2024-149**
- d. FY2025 E&I Allocations **2024-150; 2024-151; 2024-152; 2024-153; 2024-154; 2024-155; 2024-156; 2024-157; 2024-158**
- e. Lucid USA, Inc.: MBDP Reauthorization **2024-159**
- f. Henry Street Renaissance, LLC: MCRP Reauthorization **2024-160**

Cindy Warner motioned for the approval of Resolution 2024-147 to approve the consent agenda. Wesley Eklund seconded the motion. **The motion carried: 10 ayes; 0 nays; 1 recused.**

ROLL CALL VOTE: Ayes: Wesley Eklund, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Quentin L. Messer, Jr., Dan Meyering, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: Britany L. Affolter-Caine.

Britany L. Affolter-Caine rejoined the meeting at 9:21 a.m.

V. DEVELOP ATTRACTIVE PLACES

a. Resolutions 2024-161 & 2024-162 Former Fisher Body Plant Redevelopment Project - Fisher 21 Lofts, LLC, Michigan Community Revitalization Program (MCRP) Award and Act 381 Work Plan

Megan McGreal, Senior Community Development Manager, supported by Gregory Jackson of Fisher 21 LLC, David Howell of the Detroit Economic Growth Corporation, and Brittney Hoszkiw with the City of Detroit, provided the Board with information regarding this action. This action involves the consideration of two resolutions to approve an MCRP Performance-Based Loan in the amount of up to \$8,500,000 and an MCRP Performance-Based Grant in the amount of up to \$1,500,000 for Fisher 21, LLC, and a Brownfield Act 381 Work Plan for Act 381 eligible activities capped at \$8,734,425 for the City of Detroit Brownfield Redevelopment Authority.

Following discussion, Charles P. Rothstein motioned for the approval Resolution 2024-161 of the MCRP Award for Fisher 21 Lofts, LLC. Dimitrius Hutcherson seconded the motion. **The motion carried: 11 ayes, 0 nays, 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Wesley Eklund, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Quentin L. Messer, Jr., Dan Meyering, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: None.

Cindy Warner motioned for the approval of Resolution 2024-162 for the Brownfield Act 381 Work Plan for the City of Detroit Brownfield Redevelopment Authority. Quentin L. Messer, Jr. seconded the motion. **The motion carried: 11 ayes, 0 nays, 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Wesley Eklund, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Quentin L. Messer, Jr., Dan Meyering, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: None.

b. Resolution 2024-163 3131 Biddle, LLC, Reauthorization of a Michigan Community Revitalization Program (MCRP) Other Economic Assistance Loan Participation

Dominic Romano, Senior Community Development Manager, supported by Ron Thomas of Rise Above Ventures and Joe Gruber with the City of Wyandotte, provided the Board with information regarding this action. This action involves the consideration of a resolution to approve a reauthorization and increase of an MCRP Other Economic Assistance Loan Participation award from \$1,562,164 to \$1,817,512.

Quentin L. Messer, Jr. motioned for the approval of Resolution 2024-163 for the reauthorization and increase of the MCRP Award. Dimitrius Hutcherson seconded the motion. **The motion carried: 11 ayes, 0 nays, 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Wesley Eklund, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Quentin L. Messer, Jr., Dan Meyering, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: None.

VI. SUPPORT SMALL BUSINESS

a. Resolution 2024-164 Augment Ventures Fund IV – MI, L.P. State Small Business Credit Initiative (SSBCI) 2.0 Small Business Venture Capital Program

Chris Cook, Managing Director of Capital Access, supported by Sonali Vijayavargiya of Augment Ventures, provided the Board with information regarding this requested action. This action involves the consideration of a resolution to approve up to \$11,000,000 of SSBCI 2.0 Small Business Venture Capital Program funding in the form of a limited partner investment in Augment Ventures Fund IV – MI, L.P.

Following discussion, Cindy Warner motioned to amend the resolution. Cindy Warner rescinded the motion to amend the resolution.

Cindy Warner motioned for the approval of Resolution 2024-164 to approve the SSBCI 2.0 Small Business Venture Capital Program funding request. Quentin L. Messer, Jr. seconded the motion. **The motion carried: 11 ayes, 0 nays, 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Wesley Eklund, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Quentin L.

Messer, Jr., Dan Meyering, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: None.

b. Resolution 2024-165 Chevron Corporation Private Activity Bond Authorization

Amber Westendorp, Capital Project and Portfolio Manager, supported by Francisco Ayala of Chevron Corporation, provided the Board with information regarding this action item. This action involves the consideration of a resolution to approve a Private Activity Bond Authorization not to exceed \$100,000,000 for the purpose of financing solid waste disposal facilities related to the production of renewable natural gas.

Britany L. Affolter-Caine motioned for the approval of Resolution 2024-165 to approve the Private Activity Bond Authorization for Chevron Corporation. Quentin L. Messer, Jr. seconded the motion. **The motion carried: 11 ayes, 0 nays, 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Wesley Eklund, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Quentin L. Messer, Jr., Dan Meyering, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: None.

c. Resolution 2024-166 BerQ US Investments, LLC Private Activity Bond Authorization

Amber Westendorp, Capital Project and Portfolio Manager, supported by Marty Ryan of BerQ US Investments, LLC, provided the Board with information regarding this action item. This action involves the consideration of a resolution to approve Private Activity Bond Authorization not to exceed \$235,000,000 in connection with the cost of acquisition, construction, installation, and equipping of certain solid waste disposal facilities relating to four Renewable Natural Gas (RNG) facilities.

Following discussion, Britany L. Affolter-Caine motioned for the approval of Resolution 2024-166 to approve the Private Activity Bond Authorization for BerQ US Investments, LLC. Quentin L. Messer, Jr. seconded the motion. **The motion carried: 11 ayes, 0 nays, 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Wesley Eklund, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Quentin L. Messer, Jr., Dan Meyering, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: None.

d. Resolution 2024-167 Kraft Avenue Properties, LLC Private Activity Bond Inducement

Amber Westendorp, Capital Project and Portfolio Manager, supported by Scott Geerlings of Midwest Construction Group, provided the Board with information regarding this action item. This action involves the consideration of a resolution to approve a Private Activity Bond Inducement not to exceed \$9,000,000 to finance the cost of building a manufacturing facility to manufacture HVAC equipment.

Dimitrius Hutcherson motioned for the approval of Resolution 2024-167 to approve the Private Activity Bond Inducement for Kraft Avenue Properties, LLC. Quentin L. Messer, Jr. seconded the motion. **The motion carried: 11 ayes, 0 nays, 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Wesley Eklund, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Dimitrius Hutcherson, Quentin L. Messer, Jr., Dan Meyering, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner; Nays: None; Recused: None.

VII. INFORMATIONAL

Mr. Messer noted that the meeting packet included the Michigan Strategic Fund Delegation of Authority Report from September 1, 2024, to September 30, 2024. There were no questions regarding the report. Mr. Messer adjourned the meeting at 10:40 a.m.



October 15, 2024

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 Consent Agenda because of one item that presents a potential conflict of interest during the Michigan Strategic Fund Board Meeting on Tuesday, October 22, 2024.

- MTRAC within the E&I budget

Many thanks –

A handwritten signature in cursive script that reads 'Britany Affolter-Caine'.

Britany Affolter-Caine
Executive Director
Michigan's University Research Corridor



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
DIRECTOR

January 21, 2022

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

Re: Michigan Strategic Fund Board Meeting Designees

Dear Ms. Wilcox:

Pursuant to MCLA 16.51, I hereby confirm my designation of John Groen and Jonathan Smith as the persons authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for scheduled meetings or portions thereof that I am unable to attend.

If you need anything additional, please contact Diane Burton at (517) 230-5454.
Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Susan R. Corbin".

Susan R. Corbin
Director



MICHIGAN STRATEGIC FUND

MEMORANDUM

DATE: December 10, 2024

TO: Michigan Strategic Fund Board

FROM: Matthew Casby, Senior Advisor and MSF Fund Manager

SUBJECT: 2025 MSF Board Change in Regular Meeting Schedule

On October 22, 2024, the MSF Board adopted its regular meeting schedule for the 2025 calendar year by Resolution 2024-148.

Staff recommend the MSF Board revise its 2025 regular meeting schedule by rescheduling the September 23, 2025, MSF Board meeting to September 30, 2025. The purpose of this change is to accommodate the Jewish New Year, Rosh Hashanah.

Pursuant to MCL 15.265(3) of the Open Meetings Act (OMA), if there is a change in the schedule of regular meetings of a public body, there shall be posted within 3 days after the meeting at which the change is made, a public notice stating the new dates, times, and places of its regular meetings.

Attachments: Amended 2025 MSF Board Regular Meeting Schedule

MICHIGAN STRATEGIC FUND

RESOLUTION 2024-169

AMENDMENT TO THE 2025 SCHEDULE OF MSF REGULAR MEETINGS

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

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

WHEREAS, on October 22, 2024, via Resolution 2024-148, the MSF Board adopted its regular meeting schedule for the 2025 calendar year;

WHEREAS, under Section 5(3), MCL 15.265(3), of the OMA, if there is a change in the schedule of regular meetings of a public body, there shall be posted within 3 days after the meeting at which the change is made, a public notice stating the new dates, times, and places of its regular meetings;

WHEREAS, the MSF Board wishes to adopt the amended schedule of regular meetings attached hereto as Exhibit A (the “2025 MSF Board Regular Meeting Schedule”);

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the amended 2025 MSF Board Regular Meeting Schedule;

BE IT FURTHER RESOLVED, there shall be posted within 3 days after the meeting at which the change is made, the 2025 MSF Board Regular Meeting Schedule stating the new dates, times, and places of its regular meetings.

Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
December 10, 2024

MICHIGAN STRATEGIC FUND
Michigan Economic Development Corporation
300 N. Washington Square, Lansing, Michigan 48913
Lake Michigan Conference Room, 1st Floor

Proposed 2025 MSF Board Regular Meeting Schedule

Tuesday, January 28, 2025
9:00 am
Tuesday, February 25, 2025
9:00 am
Tuesday, March 25, 2025
9:00 am
Tuesday, April 22, 2025
9:00 am
Tuesday, May 20, 2025
9:00 am
Tuesday, June 24, 2025
9:00 am
Tuesday, July 22, 2025
9:00 am
Tuesday, August 26, 2025
9:00 am
Tuesday, September ~~30~~²³, 2025
9:00 am
Tuesday, October 28, 2025
9:00 am
Tuesday, December 9, 2025*
9:00 am

*Combined November/December Meeting

The Zoom Webinar link and dial-in for monthly MSF Board meetings can be found at
<https://www.michiganbusiness.org/about-medc/michigan-strategic-fund/>.

If you are a presenter or SME requiring a "Panelist" meeting link, please contact the MSF Administrator,
Natalie Davenport, at davenportn3@michigan.org.



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

MEMORANDUM

To: Michigan Strategic Fund Board

From: Matthew Casby, MSF Fund Manager

Date: December 10, 2024

Subject: Request for Designation of MSF Bonding Officer

Request

This is a request to designate Torianna Hudson as the MSF Bonding Officer for the Michigan Strategic Fund (the “MSF”).

Background

The MSF Bonding Officer position is intended to provide administrative and compliance services related to the MSF issuance of Private Activity Bonds. The position includes authority to sign on behalf of the MSF for all documents related to the issuance of Private Activity Bonds. The role has been vacant since July 2022.

Torianna Hudson joined the MEDC as a Debt Program Analyst in November 2023. In this role Ms. Hudson is responsible for administrative and compliance functions for several programs managed by the Capital Access group. Prior to joining MEDC, Ms. Hudson worked for Rocket Mortgage. She earned a BS from Michigan State University and a Masters from Central Michigan University.

With her designation as MSF Bonding Officer, Ms. Hudson will work directly with the Michigan AG Office on the execution of Private Activity Bond closings.

Recommendation

The MSF Fund Manager recommends that the MSF Board approve the Request.

MICHIGAN STRATEGIC FUND

RESOLUTION 2024-170

DESIGNATION OF MSF BONDING OFFICER

WHEREAS, 1984 PA 270 (“Act”) authorizes the Michigan Strategic Fund (“MSF”) to loan moneys to business enterprises for the purpose of financing projects and to obtain the moneys for such loans by the issuance of bonds pursuant to the Act;

WHEREAS, it is the responsibility of the MSF Board to provide for the management and control of the affairs of the MSF;

WHEREAS, it is necessary and appropriate that the MSF Board designate an MSF Bonding Officer to assist with the management and control of the affairs of the MSF related to issuance of bonds pursuant to the Act;

WHEREAS, the MSF Fund Manager recommends that the MSF Board designate Torianna Hudson as the MSF Bonding Officer, effective as of the date of this Resolution (the “Appointment”); and

NOW, THEREFORE, BE IT HEREBY RESOLVED, the MSF Board approves the Appointment;

BE IT FURTHER RESOLVED, all previous designations as MSF Bonding Officer are hereby rescinded.

Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferrich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
December 10, 2024



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: December 10, 2024

To: Michigan Strategic Fund Board

From: Amy Rencher, Senior Vice President, Small Business Services
Catherine Abad, Small Business Services Manager

Subject: Small Business Services Program – Match on Main

Request

The Michigan Economic Development Corporation (the “MEDC”) requests that the Michigan Strategic Fund (“MSF”) Board allocate \$1,500,000 from the MSHDA Housing Development Fund to the Match on Main Program (the “Match on Main”).

Background

Match on Main will serve as a tool to support new or expanding place-based businesses as they seek to launch and grow on main street, by providing up to \$25,000 in funding to support an eligible small business through a competitive application process. The program is administered and managed by local entities including municipalities, downtown development authorities, or other downtown management, business support, or community development organizations in eligible Redevelopment Ready Communities® or Michigan Main Street Communities. Local entities will identify eligible businesses and projects, will submit the program application, and will sub-grant program dollars to the business upon project completion.

In 2017, the Michigan Strategic Fund and the Michigan State Housing Development Authority entered into an amended and restated agreement to fund activities to promote community development including but not limited to infrastructure improvements, economic development projects, blight elimination, and community facilities. Additionally, fund activities and expenditures must support low to moderate-income housing and/or neighborhood conversation/renewal efforts including but not limited to the Michigan Main Street Program and the Redevelopment Ready Communities Program.

Small businesses are the cornerstone of what makes Michigan’s downtowns authentic. They bring vibrancy and contribute to a community’s sense of place. This program aims to support the creation and growth of place-based businesses located in Redevelopment Ready Communities® or Michigan Main Street districts across the state, provide needed capital to place-based businesses, create and retain jobs, leverage private investment, activate vacant or underutilized space, and provide eligible communities with a business recruitment and retention tool as they work to grow and support their local entrepreneurial ecosystem. This program aligns with MEDC’s strategic focus areas – supporting small business and developing attractive places.

Since 2019, MEDC has administered Match on Main to support the creation and growth of place-based business. To date, the Program has supported 196 businesses – 76% of which are in geographically disadvantaged areas (GDA), leveraged \$17,066,634 in private investment, activated 473,351 square feet of vacant or underutilized space, and created 459 full-time jobs.

On February 27, 2024, the MSF Board approved the creation of the Match on Main, the adoption of the Match on Main guidelines, and an allocation of \$750,000 from the MSHDA Housing Development Fund for the implementation of the Match on Main by Resolution 2024-044. On July 9, 2024, the MSF Board approved the FY2024 Match on Main funding round to thirty-one eligible applicants, totaling \$748,018.82 in grant awards, by Resolution 2024-092.

Match on Main has grown in popularity since its inception. In 2024, 119 applications were submitted, the highest amount to date.

Recommendation

MEDC staff recommends approval of the following related to the creation of Match on Main:

- Approval of a funding allocation of \$1,500,000 from the MSHDA Housing Development Fund to the Match on Main.

**MICHIGAN STRATEGIC FUND
RESOLUTION 2024-171**

**APPROVAL OF
MATCH ON MAIN PROGRAM
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, pursuant to Section 7(c) of the MSF Act, MCL 125.2007(c), the MSF has the power to make grants, loans, and investments;

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

WHEREAS, on March 22, 2015, the MSF Board authorized the MSF Fund Manager to submit an application to the Michigan State Housing Development Authority (“MSHDA”) for a Housing Development Fund (“HDF”) grant to support community development activities (the “HDF Grant”);

WHEREAS, on January 25, 2017, MSHDA approved the MSF’s application for the HDF Grant to support community development activities;

WHEREAS, on January 30, 2017, the MSF Board accepted the HDF Grant and authorized the MSF Fund Manager to execute all documents necessary to effectuate the HDF Grant agreement;

WHEREAS, the MSF and MSHDA executed the HDF Grant agreement on March 13, 2017;

WHEREAS, on June 27, 2017, the MSF Board approved an amendment to the HDF Grant to alter the disbursement schedule of the grant from annual payments to a single lump sum payment;

WHEREAS, on June 28, 2017, the MSF and MSHDA executed an amended and restated agreement for the HDF Grant;

WHEREAS, on February 27, 2024, the MSF Board approved: 1) creation of the Match on Main Program to support new or expanding place-based businesses as they seek to launch and grow on main street; and 2) the guidelines for the Match on Main Program ; and 3) allocated \$750,000 from the HDF Grant to the Match on Main Program;

WHEREAS, the MEDC recommends the MSF Board allocate an additional \$1,500,000 from the HDF Grant to the Match on Main Program (the “Funding Allocation”); and

WHEREAS, the MSF Board wishes to approve the Funding Allocation.

NOW THEREFORE, BE IT RESOLVED, the MSF Board approves the Funding Allocation.

Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
December 10, 2024



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: December 10, 2024

To: Michigan Strategic Fund Board

From: Lori Mullins, Vice President, Place Incentives

Subject: Request for Approval of a Revitalization and Placemaking (RAP) 1.0 Program Grant Agreement Amendment: The Right Place

Request

The Right Place (“Grantee”) is requesting approval of an amendment to their Revitalization and Placemaking (“RAP”) program grant agreement (“Agreement”) and any related ancillary agreements. The amendment application, dated July 30, 2024, does not change the total grant amount. The amendment request includes the following (the “Grantee Request”):

1. Amend the grant agreement, specific to Exhibits B and D, to include updated information related to sub-grant projects and their total eligible expenses, as originally reported by the Grantee under Key Milestone 1. This amendment shall be supported by the attached documentation representing revised Exhibits B and D within the grant agreement.

Additionally, MEDC program staff is requesting that the amendment include the following changes to the Agreement on behalf of the Grantee (the “MEDC Request”):

2. Amend the following milestone completion dates for the development in order to provide additional time for project success. This amendment is needed due to significant increase in time for successful completion of the required procurement process, and for successful timing of competitive bids to ensure cost reasonableness. The proposed milestones and completion dates shall now be applied as described below:
 - a. **Key Milestone 2:** For all sub-grant projects included in the Grantee’s program, submission of a construction contract and all other aspects of Key Milestone 2- which is the first disbursement milestone - is to be extended from July 31, 2024, to April 30, 2025.
 - b. **Key Milestone 3:** For all sub-grant projects included in the Grantee’s program, Key Milestone 3- which is the second disbursement milestone and date when the grantee has expended at least twice their grant amount - is to be extended from August 30, 2025, to March 31, 2026.
 - c. **Key Milestone 4,** which is the project completion milestone, will not be extended and shall remain due by June 30, 2026, as stated in the original Agreement.
3. Pursuant to updated federal ARPA guidance and approval by MSF resolution on July 23, 2024 (2024-118), MEDC staff is requesting the following changes to the Agreement:
 - a. Update Section 6.11 (Amendment section) to affirmatively allow for a modification to the Agreement if: 1) there are cost increases or project changes that are within substantially the same scope and purpose as the original project; 2) the MSF Board provides written

- consent; and 3) such modification is memorialized in a written instrument signed by the Grantee and MSF.
- b. Update Exhibit A (Defined Terms) to revise the definition of Eligible Costs to allow for the grantee and subgrantee eligible costs to be incurred no later than the due date for Key Milestone 4.

Background

The Michigan Strategic Fund Board previously approved a \$3,613,166 RAP Performance-Based Grant to the Grantee on September 7, 2022, for the purpose of supporting a sub-grant program that would administer the community development projects listed below:

a. Cedar Springs Downtown Pocket Park

Project Site: 17 N. Main St. NE, Cedar Springs, MI 49319

Project Scope: Development of permanent place-based infrastructure associated with social zones, outdoor dining or other similar place-based public spaces

b. Eastown Public Art & Safety Project

Project Site: Alley b/w 1433 Wealthy St. SE and 1437 Wealthy St. SE, Grand Rapids, MI 49506

Project Scope: Redevelopment or revitalization of historic properties in coordination with the Michigan Certified Local Government program or other historic redevelopment program

c. Getty Park Enhancement

Project Sites: 100 E. 6th St., Shelby, MI 49455

Project Scope: Rehabilitation of vacant or underutilized buildings

d. Grand Rapids Public Museum North Lawn Park Renovation

Project Site: 272 Pearl St. NW, Grand Rapids, MI 49504

Project Scope: Development of permanent place-based infrastructure associated with social zones, outdoor dining or other similar place-based public spaces

e. Heartside Linear Plaza

Project Site: Alley adjacent to Van Andel Arena, Grand Rapids, MI 49503

Project Scope: Redevelopment of priority sites by certified Michigan Redevelopment Ready Communities

f. Middleville Amphitheater Activation & Art Walk

Project Sites: Commonly known as Middleville Amphitheater Art Walk, Middleville, MI 49333

Project Scope: Development of permanent place-based infrastructure associated with social zones, outdoor dining or other similar place-based public spaces

g. Scottville Optimist Park & Sculpture Project

Project Site: 105 W. Green St., Scottville, MI 49454

Project Scope: Rehabilitation of vacant or underutilized buildings

h. Sparta Town Square: Phase 2

Project Site: Municipal parking lot on Nash Creek, Sparta, MI 49345

Project Scope: Rehabilitation of vacant or underutilized buildings

As of this amendment, each sub-grant project shall be revised to include the changes listed below. MEDC staff has reviewed these revised outcomes and have determined that they do not substantially alter the project's intended purpose, as originally proposed and approved.

- a. **Cedar Springs Downtown Pocket Park**
No changes in project scope have been reported.
Current RAP Allocation: \$250,000
- b. **Eastown Public Art & Safety Project**
No changes in project scope have been reported.
Current RAP Allocation: \$8,500
- c. **Getty Park Enhancement**
No changes in project scope have been reported.
Current RAP Allocation: \$652,500
- d. **Grand Rapids Public Museum North Lawn Park Renovation**
No changes in project scope have been reported.
Current RAP Allocation: \$1,000,000
- e. **Heartside Linear Plaza**
No changes in project scope have been reported.
Current RAP Allocation: \$963,362
- f. **Middleville Amphitheater Activation & Art Walk**
No changes in project scope have been reported.
Current RAP Allocation: \$21,250
- g. **Scottville Optimist Park & Sculpture Project**
No changes in project scope have been reported.
Current RAP Allocation: \$179,704
- h. **Sparta Town Square: Phase 2**
The project scope may be revised to include the relocation of a Railroad Depot Museum to the Town Square location. The town square project will also include public seating, a permanent outdoor fireplace, outdoor lighting, space for retail incubators and public gathering space.
Current RAP Allocation: \$363,375
- i. **Parent Incentive Administration (“Admin”) Funds** \$174,475

Total Grantee Award remains unchanged: \$3,613,166

Recommendation

The MEDC staff recommends approval of an amendment to the Agreement and any related ancillary agreements to amend all project details in accordance with the Grantee Request and the MEDC Request stated above.

MICHIGAN STRATEGIC FUND

RESOLUTION 2024-172

APPROVAL OF REVITALIZATION AND PLACEMAKING (RAP) GRANT AMENDMENT

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

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

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

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

WHEREAS, by Resolution 2021-155, the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the RAP Program;

WHEREAS, on September 7, 2022, the MSF Board approved a RAP subgrant program award to The Right Place in the amount of \$3,613,166 (the “Right Place Award”);

WHEREAS, on July 30, 2024, The Right Place has requested an extension for two of their performance-based key milestones originally detailed in their MSF grant agreement (the “Agreement”), with such extensions being necessary for successful completion of the required procurement process, and for successful timing of competitive bids to ensure cost reasonableness;

WHEREAS, The Right Place has documented positive progress in their program sufficient to demonstrate continued viability of and commitment to all subgrant projects that will receive RAP funds;

WHEREAS, the MEDC recommends that the MSF Board authorize an amendment to the Agreement for key milestone extensions for the Right Place Award. The Right Place will now have key milestones that are due on April 30, 2025 (Key Milestone 2 including contract submission) and March 31, 2026 (Key Milestone 3), with the Key Milestone 4 deadline of June 30, 2026, remaining unchanged (collectively, the “RAP Key Milestone Amendment Recommendation”);

WHEREAS, On July 23, 2024, by Resolution 2024-118, the MSF Board approved amendments to the RAP Program based on changes to the American Rescue Plan Act of 2021 to allow for agreements under the RAP Program to be amended for change orders and contract contingencies and RAP Funds to be reallocated after the obligation deadline under certain circumstances as long as the agreements include specific amendment language;

WHEREAS, in order to ensure that all of the RAP Funds are used most efficiently to support RAP projects in Michigan, the MEDC recommends support for updates to Section 6.11 (Amendment section of the agreement) to affirmatively allow for a modification to the Agreement if: 1) there are cost increases or

project changes that are within substantially the same scope and purpose as the original project; 2) the MSF provides written consent; and 3) such modification is memorialized in a written instrument signed by the Grantee and MSF, and to allow for modification to Exhibit A (Defined Terms) and to allow for the grantee and subgrantee eligible costs to be incurred no later than the due date for Key Milestone 4 under the Agreement (collectively, the “RAP Language Amendment Recommendation”)

WHEREAS, the MSF Board wishes to approve the RAP Key Milestone Amendment Recommendation and the RAP Language Amendment Recommendation; and

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board authorizes approval of the RAP Key Milestone Amendment Recommendation and the RAP Language Amendment Recommendation.

Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
December 10, 2024



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: December 10, 2024

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

From: Elizabeth Payne, Business Development Advisor
Erik Wilford, Managing Director, Business Development Projects

Subject: Grant Amendment Request #2
Michigan Business Development Program (“MBDP”)
Bridgewater Interiors, LLC (“Company”)

Request Summary

The Company is requesting a second amendment to its MBDP grant (“Amendment Request”) to:

- Reduce the Qualified New Jobs requirement from 400 to 200
- Reduce the overall grant amount from \$2,000,000 to \$1,000,000
- Consolidate all job creation milestones to one milestone due February 28, 2026
- Reduce the Base Employment Level from 1,820 to 1,780
- All other conditions and requirements including the Term of the Company’s grant will remain the same.

Background

On July 28, 2020, the MSF approved a \$2,000,000 performance grant for the creation of 400 QNJs and projected investment of \$15,850,000 in the state of Michigan.

On October 25, 2022, the MSF approved an amendment to MBDP agreement to extend all milestones and the term of the grant by two years.

The approval was based on job creation that would largely be driven by the addition of a third shift in the Company’s Lansing facility and a new program launch in its Detroit facility. The third shift in Lansing was delayed twice due to the COVID-19 pandemic and ongoing industry challenges related to the supply chain (e.g., material/semiconductor shortages) and labor (e.g., employee hiring/retention). As industry challenges have subsided and a new launch program is expected to drive increased demand, the third shift has now been announced a third time and began mid-2024. The new program launch in Detroit was initially delayed by the Company’s customer by over six months, and despite launching earlier this year, production volume has been very slow to ramp up. With the third shift beginning and the continued ramp up, the Company is confident that it will meet the updated job creation requirements.

When the Company submitted the initial grant application, it included employees of its joint venture partner Adient in its statewide headcount. These employees work at the Warren facility doing work for the Company but are employed by Adient and rotate between the two company’s facilities on a two- and four-year basis. The Company’s request to reduce the Base Employment Level reflects the 40 employees that were included erroneously.

Company Background

The Company is an automotive seating manufacturing company specializing in just-in-time manufacturing/sequencing/delivery of complete seat systems for various OEM’s in the automotive industry.

The Company is a joint venture between Adient and Epsilon Technologies. In 1998, the Company was founded with one facility in Detroit. As a certified Minority Business Enterprise under the Michigan and National Minority Supplier Development Councils, and as a company that embraces workforce diversity, the Company is proud to report that over 65% of its employees are racial minority persons. The Company's Michigan locations are Detroit, Warren, and Lansing with over 1,800 employees.

Recommendation

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

**MICHIGAN STRATEGIC FUND
RESOLUTION 2024-173**

**MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT
SECOND AMENDMENT
BRIDGEWATER INTERIORS, 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 as later amended on December 8, 2020 (“Guidelines”);

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

WHEREAS, on July 28, 2020, the MSF Board authorized a performance-based MBDP grant of up to \$2,000,000 to Bridgewater Interiors, LLC (the “Company”);

WHEREAS, on January 16, 2021, the Company and the MSF entered into an MBDP Grant Agreement under which the Company agreed to create 400 Qualified New Jobs (“QNJ”) above a statewide Base Job requirement of 1,820 jobs at facilities located in the State of Michigan (the “MBDP Grant Agreement”);

WHEREAS, on October 25, 2022, the MSF Board approved an amendment to the MBDP Grant Agreement to extend (1) all milestones, (2) the term of the grant by two years, (3) and reallocate QNJ’s per each milestone;

WHEREAS, the Company has requested that the MSF approve an amendment to the MBDP Grant Agreement as follows:

- a) Reduce the Qualified New Jobs requirement from 400 to 200.
- b) Reduce the overall grant amount from \$2,000,000 to \$1,000,000.
- c) Consolidate all job creation milestones to one due February 28, 2026.
- d) Reduce of the statewide Base Job Employment Level from 1,820 to 1,780.

(the aforementioned, collectively, the “Amendment Request”)

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

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

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

Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
December 10, 2024



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

**MICHIGAN STRATEGIC FUND
RESOLUTION**

2024-168

**APPROVAL OF THE DECEMBER 10, 2024, CONSENT
AGENDA FOR THE MICHIGAN STRATEGIC FUND
BOARD**

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

WHEREAS, on February 25, 2014, the MSF Board approved Guidelines for Preparation and Approval of Consent Agendas for the MSF, which were subsequently amended and restated by the MSF Board on October 24, 2023,

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

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

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

Consent Agenda Items:

- a. Proposed October 22, 2024, Meeting Minutes
- b. 2025 MSF Board Change in Regular Meeting Schedule
- c. Designation of MSF Bonding Officer
- d. Small Business Services Program: Match on Main Funding Allocation
- e. Revitalization and Placemaking (RAP) 1.0 Program Grant Agreement Amendment: The Right Place
- f. Bridgewater Interiors, LLC: MBDP Grant Amendment

Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferrich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
December 10, 2024



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: December 10, 2024

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

From: Joshua Hundt, Senior Project Marketing Advisor
Elizabeth Payne, Business Development Advisor
Matt Chasnis, Strategic Projects Advisor

Subject: Incentive Request
Critical Industry Program (“CIP”)
State Essential Services Assessment (“SESA”)
Detroit Diesel Corporation (“Company” or “Applicant”)

Request Summary

This is a request from the Applicant for (collectively, the “Incentives Request”):

- Approval of a \$27,700,000 Critical Industry Program (“CIP”) Performance-Based Grant, as outlined in the attached Term Sheet.
- Approval of a 15-year 100% State Essential Services Assessment (“SESA”) Exemption with an estimated value of up to \$3,294,130 for \$161,800,000 eligible investment in Eligible Personal Property (“SESA Request”).
 - Additionally, due to the competitive nature of the project and the desire to capture as much investment as possible, the Applicant is requesting the following waivers to the SESA Guidelines (1) that the project be in an Eligible Distressed Area and (2) the Commencement Requirement to allow investments made within five years of the commencement of the project.
- This project involves the creation of up to 436 Qualified New Jobs, over 2,000 retained jobs, and a capital investment of up to \$285,000,000 in the Township of Redford, Wayne County.

Applicant History

Headquartered in Detroit, MI, the Company is a leading supplier in the commercial truck markets, offering engines, transmissions, axles, safety systems, and connected vehicle services. The Company was incorporated in 1987 through a joint venture but was originally established in 1938. The Company has grown significantly by expanding its sales reach and evolving to meet the growing demand for cleaner, more fuel-efficient engines and components in heavy-duty and medium-duty vehicles.

The Company operates under its parent company, Daimler Truck North America, LLC (“DTNA”), which was founded over 70 years ago as Consolidated Freightways, initially focusing on truck manufacturing and lightweight truck components. Evolving into North America’s leading heavy-duty vehicle manufacturer, DTNA’s portfolio of brands now includes the Company, Freightliner Trucks, Thomas Built Buses, and Western Star, among others. Each brand delivers a broad range of solutions within the mobility industry.

Daimler Truck North America, through its affiliates and parent company, has over 100,000 employees worldwide. The Company has over 2,000 employees at the facility.

The background review process was completed in accordance with the MSF Background Review Policy on June 28, 2024, and the project may proceed for MSF consideration.

Project Description

Located in Redford Charter Township and the City of Detroit, the Company's manufacturing plant spans over 3 million square feet producing engines, transmissions, and axles for the Freightliner, Western Star and Thomas Built Buses vehicle platforms. The Company began adapting to the evolving automotive industry by entering the zero-emission vehicle ("ZEV") market in 2021 with a lineup of battery electric products, reflecting its commitment to advancing ZEV technologies and solutions. The Company continues to invest significant resources in innovation, recently introducing the all-electric Detroit ePowertrain for medium- and heavy-duty electric trucks that provides a compact, lightweight, and efficient electric drive system that powers electric vehicles.

The Company is currently considering an investment in zero-emission vehicle technology aimed at revitalizing and expanding their operations that straddles the boundary between the City of Detroit and Redford Charter Township in Wayne County, Michigan. The proposed investment involves modernizing and enhancing the current plant to maintain its existing production capacity while expanding and equipping it to manufacture electric components for medium- and heavy-duty electric trucks.

The Company is considering Redford Township, Wayne County for the Project and anticipates the Project will result in capital investment of up to \$285,000,000. As a longstanding partner with the United Auto Workers ("UAW"), the Project is set to preserve more than 2,000 jobs at the facility while creating up to 436 new hourly and salaried positions. The Company will continue to offer competitive and comprehensive wage and benefit packages to employees, which are pursuant to a collective bargaining agreement for all production team members. This initiative positions the site as a potential cornerstone for future ZEV component manufacturing within the Company's wide-ranging footprint, reinforcing its role in Michigan's automotive future.

Project Impact:

The implementation of the Project is expected to underscore the facility's strategic significance within the Company's portfolio and serves as an anchor for potential future investments that help to solidify the site as a key ZEV manufacturing hub within the Company's footprint. The Project promises significant economic benefits for both the facility's future and the broader community. By expanding the Company's presence in Michigan's ZEV sector, the Project aims to diversify the state's ZEV supply chain beyond light vehicles, where it currently dominates. This expansion includes substantial investments in R&D for advanced ZEV technologies, such as next-generation batteries, thereby reinforcing Michigan's R&D capabilities.

The Project seeks to support and grow medium- and heavy-duty ZEV manufacturing in Michigan, while ensuring existing jobs related to ICE are secured throughout the evolving automotive industry. The investment will also potentially attract additional investments from local suppliers and component manufacturers. This growth solidifies Michigan's status as a premier hub for automotive excellence across all mobility sectors.

Employment Impact

The project will lead to the creation of 436 new, high skilled, domestic jobs in Michigan. As a longstanding partner with the United Auto Workers ("UAW"), the Company will continue to offer competitive and comprehensive wage and benefit packages to employees, which are pursuant to a collective bargaining agreement for all production team members. Project wages will exceed the Regional Median Wage of \$23.73 per hour. The Project will result in the creation of 436 total jobs, 335 of those will be hourly production positions with an estimated median wage of \$25.86, which is based on current collective

bargaining agreement wage rates and will be subject to future collective bargaining agreements. The remaining 101 jobs, the majority of which being engineers, will be salaried employees with an estimated median annual salary of \$113,000.

Additionally, the Company will continue investing in its new and existing workforce. The Company maintains active engagement with the local community and educational institutions such as Henry Ford College to ensure a skilled and ready workforce for the Project's needs. The longstanding partnership with the college contributes to the registered apprenticeship and training programs that offer practical and technical training in a variety of trades, contributing to a robust skilled workforce. These efforts are complemented by outreach to local mechanic schools and active participation in recruitment events that highlight the industry's shift towards ZEV technologies. Lastly, the facility will be located close to a geographically disadvantaged area and will provide residents with employment opportunities.

Demonstrated Need

Allocations of capital within the Company are competitive and leadership is rigorously evaluating the economics of all investment and operational decisions. The choices made now will have substantial implications for long-term strategic plans and are therefore subject to thorough scrutiny. Consequently, various location scenarios are currently under assessment, with a keen emphasis on achieving operational cost efficiencies.

The Company's parent operates manufacturing facilities in Portland, Oregon, which serves as both its corporate headquarters and a production site, along with other locations in South Carolina, North Carolina, Mexico, and Germany. Improving the efficiency of the inbound and outbound supply chain network is a top priority as the Company explores potential investments and fine-tunes its market strategy.

Alternative locations outside Michigan offer distinct advantages, including lower logistics costs throughout the supply chain and at final vehicle manufacturing facilities as well as lower operational expenses.

Incentives play a critical role in the financial considerations for the proposed Project, as the Company evaluates ongoing operating costs and initial capital expenditures across various potential sites.

In addition to MSF support, Redford Township anticipates approval of a real property tax abatement in support of the Project. The MEDC also authorized a State Education Tax abatement to be used in conjunction with the locally approved abatement.

Request

In order to secure the Project, the Applicant is requesting a \$27,700,000 CIP performance-based grant and a 15-year 100% SESA exemption. The incentives request will help address the cost disadvantage of locating the Project in Michigan when compared to the competing locations outside of Michigan. The incentives will help offset the cost of revitalizing and expanding their operations while positioning the facility as a promising location for future ZEV component manufacturing within the Company's global footprint.

This Project aligns with the MEDC's strategic focus area of supporting a business in the target industry of mobility and builds on the state's work to position itself as the global leader in the future of mobility and vehicle electrification. This facility will result in the retention of more than 2,000 existing jobs, the creation of up to 436 new jobs, and up to \$285,000,000 in capital investment in Redford Township, Wayne County.

Recommendation

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

CIP Considerations

The fund shall consider and document at a minimum all of the following criteria to the extent reasonably applicable as reasonably determined by the fund board to the type of project proposed before entering into a written agreement for a qualified investment:

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

- Detroit Diesel Corporation (“DDC” or “Company”), headquartered in Detroit, Michigan since 1938, is an industry-leading provider of engines, transmissions, axles, safety systems and connected vehicle services for the on-highway and vocational commercial truck markets. DDC has operated its 3 million square foot facility in Detroit for nearly 90 years, providing significant economic opportunities to its more than 2,000 employees and area residents.

The Project would include the expansion of existing operations at the plant, new construction for research and development (“R&D”) activities focused on battery prototyping and testing, and the addition of production lines dedicated to the assembly of battery modules and packs, and creation of up to 436 new jobs. This would be a catalyst for future investments at the site, establishing it as a zero-emission vehicle (“ZEV”) manufacturing hub within the Company’s footprint. Diversifying the site’s product portfolio is critical to its long-term viability as the commercial truck industry evolves from traditional internal combustion engine (“ICE”) products to ZEV solutions.

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

- The Project would help to establish an economy for and grow the medium- and heavy-duty ZEV manufacturing industry in the state, expanding beyond Michigan’s core competency of light-duty passenger electric vehicles and batteries. This may lead to additional follow-on investments for Michigan-based suppliers and component manufacturers in the medium- and heavy-duty space, contributing to Michigan’s reputation as a center for automotive excellence across all sectors of the mobility spectrum. Additionally, the Project may lead to the DDC site being a potential anchor for future investments, establishing it as a key ZEV component manufacturing hub within the Daimler Truck North America (“DTNA”) network. The Project aligns with the “Truck Stop of the Future” project DTNA and DTE Energy are partnering on, which will provide charging infrastructure to commercial electric vehicles and enable companies to transition their fleets to ZEVs.

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

- *Redford Township has offered a tax abatement for the project that is valued at \$9,329,680.*

The applicant’s financial need for a qualified investment from the critical industry program.

- Incentives support is a critical element in the proposed Project's overall financial model as ongoing operating and up-front capital costs of the various location options are being closely evaluated by the Company. The Company is evaluating multiple alternative business cases and locations for the proposed Project, and incentives support will strengthen the financial metrics for the Michigan investment scenario.

The extent of reuse of vacant buildings, public or private, reuse of historic resources, and redevelopment of blighted property.

- Not applicable.

Creation or retention of qualified jobs as a result of a technological shift in product or production at the project location and within this state.

- The Project's scope includes utilizing the facility's existing infrastructure, currently used for medium-duty ICE component production, for activities related to ZEV technologies. The shift from ICE to ZEV component manufacturing will introduce enhanced research and development activities and ZEV component manufacturing processes to a facility historically focused on ICE technology. The Detroit facility's employees are represented by the United Auto Workers ("UAW") and the Project would retain more than 2,000 jobs while creating new opportunities for the Michigan workforce. The Project would result in the creation of up to 436 quality jobs. The Company is committed to upskilling both its existing and new workforce ensuring employees are equipped with the competencies needed as the industry makes a transformational shift from ICE to ZEV technology.

The level of other public funds including, but not limited to, the appropriation of federal or state funds and any federal or state tax credits.

- In addition to the MSF incentives offer described herein, the Company anticipates pursuing a Property Tax Abatement under PA 198 of 1974 in Redford Township, Michigan and is exploring potential federal tax credits.

The level of any private funds, investments, or contributions into the project including, but not limited to, the qualified business's own investments in the project.

- Private investment by the Company is estimated to be at least \$285,000,000.

Whether and how the project is financially and economically sound.

- A financial review of the Company was completed and confirmed the Company's ability to fund the Project.

Whether and how the project promotes sustainable development.

- The Project would include the reuse and expansion of the Company's existing manufacturing facility and infrastructure, transitioning ICE operations to ZEV operations. The use of an existing facility and related infrastructure for the Project minimizes the impacts of the Project as compared to developing a new greenfield manufacturing campus.

Whether and how the project involves the rehabilitation of a historic resource.

- Not applicable.

Whether and how the project addresses areawide redevelopment and the overall economic benefit to the existing supply chain.

- The Project would have a broader economic impact beyond the direct investment and job retention and creation. The Project investment would significantly grow DDC's Michigan presence in the ZEV segment and would serve to diversify Michigan's ZEV supply chain beyond the light-vehicle segment, which it is currently heavily invested in. The proposed plans would lead to significant investments in research and development for cutting edge ZEV technology such as next-generation ZEV batteries, which would retain R&D competencies and activities in Michigan. The Project would help to establish an economy for and grow the medium- and heavy-duty ZEV manufacturing industry in the state.

The level and extent of environmental contamination.

- The Project is not expected to result in environmental contamination as the Company has robust environmental management practices including the ISO 14001 certification and will continue to comply with all applicable laws and regulations.

Whether and how the project will compete with or affect existing Michigan businesses within the same industry.

- The Company has operated its facility in Michigan since 1938 providing automotive components and solutions to customers. The Project does not anticipate creating new competition within Michigan's existing businesses that participate within the mobility industry. Instead, by establishing the Project in Michigan, which would be the largest investment in medium- heavy-duty ZEV manufacturing to date in Michigan, the Project may be a catalyst for potential future investments by suppliers or others in the industry.

Whether and how the project's proximity to rail and utility will impact performance of the project and maximize energy and logistics needs in the community in which it is located and in this state.

- The Project is expected to maintain the local environment's integrity utilizing existing rail and utility infrastructure currently in place at the facility. DDC is part of DTE's MiGreen Energy program and by early 2025, it's expected that 100% of electricity will be generated from renewable sources. DDC is committed to sustainable practices and participates in the DOE Superior Energy Performance program and maintains Clean Corporate Citizen verification under the Michigan Department of Environment, Great Lakes and Energy. Both programs drive continuous improvement efforts in DDC's energy/environmental practices. In addition to the MiGreen Energy program, DDC is on track to have fully carbon-neutral operations by 2030.

The risk of obsolescence of the project, products, and investments in the future.

The Project will strengthen the Company's position within the ZEV market, which is the future of the mobility industry. The market demand for ZEVs is expected to grow exponentially through the end of the decade and beyond. This growth trend is aided by rising environmental consciousness of consumers and businesses, external decarbonization commitments by publicly traded companies (including many fleet customers of the Company), and US and global regulatory policy. The investments will support advancements within the mobility industry with a focus on electrification and clean technologies. Additionally, the Project would reinforce the facility's importance within the DTNA portfolio and would be a catalyst for future investments and expansions establishing the site as a ZEV component manufacturing hub.

The overall return on investment to this state.

- Based on an economic impact analysis of this project using REMI (Regional Economic Models Inc), this opportunity has an average employment multiplier of 3.16 over the last 5 years of the project's term. This means that more than 2 additional jobs in Michigan's economy is anticipated to be created for every new direct job. In addition, these new jobs are generating new income, much of which is spent at local small businesses throughout the community and the state. Over 10 years, the total direct, indirect, and induced jobs will generate approximately \$840,000,000 in new personal income in Michigan.

Whether and how the project addresses food supply challenges.

- Not applicable.

Any other additional criteria approved by the board that are specific to each individual project and are consistent with the purpose of this program.

- Not applicable.

MICHIGAN STRATEGIC FUND

RESOLUTION 2024-174

**APPROVAL OF A STATE ESSENTIAL SERVICES ASSESSMENT EXEMPTION TO
DETROIT DIESEL CORPORATION**

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 (the “SESA”) and the Alternative State Essential Services Assessment Act (the “Alternative SESA”);

WHEREAS, the SESA and the Alternative SESA authorized the creation and operation of the SESA Exemption and the Alternative SESA Exemption Program by the Michigan Strategic Fund (the “MSF”) pursuant to MCL 211.1059;

WHEREAS, on October 28, 2014, by Resolution 2014-176, the MSF Board approved (i) the SESA Exemption (the “SESA Program”) and Alternative SESA Exemption Program (the “Alt SESA Program”) (“collectively, the “SESA Exemption Program”) and (ii) program guidelines for the SESA Exemption Program (the “Program Guidelines”);

WHEREAS, on October 28, 2014, by Resolution 2014-177, the MSF Board approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the SESA Exemption Program;

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

WHEREAS, Detroit Diesel Corporation (the “Company”) 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);

WHEREAS, the Program Guidelines require that projects be located in Eligible Distressed Areas, as defined in the Program Guidelines, in order to be eligible for the SESA Program (the “EDA Requirement”);

WHEREAS, the Program Guidelines require that qualifying investments be made after MSF approval and within three (3) years of commencement of the project in order to be eligible for the SESA Exemption Program (the “Commencement Requirement”);

WHEREAS, the MEDC is requesting a waiver to the EDA Requirement and the Commencement Requirement (the “Waiver Request”);

WHEREAS, the Company has requested that the MSF Board approve a 100% exemption under the SESA Program for up to fifteen years estimated to be worth \$3,294,130 for up to \$161,800,000 in

qualified investment in Eligible Personal Property, as defined in the Program Guidelines, in the Township of Redford, Wayne County (the “SESA Exemption Recommendation”); and

WHEREAS, the MEDC recommends the MSF Board approve the SESA Exemption Recommendation, the Waiver Request, and require a one-time administrative fee in the amount of \$10,000 payable to the MSF upon completion of the first performance milestone (collectively, the “Request”);

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

Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
December 10, 2024



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

**MICHIGAN STRATEGIC FUND
RESOLUTION 2024-175**

**CRITICAL INDUSTRY PROGRAM GRANT TO
DETROIT DIESEL CORPORATION**

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

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

WHEREAS, pursuant to Section 88s of the MSF Act, MCL 125.2088s, the MSF shall create and operate the critical industry program to provide qualified investments to qualified businesses for deal-closing, gap financing, or other economic assistance to create or retain qualified jobs as a result of a technological shift in product or production or make capital investments (the “Critical Industry Program”);

WHEREAS, the Critical Industry Program will be funded through the Strategic Outreach and Attraction Reserve (“SOAR”) Fund created by Public Act 137 of 2021, upon transfer of SOAR funds to the MSF;

WHEREAS, on January 11, 2022, the MSF Board created the Critical Industry Program and approved the guidelines for the implementation and operation of the Critical Industry Program;

WHEREAS, the Detroit Diesel Corporation submitted an application seeking a Critical Industry Program grant in the amount of \$27,700,000, in order to support a capital investment of at least \$285,000,000 and creation of at least 436 Qualified Jobs in Michigan, in accordance with the terms and conditions outlined in the term sheet attached to this Resolution (the “Grant Request”);

WHEREAS, the MEDC recommends the MSF Board approve the Grant Request, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request;

WHEREAS, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MSF Board wishes to approve the Grant Request.

NOW, THEREFORE, BE IT RESOLVED, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MSF Board approves the Grant Request;

BE FURTHER RESOLVED, the MSF President and the MSF Financial Officer are authorized to take all actions necessary to request transfer of SOAR funds to the MSF to fund the Grant Request; and

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

Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
December 10, 2024

Critical Industry Program (“CIP”) Grant Term Sheet

This term sheet (“Term Sheet”) sets forth key terms of a potential Critical Industry Program (“CIP”) grant award from the Michigan Strategic Fund (the “MSF”) to Detroit Diesel Corporation (the “Company”).

The proposed terms and conditions of the CIP award herein will not be construed as binding upon either party until the mutual execution of a written grant agreement (the “Grant Agreement”). Any obligations that may be deemed to arise under this Term Sheet are contingent on the Company obtaining all necessary corporate approvals, and the Michigan Economic Development Corporation (the “MEDC”) obtaining all necessary MSF Board and State of Michigan Legislature approvals.

PROJECT SUMMARY

Scope of the Project: The Company intends to revitalize and expand their Redford Charter Township and City of Detroit Campus (the “Project Site”). The proposed investment involves modernizing and enhancing the current plant to maintain its existing production capacity while equipping it to manufacture Zero-Emission Vehicle (“ZEV”) components for medium- and heavy-duty electric trucks. The entire project expects to ramp up over the course of the next several years, resulting in an expected creation of at least 436 new jobs and a projected investment of at least \$285,000,000 by December 31, 2032 (the aforementioned, collectively, the “Project”).

CIP Award Amount: A maximum grant of Twenty-Seven Million Seven Hundred Thousand Dollars (\$27,700,000.00) (the “CIP Award” or “Grant”).

Term of the Agreement: From the effective date of the Grant Agreement through June 30, 2033 (the “Term”).

Overall Investment Commitment: Investment by the Company of no less than a total of Two Hundred Eighty-Five Million and 00/100 Dollars (\$285,000,000.00) in Eligible Expenses (the “Investment Commitment”) by December 31, 2032 (the “Investment Performance Deadline”) at the Project Site.

