



# MICHIGAN STRATEGIC FUND

## BOARD MEETING AGENDA

January 25, 2022

8:30 a.m.

- I. CALL TO ORDER & ROLL CALL**
- II. PUBLIC COMMENT – PLEASE LIMIT PUBLIC COMMENT TO THREE (3) MINUTES**
- III. COMMUNICATIONS**
  - a. Chief Compliance Officer Quarterly Report.....3
- IV. CONSENT AGENDA**
  - a. Meeting Minutes: January 11, 2022..... 5
  - b. Grow Michigan: Appointment to Board of Managers ..... 11
  - c. Detroit Food Commons, LLC: MCRP Amendment ..... 13
  - d. Lofts on 820, LLC: MCRP Amendment..... 16
- V. BUSINESS INVESTMENT**
  - a. General Motors, LLC and Ultium Cells, LLC, and Lansing Economic Area Partnership: Resolution to approve Critical Industry Program grant, Renewable Energy Renaissance Zone/MSF Designated Renaissance Zone, and Strategic Site Readiness Program grant...20  
*Capital Investment: \$6,500,000,000; Job creation: 4,000; Locations: City of Lansing, Eaton County and Orion Township, Oakland County*
  - b. Wilkinson Minerals, LLC & Bay City Brownfield Redevelopment Authority: Resolution to approve Brownfield Act 381 Work Plan in the amount of \$4,918,442.....40  
*Capital Investment: \$164,000,000; Job Creation:80 jobs; Location: Bay City*
  - c. City of Harper Woods Brownfield Redevelopment Authority & Eastland Mall Redevelopment: Resolution to approve a Brownfield Act 381 Work Plan in the amount of \$4,700,352....49  
*Capital Investment: \$94,000,000; Job Creation:550 jobs; Location: City of Harper Woods*
  - d. City of Midland & Dow, Inc.: Resolution to approve an MSF Designated Renaissance Zone for 15 years.....59  
*Capital Investment: \$150,000,000; Jobs Retained:800 jobs; Location: City of Midland*
  - e. Industry 4.0 Signature Initiative Implementation Grants: Resolution to approve the scope of work for an RFP in the amount of \$3,000,000, appointment of JEC, and scoring criteria...65
- VI. COMMUNITY VITALITY**
  - a. Bottom One Percent, LLC (Dreamtroit Project): Resolution to amend the Michigan Community Revitalization Program direct loan and increase the award by \$506,100 to \$3,000,000..... 78  
*Location: City of Detroit*
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  - a. Michigan Community Revitalization Program Guidelines: Resolution to amend the Michigan Community Revitalization Program Guidelines.....85

**VIII. CAPITAL ACCESS**

a. Small Business Credit Initiative (SSBCI 2.0): Resolution to authorize the program related Guidelines and Delegation of Authority ..... 103

**IX. INFORMATIONAL**

Delegation of Authority Report ..... 135

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



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
OFFICE OF THE CHIEF COMPLIANCE OFFICER  
LANSING

KEVIN FRANCCART, ESQ.  
CHIEF COMPLIANCE OFFICER

## MEMORANDUM

January 7, 2022

TO: Honorable Gretchen Whitmer  
Governor and Chairperson of the State Administrative Board.

Quentin L. Messer Jr.  
President  
Michigan Strategic Fund Board

FROM: Kevin L. Francart  
Chief Compliance Officer

RE: FY2022 Q1 Report of the Chief Compliance Officer. (October 1, 2021 – December 31, 2021)

The Chief Compliance Officer is required to report quarterly to the State Administrative Board and the Michigan Strategic Fund Board regarding compliance with internal policies and procedures and with applicable laws related to 21st century jobs fund programs. I am pleased to report that all compliance matters addressed during the first quarter of the 2022 fiscal year were either successfully resolved, are being appropriately addressed, or are undergoing review and are currently being evaluated.

With respect to the Michigan Strategic Fund Board, the Michigan Strategic Fund Act requires the Chief Compliance Officer to review and evaluate compliance with internal policies and procedures along with applicable state and federal law. The Chief Compliance Officer (CCO) assisted MSF Board Members with question regarding any ethical or policy issues with responding to inquiries from the press or giving interviews related to the MSF. The CCO, along with the AG and MEDC Legal, assisted with the Finance and Investment Subcommittee and the Policy and Planning Subcommittee. The CCO assisted the Fund Manager with establishing board memo templates. In response to a Board Member's question, the CCO issued an opinion regarding the breadth of the MSF Board's authority to establish a new program regarding higher education and its effects on economic development in the State. The CCO assisted a Board Member with residency requirements as a board member and resignation process questions. The CCO assisted the MSF with the PTAC Funding request and MCRP Guidelines review. The CCO assisted Board Members with Open Meetings Act questions. As reported previously, because of the staffing changes the site visit guidelines were changed by the MEDC compliance section to no longer require a minimum number of site visits. Site visits are being performed pursuant to the site visit guidelines.

The Chief Compliance Officer provided informal advice regarding various issues arising this quarter concerning such topics as the conflict of interest determination, breadth of delegated

Board authority, authorized use of 21st century job fund funds, and compliance with established Board policy and limitations.

**MICHIGAN STRATEGIC FUND  
APPROVED SPECIAL SESSION MINUTES  
January 11, 2022**

**Members Present**

Ronald W. Beebe  
Paul Gentilozzi  
Quentin L. Messer, Jr.

**Members joined remotely**

Britany L. Affolter-Caine  
Paul Ajegba  
Susan Corbin  
Andrew Lockwood (on behalf of Treasurer Eubanks)  
Charles P. Rothstein  
Susan Tellier  
Cindy Warner

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

Mr. Messer called the special meeting to order at 10:04 a.m. The meeting was held in person in the Lake Michigan Conference Room at the MEDC headquarters building in Lansing with an option to participate virtually via Microsoft Teams. He stated the purpose of the special meeting is for Board members to consider two programs that will allow Michigan to be more competitive for transformational projects.

Mr. Messer introduced Amiee Evans, Chief of Staff, who conducted the attendance roll call.

**II. PUBLIC COMMENTS**

Ms. Evans explained the process for members of the public to participate. A representative for the City Club Apartments Redevelopment Project in Detroit was delayed in joining the meeting. Mr. Messer indicated that public comments for the project would be postponed until later in the meeting.

Ms. Evans asked if there were any public comments for the other items on the agenda and there were none.

**III. COMMUNICATIONS**

Ms. Evans advised Board members that no communications were received for this meeting.

**IV. CONSENT AGENDA**

**Approval of Consent Agenda Item**

Mr. Messer asked if there were any questions from Board members regarding the item under the Consent Agenda. There being none, Britany L. Affolter-Caine motioned for the approval of the following:

- a. Proposed Meeting Minutes: December 7, 2021

Susan Corbin seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

*Paul Gentilozzi joined the meeting at 10:30 a.m.*

V. **ADMINISTRATIVE**

a. **Resolutions 2022-001, 2022-002 & 2022-003 Critical Industry Program and Michigan Strategic Site Readiness Program: Approval of Programs, Guidelines and Delegation of Authority**

*Josh Hundt, Executive Vice President and Chief Business Development Officer, provided the Board with information regarding these action items. The actions involve approval of the Critical Industry Program, the Michigan Strategic Site Readiness Program, and guidelines for each initiative as well as authorization to delegate authority to the MSF President or MSF Fund Manager to make all decisions necessary and appropriate to administer the programs.* Following discussion, Susan Tellier motioned to approve Resolution 2022-001. Charles P. Rothstein seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Paul Gentilozzi, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

Paul Ajegba then motioned for the approval of Resolution 2022-002. Britany L. Affolter-Caine seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Paul Gentilozzi, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

Finally, Paul Ajegba motioned for the approval of Resolution 2022-003. Andrew Lockwood seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Paul Gentilozzi, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

**PUBLIC COMMENTS (continued)**

Mr. Messer reopened Public Comments. Jonanthan Holtzman, Chairman and CEO of City Club Apartments, said the City Club Apartments Redevelopment Project in Detroit experienced unexpected additional costs related to removal of foundations and soil remediation that the State of Michigan failed to complete after the Statler Hotel was demolished several years ago, despite a commitment to do so. Approval of a Brownfield Work Plan submitted by the City of Detroit Brownfield Redevelopment Authority in the amount of \$6.5 million would help offset those costs. Zach Larsen, Senior Attorney for Clark Hill Law, representing City Club Apartments concurred with his comments and said the Brownfield Work Plan should be approved as matter of fairness and equity.

Ms. Evans asked if there were any other public comments for this agenda item and there were none.

VI. **COMMUNITY VITALITY**

a. **Resolution 2022-004 City of Detroit Brownfield Redevelopment Authority: Brownfield Act 381 Work Plan (City Club Apartments Redevelopment Project)**

*Brittney Hoszkiw, Senior Community Assistance Team Specialist, provided the Board with information regarding this action item. The action involves denial of a Brownfield Work Plan submitted by the City of Detroit Brownfield Redevelopment Authority because the project fails to demonstrate financial need and is inconsistent with program guidelines and requirements.*

Following discussion, Cindy Warner motioned for the approval of Resolution 2022-004. Susan Corbin seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Paul Gentilozzi, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

Mr. Messer adjourned the meeting at 11:02 a.m.



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2022

Quentin Messer, Chairman, Michigan Strategic Fund  
Michigan Economic Development Corporation  
300 N. Washington Square  
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Mr. Messer:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2022.

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

Sincerely,

A handwritten signature in cursive script that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2022

Quentin Messer, Chairman, Michigan Strategic Fund  
Michigan Economic Development Corporation  
300 N. Washington Square  
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Mr. Messer:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2022.

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

Sincerely,

A handwritten signature in cursive script that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2022-005**

**APPROVAL OF THE JANUARY 25, 2022 CONSENT AGENDA  
FOR THE MICHIGAN STRATEGIC FUND BOARD**

**WHEREAS**, on February 25, 2014, Michigan Strategic Fund (“MSF”) approved use of consent agendas at MSF Board meetings, pursuant to defined consent agenda guidelines;

**WHEREAS**, on February 25, 2014, the MSF Board approved Guidelines for Preparation and Approval of Consent Agendas for the MSF, which were subsequently revised by the MSF Board on December 19, 2017 (the “Consent Agenda Guidelines”)

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

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

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

Consent Agenda Items:

- a. Proposed Special Meeting Minutes: January 11, 2022
- b. Grow Michigan: Appointment to Board of Managers
- c. Detroit Food Commons, LLC: MCRP Amendment
- d. Lofts on 820, LLC: MCRP Amendment

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
January 25, 2022



## MEMORANDUM

**TO:** Michigan Strategic Fund Board

**FROM:** Chris Cook, Managing Director - Capital Access

**DATE:** January 25, 2022

**SUBJECT:** Appointments to the Board of Managers of Grow Michigan, Inc.

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### **Request**

This request is to appoint Aileen Cohen, Diversity, Equity, and Inclusion Officer at MEDC to replace Doug Luciani as one of the MSF appointed members to the Board of Managers of Grow Michigan, Inc. (“GMI”).

### **Background**

On September 27, 2012 the Michigan Strategic Fund Board (“MSF”, “MSF Board”) approved an award to GMI to operate a mezzanine lending fund designed to provide financing for growth, acquisition, and succession planning for Michigan based operating companies. The MSF awarded an investment of up to \$9.5 million in the form of an equity investment designated for funding loans made by GMI and \$500,000 loan to GMI to pay for expenses related to its establishment. At the same meeting the MSF appointed three individuals to represent its interests in GMI. In addition to the MSF, investors in the fund include 15 lending institutions operating in Michigan.

The Board of Managers of GMI is comprised of nine members. The composition of the nine-member Board of Managers is as follows:

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

A bio for Aileen Cohen is available at: <https://www.michiganbusiness.org/about-medc/medc-leadership/aileen-cohen/>

### **Program History**

GMI has invested \$61.7 million in transactions involving a total leveraged capital investment of \$320.1 million. GMI II remains in the fundraising stage and has not yet funded an investment. GMI is in the process of winding down and no new investments will be made.

### **RECOMMENDATION**

Staff recommends the appointment of Aileen Cohen to the Grow Michigan, Inc. Board of Managers.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2022-006**

**APPOINTMENT OF BOARD OF MANAGERS MEMBER FOR  
GROW MICHIGAN – CAPITAL CONDUIT PROGRAM,  
OPERATING COMPANY INITIATIVE AWARD RECIPIENT**

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

**WHEREAS**, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the Michigan Strategic Fund (“MSF”) for 21<sup>st</sup> Century Jobs Fund programs;

**WHEREAS**, pursuant to MCL.125.2088d(1) the MSF shall create and operate a loan enhancement program;

**WHEREAS**, on May 20, 2009, the MSF created the Michigan Supplier Diversification Fund (“MSDF”) as a loan enhancement program;

**WHEREAS**, on December 21, 2011, the MSF approved the creation and operation of a Grow Michigan – Capital Conduit Program under the MSDF (“CCP”);

**WHEREAS**, on December 21, 2011, the MSF (1) approved the creation and operation of the Operating Company Initiative (“OCI”) under the CCP and (2) adopted guidelines for the OCI (“OCI Guidelines”);

**WHEREAS**, on January 25, 2012, the MSF approved an award to Grow Michigan, LLC (“Grow Michigan Award”) under the OCI;

**WHEREAS**, pursuant to the OCI Guidelines and the terms of the Grow Michigan Award, the MSF Board has the right to appoint three members to the Grow Michigan board of managers;

**WHEREAS**, on September 27, 2012, the MSF approved the appointment of Doug Luciani, David Zilko, and Rich Baird to the Grow Michigan board of managers;

**WHEREAS**, on June 26, 2018, the MSF approved the removal of Rich Baird and David Zilko, and the appointment of Chris Cook and Mark Morante to the Grow Michigan board of managers;

**WHEREAS**, on January 26, 2021, the MSF approved the removal of Mark Morante, and the appointment of Julius Edwards to the Grow Michigan board of managers;

**WHEREAS**, the MEDC recommends, and the MSF Board desires to remove Doug Luciani, and appoint Aileen Cohen, Diversity, Equity, and Inclusion Officer, to the Grow Michigan board of managers (“the Appointment Request”);

**NOW, THEREFORE, BE IT RESOLVED**, the MSF hereby approves the Appointment Request.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
January 25, 2022



## MEMORANDUM

**Date:** January 25, 2022

**To:** Michigan Strategic Fund Board

**From:** Rob Garza, Manager, Statutory Analysis

**Subject:** Request for Approval of a Michigan Community Revitalization Program Grant Agreement Amendment #1  
Detroit Food Commons, LLC

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### **Request**

Detroit Food Commons, LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program Grant Agreement (“Agreement”) and any related ancillary agreements. The amendment request dated December 13, 2021, includes a request to add DFC QALICB, Inc. as a co-applicant. Additionally, staff is requesting acknowledgement of the assignment of the rights and obligations under the grant to the bank bridging the Michigan Community Revitalization (MCRP) grant. All other terms of the current Agreement will remain the same.

### **Background**

The Michigan Strategic Fund Board approved a \$1,500,000 Grant on October 26, 2021 to the Company for the purpose of constructing a 31,140 square foot, two-story mixed-use building containing a community owned store, kitchen incubator space, community event and banquet space, and office space.

The project was approved with Detroit Food Commons, LLC as the applicant, but the Company has since identified a different entity that will incur project costs, and therefore the other entity will need to be added as a co-applicant to ensure access to the Grant. DFC QALICB, Inc. is a single purpose nonprofit corporation created specifically for this project and the same individuals serve the CEO, COO and CFO functions for both entities. Additionally, the bank bridging the MCRP grant is requesting the ability to take an assignment of the rights and obligations under the grant.

The Agreement has not been executed in order to allow this amendment to be considered. The company is current with reporting requirements.

Appendix A includes an organizational chart.

### **Recommendation**

The MEDC staff recommends approval of an amendment to the MCRP Grant Agreement and any related ancillary agreements to add DFC QALICB, Inc. as a co-applicant per the Company’s request dated December 13, 2021. Additionally, staff is recommending acknowledgement of the assignment of the rights and obligations under the MCRP grant to the bank bridging the grant.

## APPENDIX A – Organizational Chart

### Organizational Structure

Company Name: DFC QALICB, INC.

Employer Identification Number: 87-3844803

Manager: DFC QALICB, INC. is a non-profit

	Member	Ownership Interest Totals	EINs -No Soc Sec numbers	State of Organization
DFC QALICB, INC. Non-Profit Entity		100.00%	87-3844803	Michigan
		100.00%		

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2022-007**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION  
PROGRAM GRANT AWARD FOR  
DETROIT FOOD COMMONS, LLC**

**WHEREAS**, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2001 et. seq., to add Chapter 8C (being MCL 125.2090 – MCL 125.2090(d)) 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;

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

**WHEREAS**, by Resolution 2021-140 on October 26, 2021 the MSF Board awarded a MCRP Grant award to Detroit Food Commons, LLC (the “Company”), in furtherance of the project of up to \$1,500,000 (“Award”);

**WHEREAS**, the Company is requesting and MEDC is recommending that the MSF amend the Award to add DFC QALICB, Inc. as a co-applicant and acknowledgement of assignment of rights and obligations under the grant to the lender bridging the Award, with all other requirements remaining in place for the Award (“MCRP Amendment Recommendation”).

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

**BE IT FURTHER RESOLVED**, the MSF Board approves the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate the above approved MCRP Amendment Recommendation.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
January 25, 2022



## MEMORANDUM

**Date:** January 25, 2022

**To:** Michigan Strategic Fund Board

**From:** Lynda Franke, Underwriting and Incentive Structuring Specialist

**Subject:** Request for Approval of a Michigan Community Revitalization Program Other Economic Assistance-Loan Participation Agreement Amendment #5  
Lofts on 820, LLC

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### Request

Lofts on 820, LLC (“Company”) and Macatawa Bank (“Lender”) are requesting approval of an amendment to the Michigan Community Revitalization Program Other Economic Assistance Loan Participation Agreement (“Agreement”) and any related ancillary agreements to extend the Maturity Date of the underlying loan agreement from October 26, 2021 to April 26, 2022. All other terms of the current Agreement will remain the same.

### Background

The Michigan Strategic Fund Board approved a \$3,100,000 Other Economic Assistance-Loan Participation on September 17, 2014 to the Company for the purpose of redeveloping an approximately 156,000 square foot office building located at 820 Monroe NW and 804 Bond Avenue in the City of Grand Rapids, Michigan. The rehabilitation of the original four-story building provided a completely renovated structure housing 82, market rate residential units occupying approximately 66,000 square feet and about 39,000 square feet of commercial space. The total project was to consist of approximately 125,705 square feet. The former additions to the original structure were demolished to create space for outdoor dining, tenant common area and on-site parking in the rear of the site.

An amendment to the project was approved on February 13, 2015 as a consent to allow Essence Properties II, LLC to enter into a ground lease and to allow for a junior mortgage to be recorded by Chemical Bank, who would be financing the construction of the restaurant on the parcel. The ground lease obligated the tenant to purchase the real estate subject to the ground lease upon completion of the project and the MSF was aware that it would require a second amendment. A reconfiguration of the residential space to include an additional five units resulted in an increased appraised value compared to the original project.

An amendment to the project was approved on March 29, 2016 as a consent to allow for the sale of the restaurant parcel and removal of the projected rental payments.

An amendment request was approved on May 24, 2016 to extend the Draw Expiration Date, raise the cap limit on construction advances prior to stabilization, and redefine stabilization from an occupancy percentage to \$160,000 in monthly rental income.

An amendment to the project was approved on February 27, 2018 as a consent to release funds from a capital call that was triggered by the Lender’s covenant default for the purposes of reimbursing the Borrower for tenant improvements, cover a covenant waiver fee to be split pro rata with the MSF, and fund

a tax escrow account and partial refund to the Borrower, with the remaining balance of \$950,000 used as a partial paydown, allow a re-amortization of the Lender and the MSF shares of the loan participation, and allow the Lender to waive the March 31, 2017 covenant and eliminate the March 31, 2018 covenant check.

An amendment to the project was approved on July 26, 2018 as a consent to allow for a partial principal paydown and re-amortization of the lower principal balance on both the Lender Share and MSF Share.

An amendment to the project was approved on June 18, 2020 under the Awardee Relief Initiative for consent of a three-month payment deferment on only the Lender's Share, to enable relief to some of their commercial tenants due to the pandemic's impact on their income.

The amendment request dated November 17, 2021 includes a request to extend the Maturity Date of the underlying loan agreement from October 26, 2021 to January 26, 2022. The Company's amendment application states that since then, all but one of the project's eight commercial tenants have maintained their leases. The residential portion is 100% occupied. The success of the project has attracted a buyer, and as of the writing of this memo, there is an executed purchase agreement. The Company is asking for a three-month extension of the Maturity Date to allow time for the closing and payoff of the MSF Share, however, MEDC Staff is requesting a six-month extension to April 26, 2022 to allow for delays in closing.

The project was completed in 2018 and all milestones have been met. The Company has made over \$1,037,734 in principal and interest payments to the MSF.

**Recommendation**

The MEDC staff recommends approval of an amendment to the MCRP Other Economic Assistance Loan Participation Agreement and any related ancillary agreements to extend the Maturity Date of the underlying loan agreement six months to April 26, 2022.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2022-008**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION  
PROGRAM LOAN AWARD FOR  
LOFTS ON 820, LLC**

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

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

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

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

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

**WHEREAS**, by Resolution 2014-152 on September 17, 2014, the MSF Board awarded a MCRP Other Economic Assistance Loan Participation Award to Lofts on 820, LLC, in furtherance of the Project of up to \$3,100,000 (“Award”);

**WHEREAS**, by Resolution 2016-060 on May 24, 2016, the MSF Board approved a MCRP amendment to extend the Draw Expiration Date, increase the lender’s cap limit for construction advances, and redefine “Stabilization” from a percentage of occupancy to a minimum monthly rental income;

**WHEREAS**, by Resolution 2018-028 on February 27, 2018, the MSF Board approved a MCRP amendment to release funds from a capital call for various items including construction expenses, fees a tax escrow, and principal paydown, allow a re-amortization of the lender and the MSF shares of the loan participation, and allow the lender to waive two loan covenant checks;

**WHEREAS**, by delegated authority on June 18, 2020, under the MSF Awardee Relief Initiative, the MSF Board approved a MCRP amendment to allow the lender to suspend three payments on the Lender Share beginning on July 1, 2020;

**WHEREAS**, the project is currently subject to a purchase agreement which when executed will allow the applicant to pay off the MSF debt;

**WHEREAS**, the MEDC is recommending that the MSF approve the amendment recommendation to extend the Maturity Date from October 26, 2021, to April 26, 2022, with all other requirements remaining in place from the original approval (“MCRP Amendment Recommendation”).

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

**BE IT FURTHER RESOLVED**, the MSF Board approves the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate the above approved MCRP Amendment Recommendation.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
January 25, 2022



**MEMORANDUM**

**Date:** January 25, 2022

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

**From:** Josh Hundt, Executive Vice President, Chief Business Development Officer  
Stacy Bowerman, Senior Vice President, Business Development Projects and Services  
Erik Wilford, Senior Business Development Project Manager

**Subject:** Incentive Request

**General Motors LLC (“GM”) Request** – Critical Industry Program (CIP) Grant Request  
**Ultium Cells LLC (“Ultium”) Request** - Renewable Energy Renaissance Zone/MSF Designated Renaissance Zone  
**Lansing Economic Area Partnership (“LEAP”) Request**– Strategic Site Readiness Program (SSRP) Grant Request

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**Request Summary**

This is a request from the above-named entities (collectively the “Applicants”) for incentive assistance for expansions in the City of Lansing (Delta Township), Eaton County and Orion Township, Oakland County. Minimum job creation and investment requirements for each incentive is outlined below. In total, the project has the potential to result in the creation of up to 4,000 new jobs and a capital investment of up to \$6.5 billion in the City of Lansing (Delta Township), Eaton County and Orion Township, Oakland County.

To support this project, the Applicants are requesting the following:

- **GM Request:** \$600 million CIP Grant for the creation of a minimum of 3,200 jobs with the potential for up to 4,000 new jobs related to the GM Expansion and Ultium Expansion, which the total grant amount will be split between GM and Ultium, as outlined in the attached Term Sheet (“CIP Request”);
- **Ultium Request:** A Renewable Energy Renaissance Zone for a period of 18 years or an MSF Designated Renaissance Zone in the event the State Administrative Board does not approve the Renewable Energy Renaissance Zone on or before December 31, 2022, which will require a minimum investment of \$1.5 billion with the potential for up to \$2.5 billion (“Renaissance Zone Request), and;
- **LEAP Request:** \$66.1 million SSRP Grant for public infrastructure and utility upgrades (“SSRP Request”).

**Background**

On December 20, 2021, Governor Gretchen Whitmer, in collaboration with the Legislature, labor leaders, economic development agencies and various business groups, signed a package of economic incentives that will allow Michigan to compete for, and win, transformational projects like this investment by GM and Ultium that will bring long-term economic opportunity and security to regions and communities across the state.

Today’s request will be the first transformational investment in Michigan as a result of the creation of the Critical Industry Program and Strategic Site Readiness Program, securing a up to \$6.5 billion investment in Michigan by GM and LG Energy Solution for its all-electric future and creating a minimum of 3,200

jobs up to 4,000 jobs here in the state, including up to \$4 billion to convert its Orion Township assembly plant to build full-size EV pickups and a minimum of \$1.5 billion up to \$2.5 billion to build Ultium's 3<sup>rd</sup> US battery cell plant in Lansing.

