



# MICHIGAN STRATEGIC FUND

## BOARD MEETING AGENDA

August 22, 2023

10:00AM

- I. CALL TO ORDER & ROLL CALL
- II. PUBLIC COMMENT – PLEASE LIMIT PUBLIC COMMENT TO THREE (3) MINUTES
- III. COMMUNICATIONS
- IV. CONSENT AGENDA
  - a. Proposed Meeting Minutes: July 25, 2023 ..... 3
  - b. CDBG Program Year 2022: Action Plan Substantial Amendment..... 11
  - c. Sweetwater Development Partners, LLC: MCRP Amendment ..... 20
  - d. POAH DD Sugar Hill, LLC: MCRP Amendment ..... 25
  - e. Request Foods: ASESAs Amendment..... 29
  - f. LJ, Inc.: Reauthorization and Amendment of MBDP Performance-Based Grant ..... 34
  - g. Strategic Site Readiness Program Guidelines Amendment..... 39
- V. ADMINISTRATIVE
  - a. MSF Annual Allocation of the 21<sup>st</sup> Century Jobs Trust Fund Appropriations..... 51
  - b. Michigan Strategic Fund: Bylaws Amendment – **For Discussion and Deliberation Only**
- VI. DEVELOP ATTRACTIVE PLACES
  - a. W&S Development Partners, LLC: A resolution to approve a Michigan Community Revitalization Program performance-based Other Economic Assistance Loan Participation award in an amount of up to \$3,000,000 and a Brownfield Act 381 Work Plan including state tax capture capped at \$544,048 for eligible activities..... 57  
*Location: City of Grand Rapids*
  - b. Bagley Development Group – United Artist Building: A resolution to an amendment to the Michigan Community Revitalization Program performance-based Other Economic Assistance Agreement to allow for deferral of payments for a period of up to 28 months and a Brownfield Act 381 Work Plan with state tax capture capped at \$5,321,135 for eligible activities. .... 77  
*Location: City of Detroit*
  - c. IFF and Related Borrowers: A resolution to approve a Loan Award from the Investment Fund in the amount of \$10,000,000 for a Workforce Housing Loan Fund..... 92  
*Location: Allegan, Ottawa, and Kent Counties*
- VII. ATTRACT, RETAIN AND GROW BUSINESS
  - a. Plastic Omnium New Energies USA, Inc.: A resolution to approve a Michigan Business Development Grant in the amount of \$5,000,000, a 15-year 100% State Essential Services Assessment Exemption with an estimated value of up to \$2,379,054 and a waiver of the Eligible Distressed Area and Commencement Requirements ..... 102  
*Location: Grand Blanc Township*

**VIII. MARKET THE STATE**

- a. Accessible Traveler Grant Application Initiative: A resolution to approve EDA Funds in the amount of \$1,000,000 for an accessible traveler grant application for Michigan Tourism Destination Marketing Organization projects. .... 114

**IX. INFORMATIONAL**

- a. Delegation of Authority Report..... 123

*\*NOTE:* Hyperlinked bookmarks are included on this page to aid document navigation - click on the project title to access the project memo.

**MICHIGAN STRATEGIC FUND  
APPROVED MEETING MINUTES  
JULY 25, 2023**

**Member Present**

Quentin L. Messer, Jr.

**Members joined remotely**

Britany L. Affolter-Caine

Wesley Eklund

Treasurer Eubanks

John Groen (on behalf of Director Corbin)

Dimitrius Hutcherson

Michael B. Kapp (on behalf of Director Wieferich)

Dan Meyering

Leon Richardson

Charles P. Rothstein

Susan Tellier

Randy Thelen

Cindy Warner

**I. CALL TO ORDER & ROLL CALL**

Mr. Messer called the meeting to order at 10:01 a.m. The meeting was held in person in the Lake Michigan Conference Room at the MEDC headquarters building in Lansing with optional participation remotely.

Mr. Messer introduced Katelyn Wilcox Surmann, MSF Board Liaison, who conducted the attendance roll call.

*Wesley Eklund joined the meeting at 10:05 a.m.*

**II. PUBLIC COMMENT**

Ms. Wilcox Surmann explained the process for members of the public to participate. No public comments were received during the public comment period.

**III. COMMUNICATIONS**

Ms. Wilcox Surmann reported several communications were received that were shared with MSF Board members.

**MSF Subcommittee Reports**

Dimitrius Hutcherson, chair of the MSF Finance and Investment Subcommittee, had no updates to report. Cindy Warner, chair of the MSF Policy and Planning Subcommittee, had no updates to report.

**IV. CONSENT AGENDA**

*Britany L. Affolter-Caine and Randy Thelen, recused themselves from voting on the Consent Agenda items; their recusal letters are attached to the minutes.*

## **Resolution 2023-116 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, Quentin L. Messer, Jr. motioned for the approval of the following:

- a. Proposed Meeting Minutes: June 27, 2023
- b. Gotion: Incentives Amendment **2023-117, 2023-118, 2023-119**
- c. City of Romulus Brownfield Redevelopment Authority: Brownfield Act 381 Work Plan **2023-120**
- d. International Trade: FY23 Additional Funding Allocation – MI-STEP Grant **2023-121**
- e. Michigan State University Foundation (MSUF): Michigan Rise Pre-Seed Fund Amendment **2023-122**
- f. Chevron Corporation: Private Activity Bond Extension of Inducement **2023-123**
- g. MSF Subcommittees: Subcommittee Charter Revisions **2023-124**

Dimitrius Hutcherson motioned for the approval of the consent agenda; Susan Tellier seconded the motion. **The motion carried: 11 ayes; 0 nays; 2 recused.**

**ROLL CALL VOTE:** Ayes: Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) 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: Britany L. Affolter-Caine; Randy Thelen

*Britany L. Affolter-Caine and Randy Thelen joined the meeting at 10:10 a.m.*

## **V. DEVELOP ATTRACTIVE PLACES**

- a. **Resolutions 2023-125 & 2023-126 MICAH 6 Community and Webster Community Center, LLC: A resolution to approve a Michigan Community Revitalization Program Performance-Based Direct Loan and a Revitalization and Placemaking Program Performance-Based Grant.**

Dominic Romano, Senior Community Development Manager, Tim Greimel, Mayor, City of Pontiac and Coleman Yoakum, MICAH provided the Board with information regarding these action items. The actions involve approval of a Michigan Community Revitalization Program Performance-Based Direct Loan in the amount of up to \$7,600,000 and a Revitalization and Placemaking Program Performance-Based Grant in the amount of up to \$5,000,000 project in the City of Pontiac. The project is expected to result in total capital investment of \$28,052,057. Following discussion, John Groen motioned for the approval of Resolution 2023-125, Webster Community MCRP. Leon Richardson seconded the motion. **The motion carried: 13 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) 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, Randy Thelen, Cindy Warner; Nays: None; Recused: None

Britany L. Affolter-Caine then motioned for the approval of Resolution 2023-126, Webster Community RAP Grant. Quentin L. Messer, Jr. seconded the motion. **The motion carried: 13 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) 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, Randy Thelen, Cindy Warner; Nays: None; Recused: None

b. **Resolutions 2023-127, Anson Building, LLC: A resolution to approve a Michigan Community Revitalization Program Performance-Based Grant.**

Sarah Rainero, Managing Director, Region 4, Ted Dearing, Assistant City Manager of Battle Creek, and Cody & Caitlynn Newman, Anson Building LLC provided the Board with information regarding these action items. The actions involve approval of a Michigan Community Revitalization Program Performance-Based Grant in the amount of up to \$1,500,000 in the City of Battle Creek. The project is expected to result in total capital investment of \$3,028,001. Following discussion, Quentin L. Messer, Jr. motioned for the approval of Resolution 2023-127, Anson Building, LLC MCRP. Dimitrius Hutcherson seconded the motion. **The motion carried: 13 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) 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, Randy Thelen, Cindy Warner; Nays: None; Recused: None

**VI. ATTRACT, RETAIN AND GROW BUSINESS**

a. **Resolution 2023-128 Bollinger Motors, Inc.: Michigan Business Development Program Grant**

*Jeremy Webb, Managing Director, BD Project, Kimberly Marrone, Representative of Oak Park and Jason Puscas, General Counsel for Bollinger Motors provided the Board with information regarding this action item. The action involves approval of a \$3,000,000 Michigan Business Development Program performance-based grant to support a business development project in Oakland County. The project is expected to result in the creation of up to 237 jobs and a capital investment of up to \$44,000,000.* Following discussion, Charlie P. Rothstein motioned for the approval of Resolution 2023-128. Leon Richardson. seconded the motion. **The motion carried: 13 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) 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, Randy Thelen, Cindy Warner; Nays: None; Recused: None

b. **Resolution 2023-129 Magna Seating of America, Inc.: Michigan Business Development Program Grant.**

*Jeremy Webb, Managing Director, BD Projects, Mike Abdallah of Oakland County and Misti Rice of Magna Seating of America provided the Board with information regarding this action item. This action involves approval of a \$4,250,000 Michigan Business Development Program performance-based grant to support a business development project in City of Auburn Hills, Oakland County. This project is expected to result in the creation of up to 532 jobs and a capital investment of up to \$105,170,174.* Following discussion, Dimitrius Hutcherson motioned for the approval of Resolution 2023-129. Leon Richardson. seconded the motion. **The motion carried: 13 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) 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, Randy Thelen, Cindy Warner; Nays: None; Recused: None

- c. **Resolution 2023-130 LuxWall, Inc.: Michigan Business Development Program Grant.** *Matt Chasnis, Senior Business Development Project Manager, David White, DEGC and Scott Thomsen of LuxWall provided the Board with information regarding this action item. This action involves approval of a \$6,000,000 Michigan Business Development Program performances-based grant to support a business development project in the City of Detroit, Wayne County. This project is expected to result in the creation of up to 453 jobs and a capital investment of up to \$165,675,228. Following discussion Randy Thelen motioned for the approval of Resolution 2023-130. Charlie P. Rothstein seconded the motion. **The motion carried: 13 ayes; 0 nays; 0 recused.***

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached), 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, Randy Thelen, Cindy Warner; Nays: None; Recused: None

- d. **Resolution 2023-131 P.R.A. Company (dba Vantage Plastics): Michigan Business Development Grant.** *Matt Chasnis, Senior Business Development Project Manager, Jim Reaume of Bay Future and Paul Altman of P.R.A. Company provided the Board with information regarding this action item. The action involves approval of a \$1,200,000 Michigan Business Development Program performances-based grant to support a business development project in Bangor Township, Bay County. This project is expected to result in the creation of up to 93 jobs and a capital investment of up to \$30,950,000. Following discussion Quentin L. Messer, Jr. motioned for the approval of Resolution 2023-131. Dimitrius Hutcherson seconded the motion. **The motion carried: 13 ayes; 0 nays; 0 recused.***

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) 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, Randy Thelen, Cindy Warner; Nays: None; Recused: None

## VII. ADMINSTRATIVE

- a. **Resolutions 2023-132 Transformational Brownfield Plan Amendment Request.** *Rob Garza, Manager, Statutory Analysis, provided the Board with information regarding these action items. The actions involve amending TBP Program Guidelines to conform to the amend legislation that became effective in July of 2023. Following discussion, Charlie P. Rothstein motioned for the approval of Resolution 2023-132. Quentin L. Messer, Jr. seconded the motion. **The motion carried: 13 ayes; 0 nays; 0 recused.***

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) 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, Randy Thelen, Cindy Warner; Nays: None; Recused: None

- b. **Policy and Planning Subcommittee Appointment.** *Val Hoag, on behalf Cindy Warner, nominated Dan Meyering to the Policy and Planning Subcommittee. Quentin L. Messer, Jr. motioned for the approval of Dan Meyering to join the Policy and Planning Subcommittee. Britany L. Affolter-Caine seconded the motion.*

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Wesley Eklund, Treasurer Eubanks, John Groen (on behalf of Director Corbin, designation attached) 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, Randy Thelen, Cindy Warner; Nays: None; Recused: None

**VIII. INFORMATIONAL**

Mr. Messer noted the MSF Delegated Authority Report for the period June 1 to June 30, 2023, was included in the meeting packet. He asked if there were any questions from Board members regarding the information; there were none.

Mr. Messer adjourned the meeting at 11:19 a.m.



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





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

July 18, 2023

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

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the following item on the Michigan Strategic Fund Board Meeting Agenda on July 25, 2023.

- Consent Agenda item: Motion: RenZone, SSRP, and CIP Amendments

The reason for my recusal is I have a potential conflict with this project due to a potential MSF grant to RPI related to this project.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy Thelen". The signature is written in a cursive, flowing style.

Randy Thelen



## MEMORANDUM

**Date:** August 22, 2023

**To:** Michigan Strategic Fund Board

**From:** Christine Whitz, Managing Director, Community Development Block Grant Program  
Greg West, Program Manager, Community Development Block Grant Program

**Subject:** *Community Development Block Grant Program  
Program Year 2022 Action Plan & Funding Guide Excerpt Amendment*

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### Request

Michigan Economic Development Corporation (“MEDC”) Staff recommends the Michigan Strategic Fund (“MSF”) approval of the Amended 2022 Program Year (PY) Action Plan (Attachment A) and attached Amended 2022 PY Funding Guide Excerpt for the Community Development Block Grant (“CDBG”) Program. (Attachment B)

### Background

The U.S. Department of Housing and Urban Development (“HUD”) allocates CDBG funding to the State of Michigan, through the MSF, for further distribution to eligible Units of General Local Government to carry out State approved activities.

On September 27, 2022, the MSF Board approved the CDBG PY 2022 Action Plan and PY 2022 CDBG Funding Guide Excerpt by Resolution 2022-143.

On April 25, 2023, the MSF Board approved a CDBG grant in the amount of twenty million dollars (\$20,000,000.) to the Michigan State Housing Development Authority (MSHDA) to “jump start” the MSHDA’s ability to begin the ambitious five year state goal of building or rehabilitating 75,000 housing units statewide. The MSHDA will be funding housing-related activities that include:

- Homeowner Rehabilitation on occupied single-family homes
- Demolition/Reconstruction of properties that must have a housing component

MEDC staff has amended the PY22 CDBG Action Plan (**Attachment A**) to include a new distribution related to the \$20,000,000 MSHDA grant and to add additional housing activities to the PY22 CDBG Funding Guide Excerpt. (**Attachment B**)

### Recommendation

The MEDC Staff recommends the MSF approve:

- The Amended 2022 CDBG Program Action Plan and
- The Amended 2022 CDBG Program Funding Guide Excerpt.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2023-134**

**APPROVAL OF THE COMMUNITY DEVELOPEMENT BLOCK GRANT PROGRAM PY2022  
ACTION PLAN AMENDMENT AND PY2022 FUNDING GUIDE EXCERPT**

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

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

**WHEREAS**, the CDBG program has policies, criteria, and parameters that are enumerated in the 2022 Program Year Funding Guide, as amended (the “Criteria”). On September 27, 2022, by Resolution 2022-143, the MSF Board authorized and approved the 2022 Action Plan and the 2022 Program Year Funding Guide Excerpt which includes guidelines for CDBG grants;

**WHEREAS**, on April 25, 2023, through 2023-66, the MSF Board approved a CDBG grant to the Michigan State Housing Development Authority (the “MSHDA”) in the amount of \$20,000,000 (the “Grant”) to be used for housing related activities (the “Activities”);

**WHEREAS**, the 2022 Action Plan and the 2022 Program Year Funding Guide Excerpt have been amended to include the Grant and the Activities (the “Amendment”);

**WHEREAS**, the CDBG program staff reviewed the Amendment in light of the Criteria and HUD regulations and concluded the activities are eligible; and

**WHEREAS**, CDBG program staff recommends MSF Board approval of the Amendment attached hereto as Attachment A and Attachment B.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF Board approves the Amendment;

**BE IT FURTHER RESOLVED**, the MSF Fund Manager or the MSF President can negotiate the terms and conditions and execute all final documents necessary to effectuate the Amendment.

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

Nays: 0

Recused: 0

Lansing, Michigan  
August 22, 2023

# COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM YEAR 2022 ACTION PLAN AMENDMENT SUMMARY

## Introduction

The State of Michigan's Housing and Community Development Consolidated Plan is submitted pursuant to a U.S. Department of Housing and Urban Development (HUD) rule (24 CFR Part 91, 1/5/95) as a single submission covering the planning and application aspects of HUD's Community Development Block Grant (CDBG), Emergency Solutions Grants (ESG), HOME Investment Partnership (HOME), Housing Opportunities for Persons with AIDS (HOPWA) and the Housing Trust Fund (HTF) formula programs.

The programs and initiatives to be provided by the state Community Development Block Grant Program, in year three of the five-year plan (July 1, 2022 - June 30, 2023) addresses the housing and community development needs and goals identified within the State of Michigan's Consolidated Plan.

The State Community Development Block Grant Program's goals are to:

- Improve community infrastructure and facilities that benefit low and moderate income (LMI) people.
- Rehabilitate rental housing in downtowns primarily for LMI households.
- Provide incentive for the creation of jobs and training opportunities for LMI people.
- Eliminate blight in the State that is harmful to human health and safety, as well as restore historic character.
- Respond and make funds available for grantees during declared emergencies.
- Provide funding for planning and technical assistance to grantees.
- Provide funds for CDBG program administrative expenses.

## CDBG Annual Goals and Objective

The defined goals and objectives for the program have been revised to account for the change in funding priority to housing and the MSHDA grant. The State CDBG program is required to submit a substantial amendment whenever program variance is over +/-25%.

CDBG Allocation - Program Year 2022			
Program Use	Original Budgeted Amount (\$)	Amended Actual Amount (\$)	Variance (%)
Business Development	\$25,000,000	\$7,294,400	-71%
Develop Attractive Places & Historic Preservation	\$20,000,000	\$43,107,063	116%
Planning, Technical Assistance & Admin.	\$2,000,000	\$2,000,000	0%

## Method of Distribution

To achieve the CDBG program goals, funds are disbursed through three separate channels with different criteria and eligibility.

### CDBG MSHDA Grant

The CDBG MSHDA Grant method is focused on funding community needs for housing that are described in the CDBG Housing Initiative. Funds will be competitively allocated for defined housing projects.