Overall Jobs Commitment: Creation of 436 Qualified Jobs (the “Overall Jobs Minimum”) at the Project Site, above a base of 2,607 existing jobs (the “Overall Base”), on or before December 31, 2032 (the “Jobs Performance Deadline”), which Qualified Jobs must have been maintained for the previous 12 months (collectively, the “Overall Jobs Commitment”).

- A “Qualified Job” means a job that the Company creates at the Project Site on or after April 4, 2024, and is performed by either: (i) a Michigan resident whose state income taxes are withheld by the Company, or by an employee leasing company or professional employer organization on behalf of the Company; or (ii) a nonresident who is employed by the Company at the Project Site, as determined and verified by the MSF.

Security Interest and Other Interests: Security interests and other interests in favor of the MSF must comply with the requirements of Section 88s(4) of the MSF Act, MCL 125.2088s(4), and, notwithstanding anything to contrary, may include, but is not limited to, real and/or personal property at the Project Site, such as transfer and reconveyance rights, a mortgage, right of first offer, reverter rights, collateral in equipment, fixtures, deposit account control, intangibles, inventory, or other personal property interests. Such interests will be used to secure repayment of any amounts owed to the MSF under the Grant

Agreement and exercise other MSF rights through the end of the Term.

GRANT DISBURSEMENTS

Investment Disbursements – up to \$20,000,000

- Up to Twenty Million and 00/100 Dollars (\$20,000,000.00) of the CIP Award will be disbursed on a reimbursement basis for fifty percent (50%) of the Eligible Expenses (defined below) in accordance with the requirements set forth below and as more particularly set forth in the Grant Agreement. The Company shall submit one or more reimbursement requests, but no more frequently than quarterly, together with a certification of the Company's compliance with the Grant Agreement. Requests for reimbursement will be verified by the Compliance Unit of the Legal and Compliance Division of the MEDC prior to release of any funds. The failure to satisfy the Investment Commitment and/or the Overall Jobs Commitment may result in the Company's obligation to repay all or a portion of the Investment Disbursement.

"Eligible Expenses" means hard costs for site preparation, construction, infrastructure, development, machinery, equipment, tooling, computers, furniture, fixtures, and other such capital expenditures for the Project beginning on or after April 4, 2024. Certain costs, to be more particularly described in the Grant Agreement, such as administrative costs, debt and lease payments, meals, and entertainment expense, are not eligible for reimbursement.

Project Completion Disbursement due December 31, 2032 – up to \$7,700,000

- Up to Seven Million Seven Hundred Thousand and 00/100 Dollars (\$7,700,000.00) of the CIP Award will be disbursed upon achievement of the Investment Commitment and the Overall Jobs Commitment (the "Project Completion Amount"). In the event that the Investment Commitment and/or the Overall Jobs Commitment have not been met, the amount of funds to be disbursed will be prorated based on the actual amount of demonstrated investment and the Peak Overall Jobs Attained as set forth below. "Peak Overall Jobs Attained" is the peak number of Qualified Jobs above the Overall Base at any point within one year prior to the Jobs Performance Deadline.

CLAWBACK PROVISIONS AND REPAYMENT/FORFEITURE EVENTS

Grant disbursements made under the CIP Award are subject to repayment upon the occurrence of one or more events of default, unless otherwise cured or waived as permitted under the Grant Agreement, which shall include, without limitation: project abandonment, bankruptcy or insolvency (with any such proceedings against the Company not being set aside within sixty (60) calendar days from the date of institution thereof), material misrepresentation, misuse of funds, and material failure to comply with the terms of the Grant Agreement. Any Repayment Amount not paid within 90 days is subject to a penalty of 1% per month, prorated on a daily basis. Provided, however, that the CIP Award is subject to adjustment as follows:

- **Failure to Meet Investment Commitment** – The Company's failure to satisfy the Investment Commitment will result in a reduction in the maximum CIP Award. The amount of any such reduction will be calculated as follows:
 - First, the "Investment Performance Percentage" shall be calculated by dividing: (A) the actual amount of demonstrated investment by the Company for the Project by (B) the Investment Commitment.
 - Next, the "Adjusted CIP Award" shall be calculated by multiplying the CIP Award by the Investment Performance Percentage. If the Company has satisfied the Overall Jobs

Commitment by the Jobs Performance Deadline, then the Adjusted CIP Award will also be the Final CIP Award for purposes of calculating the Repayment Amount.

- **Failure to Meet Overall Jobs Commitment** – The Company’s failure to satisfy the Overall Jobs Commitment by the Jobs Performance Deadline will result in the reduction in the maximum CIP Award or, if applicable, a reduction in the Adjusted CIP Award as follows:
 - First, the “Jobs Performance Percentage” is calculated by dividing (A) the Peak Overall Jobs Attained by (B) the Overall Jobs Minimum;
 - The “Final CIP Award” is calculated by multiplying (A) the CIP Award or, if applicable, the Adjusted CIP Award by (B) the Jobs Performance Percentage.
- **Adjustments to the Project Completion Disbursement** – In the event that the Investment Commitment and/or the Overall Jobs Commitment have not been met, the Project Completion Amount shall be adjusted as follows:
 - The “Repayment Amount” is the difference between (A) the CIP Award and (B) the Final CIP Award.
 - If the Repayment Amount is less than the Project Completion Amount, then the Company shall be entitled to a final disbursement equal to the difference between (A) the Project Completion Amount and (B) the Repayment Amount.
 - If the Repayment Amount is greater than the Project Completion Amount, then the Company shall (A) forfeit the Project Completion Amount, and (B) repay a portion of the CIP Award actually received, which portion shall be calculated as the difference between (i) the Repayment Amount and (ii) the Project Completion Amount.
- **Mass Relocation** – If the Company transfers to another state more than 50% of the total number of jobs at the Project on or before the end of the Term, it will be required to repay all, or a portion, of Grant disbursements made under the CIP Award.

Suspension of Disbursements: The MSF may immediately suspend making disbursements of the CIP Award to the Company upon the occurrence of: (i) an event of default, which shall be defined in the Grant Agreement, but shall include, without limitation, material noncompliance with the terms of the Grant Agreement, (ii) default in any other grant, loan, or other economic assistance agreement with the State of Michigan or (iii) the occurrence of an event which, with the giving notice or the passage of time, or both, would constitute an event of default.

ADDITIONAL STATE REQUIRED TERMS

- **Amendments** – As required under Section 88s(5) of the MSF Act, MCL 125.2088s(5), the MSF will provide written notice to the Legislature of any requests to modify the fully executed written Grant Agreement and will otherwise comply with requirements of Section 88s(5) prior to taking any action on such amendment request.
- **Annual Compliance Certificate** – During the Term, the Company will be required to sign and submit an Annual Compliance Certificate certifying that the Company is in compliance with the terms and conditions of the Grant Agreement.
- **Annual Progress Report** – During the Term, the Company will be required to submit annual progress reports, which shall include the total number of Qualified Jobs created at the Project, the average annual salary of both the Base Jobs and the new Qualified Jobs, and the total investment into the Project. This information will be transmitted to the Legislature as required under Section 9 of the MSF Act, MCL 125.2009.

- **Access to Records & Audit Rights** – During the Term and for a period of three years after the Term, and upon reasonable advance notice, the Company is required to permit the MSF, MEDC, the Office of the Auditor General, the Department of Technology, Management and Budget, and the MSF Chief Compliance Officer to visit the Company, and any other location where books and records of the Company are normally kept, to inspect the books and records, including financial records and all other information and data relevant to the terms of the Grant, all at times and locations mutually agreed upon by the parties.
- **Other provisions** – The Grant Agreement will include standard representations, covenants, and other provisions required by the MSF, including without limitation, indemnification, non-discrimination and unfair labor practices, termination of funding, any other requirements of the Critical Industry Program Guidelines, as approved by the MSF, and any requirements of the Michigan Strategic Fund Act, including without limitation, cross default, and any other provisions of Section 88s.



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: December 10, 2024

To: Michigan Strategic Fund Board

From: Steve Bakkal, Senior Strategy Advisor

Subject: University of Michigan – Strategic Site Readiness Program Grant

REQUEST

The University of Michigan (the “University”) is requesting \$100,000,000 from the Strategic Site Readiness Program (“SSRP”) related to site development, construction and other related Eligible Activities under the SSRP necessary to construct a new advanced computing facility in Ypsilanti, Michigan (the “Project”). The Project will provide a location for at least two state-of-the-art advanced computing facilities. One of the facilities will be utilized primarily by the University and the other is intended to be used by Los Alamos National Laboratory (“LANL”) for advanced research (the “National Lab Building”). The SSRP grant funds will be used for design and site development costs for the Project and construction costs for the National Lab Building.

The total cost of the Project is expected to exceed \$1.2B and the Project is expected to become fully operational by 2030. Proposed sources and uses are outlined below:

Proposed/Potential Sources:

State Support - SSRP	\$100,000,000
University and SPV Debt Financing	\$850,000,000
LANL Funding	\$300,000,000
	<u>\$1,250,000,000</u>

Proposed Uses

Land Costs	\$3,000,000
LANL 100MW New Construction Facility	\$685,000,000
University 10MW New Construction Facility	\$100,000,000
Network Line	\$15,000,000
Substation Capital Contribution	\$30,000,000
Computers Purchased	\$417,000,000
	<u>\$1,250,000,000</u>

(Collectively, the “Request”)

BACKGROUND

After conducting a competitive search by LANL, the University and LANL have entered a collaborative alliance focused on addressing key national priorities. This joint endeavor aims to empower the University and LANL in attracting and retaining top-tier scientists and engineers by facilitating collaborative solutions to current critical challenges for the Department of Energy (the “DOE”).

As part of fortifying this partnership, the University and LANL propose the establishment of a cutting-edge High-Performance Computing (“HPC”) innovation center. The HPC will encompass a groundbreaking 100-megawatt (MW) capacity for LANL and a dedicated 10MW academic computing center for the University's non-classified open research initiatives. Discussions are ongoing with the University to allocate a portion of the non-classified center to other educational entities within the State of Michigan (the “State”) as well as providing access to industry.

The facility will be located on a 20-acre property in Ypsilanti Township. The Ypsilanti Community Utility Authority has confirmed the proposed location already has water and wastewater service capacity to immediately support the proposed initial demand. Meanwhile, DTE anticipates constructing a new electrical substation near the site, also in Ypsilanti Township, with two-thirds of the substation’s capacity supporting the Project and the remaining one-third capacity for community benefit. The cost for constructing this electrical infrastructure is included in the total cost of the Project.

Even given the electricity and water usage, the Project remains focused on minimizing environmental impact and reducing greenhouse gas emissions however possible. The water-cooling technology being considered, for instance, could redistribute water throughout the facility for cooling. Other concepts under consideration include obtaining non-potable or reclaimed water, opportunities for heat re-use, and implementing clean energy solutions such as solar power, geothermal, or other renewable energy options.

The development of the Project is expected to create highly skilled federal research lab positions and provide a significant attraction opportunity for out-of-state companies that are interested in partnering with LANL or the University. Beyond the initial construction jobs and the significant purchasing of materials during the construction phase, a minimum of 200 direct permanent jobs are expected to be created over 10 years, with an average salary of approximately \$200,000.

LANL identified the University due a variety of factors including, but not limited to: (1) the caliber of research being done at the University and potential for synergies in that research between the two organizations; (2) an indicative commitment by the State of \$100 million in support of construction of the HPC; and (3) unique qualities offered by the State’s geography, including an expectation of long-term climate resilience.

ADDITIONAL BENEFITS TO MICHIGAN

This Project supports the State’s growing AI ecosystem, focused on developing the computing infrastructure, research and innovation, and talent, to capture the economic development benefits of AI. Many of the areas of research that LANL and the University will be focused on include national security, climate change, and artificial intelligence, which are key priority areas for the State.

This investment positions Michigan for additional anticipated federal investments to support AI research hubs across the country. Dedicating a portion of the HPC for shared computing capacity can also develop the security clearance ecosystem, creating additional opportunities for businesses to secure Department of Defense grants. Also, the non-classified portion of the facility can be utilized by the private sector, in partnership with the University or other educational entities in the State, to solve industry challenges.

In addition to attracting researchers and their families to the State, this facility will also attract students nationally and globally to Michigan to utilize the research assets and work in the national lab system. It’s also anticipated that LANL and the DOE will upgrade the supercomputing assets every 3-5 years (over \$250,000,000) to maintain global leadership in having the world’s most powerful computational infrastructure. These assets can then be utilized by the non-classified portion of the facility for University and private sector access. Having these facilities here will be a significant addition to the innovation infrastructure in the State.

ELIGIBILITY

The University is a political subdivision of the State and is therefore an eligible applicant for SSRP funds. The scope of the Project consists of professional fees and construction of buildings on the Project site which are all eligible activities for SSRP funds.

The application for this grant was reviewed using the criteria outlined in Act 270 of 1984 125.2088t (3), (4), and (7).

The site is currently within an area designated as an Innovation and Employment District. From Ypsilanti Township's Future Land Use Plan:

“The Innovation and Employment District is intended to be the major employment area of the township. The area is targeted for companies at the cutting edge of innovation with a combination of technology, office, craft manufacturing or light industrial uses.”

Appendix A addresses the SSRP statutory and programmatic considerations.

RECOMMENDATION

Staff recommends approval of the Request.

Key Statutory Criteria

Per section 88t of the MSF Act, to the extent reasonably applicable as reasonably determined by the MSF board to the type of project proposed, the MSF shall consider and document at least all of the following criteria for all SSRP awards before entering into a written agreement:

- **Explain the importance of the project in the community it is located and the extent to which it will be a catalyst for additional revitalization of the community.** By establishing a state-of-the-art innovation center, the region can attract additional investments in research and development. The proposed facilities will create job opportunities, support local businesses, and improve the quality of life by providing educational and collaborative research opportunities. As the University trains students, we will be in a position to retain top talent in Michigan through research positions while meeting the needs and goals of LANL.

Explain the degree to which the project is a priority for the local government or economic development organization (EDO). Ann Arbor SPARK has expressed their support for this project.

The project includes plans to accommodate up to 200 National Lab employees, which can stimulate local employment and economic activity.

Significant investment in large infrastructure projects like a 100MW facility and a 10MW facility can lead to additional job opportunities in construction, maintenance, and operations.

This Project could further enhance Southeast Michigan as a hub for high-tech industries and innovation, attracting other start-ups or high-tech businesses who may be a potential tenant or collaborator. This project also promises enhanced educational opportunities, joint workforce development programs, and research initiatives, which can improve local academic environments and skill levels. This project maintains an emphasis on grid reliability, water security, and a mild climate suitable for cooling the computing equipment in the facility underlines the project's aim to create sustainable and resilient infrastructure to serve national interests. By leveraging Southeast Michigan's affordability and quality of life, the project aims to create a highly attractive locale for prospective employees and their families, enhancing the region's overall standard of living.

- **Is the site supported by a strategic or other plan addressing business attraction and investment in the region?** The site aligns with strategic plans designed to attract business and investment in the region. The University has coordinated efforts with DTE Energy to confirm existing and scalable infrastructure capacity, underscoring a proactive approach to support the project. This includes securing necessary utilities and ensuring that the location is favorable regarding schedule and construction costs, which are critical considerations for attracting high-value research and business activities to the area. It aligns with the University's strategic plan for Vision 2030 and the creation of an innovation center.
- **Explain the extent to which there is regional and local support for the project, including the strategic importance of the project to the community.** The project has significant regional and local support as evidenced by the preferred site being in Ypsilanti Township, MI. The selection of this site involves coordination with DTE Energy, ensuring the availability of critical infrastructure such as electrical and water services. The partnership between the University and LANL underscores the strategic importance; it will not only house advanced HPC capabilities but will also foster collaborative research and workforce development, thus benefiting the local community by enhancing educational opportunities and positioning the area as a leader in high-performance computing.
- **What is the projected level of creation or retention of qualified jobs as a result of a technological shift in product or production at the project location and within the state?**

LANL estimates the creation of up to 200 jobs in Michigan over the next 10 years, with the largest components of that creation coming when the facility is placed in service.

- **Will the projected wages equal or exceeded the average wage for the county in which the project is located?** With total average annual compensation estimated at \$300,000 and average base compensation at \$200,000, the new jobs created are expected to significantly exceed the average annual wage for Washtenaw County of \$69,056.
- **Have you secured other economic assistance or is there support from the federal government for the project? If so, what is the amount?** LANL has informally committed to \$285,000,000 in net construction costs. Ongoing operating costs (not including construction net debt service) are estimated at \$78,000,000 annually, with such costs consisting of electricity, water, building maintenance, operating costs, etc.
- **What is the level of end user's commitment to the project?** LANL will pay net construction costs of \$285,000,000 plus ongoing operational costs indefinitely, which are estimated at \$78,000,000 (not including construction debt service). In addition, it is anticipated that LANL and the University will sign a memorandum of understanding for the initial project phases and expect to execute long-term lease and/or use agreements for LANL's use of the facility.
- **Upon completion of the grant, if awarded, will the site demonstrate a high level of competitiveness for business attraction (status of assemblage, site control, and status of site readiness)?** Yes. A tenant has already been identified. Aside from the tenant the Project will attract, additional businesses dealing with classified matters are expected to gravitate toward the area as well as significant numbers of researchers which will be, in part, supported by the facility.
- **Do you have a detailed plan for how the requested funds will be used to advance a site(s) to an investment ready status?** Yes
- **Have you pursued cost containment measures?** The Project has prepared preliminary cost estimates and will update them at the completion of each design phase to assess budget conformance. At the end of each design phase, the design team will also complete a value engineering exercise to identify savings opportunities.
- **Is the project competing with other states and is the SSRP part of the incentive package?** Yes, LANL considered multiple sites for the partnership. The support of the State of Michigan through the SSRP grant was a critical component in securing the Project in Michigan.
- **Explain how the project promotes sustainable development.** The Project has a minimum LEED certification goal of LEED Silver with a stretch goal of LEED Gold under LEED v4 for New Construction. The Project will employ integrated design principles to ensure energy efficiency, water conservation, occupant comfort, and minimal environmental impact to the project site. In keeping with the University's carbon neutrality goals, the project will be all-electric. The building's design and systems include several energy-efficient features to achieve better than 20% energy savings compared with an energy-code-compliant building as defined by ASHRAE 90.1-2013. Low-flow plumbing fixtures will reduce water consumption by 20% beyond the Michigan Plumbing Code requirements. The project will purchase ENERGY STAR equipment and construction waste will be diverted from landfills whenever possible.
- **Will the proposed investment result in the elimination of blight and the redevelopment of blighted properties?** No. This Project involves construction of new facilities.
- **Will the proposed investment result in the remediation of environmental contamination?** A Phase I Environmental Site Assessment was conducted that identified recognized environmental conditions. Therefore, a Phase II assessment is planned. If non-hazardous, contaminated soils and/or groundwater are identified above Part 201 criteria then the management of contaminated materials and the site development will be in accordance with Part 201 due care requirements.

- **Will the reuse of vacant buildings, public or private, or the conversion of any abandoned public buildings to private use be included in the project? No**
- **Does the project involve the rehabilitation of a historical use? No**
- **Will the funds, if awarded, address the necessary site improvements specifically pertaining to environmental and topographical conditions? Yes**

**MICHIGAN STRATEGIC FUND
RESOLUTION 2024-176**

**APPROVAL OF MICHIGAN STRATEGIC SITE READINESS PROGRAM
GRANT TO THE UNIVERSITY OF MICHIGAN**

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

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

WHEREAS, pursuant to Section 88t of the MSF Act, MCL 125.2088t, the MSF shall create and operate the Michigan strategic site readiness program to provide grants, loans, and other economic assistance for eligible applicants to conduct eligible activities for the purpose of creating investment-ready sites to attract and promote investment in this state for eligible activities on, or related to, strategic sites and mega-strategic sites (the “Strategic Site Readiness Program”);

WHEREAS, the Strategic Site Readiness Program will be funded through the Strategic Outreach and Attraction Reserve (“SOAR”) Fund created by Public Act 137 of 2021, upon transfer of SOAR funds to the MSF;

WHEREAS, on January 11, 2022, the MSF Board created the Strategic Site Readiness Program and approved the guidelines which have been updated from time to time for the implementation and operation of the Strategic Site Readiness Program (the “Strategic Site Readiness Program Guidelines”);

WHEREAS, the University of Michigan submitted an application seeking a Strategic Site Readiness Program grant in the amount of \$100,000,000 in accordance with the terms and conditions outlined in the term sheet attached to this Resolution (the “Grant Request”);

WHEREAS, subject to transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MEDC recommends the MSF approve the Grant Request; and

WHEREAS, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MSF Board wishes to approve the Grant Request.

NOW THEREFORE, BE IT RESOLVED, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MSF Board approves the Grant Request;

BE IT FURTHER RESOLVED, the MSF President and the MSF Financial Officer are authorized to take all actions necessary to request transfer of SOAR funds to the MSF to fund the Grant Request; and

BE IT FURTHER RESOLVED, the MSF Fund Manager is authorized to negotiate final terms and conditions of the Grant Request and to execute all documents necessary to effectuate the Grant Request.

Ayes: Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: Dr. Brittany Affolter-Caine

Lansing, Michigan
December 10, 2024

Strategic Site Readiness Program Grant

Summary of Terms

This document summarizes the key terms and conditions of the potential Strategic Site Readiness Program (“SSRP”) Award for the University of Michigan (the “University”). The proposed terms and conditions herein will not be construed as binding upon either party until the mutual execution of a written grant agreement (the “Grant Agreement”). Any obligations that may be deemed to arise under this Term Sheet are contingent on the University obtaining all necessary approvals, and the Michigan Economic Development Corporation (“MEDC”) obtaining all necessary Michigan Strategic Fund (“MSF”) Board and State of Michigan Legislature approvals.

SSRP Award: Up to \$100,000,000 to the University for Eligible Activities, as defined in the SSRP Guidelines approved by the MSF Board on January 11, 2022, related to site development, construction and other related activities necessary to construct to a new advanced laboratory facility project in Ypsilanti Township, Michigan (the “Project”). The Project will provide a location for at least two state-of-the-art advanced computing laboratories. One of the laboratories will be utilized by the University (the “UofM Building”) and the other is intended to be used by the Los Alamos National Laboratory (the “Lab”) for advanced research (the “National Lab Building”). The SSRP grant funds will be used for site development costs for up to the entire site and construction costs for the National Lab Building.

The total cost of the project is estimated at \$830,000,000.

The Project is expected to support growth within Ypsilanti Charter Township and surrounding communities through job creation and industry attraction.

Term of the Agreement: The effective date of the Grant Agreement through the earlier of: (i) January 31, 2032; (ii) the grant manager’s approval of the Project Completion Milestone; or (iii) when the Parties mutually agree in writing to terminate the Grant Agreement.

Disbursement of Grant Funds: Grant funds will be disbursed based on the University’s achievement of the following key milestones and, except as to Key Milestone One, only after the University has actually expended or encumbered at least seventy percent (70%) of the SSRP Award funds disbursed under the immediately preceding Key Milestone in accordance with the project budget:

- Key Milestone One: Not to exceed \$16,000,000
 - Disbursement request in the form determined by the MEDC;
 - Copies of written agreements between the University and any contractor currently engaged to perform the Eligible Activities for the Project;
 - Evidence of the actual expenditure or encumbrance of at least \$9,000,000 in design or acquisition costs by the University and \$10,000,000 in design costs by the Lab;
 - Evidence of \$677,000,000 (net of any project funds previously expended) in University Funds available for the estimated project costs; and
 - Proof of acquisition of site land by the University.
- Key Milestone Two: Not to exceed the sum of \$84,000,000 and any remaining balance under Key Milestone One
 - Disbursement request in the form determined by the MEDC;
 - A spreadsheet describing and itemizing the actual expenditure for Eligible Activities of the grant disbursement received under Key Milestone One. The

spreadsheet shall include the corresponding category of the budget, identify the name of actual vendor or recipient of each expenditure, and be accompanied by supporting documentation;

- A narrative describing in detail the Eligible Activities to be completed with the grant disbursement received under Key Milestone Two;
 - Provide a copy of the fully executed agreement (lease, license, or otherwise), with a multi-year term, with Los Alamos National Laboratory (or an affiliate) for occupancy of the National Lab Building; and
 - Provide written agreements between the University and its contractors for activities that have not been provided for in Key Milestone One.
- **Project Completion Milestone:**
 - A final milestone certificate in the form determined by the MEDC;
 - A spreadsheet describing and itemizing the actual expenditure of grant disbursements for all Eligible Activities completed during the Term. The spreadsheet shall include the corresponding reference category of the budget, identify the name of the actual vendor or recipient of each expenditure, and be accompanied by supporting documentation;
 - Demonstrated verification that 100% of the SSRP Award funds disbursed in have been expended for Eligible Activities; and
 - Documentation satisfactory to the grant manager that the Project is complete.

Eligible Activities: Activities related to site due diligence and remediation, as well as the design, construction, and installation of infrastructure servicing an \$830M computing facility, incurred after MSF Board approval related to the Project. Construction costs will be limited to the National Lab Building. The University and the MSF will develop a detailed budget for the Project that includes budget categories for the Eligible Activities. The budget will be incorporated into the Grant Agreement signed by the parties.

Security Interest: The University shall maintain a separate account (the “Project Funds Account”) into which the SSRP Award funds will be disbursed. The University shall grant the MSF a security interest in the Project Funds Account. The MSF and the University will execute all documents necessary for the MSF to perfect its interest in the Project Funds Account.