In addition to allowing the company to rapidly expand its electric truck and battery cell capacity, additional GM investments in Lansing Delta Township and Lansing Grand River assembly plants also demonstrate the company's ongoing commitment to supporting near-term products, and related jobs and an additional \$500 million in capital investment in Michigan.

### **Project Description**

In response to an effort to shift to an all-electric future, GM committed to 30 new global Electric Vehicles (EV). This shift will make a meaningful impact toward building a zero-emissions future. In June of 2021, General Motors announced it will increase its previously announced EV and Autonomous Vehicle (AV) investments from 2020 through 2025 to \$35 billion. The investment includes the following:

- Accelerating Ultium battery cell production in the United States
- Commercializing U.S.-made Ultium batteries and HYDROTEC fuel cells
- Expanding and accelerating the rollout of EVs for retail and fleet customers
- Safely deploying in self-driving technology at scale

GM and Ultium are proposing the largest investment in the Company's history to be made here in Michigan as a next step in a U.S. manufacturing investment strategy, including offering quality jobs for workers and a commitment to ongoing manufacturing in Michigan communities. The initial plans include the following expansions in Orion Township facilities ("GM Expansion"), the City of Lansing (Delta Township) ("Ultium Expansion") as well as necessary public infrastructure upgrades to support the Ultium Expansion ("LEAP Infrastructure Assistance").

#### **GM Expansion:**

GM is considering an expansion at its Orion Township facility for conversion of part of the site to electric vehicle production to support EV trucks. A significant portion of the capital spending is for expansion of the existing site, including several additions totaling over 3 million square feet, renovation to certain areas of the facility and site improvements over the next 3-5 years along with machinery, equipment and special tooling. To support this expansion, the Company anticipates the creation of up to 2,300 new jobs and up to \$4 billion in capital investment. The project will also retain 1,000 existing employees in Orion Township.

#### **Ultium Expansion:**

Ultium is considering plans, beginning first quarter 2022, to construct a new high volume battery cell manufacturing facility in the City of Lansing revenue sharing 425 agreement area with Delta Township. The building and related site improvements will be approximately 2.5 million square feet; nearly two-thirds of the area under roof will be a clean room environment. The machinery and equipment would consist of electrode mixing, coating, assembly and formation areas. Each area of the process has uniquely designed pieces of equipment to allow for the high-volume output necessary to produce cells at this capacity. The project is anticipated to result in the creation of up to 1,700 new jobs and a minimum of \$1.5 billion up to \$2.5 billion in capital investment. Skills required for the new positions will vary depending on the type of work which will include a wide range of opportunities.

As part of the Lansing Economic Area Partnership's (LEAP) leadership with his project, they held a meeting with Ultium and GM leadership to discuss future talent pipeline development in support

of this proposed plant. There is likely to be strong partnerships developed that will focus on local talent development, for the Ultium plant, with particular focus on the diversity and inclusion of that potential talent pipeline.

As Michigan works to secure its leadership in automotive and EV manufacturing, the Ultium Expansion will continue to ensure long term economic opportunity for the manufacturing workforce in the region, as well as solidifying and strengthening jobs and growth across the supply chain throughout the state.

**LEAP Infrastructure Assistance:**

This is a transformational project for the City of Lansing/Delta Township. It is also, by far, the single largest project in its history. As a comparison, the Lansing Delta plant originally cost in the range of \$1 billion. MSU's Facility for Rare Isotope Beam facility is \$770 million. The new McLaren hospital \$600 million. This particular plant usage of infrastructure is beyond what any entity could have conceivably planned for. In order to construct the new assembly plant, Delta Township and Lansing Board of Water and Light must profoundly and rapidly expand infrastructure capacity in support of the site. The total cost to upgrade the infrastructure is expected to be a minimum of \$66.1 million, which includes electrical, water, sewer and wastewater upgrades. LEAP is applying for SSRP incentive assistance on behalf of the Lansing Board of Water and Delta Township. Lansing Board of Water and Light will upgrade electrical infrastructure and Delta Township will be responsible for water, sewer and wastewater upgrades. The LEAP Request will be performance-based and disbursed to LEAP as evidence of commitments and/or expenses are made for public infrastructure activities.

**Project Impact:**

The automotive industry is in an accelerated, full-fledged transition to electrified propulsion, the impact of which will be transformative and far-reaching. In order to maintain automotive manufacturing relevance, let alone leadership, it is imperative for the State of Michigan to capture as much investment in the research, development, and production of advanced battery technologies as possible. Unlike traditional power train systems (e.g., engines and transmissions) EV battery packs must be produced in proximity to vehicle assembly. Shipping long distance is not an option. Therefore, to grow Michigan's vehicle assembly opportunities, one must either, through collective bargaining, negotiate future vehicle platforms into existing facilities, or ensure that there is a ready supply of nearby battery production. Further, the more the state grows its battery production capacity, the better positioned it will be to win future OEM vehicle assembly plants and related suppliers including potential chipmakers.

In addition to the direct benefits of this investment, there will also be positive supply chain impacts. Batteries require special materials to produce anodes, cathodes, and electrolyte. Michigan has a growing supply chain producing all of these components, but will also have the opportunity to attract new investment with increased demand. Battery production requires highly integrated and automated manufacturing processes, providing significant growth opportunities for Michigan's automation companies. Growth within Michigan's battery supply chain will provide pathways for workers currently employed in internal combustion engine (ICE)-related firms to transition into this new, growing sector.

It is anticipated the influx of jobs will result in spin-off investments and redevelopment opportunities. Over \$28.8 billion in new personal income is expected to be generated by the direct, indirect, and induced jobs that this opportunity will create over 20 years.

The shift to electrification is truly revolutionary, and investment decisions being made now will have positive or detrimental impacts on regions for decades to come. The importance of securing this investment to both the local and broader state economy cannot be overstated.

### **Employment Impact**

The project will be significant to the area by bringing a large amount of well-paying manufacturing jobs to the State. The average hourly wage for the project in Eaton County is \$22.50 which is above county ALICE target wage of \$19.88 and the average hourly wage for the project in Oakland County is \$27 which is above the county ALICE target wage of \$22.57. The ALICE Threshold is the average income that a household needs to afford the basic necessities defined by the Household Survival Budget for each county in Michigan. Both facilities are located close to geographically disadvantaged areas which will provide residents with employment opportunities and the Company with a talent pipeline. Based on an evaluation of the new job creation which included job codes, average hourly wages, training, healthcare coverage and minimum education and experience, it was determined that all new jobs created are designated as pathway jobs, a key strategic focus area for statewide economic growth.

It is important to note that LEAP continues to work with local public transportation organizations in hopes of improving regular bus route activities to and from the job sites, specifically to Delta's industrial tract area including the Ultium plant, to dense population areas of the region.

### **Applicant History**

General Motors LLC was formed in 2009 to carry on the tradition of General Motors Corporation which was established in 1908. The Company manufactures vehicles in 37 countries under core automobile brands Chevrolet, Buick, GMC and Cadillac. GM has roughly 155,000 employees spread throughout 396 facilities on six continents. With its global headquarters in downtown Detroit, the company is the largest U.S. automobile manufacturer. GM has set a goal of selling only electric passenger vehicles by 2035. These plans include a release of 30 electric vehicles by 2025 requiring investment of \$35 billion in electric and autonomous vehicles.

On June 25, 2009, the Michigan Economic Growth Authority (MEGA) Board approved a Global Retention MEGA tax credit for GM that included all existing Retention credits, as well as the opportunity to keep the Orion facility in Michigan. On January 22, 2020, the MSF Board approved the most recent amendment to the MEGA tax credit to adjust the maximum employment requirements at the Warren Technical Center and the Renaissance Center to better align with the Company's structure. The amendment increased the required weekly wage from \$650 to \$1,300 as well as increased required investment to at least \$3.5 billion over the next 10 years.

Ultium Cells LLC was formed in 2019 as a joint venture between General Motors Holdings LLC and LG Energy Solution Michigan, Inc. The Joint Venture was formed to manufacture battery cells and capacity to be used in future vehicle and transportation applications and is currently launching operations with the Company of two battery manufacturing facilities in Lordstown, Ohio and Spring Hill, Tennessee.

A background check has been completed in accordance with the MSF Background Review Policy, and the project may proceed for MSF consideration.

### **Demonstrated Need**

GM and Ultium have been involved in a multi-state site selection to determine where to locate the new high volume battery cell manufacturing facility and investment. Consideration on placement includes site availability and site readiness as well as costs of implementation and ongoing operations, availability of

talent, utility and labor costs. GM has considered Michigan for previous battery cell manufacturing projects but ultimately chose locations in the key competitor states of Ohio and Tennessee based on incentive assistance offered by those states. Incentive assistance is necessary to ensure this project moves forward in Michigan, particularly in a highly competitive environment.

In addition to MSF support, Orion Township also approved PA 198 real property tax abatements. The MEDC also authorized a State Education Tax abatement to be used in conjunction with the locally approved Orion Township abatement in support of the GM Expansion. The city of Lansing has unanimously approved a Renewable Energy Renaissance Zone and PA 198 agreement. Lansing and Delta also both passed unanimously an extended 425 revenue sharing agreement for the plant for 25 years. The Lansing Board Of Water and Light's Board of Commissioners also unanimously passed a special electric rate for Ultium.

### **Request**

In order to secure the project in Michigan, the Applicants are requesting the following incentives:

- A \$600,000,000 CIP performance-based grant
- A \$66,100,000 SSRP performance-based grant
- A Renewable Energy / MSF Designated Renaissance Zone estimated to be worth \$158 million

The request will appropriately and necessarily address the cost disadvantage of locating the project in Michigan when compared to competing sites outside of the State which include competitive incentive offers. Incentive support also is critical to confirming a long-term commitment by the Company to ensure that its all-electric future will continue to offer quality jobs for workers and communities here in Michigan, as well as ensure a strong supply chain for potential additional growth. Inception of a high-volume battery cell manufacturing facility in the region is expected to be a catalyst for future investment and growth in the State and continue to secure Michigan's leadership in the evolution of automotive manufacturing from the internal combustion engine to electric vehicles.

The project aligns with the organization's strategic focus areas to **attract, retain and support businesses** and **foster high-wage skills growth** in the focus industries of **mobility and automotive manufacturing** and **advanced manufacturing**. The proposed project will impact the regions around Eaton and Oakland Counties with immediate job growth and significant and continued investment by a global automotive manufacturer. In total, the project would result in the creation of up to 4,000 new jobs and a capital investment of up to \$6.5 billion in the City of Lansing (Delta Township), Eaton County and Township of Orion, Oakland County.

**Appendixes A-C** address programmatic considerations.

### **Funding**

Together, the CIP and SSRP will be funded through the Strategic Outreach and Attraction Reserve ("SOAR") Fund, with initial funding currently appropriated at \$1 billion. Upon MSF approval of the recommendations for the CIP Request and SSRP Request, the process for legislative transfer of actual funds through the SOAR Fund will be initiated to the MSF to implement funding these incentives.

### **Recommendation**

MEDC Staff recommends approval of the following:

- **GM Recommendation**  
Approval of the CIP Request for a minimum of 3,200 new jobs with the potential for up to 4,000 new jobs, which the total grant amount will be split between GM and Ultium, as outlined in the attached resolution.
- **Ultium Recommendation**  
Approval of a Renewable Energy Renaissance Zone for a period of 18 years, or an MSF Designated Renaissance Zone in the event the State Administrative Board does not approve the Renewable Energy Renaissance Zone on or before December 31, 2022, for a minimum investment of \$1.5 billion with the potential for up to \$2.5 billion in the City of Lansing (Delta Township), Eaton County; and
- **LEAP Recommendation:**  
Approval of the SSRP Request as outlined in the attached resolution.

## APPENDIX A – CIP Programmatic Considerations

### Key Statutory Criteria

Per section 88s of Act 270, the MSF shall consider at a minimum all of the following criteria to the extent reasonably applicable as reasonably determined by the MSF to the type of project proposed before entering into a written agreement for a qualified investment:

- a) **The importance of the Project to the Community where it is located:**

The proposed project will impact the regions around Eaton and Oakland Counties with immediate job growth and significant and continued investment by a global automotive manufacturer. The project would result in the creation of up to 4,000 new jobs and a capital investment of up to \$6.5 billion in the City of Lansing, Eaton County and Township of Orion, Oakland County.
- b) **If the Project will act as a Catalyst for Additional Revitalization of the Community and in Michigan:**

The project will result in significant job creation and capital investment. It is anticipated the influx of jobs will result in spin-off investments and redevelopment opportunities. Over \$28.8 billion in new personal income is expected to be generated by the direct, indirect, and induced jobs that this opportunity will create over 20 years. This personal income will be utilized to not only support the many small businesses in the community that are still recovering from the COVID pandemic, but will spur demand to redevelop underutilized and blighted properties in the community and the state for commercial and residential purposes.
- c) **The amount of local financial and Community Support of the Project:**

The City of Lansing has authorized an 18-year Renaissance Zone and a PA 198 of 1974 (“PA 198”) tax abatement in support of the Ultium Expansion. Orion Township has offered a PA 198 tax abatement, which amounts to a reduction in property taxes of approximately 50%, which will help reduce the overall cost of doing the project in Michigan.
- d) **The Applicant’s Financial Need for a Qualified Investment from the CIP:**

The Company has been involved in a multi-state site selection to determine where to locate the new facility and investment. Consideration on placement includes costs of implementation and ongoing operations, availability of talent, utility and labor costs. Incentive assistance is necessary to defray additional costs incurred in Michigan compared to other locations.
- e) **The extent of reuse of Public or Private Vacant Buildings, Reuse of Historic Resources, and Redevelopment of Blighted Property:**

Not applicable
- f) **The Creation or Retention of Qualified Jobs as a Result of a Technological Shift in Product or Production at the Project Location and Michigan:**

Due to the new manufacture of a new product, all new and retained jobs will be the result of a fundamental technological shift in production.
- g) **The level of other public funds, including but not limited to, the appropriation of federal or Michigan funds and any federal or Michigan tax credits:**

Additional incentive support includes the following: a Strategic Site Readiness Grant to Lansing Economic Area Partnership in the amount of \$66.1 million for infrastructure upgrades to support the Ultium Expansion; an 18 year Renaissance Zone estimated to be worth \$158 million and a PA 198 property tax abatement estimated to be worth \$4.6 million to support the Ultium Expansion; a PA 198 property tax abatement estimated to be worth \$23.1 million and a State Education Tax Abatement estimated to be worth \$5.5 million to support the GM Expansion.
- h) **The level of any private funds, investments, or contributions into the project, including but not limited to, the Qualified Business’s own investments in the project:**

Private capital investment is estimated to reach \$6.5 billion and will support new building construction, machinery and equipment and other personal property.

**i) Whether and How the Project is Financially and Economically Sound:**

A financial review of the Company was completed and confirmed the Company's ability to finance the project. The project is in response to an effort to shift to an all-electric product line which has been identified as the Company's future business plan.

**j) Whether and How the Project Promotes Sustainable Development:**

In addition to providing products that will deliver clean transportation solutions, both parties involved have very aggressive corporate sustainability plans, with substantial targeted investments in the use of clean energy to power their plants and production lines. A continuous ramp up in the use of renewable energy over time is anticipated. Further, both parties are actively engaged in developing strategies and processes for the recycling and reuse of batteries and/or battery materials.

**k) Whether and How the Project Involves the Rehabilitation of a Historic Resource:**

Not applicable

**l) Whether and How the Project Addresses Areawide Redevelopment and its Overall Economic Benefit to the Existing Supply Chain:**

Based on an economic impact analysis of this project using REMI (Regional Economic Models Inc), this opportunity has an employment multiplier of 3.8. This means that an additional 2.8 jobs in Michigan's economy are anticipated to be created for every new direct job, due to the extensive supply chain that exists in Michigan that can support this opportunity. In addition, these new jobs are generating new income, much of which is spent at local small businesses throughout the community and the state. Over 20 years, the total direct, indirect, and induced jobs will generate over \$28.8 billion in new personal income in Michigan.

**m) The Extent and Level of Environmental Contamination:**

An environmental assessment of the Lansing site has been completed and shows soil conditions are suitable for construction of the planned facility. A geotechnical evaluation is currently underway, but based on the information available, including the construction of the facility, it is assumed geotechnical conditions will support the planned facility GM is in compliance with all environmental permits and regulations at Orion.

**n) Whether and How the Project will Compete with or effect Existing Michigan Businesses Within the Same Industry:**

The proposed facility will produce a product for the Company which is not currently available from other Michigan businesses and would not pose any competition. Also, the products being produced at this facility will be utilized in vehicles that are sold in North America, not just Michigan, thus bringing in new revenue to the state.

**o) Whether and How the Project's Proximity to Rail and Utility will Impact Performance of the Project and Maximize Energy and Logistics needs in Michigan and in the Community Where the Project is Located:**

Final logistics plan still is under development. However, the Applicants do not anticipate a negative impact.

**p) The Risk of Obsolescence of the Project, Products, and Investments in the Future:**

While Applicants cannot predict what will happen in the future, it is believed this project will create products that will deliver value to our customers into the foreseeable future.

**q) The Overall Return on Investment to Michigan:**

In total, the project will result in over \$1.5 billion in state taxes generated for the state of Michigan over a period of 20 years. This calculation was completed using a Regional Economic Modeling Inc (REMI) model.

**r) How the Project Addresses Food Supply Challenges:**

Not applicable

**s) Other Factors Considered:**

In addition to the direct benefits of this investment, there will also be positive supply chain impacts. Battery production requires highly integrated and automated manufacturing processes, so there will be major opportunities for Michigan's automation companies. Growth within Michigan's battery supply chain will provide pathways for workers currently employed in ICE-related firms to transition into this new, growing sector.

## APPENDIX B – SSRP Programmatic Considerations

### Key Statutory Criteria

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

- **The importance of the project or Eligible Activities to the community in which is located and Michigan;**

The proposed project will impact the regions around Eaton and Oakland Counties with immediate job growth and significant and continued investment by a global automotive manufacturer. The project would result in the creation of up to 1,700 new jobs and a capital investment of up to \$2.5 billion in the City of Lansing (Delta Township), Eaton County.
- **If the project will act as a catalyst for additional revitalization of the community where it is located and Michigan;**

The project will result in significant job creation and capital investment. It is anticipated the influx of jobs will result in spin-off investments and redevelopment opportunities. Over \$28.8 billion in new personal income is expected to be generated by the direct, indirect, and induced jobs that this opportunity will create over 20 years. This personal income will be utilized to not only support the many small businesses in the community that are still recovering from the COVID pandemic, but will spur demand to redevelop underutilized and blighted properties in the community and the state for commercial and residential purposes.
- **The amount of local community and financial support for the project;**

The City of Lansing has authorized an 18-year Renaissance Zone and a PA 198 of 1974 (“PA 198”) tax abatement in support of the Ultium Expansion.  
The Lansing Board of Water and Light has authorized special electric rates.  
Delta Township and Lansing have approved a renewed 25 year extension to a 425 revenue sharing agreement for the site.
- **The amount of any other economic assistance or support provided by Michigan for the project;**

Additional incentive support includes the following: a Critical Industry Grant of up to \$600 million; an 18-year Renaissance Zone estimated to be worth \$158 million, and a PA 198 property tax abatement estimated to be worth \$4.6 million to support the Ultium Expansion. The Board of Water and Light’s electric rate savings for Ultium may total \$937 million over 20 years.
- **The amount of any other economic assistance or support provided by the federal government for the project, including without limitation, federal appropriations or tax credits;**

Not applicable
- **The amount of any private funds or investments for the project, including the Eligible Applicant’s own investments in the project;**

Private capital investment is estimated to reach \$2.5 billion and will support new building construction, machinery and equipment and other personal property.
- **The Eligible Applicant’s financial need for a grant, loan, or other economic assistance under the SSRP;**

The Company has been involved in a multi-state site selection to determine where to locate the new facility and investment. Consideration on placement includes site availability and readiness along with costs of implementation and ongoing operations, availability of talent, utility and labor costs. The size and scope of the project will result in significant infrastructure upgrades to service the site. Incentive assistance is necessary to offset the public infrastructure costs ensuring the project locate in Michigan.

- **The extent of reuse of vacant buildings, public or private, reuse of historic resources and redevelopment of blighted property;**  
Not applicable
- **Creation or retention of Qualified Jobs as a result of a technological shift in product or production at the project location and within Michigan;**  
Due to the new manufacture of a new product, all new and retained jobs will be the result of a fundamental technological shift in production.
- **Whether and how the project is financially and economically sound;**  
A financial review of the Company was completed and confirmed the Company's ability to finance the project. The project is in response to an effort to shift to an all-electric product line which has been identified as the Company's future business plan.
- **Whether and how the project converts abandoned public buildings to private use;**  
Not applicable
- **Whether and how the project promotes sustainable development;**  
In addition to providing products that will deliver clean transportation solutions, both parties involved have very aggressive corporate sustainability plans, with substantial targeted investments in the use of clean energy to power their plants and production lines. A continuous ramp up in the use of renewable energy over time is anticipated. Further, both parties are actively engaged in developing strategies and processes for the recycling and reuse of batteries and/or battery materials.
- **Whether and how the project involves the rehabilitation of a historic resource;**  
Not applicable
- **Whether and how the project addresses areawide redevelopment;**  
Based on an economic impact analysis of this project using REMI (Regional Economic Models Inc), this opportunity has an employment multiplier of 3.8. This means that an additional 2.8 jobs in Michigan's economy are anticipated to be created for every new direct job, due to the extensive supply chain that exists in Michigan that can support this opportunity. In addition, these new jobs are generating new income, much of which is spent at local small businesses throughout the community and the state. Over 20 years, the total direct, indirect, and induced jobs will generate over \$28.8 billion in new personal income in Michigan.
- **Whether and how the project addresses underserved markets of commerce;**  
The proposed facility will produce a product for the Company which is not currently available.
- **The level and extent of environmental contamination;**  
An environmental assessment of the Lansing site has been completed and shows soil conditions are suitable for construction of the planned facility. A geotechnical evaluation is currently underway, but based on the information available, including the construction of the facility, it is assumed geotechnical conditions will support the planned facility.
- **Whether and how the project will compete with or affect existing Michigan businesses within the same industry;**  
The proposed facility will produce a product for the Company which is not currently available from other Michigan businesses and would not pose any competition. Also, the products being produced at this facility will be utilized in vehicles that are sold in North America, not just Michigan, thus bringing in new revenue to the state.
- **Whether and how the project's proximity to rail and utility will impact the performance of the project and will maximize energy and logistics needs in the community in which it is located, and in Michigan;**  
Final logistics plan still is under development. However, the Applicants do not anticipate a negative impact.
- **The risk of obsolescence that the project, products, and investments in the future;**

While Applicants cannot predict what will happen in the future, it is believed this project will create products that will deliver value to our customers into the foreseeable future.

- **The overall return on investment to Michigan;**

In total, the project will result in over \$1.5 billion in state taxes generated for the state of Michigan over a period of 20 years. This calculation was completed using a Regional Economic Modeling Inc (REMI) model.

- **Whether the proposed Strategic Site is incorporated into a strategic plan of a political subdivision of Michigan;**

Our existing Comprehensive plan includes and identifies Section 28, 32, and 33 of the Township (The GM site/425 area) for economic development projects as shared goal with the City of Lansing. The plan lists the 25 year 425 agreement that was executed in 2000 and subsequently updated at the end of 2021 for an additional 25 years.

Additionally, under Section 88t of the MSF Act, since the end user of the Strategic Site is identified, the MSF Board shall also consider:

- **The strategic economic importance of the project to the community where it is located and Michigan;**

The proposed project will impact the regions around Eaton County with immediate job growth and significant and continued investment by a global automotive manufacturer. The project would result in the creation of up to 1,700 new jobs and a capital investment of up to \$2.5 billion in the City of Lansing, Eaton County.

- **Whether the financial assistance is needed to secure the project in Michigan;**

The Company has been involved in a multi-state site selection to determine where to locate the new facility and investment. Consideration on placement includes site availability and readiness along with costs of implementation and ongoing operations, availability of talent, utility and labor costs. The size and scope of the project will result in significant infrastructure upgrades to service the site. Incentive assistance is necessary to offset the public infrastructure costs ensuring the project locate in Michigan.

- **The degree to which the project is a priority for the local governmental unit or local economic development corporation in the jurisdiction of which the site is located;**

In 2000, GM bought approximately 1000 acres of property, from a private family, to accommodate its new Lansing Delta assembly plant. This property sits on the edge of what is the Ingham, Eaton and the Clinton County region's largest industrial tract of land located in Delta Township. This approximately 3000 acre area is anchored by a Meijer statewide distribution center and many auto suppliers; 650 acres were left vacant, by GM, next to its new assembly plant. The 1000 acres was fully transferred, at that time, via a 425 revenue sharing agreement, to the city of Lansing from Delta Township for 25 years, expiring in 2025. That 425 has now been amended and extended another 25 years. As part of that process, the land was zoned, and master planned industrial. This 1000 acres has been planned and proposed for further GM industrial expansion for the last 25 years.

- **The level of creation or retention of Qualified Jobs as a result of a technological shift in product;**

Due to the new manufacture of a new product, all new and retained jobs will be the result of a fundamental technological shift in production.