HOUSING INITIATIVE	
<b>Overview</b>	<p>An LMI housing activity is carried out for the purpose of providing or improving permanent, residential structures for LMI households for at least 51% of the completed CDBG-assisted housing units.</p> <p>All interior residential rehabilitation must be in accordance with all locally adopted building and housing codes, standards, and ordinances. If locally adopted and enforced building and housing codes do not exist, refer to the Housing Quality Standards (HQS) as set forth in 24 CFR 982.401.</p> <p>Resources will be allocated based on a competitive scoring process. Selections will be based on regional distribution of funding with 5% set aside for the Upper Peninsula set aside and 100% targeted to non-entitlement areas.</p>
<b>National Objective(s)</b>	Low Mod Housing
<b>Eligible Activities</b>	<p>Homeowner Rehabilitation on occupied single-family homes</p> <p>Demolition/Reconstruction of properties that must have a housing component</p>
<b>Administrative Costs</b>	Up to 18%
<b>Minimum Grant Amount (Project Costs)</b>	\$75,000
<b>Maximum Grant Amount</b>	\$750,000
<b>Match Requirement</b>	Not required; however, highly encouraged
<b>Funding Window</b>	Applications will be due August, 2023



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 2023 - 135

#### APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION PROGRAM LOAN AWARD FOR SWEETWATER DEVELOPMENT PARTNERS, 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 the MCRP;

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

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

**WHEREAS**, by Resolution 2019-193 on December 17, 2019, the MSF Board awarded a MCRP Other Economic Assistance Loan Participation award to Sweetwater Development Partners, LLC (the “Company”), in furtherance of the project of up to \$1,500,000 (the “Award”);

**WHEREAS**, by Resolution 2020-039 on April 14, 2020, the MSF Board approved the MSF Awardee Relief Initiative and associated Guidelines (the “Awardee Guidelines”) due to COVID-19, and by Resolution 2020-040 on April 14, 2020, delegated to the MSF President, MSF Fund Manager, and State Treasurer (with any two required to act) the authority to amend any award consistent with the Awardee Guidelines (the “MSF Board Delegates”);

**WHEREAS**, an amendment request was approved by MSF Board Delegates under the Awardee Relief Initiative on June 10, 2020, to extend the original approval expiration date by 90 days;

**WHEREAS**, an amendment request was approved by MSF Board Delegates under the Awardee Relief Initiative on September 1, 2020, to extend the original approval expiration date by 90 days;

**WHEREAS**, by Resolution 2020-129 on October 27, 2020, the MSF Board approved a MCRP amendment to change the structure of the award from an MCRP Other Economic Assistance Loan Participation Award to an MCRP Performance-Based Direct Loan;

**WHEREAS**, by Resolution 2021-149 on December 7, 2021, the MSF Board approved a MCRP amendment to change the scope of the project to build residential units on the third floor instead of office space, extend the due date for Milestone Three until November 30, 2022, and allow a new Lender loan of approximately \$994,000 to be in first position over the MSF Award;

**WHEREAS**, an amendment request was approved by MSF Board Delegates under the Awardee Relief Initiative on October 20, 2022, to extend the Milestone Three due date to May 29, 2023; and

**WHEREAS**, the Company is requesting and MEDC is recommending that the MSF Board amend the Award to convert six units, all of which are on the third floor, into fully furnished apartments for both short-term and long-term rental units, with all other requirements remaining in place for the Award (the “MCRP Amendment Recommendation”).

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

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

Nays: 0

Recused: 0

Lansing, Michigan  
August 22, 2023



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:** August 22, 2023

**To:** Delegates of the Michigan Strategic Fund Board

**From:** Jacob Winder, Manager, Community Development Incentives

**Subject:** Request for Approval of a Michigan Community Revitalization Program Performance-Based Direct Loan Agreement Amendment #6 Sweetwater Development Partners, LLC

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### Request

Sweetwater Development Partners, LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program Performance-Based Direct Loan (“Agreement”) and any related ancillary agreements. The amendment request dated June 20, 2023, includes a request to convert six units, all of which are on the third floor, into fully furnished apartments for both short-term and long-term rental units. All other terms of the current Agreement will remain the same.

### Background

The Michigan Strategic Fund Board approved a \$1,500,000 MCRP Other Economic Assistance Loan Participation on December 17, 2019, to the Company for the purpose of constructing a new six-story mixed-use building in the heart of downtown Muskegon.

An amendment to the project was approved on June 10, 2020, to extend the original approval expiration date by 90 days. This amendment was necessitated by delays from the senior lender due to the COVID-19 pandemic.

A second amendment to the project was approved on September 1, 2020, to extend the approval expiration date by 90 days. This was due to their senior lender, at the time, suspending funds for new construction projects, which led to the development team finding new senior financing and giving the MEDC staff time to explain our process and what is needed from the senior lender.

A third amendment to the project was approved on October 27, 2020, to convert the award type from an Other Economic Assistance Loan Participation to a Direct Loan with the company’s new lender, with no change in the Award amount. This amendment was needed because the new lender was a credit union and believes that a Loan Participation structure would create an audit issue for them.

A fourth amendment to the project was approved on December 7, 2021, to change the scope of the project by building residential units on the third floor instead of office space, extend the Milestone Three due date by nine months, and allow a new Honor Credit Union (“Lender”) loan of approximately \$994,000 to be in first position over the MSF Award.

A fifth amendment to the project was approved on October 20, 2022, to extend the Milestone Three due date by 180 days out to May 29, 2023, due to material delays and labor shortages associated with the project.

The need for this amendment stems from the demand in the community for more short-term and long-term rental housing. With only two hotels in the vicinity and a need to cater to tourists and companies throughout the region, as well as the benefit to the financial viability of the project, the development team believes that this amendment will benefit all parties involved.

The project is 100% complete and the company is current with reporting requirements.

**Recommendation**

The MEDC staff recommends approval of an amendment to the MCRP Performance-Based Direct Loan Agreement and any related ancillary agreements to amend the scope of the project by converting six residential apartments into short-term and long-term rental units per the Company's request dated June 20, 2023.

## MICHIGAN STRATEGIC FUND

### RESOLUTION 2023 - 135

#### APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION PROGRAM LOAN AWARD FOR SWEETWATER DEVELOPMENT PARTNERS, 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 the MCRP;

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

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

**WHEREAS**, by Resolution 2019-193 on December 17, 2019, the MSF Board awarded a MCRP Other Economic Assistance Loan Participation award to Sweetwater Development Partners, LLC (the “Company”), in furtherance of the project of up to \$1,500,000 (the “Award”);

**WHEREAS**, by Resolution 2020-039 on April 14, 2020, the MSF Board approved the MSF Awardee Relief Initiative and associated Guidelines (the “Awardee Guidelines”) due to COVID-19, and by Resolution 2020-040 on April 14, 2020, delegated to the MSF President, MSF Fund Manager, and State Treasurer (with any two required to act) the authority to amend any award consistent with the Awardee Guidelines (the “MSF Board Delegates”);

**WHEREAS**, an amendment request was approved by MSF Board Delegates under the Awardee Relief Initiative on June 10, 2020, to extend the original approval expiration date by 90 days;

**WHEREAS**, an amendment request was approved by MSF Board Delegates under the Awardee Relief Initiative on September 1, 2020, to extend the original approval expiration date by 90 days;

**WHEREAS**, by Resolution 2020-129 on October 27, 2020, the MSF Board approved a MCRP amendment to change the structure of the award from an MCRP Other Economic Assistance Loan Participation Award to an MCRP Performance-Based Direct Loan;

**WHEREAS**, by Resolution 2021-149 on December 7, 2021, the MSF Board approved a MCRP amendment to change the scope of the project to build residential units on the third floor instead of office space, extend the due date for Milestone Three until November 30, 2022, and allow a new Lender loan of approximately \$994,000 to be in first position over the MSF Award;

**WHEREAS**, an amendment request was approved by MSF Board Delegates under the Awardee Relief Initiative on October 20, 2022, to extend the Milestone Three due date to May 29, 2023; and

**WHEREAS**, the Company is requesting and MEDC is recommending that the MSF Board amend the Award to convert six units, all of which are on the third floor, into fully furnished apartments for both short-term and long-term rental units, with all other requirements remaining in place for the Award (the “MCRP Amendment Recommendation”).

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

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

Nays: 0

Recused: 0

Lansing, Michigan  
August 22, 2023



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:** August 22, 2023

**To:** Michigan Strategic Fund Board

**From:** Jake Winder, Manager, Community Development Incentives

**Subject:** Request for Approval of a Michigan Community Revitalization Program Loan Agreement Amendment #3  
POAH DD Sugar Hill, LLC

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### Request

POAH DD Sugar Hill, LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program Loan Agreement (“Agreement”) and any related ancillary agreements. The amendment request dated May 12, 2023, includes a request to extend the Milestone Four – Project Completion due date until December 31, 2023. All other terms of the current Agreement will remain the same.

### Background

The Michigan Strategic Fund Board approved a \$4,000,000 MCRP Performance-Based Direct Loan on December 17, 2019, to the Company for the purpose of redeveloping an approximately 0.78-acre vacant site in Detroit’s Sugar Hill Historic District of Midtown into a 5-story mixed-use building with 11,761 square feet of ground floor commercial space and 62,270 square feet of residential space, which includes 54 market rate units and 14 affordable residential units on the upper 4 stories.

An amendment to the project was approved on August 31, 2020, under the Awardee Relief Initiative to extend the due date for Milestone Three by 90 days and to obtain a 12-month payment deferral from July 2020 until June 2021.

A second amendment to the project was approved on December 8, 2021, under the Awardee Relief Initiative to extend the due date for Milestone Four from December 31, 2021, until December 31, 2022, as to obtain a 12-month payment deferral from July 2021 until June 2022.

This development team is requesting to extend the Milestone Four – Project Completion date from December 31, 2022, until December 31, 2023. One of the requirements of Milestone Four is the certification of the hard costs for which the project owner has been approved for reimbursement through Tax Increment Financing or otherwise. The City of Detroit is currently in the process of reviewing the hard costs being reimbursed through Tax Increment Financing, but needs additional time.

The project is 100% complete and the company is current with reporting requirements.

### Recommendation

The MEDC staff recommends approval of an amendment to the MCRP Loan Agreement and any related ancillary agreements to extend the Milestone Four – Project Completion due date out to December 31, 2023, per the Company’s request dated May 12, 2023.

## MICHIGAN STRATEGIC FUND

### RESOLUTION 2023 - 136

#### APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION PROGRAM LOAN AWARD FOR POAH DD SUGAR HILL, 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 the MCRP;

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

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

**WHEREAS**, by Resolution 2019-196 on December 17, 2019, the MSF Board awarded a MCRP Loan award to POAH DD Sugar Hill, LLC (the “Company”), in furtherance of the project of up to \$4,000,000 (the “Award”);

**WHEREAS**, by Resolution 2020-039 on April 14, 2020, the MSF Board approved the MSF Awardee Relief Initiative and associated Guidelines (the “Awardee Guidelines”) due to COVID-19, and by Resolution 2020-040 on April 14, 2020, delegated to the MSF President, MSF Fund Manager, and State Treasurer (with any two required to act) the authority to amend any award consistent with the Awardee Guidelines (the “MSF Board Delegates”);

**WHEREAS**, an amendment to the Award was approved by MSF Board Delegates on August 31, 2020, under the Awardee Relief Initiative, to extend the Milestone Three due date by 90 days and to allow for a 12-month payment deferral;

**WHEREAS**, an amendment to the Award was approved by MSF Board Delegates on December 8, 2021, under the Awardee Relief Initiative, to extend the Milestone Four due date by 12 months and to allow for a 12-month payment deferral; and

**WHEREAS**, the Company is requesting and MEDC is recommending that the MSF Board amend the Award to extend the Milestone Four – Project Completion due date until December 31, 2023, with all other requirements remaining in place for the Award (the “MCRP Amendment Recommendation”).

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

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

Nays: 0

Recused: 0

Lansing, Michigan  
August 22, 2023



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:** August 22, 2023

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

**From:** Jeremy Webb, Managing Director, Business Development Projects

**Subject:** Amended Approval Request  
Alternative State Essential Services Assessment (“ASESA”) Exemption  
Request Foods, Inc. (“Company”)

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### Request Summary

This is a request from the MEDC and the Company for two changes to the MSF Board’s prior ASESA approval (collectively, the “ASESA Amended Approval Request”) as outlined in the attached Resolution:

- Amending the approval from an ASESA Exemption to a State Essential Services Assessment (“SESA”) Exemption;
  - In accordance with the SESA and Alternative SESA Program Guidelines (“Program Guidelines”), SESA Exemptions can be considered for those projects: (i) locating in an Eligible Distressed Area (“EDA Requirement”), and (ii) with qualifying investments being greater than \$100 million in order to qualify for a SESA Exemption of up to 100% for up to 15 years (“Minimum Investment Requirement”). The Program Guidelines also require investment to be made within three years of the commencement of the project (“Commencement Requirement”). As part of the ASESA Amended Approval Request, staff is recommending the MSF waive the EDA Requirement, Minimum Investment Requirement, and the Commencement Requirement to allow investments made within five years of the commencement of the project (collectively, the “Waiver Request”).
- Amending the duration from five years to fifteen years;
- Amending the Exemption from 50% to 100%;
- Amending the anticipated eligible investment in Eligible Personal Property (“EPP”) from \$98,750,000 to \$32,666,973;
- Amending estimated value from up to \$1,637,850 to up to \$700,479;
- Amending the Administrative Fee from \$10,000 to \$7,005 accordingly; and
- Adding the RQH production facility in Holland Charter Township for EPP Investment.

### Background

On October 26, 2021, the MSF Board approved:

- \$2,000,000 Michigan Business Development Program (“MBDP”) Grant;
- 15-year APRZ designation for its new Ready to Eat (“RTE”) facility;
- 50% ASESA exemption for up to five years valued at up to \$1,637,850 for its \$62,250,000 (inadvertently cited as \$98,750,000 in the materials for the MSF Board’s ASESA approval) EPP relating to the Greenly Street Plant expansion and Cold Storage warehouse; and
- \$6,930,000 in CDBG funds to Holland Charter Township for machinery and equipment needed for the expansion of the RTE facility and the Greenly Street Plant expansion.

This project anticipated the creation of a minimum of 50 Qualified New Jobs up to a maximum of 198 Qualified New Jobs and a capital investment of up to \$205,000,000 in the Holland Charter Township, Ottawa County.

### **Request**

The ASES Amended Approval Request addresses administrative corrections necessary to accurately reflect the incentive awarded to this project. Additionally, since MSF approval, there has been an overall change in the Company's planned investment in this project. Market factors and other external economic forces have arisen that have impacted the Company's planned expansion. Namely:

- Recessionary trends in the retail sector that has impacted retail frozen food sales, which led to a softening of demand from the Company's key retail customers, most of which are leading national retailers.
- Inflationary pressures impacting construction costs and availability of supplies.
- Talent shortages and lack of labor have impacted the Company's ability to produce and deliver on production commitments, leading to slower investments.
- Major customer filed for Chapter 7 bankruptcy, creating underutilization on existing manufacturing lines.

The Company has three food production facilities located near each other in Holland Charter Township – the Greenly Street Plant or GSP (12875 Greenly St, Holland Twp, MI 49424), the Quincy Street plant or QSP (13044 Quincy Street, Holland Twp, MI 49424) and RQH (3460 John F Donnelly Dr, Holland Twp, MI 49424). The RQH and GSP facilities produce similar frozen meal products, including single serve, family size, and bulk products (for restaurants and other food service customers). Over the last few years, due to the economic factors and changes in customer relationships described above, the Company has experienced a softening of demand for single serve and family size products from its retail customers. However, demand from the Company's food service customers has remained high and its bulk lines continue to perform well.

In its initial application, the Company projected significant investments in its single serve, family size, and bulk lines at GSP. As a result of the changes in customer demand and economic factors described above, the Company has decided to scale down those investments and shift part of those investments to its bulk line at RQH. These are the same investment dollars for machinery and equipment as was contemplated for the 2021 MSF approval and remain part of that overall expansion project. Practically, the only change is an enhanced focus on the bulk line and moving the M&E location a half mile down the road to the RQH facility.

### **Company Background**

The Company was incorporated in the State of Michigan November 1989 and constructed its 90,000 square foot facility at the current address on John F Donnelly drive in 1990. Since that time, the Company has experienced consistent growth in terms of revenue, employment and production capacity. The Company is consistently ranked as a Tier-1 frozen food processor in volume, capabilities and breadth of products.

### **Recommendation**

MEDC Staff recommends approval of the ASES Amended Approval Request, as outlined in the attached resolution.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2023-137**

**APPROVAL OF AN AMENDMENT TO THE  
ALTERNATIVE STATE ESSENTIAL SERVICES ASSESSMENT EXEMPTION TO  
REQUEST FOODS, INC.**

**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 the 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**, Request Foods, Inc. (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**, on October 26, 2021, by Resolution 2021-146, the MSF Board approved an Alternative SESA exemption of up to five (5) years for up to \$98,750,000 in Eligible Investment in Eligible Personal Property, as defined in the Program Guidelines, in Holland Charter Township (the “2021 MSF Approval”);

**WHEREAS**, the Program Guidelines require, among others that (i) projects be located in Eligible Distressed Areas to qualify for a 15-year exemption under the SESA Program (the “EDA Requirement”), (ii) qualifying investments be greater than \$100 million in order to qualify for an exemption under the SESA Program for up to 15 years (the “Minimum Investment Requirement”), and (iii) that qualified investments be made within three (3) years of commencement of the project in order to be eligible for an exemption under the SESA Program (the “Commencement Requirement”);

**WHEREAS**, the Company is requesting MSF Board approval to amend the 2021 MSF Approval to be a 15-year exemption under the SESA Program estimated to be worth \$700,479 for up to \$32,666,973 in qualified investment in Eligible Personal Property, as defined in the Program Guidelines, in Holland Charter Township (the “Amendment Request”);

**WHEREAS**, the Company is requesting a waiver of (i) the Commencement Requirement to allow qualified investments to be made up to five (5) years from commencement of the project, (ii) Minimum Investment Requirement, and (iii) the EDA Requirement (the “Waiver Request”); and

**WHEREAS**, the MEDC recommends that the MSF Board approve (i) the Amendment Request, (ii) the Waiver Request, and (iii) require a one-time administrative fee in the amount of \$7,005.00 payable to the MSF upon completion of the first performance milestone (collectively, the “Recommendation”).