Suspension of Disbursements: The MSF may immediately suspend making disbursements of the SSRP Award upon the occurrence of: (i) an event resulting in a Repayment Amount (as defined below), (ii) an event of default, which shall be defined in the Grant Agreement, but shall include, without limitation, material noncompliance with the terms of the Grant Agreement, (iii) default in any other agreement with the State of Michigan, or (iv) the occurrence of an event which, with the giving notice or the passage of time, or both, would constitute an event of default

Clawback Provisions: The University will be required to repay all or a portion of the grant disbursements made under the SSRP Award upon the occurrence of one or more of the following events (each resulting in a “Repayment Amount”), and repayment is subject to the highest applicable Repayment Amount if one or more of the same circumstances give rise to such events. All Repayment Amounts must be paid within 90 days of written notification by the MSF. Any Repayment Amount not paid within 90 days is subject to a penalty of 1% per month, prorated on a daily basis:

- **Failure to Meet Key Milestone Two:** If the University fails to complete Key Milestone Two, including as a result of project abandonment by the Lab, the University may be required to repay 100% of SSRP Award disbursements made under Key Milestone One.

- **Project Abandonment:** If the University voluntarily abandons the Project after the SSRP Award is disbursed and on or before the end of the Term it will be required to repay 100% of grant disbursements made under the SSRP Award.
- **Bankruptcy or Insolvency** – If the University files for bankruptcy or otherwise becomes insolvent on or before the end of the Term, with any such proceedings against the University not being set aside within sixty (60) calendar days from the date of institution thereof and results in the material reduction to the University’s operations for the Project, it will be required to repay 100% of grant disbursements made under the SSRP Award. The MSF would be entitled to foreclose on any security interest and, in the case of bankruptcy, submit a proof of claim in any such bankruptcy proceedings and seek recovery of the SSRP Award.
- **Material Misrepresentation.** If the University makes a material misrepresentation under the Grant Agreement, any required submissions thereunder, or any reimbursement request to the MSF on or before the end of the Term it will be required to repay 100% of grant disbursements made under the SSRP Award.
- **Misuse of Funds:** If the University uses the SSRP Award for a prohibited purpose during the Term it will be required to repay 100% of grant disbursements made under the SSRP Award.
- **Material Failure to Comply.** If the University fails to materially comply with its obligations to submit materials required under the (i) Key Milestones, (ii) annual progress reports, or (iii) annual compliance certificates under the Grant Agreement, it will be required to repay 100% of grant disbursements made under the SSRP Award.
- **Project Funds Account Balance.** In the event there is any remaining balance in the Project Funds Account upon the earlier of: (i) the University’s submission of the Final Milestone Certificate or (ii) January 31, 2032, the University shall pay the MSF the balance of funds in the Project Funds Account.

Additional State Required Terms:

- **Amendments** – As required under Section 88t(8) of the MSF Act, MCL 125.2088t(8) (“Section 88t”), the MSF will provide written notice to the Legislature of any requests to modify the fully executed written Grant Agreement and will otherwise comply with requirements of Section 88t(8) prior to taking any action on such amendment request.
- **Annual Compliance Certificate** – During the Term, the University will be required to sign and submit an annual compliance certificate certifying that the University is in compliance with the terms and conditions of the grant agreement.
- **Annual Progress Report** – During the Term, the University will be required to submit annual progress reports. This information will be transmitted by the MSF to the Legislature as required under Section 9 of the MSF Act, MCL 125.2009.
- **Access to Records & Audit Rights** – During the Term, and for a period of three years after the expiration of the Term, and upon reasonable advance notice, the University is required to permit the MSF, MEDC, the Office of the Auditor General, the Department of Technology, Management and Budget, and the MSF Chief Compliance Officer to visit the University, and any other location where books and records of the University are normally kept, to inspect the books and records, including financial records and all other information and data relevant to the terms of the grant, all at times and locations mutually agreed upon by the parties.
- **Other provisions.** The Grant Agreement will include standard representations, covenants, and other provisions required by the MSF, including without limitation, non-discrimination and unfair labor practices, termination of funding, any other requirements of the SSRP Guidelines, as approved by the MSF, and any requirements of the Michigan

Strategic Fund Act, including without limitation, cross default, and any other provisions of Section 88t.



November 25, 2024

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 Strategic Site Readiness Program (SSRP) Grant to the University of Michigan because it is a potential conflict of interest during the Michigan Strategic Fund Board Meeting on Tuesday, December 10, 2024.

Many thanks –

A handwritten signature in black ink 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

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: December 10, 2024

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

From: Sam Sedlecky, Business Development Advisor
Brittney Mizer, Senior Business Development Project Manager
Rob Garza, Director, Statutory Analysis

Subject: Request for Approval of a Michigan Business Development Program (MBDP) Grant and a Request for Approval of an Act 381 Work Plan Benteler Automotive Corporation (“Company” or “Applicant”) and City of Wyoming Brownfield Redevelopment Authority (BRA) Benteler Development at 4011 Stafford Ave SW Project

Recommendation

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

- a) State tax capture for Act 381 eligible activities capped at \$395,142, utilizing the current state to local capture ratio and
- b) A MBDP Grant in the amount of up to \$1,400,000 for Benteler Automotive Corporation (as outlined in the attached Term Sheet (“MBDP Request”).
- c) This project involves the creation of up to 147 Qualified New Jobs and a capital investment of up to \$105,000,000 in the City of Wyoming, Kent County.

Demonstrated Need

The Company’s traditional growth strategy is to invest and expand operations in one of its current manufacturing facilities, which are located in Holland, Michigan, Wyoming, Michigan, and Duncan, South Carolina. With much of the production work for this new vehicle model slated to take place in Ohio, the Company has also considered building out new operations outside the state, including in Jacksonville, Florida as well. The option to invest and expand in South Carolina is particularly attractive because the Company estimates an opportunity to save about 10% on labor costs and as much as 300% on building heating costs.

Despite these challenges and alternative considerations, the Company would like to invest in a new plant in the City of Wyoming on the long-vacant Site 36, which would fulfill the Company’s desire to help revitalize this key site in Michigan. The Company further believes that locating in Michigan will allow for the continued hiring and training of outstanding talent in the area, building upon its already strong existing skilled workforce and its demonstrated history of success in the area dating back more than 40 years. This project represents an investment in the Strategic Focus Industry of Mobility and Automotive Manufacturing and state incentives can help secure the Company’s continued presence in West Michigan.

In addition to MSF support, the Right Place has offered staff time and resources for the project. Lastly, the Act 381 portion of the project is being supported locally by the local portion of the Brownfield TIF, valued at \$1,177,858.

Project Summary

The Company was recently awarded a major contract to produce a motor brace and battery tray for an all-new major OEM electric transit vehicle, which will primarily be built in Ohio before final assembly is slated to take place in Michigan. The Company is considering building an approximately 315,000 square foot manufacturing facility on approximately 20 acres of the long-vacant 80-acre Site 36 in the City of Wyoming, a site that had previously been home to a General Motors stamping plant. This new manufacturing operation would primarily consist of welding, coating, painting, and assembly processes to supply 160,000 parts per year for at least a decade and is expected to generate 147 new jobs. The motor brace manufacturing process will consist of various welding processes followed by coating while the battery tray will require assembly with a series of welding manufacturing using automated transfer due to the weight of the final product. Various quality testing will take place throughout the process. The finished assembly will move through a paint line on site as the final step of the process. Total volume of the project is estimated at 160,000 parts per year for 10 years.

The Company is considering the City of Wyoming for the project and anticipates the project will result in capital investment of up to \$105,000,000. The project will also result in the creation of up to 147 new jobs. Of the new jobs, the lowest 76 pay a starting wage of \$21.62 per hour plus benefits, which is slightly below the Regional Median Wage of \$21.97 per hour. From there, the remaining jobs have starting wages ranging from \$23.80 to \$67.31, well above the Regional Median Wage.

PROJECT SUMMARY	
Project Eligibility	Facility
Total Approximate Square Feet Revitalized	315,000
Total Approximate Acres Activated	80
Estimated Commercial Square Footage	315,000
Current Taxable Value	\$0
Projected Taxable Value at Completion	\$20,700,000
Total Anticipated Capital Investment	\$105,000,000
Brownfield TIF / MSF Eligible Activities State Tax Capture Request	\$395,142
MBDP Grant	\$1,400,000

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

Request

In order to secure the project, the Applicant is requesting a \$1,400,000 MBDP performance-based grant. The MBDP Request will help Michigan put forward a competitive support package to secure the project over competing sites outside of Michigan. The MBDP funds will help offset the cost of constructing a new facility, allowing the Company to continue to grow its manufacturing facility and become an even stronger

employer in the region. The City of Wyoming BRA is also requesting state tax capture in the amount of \$395,142 to reimburse the Company for MSF non-environmental eligible activity costs.

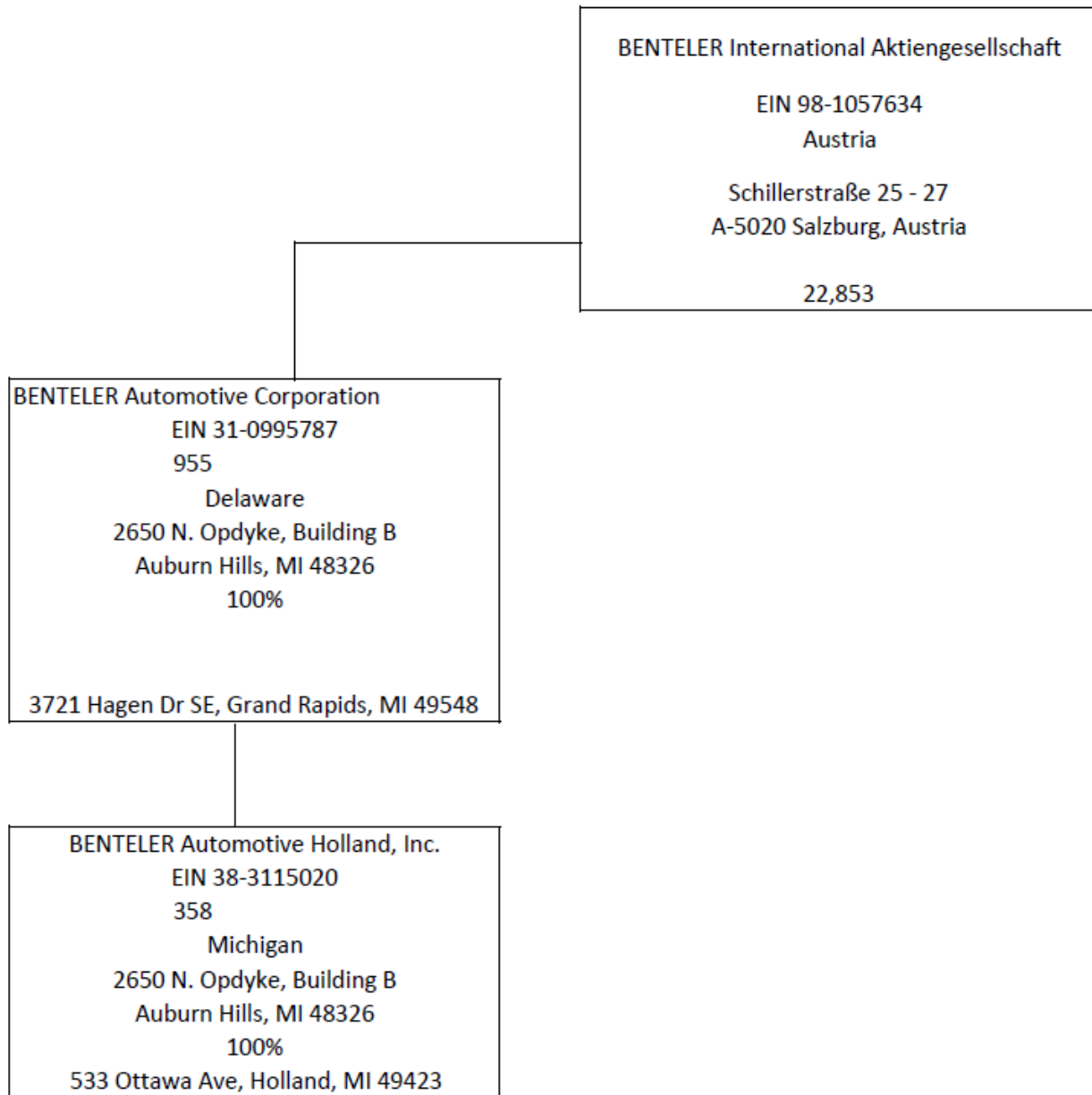
This project aligns with the MEDC's strategic focus area of supporting a business in the target industry of mobility and automotive manufacturing and builds on the state's work to position itself as the global leader in the future of mobility and vehicle electrification. The proposed project will also impact the local region with immediate job growth with a large and expanding automotive supplier. This facility will result in the creation of up to 147 new jobs and up to \$105,000,000 in capital investment in the City of Wyoming, Kent County.

Applicant Background / Qualifications

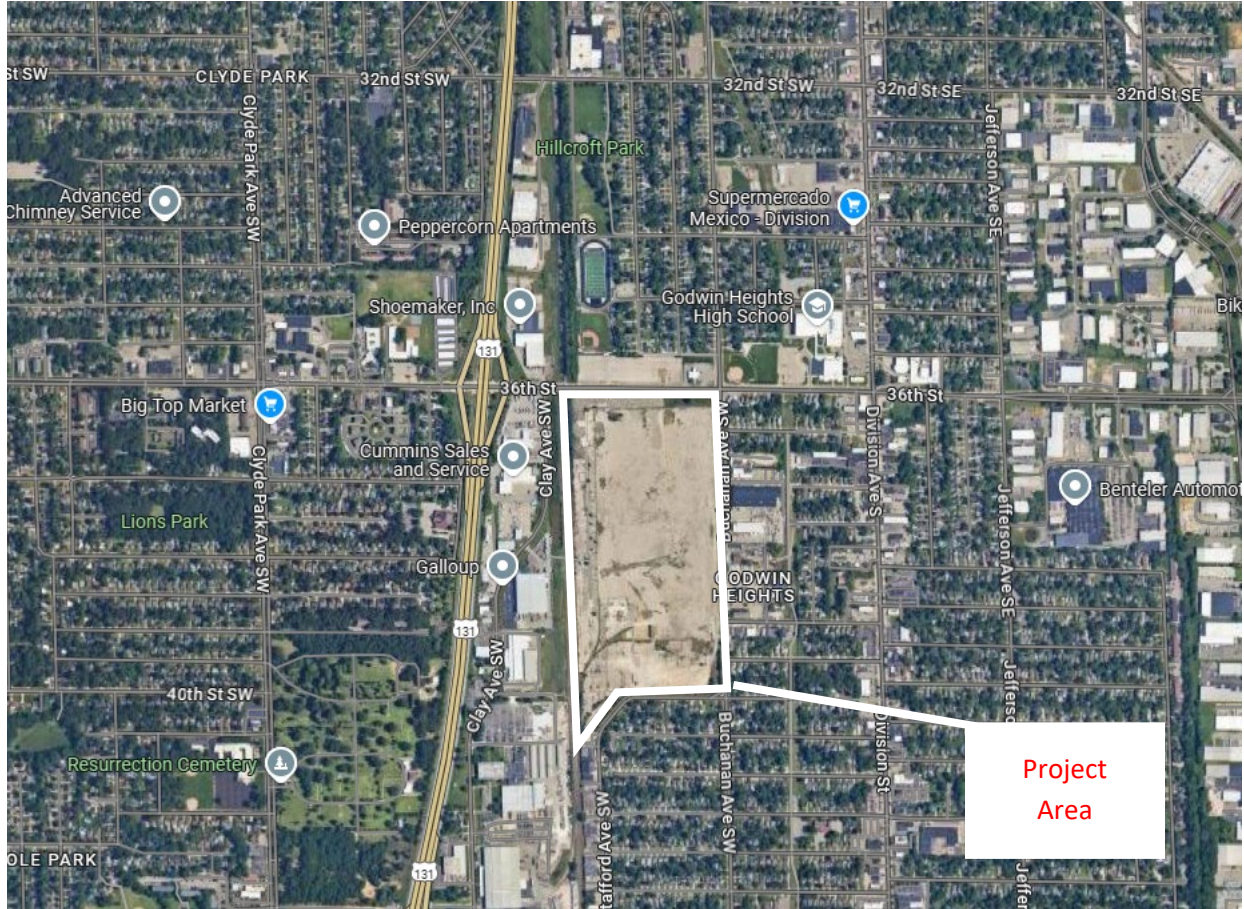
The Company is part of the Austria-based Benteler International AG, a privately held global company with origins dating back to 1876 in Bielefeld, German. Specializing in automotive technology, metal forming, and assembly, the Company expanded into the United States in 1980 through the purchase of a plant in Grand Rapids to help achieve a goal of participating in the U.S. automotive market in providing core technological capabilities such as manufacturing, forming, joining, extrusion, assembly, and logistics. With global employment of approximately 24,000 across more than 70 plants and in 25 countries, the Company develops tailored solutions for their customers around the world. In Michigan, the Company employs approximately 900 individuals and operates two automotive manufacturing plants in addition to the Company's North American headquarters in Auburn Hills. The Company's products include components and modules in the areas of chassis, body, engine and exhaust systems, as well as solutions for electric vehicles. An Organizational Chart for the Applicant is provided in Appendix A.

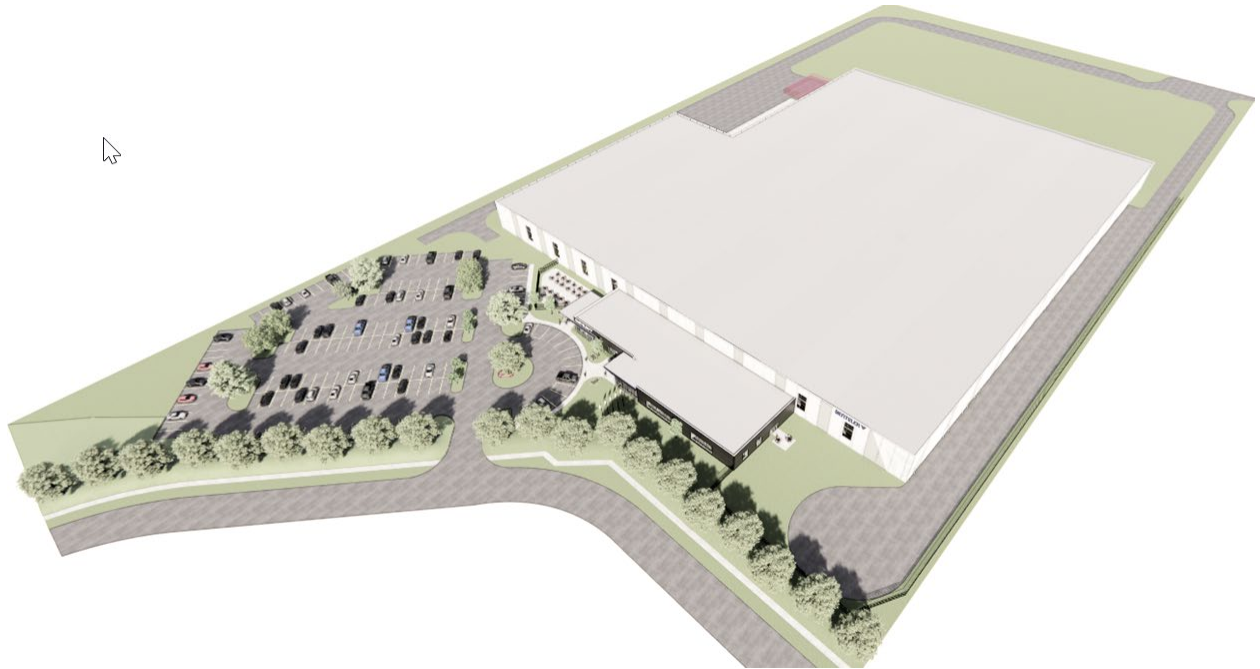
The background review process was completed in accordance with the MSF Background Review Policy on October 30, 2023, and the project may proceed for MSF consideration.

APPENDIX A – Organizational Chart



APPENDIX B – Project Map and Renderings





APPENDIX C – MSF Eligible Activities Summary

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Wyoming, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on December 5, 2022. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on October 17, 2024.

There are 58.3517 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (41.13%) and local millage equaling 34.3517 mills (58.87%). Tax increment capture began with local-only revenues in 2023 and is estimated to continue for 6 years. The state tax capture is recommended to be capped at \$395,142, which is the amount of tax increment revenue anticipated to be generated in 6 years. The tax capture ratio is impacted by a 10% pass-through for all captured millages and some state tax capture being diverted to a different project on an adjacent parcel within the Brownfield Plan. Total MSF eligible activities are estimated at \$1,573,000. MSF eligible activities break down as follows:

Tax Capture Summary:

State tax capture	(25.12%)	\$	395,142
Local tax capture	(74.88%)	\$	1,177,858
TOTAL		\$	1,573,000

Cost of MSF Eligible Activities

Demolition		\$	480,000
Asbestos Abatement			98,000
Infrastructure Improvements			475,000
Site Preparation		+	288,000
Sub-Total		\$	1,341,000
Contingency (15%)		+	202,000
Sub-Total		\$	1,543,000
Brownfield/Work Plan Preparation		+	15,000
Brownfield/Work Plan Implementation		+	15,000
TOTAL		\$	1,573,000

In addition, the project is requesting \$292,000 in TIF from EGLE to assist with environmental eligible activities.

Key Statutory Criteria

Per section 15 of Act 381, the Michigan Strategic Fund shall consider the following criteria to the extent reasonably applicable to the type of activities proposed as part of that work plan when approving or denying a work plan:

a) Overall Benefit to the Public:

The project is helping to reactivate a portion of a former RACER site and is part of a larger plan to attract further development on both this site and the city of Wyoming. The project will also address many environmental conditions within its footprint once complete. suppliers and service providers.
 1.7.5 Reuse of Vacant Buildings and the Redevelopment

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

This project is expected to create approximately 147 new, full-time equivalent jobs in job manufacturing with an average hourly wage of \$26.47.

c) Area of High Unemployment:

The Cities of Grand Rapids/Wyoming seasonally adjusted jobless rate was 4.4% in August 2024.

d) Level and Extent of Contamination Alleviated:

The proposed redevelopment of the property anticipates limited removal of impacted soils and appropriate disposal to a licensed waste disposal facility. Additional due care activities are anticipated to include the installation of an active venting system to presumptively mitigate potential exposures to volatile organic constituents in soil at locations surrounding portions of the proposed structure.

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

The project is not qualifying as functionally obsolete or blighted.

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

No new Brownfields will be created by this project.

g) Whether the Project is Financially and Economically Sound:

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

h) Other Factors Considered:

No additional factors need to be considered for this project.

MICHIGAN STRATEGIC FUND

RESOLUTION 2024-177

APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO BENTELER AUTOMOTIVE CORPORATION

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

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

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

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

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

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

WHEREAS, Benteler Automotive Corporation (the “Company”) has requested a performance based MBDP grant of up to \$1,400,000 (the “Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (the “Term Sheet”) to build an approximately 315,000 square foot manufacturing facility to produce a motor brace and battery tray for an all-new major OEM electric transit vehicle in the City of Wyoming, (the “Project”);

WHEREAS, pursuant to the Guidelines, the Company is a Qualified Business, and the Project is eligible as a Standard MBDP because the Company committed to the creation of at least 50 Qualified New Jobs;

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

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

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

Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
December 10, 2024

Michigan Business Development Program (“MBDP”) Grant Term Sheet

This term sheet (the “Term Sheet”) sets forth key terms of a potential grant by the Michigan Strategic Fund (the “MSF”) in favor of Benteler Automotive Corporation (the “Company”). The proposed terms and conditions herein will not be construed as binding upon either party until the mutual execution of a written grant agreement. Any obligations that may be deemed to arise under this Term Sheet are contingent on the approval of the MSF Board.

PROJECT SUMMARY

Scope of the Project: The Company intends to build an approximately 315,000 square foot manufacturing facility to produce a motor brace and battery tray for an all-new major OEM electric transit vehicle in the City of Wyoming (the “Project Site”). The Company expects to ramp up over the course of the next four (4) years resulting in an expected creation of at least 147 new jobs at the Project Site and a projected investment of \$105,000,000 by June 30, 2028, at the Project Site (collectively, the “Project”).

Award Amount: A maximum grant of \$1,400,000 (the “Award”), all or a portion of which is also referred to as the “Grant”).

Term of the Agreement: Effective Date of the Grant Agreement through September 30, 2028, (the “Term”).

Overall Jobs Commitment: Creation of a minimum of 147 Qualified New Jobs (the “Overall Jobs Minimum”) at the Project Site, above a Statewide Base of 898 employees (the “Overall Base”) for the Company and its wholly owned subsidiary Benteler Automotive Holland, Inc. (the “Company Group”), on June 30, 2028, (the “Jobs Performance Deadline”) (collectively, the “Overall Jobs Commitment”).

- A “Qualified New Job” or “QNJ” is defined as a new, full-time job created by the Company Group for the Project at the Project Site on or after May 20, 2024 (Signed Offer Letter), and maintained continuously for the previous six (6) months, and performed for the Company Group by an individual who is either (i) a resident of the State of Michigan whose Michigan income taxes are withheld by the Company Group, or by an employee leasing company or professional employer organization on behalf of the qualified business; or (ii) a nonresident of the State of Michigan who is employed by the Company at the Project Site, provided that the Company certifies in writing at the time of the MSF disbursement that not less than 75 percent of the employees of that Company at the Project Site are residents of Michigan. In both cases, the QNJs must be in excess of the Overall Base.

