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

Communications

A. Consent Agenda
   Proposed Meeting Minutes – November 27, 2018
   Thompson Block, LLC – MCRP Amendment – Lynda Franke
   2015 Business Incubator Grants – Amendments – Nadia Abunasser
   2016 Business Incubator Grants – Amendments – Nadia Abunasser
   2017 Business Incubator Grants – Amendments – Nadia Abunasser
   Lawrence Technological University – Business Incubator Grant Amendment – Fred Molnar
   Lake Superior State University – Business Incubator Grant Reassignment and Amendment – Fred Molnar
   ZF North America, Inc. – MBDP Amendment – Erik Wilford
   Dieomatic Incorporated dba Cosma Casting Michigan – MBDP Grant Amendment – Mike Gietzen
   Tellurex – Write Off – Dean Wade

B. Business Investment

   1. Business Growth
      Waupaca Foundry – MBDP Grant – David Kurtycz
      Cooper-Standard Automotive – MBDP Grant – David Kurtycz
      MyLocker.com, L.L.C. – MBDP Grant – Julia Veale

   2. Capital Access
      MyLocker.com, L.L.C. – Loan Participation – Aileen Cohen
      Quality Roasting, LLC – Bond Inducement – Chris Cook

   3. Entrepreneurship
      2019 Business Incubator Grant – Request for Proposal – Nadia Abunasser

C. Community Vitality
   600 E. Michigan-Lansing, LLC/Capital City Market – MCRP and Brownfield Act 381 Work Plan – Adam Cummins
   10 Ionia Avenue NW Project – Brownfield Act 381 Work Plan – Lindsay Viviano
   Joe Louis Arena Demolition Project – MSF-Other Award and Brownfield Act 381 Work Plan – Brittnie Hoszkiw
Members Present
Paul Gentilozzi
Jeremy Hendges
Andrew Lockwood (on behalf of Treasurer Khouri)
Jeff Mason
Shaun Wilson

Members joined by phone
Stephen Hicks
Terrence J.L. Reeves
Terri Jo Umlor
Wayne Wood

Members Absent
Carl Camden
Larry Koops

Mr. Mason called the meeting to order at 10:05 am.

Mr. Mason introduced the following legislator and legislative staff members: Representative Jon Hoadley speaking in support of the Catalyst 12 project in Kalamazoo; Nick Plescia attending on behalf of Senator Margaret O’Brien speaking in support of the Catalyst 12 project in Kalamazoo; and Jake Jelsema on behalf of Representative John Bizon, M.D. speaking in support of the Heritage Tower project in Battle Creek. Sherry Sofia, Vice Mayor of Battle Creek, also attended the meeting in support of this project.

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

Communications: None

A. CONSENT AGENDA
Resolution 2018-179 Approval of Consent Agenda Items
Mr. Mason asked if there were any questions from the Board regarding the items under the Consent Agenda. There being none, Andrew Lockwood motioned for the approval of the following:

Proposed Meeting Minutes – October 23, 2018
Federal-Mogul Corporation – MEGA Retention Tax Credit Amendment – 2018-180
US Farathane Port Huron LLC – MBDP Grant Amendment – 2018-181
Northern Michigan University – MSF Investment Award Amendment – 2018-182
CDBG Regional Loan Fund Managers – Amended Repaid Funds Agreement – 2018-183
Frontier Medical Devices, Inc. – K.I. Sawyer Renaissance Zone Time Extension Revocation – 2018-184
Extreme Tool and Engineering, Inc. – Tool & Die Recovery Zone Revocation – 2018-185
Casey Tool & Die, Inc. – Tool & Die Recovery Zone Revocation – 2018-186
Lofts on Michigan, LLC – MCRP Loan Participation Amendment – 2018-188
Jackson Entertainment, LLC – MCRP Loan Participation Amendment – 2018-189
Lofts on Alabama, LLC – MCRP Loan Participation Amendment – 2018-190
Park District Project / City of East Lansing BRA – Act 381 Work Plan and Brownfield Redevelopment
MBT Credit Amendment – 2018-191 & 2018-192
UK/Ireland and Germany/Austria/Switzerland Tourism Marketing - RFP Request– 2018-193

Jeremy Hendges seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

B. BUSINESS INVESTMENT

B1. Business Growth

Resolution 2018-194 – Ford Motor Company / Corktown Area MSF-Designated Renaissance Zone
Stacy Bowerman, Vice President of Business Development Projects, provided the Board with information regarding this action item. Following brief discussion, Jeremy Hendges motioned for the approval of Resolution 2018-194. Andrew Lockwood seconded the motion. The motion carried: 7 ayes; 0 nays; 0 recused.

Shaun Wilson arrived at 10:15 am.

Resolution 2018-195 Tri-County Commerce Center 2 Spec Building / City of Hazel Park BRA – Brownfield TIF State Mills
Karl Dehn, Director of Strategic Projects, provided the Board with information regarding this action item. Following brief discussion, Andrew Lockwood motioned for the approval of Resolution 2018-195. Jeremy Hendges seconded the motion. The motion carried: 8 ayes; 0 nays; 0 recused.

Resolution 2018-196 Aptiv US Services General Partnership – Good Jobs for Michigan Program Award
Jeremy Webb, Senior Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Jeremy Hendges motioned for the approval of Resolution 2018-196. Shaun Wilson seconded the motion. The motion carried: 8 ayes; 0 nays; 0 recused.

Paul Gentilozzi arrived at 10:33 am.

Resolution 2018-197 Spartan Michigan LLC – MBDP Grant
Jeremy Webb, Senior Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Andrew Lockwood motioned for the approval of Resolution 2018-197. Wayne Wood seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

Resolution 2018-198 Gallagher-Kaiser Corporation – MBDP Grant
Jeremy Webb, Senior Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Jeremy Hendges motioned for the approval of Resolution 2018-198. Paul Gentilozzi seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

Resolution 2018-199 Samsung SDI America – MBDP Grant
Trevor Friedeberg, Director of Business Development Projects, provided the Board with information regarding this action item. Following brief discussion, Paul Gentilozzi motioned for the approval of Resolution 2018-199. Shaun Wilson seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.
Resolution 2018-200 Gestamp Mason, LLC and Gestamp Washtenaw, LLC – MBDP Grant Amendment
Trevor Friedeberg, Director of Business Development Projects, provided the Board with information regarding this action item. Following brief discussion, Paul Gentilozzi motioned for the approval of Resolution 2018-200. Andrew Lockwood seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

Resolution 2018-201 Michigan Manufacturing Technology Center – MSF Grant Request
Colin Dillon, PMBC Data & Strategy Manager, provided the Board with information regarding this action item. Following brief discussion, Jeremy Hendges motioned for the approval of Resolution 2018-201. Paul Gentilozzi seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

B2. Access to Capital
Resolution 2018-202 UP Paper, LLC – Collateral Support
Aileen Cohen, Capital Project and Portfolio Manager, provided the Board with information regarding this action item. Following brief discussion, Jeremy Hendges motioned for the approval of Resolution 2018-202. Andrew Lockwood seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

C. COMMUNITY VITALITY
Resolution 2018-203 Catalyst Development Co. 12, LLC / City of Kalamazoo BRA – Act 381 Work Plan
Michelle Audette-Bauman, Community Assistance Team Specialist, provided the Board with information regarding this action item. Following brief discussion, Jeremy Hendges motioned for the approval of Resolution 2018-203. Jeremy Hendges seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

Resolutions 2018-204 & 2018-205 Heritage Tower BC LLC / City of Battle Creek BRA – MCRP Performance-Based Loan/Equity Investment & Act 381 Work Plan
Michelle Audette-Bauman, Community Assistance Team Specialist, provided the Board with information regarding these action items. Following brief discussion, Paul Gentilozzi motioned for the approval of Resolutions 2018-204 & 2018-205. Andrew Lockwood seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused.

Mr. Mason adjourned the meeting at 11:35 am.
January 18, 2018

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

Dear Ms. Tebedo:

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting, I am unable to attend.

Sincerely,

[Signature]

N.A. Khouri
State Treasurer

Cc: Andrew Lockwood
MEMORANDUM

Date: December 18, 2018

To: Michigan Strategic Fund (MSF) Board

From: Lynda Franke, Underwriting and Incentive Structuring Specialist

Subject: Request for Approval of a Second Amendment to the Michigan Community Revitalization Program Other Economic Assistance Participation Award to The Original and Only Thompson Block LLC and 3mission Redevelopment Corp.

Request
Original and Only Thompson Block, LLC and 3mission Redevelopment Corp. (“Company”), TCF Bank (“Lender”) and MEDC staff are requesting approval of an amendment to the Michigan Community Revitalization Program (MCRP) Other Economic Assistance Performance-Based Loan Participation Award. The request does not change the previously approved award amount, instead, the Lender is requesting some additional provisions for suspension/subordination of repayment on the MSF Share of the financing. MEDC staff is also requesting an additional 60 days for agreement execution.

Background
On December 19, 2017, the Michigan Strategic Fund Board (“MSFB”) approved a $3,175,000 Other Economic Assistance Loan Participation award and Act 381 work plan to the Company for the purpose of renovation and reconstruction of a Civil War era structure on three parcels to include a mixed-use building containing three floors of residential and commercial space. The first floor will contain an approximately 10,182 square foot restaurant while the second and third floors will contain 20 residential rental units occupying approximately 15,883 square feet.

On April 4, 2018 the MSF Fund Manager approved a time extension to July 16, 2018.

On June 26, 2018, the MSFB approved a request to change the senior lender, decrease the senior loan amount, and allow additional time to execute the final MSF Agreement.

TCF is a new lender with the MCRP. In order to get their leadership comfortable with the Loan Participation and Servicing Agreement, they have requested additional provisions whereby MSF repayments could be suspended or subordinated. This would not be the first MCRP project to receive approval for these special provisions. The additional requested provisions include payment suspensions may occur if the Borrower: 1) has failed to pay real estate taxes or property insurance on the property; or 2) in the event of other financial covenant breaches.

Recommendation
• MEDC staff recommends, an amendment to the MCRP Other Economic Assistance Loan Participation award to allow the extra provisions relating to MSF repayment detailed above.
• MEDC staff recommends a reapproval and extension of 60 days.
MEMORANDUM

Date: June 26, 2018
To: Michigan Strategic Fund Board
From: Lynda Franke, Underwriting and Incentive Structuring Specialist
Subject: The Original and Only Thompson Block LLC and 3mission Redevelopment Corp. – Request for Re-Approval and Amendment of a Michigan Community Revitalization Program Award

Request
The Original and Only Thompson Block LLC and 3mission Redevelopment Corp. (the “Company”) are requesting re-approval and amendment of the Michigan Community Revitalization Program (MCRP) Award approved on December 19, 2017 by the Michigan Strategic Fund (MSF) Board in the amount of $3,175,000 (the “Original MCRP Award”). The request is to change the senior lender, the senior lender loan amount and allow additional time to execute the final MSF Agreement (the “MCRP Award Request”).

Background
The MSF Board approved an Other Economic Assistance performance-based loan participation award on December 19, 2017 for the lesser of $3,175,000 or up to 50% of eligible investment to the Company for the historic redevelopment of property located at 400 North River Street in the city of Ypsilanti. The property will become a mixed-use building with a restaurant (approximately 10,000 square feet) on the first floor and approximately 20 residential rental units on floors two and three (approximately 16,000 square feet). The property will include its own parking lot for the residential tenants.

The MCRP approval required that an agreement be entered into within 120 days of the date of the approval, but allowed for a 90-day extension with approval from the MSF Fund Manager.

After the approval of the Original MCRP Award, under further consideration, the senior lender decided against proceeding into a loan participation with the MSF. This unexpected decision left the Company in need of finding a new senior lender. The Company was able to attract interest from multiple financing institutions and has decided to move forward with TCF Bank as the senior lender.

Demolition, stabilization and construction activities are already underway on the property. Some costs have increased, which are being offset by increases in the senior lender loan amount and owner equity investment. No change is requested in the amount of the MCRP award. The senior loan amount has increased slightly, resulting in a projected DSCR below the MCRP parameter of 1.2:1. However, the residential rates in the pro forma are conservative compared to the appraiser’s projections. Also, only the base rate for the restaurant is included in MEDC’s calculation. The 12-year lease for the restaurant provides upside income tied to the restaurant’s sales. The restaurant tenants have an ownership interest in
the project, and they have many successful brewpubs and restaurants in several cities across the state. The MEDC staff is comfortable with the cash flow projections. Additionally, repayment to the MSF is contingent on achieving a minimum DSCR threshold. The changes to the structure are detailed in Appendix A with strikethrough and capitalized bolded font.

Due to recent tax reform legislation, there is no longer a tax advantage in having 3mission Redevelopment Corp. as a co-applicant, so they are no longer a co-applicant.

**Recommendation**
The MEDC staff recommends the following:

a. Re-approval and amendment of the MCRP Award Request for the lesser of up to $3,175,000 or 50% of eligible investment as detailed above.

b. Waiver of the MCRP parameter that requires a minimum debt service coverage ratio of 1.2 to 1.00
APPENDIX A – MCRP Financial Structure

FINANCING OPPORTUNITY – MCRP LOAN PARTICIPATION

SUMMARY OF DEVELOPMENT SOURCES:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Share</td>
<td>$3,420,000</td>
<td>29%</td>
</tr>
<tr>
<td>MSF Share</td>
<td>$3,175,000</td>
<td>27%</td>
</tr>
<tr>
<td>Historic Tax Credit</td>
<td>$2,534,183</td>
<td>21%</td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>$800,000</td>
<td>7%</td>
</tr>
<tr>
<td>Developer Equity</td>
<td>$1,850,431</td>
<td>16%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$11,779,614</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

LOAN FACILITY

MSF Facility: MCRP Loan Participation

Borrower: The Original and Only Thompson Block, LLC and 3mission Redevelopment Corporation, or Related Entity

Lender: Bank of Ann Arbor. **ANTICIPATED TO BE TCF BANK, HOWEVER THE FUND MANAGER SHALL HAVE THE ABILITY TO APPROVE A NEW FEDERALLY INSURED LENDER IN THE EVENT TCF BANK IS UNABLE TO CLOSE THE TRANSACTION**

Total Amount of Loans: Anticipated to be $6,595,000 $6,848,000

Lender Share: Anticipated to be $3,420,000 $3,673,000, BUT NO MORE THAN 4,000,000

MSF Share: Up to the lesser of 50% of Eligible Investment or $3,175,000

Term: To match that of the Lender, not to exceed 120 months

Amortization: To match that of the Lender

Interest Rate: 1% per annum

Repayment Terms: Up to 36 months interest only, followed by monthly principal and interest with balance due at maturity.

- Up to $1,200,000 of the MSF Share of the loan to be forgiven following construction completion and achievement of other performance milestones.
“EXHIBIT A”

ORIGINAL APPROVAL

- Payment to the MSF will be contingent on a minimum Debt Service Coverage Ratio (DSCR) yet to be determined.

Collateral: To match that of the Lender, anticipated to be a 1st mortgage and assignment of rents and leases for 400 N River St., Ypsilanti, MI. MSF Interest to be subordinated to that of the Lender.

Guarantee: To match that of the Lender, anticipated to be personal guarantees of Jon Carlson, Greg Lobdell, and Robert Eisman, LIZ MAREK, AND CHESTER CZAPLICKA. MSF Interest to be subordinated to that of the Lender.

Fee: The MSF shall be paid a one-time fee equal to one percent of the MSF’s award. The Lender may charge the borrower for this fee.

Funding: The MSF will fund up to $3,175,000 to be disbursed following closing of the Loan and achievement of other performance criteria.

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

- Evidence of a minimum owner equity contribution of $1,850,000 to $2,190,000 to the project
- Lender commitment and underwriting documentation
- Final Development Budget
- Executed Guaranteed Maximum Price
- A requirement for installation of a rooftop solar array will be detailed in the final Agreement
- Receipt of affidavit from Fred Beal, Stewart Beal and Nora Wright that they do not and will not have a financial interest in the project until at least 2030
MEMORANDUM

Date: December 19, 2017

To: Michigan Strategic Fund Board

From: Dominic Romano, Community Assistance Team Specialist  
Lynda Franke, Commercial Real Estate Investment Specialist  
Rob Garza, Brownfield and MCRP Senior Program Specialist

Subject: County of Washtenaw Brownfield Redevelopment Authority  
Request for Approval of an Act 381 Work Plan  
The Original and Only Thompson Block, LLC & 3mission Redevelopment Corporation - Request for Approval of a Michigan Community Revitalization Other Economic Assistance Award for the Thompson Block Redevelopment Project

Request
The proposed project will be undertaken by The Original and Only Thompson Block, LLC and 3mission Redevelopment Corporation. The project will redevelop three parcels of property located at 400 North River Street in the City of Ypsilanti. The project is located in a traditional commercial center and qualifies for a Michigan Community Revitalization Program (MCRP) award and Act 381 work plan because it is a historic resource, functionally obsolete, and adjacent & contiguous.

In order to alleviate Brownfield conditions and prepare the proposed project site for redevelopment, the County of Washtenaw Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of $1,265,799.

The Original and Only Thompson Block, LLC and 3mission Redevelopment Corporation (Co-Applicants) are also requesting approval of a MCRP incentive in the amount up to $3,175,000, or 50% of eligible investment, whichever is less, in the form of a performance-based other economic assistance loan participation. The total eligible investment is projected to be $9,525,214. This request seeks to utilize the third and final opportunity in 2017 for an MCRP incentive up to 50% of eligible investment.

The developer has maximized senior financing and is contributing nearly 16% equity into the project. The projected developer return is under 10%, and the proposed investment in this historic asset will create a robust and vibrant mixed-use development. Limited recent development, high construction costs and a small amount of market comparables are affecting the level of senior debt the project can attract which is
currently at 55% loan to appraised value. The support from MEDC will not only address the gap, but also support the feasibility of this higher-density, pedestrian friendly, energy efficient, historic preservation project. MCRP support will assist in covering some of the costs related to the construction and structural challenges of the project. Significant costs are also present on the site related to brownfield conditions.

The eligible activities will alleviate brownfield conditions across the site and make it suitable for redevelopment, and protect human health and the environment. Without brownfield tax increment reimbursement, the cost burden related to brownfield conditions would make the project financially unfeasible. A detailed structure for the MCRP investment is provided in Appendix A.

Additional sources of funding that will be used to cover redevelopment costs are an Obsolete Property Redevelopment Act abatement (valued at approximately $795,000), Federal Historic Tax Credits, and State Historic Tax Credits that are anticipated to bring net proceeds of $2,534,183 to the project.

The Applicant anticipates that the project will result in total capital investment in the amount of $11,779,614, along with the creation of approximately 70 permanent full-time equivalent jobs with an average hourly wage of $15.

**Background**
Renovation and reconstruction of this Civil War era structure will occur on three parcels and will include a mixed-use building containing three floors of residential and commercial space. The first floor will contain an approximately 10,182 square foot restaurant while the second and third floors will contain 20 residential rental units occupying approximately 15,883 square feet. The restaurant will be operated by the Co-Applicant 3mission Redevelopment Corporation, who currently owns and operates several successful restaurants in Traverse City, Royal Oak, and Ann Arbor.

Demolition activities will include select interior demolition and removal of the existing parking lot, curb and gutter, sidewalks, limited road pavement and unsuitable utilities. Site preparation activities will involve surveying, engineering, clearing, grubbing, unstable materials excavation, utilities replacement/relocation, fill, and some temporary activities for access, erosion control, site control, and traffic control. Infrastructure improvements to entrances, the right-of-way, and roads are necessary to support the new development. Interest costs will be reimbursed due to the interest costs on the loans that the developer will need to obtain in order to complete the eligible activities.

A project on this site was previously awarded both an Act 381 Work Plan by the MEGA Board on August 19, 2008, and Brownfield MBT Credit by the MSF Chairperson on October 10, 2008, respectively. The Washtenaw County Board of Commissioners terminated the brownfield plan associated with the previously approved work plan via resolution on June 7, 2017 and the current developer is not pursuing use of the MBT credit because of its statutory expiration date of October 10, 2018.

The Original and Only Thompson Block, LLC, 3mission Redevelopment Corporation, and its principals have not received funding support from the Michigan Strategic Fund (MSF) to date. The MEDC has completed civil and criminal background checks in accordance with the MSF Background Review Policy. No issues were identified.

**Appendix B** addresses the programmatic requirements and **Appendix C** includes a project map and renderings.
Recommendation
MEDC staff recommends approval of the following (the “Recommendation”):

a) Local and school tax capture for the Act 381 eligible activities totaling $1,265,799. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at $555,501.

b) A MCRP performance-based other economic assistance loan participation up to the lesser of 50% of Eligible Investment or $3,175,000 for The Original and Only Thompson Block, LLC and 3 Mission Redevelopment Corporation.
MEMORANDUM

Date: December 18, 2018

To: Michigan Strategic Fund Board

From: Fredrick Molnar, VP Entrepreneurship and Innovation

Subject: 2015 Business Incubator Gateway Grants Amendments

Action

The MEDC requests that the MSF Board approve awards in the amount of $544,613 to the following six (6) nonprofit/university organizations to provide business incubator services in their respective SmartZone to early stage technology companies and institutions for commercializing competitive-edge technologies:

- Central Michigan University Research Corporation (CMURC), Mt. Pleasant SmartZone– Mt. Pleasant, MI
- Lansing Economic Area Partnership (LEAP), Lansing Regional SmartZone – Lansing, MI
- Macomb-Oakland University Incubator (Mac-OUInc), Sterling Heights SmartZone – Sterling Heights, MI
- Muskegon Innovation Hub (MIH) SmartZone - formerly Michigan Alternative and Renewable Energy Center (MAREC), Muskegon Lakeshore SmartZone – Muskegon, MI
- Midland Tomorrow formerly Mid-Michigan Innovation Center, Midland SmartZone – Midland, MI
- Western Michigan University Homer Stryker M.D. School of Medicine (WMU Med) – formerly Southwest Michigan Innovation Center (SMIC), Kalamazoo SmartZone – Kalamazoo, MI

Background

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

The “Business Incubator Grant” is designed to support the 20 SmartZones spread across Michigan. Only SmartZones or those organizations associated with a SmartZone or SmartZone satellite are eligible to receive the Business Incubator Gateway Grant. The “Gateway” representative (formerly known as the “Gatekeeper”) is the key person and connection point into the local SmartZone. The business incubator grant pays part of the salary, expenses and travel of the “Gateway” representative, and requires a 1:1 match. The “Gateway” representative is responsible for all local SmartZone client services, including: welcoming the tech company into the local ecosystem, providing an overview of the Michigan statewide tech ecosystem, recruitment and development of other tech companies in the local SmartZone, local SmartZone business development activities, vetting of tech companies, providing strategic business guidance, helping companies with fundraising efforts and connecting companies with the various entrepreneurial resources.
available to companies across the State of Michigan. They typically also oversee the day-to-day operations of the SmartZone incubator, if applicable.

The “Gateway” representative is responsible for connecting the local tech companies to the statewide MSF funded programs such as: Business Accelerator Fund (BAF), the First Capital Fund (FCF), the Pre-Seed II fund, the SBDC Tech Team and the BBCetc (SBIR/STTR federal grant applications). They are also responsible for collecting and monitoring the outcomes of the SmartZone, and supplying those performance metric outcomes to the MEDC every six (6) months.

Results

On February 24, 2015, the MSF selected CMURC, SPARK East, LEAP, Mac-OUInc, MIH, Midland Tomorrow, and WMU Med for business incubator grants. The MSF approved refunding these grants on December 20, 2016 and on January 23, 2018.

- **Central Michigan University Research Corridor (CMURC), Mt. Pleasant SmartZone ($99,550 over one year for Gateway Grant activities):** CMURC was initially awarded a 2 year (4/1/15-3/31/17) grant in the amount of $199,100 for gateway grant activities. They were granted two one-year extensions of the grant each in the amount of $99,550 to continue these activities first through 3/31/18 and then through 3/31/19. The additional funding requested here will be used to continue funding the “Gateway” position for an additional year starting 4/1/19.

  Since being awarded this grant in 2015, CMURC has achieved the following metrics:
  - New companies formed: 52
  - New jobs created: 194
  - Jobs retained: 870
  - Follow on funding: $6.4 million with an additional $21.4 million in new sales

- **Lansing Economic Area Partnership (LEAP), Lansing Regional SmartZone ($100,000 over one year to support continued Gateway Grant activities):** LEAP was initially awarded a 2 year (4/1/15-3/31/17) grant in the amount of $200,000 for gateway grant activities. They were granted two one-year extensions of the grant each in the amount of $100,000 to continue these activities first through 3/31/18 and then through 3/31/19. The additional funding requested here will go towards funding the “Gateway” position for an additional year starting 4/1/19.

  Since being awarded this grant in 2015, LEAP has achieved the following metrics:
  - New companies formed: 62
  - New jobs created: 111
  - Jobs retained: 81
  - Follow on funding: $10.8 million with an additional $149,404 in new sales

- **Macomb- Oakland University, Sterling Heights SmartZone ($98,663 over 12 months to support continued Gateway Grant activities):** Mac OUInc was initially awarded a 27-month (4/1/15-6/30/17) grant in the amount of $197,326 for gateway grant activities. They were refunded for an additional year at the same level ($98,663) to continue these activities through 6/30/18. They were refunded a third time for an additional 9 months ($49,332). The additional funding requested here will go towards funding the “Gateway” position for an additional year starting 4/1/19.
Since being awarded this grant in 2015, MacOUInc has achieved the following metrics:
- New companies formed: 40
- New jobs created: 155
- Jobs retained: 1505
- Follow on funding: $32.23 million with an additional $24.54 million in new sales

- **Muskegon Innovation Hub, Muskegon Lakeshore SmartZone ($46,400 over 12 months to support Gateway Grant activities):** In June 2016 Michigan Alternative and Renewable Energy Center changed its name to better reflect its activities and the original agreement was amended to reflect this change. MIH was initially awarded a 27 month (4/1/15-6/30/17) grant in the amount of $111,980 for gateway grant activities. They were awarded $60,000 to fund the Gateway position through 9/1/18 and then awarded $25,456 to fund the position through 3/31/19. The additional funding requested here will be used to continue funding the “Gateway” position for an additional year starting 4/1/19.