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

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

Nays: 0

Recused: 0

Lansing, Michigan  
August 22, 2023





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:** August 22, 2023

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

**From:** Jennifer Wood, Business Development Project Manager

**Subject:** Reauthorization and Amendment to the Approval of Performance-based Grant Request  
Michigan Business Development Program (“MBDP”)  
LJ, Inc. (“Company” or “Applicant”)

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**Background**

On April 25, 2023, the MSF approved a MBDP performance-based grant in the amount of \$2,500,000 for the Company. The MBDP approval required that an Agreement be entered into within 120 days of the date of the approval and may be extended for an additional 60 days with approval from the MSF Fund Manager.

Due to administrative limitations, all parties have been unable to enter into the Agreement within the allowable 180 days. Due to required reviews from all parties, it has taken longer than expected to execute the agreement. At this time, the Company does not anticipate it will be able to come to an agreement by the expiration of the reauthorization and has requested additional time to execute its Agreement. It is anticipated the Company will be in a position to execute the agreement within the allotted reauthorization timeline.

In addition, it was discovered that the Project Location did not include the Company headquarters as eligible to satisfy the Qualified New Job (“QNJ”) requirements. The Company plans to hire and train talent at its headquarters in Swartz Creek so staff can be transferred to the new facility in Venice Township once it is established and operational.

**Recommendation**

MEDC Staff recommends the following as outlined in the attached Resolution (collectively, “Recommendation”):

- a) Add the Company’s Swartz Creek facility as eligible to satisfy the Qualified New Job (“QNJ”) requirements;
- b) Reauthorization of the MBDP Proposal as outlined in the attached term sheet (collectively, “MBDP Proposal”);
- c) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing (“Available Funding”), satisfactory completion of due diligence, (collectively, “Due Diligence”), finalization of all MBDP transaction documents; and
- d) Commitment will remain valid for 120 days with approval for the MSF Fund Manager to extend the commitment an additional 60 days.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2023-138**

**REAUTHORIZATION OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO  
LJ, INC.**

**WHEREAS**, the Michigan legislature passed legislation establishing the 21<sup>st</sup> 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 21<sup>st</sup> 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**, the MSF Board approved a \$2,500,000 MBDP performance-based grant to LJ, Inc. (the “Company”) on April 25, 2023 by Resolution 2023-071 to establish the manufacturing of autonomous dredges and with the creation of up to 250 Qualified New Jobs and investment of \$18,250,000 in Venice Township, Shiawassee County (the “Project”);

**WHEREAS**, pursuant to the Guidelines, the Company is a Qualified Business and the Project is eligible as a Micro MBDP because the Applicant operates within Advanced Manufacturing, an MEDC Strategic Focus Industry;

**WHEREAS**, the Company requests that the MSF Board approve a reauthorization of the \$2,500,000 MBDP performance-based grant as outlined in the revised term sheet attached as Exhibit A (the “Term Sheet”), which includes the addition of the Company’s Swartz Creek facility to count toward Qualified New Job creation (the “MBDP Grant Request”); and

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

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

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

Nays: 0

Recused: 0

Lansing, Michigan  
August 22, 2023



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

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

**Date: August 22, 2023**

<b>Company Name:</b>	LJ, Inc. and/or its affiliates and subsidiaries
<b>Project Location:</b>	11040 Brooks Rd. Lennon, MI 48449  6359 Miller Road Swartz Creek, MI 48473
<b>MMBDP Incentive Type:</b>	Performance Based Grant
<b>Maximum Amount of MMBDP Incentive:</b>	Up to \$2,500,000
<b>Base Employment Level:</b>	At least 115 at the time of first disbursement of funds and thereafter
<b>Maximum Number of Qualified New Jobs (“QNJ”):</b>	Up to 250 Full-Time Jobs at the Project Location
<b>Municipality Supporting Project:</b>	Shiawassee Economic Development Partnership has agreed to provide staff, financial or economic assistance in support of the project.
<b>Start Date for Measurement of Creation of Qualified New Jobs:</b>	December 21, 2022 (date of signed offer letter)
<b>Term of the Agreement:</b>	<b>January 31, 2027</b>
<b>Milestone Based Incentive:</b>	Disbursements will be made over a 4-year period, and each are contingent upon compliance with the Agreement and performance based on job creation, as follows: \$10,000 per QNJ for the creation of a minimum of 42 jobs up to a maximum of 60 jobs. \$10,000 per QNJ for the creation of a minimum of 102 jobs up to a maximum of 145 jobs. \$10,000 per QNJ for the creation of a minimum of 152 jobs up to a maximum of 230 jobs. \$10,000 per QNJ for the creation of a minimum of 174 jobs up to a maximum of 250 jobs.

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



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:** August 8, 2023  
**To:** Michigan Strategic Fund Board  
**From:** Terri Fitzpatrick, EVP|Chief Real Estate & Global Attraction Officer  
**Subject:** Approval of the Amended Strategic Site Readiness Program Guidelines

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### Request

The Michigan Economic Development Corporation (the “MEDC”) requests the Michigan Strategic Fund (the “MSF”) board approve amendments to Strategic Site Readiness Program (the “SSRP” or “Program”) guidelines (the “Amended Guidelines”).

### Background

On December 20, 2021, Governor Gretchen Whitmer, in collaboration with the Legislature, labor leaders, economic development agencies and various business groups, signed Public Act 134 of 2021 (“PA 134”), a package of economic incentives that enhanced Michigan’s position to compete for, and win, transformational projects that will bring long-term economic opportunity and security to regions and communities across the state.

The SSRP was included in PA 134 and its purpose was to create a state-wide inventory of investment-ready sites to attract and promote investment in Michigan for activities on, or related to, strategic sites and strategic mega-sites. On January 11, 2022, the MSF Board established the SSRP pursuant to the requirements of PA 134 and approved the SSRP Guidelines (the “SSRP Guidelines”).

Public Act 194 of 2022, effective October 4, 2022 (“PA 194”), directed funding to certain activities: 1) \$25,000,000 to make grants to local and regional economic development organizations in accordance with Section 88t(11) of the MSF Act; 2) \$100,000,000 to make grants to eligible applicants for improvements to strategic sites for which an end user has not been identified in accordance with Section 88t(5) of the MSF Act; 3) \$75,000,000 for the assessment and development of mega-strategic sites (of this amount, up to \$1,500,000 was allocated for development of a mega-strategic site strategic plan); 4) \$50,000,000 to make grants to eligible applicants for improvements to strategic sites for which an end user has been identified in accordance with Section 88t(7) of the MSF Act; and 5) \$100,000,000 to make grants to eligible applicants to remediate or redevelop landfill facilities for future economic development. The MSF Board approved the amended SSRP Guidelines to reflect these changes on January 24, 2023.

The proposed Amended Guidelines presented for consideration today include technical additions and clarifications and add criteria for awarding grants to local economic development organizations in accordance with Section 88t(11) of the MSF Act. These changes include the addition of considerations for applications received pursuant to this section.

The Program has bolstered Michigan’s position to attract high impact projects. PA 134 and PA 194 require the MSF to create and operate the Program, which is administered by the MEDC on behalf of the MSF. Although the legislature authorized the MSF to establish the SSRP, in order to control, own, develop and enhance strategic or strategic mega-sites in Michigan, the transfer of funds must be authorized by the

legislature from the Strategic Outreach and Attraction Reserve (the “SOAR”) to the MSF before any SSRP funds may be disbursed.

### **Program Summary**

The SSRP was established to provide grants, loans, and other economic assistance for the purpose of creating investment-ready sites, by directing funding for specific purposes and requiring additional criteria.

Funding under the Program may be used to provide an incentive to support business expansion opportunities or development of sites to attract future development, either where an end-user is known or where an end-user is not known, for land control and acquisition, due diligence studies and engineering, infrastructure improvements, environmental remediation and demolition, site preparation and improvement, and other related pre-development and site readiness activities. The Amended Guidelines are consistent with the requirements set forth in 2022 PA 194 and are outlined in Exhibit A attached the SSRP Resolution.

### **Recommendation**

The MEDC recommends the MSF Board:

- Authorize the Amended Guidelines, as outlined in the attached SSRP resolution.



**MICHIGAN STRATEGIC FUND  
RESOLUTION 2023-139**

**APPROVAL OF AMENDED GUIDELINES FOR THE  
MICHIGAN STRATEGIC SITE READINESS PROGRAM**

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

**WHEREAS**, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the 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**, on January 11, 2022, the MSF Board created the Strategic Site Readiness Program and approved guidelines for the implementation and operation of the Strategic Site Readiness Program (the “SSRP Guidelines”);

**WHEREAS**, on January 24, 2023, the MSF Board amended the SSRP Guidelines;

**WHEREAS**, the MEDC recommends the MSF approve additional amendments to the SSRP Guidelines, as set forth in the attached Exhibit A (the “Amended SSRP Guidelines”); and

**WHEREAS**, the MSF wishes to approve the Amended SSRP Guidelines.

**NOW THEREFORE, BE IT RESOLVED**, the MSF Board approves the Amended SSRP Guidelines.

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

Nays: 0

Recused: 0

Lansing, Michigan  
August 22, 2023

## **STRATEGIC SITE READINESS PROGRAM GUIDELINES**

### **Program Overview**

The Strategic Site Readiness Program (the “SSRP”) provides financial incentives to Eligible Applicants to conduct Eligible Activities on, or related to, Strategic Sites and Mega-Strategic Sites in Michigan, for the purpose of creating a state-wide inventory of investment-ready sites to attract and promote investment in Michigan. Administered by the Michigan Economic Development Corporation (the “MEDC”) on behalf of the Michigan Strategic Fund (the “MSF”), the SSRP provides access to grants, loans, and other economic assistance.

### **Definitions**

#### ***Eligible Applicant***

An applicant for an SSRP award must be an Eligible Applicant. An Eligible Applicant means one or more the following:

- 1) A political subdivision of Michigan, including without limitation, a county, city, village, township, charter township, or instrumentality of any of the foregoing;
- 2) A local economic development corporation or similar authority;
- 3) A person who is the owner of the site for which the improvements are proposed but is not its End User, provided that person must apply jointly with an Eligible Applicant under 1) or 2) above;
- 4) If identified, a person that is or will be the End User of a site.

#### ***End User***

End User means with respect to a site that is the subject of an SSRP application, the person, either directly or through an affiliate, that will establish and operate the manufacturing or other commercial enterprise that constitutes the end use of the improved site.

#### ***Eligible Activities***

Eligible Activities mean one or more of the following for an applicable site, as approved by the MSF Board:

- Land acquisition and assembly;
- Site preparation and improvement;
- Infrastructure improvements that directly benefit the site, including without limitation, transportation, infrastructure, water and wastewater infrastructure, and utilities necessary to service the site;
- Any demolition, construction, alteration, rehabilitation, or improvement of buildings on the site;
- Environmental remediation
- Architectural, engineering, surveying, and other predevelopment work required to commence construction on site improvements; or
- To develop a spending plan and proposal for capital investment in site readiness; or

An Eligible Applicant may enter subgrant agreements with other entities as necessary and expedient to implement the Eligible Activities.

#### ***Strategic site***

Strategic Site means a site, whether publicly or privately owned, that is, or subsequent to a proposed acquisition will be, used for manufacturing or another commercial use.

#### ***Mega-strategic site***

A Mega-Strategic Site means a Strategic Site that is or will be used for a large industrial site.

### ***Qualified Job***

Qualified Job means a job performed by an individual who is a resident of this state whose Michigan income taxes are withheld by an employer, or an employee leasing company or professional employer organization on behalf of the employer, or by an individual who is not a resident of this state and is employed by a business at a project location that is located in this state, as determined and verified by the MSF.

### **Application Process and Evaluation Criteria**

#### ***Application for SSRP Awards***

Eligible Applicants may submit applications for funding under the SSRP. Applications will be evaluated using the considerations and criteria set forth in the SSRP Guidelines.

#### ***General Criteria for SSRP Awards***

Section 88t(3) the MSF shall consider and document, at a minimum, all of the following criteria 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 before approving an application or entering into a written agreement for a grant, loan, or other economic assistance under the SSRP:

- The importance of the project or Eligible Activities to the community in which is located and the State of Michigan;
- If the project will act as a catalyst for additional revitalization of the community where it is located and the State of Michigan;
- The amount of local community and financial support for the project;
- The amount of any other economic assistance or support provided by Michigan for the project;
- The amount of any other economic assistance or support provided by the federal government for the project, including without limitation, federal appropriations or tax credits;
- The amount of any private funds or investments for the project, including the Eligible Applicant's own investments in the project;
- The Eligible Applicant's financial need for a grant, loan, or other economic assistance under the SSRP;
- The extent of reuse of vacant buildings, public or private, reuse of historic resources and redevelopment of blighted property;
- Creation or retention of Qualified Jobs as a result of a technological shift in product or production at the project location and within Michigan;
- Whether and how the project is financially and economically sound;
- Whether and how the project converts abandoned public buildings to private use;
- Whether and how the project promotes sustainable development;
- Whether and how the project involves the rehabilitation of a historic resource;
- Whether and how the project addresses areawide redevelopment;
- Whether and how the project addresses underserved markets of commerce;
- The level and extent of environmental contamination;
- Whether and how the project will compete with or affect existing Michigan businesses within the same industry;
- Whether and how the project's proximity to rail and utility will impact the performance of the project and will maximize energy and logistics needs in the community in which it is located, and in Michigan;
- The risk of obsolescence that the project, products, and investments in the future;
- The overall return on investment to Michigan;

- Whether the proposed Strategic Site or Mega-Strategic Site is incorporated into a strategic plan of a political subdivision of the State of Michigan;
- and
- Any other additional criteria approved by the MSF Board that are specific to each individual project, and consistent with the purpose of the SSRP.

***Specific Criteria for a Strategic Site where an End User has not been identified:***

Section 88t(5) of the MSF Act requires the MSF to consider and document the following additional criteria as reasonably determined by the MSF before approving a grant, loan, or other economic assistance for a strategic site for which an End User has not been identified:

- Each of the General Criteria for consideration of all SSRP awards listed above;
- The degree to which the proposed site demonstrates a high level of competitiveness for future development, considering and documenting all of the following:
  - Whether the proposed site is currently assembled;
  - Whether the proposed site is under site control; and
  - Whether the proposed site is of a size, configuration, location, and condition that makes the site substantially ready for marketing and competitive for development upon completion of the SSRP award, and demonstrated matching contributions;
- Whether the proposed investment will result in the elimination of blight and the remediation of environmental contamination;
- The degree of local matching contributions;
- Whether the SSRP award will promote geographic equity in the distribution of funds among different areas of Michigan;
- Whether the Eligible Applicant has pursued all available cost-containment measures; and
- Whether the application contains a site assessment and investment proposal developed pursuant to the SSRP Guidelines

Each site receiving funding under Section 88t(5) shall be submitted to the MEDC for inclusion in a statewide inventory of large strategic sites.

***Specific Criteria for a Mega-Strategic Site where an End User has not been identified:***

Section 88t(6) of the MSF Act requires the MSF to consider and document the following additional criteria as reasonably determined by the MSF before approving a grant, loan, or other economic assistance for a mega-strategic site for which an End User has *not* been specifically identified:

- Each of the General Criteria for consideration of all SSRP awards listed above;
- The degree to which the proposed site demonstrates a high level of competitiveness for future development, considering and documenting all of the following:
  - Whether the proposed site is currently assembled;
  - Whether the proposed site is under site control; and
  - Whether the proposed site is of a size, configuration, location, and condition that makes the site substantially ready for marketing and competitive for development upon completion of the SSRP award, and demonstrated matching contributions;
- Whether the proposed Mega-Strategic Site is supported by a strategic analysis supports the demand for the proposed site;
- The feasibility of proposed land acquisition;
- Utility and transportation availability and the feasibility of necessary utility and transportation improvements;
- Workforce availability and training capability;

- Environmental and topographical conditions and the feasibility of necessary site improvements to address environmental and topographical conditions; and
- Whether the proposal is consistent with the MSF’s mega-strategic site strategic plan

In making an award for a Mega-Strategic Site without a specifically identified End User, the MSF, working in collaboration with the Eligible Applicant, shall prepare a Mega-Strategic Site investment strategy and spending plan that details the sequence and cost of anticipated investments in the selected site, the benchmarks for bringing the Mega-Strategic Site to a marketable condition, and the marketing strategy for the Mega-Strategic Site. Each plan must have the objective of establishing a certified Mega-Strategic Site under a nationally recognized third-party certification program. Each site receiving funding under Section 88t(6) shall be submitted to the MEDC for inclusion in a statewide inventory of large strategic sites.

***Specific Criteria for a Strategic Site and a Mega-Strategic Site where an End User has been identified:***

Section 88t(7) of the MSF Act requires the MSF to consider and document the following additional criteria as reasonably determined by the MSF before approving a grant, loan, or other economic assistance for a Strategic Site and a Mega-Strategic Site for which an End User has been specifically identified:

- Each of the General Criteria for consideration of all SSRP awards listed above;
- The strategic economic importance of the project to the community where it is located and Michigan;
- Whether the financial assistance is needed to secure the project in Michigan;
- The degree to which the project is a priority for the local governmental unit or local economic development corporation in the jurisdiction of which the site is located;
- The level of creation or retention of Qualified Jobs as a result of a technological shift in product or production;
- Whether the Qualified Jobs created or retained as a result of a technological shift in product or production equal or exceed the average wage for the county in which the project is located;
- The level of capital investment; and
- The evidence of the End User’s commitment to the site.