GRANT DISBURSEMENTS

Grant funds will be disbursed for Eligible Expenses (defined below) and in accordance with the requirements set forth below. Requests for reimbursement will be verified by the MEDC Compliance Unit of the Legal and Compliance division of the MEDC prior to release of any funds.

“Eligible Expenses” means the actual expenditure by the Company Group on or after May 20, 2024 (Signed Offer Letter) for the Project at the Project Site of Hard Costs for construction for the Project, and infrastructure, machinery, equipment, tooling, computers, furniture, fixtures, lease payments, costs related to talent recruitment and job training including, but not limited to, employee recruitment

expenses, development of customized training development plans, and instructor and training material costs. Provided, however, in no event shall any of the Eligible Expenses include: (i) costs, fees, or expenses for salaries, wages, benefits, meals and entertainment expenses, on-the-job training costs, debt payments, or administrative services for any of the Company or its employees, board members, officers, directors, or other administrative contractors, or (ii) any other expenses reimbursed or paid for under another grant or other public economic assistance.

The Company may request disbursements on a reimbursement basis for 50 percent of Eligible Expenses, related to the Project and paid by the Company. The Company shall submit one or more reimbursement requests, at its discretion, but no more frequently than quarterly, no later than March 31, 2028, together with a certification of the Company's compliance with the grant agreement.

In the event that all Grant funds have been disbursed and the Overall Jobs Commitment have been achieved, the MSF Fund Manager may, at its discretion, terminate the Agreement ahead of the Term.

CLAWBACK PROVISIONS AND REPAYMENT EVENTS

The Company may be required to repay all or a portion of the Grant disbursements made under the Award upon the occurrence of one or more of the following events (each resulting in a "Repayment Amount"), and repayment is subject to the highest applicable Repayment Amount if one or more of the same circumstances give rise to such events.

- **Failure to Meet Overall Jobs Commitment:** The Company's failure to satisfy the Overall Jobs Commitment on the Jobs Performance Deadline will result in Company's obligation to repay to the MSF a proportionate amount of the Grant funds received by Company.
- **Default of Project Contracts:** The fully executed written agreement will include repayment and remedy language for events of default in other contracts with the MSF, MEDC, or State of Michigan arising out of the Project.
- **Failure to Submit Commitment Documentation:** If the Company fails to submit, when due, required documentation described in the Agreement to verify achievement of the Overall Jobs Commitment, it will be required to repay all of the Grant funds received by the Company.
- **Mass Relocation:** If the Company transfers to another State more than 50% of the total number of jobs at the Project on or before the end of the Term, it will be required to repay all or a portion of Grant disbursements made under the Award.
- **Project Abandonment:** If the Company abandons Eligible Expense activities or production at the Project at one or more of the Project Sites for a period of one hundred twenty (120) consecutive days after the Award is disbursed and on or before the end of the Term it will be required to repay the amount of Grant disbursements made under the Award.
- **Company Bankruptcy or Insolvency:** If the Company files for bankruptcy or otherwise becomes insolvent on or before the end of the Term, with any such proceedings against the Company not being set aside within sixty (60) calendar days from the date of institution thereof and results in the material reduction to the Company's operations at the Project, it will be required to repay 100% of Grant disbursements made under the Award. The MSF would be entitled to foreclose on any security interest and, in the case of bankruptcy, submit a proof of claim in any such bankruptcy proceedings and seek recovery of the Award.
- **Material Misrepresentation:** If the Company makes any material misrepresentation under the grant agreement, any required submissions thereunder, or any reimbursement request to the

MSF on or before the end of the Term, it will be required to repay 100% of grant disbursements made under the Award.

- **Misuse of Funds:** If the Company uses the Award for a prohibited purpose during the Term it will be required to repay 100% of grant disbursements made under the Award.

ADDITIONAL STATE REQUIRED TERMS

- **Annual Progress Report:** During the Term, the Company will be required to submit annual progress reports, which shall include the total number of Qualified New Jobs created at the Project, the average annual salary of both the Base Jobs and the new Qualified New Jobs, and the total investment into the Project. This information will be transmitted to the Legislature as required under Section 9 of the MSF Act, MCL 125.2009.
- **Access to Records & Audit Rights:** During the Term and for a period of three years after the Term, and upon reasonable advance notice, the Company is required to permit the MSF, MEDC, the Office of the Auditor General, the Department of Technology, Management and Budget, and the MSF Chief Compliance Officer to visit the Company, and any other location where books and records of the Company are normally kept, to inspect the books and records, including financial records and all other information and data relevant to the terms of the grant, all at times and locations mutually agreed upon by the parties.
- **Other Provisions:** The grant agreement will include standard representations, covenants, and other provisions required by the MSF, including without limitation, indemnification, non-discrimination and unfair labor practices, termination of funding, any other requirements of the Business Development Program Guidelines, as approved by the MSF, and any requirements of the Michigan Strategic Fund Act.



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

RESOLUTION 2024-178

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF WYOMING BROWNFIELD REDEVELOPMENT AUTHORITY
BENTELER DEVELOPMENT AT 4011 STAFFORD AVE SW 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 Wyoming Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan (the “Brownfield Work Plan”) dated October 8, 2024, for property located at 301 36th Street SW, 300 36th Street SW, 4011 Stafford Ave SW, and 3901 Buchanan Ave SW within the City of Wyoming, known as the Benteler Development at 4011 Stafford Ave SW Project (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 25.12% to 74.88% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, lead, asbestos, or mold abatement and infrastructure improvements as presented in the Brownfield Work Plan. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based

on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on costs of MSF eligible activities with a maximum of \$1,543,000 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$15,000 for brownfield and work plan preparation, and a maximum of \$15,000 for brownfield and work plan implementation, and with the total capture of state school taxes capped at a maximum of \$395,142.

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

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

Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
December 10, 2024



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: December 10, 2024
To: Michigan Strategic Fund (“MSF”) Board Members
From: Dan Neebes, Business Development Project Manager
Darryl Todd, Business Development Manager
Subject: Incentives Request
Michigan Business Development Program (“MBDP”)
Howmet Corporation (“Company” or “Applicant”)

Request Summary

This is a request from the Applicant for (collectively, the “Incentives Request”):

- Approval of a \$5,100,000 MBDP Grant, as outlined in the attached Term Sheet.
- Approval of a 15-year 100% SESA Exemption with an estimated value of up to \$1,649,375 for its \$72,500,000 eligible investment in Eligible Personal Property (“SESA Request”).
 - In accordance with the SESA and Alternative SESA Program Guidelines (“Program Guidelines”), SESA Exemptions can be considered for those projects locating in an Eligible Distressed Area (“EDA Requirement”) and requiring a minimum investment of \$100,000,000 on Eligible Personal Property (“Minimum Investment Requirement”). As part of the SESA Request, staff is recommending the MSF waive the EDA Requirement and the Minimum Investment Requirement (collectively, the “Waiver Request”).
- This project involves the creation of up to 300 Qualified New Jobs and a capital investment of up to \$107,500,000 in the City of Whitehall, Muskegon County.

Applicant History

The Company’s parent, Howmet Aerospace Inc., is a publicly traded company and has over 23,000 employees worldwide and manufactures components for jet engines and industrial gas turbines. The Applicant, Howmet Corporation, is a subsidiary of the parent company with its principal headquarters in Pittsburgh, Pennsylvania. The Company employs 2,440 Michiganders, with approximately 1,300 of those employees belonging to the UAW, making it the largest employer of unionized workers in the aerospace sector in Michigan. Operations began at the Whitehall Division in Muskegon County with Plant 1 in the early 1950’s and have continued to this day.

The background review process was completed in accordance with the MSF Background Review Policy on September 27, 2024, and the project may proceed for MSF consideration.

The Applicant has received incentives from the MSF in the past in the form of MBDP Grants. One grant was successfully completed, and two were mutually terminated due to hiring changes and shifting economic forces resulting from the COVID-19 pandemic. No grant dollars were disbursed prior to the terminations and therefore no clawbacks were necessary. In those projects, substantial investment nevertheless took place, and overall headcount has increased in Michigan year over year. Understanding these factors and the

scope of the current project, Staff has reasonable comfort that this project will proceed accordingly and result in the anticipated job creation and capital investment.

Project Description

The project will construct a new building on land already owned by the Company and will comprise some 107,000 square feet of advanced manufacturing space and another 4,500 square feet of office space. The expansion will house ceramic core production for the Company and marks a return of that production line back to Whitehall after its departure decades ago. Ceramic cores are used during the production process to create complex internal air-cooling passages inside airfoil products. These passages enable the Company's products to survive the extreme environments found inside jet engines and industrial gas turbines. The new facility would boast the most current technology and new advancements that help to press, fire, and finish high precision cores. Ceramic cores are a necessary component for aircraft engines, and adding this production line in Whitehall helps to create redundancy in the domestic supply chain to reduce the risk to our country's national security.

The Company is considering Whitehall for the project and anticipates the project will result in capital investment of up to \$107,500,000. The project will also result in the creation of up to 300 new jobs paying an average wage of \$29.41 per hour plus benefits in year one. The starting wage for production workers is \$24.27 per hour, which is above the Regional Median Wage of \$21.97 per hour. The Company utilizes Michigan Works to reach local talent in disadvantaged areas and underrepresented employees and is open to helping employees obtain access to its facility for career positions.

Demonstrated Need

The Company is considering sites in Tennessee and Texas where the Company has existing facilities. The other sites outside of Michigan each present their own case to be the home of this proposed expansion. Tennessee currently houses the ceramic core production and could be expanded to accommodate the additional manufacturing capacity. Texas also presents a unique opportunity for expansion as the incentive package that was put forward was highly competitive and offered a significantly higher award than Michigan's incentive package. Ultimately, the Company would like to locate the project in Michigan, but incentive assistance is necessary to address the competitive offers put forward by other states.

The Company is attracted to Michigan because of the commitment that Team Michigan has shown to the project and the speed by which the Company could dial up the production capacity in Whitehall. The ease of collaboration and synergy it would create with other aspects of the business in Michigan and make it a perfect fit for the project. The Company is one of the largest manufacturers in Muskegon County and remains active in the community through employee volunteering and philanthropic work, making the Company a tier one employer in the region. Moreover, Aerospace and Defense is an area of strategic focus for the State of Michigan and securing this project would ensure Michigan remains a global leader in this sector of the economy.

In addition to MSF support, the City of Whitehall anticipates approval of a real property tax abatement in support of the project. The MEDC also authorized a State Education Tax abatement to be used in conjunction with the locally approved abatement. The Company is actively engaged locally with Muskegon

Community College to take part in the Michigan New Jobs Training Program. Michigan Works! is also supporting the project with workforce development and training support.

Request

In order to secure the project, the Applicant is requesting a \$5,100,000 MBDP performance-based grant and a 15-year 100% SESA Exemption valued at \$1,649,375. The MBDP request will help address the cost disadvantage of locating the project in Michigan when compared to the competing sites outside of Michigan. The MBDP funds will help offset the cost of constructing a new facility, allowing the Company to expand its manufacturing facility and become a stronger employer in the region.

This project aligns with the MEDC's strategic focus area of supporting a business in the target industry of advanced manufacturing and builds on the state's work to position itself as a global player in the field of Defense and Aerospace. The proposed project will also impact the local region with immediate job growth with a large and expanding manufacturer. This facility will result in the creation of up to 300 new jobs and up to \$107,500,000 in capital investment in the City of Whitehall, Muskegon County. Adding 300 new jobs to a rural area in the State of Michigan would solidify the Company's presence and future business in the state.

Recommendation

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

MICHIGAN STRATEGIC FUND

RESOLUTION 2024-179

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
HOWMET CORPORATION**

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

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

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

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

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

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

WHEREAS, Howmet Corporation (the “Company”) has requested a performance based MBDP grant of up to \$5,100,000 (the “Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (the “Term Sheet”) to enable increased manufacturing capacity for ceramic core production in the City of Whitehall (the “Project”);

WHEREAS, pursuant to the Guidelines, the Company is a Qualified Business and the Project is eligible as a Standard MBDP because the Company committed to the creation of at least 50 Qualified New Jobs;

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

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

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

Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
December 10, 2024

Michigan Business Development Program (“MBDP”) Grant Term Sheet

This term sheet (the “Term Sheet”) sets forth key terms of a potential grant by the Michigan Strategic Fund (the “MSF”) in favor of Howmet Corporation (the “Company”). The proposed terms and conditions herein will not be construed as binding upon either party until the mutual execution of a written grant agreement. Any obligations that may be deemed to arise under this Term Sheet are contingent on the approval of the MSF Board.

PROJECT SUMMARY

Scope of the Project: The Company intends to establish production lines for ceramic cores that are used in aircraft engines and industrial gas turbines in the City of Whitehall, Muskegon County (the “Project Site”). The Company expects to ramp up over the course of the next five (5) years resulting in an expected creation of at least 300 new jobs at the Project Site and a projected investment of \$107,500,000 by December 31, 2028, at the Project Site (collectively, the “Project”).

Award Amount: A maximum grant of \$5,100,000 (the “Award”), all or a portion of which is also referred to as the “Grant”).

Term of the Agreement: Effective Date of the Grant Agreement through March 31, 2029 (the “Term”).

Overall Jobs Commitment: Creation of a minimum of 300 Qualified New Jobs (the “Overall Jobs Minimum”) at the Project Site, above the Company and/or its affiliates or subsidiaries (including the Company’s Parent, Howmet Aerospace, Inc., collectively, the “Company Group”) Statewide Base of 2,440 employees (the “Overall Base”), on December 31, 2028, (the “Jobs Performance Deadline”) (collectively, the “Overall Jobs Commitment”).

- A “Qualified New Job” or “QNJ” is defined as a new, full-time job created by the Company Group for the Project at the Project Site on or after February 6, 2024 (Date of Signed Offer Letter), and maintained continuously for the previous six (6) months, and performed for the Company Group by an individual who is either (i) a resident of the State of Michigan whose Michigan income taxes are withheld by the Company Group, or by an employee leasing company or professional employer organization on behalf of the qualified business; or (ii) a nonresident of the State of Michigan who is employed by the Company Group at the Project Site, provided that the Company at the Project Site certifies in writing at the time of the MSF disbursement that not less than 75 percent of the employees of that Company Group are residents of Michigan. In both cases, the QNJs must be in excess of the Overall Base.

GRANT DISBURSEMENTS

Grant funds will be disbursed for Eligible Expenses (defined below) and in accordance with the requirements set forth below. Requests for reimbursement will be verified by the MEDC Compliance Unit of the Legal and Compliance division of the MEDC prior to release of any funds.

“Eligible Expenses” means the actual expenditure by the Company Group on or after February 6, 2024 (Date of Signed Offer Letter) for the Project at the Project Site of Hard Costs for construction for the Project, and infrastructure, machinery, equipment, tooling, computers, furniture, fixtures, lease

payments, costs related to talent recruitment and job training including, but not limited to, employee recruitment expenses, development of customized training development plans, and instructor and training material costs. Provided, however, in no event shall any of the Eligible Expenses include: (i) costs, fees, or expenses for salaries, wages, benefits, meals and entertainment expenses, on-the-job training costs, debt payments, or administrative services for any of the Company or its employees, board members, officers, directors, or other administrative contractors, or (ii) any other expenses reimbursed or paid for under another grant or other public economic assistance.

The Company may request disbursements on a reimbursement basis for 50 percent of Eligible Expenses, related to the Project and paid by the Company. The Company shall submit one or more reimbursement requests, at its discretion, but no more frequently than quarterly, no later than September 30, 2028, together with a certification of the Company's compliance with the grant agreement.

In the event that all Grant funds have been disbursed and the Overall Jobs Commitment have been achieved, the MSF Fund Manager may, at its discretion, terminate the Agreement ahead of the Term.

CLAWBACK PROVISIONS AND REPAYMENT EVENTS

The Company may be required to repay all or a portion of the Grant disbursements made under the Award upon the occurrence of one or more of the following events (each resulting in a "Repayment Amount"), and repayment is subject to the highest applicable Repayment Amount if one or more of the same circumstances give rise to such events.

- **Failure to Meet Overall Jobs Commitment:** The Company's failure to satisfy the Overall Jobs Commitment on the Jobs Performance Deadline will result in Company's obligation to repay to the MSF a proportionate amount of the Grant funds received by Company.
- **Default of Project Contracts:** The fully executed written agreement will include repayment and remedy language for events of default in other contracts with the MSF, MEDC, or State of Michigan arising out of the Project.
- **Failure to Submit Commitment Documentation:** If the Company fails to submit, when due, required documentation described in the Agreement to verify achievement of the Overall Jobs Commitment, it will be required to repay all of the Grant funds received by the Company.
- **Mass Relocation:** If the Company transfers to another State more than 50% of the total number of jobs at the Project on or before the end of the Term, it will be required to repay all or a portion of Grant disbursements made under the Award.
- **Project Abandonment:** If the Company abandons Eligible Expense activities or production at the Project at one or more of the Project Sites for a period of one hundred twenty (120) consecutive days after the Award is disbursed and on or before the end of the Term it will be required to repay the amount of Grant disbursements made under the Award.
- **Company Bankruptcy or Insolvency:** If the Company files for bankruptcy or otherwise becomes insolvent on or before the end of the Term, with any such proceedings against the Company not being set aside within sixty (60) calendar days from the date of institution thereof and results in the material reduction to the Company's operations at the Project, it will be required to repay 100% of Grant disbursements made under the Award. The MSF would be entitled to foreclose on any security interest and, in the case of bankruptcy, submit a proof of claim in any such bankruptcy proceedings and seek recovery of the Award.

- **Material Misrepresentation:** If the Company makes any material misrepresentation under the grant agreement, any required submissions thereunder, or any reimbursement request to the MSF on or before the end of the Term, it will be required to repay 100% of grant disbursements made under the Award.
- **Misuse of Funds:** If the Company uses the Award for a prohibited purpose during the Term it will be required to repay 100% of grant disbursements made under the Award.

ADDITIONAL STATE REQUIRED TERMS

- **Annual Progress Report:** During the Term, the Company will be required to submit annual progress reports, which shall include the total number of Qualified New Jobs created at the Project, the average annual salary of both the Base Jobs and the new Qualified New Jobs, and the total investment into the Project. This information will be transmitted to the Legislature as required under Section 9 of the MSF Act, MCL 125.2009.
- **Access to Records & Audit Rights:** During the Term and for a period of three years after the Term, and upon reasonable advance notice, the Company is required to permit the MSF, MEDC, the Office of the Auditor General, the Department of Technology, Management and Budget, and the MSF Chief Compliance Officer to visit the Company, and any other location where books and records of the Company are normally kept, to inspect the books and records, including financial records and all other information and data relevant to the terms of the grant, all at times and locations mutually agreed upon by the parties.
- **Other Provisions:** The grant agreement will include standard representations, covenants, and other provisions required by the MSF, including without limitation, indemnification, non-discrimination and unfair labor practices, termination of funding, any other requirements of the Business Development Program Guidelines, as approved by the MSF, and any requirements of the Michigan Strategic Fund Act.



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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Sincerely,

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Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

RESOLUTION 2024-180

**APPROVAL OF A STATE ESSENTIAL SERVICES ASSESSMENT EXEMPTION TO
HOWMET CORPORATION**

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 (the “SESA”) and the Alternative State Essential Services Assessment Act (the “Alternative SESA”);

WHEREAS, the SESA and the Alternative SESA authorized the creation and operation of the SESA Exemption and the Alternative SESA Exemption Program by the Michigan Strategic Fund (the “MSF”) pursuant to MCL 211.1059;

WHEREAS, on October 28, 2014, by Resolution 2014-176, the MSF Board approved (i) the SESA Exemption (the “SESA Program”) and Alternative SESA Exemption Program (the “Alt SESA Program”) (“collectively, the “SESA Exemption Program”) and (ii) program guidelines for the SESA Exemption Program (the “Program Guidelines”);

WHEREAS, on October 28, 2014, by Resolution 2014-177, the MSF Board approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the SESA Exemption Program;

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

WHEREAS, Howmet Corporation (the “Company”) 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);

WHEREAS, the Program Guidelines require that projects be located in Eligible Distressed Areas, as defined in the Program Guidelines, in order to be eligible for the SESA Program (the “EDA Requirement”);

WHEREAS, the Program Guidelines also require a minimum of \$100,000,000 of qualified investment in Eligible Personal Property at a project location, as defined in the Program Guidelines, in order to be eligible for a fifteen year SESA Exemption (the “Minimum Investment Requirement”);

WHEREAS, the MEDC is requesting a waiver to the EDA Requirement and the Minimum Investment Requirement (the “Waiver Request”); and

WHEREAS, the Company has requested that the MSF Board approve a fifteen-year 100% SESA exemption estimated to be worth \$1,649,375 for up to \$72,500,000 in qualified investment in Eligible Personal Property, as defined in the Program Guidelines, in the City of Whitehall, Muskegon County (“SESA Exemption Recommendation”);

WHEREAS, the MEDC recommends the MSF Board approve the SESA Exemption Recommendation, the Waiver Request, and require a one-time administrative fee in the amount of \$10,000 payable to the MSF upon completion of the first performance milestone (collectively, the “Request”);

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

Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
December 10, 2024



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: December 10, 2024
To: Michigan Strategic Fund (“MSF”) Board Members
From: Nicole Black, Regional Development Managing Director
Jennifer Wood, Business Development Project Manager
Subject: Grant Request
Michigan Business Development Program (“MBDP”)
HTC Global Services, Inc. (“Company” or “Applicant”)

Request Summary

- This is a request from the Applicant for a \$1,520,000 MBDP Grant, as outlined in the attached Term Sheet (“MBDP Request”).
- This project involves the creation of up to 190 Qualified New Jobs and a capital investment of up to \$5,695,375 in the City of Troy, Oakland County.

Applicant History

The Company established its headquarters in the city of Troy in 1990. Today, it operates in fifteen countries and continues to grow globally. The Company provides state of the art technology solutions including artificial intelligences, robotics, analytics, digital transformation, package solutions implementation, and system integration. The Company is organized by industry verticals covering automotive, manufacturing, banking, financial services, insurance, healthcare, and the public sector. The Company is an industry leader and has been recognized by several clients, and creditable agencies for its outstanding achievements and capabilities. The Company has over 12,000 employees globally and employs 634 Michigan residents.

The background review process was completed in accordance with the MSF Background Review Policy on October 21, 2024, and the project may proceed for MSF consideration.

Project Description

The Company is looking to expand its operations in artificial intelligence and machine learning solutions to meet the growing market demand. Current and potential customers continue to express the need for innovative solutions offered by updating to the power of artificial intelligence to perform tasks that typically require human intelligence. This clear need has prompted the Company to expand its operations in artificial intelligence and machine learning to offer enhanced efficiency, productivity, and decision-making to stay competitive and meet its customer needs. The Company is considering adding an additional 10,000 square feet of space to its existing facility in the city of Troy. This additional space will be utilized to merge the power artificial intelligence with processes in design, manufacturing and back-office business process management. Offering options in machine learning, computer vision, and natural language processing, will enable the Company to develop impactful solutions to a diverse group of industries including, retail, automotive, manufacturing, financial services, and healthcare.

The Company is considering the city of Troy for the project and anticipates the project will result in up to \$5,695,375 in capital investment. The project will also result in the creation of up to 190 new jobs with starting wages of \$35.00 per hour plus benefits, which is significantly higher than the Regional Median Wage of \$23.73 per hour.

In addition to offering above average hourly wages, the Company prides itself in offering continued training and re-skilling to all employees. On the job training opportunities include, machine learning, data science programming languages, big data technologies and cloud computing. The Company also conducts an annual employee satisfaction survey to keep apprised of employee needs and wants and offers enterprise-wide recognition to all employees who go above and beyond. In addition, the Company pays for any certifications that are relevant to job performance and partners with Oakland County Michigan Works! to attract, manage, and retain talent.

Demonstrated Need

The Company is also considering locating the additional work at its current locations in Texas and India and has received competitive incentive offers. The Company has existing space in these facilities that could house this expansion which would eliminate the up-front cost associated to adding space at its Michigan headquarter location.

With Michigan being the home of its headquarters for 34 years and the many relationships it has established with local stakeholders over this time, there is a desire to expand in state. The Company also has a talented, committed workforce at its facility in the city of Troy that it continues to invest in and build on. Even though the Company would like to locate in Michigan, incentive assistance is necessary to compete with incentive offers received from Texas and India and ensure the project moves forward in Michigan.

Request

In order to secure the project, the Applicant is requesting a \$1,520,000 MBDP performance-based grant. The MBDP request will help address the cost disadvantage of locating the project in Michigan when compared to the competing sites outside of Michigan. The MBDP funds will help offset the cost of constructing additional space at its city of Troy facility.

This project aligns with the MEDC's strategic focus area of supporting innovation industries and supports businesses in the strategic and regional industries of mobility, advanced manufacturing, financial services and healthcare. The proposed project will also impact the local region with immediate job growth with a large and expanding leading global information technology, and business process services company. This facility will result in the creation of up to 190 new jobs and up to \$5,695,375 in capital investment in the city of Troy, Oakland County.

Recommendation

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

MICHIGAN STRATEGIC FUND

RESOLUTION 2024-181

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
HTC GLOBAL SERVICES, INC.**

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

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

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

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

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

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

WHEREAS, HTC Global Services, Inc. (the “Company”) has requested a performance based MBDP grant of up to \$1,520,000 (the “Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (the “Term Sheet”) to expand its operations in artificial intelligence and machine learning in the City of Troy, Oakland County (the “Project”);

WHEREAS, pursuant to the Guidelines, the Company is a Qualified Business, and the Project is eligible as an Innovation MBDP because the Project falls within Computer Systems Design, an innovation industry;

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

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

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

Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
December 10, 2024

Michigan Business Development Program (“MBDP”) Grant Term Sheet

This term sheet (the “Term Sheet”) sets forth key terms of a potential grant by the Michigan Strategic Fund (the “MSF”) in favor of HTC Global Services, Inc. (the “Company”). The proposed terms and conditions herein will not be construed as binding upon either party until the mutual execution of a written grant agreement. Any obligations that may be deemed to arise under this Term Sheet are contingent on the approval of the MSF Board.