- **Whether the Qualified Jobs created or retained as a result of a technological shift in product or production equal or exceed the average wage for the county in which the project is located;**

The average wage of the Qualified Jobs created will exceed the average wage for the county. The average hourly wage for Eaton County is \$21.13, the average hourly wage for the Qualified Jobs created will be \$22.50.

- **The level of capital investment;**

The Ultium Expansion project is anticipated to result in up to \$2.5 billion in capital investment.

- **The evidence of the End User's commitment to the site;**  
Ultium has committed to expanding at the site.

## **APPENDIX C – Renaissance Zone Programmatic Considerations**

### **PROJECT EVALUATION**

#### **Job Creation**

Up to 1,700 by December 31, 2030

#### **Ultium Private Investment**

A minimum of \$1.5 million by December 31, 2027

#### **Size**

2.5-million square feet of building and related site improvements

#### **Tax Information**

It is estimated that an average of \$8.8 million will be abated annually in property taxes.

#### **Period of Designation**

18-year designation

### **ADDITIONAL INFORMATION**

#### **Other Local Support**

The City of Lansing has also approved a PA 198 in support of the project. The estimated value of the abatement is \$4.6 million over 12 years.

#### **Development Agreement**

A development agreement will be entered into between Ultium and the Michigan Strategic Fund.

#### **Legislative Information**

Senator: Tom Barrett - State Senate District 24

Representative: Angela Witwer - State House District 71

**MICHIGAN STRATEGIC FUND**

**RESOLUTION**

**2022-009**

**APPROVAL OF THE  
CRITICAL INDUSTRY PROGRAM GRANT TO  
GENERAL MOTORS LLC AND ULTIUM CELLS LLC**

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

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

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

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

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

**WHEREAS**, General Motors LLC (“GM”) and Ultium Cells LLC (“Ultium”) submitted an application on January 14, 2022 seeking a Critical Industry Program grant in the amount of \$600,000,000, which total grant amount will be split, at the request of GM, between GM and Ultium, in order to support a collective capital investment of more than \$3,000,000,000 and a minimum of 3,200 Qualified Jobs in the City of Lansing and the Township of Orion in accordance with the terms and conditions outlined in the term sheet attached as Exhibit A to this Resolution (the “Grant Request”);

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

**WHEREAS**, the MEDC further recommends that the MSF Board authorize the MSF Fund Manager to approve the allocation of the Critical Industry Program grant between GM and Ultium, as well as the corresponding capital investment and Qualified Jobs obligation of each company under the Grant Request (the “Award Allocation Request”) subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request;

**WHEREAS**, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MSF wishes to approve the Grant Request and the Award Allocation Request.

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

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

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
January 25, 2022

## EXHIBIT A

**Awardee:** General Motors LLC (the “Company”)

**MSF Award:** Up to \$600 million

**MSF Disbursement Parameters:** MSF disbursements to the Company will be based on quarterly reimbursements for Eligible Expenses, which will include hard costs for site preparation, construction, infrastructure, development, machinery, and equipment to establish (i) production of a new battery powered vehicle product in Orion Township, Michigan (“Orion Plant”), and (ii) a new battery cell manufacturing plant in the City of Lansing (“Ultium Battery Plant”)

**Jobs Commitment:** Creation of 3,200 Qualified Jobs by the Term of the Agreement, and maintenance through the Term of the Agreement of 1,000 retained jobs at the Orion Plant

- Qualified Jobs must be created by the Company, Ultium Cells LLC, LG Energy Solution Michigan, Inc., GM Subsystems Manufacturing, LLC, and/or GM Components Holdings, LLC at either the Orion Plant or the Ultium Battery Plant

**Repayment Provisions:** The MSF may require repayment for: (i) failure to obtain the Jobs Commitment (proportional), (ii) mass relocation of jobs out of state, and (iii) breach of representations, misappropriation, insolvency. All Repayment Amounts must be paid within 90 days of notification by MSF; Any amounts not paid within 90 days are subject to a penalty of 1% per month, prorated on a daily basis.

**Potential Assignment:** The Company may assign a portion of the MSF Award to Ultium Cells LLC. In that event, the MSF would enter into a separate agreement with Ultium Cells LLC, which would include rights to receive grant disbursements, a proportional assignment of the Jobs Commitment, and other terms and conditions commensurate with the Company’s, as approved by the MSF Fund Manager

**Term of the Agreement:** December 31, 2030

**Other terms and conditions:**

(i) In the event the Company meets the Jobs Commitment, maintains the Qualified Jobs for 6 months, and incurs \$3 billion in Eligible Expenses prior to the Term of the Agreement, the Company may elect to terminate the agreement early (the “Early Termination Option”). If there is an Assignment, the Early Termination Option will require: (i) attainment of the terms of the Early Termination Option by the Company and Ultium Cells LLC, collectively, and (ii) for both the Company and Ultium Cells LLC to elect the Early Termination Option.

(ii) The Company (and Ultium Cells LLC if there is an Assignment) will provide annual reporting required by MCL 125.2009.

(iii) Any other requirements of the Critical Industries Program Guidelines, as approved by the MSF, and any requirements of the Michigan Strategic Fund Act, including without limitation, the provisions of Section 88s.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2022-010**

**RENEWABLE ENERGY FACILITY RENAISSANCE ZONE:  
ULTIUM CELLS LLC**

**WHEREAS**, Section 8e of the Michigan Renaissance Zone Act (the “Act”), 1996 PA 376, as amended, authorizes the State Administrative Board to designate up to fifteen (15) renaissance zones for renewable energy facilities (a “Renewable Energy Renaissance Zone”), upon recommendation by the Michigan Strategic Fund (the “MSF”) and the consent of the local unit of government in which the proposed renaissance zone will be located;

**WHEREAS**, the State Administrative Board, at the recommendation of the MSF, has designated nine (9) of the fifteen (15) Renewable Energy Renaissance Zones available under the Act;

**WHEREAS**, Section 8a(2) of the Act authorizes the MSF to designate up to twenty seven (27) renaissance zones (an “MSF-Designated Renaissance Zone”) at the application of a qualified local governmental unit and with the consent of the city, village, or township within which the boundaries of the MSF-Designated Renaissance Zone reside;

**WHEREAS**, the MSF has designated twenty two (22) of the twenty seven (27) MSF-Designated Renaissance Zones available under the Act;

**WHEREAS**, on June 28, 2016, via MSF Resolution 2016-091, the MSF adopted guidelines for MSF-Designated Renaissance Zones (the “Guidelines”), which require, among other things, that the term of any MSF-Designated Renaissance Zone be limited to a maximum of fifteen (15) years (the “Term Limit”);

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

**WHEREAS**, the MEDC received an application from the City of Lansing (the “Application”) for a Renewable Energy Renaissance Zone for Ultium Cells LLC (the “Company”) under Section 8e of the Act for property parcel 23-50-40-32-250-001 in Delta Township that is under a conditional transfer of property by contract to the City of Lansing via PA 425 of 1984 (the “Property”);

**WHEREAS**, the Company’s operations qualify as a renewable energy facility because it focuses on research, development, or manufacturing of systems or components of systems that involve the conversion of chemical energy for advanced battery technology, as described under Section 3(r) of the Act (the “Company’s Renewable Energy Facility”); and

**WHEREAS**, the MEDC recommends that the MSF Board approve the Application for recommendation to the State Administrative Board to designate a Renewable Energy Renaissance Zone for the Company’s Renewable Energy Facility for a period of eighteen (18) years at the Property, to begin on December 31, 2022, for property tax purposes and January 1, 2023, for all other purposes, subject to the following conditions:

- 1) On or before December 31, 2022, the State Administrative Board approves the Renewable Energy Renaissance Zone designation consistent with this Resolution; and
- 2) On or before December 31, 2022, a development agreement is entered into between the Company, the owner of the Property, and the MSF that incorporates the terms described in this Resolution.

**WHEREAS**, the MEDC further recommends that the MSF approve an MSF-Designated Renaissance Zone for the Company for a period of eighteen (18) years at the Property, to begin on December 31, 2022, for property tax purposes and January 1, 2023, for all other purposes, in the event that the State Administrative Board does not approve the Renewable Energy Renaissance Zone designation consistent with this Resolution on or before December 31, 2022, subject to the following condition:

1) On or before April 30, 2023, a development agreement is entered into between the Company, the owner of the Property, and the MSF that incorporates the terms described in this Resolution.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF Board approves the Application for recommendation to the State Administrative Board to designate a Renewable Energy Renaissance Zone for the Company's Renewable Energy Facility for a period of eighteen (18) years at the Property, to begin on December 31, 2022, for property tax purposes and January 1, 2023, for all other purposes, subject to the following conditions: (the foregoing and the following, the "RERZ Recommendation")

1) On or before December 31, 2022, the State Administrative Board approves the Renewable Energy Renaissance Zone designation consistent with this Resolution; and

2) On or before December 31, 2022, a development agreement is entered into between the Company, the owner of the Property, and the MSF that incorporates the terms described in this Resolution.

**BE IT FURTHER RESOLVED**, that in the event that the State Administrative Board does not approve the RERZ Recommendation, the MSF approves an MSF-Designated Renaissance Zone for the Company for a period of eighteen (18) years at the Property, to begin on December 31, 2022, for property tax purposes and January 1, 2023, for all other purposes, and waives the Term Limit, subject to the following condition:

1) On or before April 30, 2023, a development agreement is entered into between the Company, the owner of the Property, and the MSF that incorporates the terms described in this Resolution.

**BE IT FURTHER RESOLVED**, that the MSF Fund Manager is authorized to negotiate the final terms and conditions of and to execute a development agreement and any other related documents necessary to effectuate the terms of this Resolution on behalf of the MSF.

**BE IT FURTHER RESOLVED**, that the MSF Board authorizes the MSF Fund Manager to transmit the MSF's RERZ Recommendation to the State Administrative Board.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
January 25, 2022

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2022-011**

**APPROVAL OF MICHIGAN STRATEGIC SITE READINESS PROGRAM  
GRANT TO LANSING ECONOMIC AREA PARTNERSHIP**

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

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

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

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

**WHEREAS**, on January 11, 2022, the MSF Board created the Strategic Site Readiness Program and approved the guidelines for the implementation and operation of the Strategic Site Readiness Program (the “Strategic Site Readiness Program Guidelines”);

**WHEREAS**, the Lansing Economic Area Partnership (“LEAP”) submitted an application on January 13, 2022, seeking a grant in the amount of \$66,100,000 for public infrastructure and utility upgrades (the “Grant Request”);

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

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

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

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

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None



## MEMORANDUM

**Date:** January 25, 2022

**To:** Michigan Strategic Fund Board

**From:** Erik Wilford, Senior Business Development Project Manager  
Jake Winder, Manager, MCRP, Brownfield & SmartZone Programs

**Subject:** Request for Approval of an Act 381 Work Plan  
Wilkinson Minerals, LLC, and Bay City Brownfield Redevelopment Authority  
(BRA)  
Wilkinson Minerals Redevelopment Project

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### Project Summary

The request will support a business development project located on a vacant and contaminated site in Bay City that will construct a new 133,978 square foot salt brine mining facility that consists of six building units. The building units will include two new brine wells, brine storage and handling infrastructure, a bromine unit, a magnesium hydroxide unit, a calcium chloride evaporation unit, a flaking unit, a prill or pellet unit and a salt blend unit along with required utilities, railcar and truck loading racks, a barge dock, rail sidings, control buildings and an office building. All of these building units and improvements together represent \$164,000,000 in total capital investment. In addition, the project also includes public improvements in the form of paving, landscape amenities and extensive utilities totaling 2,517 square feet of public infrastructure improvements. The project is expected to create 80 full-time equivalent jobs with an average hourly wage of \$27.

The redevelopment is not economically viable without brownfield incentive support to help offset the brownfield site conditions. The property is comprised of 24.86 acres and is situated south of the Saginaw River, in an ideal location for this kind of industrial activity. This is one of the few remaining areas in North America where the brine that Wilkinson is seeking still exists. Due to the significant environmental contamination challenges on this site, the proposed investment would not be economically viable without MSF support.

### Request

The Bay City Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including state tax capture in the amount of \$4,918,442 to reimburse for MSF eligible activities. The Applicant anticipates that the project will result in a total capital investment in the amount of \$164,000,000.

### Program Summary

The request for Brownfield support is consistent with program requirements by reactivating a vacant and contaminated site and developing attractive places. The project qualifies for the Brownfield Act 381 program because the site is a facility. The project is consistent with the MEDC's strategic focus to attract, retain and support businesses and develop attractive places and the project also meets local objectives by providing an increase in the tax base to the city, as well as reducing the threat to human health and the environment, as well as a substantial improvement to the appearance and aesthetics of the subject property.

**Local Support**

Local support for the project includes the local portion of the Act 381 Work Plan request valued at \$7,376,474. The City of Bay City is engaged with the MEDC’s Redevelopment Ready Communities (RRC) program. The project is located in a Michigan Geographically Disadvantaged Business Location.

**Tax Capture Summary**

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Bay City, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on August 5, 2021. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on November 17, 2021.

There are 59.9942 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24.0000 mills (40.00%) and local millage equaling 35.9942 mills (60.00%). Tax increment capture will begin in 2021 and is estimated to continue for 9 years. The state tax capture is recommended to be capped at \$4,918,442, which is the amount of tax increment revenue anticipated to be generated in 9 years. Total MSF eligible activities are estimated at \$12,294,916. MSF eligible activities breaks down as follows:

State tax capture	(40.00%)	\$	4,918,442
Local tax capture	(60.00%)	\$	<u>7,376,474</u>
<b>TOTAL</b>		<b>\$</b>	<b><u>12,294,916</u></b>

**Cost of MSF Eligible Activities**

Demolition	\$	140,000
Infrastructure Improvements		248,171
Site Preparation	+	<u>10,276,973</u>
Sub-Total	\$	10,665,144
Contingency (15%)	+	<u>1,599,772</u>
Sub-Total	\$	12,264,916
Brownfield/Work Plan Preparation	+	15,000
Brownfield/Work Plan Implementation	+	<u>15,000</u>
<b>TOTAL</b>	<b>\$</b>	<b>12,294,916</b>

In addition, the project is requesting \$2,723,793 in TIF from EGLE to assist with environmental eligible activities.

**Applicant History**

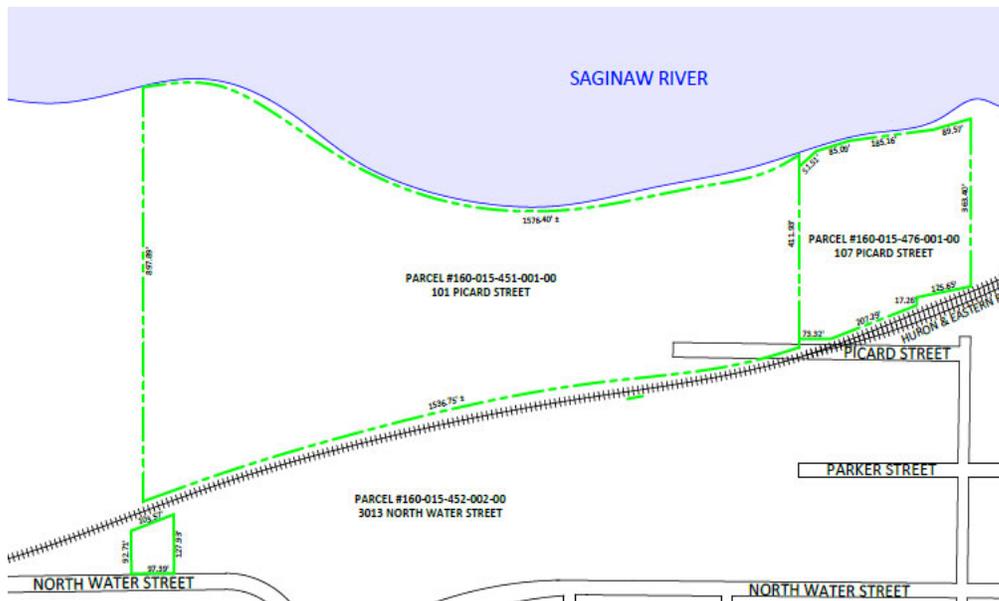
Founded in 1948 in Mayville, Michigan, Wilkinson Minerals is a salt brine mining operation and produces calcium chloride solutions. The company acquired the property in 2020 to expand operations and begin production of products in liquid, flake, and pellet form. The company has not received previous support from the MSF. A background check has been completed in accordance with the MSF Background Review Policy, and the project may proceed for MSF consideration.

**Appendix A** includes a project map and renderings, **Appendix B** addresses the programmatic requirements and **Appendix C** contains the Organizational Chart.

**Recommendation**

MEDC staff recommends approval of state tax capture for the Act 381 eligible activities capped at \$4,918,442, utilizing the current state to local capture ratio.

### APPENDIX A – Project Map and Renderings



## APPENDIX B – Programmatic Requirements

### **Key Statutory Criteria**

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

**a) Overall Benefit to the Public:**

The project will activate a vacant plot of land in Bay City and a new facility that will increase surrounding property values and the tax base, decrease the risk to human health and the environment, and increase the aesthetics of the surrounding area.

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

This project is expected to create approximately 80 new, full-time equivalent jobs in the commercial and retail portion of the project with an average hourly wage of \$27.

**c) Area of High Unemployment:**

The City of Bay City's unadjusted jobless rate was 6.9% in September 2021. This compares to the statewide unadjusted average of 5.5% in September 2021.

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

Contamination alleviated by this project includes the removal of soils and groundwater that contain arsenic, cadmium, chromium, lead, mercury, selenium, silver, and zinc.

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

The project is not qualifying as functionally obsolete or blighted.

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

No new Brownfields will be created by this project.

**g) Whether the Project is Financially and Economically Sound:**

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

**h) Other Factors Considered:**

No additional factors need to be considered for this project.

### APPENDIX C - Organizational Chart

**Wilkinson Minerals LLC Organizational Structure**  
**Wilkinson Minerals LLC EIN: 84-4736601**  
 Wilkinson Minerals LLC Manager: Rob Johnson

Member	Direct Ownership Interest	EIN	State of Organization
<b>Wilkinson Specialty Products LLC</b>	<b>100.00%</b>	85-4122216	Delaware
JEC SPECIALTY PRODUCTS HOLDINGS LLC      100.00%			

Member	Indirect Ownership Interest	EIN	State of Organization
JEC Specialty Products Holdings LLC	100.00%	84-5171463	Delaware

**MICHIGAN STRATEGIC FUND**

**RESOLUTION**

**2022-012**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN  
CITY OF BAY CITY BROWNFIELD REDEVELOPMENT AUTHORITY  
WILKINSON MINERALS REDEVELOPMENT PROJECT**

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

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

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

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

**WHEREAS**, the City of Bay City Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan (“Brownfield Work Plan”) for property located at 101 Picard Street, 107 Picard Street and 3007 North Water Street within the City of Bay City, known as Wilkinson Mineral Redevelopment Project (the “Project”);

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

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

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

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 40% to 60% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, and infrastructure improvements as presented in the Brownfield Work Plan dated December 5, 2021. 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 \$12,264,916 for the principal activity costs of nonenvironmental activities and a contingency, a maximum of \$15,000 for Brownfield/Work Plan preparation, and a maximum of \$15,000 for Brownfield/Work Plan implementation, and with the total capture of state school taxes capped at a maximum of \$4,918,442.

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

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
January 25, 2022



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

Quentin L. Messer, Jr.  
President & Chairman, MSF  
Chief Executive Officer, MEDC

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## MEMORANDUM

**Date:** January 25, 2022

**To:** Michigan Strategic Fund Board

**From:** Erik Wilford, Senior Business Development Project Manager  
Rob Garza, Manager, Statutory Analysis

**Subject:** Request for Approval of an Act 381 Work Plan  
City of Harper Woods Brownfield Redevelopment Authority (BRA)  
Eastland Mall Redevelopment Project

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### Project Summary

The request will support a business development project located in the City of Harper Woods that will redevelop the 81.71 acre, former Eastland Mall site. NP Eastland Commerce Center Industrial, LLC intends to redevelop the property into three commercial/light industrial buildings encompassing approximately 1.03 million square feet representing \$94,000,000 in total capital investment. The project is also anticipated to create 550 full-time equivalent jobs. The existing 1.3 million square foot building will be demolished, and site preparation and infrastructure activities will be undertaken to prepare the property for the new construction. The project will contain approximately 35,711 square feet of infrastructure improvements comprised of curb and gutter improvements, sidewalk improvements, and road repair.

A financing gap exists due to the extensive environmental and non-environmental brownfield eligible activity costs required to prepare the site for development. As a result, development of the site is not market-viable without state incentives. The redevelopment of the site will alleviate brownfield conditions and will include controls to eliminate public exposures to contaminants thus protecting human health and the environment and making the site suitable for active reuse. Once complete, the project will generate additional tax revenue for the city and state. There is currently a limited supply of Class A industrial space in Detroit and surrounding areas and this project will provide over 1 million square feet of logistics space to the Detroit market. This project's proximity to automotive manufacturers will make the proposed buildings competitive for tenants who are in or support the automotive industry. This development will create a long-term community partnership with potential to foster additional commercial and retail investment in the surrounding areas.

### Request

The City of Harper Woods Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including state tax capture in the amount of \$4,700,352 to reimburse for MSF eligible activities. The Applicant anticipates that the project will result in a total capital investment in the amount of \$94,000,000.

### Program Summary

The request for Brownfield support is consistent with program requirements to reactivate contaminated properties. The project qualifies for the Brownfield Act 381 program because the site is a facility. The project is consistent with the MEDC Strategic Plan by transforming underutilized properties into attractive

places where businesses and talent can locate. The project also meets local objectives by providing redevelopment of underutilized and contaminated land. The property is the former Eastland Mall that has become an unattractive nuisance to surrounding neighborhoods. The project will increase the taxable value of the property and create new commercial/industrial space which will attract business expansion and job opportunities in the region.

**Local Support**

Local support for the project includes a Commercial Redevelopment Act (CRA) tax abatement valued at \$12,215,158 and the local portion of the Work Plan valued at \$12,668,748. The project is located in a Michigan Geographically Disadvantaged Business Location.

**Tax Capture Summary**

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Harper Woods, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on October 18, 2021. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on October 19, 2021.

There are 86.0152 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (27.90%) and local millage equaling 62.0152 mills (72.10%). Tax increment capture will begin in 2022 and is estimated to continue for 21 years. The state tax capture is recommended to be capped at \$4,700,352, which is the amount of tax increment revenue anticipated to be generated in 21 years. The tax capture ratio is impacted by the CRA tax abatement and the blended ratio is identified below. Total MSF eligible activities are estimated at \$17,369,100. MSF eligible activities breaks down as follows:

State tax capture	(27.06%)	\$ 4,700,352
Local tax capture	(72.94%)	\$ 12,668,748
<b>TOTAL</b>		<b>\$ 17,369,100</b>

**Cost of MSF Eligible Activities**

Demolition	\$ 6,300,000
Lead and Asbestos Abatement	2,000,000
Infrastructure Improvements	1,600,000
Site Preparation	+ 5,184,000
Sub-Total	\$ 15,084,000
Contingency (15%)	+ 2,262,600
Sub-Total	\$ 17,346,600
Brownfield/Work Plan Preparation	+ 15,000
Brownfield/Work Plan Implementation	+ 7,500
<b>TOTAL</b>	<b>\$ 17,369,100</b>

In addition, the project may potentially request up to \$3,530,000 in TIF from EGLE in a future Work Plan to assist with environmental eligible activities.

**Applicant History**

NP Eastland Commerce Center Industrial, LLC is the developer and is an entity created by Northpoint Development for the purpose of this project. Established in 2012, NorthPoint Development is a privately held real estate development firm specializing in the development of Class A industrial facilities. NorthPoint Development first came to Michigan in 2018 with the development of an industrial building in

Flint for General Motors. Following this project, NorthPoint purchased 69 acres of land in Romulus. This property was the former Romulus Engineering Center and is adjacent to the GM Romulus Engine Plant on Ecorse Road. The construction of two industrial facilities began in 2020 on this property. This \$55.8-million-dollar investment was projected to create 604 jobs in the City of Romulus. These buildings are finished and were fully leased before the buildings were completed.