***Evaluation Criteria for Redevelopment of Landfill Facilities***

Public Act 94 of 2022 authorized the MSF to make grants to Eligible Applicants to remediate or redevelop landfill facilities for future economic development. The MSF shall give priority to projects that meet all of the following criteria:

- The site was used as a landfill and contains solid waste placed on or under the property;
- The site has not been actively used for solid waste in the immediately preceding 15 years;
- The current owner of the site did not cause or contribute to the solid waste disposal at the site;
- The current owner of the site has agreed to contribute an amount equal to at least 10% of the total grant amount toward necessary environmental remediation costs;
- Private investment into the project will total at least \$15,000,000, exclusive of environmental remediation costs; and
- Projects that can be initiated in the immediate near-term following award.

Each site receiving funding under this section shall be submitted to the MEDC for inclusion in a statewide inventory of large strategic sites.

### **Application Process and Evaluation Criteria for Awards to Local Economic Development Organizations**

Section 88t(11) of the MSF Act authorizes the MSF to make grants and provide technical assistance to local economic development organizations for the purposes of creating an inventory of development-ready sites, provided that the inventory shall utilize nationally recognized criteria to identify the readiness of those sites for improvement. The MSF shall consider the following criteria for applications received from Eligible Applicants for funding under section 88t(11):

- Whether the Eligible Applicant has a project plan or spending plan for the intended use of funds with target outcomes and schedule, including subgrants necessary to implement the Eligible Activities;
- Whether the Eligible Applicant has identified, or intends to identify, sites that meet location initial screening criteria of transportation and workforce availability, as appropriate for site size ranges;
- Whether the availability of energy and utilities is included as a screening factor for identifying sites;
- For identified sites, known acquisition cost and likelihood of acquisition;
- Whether the Eligible Applicant has sites identified that are brownfields or blighted property with potential for reuse.

For the funds appropriated to the SSRP by Public Act 94 of 2022 for the purpose of making awards under Section 88t(11), grant awards will be made distributed by prosperity region using a population-based formula. Each site receiving funding under Section 88t(11) shall be submitted to the MEDC for inclusion in a statewide inventory of large strategic sites.

### **Written Agreements**

All MSF support is subject to available funding, completion of due diligence the results of which are satisfactory to the MEDC, and shall be memorialized by a final written agreement, with terms and conditions relating to the award as determined by the MSF board, in accordance with state law, these guidelines and otherwise satisfactory to the MSF, including, without limitation:

- Specific dates and benchmarks for the Eligible Applicant to receive a grant, loan, or other economic assistance from the SSRP, including conditions for the disbursement of funds in installments; provided that disbursements are not permitted to an Eligible Applicant that has not fully repaid all money subject to clawback required to be repaid under a specific repayment provision in a written agreement under the SSRP or if the Eligible Applicant is in default on any grant, loan, investment, or other economic assistance made or guaranteed by the State of Michigan.
- For an SSRP award provided to a person identified as the End User of the site, a clawback and specific repayment provision if the person fails to comply with the provisions of the written agreement.
- A provision that all money that is subject to clawback or required to be repaid under a specific repayment provision must be paid within 90 days of notification by the fund. Any amounts not paid within that 90-day period are subject to a penalty of 1% per month, prorated on a daily basis. A provision that the State of Michigan shall have a security interest as defined in section 1201(2)(ii) of the uniform commercial code, 1962 PA 174, MCL 440.1201, to the extent of the grant, loan, or other economic assistance provided under this program. This provision does not apply if it conflicts with any contractual obligation of the Eligible Applicant or any federal or state bankruptcy or insolvency laws.
- An audit provision that requires the MSF to verify that the established benchmarks for the project have been met.

- A provision that the Eligible Applicant will provide the data described in the written agreement that is necessary for MSF to report to the legislature as required under the SSRP; and
- Other provisions requiring periodic reporting of data, and any other information required to facilitate reporting to the MSF and the Michigan legislature, including periodic reporting after completion of a project.



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**

**2023-133**

**APPROVAL OF THE AUGUST 22, 2023 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 December 13, 2022;

**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 Board meeting:

Consent Agenda Items:

- a. Proposed Meeting Minutes: July 25, 2023
- b. CDBG Program Year 2022: Action Plan Substantial Amendment
- c. Sweetwater Development Partners, LLC: MCRP Amendment
- d. POAH DD Sugar Hill, LLC: MCRP Amendment
- e. Request Foods: ASESAs Amendment
- f. LJ, Inc.: Reauthorization and Amendment of MBDP Performance-Based Grant
- g. Strategic Site Readiness Program Guidelines Amendment

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

Nays: 0

Recused:

Lansing, Michigan  
August 22, 2023



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

BRADLEY C. WIEFERICH, P.E.  
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January 3, 2023

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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



**MEMORANDUM**

**Date:** August 22, 2023  
**To:** Michigan Strategic Fund Board  
**From:** Jill Trepkoski, Chief Financial Officer  
**Subject:** MSF Annual Allocation of the 21<sup>st</sup> Century Jobs Trust Fund Appropriations

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**Request**

The Michigan Economic Development Corporation (“MEDC”) requests that the Michigan Strategic Fund (“MSF”) Board approve the funding allocations of the 21<sup>st</sup> Century Jobs Trust Fund appropriations set forth in the attached exhibit to the proposed Resolution (the “Request”).

**Background**

Each year MEDC Staff requests that the MSF Board accept and allocate 21st Century Jobs Trust Funds appropriated by the Legislature to programs and activities of the MSF pursuant to the MSF Act and any boilerplate language contained within the Appropriations Act for the fiscal year. For FY2024, the MSF received \$115,650,000 in appropriations consists of tobacco settlement funds from 21<sup>st</sup> Century Jobs Trust Fund and funds from the general fund that transfer to the 21<sup>st</sup> Century Jobs Trust Fund. These funds are appropriated to business attraction and community development and revitalization programs and activities, and to the entrepreneurship ecosystem. The requested allocation of these appropriated funds is outlined below.

***Administration Allocation – \$4,626,000***

The MEDC provides administrative services to the MSF. The MSF may allocate up to 4% of the annual appropriation from the 21<sup>st</sup> Century Jobs Trust Fund to reimburse the MEDC for expenses related to its administration of the programs on behalf of the MSF. Annually, the MEDC requests the MSF to extend the Administrative Services Memorandum of Understanding which includes this allocation.

***Business Development and Marketing Allocation – \$5,782,500***

These funds are used for business marketing campaigns, media, and public relations activities to attract, retain, and grow target industries that deliver economic benefit to the people of the state. Under section 88b(4) of the MSF Act, the MSF may allocate up to 5% of the annual appropriation from the 21<sup>st</sup> Century Jobs Trust Fund for these activities. Specific agreements are funded from this allocation upon approval of the MSF board or its delegates.

***Community Revitalization Program – \$20,000,000***

These funds represent the boilerplate requirement in Public Act 119 of 2023 section 514 that not less than 20% of the \$100 million FY2024 Business Attraction and Community Revitalization appropriation shall be granted by the MSF Board for brownfield redevelopment and historic preservation projects under the Community Revitalization Program. Specific projects are funded from this allocation upon approval of the MSF board or its delegates.

***Business and Community Development Programs and Activities - \$71,000,000***

These funds are used to support programs such as the Michigan Business Development Program (“MBDP”), and other business and community development programs and activities, including small business support and talent retention and attraction activities. Support is offered as a grant, loan, or other economic assistance. Specific projects or programs are funded from this allocation upon approval of the MSF board or its delegates.

***Entrepreneurial Programs and Grants - \$14,241,500***

These funds are used for university technology programs and entrepreneurial support services grants and programs that support Michigan’s statewide technology ecosystem. Specific projects and programs are funded from this allocation upon approval of the MSF board or its delegates.

**Recommendation**

MEDC staff recommends the MSF Board adopt the request approving the FY2024 Funding Allocations and requests the State Treasurer to transfer \$115,650,000 from the 21<sup>st</sup> Century Jobs Trust Fund to the MSF.

## MICHIGAN STRATEGIC FUND

### RESOLUTION 2023-140

#### ALLOCATION OF FUNDING FOR FISCAL YEAR 2024

**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**, 2023 PA 119 appropriated \$75,000,000 from the 21<sup>st</sup> Century Jobs Trust Fund and \$40,650,000 from the State General Fund for business attraction and community development, and the entrepreneurship ecosystem for the 2023-2024 fiscal year;

**WHEREAS**, 2011 PA 252 places general funds appropriated for business attraction and community development in the 21<sup>st</sup> Century Jobs Trust Fund;

**WHEREAS**, MCL 12.258 provides that the state treasurer shall transfer to the MSF appropriated funds from the 21<sup>st</sup> Century Jobs Trust Fund upon the request of the MSF Board in the amounts designated by the MSF Board to fund disbursements or reserves for programs or activities under Chapter 8A and Chapter 8C of the MSF Act, MCL 125.2088 et. seq.;

**WHEREAS**, the MEDC recommends that the MSF allocate funding from the 21<sup>st</sup> Century Jobs Trust Fund to the programs and activities for fiscal year 2024 as described in Exhibit A to this Resolution (the “FY2024 Funding Allocations”);

**WHEREAS**, after consideration of that recommendation, the MSF Board desires to approve the FY2024 Funding Allocations.

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board approves the FY2024 Funding Allocations and requests the State Treasurer to transfer \$115,650,000 from the 21<sup>st</sup> Century Jobs Trust Fund to the MSF;

**BE IT FURTHER RESOLVED**, the MSF Board approves the FY2024 Funding Allocations; and

**BE IT FURTHER RESOLVED**, the MSF Board authorizes the MSF Fund Manager to negotiate and execute all final documents necessary to effectuate the FY2024 Funding Allocations.

Ayes: Director Corbin, Wesley Eklund, Treasurer Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin

L. Messer, Jr., Dan Meyering, Charles P. Rothstein, Susan Tellier, Randy Thelen,  
Cindy Warner

Nays: 0

Recused: 0

Lansing, Michigan  
August 22, 2023

## Michigan Strategic Fund FY2024 Funding Allocations

<b>Allocations for Approval</b>	<b>21st Century Jobs Trust Fund Allocation</b>
Administration Allocation - 4% of Appropriated Funds	\$4,626,000
Business Development and Marketing Allocation - 5% of Appropriated Funds	\$5,782,500
Business and Community Development Programs and Activities	\$71,000,000
Community Revitalization Program	\$20,000,000
Entrepreneurial Programs and Grants	\$14,241,500
<b>TOTAL ALLOCATIONS OF FY2024 APPROPRIATED FUNDS</b>	<b>\$115,650,000</b>

\* Allocations do not include any prior year funding.



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Bradley C. Wieferich, P.E.  
Acting Director

cc: M. Kapp  
Executive File





**MEMORANDUM**

**Date:** August 22, 2023

**To:** Michigan Strategic Fund Board

**From:** Mackenzie Miller, Community Development Manager Region 4  
Debbie Stehlik, Commercial Real Estate Investment Manager  
Sarah McKinley, Program Specialist, Community Development Incentives

**Subject:** Request for Approval of a Michigan Community Revitalization Program (MCRP) Other Economic Assistance Loan Participation for W&S Development Partners, LLC, and a Request for Approval of an Act 381 Work Plan, Grand Rapids Brownfield Redevelopment Authority (BRA) – 415 Sheldon Avenue

**Project Summary & Request**

The proposed project is located at 415 Sheldon Avenue SE, on the corner of Wealthy and Sheldon streets, within the Grand Rapids Downtown Development Authority (DDA). This carbon neutral and energy star certified development will create two, four story, mixed-use buildings that will include 58 market rate apartments (a mix of studio, one and two-bedroom units) and approximately 2,400 square feet of commercial space. The project site is adjacent to the Silver Line, the RAPID’s direct transit line into downtown and is one of the last vacant parcels of land in this corridor available for development. The parcel is an established brownfield site which has been vacant for more than a decade. The site’s neighbors include ICCF Community Homes (ICCF), who own and manage low income and senior housing, and Mary Free Bed Rehabilitation Hospital. Both ICCF and Mary Free Bed have written letters of support for the project acknowledging the need for market rate housing in the area.

<b>PROJECT SUMMARY</b>	
Project Eligibility	Facility
Total Approximate Square Feet Revitalized	51,506
Total Approximate Acres Activated	0.54
Estimated # of Residential Units	58
Estimated Commercial Square Footage	2,400
Current Taxable Value	\$26,983
Projected Taxable Value at Completion	\$3,863,091
Total Anticipated Capital Investment	\$16,476,000
Brownfield TIF State Capture Request	\$544,048
MCRP Loan Participation	\$3,000,000



The project is a very high priority for the City of Grand Rapids, as it will provide new market rate housing in an area that suffers from a severe housing shortage, improvements to vacant and abandoned property as well as removal and remediation of environmental contaminants in a neglected area near Downtown. The project supports the MEDC strategic plan focus area of Developing Vibrant Places that attract talent by transforming underutilized property into activated development. This project fits the MEDC's priorities in that it is developing a blighted brownfield property that has been vacant for over a decade to create a mixed-use project in the Wealthy/Sheldon corridor of Grand Rapids.

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. An MSF Eligible Activities and Tax Capture Summary are included in Appendix D.

#### **Demonstrated Needs**

The project has a financial need due to the high cost of construction and the costs associated with the redevelopment of a brownfield site with appropriate infill. The development team is contributing over 22% equity and has leveraged \$9,739,000 in senior financing. The project is also leveraging a Neighborhood Enterprise Zone (NEZ) tax abatement and Brownfield TIF. Even with Michigan Community Revitalization Program loan support, the projected return is anticipated to be just over 7% over the first 20 years. The revitalization of this underutilized brownfield property into a mixed-use development with appropriate urban density that enhances walkability and creates new housing units would not be feasible without this support.

#### **Local Support**

The City of Grand Rapids is supporting the project through a Neighborhood Enterprise Zone (NEZ) abatement valued at approximately \$1,085,299, an Environmental Site Assessment Grant valued at \$52,000, and local Brownfield TIF reimbursement with an estimated value of \$272,225.

#### **Applicant Background / Qualifications**

W&S Development Partners, LLC is a single purpose LLC created by Cella Building Company to serve as developer on the project. Cella Building Company (formerly known as Bazzani Building Company) is a full-service construction company located in Grand Rapids, Michigan. Cella Building Company has been in business since 1996 and specializes in pre-construction planning, development and design, construction management and consulting. They have experience working with MEDC and in various communities across the state. Some of their projects are listed below.

- **730 Leonard NW in Grand Rapids:** Redevelopment of an under-utilized, largely vacant building on the northwest side of the city into 10 studio and eight one-bedroom apartments, with 3,698 square feet of dividable retail space. The Cella Building Company corporate offices occupies a large segment of the retail space.
- **Bradford Station in Grand Rapids:** Bradford Station is the first Carbon Neutral apartment building in Grand Rapids. The property offers 23 well-appointed studio and one-bedroom apartments, and one retail space. It is located within walking distance to the Medical Mile and the GVSU Health Campus.

- **Wesener Building in Owosso:** Historic restoration of The Wesener Building located at 104-108 North Washington Street in downtown Owosso, the first LEED-certified, mixed- use property in the area. Today, the 18,000 square foot Wesener Building is complete with two retail spaces on the ground floor, six market-rate rental apartments on the second and third floors, plus an owner's loft and office.

An organizational chart for W&S Development Partners, LLC is provided in Appendix A. The background review process was completed in accordance with the MSF Background Review Policy on July 7, 2023.

### **Financial Highlights**

- Construction cost per square foot is \$276.39.
- Rental rates are projected at \$1,179 for Studio units, \$1,449 for one-bedroom units, and \$2,400 for two-bedroom units, with an average of \$3.04 per square foot. These rates fall between 80% and 120% of Area Median Income for Kent County.
- The commercial space is projected to lease for \$20.00 per square foot.
- Projected debt service coverage ratio is 1.17 to 1.0 with an average of 1.40 to 1.0 over 30 years. This assumes a portion of the MSF incentive is interest only. It is anticipated some level of forgiveness, as described in the repayment terms in Appendix C, will be necessary to maintain the financial health of the project.
- Owner equity contribution of approximately \$3,685,000 or over 22% and senior debt of \$9,739,000 or nearly 60%.
- Developer return over a 20-year timeframe is projected at just over 7%.

From the materials received and reviewed, staff considers the project to be financially and economically sound. A detailed Sources and Uses and financial terms for the MCRP Incentive are included in Appendix C.

An MSF Eligible Activities and Tax Capture Summary are included in Appendix D.

### **Recommendation**

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

- a) State tax capture for Act 381 eligible activities capped at \$544,048, utilizing the current state to local capture ratio.
- b) A MCRP performance-based Other Economic Assistance Loan Participation in an amount up to \$3,000,000 for W&S Development Partners, LLC, on terms and conditions outlined in Exhibit A found in the Resolution.

## APPENDIX A – Organizational Chart

### Organizational Structure

Company Name: W&S Development Partners, LLC

Employer Identification Number: 93-1104370

MANAGER: Michael Coyne

	<b>Ownership Interest</b>	<b>EINs -No Soc Sec</b>	<b>State of Organization</b>
<b>Member</b>	<b>Totals</b>	<b>numbers</b>	
<b>W&amp;S Development Partners, LLC</b> Michael Coyne Peter Skornia	100.00%  100.00%	88-2432025	Michigan
<b>Key Principals/Guarantors:</b>	<b>Amount of Guarantee</b>		
Michael Coyne	50%		
Peter Skornia	50%		

## APPENDIX B – Project Map and Renderings

### Project Area Map:





**Site Photos:**



PHOTO NO. 2: View of the eastern portion of the Property facing north along the Sheldon Avenue SE sidewalk.