Since being awarded this grant in 2015, MIH has achieved the following metrics:
- New companies formed: 24
- New jobs created: 73
- Jobs retained: 371
- Follow on funding: $23.27 million with an additional $7.49 million in new sales

- **Midland Tomorrow, Midland SmartZone ($100,000 over one year to support Gateway Grant activities):** On September 27, 2016 the MSF reassigned the grant originally awarded to the MidMichigan Innovation Center (MMIC) to Midland Tomorrow following their acquisition of MMIC and transfer of all activities to Midland Tomorrow. Midland Tomorrow (MMIC) originally received a 2 year (4/1/15-3/31/17), $200,000 grant for gateway grant activities. They were granted two one-year extensions of the grant each in the amount of $100,000 to continue these activities first through 3/31/18 and then through 3/31/19. The additional funding requested here will continue to fund the “Gateway” position for an additional year starting 4/1/19.

Since being awarded this grant in 2015, Midland Tomorrow has achieved the following metrics:
- New companies formed: 14
- New jobs created: 42
- Jobs retained: 936
- Follow on funding: $20 million with an additional $2.5 million in new sales

- **Western Michigan University Homer Stryker M.D. School of Medicine (WMU Med), Kalamazoo SmartZone ($100,000 over one year to support Gateway Grant activities):** On February 23, 2016 the MSF approved reassigning the grant originally awarded to Southwest Michigan Innovation Center (SMIC) to the Western Michigan University Homer Stryker M.D. School of Medicine after they acquired SMIC. WMU Med/SMIC initially received a 2 year (4/1/15-3/31/17), $200,000 grant for gateway grant activities. They were granted two one-year extensions of the grant each in the amount of $100,000 to continue these activities first through 3/31/18 and then through 3/31/19. The additional funding requested will continue to fund the “Gateway” position for an additional year starting 4/1/19.

Since being awarded this grant in 2015, WMU Med has achieved the following metrics:
- New companies formed: 7
New jobs created: 275
Jobs retained: 790
Follow on funding: $196 million with an additional $75.5 million in new sales

**Recommendation**

MEDC staff requests that the MSF Board approve the following awards using funds allocated for the Fiscal Year 2019 21st Century Jobs Fund to support Entrepreneurship and Innovation:

- $99,550 - Central Michigan University Research Corporation, Mt Pleasant SmartZone
- $100,000 - Lansing Economic Area Partnership, Lansing Regional SmartZone
- $98,663 - Macomb-Oakland University, Sterling Heights SmartZone
- $46,400 - Muskegon Innovation Hub, Muskegon Lakeshore SmartZone
- $100,000 - Midland Tomorrow, Midland SmartZone
- $100,000 - Western Michigan University School of Medicine, Kalamazoo SmartZone
- $544,613 - Total

The grants will be administered under an amended grant agreement with each grantee with refined milestones and metrics. These milestones will be related to serving the companies and helping them navigate the entrepreneurial support (financial or otherwise) that is funded through grants approved by the MSF. The metrics will be, at a minimum, those that are required by the legislation, including number of companies created, number of jobs created, number of jobs retained, follow on funding raised, average salaries of new and retained jobs, and number of tech companies served.

MEDC staff also recommends that the MSF Board delegate authority to the MSF Fund Manager, with the assistance of MEDC staff, to negotiate and execute the final terms and conditions and all necessary agreements with awardees.
MEMORANDUM

Date: December 18, 2018

To: Michigan Strategic Fund Board

From: Fredrick Molnar, VP Entrepreneurship and Innovation

Subject: 2016 Business Incubator Gateway Grants Amendments

Action

The MEDC requests that the MSF Board approve awards in the amount of $326,060 to the following four (4) nonprofit/university organizations to provide business incubator services in their respective SmartZone to early stage technology companies and institutions for commercializing competitive-edge technologies:

- Innovation Marquette Enterprise Corporation (IMQT), Marquette SmartZone – Marquette, MI
- Michigan Tech Enterprise Corporation (MTEC), Michigan Tech Enterprise SmartZone – Houghton/Hancock, MI
- Lenawee Now, Adrian and Tecumseh SmartZone – Adrian/Tecumseh, MI
- Lakeshore Advantage, Holland SmartZone – Holland, MI

Background

Since 2009 the Michigan Strategic Fund ("MSF") has provided funding to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs by capitalizing on the State of Michigan's growing base of high technology industry, its skilled labor force, its nationally recognized university system, its SmartZones, and its business incubators.

The “Business Incubator Grant” is designed to support the 20 SmartZones spread across Michigan. Only SmartZones or those organizations associated with a SmartZone or SmartZone satellite are eligible to receive the Business Incubator Gateway Grant. The “Gateway” representative (formerly known as the “Gatekeeper”) is the key person and connection point into the local SmartZone. The business incubator grant pays part of the salary, expenses and travel of the “Gateway” representative, and requires a 1:1 match. The “Gateway” representative is responsible for all local SmartZone client services, including: welcoming the tech company into the local ecosystem, providing an overview of the Michigan statewide tech ecosystem, recruitment and development of other tech companies in the local SmartZone, local SmartZone business development activities, vetting of tech companies, providing strategic business guidance, helping companies with fundraising efforts and connecting companies with the various entrepreneurial resources available to companies across the State of Michigan. They typically also oversee the day-to-day operations of the SmartZone incubator, if applicable.

The “Gateway” representative is responsible for connecting the local tech companies to the statewide MSF funded programs such as: Business Accelerator Fund (BAF), the First Capital Fund (FCF), the Pre-Seed II fund, the SBDC Tech Team and the BBCetc (SBIR/STTR federal grant application support). They are also responsible for collecting and monitoring the outcomes of the SmartZone, and supplying those performance metric outcomes to the MEDC every six (6) months.
Results

On April 26, 2016, the MSF selected IMQT, MTEC, Lenawee Now, and Lakeshore Advantage for business incubator grants and on January 23, 2018 the MSF refunded them.

- **Innovate Marquette Enterprise Corporation, Marquette SmartZone ($50,260 over 12 months):** The funding will be used to partially fund the salary and expenses of the Gateway representative. IMQT was initially awarded a 2 year (5/1/16-4/30/18), $190,000 grant to partially fund the CEO as the “Gateway” representative. The gateway duties were shifted to the SmartZone program manager and the salary was reduced allowing the original grant funds to be utilized over a longer period and therefore only an additional $6,997 was added to the grant to extend it to 3/31/19. The additional funds requested here will further extend the end of the grant to 3/31/20.

  Since being awarded this grant IMQT has achieved the following metrics:
  - New companies formed: 8
  - New jobs created: 10
  - Jobs retained: 18
  - Follow on funding: $716,250 with an additional $934,151 in new sales

- **Lakeshore Advantage, Holland SmartZone ($75,800 over 12 months):** The funding will be used to cover the salary and expenses of the Gateway representative. Lakeshore Advantage was originally awarded a 2 year (5/1/16-4/30/18), $151,600 grant for gateway grant activities. They were refunded for an additional 11 months ($69,210) to continue these activities through 3/31/19. The additional funding will extend the grant through 3/31/20.

  Since being awarded this grant Lakeshore Advantage has achieved the following metrics:
  - New companies formed: 6
  - New jobs created: 129
  - Jobs retained: 142
  - Follow on funding: $7.5 million with an additional $13.2 million in new sales

- **Lenawee Now, Adrian and Tecumseh SmartZone ($100,000 over 12 months):** This funding will be used to cover the salary and expenses of a new staff member who will be responsible for “Gateway” activities. Lenawee Now was originally awarded a 2 year, (5/1/16-4/30/18), $190,000 grant for gateway grant activities. They were refunded for an additional 11 months ($69,210) to continue these activities through 3/31/19. The additional funding will extend the grant through 3/31/20.

  Since being awarded this grant Lenawee Now has achieved the following metrics:
  - New companies formed: 7
  - New jobs created: 12
  - Follow on funding: $190,000 with an additional $1.34 million in new sales

- **Michigan Tech Enterprise Corporation, Michigan Tech Enterprise SmartZone ($100,000 over 12 months):** MTEC was originally awarded a 2 year (5/1/16-4/30/18), $180,759 grant for gateway grant activities. They were refunded for an additional 11 months ($91,667) to continue these activities through 3/31/19. The additional funding will extend the grant through 3/31/20.

  Since being awarded this grant MTEC has achieved the following metrics:
- New companies formed: 18
- New jobs created: 142
- Jobs retained: 1157
- Follow on funding: $14.67 million with an additional $33.26 million in new sales

**Recommendation**

MEDC staff requests that the MSF Board approve the following awards using funds allocated for the Fiscal Year 2019 21st Century Jobs Fund to support Entrepreneurship and Innovation:

- $50,260  - Innovate Marquette Enterprise Corporation, Marquette SmartZone
- $75,800  - Lakeshore Advantage, Holland SmartZone
- $100,000  - Lenawee Now, Adrian and Tecumseh SmartZone
- $100,000  - Michigan Tech Enterprise Corporation, Michigan Tech Enterprise SmartZone (Houghton/Hancock)

$326,060  - Total

The grants will be administered under an amended grant agreement with each grantee with refined milestones and metrics. These milestones will be related to serving the companies and helping them navigate the entrepreneurial support (financial or otherwise) that is funded through grants approved by the MSF. The metrics will be, at a minimum, those that are required by the legislation, including number of companies created, number of jobs created, number of jobs retained, follow on funding raised, average salaries of new and retained jobs, and number of tech companies served.

MEDC staff also recommends that the MSF Board delegate authority to the MSF Fund Manager, with the assistance of MEDC staff, to negotiate and execute the final terms and conditions and all necessary agreements with awardees.
MEMORANDUM

Date: December 18, 2018

To: Michigan Strategic Fund Board

From: Fredrick Molnar, VP Entrepreneurship and Innovation

Subject: 2017 Business Incubator Gateway Grants Amendments

Action

The MEDC requests that the MSF Board approves awards in the amount of $120,535 to the following two (2) nonprofit/university organizations to provide business incubator services to early stage technology companies and institutions for commercializing competitive-edge technologies:

- Oakland University Incubator (OUInc)- Rochester Hills SmartZone, Rochester Hills, MI
- Economic Development Alliance of St. Clair County (EDA)- Port Huron SmartZone, Port Huron, MI

Background

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

The “Business Incubator Grant” is designed to support the 20 SmartZones spread across Michigan. Only SmartZones or those organizations associated with a SmartZone or SmartZone satellite are eligible to receive the Business Incubator Gateway Grant. The “Gateway” representative (formerly known as the “Gatekeeper”) is the key person and connection point into the local SmartZone. The business incubator grant pays part of the salary, expenses and travel of the “Gateway” representative, and requires a 1:1 match. The “Gateway” representative is responsible for all local SmartZone client services, including: welcoming the tech company into the local ecosystem, providing an overview of the Michigan statewide tech ecosystem, recruitment and development of other tech companies in the local SmartZone, local SmartZone business development activities, vetting of tech companies, providing strategic business guidance, helping companies with fundraising efforts and connecting companies with the various entrepreneurial resources available to companies across the State of Michigan. They typically also oversee the day-to-day operations of the SmartZone incubator, if applicable.

The “Gateway” representative is responsible for connecting the local tech companies to the statewide MSF funded programs such as: Business Accelerator Fund (BAF), the First Capital Fund (FCF), the Pre-Seed II fund, the SBDC Tech Team and the BBCetc (SBIR/STTR federal grant applications). They are also responsible for collecting and monitoring the outcomes of the SmartZone, and supplying those performance metric outcomes to the MEDC every six (6) months.
On June 27, 2017, the MSF selected OUInc and St. Clair EDA for business incubator grants.

- **Oakland University Incubator ($74,860 over 9 months):** OUInc was originally awarded $199,625 over a 2 year period (7/1/17-6/30/19) for gateway grant activities. The additional funding will further extend the grant to 3/31/20.

  Since being awarded this grant OUInc has achieved the following metrics:
  - New companies formed: 8
  - New jobs created: 58
  - Jobs retained: 166
  - Follow on funding: $4.08 million with an additional $7.9 million in new sales

- **Economic Development Alliance of St. Clair County ($45,675 over 9 months):** St. Clair EDA was originally awarded $121,800 over 2 years (7/1/17-6/30/19) for gateway grant activities. The additional funding will further extend the grant to 3/31/20.

  Since being awarded this grant St. Clair EDA has achieved the following metrics:
  - New companies formed: 7
  - New jobs created: 16
  - Jobs retained: 28
  - Follow on funding: $1.62 million with an additional $1.6 million in new sales

**Recommendation**

MEDC staff requests that the MSF Board approve the following awards using funds allocated for the Fiscal Year 2019 21st Century Jobs Fund to support Entrepreneurship and Innovation:

- $74,860 - Oakland University Incubator (Rochester Hills SmartZone)
- $45,675 - Economic Development Alliance of St. Clair County (Port Huron SmartZone)

**$120,535 - Total**

The grants will be administered under an amended grant agreement with each grantee with refined milestones and metrics. These milestones will be related to serving the companies and helping them navigate the entrepreneurial support (financial or otherwise) that is funded through grants approved by the MSF. The metrics will be, at a minimum, those that are required by the legislation, including number of companies created, number of jobs created, number of jobs retained, follow on funding raised, average salaries of new and retained jobs, and number of tech companies served.

MEDC staff also recommends that the MSF Board delegate authority to the MSF Fund Manager, with the assistance of MEDC staff, to negotiate and execute the final terms and conditions and all necessary agreements with awardees.
MEMORANDUM

Date: December 18, 2018

To: Michigan Strategic Fund Board

From: Fredrick Molnar, VP Entrepreneurship and Innovation

Subject: Lawrence Technological University Grant - Amendment Two

ACTION

MEDC Staff recommends the MSF Board approve a grant in the amount of $100,000 to Lawrence Technological University (LTU) to fund a Gateway Business Incubator grant through March 31, 2020.

BACKGROUND TO AWARD

The Michigan Strategic Fund (“MSF”) is authorized under Section 7 of the MSF Act to make grants, loans and investments in furtherance of the purposes of the MSF Act, as provided in Section 2 of the MSF Act, and which include the following: to help diversify the economy of this state, to assist business enterprise in obtaining additional sources of financing to aid this state in achieving the goal of long-term economic growth and full employment, to meet the growing competition for business enterprises, to preserve existing jobs, to create new jobs, and to reduce the cost of business and production.

The business incubator funding program grants funding to incubators to stimulate the creation and continued growth of technology-based businesses and jobs by capitalizing on the State of Michigan's growing base of high technology industry, its skilled labor force, its nationally recognized university system, its SmartZones, and its business incubators.

On February 24, 2015, the MSF selected Lawrence Technological University to receive a grant in the amount of $100,000 over 12 months to act as a “Gateway” representative for the Southfield SmartZone. This grant funds all “Gateway” activities. The “Gateway” representative (formerly known as the “Gatekeeper”) is the key person and connection point into the local SmartZone. The grant pays part of the salary, expenses and travel of the “Gateway” representative, and requires a 1:1 match. The “Gateway” representative is responsible for all local SmartZone client services, including: welcoming the tech company into the local ecosystem, providing an overview of the Michigan statewide tech ecosystem, recruitment and development of other tech companies in the local SmartZone, local SmartZone business development activities, vetting of tech companies, providing strategic business guidance, helping companies with fundraising efforts and connecting companies with the various entrepreneurial resources available to companies across the State of Michigan.

The “Gateway” representative is responsible for connecting the local tech companies to the statewide MSF funded programs such as: Business Accelerator Fund (BAF), the First Capital Fund (FCF), the Pre-Seed II
fund, the SBDC Tech Team and the BBCetc (SBIR/STTR federal grant application support). They are also responsible for collecting and monitoring the outcomes of the SmartZone, and supplying those performance metric outcomes to the MEDC every six (6) months. This grant is matched with TIF funds from the City of Southfield and in-kind in the form of salaries of the center’s advisory board members. On June 28, 2016, the MSF selected LTU for an additional $100,000 grant to continue funding the “Gateway” position through June 30, 2017. On December 20, 2016, the MSF approved an additional extension through March 31, 2018 adding $75,000 to the award. On January 23, 2018, the MSF approved an extension through March 31, 2019 adding $100,000.

PROGRAM RESULTS

Since July 1, 2016, LTU has helped 16 companies form, helped create 26 jobs, retain 61 jobs and raised over $3.33 million in follow on funding with an additional $4.6 million new sales.

BACKGROUND TO REFUNDING REQUEST

The grant was awarded to the LTU Collaboratory knowing that it was still in its beginning phases of organization. The team at the Collaboratory have been able to provide the required services and have met or exceeded the milestones and metrics in the grant agreement. The continuation of the funding will allow them to continue assisting companies in the Southfield/Troy SmartZone area. LTU is also adding new services, including “Scale-Up for Success” a DOE backed program to assist “hardware” companies scale-up and commercialize their products. They will also begin construction on the 6,200 square foot Accelerator space with plans to open in Fall 2019.

RECOMMENDATION

Lawrence Technological University, through this grant, has provided the necessary services to early stage technology based companies in the Southfield/Troy SmartZone. The grantee has continuously demonstrated stringent stewardship of the fund, while meeting or exceeding the expected metrics. As such, MEDC Staff recommends the MSF Board approve this grant for the amount of $100,000, using funds appropriated to the MSF in FY2019 from the General Fund. The grant would be administered under an amended grant agreement with LTU with refined milestones and metrics. These milestones will be related to serving the companies and helping them navigate the entrepreneurial support (financial or otherwise) that is funded through grants approved by the MSF. The metrics will be, at a minimum, those that are required by the legislation, including number of companies created, number of jobs created, number of jobs retained, follow on funding raised, average salaries of new and retained jobs, and number of tech companies served.

MEDC staff also recommends that the MSF Board delegate authority to the MSF Fund Manager, with the assistance of MEDC staff, to negotiate and execute the final terms and conditions and all necessary agreements with LTU.
MEMORANDUM

Date:   December 18, 2018
To:   Michigan Strategic Fund Board
From:   Fredrick Molnar, VP Entrepreneurship and Innovation
Subject:  Lake Superior State University Grant Assignment and Amendment

ACTION

At the request of Lake Superior State University ("LSSU"), MEDC requests that the Business Incubator Gateway (formerly Gatekeeper) grant currently managed by LSSU be transferred to the Economic Development Corporation of the City of Sault Ste. Marie (SSM EDC). Additionally, the MEDC requests that the grant be extended for an additional year and receive additional funding of $40,000 (the aforementioned, collectively, the “Assignment and Amendment Request”).

BACKGROUND TO AWARD

Under Section 88k of the Michigan Strategic Fund Act ("Act"), MCL 125.2088k, the Michigan Strategic Fund ("MSF") is charged with awarding grants and loans for basic research, applied research, university technology transfer, and commercialization of products, processes and services to encourage the development of competitive edge technologies to create jobs within the State of Michigan.

Since 2009 the MSF has provided funding to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs by capitalizing on the State of Michigan's growing base of high technology industry, its skilled labor force, its nationally recognized university system, its SmartZones, and its business incubators.

The “Business Incubator Grant” is designed to support the 20 SmartZones spread across Michigan. Only SmartZones or those organizations associated with a SmartZone or SmartZone satellite are eligible to receive the Business Incubator Gateway Grant. The “Gateway” representative (formerly known as the “Gatekeeper”) is the key person and connection point into the local SmartZone. The business incubator grant pays part of the salary, expenses and travel of the “Gateway” representative, and requires a 1:1 match. The “Gateway” representative is responsible for all local SmartZone client services, including: welcoming the tech company into the local ecosystem, providing an overview of the Michigan statewide tech ecosystem, recruitment and development of other tech companies in the local SmartZone, local SmartZone business development activities, vetting of tech companies, providing strategic business guidance, helping companies with fundraising efforts and connecting companies with the various entrepreneurial resources available to companies across the State of Michigan. They typically also oversee the day-to-day operations of the SmartZone incubator, if applicable.

The “Gateway” representative is responsible for connecting the local tech companies to the statewide MSF funded programs such as: Business Accelerator Fund (BAF), the First Capital Fund (FCF), the Pre-Seed II fund, the SBDC Tech Team and the BBCetc (SBIR/STTR federal grant application support). They are also responsible for collecting and monitoring the outcomes of the SmartZone, and supplying those performance metric outcomes to the MEDC every six (6) months.
LSSU was awarded a Business Incubator Gateway grant from the 21st CJF 2016 Business Incubators program in the amount of $87,641 for the period (5/1/16-4/30/18) to fund the Gateway representative. They were awarded an additional grant in the amount of $40,170 extending the grant to 3/31/19. To date, $94,781 of the total $127,811.00 awarded has been disbursed.

LSSU and SSM EDC have recently decided that all SmartZone activities should be managed by Sault Ste. Marie EDC and request that the grant be assigned to SSM EDC on the basis that SSM EDC fulfills all the requirements of the original RFP (Case 00160180) and therefore qualifies for this program. SSM EDC is the non-profit economic development corporation serving the City of Sault Ste. Marie, Michigan and operates the SmartZone within the city limits.

**BENEFITS OF THIS CHANGE**

SSM EDC administers the SmartZone and operates/manages the local SmartZone incubator building and is focused on accelerating economic growth by growing and developing the industrial base and supporting high-technology companies in Sault Ste. Marie. LSSU for the past 2.5 years has been responsible for managing the business incubator grant. Moving the business incubator grant from LSSU to the SSM EDC will result in a more cohesive and simplified local ecosystem. The addition of the business incubator grant to SSM EDC will provide a one stop, centralized location for all high-tech businesses in the SSM SmartZone. LSSU will remain a primary partner of the SmartZone, and will continue to be a very active member of the local ecosystem. The grant management responsibilities will pass to the SSM EDC, but LSSU will be actively engaged in all aspects of the SSM SmartZone and its successes moving forward.

**PROGRAM RESULTS**

In the 18 months of the current Gateway grant LSSU created 7 new companies, 5 new jobs and generated about $304,000 in follow on/new capital.

**RECOMMENDATION**

MEDC Staff recommends the MSF Board approve the Assignment and Amendment Request.
MEMORANDUM

Date: December 18, 2018

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

From: Erik Wilford, Business Development Project Manager

Subject: ZF North America, Inc. (“Company”) Amendment to Approved Michigan Business Development Program Grant Agreement

Request
This is an amendment request to the Company’s existing Michigan Business Development Program (“MBDP”) grant Agreement to extend milestones two and three and eliminate milestones four, five and six. As a result, the grant amount will be reduced from $4,000,000 to $2,100,000, the required Qualified New Jobs (“QNJs”) will be reduced from 571 to 300, the local support will be changed from a tax abatement to staff time and resources and the term of the grant will be modified to December 31, 2020.

Background
On June 23, 2015, the MSF approved a $4,000,000 performance-based grant under the MBDP. The Company proposed to expand its technical center in the Township of Northville which would provide additional research and development services to design, develop, and test new transmission, steering, axle, and chassis components, as well as complete systems for passenger cars, commercial vehicles, and off-road machinery. The project involved the creation of 571 Qualified New Jobs and capital investment of up to $71,198,290 in the Township of Northville, Wayne County.

As of October 2018, the Company has created 209 Qualified New Jobs above the Base Employment Level and is in a position to collect on Milestone One.

Subsequent to the Company’s submission of its MBDP grant application, the Company went through restructuring and adjustments. The Company determined that the project, as outlined in the grant application, would no longer involve expansion of its building to accommodate the increased headcount and equipment and the total number of new jobs needed would be reduced. Instead of expanding the building, investment was made to reconfigure the existing space within the offices to accommodate additional employees. Although the Company has made significant investments in the facility, the Company projects through 2021 a total of $48,000,000 investment instead of the original expectation of $71,198,920. Due to the revised plans, a property tax abatement was never sought from Northville Township. Instead, Northville Township has offered local support in the form of staff time and resources.

Recommendation
MEDC Staff recommends the following (collectively, “Recommendation”):
  a) Amend the MBDP Agreement as outlined in the attached term sheet (collectively, “MBDP Amendment”);
  b) All other aspects of the approval remain unchanged.
MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant Amendment - Term Sheet

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

Date: 11/28/2018

Company Name: ZF North America, Inc. ("Company" or "Applicant")

Company Address ("Project"): 15811 Centennial Drive
Northville, Michigan 48168

MBDP Incentive Type: Performance Based Grant

Current Status of the MBDP Incentive, as set forth in the final MBDP Incentive Award Agreement ("Agreement"):  
- Maximum Amount of MBDP Incentive: Up to $4,000,000 ("MBDP Incentive Award")
- Base Employment Level 1,231 The number of jobs currently maintained in Michigan by the Company and/or ZF Chassis Components, LLC and/or ZF Chassis Systems Duncan, LLC and/or ZF Transmissions Gray Court, LLC and/or ZF Axle Drives Marysville, LLC and/or ZF Gainesville, LLC and/or ZF Electronics Systems Pleasant Prairie, LLC and/or ZF Chassis Systems Chicago, LLC and/or ZF Chassis Systems Tuscaloosa USA, LLC based on data submitted by the Company to the MEDC reflecting the Company's statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.
- Total Qualified New Job Creation: 571 (above Base Employment Level) The minimum number of total Qualified New Jobs the Company and/or ZF Chassis Components, LLC and/or ZF Chassis Systems Duncan and/or ZF Transmissions Gray Court, LLC and/or ZF Axle Drives Marysville, LLC
and/or ZF Gainesville, LLC and/or ZF Electronics Systems Pleasant Prairie, LLC and/or ZF Chassis Systems Chicago, LLC and/or ZF Chassis Systems Tuscaloosa USA, LLC shall be required to create at the Project (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum number of Qualified New Jobs that must be created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

- **Start Date for Measurement of Creation of Qualified New Jobs:** June 23, 2015

- **Company Investment:** $71,198,290 in new construction, renovations, leasehold improvements, machinery & equipment, furniture & fixtures, computers, or any combination thereof, for the Project.