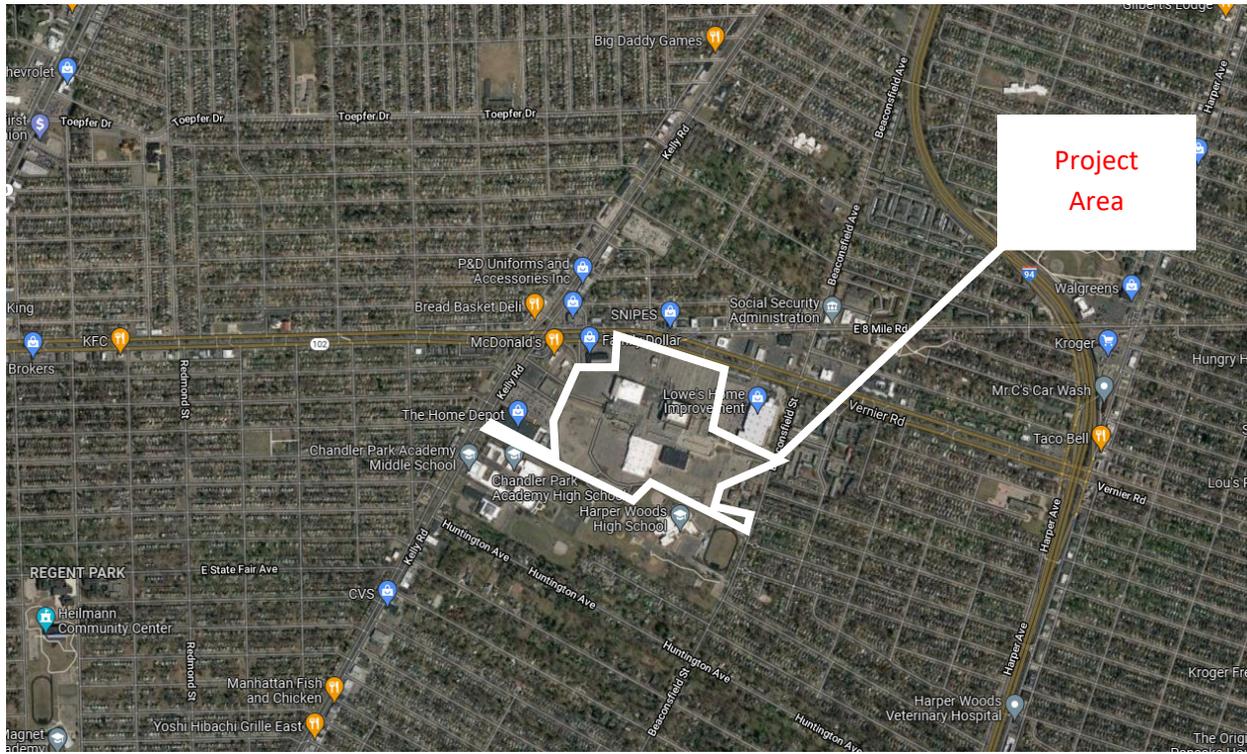
NorthPoint is the developer involved with the development at the former Cadillac Stamping Plant site in Detroit that was awarded an Act 381 Work Plan by the MSF Board in December 2020. Construction of the new building will be complete in the first quarter of 2022. NP Eastland Commerce Center Industrial, LLC has not been awarded incentives by the MSF, but its principals have as part of the aforementioned former Cadillac Stamping Plant Project. A background check has been completed in accordance with the MSF Background Review Policy, and the project may proceed for MSF consideration.

**Appendix A** includes a project map and renderings, **Appendix B** addresses the programmatic requirements and **Appendix C** contains the Organizational Chart.

**Recommendation**

MEDC staff recommends approval of state tax capture for the Act 381 eligible activities capped at \$4,700,352, utilizing the current state to local capture ratio.

### APPENDIX A – Project Map and Renderings



**EASTLAND** COMMERCE CENTER



## APPENDIX B – Programmatic Requirements

### **Key Statutory Criteria**

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

- a) **Overall Benefit to the Public:**  
The city will benefit from the reactivation of a contaminated and underutilized property as well as the creation of jobs.
- b) **Jobs Created (Excluding Construction and other Indirect Jobs):**  
This project is expected to create approximately 550 new, full-time equivalent jobs in commercial/light industrial, manufacturing and professional industries with an average hourly wage of \$15.
- c) **Area of High Unemployment:**  
The County of Wayne unadjusted jobless rate was 3.8% in September 2021.
- d) **Level and Extent of Contamination Alleviated:**  
The property contains various contaminants and the developer will undertake department specific eligible activities to alleviate contamination.
- e) **Reuse of Functionally Obsolete Buildings and/or Redevelopment of Blighted Property:**  
The project is not qualifying as functionally obsolete or blighted.
- f) **Whether Project will Create a New Brownfield Property in the State:**  
No new Brownfields will be created by this project.
- g) **Whether the Project is Financially and Economically Sound:**  
From the materials received, the MEDC infers that the project is financially and economically sound.
- h) **Other Factors Considered:**  
No additional factors need to be considered for this project.

## APPENDIX C - Organizational Chart

### Organizational Structure

Company Name: NP Eastland Commerce Center Industrial, LLC

Employer Identification Number: 87-1921418

Manager: Michael Jay Rainen

	Member	Indirect Ownership	Ownership Interest Totals	EINs -No Soc Sec numbers	State of Organization
<b>Klap Investments, LP</b>			<b>100.00%</b>		
	Raco, Inc.	20.00%			
	Michael J. Rainen Revocable Trust	45.00%			
	Rainen Family Irrevocable Remainder Trust	35.00%			
		100.00%	<b>100.00%</b>		

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2022-013**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN  
CITY OF HARPER WOODS BROWNFIELD REDEVELOPMENT AUTHORITY  
EASTLAND MALL REDEVELOPMENT PROJECT**

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

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

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

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

**WHEREAS**, the City of Harper Woods Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan dated December 1, 2021 (the “Work Plan”) for property located at 17890 and 18000 Vernier Road within the City of Harper Woods, known as Eastland Mall Redevelopment Project (the “Project”);

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

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

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

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board approves the Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 27.06% to 72.94% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, lead and asbestos abatement, and infrastructure improvements as presented in the Work Plan. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local

operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on costs of MSF eligible activities with a maximum of \$17,346,600 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$15,000 for Brownfield/Work Plan preparation, and a maximum of \$7,500 for Brownfield/Work Plan implementation, and with the total capture of state school taxes capped at a maximum of \$4,700,352.

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

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
January 25, 2022



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

Quentin L. Messer, Jr.  
President & Chairman, MSF  
Chief Executive Officer, MEDC

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## MEMORANDUM

**Date:** January 25, 2022

**To:** Michigan Strategic Fund Board

**From:** Julia Veale, Senior Business Development Project Manager

**Subject:** *City of Midland (the “Applicant”) – Dow, Inc. (the “Company”)  
MSF Designated Renaissance Zone*

---

### **Request**

This is a request from the Applicant for an MSF Designated Renaissance Zone for fifteen (15) years for the Dow Michigan Operations Modernization Project (the “Project”). The Company plans to invest \$150 million and retain 800 employees to support the modernization of key Silicones manufacturing and research and development (“R&D”) assets at its Michigan Operations in Midland, Michigan.

### **Company Background**

The Company is a publicly traded Delaware Corporation that was incorporated in 2018. The Company serves as the holding company for The Dow Chemical Company, which was incorporated in 1947, and its consolidated subsidiaries (“TDCC”). The Company was formed following the 2017 merger of equals transaction that combined TDCC and E.I. du Pont de Nemours and Company (“DuPont”) to create highly focused, industry-leading businesses in Agriculture, Material Science and Specialty Products. The Company was formed as a wholly owned subsidiary of DowDuPont to serve as the holding company for the materials science business and separated from DowDupont in 2019. Following the transaction, the Company’s sole core business is materials science. The Company’s specialty products and agriculture related assets were realigned from the Company to other DowDuPont subsidiaries, DuPont and Corteva Agrisciences, respectively.

The Company remains headquartered in Midland, Michigan and operates over 100 manufacturing and/or R&D-focused sites in over 30 countries globally. The Company’s portfolio of plastics, industrial intermediaries, coatings, and silicones businesses delivers a broad range of differentiated science-based products and solutions for its customers in high-growth market segments, such as packaging, infrastructure, mobility, and consumer care.

### **Project Background**

The Company has been undertaking steps to review and optimize its operations in order to best position the Company for future growth, which has included review of its manufacturing and innovation strategy and footprint.

The proposed Project contemplates the modernization of Michigan Operations through targeted reinvestments in key Silicones manufacturing and R&D assets in Midland, Michigan.

The Project is currently anticipated to start construction in 2022. Construction and capital investment related to the Project is estimated to be complete in 2027. The Company anticipates that the Project will contribute

to the retention of at least 800 full-time positions in Michigan, and that the Project may serve as an anchor for future development in the area by both the Company and its partners and/or customers. Modernization of Dow's Michigan Operations in combination with a robust global headquarters will reinforce Michigan as a key global location for the Company.

### **Demonstrated Need**

The Company is an active and visible supporter in the Great Lakes Bay Region (GLBR) since its founding in Midland in 1897, through supporting local schools, community initiatives, nonprofit organizations, economic development programs, and charitable activities. The Company's business activities impact the City of Midland, Midland County, the Great Lakes Bay Region, and the State of Michigan from direct, indirect, and induced economic impacts. The Company has been a positive economic and community force for many generations, providing a full spectrum of employment opportunities from high school co-ops and college internships to introductory, hourly positions to professional careers.

The Midland, Michigan Silicones manufacturing site requires a significant amount of reinvestment to extend the life of its facilities, improve sustainability and remain competitive relative to the Company's other Silicones manufacturing sites located in Kentucky and China. Additionally, the Company's existing R&D facilities, which are co-located with the manufacturing operations within the Michigan Operations industrial park, are near end-of-life and therefore require investment to achieve optimal technology, productivity, and safety capabilities to fully align with Dow's ambition and growth strategy. The Company's innovation capabilities are strategically located throughout the globe to drive its innovation goals. Utilizing existing, newer R&D facilities with open capacity in other locations in the US and abroad present cost savings from a capital and operating cost perspective, as compared to the investment required to upgrade and modernize R&D assets in Midland, Michigan.

The Company is committed to its role as an economic catalyst in the Great Lakes Bay Region and the state of Michigan. The MEDC has worked with Dow for the past several years to position Michigan as a viable destination for this investment. Ongoing investments in Dow's ability to bring solutions to the world are necessary to maintain competitive advantage, attract and retain the best talent, advance digital and modernize ways of working to be more sustainable. These investments are expected to drive Company growth, maintain jobs and add to the ongoing investments made by Dow in the Great Lakes Bay Region, which has been Dow's corporate home for nearly 125 years. However, incentive assistance is necessary to offset the investment required to modernize the Michigan Operations site and will further solidify the Company's presence in Michigan.

### **Property Description**

The Applicant has made application on behalf of the Company for a MSF Designated Renaissance Zone for a 15-year designation for the properties outlined in the attached parcel listing. The Renaissance Zone will become effective within five years of MSF approval.

### **Project Evaluation**

#### **Job Creation/Retention**

800 Retained Employees

#### **Dow Private Investment**

At least \$150,000,000

**Tax Information**

It is estimated that up to an average of \$6.7 million will be abated annually in property taxes.

**Period of Designation**

15-year designation

**ADDITIONAL INFORMATION**

**Payment in Lieu of Taxes**

The Company has agreed to a payment in lieu of tax with the City of Midland and Midland County with respect to existing property within the Renaissance Zone.

**Development Agreement**

A development agreement will be entered into between the Company and the Michigan Strategic Fund.

**Legislative Information**

Senator: James Stamas - State Senate District 36

Representative: Annette Glenn - State House District 98

**Recommendation**

MEDC Staff recommends the following:

- 1) Approval of the requested Renaissance Zone for 15 years;
- 2) Execution of a Development Agreement between the Company and the MSF which incorporates the terms and conditions set forth in the resolution (collectively, the "Request"). MEDC Staff further recommends that the MSF Fund Manager be authorized to execute all documents necessary to effectuate the Request; and
- 3) Commitment will remain valid for 120 days with approval for MSF Fund Manager to extend the commitment an additional 60 days.

# MICHIGAN STRATEGIC FUND

## RESOLUTION 2022-014

### MSF DESIGNATED RENAISSANCE ZONE Dow, Inc.

**WHEREAS**, Section 8a(2) of the Michigan Renaissance Zone Act (the “Act”), 1996 PA 376, as amended, authorizes the Michigan Strategic Fund (“MSF”) Board to designate up to twenty-seven (27) renaissance zones (a “Renaissance Zone”) in one or more city, village, or township if consented to by the local unit of government in which the proposed renaissance zone will be located;

**WHEREAS**, Section 6(5) of the Act allows the MSF Board to choose the beginning date of a Renaissance Zone designation made pursuant to Section 8a(2) of the Act, provided that the beginning date must be January 1 of a year for income tax and Michigan Business Tax purposes and December 31, for property tax purposes, and must not be more than five (5) years after the date of designation;

**WHEREAS**, the MSF has designated twenty two (22) of the twenty seven (27) Renaissance Zones available under the Act;

**WHEREAS**, on June 28, 2016, via MSF Resolution 2016-091, the MSF adopted guidelines for Renaissance Zones designated under Section 8a(2) of the Act (the “Guidelines”);

**WHEREAS**, the Guidelines require, among other things, that any payments in lieu of taxes be made proportionate between the county; city, village, or township; and the State of Michigan, unless otherwise approved (the “PILOT Proportionality Requirement”);

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

**WHEREAS**, the MEDC received an application from the City of Midland for a renaissance zone designation for Dow, Inc. (the “Company”) under Section 8a(2) of the Act, dated on or about January 24, 2022 (the “Application”);

**WHEREAS**, the Company plans to expand its operations in the City of Midland;

**WHEREAS**, the Company has agreed to make a payment in lieu of taxes to the City of Midland and the County of Midland for reimbursement of some of the taxes abated by the renaissance zone designation, to the exclusion of the State of Michigan (the “PILOT”);

**WHEREAS**, pursuant to Section 6(5) of the Act, the City has requested that the term of the proposed renaissance zone begin at a later date; and

**WHEREAS**, the MEDC recommends that the MSF Board approve: (i) the Application for designation of a Renaissance Zone for the Company for the property parcels listed in the Application, to start upon the satisfaction of certain conditions, and (ii) to approve the PILOT and to waive the Guidelines the PILOT Proportionality Requirement.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF Board approves: (i) the PILOT and the waiver of the PILOT Proportionality Requirement, and (ii) the Application designating a Renaissance Zone for the Company for a term of fifteen (15) years for the property parcels in the City of Midland listed in the Application, to start the January 1 (and the preceding December 31, for property tax purposes) immediately following MSF Fund Manager approval upon the occurrence of all of the following conditions:

1. The Company has provided written request to the MSF Fund Manager to begin the term of the Renaissance Zone for the Company by no later than December 1, 2026;
2. Execution of a development agreement consistent with the terms of this Resolution between the Michigan Strategic Fund, the real property owner(s), and the Company by no later than December 31, 2026; and

**BE IT FURTHER RESOLVED**, that the MSF Fund Manager is authorized to negotiate the final terms and conditions of and to execute the Development Agreement and any other related documents necessary to effectuate the terms of this Resolution on behalf of the MSF.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
January 25, 2022



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

Quentin L. Messer, Jr.  
President & Chairman, MSF  
Chief Executive Officer, MEDC

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## MEMORANDUM

**Date:** January 25, 2022

**To:** Michigan Strategic Fund Board

**From:** Natalie Chmiko, Vice President PMBC & International Trade

**Subject:** Request for Proposals – Industry 4.0 Signature Initiative Implementation Grants

---

### Request

The Michigan Economic Development Corporation (“MEDC”) requests that the Michigan Strategic Fund (“MSF”) Board approve a scope of work for a Request for Proposals (“RFP”) in the amount of \$3,000,000 to solicit proposals from eligible organizations to increase Michigan manufacturers’ Industry 4.0 (“I4.0”) awareness and preparedness and increase technology adoption through implementation grants (the “I4.0 RFP”); to appoint a Joint Evaluation Committee (“JEC”) to review proposals received in response to the I4.0 RFP; and adopt scoring and evaluation criteria to be used by the JEC in its review of responses to the I4.0 RFP (collectively, the “Request”).

### Background

During the development of the MEDC’s strategic plan in 2019, Advanced Manufacturing was identified as a strategic focus industry for the state of Michigan. I4.0 adoption is identified as a key component to build resiliency of the manufacturing industry within the state of Michigan.

On December 8, 2020, MSF approved \$5,550,000 in funding to support the statewide Industry 4.0 Initiative with the mission to ensure that 50% of Michigan small and medium-sized manufacturers (6,200 businesses) will be prepared to adopt I4.0 technologies by 2025. This included statewide services provided by MMTC and Automation Alley, 10 regional awardees and a statewide awareness campaign.

In the first year of the initiative, the initial goal of 1,200 businesses served was exceeded and the program ended the fiscal year with 1,471 individual businesses reached by the initiative. Additionally, I4.0 individual engagements totaled 3,682, including nearly 2000 participants in outreach events and webinars, 616 attendees in the Michigan Manufacturing Technology Center (MMTC) Technology Roadshows, 559 companies registered for an essential membership from Automation Alley and 150 companies received an in-depth assessment from MMTC.

As approved by MSF on December 7, 2021, MEDC will continue working to increase awareness of I4.0 and digitization in the manufacturing industry and will provide statewide resources via MMTC and Automation Alley for year two of the initiative.

Based on first year feedback from the statewide and regional service providers, cost remains one of the biggest barriers for small and medium-sized manufacturers to adopt I4.0 technologies. To support companies with this investment, it is the MEDC’s intent to identify and grant awards to one or more entities to administer implementation matching grants for companies looking to purchase a qualifying I4.0

technology. Additionally, the awardee(s) will promote the statewide I4.0 Signature Initiative and Services and will drive activity to existing tools.

The MEDC requests that MSF Board approve the release of the I4.0 RFP attached as Exhibit A in the amount of \$3,000,000 to solicit proposals from Michigan-based non-profit entities and Michigan-based governmental entities that are currently engaged in and have prior experience with economic development activities, to include (but not limited to) cities, townships, counties, communities, chambers of commerce or other regional economic development entities, universities and incubators or accelerators to increase manufacturers awareness and readiness to adopt and implement I4.0 technologies.

Issue RFP to the Public: 01/26/2022

Questions due from the Public: 02/09/2022

Answers posted to the MEDC web page: 02/16/2022

Applications Deadline: 02/28/2022

The MEDC requests that MSF Board approve appointing a JEC to review the proposals submitted and make recommendations to MSF Board. The following individuals are recommended to be appointed to the JEC to review proposals:

Mark Ignash, Sector Development Director, MEDC

Nadia Abunasser, Federal Opportunities Director, MEDC

Natalie Chmiko, VP of Pure Michigan Business Connect & International Trade, MEDC

Robert Lycas, Chief Operating Officer, Michigan Manufacturing Technology Center

Lisa Stief, Director of Operations and Grants, Automation Alley

The MEDC requests that 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 I4.0 RFP.

### **Recommendation**

MEDC staff recommends that MSF Board approve the Request.



# Exhibit A

## STATEMENT OF WORK

### A) PURPOSE

The MSF is seeking proposals from one or more Michigan-based non-profit entities and/or Michigan-based governmental entities to support the MEDC with grant administration for Industry 4.0 (I4.0) technology implementation projects for Michigan small manufacturers throughout the state.

### B) BACKGROUND STATEMENT AND OBJECTIVES

#### **Background:**

During the development of the MEDC's strategic plan in 2019, Advanced Manufacturing was identified as a strategic focus industry for the state of Michigan. I4.0 adoption is identified as a key component to build resiliency of the manufacturing industry within the state of Michigan.

On December 8, 2020, MSF approved \$5,550,000 in funding to support the statewide Industry 4.0 Initiative with the mission to ensure that 50% of Michigan small and medium-sized manufacturers (6,200 businesses) will be prepared to adopt I4.0 technologies by 2025. This included statewide services provided by MMTC and Automation Alley, 10 regional awardees and a statewide awareness campaign.

In the first year of the initiative, the initial goal of 1,200 businesses served was exceeded and the program ended the fiscal year with 1,471 individual businesses reached by the initiative. Additionally, I4.0 individual engagements totaled 3,682, including nearly 2000 participants in outreach events and webinars, 616 attendees in the Michigan Manufacturing Technology Center (MMTC) Technology Roadshows, 559 companies registered for an essential membership from Automation Alley and 150 companies received an in-depth assessment from MMTC.

As approved by MSF on December 7, 2021, MEDC will continue working to increase awareness of I4.0 and digitization in the manufacturing industry and will provide statewide resources via MMTC and Automation Alley for year two of the initiative.

Based on first year feedback from the statewide and regional service providers, cost remains one of the biggest barriers for small and medium-sized manufacturers to adopt I4.0 technologies. To support companies with this investment, it is the MEDC's intent to identify and grant awards to one or more entities to administer implementation matching grants for companies looking to purchase a qualifying I4.0 technology. Additionally, the awardee(s) will promote the statewide I4.0 Signature Initiative and Services and will drive activity to existing tools.

#### **Objectives:**

1. Increase I4.0 awareness and preparedness throughout Michigan via support of statewide programming and activities provided by MMTC and Automation Alley.
2. Increase I4.0 technology adoption throughout Michigan via administration and execution of I4.0 implementation grants.

# Exhibit A

## C) QUALIFICATIONS

The MEDC is seeking proposals from Michigan-based non-profit entities and Michigan-based governmental entities that are currently engaged in and have prior experience with economic development activities, to include (but not limited to) cities, townships, counties, communities, chambers of commerce or other regional economic development entities, universities and incubators or accelerators.

Successful respondents will be able to:

- State and describe the geographic region within Michigan in which programming will be provided
- Describe how the respondent proposes to promote statewide I4.0 services provided by the MMTC and Automation Alley
- Describe how the respondent proposes to recruit companies to participate in regional roundtable(s)
- Describe how the respondent proposes to reach qualifying Michigan small manufacturers for the I4.0 technology implementation grant program
- Describe how the respondent will verify purchase of technology and reimburse up to 50% of actual costs
- Demonstrate prior experience in administering financial grants to businesses
- Demonstrate prior experience with economic development activities
- Demonstrate collaboration with a local EDO (if a local EDO is not the applicant)
- Demonstrate collaboration with Michigan Manufacturing Technology Center and Automation Alley
- Demonstrate prior experience engaging with and/or assisting businesses in relation to I4.0

Funding levels will be determined based on the number of small manufacturing establishments within identified regions of coverage.

Administrative fees cannot exceed 15% of overall award. The remaining 85% should be allocated directly to qualifying Michigan manufacturers through individual implementation grants.

## D) DELIVERABLES

Deliverables to be provided by the selected vendor include:

1. Increase I4.0 awareness and preparedness throughout Michigan via support of statewide programming and activities.
  - a. Promote existing statewide I4.0 resources including but not limited to Technology Roadshows, Course Trainings, MMTC Assessments, Automation Alley's Essential Membership, I4.0 events including Integr8, educational materials, I4.0 Leadership Evaluation, and other I4.0 programming supported by this initiative.
  - b. Execute one regional roundtable in partnership with Automation Alley for each region of proposed coverage. All [10 regions](#) of the state should host one in-person, hybrid and/or virtual event. Awardee(s) are expected to promote the event, recruit companies from the region to participate and coordinate logistics.
2. Increase I4.0 technology adoption throughout Michigan via administration and execution

## Exhibit A

of I4.0 implementation grants.

- a. Administer I4.0 implementation grants to small Michigan manufacturers. Awardees will be expected to identify and recruit qualified Michigan manufacturers to participate in the grant program and disburse funds to businesses.

Initial requirements of the I4.0 implementation grant program include, but are not limited to:

- Companies must complete an I4.0 Technology Assessment by the MMTC prior to award
- Technologies eligible for this grant program include hardware/software related to the following I4.0 categories, and preference will be given to transformative technologies (denoted with a \* below):
  - Additive Manufacturing & Advanced Materials\*
  - Artificial Intelligence\*
  - Big Data
  - Cloud Computing
  - Cybersecurity
  - Industrial Internet of Things (IoT)
  - Modeling, Simulation, Visualization & Immersion
  - Robotics/Automation\*
- Companies must be classified as a small business by the Small Business Administration - <https://www.sba.gov/federal-contracting/contracting-guide/size-standards>
- Grants will be reimbursement based and will cover up to 50% of actual expenses incurred. Companies are required to cover the remaining cost of the technology project and cannot be combined with any other grant programs or external funding sources
- Financial awards may not exceed \$25,000 per company

Final grant requirements will be provided upon award.

3. Provide quarterly reporting on deliverables, grant progress, companies served for each three-month quarter of a 12-month grant period of performance. Exact reporting requirements and forms will be provided upon award.

### **Additional Information:**

Successful respondents will provide a Program Manager to work as the primary point of contact with the MEDC, their Contractors and additional stakeholders. As a part of its project management duties, the Program Manager will conduct informational and status meetings. Such meetings may include the Program Management Team, the MEDC, other consultants, elected officials, and other stakeholders as designed by the MEDC. The Program Manager will work directly with the MEDC and their Contractors and related stakeholders to define, manage, and control the project scope, timeline, issue escalation and resolution processes. The MEDC will require detailed status reports, as defined by the MEDC, on a quarterly basis and will reserve the option of changing that requirement dependent upon which phase the project is in. In addition, the Program Manager will create and routinely update the project plan to reflect changes in the nature and timing of project activities with all changes being subject to MEDC approval.