**Renderings:**



### **APPENDIX C – Financial Terms**

**Summary of Development Sources:**

Bank Share	\$	9,739,000	59.11%
MSF Share	\$	3,000,000	18.21%
Other Grants	\$	52,000	0.32%
Developer Equity	\$	3,685,000	22.36%
<b>TOTAL</b>	<b>\$</b>	<b>16,476,000</b>	<b>100.00%</b>

**Summary of Development Uses:**

Acquisition	\$	1,800,000
Hard Construction Costs	\$	13,682,945
Eligible Soft Costs	\$	303,000
Other	\$	690,055
<b>TOTAL</b>	<b>\$</b>	<b>16,476,000</b>

**Loan Terms**

<b>MSF Incentive:</b>	MCRP Other Economic Assistance Loan Participation
<b>Borrower:</b>	W&S Development Partners, LLC
<b>Senior Lender:</b>	1 <sup>st</sup> Source Bank or other federally insured lending institution acceptable to the MSF
<b>Total Amount of Loans:</b>	Currently estimated at \$12,739,000
<b>Lender Share:</b>	Currently estimated at \$9,739,000
<b>Total Capital Investment:</b>	Currently estimated at \$16,476,000
<b>MSF Eligible Investment:</b>	Currently estimated at \$13,985,945
<b>Minimum Eligible Investment:</b>	Currently estimated at \$12,000,000
<b>MSF Share:</b>	Up to the lesser of 25% of “Eligible Investment” or \$3,000,000
<b>Funding:</b>	The MSF will fund up to \$3,000,000 to be disbursed following closing of the financing and other performance criteria
<b>Other Conditions:</b>	The MSF’s investment will be contingent upon the following: <ul style="list-style-type: none"> <li>- Executed Construction Documents</li> <li>- Final Development Budget</li> <li>- Minimum owner equity investment of \$3,685,000</li> <li>- Other legal due diligence documentation, as may be required</li> </ul>

**MSF Loan #1:**

MSF Loan Amount: \$1,500,000

Interest Rate: 1.0% per annum

MSF Fee(s): Equal to 1.0% of the Loan Amount

Term: Shall reasonably match that of Lender, currently anticipated to be up to 120 months

Amortization: Currently anticipated to be up to 360 months

Repayment Terms: Monthly interest only payments for up to 24 months, followed by monthly 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 1.0, only in the event Lender requires for covenant compliance.

Collateral: Shall reasonably match that of Lender, currently anticipated to be a 1<sup>st</sup> priority security interest in the real estate, assignment of rents and leases, assignment of TIF reimbursements, and assignment of other contracts and documents deemed necessary or to match Senior Loan. MSF share of the collateral will be subordinated to that of the Lender.

Guarantee(s): Shall reasonably match that of Lender, currently anticipated to be the unconditional personal guaranties of Michael Coyne and Peter Skornia. MSF share will be subordinated to that of the Lender.

**MSF Loan #2:**

MSF Loan Amount: \$1,500,000

Interest Rate: 1.0% per annum

MSF Fee(s): Equal to 1.0% of the Loan Amount

Term: Currently anticipated to be up to 60 months

Repayment Terms: Monthly interest only payments for up to 60 months, with principal due at maturity. At maturity, an evaluation will be conducted to determine the financial health of the project. Repayment at maturity will occur up to the point where the projected Debt Service Coverage Ratio (DSCR) is 1.25 to 1.00 on all outstanding debt. Any portion of the MCRP Loan #2 that would reduce the DSCR below that threshold would be forgiven. This



analysis would be performed using a 1.0% interest rate and 25-year amortization.

**Collateral:** Shall reasonably match that of Lender, currently anticipated to be a 1<sup>st</sup> priority security interest in the real estate, assignment of rents and leases, assignment of TIF reimbursements, and assignment of other contracts and documents deemed necessary or to match Senior Loan. MSF share of the collateral will be subordinated to that of the Lender.

**Guarantee(s):** Shall reasonably match that of Lender, currently anticipated to be the unconditional personal guaranties of Michael Coyne and Peter Skornia. MSF share will be subordinated to that of the Lender.

## **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:**

The project is a high priority for the City of Grand Rapids, as it will provide new market rate housing in an area that suffers from a severe housing shortage, improvements to vacant and abandoned property as well as removal and remediation of environmental contaminants in a neglected area near Downtown.

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

This property is one of the last vacant parcels of land on this corridor available for development. The development, once completed, will add commercial space and additional jobs to the Wealthy Street SE corridor, and is expected to catalyze other area development.

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

The City of Grand Rapids is supporting the project through a Neighborhood Enterprise Zone valued at approximately \$1,085,299, an Environmental Site Assessment Grant valued at \$52,000 and local Brownfield TIF reimbursement valued at \$272,225.

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

The project has a financial need due to the high cost of construction and costs associated with the redevelopment of a brownfield site with appropriate infill. The development team is contributing over 22% equity and has leveraged \$9,739,000 in senior financing. The project is also leveraging a NEZ tax abatement and Brownfield TIF. Even with Michigan Community Revitalization Program loan support, the projected return is anticipated to be just over 7% over the first 20 years. The revitalization of this underutilized brownfield property into a mixed-use development with appropriate urban density that enhances walkability and creates new housing units would not be feasible without this support.

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

Redevelopment of a vacant lot designated as a facility into a mixed-use residential development.

**F. Creation of jobs:**

It is estimated that six new full-time equivalent (FTE) jobs will be created by the users of the retail space and one, new FTE job will be created for ongoing maintenance and operations of the apartments,

not including temporary construction jobs. The average, hourly wage for the new retail jobs is estimated at \$12.50 per hour. The Cella Building Company jobs average is \$28.00 per hour.

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

The anticipated private investment in the Development is approximately \$16.5 million.

**H. Whether the project is financially and economically sound:**

The Applicant is contributing over 22% equity to the project and has maximized traditional financing with \$9,739,000 in senior financing. Projected debt service coverage is 1.17 to 1.0 with an average of 1.40 to 1.0 over 30 years. This assumes a portion of the MSF incentive is interest only. The proposed MCRP loan structure will assist the project in remaining viable long-term as it includes a potential deferral or forgiveness based on cash flow at maturity. It is anticipated some level of forgiveness will be necessary to maintain the financial health of the project. Staff consider the project to be financially and economically sound.

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

This project will increase the density of the area by creating two mixed-use buildings with four floors of residential and one floor of commercial space.

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

The project site is a prominent piece of property along the Wealthy Street SE corridor, near major hospitals and other area points of interest and was cleared for potential redevelopment nearly 15 years ago. The development will result in public right-of-way sidewalk and landscaping improvements along Wealthy Street SE and Sheldon Avenue SE which will make the neighborhood safer and more inviting for walkability purposes.

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

This project will redevelop a vacant and contaminated lot into a mixed-use residential development.

**L. Whether the project promotes sustainable development:**

This project is carbon neutral and an energy star certified development.

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

The State Historic Preservation Office has reviewed the project and determined that no historic properties will be affected by this development.

**N. Whether the project addresses area-wide redevelopment:**

Wealthy Street east of Madison Avenue, less than 1/2 mile east of Sheldon Avenue, has undergone a major redevelopment over the past 20 years with many new retail and market rate residential developments. West of Madison has had very little new development with the exception of low-income housing provided by ICCF, and new retail and market rate housing west of 131. This project provides both retail space and housing to connect the previous developments. This project will also provide housing for job growth created at Mary Free Bed and St Mary's hospitals, both within walking distance of the project.

**O. Whether the project addresses underserved markets of commerce:**

This project is in a Geographically Disadvantaged Area in the City of Grand Rapids.

**P. The level and extent of environmental contamination:**

The development will implement site control and safety measures; it will reduce environmental hazards by removing known impacted soil from the property and installing vapor mitigation systems in the proposed buildings.

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

The State Historic Preservation Office has reviewed the project and determined that no historic properties will be affected by this development.

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

Not applicable. This project is a development of a mixed-use residential building. The commercial space is intended to serve the surrounding community.

**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:**

Not applicable.

**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 February 21, 2023. The property has been determined to be facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on March 9, 2023.

There are 47.4908 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (50.54%) and local millage equaling 23.4908 mills (49.46%). Tax increment capture will begin in 2024 and is estimated to continue for 15 years. The state tax capture is recommended to be capped at \$544,048, which is the amount of tax increment revenue anticipated to be generated in 15 years. The tax capture ratio is impacted by the Neighborhood Enterprise Zone (NEZ) tax abatement, and the blended ratio is included below. Total MSF eligible activities are estimated at \$816,273. MSF eligible activities breaks down as follows:

**Tax Capture Summary:**

State tax capture	(66.8%)	\$	544,048
Local tax capture	(33.2%)	\$	272,225
<b>TOTAL</b>		\$	<b>816,273</b>

**Cost of MSF Eligible Activities**

Demolition		\$	17,400
Infrastructure Improvements			258,159
Site Preparation		+	429,896
Sub-Total		\$	705,455
Contingency (15%)		+	105,818
Sub-Total		\$	811,273
Brownfield/Work Plan Preparation		+	5,000
<b>TOTAL</b>		\$	<b>816,273</b>

In addition, the project is requesting \$477,144 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 3.1% in October 2022. This compares to the statewide seasonally adjusted average of 4.2% in October 2022.

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

This property is considered functionally obsolete, there are no buildings on the Property. Two, new mixed-use buildings will be constructed on the property.

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

No new Brownfields will be created by this project.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2023 - 141**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM  
OTHER ECONOMIC ASSISTANCE LOAN PARTICIPATION AWARD TO  
W&S DEVELOPMENT PARTNERS, 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 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**, W&S Development Partners, LLC (the “Company”) has requested a performance-based Other Economic Assistance Loan Participation Award of up to \$3,000,000 (the “Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (the “Term Sheet”); and

**WHEREAS**, the MEDC has recommended that the MSF approve the Award Request in accordance with the Term Sheet, subject to: (i) available funding; (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 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: Director Corbin, Wesley Eklund, Treasurer Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner

Nays: 0

Recused: 0

Lansing, Michigan

August 22, 2023

**EXHIBIT A**  
**“TERM SHEET”**

**Loan Terms**

<b>MSF Incentive:</b>	MCRP Other Economic Assistance Loan Participation
<b>Borrower:</b>	W&S Development Partners, LLC
<b>Senior Lender:</b>	1 <sup>st</sup> Source Bank or other federally insured lending institution acceptable to the MSF
<b>Total Amount of Loans:</b>	Currently estimated at \$12,739,000
<b>Lender Share:</b>	Currently estimated at \$9,739,000
<b>Total Capital Investment:</b>	Currently estimated at \$16,476,000
<b>MSF Eligible Investment:</b>	Currently estimated at \$13,985,945
<b>Minimum Eligible Investment:</b>	Currently estimated at \$12,000,000
<b>MSF Share:</b>	Up to the lesser of 25% of “Eligible Investment” or \$3,000,000
<b>Funding:</b>	The MSF will fund up to \$3,000,000 to be disbursed following closing of the financing and other performance criteria
<b>Other Conditions:</b>	The MSF’s investment will be contingent upon the following: <ul style="list-style-type: none"><li>- Executed Construction Documents</li><li>- Final Development Budget</li><li>- Minimum owner equity investment of \$3,685,000</li><li>- Other legal due diligence documentation, as may be required</li></ul>
<b>MSF Loan #1:</b>	
MSF Loan Amount:	\$1,500,000
Interest Rate:	1.0% per annum
MSF Fee(s):	Equal to 1.0% of the Loan Amount
Term:	Shall reasonably match that of Lender, currently anticipated to be up to 120 months
Amortization:	Currently anticipated to be up to 360 months
Repayment Terms:	Monthly interest only payments for up to 24 months, followed by monthly 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 1.0, only in the event Lender requires for covenant compliance.

Collateral: Shall reasonably match that of Lender, currently anticipated to be a 1<sup>st</sup> priority security interest in the real estate, assignment of rents and leases, assignment of TIF reimbursements, and assignment of other contracts and documents deemed necessary or to match Senior Loan. MSF share of the collateral will be subordinated to that of the Lender.

Guarantee(s): Shall reasonably match that of Lender, currently anticipated to be the unconditional personal guaranties of Michael Coyne and Peter Skornia. MSF share will be subordinated to that of the Lender.

**MSF Loan #2:**

MSF Loan Amount: \$1,500,000

Interest Rate: 1.0% per annum

MSF Fee(s): Equal to 1.0% of the Loan Amount

Term: Currently anticipated to be up to 60 months

Repayment Terms: Monthly interest only payments for up to 60 months, with principal due at maturity. At maturity, an evaluation will be conducted to determine the financial health of the project. Repayment at maturity will occur up to the point where the projected Debt Service Coverage Ratio (DSCR) is 1.25 to 1.00 on all outstanding debt. Any portion of the MCRP Loan #2 that would reduce the DSCR below that threshold would be forgiven. This analysis would be performed using a 1.0% interest rate and 25-year amortization.

Collateral: Shall reasonably match that of Lender, currently anticipated to be a 1<sup>st</sup> priority security interest in the real estate, assignment of rents and leases, assignment of TIF reimbursements, and assignment of other contracts and documents deemed necessary or to match Senior Loan. MSF share of the collateral will be subordinated to that of the Lender.

Guarantee(s): Shall reasonably match that of Lender, currently anticipated to be the unconditional personal guaranties of Michael Coyne and Peter Skornia. MSF share will be subordinated to that of the Lender.





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 2023 - 142**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN  
CITY OF GRAND RAPIDS BROWNFIELD REDEVELOPMENT AUTHORITY  
WEALTHY AND SHELDON (415 SHELDON AVENUE, SE)**

**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 February 22, 2023 for property located at 415 Sheldon Avenue, SE within the City of Grand Rapids, known as Wealthy and Sheldon (415 Sheldon Avenue, SE) (the “Project”);

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

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

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

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 66.8% to 33.2% 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 \$811,273 for the principal activity costs of non-environmental activities and a contingency, and a maximum of \$5,000 for brownfield and work plan preparation, and with the total capture of state school taxes capped at a maximum of \$544,048.

**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.

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

Nays: 0

Recused: 0

Lansing, Michigan  
August 22, 2023



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:** August 22, 2023

**To:** Michigan Strategic Fund Board

**From:** Brittney Hoszkiw, Senior Community Development Manager  
Julius Edwards, Director, Commercial Real Estate Investment  
Jake Winder, CD Incentives Manager

**Subject:** Request for Approval of a Michigan Community Revitalization Program (MCRP) Other Economic Assistance Loan Participation Amendment and a Request for Approval of an Act 381 Work Plan Bagley Development Group and City of Detroit Brownfield Redevelopment Authority (BRA) – United Artist Building

### Project Summary & Request

The request will support a community development project to rehabilitate a historic, eighteen-story, mixed-use, mixed-income building, representing \$73,440,373 in total capital investment. The United Artist Building located in the heart of Downtown Detroit will consist of 148 mixed-income residential units with first floor commercial. The project was supported in 2020 with an MCRP performance-based loan of \$7 million. The 2023 request will amend the terms of the previous approved MCRP loan to match the Detroit Economic Growth Corporation by deferring payments during the remainder of the original 28-month interest only period and further support the project with Brownfield Tax Increment Financing with state capture up to \$5,321,135.

<b>PROJECT SUMMARY</b>	
Project Eligibility (Facility/Historic/F.O./Blighted/Other)	Historic
Total Approximate Square Feet Revitalized	218,569
Total Approximate Acres Activated	.69
Estimated # of Residential Units	148
Estimated Commercial Square Footage	10,535
Current Taxable Value	\$258,166
Projected Taxable Value at Completion	\$7,706,710
Total Anticipated Capital Investment	\$73,440,373
Brownfield TIF / MSF Eligible Activities or State Capture Request	\$5,321,135

The project supports the City of Detroit’s Mixed-use Multi Family Affordable Housing Plan by offering mixed-income units in the Downtown. The reuse of the existing building will create new property taxes,



job creation. The project addresses the last iconic underutilized property in the Grand Circus Park area of downtown.

SHPO has reviewed the project design and determined it will have no negative impact and 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).

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.

### **Demonstrated Needs**

The project closed on financing in March 2022 and immediately began construction. From the time the increased incentive was approved in May of 2021 to closing in March of 22 construction costs increased by 30%. The Brownfield TIF is a means to recover some of those cost increases, increase cash flow, and more quickly repay debt, including CRP which is cash flow dependent. While the development project is able to maintain positive cash flow, without the additional revenue of Brownfield Tax Increment Financing, returns dip from -1% to -2%.

### **Local Support**

Local support for the project includes local CDBG funds of \$3,000,000 and a DDA loan of \$2,500,000 and is anticipated to include both an Obsolete Property Rehabilitation Act abatement valued at \$382,456 and a Neighborhood Enterprise Zone abatement valued at \$8,306,188. The project will also be receiving local tax increment financing revenues of \$735,063.

### **Applicant Background / Qualifications**

With 230 years of combined professional experience, the Bagley Development Group, LLC team boasts leadership in responsibilities spanning many industries. As members of this minority-owned business enterprise, Emmett Moten, Robert Charles, Larry Brinker, Scott Allen, Tom Goss, James Thrower, Roy Roberts, and Richard Hosey have led teams and, in some cases, started businesses in sectors including credit, banking, construction, government, retail merchandising, marketing, property management, and real estate. The organizations these gentlemen have served include Bank of America, the City of Detroit, PIA Merchandising, Fourmidable, Brinker Group, the City of New Orleans, Ford Motor Credit, Exxon, JP Morgan Chase, Little Caesars Enterprises, and several others.

The principals of Bagley Development Group, LLC have previously received Michigan Community Revitalization Program awards from the Michigan Strategic Fund board on various residential and

commercial developments in the City of Detroit, including the Fort Shelby Hotel and Residences, Kirby Center Lofts, and 1212 Griswold.

An Organizational Chart for Bagley Development Group, LLC is provided in Appendix A. A background check has been completed in accordance with the MSF Background Review Policy and the project may proceed for MSF consideration.

From the materials received and reviewed, staff considers the project to be financially and economically sound. A detailed Sources and Uses and financial terms for the MCRP Incentive are included in Appendix C.

An MSF Eligible Activities and Tax Capture Summary are included in Appendix D.

**Recommendation**

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

- a) State tax capture for Act 381 eligible activities capped at \$5,321,135, utilizing the current state to local capture ratio.
- b) An amendment to the MCRP performance-based Other Economic Assistance Agreement to allow for deferral of payments for a period of up to 28 months.