- **Municipality supporting the Project:** The Township of Northville has agreed to provide staff, financial or economic assistance in support of the Project in the form of a property tax abatement.

- **Disbursement Milestones:** The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award are outlined in Exhibit B of the Agreement, and include:
  
  - **Disbursement Milestone 1:** Up to $700,000 Upon demonstrated creation of 100 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than June 30, 2018.

  - **Disbursement Milestone 2:** Up to $700,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 200 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2018.
o Disbursement Milestone 3: Up to $700,000
Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 300 Qualified New Jobs) above the Base Employment Level, by no later than June 30, 2019.

o Disbursement Milestone 4: Up to $700,000
Upon completion of Disbursement Milestone 1, Disbursement Milestone 2 and Disbursement Milestone 3, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 400 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2019.

o Disbursement Milestone 5: Up to $350,000
Upon completion of Disbursement Milestone 1, Disbursement Milestone 2 and Disbursement Milestone 3, and Disbursement Milestone 4 and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of 450 Qualified New Jobs) above the Base Employment Level, by no later than June 30, 2020.

o Disbursement Milestone 6: Up to $850,000
Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, Disbursement Milestone 4 and Disbursement Milestone 5 and upon demonstrated creation of 121 additional Qualified New Jobs (for a total of 571 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2020.

• Term of Agreement:
Execution of Agreement to December 31, 2022.

Proposed MBDP Incentive Amendment:

• Maximum Amount of MBDP Incentive: Up to $2,100,000 ("MBDP Incentive Award")

• Base Employment Level
1,231 The number of jobs currently maintained in Michigan by the Company and/or ZF Chassis Components, LLC and/or ZF Chassis Systems Duncan, LLC and/or ZF Transmissions Gray Court, LLC and/or ZF Axle Drives Marysville, LLC and/or ZF Gainesville, LLC and/or ZF Electronics Systems Pleasant Prairie, LLC and/or ZF Chassis Systems Chicago, LLC and/or ZF Chassis Systems Tuscaloosa USA, LLC based on data submitted by the Company to the MEDC reflecting the Company’s statewide employment level in Michigan prior to the proposed project. The Base
Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.

- **Total Qualified New Job Creation:**
  (above Base Employment Level)  
  The minimum number of total Qualified New jobs the Company and/or ZF Chassis Components, LLC and/or ZF Chassis Systems Duncan and/or ZF Transmissions Gray Court, LLC and/or ZF Axle Drives Marysville, LLC and/or ZF Gainesville, LLC and/or ZF Electronics Systems Pleasant Prairie, LLC and/or ZF Chassis Systems Chicago, LLC and/or ZF Chassis Systems Tuscaloosa USA, LLC shall be required to create at the Project (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum number of Qualified New Jobs that must be created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

- **Company Investment:**  
  $48,000,000 in new construction, renovations, leasehold improvements, machinery & equipment, furniture & fixtures, computers, or any combination thereof, for the Project.

- **Municipality supporting the Project:**  
  The Township of Northville has agreed to provide staff, financial or economic assistance in support of the Project in the form of staff time.

- **Disbursement Milestones:** The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award will be amended as follows:
Disbursement Milestone 1: Up to $700,000
Upon demonstrated creation of 100 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than June 30, 2018.

Disbursement Milestone 2: Up to $700,000
Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 200 Qualified New Jobs) above the Base Employment Level, by no later than June 30, 2019.

Disbursement Milestone 3: Up to $700,000
Upon completion of Disbursement Milestone 1, and Milestone 2 and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 300 Qualified New Jobs) above the Base Employment Level, by no later than June 30, 2020.

Term of Agreement:
Execution of Agreement to December 31, 2020.

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award Amendment for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by December 3, 2018, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

ZF North America, Inc.

By: 

Printed Name: 

Its: 

Dated: 11/27/18

Michigan Economic Development Corporation

By: 

Printed Name: 

Its: 

Dated: 11/30/2018
MEMORANDUM

Date: December 18, 2018

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

From: Mike Gietzen, Senior Development Finance Manager

Subject: Dieomatic Incorporated dba Cosma Casting Michigan (“Company” or “Applicant”) Amendment to Approved Michigan Business Development Program Grant Agreement

Request
The Company is requesting an amendment to extend the Milestone 3 deadline date from April 1, 2018 to December 31, 2020 and eliminate Milestone 4 and Milestone 5 which will result in reducing the grant from $1.6 million for 500 QNJs to $976,000 for 300 QNJs.

Background
On January 23, 2013, the Michigan Strategic Fund approved a $1,600,000 award for Dieomatic Incorporated under the MBDP. The Company proposed to purchase and renovate an existing building where a state-of-the-art manufacturing and light assembly facility would be established. The result would be the creation of 500 Qualified New Jobs and approximately $162 million in capital investment.

Due to start up delays and reductions in originally projected volumes from the customers there have been employment fluctuations. When the Company opened in 2013, it represented a new competency for Magna in the United States and brought a novel technology to the State of Michigan. Although precise headcounts were difficult to predict at that time, Dieomatic can now with greater accuracy, forecast the personnel needed through 2021. Moving forward, the business plan requires steady headcount growth and by December 31, 2020 Cosma Casting Michigan is expected to employ more than 300 Michiganders in Battle Creek.

As of September 12, 2018, the company has a headcount of 200 QNJs.

Business Compliance has completed review of Milestone 1 and Milestone 2 requirements and disbursed $646,000 of the grant for the creation of 200 QNJs.

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

a) Amend the MBDP Agreement by extending out Milestone 3 and eliminating Milestone 4 and Milestone 5.

b) Amend the Term of the Agreement from April 1, 2021 to June 30, 2021.

c) All other aspects of the approval remain unchanged.
MEMORANDUM

Date: December 18, 2018

To: Michigan Strategic Fund Board

From: Dean Wade, Compliance Specialist, Compliance and Contract Services

Subject: Tellurex Corporation Write-Off Request

Request
Tellurex Corporation (“Tellurex”) is no longer a viable business and MEDC staff recommends that the MSF Board support a write-off of the MSF’s investment in Tellurex for accounting purposes only (the “Request”).

Background
On December 20, 2006, Tellurex received a 2006 21st Century Jobs Fund loan in the amount of $1,263,950 for the development, commercialization and sale of a novel dual cup holder and other custom temperature control equipment. On September 14, 2007 the MSF entered into the First Amendment to the Convertible Loan Agreement and Promissory Note in which the interest rate was lowered to 3%. On March 28, 2011 the MSF entered into Amendment Two to the Convertible Loan Agreement in which the MSF Collateral was subordinated and the loan was restructured to increase the interest rate and extend the payback period. On September 18, 2012 the MSF entered into Amendment three to the Convertible Loan Agreement to extend the payback period and increase the interest rate. On September 13, 2013 the MSF entered into a Debt Conversion and Joinder Agreement in which the MSF received 107,039 shares of common stock.

MSF 2006 Business Plan Competition Loan
Loan Amount: $1,263,950
Type of Loan: Convertible Loan
Interest Rate: 8.25% (as modified)
Loan Issuance Date: 12/20/2006
Conversion Date: 9/13/2013
Equity: 107,039 shares Common Stock

Status of Company
During the first quarter of 2018, the Tellurex management team evaluated its then-apparent 2018 sales prospects and recommended to their Board of Directors that the business be wrapped up and closed later in the year. The Board agreed to close the Company as of September 1, 2018. Additional capital, or a recapitalization, will not be pursued. All assets were liquidated and used to pay suppliers and remaining corporate bills. There will not be any return of capital or shareholder payout and loans made by Company top management will not be repaid in full.

Recommendation
MEDC staff recommends approval of the Request.
MEMORANDUM

Date: December 18, 2018
To: Michigan Strategic Fund (“MSF”) Board Members
From: David Kurtycz, Business Development Project Manager
Subject: Waupaca Foundry, Inc. (“Company” or “Applicant”) Michigan Business Development Program (“MBDP”) Grant Request

Request

This is a request from the Applicant for a $1,200,000 MBDP Grant, as outlined in the attached Term Sheet (“MBDP Request”). This project involves the creation of 61 Qualified New Jobs, and a capital investment of up to $4,300,000 in the City of Ironwood, Gogebic County.

Background

The Applicant, established in 1955, is a subsidiary of Hitachi Metals America, Ltd. The Company is a foundry that produces high-quality castings for transportation and industrial markets. In 2014, the Company was purchased by Hitachi Metals Group and has over 3,600 employees at 7 locations in the United States. The Company is headquartered in Waupaca, Wisconsin and also has locations in Marinette, Wisconsin, Lawrenceville, Pennsylvania, Effingham, Illinois, Tell City, Indiana, and Etowah, Tennessee.

The Company’s current facility in Waupaca is near capacity and in order to accommodate new growth will need to expand. The Company has identified an existing 50,000 square foot building in Ironwood, Michigan to support growth, which will add additional finishing operations resulting in approximately $4.3 million in private investment and the creation of 61 jobs.

The Company is also considering Wisconsin and Arkansas for the project. The location in Wisconsin would allow the Company to be closer to its existing casting operation, which would save on freight costs and transportation cost for training workers. The Arkansas site would allow the Company to be closer to customers, which would reduce shipping and other logistical costs. The Michigan location would allow the Company access to additional workforce. The proposed Michigan Business Development Program Performance-based Grant incentive package will help offset cost related to purchasing a new facility along with training new staff.

In addition to MSF support, the City of Ironwood is considering a 12 year, PA 198 Tax Abatement with an estimated value of $375,000.

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

Recommendation

MEDC Staff recommends approval of the MBDP Request, as outlined in the attached resolution.
MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Incentive - Term Sheet - Definitions

This document contains terms and definitions, which will be used to structure this incentive. While the MBDP is operated and funded through the MSF, recommendation for approval of a MBDP incentive award is presented by the Michigan Economic Development Corporation ("MEDC") to the MSF. Exhibit A will be presented to the MSF for consideration.

Terms and Definitions:

Base Employment Level: The number of jobs currently maintained in Michigan by the based on data submitted by the Company to the MEDC reflecting the Company’s statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.

Qualified New Job Creation: The minimum number of total Qualified New Jobs the Company shall be required to create at the project location (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum number of Qualified New Jobs that must be created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

Company Investment: The Company anticipates investment of up to $4,300,000 for building-new construction, machinery & equipment, purchase building, renovations, infrastructure, and computers & IT, or any combination thereof, for the Project.

Municipality Support: One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide a property tax abatement related to the Project. The final terms and conditions demonstrating this support shall be included in the final Agreement.

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

a. Disbursement Milestone 1: Up to $491,800
   Upon demonstrated creation of 25 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than January 31, 2020.

b. Disbursement Milestone 2: Up to $354,100
   Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 18 additional Qualified New Jobs (for a total of 43 Qualified New Jobs) above the Base Employment Level, by no later than April 30, 2020.

November 30, 2018- Waupaca Foundry, Inc.
c. Disbursement Milestone 3: Up to $354,100 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 18 additional Qualified New Jobs (for a total of 61 Qualified New Jobs) above the Base Employment Level, by no later than January 31, 2021.

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

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

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

November 30, 2018- Waupaca Foundry, Inc.
EXHIBIT A

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

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

Date: November 30, 2018

Company Name: Waupaca Foundry, Inc.

Project Location: Gogebic County

MBDP Incentive Type: Performance Based Grant

Maximum Amount of MBDP Incentive: Up to $1,200,000

Base Employment Level: 0

Qualified New Jobs: At least 61 at the Project Location

Municipality Supporting Project: City of Ironwood has agreed to provide staff, financial or economic assistance in support of the project.

Start Date for Measurement of Creation of Qualified New Jobs: November 6, 2018

Term of the Agreement: July 31, 2021

Milestone Based Incentive: Disbursements will be made over a 3 year period and will be performance based on job creation as follows:
Milestone 1: $491,800 for the creation of 25 jobs.
Milestone 2: $354,100 for the creation of 18 jobs.
Milestone 3: $354,100 for the creation of 18 jobs.

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

Acknowledged as received by:

Waupaca Foundry, Inc.

By: \[Signature\]
Printed Name: John Wiegman
Its: EXECUTIVE VICE PRESIDENT

Michigan Economic Development Corporation

By: \[Signature\]
Printed Name: David Kurtycz
Its: Business Development Project Manager

November 30, 2018- Waupaca Foundry, Inc.
MEMORANDUM

Date: December 18, 2018

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

From: David Kurtycz, Business Development Project Manager

Subject: Cooper-Standard Automotive Inc. (“Company” or “Applicant”) Michigan Business Development Program (“MBDP”) Grant

Request

This is a request from the Applicant for a $1,300,000 MBDP Grant, as outlined in the attached Term Sheet (“MBDP Request”). This project involves the creation of 130 Qualified New Jobs, and a capital investment of up to $15,265,328 in Northville Township, Wayne County.

Background

The Applicant, established in 2004, is a subsidiary of Cooper-Standard Holdings Inc., a global supplier of systems and components for the automotive industry. It manufactures products that include rubber and plastic sealing, fuel and brake lines, fluid transfer hoses and anti-vibration systems. The Company, currently headquartered in Novi, has over 32,000 employees worldwide, of which 1,892 are located in Michigan. The Company has facilities in 20 countries. The Company is realizing faster than anticipated growth, which has caused it to outgrow its current headquarters space in Novi, Michigan. As a result, the Company is considering relocating its headquarters to Northville Township, Michigan. As part of its anticipated growth, the company expects to hire 130 employees to support corporate business activities and invest $15,265,328 in support of the additional jobs.

The Company is looking at splitting the new jobs between Mexico, Poland, and Indiana as an alternative to Michigan. The Company has an engineering facility in Mexico that has capacity to absorb the additional 35 engineering jobs being considered. Locating the jobs in Mexico would provide significant labor cost savings to the Company relative to Michigan. The Company’s European Shared Service Center in Poland would be the alternative to the 30 additional administrative and finance jobs contemplated for the new Michigan facility. Poland also provides significant labor cost savings to the Company relative to Michigan. Additionally, the Company’s current IT location in Indiana would provide an alternative to the contemplated new Information Technology jobs. Office rental costs in Indiana offer significant potential cost savings that are not available in Michigan. Incentive assistance will help offset these costs and allow the Company to expand in Michigan.

In addition to MSF support, the Township of Northville anticipates providing expedited reviews and permitting in support of the project.

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

Recommendation

MEDC Staff recommends approval of the MBDP Request, as outlined in the attached resolution.
This document contains terms and definitions, which will be used to structure this incentive. While the MBDP is operated and funded through the MSF, recommendation for approval of a MBDP Incentive award is presented by the Michigan Economic Development Corporation ("MEDC") to the MSF. Exhibit A will be presented to the MSF for consideration.

**Terms and Definitions:**

**Base Employment Level:** The number of jobs currently maintained at 39550 Orchard Hill Place Drive, Novi, Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company's base head count prior to the proposed project. The Company shall relocate and maintain the Base Employment Level at the Project site by and after October 31, 2021. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.

**Qualified New Job Creation:** The minimum number of total Qualified New Jobs the Company shall be required to create at the project location (above the Base Employment Level), in addition to satisfying other milestones, if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum number of Qualified New Jobs that must be created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

**Company Investment:** The Company anticipates investment of up to $15,265,328 for building-new construction, furniture and fixtures, computers & IT, annual lease cost, or any combination thereof, for the Project.

**Municipality Support:** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: expedited reviews and permitting. The final terms and conditions demonstrating this support shall be included in the final Agreement.

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

a. **Disbursement Milestone 1:** Up to $500,000
   Upon demonstrated creation of 50 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than October 31, 2021.

b. **Disbursement Milestone 2:** Up to $380,000
   Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 38 additional Qualified New Jobs (for a total of 88 Qualified New Jobs) above the Base Employment Level, by no later than October 31, 2022.

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November 30, 2018- Cooper-Standard Automotive Inc.
c. Disbursement Milestone 3: Up to $420,000

Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 42 additional Qualified New Jobs (for a total of 130 Qualified New Jobs) above the Base Employment Level, by no later than November 30, 2023.

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

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

Public Announcements: The Company shall not make, or cause, any announcement of the proposed MBDP Incentive Award parameters outlined in this letter before the date of approval by the MSF of the MBDP Incentive Award, unless prior authorized and coordinated with the MEDC. At the request and expense of the MSF or the MEDC, the Company will cooperate with the MSF or the MEDC to promote the Project through one or more of the placement of a sign, plaque, media coverage or other public presentation at the Project or other location acceptable to the Parties.
EXHIBIT A
MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Incentive - Term Sheet - Summary

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

Date: November 30, 2018

Company Name: Cooper-Standard Automotive Inc.

Project Location: Northville Township

MBDP Incentive Type: Performance Based Grant

Maximum Amount of MBDP Incentive: Up to $1,300,000

Base Employment Level: At least 286

Qualified New Jobs: At least 130 at the Project Location

Municipality Supporting Project: Northville Township has agreed to provide staff, financial or economic assistance in support of the project.

Start Date for Measurement of Creation of Qualified New Jobs: October 23, 2018

Term of the Agreement: May 31, 2024

Milestone Based Incentive: Disbursements will be made over a 3 year period and will be performance based on job creation as follows:
Milestone 1: $500,000 for the creation of 50 jobs.
Milestone 2: $380,000 for the creation of 38 jobs.
Milestone 3: $420,000 for the creation of 42 jobs.

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

Acknowledged as received by:

Cooper-Standard Automotive Inc.

By: [Signature]
Printed Name: Kevin Bridges
Its: Director Global Real Estate

Michigan Economic Development Corporation

By: [Signature]
Printed Name: David Kuntzcz
Its: Business Development Project Manager

November 30, 2018- Cooper-Standard Automotive Inc.
MEMORANDUM

Date: December 18, 2018
To: Michigan Strategic Fund (“MSF”) Board Members
From: Julia Veale, Business Development Project Manager
Subject: MyLocker, LLC ("Company" or "Applicant")
Michigan Business Development Program (“MBDP”) Grant

Request
This is a request from the Applicant for a $2,500,000 MBDP Grant, as outlined in the attached Term Sheet ("MBDP Request"). This project involves the creation of 452 Qualified New Jobs, and a capital investment of up to $18,064,375 in the City of Detroit, Wayne County.

Background
The Applicant is an online marketer of custom apparel and home goods. However, the founder and president, Robert Hake, refers to the Company as a technology company because they have developed proprietary software that provides automation from start to finish of the product customization process. Founded in 1998 by Robert Hake, the Company's first product was a blanket with polar fleece on one side and water-resistant fabric on the other. Eventually personalization options were added for this product, and in 2005 the Company began building online stores with an integrated design-production-delivery system. The Company offers custom integration for online merchants. Using their own web platform, a merchant is able to direct orders from its website to the fulfillment team where the ordered items are processed with the merchant's own designs and chosen pricing.

The Company is currently comprised of three addresses - 1300 Rosa Parks, 1661 Porter Street and 1641 Porter Street. The 1300 Rosa Parks address consists of office and light production functions, primary production is housed within the 1661 Porter address and the 1641 address, previously used by tenants, is the target of the expansion plan. This project will tear down the existing one-story, fragmented office building and replace with a five story production facility. Each floor will have roughly 54,000 square feet available. The first floor will be 45 feet in height and house a robotic inventory system, inventory and have both receiving and shipping capabilities. Floors two, three and four will be reserved for production based on type of product and method of customization. The top floor of the building will be reserved for corporate offices and administrative functions. The project will result in the creation of 452 jobs and $18,064,375 in new investment in the Corktown neighborhood in the city of Detroit, Wayne County.

The Applicant has demonstrated a need for funding. The Company requested UPS to complete an analysis as to the optimal location given customer's shipping addresses over a six week period. UPS identified Reno, Nevada and Columbus, Ohio as the optimal location for potential expansion. Savings on shipping would be roughly $80,000 per month based on the 2018 projected sales volume. If the Company chooses to relocate to Ohio, they would close down operations in Detroit. Should the Company choose Nevada, they would take 50-60 employees from Detroit and leave the operation as is but will not pursue expansion plans in Michigan. Incentive assistance is necessary to assist with freight costs and skills enhancement training.

Invest Detroit is working with MyLocker Properties, LLC to provide new financing to both the holding and operating (My Locker.com, L.L.C.) companies. The Lender is asking for the MSF's support through its SSBCI Loan Participation Program for its construction loan in the amount of $4,216,550.
In addition to MSF support, the Detroit Economic Growth Corporations (DEGC) anticipates approval of a real property tax abatement in support of the project.

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

**Recommendation**
MEDC Staff recommends approval of the MBDP Request, as outlined in the attached resolution.
MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Incentive - Term Sheet - Definitions

This document contains terms and definitions, which will be used to structure this incentive. While the MBDP is operated and funded through the MSF, recommendation for approval of a MBDP incentive award is presented by the Michigan Economic Development Corporation (“MEDC”) to the MSF. Exhibit A will be presented to the MSF for consideration.

Terms and Definitions:

**Base Employment Level:** The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company’s employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement (“Agreement”) between the MSF and the Company.

**Qualified New Job Creation:** The minimum number of total Qualified New Jobs the Company shall be required to create in Michigan (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum number of Qualified New Jobs that must be created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

**Company Investment:** The Company anticipates investment of up to $18,064,375 for building construction and machinery and equipment, or any combination thereof, for the Project.

**Municipality Support:** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: The Detroit Economic Growth Corporation is supporting the project with a PA 198. The final terms and conditions demonstrating this support shall be included in the final Agreement.

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

- **Disbursement Milestone 1:** Up to $1,000,000  
  Upon demonstrated creation of 198 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than December 1, 2019.

- **Disbursement Milestone 2:** Up to $750,000  
  Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 124 additional Qualified New Jobs (for a total of 322 Qualified New Jobs) above the Base Employment Level, by no later than December 1, 2020.

- **Disbursement Milestone 3:** Up to $750,000  
  Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 130 additional Qualified New Jobs (for a total of 452 Qualified New Jobs) above the Base Employment Level, by no later than December 1, 2021.

December 4, 2018 MyLocker, LLC
**Repayment Provisions:** Repayment provisions are required by law. The Repayment terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement. The final repayment provisions may require repayment of some or all of the disbursements made by the MSF, including if the Company moves 25% or more of their employees out of Michigan, if the Company fails to maintain the Base Employment Level in Michigan, if the Company fails to maintain the Qualified New Jobs incented by this Award.

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

**Public Announcements:** The Company shall not make, or cause, any announcement of the proposed MBDP Incentive Award parameters outlined in this letter before the date of approval by the MSF of the MBDP Incentive Award, unless prior authorized and coordinated with the MEDC. At the request and expense of the MSF or the MEDC, the Company will cooperate with the MSF or the MEDC to promote the Project through one or more of the placement of a sign, plaque, media coverage or other public presentation at the Project or other location acceptable to the Parties.
EXHIBIT A
MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Incentive - Term Sheet - Summary

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

Date: December 4, 2018

Company Name: MyLocker, LLC and/or its affiliates and subsidiaries.

Project Location: 1641 Porter Street
Detroit, Michigan 48216

MBDP Incentive Type: Performance Based Grant

Maximum Amount of MBDP Incentive: Up to $2,500,000

Base Employment Level: At least (please advise)

Qualified New Jobs: At least 452

Municipality Supporting Project: The Detroit Economic Growth Corporation has agreed to provide staff, financial or economic assistance in support of the project.

Start Date for Measurement of Creation of Qualified New Jobs: November 29, 2018

Term of the Agreement: June 1, 2022

Milestone Based Incentive: Disbursements will be made over a 3 year period and will be performance based on job creation as follows:
Milestone 1: $1,000,000 for the creation of 198 jobs.
Milestone 2: $750,000 for the creation of 124 jobs.
Milestone 3: $750,000 for the creation of 130 jobs.

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

Acknowledged as received by:

MyLocker, LLC
By: ___________________________  Printed Name: ___________________________
Its: ___________________________  Its: ___________________________

Michigan Economic Development Corporation
By: ___________________________  Printed Name: ___________________________

December 4, 2018 MyLocker, LLC
MEMORANDUM

To: Michigan Strategic Fund Board

From: Aileen Cohen, Capital Project and Portfolio Manager

Date: December 18, 2018

Subject: My Locker Properties, LLC (and/or related borrowers)

SSBCI – Loan Participation Proposal

Request

My Locker Properties, LLC is the related real estate holding company to My Locker.com, L.L.C. My Locker.com, L.L.C. (“My Locker” or “Company”) is an online marketer of custom apparel and home goods located in Detroit, Michigan. The Company has been in operation over 20 years and is working with Invest Detroit to secure financing to demolish its existing building and build a new 108,902 square foot logistics and production facility. The Company undertook a study in conjunction with UPS to determine the most efficient location to achieve logistical efficiency and reduce shipping costs. It was determined that the Company could experience significant savings by relocating, however the owner wishes to stay in Detroit.