## Exhibit B

### Proposal Evaluation Form

### I4.0 Implementation RFP

Name of Applicant: \_\_\_\_\_

Name of Reviewer: \_\_\_\_\_

Criteria	Reviewer's Comments	Points
<p><b>1. Bidder Information:</b> Stated the full name, address, phone number of the organization and, if applicable the branch office or other subordinate element that would perform or assist in performing the work. Applicant must be a Michigan-based non-profit entity or Michigan-based governmental entity that is currently engaged in and has prior experience with economic development activities, to include (but not limited to) cities, townships, counties, communities, chambers of commerce or other regional economic development entities, universities and incubators or accelerators.</p>		<p>Max Possible: 5</p> <p>Score:</p>
<p><b>2. Understanding RFP:</b> Stated, in succinct terms, understanding the need(s) presented by the RFP.</p>		<p>Max Possible: 10</p> <p>Score:</p>
<p><b>3. Statement of Work:</b> Included a narrative summary and timelines of the proposed effort and of the service(s) that will be delivered.</p>		<p>Max Possible: 25</p> <p>Score:</p>
<p><b>4. Prior Experience:</b> Described the prior experiences of the organization, which they considered relevant to the successful accomplishment of the project defined in the RFP.</p>		<p>Max Possible: 25</p> <p>Score:</p>
<p><b>5. Staffing:</b> Identified a Project Manager and staff assigned by name and title. Included biographies, experience and any other appropriate information. Listed all subcontractors (if any) that will be engaged.</p>		<p>Max Possible: 15</p> <p>Score:</p>
<p><b>6. Track Record of Collaboration:</b> Described track record of collaboration with Michigan Manufacturing Technology Center and Automation Alley and/or other Michigan economic development entities on executing similar initiatives and/or programs.</p>		<p>Max Possible: 20</p> <p>Score:</p>
<p><b>Total Score:</b></p>		<p>Max. Possible: 100</p> <p>Score:</p>

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2022-015**

**INDUSTRY 4.0 INITIATIVE IMPLEMENTATION GRANTS  
REQUEST FOR PROPOSALS, ALLOCATION OF FUNDING, SCORING AND  
EVALUATION CRITERIA AND JOINT EVALUATION COMMITTEE**

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

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

**WHEREAS**, pursuant to Section 88b(2)(c) of the MSF Act, MCL 125.2088b(2)(c), funds appropriated to the MSF for purposes of carrying out the MSF Act shall be expended or invested for activities authorized under the MSF Act as long as those activities provide for repayment for breach of the written agreement or the failure to meet measurable outcomes;

**WHEREAS**, the MSF has reviewed a scope of work, timeline and eligibility requirements for awarding grants to solicit proposals from Michigan-based non-profit entities, Michigan institutions of higher education, and Michigan governmental entities that are currently engaged in and have prior experience with economic development activities to increase manufacturers awareness and readiness to adopt and implement I4.0 technologies (the “Industry 4.0 RFP”), as set forth in Exhibit A to this Resolution;

**WHEREAS**, the MEDC recommends, and the MSF wishes to issue the Industry 4.0 RFP (the “Industry 4.0 RFP Issuance”);

**WHEREAS**, the MEDC recommends and the MSF desires to appoint the following individuals to the JEC for the Industry 4.0 RFP:

Mark Ignash, Sector Development Director, MEDC  
Nadia Abunasser, Federal Opportunities Director, MEDC  
Natalie Chmiko, VP of Pure Michigan Business Connect & International Trade, MEDC  
Robert Lyscas, Chief Operating Officer, Michigan Manufacturing Technology Center  
Lisa Stief, Director of Operations and Grants, Automation Alley

**WHEREAS**, the MEDC recommends, and the MSF Board desires to adopt the scoring and evaluation criteria contained in Exhibit B to this Resolution for use by the JEC in its review of proposals received in response to the Industry 4.0 RFP (the “Industry 4.0 RFP Scoring and Evaluation Criteria”).

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF approves 1) the Industry 4.0 RFP Issuance; 2) the JEC as set forth above; and 3) the Industry 4.0 RFP Scoring and Evaluation Criteria;

**BE IT FURTHER RESOLVED**, that the MSF authorizes the MSF Fund Manager to modify the Industry 4.0 RFP as may be necessary or appropriate, so long as the modifications are not material or adverse to the interests of the MSF; and

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
January 25, 2022

# Exhibit A

## STATEMENT OF WORK

### A) PURPOSE

The MSF is seeking proposals from one or more Michigan-based non-profit entities and/or Michigan-based governmental entities to support the MEDC with grant administration for Industry 4.0 (I4.0) technology implementation projects for Michigan small manufacturers throughout the state.

### B) BACKGROUND STATEMENT AND OBJECTIVES

#### **Background:**

During the development of the MEDC's strategic plan in 2019, Advanced Manufacturing was identified as a strategic focus industry for the state of Michigan. I4.0 adoption is identified as a key component to build resiliency of the manufacturing industry within the state of Michigan.

On December 8, 2020, MSF approved \$5,550,000 in funding to support the statewide Industry 4.0 Initiative with the mission to ensure that 50% of Michigan small and medium-sized manufacturers (6,200 businesses) will be prepared to adopt I4.0 technologies by 2025. This included statewide services provided by MMTC and Automation Alley, 10 regional awardees and a statewide awareness campaign.

In the first year of the initiative, the initial goal of 1,200 businesses served was exceeded and the program ended the fiscal year with 1,471 individual businesses reached by the initiative. Additionally, I4.0 individual engagements totaled 3,682, including nearly 2000 participants in outreach events and webinars, 616 attendees in the Michigan Manufacturing Technology Center (MMTC) Technology Roadshows, 559 companies registered for an essential membership from Automation Alley and 150 companies received an in-depth assessment from MMTC.

As approved by MSF on December 7, 2021, MEDC will continue working to increase awareness of I4.0 and digitization in the manufacturing industry and will provide statewide resources via MMTC and Automation Alley for year two of the initiative.

Based on first year feedback from the statewide and regional service providers, cost remains one of the biggest barriers for small and medium-sized manufacturers to adopt I4.0 technologies. To support companies with this investment, it is the MEDC's intent to identify and grant awards to one or more entities to administer implementation matching grants for companies looking to purchase a qualifying I4.0 technology. Additionally, the awardee(s) will promote the statewide I4.0 Signature Initiative and Services and will drive activity to existing tools.

#### **Objectives:**

1. Increase I4.0 awareness and preparedness throughout Michigan via support of statewide programming and activities provided by MMTC and Automation Alley.
2. Increase I4.0 technology adoption throughout Michigan via administration and execution of I4.0 implementation grants.

# Exhibit A

## C) QUALIFICATIONS

The MEDC is seeking proposals from Michigan-based non-profit entities and Michigan-based governmental entities that are currently engaged in and have prior experience with economic development activities, to include (but not limited to) cities, townships, counties, communities, chambers of commerce or other regional economic development entities, universities and incubators or accelerators.

Successful respondents will be able to:

- State and describe the geographic region within Michigan in which programming will be provided
- Describe how the respondent proposes to promote statewide I4.0 services provided by the MMTC and Automation Alley
- Describe how the respondent proposes to recruit companies to participate in regional roundtable(s)
- Describe how the respondent proposes to reach qualifying Michigan small manufacturers for the I4.0 technology implementation grant program
- Describe how the respondent will verify purchase of technology and reimburse up to 50% of actual costs
- Demonstrate prior experience in administering financial grants to businesses
- Demonstrate prior experience with economic development activities
- Demonstrate collaboration with a local EDO (if a local EDO is not the applicant)
- Demonstrate collaboration with Michigan Manufacturing Technology Center and Automation Alley
- Demonstrate prior experience engaging with and/or assisting businesses in relation to I4.0

Funding levels will be determined based on the number of small manufacturing establishments within identified regions of coverage.

Administrative fees cannot exceed 15% of overall award. The remaining 85% should be allocated directly to qualifying Michigan manufacturers through individual implementation grants.

## D) DELIVERABLES

Deliverables to be provided by the selected vendor include:

1. Increase I4.0 awareness and preparedness throughout Michigan via support of statewide programming and activities.
  - a. Promote existing statewide I4.0 resources including but not limited to Technology Roadshows, Course Trainings, MMTC Assessments, Automation Alley's Essential Membership, I4.0 events including Integr8, educational materials, I4.0 Leadership Evaluation, and other I4.0 programming supported by this initiative.
  - b. Execute one regional roundtable in partnership with Automation Alley for each region of proposed coverage. All [10 regions](#) of the state should host one in-person, hybrid and/or virtual event. Awardee(s) are expected to promote the event, recruit companies from the region to participate and coordinate logistics.
2. Increase I4.0 technology adoption throughout Michigan via administration and execution

## Exhibit A

of I4.0 implementation grants.

- a. Administer I4.0 implementation grants to small Michigan manufacturers. Awardees will be expected to identify and recruit qualified Michigan manufacturers to participate in the grant program and disburse funds to businesses.

Initial requirements of the I4.0 implementation grant program include, but are not limited to:

- Companies must complete an I4.0 Technology Assessment by the MMTC prior to award
- Technologies eligible for this grant program include hardware/software related to the following I4.0 categories, and preference will be given to transformative technologies (denoted with a \* below):
  - Additive Manufacturing & Advanced Materials\*
  - Artificial Intelligence\*
  - Big Data
  - Cloud Computing
  - Cybersecurity
  - Industrial Internet of Things (IoT)
  - Modeling, Simulation, Visualization & Immersion
  - Robotics/Automation\*
- Companies must be classified as a small business by the Small Business Administration - <https://www.sba.gov/federal-contracting/contracting-guide/size-standards>
- Grants will be reimbursement based and will cover up to 50% of actual expenses incurred. Companies are required to cover the remaining cost of the technology project and cannot be combined with any other grant programs or external funding sources
- Financial awards may not exceed \$25,000 per company

Final grant requirements will be provided upon award.

3. Provide quarterly reporting on deliverables, grant progress, companies served for each three-month quarter of a 12-month grant period of performance. Exact reporting requirements and forms will be provided upon award.

### **Additional Information:**

Successful respondents will provide a Program Manager to work as the primary point of contact with the MEDC, their Contractors and additional stakeholders. As a part of its project management duties, the Program Manager will conduct informational and status meetings. Such meetings may include the Program Management Team, the MEDC, other consultants, elected officials, and other stakeholders as designed by the MEDC. The Program Manager will work directly with the MEDC and their Contractors and related stakeholders to define, manage, and control the project scope, timeline, issue escalation and resolution processes. The MEDC will require detailed status reports, as defined by the MEDC, on a quarterly basis and will reserve the option of changing that requirement dependent upon which phase the project is in. In addition, the Program Manager will create and routinely update the project plan to reflect changes in the nature and timing of project activities with all changes being subject to MEDC approval.

## Exhibit B

### Proposal Evaluation Form

### I4.0 Implementation RFP

Name of Applicant: \_\_\_\_\_

Name of Reviewer: \_\_\_\_\_

Criteria	Reviewer's Comments	Points
<p><b>1. Bidder Information:</b> Stated the full name, address, phone number of the organization and, if applicable the branch office or other subordinate element that would perform or assist in performing the work. Applicant must be a Michigan-based non-profit entity or Michigan-based governmental entity that is currently engaged in and has prior experience with economic development activities, to include (but not limited to) cities, townships, counties, communities, chambers of commerce or other regional economic development entities, universities and incubators or accelerators.</p>		<p>Max Possible: 5</p> <p>Score:</p>
<p><b>2. Understanding RFP:</b> Stated, in succinct terms, understanding the need(s) presented by the RFP.</p>		<p>Max Possible: 10</p> <p>Score:</p>
<p><b>3. Statement of Work:</b> Included a narrative summary and timelines of the proposed effort and of the service(s) that will be delivered.</p>		<p>Max Possible: 25</p> <p>Score:</p>
<p><b>4. Prior Experience:</b> Described the prior experiences of the organization, which they considered relevant to the successful accomplishment of the project defined in the RFP.</p>		<p>Max Possible: 25</p> <p>Score:</p>
<p><b>5. Staffing:</b> Identified a Project Manager and staff assigned by name and title. Included biographies, experience and any other appropriate information. Listed all subcontractors (if any) that will be engaged.</p>		<p>Max Possible: 15</p> <p>Score:</p>
<p><b>6. Track Record of Collaboration:</b> Described track record of collaboration with Michigan Manufacturing Technology Center and Automation Alley and/or other Michigan economic development entities on executing similar initiatives and/or programs.</p>		<p>Max Possible: 20</p> <p>Score:</p>
<p><b>Total Score:</b></p>		<p>Max. Possible: 100</p> <p>Score:</p>



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

Quentin L. Messer, Jr.  
President & Chairman, MSF  
Chief Executive Officer, MEDC

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## MEMORANDUM

**Date:** January 25, 2022

**To:** Michigan Strategic Fund Board

**From:** Julius L. Edwards, Senior Commercial Real Estate Investment Manager

**Subject:** Request for Approval of a Michigan Community Revitalization Program Performance Based Direct Loan Agreement Amendment #2 Dreamtroit Project

---

### Request

Bottom One Percent, LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program Performance Based Direct Loan Agreement and any related ancillary agreements (“Agreement”). The Company is requesting to increase the MCRP Award (as defined below) by \$506,100 to \$3,000,000 and convert the MCRP Award to a \$1,500,000 Performance Based Direct Loan and \$1,500,000 Performance Based Grant. Additionally, the structure of the awards will need to conform with New Market Tax Credit (NMTC) Program as contemplated under the most recently approved amendment. Lastly, the Company is requesting to waive a 1% percent fee related to a multi-party forbearance agreement with the Company and related entities.

### Background

The MSF Board approved a \$2,493,900 Michigan Community Revitalization Program (MCRP) Direct Loan Award (“MCRP Award”) on August 25, 2020 to the Company for the purpose of redeveloping the former Lincoln Motor Company headquarters which sits on 3.8 acres in the Northwest Goldberg neighborhood of Detroit into a mixed-use, mixed-income development. (“Project”)

An amendment to the MCRP Award was approved on July 27, 2021 to conform with the New Market Tax Credit (NMTC) Program, allowing the Company to add NMTC equity to the Project. The primary change was a standstill on any foreclosure action for a period of 7 years.

On September 29, 2021 the MSF Fund Manager was authorized under the Awardee Relief Initiative to enter into a multi-party forbearance agreement for the project. The forbearance agreement allowed for funding from other lenders to be advanced in order to pay contractors and avoid potential contractor liens.

The Project has experienced challenges during construction due to change orders and a significant increase in material costs which has led to an approximately \$6.3 million increase in construction costs. The development team, lending team, and Michigan Community Capital have worked diligently to identify resources to fill this gap and recommence construction on the project. New funding can be broken down as approximately \$3.9 million in NMTC net proceeds, \$1.1 million in additional Historic Tax Credit Equity, \$500,000 from the City of Detroit, \$200,000 from Invest Detroit, with the remaining gap to be filled by the proposed \$500,000 increase in the MCRP Award. In addition to the above Invest Detroit has committed to provide \$2.5 million in bridge financing in order to close the NMTC transaction and allow for construction to recommence in early to mid-January. With the proposed MCRP Award amendment and other funding sources, the developers return is estimated to be less than 1% from operations.

Staff is recommending approval of the proposed amendment to the MCRP Award to increase and make other necessary changes to the award structure to help facilitate the successful completion of the Project, as well as, waiver of the 1% fee associated with the forbearance agreement. To date, none of the MSF funding has been dispersed to the Project. The Project remains a priority for the City of Detroit and the lending parties involved in the transaction.

**Recommendation**

The MEDC staff recommends approval of the following:

- A) Increase in the MCRP Award by \$506,100 to \$3,000,000.
- B) Conversion of the MCRP Award to a \$1,500,000 Performance Based Direct Loan and a \$1,500,000 Performance Based Grant.
- C) Waiver of the 1% fee associated with the forbearance agreement.

## APPENDIX A

### MSF Award Terms

**MSF Award Amount:** Lesser of 25% of “Eligible Investment” or ~~\$2,493,900~~ **\$3,000,000**

**Borrower:** Bottom One Percent, LLC or a Related Entity

### **MSF Loan #1:**

MSF Loan Amount: ~~\$1,246,950~~ **\$1,500,000**

Interest Rate: 1.00% per annum

MSF Fee(s): Equal to ~~1.00% of the loan amount~~ **\$24,939 (ALREADY PAID ON ORIGINAL MCRP AWARD, NO NEW FEES HAVE OR WILL BE CHARGED FOR THE AMENDMENTS)**

Term: Anticipated to be 144 months

Amortization: Anticipated to be 420 months

Repayment Terms: Monthly interest only for up to 27 months, followed by monthly principal and interest payments with principal due at maturity.

Collateral: Anticipated to be a security interest in the real estate and TIF reimbursements, and assignment of leases and rents. Priority of security position to be determined by MSF Fund Manager, anticipated to be a 2<sup>nd</sup> or 3<sup>rd</sup> priority interest. Requires a 7 year standstill period on foreclosures.

Guarantee(s): Anticipated to be the full and unconditional joint and several construction completion and payment and performance guarantees of Matthew Al-Naimi and Oren Goldenberg, and any related trusts. Priority of interest to be determined by MSF Fund Manager, anticipated to be a 2<sup>nd</sup> or 3<sup>rd</sup> priority interest.

### **MSF Loan #2 GRANT:**

MSF Grant Amount: Up to ~~\$1,246,950~~ **\$1,500,000**

Interest Rate: ~~1.00%~~ 1.00% per annum

MSF Fee(s): ~~Equal to 1.00% of the loan amount~~

Term: ~~Anticipated to be 144 months~~

~~Repayment Terms: Monthly interest only payment for 144 months, remaining principal due at maturity.~~

~~Collateral: Anticipated to be a security interest in the real estate and TIF reimbursements, and assignment of leases and rents. Priority of security position to be determined by MSF Fund Manager, anticipated to be a 2<sup>nd</sup> or 3<sup>rd</sup> priority interest. Requires a 7 year standstill period on foreclosures.~~

Guarantee(s): Anticipated to be the full and unconditional joint and several construction completion and payment and performance guarantees of Matthew Al-Naimi and Oren Goldenberg, and any related trusts. Priority of interest to be determined by MSF Fund Manager, anticipated to be a 2nd or 3rd priority interest.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION**

**2022-016**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION  
PROGRAM DIRECT LOAN AWARD FOR  
BOTTOM ONE PERCENT, LLC  
(DREAMTROTIT PROJECT)**

**WHEREAS**, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2001 et. seq., to add Chapter 8C (being MCL 125.2090 – MCL 125.2090(d)) 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 2020-109 on August 25, 2020, the MSF Board awarded a MCRP Performance-Based Direct Loan equal to the lesser of 25% of “Eligible Investment” or \$2,493,900 (“Award”), along with other general terms and conditions, to Life is a Dreamtrotit, LLC (“Borrower”) in the furtherance of the Dreamtrotit Project (“Project”);

**WHEREAS**, by Resolution 2021-094 on July 27, 2021, the MSF approved amendments to the MSF Transaction Documents to meet the requirements of the New Market Tax Credit Program, including but not limited to changing the Borrower from Life is a Dreamtrotit, LLC to Bottom One Percent, LLC or another related entity and agree to standstill on any foreclosure action for a period of 7 years, with all other requirements remaining materially unchanged from the original approval;

**WHEREAS**, on September 29, 2021, under the Awardee Relief Initiative the MSF Fund Manager was authorized to enter into a multi-party forbearance agreement with the Borrower;

**WHEREAS**, the MEDC recommends that the MSF approve the following amendment requests: 1) increase the Award by up to a \$506,100 bringing the total to \$3,000,000; and 2) convert the Award to a \$1,500,000 Performance-Based Direct Loan and a \$1,500,000 Performance-Based Grant with both structured to meet the requirements of the New Market Tax Credit Program, all other requirements remaining materially unchanged from the original approval; and 3) waiver of a 1% fee associated with the forbearance agreement. Execution of the Transaction Documents for the requested amendment must be completed 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 (“MCRP Amendment Recommendation”).

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

**BE IT FURTHER RESOLVED**, the MSF Board authorizes the MSF Fund Manager to negotiate the final terms and conditions and execute all final documents necessary to effectuate the MCRP Amendment Recommendation.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
January 25, 2022



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

Quentin L. Messer, Jr.  
President & Chairman, MSF  
Chief Executive Officer, MEDC

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## **MEMORANDUM**

**Date:** January 25, 2022

**To:** Michigan Strategic Fund Board

**From:** Lori Mullins, Managing Director, Community Development Incentives

**Subject:** Request to Amend Michigan Community Revitalization Program (“MCRP”) Guidelines (“MCRP Guidelines”)

---

### **Request**

The Michigan Economic Development Corporation (MEDC) staff requests approval to amend the MCRP Guidelines to make modifications to the last version of the MCRP Guidelines that was approved by the MSF Board in October 2020. These modifications will address questions and support customer needs identified since the MCRP Guidelines were last revised.

### **Background**

The MCRP was created to promote community revitalization that will accelerate private investment in areas of historical disinvestment, contribute to Michigan’s reinvention as a vital, job-generating state, foster redevelopment of functionally obsolete properties, reduce blight, support the rehabilitation of historic resources, and attract talent through innovative placemaking.

The MCRP Guidelines are a set of policies that reflect the goals and priorities of the MCRP. More specifically, the MCRP Guidelines contain an overview of the MCRP, highlight eligibility requirements, identify award limitations, and assist prospective applicants in understanding how the MEDC evaluates proposed projects on behalf of the MSF.

Under the Michigan Strategic Fund Act, MCL 125.2001 et. seq. (the “Act”), Chapter 8C, Section 90b (1) requires the MSF Board to approve any program guidelines implementing the MCRP. The current MCRP Guidelines were approved by the MSF Board at its meeting on December 21, 2011 (Resolution 2011-185) and have been amended/restated nine times based on recommendations from staff, most recently in October of 2020 (Resolution 2020-136). Staff recommends the proposed amendments based on feedback from external partners, best practices in economic development, and a desire to continually improve the program.

### **Summary of Proposed Changes**

Exhibit A includes the current guidelines reflecting language changes to more clearly articulate the statutory and programmatic aspects of the guidelines as well as the following proposed changes:

- a. Project Considerations – Economic and Financial Considerations (modification of bullet point five and deletion of bullet point seven)

- i. **Current:** Demonstrated financial commitment towards the project by developer/owner equity contribution (generally 10-20% of total development cost) and deferred developer fees. Flexibility on these contributions will be given to emerging developers. Developer and non-third party fees (including management, guarantee, and project coordination fees, etc.) should be deferred through available cash flow as a general rule.
  - ii. **Proposed:** Demonstrated financial commitment towards the project by developer/owner equity contribution (generally 10-20% of total development cost). Staff may give additional flexibility to emerging developers regarding these developer contributions.
    - 1. **Rationale:** Developer fees (and other non-third party fees) are not statutorily required to be deferred and have historically been allowed for CRP projects where developer fees were beneficial in maximizing federal tax credits to the project. Staff recommends removing this factor from the guidelines but retaining deferral of developer fees as an underwriting preference in order to continue to allow for appropriate flexibility in all transactions.
- b. Appendix C: Eligible Investment
- i. **Current:** An eligible investment is defined as at least one, or any combination of, the following expenditures which may have occurred up to one year prior to the MSF approval of the application and has not been completely reimbursed to, or paid for on behalf of, the applicant.
  - ii. **Proposed:** Eligible Investment is defined as at least one, or any combination of, the following expenditures, which have not been completely reimbursed to, or paid for on behalf of, the applicant.
    - 1. **Rationale:** There have been numerous projects in the past and there are a few projects being reviewed currently that have included eligible investment beyond what this language would allow. It is common to encounter projects where investment such as architectural and engineering expenses have been incurred several years prior to application submission. These delays between incurring project costs and requesting financing assistance sometimes are related to national or global disruptions, such as the pandemic or economic recessions, but can also be related to personal and local disruptions or financing challenges. Before the new language was included in the guidelines in October of 2020, delays such as these would not have required an exception be approved by the MSF. Staff believes that removing the language from the guidelines allows appropriate flexibility in the start date of eligible investment and is responsive to the need to move investment forward regardless of prior delays.
- c. Appendix C: Eligible Investment
- i. Deletion of i. Related party builder overhead and profit.
    - 1. Rationale: recommendation is to delete this item as an Ineligible Cost. What constitutes a “Related Party” was not defined and led to questions around what level of ownership interest would be considered related. In addition, any perceived risk associated with the usage of a related party contractor is mitigated by the set underwriting target on overhead and profit. When applied to all contractors, any perceived risk is managed through defined and measurable criteria.

## **Recommendation**

MEDC Staff recommends approval of the amended MCRP Program Guidelines, with immediate effect.

## EXHIBIT A

# MICHIGAN COMMUNITY REVITALIZATION PROGRAM PROGRAM GUIDELINES

### PROGRAM OVERVIEW

The Michigan Community Revitalization Program (MCRP) is an incentive program to promote private investment in Michigan communities. Administered by the Michigan Economic Development Corporation (MEDC) on behalf of the Michigan Strategic Fund (MSF), this tool provides Michigan communities with access to real estate development gap financing for innovative and/or impactful placemaking, historical redevelopment and/or job growth in targeted sectors.

The MSF may provide support for a project in the form of a grant, direct loan or other economic assistance such as a loan participation or equity investment. All awards shall be performance-based.

### PROGRAM GOALS

The focus of the MCRP is to transform underutilized properties into vibrant areas by encouraging and promoting capital investment and the redevelopment of brownfield and historic properties located in or in support of traditional downtowns<sup>1</sup> and high-impact corridors in every region of the state. Community revitalization will attract talent through innovative and/or impactful placemaking by accelerating private investment in areas of historical disinvestment, fostering redevelopment of functionally obsolete properties, reducing blight, and supporting the rehabilitation of historic resources.

### PROJECT CONSIDERATIONS

Per statutory requirements, applicants are required to document that the project is located on eligible property (See **Appendix A**)., Further, to the extent reasonably applicable and to the extent determined by the fund Board or its designee, the fund Board or its designee shall evaluate each project based on the criteria provided in the statute (See **Appendix B**).

Staff shall also evaluate proposed projects based on the following considerations; the most competitive MCRP project submissions will address local and regional impact, place, and economic and financial considerations. These are listed below by category and are in no particular order. Projects meeting multiple considerations will be more competitive and more likely to receive a positive staff recommendation.