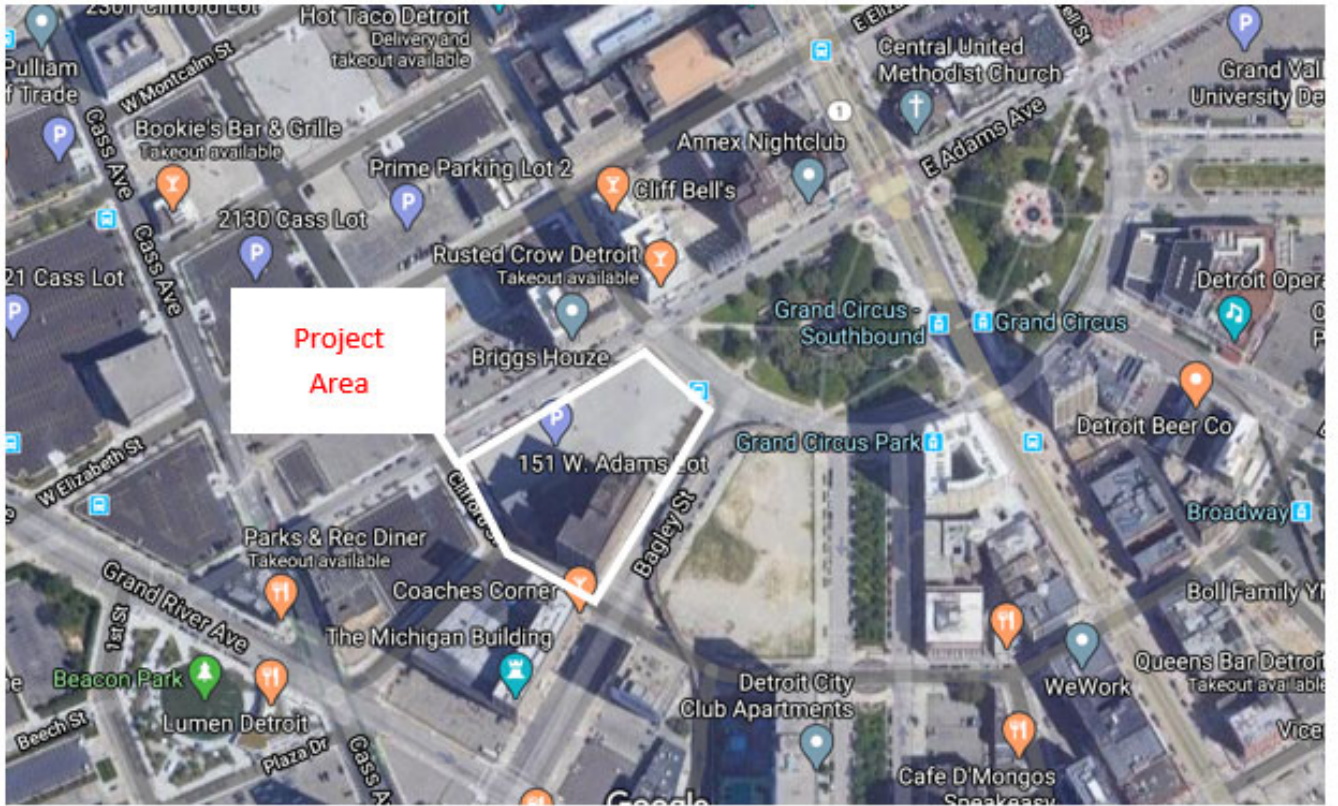
## APPENDIX A – Organizational Chart

Bagley Development Group, LLC Organizational Structure  
Bagley Development Group, LLC EIN: 80-2084912  
Bagley Development Group, LLC Manager: Emmett Scott Moten Jr.

Member	Ownership Interest	EIN	State of Organization
Emmett S. Moten Jr.	14.28%		
Larry S. Brinker Sr.	14.28%		
James F. Thrower	14.28%		
Richard J. Hosey III	14.28%		
Tom Goss	14.28%		
Scott D. Allen	14.28%		
Roy S. Roberts	14.28%		



### APPENDIX B – Project Map and Renderings



**APPENDIX C – MSF Eligible Activities Summary**

**Tax Capture Summary**

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Detroit, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on June 13, 2023. The property has been determined to be a historic resource within the Grand Circus Park Historic District by the local jurisdiction.

There are 64.2941 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 23.0430 mills (35.84%) and local millage equaling 41.2511 mills (64.16%). Tax increment capture will begin in 2026 and is estimated to continue for 30 years. The state tax capture is recommended to be capped at \$5,321,135 which is the amount of tax increment revenue anticipated to be generated in 30 years. Total MSF eligible activities are estimated at \$6,355,000. The tax capture ratio is impacted by the NEZ and OPRA tax abatements and the blended ratio is shown below. MSF eligible activities breaks down as follows:

**Tax Capture Summary:**

			Activities	Capture
State tax capture	(87.86%)	\$	5,583,670	5,321,135
Local tax capture	(12.14%)	\$	771,330	735,063
<b>TOTAL</b>		<b>\$</b>	<b>6,355,000</b>	<b>6,056,198</b>

**Cost of MSF Eligible Activities**

Demolition		\$	4,250,000
Lead, Asbestos, or Mold Abatement			1,250,000
Sub-Total		\$	5,500,000
Contingency (15%)		+	825,000
Sub-Total		\$	6,325,000
Brownfield/Work Plan Preparation		+	30,000
<b>TOTAL</b>		<b>\$</b>	<b>6,355,000</b>

**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 rehabilitates ~~seven underutilized properties in the Midtown neighborhood~~ historic structure in downtown of Detroit while also creating ~~and preserving~~ and preserving affordability for ~~current and~~ current and future tenants with ~~8520%~~ 8520% of the ~~170145~~ 170145 units held at ~~680%~~ 680% of Area Median Income through ~~MSHDA~~ the City of Detroit. The density of residents at affordable rental rates allows individuals to live near employment hubs like ~~the Little Caesars Arena and~~ the Little Caesars Arena and Downtown with existing social and public transportation infrastructure immediately available.

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

This project is expected to create approximately 10 new, full-time equivalent jobs in property management and maintenance with an average hourly wage of \$15.

**c) Area of High Unemployment:**

The City of Detroit seasonally adjusted jobless rate was 8.6% in January 2023.

**d) Level and Extent of Contamination Alleviated:**

The project is not qualifying as a facility and the presence, or lack of, contamination has not been determined.

**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 2023 - 143**

**APPROVAL OF AN AMENDMENT TO A  
MICHIGAN COMMUNITY REVITALIZATION PROGRAM OTHER ECONOMIC  
ASSISTANCE LOAN PARTICIPATION AWARD FOR  
BAGLEY DEVELOPMENT GROUP, LLC  
(UNITED ARTIST BUILDING PROJECT)**

**WHEREAS**, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2001 et. seq., 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 the MCRP;

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

**WHEREAS**, pursuant to SFCR 125.2090-1 (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 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**, the Michigan legislature passed legislation establishing the 21<sup>st</sup> Century Jobs Trust Fund initiative that was signed into law;

**WHEREAS**, the MEDC provides administrative services to the MSF for 21<sup>st</sup> Century Jobs Trust Fund programs and activities;

**WHEREAS**, as part of the 21<sup>st</sup> 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 Investment Fund may allocate money for authorized programs to make expenditures or investments from the Investment Fund for programs or activities authorized pursuant to the 21<sup>st</sup> 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**, by Resolution 2020-059 on May 19, 2020 the MSF Board awarded a MCRP Other Economic Assistance Loan Participation Award to Bagley Development Group, LLC in furtherance of the Project of up to \$5,000,000 (the “Award”);

**WHEREAS**, by Resolution 2020-039 on April 14, 2020, the MSF Board approved the MSF Awardee Relief Initiative and associated Guidelines (the “Awardee Guidelines”) due to COVID-19, and by Resolution 2020-040 on April 14, 2020, delegated to the MSF President, MSF Fund Manager, and State Treasurer (with any two required to act) the authority to amend any award consistent with the Awardee Guidelines (the “MSF Board Delegates”);

**WHEREAS**, an amendment request was approved by MSF Board Delegates under the Awardee Relief Initiative on February 22, 2021, to extend the original approval expiration date by 12 months;

**WHEREAS**, by Resolution 2021-072 on May 25, 2021, the MSF Board approved an amendment recommendation to increase the Award by up to \$2,000,000, along with other changes to the repayment structure;

**WHEREAS**, by Resolution 2022-033 on February 22, 2022, the MSF Board approved an amendment recommendation to modify the repayment structure on the Award and the minimum owner equity requirement;

**WHEREAS**, the MEDC is recommending that the MSF amend the Award to defer payments on the loan for a period of up to 28 months, with all other requirements remaining in place for the Award (the “MCRP Amendment Recommendation”).

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

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

Nays: 0

Recused: 0

Lansing, Michigan  
August 22, 2023

**“TERM SHEET”**

**LOAN TERMS**

<b>MSF Facility:</b>	MCRP Performance Based Other Economic Assistance Loan Participation
<b>Borrower:</b>	Bagley Development Group, LLC or a Related Entity
<b>Lender:</b>	City of Detroit Downtown Development Authority or a Related Entity
<b>Total Amount of Loans:</b>	Currently estimated at <del>\$9,500,000</del> <b>\$14,100,000</b>
<b>Lender Share:</b>	Currently estimated at <del>\$2,500,000</del> <b>\$7,100,000</b>
<b>MSF Eligible Investment:</b>	Currently estimated at \$62,289,702
<b>Minimum Eligible Investment:</b>	Currently estimated at \$50,000,000
<b>MSF Share:</b>	Up to the lesser of 15% of “Eligible Investment” or \$7,000,000
<b>Term:</b>	To reasonably match that of the senior (HUD) lender, anticipated to be to 508 months
<b>Amortization:</b>	N/A
<b>Interest Rate:</b>	3.00% per annum
<b>Repayment Terms:</b>	Monthly interest only payments for 28 months (period to match interest only period of HUD Loan), followed by annual payments equal to <b>59%</b> of Distributable Cash Flow for 480 months (cash flow to be split on a pro rata basis with the Lender). <del>Developer Fees will be split under the shares as described above. The MSF to receive 100% of deferred developer fees until MSF’s principal outstanding has been reduced to \$5,000,000.</del>
<b>Collateral:</b>	To reasonably match that of the Lender, currently anticipated to be subordinate Leasehold Mortgage. All collateral will be in a shared position with the Lender.
<b>Guarantee:</b>	To reasonably match that of the Lender. All collateral will be in a shared position with the Lender.

**MSF Fees:** The MSF shall be paid a one-time fee equal to one percent of the MSF's share of the loan. The Lender may charge the borrower for this fee.

**Funding:** The MSF will fund up to \$7,000,000 to be disbursed following closing of the financing and achievement other performance criteria.

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

- Final approval of \$2,500,000 in financing from the City of Detroit DDA or other related entity
- Final approval of \$3,000,000 in CDBG funding from the City of Detroit
- Executed construction documents, including final "Guaranteed Maximum Price construction contract
- Final Amended Operating Agreement with equity pay-in schedule from the Historic Tax Credit Investor
- Final Development Budget
- Minimum owner equity investment of ~~\$7,100,000~~  
**\$2,500,000**
- Local approval of an Obsolete Property Rehabilitation Act abatement and a Neighborhood Enterprise Zone abatement
- Receipt of the final Ground Lease Agreement with Olympia Development





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 2023 - 144**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN  
CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY  
UNITED ARTIST BUILDING**

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

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

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

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

**WHEREAS**, the City of Detroit Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan (the “Brownfield Work Plan”) dated June 13, 2023, for property located at 150 Bagley Street within the City of Detroit, known as United Artist Building (the “Project”);

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

**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 87.86% to 12.14% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of demolition, lead, asbestos, or mold abatement 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 \$6,325,000 for the principal activity costs of non-environmental activities and a contingency, and a maximum of \$30,000 for brownfield and work plan preparation, and with the total capture of state school taxes capped at a maximum of \$5,321,135.

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

Nays: 0

Recused: 0

Lansing, Michigan  
August 22, 2023



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:** August 22, 2023

**To:** Michigan Strategic Fund Board

**From:** Sarah Rainero, Managing Director, Regional Prosperity

**Subject:** Investment Fund Award to IFF and Related Borrowers

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### Project Summary & Request

The request is for up to a \$10,000,000 Loan Award (the “Award”) from the Investment Fund to the IFF for a Workforce Housing Loan Fund (herein after the “Fund”) that will facilitate investment in residential projects that address needs across Allegan, Ottawa, and Kent Counties in the State of Michigan. The proposed Award would be disbursed in one lump sum and IFF will utilize the Award to leverage additional funds of up to \$39 million to invest in projects and help fill workforce housing needs. Housing need assessments demonstrate in Ottawa and Kent counties alone, that 50,000 units are needed by 2027 to keep up with demand.

Housing is a top issue for talent attraction and retention for many businesses located in and looking to expand to Michigan. The Fund will help meet the housing needs for current and future employees. The Fund will focus on individuals and families with incomes between 60% and 120% Area Median Income (AMI), which is also known as Attainable Housing and identified by staff and partners as an unmet need in the business community across the State. An unanticipated consequence of limited supply has led to displacement of many residents away from employment centers in communities.

IFF is a Midwest Community Development Financial Institution (CDFI) certified by the U.S. Department of the Treasury and one of only a few nationally to hold the top-ranked Aeris four-star rating for impact management and AAA rating for financial strength and performance. IFF works at the intersection of facilities and finance to help nonprofits, serving a variety of sectors, increase their financial stability and programmatic offerings and achieve their missions. IFF does this by bringing together a powerful combination of financial solutions, real estate and development expertise, sector knowledge, and research and evaluation capacity to accelerate positive social impact and systems change.

Since 1988, IFF has provided \$1.4 billion in flexible, affordable financing to nonprofits serving a variety of sectors – affordable housing, health care, education, community development, arts and culture, and more – in order to increase their financial stability and programmatic offerings. These investments have leveraged \$4.5 billion, developed more than 35.6 million square feet of real estate, and created more than 16,700 units of affordable housing.

By making an Award to IFF, it will allow the state to leverage IFF’s staffing capacity and potentially access other financial resources in building a statewide fund, as well as possible future New Market Tax Credit (NMTC) allocations. All of the underwriting and due diligence will be performed or contracted by IFF. MSF’s oversight will be administered by MEDC staff and will primarily consist of reviewing the underwriting materials and project details provided by IFF staff to determine if the individual projects

meet the desired goals of providing quality Workforce and Attainable Housing. The MSF will be provided with annual reports with investment and key performance details.

**Applicant Background**

IFF is a Community Development Financial Institution (CDFI) certified by the U.S. Department of Treasury that “champions nonprofits to shape more equitable and vibrant communities through community-centered lending, development and real-estate consulting.” IFF is headquartered in Chicago, Illinois, with regional offices in Grand Rapids and Detroit.

**Recommendation**

MEDC Staff recommends the following (the “Recommendation”): Approval of \$10,000,000 Loan Award. A summary of terms is included in Attachment A.

**MSF Loan Term Sheet**

This term sheet ("Term Sheet") sets forth key terms of a potential loan by the Michigan Strategic Fund (the "MSF" or "Lender") in favor of Illinois Facilities Fund and/or other related borrowers ("Borrower"). The proposed terms and conditions herein will not be construed as binding upon either party until the mutual execution of a written Loan agreement. Any obligations that may be deemed to arise under this Term Sheet are contingent on Borrower obtaining all necessary corporate approvals, and the MEDC obtaining all necessary Michigan Strategic Fund Board approvals.

**Scope of the Project:** The Borrower will provide financing for residential rental and mixed-use projects that address Attainable Housing (defined as 120 percent or less of Area Median Income) needs across Allegan, Ottawa, and Kent Counties in the State of Michigan (the "Project").

MSF Incentive:	Term Loan
Borrower:	Illinois Facilities Fund and/or other related borrowers
Loan Amount:	\$10,000,000.00 (" <u>Loan</u> ") to be disbursed at closing of the Loan.
Interest Rate:	The principal sum outstanding shall bear interest at a fixed rate per annum equal to one percent (1%) per annum (except in the Event of Default), which is anticipated to be calculated on the basis of a 365-day year. All interest hereunder shall begin accruing in the twenty-fifth month following closing of the Loan.
Default Interest Rate:	After an Event of Default, to be defined in the Loan Agreement, including failure to pay upon final maturity, the interest rate on the outstanding balance shall be equal to seven percent (7%) per annum.
Payment/Maturity:	Monthly interest only payments for 240 months, beginning in the 25 <sup>th</sup> month following closing. Borrower shall pay the outstanding balance of principal and any unpaid accrued interest of the Loan (" <u>Loan Balance</u> ") on the first day of the 265 <sup>th</sup> month following closing of the Loan (" <u>Maturity Date</u> ").
Collateral and Guarantee(s):	None.
MSF Fees:	1% of the Loan (\$100,000.00) to be paid at closing. Borrower shall be responsible for all third-party fees and costs incurred by the MEDC and MSF in closing the Loan.
Other Requirements:	All projects must contain a minimum of 20% of the residential units to be targeted at tenants with incomes under 120% or less of Area Median Income as published annually by the Michigan State Housing Development Authority.

The \$10 million loan to the IFF must be invested directly into the Workforce Housing Loan Fund.

All projects will require to maintain a minimum Attainable Housing Period equal to or greater than 120 months. Any use of MSF funding must maintain the minimum Attainable Housing Period.

To the extent that co-borrowers exist, all Borrowers shall be jointly and severally liable for payment and performance under this Loan.

**Additional State Required Terms:**

- **Acceleration:** The Maturity Date and/or all indebtedness owed the MSF under the Loan may be accelerated for events of default, which shall include, but not limited to, the Borrower's failure to comply with any the Loan agreement or any other of its contracts arising out of the Project.
- **Annual Compliance Certificate:** Until the Loan is paid in full, the Borrower will be required to sign and submit an Annual Compliance Certificate certifying that the Borrower is in compliance with the terms and conditions of the Loan agreement.
- **Annual Progress Report:** Until the Loan is paid in full, the Borrower will be required to submit annual progress reports, which shall include, if any, the total investment (public and private) and also shall include: (i) information about individual projects financed; (ii) total amount of private investment per project; (iii) municipal support for each project; and (iv) number of projects located in Geographically Disadvantaged Areas (to be defined in the Loan Agreement) 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:** While the Loan is outstanding and for a period of three years thereafter, and upon reasonable advance notice, the Borrower 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 Borrower, and any other location where books and records of the Borrower are normally kept, to inspect the books and records, including financial records and all other information and data relevant to the terms of the Loan, all at times and locations mutually agreed upon by the parties.