PROJECT SUMMARY

Scope of the Project: The Company intends to expand operations in artificial intelligence and machine learning in the city of Troy (the “Project Site”). The Company expects to ramp up over the course of the next five (5) years resulting in an expected creation of up to 190 new jobs at the Project Site and a projected investment of \$5,695,375 by November 30, 2029, at the Project Site (collectively, the “Project”).

Award Amount: A maximum grant of \$1,520,000 (the “Award”), all or a portion of which is also referred to as the “Grant”).

Term of the Agreement: Effective Date of the Grant Agreement through February 28, 2030 (the “Term”).

Overall Jobs Commitment: Creation of a minimum of 170 Qualified New Jobs (the “Overall Jobs Minimum”) at the Project Site, above a Statewide Base of 634 employees (the “Overall Base”), on November 30, 2029 (the “Jobs Performance Deadline”) (collectively, the “Overall Jobs Commitment”).

- A “Qualified New Job” or “QNJ” is defined as a new, full-time job created by the Company for the Project at the Project Site on or after September 3, 2024 (date of signed offer letter), and maintained continuously for the previous six (6) months, and performed for the Company by an individual who is either (i) a resident of the State of Michigan whose Michigan income taxes are withheld by the Company, or by an employee leasing company or professional employer organization on behalf of the qualified business; or (ii) a nonresident of the State of Michigan who is employed by the Company at the Project Site, provided that the Company certifies in writing at the time of the MSF disbursement that not less than 75 percent of the employees of that Company are residents of Michigan. In both cases, the QNJs must be in excess of the Overall Base.

GRANT DISBURSEMENTS

Grant funds will be disbursed for Eligible Expenses (defined below) and in accordance with the requirements set forth below. Requests for reimbursement will be verified by the MEDC Compliance Unit of the Legal and Compliance division of the MEDC prior to release of any funds.

“Eligible Expenses” means the actual expenditure by the Company on or after September 3, 2024 (date of signed offer letter) for the Project at the Project Site of Hard Costs for construction for the Project, and infrastructure, machinery, equipment, tooling, computers, furniture, fixtures, lease payments, costs related to talent recruitment and job training including, but not limited to, employee recruitment expenses, development of customized training development plans, and instructor and training material costs. Provided, however, in no event shall any of the Eligible Expenses include: (i) costs, fees, or expenses for salaries, wages, benefits, meals and entertainment expenses, on-the-job training costs, debt payments, or administrative services for any of the Company or its employees, board members, officers,

directors, or other administrative contractors, or (ii) any other expenses reimbursed or paid for under another grant or other public economic assistance.

The Company may request disbursements on a reimbursement basis for 50 percent of Eligible Expenses, related to the Project and paid by the Company. The Company shall submit one or more reimbursement requests, at its discretion, but no more frequently than quarterly, no later than August 31, 2029, together with a certification of the Company's compliance with the grant agreement.

In the event that all Grant funds have been disbursed and the Overall Jobs Commitment has been achieved, the MSF Fund Manager may, at its discretion, terminate the Agreement ahead of the Term.

CLAWBACK PROVISIONS AND REPAYMENT EVENTS

The Company may be required to repay all or a portion of the Grant disbursements made under the Award upon the occurrence of one or more of the following events (each resulting in a "Repayment Amount"), and repayment is subject to the highest applicable Repayment Amount if one or more of the same circumstances give rise to such events.

- **Failure to Meet Overall Jobs Commitment:** The Company's failure to satisfy the Overall Jobs Commitment on the Jobs Performance Deadline will result in Company's obligation to repay to the MSF a proportionate amount of the Grant funds received by Company.
- **Default of Project Contracts:** The fully executed written agreement will include repayment and remedy language for events of default in other contracts with the MSF, MEDC, or State of Michigan arising out of the Project.
- **Failure to Submit Commitment Documentation:** If the Company fails to submit, when due, required documentation described in the Agreement to verify achievement of the Overall Jobs Commitment, it will be required to repay all of the Grant funds received by the Company.
- **Mass Relocation:** If the Company transfers to another State more than 50% of the total number of jobs at the Project on or before the end of the Term, it will be required to repay all or a portion of Grant disbursements made under the Award.
- **Project Abandonment:** If the Company abandons Eligible Expense activities or production at the Project at one or more of the Project Sites for a period of one hundred twenty (120) consecutive days after the Award is disbursed and on or before the end of the Term it will be required to repay the amount of Grant disbursements made under the Award.
- **Company Bankruptcy or Insolvency:** If the Company files for bankruptcy or otherwise becomes insolvent on or before the end of the Term, with any such proceedings against the Company not being set aside within sixty (60) calendar days from the date of institution thereof and results in the material reduction to the Company's operations at the Project, it will be required to repay 100% of Grant disbursements made under the Award. The MSF would be entitled to foreclose on any security interest and, in the case of bankruptcy, submit a proof of claim in any such bankruptcy proceedings and seek recovery of the Award.
- **Material Misrepresentation:** If the Company makes any material misrepresentation under the grant agreement, any required submissions thereunder, or any reimbursement request to the MSF on or before the end of the Term, it will be required to repay 100% of grant disbursements made under the Award.
- **Misuse of Funds:** If the Company uses the Award for a prohibited purpose during the Term it will be required to repay 100% of grant disbursements made under the Award.

ADDITIONAL STATE REQUIRED TERMS

- **Annual Progress Report:** During the Term, the Company will be required to submit annual progress reports, which shall include the total number of Qualified New Jobs created at the Project, the average annual salary of both the Base Jobs and the new Qualified New Jobs, and the total investment into the Project. This information will be transmitted to the Legislature as required under Section 9 of the MSF Act, MCL 125.2009.
- **Access to Records & Audit Rights:** During the Term and for a period of three years after the Term, and upon reasonable advance notice, the Company is required to permit the MSF, MEDC, the Office of the Auditor General, the Department of Technology, Management and Budget, and the MSF Chief Compliance Officer to visit the Company, and any other location where books and records of the Company are normally kept, to inspect the books and records, including financial records and all other information and data relevant to the terms of the grant, all at times and locations mutually agreed upon by the parties.
- **Other Provisions:** The grant agreement will include standard representations, covenants, and other provisions required by the MSF, including without limitation, indemnification, non-discrimination and unfair labor practices, termination of funding, any other requirements of the Business Development Program Guidelines, as approved by the MSF, and any requirements of the Michigan Strategic Fund Act.



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: December 10, 2024
To: Michigan Strategic Fund (“MSF”) Board Members
From: Brenda Stewart, Business Development Manager
Dan Neebes, Business Development Project Manager
Subject: Grant Request
Michigan Business Development Program (“MBDP”)
Landscape Forms, Inc. (“Company” or “Applicant”)

Request Summary

- This is a request from the Applicant for a \$2,500,000 MBDP Grant, as outlined in the attached Term Sheet (“MBDP Request”).
- This project involves the creation of at least 125 Qualified New Jobs and a capital investment of at least \$70,000,000 in the Township of Comstock, Kalamazoo County.

Applicant History

The Company was founded in 1969 and specializes in well-designed furniture for outdoor spaces. The Company has continued that mission and is now the industry leader in integrated solutions of high-design site furniture, advanced LED lighting, structure, and custom environments. The Company was founded in Michigan and maintains its largest presence in the state, employing 421 Michiganders, while also operating facilities in Minnesota and California.

The background review process was completed in accordance with the MSF Background Review Policy on October 31, 2024, and the project may proceed for MSF consideration.

Project Description

The Company plans to construct a new facility, adjacent to their current operations in Comstock Township. The structure will comprise a single story, 300,000 square foot facility to expand manufacturing capacity in Michigan. The Company anticipates a Spring 2025 groundbreaking, completed construction by Spring 2027, and fully operational by early 2028. The job creation on the project will be primarily team assemblers, welders and cutters, as well as sales representatives, technical and administrative staff. The Company has experienced significant growth in recent years, both organically and through acquisition, and has seen an increase in its sales pipeline as a result. This project will serve to deliver on this increased demand and requires significant capital investment to establish this new facility and hire the people to bring the project to full strength.

The Company is considering Comstock Township for the project and anticipates the project will result in capital investment of at least \$70,000,000. The project will also result in the creation of at least 125 new jobs with starting wages of \$22.10 per hour plus benefits, which is above the Regional Median Wage of \$21.52 per hour.

The Company focuses on and invests in their workforce. There is a two-week onboarding boot camp for all new manufacturing team members and an in-house certified welding academy with 30 plus annual welding certifications. The Company offers a quarterly bonus program that paid out nearly \$10,000,000 in 2023 to employees. The Company has a state-certified machinist and industrial maintenance apprenticeship

program and sponsored the creation of an employee garden producing over 500 pounds of fresh vegetables every year. Additionally, the Company offers hybrid and flexible work schedules to accommodate its employee's needs.

Demonstrated Need

The Company is considering sites in California, Minnesota, and Texas. The Company has an existing facility in Minnesota making that a serious possibility for expansion. Sites in California and Texas would be viable for selection to be near a robust customer base on the West Coast as well as in Texas. Moreover, the Company has received competing incentive proposals from the other states in consideration. Due to high costs of construction and financing, as well as the competitive nature of the project, incentive assistance is needed to address these challenges and ensure that the Company moves forward in Michigan. The Company is attracted to Michigan because of its longstanding history here and the synergy and ease of collaboration with its existing workforce.

In addition to MSF incentives, Comstock Township is very supportive of the project and has approved a real property tax abatement in support of the project. Kalamazoo County approved a Brownfield Redevelopment Plan earlier this year, with the total cost of eligible activities valued at \$3,151,751. The MEDC also authorized a 12-Year 6 Mill State Education Tax abatement to be used in conjunction with the locally approved tax abatement, valued at an estimated \$2,206,756. There is also a Michigan Works! proposal in place to aid the Company with talent recruitment and workforce development in-kind services, valued at an estimated \$168,360. The MBDP funds make Michigan competitive for a project that will be transformational locally in Kalamazoo County.

Request

In order to secure the project, the Applicant is requesting a \$2,500,000 MBDP performance-based grant. The MBDP request will help address the cost disadvantage of locating the project in Michigan when compared to the competing sites outside of Michigan. The MBDP funds will help offset the cost of constructing a new facility allowing the Company to expand its manufacturing facility and become a stronger employer in the region.

This project aligns with the MEDC's strategic focus area of supporting a business in the Regional Impact industry of Other Manufacturing. The proposed project will also impact the local region with immediate job growth with the global leader in the sector of outdoor furniture manufacturing. This facility will result in the creation of at least 125 new jobs and at least \$70,000,000 in capital investment in the Comstock Township, Kalamazoo County. Adding 125 new jobs from a high caliber employer in the State of Michigan would solidify the Company's presence and future business in the state.

Recommendation

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

MICHIGAN STRATEGIC FUND

RESOLUTION 2024-182

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
LANDSCAPE FORMS, INC.**

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

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

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

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

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

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

WHEREAS, Landscape Forms, Inc. (the “Company”) has requested a performance based MBDP grant of up to \$2,500,000 (the “Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (the “Term Sheet”) to construct a new manufacturing facility to expand production capacity in Michigan (the “Project”);

WHEREAS, pursuant to the Guidelines, the Company is a Qualified Business, and the Project is eligible as an Standard MBDP because the Company committed to the creation of at least 50 Qualified New Jobs;

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

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

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

Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
December 10, 2024

Michigan Business Development Program (“MBDP”) Grant Term Sheet

This term sheet (the “Term Sheet”) sets forth key terms of a potential grant by the Michigan Strategic Fund (the “MSF”) in favor of Landscape Forms, Inc. (the “Company”). The proposed terms and conditions herein will not be construed as binding upon either party until the mutual execution of a written grant agreement. Any obligations that may be deemed to arise under this Term Sheet are contingent on the approval of the MSF Board.

PROJECT SUMMARY

Scope of the Project: The Company intends to construct a new facility for expanded manufacturing capacity in Comstock Township (the “Project Site”). The Company expects to ramp up over the course of the next five (5) years resulting in an expected creation of at least 125 new jobs at the Project Site and a projected investment of \$70,000,000 by September 30, 2029, at the Project Site (collectively, the “Project”).

Award Amount: A maximum grant of \$2,500,000 (the “Award”), all or a portion of which is also referred to as the “Grant”).

Term of the Agreement: Effective Date of the Grant Agreement through December 31, 2029 (the “Term”).

Overall Jobs Commitment: Creation of a minimum of 125 Qualified New Jobs (the “Overall Jobs Minimum”) at the Project Site, above a Statewide Base of 421 employees (the “Overall Base”), on September 30, 2029, (the “Jobs Performance Deadline”) (collectively, the “Overall Jobs Commitment”).

- A “Qualified New Job” or “QNJ” is defined as a new, full-time job created by the Company for the Project at the Project Site on or after December 10, 2024 (Date of MSF Board Approval), and maintained continuously for the previous six (6) months, and performed for the Company by an individual who is either (i) a resident of the State of Michigan whose Michigan income taxes are withheld by the Company, or by an employee leasing company or professional employer organization on behalf of the qualified business; or (ii) a nonresident of the State of Michigan who is employed by the Company at the Project Site, provided that the Company certifies in writing at the time of the MSF disbursement that not less than 75 percent of the employees of that Company are residents of Michigan. In both cases, the QNJs must be in excess of the Overall Base.

GRANT DISBURSEMENTS

Grant funds will be disbursed for Eligible Expenses (defined below) and in accordance with the requirements set forth below. Requests for reimbursement will be verified by the MEDC Compliance Unit of the Legal and Compliance division of the MEDC prior to release of any funds.

“Eligible Expenses” means the actual expenditure by the Company on or after December 10, 2024 (Date of MSF Board Approval) for the Project at the Project Site of Hard Costs for construction for the Project, and infrastructure, machinery, equipment, tooling, computers, furniture, fixtures, lease payments, costs related to talent recruitment and job training including, but not limited to, employee recruitment expenses, development of customized training development plans, and instructor and training material costs. Provided, however, in no event shall any of the Eligible Expenses include: (i) costs, fees, or expenses for salaries, wages, benefits, meals and entertainment expenses, on-the-job training costs, debt

payments, or administrative services for any of the Company or its employees, board members, officers, directors, or other administrative contractors, or (ii) any other expenses reimbursed or paid for under another grant or other public economic assistance.

The Company may request disbursements on a reimbursement basis for 50 percent of Eligible Expenses, related to the Project and paid by the Company. The Company shall submit one or more reimbursement requests, at its discretion, but no more frequently than quarterly, no later than June 30, 2029, together with a certification of the Company's compliance with the grant agreement.

In the event that all Grant funds have been disbursed and the Overall Jobs Commitment have been achieved, the MSF Fund Manager may, at its discretion, terminate the Agreement ahead of the Term.

CLAWBACK PROVISIONS AND REPAYMENT EVENTS

The Company may be required to repay all or a portion of the Grant disbursements made under the Award upon the occurrence of one or more of the following events (each resulting in a "Repayment Amount"), and repayment is subject to the highest applicable Repayment Amount if one or more of the same circumstances give rise to such events.

- **Failure to Meet Overall Jobs Commitment:** The Company's failure to satisfy the Overall Jobs Commitment on the Jobs Performance Deadline will result in Company's obligation to repay to the MSF a proportionate amount of the Grant funds received by Company.
- **Default of Project Contracts:** The fully executed written agreement will include repayment and remedy language for events of default in other contracts with the MSF, MEDC, or State of Michigan arising out of the Project.
- **Failure to Submit Commitment Documentation:** If the Company fails to submit, when due, required documentation described in the Agreement to verify achievement of the Overall Jobs Commitment, it will be required to repay all of the Grant funds received by the Company.
- **Mass Relocation:** If the Company transfers to another State more than 50% of the total number of jobs at the Project on or before the end of the Term, it will be required to repay all or a portion of Grant disbursements made under the Award.
- **Project Abandonment:** If the Company abandons Eligible Expense activities or production at the Project at one or more of the Project Sites for a period of one hundred twenty (120) consecutive days after the Award is disbursed and on or before the end of the Term it will be required to repay the amount of Grant disbursements made under the Award.
- **Company Bankruptcy or Insolvency:** If the Company files for bankruptcy or otherwise becomes insolvent on or before the end of the Term, with any such proceedings against the Company not being set aside within sixty (60) calendar days from the date of institution thereof and results in the material reduction to the Company's operations at the Project, it will be required to repay 100% of Grant disbursements made under the Award. The MSF would be entitled to foreclose on any security interest and, in the case of bankruptcy, submit a proof of claim in any such bankruptcy proceedings and seek recovery of the Award.
- **Material Misrepresentation:** If the Company makes any material misrepresentation under the grant agreement, any required submissions thereunder, or any reimbursement request to the MSF on or before the end of the Term, it will be required to repay 100% of grant disbursements made under the Award.

- **Misuse of Funds:** If the Company uses the Award for a prohibited purpose during the Term it will be required to repay 100% of grant disbursements made under the Award.

ADDITIONAL STATE REQUIRED TERMS

- **Annual Progress Report:** During the Term, the Company will be required to submit annual progress reports, which shall include the total number of Qualified New Jobs created at the Project, the average annual salary of both the Base Jobs and the new Qualified New Jobs, and the total investment into the Project. This information will be transmitted to the Legislature as required under Section 9 of the MSF Act, MCL 125.2009.
- **Access to Records & Audit Rights:** During the Term and for a period of three years after the Term, and upon reasonable advance notice, the Company is required to permit the MSF, MEDC, the Office of the Auditor General, the Department of Technology, Management and Budget, and the MSF Chief Compliance Officer to visit the Company, and any other location where books and records of the Company are normally kept, to inspect the books and records, including financial records and all other information and data relevant to the terms of the grant, all at times and locations mutually agreed upon by the parties.
- **Other Provisions:** The grant agreement will include standard representations, covenants, and other provisions required by the MSF, including without limitation, indemnification, non-discrimination and unfair labor practices, termination of funding, any other requirements of the Business Development Program Guidelines, as approved by the MSF, and any requirements of the Michigan Strategic Fund Act.



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: December 10, 2024

To: Michigan Strategic Fund Board

From: Rachel Elsinga, Community Development Manager
Debbie Stehlik, Senior Commercial Real Estate Investment Manager
Rachel Young, Senior Program Specialist

Subject: Request for Approval of a Michigan Community Revitalization Program (MCRP)
Other Economic Assistance Loan Participation and Request for Approval of an Act
381 Work Plan
Talbot Bridge LLC – 648 Bridge Street

Recommendation

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

- a) State tax capture for Act 381 eligible activities capped at \$2,220,353 utilizing the current state to local capture ratio.
- b) A MCRP performance-based Other Economic Assistance Loan Participation in an amount up to \$5,950,000 for Talbot Bridge LLC on terms and conditions outlined in Exhibit A found in the resolution.
- c) Approval of funds to be transferred from the Investment Fund for the specific purpose of this project through MCL 125.2088h(3)(e) to the MCRP Program for the purpose of the program authorized under MCL 125.2088b(2)(c) as long as the program provides for repayment for breach of the written agreement or the failure to meet measurable outcomes.

Financial Highlights

This development seeks to transform a dilapidated, vacant former grocery store into a mixed-use project containing 148 residential units and 1,500 square feet of ground floor commercial space that emphasizes density, walkability, and sustainability, restoring and economically activating roughly 96,130 square feet. Due to the condition of the property, the substantial cost of construction associated with redevelopment, and challenging market conditions, including the current interest rate environment, a significant financial gap remains after maximizing traditional financing. The development team is contributing over \$6.7 million in equity and the City is supporting the project with a Neighborhood Enterprise Zone (NEZ) tax abatement valued at approximately \$3,043,099 and local portion of the Brownfield TIF estimated at \$1,346,941.

- Construction costs per square foot of \$263.41
- Senior debt financing of \$19,000,000 or 60% as a percentage of total development cost
- Projected debt service coverage ratio of 1.26 to 1.0 with an average (over 30 years) of 1.37 to 1.0
- Owner equity investment of over \$6.7 million or 21.3%
- Residential rental rates are projected to range from \$1,299 per month for a studio unit to \$2,499 per month for a two-bedroom unit, with an average of \$3.22 per square foot. These proposed rates fall between 80% and 120% of Area Median Income (AMI) for Kent County.

- Commercial space is projected to lease for \$35.00 per square foot.
- Developer return over a 20-year time horizon is projected at 8.1%.
- This project aligns with MCRP standard underwriting criteria.

From the materials received and reviewed, staff considers the project to be financially and economically sound. A financial summary including project sources and uses and financial terms for the MCRP Incentive is included in Appendix C.

The MSF Eligible Activities and Tax Capture Summary is included in Appendix D

Project Summary & Request

This project is anticipated to redevelop the site of a dilapidated, vacant former grocery store into a five-story approximately 96,130 square foot building containing 148 residential units and 1,500 square feet of ground floor commercial space. The project will include a fitness center, lounge, a rooftop deck, dog wash, and integrated parking. It will also be an all-electric building, including heat pump HVAC, solar panels, and ample EV charging.

PROJECT SUMMARY	
Project Eligibility	Facility
Total Approximate Square Feet Revitalized	96,130
Total Approximate Acres Activated	0.8
Estimated # of Residential Units	148
Estimated Commercial Square Footage	1,500
Current Taxable Value	\$296,239
Projected Taxable Value at Completion	\$11,278,556
Total Anticipated Capital Investment	\$31,736,933
Brownfield TIF / MSF Eligible Activities State Tax Capture Request	\$2,220,353
MCRP Loan Request	\$5,950,000

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

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

Applicant Background / Qualifications

Talbot Quimby, LLC was awarded a \$2.65M MCRP loan in June 2023 for 220 Quimby NE, Grand Rapids. This is a 72-unit urban infill project that is currently under construction. In fact, it is the basis of design and thesis for this project on Bridge Street. The two projects are meant to be sisters, with Bridge Street being slightly more than 2x the scale of Quimby. This new project on Bridge Street copies as much DNA from the Quimby project as possible, including almost its entire project team, unit mix, AMI targets, sustainability features, incentive combination, and even design language.

An Organizational Chart for Talbot Bridge LLC is provided in Appendix A. The background review process was completed in accordance with the MSF Background Review Policy on September 26, 2024.

APPENDIX A – Organizational Chart

Organizational Structure

Company Name: Talbot Bridge LLC
Employer Identification Number: 99-3158649
MANAGER: Ryan Stephen Talbot

Member/Company name and manager	Member	Ownership Interest Totals	EINs -No Soc Sec numbers	State of Organization
Various individuals and entities	None exceed 20% ownership	100.00%	Various	Various

APPENDIX B – Project Map and Renderings





APPENDIX C – Financial Terms

Summary of Development Sources:

Bank Loan	\$	19,000,000	59.87%
MSF Loan	\$	5,950,000	18.75%
Developer Equity	\$	6,786,933	21.38%
TOTAL	\$	31,736,933	100.00%

Summary of Development Uses:

Acquisition	\$	1,950,000
Hard Construction Costs	\$	24,992,657
Eligible Soft Costs	\$	1,880,224
Other	\$	2,914,052
TOTAL	\$	31,736,933

Loan Terms

MSF Incentive:	MCRP Performance-Based Other Economic Assistance Loan Participation
Borrower:	Talbot Bridge LLC and/or Related Entities
Senior Lender:	Lake Michigan Credit Union or other lender acceptable to the MSF
Total Capital Investment:	Currently estimated at \$31,736,933
MSF Eligible Investment:	Currently estimated at \$23,872,881
Minimum Eligible Investment:	Currently estimated at \$23,800,000
MSF Share:	Up to the lesser of 25% of “Eligible Investment” or \$5,950,000
Term:	Currently anticipated to be up to 84 months. Includes an interest only period of up to 36 months.
Amortization:	Currently anticipated to be up to 360 months, following the interest only period.
Interest Rate:	1.0% per annum
Repayment Terms:	Currently anticipated to be monthly interest only payments for up to 36 months, followed by principal and interest payments, with principal due at maturity. During the amortization period, payments on the MSF Share may be set periodically at a level to assist the project in maintaining a minimum debt service coverage ratio of 1.20 to 1.00, only in the event Lender requires for covenant compliance.

Collateral:	Shall reasonably match that of Lender, currently anticipated to be a first priority security interest in the subject real estate, assignment of rents and leases, and assignment of other contracts and documents deemed necessary or to match Lender. MSF Share of collateral will be subordinated to that of Lender.
Guarantee:	Shall reasonably match that of Lender, currently anticipated to be the personal guaranties of Ryan Talbot and Michael Garrett (and trusts, if applicable). MSF Share of collateral will be subordinated to that of Lender.
MSF Fees:	The MSF shall be paid a one-time fee equal to 1.0% of the Loan Amount.
Developer Fees:	\$1,200,000 or 3.8%
Funding:	The MSF will fund up to \$5,950,000 to be disbursed following closing of the financing and other performance criteria.
Other Conditions:	The MSF's investment will be contingent upon the following: <ul style="list-style-type: none">- Receipt of final construction documents- Final Development Budget- Anticipated minimum owner equity investment of \$6,786,933- Other legal due diligence, as required

MCRP Programmatic Requirements

MCRP Program and Guidelines

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

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

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

Located just west of Stocking Ave NW within the development along the Bridge Street corridor, this project will be the westernmost new multifamily project on Bridge Street, continuing the targeted revitalization of the corridor further to the west.