Invest Detroit (“Lender” or “ID”) has proposed financing of a draw to term construction loan to My Locker to demolish the old building and construct a new two-story logistics and production facility. The proposed structure consists of two separate notes. In order to offset the Lender’s exposure, ID is requesting loan participation from the MSF for the following:

A. Bank Facility and MSF Support

The Bank has proposed to provide the following credit facilities:

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<thead>
<tr>
<th>Draw to Term = Construction Loan</th>
<th>$4,225,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Draw to Term = Construction Loan</td>
<td>$4,225,000</td>
</tr>
<tr>
<td>Total Loans Leveraged</td>
<td>$8,450,000</td>
</tr>
</tbody>
</table>

Given the above structure, the proposed MSF exposure is a maximum of:

<table>
<thead>
<tr>
<th>Term = Real Estate Loan</th>
<th>$2,108,275</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total MSF Contribution</td>
<td>$4,216,550</td>
</tr>
</tbody>
</table>

In addition to the financing being proposed, the borrower will be injecting $2,221,298 in equity towards the transaction. Additionally, Chase Bank will also provide financing for equipment necessary for
expanded production in the amount of $9,800,000. Under definitions provided by the US Department of Treasury related to the calculation of leverage, the reported leveraged lending as compared to MSF exposure is 4.85:1.

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

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

a. Acknowledgment by the MSF that the Designated Information set forth in the attached summary is confidential;

b. Approval of the MBGF-LPP proposal contained herein and;

c. Subject to available funding under the MBGF-LPP at the time of closing (“Available Funding”), completion of due diligence, the results of which are satisfactory to the MEDC (collectively, “Due Diligence”), finalization of a MBGF-LPP Loan Participation and Servicing Agreement, and further subject to the following terms and conditions:

**Facility 1 – My Locker Properties, LLC**
Borrower: My Locker Properties, LLC
Lender: Invest Detroit
Loan Amount: up to $4,225,000
MSF Cash Collateral: up to $2,108,275
Loan Type: 60 month Construction Loan, 18 monthly payments of interest only, 42 months principal and interest based on 20 year amortization
Fees: Tier II: 1.00% at Closing 1.00% annually thereafter on the MSF Share Balance.

**Facility 1 – My Locker Properties, LLC**
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Fees: Tier II: 1.00% at Closing 1.00% annually thereafter on the MSF Share Balance
**Exhibit A**

**Credit Presentation**

## GENERAL INFORMATION

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Address</th>
<th>City, State Zip</th>
</tr>
</thead>
<tbody>
<tr>
<td>MyLocker.com, LLC</td>
<td>1300 Rosa Parks Blvd</td>
<td>Detroit, Michigan 48216</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Entity Type</th>
<th>Type of Operation - Primary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited Liability Co.</td>
<td>Textile and Fabric Finishing Mills</td>
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<tr>
<td></td>
<td>NAICS: 313310</td>
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<table>
<thead>
<tr>
<th>Lender</th>
<th>Lender Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jason Barnett</td>
<td><a href="mailto:jason.barnett@investdetroit.com">jason.barnett@investdetroit.com</a></td>
</tr>
</tbody>
</table>

### Bank Facility and MSF Support

The Bank has proposed to provide the following credit facilities:

- **Draw to Term = Construction Loan**: $4,225,000
- **Draw to Term = Construction Loan**: $4,225,000
- **Total Loans Leveraged**: $8,450,000

Given the above structure, the proposed MSF exposure is a maximum of:

- **Draw to Term = Construction Loan**: $2,108,275
- **Draw to Term = Construction Loan**: $2,108,275
- **Total MSF Contribution**: $4,216,550

In addition to the financing being proposed, the borrower will be injecting $2,221,298 in equity towards the transaction. Additionally, Chase Bank will also provide financing for equipment necessary for expanded production in the amount of $9,800,000. Under definitions provided by the US Department of Treasury related to the calculation of leverage, the reported leveraged lending as compared to MSF exposure is 4.85:1.

### Background

MyLocker is an online marketer of custom apparel and home goods. However, the founder and president, Robert Hake, refers to the Company as a technology company because they have developed proprietary software that provides automation from start to finish of the product customization process. Founded in 1998 by Robert Hake, the Company's first product was a blanket with polar fleece on one side and water-resistant fabric on the other. Eventually, personalization options were added for this product, and in 2005 Hake began building online stores with an integrated design-production-delivery system. MyLocker offers custom integration for online merchants. Using their own web platform, a merchant is able to direct orders from its website to the MyLocker fulfillment team where the ordered items are processed with the merchant's own designs and chosen pricing. Additionally, on-line retailers can use MyLocker's online interface to develop what appear to be their own proprietary web platforms but are actually a MyLocker platform.

The Company continued to expand its product offerings to the point where services now include mass customization of more than 25,000 different products. Products include all types of clothing, cups, plates, wall hangings, and trinkets of many types. These products are customized with silk screening, painting, embroidery among other processes. Once the retail customer places an order, the orders are collated by MyLocker's software, and at the end of every day MyLocker's system automatically generates purchase orders that are sent electronically to its stable of suppliers that specify color, size, style, etc. All of MyLocker's suppliers are within overnight shipping distance of Detroit so the Company carries almost no inventory. The plain goods arrive the next morning from the supplier by UPS, and skew labels are printed and affixed to the merchandise. The label directs the product through the automated customization process in the factory with little to no waste as all information needed to process the item is included in the label so there is little left to human error. The products are customized and returned to the shipping area to be automatically packaged and shipped to the retail customer with a shipping label that bears the name of the retail source of the order. It is 1.8 days from the time the retail customer places the order online to the time it is shipped to them from MyLocker. MyLocker updates the client who placed the order with tracking information for the order once it ships.

The MyLocker complex spans three adjacent buildings on Rosa Parks Boulevard in the Corktown neighborhood of Detroit. The financing request is to demolish one of the buildings and build a new 108,902 SF, two-story logistics and production facility. The building is a very simple open floor plan design that will accommodate open areas for production and shipping. The first floor of the new building design will be 45 feet in height (high bay) and house a robotic inventory system and have both receiving and shipping capabilities. The second floor will be an expanded production area and contain new production equipment being
financed by Chase Bank. The demolition will begin within the next month and new construction is estimated to be completed by August 2019.

**Financing Opportunity**

Invest Detroit is working with MyLocker Properties, LLC to provide new financing to both the holding and operating (MyLocker.com, L.L.C.) companies. The Borrower has been in business for over 20 years, and continues to see steady growth. The Company has grown to have a projected $54M in sales for 2018, and currently employs 250 people. The borrower also continues to invest in the Company to ensure that it has the correct equipment and people to grow the Company. The Lender is asking for the MSF’s support through its SSBCI Loan Participation Program for its construction loan.

<table>
<thead>
<tr>
<th>Loan #</th>
<th>Purpose</th>
<th>Type</th>
<th>Balance/Request Amt.</th>
<th>Accrued Interest</th>
<th>Commit.</th>
<th>Interest Rate</th>
<th>Payment Amt. P&amp;I</th>
<th># Pmts.</th>
<th>Term</th>
<th>Amort</th>
<th>Orig. Date</th>
<th>Mat. Date</th>
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<tbody>
<tr>
<td>Invest Detroit</td>
<td>Construction</td>
<td>Draw to Term</td>
<td>2,116,725</td>
<td></td>
<td></td>
<td>7</td>
<td></td>
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<tr>
<td>Invest Detroit</td>
<td>Con</td>
<td>Draw to Term</td>
<td>2,116,725</td>
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<td>7</td>
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<tr>
<td>MBGF-LPP</td>
<td>Construction</td>
<td>Draw to Term</td>
<td>2,108,275</td>
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<tr>
<td>MBGF-LPP</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>8,450,000</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
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</table>

<table>
<thead>
<tr>
<th>Collateral Type</th>
<th>Type</th>
<th>Value</th>
<th>Adv Rate</th>
<th>Disc. Value</th>
<th>Prior Lien</th>
<th>Coll. Amt.</th>
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</thead>
<tbody>
<tr>
<td>Building in Corktown</td>
<td>Real Estate</td>
<td>9,300,000</td>
<td>90%</td>
<td>8,370,000</td>
<td>8,370,000</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>9,300,000</strong></td>
<td><strong>8,370,000</strong></td>
<td><strong>8,370,000</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Total Loan Amount | Margin of Collateral to Loan | 0.99 |
| Total Collateral Amount | % Loan to Collateral | 100.96% |

**Summary**

| Total Loan Amount | Margin of Collateral to Loan | 0.99 |
| Total Collateral Amount | % Loan to Collateral | 100.96% |
Collateral
The Loans will be secured by shared first real estate mortgage on the new building and an assignment of leases and rents. The first mortgage position will be shared between all participants.

<table>
<thead>
<tr>
<th>Ratios and Indicators</th>
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<tbody>
<tr>
<td>LIQUIDITY / LEVERAGE RATIOS</td>
</tr>
<tr>
<td>Balance Sheet Dates</td>
</tr>
<tr>
<td>Balance Sheet Description</td>
</tr>
<tr>
<td>Current Ratio:</td>
</tr>
<tr>
<td>Quick Ratio(Acid Test):</td>
</tr>
<tr>
<td>Working Capital:</td>
</tr>
<tr>
<td>Debt / Equity:</td>
</tr>
<tr>
<td>Debt / Asset:</td>
</tr>
<tr>
<td>Current Liabilities / Total Liabilities:</td>
</tr>
<tr>
<td>Debt / Tang Net Worth:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PROFITABILITY RATIOS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inc. &amp; Exp. Beginning Date</td>
</tr>
<tr>
<td>Inc. &amp; Exp. Ending Date</td>
</tr>
<tr>
<td>Inc. &amp; Exp. Description</td>
</tr>
<tr>
<td>Return on Investment:</td>
</tr>
<tr>
<td>Gross Profit Margin:</td>
</tr>
<tr>
<td>Net Profit Margin:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flow / Repayment Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/01/2015</td>
</tr>
<tr>
<td>12/31/2015</td>
</tr>
<tr>
<td>No Adj.</td>
</tr>
<tr>
<td>OPERATING INCOME</td>
</tr>
<tr>
<td>Total Non-Operating</td>
</tr>
<tr>
<td>(EBIT) EARNINGS BEF. INT. &amp; TAXES</td>
</tr>
<tr>
<td>Interest Expense</td>
</tr>
<tr>
<td>INCOME BEFORE TAXES</td>
</tr>
<tr>
<td>NET INCOME</td>
</tr>
<tr>
<td>Plus:</td>
</tr>
<tr>
<td>Commercial</td>
</tr>
<tr>
<td>Interest Expense</td>
</tr>
<tr>
<td>Amortization</td>
</tr>
<tr>
<td>CAP RPLC &amp; DEBT REPAYMENT CAPACITY</td>
</tr>
<tr>
<td>Total Annual Payment</td>
</tr>
<tr>
<td>Total Debt Service</td>
</tr>
<tr>
<td>MARGIN AFTER DEBT SERVICING</td>
</tr>
<tr>
<td>Commercial DSCR</td>
</tr>
</tbody>
</table>

Sensitivity Analysis
Debt Service Margin will be Depleted if:
| Net Sales/Revenues Decreases by: | -0.67% | 4.53% | 1.96% | -2.48% |
| Operating Expense plus COGS Increase by: | -0.72% | 4.97% | 2.07% | -2.56% |
| Interest Rate Increase by: | 0.00% | 38.43% | 18.26% | -6.63% |
### INDUSTRY COMPARISON

**Balance Sheet: 12/31/2017**

**Income/Expense: 01/01/2017 to 12/31/2017**

**NAICS: 313310 - Textile and Fabric Finishing Mills**

Unqualified: 10, Reviewed: 13, Compiled: 7, Tax Return: 6, Other: 26, Total Number Stmts: 62

### Assets

<table>
<thead>
<tr>
<th>Client</th>
<th>Industry</th>
<th>Variance</th>
<th>Liquidity Ratios</th>
<th>Client</th>
<th>Industry</th>
<th>Variance</th>
<th>Quartile</th>
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</thead>
<tbody>
<tr>
<td>Cash &amp; Equivalents</td>
<td>20.7</td>
<td>9.7</td>
<td>11.0</td>
<td>Current Ratio</td>
<td>0.4</td>
<td>2.0</td>
<td>-1.6</td>
</tr>
<tr>
<td>Trade Receivables (net)</td>
<td>6.3</td>
<td>27.4</td>
<td>-21.1</td>
<td>Quick Ratio (Acid Test)</td>
<td>0.3</td>
<td>0.9</td>
<td>-0.6</td>
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<tr>
<td>Inventory</td>
<td>6.6</td>
<td>33.3</td>
<td>-26.7</td>
<td>Sales / Receivables</td>
<td>33.4</td>
<td>8.4</td>
<td>25.0</td>
</tr>
<tr>
<td>All Other Current</td>
<td>0.4</td>
<td>1.6</td>
<td>-1.2</td>
<td>Days' Receivables</td>
<td>10.9</td>
<td>43.0</td>
<td>-32.1</td>
</tr>
<tr>
<td>Total Current</td>
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<td>72.1</td>
<td>-38.1</td>
<td>Cost of Sales / Inventory</td>
<td>22.4</td>
<td>4.5</td>
<td>17.9</td>
</tr>
<tr>
<td>Fixed Assets (net)</td>
<td>44.2</td>
<td>19.3</td>
<td>24.9</td>
<td>Days' Inventory</td>
<td>16.3</td>
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<tr>
<td>Intangibles (net)</td>
<td>12.9</td>
<td>3.1</td>
<td>9.8</td>
<td>Cost of Sales / Payables</td>
<td>5.1</td>
<td>11.1</td>
<td>-6.0</td>
</tr>
<tr>
<td>Other Non-Current</td>
<td>9.0</td>
<td>5.6</td>
<td>3.4</td>
<td>Days' Payables</td>
<td>71.1</td>
<td>33.0</td>
<td>38.1</td>
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<tr>
<td><strong>Total Assets</strong></td>
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<td><strong>100.0</strong></td>
<td></td>
<td>Sales / Working Capital</td>
<td>-4.6</td>
<td>5.4</td>
<td>-10.0</td>
</tr>
</tbody>
</table>

### Liabilities

<table>
<thead>
<tr>
<th>Client</th>
<th>Industry</th>
<th>Variance</th>
<th>Coverage Ratio</th>
<th>Client</th>
<th>Industry</th>
<th>Variance</th>
<th>Leverage Ratios</th>
<th>Client</th>
<th>Industry</th>
<th>Variance</th>
<th>Operating Ratios</th>
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<tbody>
<tr>
<td>Notes Payable</td>
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<td>-10.7</td>
<td>EBIT / Interest</td>
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<td>-4.3</td>
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<td>Cur. Mat. L/T/D</td>
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<td>Net Prof. + Depr / Cur. Mat. L/T/D</td>
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<tr>
<td>Trade Payables</td>
<td>28.8</td>
<td>16.9</td>
<td>11.9</td>
<td>Fixed / Net Worth</td>
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<td>4</td>
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<tr>
<td>All Other Current</td>
<td>50.6</td>
<td>6.8</td>
<td>43.8</td>
<td>Debt / Net Worth</td>
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<td>Total Current</td>
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<tr>
<td>Long Term Debt</td>
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<tr>
<td>Deferred Taxes</td>
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<td></td>
</tr>
<tr>
<td>Other Non-Current</td>
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<td>10.0</td>
<td>-10.0</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Net Worth</td>
<td>-58.4</td>
<td>42.1</td>
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<td>% Prof. Bf. Taxes / Net Worth</td>
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<td>-29.6</td>
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<tr>
<td><strong>Total Liab. &amp; Net Worth</strong></td>
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<td><strong>100.0</strong></td>
<td></td>
<td>% Prof. Bf. Taxes / Total Assets</td>
<td>11.3</td>
<td>4.7</td>
<td>6.6</td>
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<td></td>
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<tr>
<td></td>
<td></td>
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<td>Sales / Net Fixed Assets</td>
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<td>Sales / Total Assets</td>
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<td>2.1</td>
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</tbody>
</table>

### Income Data

<table>
<thead>
<tr>
<th>Client</th>
<th>Industry</th>
<th>Variance</th>
<th>Expense to Sales Ratio</th>
<th>Client</th>
<th>Industry</th>
<th>Variance</th>
<th>Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Revenues</td>
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<td>100.0</td>
<td>0.0</td>
<td>% Depreciation / Sales</td>
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<td>-1.4</td>
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<tr>
<td>Gross Profit</td>
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<td>30.3</td>
<td>-0.5</td>
<td>Officers’ Compensation/Sales</td>
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<td>-2.5</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>24.5</td>
<td>25.6</td>
<td>-1.1</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Operating Profit</td>
<td>5.4</td>
<td>4.7</td>
<td>0.7</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>All Other Expenses (net)</td>
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<td>-0.8</td>
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<tr>
<td>Profit Before Taxes</td>
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<td>3.9</td>
<td>1.5</td>
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Last Updated 11/07/2018 8:17:26 AM From RMA 2017 Data

### OWNERSHIP / GUARANTORS

**Source**

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<thead>
<tr>
<th>SSBCI</th>
<th>Program</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>LPP</td>
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</table>

**Committed Date** | **Loan Closing Date** | **Total Loan** |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$8,450,000</td>
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</table>

**MSF Share**

<table>
<thead>
<tr>
<th>$4,216,550</th>
<th>Additional Leverage (at closing)</th>
<th>Additional Leverage (ongoing)</th>
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<tbody>
<tr>
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<td>$14,406,614</td>
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**Leverage**

<table>
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<tr>
<th>4.85</th>
<th>Closing Fee</th>
<th>1% of MSF Share</th>
</tr>
</thead>
<tbody>
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**FTE @ Closing (in State)**

<table>
<thead>
<tr>
<th>250</th>
<th>FTE @ Closing (out of state)</th>
<th>Projected FTE Increase</th>
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<td>420</td>
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</table>

**FTE @ Annual Review**

<table>
<thead>
<tr>
<th>FTE Net Increase/Decrease</th>
<th>Support $ per new job</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>$10,039</td>
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**Associate**

<table>
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<tr>
<th># Co's</th>
<th>Loan Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Draw to Term Construction</td>
</tr>
</tbody>
</table>
Employment
MyLocker has 250 full-time equivalent employees. The Company anticipates adding 99 fulltime employees within the next 6 months and an additional 321 within the next 2 years. The anticipated annual salary for employees of MyLocker is $21,736.

Source of Information
It is the role of Capital Services Team staff ("CST") to review for eligibility, completeness, and adherence to industry standards and practices, the information provided by the financial institution and to manage the MSF's structural risk. Explanatory and background information is supplied in summary form to provide context for the request and is drawn exclusively from material submitted by the lending institution and from third party research sources such as Dunn and Bradstreets FirstResearch database.

Capital Access Program History
The Michigan Economic Development Corporation's (MEDC) Capital Access Programs began in 2009 with a state allocation of $26 million. In 2011, the Federal government deployed an additional $79 million to the State of Michigan to continue its efforts towards providing access to capital for small businesses. The programs under the Capital Access unit assist small business and financial lending institutions by providing collateral support or loan participation. In either case, there is always a closing fee and annual fee charged, in addition to all principal returned as well as any fees and interest expense that the MEDC may receive through its support with the transactions. To date the program has funded over $182 million to 252 companies, leveraged over $912 million in Private Investments, received a total of $9.9 million in program revenue, and has had losses of less than 1% of the total loan funded.

Confidentiality
As part of preparation for closing of the facility, there are numerous underwriting documents which contain financial and other proprietary information that are shared with Staff. The MSF Act, (pursuant to MCL 125.2005(9)) provides the MSF the authority to acknowledge such information as confidential information ("Designated Information"). The Lender and the Company seek confidentiality protection from the MSF as described on the attached summary of Designated Information.

Exit Strategy
The Bank has implemented the following loan covenant in conjunction with its existing financing to MyLocker

• Minimum Debt Service Coverage of 1.25x - pre-distributions
  ◦ Measured quarterly beginning 12/31/2019
  ◦ Defined as: (Net Income + Interest Expense + Depreciation + Amortization)/(Actual Annual Debt Service)

This Covenant is intended to require re-investment in the balance sheet of My Locker and ultimately the release of the pledged collateral from the MSF.

Conditions

• Commitment will remain valid for 90 days with approval for MSF Fund Manager to extend the commitment an additional 30 days.
• Unlimited, unsecured personal guaranty of Robert Hake and unlimited corporate guaranty of MyLocker.com, L.L.C.
  ◦ *Guarantees are for the benefit of the MSF, subordinated to the senior lender and limited by senior lender's exposure at time of closing, but the subordination of the guarantees to the MSF in favor of the senior lender may not exceed a principal balance of $8,450,000, along with reasonable interest and fees.
• The proposed financing will be subject to a Minimum Debt Service Coverage Ratio, as calculated by the Bank. Required minimum fixed charge coverage ratio will be set at a level acceptable to Bank and CST.
**SCORING & RATING**

**SCORING & RATING : MBGF_LPP_2019**

Score = **4.60** 5 Excellent

**Model Used:** MEDC CRE Model  
**Last Scored:** 11/07/2018 11:37 AM Aileen Cohen  
**Financial Statements and Forms calculated from:**  
Balance Sheet: 12/31/2017  
Inc. / Exp.: 12/31/2017

<table>
<thead>
<tr>
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<th>Wt %</th>
<th>Weighted Criteria Score</th>
<th>Review</th>
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<tbody>
<tr>
<td>Debt / Tang Net Worth:</td>
<td>-2.22</td>
<td>5.00</td>
<td>20.00</td>
<td>1.000</td>
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<td>Debt Coverage Ratio:</td>
<td>1.57</td>
<td>5.00</td>
<td>20.00</td>
<td>1.000</td>
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<td>MSF Leverage Ratio:</td>
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<td>3.00</td>
<td>20.00</td>
<td>0.600</td>
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<tr>
<td>Management / Borrower Character</td>
<td>Excellent team/Well exper</td>
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<td>20.00</td>
<td>1.000</td>
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<tr>
<td>Business &amp; Industry Trends</td>
<td>Not Vulnerable to sudden</td>
<td>5.00</td>
<td>20.00</td>
<td>1.000</td>
</tr>
</tbody>
</table>

**Total Score:** **4.600**
**SUMMARY OF DESIGNATED INFORMATION**

**MICHIGAN STRATEGIC FUND CONFIDENTIALITY LOG**

**MBGF-LPP**

Per MSF Approval of the Staff Recommendation dated December 18, 2018

<table>
<thead>
<tr>
<th>Name of Applicant</th>
<th>Summary of Designated Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>MyLocker Properties, LLC at 1300 Rosa Parks Boulevard, Detroit, Michigan 48216 and any related borrowers and guarantors; and Invest Detroit, (collectively, “Interested Parties to the Proposed Transaction”)</td>
<td>Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.</td>
</tr>
</tbody>
</table>
MEMORANDUM

Date: December 18, 2018

To: Michigan Strategic Fund Board

From: Christopher Cook, Director, Capital Access

Subject: Private Activity Bond – Inducement

Quality Roasting, LLC
$10,000,000 - New

Request:
Quality Roasting, LLC is requesting private activity bond financing for the purpose of assisting in the acquisition of land, the construction of a manufacturing facility and the acquisition and installation of machinery and equipment.

Background:
Quality Roasting, LLC is a joint venture between Quality Roasting, Inc. and The DeLong Co., both Wisconsin companies. The joint venture was established in May of 2018 as a Michigan Domestic Limited Liability Company.

Description of Project:
The Project consists of the acquisition of land, the construction of an approximately 32,000 square foot manufacturing facility and the acquisition and installation of machinery and equipment to be located in Reese, Tuscola County, Michigan. The Project involves the processing of soybeans to produce crude soybean oil and Exceller Meal. Soybean oil is used in the biodiesel industry and Exceller Meal is a patented high by-pass protein feed for dairy cattle.

It is anticipated construction will begin December 2018 and will be completed in July of 2019.

Projected cost estimated for construction is $8,100,000, while the projected cost of equipment is estimated to be $2,800,000.

It is estimated that approximately 8 new jobs will be created as a result of this project.

Plans of Finance:
Bank First National has indicated an interest in purchasing the proposed bonds directly in a private placement transaction.
**Recommendation:**
After reviewing the private activity bond application for Quality Roasting, LLC, staff finds this project to meet the requirements for an Inducement Resolution in the amount of $10,000,000.
MEMORANDUM

Date: December 18, 2018
To: Michigan Strategic Fund Board
From: Fredrick Molnar, VP Entrepreneurship and Innovation
Subject: FY 2019 Business Incubator Programs Request for Proposals

Action
The MEDC requests that the MSF Board approve the 2019 Business Incubator Programs Request for Proposals.

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

The MEDC requests that the MSF release the 2019 Business Incubator Request for Proposals (“RFP”) in the amount of $668,792 to solicit proposals from certified SmartZones or those organizations associated with a certified SmartZone or certified SmartZone satellite that require funding to support their tech business development activities. The “Business Incubator Grant” is designed to support the 20 SmartZones spread across Michigan. The “Gateway” representative (formerly known as the “Gatekeeper”) is the key person and connection point into the local SmartZone. The business incubator grant pays part of the salary, expenses and travel of the “Gateway” representative, and requires a 1:1 match. The “Gateway” representative is responsible for all local SmartZone client services, including: welcoming the tech company into the local ecosystem, providing an overview of the Michigan statewide tech ecosystem, recruitment and development of other tech companies in the local SmartZone, local SmartZone business development activities, vetting of tech companies, providing strategic business guidance, helping companies with fundraising efforts and connecting companies with the various entrepreneurial resources available to companies across the State of Michigan. They typically also oversee the day-to-day operations of the SmartZone incubator, if applicable.