**Other provisions:**

- The Loan agreement will include standard representations, covenants, and other provisions required by the MSF, including without limitation, indemnification as permitted by law, non-discrimination, cross-default, termination of funding and any other requirements of the Michigan Strategic Fund Act or the MSF Board.
- The Loan agreement will include duties and other obligations of the Borrower.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION**

**2023-145**

**APPROVAL OF FUNDING OF AN INVESTMENT FUND LOAN TO ILLINOIS FACILITIES FUND AND RELATED BORROWERS**

**WHEREAS**, the Michigan legislature passed legislation establishing the 21<sup>st</sup> 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 21<sup>st</sup> Century Jobs Trust Fund programs and activities;

**WHEREAS**, as part of the 21<sup>st</sup> 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 Constitution of the State of Michigan (‘Investment Fund’);

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

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

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

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

**WHEREAS**, Illinois Facilities Fund (the “IFF”) has requested a loan of up to \$10 Million to invest into certain residential rental and mixed use development projects that address attainable housing needs across Allegan, Ottawa, and Kent Counties in the State of Michigan, along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (the “Term Sheet”) (collectively the “IFF Investment”);

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

**WHEREAS**, the MEDC recommends that the MSF approve 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 transaction documents within 180 days of the date of this Resolution (the “Time Period”) or this Resolution shall have no effect; provided, however, that at the sole discretion of the



MSF Fund Manager, the Time Period may be extended for up to an additional 60 days (the foregoing, collectively the “Recommendation for the IFF Investment”).

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

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

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

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

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

Nays: 0

Recused: 0

Lansing, Michigan

August 22, 2023

## Exhibit A

### MSF Loan Term Sheet

This term sheet (“Term Sheet”) sets forth key terms of a potential loan by the Michigan Strategic Fund (the “MSF” or “Lender”) in favor of Illinois Facilities Fund and/or other related borrowers (“Borrower”). The proposed terms and conditions herein will not be construed as binding upon either party until the mutual execution of a written Loan agreement. Any obligations that may be deemed to arise under this Term Sheet are contingent on Borrower obtaining all necessary corporate approvals, and the MEDC obtaining all necessary Michigan Strategic Fund Board approvals.

**Scope of the Project:** The Borrower will provide financing for residential rental and mixed-use projects that address Attainable Housing (defined as 120 percent or less of Area Median Income) needs across Allegan, Ottawa, and Kent Counties in the State of Michigan (the “Project”).

MSF Incentive: Term Loan

Borrower: Illinois Facilities Fund and/or other related borrowers

Loan Amount: \$10,000,000.00 (“Loan”) to be disbursed at closing of the Loan.

Interest Rate: The principal sum outstanding shall bear interest at a fixed rate per annum equal to one percent (1%) per annum (except in the Event of Default), which is anticipated to be calculated on the basis of a 365-day year. All interest hereunder shall begin accruing in the twenty-fifth month following closing of the Loan.

Default Interest Rate: After an Event of Default, to be defined in the Loan Agreement, including failure to pay upon final maturity, the interest rate on the outstanding balance shall be equal to seven percent (7%) per annum.

Payment/Maturity: Monthly interest only payments for 240 months, beginning in the 25<sup>th</sup> month following closing. Borrower shall pay the outstanding balance of principal and any unpaid accrued interest of the Loan (“Loan Balance”) on the first day of the 265<sup>th</sup> month following closing of the Loan (“Maturity Date”).

Collateral and Guarantee(s): None.

MSF Fees: 1% of the Loan (\$100,000.00) to be paid at closing. Borrower shall be responsible for all third-party fees and costs incurred by the MEDC and MSF in closing the Loan.

**Other Requirements:** All projects must contain a minimum of 20% of the residential units to be targeted at tenants with incomes under 120% or less of Area Median Income as published annually by the Michigan State Housing Development Authority.

The \$10 million loan to the IFF must be invested directly into the Workforce Housing Loan Fund.

All projects will require to maintain a minimum Attainable Housing Period equal to or greater than 120 months. Any use of MSF funding must maintain the minimum Attainable Housing Period.

To the extent that co-borrowers exist, all Borrowers shall be jointly and severally liable for payment and performance under this Loan.

**Additional State Required Terms:**

- **Acceleration:** The Maturity Date and/or all indebtedness owed the MSF under the Loan may be accelerated for events of default, which shall include, but not limited to, the Borrower's failure to comply with any the Loan agreement or any other of its contracts arising out of the Project.
- **Annual Compliance Certificate:** Until the Loan is paid in full, the Borrower will be required to sign and submit an Annual Compliance Certificate certifying that the Borrower is in compliance with the terms and conditions of the Loan agreement.
- **Annual Progress Report:** Until the Loan is paid in full, the Borrower will be required to submit annual progress reports, which shall include, if any, the total investment (public and private) and also shall include: (i) information about individual projects financed; (ii) total amount of private investment per project; (iii) municipal support for each project; and (iv) number of projects located in Geographically Disadvantaged Areas (to be defined in the Loan Agreement) 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:** While the Loan is outstanding and for a period of three years thereafter, and upon reasonable advance notice, the Borrower 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 Borrower, and any other location where books and records of the Borrower are normally kept, to inspect the books and records, including financial records and all other information and data relevant to the terms of the Loan, all at times and locations mutually agreed upon by the parties.

**Other provisions:**

- The Loan agreement will include standard representations, covenants, and other provisions required by the MSF, including without limitation, indemnification as permitted by law, non-discrimination, cross-default, termination of funding and any other requirements of the Michigan Strategic Fund Act or the MSF Board.

- The Loan agreement will include duties and other obligations of the Borrower.



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:** August 22, 2023  
**To:** Michigan Strategic Fund (“MSF”) Board Members  
**From:** Sara Bishop, Senior Business Development Project Manager  
**Subject:** Incentives Request  
Michigan Business Development Program (“MBDP”) Grant Request  
State Essential Services Assessment (“SESA”) Exemption Request  
Plastic Omnium New Energies USA, Inc. (“Company” or “Applicant”)

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### Request Summary

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

- Approval of a \$5,000,000 MBDP Grant, as outlined in the attached Term Sheet.
- Approval of a 15-year 100% SESA Exemption with an estimated value of up to \$2,379,054 for its \$114,637,679 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”). The Program Guidelines also require investment to be made within three years of the commencement of the project (“Commencement Requirement”). As part of the SESA Request, staff is recommending the MSF waive the EDA Requirement and the Commencement Requirement to allow investments made within five years of the commencement of the project (collectively, the “Waiver Request”).
- This project involves the creation of up to 175 Qualified New Jobs and a capital investment of up to \$171,253,700 in Grand Blanc Township, Genesee County and a second yet-to-be determined location in Michigan.

### Applicant History

The Company is a subsidiary of Compagnie Plastic Omnium and is a directly owned by Plastic Omnium New Energies. Compagnie Plastic Omnium was established in 1946 in France, today it employs 40,500 people with 150 manufacturing plants and 43 research and development centers worldwide. Compagnie Plastic Omnium is a leading tier one automotive supplier rooted in Michigan for roughly 30 years with plants in Adrian and Huron as well as several technical centers in metro Detroit to serve its five divisions employing approximately 1,000 Michigan residents. It is the worldwide leader for fuel systems and bumpers serving all the domestic OEM’s as well as several foreign car manufacturers. It has an annual revenue nearing \$10 billion and has routinely invested roughly three to six percent of its revenue back into research and development which is funding the New Energies entity today as it scales up to serial production.

The background review process was completed in accordance with the MSF Background Review Policy on June 23, 2023, and the project may proceed for MSF consideration.

### Project Description

As a result of a very large customer award from a leading OEM, the Company is moving forward on operations to design develop and produce hydrogen storage systems for medium and heavy duty zero emissions mobility. The operations will support roughly 40,000 vehicles annually starting in 2027 and ramping up to full production by the end of 2028. The project consists of two facilities, a state-of-the-art

testing and validation lab capable of fully validating a hydrogen storage system for road use. This facility will be roughly 50,000 square foot and will be a lease of an existing building to save time and limit new construction costs where suitable buildings exist. The second project step is the installation of a full-scale production facility with a footprint of approximately 200,000 square foot. This facility will be state-of-the-art with large amounts of automation due to the sheer size of the vessels. As a result, the project will bring dozens of high-tech jobs to the area to support this machinery. Based on the success of the project, it is likely the Company will further increase the size of the factory and ultimately grow the workforce further.

The Company is considering Grand Blanc Township for the production facility and a second yet-to-be determined location in Michigan for the state-of-the-art lab facility and anticipates the project will result in capital investment of up to \$171,253,700. The project will also result in the creation of up to 175 new jobs paying an average wage of \$1,710 per week plus benefits.

The Company is integral in the community working with programs like Focus Hope, Greening of Detroit, and First Robotics where it trains future engineers and technicians to thrive in a mechatronic environment. Additionally, the Company strives to develop young talent through internship and cooperative education plans from local universities including Oakland University, Michigan State, Kettering, and Wayne State. The Company is an active member of the Society of Women engineers and work with female students to help achieve their goals of gender diversity. As a result of the project, the Company commits to working with Mott Community College to develop the skilled labor positions needed to support the plant. Much like the greater Detroit area, the Company has committed to support the greater Flint/Grand Blanc community and are actively working with Flint and Genesee organizations to formulate a holistic community benefits plan.

### **Demonstrated Need**

The Company is considering all adjacent states including Ohio, Indiana, and Canada. While its first customer is interested in vehicle production in Michigan, its second and third targets are not. Locating in Michigan is favorable from the standpoint of proximity to its technical teams in metro Detroit, but clearly Toledo and Windsor could meet those requirements, and provide a more central shipping location. Additionally, Toledo has a large area situated in an energy community which helps to improve the prognosis of receiving federal grants and subsidies. On the contrary, having a solid tier one supply base in Michigan could sway additional customers to locate their first fuel cell programs in the U.S.

In addition to MSF support, Grand Blanc Township anticipates approval of a real property tax abatement in support of the project.

### **Request**

In order to secure the project, the Applicant is requesting a \$5,000,000 MBDP performance-based grant and a 15-year 100% SESA Exemption valued at \$2,379,054. 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 acquiring the land in Genesee County, site readiness costs to establish the appropriate power supply, and constructing a new facility allowing the Company to establish its production facility and advance Michigan's presence in the hydrogen space.

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. 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 175 new

jobs and up to \$171,253,700 in capital investment in Grand Blanc Township, Genesee County and a second yet-to-be determined location in Michigan.

**Recommendation**

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



**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2023-146**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO  
PLASTIC OMNIUM NEW ENERGIES USA, INC.**

**WHEREAS**, the Michigan legislature passed legislation establishing the 21<sup>st</sup> 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 21<sup>st</sup> 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**, Plastic Omnium New Energies USA, Inc. (the “Company”) has requested a performance based MBDP grant of up to \$5,000,000 (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 make hydrogen storage tanks for a fuel cell truck program and establish a state-of-the-art testing and validation lab capable of fully validating a hydrogen storage system for road use (the “Project”);

**WHEREAS**, pursuant to the Guidelines, the Company is a Qualified Business and the Project is eligible as an Innovation MBDP because the Company committed to the creation of at least 25 Qualified New Jobs and the Project falls within motor vehicle parts, 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: Director Corbin, Wesley Eklund, Treasurer Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Charles P. Rothstein, Susan Tellier, Randy Thelen, Cindy Warner

Nays: 0

Recused: 0

Lansing, Michigan  
August 22, 2023

## **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 Plastic Omnium New Energies USA, 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 manufacturing facility to make hydrogen storage tanks for a fuel cell truck program in Grand Blanc Township, Genesee County and establish a state-of-the-art testing and validation lab capable of fully validating a hydrogen storage system for road use at a site yet-to-be determined in Michigan (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 175 new jobs at the Project Site and a projected investment of \$171,253,700 by December 31, 2028, at the Project Site (collectively, the “Project”).

**Award Amount:** A maximum grant of \$5,000,000 (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 175 Qualified New Jobs (the “Overall Jobs Minimum”) at the Project Site, above a Statewide Base of 987 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 for the Project at the Project Site on or after Date of MSF 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 Date of MSF Approval, for the Project, at the Project Site, in Hard Costs for construction related to the Project, and infrastructure, machinery, equipment, tooling, computers, furniture, fixtures, 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 materials costs. Certain costs, to be more

particularly described in the grant agreement, such as administrative costs, debt and lease payments, meals and entertainment expense and on-the-job training, are not eligible for reimbursement.

The Company may request disbursements on a reimbursement basis for 10 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:

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 2023-147**

**APPROVAL OF A STATE ESSENTIAL SERVICES ASSESSMENT EXEMPTION TO  
PLASTIC OMNIUM NEW ENERGIES USA, INC.**

**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 the 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**, Plastic Omnium New Energies USA, Inc. (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, among others, that (i) projects be located in Eligible Distressed Areas to qualify for a 15-year exemption under the SESA Program (the “EDA Requirement”); and (ii) that qualified investments be made within three (3) years of commencement of the project in order to be eligible for an exemption under the SESA Program (the “Commencement Requirement”);

**WHEREAS**, the Company has requested that the MSF Board approve a 15-year exemption under the SESA Program estimated to be worth \$2,379,054 for up to \$114,637,679 in qualified investment in Eligible Personal Property, as defined in the Program Guidelines, in Grand Blanc Township, Genesee County (“SESA Exemption Request”);

**WHEREAS**, the Company is requesting the MSF Board approve the SESA Exemption Request (i) in a non-Eligible Distressed Area for the project by waiving the EDA Requirement due to the transformational nature of the project (“EDA Requirement Waiver”); and (ii) allow qualified investments

to be made up to five years from commencement of the Project (the “Commencement Requirement Waiver”) (collectively, the “Waiver Request”); and

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

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

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

Nays: 0

Recused: 0

Lansing, Michigan  
August 22, 2023





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:** August 22, 2023  
**To:** MSF Board Members  
**From:** Dave Lorenz, Vice President, Travel Michigan  
**Subject:** Accessible Traveler Grant Application Initiative

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### **REQUEST**

The Michigan Economic Development Corporation (“MEDC”) requests the Michigan Strategic Fund (“MSF”) Board to release an accessible traveler grant application for Michigan Tourism Destination Marketing Organization (“DMO”) projects utilizing financial support through EDA State Travel, Tourism, and Outdoor Recreation Grant (the “EDA Grant”).

### **BACKGROUND**

On November 10, 2021, the U.S. Department of Commerce’s Economic Development Administration (“EDA”) awarded Travel Michigan a \$10,307,393 EDA State Travel, Tourism, and Outdoor Recreation Grant (the “EDA Grant”) for statewide travel and tourism marketing and advertising efforts which will help the travel industry rebound from the effects of COVID. This federal investment is administered as a reimbursement of funds expended. Therefore, \$10,307,393 in supplemental funding was appropriated to the MEDC/MSF, which will be reimbursed by EDA as it is expended through the term of the agreement.

On March 22, 2022, the MSF Board ratified actions taken by the MSF Fund Manager to accept the EDA Grant award of \$10,307,393. On July 26, 2022, we requested approval to allocate \$9,307,393 of the EDA Grant to MMGY Global, to augment statewide Pure Michigan marketing efforts and to support the continued recovery of the tourism industry statewide.

Today’s request is for the release of the remaining \$1 million to address a critical need for the development of fully accessible local destination marketing organization (DMO) websites to meet the needs of the visually impaired and to conduct community accessibility audits. The funds shall be awarded by a committee of MEDC and accessibility experts to Michigan DMOs which demonstrate the ability to support this initiative.

DMOs may partner with local government and state entities to qualify for the community assessment grant. Special consideration will be given to applicants from communities of challenge. Eligible applicants can request a grant of up to \$100,000 per project, with a maximum of one application per organization. Awardees will be required to provide a 100 percent financial match based on the project’s total cost. The MEDC will disburse 50 percent of the award amount upon approval. The remaining balance will be disbursed at completion of the project, with proof of performance. Approved projects must be completed within two years of grant receipt.

The MEDC anticipates the following scoring criteria for the Accessible Traveler Grant Application:

	<b>Application Scoring Criteria for Accessible Community Audit</b>	<b>Points (maximum)</b>
1	Statement of Proposed Work	<b>50</b>
2	Applicant’s Communication Plan	<b>20</b>
3	Itemized Quote from Firm Recognized for Conducting Accessible Audits	<b>20</b>
4	Financial Stability	<b>10</b>
	<b>TOTAL</b>	<b>100</b>

	<b>Application Scoring Criteria for Accessible Website Development</b>	<b>Points (maximum)</b>
1	Statement of Proposed Work	<b>50</b>
2	Applicant’s Communication Plan	<b>20</b>
3	Itemized Quote from Firm Recognized for Building Accessible Websites	<b>20</b>
4	Financial Stability	<b>10</b>
	<b>TOTAL</b>	<b>100</b>

**Note:**

PA 59 DMOs must be in good standing with timely marketing plans and audit reports.

**Anticipated Timeline (subject to change)**

<b>August 22, 2023</b>	Application Round Announced
<b>August 22, 2023</b>	Applicant Q &A Window Opens
<b>September 5,</b>	Q & A Window Closes
<b>September 12, 2023</b>	MEDC Posts Q & A Answers on Travel Industry Website
<b>October 3, 2023</b>	Application Submission Opens
<b>November 30, 2023</b>	Application Submission Closes
<b>January 3, 2024</b>	Notify approved grantees. Letters of Interest executed.
<b>November 15, 2025</b>	Projects Completed

The recommended Selection Committee is comprised of individuals including MEDC staff and external industry partners, who have varied areas of expertise and will review the grant applications and make recommendations to the MSF Board for funding.

Sue DeVries, Senior Community Development Manager, MEDC

Jen Loebig, Business System Analyst, MEDC

Patrick Parkes, Business Development Coordinator, Disability Advocates of Kent County

Ed Timke, PhD, Assistant Professor, Department of Advertising & Public Relations, MSU

Robin Peebles, Publications Specialist, Travel Michigan, MEDC

**RECOMMENDATION**

Staff recommends approval of EDA Grant funds in the amount \$1 million to support Michigan DMO projects for the development of fully accessible websites for the visually impaired and to conduct local community accessibility assessment reviews throughout the state.