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

The addition of 120,000 square feet of rehabilitated space, 22,133 of which will be for parking, will add unprecedented economic activity in this neighborhood and signal opportunity for adjacent development.

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

The City is supporting with a Neighborhood Enterprise Zone tax abatement valued at an estimated \$3,043,099.

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

A financial need exists due to the condition of the property, the substantial cost of construction associated with redevelopment, and challenging market conditions, including the current interest rate environment. The ownership team is contributing over \$6.7 million in equity and has maximized traditional financing of \$19,000,000. The remaining gap would be filled by the proposed MCRP incentive, allowing the owners to achieve an anticipated return of 8.1% from operations. Without the MCRP award the project would not be feasible.

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

648 Bridge Street NW is currently a dilapidated, vacant former grocery store on the bustling Bridge Street corridor in Grand Rapids. It has been targeted for reinvestment opportunity by the City for over 12 years. 345 Lexington Avenue NW is a vacant parking lot.

F. Creation of jobs:

Four full time equivalent (FTE) retail jobs estimated at \$18.00/hour.

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

N/A

H. Whether the project is financially and economically sound:

It is anticipated that upon reaching stabilized occupancy the project will be able to achieve a debt service coverage ratio of over 1.26 to 1.00. The project is not without risk given the significant amount of residential space being proposed. An appraisal report prepared by Colliers International indicates a strong demand for units in the Central Grand Rapids submarket, considered the subject property's primary market area. The Central submarket has a current vacancy rate of 4.2% with a vacancy rate of 2.2% for directly competing properties surveyed. As a result, the appraiser projects an absorption for the subject property of 10 units per month and a projected stabilized vacancy of 4.0%. The project is a high priority for the City of Grand Rapids and is being supported with an NEZ tax abatement and local TIF contribution. MEDC staff considers the MCRP loan to be adequately secured and the project to be financially and economically sound.

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

By adding 148 multi-family use residential units, this project will be catalytic in increasing density within a targeted area for reinvestment.

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

This project promotes mixed use development with the addition of tenant amenities, rooftop recreational area, commercial space, and green infrastructure enhancements.

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

N/A

L. Whether the project promotes sustainable development:

This project will be LEED Gold comparable when completed. The development will be an all-electric building and feature heat pump HVAC, solar panels, and ample EV charging.

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

N/A

N. Whether the project addresses area-wide redevelopment:

This project addresses the targeted redevelopment area identified by the City of Grand Rapids.

O. Whether the project addresses underserved markets of commerce:

This project is heavily residential.

P. The level and extent of environmental contamination:

A Phase II Environmental Site Assessment "ESA" was conducted on 648 Bridge Street NW and 345 Lexington Avenue NW by Mackinac Environmental Technology, Inc. 648 Bridge Street is a "facility" as defined by Part 201 of Michigan's Natural Resources and Environmental Protection Act ("NREPA"), Act 451 of 1994, as amended, due to the presence of contaminants in concentrations in excess of the Michigan Department of Environment, Great Lakes, and Energy (EGLE) generic cleanup criteria. 345 Lexington Avenue NW is considered "adjacent and contiguous" as defined by Act 381 of 1996, as amended. Subsurface soil analyses identified arsenic, chromium, and selenium in soil samples exceeding Generic Residential Cleanup Criteria ("GRCC") for drinking water protection and/or Groundwater Surface Water Interface ("GSI"). The developer will comply with all due care obligations.

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):
N/A

R. Whether the project will compete with or affect existing Michigan businesses within the same industry:
Project will not compete.

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.

APPENDIX D – MSF Eligible Activities Summary

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Grand Rapids, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on October 16, 2024. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on September 9, 2024.

There are 47.4959 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24.00 mills (50.53%) and local millage equaling 23.4959 mills (49.47%). Tax increment capture will begin in 2027 and is estimated to continue for 18 years. The state tax capture is recommended to be capped at \$2,220,353, which is the amount of tax increment revenue anticipated to be generated in 13 years. Total MSF eligible activities are estimated at \$3,556,026. MSF eligible activities breaks down as follows:

Tax Capture Summary:

State tax capture	(62.44%)	\$	2,220,353
Local tax capture	(37.56%)	\$	1,335,673
TOTAL		\$	3,556,026

Cost of MSF Eligible Activities

Demolition		\$	199,500
Infrastructure Improvements			2,395,140
Site Preparation		+	449,730
Sub-Total		\$	3,044,370
Contingency (15%)		+	456,656
Sub-Total		\$	3,501,026
Brownfield/Work Plan Preparation		+	25,000
Brownfield/Work Plan Implementation		+	30,000
TOTAL		\$	3,556,026

In addition, the project is requesting \$30,000 in TIF from EGLE to assist with environmental eligible activities.

Brownfield Act 381 Program Additional Project Information:

A. Area of High Unemployment:

The City of Grand Rapids unadjusted jobless rate was 4.7% in September 2024.

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

Not applicable.

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

No new Brownfields will be created by this project.

MICHIGAN STRATEGIC FUND

RESOLUTION 2024-183

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

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

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

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

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

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

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

WHEREAS, pursuant to MCL 125.2088h(3)(e), the MSF Board shall direct the investment and reinvestment of the Investment Fund as authorized under Chapter 8A for incentives, including, but not limited to, for the purposes of creating incentives in this state for revitalizing Michigan communities;

WHEREAS, pursuant to MCL 125.2088b(2)(c), the MSF Board may allocate money for authorized programs to make expenditures or investments from the Investment Fund for programs or activities authorized pursuant to the 21st Century Jobs Trust Fund legislation as long as those programs or activities provide for repayment for breach of the written agreement or the failure to meet measurable outcomes;

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

WHEREAS, Talbot Bridge LLC (the “Company”) has requested a MCRP performance-based Other Economic Assistance Loan Participation award of up to \$5,950,000 (the “Award Request”), along with other general terms and conditions, which are outlined in the term sheet attached as Exhibit A (the “Term Sheet”);

WHEREAS, the MEDC recommends that the MSF Board approve funding of \$5,950,000 from the Investment Fund to fund the Award Request (the “Funding”); and

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

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

Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
December 10, 2024

EXHIBIT A
“TERM SHEET”

Loan Terms

MSF Incentive:	MCRP Performance-Based Other Economic Assistance Loan Participation
Borrower:	Talbot Bridge LLC and/or Related Entities
Senior Lender:	Lake Michigan Credit Union or other lender acceptable to the MSF
Total Capital Investment:	Currently estimated at \$31,736,933
MSF Eligible Investment:	Currently estimated at \$23,872,881
Minimum Eligible Investment:	Currently estimated at \$23,800,000
MSF Share:	Up to the lesser of 25% of “Eligible Investment” or \$5,950,000
Term:	Currently anticipated to be up to 84 months. Includes an interest only period of up to 36 months.
Amortization:	Currently anticipated to be up to 360 months, following the interest only period.
Interest Rate:	1.0% per annum
Repayment Terms:	Currently anticipated to be monthly interest only payments for up to 36 months, followed by principal and interest payments, with principal due at maturity. During the amortization period, payments on the MSF Share may be set periodically at a level to assist the project in maintaining a minimum debt service coverage ratio of 1.20 to 1.00, only in the event Lender requires for covenant compliance.
Collateral:	Shall reasonably match that of Lender, currently anticipated to be a first priority security interest in the subject real estate, assignment of rents and leases, and assignment of other contracts and documents deemed necessary or to match Lender. MSF Share of collateral will be subordinated to that of Lender.
Guarantee:	Shall reasonably match that of Lender, currently anticipated to be the personal guaranties of Ryan Talbot and Michael Garrett (and trusts, if applicable). MSF Share of collateral will be subordinated to that of Lender.
MSF Fees:	The MSF shall be paid a one-time fee equal to 1.0% of the Loan Amount.

Developer Fees: \$1,200,000 or 3.8%

Funding: The MSF will fund up to \$5,950,000 to be disbursed following closing of the financing and other performance criteria.

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

- Receipt of final construction documents
- Final Development Budget
- Anticipated minimum owner equity investment of \$6,786,933
- Other legal due diligence, as required



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

RESOLUTION 2024-184

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

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

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

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

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

WHEREAS, the City of Grand Rapids Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan (the “Brownfield Work Plan”) dated November 8, 2024 for property located at 648 Bridge St NW and 345 Lexington Ave NW within the City of Grand Rapids, known as Talbot Bridge LLC (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 62.44% to 37.56% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, and infrastructure improvements as presented in the Brownfield Work Plan. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the

capture of taxes levied for school operating purposes is based on costs of MSF eligible activities with a maximum of \$3,501,026 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$0 in interest, a maximum of \$25,000 for brownfield and work plan preparation, and a maximum of \$30,000 for brownfield and work plan implementation, and with the total capture of state school taxes capped at a maximum of \$2,220,353.

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

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

Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
December 10, 2024



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: December 10, 2024

To: Michigan Strategic Fund Board

From: Amber Westendorp, Capital Project & Portfolio Manager – Capital Access

Subject: *Private Activity Bond – Inducement
Three Rivers Renewables, LLC
Solid Waste - \$46,000,000*

Request

Three Rivers Renewables, LLC (“Three Rivers Renewables” or the “Company”) is seeking private activity bond financing for the purpose of financing a solid waste disposal facility in connection with the Company’s processing of methane biogas from animal manure into renewable natural gas (“RNG”) at a facility to be located in Mendon, MI (the “Project”).

Background

Three Rivers Renewables LLC is a special purpose vehicle formed to develop, construct, own and operate a state-of-the-art dairy manure processing and biogas production facility to recover RNG for use as an alternative green fuel. The company was established as a Limited Liability Company in Michigan in March 2023 and is owned 100% by Herd Renewables LLC, a Delaware limited liability company. Herd Renewables LLC is owned 100% by Freehold Energy RNG LLC, a Nevada limited liability company.

The Project is to be located in Mendon, Michigan, with biogas facility assets to feed dairy manure from a single dairy by pipeline to the biogas facility assets to produce RNG. The Project is expected to begin soon and be completed by the 2nd quarter of 2026, and it is estimated that six jobs will be created.

Proceeds from the tax-exempt bonds will finance a significant portion of the Project including construction, installation, development and equipping of the facility related to processing of the methane biogas from the animal manure into RNG, including but not limited to handling and sorting systems, conveyance systems, anaerobic digester and associated auxiliaries, purification, upgrader and refinement systems, collection systems, pumps, pipes, blowers and compressors, monitoring and control systems, site improvements, digestate handling and treatment systems and all other assets necessary to support the production at the dairy farm.

The background review has been completed in accordance with the MSF Background Review Policy on October 9, 2024.

Plan of Finance:

It is anticipated that the bonds will be issued via a limited public offering. The finance team includes Dickinson Wright and Husch Blackwell as bond counsel and D.A. Davidson as underwriter.

Recommendation

After reviewing the private activity bond application for the Company, staff finds this Project meets the requirements and recommends the adoption of an Inducement Resolution in the amount of \$46,000,000.

MICHIGAN STRATEGIC FUND

**INDUCEMENT RESOLUTION
2024-185**

THREE RIVERS RENEWABLES LLC

WHEREAS, Three Rivers Renewables LLC (the “Company”), a Michigan limited liability company, is presently located in Michigan at 3410 Belle Chase Way, Ste. 600, Lansing, MI 48911, and in Florida at 2000 PGA Boulevard, Palm Beach Gardens, FL 33408;

WHEREAS, the Company desires to build a renewable natural gas (“RNG”) facility in Mendon, Michigan, to process methane biogas from animal manure into RNG (the “Project”);

WHEREAS, the Project will include the construction, installation, development and equipping of the solid waste disposal facility;

WHEREAS, the Company has applied to the Michigan Strategic Fund (the “MSF”) for a loan (the “Loan”) to finance all or a portion of the costs the Project as defined in 1984 PA 270 (the “Act”);

WHEREAS, the Company has advised the MSF that the cost of the Project will be approximately Forty-Six Million Dollars (\$46,000,000);

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

WHEREAS, this Resolution has the purpose of providing the necessary official intent of the MSF to meet the requirements of Sections 141, 142(a)(5), 142(a)(6) and 150 of the Internal Revenue Code of 1986, as amended (the “Code”) and the regulations promulgated in connection therewith and, in particular, Section 1.150-2 of the Income Tax Regulations.

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

1. The MSF intends to provide the Loan to the Company subject to the conditions of this Resolution.
2. The Loan shall be designated for the Project in accordance with the Company's Tax-Exempt Application Form dated August 16, 2024.
3. The maximum principal amount of the bonds (the “Bonds”) expected to be issued to provide the Loan to finance all or a portion of the costs the Project shall not exceed Forty-Six Million Dollars (\$46,000,000). The Company shall be obligated to make loan repayments in an amount sufficient to assure full repayment of the Bonds, establish appropriate reserves and pay costs and expenses relating to the issuance of the Bonds and the making of the Loan.
4. The MSF's obligation to issue the Bonds and make the Loan shall be conditioned upon a) the ability of the MSF to issue, sell and deliver the Bonds under applicable federal and state laws, b) receipt of an allocation from the State Treasurer pursuant to 1988 PA 496 as it relates to limitations on the issuance by states of private activity bonds under the Code, and c) any prioritization, fee schedules or other requirements or limitations implemented by the MSF or the State Treasurer.
5. The MSF's obligation to make the Loan and issue the Bonds contemplated by this Resolution shall expire two years after the date of this Resolution.
6. The Loan may be evidenced by a promissory note and secured by such instruments as are in form and substance satisfactory to the MSF, the Attorney General of the State of Michigan (the “Attorney General”) and bond counsel to the MSF, including a loan agreement, indenture, first mortgage, security agreement and such additional security as may be required by the MSF or purchaser of the Bonds.

7. Subject to compliance with this Resolution, the MSF will authorize a bond resolution approving the issuance of

the Bonds (the “Bond Resolution”) for the purpose of making the Loan and funding the reserves and costs associated with the issuance and administration of the Bonds, and enter into a loan agreement and related documents with the Company and a bond purchase agreement with a bond purchaser, which documents shall be subject to the approval of the Attorney General and bond counsel to the MSF.

8. The Bonds shall not be general obligations of the MSF but shall be payable as to principal and interest solely from the proceeds of the payments to be made by the Company to the MSF (or to a trustee appointed by the MSF pursuant to the Bond Resolution), as provided in the Bond Resolution. The agreements relating to the Loan and the issuance of the Bonds shall contain such provisions as will be necessary to make absolutely certain that under no circumstances will the Bonds or this Resolution be a debt or obligation of the State of Michigan or a general obligation of the Michigan Strategic Fund, nor will the State of Michigan be liable on the Bonds.

9. All costs and expenses involved in the authorization, issuance, sale, and delivery of the Bonds and in the making of the Loan shall be paid from the Bond proceeds or, if they are insufficient, by the Company.

10. The staff of the MSF is authorized and directed to initiate the proceedings described in this Resolution and to enter into negotiations, subject to the approval of the MSF, with a bond purchaser for the sale of the Bonds. Any authorized signatory is authorized to prepare and file with the Michigan Department of Treasury a request for allocation as it relates to the State limitations on the issuance of private activity bonds.

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

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

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

ADOPTED

Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
December 10, 2024



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: December 10, 2024

To: Michigan Strategic Fund Board

From: Amber Westendorp, Capital Project & Portfolio Manager – Capital Access

Subject: *Private Activity Bond – Inducement*
Newaygo Renewables, LLC
Solid Waste - \$21,000,000

Request

Newaygo Renewables, LLC (“Newaygo Renewables” or the “Company”) is seeking private activity bond financing for the purpose of financing a solid waste disposal facility in connection with the Company’s processing of methane biogas from animal manure into renewable natural gas (“RNG”) at a facility to be located in Bailey, MI (the “Project”).

Background

Newaygo Renewables LLC is a special purpose vehicle formed to develop, construct, own and operate a state-of-the-art dairy manure processing and biogas production facility to recover RNG for use as an alternative green fuel. The company was established as a Limited Liability Company in Michigan in April 2024 and is owned 100% by Herd Renewables LLC, a Delaware limited liability company. Herd Renewables LLC is owned 100% by Freehold Energy RNG LLC, a Nevada limited liability company.

The Project is to be located in Bailey, Michigan in the county of Newaygo, with biogas facility assets to feed dairy manure from a single dairy by pipeline to the biogas facility assets to produce RNG. The Project is expected to begin soon and be completed by the 2nd quarter of 2026, and it is estimated that two jobs will be created.

Proceeds from the tax-exempt bonds will finance a significant portion of the Project including construction, installation, development and equipping of the facility related to processing of the methane biogas from the animal manure into RNG, including but not limited to handling and sorting systems, conveyance systems, anaerobic digester and associated auxiliaries, purification, upgrader and refinement systems, collection systems, pumps, pipes, blowers and compressors, monitoring and control systems, site improvements, digestate handling and treatment systems and all other assets necessary to support the production at the dairy farm.

The background review has been completed in accordance with the MSF Background Review Policy on October 9, 2024.

Plan of Finance:

It is anticipated that the bonds will be issued via a limited public offering. The finance team includes Dickinson Wright and Husch Blackwell as bond counsel and D.A. Davidson as underwriter.

Recommendation

After reviewing the private activity bond application for the Company, staff finds this Project meets the requirements and recommends the adoption of an Inducement Resolution in the amount of \$21,000,000.

MICHIGAN STRATEGIC FUND

**INDUCEMENT RESOLUTION
2024-186**

NEWAYGO RENEWABLES LLC

WHEREAS, Newaygo Renewables LLC (the “Company”), a Michigan limited liability company, is presently located in Michigan at 2222 W. Grand River Ave, Ste. A, Okemos, MI 48864, and in Florida at 2000 PGA Boulevard, Palm Beach Gardens, FL 33408;

WHEREAS, the Company desires to build a renewable natural gas (“RNG”) facility in Bailey, Michigan, to process meththane biogas from animal manure into RNG (the “Project”);

WHEREAS, the Project will include the construction, installation, development and equipping of the solid waste disposal facility;

WHEREAS, the Company has applied to the Michigan Strategic Fund (the “MSF”) for a loan (the “Loan”) to finance all or a portion of the costs the Project as defined in 1984 PA 270 (the “Act”);

WHEREAS, the Company has advised the MSF that the cost of the Project will be approximately Twenty-One Million Dollars (\$21,000,000);

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

WHEREAS, this Resolution has the purpose of providing the necessary official intent of the MSF to meet the requirements of Sections 141, 142(a)(5), 142(a)(6) and 150 of the Internal Revenue Code of 1986, as amended (the “Code”) and the regulations promulgated in connection therewith and, in particular, Section 1.150-2 of the Income Tax Regulations.

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

1. The MSF intends to provide the Loan to the Company subject to the conditions of this Resolution.
2. The Loan shall be designated for the Project in accordance with the Company's Tax-Exempt Application Form dated August 16, 2024.
3. The maximum principal amount of the bonds (the “Bonds”) expected to be issued to provide the Loan to finance all or a portion of the costs the Project shall not exceed Twenty-One Million Dollars (\$21,000,000). The Company shall be obligated to make loan repayments in an amount sufficient to assure full repayment of the Bonds, establish appropriate reserves and pay costs and expenses relating to the issuance of the Bonds and the making of the Loan.
4. The MSF's obligation to issue the Bonds and make the Loan shall be conditioned upon a) the ability of the MSF to issue, sell and deliver the Bonds under applicable federal and state laws, b) receipt of an allocation from the State Treasurer pursuant to 1988 PA 496 as it relates to limitations on the issuance by states of private activity bonds under the Code, and c) any prioritization, fee schedules or other requirements or limitations implemented by the MSF or the State Treasurer.
5. The MSF's obligation to make the Loan and issue the Bonds contemplated by this Resolution shall expire two years after the date of this Resolution.
6. The Loan may be evidenced by a promissory note and secured by such instruments as are in form and substance satisfactory to the MSF, the Attorney General of the State of Michigan (the “Attorney General”) and bond counsel to the MSF, including a loan agreement, indenture, first mortgage, security agreement and such additional security as may be required by the MSF or purchaser of the Bonds.

7. Subject to compliance with this Resolution, the MSF will authorize a bond resolution approving the issuance of

the Bonds (the “Bond Resolution”) for the purpose of making the Loan and funding the reserves and costs associated with the issuance and administration of the Bonds, and enter into a loan agreement and related documents with the Company and a bond purchase agreement with a bond purchaser, which documents shall be subject to the approval of the Attorney General and bond counsel to the MSF.

8. The Bonds shall not be general obligations of the MSF but shall be payable as to principal and interest solely from the proceeds of the payments to be made by the Company to the MSF (or to a trustee appointed by the MSF pursuant to the Bond Resolution), as provided in the Bond Resolution. The agreements relating to the Loan and the issuance of the Bonds shall contain such provisions as will be necessary to make absolutely certain that under no circumstances will the Bonds or this Resolution be a debt or obligation of the State of Michigan or a general obligation of the Michigan Strategic Fund, nor will the State of Michigan be liable on the Bonds.

9. All costs and expenses involved in the authorization, issuance, sale, and delivery of the Bonds and in the making of the Loan shall be paid from the Bond proceeds or, if they are insufficient, by the Company.

10. The staff of the MSF is authorized and directed to initiate the proceedings described in this Resolution and to enter into negotiations, subject to the approval of the MSF, with a bond purchaser for the sale of the Bonds. Any authorized signatory is authorized to prepare and file with the Michigan Department of Treasury a request for allocation as it relates to the State limitations on the issuance of private activity bonds.

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

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

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

ADOPTED

Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
December 10, 2024



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

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

Sincerely,

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

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: December 10, 2024

To: Michigan Strategic Fund Board

From: Amber Westendorp, Capital Project & Portfolio Manager – Capital Access

Subject: *Private Activity Bond – Bond Authorizing
The Washtenaw Pace, Inc. dba Huron Valley Pace
Non-profit - \$4,500,000*

Request

The Washtenaw Pace, Inc. dba Huron Valley Pace (“Huron Valley Pace”) is seeking private activity bond financing in an amount not to exceed \$4,500,000 in connection with the cost of expanding services to Monroe, Michigan.

Background

Huron Valley Pace was formed in 2011 as a 501 (c)(3). The mission of Huron Valley Pace is to promote the wellness, dignity, and independence of older adults by providing high quality, innovative health care and support services, primarily to low-income individuals.

Huron Valley Pace operates a PACE program (program of all-inclusive care for the elderly) (“PACE”). PACE is an innovative model of long-term care that offers disabled and frail older adults the option of remaining at home with dignity and independence. The focal point Huron Valley Pace is the day center, where participants socialize and receive many services such as primary medical and nursing care, medication management, rehab therapies, nutrition services and therapeutic recreation. Huron Valley Pace also offers in-home services including nursing, personal care, meal preparation, housekeeping, home delivered meals, and caregiver respite. Huron Valley Pace covers the cost for all medical specialists, lab and x-ray tests, and hospitalization when necessary.

Huron Valley Pace has an existing program in Ypsilanti that serves approximately 280 participants. Huron Valley Pace plans to expand services to Monroe, Michigan. A building in Monroe has been purchased for the new day center and will require significant renovation (the “Monroe Project”). Huron Valley Pace has been awarded \$300,000 of ARPA funding that will be used towards the Monroe Project. Renovations will commence in the coming 1-2 months with completion of the Monroe Project expected to occur in spring of 2026. It will take approximately 5 years for the Monroe location to operate at its full potential. By year 5, it is estimated that total PACE participants will be 150 and total jobs created will be 46.

The background review process has been completed in accordance with the MSF Background Review Policy on October 23, 2024.

Plan of Finance:

The bonds will be privately placed with Huntington Public Capital Corporation, a subsidiary of The Huntington National Bank, and Miller Canfield is acting as bond counsel.

If the project size remains at \$4,500,000 the MSF issuance fee will be \$11,250.

Recommendation

Based upon a determination by Miller Canfield, as bond counsel and the State of Michigan Attorney General's Office that the issuance of the bonds complies with state and federal requirements for private activity bond financing, the staff recommends the adoption of a Bond Authorizing Resolution in the amount of not to exceed \$4,500,000.

RESOLUTION TO AUTHORIZE THE ISSUANCE OF
MICHIGAN STRATEGIC FUND
LIMITED OBLIGATION REVENUE BONDS (HURON VALLEY PACE
PROJECT), SERIES 2024A AND SERIES 2024B (FEDERALLY TAXABLE)

Resolution 2024-187

Background

A. The Michigan Strategic Fund (the “Fund”) is authorized by 1984 PA 270, as amended (the “Act”), to issue bonds for the purpose of making loans to pay the costs of a project (as described in the Act), and to pay the costs of issuing the bonds.

B. The Washtenaw PACE, Inc., doing business as Huron Valley PACE, a Michigan nonprofit corporation (the “Borrower”), operates a senior health care program commonly known as a “program of all-inclusive care for the elderly (PACE),” which provides health care and social services to eligible seniors who are capable of living in their own homes with supervised care.

C. The Borrower has requested loans from the Fund (collectively, the “Loans”) to be used, together with other available funds, to: (i) pay the costs of purchasing, renovating, furnishing and equipping a new day center in Monroe, Michigan in support of the Borrower’s PACE program (the “Project”), including reimbursing the Borrower for prior expenditures related to the Project; and (ii) pay the costs of issuance of the Bonds herein authorized.