The “Gateway” representative is responsible for connecting the local tech companies to the statewide MSF funded programs such as: Business Accelerator Fund (BAF), the First Capital Fund (FCF), the Pre-Seed II fund, the SBDC Tech Team and the BBCetc (SBIR/STTR federal grant applications). They are also responsible for collecting and monitoring the outcomes of the SmartZone, and supplying those performance metric outcomes to the MEDC every six (6) months.
The MEDC anticipates the following proposed timeline for the execution of this RFP:

- Issue RFP to the Public: December 21, 2018
- Questions due from the Public: January 2, 2019
- Answers posted to the MEDC web page: January 7, 2019
- Applications Deadline: January 31, 2019

The MEDC recommends that the MSF Board approve appointing a Joint Evaluation Committee (“JEC”) to review the proposals submitted and make recommendations to the MSF Board. The following individuals are recommended to be appointed to the JEC to review proposals:

- Fred Molnar, VP Entrepreneurship and Innovation, MEDC
- Martin Dober, Senior Vice President, Venture and Managing Director, Invest Detroit Ventures
- Phil Tepley, Director of Technology Commercialization Services, MI-SBDC
- Nadia Abunasser, Federal and Development Projects Director, MEDC

The MEDC recommends that the MSF Board approve the scoring and evaluation criteria attached as Exhibit B to the resolution to be used by the JEC members in their review of proposals submitted in response to the RFP.

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

1) Allocation of $668,792 for the program;
2) Approval of the purpose, eligibility and timeline for the RFP attached as Exhibit A to the resolution;
3) Appointment of the JEC listed above; and
4) Approval of the scoring and evaluation criteria attached as Exhibit B to the resolution appointing the JEC and approving the scoring criteria.
Purpose of the grant

Proposals submitted MUST fulfill the following purposes.

To assist certified SmartZones or those organizations associated with a certified SmartZone or certified SmartZone satellite.

Standard proposals for up to $100,000/year for one (1) year or supplemental proposals for up to $150,000/year for one (1) year may be submitted. For standard requests up to $100,000, the 1-1 match can be cash, in-kind or a combination of cash and in-kind. IF the SmartZone incubator/accelerator can demonstrate the need for additional resources (an additional key person) to fulfill these duties within the certified geographic boundaries of the SmartZone, they may apply for up to an additional $50,000 to cover these expenses ($150,000 total maximum grant/year). A 1-1 CASH match is required for any additional funding request beyond $100,000. This funding will only be available to pay the salary of a key person(s) and his/her expenses.

The key person must perform, at a minimum, the following duties:

• Help clients with gateway activities, such as but not limited to, identifying and attracting clients and helping them navigate through the entrepreneurial ecosystem
• Help clients with Business Accelerator Fund applications and support Business Accelerator Fund activities
• Help clients with First Capital Fund applications and support First Capital Fund activities
• Help clients with Pre-Seed Fund applications and support Pre-Seed Fund activities
• Help client with federal grant applications including but not limited to connecting them to BBCetc (MSF funded SBIR/STTR federal grant applications support)
• Attend quarterly SmartZone and Gateway meetings
• Collect and monitor the outcomes of the SmartZone or SmartZone satellite, and supply those performance metric outcomes to the MEDC every six (6) months

The proposal must identify the need for such a person, how the person meets the need, and how the person will carry out his/her responsibilities. The proposal must also provide resume of key person (if already identified). This person should have at least one-year experience working for a technology start-up or early stage company. If not, must provide a process whereby this person is trained and mentored by an approved service provider (such as SBDC) to work with technology companies. Hiring of the key person is contingent upon MEDC approval.
Technology Sectors supported under the grant

Proposals submitted **MUST** be to foster the growth of Michigan’s technology based economy by supporting early stage companies and entrepreneurs to create jobs and commercialize product(s) within one or more of the competitive edge technology sectors defined in Section 125.2088a of the MSF Act, as amended, and as approved by the MSF Board, including Advanced Automotive, Manufacturing, Materials, Information, and Agricultural Processing Technology, Alternative Energy, Homeland Security and Defense Technology, Life Sciences, and Other Innovative Technologies.

**Eligibility**

- Incubators/accelerators located within a certified SmartZone or certified SmartZone Satellite
  - who do not have a current business incubator gateway grant (formerly gatekeeper grant)
  - current business incubator gateway grant (formerly gatekeeper grant) funding ends prior to 4/1/2019.

- Only non-profit organizations and Michigan institutions of higher education are eligible to receive funding through this RFP. To be eligible as a non-profit corporation, an applicant must, at the time the award is made, be: (i) a non-profit corporation duly organized under the laws of Michigan; or (ii) a foreign non-profit corporation duly authorized to transact business in Michigan. The principal site for the applicant’s project must be a facility located in Michigan. Such a facility must be either: (i) owned or leased by the non-profit organization; or (ii) owned or leased by an organization collaborating on the project. If the principal site is owned or leased by a collaborating organization, the organization must meet the “principal site of the project” requirement for a non-profit corporation, as defined in this section. Eligible non-profit organizations must be authorized to conduct business in the State of Michigan. Universities must be Michigan universities.

**Timeline**

- Issue RFP to the Public: December 21, 2018
- Questions due from the Public: January 2, 2019
- Answers posted to the MEDC web page: January 7, 2019
- Applications Deadline: January 31, 2019
Proposal Evaluation Form  
2019 Business Incubator RFP

Name of Applicant: ________________________________________________________________

Name of Reviewer: ________________________________________________________________

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Reviewer’s Comments</th>
<th>Points</th>
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<td><strong>Eligibility:</strong></td>
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<tr>
<td>- Incubators/accelerators located within a certified SmartZone or certified SmartZone Satellite</td>
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</tr>
<tr>
<td>- who do not have a current business incubator gateway grant (formerly gatekeeper grant)</td>
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<tr>
<td>- current business incubator gateway grant (formerly gatekeeper grant) funding ends prior to 4/1/2019.</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Yes/No:</td>
<td></td>
</tr>
</tbody>
</table>
| **Executive Summary:** | | Max. Possible Points: 5
| Overview | | Score: |
| - NAME OF THE APPLICANT ORGANIZATION | | |
| - ELIGIBILITY CRITERIA | | |
| - AMOUNT OF FUNDS REQUESTED | | |
| - AMOUNT OF MATCHING FUNDS | | |
| - TERM | | |
| - PURPOSE | | |
| - The TARGETED NUMBERS FOR: | | |
|   - Companies Created | | |
|   - Jobs Created | | |
|   - Increase Investment/Revenue | | |
| **Purpose:** | | Max. Possible Points: 15
| a) The Applicant must clearly indicate whether the organization is a non-profit or university. | | Score: |
| b) The Applicant must clearly identify the need for a key person to help with gateway activities (identifying and attracting clients and helping them navigate through the entrepreneurial ecosystem), Business Accelerator Fund, First Capital Fund, and Pre-Seed Fund activities. | | |
| c) The Applicant identifies the “key person”, how he/she meets the need and how he/she will carry out his/her responsibilities. | | |
| d) The Applicant must clearly describe how the proposed use of funds will foster the growth of Michigan’s technology based economy and clearly identify the specific competitive edge technology sectors that the Applicant will serve. | | |
| **Past Experience:** | | Max. Possible Points: 10
| - The Applicant should indicate past experience with business incubation/acceleration. | | Score: |
| **Team:** | | Max. Possible Points: 20
| - Identified key players | | Score: |
| - Identified collaborators | | |
| **Milestones/Deliverables:** | | Max. Possible Points: 10
| - Identified meaningful milestones/deliverables | | Score: |
| - Achievable and leading to economic impact | | |
| **Budget:** | | Max. Possible Points: 10
<p>| - Identified meaningful budget for proposal | | Score: |
| - Clearly identified 1-1 match | | |
| - Organization budget clearly indicates need for funding | | |
| - Indicates how and when will achieve sustainability | | |</p>
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<th>Economic Impact:</th>
<th>Max. Possible Points: 15</th>
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<tbody>
<tr>
<td>• Realistic assumptions and expectations based on industry knowledge and incubator’s past reported performance</td>
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<td></td>
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<tr>
<td>• Identified targeted metrics:</td>
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<td></td>
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<tr>
<td>o Companies Created</td>
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<td></td>
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<tr>
<td>o Jobs Created</td>
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<td></td>
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<tr>
<td>o Increase Investment/Revenue</td>
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<th>Preferences:</th>
<th>Max. Possible Points: 15</th>
<th>Score: ______</th>
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<tbody>
<tr>
<td>• Contributes to the development of economic diversification or the creation of employment opportunities in this state</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Promotes collaborations between institutions of higher education, Michigan nonprofit research institutions, Michigan nonprofit corporations, and qualified businesses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Meets 1 or more of the following: (i) Forecasts revenues within 2 years; (ii) Has outside investments from investors with experience and management teams with experience in the industry targeted by the proposal; and (iii) Has outside directors with expertise in the industry targeted by the proposal.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Is contributing a cash match</td>
<td></td>
<td></td>
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<tr>
<td>• Is able to leverage outside funding sources to reduce overhead expenses.</td>
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<th>Total Score:</th>
<th>Max. Possible Points: 100</th>
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MEMORANDUM

Date: December 18, 2018

To: Michigan Strategic Fund Board

From: Adam Cummins, Community Assistance Team Specialist
Katie Adkins, Commercial Real Estate Investment Manager
Lisa Edmonds, MCRP and Brownfield Program Specialist

Subject: Request for Approval Michigan Community Revitalization Program (MCRP) Grant and a Request for Approval of an Act 381 Work Plan
600 E. Michigan-Lansing, LLC—Capital City Market

REQUEST

600 E. Michigan-Lansing, LLC (“Applicant”) is requesting an MCRP performance-based grant in the amount of $1,500,000 and the Lansing Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including local and school tax capture for MSF eligible activities in the amount of $5,908,518 to support a community development project on the 600 block of East Michigan Avenue in downtown Lansing. The project will be new construction and will redevelop approximately 4.2 acres of blighted, contaminated property into a four-story, mixed use building consisting of an urban grocery market, market-rate residential units, and a hotel. The MCRP award, allocated under the neighborhood and commercial corridor food initiative funds, would be used to support the urban market, residential units and only the footings and pad foundation for the hotel resulting in a capital investment of $26,079,973, along with the creation of approximately 14 permanent full-time equivalent jobs with an average wage of $10.00. The Act 381 Work Plan includes the entire approximately four-acre site and will also include the vertical construction of the hotel. The applicant anticipates that the overall project will result in a total capital investment in the amount of $41,500,000, along with the creation of approximately 25 permanent full-time equivalent jobs with an average hourly wage of $10.00.

600 E. Michigan-Lansing LLC has entered into a Purchase Agreement with Checo Purchase Company, LLC, an entity owned by Concord Hospitality, to purchase Unit 2 of the Condominium Project for $1,634,416. Per the Agreement, 600 E. Michigan-Lansing, LLC is required to complete development and construction of the property to pad-ready condition and will be reimbursed $1,086,160. The Purchaser is required to develop a select hotel under a Marriott flag with meeting space, fitness center, pool, and other guest amenities. The vertical construction of the hotel is anticipated to be completed simultaneously with the market and residential units.
FINANCING OPPORTUNITY – MICHIGAN COMMUNITY REVITALIZATION PROGRAM

The Applicant has requested a MCRP Performance Based Grant in the amount of $1,500,000 to help offset rising construction costs and interest rates that exceed what can be leveraged through debt and rent assumptions. Based on the financing structure described below, the developer is anticipated to achieve a 2.61% return on equity invested.

GRANT TERMS

MSF Facility: Performance Based Grant
Grantee: 600 E. Michigan-Lansing, LLC
Senior Lender: Huntington Bank
Total Amount of Loans: Currently estimated at $17,183,000
Lender Share: Currently estimated at $12,250,000
Total Capital Investment: Currently estimated at $26,079,973
MSF Eligible Investment: Currently estimated at $19,091,807
MSF Grant: Up to the lesser of 9% of “Eligible Investment” or $1,500,000
Deferred Developer Fees: The developer fees of $971,143 will be deferred until such time that the project is producing cash flow in excess of that required for priority debt and other operating obligations.
Funding: The MSF will fund up to $1,500,000 to be disbursed following completion of the project and other performance criteria.

SUMMARY OF DEVELOPMENT SOURCES:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Huntington Bank</td>
<td>$12,250,000</td>
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</tr>
<tr>
<td>Brownfield Bond</td>
<td>$4,013,000</td>
<td>15.39%</td>
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<tr>
<td>MSF Grant</td>
<td>$1,500,000</td>
<td>5.75%</td>
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<tr>
<td>MDEQ Loan</td>
<td>$920,000</td>
<td>3.53%</td>
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<tr>
<td>MDEQ Grant</td>
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<tr>
<td>Developer Equity</td>
<td>$2,785,254</td>
<td>10.68%</td>
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<tr>
<td>Deferred Developer Fee</td>
<td>$971,143</td>
<td>3.72%</td>
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<tr>
<td>Hotel Condo/Reimbursement</td>
<td>$2,720,576</td>
<td>10.43%</td>
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<tr>
<td>TOTAL</td>
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<td>100.00%</td>
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### SUMMARY OF DEVELOPMENT USES:

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<td>Acquisition</td>
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<td>Hard Construction Costs</td>
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<td>Eligible Soft Costs</td>
<td>$940,013</td>
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<td>Other</td>
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<td><strong>TOTAL</strong></td>
<td><strong>$26,079,973</strong></td>
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</table>

### LOCAL SUPPORT

The City of Lansing is contributing $3,813,948 in local TIF reimbursements to support the project. The City of Lansing is certified with the MEDC’s Redevelopment Ready Communities (RRC) program. The project qualifies because it is a facility.

### MCRP PROGRAM AND GUIDELINES

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

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

- **Minimum Debt Service Coverage of 1.20:1.00** – The proforma debt service coverage ratio is anticipated to average 1.19:1.00 through the 20-year horizon based on the committed financing for the project. Staff is comfortable with this deviation based on the experience of the developer and commitment to the success of the project as an owner and operator of multiple projects of similar scale in the area surrounding this project.

- **MCRP Performance Based Grant of $1,500,000** – Per the MCRP Parameters, grants should not typically exceed $750,000. Staff is recommending a deviation from Parameters to allow for up to $1,500,000 in grant funding due to the tight cash flow noted above, coupled with the low level of return on investment to the developer currently anticipated to be 2.61%.

### TAX CAPTURE SUMMARY

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Lansing, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on November 19, 2018. The property has been determined to be a facility as verified by the Michigan Department of Environmental Quality (DEQ) on November 28, 2018.

There are 67.7094 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (35.45%) and local millage equaling 43.7094 mills (64.55%). Tax
increment capture will begin in 2021 and is estimated to continue for 26 years. The requested tax capture for MSF eligible activities breaks down as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State tax capture</td>
<td>35.45%</td>
<td>$2,094,570</td>
</tr>
<tr>
<td>Local tax capture</td>
<td>64.55%</td>
<td>$3,813,948</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$5,908,518</strong></td>
</tr>
</tbody>
</table>

**COST OF MSF ELIGIBLE ACTIVITIES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure Improvements</td>
<td>$1,027,739</td>
</tr>
<tr>
<td>Site Preparation</td>
<td>+</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>$1,769,500</td>
</tr>
<tr>
<td>Contingency (15%)</td>
<td>+</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>$2,797,239</td>
</tr>
<tr>
<td>Interest (5%)</td>
<td>+</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>$3,216,825</td>
</tr>
<tr>
<td>Brownfield/Work Plan Preparation</td>
<td>+</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>$5,878,518</td>
</tr>
<tr>
<td>Brownfield/Work Plan Implementation</td>
<td>+</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>$15,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$5,908,518</strong></td>
</tr>
</tbody>
</table>

In addition, the project is requesting from the MDEQ $1,903,120 in TIF to assist with environmental eligible activities.

**PROJECT BACKGROUND**

The approximately four acre property is located inside the Stadium District on the 600 block of Michigan Avenue. It's adjacent to the Lansing Lugnuts baseball stadium and is within close-proximity to the Lansing Center, the state's capitol, Sparrow Hospital, Accident Fund's headquarters, and the city's riverfront trail. The project will demolish existing structures and remove brownfield conditions resulting in the new development of a four-story, mixed use building consisting of three (3) condo units: an urban market, market rate residential units, and hotel. In addition, the project's infrastructure improvements include 17,971 square feet of sidewalks, an approximately 450 square foot green roof, a 133 linear foot 4-inch gas main, 2,250 square feet of landscaping, and 1,400 square feet of curbs and gutters along Michigan Avenue and Larch Street.

The approximately 36,880 square foot urban market will be owned by the Applicant and leased to Meijer. Designed to create an open-air atmosphere, the market will feature garage doors that roll up to allow fresh produce to be placed on the sidewalks. In addition to fresh and frozen food options, the market will have a coffee shop, and healthy grab and go food items.

The approximately 31,000 square foot residential space will result in approximately 36 market rate residential units and will be owned and operated by the Applicant and leased to individual tenants. The residential units will consist of studio, 1-bedroom and 2-bedroom apartments.
The approximately 60,000 square foot of hotel space will be sold to hotel developer Concord Hospitality, which will own and operate the hotel condo. The hotel will consist of approximately 120 units, and a lobby bar and restaurant.

This project is a high priority for the City of Lansing, which will be transformational for the Michigan Avenue corridor and surrounding residential areas. Those living in and near the downtown will have access to affordable, healthy food within walking distance. The development will increase both daytime and evening foot traffic, extending spending in nearby local businesses. Significant blight conditions will be eliminated, and environmental conditions will be reduced and mitigated to prevent exposures, increasing property values within this corridor. Overall the project will attract new residents and business into the downtown and catalyze future growth and investment.

To bring a transformational development of this magnitude to an urban site triggers several complexities, all which lead to a greater financial investment than would be made if this development were being constructed on a greenfield site. First and foremost, the land that makes up the 4.2-acre site has a long history of uses that resulted in contaminated parcels. In addition, current economic conditions coupled with rising construction costs and interest rates exceed what can be leveraged through debt and rent assumptions. The developer has exhausted all available funding sources and a funding gap still exists. Based on the current financing structure, the developer is anticipated to achieve only a 2.61% return on equity invested. Without the MCRP grant, the gap would need to be supplemented with additional equity, which would drop the returns to a point that makes the project not viable.

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

**APPLICANT HISTORY**
600 E. Michigan-Lansing, LLC, a development entity of Gillespie Group (“GG”), was founded by Patrick Gillespie and is led by a team of experienced professionals. GG specializes in creative urban development, revitalizing communities, and pursuing excellence in all that they do. With an eye to the future, the team takes creative risks, visualizing energetic spaces that breathe new life into city neighborhoods. The group’s diverse, statewide portfolio includes more than 1,850 residential units and over 650,000 square feet of commercial/retail space. Much of GG’s demonstrated success is in Lansing with urban renewal projects such as The Outfield, Marketplace, Lansing Brewing Company and Stadium District. GG has received incentives previously from the MSF or MEGA boards including CRP awards for The Outfield and 3411 E. Michigan/Midtown Projects and Brownfield TIF and/or MBT credits for various projects including the Marketplace, Prudden Place, Stadium District and the Armory Historic Redevelopment. MEDC has completed the background check in accordance with the MSF policy, and the project may proceed for MSF consideration.

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

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69
a) Local and school tax capture for the Act 381 eligible activities totaling $5,908,518. Utilizing the current state to local capture ratio, the amount of state tax capture for this project is estimated at $2,094,570.

b) A MCRP performance-based grant in the amount of up to $1,500,000 for 600 E Michigan-Lansing, LLC.

c) Waiver of the following MCRP Incentive Parameter requirements, as previously discussed;
   • Minimum debt service coverage ratio of 1.20 to 1.00.
   • Grant funding greater than $750,000.

APPENDIX A – Project Map and Renderings
MEMORANDUM

Date: December 18, 2018

To: Michigan Strategic Fund Board

From: Lindsay Viviano, Community Assistance Team Specialist
       Jake Winder, Brownfield & MCRP Program Specialist

Subject: Request for Approval of an Act 381 Work Plan - 10 Ionia Avenue NW

REQUEST
The Grand Rapids Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including local and school tax capture for MSF eligible activities in the amount of $2,131,741 to support a community development project that will construct a new 13-story mixed use building on an existing surface parking lot. The applicant anticipates that the project will result in a total capital investment in the amount of $37,033,829 along with the creation of approximately 51 permanent full-time equivalent jobs with an average hourly wage of $12.52.

LOCAL SUPPORT
Local support for the project includes $451,716 of local tax increment financing and reimbursement of up to $1,238,000 from the City of Grand Rapids Downtown Development Authority (the “DDA”) for DDA eligible activities on the project. The City of Grand Rapids is certified with the MEDC’s Redevelopment Ready Communities (RRC) program. The project qualifies because it is a facility.

TAX CAPTURE SUMMARY
In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Grand Rapids, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on November 13, 2018. The property has been determined to be a facility as verified by the Michigan Department of Environmental Quality (DEQ) on November 26, 2018.

There are 30.4541 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (78.81%) and local millage equaling 6.4541 mills (21.19%). The property is located within the Downtown Development Authority (DDA) district, and as a result, the majority of local millages are captured by the DDA. Tax increment capture will begin in 2020 and is estimated to continue for 14 years. The requested tax capture for MSF eligible activities breaks down as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State tax capture</td>
<td>(78.81%)</td>
<td>$1,680,025</td>
</tr>
<tr>
<td>Local tax capture</td>
<td>(21.19%)</td>
<td>$451,716</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>$2,131,741</td>
</tr>
</tbody>
</table>
**COST OF MSF ELIGIBLE ACTIVITIES**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition</td>
<td>$306,450</td>
</tr>
<tr>
<td>Infrastructure Improvements</td>
<td>514,670</td>
</tr>
<tr>
<td>Site Preparation</td>
<td>+1,028,220</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>$1,849,340</td>
</tr>
<tr>
<td>Contingency (15%)</td>
<td>+277,401</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>$2,126,741</td>
</tr>
<tr>
<td>Brownfield/Work Plan Preparation</td>
<td>+5,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$2,131,741</strong></td>
</tr>
</tbody>
</table>

In addition, the project is requesting from the MDEQ $54,845 in TIF to assist with environmental eligible activities.

**PROJECT BACKGROUND**

This project includes the development of a new 13-story mixed-use building on a small surface parking lot in downtown Grand Rapids. The building will include a 146-room hotel consisting of approximately 130,000 square feet of hotel space and related amenities, with an additional 5,555 square feet of ground floor office/retail space. In addition, 6,500 square feet of publicly owned and maintained sidewalk will also be improved as a part of this project. This site has been a surface parking lot for decades, and this project not only meets the identified need to expand the City’s hotel room inventory, but also meets several important strategic goals of the GR Forward Plan. This project will benefit the City of Grand Rapids by increasing the property values and tax base for not only this property, but surrounding properties as well.

The developer has maximized senior financing and is contributing over 21% cash equity into the project. The developer return is acceptable and less than 12%. Brownfield eligible activities will alleviate Brownfield conditions across the site making it suitable for redevelopment, while protecting human health and the environment. Without Brownfield tax increment reimbursement, the cost burden related to Brownfield conditions would make the project financially unfeasible.

**APPLICANT HISTORY**

10 Ionia LLC is a related entity of The Hinman Company. The Hinman Company and its related entities have invested in and developed over 15 million square feet of commercial real estate in the last 45 years. The Hinman Company has received MCRP awards from the MSF for the Terrace Flats Project in Muskegon and 400 Rose Project in Kalamazoo. MEDC has completed the background check in accordance with the MSF policy, and the project may proceed for MSF consideration.

**RECOMMENDATION**

MEDC staff recommends approval of local and school tax capture for the Act 381 eligible activities totaling $2,131,741. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at $1,680,025.
APPENDIX A – Project Map and Renderings
MEMORANDUM

Date: December 18, 2018

To: Michigan Strategic Fund Board

From: Britney Hoszkiw, Senior Community Assistance Team Specialist
Lori Mullins, Director, Community Development Incentives
Rob Garza, Brownfield and MCRP Senior Program Specialist

Subject: Request for Approval of a Michigan Strategic Fund (MSF) Activity Loan and Approval of an Act 381 Work Plan
Joe Louis Arena Redevelopment Project

REQUEST
The City of Detroit (“Applicant”) is requesting a Performance-Based Loan from the Investment Fund in the amount of $10,000,000 and the Detroit Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including local and school tax capture for MSF eligible activities in the amount of $13,172,392, to support demolition of the vacant Joe Louis Arena in preparation for future development. Additionally, staff is requesting to rescind the MSF’s prior $10,000,000 Michigan Community Revitalization Program (MCRP) commitment approved by the MSF Board on March 25, 2014 and replace it with the above request. The demolition costs are proposed to be paid for by the City of Detroit using the proceeds of the requested Performance-Based Loan and funding from other sources available to the City. The Brownfield 381 work plan allows for tax increment revenues from the future development of the site to be used to reimburse the City for demolition costs which are estimated to be $13,172,398.

FINANCING OPPORTUNITY – MSF INVESTMENT FUND – PERFORMANCE-BASED LOAN
The Applicant has requested the MSF participate in up to $10,000,000 in direct loan financing to support the demolition of the Joe Louis Arena building. Demolition of the building is estimated to exceed $10,000,000. The proposed loan would replace the previously approved MCRP Loan of up to $10,000,000 and will be secured by the full faith and credit of the City of Detroit. Initial due diligence shows the potential for $150 million of private investment on the site within the next five years and the Brownfield Authority intends to reimburse the City for the cost of demolition with the tax increment revenue from that future development. The proposed loan is not contingent on that development.