**Accessible Traveler Grant Application  
MSF/Travel Michigan Program Initiative  
Administered by Travel Michigan**

<b>Applicant name:</b>			
<b>First and Last Name:</b>			
<b>Title:</b>			
<b>Email:</b>			
<b>Cell Number:</b>		<b>Office Number:</b>	
<b>Best way to contact:</b>	<input type="checkbox"/> Email	<input type="checkbox"/> Cell Phone	<input type="checkbox"/> Office Phone
<b>Business Role:</b>	<input type="checkbox"/> Employee	<input type="checkbox"/> Consultant	<input type="checkbox"/> Other: Please describe your role
<p><b>Project Narrative</b></p> <p>The Accessible Travel Grant funding initiative aspires to address a critical need for the development of fully accessible local destination marketing organization (DMO) websites to meet the needs of the visually impaired and to conduct community accessibility audits.</p> <p>DMOs may partner with local government and state entities to qualify for the community assessment grant. Special consideration will be given to applicants from communities of challenge. Eligible applicants can request a grant of up to \$100,000 per project, with a maximum of one application per organization. Awardees will be required to provide a 100 percent financial match based on the project’s total cost. The MEDC will disburse 50 percent of the award amount upon approval. The remaining balance will be disbursed at completion of the project. Approved projects must be completed within two years of grant receipt and applicants must provide proof of performance.</p>			
<p><b>Project Scope</b></p> <p>Please describe the scope of the project the DMO community is seeking to fund through the DMO Accessible Traveler Grant. Please highlight where the project is located, why this improvement is needed, and how the project will benefit the community.</p>			
<p><b>Please describe the impact on the community</b></p> <p>Please provide details on how the DMO has been negatively impacted due to the lack of websites that have been modified to assist traveler with certain disabilities—specifically the visually impaired. Please provide specific examples of how the proposed project will meet the objectives outlines in this grant initiative.</p>			

<p><b>Please describe the project type:</b></p> <input type="checkbox"/> accessible Website Development <input type="checkbox"/> Community ADA Audit	
<p><b>Total Project Cost:</b>  <b>Grant Request:</b>  <b>Total Match:</b></p>	
<p><b>Please note if you represent a community of challenge.</b></p> <input type="checkbox"/> Yes <input type="checkbox"/> No	
<p><b>MEDC Travel Michigan project administer:</b>  <b>Robin Peebles, Publications Specialist</b>  <b>Michigan Economic Development Corporation</b>  300 N. Washington Square  Lansing, MI 48913  Mobile: 517.243.2708  <a href="mailto:peeblesr@michigan.org">peeblesr@michigan.org</a></p>	
<p><b>Proposed Project Start Date:</b></p>	<p><b>Anticipated Project Completion Date:</b></p>
<p><b>MEDC Travel Michigan project administer:</b></p>	<p><b>Robin Peebles, Publications Specialist</b>  <b>Michigan Economic Development Corporation</b>  300 N. Washington Square  Lansing, MI 48913  Mobile: 517.243.2708  <a href="mailto:peeblesr@michigan.org">peeblesr@michigan.org</a></p>
<p><b>By signing below, I certify that the DMO application is complete for which I am applying.</b></p> <p><b>Signature from Authorized DMO Official:</b>  <b>Date:</b></p>	

## MICHIGAN STRATEGIC FUND

### RESOLUTION

2023-148

#### ACCESSIBILITY GRANTS PROGRAM

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

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

**WHEREAS**, under Section 5 of the MSF Act, MCL 125.2005(2), the purposes, powers and duties of the MSF are vested in and shall be exercised by the MSF Board;

**WHEREAS**, under Section 5 of the MSF Act, MCL 125.2005(7), the MSF Board may delegate to its president, vice-president, staff, the MEDC, or others those functions and authority the MSF Board deems necessary or appropriate, unless otherwise prohibited by law;

**WHEREAS**, the federal Economic Development Administration (“EDA”) invited Michigan to apply to the Economic Adjustment Assistance-ARPA State Tourism Grant to support the long-term recovery of the tourism industry in Michigan (the “EDA Funding Opportunity”);

**WHEREAS**, on September 21, 2021, the Department of Labor and Economic Opportunity (“LEO”) submitted an Application for Economic Adjustment Assistance-ARPA State Tourism Grant to the EDA on behalf of the MSF, seeking \$10,307,393 in grant funds (the “Application”);

**WHEREAS**, the EDA has approved the Application and awarded the MSF \$10,307,393 in federal funding for the EDA Funding Opportunity (the “EDA Grant Award”);

**WHEREAS**, on March 22, 2022, the MSF Board ratified actions taken by the MSF Fund Manager to accept the EDA Grant Award on behalf of the MSF and authorized the MSF Fund Manager to execute all documents necessary to effectuate the EDA Grant Award;

**WHEREAS**, on July 26, 2022, the MSF Board allocated \$9,307,393 of the EDA Grant Award to MMGY Global to augment the Pure Michigan marketing efforts and to support the continued recovery of the statewide tourism industry;

**WHEREAS**, the MEDC recommends and the MSF Board desires to allocate the remaining \$1,000,000 of the EDA Grant Award to a grant program to make awards to Michigan destination marketing organizations (“DMOs”) for the purpose of conducting accessibility audits and developing fully accessible DMO websites to meet the needs of visually impaired individuals (the “Accessibility Grants Program”);

**WHEREAS**, the MSF Board desires to 1) allocate \$1,000,000 from the EDA Grant Award to the Accessibility Grants Program; 2) adopt the eligibility criteria and scoring and evaluation criteria for the Accessibility Grants Program as set forth in Exhibit A to this Resolution; and 3) appoint the following individuals to the joint evaluation committee (“JEC”):

Sue DeVries, Senior Community Development Manager, MEDC  
Jen Loebig, Business System Analyst, MEDC  
Patrick Parkes, Business Development Coordinator, Disability Advocates of Kent County  
Ed Timke, PhD, Assistant Professor, Department of Advertising & Public Relations, MSU  
Robin Peebles, Publications Specialist, Travel Michigan, MEDC

(the aforementioned, collectively, the “Accessibility Grants Program Recommendations”).

**NOW, THEREFORE, BE IT HEREBY RESOLVED**, that the MSF Board approves the Accessibility Grants Program Recommendations; and

**BE IT FURTHER RESOLVED**, the MSF Board authorizes the MSF Fund Manager to appoint alternate members to the JEC if any of the members identified above are unable or unwilling to serve.

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

Nays: 0

Recused: 0

Lansing, Michigan  
August 22, 2023



## Exhibit A

### Accessibility Grant Program

#### Eligibility and Program Requirements

- Applicants must be a “Bureau” as defined under Section 2(e) of the Community Convention or Tourism Marketing Act, MCL 141.872(e). The Applicant must be in good standing with timely marketing plans and audit reports as required under the Community Convention or Tourism Marketing Act.
- Grant funds may be used for either an Accessible Community Audit or for Accessible Website Development. Grants are limited to a maximum of \$100,000 per project application.
- An Applicant may apply for the grant on behalf of their local unit of government if they chose but the grant will be awarded to and administered by the Bureau..
- Applicants must demonstrate a 100 percent financial match for the project.
- Awards will be disbursed in two tranches: 50% within 30 days of execution of a grant agreement with the MSF and 50% upon completion of the project.
- Projects must be completed within two years of grant execution.

#### Scoring and Evaluation Criteria

	<b>Application Scoring Criteria for Accessible Community Audit</b>	<b>Points (maximum)</b>
1	Statement of Proposed Work	<b>50</b>
2	Applicant’s Communication Plan	<b>20</b>
3	Itemized Quote from Firm Recognized for Conducting Accessible Audits	<b>20</b>
4	Financial Stability	<b>10</b>
	<b>TOTAL</b>	<b>100</b>

	<b>Application Scoring Criteria for Accessible Website Development</b>	<b>Points (maximum)</b>
1	Statement of Proposed Work	<b>50</b>
2	Applicant’s Communication Plan	<b>20</b>
3	Itemized Quote from Firm Recognized for Building Accessible Websites	<b>20</b>
4	Financial Stability	<b>10</b>
	<b>TOTAL</b>	<b>100</b>



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:** August 22, 2023  
**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 month. The following pages provide a narrative centered around the types of projects supported through delegated approval from July 1, 2023, to July 31, 2023, 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 Val Hoag know if you have any questions or comments about this new reporting layout or with the contents 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 July 1, 2023, to July 31, 2023.

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 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 July delegate-approved projects continue to represent our emphasis on supporting underserved populations in geographically disadvantaged areas. Throughout July 2023, 60% of the projects approved through delegated authority are in geographically disadvantaged areas. Additionally, all July approved projects through delegated authority have committed to creating just over 480 jobs and over \$54 million in private investment.

# MSF Report

## Delegate Approvals



Under the authority delegated by the MSF Board, the MSF delegates approved the following projects during July 2023, 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
AKWEL (AVON Automotive Holding Inc.)	7/6/23	Cadillac	\$72,000	The Company is looking to expand and improve its infrastructure to support additional robotic systems and to move operations from Mexico to Michigan. The Company also plans on expanding services and product applications into non-automotive markets. Like current operations, added production will focus on limiting the global footprint by reducing pollutant transport and logistics operations by being less dependent on fossil fuel business. The project will include the purchase of machinery and equipment, and substantial investment in the development of hands-on training in the areas of robotic programming, maintenance, and computer aided design for operators and technicians.
Fabric Building Covers USA, Inc	7/17/23	Hudsonville	\$117,600	Fabric Building Covers USA Inc. is a subsidiary of Britespan Building Services, a Canadian producer of fabric covers for manufactured metal buildings. The Company manufactures steel buildings and fabric building covers and accessories. It does not currently have a presence in Michigan. The company is at capacity for fabric production at its Canada location and plans to lease a facility in the city of Hudsonville, where it will make renovations and add machinery and equipment. The project aligns with the Company's long-term strategy to secure future business and will likely lead to additional expansion to increase metal building production. The project is expected to generate a total capital investment of \$1.5 million and create 21 jobs with the support of a \$117,600 Micro Michigan Business Development Program performance-based grant. Michigan was chosen for the project over other states in the Midwest and Canada.

## Michigan Business Development Program (MBDP) Continued

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
AAR Mobility Systems	7/18/23	Cadillac	\$500,000	AAR Manufacturing, Inc., founded in 1982 and headquartered in Illinois, is a leading independent provider of aviation services to commercial and government customers around the globe and a global leader in the design and production of cargo pallets for the U.S. Air Force. Its Cadillac facility produces airlift operations, mobility systems, and command and control centers in support of military and humanitarian missions. The Company employs 294 Michigan residents. AAR is looking to install a new production line to manufacture its Friction Stirwell Pallet and plans to expand at its facility in Cadillac, where it will make facility renovations and improvements as well as additional machinery and equipment. The project is expected to generate a total capital investment of \$14 million and create 41 jobs supported by a \$500,000 Michigan Business Development Program performance-based grant. Michigan was chosen for the project over a competing site in Ohio.
Cabinetworks Group Michigan LLC	7/25/23	Livonia	\$600,000	Cabinetworks Group, Inc. is one of the largest privately-owned kitchen and bath cabinet manufacturers in the U.S. The Company seeks to centralize its corporate functions to better serve its customer base and attract and retain talent that will support business management and growth initiatives. Cabinetworks plans to relocate its headquarters into a leased facility in Livonia, where it will house a showroom and office space. The project is expected to generate a total capital investment of \$14.2 million and create 110 high-wage jobs with the support of a \$600,000 Michigan Business Development Program performance-based grant. Michigan was chosen for the project over competing sites in Minnesota and Pennsylvania.
Big Rapids Products	7/26/23	Big Rapids	\$480,000	Big Rapids Products, Inc., headquartered in Big Rapids, supplies metal stampings and assemblies for the auto industry as well as the appliance manufacturing, solar, aerospace, agricultural and food service sectors. The company currently employs 301 Michigan residents. Big Rapids Products has experienced increased demand and significant growth in business from its customer base and plans to construct a new facility in Big Rapids that will add warehousing capacity, freeing up space in its existing facilities that will be used for additional manufacturing. The project is expected to generate a total capital investment of \$3 million and create 60 jobs with the support of a \$480,000 Micro Michigan Business Development Program (MMBDP) performance-based grant. Michigan was chosen for the project over a competing site in Kentucky.
Bandit Industries, Inc.	7/31/23	Mt. Pleasant	\$360,000	The Company was founded in 1983 and is headquartered in Broomfield Township, Isabella County. The Company is one of the largest manufacturers and leading suppliers of hand-fed brush and woodchippers, whole tree chippers, stump grinders, forestry mowers, and waste reduction machines and employs 761 Michigan residents. It offers customizable tree care equipment and heavy-duty machines for any size chipping or grinding application. Over the past 40 years, the Company has grown significantly, reaching over 250 dealers worldwide, exporting products to many other countries. The Company employs 761 Michigan residents. The Company is looking to expand its manufacturing capabilities to meet current customer needs and secure new opportunities, increasing its share of the growing market. The Company is considering Union Township for the project and anticipates the project will result in a capital investment of up to \$1,500,000 and 80 QNJ's.

## 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
Danish Brotherhood Hall (DBH) Redevelopment Project	7/31/23	Detroit	\$383,158	The MSF has approved Brownfield Tax Increment Financing with state capture up to \$383,158 for the rehabilitation of the Danish Brotherhood Hall in the Woodbridge neighborhood of Detroit. The project represents \$8.2 million in private investment and will result in 11,205 square feet of event space, commercial space, and short-term rentals, and 3,000 square feet of public improvements.

## Build Michigan Community Grant Initiative

The Build MI Community Grant is an initiative designed to promote private investment in Michigan communities. This tool provides access to real estate development gap financing for small scale, incremental redevelopment projects.

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Nepelu LLC	7/10/23	Detroit	\$250,000	Nepelu, LLC was awarded a \$248,239 performance-based grant to renovate the former rectory building in the City of Detroit. When completed, the project will include approximately 3,240 square feet of retail space on the first floor and two residential units on the second floor. The project is expected to create 27 full-time jobs with total capital investment of \$1.16 million.
Downtown ID, LLC	7/19/23	Holland	\$250,000	The mixed-use redevelopment project will fill a vacant lot located at 317 Central Avenue in downtown Holland, approximately five blocks from the main commercial corridor. This project will create a 6,000 square foot building to include approximately 1,950 square feet of white box commercial space on the ground level and 3,250 square feet of residential space on the second floor.

## 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
Overhead Door Co of Grand Rapids	7/16/23	Wyoming	\$500,000	Independent Bank is working with the borrowers on the purchase of Overhead Door Company. Due to collateral shortfall the bank is requesting assistance from the MBGF 2.0 CSP.
Southeast Michigan Grants Coalition	7/28/23	Detroit	\$112,275	Huntington Bank is working with Southeast Michigan Grants Coalition and due to a lack of collateral they are requesting collateral support from the SSBCI 2.0 program.
Witte Associates, Inc.	7/28/23	Grand Rapids	\$149,700	First Merchants Bank is working with Witte Associates to establish a working capital line of credit. Due to collateral shortfall the bank is requesting collateral support from the SSBCI 2.0 CSP.

### State Small Business Credit Initiative (SSBCI) 2.0 – Loan Guaranty Program (LGP)

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
CHI Ishobak, Inc.	7/16/23	Dowagiac	\$125,000	Chi Ishobak Inc. is a Certified Native Community Development Financial Institution (“CDFI”) and a non-profit established to offer products and services to build capacity for Tribal Citizens. Chi Ishobak provides small business loans and individual financial development through collaborative and education-oriented lending services. A new loan guarantee agreement for the SSBCI 2.0 LGP was created and includes \$500,000 total portfolio with \$125,000 capped guaranty.



## 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
Dataspeed Inc. - Vehicle Transportation and Tech	7/6/23	Rochester Hills	\$2,175
Diagnostic Instruments dba Spot Imaging Solutions - ECDP Budapest	7/6/23	Sterling Heights	\$4,800
Endoscopy Corporation of America dba ENDOCORP - Sales Trip Italy	7/6/23	Southfield	\$2,040
OPCO dba Mighty Lube Systematic Lubrication - International Web design Mexico and Japan	7/6/23	Fremont	\$12,000
R.J. Marshall Company - EXIM Bank Premiums	7/6/23	Southfield	\$2,400
Saint Clair Systems - Battery Systems in Car Body Eng	7/6/23	Washington Township	\$3,014
Hibbard Inshore LLC - Intl Congress on Large Dems Expo	7/7/23	Auburn Hills	\$6,360
Sensitile Systems, LLC - Sample Product Shipping	7/10/23	Ypsilanti	\$2,625
Soft Goods - Shipping Samples to Options UK	7/10/23	Detroit	\$675
Armick, Inc. - DDTC ITAR Reg Fee	7/18/23	Grand Rapids	\$1,688
Dornerworks, Ltd - ITAR Reg Fee	7/18/23	Grand Rapids	\$3,000

# 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 in July 2023.

## Community Development Block Grant (CDBG)

Project Name	MSF Delegate Amended Date	Project Location	Type of Request
Southeast Michigan Community Alliance Michigan Works - MiREV EV Jobs Academy	7/5/23	Taylor	To extend grant so providers to effectively deliver skill-based training.
City of Manistique	7/18/23	Manistique	Final payment request and grant close out needs to be completed.

# Financial Data Overview and Terminations



## Michigan Business Development Program - Terminations

Project Name	Project Location	Incentive Type	Amount	Date	Reason for Termination	Repayment
Valeo North America, Inc.	Highland Park	Expansion	\$1,000,000	7/17/23	Company was unable to meet grant requirements	\$0 was disbursed and so no repayment is required
Forman Glass	Galesburg	Relocation	\$100,000	7/17/23	Unable to meet third milestone prior to grant term date	Maintained all previously incented jobs so no repayment is required
Security Packaging, Inc. dba NorthGate	Burton	Expansion	\$1,000,000	7/17/23	Company was unable to meet grant requirements	\$0 was disbursed and so no repayment is required
Home Point Financial Corporation	Ann Arbor	Expansion	\$360,000	7/31/23	Company eliminated all previously incented jobs	\$824,400