D. The Borrower has requested that the Fund issue two series of bonds, to be designated “Limited Obligation Revenue Bonds (Huron Valley PACE Project), Series 2024A” (the “Series 2024A Bonds”) and “Limited Obligation Revenue Bonds (Huron Valley PACE Project), Series 2024B (Federally Taxable)” (the “Series 2024B Bonds,” and together with the Series 2024A Bonds, the “Bonds”), in the aggregate principal amount of not to exceed \$4,500,000.

E. The Series 2024A Bonds will be issued pursuant to this resolution (this “Resolution”) and a Bond Financing Agreement (Series 2024A) (the “2024A Financing Agreement”) by and among the Fund, the Borrower, and Huntington Public Capital Corporation (the “Purchaser”), pursuant to which the Fund will issue the Series 2024A Bonds and loan the proceeds thereof to the Borrower for the purpose of paying a portion of the costs of the Project and paying the costs of issuance of the Series 2024A Bonds.

F. The Series 2024B Bonds will be issued pursuant to this Resolution and a Bond Financing Agreement (Series 2024B) (the “2024B Financing Agreement,” and together with the 2024A Financing Agreement, the “Financing Agreements”) by and among the Fund, the Borrower, and the Purchaser, pursuant to which the Fund will issue the Series 2024B Bonds and loan the proceeds thereof to the Borrower for the purpose of paying a portion of the costs of the Project and paying the costs of issuance of the Series 2024B Bonds.

G. The Series 2024A Bonds and the Series 2024B Bonds will each be issued as a single, fully-registered bond and will be purchased by the Purchaser for its own account pursuant to the Financing Agreements and the terms of a Continuing Covenant Agreement (the “Continuing Covenant Agreement”) to be entered into between the Borrower and the Purchaser.

NOW, THEREFORE, Be It Resolved by the Board of the Fund:

SECTION 1. Issuance of Bonds; Limited Obligation. For the purpose of making the Loans requested by the Borrower, the issuance of the Series 2024A Bonds and the Series 2024B Bonds is authorized.

The terms of the Series 2024A Bonds and the Series 2024B Bonds shall be substantially in the form contained in the 2024A Financing Agreement and the 2024B Financing Agreement, respectively, with the changes permitted or required by action of the Fund or the 2024A Financing Agreement or the 2024B Financing Agreement, as applicable. The Bonds of each series shall bear the manual or facsimile signature of a member of the Fund’s Board of Directors (a “Member”) or of a Fund employee authorized by Board Resolution to sign Bond documents on behalf of the Fund (an “Authorized Officer”), and the official seal of the Fund (or a facsimile of the seal) shall be impressed or imprinted on the Bonds.

The Bonds and the interest and any premium on the Bonds are not a debt or obligation of the State of Michigan or a general obligation of the Fund within the meaning of any constitutional or statutory limitation and do not constitute a charge against the credit or taxing powers of the State of Michigan or the general funds or assets of the Fund (including funds relating to other Fund loans or activities), but shall be limited obligations of the Fund payable solely from the revenues derived from the Financing Agreements and otherwise as provided in the Financing Agreements.

SECTION 2. Approval, Execution and Delivery of Documents. The forms of the Financing Agreements on file with the staff of the Fund, and on which have been endorsed by the staff of the Fund the date of adoption of this Resolution, are approved. Any Member and any Authorized Officer are authorized to execute and deliver the Financing Agreements, in substantially the forms approved, with any

changes as are considered necessary or desired by him or her, permitted by the Act or otherwise by law, and not materially adverse to the Fund. Approval of such changes shall be evidenced by such Member's and Authorized Officer's execution of the Financing Agreements.

SECTION 3. Completion of Document Terms. Any Member may approve the principal amount of each series of the Bonds, which shall not exceed \$4,500,000 in the aggregate, and the final maturity date of each series of the Bonds, which shall be not later than thirty (30) years from the date of issuance of the Bonds. The Bonds of each series shall bear interest at such rate or rates as shall be determined from time to time pursuant to the Financing Agreements; provided, however, that the interest rate or rates on the Bonds shall in no event exceed the maximum rate of interest permitted by the Financing Agreements. Approval of such terms shall be evidenced by the Member's execution of the Financing Agreements.

SECTION 4. Acknowledgement of Collateral Document. The form of the Continuing Covenant Agreement on file with the staff of the Fund, and on which has been endorsed by the staff of the Fund the date of adoption of this Resolution, is acknowledged with the changes made by the parties as are permitted by the Act or otherwise by law, and not materially adverse to the Fund.

SECTION 5. Sale and Delivery of the Bonds. A Member or an Authorized Officer shall execute, seal, and deliver the Bonds upon receipt of the following documents and payment of the purchase price for the Bonds:

- a. an opinion of bond counsel to the Fund acceptable to the Fund and the Attorney General of the State of Michigan (the "Attorney General"),
- b. an opinion of counsel to the Borrower and necessary certificates and representations of the Borrower acceptable to the Fund, the Attorney General, and bond counsel, and
- c. an approving opinion of the Attorney General.

Upon receipt, the proceeds of the Bonds shall be applied in accordance with the Financing Agreements.

SECTION 6. Authorization of Filings, Submissions and Other Documents. Any Member or Authorized Officer, as well as counsel to the Fund, is authorized to apply for or submit, execute, and deliver the other certificates, documents, opinions, and papers to any party or governmental agency as may be required by the Financing Agreements or as may be necessary to effectuate the valid issuance, sale and delivery of the Bonds (including as may be required to effectuate the valid

issuance of the Series 2024A Bonds as federally tax-exempt bonds) and otherwise as contemplated by those documents.

SECTION 7. Conflict and Effectiveness. All resolutions or other proceedings of the Fund in conflict with this Resolution are repealed to the extent of the conflict. This Resolution shall become effective upon adoption. If the Bonds are not delivered to their original purchaser on or before February 10, 2025, the authority granted by this Resolution shall lapse.

Adopted.

Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

December 10, 2024
Lansing, Michigan

36074419.5\060542-00560



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

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

Dear Ms. Bishop:

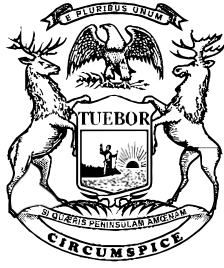
I hereby confirm and ratify my designation of Michael B. Kapp, Administrator, Michigan Department of Transportation, as the person authorized and empowered to act in my stead for Michigan Strategic Fund meetings that I am unable to attend.

Sincerely,

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

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File



MICHIGAN STRATEGIC FUND

MEMORANDUM

Date: December 10, 2024
To: Michigan Strategic Fund ("MSF") Board Members
From: Quentin Messer, Jr., Chief Executive Officer
Subject: Monthly MSF Delegated Authority and Activities Report

We are pleased to present our monthly report to the MSF Board, featuring a review of our delegated authority activity over the previous two month's. The following pages provide a narrative centered around the types of projects supported through delegated approval from October 1, 2024, to November 30, 2024, as well as information about the impact that those projects have had on communities across the state.

We remain committed to maintaining transparency in our efforts to communicate with you all about our work to create equitable opportunities throughout the state. Over time, we will continue identifying ways to evolve and grow this report based on the feedback and requests we receive from Board members.

As always, we are committed to evaluating the ways in which we can continue to ensure we are transparent and accountable to Board members moving forward. Please let me or Matt Casby know if you have any questions or comments about the content of these reports.

Monthly Impacts



To continue providing transparent, intentional, and impactful reporting to the MSF Board members on delegated project approvals and activities, the following report details delegated approval updates from October 1, 2024, to November 30, 2024.

Throughout the Fiscal Year, MSF delegates – with authority granted by the MSF Board – approve various projects within MSF programs in accordance with each program’s guidelines, as approved by the MSF Board. Under no circumstances will MSF delegates approve of a project that does not meet the Board- approved guidelines for the program. Furthermore, each project approved through delegated authority must undergo the same rigorous vetting and verification process as do projects that come before the MSF Board for approval. By ensuring consistent safeguards are in place for both delegate-approved and Board-approved projects, we are ensuring fairness and uniformity in our process, as we work to enable long-term economic prosperity for the people of our state.

MONTHLY IMPACTS

We are pleased to share the October and November delegate-approved projects continue to represent our emphasis on supporting underserved populations in geographically disadvantaged areas. From October – November 2024, 45% of the projects approved through delegated authority are in geographically disadvantaged areas. Additionally, all October and November approved projects through delegated authority have committed to creating nearly 700 jobs and just over \$80.5 million in private investment.

MSF Report Delegate Approvals



Under the authority delegated by the MSF Board, the MSF delegates approved the following projects during October and November 2024, which satisfy Board-approved guidelines for each program and have been vetted and approved through the same safeguards as those projects that come before the Board for consideration.

Michigan Business Development Program (MBDP)

The Michigan Business Development Program is available from the MSF, in cooperation with MEDC. The program is designed to provide grants, loans, or other economic assistance to businesses for highly competitive projects in Michigan that create jobs and/or provide investment.

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Wright & Johnson dba Highfield Boats	10/11/2024	Cadillac	\$990,000	Wright & Johnson N.A., dba Highfield Boats, founded in 2011 and the world's #1 manufacturer of aluminum rigid inflatable boats and tenders, has announced plans to expand production capabilities in Cadillac, Wexford County. The expansion is expected to generate over \$3.1 million in capital investment, creating 110 qualified new jobs with the support of a \$990,000 Michigan Business Development Program performance-based grant from the Michigan Strategic Fund. This project represents a big win for the region and state by attracting a successful company that will adapt a facility formerly used as a shipping/distribution center, which has been closed for several years, into a state-of-the art rubber inflatable boat manufacturing facility. This new production facility will be integrated well into a region that has a rich history of boat manufacturing.
Loukus Technologies, Inc.	10/22/2024	Calumet	\$300,000	The Company's expansion comes as a result of newly awarded business to design, manufacture, and deliver a device that is used to plug oil wells. The site in consideration is an adjacent building to where Loukus Technologies currently operates and would rehabilitate a building that is currently abandoned. The Company is considering Calumet for the project and anticipates the project will result in capital investment of up to \$1,608,000. The project will also result in the creation of up to 48 new jobs, with starting wages at \$23 per hour, which is over and above the Regional Median Wage in the Upper Peninsula.

Brownfield Tax Increment Financing (TIF)

Through the Brownfield Redevelopment Financing Act, Brownfield TIF allows applicable taxing jurisdictions to receive property taxes on the property at the current level and capture the incremental increase in tax revenue resulting from a redevelopment project.

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
City of Wyoming	10/1/2024	Wyoming	\$611,704	An Act 381 Work Plan with state tax capture valued at \$611,704 was awarded to the City of Wyoming Brownfield Redevelopment Authority to construct an 8,500 square foot public marketplace. The project is expected to generate \$6,123,783 in private investment and one full time equivalent job.

Revitalization and Placemaking (RAP) Program

The Revitalization and Placemaking program provides access to gap financing for place-based infrastructure development, real estate rehabilitation and development, and public space improvements.

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Cadillac Lofts 2, LLC	11/8/2024	Cadillac	\$1,000,000	Second phase to Cadillac Lofts in downtown Cadillac, the project will include 50 residential units and 1,300 square feet of commercial space.

Capital Access

The Capital Access team partners with lenders to assist in helping small businesses obtain financing that would otherwise not be available.

State Small Business Credit Initiative (SSBCI) 2.0 – Collateral Support Program (CSP)

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
DoneDone LLC dba Nothing Bundt Cakes 651	10/4/2024	Royal Oak	\$28,443	Frist State Bank is working with DoneDone LLC to finance cost overruns associated with the property's buildout. Due to a shortfall in collateral, the lender is requesting collateral support.
Iron Fetish Metalworks	10/4/2024	Roseville	\$714,432	IF Metalworks is working with First State Bank to refinance outstanding debt and establish a line of credit. Due to collateral shortfall on the equipment, the Bank is requesting support from the SSBCI 2.0 CSP.
Green Shield Home, LLC	10/8/2024	Kentwood	\$483,581	Green Shield is working with First Merchants Bank to establish a working capital line of credit to finance new trucks and trailers. Due to a collateral shortfall on the working capital line, the bank is requesting assistance from the SSBCI 2.0 CSP. 9/2024 - Green Shield is growing quickly and in need of a line increase to support growth. First Merchants Bank is proposing an increase to the line of credit and would like additional support from SSBCI 2.0 CSP.
Ride Your Way, LLC	10/10/2024	Grand Rapids	\$78,400	Mercantile Bank is working with Ride Your Way to provide them with a new line of credit for additional equipment as the company is quickly growing. Due to a collateral shortfall, the bank is requesting collateral support from the SSBCI 2.0 CSP.
Bamboo Grand Rapids, LLC	10/22/2024	Royal Oak	\$2,395,699	Bamboo Grand Rapids is working with Bank Michigan to expand into the Grand Rapids market. Due to a collateral shortfall on renovations and FF&E, the bank is asking for support through the SSBCI 2.0 CSP.
Children's Discovery Academy, Inc.	10/28/2024	Alma	\$48,682	Northern Initiatives is working with the Children's Discovery Academy on the buildout of a new childcare location. Due to a shortfall in collateral, the lender is requesting collateral support from the SSBCI 2.0 CSP.
Everyday Blooms Montessori Incorporated	11/14/2024	Grand Rapids	\$189,620	Everyday Blooms Montessori is a daycare and preschool facility that is working with Northern Initiatives and West Shore Bank to move to a larger facility to take in more children. Due to a collateral shortfall on the Northern Initiatives portion, NI is requesting assistance from the SSBCI 2.0 CSP.
Utopian Power LLC	11/17/2024	Ann Arbor	\$299,400	Chelsea State Bank is working with the Company to provide them with a working capital line of credit. Due to collateral shortfall, the bank is requesting support from the SSBCI 2.0 CSP.
Automotive Media LLC dba iMBranded	11/20/2024	Troy	\$998,000	Oxford Bank is working with Automotive Media LLC on a new line of credit. Due to a shortfall in collateral, the lender is requesting collateral support.
Niowave, Inc.	11/23/2024	Lansing	\$4,240,000	MSUFCU is working with Niowave, Inc. to expand their business operations and seeking financing to fund the construction of the new facility, furniture, fixtures, and equipment at their new airport facility. Due to collateral shortfall on the construction loan and equipment loan MSUFCU is seeking assistance from the SSBCI 2.0 CSP.

State Small Business Credit Initiative (SSBCI) 2.0 – Loan Guarantee

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
The Urban Empowerment Fund CDFI	11/13/2024	New York	\$250,000	The Urban Empowerment Fund is partnering with the Urban League of West Michigan to develop a loan fund in Kent County. UEF would like to enroll small business loans as a part of this fund into the SSBCI 2.0 LGP.

Michigan State Trade Expansion Program (MI-STEP)

The MI-STEP program is designed to spur job creation by empowering Michigan small businesses that meet U.S. Small Business Administration guidelines and size standards to export their products.

Project Name	Approval Date	Location	Incentive Amount
Aster Brands f/k/a. Redi-Rock International -Trade Mission to Mexico	10/8/2024	Charlevoix	\$9,000
Elite Mold & Engineering, Inc. - Mexico Trade Mission	10/8/2024	Shelby Township	\$6,290
Buell Motorcycles - Trade Mission to Mexico	10/9/2024	Cascade Township	\$7,122
ARCH Cutting Tools -Trade Mission to Mexico	10/10/2024	Bloomfield Hills	\$3,500
Bonal Technologies, Inc. -Trade Mission to Mexico	10/10/2024	Royal Oak	\$8,000
Ross Operating Valve Company dba Ross Controls - Trade Mission to Mexico	10/11/2024	Ferndale	\$4,350
Akervall Technologies Inc. - ISPO Munich	11/1/2024	Saline	\$5,610
Devereaux Sawmill, Inc. - Japan Sales Trip	11/1/2024	Lyons Township	\$3,052
Vantage Plastics - PACK Expo Chicago	11/1/2024	Standish	\$15,000
3DXTECH LLC - FormNext Germany	11/4/2024	Grand Rapids	\$4,720
Enstrom Helicopter Corporation - European Rotors Amsterdam	11/4/2024	Menominee	\$15,000
IQ Designs, Inc. MEDICA	11/4/2024	Manistique	\$15,000
Advanced Avionics Inc., dba LaserBlast - IAAPA Orlando	11/6/2024	Plymouth	\$15,000
Gage Bilt, Inc. - GSGP Trade Mission Spain, Portugal, Morocco	11/6/2024	Clinton Twp	\$8,114
NCOC, Inc. - Sales Trip - India	11/6/2024	Oak Park	\$7,996
Viking Satcom, LLC - SatelliteAsia 2025	11/6/2024	Albion	\$15,000
Dynamic Conveyor Corporation - Sales Trip - Canada	11/8/2024	Muskegon	\$3,900
Faraday Defense Corporation - DSEI London	11/8/2024	Kalamazoo	\$15,000
Bandit Industries, Inc. - Elmia Wood 2025 Sweden	11/17/2024	Remus	\$15,000
LightGuide, Inc. – FormNext Germany	11/17/2024	Wixom	\$4,848
Hello Life Inc. - FI Europe & Future Nutrition Trade Shows	11/17/2024	Grand Rapids	\$4,290
Humphrey Products - MEDICA	11/17/2024	Kalamazoo	\$15,000
Hurley Marine, Inc. - METSTRADE Amsterdam	11/17/2024	Escanaba	\$15,000
Hybrid Robotics, Inc - International Workboat Show	11/17/2024	Traverse City	\$5,256
SolisMatica - USCS/ITA Trade Mission Philippines, Indonesia & Thailand	11/17/2024	Holland	\$13,734

Michigan State Trade Expansion Program (MI-STEP) Cont.

Project Name	Approval Date	Location	Incentive Amount
Ulendo Technologies, Inc. - FormNext Germany	11/17/2024	Ann Arbor	\$4,848
Sunrise SRL - Growtech Turkey	11/17/2024	East Lansing	\$15,000
RoboBuoy, Inc. dba MarkSetBot - METSTRADE & SailGP	11/18/2024	Detroit	\$9,712
LightGuide, Inc. - Sales Trip - Germany, Finland, Czech Republic	11/21/2024	Wixom	\$3,817
Hastings Manufacturing Company - AAPEX Las Vegas	11/21/2024	Hastings	\$15,000
Lasdrop Marine, LLC – METS Tradeshow Amsterdam	11/21/2024	Manistee	\$15,000
MFP Automation Engineering - Automation Alley Trade Mission India	11/21/2024	Hudsonville	\$67,500
Owosso Graphic Arts, Inc. - SEMA	11/21/2024	Owosso	\$9,544
Zero Gravity Filters - Sales Trip - Japan	11/21/2024	Brighton	\$4,649
BG Defense - Sales Trip - South Africa	11/22/2024	Grand Rapids	\$15,000
P.J. Wallbank Springs Incorporated - Sales Trip - Germany	11/22/2024	Port Huron	\$3,216
Viking Satcom, LLC - IBC Amsterdam	11/22/2024	Albion	\$3,457
Promethient, Inc. - METSTRADE Amsterdam	11/26/2024	Traverse City	\$15,000
Endoscopy Corporation of America dba ENDOCORP - Hospitalar Brazil	11/27/2024	Southfield	\$7,328
RCO Engineering & Aerospace, Inc. - MEBAA Dubai	11/27/2024	Roseville	\$5,998

Program Amendments



For a variety of reasons, projects may return to the MSF requesting an amendment to their previous approvals, at which point the Economic Development Incentives teams evaluate whether those projects would qualify for those amendments. These amendments include, but are not limited to, changes of scope for projects; adjusted milestones; extended or contracted timelines; redefined project sites; and modified award amounts. See below for a list of program amendments that received delegated approval from October 1, 2024, to November 30, 2024.

Michigan Business Development Program (MBDP)

Project Name	MSF Delegate Amended Date	Project Location	Type of Request
AddEnergie	11/7/2024	Auburn Hills	Amended to reduce the grant award from \$800,000 to \$400,000; reduce QNJs from 110 to 55 restructure Milestones 2 through 5 and create Milestone 6. Extend the grant term from 04/30/2028 to 04/30/2029.
ABB, Inc.	11/9/2024	Auburn Hills	Amended to extend Milestone 2 due date from 11/30/24 to 2/28/26; amend Milestone 3 due date from 11/30/25 to 2/28/27 and amend the grant term from 5/31/26 to 8/30/27.
Gielow Pickles, Inc.	11/22/2024	Lexington	Amend the Project location to include facilities in the cities of Croswell in Sanilac County and Port Huron in Sanilac County.

Michigan Community Revitalization Program (MCRP)

Project Name	MSF Delegate Amended Date	Project Location	Type of Request
Five Penny Properties, LLC	11/21/2024	Milan	Change the property qualification to "functionally obsolete" from "historic" and remove language from Milestone 2 related to National Parks Service Part III approval.

Community Development Block Grant (CDBG)

Project Name	MSF Delegate Amended Date	Project Location	Type of Request
City of Clare – Water Related Infrastructure	11/22/2024	Clare	Request to increase Admin (CGA) budget due to grant extension.

Revitalization and Placemaking Program (RAP)

Project Name	MSF Delegate Amended Date	Project Location	Type of Request
City of Muskegon	11/7/2024	Muskegon	Amendment to reallocate grant funds amongst subgrant projects, reducing the amount of the grant by \$422,029.39. Also updating change order language and Exhibit A definition of Eligible Costs per updated federal ARPA guidance.
Sawmill Lofts, LLC	11/12/2024	Grayling	Amend the dates of Key Milestones 1, 2 and 3. Reallocate available RAP 1.0 funds in the amount of \$1,487,578.48, increasing the total award to \$6,500,000 as allowed per original approval.
Flint and Genesee Group Foundation	11/12/2024	Flint	Reallocation of funds amongst subgrant projects and administrative expenses reducing the grant amount by \$1,203,948 to \$9,046,052.00. Change the Legal name of the Grantee to Flint and Genesee Group Foundation. Extend due dates for Milestones 2 and 3. Update change order language and Exhibit A definition of Eligible Costs per updated federal ARPA guidance.
City of Lansing	11/18/2024	Lansing	Use reallocated funds to Increase the grant amount by \$100,000 for additional administration expenses. Extend dates for Milestones 2 and 3. Update change order language and Exhibit A definition of Eligible Costs per updated federal ARPA guidance.
Berrien County	11/25/2024	Niles	Amended Milestone 2 due date. Reallocation of funds amongst subgrant projects and admin expenses. Updated change order language and Exhibit A definition of Eligible Costs per updated federal ARPA guidance.
Southwest Michigan First Corporation	11/25/2024	Kalamazoo	Extended Milestone 2 Due Date. Reallocated funds between subgrants. Updated change order language and Exhibit A definition of Eligible Costs per updated federal ARPA guidance.
City of Grand Rapids	11/26/2024	Grand Rapids	Amend the grant agreement as follows: 1) Extend Milestone 2 and 3, 2) Revise Exhibits B & D to include updated information related to sub-grant projects, 3) Reflect additional co-applicants 4) Updated change order language and Exhibit A definition of Eligible Costs per updated federal ARPA guidance.
Downtown Detroit Partnership	11/26/2024	Detroit	Extend Milestone 2 due date and updated change order language and Exhibit A definition of Eligible Costs per updated federal ARPA guidance.
East Dearborn Downtown Development Authority	11/26/2024	Dearborn	Updated change order language and Exhibit A definition of Eligible Costs per updated federal ARPA guidance.
300 W. Michigan, LLC	11/26/2024	Ypsilanti	Updated change order language and Exhibit A definition of Eligible Costs per updated federal ARPA guidance.
City of Mount Clemens	11/26/2024	Mount Clemens	Updated change order language and Exhibit A definition of Eligible Costs per updated federal ARPA guidance.
City of Ecorse	11/26/2024	Ecorse	Updated change order language and Exhibit A definition of Eligible Costs per updated federal ARPA guidance.
Micah 6 Community, LLC	11/26/2024	Pontiac	Amend the grant agreement to reflect additional information about the Co-Applicant known as Webster Community Center LLC. Updated change order language and Exhibit A definition of Eligible Costs per updated federal ARPA guidance.
Ore Dock Real Estate	11/26/2024	Marquette	Updated change order language and Exhibit A definition of Eligible Costs per updated federal ARPA guidance. Added Co-applicant's UEI#.

Revitalization and Placemaking Program (RAP) Cont.

Project Name	MSF Delegate Amended Date	Project Location	Type of Request
City of Negaunee	11/26/2024	Negaunee	Updated change order language and Exhibit A definition of Eligible Costs per updated federal ARPA guidance.
Lumber Square Nonprofit Housing Corporation	11/26/2024	Petoskey	Updated change order language and Exhibit A definition of Eligible Costs per updated federal ARPA guidance.
Ideal Theater Clare, LLC	11/26/2024	Clare	Updated change order language and Exhibit A definition of Eligible Costs per updated federal ARPA guidance.
Moore Public Library	11/26/2024	Lexington	Updated change order language and Exhibit A definition of Eligible Costs per updated federal ARPA guidance.
City of Mount Pleasant	11/26/2024	Mount Pleasant	Updated change order language and Exhibit A definition of Eligible Costs per updated federal ARPA guidance.
Garden Building of Grand Blanc, LLC	11/26/2024	Grand Blanc	Update the UEI #'s for the grantee. Modify the total square footage developed, not altering the project's intended purpose. Update change order language and Exhibit A definition of Eligible Costs per updated federal ARPA guidance.

Terminations



Michigan Business Development Program – Terminations

Project Name	Project Location	Incentive Type	Amount	Termination Date	Reason for Termination	Repayment
Shapeways	Livonia	Grant	\$375,000	10/16/2024	Company unable to meet requirements	\$0.00
Expert Technologies	Auburn Hills	Grant	\$250,000	9/18/2024	Company unable to meet requirements	\$0.00