#### ***Local and Regional Impact Considerations:***

- Project supports the vision and goals stated in the local master plan, downtown plan, capital improvements plan and/or economic development strategy.
- Project supports region-wide economic development strategy or initiative.
- Located in a Redevelopment Ready Community; a voluntary, no-cost certification program designed to promote effective redevelopment strategies through a set of best practices.
- Located in a Main Street community; unique, historic preservation based economic development strategy that focuses on leveraging existing social, economic, physical, and cultural assets to energize community revitalization efforts.
- Community financially supports the project as demonstration that the project is a priority.
- Project strengthens connections to local/regional workforce and career opportunities to the community, region and/or state's overall workforce and opportunities particularly in support of the growth and development of the MEDC's strategic focus industries.

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<sup>1</sup> A "traditional downtown" or "traditional commercial center" is defined as a grouping of 20 or more contiguous commercial parcels containing buildings of historical or architectural significance. The area must have been zoned, planned, built or used for commercial purposes for more than 50 years. The area must consist of, primarily, zero-lot-line development and have pedestrian friendly infrastructure.

- Located in a Geographically Disadvantaged Area (GDA)<sup>2</sup>; [Click here](#) to see a public map of Michigan's Geographically Disadvantaged Areas.
- Project is coordinated with or supports other state investments in the community.
- Readiness of infrastructure – utilities, housing, transportation, public transit and other community services. Is project filling available capacity or creating need for new community or state investments in infrastructure/resources?
- Emerging developers<sup>3</sup> who seek to generate community development projects that serve as a catalyst for community impact, specifically in geographically disadvantaged areas.
- The community has a documented public participation strategy for engaging a diverse set of community stakeholders.

***Place Considerations:***

- Evaluated in concert with the basic tenets of urban design; has density, building type(s), and scale appropriate to the neighborhood context and positively contributes to the pedestrian experience.
- Contributes to a traditionally dense mixed-use area and contains multi-story elements.
- Rehabilitation, infill and historic revitalization projects.
- Promotes mixed-income neighborhoods.
- Incorporate integrated and sustainable approaches to manage the quantity and the quality of stormwater for infrastructure improvements.
- Significant square footage being revitalized and activated.
- Universal design (designed to be accessed, understood and used to the greatest extent possible by all people).
- Redevelopment meets a third-party certification for green buildings (Leadership in Energy and Environmental Design [LEED], Energy Star, Living Building Challenge, Net Zero Energy Building, Green Globes, etc.)
- Level and extent of brownfield activities undertaken in direct support of the project.
- Availability of public transportation or other transportation programs to improve job access, or proximity/accessibility for workforce.
- Addresses improvement to non-motorized transportation.

***Economic and Financial Considerations:***

- Senior Financing: maximize all available senior financing with preference through a federally insured and regulated senior lender.
- Debt Service Coverage Ratio: ensure that the projected cash flow after MCRP incentive is applied is adequate to service debt.
- Financial need for the incentive(s) is demonstrated.
- All other potential funding resources have been explored and maximized.
- Demonstrated financial commitment towards the project by developer/owner equity contribution (generally 10–20% of total development cost) . Staff may give additional flexibility to emerging developers regarding these developer contributions.
- High ratio of private dollars compared to the total amount of public contribution (state and federal funding) to a project.
- 

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<sup>2</sup> Geographically Disadvantaged Areas are defined as economically distressed and historically underinvested census tracts and counties, especially in urban and rural areas, that tend to experience relatively high unemployment and low household incomes. MEDC and the State of Michigan operationalize geographically disadvantaged areas to constitute Treasury-designated Opportunity Zones and Small Business Administration-defined HUBZones (Historically Underutilized Business Zones).

<sup>3</sup> Michigan-based developers with limited real estate experience and financial resources who support local initiatives and have completed commercial real estate training programs.

- Financial sustainability of the project.

## **FINANCIAL STRUCTURE AND AWARD LIMITATIONS**

The MSF may provide support for a project in the form of a grant, direct loan or other economic assistance such as a loan participation or equity investment. All awards shall be performance-based. The Michigan Strategic Fund reserves the right to award less than the amount requested.

MSF support for a single project shall not exceed 25% of the eligible investment (See **Appendix C**), and in no event shall the MSF support exceed a total of \$10,000,000 for any project (including any combination of loan, grant or other economic assistance). However, in a city, village, or township with a population of 15,000 or less (based on the most recent federal decennial census), the amount of community revitalization incentives for a project shall not exceed 50% of a project's eligible investment up to \$10,000,000.

Additionally, the statute also allows that annually the MSF or its delegates may consider support for up to three single projects that shall not exceed 50% of the eligible investment for the specific purpose of historic preservation.

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Equity investments may be considered for projects located in geographic markets that have not seen any recent investment or that are in a state of change making traditional underwriting of income projections difficult.

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Community Assistance team members can be identified by going to [miplace.org](http://miplace.org). The MCRP incentive approval process generally takes approximately six months to one year to complete. The timing for project consideration is impacted by various factors which may include changes to project scope, process delays (e.g., inadequate or incomplete documentation), and project complexities.

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11. Applicant completes required reporting following project completion.
12. MEDC completes compliance verification and project closeout.

All MSF support shall be memorialized by final written grant, loan or other economic assistance agreements, with terms and conditions in accordance with state law, these guidelines and otherwise satisfactory to the MSF, including, without limitation, requiring performance-based milestones which shall govern disbursements; and requiring periodic reporting of data, financial information, and any other information required to facilitate reporting to the MSF and the Michigan legislature, including periodic reporting after completion of a project. The program may require applicants to pay reasonable application fees, and any other expenses incurred in administering the program.

## **APPENDIX A: ELIGIBLE PROPERTY**

Eligible property includes one or more of the following:

### **Facility:**

As defined in Public Act 451 of 1994, MCL 324.20101, means any area, place, or property where a hazardous substance in excess of concentrations that satisfy the cleanup criteria for unrestricted residential use has been released, deposited, disposed of, or otherwise comes to be located. A Phase I and Phase II Baseline Environmental Assessment is used to determine whether the property is a facility. The MEDC will confirm with the Michigan Department of Environment, Great Lakes and Energy (EGLE) who will certify the property as a facility after adequate documentation is received from the developer.

### **Historic Resource:**

A publicly or privately-owned historic building or structure, individually listed, or located within a historic district designated by the National Register of Historic Places, the State Register of Historic Sites, or a local unit acting under the Local Historic Districts Act, 1970 PA 169. Documentation is required to verify any of the above designations.

### **Functionally Obsolete:**

Property that is unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from factors such as overcapacity, changes in technology, deficiencies or super adequacies in design, or other similar factors that affect the property itself, or the property's relationship with other surrounding property as determined by a Michigan Advanced Assessing Officer or a Michigan Master Assessing

Officer.

**Blighted:**

Property that meets the definition of Blight as defined in the Michigan Strategic Fund Act, MCL 125.2001 et. seq., (specifically MCL 125.2090a(e)(iii)(A-G) ("Act 270") as determined by the respective unit of government, building official, or assessor when applicable. The definition of Blight as defined in Act 270 states that a property:

- Has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance;
- Is an attractive nuisance to children because of physical condition, use, or occupancy;
- Is a fire hazard, or is otherwise dangerous to the safety of persons or property;
- Has had the utilities, plumbing, heating, or sewerage permanently disconnected, destroyed, removed, or rendered ineffective so that the property is unfit for its intended use;
- Is tax reverted property owned by a qualified local governmental unit, by a county, or by this state;
- Is property owned, by or under the control of, a land bank fast track authority under the Land Bank Fast Track Act, 2003 PA 258; and
- Has substantial subsurface demolition debris buried on site so that the property is unfit for its intended use.

**Adjacent or Contiguous:**

Other parcels that are adjacent or contiguous to qualifying property described above that is part of the same project and all properties are improved.

**Neighborhood and Commercial Corridor Food Initiative ("Urban Grocery):**

Property that will be used primarily as a retail supermarket, grocery store, produce market, or delicatessen that is located in a downtown area or in a development area as defined in section 2 of the Corridor Improvement Authority Act. The qualifying project must not be less than one mile from another grocery provider and must provide unprocessed USDA-inspected meat and poultry products or meat products that carry the USDA organic seal, fresh fruits and vegetables, and dairy products for sale to the public.

**Any Other Property:**

"Any Other Property" means property that when redeveloped as proposed will promote community revitalization, as determined by the MSF Board.

**APPENDIX B: LEGISLATIVE CONSIDERATIONS**

- The applicant's financial need for the incentive and whether the project is financially and economically sound (Sec 90(b)(4)(d) & Sec 90(b)(4)(h)).
- The importance of the project to the community, the amount of local financial support to the project, and the level of private sector and other contributions to the project, such as federal tax credits (Sec 90(b)(4)(a), Sec 90(b)(4)(c), and Sec 90(b)(4)(g)).
- Whether the project incorporates basic tenants of urban design by promoting mixed-use development, walkable communities and/or increasing the density of the area (Sec 90(b)(4)(j) & Sec 90(b)(4)(i)).
- Whether the project will redevelop a brownfield and/or historic resource and/or a vacant structure; if historic, whether the project will follow the federal secretary of the interior's standards for rehabilitation of historic buildings, 36 CFR 67 (Sec 90(b)(4)(e), Sec 90(b)(4)(m), and Sec 90(b)(4)(q)).
- Whether the project promotes sustainable development (Sec 90(b)(4)(l)).
- The level and extent of environmental contamination (Sec 90(b)(4)(p)).
- If the project will act as a catalyst for additional revitalization and/or addresses area-wide redevelopment strategies (Sec 90(b)(4)(b) & Sec 90(b)(4)(n)).
- Creation of jobs (Sec 90(b)(4)(f)).
- Whether the project addresses underserved markets of commerce; converts abandoned public buildings to private use; and if the project will compete with or affect existing Michigan businesses (Sec 90(b)(4)(o), (Sec 90(b)(4)(k), & (Sec 90(b)(4)(r)).
- Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter (Sec 90(b)(4)(s)).

## APPENDIX C: ELIGIBLE INVESTMENT

An eligible investment is defined as at least one, or any combination of, the following expenditures which have not been completely reimbursed to, or paid for on behalf of, the applicant. Collectively these expenditures are eligible investments and are referred to as "Hard Costs":

- a. Any fees or costs for alteration, new construction, improvement, demolition, or rehabilitation of buildings of an approved project, including utility tap fees, and fees and costs paid to a governmental entity for permits, zoning, and inspections,
- b. Any fees or costs for site improvements to an approved project, including, a surface parking lot, parking garage, parking ramp, utilities and public infrastructure, such as roads, curbs, gutters, sidewalks, landscaping, lighting, grading and land balancing,
- c. Any fees or costs for the addition of machinery, equipment or fixtures to an approved project; or
- d. Professional fees or costs for an approved project for architectural services, engineering services, Phase I environmental site assessment, Phase II environmental site assessment, or Baseline Environmental Assessment, or surveying services.
- e. Professional fees associated with obtaining a third-party certification for environmentally sustainable design, building materials and/or development practices.

The MSF or MSF Fund Manager, on its behalf, may impose additional terms and conditions involving any Hard Costs that meet eligibility for reimbursement under any tax increment financing, including requiring those costs to be repaid to the MSF, or excluding any such costs from Hard Costs. Eligible investment will be determined through the review of invoices, work orders, bills, and corresponding evidence of payment.

In no event shall any of the following, which are collectively referred to as "Soft Costs", be deemed any part of the Hard Costs:

- a. acquisition fees or costs for real property,
- b. developer fees or costs,
- c. closing fees or costs,
- d. legal fees or costs,
- e. professional fees or costs (other than those included above as part of the Hard Costs),
- f. title commitment fees or costs,
- g. title insurance fees, premiums or costs,
- h. management fees or costs (including related party project and construction management),
- i. appraisal fees or costs,
- j. bank or other lender financing, interest, or inspection fees or costs,
- k. leasing or sales commission fees or costs,
- l. shared savings, or fees or costs arising from penalties or other reductions in payment from any contract for improvements to the Project,
- m. performance bond and other risk contingency fees and costs,
- n. marketing fees or costs,
- o. zoning fees or costs (other than those zoning fees or costs paid to a governmental entity included above as part of the Hard Costs),
- p. taxes, or
- q. hazard, liability or any other insurance fees and costs.

# MICHIGAN STRATEGIC FUND

## RESOLUTION

2022-017

### APPROVAL OF AMENDMENT TO MICHIGAN COMMUNITY REVITALIZATION PROGRAM GUIDELINES

**WHEREAS**, the Michigan legislature amended the Michigan Strategic Fund Act, MCL 125.2001 et. seq. (“Act”), to add Chapter 8C (being MCL 125.2090 – MCL 125.2090(d), as further amended) 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 (“Guidelines”), as later amended. Item 2 of the original Guidelines incorporated the statutory definition of eligible investment found at MCL 125.2090a(d); which statutory definition prohibited including any reimbursed hard costs as part of the eligible investment (and also allowed the MSF to determine those soft costs which shall not qualify as eligible investment under the MCRP);

**WHEREAS**, on July 25, 2012, by Resolution 2012-076, the MSF determined those soft costs that do not qualify as eligible investment under the MCRP, and amended Item 2 of the Guidelines;

**WHEREAS**, PA 395 2012 amended the definition of eligible investment under the MCRP to allow the inclusion of reimbursed hard costs as part of an eligible investment to the extent the hard costs have not been completely reimbursed;

**WHEREAS**, on February 27, 2013, by Resolution 2013-031, the MSF approved an amendment to the definition of eligible investment under the MCRP and amended Item 2 of the Guidelines to allow the inclusion of reimbursed hard costs as part of an eligible investment to the extent the hard costs have not been completely reimbursed;

**WHEREAS**, on July 22, 2014, by Resolution 2014-099, the MSF approved an amendment to amend the language to Item 3 of the Guidelines to establish the date that property eligibility is established;

**WHEREAS**, on September 22, 2015, by Resolution 2015-140, the MSF approved amended and restated Guidelines to better serve the customer, further define the program selection criteria, eligible investment and property eligibility;

**WHEREAS**, on May 24, 2016, by Resolution 2016-063, the MSF approved amended and restated Guidelines to establish preferred incentive parameters for projects approved under the MCRP;

**WHEREAS**, on April 23, 2019, by Resolution 2019-061, the MSF approved amended and restated Guidelines and rescinded Resolution 2013-031 to reflect recent changes in the Act and also to more closely align program requirements and project considerations;

**WHEREAS**, on July 23, 2019, by Resolution 2019-111, the MSF approved the amendment to the Eligible Investment section of the Guidelines;

**WHEREAS**, on October 27, 2020, by Resolution 2020-136, the MSF approved the amendment to the Guidelines to further define project criteria, amend applicant criteria, include more detailed description of the application process and include a general overview of the program;

**WHEREAS**, Section 90b(1) of the Act requires the MSF Board to approve the Guidelines;

**WHEREAS**, the MEDC recommends that the MSF approve an amendment to the Guidelines, attached, to address questions and support customer needs identified since the Guidelines were last amended, (“Amendment Recommendation”).

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Paul Gentilozzi, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
January 25, 2022

# MICHIGAN COMMUNITY REVITALIZATION PROGRAM

## PROGRAM GUIDELINES

### PROGRAM OVERVIEW

The Michigan Community Revitalization Program (MCRP) is an incentive program to promote private investment in Michigan communities. Administered by the Michigan Economic Development Corporation (MEDC) on behalf of the Michigan Strategic Fund (MSF), this tool provides Michigan communities with access to real estate development gap financing for innovative and/or impactful placemaking, historical redevelopment and/or job growth in targeted sectors.

The MSF may provide support for a project in the form of a grant, direct loan or other economic assistance such as a loan participation or equity investment. All awards shall be performance-based.

### PROGRAM GOALS

The focus of the MCRP is to transform underutilized properties into vibrant areas by encouraging and promoting capital investment and the redevelopment of brownfield and historic properties located in or in support of traditional downtowns<sup>1</sup> and high-impact corridors in every region of the state. Community revitalization will attract talent through innovative and/or impactful placemaking by accelerating private investment in areas of historical disinvestment, fostering redevelopment of functionally obsolete properties, reducing blight, and supporting the rehabilitation of historic resources.

### PROJECT CONSIDERATIONS

Per statutory requirements, applicants are required to document that the project is located on eligible property (See **Appendix A**). Further, to the extent reasonably applicable and to the extent determined by the fund Board or its designee, the fund Board or its designee shall evaluate each project based on the criteria provided in the statute (See **Appendix B**).

Staff shall also evaluate proposed projects based on the following considerations; the most competitive MCRP project submissions will address local and regional impact, place, and economic and financial considerations. These are listed below by category and are in no particular order. Projects meeting multiple considerations will be more competitive and more likely to receive a positive staff recommendation.

#### ***Local and Regional Impact Considerations:***

- Project supports the vision and goals stated in the local master plan, downtown plan, capital improvements plan and/or economic development strategy.
- Project supports region-wide economic development strategy or initiative.
- Located in a Redevelopment Ready Community; a voluntary, no-cost certification program designed to promote effective redevelopment strategies through a set of best practices.
- Located in a Main Street community; unique, historic preservation based economic development strategy that focuses on leveraging existing social, economic, physical, and cultural assets to energize community revitalization efforts.
- Community financially supports the project as demonstration that the project is a priority.
- Project strengthens connections to local/regional workforce and career opportunities to the community, region and/or state's overall workforce and opportunities particularly in support of the growth and development of the MEDC's strategic focus industries.

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<sup>1</sup> A "traditional downtown" or "traditional commercial center" is defined as a grouping of 20 or more contiguous commercial parcels containing buildings of historical or architectural significance. The area must have been zoned, planned, built or used for commercial purposes for more than 50 years. The area must consist of, primarily, zero-lot-line development and have pedestrian friendly infrastructure.

- Located in a Geographically Disadvantaged Area (GDA)<sup>2</sup>; [Click here](#) to see a public map of Michigan's Geographically Disadvantaged Areas.
- Project is coordinated with or supports other state investments in the community.
- Readiness of infrastructure – utilities, housing, transportation, public transit and other community services. Is project filling available capacity or creating need for new community or state investments in infrastructure/resources?
- Emerging developers<sup>3</sup> who seek to generate community development projects that serve as a catalyst for community impact, specifically in geographically disadvantaged areas.
- The community has a documented public participation strategy for engaging a diverse set of community stakeholders.

***Place Considerations:***

- Evaluated in concert with the basic tenets of urban design; has density, building type(s), and scale appropriate to the neighborhood context and positively contributes to the pedestrian experience.
- Contributes to a traditionally dense mixed-use area and contains multi-story elements.
- Rehabilitation, infill and historic revitalization projects.
- Promotes mixed-income neighborhoods.
- Incorporate integrated and sustainable approaches to manage the quantity and the quality of stormwater for infrastructure improvements.
- Significant square footage being revitalized and activated.
- Universal design (designed to be accessed, understood and used to the greatest extent possible by all people).
- Redevelopment meets a third-party certification for green buildings (Leadership in Energy and Environmental Design [LEED], Energy Star, Living Building Challenge, Net Zero Energy Building, Green Globes, etc.)
- Level and extent of brownfield activities undertaken in direct support of the project.
- Availability of public transportation or other transportation programs to improve job access, or proximity/accessibility for workforce.
- Addresses improvement to non-motorized transportation.

***Economic and Financial Considerations:***

- Senior Financing: maximize all available senior financing with preference through a federally insured and regulated senior lender.
- Debt Service Coverage Ratio: ensure that the projected cash flow after MCRP incentive is applied is adequate to service debt.
- Financial need for the incentive(s) is demonstrated.
- All other potential funding resources have been explored and maximized.
- Demonstrated financial commitment towards the project by developer/owner equity contribution (generally 10–20% of total development cost). Staff may give additional flexibility to emerging developers regarding these developer contributions.
- High ratio of private dollars compared to the total amount of public contribution (state and federal funding) to a project.
- Financial sustainability of the project.

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<sup>2</sup> Geographically Disadvantaged Areas are defined as economically distressed and historically underinvested census tracts and counties, especially in urban and rural areas, that tend to experience relatively high unemployment and low household incomes. MEDC and the State of Michigan operationalize geographically disadvantaged areas to constitute Treasury-designated Opportunity Zones and Small Business Administration-defined HUBZones (Historically Underutilized Business Zones).

<sup>3</sup> Michigan-based developers with limited real estate experience and financial resources who support local initiatives and have completed commercial real estate training programs.

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- Is an attractive nuisance to children because of physical condition, use, or occupancy,
- Is a fire hazard, or is otherwise dangerous to the safety of persons or property,
- Has had the utilities, plumbing, heating, or sewerage permanently disconnected, destroyed, removed, or rendered ineffective so that the property is unfit for its intended use,
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### **Any Other Property:**

"Any Other Property" means property that when redeveloped as proposed will promote community revitalization, as determined by the MSF Board.

## **APPENDIX B: LEGISLATIVE CONSIDERATIONS**

- The applicant's financial need for the incentive and whether the project is financially and economically sound (Sec 90(b)(4)(d) & Sec 90(b)(4)(h)).
- The importance of the project to the community, the amount of local financial support to the project, and the level of private sector and other contributions to the project, such as federal tax credits (Sec 90(b)(4)(a), Sec 90(b)(4)(c), and Sec 90(b)(4)(g)).
- Whether the project incorporates basic tenants of urban design by promoting mixed-use development, walkable communities and/or increasing the density of the area (Sec 90(b)(4)(j) & Sec 90(b)(4)(i)).
- Whether the project will redevelop a brownfield and/or historic resource and/or a vacant structure; if historic, whether the project will follow the federal secretary of the interior's standards for rehabilitation of historic buildings, 36 CFR 67 (Sec 90(b)(4)(e), Sec 90(b)(4)(m), and Sec 90(b)(4)(q)).
- Whether the project promotes sustainable development (Sec 90(b)(4)(/)).
- The level and extent of environmental contamination (Sec 90(b)(4)(p)).
- If the project will act as a catalyst for additional revitalization and/or addresses area-wide redevelopment strategies (Sec 90(b)(4)(b) & Sec 90(b)(4)(n)).

- Creation of jobs (Sec 90(b)(4)(f)).
- Whether the project addresses underserved markets of commerce; converts abandoned public buildings to private use; and if the project will compete with or affect existing Michigan businesses (Sec 90(b)(4)(o), (Sec 90(b)(4)(k), & (Sec 90(b)(4)(r)).
- Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter (Sec 90(b)(4)(s)).

## APPENDIX C: ELIGIBLE INVESTMENT

An eligible investment is defined as at least one, or any combination of, the following expenditures which have not been completely reimbursed to, or paid for on behalf of, the applicant. Collectively these expenditures are eligible investments and are referred to as "Hard Costs":

- a. Any fees or costs for alteration, new construction, improvement, demolition, or rehabilitation of buildings of an approved project, including utility tap fees, and fees and costs paid to a governmental entity for permits, zoning, and inspections,
- b. Any fees or costs for site improvements to an approved project, including, a surface parking lot, parking garage, parking ramp, utilities and public infrastructure, such as roads, curbs, gutters, sidewalks, landscaping, lighting, grading and land balancing,
- c. Any fees or costs for the addition of machinery, equipment or fixtures to an approved project; or
- d. Professional fees or costs for an approved project for architectural services, engineering services, Phase I environmental site assessment, Phase II environmental site assessment, or Baseline Environmental Assessment, or surveying services.
- e. Professional fees associated with obtaining a third-party certification for environmentally sustainable design, building materials and/or development practices.

The MSF or MSF Fund Manager, on its behalf, may impose additional terms and conditions involving any Hard Costs that meet eligibility for reimbursement under any tax increment financing, including requiring those costs to be repaid to the MSF, or excluding any such costs from Hard Costs. Eligible investment will be determined through the review of invoices, work orders, bills, and corresponding evidence of payment.

In no event shall any of the following, which are collectively referred to as "Soft Costs", be deemed any part of the Hard Costs:

- a. acquisition fees or costs for real property,
- b. developer fees or costs,
- c. closing fees or costs,
- d. legal fees or costs,
- e. professional fees or costs (other than those included above as part of the Hard Costs),
- f. title commitment fees or costs,
- g. title insurance fees, premiums or costs,
- h. management fees or costs (including related party project and construction management),
- i. appraisal fees or costs,
- j. bank or other lender financing, interest, or inspection fees or costs,
- k. leasing or sales commission fees or costs,
- l. shared savings, or fees or costs arising from penalties or other reductions in payment from any contract for improvements to the Project,
- m. performance bond and other risk contingency fees and costs,
- n. marketing fees or costs,
- o. zoning fees or costs (other than those zoning fees or costs paid to a governmental entity included above as part of the Hard Costs),
- p. taxes, or
- q. hazard, liability or any other insurance fees and costs.



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2022

Quentin Messer, Chairman, Michigan Strategic Fund  
Michigan Economic Development Corporation  
300 N. Washington Square  
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Mr. Messer:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2022.