LOAN TERMS
MSF Facility: MSF Investment Fund – Performance-based loan
Borrower: City of Detroit
Total Amount of Loan: Not to exceed the lessor of $10,000,000 or the cost of demolition.

 Term: 240 months, includes a 24-month interest only period.

 Amortization: Amortized over 216 months, following a 24 month interest only period.

 Interest Rate: 1% for the first two years, and 2% thereafter.

 Repayment Terms: Annual interest only payments with an interest rate of 1.00% for years one and two. Principal and interest payments with interest rate of 2% for years 3 through 20.

 Collateral: The loan will be repaid by the City of Detroit and secured by the full faith and credit of the City.

 MSF Fees: The MSF shall be paid a one-time fee equal to one percent of the MSF’s Award.

 Funding: The MSF will fund up to $10,000,000 to be disbursed in installments following achievement of performance milestones.

LOCAL SUPPORT
Local support for the project includes $3,179,815 of local Brownfield TIF tax capture. The City of Detroit is engaged with the MEDC’s Redevelopment Ready Communities (RRC) program. The project qualifies for Act 381 tax increment financing because it is functionally obsolete.

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 approved a brownfield plan for this property on July 31, 2018 and amended on November 20, 2018. The property has been determined to be functionally obsolete as verified by a Michigan Master Assessing Officer (MMAO) assessor on June 25, 2018.

There are 31.6380 non-homestead mills available for capture, with state millage equaling 24 mills (75.86%) and local millage equaling 7.6380 mills (24.14%). Tax increment capture will begin in 2024 and is estimated to continue for 24 years. The ratio is heavily weighted to state millage since the properties are located within the boundaries of the Downtown Development Authority (DDA) and most local millages are unavailable for capture. The requested tax capture for MSF eligible activities breaks down as follows:

<table>
<thead>
<tr>
<th>Tax Capture</th>
<th>Percentage</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>School tax capture</td>
<td>(75.86%)</td>
<td>$ 9,992,577</td>
</tr>
<tr>
<td>Local tax capture</td>
<td>(24.14%)</td>
<td>$ 3,179,815</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td><strong>$ 13,172,392</strong></td>
</tr>
</tbody>
</table>
COST OF MSF ELIGIBLE ACTIVITIES

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition</td>
<td>$4,593,546</td>
</tr>
<tr>
<td>Asbestos Abatement</td>
<td>$4,221,324</td>
</tr>
<tr>
<td>Site Preparation</td>
<td>$600,000</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>$9,414,870</strong></td>
</tr>
<tr>
<td>Contingency (15%)</td>
<td>$1,381,484</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>$10,796,354</strong></td>
</tr>
<tr>
<td>Interest (5%)</td>
<td>$2,346,038</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>$13,142,392</strong></td>
</tr>
<tr>
<td>Brownfield/Work Plan Preparation</td>
<td>$15,000</td>
</tr>
<tr>
<td>Brownfield/Work Plan Implementation</td>
<td>$15,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$13,172,392</strong></td>
</tr>
</tbody>
</table>

In addition, the project is requesting $810,901 in TIF from the MDEQ to assist with environmental eligible activities.

PROJECT BACKGROUND

The project includes the demolition and site preparation of approximately 5.9 acres of property located in downtown Detroit at 25, 27, 29, 31, 33 Washington Boulevard and 501 Third Avenue, more commonly known as 600 Civic Center Drive or Joe Louis Arena. With the recent vacation of the premises by Olympia Development of Michigan (ODM), the city intends to immediately demolish the arena in accordance with the land transfer agreement related to the multi-purpose event center, commonly known as Little Caesar’s Arena. Some site preparation and public infrastructure improvements will also be done on the site to restore the site and prepare it for future development.

JLA is situated downtown just south of Cobo Hall and north of several high-rise riverfront residential buildings with direct access to the People Mover. It is a prime piece of real estate with several potential commercial redevelopment uses that will lead to increased tax base, jobs and residential. The city has entered into a development agreement with Financial Guaranty Insurance Company (FGIC) and undergone substantial planning for the site and surrounding riverfront. However, development is still three to five years away. The $6 million MCRP award that was approved in March of 2014, which allowed for an additional $4 million of MCRP based on the final budget, cannot be accessed to pay for the demolition, because the redevelopment project has not yet materialized. Therefore, the request includes dismissing the MCRP award and replacing it with an MSF Activity Direct Loan.

Brownfield eligible activities will alleviate Brownfield conditions across the site making it suitable for redevelopment, while protecting human health and the environment.

APPLICANT HISTORY

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

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

a) Local and school tax capture for the Act 381 eligible activities totaling $13,173,392. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at $9,992,577.

b) Rescind resolution 2014-038 Approval of a Michigan Community Revitalization Program Economic Assistance Award for Joe Louis Arena Redevelopment Project.

c) Approval of a $10,000,000 Investment Fund Award to the Applicant on terms and conditions outlined in Exhibit A to the proposed resolution.

d) Authority for the MSF Fund Manager to negotiate the final terms and conditions of the MSF Activities Loan Award.
APPENDIX A – Project Map

Joe Louis Arena Redevelopment Site Map
APPENDIX B – Original Request Approved on March 25, 2014

MEMORANDUM

Date:    March 25, 2014
To:  Michigan Strategic Fund Board
From:  Mark Morante, Senior Vice President
        Joseph Martin, Manager, Community Revitalization and Brownfield Programs
Subject:  Joe Louis Agreement
          Michigan Community Revitalization Program
          Request for Approval of a $6,000,000 Other Economic Assistance

Request
The city of Detroit and its Downtown Development Authority is requesting approval of a Michigan Community Revitalization Program incentive in the amount not to exceed $6 million of performance-based “economic assistance” for the purpose of demolishing Joe Louis Arena (JLA) once the Detroit Red Wings have vacated the facility and moved to the new multi-purpose event center to be built on the NW corner of Woodward and I-75. It is anticipated that the project will result in eligible investment of at least $24 million for a commercially viable project.

Background
As part of the overall negotiations between the State, the City, its DDA and Olympia Development and Ilitch Holdings on the development of the new multi-purpose event center, agreement has been reached to demolish JLA once the new arena is ready for use. Final City Council approval, needed no later than April 1, of the land transfer agreement (city owned land to be transferred to the DDA) is conditioned upon the MSF/State providing the funds necessary to demolish JLA pursuant to the overall negotiations mentioned above. On July 27, 2013 the MSF Board approved the bond inducement for the multi-purpose event center. The same resolution also approved the catalyst development project under Section 19(3) of the DDA Act to allow the use of school taxes for use in retiring debt obligations associated with financing the event center.

By demolishing JLA, the city (who owns it) will not have an unproductive asset to deal with but rather have a cleared downtown riverfront site readied for redevelopment. JLA situated downtown just south of Cobo Hall and north of high-rise riverfront residential buildings with direct access to the People Mover will likely be viewed as a prime piece of real estate with several potential commercial redevelopment uses that will lead to increased tax base, jobs and residents.

Staff acknowledges that this MCRP request is being brought to the Board earlier than typical MCRP project recommendations are. However, it is necessary that the commitment to pay for the demolition of JLA needs
to be affirmed by the MSF Board prior to April 1 to allow the land transfers to occur. Further, the use of MCRP funds to prepare and market the site for new construction requires an approval prior to what the redevelopment project is going to be. Safeguards to ensure the redevelopment project meets MCRP eligibility requirements will be part of the conditions of disbursement of any funds for demolition.

**Deal Structure and Conditions for Disbursement**

The proposed deal structure would reserve $6,000,000 of MCRP funds for the demolition of JLA as this is the current estimate of the costs. As the final cost will not be known until sometime in 2016 at the earliest, the MSF Fund Manager and the MSF President would be empowered to jointly approve an increase in the amount of the Economic Assistance Award based on the final JLA Redevelopment Project budget, provided that the Economic Assistance Award shall not exceed the lesser of (i) the costs of demolition of the JLA, (ii) 25% of the eligible investment for the JLA Redevelopment Project, and (iii) $10,000,000. And of course, the Economic Assistance Award, and any increase, is subject to termination of funding by the State of Michigan legislature or government via a negative supplemental. The Economic Assistance Award would not be disbursed unless the following conditions precedent have been satisfied:

A. The City or any other person acceptable to the City and the MSF Fund Manager (the “Applicant”) shall submit to the Manager of the Brownfield Program and MCRP, an Application and all required attachments for the Economic Assistance Award for the JLA Redevelopment Project not later than six months after the date that the Detroit Red Wings vacate the JLA (the “Events Center Commencement Date”). The Application shall comply with the Guidelines and the Michigan Strategic Fund Act and include a description of the eligible property to be financed and a minimum eligible investment for the JLA Redevelopment Project of at least $24,000,000 of hard costs. If the eligible investment for the redevelopment plan of the JLA property will be less than $24,000,000, the Economic Assistance Award shall be reduced to an amount not greater than 25% of the project’s eligible investment. The Application shall include documentation establishing that the project is located on eligible property and a project description that includes a project pro forma. The Manager of the Brownfield Program and MCRP shall review the Application and determine that the Application satisfies the Guidelines.

B. The Economic Assistance Award shall be used solely to finance the costs of demolition of the JLA. The contracts related to the demolition and the project budget for the demolition of the JLA, and any modifications thereto, shall be approved by the Manager of the Brownfield Program and MCRP. The final amount of the Economic Assistance Award shall not exceed the costs of demolition of the JLA as determined by the final budget approved by the MSF Fund Manager with the Application. The Economic Assistance Award shall be paid to the Applicant at the time of the execution of the contracts related to the demolition or pursuant to the payment schedules set forth in such contracts.

C. The City and Detroit Brownfield Redevelopment Authority (“DBRA”) shall adopt a brownfield redevelopment plan and submit a work plan to the MCRP, each satisfactory to the MSF Fund Manager and the MSF President in connection with the JLA Redevelopment Project pursuant to the Brownfield Redevelopment Act, Public Act 381 of 1996, as amended (“Act 381”), and the DBRA shall enter into a reimbursement agreement with the MSF wherein the DBRA agrees to reimburse the amounts advanced by the MSF under the Economic Assistance Award to fund eligible costs of the JLA Redevelopment Project as permitted by Act 381, provided that the reimbursement obligation of the DBRA
shall be limited to the tax increment revenues captured by the DBRA relating to the JLA Redevelopment Project.

D. The Events Center shall be completed and the Detroit Red Wings shall have commenced occupancy of the Events Center in accordance with the concession and management agreement relating to the Events Center among Detroit DDA, ODM and Detroit Red Wings, Inc.

E. The City shall complete an RFP process for the JLA Redevelopment Project which sets forth a redevelopment plan for a taxable commercial purpose consistent with the surrounding area, including but not limited to Cobo Hall. The MSF Fund Manager, in coordination with MEDC Staff, shall designate a representative to participate in the evaluation of all proposals for redevelopment of the JLA. The redevelopment plan shall demonstrate an ability to complete the redevelopment of the JLA and the required eligible investments within five (5) years after the Events Center Commencement Date.

F. The MSF shall enter into an agreement with the Applicant in form satisfactory to the MSF Fund Manager setting forth the terms and conditions of the Economic Assistance Award as required by this resolution, the Guidelines and the Michigan Strategic Fund Act (the “Funding Agreement”). The Funding Agreement shall specify that, in addition to the reimbursement obligations of the DBRA under the brownfield reimbursement agreement as described above, the Applicant shall be subject to a penalty and shall repay all amounts advanced under the Economic Assistance Award if any proceeds of the Economic Assistance Award are (i) used for development of a stadium, arena or casino as prohibited by Section 88c3 of the Michigan Strategic Fund Act or (ii) not used for demolition of the JLA.

Recommendation
The MEDC staff recommends approval of an MCRP performance-based economic assistance in the amount of $6,000,000 and directs the MSF Fund Manager to reserve $6,000,000 of MCRP funds for the JLA Redevelopment Project. Staff also recommends the MSF Fund Manager and the MSF President may jointly approve an increase in the amount of the Economic Assistance Award based on the final JLA Redevelopment Project budget, provided that the Economic Assistance Award shall not exceed the lesser of (i) the costs of demolition of the JLA, (ii) 25% of the eligible investment for the JLA Redevelopment Project, and (iii) $10,000,000. The Economic Assistance Award, and any increase, is subject to termination of funding by the State of Michigan legislature or government. The Economic Assistance Award shall not be disbursed unless the following conditions set forth in the resolution have been satisfied.
RESOLUTIONS
MICHIGAN STRATEGIC FUND

RESOLUTION
2018-206

APPROVAL OF DECEMBER 2018 CONSENT AGENDA
FOR THE MICHIGAN STRATEGIC FUND BOARD

WHEREAS, the Michigan Strategic Fund (“MSF”), at its February 2014 board meeting, approved the use of consent agendas at future board meetings pursuant to defined guidelines.

WHEREAS, the MSF, at its February 2014 board meeting, approved Guidelines for Preparation and Approval of Consent Agendas for the MSF (“Guidelines”).

WHEREAS, pursuant to the recommendation of MSF and MEDC staff, the MSF Board desires to approve the below Consent Agenda items;

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

Consent Agenda Items:

Proposed Meeting Minutes – November 27, 2018
Thompson Block, LLC – MCRP Amendment
2015 Business Incubator Grants – Amendments
2016 Business Incubator Grants – Amendments
2017 Business Incubator Grants – Amendments
Lawrence Technological University – Business Incubator Grant Amendment
Lake Superior State University – Business Incubator Grant Reassignment and Amendment
ZF North America, Inc. – MBDP Amendment
Dieomatic Incorporated dba Cosma Casting Michigan – MBDP Grant Amendment
Tellurex – Write Off

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: 0

Recused: 0

Lansing, Michigan
December 18, 2018
January 18, 2018

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

Dear Ms. Tebedo:

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting, I am unable to attend.

Sincerely,

[Signature]

N.A. Khouri
State Treasurer

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

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

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

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

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

WHEREAS, by Resolution 2017-216 on December 19, 2017 the MSF Board awarded a MCRP Other Economic Assistance Performance-Based Loan Participation award (“Award”) to The Original and Only Thompson Block, LLC and 3mission Redevelopment Corporation or such entities formed or to be formed in the furtherance of the Thompson Block Project (“Applicant”) of up to $3,175,000;

WHEREAS, by Resolution 2018-088 on June 26, 2018 the MSF Board re-approved and amended the Applicant’s Award to change the senior lender, the amount of the Lender’s Share and extra time to execute the Agreement documents;

WHEREAS, the Applicant’s Lender is requesting additional provisions be approved for suspension/subordination of repayment on the MSF Share of the financing. The additional provisions include suspension or subordination of payment on the MSF Share of the financing if the Applicant: 1) has failed to pay real estate taxes; 2) has failed to maintain adequate property insurance on the property; or 3) in the event of other financing covenant breaches;

WHEREAS, the MEDC recommends that the MSF re-approve and amend the Award as requested above, with all other requirements remaining in place from the original approval, as amended, and in accordance with the Term Sheet and Guidelines, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents for the Award Request within 90 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 60 days (“MCRP Award Recommendation”).
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 Agreement documents;

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

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

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: 0

Recused: 0

Lansing, Michigan
December 18, 2018
**EXHIBIT A**

**“Term Sheet”**

**LOAN FACILITY**

<table>
<thead>
<tr>
<th>MSF Facility</th>
<th>MCRP Loan Participation</th>
</tr>
</thead>
</table>

**Borrower:** The Original and Only Thompson Block, LLC and 3mission Redevelopment Corporation, or Related Entity

**Lender:** Bank of Ann Arbor, ANTICIPATED TO BE TCF BANK, HOWEVER, THE FUND MANAGER SHALL HAVE THE ABILITY TO APPROVE A NEW FEDERALLY INSURED LENDER IN THE EVENT TCF BANK IS UNABLE TO CLOSE THE TRANSACTION

**Total Amount of Loans:** Anticipated to be $6,595,000 $6,848,000

**Lender Share:** Anticipated to be $3,420,000 $3,673,000, BUT NO MORE THAN $4,000,000

**MSF Share:** Up to the lesser of 50% of Eligible Investment or $3,175,000

**Term:** To match that of the Lender, not to exceed 120 months

**Amortization:** To match that of the Lender

**Interest Rate:** 1% per annum

**Repayment Terms:** Up to 36 months interest only, followed by monthly principal and interest with balance due at maturity.

- Up to $1,200,000 of the MSF Share of the loan to be forgiven following construction completion and achievement of other performance milestones.
- Payment to the MSF will be contingent on a minimum Debt Service Coverage Ratio (DSCR) yet to be determined.

**Collateral:** To match that of the Lender, anticipated to be a 1st mortgage and assignment of rents and leases for 400 N River St., Ypsilanti, MI. MSF Interest to be subordinated to that of the Lender.

**Guarantee:** To match that of the Lender, anticipated to be personal guarantees of Jon Carlson, Greg Lobdell, and Robert Eisman, LIZ MAREK, AND CHESTER CZAPLICKA. MSF Interest to be subordinated to that of the Lender.

**Fee:** The MSF shall be paid a one-time fee equal to one percent of the MSF’s award. The Lender may charge the borrower for this fee.
**Funding:** The MSF will fund up to $3,175,000 to be disbursed following closing of the Loan and achievement of other performance criteria.

**Other Conditions:** The MSF’s investment will be contingent upon receipt and review of the following:
- Evidence of a minimum owner equity contribution of $1,850,000
- $2,190,000 to the project
- Lender commitment and underwriting documentation
- Final Development Budget
- Executed Guaranteed Maximum Price
- A requirement for installation of a rooftop solar array will be detailed in the final Agreement
- Receipt of affidavit from Fred Beal, Stewart Beal and Nora Wright that they do not and will not have a financial interest in the project until at least 2030
January 18, 2018

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

Dear Ms. Tebedo:

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting, I am unable to attend.

Sincerely,

N.A. Khouri
State Treasurer

Cc: Andrew Lockwood
MICHIGAN STRATEGIC FUND

RESOLUTION

2018-208

2015 BUSINESS INCUBATORS GRANT AMENDMENTS


WHEREAS, MCL 125.2088k created the Strategic Economic Investment and Commercialization Board (“SEIC Board”) for the purposes of awarding grants and loans for basic research, applied research, university technology transfer, and commercialization of products, processes and services to encourage the development of competitive edge technologies to create jobs within the State of Michigan;

WHEREAS, pursuant to Executive Order 2010-8, the Governor ordered the SEIC Board abolished and all powers, duties, and functions of the SEIC Board transferred to the Michigan Strategic Fund (“MSF”), including those powers, duties, and functions provided under MCL 125.2088k;

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

WHEREAS, MCL 125.2088k requires that the MSF Board establish a competitive process to award grants and make loans for competitive edge technologies;

WHEREAS, on November 25, 2014, the MSF initiated a competitive proposal process to award grants to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs (the “Business Incubators RFP”) and allocated $6.435 million to the Business Incubators RFP;

WHEREAS, on February 24, 2015, the MSF Board authorized grants to the following entities for the initial terms and award amounts listed below, with the option to extend the grants for up to an additional three years and allocate additional funds:

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Initial Term</th>
<th>Initial Award Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ann Arbor SPARK East</td>
<td>4/1/15-3/31/17</td>
<td>$350,000</td>
</tr>
<tr>
<td>Central Michigan University Research Corporation</td>
<td>4/1/15-3/31/17</td>
<td>$199,100</td>
</tr>
<tr>
<td>Lansing Economic Area Partnership</td>
<td>4/1/15-3/31/17</td>
<td>$200,000</td>
</tr>
<tr>
<td>Macomb-Oakland University Incubator</td>
<td>4/1/15-6/30/17</td>
<td>$197,326</td>
</tr>
<tr>
<td>Muskegon Innovation Hub</td>
<td>4/1/15-6/30/17</td>
<td>$111,980</td>
</tr>
<tr>
<td>Mid-Michigan Innovation Center</td>
<td>4/1/15-3/31/17</td>
<td>$200,000</td>
</tr>
<tr>
<td>Southwest Michigan Innovation Center</td>
<td>4/1/15-3/31/17</td>
<td>$200,000</td>
</tr>
</tbody>
</table>

(wherein previously mentioned, collectively, the Business Incubator Awards);

WHEREAS, on February 23, 2016, the MSF Board authorized Mid-Michigan Innovation Center to assign its Business Incubator Award to Midland Tomorrow;

WHEREAS, on September 27, 2016, the MSF Board authorized Southwest Michigan Innovation Center to assign its Business Incubator Award to Western Michigan University Homer Stryker, M.D. School of Medicine;

WHEREAS, on December 20, 2016, the MSF exercised its first option to extend and allocate additional funds to the Business Incubator Awards for the terms and amounts listed below:
<table>
<thead>
<tr>
<th>Grantee</th>
<th>Extension</th>
<th>Additional Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ann Arbor SPARK East</td>
<td>3/31/18</td>
<td>$100,000</td>
</tr>
<tr>
<td>Central Michigan University Research Corporation</td>
<td>3/31/18</td>
<td>$99,550</td>
</tr>
<tr>
<td>Lansing Economic Area Partnership</td>
<td>3/31/18</td>
<td>$100,000</td>
</tr>
<tr>
<td>Macomb-Oakland University Incubator</td>
<td>6/30/18</td>
<td>$98,663</td>
</tr>
<tr>
<td>Muskegon Innovation Hub</td>
<td>9/30/18</td>
<td>$60,000</td>
</tr>
<tr>
<td>Midland Tomorrow</td>
<td>3/31/18</td>
<td>$100,000</td>
</tr>
<tr>
<td>WMU Homer Stryker M.D. School of Medicine</td>
<td>3/31/18</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

WHEREAS, the MEDC recommends that the MSF Board exercise its second option to extend the grants and allocate additional funds to the Business Incubator Awards for the terms and amounts listed below:

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Extension</th>
<th>Additional Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ann Arbor SPARK East</td>
<td>3/31/19</td>
<td>$100,000</td>
</tr>
<tr>
<td>Central Michigan University Research Corporation</td>
<td>3/31/19</td>
<td>$99,550</td>
</tr>
<tr>
<td>Lansing Economic Area Partnership</td>
<td>3/31/19</td>
<td>$100,000</td>
</tr>
<tr>
<td>Macomb-Oakland University Incubator</td>
<td>3/31/19</td>
<td>$49,332</td>
</tr>
<tr>
<td>Muskegon Innovation Hub</td>
<td>3/31/19</td>
<td>$25,456</td>
</tr>
<tr>
<td>Midland Tomorrow</td>
<td>3/31/19</td>
<td>$100,000</td>
</tr>
<tr>
<td>WMU Homer Stryker M.D. School of Medicine</td>
<td>3/31/19</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

WHEREAS, the MEDC recommends that the MSF Board exercise its second option to extend the grants and allocate additional funds to the Business Incubator Awards for the terms and amounts listed below:

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Extension</th>
<th>Additional Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Michigan University Research Corporation</td>
<td>3/31/20</td>
<td>$99,550</td>
</tr>
<tr>
<td>Lansing Economic Area Partnership</td>
<td>3/31/20</td>
<td>$100,000</td>
</tr>
<tr>
<td>Macomb-Oakland University Incubator</td>
<td>3/31/20</td>
<td>$98,663</td>
</tr>
<tr>
<td>Muskegon Innovation Hub</td>
<td>3/31/20</td>
<td>$46,400</td>
</tr>
<tr>
<td>Midland Tomorrow</td>
<td>3/31/20</td>
<td>$100,000</td>
</tr>
<tr>
<td>WMU Homer Stryker M.D. School of Medicine</td>
<td>3/31/20</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

(the aforementioned, collectively, the “Business Incubator Grants Amendment #3”).

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Business Incubator Grants Amendment #3; and

BE IT FURTHER RESOLVED, the MSF Fund Manager is authorized to negotiate the final terms and conditions of the Business Incubator Grants Amendment #3 and to execute all documents necessary to effectuate the Business Incubator Grants Amendment #3.

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: 0

Recused: 0

Lansing, Michigan
December 18, 2018
January 18, 2018

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

Dear Ms. Tebedo:

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting, I am unable to attend.

Sincerely,

N.A. Khouri
State Treasurer

Cc: Andrew Lockwood
MICHIGAN STRATEGIC FUND

RESOLUTION
2018-209

2016 BUSINESS INCUBATORS GRANTS AMENDMENT #2


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

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

WHEREAS, MCL 125.2088k requires that the MSF Board establish a competitive process to award grants and make loans for competitive edge technologies;

WHEREAS, on December 15, 2015, the MSF initiated a competitive proposal process to award grants to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs (the "Business Incubators RFP");

WHEREAS, on April 26, 2016, the MSF Board authorized grants to the following entities for the initial terms and award amounts listed below, with the option to extend the grants for up to an additional three years and allocate additional funds:

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Initial Term</th>
<th>Initial Award Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovate Marquette Enterprise Corporation</td>
<td>5/1/16-4/30/18</td>
<td>$190,000</td>
</tr>
<tr>
<td>Lakeshore Advantage</td>
<td>5/1/16-4/30/18</td>
<td>$151,600</td>
</tr>
<tr>
<td>Lenawee Now</td>
<td>5/1/16-4/30/18</td>
<td>$190,000</td>
</tr>
<tr>
<td>Michigan Tech Enterprise Corporation</td>
<td>5/1/16-4/30/18</td>
<td>$180,759</td>
</tr>
<tr>
<td>Lake Superior State University/SSMart</td>
<td>5/1/16-4/30/18</td>
<td>$87,641</td>
</tr>
</tbody>
</table>

(the aforementioned, collectively, the “2016 Business Incubator Awards”);

WHEREAS, on January 23, 2018, the MSF exercised its first option to extend and allocate additional funds to the 2016 Business Incubator Awards for the terms and amounts listed below:

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Extension</th>
<th>Additional Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovate Marquette Enterprise Corporation</td>
<td>3/31/19</td>
<td>$6,977</td>
</tr>
<tr>
<td>Lakeshore Advantage</td>
<td>3/31/19</td>
<td>$69,210</td>
</tr>
<tr>
<td>Lenawee Now</td>
<td>3/31/19</td>
<td>$91,667</td>
</tr>
<tr>
<td>Michigan Tech Enterprise Corporation</td>
<td>3/31/19</td>
<td>$91,667</td>
</tr>
<tr>
<td>Lake Superior State University/SSMart</td>
<td>3/31/19</td>
<td>$40,170</td>
</tr>
</tbody>
</table>
WHEREAS, the MEDC recommends that the MSF Board exercise its second option to extend the grants and allocate additional funds to the 2016 Business Incubator Awards for the terms and amounts listed below:

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Extension</th>
<th>Additional Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovate Marquette Enterprise Corporation</td>
<td>3/31/20</td>
<td>$50,260</td>
</tr>
<tr>
<td>Lakeshore Advantage</td>
<td>3/31/20</td>
<td>$75,800</td>
</tr>
<tr>
<td>Lenawee Now</td>
<td>3/31/20</td>
<td>$100,000</td>
</tr>
<tr>
<td>Michigan Tech Enterprise Corporation</td>
<td>3/31/20</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

(the aforementioned, collectively, the 2016 Business Incubator Grants Amendment #2).

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the 2016 Business Incubator Grants Amendment #2; and

BE IT FURTHER RESOLVED, the MSF Fund Manager is authorized to negotiate the final terms and conditions of the 2016 Business Incubator Grants Amendment #2 and to execute all documents necessary to effectuate the 2016 Business Incubator Grants Amendment #2.

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: 0

Recused: 0

Lansing, Michigan
December 18, 2018
January 18, 2018

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

Dear Ms. Tebedo:

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting, I am unable to attend.

Sincerely,

N.A. Khouri
State Treasurer

Cc: Andrew Lockwood

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

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

WHEREAS, MCL 125.2088k requires that the MSF Board establish a competitive process to award grants and make loans for competitive edge technologies;

WHEREAS, on April 25, 2017, the MSF Board initiated a competitive proposal process to award grants to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs (the “Business Incubators RFP”);

WHEREAS, on June 27, 2017, the MSF Board authorized grants to the following entities for the initial terms and award amounts listed below, with the option to extend the grants for up to an additional three years and allocate additional funds:

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Initial Term</th>
<th>Initial Award Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oakland University Incubator</td>
<td>7/1/17-6/30/19</td>
<td>$199,625</td>
</tr>
<tr>
<td>Economic Development Alliance of St. Clair County</td>
<td>7/1/17-6/30/19</td>
<td>$121,800</td>
</tr>
</tbody>
</table>

(the aforementioned, collectively, the “2017 Business Incubator Grants”);

WHEREAS, the MEDC recommends that the MSF Board exercise its first option to extend and allocate additional funds to the 2017 Business Incubator Grants for the terms and amounts listed below:

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Extension</th>
<th>Additional Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oakland University Incubator</td>
<td>7/1/17-3/31/20</td>
<td>$74,860</td>
</tr>
<tr>
<td>Economic Development Alliance of St. Clair County</td>
<td>7/1/17-3/31/20</td>
<td>$45,675</td>
</tr>
</tbody>
</table>

(the aforementioned, collectively, the “2017 Business Incubator Grants Amendment #1”).
NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the 2017 Business Incubator Grants Amendment #1; and

BE IT FURTHER RESOLVED, the MSF Fund Manager is authorized to negotiate the final terms and conditions of the 2017 Business Incubator Grants Amendment #1 and to execute all documents necessary to effectuate the 2017 Business Incubator Grants Amendment #1.

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: 0

Recused: 0

Lansing, Michigan
December 18, 2018
January 18, 2018

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

Dear Ms. Tebedo:

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting, I am unable to attend.

Sincerely,

[Signature]

N.A. Khouri
State Treasurer

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

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

WHEREAS, Section 7 of the Act provides that the MSF has the power to make grants, loans and investments;

WHEREAS, Section 2 of the Act provides that the purposes of the Act and of the MSF is, among other things, to help diversify the economy of this state, to assist business enterprise in obtaining additional sources of financing to aid this state in achieving the goal of long-term economic growth and full employment, to meet the growing competition for business enterprises, to preserve existing jobs, to create new jobs, and to reduce the cost of business and production;

WHEREAS, on June 28, 2016, the MSF Board authorized a grant of up to $100,000 to Lawrence Technological University (“LTU”) to assist early stage technology companies navigate entrepreneurial programs within the State of Michigan and provide business advice to help these companies grow and prosper, thereby increasing the number of jobs and investment in the State of Michigan for an initial term of July 1, 2016 to June 30, 2017, with the option to extend the grant for up to three additional years and allocate additional funds (the “LTU Grant”);

WHEREAS, on December 20, 2016, the MSF Board exercised its first option to extend the LTU Grant to March 31, 2018 and allocated $75,000 in additional funding;

WHEREAS, on January 23, 2018, the MSF Board exercised its second option to extend the LTU Grant to March 31, 2019 and allocated $100,000 in additional funding; and

WHEREAS, the MSF Board wishes to exercise its third option to extend the LTU grant to March 31, 2020 and allocate $100,000 in additional funding (the “Grant Amendment Request”).

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

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

Ayes:  Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays:  0

Recused:  0

Lansing, Michigan
December 18, 2018
January 18, 2018

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

Dear Ms. Tebedo:

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting, I am unable to attend.

Sincerely,

N.A. Khouri  
State Treasurer

Cc: Andrew Lockwood

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

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

WHEREAS, MCL 125.2088k requires that the MSF Board establish a competitive process to award grants and make loans for competitive edge technologies;

WHEREAS, on December 15, 2015, the MSF initiated a competitive proposal process to award grants to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs (the "2016 Business Incubators RFP");

WHEREAS, on April 26, 2016, the MSF Board authorized a grant of $87,641 for an initial term of May 1, 2016 to April 30, 2018 to Lake Superior State University ("LSSU") under the 2016 Business Incubators RFP, with the option to extend the award for up to an additional three years and allocate additional funds (the "LSSU Grant");

WHEREAS, on January 23, 2018, the MSF exercised its first option to extend the term of the LSSU Grant to March 31, 2019 and allocated $40,170 in additional funds;

WHEREAS, LSSU and the Sault Ste. Marie Economic Development Corporation (the "Sault Ste. Marie EDC") have determined that all SmartZone activities should be managed by the Sault Ste. Marie EDC and have requested that the LSSU Grant be assigned to the Sault Ste. Marie EDC and that the LSSU Grant be extended to March 31, 2020 and increased by an additional $40,000 (the "Assignment and Amendment Request");

WHEREAS, Section 5.14 of the grant agreement provides that LSSU may not assign its rights or obligations under the LSSU Grant without the prior written consent of the MSF;

WHEREAS, the MEDC has determined that the Sault Ste. Marie EDC meets the requirements of the 2016 Business Incubator RFP and that the Assignment and Amendment Request would be beneficial to regional incubator program; and

WHEREAS, the MEDC recommends that the MSF Board approve the Assignment and Amendment Request.
NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Assignment and Amendment Request; and

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

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: 0

Recused: 0

Lansing, Michigan
December 18, 2018
January 18, 2018

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

Dear Ms. Tebedo:

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting, I am unable to attend.

Sincerely,

\[Signature\]

N.A. Khouri  
State Treasurer

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

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

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

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF (i) created the MBDP, and (ii) adopted the guidelines for the MBDP (“Guidelines”);

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

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

WHEREAS, the MSF Board approved a $4,000,000 Michigan Business Development Program performance-based grant on June 23, 2015 for the expansion of a facility in the Charter Township of Northville (the “Project”);

WHEREAS, the Company requests that the MSF Board approve an amendment to the Michigan Business Development Program performance-based grant to reduce Qualified New Jobs from 571 to 300, change local support from tax abatement to staff time and resources, revise disbursement schedule based on the amended term sheet and modify the Term of the Grant to December 31, 2020 (the “Grant Amendment Request”);

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

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

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

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

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: 0

Recused: 0

Lansing, Michigan
December 18, 2018
MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant Amendment - Term Sheet

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

Date: 11/28/2018

Company Name: ZF North America, Inc. ("Company" or "Applicant")

Company Address ("Project"): 15811 Centennial Drive
Northville, Michigan 48168

MBDP Incentive Type: Performance Based Grant

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

- Maximum Amount of MBDP Incentive: Up to $4,000,000 ("MBDP Incentive Award")
- Base Employment Level: 1,231

The number of jobs currently maintained in Michigan by the Company and/or ZF Chassis Components, LLC and/or ZF Chassis Systems Duncan, LLC and/or ZF Transmissions Gray Court, LLC and/or ZF Axle Drives Marysville, LLC and/or ZF Gainesville, LLC and/or ZF Electronics Systems Pleasant Prairie, LLC and/or ZF Chassis Systems Chicago, LLC and/or ZF Chassis Systems Tuscaloosa USA, LLC based on data submitted by the Company to the MEDC reflecting the Company's statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.

- Total Qualified New Job Creation: 571

The minimum number of total Qualified New Jobs the Company and/or ZF Chassis Components, LLC and/or ZF Chassis Systems Duncan and/or ZF Transmissions Gray Court, LLC and/or ZF Axle Drives Marysville, LLC
and/or ZF Gainesville, LLC and/or ZF
Electronics Systems Pleasant Prairie, LLC
and/or ZF Chassis Systems Chicago, LLC
and/or ZF Chassis Systems Tuscaloosa USA,
LLC shall be required to create at the Project
(above the Base Employment Level), in
addition to satisfying other milestones if
applicable, to be minimally eligible to
receive the full amount of the MBDP
Incentive Award. Each Qualified New Job
must be performed for consideration by a
Michigan resident (whose Michigan income
taxes are withheld as required), and each
Qualified New Job must be in excess of the
Base Employment Level. The final terms and
conditions of the requirements for the
minimum number of Qualified New Jobs
that must be created, including provisions
addressing disbursements of portions of the
MBDP Incentive Award, shall be included in
the final Agreement.

- **Start Date for Measurement of Creation**
  of Qualified New Jobs: June 23, 2015

- **Company Investment:**
  $71,198,290 in new construction, renovations, leasehold
  improvements, machinery & equipment, furniture & fixtures,
  computers, or any combination thereof, for the Project.

- **Municipality supporting the Project:**
  The Township of Northville has agreed to provide staff, financial
  or economic assistance in support of the Project in the form of a
  property tax abatement.

- **Disbursement Milestones:** The terms and conditions of each of the disbursements of any portion of the MBDP
  Incentive Award are outlined in Exhibit B of the Agreement, and include:
  - Disbursement Milestone 1: Up to $700,000
    Upon demonstrated creation of 100 Qualified New Jobs
    above the Base Employment Level and verification of final
    approval of municipality support by no later than June 30,
    2018.
  
  - Disbursement Milestone 2: Up to $700,000
    Upon completion of Disbursement Milestone 1, and upon
    demonstrated creation of 100 additional Qualified New Jobs
    (for a total of 200 Qualified New Jobs) above the Base
    Employment Level, by no later than December 31, 2018.
- **Disbursement Milestone 3:** Up to $700,000
  Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 300 Qualified New Jobs) above the Base Employment Level, by no later than June 30, 2019.

- **Disbursement Milestone 4:** Up to $700,000
  Upon completion of Disbursement Milestone 1, Disbursement Milestone 2 and Disbursement Milestone 3, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 400 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2019.

- **Disbursement Milestone 5:** Up to $350,000
  Upon completion of Disbursement Milestone 1, Disbursement Milestone 2 and Disbursement Milestone 3, and Disbursement Milestone 4 and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of 450 Qualified New Jobs) above the Base Employment Level, by no later than June 30, 2020.

- **Disbursement Milestone 6:** Up to $850,000
  Upon completion of Disbursement Milestone 1, Disbursement Milestone 2 Disbursement Milestone 3, Disbursement Milestone 4 and Disbursement Milestone 5 and upon demonstrated creation of 121 additional Qualified New Jobs (for a total of 571 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2020.

- **Term of Agreement:**
  Execution of Agreement to December 31, 2022.

**Proposed MBDP Incentive Amendment:**

- **Maximum Amount of MBDP Incentive:**
  Up to $2,100,000 ("MBDP Incentive Award")

- **Base Employment Level**
  1,231
  The number of jobs currently maintained in Michigan by the Company and/or ZF Chassis Components, LLC and/or ZF Chassis Systems Duncan, LLC and/or ZF Transmissions Gray Court, LLC and/or ZF Axle Drives Marysville, LLC and/or ZF Gainesville, LLC and/or ZF Electronics Systems Pleasant Prairie, LLC and/or ZF Chassis Systems Chicago, LLC and/or ZF Chassis Systems Tuscaloosa USA, LLC based on data submitted by the Company to the MEDC reflecting the Company's statewide employment level in Michigan prior to the proposed project. The Base
Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.

- **Total Qualified New Job Creation:**
  (above Base Employment Level) 300

  The minimum number of total Qualified New jobs the Company and/or ZF Chassis Components, LLC and/or ZF Chassis Systems Duncan and/or ZF Transmissions Gray Court, LLC and/or ZF Axle Drives Marysville, LLC and/or ZF Gainesville, LLC and/or ZF Electronics Systems Pleasant Prairie, LLC and/or ZF Chassis Systems Chicago, LLC and/or ZF Chassis Systems Tuscaloosa USA, LLC shall be required to create at the Project (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum number of Qualified New Jobs that must be created, including provisions addressing disbursements of portions of the MBDP incentive Award, shall be included in the final Agreement.

- **Company Investment:**
  $48,000,000 in new construction, renovations, leasehold improvements, machinery & equipment, furniture & fixtures, computers, or any combination thereof, for the Project.

- **Municipality supporting the Project:**
  The Township of Northville has agreed to provide staff, financial or economic assistance in support of the Project in the form of staff time.

- **Disbursement Milestones:**
  The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award will be amended as follows:
Disbursement Milestone 1:  Up to $700,000  Upon demonstrated creation of 100 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than June 30, 2018.

Disbursement Milestone 2:  Up to $700,000  Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 200 Qualified New Jobs) above the Base Employment Level, by no later than June 30, 2019.

Disbursement Milestone 3:  Up to $700,000  Upon completion of Disbursement Milestone 1, and Milestone 2 and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 300 Qualified New Jobs) above the Base Employment Level, by no later than June 30, 2020.

Term of Agreement:
Execution of Agreement to December 31, 2020.

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDO Incentive Award Amendment for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by December 3, 2018, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

ZF North America, Inc.
By: [Signature]
Printed Name: BRYAN M. LAUER
Its: VICE PRESIDENT, TAX
Dated: 11/27/18

Michigan Economic Development Corporation
By: [Signature]
Printed Name: Erik Wilford
Its: Business Development Program Manager
Dated: 11/30/2018
January 18, 2018

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

Dear Ms. Tebedo:

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting, I am unable to attend.

Sincerely,

N.A. Khouri  
State Treasurer

Cc: Andrew Lockwood
MICHIGAN STRATEGIC FUND

RESOLUTION

2018-214

APPROVAL OF AN AMENDMENT TO MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
DIEOMATIC INCORPORATED DBA COSMA CASTING MICHIGAN

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

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

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

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF (i) created the MBDP, and (ii) adopted the guidelines for the MBDP (“Guidelines”);

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

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

WHEREAS, MSF approved a $1,600,000 Michigan Business Development Program performance-based grant on January 23, 2013 for the creation of 500 Qualified New Jobs and a capital investment of $162,000,000 to purchase and renovate an existing state of the art manufacturing and assembly facility in the City of Battle Creek (the “Project”);

WHEREAS, Dieomatic Incorporated dba Cosma Casting Michigan (“Company”) requests that the Michigan Business Development Program performance-based grant amount be amended and revised as follows: decrease Qualified New Jobs from 500 to 300, revise disbursement schedule to extend Milestone 3 due date from April 1, 2018 to December 31, 2020, decrease its performance based MBDP grant amount from $1,600,000 to $976,000 by eliminating Milestone 4 and Milestone 5, and extend Term of Agreement from April 1, 2021 to June 30, 2021. (“Grant Amendment Request”) and;

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

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

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: 0

Recused: 0

Lansing, Michigan
December 18, 2018
January 18, 2018

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

Dear Ms. Tebedo:

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting, I am unable to attend.

Sincerely,

[Signature]

N.A. Khouri  
State Treasurer

Cc: Andrew Lockwood

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

WHEREAS, the MSF, the Strategic Economic Investment and Commercialization Board (“SEIC Board”) and Tellurex Corporation (“Tellurex”), entered into a Convertible Loan Agreement dated December 20, 2006, whereby the SEIC Board and the MSF agreed to loan up to $1,263,950 to Tellurex under the terms and conditions set forth in the Convertible Loan Agreement, Security Agreement, and the Promissory Note, all dated December 20, 2006 (the “Tellurex Loan”);

WHEREAS, under Executive Order 2010-8, the SEIC Board was abolished and all powers, duties, and functions were transferred to the MSF;

WHEREAS, on September 13, 2013, the indebtedness owing to the MSF under the Tellurex Loan was converted into 107,000 shares of the company’s common stock;

WHEREAS, Tellurex notified the MEDC that the company’s board of directors approved dissolution of the corporation, effective September 1, 2018;

WHEREAS, the MEDC recommends that the MSF Board approve a write off of the indebtedness owed under the Tellurex Loan (the “Write-Off Request”); and

WHEREAS, the MSF Board wishes to approve the Write-Off Request.

NOW, THEREFORE, BE IT RESOLVED, the MSF approves the Write-Off Request; and

BE IT FURTHER RESOLVED, that the MSF Fund is authorized to take all necessary action to effectuate the Write-Off Request in accordance with the terms and conditions of this resolution.

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: 0

Recused: 0

Lansing, Michigan
December 18, 2018
January 18, 2018

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

Dear Ms. Tebedo:

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting. I am unable to attend.

Sincerely,

[Signature]

N.A. Khouri  
State Treasurer

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

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

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

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF (i) created the MBDP, and (ii) adopted the guidelines for the MBDP (“Guidelines”);

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

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

WHEREAS, Waupaca Foundry, Inc. (“Company”) has requested a performance based MBDP Grant of up to $1,200,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

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

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

Ayes:  Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays:  0

Recused:  0

Lansing, Michigan
December 18, 2018
MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Incentive - Term Sheet - Definitions

This document contains terms and definitions, which will be used to structure this incentive. While the MBDP is operated and funded through the MSF, recommendation for approval of a MBDP incentive award is presented by the Michigan Economic Development Corporation ("MEDC") to the MSF. Exhibit A will be presented to the MSF for consideration.

Terms and Definitions:

**Base Employment Level:** The number of jobs currently maintained in Michigan by the company to the MEDC reflecting the Company's statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.

**Qualified New Job Creation:** The minimum number of total Qualified New Jobs the Company shall be required to create at the project location (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum number of Qualified New Jobs that must be created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

**Company Investment:** The Company anticipates investment of up to $4,300,000 for building-new construction, machinery & equipment, purchase building, renovations, infrastructure, and computers & IT, or any combination thereof, for the Project.

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

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

- **Disbursement Milestone 1:** Up to $491,800
  - Upon demonstrated creation of 25 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than January 31, 2020.

- **Disbursement Milestone 2:** Up to $354,100
  - Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 18 additional Qualified New Jobs (for a total of 43 Qualified New Jobs) above the Base Employment Level, by no later than April 30, 2020.

November 30, 2018- Waupaca Foundry, Inc.
c. **Disbursement Milestone 3:** Up to $354,100  
   Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 18 additional Qualified New Jobs (for a total of 61 Qualified New Jobs) above the Base Employment Level, by no later than January 31, 2021.

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

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

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

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

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

Date: November 30, 2018

Company Name: Waupaca Foundry, Inc.

Project Location: Gogebic County

MBDP Incentive Type: Performance Based Grant

Maximum Amount of MBDP Incentive: Up to $1,200,000

Base Employment Level: 0

Qualified New Jobs: At least 61 at the Project Location

Municipality Supporting Project: City of Ironwood has agreed to provide staff, financial or economic assistance in support of the project.

Start Date for Measurement of Creation of Qualified New Jobs: November 6, 2018

Term of the Agreement: July 31, 2021

Milestone Based Incentive: Disbursements will be made over a 3 year period and will be performance based on job creation as follows:
Milestone 1: $491,800 for the creation of 25 jobs.
Milestone 2: $354,100 for the creation of 18 jobs.
Milestone 3: $354,100 for the creation of 18 jobs.

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

Acknowledged as received by:

Waupaca Foundry, Inc.

By: [Signature]

Printed Name: John Wespren

Its: EXECUTIVE VICE PRESIDENT

Michigan Economic Development Corporation

By: [Signature]

Printed Name: David Kurtycz

Its: Business Development Project Manager

November 30, 2018- Waupaca Foundry, Inc.
January 18, 2018

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

Dear Ms. Tebedo:

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting, I am unable to attend.

Sincerely,

N.A. Khouri  
State Treasurer

Cc: Andrew Lockwood
MICHIGAN STRATEGIC FUND
RESOLUTION
2018-217

APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT
TO
COOPER-STANDARD AUTOMOTIVE INC.

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

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

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

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF (i) created the MBDP, and (ii) adopted the guidelines for the MBDP (“Guidelines”);

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

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

WHEREAS, Cooper-Standard Automotive Inc. (“Company”) has requested a performance based MBDP Grant, of up to $1,300,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

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

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

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: 0

Recused: 0

Lansing, Michigan
December 18, 2018
This document contains terms and definitions, which will be used to structure this incentive. While the MBDP is operated and funded through the MSF, recommendation for approval of a MBDP incentive award is presented by the Michigan Economic Development Corporation ("MEDC") to the MSF. Exhibit A will be presented to the MSF for consideration.

Terms and Definitions:

Base Employment Level: The number of jobs currently maintained at 39550 Orchard Hill Place Drive, Novi, Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company’s base head count prior to the proposed project. The Company shall relocate and maintain the Base Employment Level at the Project site by and after October 31, 2021. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.

Qualified New Job Creation: The minimum number of total Qualified New Jobs the Company shall be required to create at the project location (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum number of Qualified New Jobs that must be created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

Company Investment: The Company anticipates investment of up to $15,265,328 for building-new construction, furniture and fixtures, computers & IT, annual lease cost, or any combination thereof, for the Project.

Municipality Support: One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: expedited reviews and permitting. The final terms and conditions demonstrating this support shall be included in the final Agreement.

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

a. Disbursement Milestone 1: Up to $500,000
   Upon demonstrated creation of 50 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than October 31, 2021.

b. Disbursement Milestone 2: Up to $380,000
   Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 38 additional Qualified New Jobs (for a total of 88 Qualified New Jobs) above the Base Employment Level, by no later than October 31, 2022.

November 30, 2018- Cooper-Standard Automotive Inc.
c. Disbursement Milestone 3: Up to $420,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 42 additional Qualified New Jobs (for a total of 130 Qualified New Jobs) above the Base Employment Level, by no later than November 30, 2023.

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

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

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

November 30, 2018- Cooper-Standard Automotive Inc.
EXHIBIT A
MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Incentive - Term Sheet - Summary

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

Date: November 30, 2018

Company Name: Cooper-Standard Automotive Inc.

Project Location: Northville Township

MBDP Incentive Type: Performance Based Grant

Maximum Amount of MBDP Incentive: Up to $1,300,000

Base Employment Level: At least 286

Qualified New Jobs: At least 130 at the Project Location

Municipality Supporting Project: Northville Township has agreed to provide staff, financial or economic assistance in support of the project.

Start Date for Measurement of Creation of Qualified New Jobs: October 23, 2018

Term of the Agreement: May 31, 2024

Milestone Based Incentive: Disbursements will be made over a 3 year period and will be performance based on job creation as follows:
Milestone 1: $500,000 for the creation of 50 jobs.
Milestone 2: $380,000 for the creation of 38 jobs.
Milestone 3: $420,000 for the creation of 42 jobs.

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

Acknowledged as received by:

Cooper-Standard Automotive Inc.

By: 
Printed Name: Kevin Brody
Its: Director Global Real Estate

Michigan Economic Development Corporation

By: 
Printed Name: David Kurtysz
Its: Business Development Project Manager

November 30, 2018- Cooper-Standard Automotive Inc.
January 18, 2018

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

Dear Ms. Tebedo:

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting, I am unable to attend.

Sincerely,

N.A. Khouri
State Treasurer

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

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

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

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF (i) created the MBDP, and (ii) adopted the guidelines for the MBDP (“Guidelines”);

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

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

WHEREAS, MyLocker, LLC (“Company”) has requested a performance based MBDP Grant of up to $2,500,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

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

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

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: 0

Recused: 0

Lansing, Michigan
December 18, 2018
MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Incentive - Term Sheet - Definitions

This document contains terms and definitions, which will be used to structure this incentive. While the MBDP is operated and funded through the MSF, recommendation for approval of a MBDP incentive award is presented by the Michigan Economic Development Corporation ("MEDC") to the MSF. Exhibit A will be presented to the MSF for consideration.