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

Sincerely,

A handwritten signature in cursive script that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

Quentin L. Messer, Jr.  
President & Chairman, MSF  
Chief Executive Officer, MEDC

PURE *M*ICHIGAN®



## MEMORANDUM

**Date:** January 25, 2022  
**To:** Michigan Strategic Fund Board  
**From:** Chris Cook, Managing Director – Capital Access  
**Subject:** Creation of SSBCI 2.0 - Michigan Business Growth Fund Programs and Guidelines

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### **Request**

On March 11, 2021, the American Recovery Plan (“ARP”) was signed into law. Among the actions included in ARP was a reauthorizing of the State Small Business Credit Initiative (“SSBCI 2.0”). Michigan will be allocated \$215,729,080 of the initial \$10 billion in funding provided through SSBCI 2.0, with the possibility of an additional \$21,261,870 in incentive funding being provided based on Michigan’s planned actions related to deployment of funding to SEDI owned small business, resulting in a total planned allocation of \$236,990,950. Staff is requesting the MSF Board take several actions related to SSBCI 2.0. These actions include creation of the SSBCI – Michigan Business Growth Fund 2.0 and its programs, approval of adoption of the guidelines for each program, approval of the initial allocation of funding per program, a delegation of authority to the MSF President or Fund Manager to execute all documents necessary for MSF to receive funding and effectuate approved awards, and a delegation of authority to the MSF President, MSF Fund Manager, and the State Treasurer to approve SSBCI 2.0 funded projects in the amount of \$5,000,000 or less and to reallocate up to 15% of all SSBCI 2.0 funds among the SSBCI-MBGF programs.

### **Federal Requirements of SSBCI 2.0**

SSBCI 2.0 is designed to increase the availability of capital to small businesses through loans and equity investment that would otherwise not be available in the market through conventional terms. The programs are designed to catalyze private sector investment by requiring at least a 1:1 match of private sector capital to SSBCI 2.0 funding for every project. SSBCI 2.0 further requires that over the life of the program at least \$10 of small business lending and investment occurs for every \$1 of SSBCI capital program funding. This requirement acts to magnify the effects of the federal funds allocated through the program.

Unlike the first SSBCI, the new program includes requirements for support to small businesses owned by socially and economically disadvantaged individuals (“SEDI”) and to very small businesses (“VSB”), which is defined as businesses having 10 employees or less. SEDI businesses are defined as small businesses owned by individuals that have faced barriers to access the capital, markets, and networks they need to grow their businesses because of certain statuses or membership in certain groups, including membership in a group that has been subjected to racial or ethnic prejudice or cultural bias within American society; and (2) small businesses in CDFI Investment Areas, which are generally low-income, high-poverty geographies that receive insufficient support for the needs of small businesses, including minority-owned businesses. To reach these small businesses US Treasury recommends, and the MEDC plans to pursue, a strategy of partnering with community banks, credit unions, CDFIs, and minority depository institutions.

The SSBCI 2.0 allocation to Michigan is up to \$236,990,950 for operation of loan and investment enhancement programs. The allocation breaks down as follows:

Main Capital - \$162,909,105

VSB Allocation - \$12,953,968

SEDI Allocation - \$39,866,007

Incentive Allocation - \$21,261,870

The main, VSB, and SEDI allocations represent the minimum allocation to be provided to Michigan assuming prompt deployment. The timing and methodology for incentive allocation will be provided by US Treasury at a later date.

The MSF has been designated as the entity which will manage the SSBCI 2.0 funding on behalf of Michigan.

### **History**

The MSF received a total of \$79.6 million in funding through the original SSBCI program in July 2011. The majority of that funding was allocated to the Collateral Support Program (“CSP”) and Loan Participation Program (“LPP”), with the focus of these programs being support for manufacturing companies which were negatively impacted by the great recession. As the economy improved the focus of these programs shifted to supporting business expansion, particularly through new construction financing and support for increased working capital availability. As funding is returned to the MSF as SSBCI supported loans are repaid by borrowers, this funding is recycled and used to support new projects. To date, SSBCI funded CSP and LPP projects have used \$143 million to support \$606 million in new private sector investment. Losses incurred total \$2.1 million. Program income collected through fees and interest totals \$9 million.

The remaining SSBCI funding was allocated to the Capital Access Program (“CAP”), Loan Guarantee Program (“LGP”) and a mezzanine loan fund. Both CAP and LGP are designed to support small business lending in amounts of generally \$250,000 or less. Through the LGP, the MSF provided up to \$5 million in guarantees for small business lending through five Michigan-based CDFIs. This support has resulted in \$14.2 million in new small business lending to date. Loss claims under this program total \$183,000. CAP provides a 3-7% contribution to a lender-controlled loan loss reserve account for each enrolled loan. New private investment generated resulting from SSBCI funded CAP enrollment totals \$136.7 million.

In anticipation of the new funding through SSBCI 2.0, the MEDC sought out feedback from private sector lenders and key stakeholders to determine the best uses for the new funding. These actions included an RFI and roundtable discussions throughout the state. The feedback received indicates that while the current CSP and LPP structure remain best practices for business banking and lower middle market projects, there is a significant lack of capital availability to both very small and early-stage businesses. The proposed guidelines for all the SSBCI 2.0 programs reflect program existing design for CSP and LPP and best practices as identified through stakeholder outreach for the very small business and early-stage funding models.

### **Proposed Allocation**

As a part of the final application to US Treasury for SSBCI 2.0, the MSF will be required to provide its proposed allocation of funding per program. The following is the proposed allocation per program along with the anticipated private sector leverage and investment anticipated per program.

	Proposed SSBCI MI Program Allocation %		Anticipated Private Sector Investment	Leverage Ratio
CAP	1.00%	\$ 2,369,910	\$ 120,581,021	50.88
LPP	20.35%	\$ 48,235,293	\$ 578,823,516	12
CSP	30.00%	\$ 71,097,285	\$ 639,875,565	9
LGP	17.00%	\$ 40,288,462	\$ 322,307,696	8
VC	31.65%	\$ 75,000,000	\$ 750,000,000	10
	100.00%			
		\$ 236,990,950	\$ 2,411,587,798	10.17586

While the allocations per program reflect a relatively even division by dollar, the impact per market group demonstrates a shift in support from growth and mature stage businesses to early stage and very small business. An SSBCI funded CSP project averaged just under \$1 million. Based on this, the proposed allocation would allow the MSF to support approximately 71 companies using CSP, prior to consideration of recycling. By comparison, the LGP project funded by SSBCI averaged \$120,000 per loan. Based on that figure, the LGP would support nearly 2,700 companies under the proposed allocation structure. The proposed guidelines of LPP, which historically has been used strictly for larger projects like CSP, have been written to better serve very small business by broadening industry eligibility and allowing for companion loans and pooled loan funds based on lender response to the RFI. This allocation also aligns with the federal goals of US Treasury for SSBCI 2.0. Included in the program goals is the requirement that each state must have a focus on support for SEDI owned businesses and very small businesses. Based on market feedback, staff believes allocating additional funding to LGP and the changes made to LPP will allow MSF to achieve that goal.

### **Proposed Programs**

#### **SSBCI 2.0-MBGF-Capital Access Program**

The intent of the SSBCI 2.0-MBGF Capital Access Program (“CAP”) is to allow the MSF to support qualified lenders in providing financing to small businesses that would not otherwise be available under conventional terms. The Program permits the MSF to partner with an eligible lender to establish a loan loss reserve. The eligible lender may then request to enroll qualifying new small business loans into the program. Pooled loan loss reserve concept which matches a 1.5% to 3.5% contribution by both the lender and the borrower with a 3%-7% SSBCI 2.0 MSF contribution. Each lender has a dedicated LLR which it manages to cover any losses it may otherwise incur for enrolled loans.

#### **SSBCI 2.0-MBGF-Loan Participation Program**

The intent of the Loan Participation Program (“LPP”) is to bridge financing gaps that may exist based on a lack of ability of the borrower to repay in the short-term or a limitation in the amount of funding that a lender is able to provide based on legal lending limits or portfolio concentration. LPP provides a benefit by either 1) offering a grace period for repayment of the MSF portion of the loan in order to support for opportunities for which the cash flow is considered speculative; or 2) acting as a non-competitive partner to address legal lending limit, lender concentration by borrower or industry, or lender liquidity constraints. Under LPP, the MSF funds a portion of a new loan and shares all security on a pari passu basis.

#### SSBCI 2.0-MBGF-Collateral Support Program

The intent of the Collateral Support Program (“CSP”) is to bridge financing gaps that may exist based on a lack of available collateral from the borrower. CSP supports this new financing by providing cash collateral in instances in which there is a demonstrated lack of sufficient collateral based on third-party valuations or project costs associated with the project to be financed. The MSF supports lenders by supplying cash to enhance the collateral coverage of borrowers. MSF deposits cash into a controlled account which serves as additional collateral for a loan.

#### SSBCI 2.0-MBGF-Loan Guarantee Program

The Loan Guarantee Program (“LGP”) permits the MSF to mitigate a portion of the risk associated with small business lending by providing a partial guarantee to a qualified lender on new financing provided by that lender. The inclusion of the guarantee is intended to allow the small businesses to obtain financing that would not otherwise be available under conventional terms. Through LGP the MSF may provide a guarantee, typically unfunded, for up to 80% of a loan. The program is anticipated to be provided to lenders to enroll a pool of qualifying loans, with the MSF capping its guarantee based on the portfolio size.

#### SSBCI 2.0-MBGF-Venture Capital Program

The intent of the Venture Capital Program (“VCP”) is to increase the availability of capital to early-stage small businesses. The Program seeks to leverage private sector capital by making investments in funding sources, generally loan or equity funds, by investing public sector funding. Funding to be provided in the form of limited partnership investments, likely across several Michigan based early-stage equity funds in focus industries. SSBCI funded MSF investment would never be more than 49% of any fund and are anticipated to be pro rata on any losses incurred based on SSBCI program guidelines.

#### Delegation of Authority

US Treasury guidelines for both SSBCI and SSBCI 2.0 limit the size of an investment to any small business at not more than \$5 million. As a part of the approval of program guidelines and authority for SSBCI, the MSF provided delegated authority to the MSF Chairperson, MSF Fund Manager, and State Treasurer, with only two required to act, to approve SSBCI funded MSF projects with a total funding of not more than \$2.5 million and subsequently approved to not more than \$3 million for specified lenders.

From receipt of funding in July 2011 through today, the SSBCI funded MSF loan enhancement programs, including CSP, LPP, and LGP, have had the following results:

	Private Investment	MSF Funding	Losses
CSP	\$ 486,774,649	\$ 107,947,058	\$ 1,504,594
LPP	\$ 118,874,741	\$ 35,132,733	\$ 243,233
LGP	\$ 14,231,396	\$ 5,050,000	\$ 182,712

Speed to market will be critical for these programs to be used by lenders and ultimately provide the needed support to Michigan's small business community. Since inception these programs, the MSF Board has provided increased delegated authority to its chairperson and fund manager to approve SSBCI funded projects. Being provided an increased delegation authority for projects up to \$5 million will be especially important for SSBCI 2.0 based on the significant increase in funding compared to SSBCI and the possibility that Michigan could lose access to funding if it is not utilized.

### **Recommendation**

MEDC staff recommends approval of the following related to SSBCI 2.0:

- Creation and operation of SSBCI 2.0-MBGF and its related programs;
- Approval of adoption of guidelines for all programs under SSBCI 2.0-MBGF;
- Delegation of authority to MSF President or Fund Manager to execute all documents necessary for MSF to receive SSBCI funding and effectuate approved SSBCI awards; and Delegation of authority to MSF President, MSF Fund Manager, and State Treasury, with only two being required to act, to approve SSBCI 2.0 funded projects in the amount of \$5,000,000 or less and to reallocate up to 15% of all SSBCI 2.0 funds among the SSBCI-MBGF programs.

## **MICHIGAN STRATEGIC FUND**

### **RESOLUTION 2022-018**

#### **APPROVAL OF THE STATE SMALL BUSINESS CREDIT INITIATIVE 2.0 PROGRAMS AND GUIDELINES**

**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;

**WHEREAS**, on March 11, 2021, the American Rescue Plan Act reauthorized and expanded SSBCI to provide \$10 billion to state, the District of Columbia, territories, and Tribal governments to expand access to capital for small businesses, to support opportunity and entrepreneurship, and to create high-quality jobs (the “SSBCI 2.0”);

**WHEREAS**, under the SSBCI 2.0, authorized SSBCI 2.0 Programs include the operation of a state small business capital access program, and other state credit support programs, including state collateral support programs, state loan participation programs, state loan guarantee programs and state venture capital fund programs, in accordance with SSBCI 2.0 requirements;

**WHEREAS**, the State of Michigan (“State”) submitted a Notice of Intent to Apply to receive SSBCI 2.0 funding on May 4, 2021;

**WHEREAS**, the SSBCI 2.0 requires the State to designate a department, agency or political subdivision of the State to implement and participate in the SSBCI 2.0;

**WHEREAS**, in accordance with Michigan Strategic Fund Act, MCL 125.2001, et. seq. (“MSF Act”), and in particular, MCL 125.2005 and MCL 125.2007, the MSF is a public body corporate and politic within the Michigan Department of Labor and Economic Opportunity and has the authority to solicit SSBCI 2.0 funds from the US Treasury to participate in SSBCI 2.0;

**WHEREAS**, by letter dated May 10, 2021, to the US Treasury, Governor Whitmer designated the MSF as the State agency to apply for and receive funds from the SSBCI 2.0;

**WHEREAS**, subject to the control and direction of the MSF Board, the Michigan Economic Development Corporation provides administrative services to the MSF;

**WHEREAS**, the MEDC recommends the creation and operation of the SSBCI 2.0-Michigan Business Growth Fund (“MBGF”), and its programs, the SSBCI 2.0-MBGF-Capital Access Program (the “SSBCI 2.0-MBGF-CAP”), the SSBCI 2.0-MBGF-Collateral Support Program (the “SSBCI 2.0-MBGF-CSP”), the SSBCI 2.0-MBGF-Loan Participation Program (the “SSBCI 2.0-MBGF-LPP”), the SSBCI 2.0-MBGF-Loan Guarantee Program (the “SSBCI 2.0-MBGF-LGP”), and the SSBCI 2.0-MBGF-Venture Capital Program (the “SSBCI 2.0-MBGF-VCP”) (collectively, the “SSBCI 2.0 Programs”) and their Guidelines as follows:

- a. That the MSF create the SSBCI 2.0-MBGF, and as part of the SSBCI 2.0-MBGF, that the MSF create the SSBCI 2.0-MBGF-CAP, the SSBCI 2.0-MBGF-CSP, the SSBCI 2.0-MBGF-LPP, the SSBCI 2.0-MBGF-LGP, and the SSBCI 2.0-MBGF-VCP, with each to be operated in accordance with the SSBCI 2.0;
- b. That the MSF adopt the proposed SSBCI 2.0-MBGF-CAP Guidelines Attached as Exhibit A for the operation of the SSBCI 2.0-MBGF-CAP (the “MBGF-CAP Guidelines”);
- c. MBGF-CSP Guidelines attached as Exhibit B for the operation of SSBCI 2.0-MBGF-CSP (the “SSBCI 2.0-MBGF-CSP Guidelines”);
- d. That the MSF adopt the proposed SSBCI 2.0-MBGF-LPP Guidelines attached as Exhibit C for the operation of the SSBCI 2.0-MBGF-LPP (the “SSBCI 2.0-MBGF-LPP Guidelines”);
- e. That the MSF adopt the proposed SSBCI 2.0-MBGF-LGP Guidelines attached as Exhibit D for the operation of the SSBCI 2.0-MBGF-LGP (the “SSBCI 2.0-MBGF-LGP Guidelines”);
- f. That the MSF adopt the proposed SSBCI 2.0-MBGF-VCP Guidelines attached as Exhibit E for the operation of the SSBCI 2.0-MBGF-VCP (the “SSBCI 2.0-MBGF-VCP Guidelines”);

**WHEREAS**, the MSF Board wishes to approve the SSBCI 2.0 Programs, the SSBCI 2.0-MBGF-CAP Guidelines, the SSBCI 2.0-MBGF-CSP Guidelines, the SSBCI 2.0-MBGF-LPP Guidelines, the SSBCI 2.0-MBGF-LGP Guidelines, and the SSBCI 2.0-MBGF-VCP Guidelines (collectively, the “State SSBCI 2.0 Programs and Guidelines”); and

**WHEREAS**, all principal returns and program income received under the SSBCI 2.0 Programs shall be recycled back into the SSBCI 2.0 Programs until the funding is de-federalized under the SSBCI 2.0 federal guidelines.

**NOW, THEREFORE, BE IT RESOLVED**, the MSF hereby approves the State SSBCI 2.0 Programs and Guidelines.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
January 25, 2022

## Exhibit A

### SSBCI 2.0 MBGF - Capital Access Program

#### Program Guidelines

##### Program Purpose

- The intent of the SSBCI 2.0-MBGF Capital Access Program (“CAP” or “Program”) is to allow the MSF to support qualified lenders in providing financing to small businesses that would not otherwise be available under conventional terms. The Program permits the MSF to partner with an eligible lender to establish a loan loss reserve. The eligible lender may then request to enroll qualifying new small business loans into the program. Upon enrollment of a loan, a lender and borrower contribution are matched by a contribution by the MSF. The loan loss reserve account is managed by the lender with qualifying claims against the reserve being used by the lender to cover losses that the lender would otherwise have to incur because of the failure of an enrolled loan.

##### Borrower Eligibility

- To be eligible for the Program a borrower must have a unique Federal Employer Identification number and be a registered entity with Licensing and Regulatory Affairs (“LARA”). Borrower eligibility will be further defined based on the industry in which the borrower primarily operates. Specifically, a borrower shall be eligible only if it operates primarily in an industry not deemed to be ineligible based on MSF Act, SSBCI 2.0 federal guidelines, or as otherwise determined by the Program.
- Program support for fixed asset financing requires that 100% of the assets being financed be located in Michigan. Program support for working capital financing requires that borrower be headquartered within Michigan.
- The program is restricted to borrowers which employ (at the time of the loan) no more than 500 employees. Loans may not exceed \$5 million.

##### Lender Eligibility

- Program shall participate in funding loans with partner lending institutions, which are defined by the Program as FDIC regulated banks, NCUA regulated credit unions, Community Development Financial Institutions (“CDFI”), or a Farm Credit Services (“FCS”) regulated agriculture lender.
- The lead lending institution shall apply to the Program.
- The participating lending institution must execute a CAP program agreement to be eligible to enroll loans into the Program. The lender must execute a loan enrollment form for each loan it wishes to enroll in the Program and a CAP claim form for any claim which a lender is seeking to make against the loan loss reserve

## Exhibit A

### Program Operation

- A combination of the business and borrower will contribute a minimum of 3% and a maximum of 7% of the covered/enrolled loan amount to a loan loss reserve account established by the SSBCI 2.0–Capital Access Program (“CAP”) at the approved lending institution.
- CAP will then contribute a match equal to 100% of the bank and borrower combined contribution using SSBCI funding. At the discretion of the Program and based on availability of non-SSBCI funding, the program may provide an additional contribution equal to up to 2x the SSBCI funded contribution.
- All or part of a loan may be enrolled. Claims of losses are limited to enrolled balance.
- The approval of a Lender in the CAP program will comply with all federal requirements including but not limited to a review of Uniform Banking Performance Reports, Financial Performance Reports, OCC Enforcement Actions, or a review of CARS ratings. Depending on the type of Lender, certain Lenders may also self-certify that the financial institution is not operating under any supervisory enforcement action, or as otherwise required by SSBCI 2.0.

### Loan Restrictions

- The proceeds of the loan must be used for a business purpose within the State of Michigan. Business purpose includes but is not limited to start-up costs, working capital, business procurement, franchise fees, equipment, inventory, as well as the purchase, construction, renovation or tenant improvements of an eligible place of business that is not for passive real estate investment purposes.

## Exhibit B

### SSBCI 2.0-MBGF- Collateral Support Program

#### Program Guidelines

##### Program Purpose

- The intent of the SSBCI-MBGF Collateral Support Program (“Program”) is to allow the MSF to support qualified lenders in providing financing to small businesses that would not otherwise be available under conventional terms. The Program supports this new financing by providing cash collateral in instances in which there is a demonstrated lack of sufficient collateral based on third-party valuations or project costs associated with the project to be financed. The Program supports lenders that are providing new financing that will allow a small business to maintain, grow, or diversify its operations.

##### Borrower Eligibility

- To be eligible for the Program a borrower must have a unique Federal Employer Identification number and be a registered entity with Licensing and Regulatory Affairs (“LARA”). Borrower eligibility will be further defined based on the industry in which the borrower primarily operates and the loan amount being supported by the Program. Borrower eligibility by industry is defined as:
  - For a single loan or combination of loans, supported by the Program, totaling \$500,000 or less, a borrower shall be eligible only if it operates primarily in an industry not deemed to be ineligible based on MSF Act, SSBCI 2.0 federal guidelines, or as otherwise determined by the Program.
  - For a single loan or combination of loans, supported by the Program, totaling \$500,001 or more, a borrower must operate primarily in one or more of the following; mobility, manufacturing, professional and corporate services, medical device technology, engineering, design and development, high tech, agribusiness, tourism, logistics, and financial services.
  - Community development financial institutions (“CDFIs”) and minority depository institutions (“MDIs”) will also be considered eligible borrowers for the purpose of supporting new financing that will be used by those institutions exclusively for the purpose obtaining capital to be used to fund new loans to small businesses.
- Program support for fixed asset financing requires that 100% of the assets being financed be located in Michigan. Program support for working capital financing requires that borrower be headquartered within Michigan.
- The proceeds of the loan must be used for a business purpose within the State of Michigan. Business purpose includes but is not limited to start-up costs, working capital, business procurement, franchise fees, equipment, inventory, as well as the purchase, construction, renovation or tenant improvements of an eligible place of business that is not for passive real estate investment purposes.
- Generally the Program shall target firms with 500 employees or less and shall not provide support for companies with more than 750 employees.

##### Lender Eligibility

## Exhibit B

- Program shall support new loans with partner lending institutions, which are defined by the Program as FDIC regulated banks, NCUA regulated credit unions, Community Development Financial Institutions (“CDFI”), or Farm Credit Services (“FCS”) regulated agriculture lenders.
- The Program shall enhance the collateral position of borrowers by depositing cash into accounts at participating lending institutions, or a third-party depository institution in the case of supporting financing provided by a CDFI or FCS lender, which will then be pledged as collateral on behalf of the borrower on a transaction by transaction basis.
- The participating lending institution must execute a Deposit Agreement under which the terms of deposit, interest accrual, and pledge restrictions will be described.
- Participating lending institutions shall be required to make periodic reports to the MSF. The reports will include any and all necessary information required by the Federal SSBCI program.
- The lead lender shall, under the terms of the Loan Participation and Servicing Agreement, service, document, perfect liens, collect interest and fees, collect principal; and in all other respects manage the loan.

### Program Operation

- The Program shall collect at its determination from the lead lending institution its credit analysis including borrower financial statements, collateral coverage, cash flows and other information which the Program deems necessary in order to determine that the lender has performed a sufficient and acceptable analysis of the borrower’s project and financial condition. This analysis should indicate that participation in the Program will result in an extension of credit by the lender.
- The Program shall be obligated to support no more than 49.9% of the extension of commercial credit in any individual transaction.
- The Program balance shall be reduced proportionately with the principal reduction of the loan so as to eliminate over-reliance on program deposits as part of the collateral commitment on the loan.
- All reductions to account balances, interest, fees and charges, and recaptured balances shall be used in accordance with applicable state law, federal SSBCI requirements, and the provisions of the Allocation Agreement.
  - Generally the Program shall target loans of \$5,000,000 or less and shall not provide support for loans with a principle balance of greater than \$20,000,000.
- The Program shall charge a fee at closing which will be 1-2% of the MSF support amount. The closing fee will be negotiated per deal. The Program shall charge an annual of 1% annually based on the outstanding MSF collateral support amount at the anniversary date of the loan.
- Applications shall be considered on a first come, first serve basis and shall describe the community and economic development merits of the proposed transaction. The program shall evaluate those merits in balance with the financial risk of loss it is being asked to assume and the anticipated public policy benefits associated with the request. Applications that meet the SSBCI 2.0 definition of a very small business or SEDI-owned business will receive additional consideration.

## Exhibit B

- The Program shall further comply with any other laws, rules, provisions, guidelines or regulations as prescribed by the federal SSBCI program or state or federal law.
- The lender and borrower shall provide reports related to the financial condition and economic development objectives of the project to the program from time to time as requested.

## Exhibit C

### SSBCI 2.0-MBGF- Loan Participation Program

#### Program Guidelines

##### Program Purpose

The intent of the SSBCI 2.0-MBGF Loan Participation Program (“Program”) is to allow the MSF to partner with qualified lenders in order to allow small businesses to obtain financing that would not otherwise be available under conventional terms. The Program participates with lenders in providing new financing that will allow a small business to maintain, grow, or diversify its operations. The program provides a benefit by either 1) offering a grace period for repayment of the MSF portion of the loan in order to support for opportunities for which the cash flow is considered speculative; or 2) acting as a non-competitive partner to address legal lending limit, lender concentration by borrower or industry, or lender liquidity constraints.