Terms and Definitions:

Base Employment Level: The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company's employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.

Qualified New Job Creation: The minimum number of total Qualified New Jobs the Company shall be required to create in Michigan (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum number of Qualified New Jobs that must be created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

Company Investment: The Company anticipates investment of up to $18,064,375 for building construction and machinery and equipment, or any combination thereof, for the Project.

Municipality Support: One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: The Detroit Economic Growth Corporation is supporting the project with a PA 198. The final terms and conditions demonstrating this support shall be included in the final Agreement.

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

a. Disbursement Milestone 1: Up to $1,000,000
   Upon demonstrated creation of 198 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than December 1, 2019.

b. Disbursement Milestone 2: Up to $750,000
   Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 124 additional Qualified New Jobs (for a total of 322 Qualified New Jobs) above the Base Employment Level, by no later than December 1, 2020.

c. Disbursement Milestone 3: Up to $750,000
   Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 130 additional Qualified New Jobs (for a total of 452 Qualified New Jobs) above the Base Employment Level, by no later than December 1, 2021.

December 4, 2018 MyLocker, LLC
**Repayment Provisions:** Repayment provisions are required by law. The Repayment terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement. The final repayment provisions may require repayment of some or all of the disbursements made by the MSF, including if the Company moves 25% or more of their employees out of Michigan, if the Company fails to maintain the Base Employment Level in Michigan, if the Company fails to maintain the Qualified New Jobs Incented by this Award.

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

**Public Announcements:** The Company shall not make, or cause, any announcement of the proposed MBDP Incentive Award parameters outlined in this letter before the date of approval by the MSF of the MBDP Incentive Award, unless prior authorized and coordinated with the MEDC. At the request and expense of the MSF or the MEDC, the Company will cooperate with the MSF or the MEDC to promote the Project through one or more of the placement of a sign, plaque, media coverage or other public presentation at the Project or other location acceptable to the Parties.
EXHIBIT A
MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Incentive - Term Sheet - Summary

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

Date: December 4, 2018

Company Name: MyLocker, LLC and/or its affiliates and subsidiaries.

Project Location: 1641 Porter Street
Detroit, Michigan 48216

MBDP Incentive Type: Performance Based Grant

Maximum Amount of MBDP Incentive: Up to $2,500,000

Base Employment Level: At least 269

Qualified New Jobs: At least 452

Municipality Supporting Project: The Detroit Economic Growth Corporation has agreed to provide staff, financial or economic assistance in support of the project.

Start Date for Measurement of Creation of Qualified New Jobs: November 29, 2018

Term of the Agreement: June 1, 2022

Milestone Based Incentive: Disbursements will be made over a 3 year period and will be performance based on job creation as follows:
Milestone 1: $1,000,000 for the creation of 198 jobs.
Milestone 2: $750,000 for the creation of 124 jobs.
Milestone 3: $750,000 for the creation of 130 jobs.

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

Acknowledged as received by:

MyLocker, LLC
By: ____________________________
Printed Name: ROBERT HAKE
Its: CEO

Michigan Economic Development Corporation
By: ____________________________
Printed Name: Julia Veale
Its: BDPM

December 4, 2018 MyLocker, LLC
January 18, 2018

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

Dear Ms. Tebedo:

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting, I am unable to attend.

Sincerely,

N.A. Khouri
State Treasurer

Cc: Andrew Lockwood
MICHIGAN STRATEGIC FUND

RESOLUTION
2018-219

SSBCI MBGF-LPP
APPROVAL OF LOAN PARTICIPATION AND SERVICING AGREEMENT FOR
MYLOCKER PROPERTIES, LLC AND RELATED BORROWERS

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

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

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

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

WHEREAS, Invest Detroit Foundation (“Lender”) has proposed new credit facilities to MyLocker Properties, LLC. (and/or related borrowers (the “Proposed Borrowers’)) of $8,450,000 for a draw to term construction loan;

WHEREAS, Lender may provide the proposed loan amount through more than one note which combined will not exceed $8,450,000;

WHEREAS, Proposed Borrowers have requested loan participation from the MSF under the MBGF-LPP in an amount not to exceed the lesser of: (i) $4,216,550 or (ii) up to 49.9% of the total amount of the Lender’s loans (“MBGF-LPP Support”);

WHEREAS, the MEDC has reviewed the Bank’s current credit documents for the Proposed Borrowers, and recommends that the MSF Board approve the MBGF-LPP Support, subject to: (i) available funding, and final due diligence performed, to the satisfaction of the MEDC; and (ii) execution of the MBGF-LPP Agreement within 90 days of the date of this Resolution (“Time Period”), or the loan participation approvals under 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 30 days;
NOW, THEREFORE, BE IT RESOLVED, the MSF approves the MBGF-LPP Support subject to: (i) available funding, and final due diligence performed, to the satisfaction of the MEDC; and (ii) execution of the MBGF-LPP Agreements within 90 days of the date of this Resolution ("Time Period"), or the loan participation support approvals under 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 30 days; and

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

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: 0

Recused: 0

Lansing, Michigan
December 18, 2018
January 18, 2018

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

Dear Ms. Tebedo:

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting, I am unable to attend.

Sincerely,

[Signature]

N.A. Khouri
State Treasurer

Cc: Andrew Lockwood
WHEREAS, Quality Roasting, LLC, is a Michigan limited liability company (the “Borrower”), whose present postal address is P. O. Box 552, Clinton, Wisconsin;

WHEREAS, the Borrower desires to finance the acquisition of land and installation of machinery and equipment to be located on presently vacant land on South Bradley Road in Reese, Tuscola County, Michigan. The proposed financing will include the acquisition of land, the construction of a manufacturing facility and the acquisition and installation of machinery and equipment (the “Project”);

WHEREAS, the Borrower has applied to the Michigan Strategic Fund (the “MSF”) for a loan to finance the Project (the “Loan”) as defined in 1984 PA 270 (the "Act");

WHEREAS, the Borrower has advised the MSF that the cost of the Project will not exceed Ten Million Dollars ($10,000,000);

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

WHEREAS, this Resolution has the purpose of providing the necessary official intent of the MSF to meet the requirements of Sections 141 and 144 of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated in connection therewith and, in particular, Section 1.150-2 of the Income Tax Regulations.

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

1. The MSF intends to provide the Loan to the Borrower subject to the conditions of this Resolution.

2. The Loan shall be designated for the Project in accordance with the Borrower's Tax-Exempt Application Form dated November 15, 2018.

3. The maximum principal amount of the bonds (the "Bonds") expected to be issued to provide the Loan to finance the Project shall not exceed Ten Million Dollars ($10,000,000). The Borrower shall be obligated to make loan repayments in an amount sufficient to assure full repayment of the Bonds, establish appropriate reserves and pay costs and expenses relating to the issuance of the Bonds and the making of the Loan.

4. The MSF's obligation to issue the Bonds and make the Loan shall be conditioned upon a) the ability of the MSF to issue, sell and deliver the Bonds under applicable federal and state laws, b) receipt of an allocation from the State Treasurer pursuant to 1988 PA 496 as it relates to limitations on the issuance by states of private activity bonds under the Code, and c) any prioritization, fee schedules or other requirements or limitations implemented by the MSF or the State Treasurer.

5. The MSF's obligation to make the Loan and issue the Bonds contemplated by this Resolution shall expire two years after the date of this Resolution.

6. The Loan may be evidenced by a promissory note and secured by such instruments as are in form and substance satisfactory to the MSF, the Attorney General of the State of Michigan (the “Attorney General”) and bond counsel to the MSF, including a loan agreement, indenture, first mortgage, security agreement and such additional security as may be required by the MSF or purchaser of the Bonds.
7. Subject to compliance with this Resolution, the MSF will authorize a bond resolution approving the issuance of the Bonds (the “Bond Resolution”) for the purpose of making the Loan and funding the reserves and costs associated with the issuance and administration of the Bonds, and enter into a loan agreement and related documents with the Borrower and a bond purchase agreement with a bond purchaser, which documents shall be subject to the approval of the Attorney General and bond counsel to the MSF.

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

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

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

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

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

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

ADOPTED

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: 0

Recused: 0

Lansing, Michigan
December 18, 2018
January 18, 2018

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

Dear Ms. Tebedo:

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting, I am unable to attend.

Sincerely,

N.A. Khouri  
State Treasurer

Cc: Andrew Lockwood

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

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

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

WHEREAS, the MSF has reviewed a scope of work, timeline and eligibility requirements for awarding grants to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs (the "Business Incubators RFP"), as set forth in Attachment A to this Resolution;

WHEREAS, the MEDC recommends and the MSF desires to initiate the competitive proposal process to award grants to business incubators by issuing of the Business Incubators RFP and allocating $668,792 for the Business Incubators RFP (the "Business Incubators RFP Issuance and Funding Request");

WHEREAS, the MEDC recommends and the MSF desires to appoint the following individuals to the JEC for the Business Incubators RFP:

Fred Molnar, VP of Entrepreneurship and Innovation, MEDC
Nadia Abunasser, Federal & Development Projects Director, MEDC
Martin Dober, SVP, Venture & Managing Director, Invest Detroit Ventures
Phil Tepley, Director of Technology Commercialization Services, MI-SBDC

WHEREAS, the MEDC recommends and the MSF Board desires to adopt the scoring and evaluation criteria contained in Attachment B to this Resolution for use by the JEC in its review of proposals received in response to the Business Incubators RFP (the "Business Incubators RFP Scoring and Evaluation Criteria").

NOW, THEREFORE, BE IT RESOLVED, that the MSF approves 1) the Business Incubators RFP Issuance and Funding Request; 2) the JEC as set forth above; and 3) the Business Incubators RFP Scoring and Evaluation Criteria; and
BE IT FURTHER RESOLVED, that the MSF authorizes the MSF Fund Manager to modify the Business Incubators RFP as may be necessary or appropriate, so long as the modifications are not material or adverse to the interests of the MSF.

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: 0

Recused: 0

Lansing, Michigan
December 18, 2018
Attachment A

FY 2019 Business Incubator RFP: Scope of Work, Timeline and Eligibility Requirements

Purpose of the grant

Proposals submitted MUST fulfill the following purposes.

To assist certified SmartZones or those organizations associated with a certified SmartZone or certified SmartZone satellite.

Standard proposals for up to $100,000/year for one (1) year or supplemental proposals for up to $150,000/year for one (1) year may be submitted. For standard requests up to $100,000, the 1-1 match can be cash, in-kind or a combination of cash and in-kind. IF the SmartZone incubator/accelerator can demonstrate the need for additional resources (an additional key person) to fulfill these duties within the certified geographic boundaries of the SmartZone, they may apply for up to an additional $50,000 to cover these expenses ($150,000 total maximum grant/year). A 1-1 CASH match is required for any additional funding request beyond $100,000. This funding will only be available to pay the salary of a key person(s) and his/her expenses.

The key person must perform, at a minimum, the following duties:

- Help clients with gateway activities, such as but not limited to, identifying and attracting clients and helping them navigate through the entrepreneurial ecosystem
- Help clients with Business Accelerator Fund applications and support Business Accelerator Fund activities
- Help clients with First Capital Fund applications and support First Capital Fund activities
- Help clients with Pre-Seed Fund applications and support Pre-Seed Fund activities
- Help client with federal grant applications including but not limited to connecting them to BBCetc (MSF funded SBIR/STTR federal grant applications support)
- Attend quarterly SmartZone and Gateway meetings
- Collect and monitor the outcomes of the SmartZone or SmartZone satellite, and supply those performance metric outcomes to the MEDC every six (6) months

The proposal must identify the need for such a person, how the person meets the need, and how the person will carry out his/her responsibilities. The proposal must also provide resume of key person (if already identified). This person should have at least one-year experience working for a technology start-up or early stage company. If not, must provide a process whereby this person is trained and mentored by an approved service provider (such as SBDC) to work with technology companies. Hiring of the key person is contingent upon MEDC approval.
Technology Sectors supported under the grant

Proposals submitted MUST be to foster the growth of Michigan’s technology based economy by supporting early stage companies and entrepreneurs to create jobs and commercialize product(s) within one or more of the competitive edge technology sectors defined in Section 125.2088a of the MSF Act, as amended, and as approved by the MSF Board, including Advanced Automotive, Manufacturing, Materials, Information, and Agricultural Processing Technology, Alternative Energy, Homeland Security and Defense Technology, Life Sciences, and Other Innovative Technologies.

Eligibility

- Incubators/accelerators located within a certified SmartZone or certified SmartZone Satellite
  - who do not have a current business incubator gateway grant (formerly gatekeeper grant)
  - current business incubator gateway grant (formerly gatekeeper grant) funding ends prior to 4/1/2019.

- Only non-profit organizations and Michigan institutions of higher education are eligible to receive funding through this RFP. To be eligible as a non-profit corporation, an applicant must, at the time the award is made, be: (i) a non-profit corporation duly organized under the laws of Michigan; or (ii) a foreign non-profit corporation duly authorized to transact business in Michigan. The principal site for the applicant’s project must be a facility located in Michigan. Such a facility must be either: (i) owned or leased by the non-profit organization; or (ii) owned or leased by an organization collaborating on the project. If the principal site is owned or leased by a collaborating organization, the organization must meet the “principal site of the project” requirement for a non-profit corporation, as defined in this section. Eligible non-profit organizations must be authorized to conduct business in the State of Michigan. Universities must be Michigan universities.

Timeline

Issue RFP to the Public: December 21, 2018
Questions due from the Public: January 2, 2019
Answers posted to the MEDC web page: January 7, 2019
Applications Deadline: January 31, 2019
## Proposal Evaluation Form
### 2019 Business Incubator RFP

**Name of Applicant:**

**Name of Reviewer:**

### Criteria | Reviewer’s Comments | Points
--- | --- | ---
**Eligibility:**
- Incubators/accelerators located within a certified SmartZone or certified SmartZone Satellite
  - who do not have a current business incubator gateway grant (formerly gatekeeper grant)
  - current business incubator gateway grant (formerly gatekeeper grant) funding ends prior to 4/1/2019.

**Executive Summary:**
**Overview**
- **NAME OF THE APPLICANT ORGANIZATION**
- **ELIGIBILITY CRITERIA**
- **AMOUNT OF FUNDS REQUESTED**
- **AMOUNT OF MATCHING FUNDS**
- **TERM**
- **PURPOSE**
- The TARGETED NUMBERS FOR:
  - Companies Created
  - Jobs Created
  - Increase Investment/Revenue

Max. Possible Points: 5
Score: 

**Purpose:**
- a) The Applicant must clearly indicate whether the organization is a non-profit or university.
- b) The Applicant must clearly identify the need for a key person to help with gateway activities (identifying and attracting clients and helping them navigate through the entrepreneurial ecosystem), Business Accelerator Fund, First Capital Fund, and Pre-Seed Fund activities.
- c) The Applicant identifies the “key person”, how he/she meets the need and how he/she will carry out his/her responsibilities.
- d) The Applicant must clearly describe how the proposed use of funds will foster the growth of Michigan’s technology-based economy and clearly identify the specific competitive edge technology sectors that the Applicant will serve.

Max. Possible Points: 15
Score: 

**Past Experience:**
- The Applicant should indicate past experience with business incubation/acceleration.

Max. Possible Points: 10
Score: 

**Team:**
- Identified key players
- Identified collaborators

Max. Possible Points: 20
Score: 

**Milestones/Deliverables:**
- Identified meaningful milestones/deliverables
- Achievable and leading to economic impact

Max. Possible Points: 10
Score: 

**Budget:**
- Identified meaningful budget for proposal
- Clearly identified 1-1 match
- Organization budget clearly indicates need for funding
- Indicates how and when will achieve sustainability

Max. Possible Points: 10
Score: 

### Economic Impact:
- Realistic assumptions and expectations based on industry knowledge and incubator’s past reported performance
- Identified targeted metrics:
  - Companies Created
  - Jobs Created
  - Increase Investment/Revenue

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<tr>
<td>Contributes to the development of economic diversification or the creation of employment opportunities in this state</td>
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<td>Promotes collaborations between institutions of higher education, Michigan nonprofit research institutions, Michigan nonprofit corporations, and qualified businesses</td>
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<td>Meets 1 or more of the following: (i) Forecasts revenues within 2 years; (ii) Has outside investments from investors with experience and management teams with experience in the industry targeted by the proposal; and (iii) Has outside directors with expertise in the industry targeted by the proposal.</td>
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<td>Is contributing a cash match</td>
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<td>Is able to leverage outside funding sources to reduce overhead expenses.</td>
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<td>Max. Possible Points: 100</td>
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January 18, 2018

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

Dear Ms. Tebedo:

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting, I am unable to attend.

Sincerely,

[Signature]

N.A. Khouri  
State Treasurer

Cc: Andrew Lockwood
MICHIGAN STRATEGIC FUND

RESOLUTION

2018-222

APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
GRANT AWARD TO 600 E. MICHIGAN-LANSING, LLC

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

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

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

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

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

WHEREAS, 600 E. Michigan-Lansing, LLC (“Company”) has requested a performance-based grant of up to $1,500,000 (“Award Request”), along with other general terms and conditions;

WHEREAS, it is anticipated that the project will not be able to meet the MCRP Incentive Parameters of a debt service coverage ratio of 1.20 to 1.00 in every year of operation, and that the project will also require a grant greater than $750,000. Staff is recommending a deviation from these two Incentive Parameters;

WHEREAS, the MEDC has recommended that the MSF approve the Company’s Award Request subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 180 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 120 days (“MCRP Award Recommendation”); and

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

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: 0

Recused: 0

Lansing, Michigan
December 18, 2018
January 18, 2018

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

Dear Ms. Tebedo:

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting, I am unable to attend.

Sincerely,

N.A. Khouri
State Treasurer

Cc: Andrew Lockwood
MICHIGAN STRATEGIC FUND

RESOLUTION
2018-223

APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
CAPITAL CITY MARKET

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 Lansing Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 600 East Michigan Avenue within the City of Lansing, known as Capital City Market (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 35.45% to 64.55% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation and infrastructure improvements as presented in the Work Plan dated November 28, 2018. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based
on costs of MSF eligible activities with a maximum of $3,216,825 for the principal activity costs of non-environmental activities and a contingency, a maximum of $2,661,693 in interest, a maximum of $15,000 for Brownfield/Work Plan preparation, and a maximum of $15,000 for Brownfield/Work Plan implementation, and with the capture of taxes levied for school operating purposes being limited to a maximum of $2,094,570.

**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 the MSF Board is authorizing capture of taxes levied for school operating purposes for the payment of interest related to the eligible activities for the project, with maximum reimbursable interest from local and state capture being $2,661,693.

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: 0

Recused: 0

Lansing, Michigan
December 18, 2018
January 18, 2018

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

Dear Ms. Tebedo:  

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting, I am unable to attend.  

Sincerely,  

[Signature]  

N.A. Khouri  
State Treasurer  

Cc: Andrew Lockwood
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 for property located at 10 Ionia Avenue NW within the City of Grand Rapids, known as 10 Ionia Avenue NW Project (the "Project");

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 78.81% to 21.19% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, and infrastructure improvements as presented in the Work Plan dated November 16, 2018. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is
based on costs of MSF eligible activities with a maximum of $2,126,741 for the principal activity costs of non-environmental activities and a contingency, and a maximum of $5,000 for Brownfield/Work Plan preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum of $1,680,025.

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

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

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: 0

Recused: 0

Lansing, Michigan
December 18, 2018
January 18, 2018

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

Dear Ms. Tebedo:

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting, I am unable to attend.

Sincerely,

[Signature]

N.A. Khouri  
State Treasurer

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

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

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

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

WHEREAS, pursuant to MCL 125.2088h(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 measureable outcomes;

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

WHEREAS, on July 15, 2013 the MSF (i) adopted an inducement resolution in the amount of $450,000,000 for the issuance of bonds to finance the construction of the Events Center Project and (ii) approved a request from the Detroit DDA as required by the Downtown Development Authority Act, Act 197 of 1975, as amended, to amend the Detroit DDA’s development plan to incorporate a “catalyst development project plan” relating to the Events Center Project, commonly known as Little Caesars Arena;

WHEREAS, the City Council of the City of Detroit (the “City”) adopted a resolution on February 4, 2014 approving certain land transfers by the City of Detroit and the City of Detroit Economic Development Corporation to the Detroit DDA which are necessary for the Events Center Project, provided that certain issues relating to the use of the Joe Louis Arena (“JLA”) by Olympia Entertainment, Inc. are satisfied and approved by the Detroit City Council prior to April 1, 2014;

WHEREAS, one of the conditions to the City’s approval of such land transfers is an agreement that, upon the vacation of the JLA by the Detroit Red Wings, the MSF will, at the City’s request, finance the demolition of the JLA upon terms and conditions mutually agreeable to the City and the MSF;
WHEREAS, by resolution 2014-038, on March 25, 2014, in order to satisfy the City’s condition to such land transfer as specified above, the MSF provided economic assistance through an MCRP Award for the JLA Redevelopment Project in the amount of $6,000,000 (the “Economic Assistance Award”) to finance the demolition the JLA in connection with the redevelopment of the JLA property (the “JLA Redevelopment Project”) after the Detroit Red Wings relocate to the new Events Center. The approval also allowed the MSF Fund Manager and the MSF President to approve an increase in the amount of the Economic Assistance Award based on the final JLA Redevelopment Project budget, provided that the Economic Assistance Award shall not exceed the lesser of (i) the costs of demolition of the JLA, (ii) 25% of the eligible investment for the JLA Redevelopment Project, and (iii) $10,000,000.

WHEREAS, the Guidelines for the MCRP require that the applicant must submit to the MSF an application (the “Application”) for community revitalization incentives for eligible investments on eligible property in accordance with the requirements of Section 90b of the Michigan Strategic Fund Act;

WHEREAS, the City was not able to file an Application for the MCRP Award because the redevelopment plans and the corresponding project pro-forma had not yet been determined;

WHEREAS, the Detroit Red Wings have vacated Joe Louis Arena and per the land transfer agreement, the City of Detroit (“Borrower”) are required to demolish the existing Joe Louis Arena structure;

WHEREAS, the Borrower also wishes to demolish the structure to reduce carrying costs and prepare the site for future development;

WHEREAS, the Borrower has requested a performance-based loan award from the MSF under MCL 125.2088b(2)(c) for the Project in an amount not to exceed $10,000,000 (“Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”)(the foregoing, collectively, “JLA Investment”);

WHEREAS, the JLA Investment will replace the previous MCRP award and provide financing that will allow the City of Detroit to complete the demolition project while continuing to plan for future development of the site;

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

WHEREAS, the MEDC has recommended that the MSF approve the JLA Investment in accordance with the Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; (iii) a requirement that Borrower maintain proper financial controls to ensure all loan funds are expended in a lawful manner; and (iv) execution of the final documentation for the JLA Investment within 240 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 120 days (“Award Recommendation”);

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

NOW THEREFORE, BE IT RESOLVED, the MSF Board rescinds Resolution 2014-038 Approval of a Michigan Community Revitalization Program Economic Assistance Award for Joe Louis Arena Redevelopment Project; and

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

BE IT FURTHER RESOLVED, the MSF Board approves the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate the above approved Award Recommendation.

Ayes: Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays: 0

Recused: 0

Lansing, Michigan
December 18, 2018
EXHIBIT A

“Term Sheet”

Loan Facility

MSF Facility: MSF Investment Fund – Performance-based loan

Borrower: City of Detroit

Total Amount of Loan: Not to exceed the lessor of $10,000,000 or the cost of demolition

Term: 240 months, includes a 24-month interest only period.

Amortization: Amortized over 216 months, following a 24 month interest only period.

Interest Rate: 1% for the first two years, and 2% thereafter

Repayment Terms: Annual interest only payments with an interest rate of 1.00% for years one and two. Principal and interest payments with interest rate of 2% for years 3 through 20.

Collateral: The loan will be repaid by the City of Detroit and secured by the full faith and credit of the City

MSF Fees: The MSF shall be paid a one-time fee equal to one percent of the MSF’s Award

Funding: The MSF will fund up to $10,000,000 to be disbursed in installments following achievement of to be determined performance milestones.
January 18, 2018

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

Dear Ms. Tebedo:

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting, I am unable to attend.

Sincerely,

N.A. Khouri  
State Treasurer

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

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

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

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

WHEREAS, the City of Detroit Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 25, 27, 29, 31, 33 Washington Boulevard and 501 Third Avenue (commonly known as “600 Civic Center Drive”) within the City of Detroit, known as Joe Louis Arena Redevelopment Project (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 75.86% to 24.14% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, and asbestos abatement as presented in the Work Plan dated December 3, 2018. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the
capture period. The authorization for the capture of taxes levied for school operating purposes is based on costs of MSF eligible activities with a maximum of $10,796,354 for the principal activity costs of non-environmental activities and a contingency, a maximum of $2,346,038 in interest, a maximum of $15,000 for Brownfield/Work Plan preparation, and a maximum of $15,000 for Brownfield/Work Plan implementation, and with the capture of taxes levied for school operating purposes being limited to a maximum of $9,992,577.

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 the MSF Board is authorizing capture of taxes levied for school operating purposes for the payment of interest related to the eligible activities for the project, with a maximum reimbursable interest from local and state capture being $2,346,038.

Ayes:  Carl Camden, Paul Gentilozzi, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson, Wayne Wood

Nays:  0

Recused:  0

Lansing, Michigan
December 18, 2018
January 18, 2018

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

Dear Ms. Tebedo:

I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting, I am unable to attend.

Sincerely,

N.A. Khouri
State Treasurer

Cc: Andrew Lockwood