##### Borrower Eligibility

- To be eligible for the Program a borrower must have a unique Federal Employer Identification number and be a registered entity with Licensing and Regulatory Affairs (“LARA”). Borrower eligibility will be further defined based on the industry in which the borrower primarily operates and the loan amount being supported by the Program. Borrower eligibility by industry is defined as:
  - For a single loan or combination of loans, supported by the Program, totaling \$500,000 or less, a borrower shall be eligible only if it operates primarily in an industry not deemed to be ineligible based on MSF Act, SSBCI 2.0 federal guidelines, or as otherwise determined by the Program.
  - For a single loan or combination of loans, supported by the Program, totaling \$500,001 or more, a borrower must operate primarily in one or more of the following; mobility, manufacturing, professional and corporate services, medical device technology, engineering, design and development, high tech, agribusiness, tourism, logistics, and financial services.
  - Community development financial institutions (“CDFIs”) and minority depository institutions (“MDIs”) will also be considered eligible borrowers for the purpose of supporting new financing that will be used by those institutions exclusively for the purpose obtaining capital to be used to fund new loans to small businesses.
- Program support for fixed asset financing requires that 100% of the assets being financed be located in Michigan. Program support for working capital financing requires that borrower be headquartered within Michigan.
- The proceeds of the loan must be used for a business purpose within the State of Michigan. Business purpose includes but is not limited to start-up costs, working capital, business procurement, franchise fees, equipment, inventory, as well as the purchase, construction, renovation or tenant improvements of an eligible place of business that is not for passive real estate investment purposes.
- Generally the program shall target firms with 500 employees or less and shall not provide support for companies with more than 750 employees.

##### Lender Eligibility

- Program shall participate in funding loans with partner lending institutions, which are defined by the Program as FDIC regulated banks, NCUA regulated credit unions, Community Development Financial Institutions (“CDFI”), Farm Credit Services (“FCS”) regulated agriculture lenders, or an

## Exhibit C

entity created primarily for the purpose of providing small business loans that is administrated by an otherwise eligible lender or lender(s).

- The lead lending institution shall apply to the Program.
- The participating lending institution must execute a loan participation agreement under which the terms of the participation will be described.
- The participating lending institution shall be considered the “lead lender” and shall retain no less than 50.1% of the total loan balance at all times. If a qualified borrower is receiving non-Program supported loan(s) from an otherwise eligible third-party lender, the “lead lender” shall retain no less than 20% of the total Program supported loan balance at all times if the Program supported loans meets all of the following criteria:
  - has a principal balance at closing of less than the non-Program supported loan
  - has a principal balance of \$500,000 or less
  - will reach maturity at or before the date of the non-Program supported loan
  - will close concurrently with the non-Program supported loan
- The lead lender shall, under the terms of the Loan Participation and Servicing Agreement, service, document, perfect liens, collect interest and fees, collect principal; and in all other respects manage the loan.

### Program Operation

- The Program shall collect at its determination from the lead lending institution its credit analysis including borrower financial statements, collateral coverage, cash flows and other information which the Program deems necessary in order to determine that the lender has performed a sufficient and acceptable analysis of the borrower’s project and financial condition. This analysis should indicate that participation in the Program will result in an extension of credit by the lender.
- Reductions in principal, partial losses and total losses, if any, will be taken proportionate to the percent of loan participation (pro rata).
- The Program portion of a participation loan, or Program “advance”, shall charge interest no later than 36 months after the closing of the loan agreement at the banks rate of interest.
- The Program portion of a participation loan, or Program “advance”, shall require principal repayment beginning no later than 36 months after the closing of the loan agreement.
- Generally the Program shall target loans of \$5,000,000 or less and shall not provide support for loans with a principal balance of greater than \$20,000,000.
- Applications shall be considered on a first come, first serve basis and shall describe the community and economic development merits of the proposed transaction. The Program shall evaluate those merits in balance with the financial risk of loss it is being asked to assume and the anticipated public policy benefits associated with the request. Applications that meet the SSBCI 2.0 definition of a very small business or SEDI-owned business will receive additional consideration.
- The Program shall charge a one-time loan closing fee to the lender of 1-2% of the MSF participation amount and may charge an annual fee of 1-2% based on the outstanding principal balance of

## Exhibit C

the MSF participation support amount at the anniversary date of the loan. The closing and annual fee will be negotiated on a per project basis. All other fees assessed by the lead bank shall apply to the Program advance and the bank advance and shall be received by both parties proportionate to their percentage of participation.

- The lender and borrower shall provide reports related to the financial condition and economic development objectives of the project to the Program from time to time as requested.
- The Program shall further comply with any other laws, rules, provisions, guidelines or regulations as prescribed by the federal SSBCI program or state or federal law.

## SSBCI 2.0 – MBGF Loan Guarantee Program

### Program Guidelines

#### Program Purpose

- The intent of the SSBCI 2.0-MBGF Loan Guarantee Program (“Program”) is to allow the MSF to support qualified lenders in providing financing to small businesses that would not otherwise be available under conventional terms. The Program permits the MSF to mitigate a portion of the risk associated with small business lending by providing a partial guarantee to a qualified lender on new financing provided by that lender. The inclusion of the guarantee is intended to allow the small businesses to obtain financing that would not otherwise be available under conventional terms. The Program participates with lenders in guaranteeing a portion of new financing that will allow a small business to maintain, grow, or diversify its operations. Program shall be focused on, but not limited to, support for small businesses with 10 or fewer employees.

#### Borrower Eligibility

- The Program reserves the right to disqualify borrowers based on the nature of the business activity or use of proceeds should such nature or use be prohibited by the SSBCI program guidelines, the MSF Act, or as otherwise determined by the Program.
- Program support for fixed asset financing requires that 100% of the assets being financed be in Michigan. Program support for working capital financing requires that borrower be headquartered within Michigan.
- The proceeds of the loan must be used for a business purpose within the State of Michigan. Business purpose includes but is not limited to start-up costs, working capital, business procurement, franchise fees, equipment, inventory, as well as the purchase, construction, renovation, or tenant improvements of an eligible place of business that is not for passive real estate investment purposes.
- Generally the Program shall target firms with 500 employees or less and shall not provide support for companies with more than 750 employees.

#### Lender Eligibility

- Program shall participate in funding loans with partner lending institutions, which are defined by the Program as FDIC regulated banks, NCUA regulated credit unions, Community Development Financial Institutions (“CDFI”), Farm Credit Services (“FCS”) regulated agriculture lenders, or an entity created primarily for the purpose of providing small business loans that is administrated by an otherwise eligible lender or lender(s).
- The lead lending institution shall apply to the Program.
- The participating lending institution must execute a loan guarantee agreement under which the terms of the guarantee will be described.

#### Program Operation

- The Program may guarantee up to 80% of a new loan.

## Exhibit D

- The Program shall collect at its determination from the lead lending institution its credit analysis including borrower or lender financial statements and other information which the Program deems necessary in order to determine that the lender has performed a sufficient and acceptable analysis of the borrower's project and financial condition, or that the lender has an acceptable history in providing small business lending including number of loans provided, default rate, and public policy benefit associated with past and new financing. This analysis should indicate that participation in the Program will result in an extension of credit by the lender.
- A guaranteed loan can be as large as \$20 million and may be guaranteed for up to \$5 million.
- The level of guarantee by the Program will be determined on a case-by-case basis with loans serving borrowers in low to moderate income communities or meeting other public policy benefits as determined by the Program and SSBCI receiving consideration for higher levels of guarantee.
- The Program shall not provide for a funded guarantee. The Program will reserve the obligation related to each guarantee provided and will determine on a case-by-case basis if a guarantee shall be fully reserved.
- Applications shall be considered on a first come, first serve basis and shall describe the community and economic development merits of the proposed transaction. The Program shall evaluate those merits in balance with the financial risk of loss it is being asked to assume and the anticipated public policy benefits associated with the request. Applications that meet the SSBCI 2.0 definition of a very small business or SEDI-owned business will receive additional consideration.
- Guaranteed loans shall carry all lender and borrower assurances and shall adhere to all SSBCI 2.0 required reporting obligations for so long as they exist.
- The Program shall charge a closing fee of not less than 1% of the guarantee amount and may charge additional annual fees in its sole determination depending on the risk and policy merits of the proposed transaction.
- The Program shall comply with all laws, policies, regulations, guidelines, and rules as prescribed by the SSBCI 2.0 program or other applicable law or regulatory body. Such requirements shall be documented and current as of the execution date of the Loan Guarantee Agreement.

## SSBCI 2.0 - MBGF Small Business Venture Capital Program

### Program Guidelines

#### Program Purpose

The intent of the SSBCI 2.0 - MBGF Small Business Venture Capital Program (“SBVCP” or “Program”) is to increase the availability of capital to early-stage small businesses. The Program seeks to leverage private sector capital by making investments in funding sources, generally loan or equity funds, by investing public sector funding. The Program will support funding availability for qualified for-profit small businesses through one or more of the following structures:

- Investing as a limited partner in a loan or investment fund operating in the State of Michigan.
- Investing in a fund which has a primary function of making limited partnership investments in one or more loan or investment funds operating in the State of Michigan.
- Co-investment, with an equity provider through a purchase or participation structure, in a new investment

#### Program Operations

- SBVCP will focus of support of small business operating primarily in the following industries: automotive and mobility, medical and medical device, high tech, aerospace, advanced manufacturing, and design and development, and other key industries as determined by staff. The Program may also act as a limited partner in a fund that is focused on social impact investing for small businesses regardless of the industries in which the small businesses operate.
- The maximum limited partner investment will represent no more than 49% of a fund’s total investible assets.
- The maximum purchase or participation will represent no more than 49% of the total loan or investment.
- The maximum loan or investment to an eligible small business may not exceed \$20 million and may not include more than \$5 million in Program funding per investment.
- Generally the Program shall target firms with 500 employees or less and shall not provide support for companies with more than 750 employees.
- The Program may limit its returns to benefit both the borrower and the private supplier of the capital with which the SBVCP is cooperating. Such limitations shall be negotiated on a transaction-by-transaction basis. However, in no event will the potential for a return to the MSF under the SBVCP be eliminated. Opportunities that provide additional benefit to SEDI businesses, as defined by US Treasury, will be provided additional consideration.
- SBVCP capital will be contributed exclusively to opportunities for small businesses that have its headquarters facilities located in Michigan and for which Michigan is its principal place of operation.

## Exhibit E

- SBVCP will cooperate in supplying capital alongside private sector professionally managed investment organizations or funds. Such organizations will provide sufficient verification of its history and track record that the MSF Board and/or its delegate(s) may have reasonable comfort in the organization or fund's ability to properly make investments and manage risk.
- The review of all projects or limited partner investments will include due diligence to the satisfaction of the SBVCP, including without limitation and as applicable to the particular character of the investment: description of the opportunity, ownership of the company, financial standing, prospects for job retention and/or growth, leverage including non-SBVCP debt and/or investment as well as senior lender debt and any new equity being contributed at the time of the capital contribution, description of the organization or fund and its historical performance, including historical financial performance and social impact of prior transactions supported by the fund, ability of the fund or organization to provide funding in an equitable manner, and any other criteria deemed relevant by staff in conducting due diligence for participation or investment on a transaction-by-transaction basis.
- The Program shall further comply with any other laws, rules, provisions, guidelines or regulations as prescribed by the federal SSBCI program or state or other federal law.



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY  
LANSING

SUSAN CORBIN  
ACTING DIRECTOR

June 15, 2021

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

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

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

Sincerely,

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

Susan R. Corbin  
Acting Director



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2022

Quentin Messer, Chairman, Michigan Strategic Fund  
Michigan Economic Development Corporation  
300 N. Washington Square  
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Mr. Messer:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2022.

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

Sincerely,

A handwritten signature in cursive script that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

Quentin L. Messer, Jr.  
President & Chairman, MSF  
Chief Executive Officer, MEDC

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**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2022-019**

**APPROVAL OF THE ALLOCATION OF SSBCI 2.0 FUNDS FOR  
THE STATE SSBCI 2.0 PROGRAMS**

**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;

**WHEREAS**, on March 11, 2021, the American Rescue Plan Act reauthorized and expanded SSBCI to provide \$10 billion to state, the District of Columbia, territories, and Tribal governments to expand access to capital for small businesses, to support opportunity and entrepreneurship, and to create high-quality jobs (the “SSBCI 2.0”);

**WHEREAS**, under the SSBCI 2.0, authorized SSBCI 2.0 Programs include the operation of a state small business capital access program, and other state credit support programs, including state collateral support programs, state loan participation programs, state loan guarantee programs and state venture capital fund programs, in accordance with SSBCI 2.0 requirements;

**WHEREAS**, the State of Michigan (“State”) submitted a Notice of Intent to Apply to receive SSBCI 2.0 funding on May 4, 2021;

**WHEREAS**, the SSBCI 2.0 requires the State to designate a department, agency or political subdivision of the State to implement and participate in the SSBCI 2.0;

**WHEREAS**, in accordance with Michigan Strategic Fund Act, MCL 125.2001, et. seq. (“MSF Act”), and in particular, MCL 125.2005 and MCL 125.2007, the MSF is a public body corporate and politic within the Michigan Department of Labor and Economic Opportunity and has the authority to solicit SSBCI 2.0 funds from the US Treasury to participate in SSBCI 2.0;

**WHEREAS**, by letter dated May 10, 2021, to the US Treasury, Governor Whitmer designated the MSF as the State agency to apply for and receive funds from the SSBCI 2.0;

**WHEREAS**, subject to the control and direction of the MSF Board, the Michigan Economic Development Corporation provides administrative services to the MSF;

**WHEREAS**, on January 25, 2022, the MSF Board approved the MSF’s operation of the following SSBCI 2.0 Programs: the SSBCI-Michigan Business Growth Fund (“SSBCI-MBGF”), and its programs, the MBGF-Capital Access Program (“MBGF-CAP”); MBGF-Collateral Support Program (“MBGF-CSP”), the MBGF-Loan Participation Program (“MBGF-LPP”), the MBGF-Loan Guarantee Program (“MBGF-LGP”), and the MBGF-Venture Capital Program (“MBGF-VCP”) (collectively, the “SSBCI 2.0 Programs”);

**WHEREAS**, the SSBCI 2.0 Application requires to the State to provide US Treasury with the projected allocation plan for the use of anticipated SSBCI 2.0 funds among the SSBCI 2.0 Programs, as follows (collectively, “SSBCI 2.0 Application Allocation Plan”):

- |       |                    |                            |
|-------|--------------------|----------------------------|
| (i)   | MBGF-CAP           | 1% of SSBCI 2.0 funds      |
| (ii)  | MBGF-CSP, LPP, LGP | 67.35% of SSBCI 2.0 funds  |
| (iii) | MBGF-VCP           | 31.65% of SSBCI 2.0 funds; |

**WHEREAS**, subject to the MSF’s receipt of the SSBCI 2.0 funds from US Treasury for the SSBCI 2.0 Programs, the MEDC recommends that the MSF approve the allocation of SSBCI 2.0 funds for the SSBCI 2.0 Programs in accordance with the SSBCI Application Allocation Plan, as may be amended from time to time in accordance with SSBCI 2.0 requirements (collectively, “SSBCI 2.0 Allocation”).

**NOW, THEREFORE, BE IT RESOLVED**, the MSF hereby approves the SSBCI 2.0 Allocation.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
January 25, 2022



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY  
LANSING

SUSAN CORBIN  
ACTING DIRECTOR

June 15, 2021

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

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

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

Sincerely,

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

Susan R. Corbin  
Acting Director



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 6, 2022

Quentin Messer, Chairman, Michigan Strategic Fund  
Michigan Economic Development Corporation  
300 N. Washington Square  
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Mr. Messer:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2022.

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

Sincerely,

A handwritten signature in cursive script that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

Quentin L. Messer, Jr.  
President & Chairman, MSF  
Chief Executive Officer, MEDC

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## MICHIGAN STRATEGIC FUND

### RESOLUTION 2022-020

#### STRATEGIC FUND DELEGATION OF AUTHORITY

**WHEREAS**, under Section 125.2005(7) of the Michigan Strategic Fund Act, the Michigan Strategic Fund (“MSF”) Board may delegate to its president, vice-president, staff or others those functions and authority the MSF Board deems necessary or appropriate;

**WHEREAS**, under Article II, Section 1 of the Amended and Restated Bylaws adopted by the MSF Board on April 22, 2014, the MSF Board may delegate by resolution those functions and authority it deems necessary or appropriate to the President, Vice-President, Staff, the MEDC, or others, unless otherwise prohibited by law;

**WHEREAS**, under Article III, Section 1 of the Bylaws, the MSF President will provide for compilations of all general delegated authority; standard processes; and standard policies, in force (the "Strategic Fund Compiled Resolutions" or "SFCR");

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

**WHEREAS**, the MEDC recommends that the MSF Board amend the Strategic Fund Compiled Resolutions to delegate authority to the MSF President, the MSF Fund Manager, and the State Treasurer, as set forth in this Resolution; and

**WHEREAS**, the MSF Board wishes to approve revisions to the Strategic Fund Compiled Resolutions in accordance with the terms and conditions of this Resolution.

**NOW, THEREFORE, BE IT HEREBY RESOLVED**, that the MSF Board delegates the following authority effective January 25, 2022:

#### **10.5-2 State Small Business Credit Initiative 2.0**

(1) The MSF President or the MSF Fund Manager may execute all documents necessary to effectuate the SSBCI 2.0 application process and obtain United States Treasury’s approval and disbursement of SSBCI 2.0 funding, including execution of an allocation agreement.

(2) The MSF President, the MSF Fund Manager, and the State Treasurer, with any two required to act, may make all decisions with respect to awards under the State Small Business Credit Initiative 2.0 Michigan Business Growth Fund (“SSBCI 2.0-MBGF”), including the SSBCI 2.0-MBGF-Capital Access Program, the SSBCI 2.0-MBGF-Collateral Support Program, the SSBCI 2.0-MBGF-Loan Participation Program, and the SSBCI 2.0-MBGF-Loan Guarantee Program, where the award amount is less than or equal to \$5,000,000.

(3) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate awards or decisions approved under the SSBCI 2.0, including awards or decisions approved under any subprogram of the SSBCI 2.0.

(4) The MSF President, the MSF Fund Manager, and the State Treasurer, with any two required to act, may reallocate up to 15% of all the SSBCI 2.0 funds awarded by the United States Treasury to the MSF among the approved SSBCI 2.0 programs.

**BE IT FURTHER RESOLVED**, the MSF President shall compile and publish the above delegated authority as required under Article III of the Bylaws.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
January 25, 2022



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY  
LANSING

SUSAN CORBIN  
ACTING DIRECTOR

June 15, 2021

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

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Susan R. Corbin  
Acting Director



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
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RACHAEL EUBANKS  
STATE TREASURER

January 6, 2022

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Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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Sincerely,

Quentin L. Messer, Jr.  
President & Chairman, MSF  
Chief Executive Officer, MEDC

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## MICHIGAN STRATEGIC FUND

### MEMORANDUM

**Date:** January 25, 2022  
**To:** Michigan Strategic Fund ("MSF") Board Members  
**From:** Quentin Messer, Jr., Chief Executive Officer  
**Subject:** Quarterly MSF Delegated Authority and Activities Report

We are pleased to present our monthly report to the MSF Board, featuring a review of our delegated authority activity over the previous month. The following pages provide a narrative centered around the types of projects supported through delegated approval from November 1, 2021 to December 31, 2021, as well as information about the impact that those projects have had on communities across the state.

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

As always, we are committed to evaluating the ways in which we can continue to ensure we are transparent and accountable to Board members moving forward. Please let me or Val Hoag know if you have any questions or comments about this new reporting layout or with the contents of these reports.

# Monthly Impacts



To continue providing transparent, intentional and impactful reporting to the MSF Board members on delegated project approvals and activities, the following report details delegated approval updates from November 1, 2021 to December 31, 2021.

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

## **MONTHLY IMPACTS**

We are pleased to share the November and December delegate-approved projects continue to represent our emphasis on supporting underserved populations in geographically disadvantaged areas. Throughout December 2021, 42% of the projects approved through delegated authority are in geographically disadvantaged areas. Additionally, all November and December approved projects through delegated authority have committed to create just over 420 jobs and over \$100 million in private investment.

# MSF Report Delegate Approvals



Under the authority delegated by the MSF Board, the MSF delegates approved the following projects during November and December 2021, which satisfy Board-approved guidelines for each program and have been vetted and approved through the same safeguards as those projects that come before the Board for consideration.

## Michigan Business Development Program (MBDP)

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

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Borg Warner Thermal Systems, Inc.	11/16/2021	Cadillac	\$225,000	The Company is looking to improve its existing facility in Cadillac, Michigan by building an internal cleanroom for EV product assembly to control electrostatic discharge, upgrading all flooring, and reinforcing the ceiling for air conditioning installation to allow temperature control for EV products. The project will also add production lines and end-of-line testing units to manufacture the Company's next generation high-voltage coolant heaters product line. The Company is considering the City of Cadillac for the project and anticipates the project will result in capital investment of up to \$11.2 million. The project will also result in the creation of up to 30 new jobs. Michigan was chosen over a competing site in Asheville, North Carolina. To support the project, the MSF approved a \$225,000 Michigan Business Development Program performance-based grant.
Roll & Hill	11/18/2021	Grand Rapids	\$300,000	Roll & Hill was founded as a lighting company in 2010 in Brooklyn, New York and expanded into hand-made high-end furnishings in 2017 to capitalize on the success of the lighting company and currently has 22 employees in Michigan. The Company is relocating their lighting production facility from Brooklyn, New York to Byron Center to grow their presence in Michigan and more efficiently manufacture their suite of products, furniture and lighting, in one location. The capital investment will be in annual lease costs, machinery and equipment, as well as special tooling for the new production facility. The project is expected to generate a total capital investment of \$1.5 million and create 50 jobs, supported by a \$300,000 Michigan Business Development Program performance-based grant. Michigan was chosen for the project over competing sites in Pennsylvania and Ohio.

## Michigan Business Development Program (MBDP) Continued

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Konnech, Inc	11/29/2021	Okemos	\$306,000	Okemos-based Konnech, a leading provider of election management software, is planning to expand and establish its headquarters in East Lansing. The project is expected to generate a total capital investment of \$293,610 and create 51 well-paying new jobs over a two-year period. The company chose Michigan for the project over a competing site in Los Angeles or the possibility of keeping the jobs in offshore locations. The project is being supported by a \$306,000 Michigan Business Development Program performance-based grant, which is needed to help bring the positions onshore as well as to identify and retain talent.
Louis Padnos Iron & Metal Company	12/1/2021	Wyoming	\$250,000	Louis Padnos Iron & Metal Company, founded in 1905 in the city of Holland, has been transforming scrap into reusable resources for more than 100 years. The company recycles metals, paper and plastics and currently has 595 employees in Michigan. PADNOS is increasing its capabilities into recycling ocean plastics and plans to expand at its facility in the city of Wyoming, where it will add new loading docks, a laboratory, and a maintenance garage. It will also invest in electrical and infrastructure upgrades. The project is expected to generate a total capital investment of \$6.6 million and create 50 jobs, supported by a \$250,000 Michigan Business Development Program performance-based grant. Michigan was chosen for the project over a competing site in Indiana.
Tech Group Grand Rapids	12/21/2021	Walker	\$500,000	Tech Group Grand Rapids, Inc. is a subsidiary of West Pharmaceutical Services, Inc. (WPS), a global manufacturer in the design and production of technologically advanced injectable medicines. Its customers include leading biologic, generic, pharmaceutical and medical device companies. Tech Group currently has 266 employees at its facility in the city of Walker. The company plans to expand its operations at its existing facility in Walker where it will add machinery and equipment as well as make improvements to the building. The project is expected to generate a total capital investment of \$6 million and create 110 jobs, supported by a \$500,000 Michigan Business Development Program performance-based grant. Michigan was chosen for the project over competing sites in Arizona and Pennsylvania.
Marada Industries Inc. dba Cosma Body Assembly Michigan	12/31/2021	New Hudson	\$340,000	Cosma Body Assembly Michigan, a division of Magna International, is expanding its operations in Lyon Township where it will create up to 68 jobs for Michigan workers. The project is expected to generate a total capital investment of \$23.6 million, supported by a \$340,000 Michigan Business Development Program performance-based grant. Michigan was chosen over a competing site in Kentucky.

## Regional Talent Innovation Program

The Regional Talent Innovation Program provides funding via the Community Development Block Grant-CARES Act to local economic development organizations and workforce development partners for competitive training programs that target growth in region-specific occupations.

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
The Right Place	11/3/2021	Grand Rapids	\$539,771	The Right Place was awarded a Regional Talent Innovation Grant for competitive training programs that target growth in region-specific occupations.
Macomb County Planning and Economic Development	12/2/2021	Mt. Clemons	\$515,000	Macomb County Planning and Economic Development was awarded a Regional Talent Innovation Grant for competitive training programs that target growth in region-specific occupations.

## Capital Access

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

### State Small Business Credit Initiative – Collateral Support Participation

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Grace Engineering	11/9/2021	Memphis	\$2,680,000	Grace Engineering Corporation has been in business for over 50 years providing machined screws and threaded components to several demanding markets including medical, hydraulic, consumer, firearms, automotive and industrial markets. The company is family-owned being founded by Louis Grace Sr. The company is currently owned by his son, Louis Grace Jr, with his other two sons, Matthew and Nathaniel essentially running the business, with a succession plan in place to transition ownership of the business to Matthew and Nathaniel. Grace Engineering is working with Comerica Bank on a working capital line of credit, a term loan and a commercial real estate mortgage. The company currently has a relationship with another institution which this proposal will replace. Due to collateral shortfall on the working capital line and the real estate, the bank is seeking the SSBCI collateral support program.
Josh's Frogs	11/9/2021	Owosso	\$323,810	Company is seeking financing to refinance its real estate located in Owosso. Fifth Third Bank is proposing financing. Based on the appraised value of the project property, the bank is seeking to use the collateral support program.

## Brownfield TIF

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

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Hastings Michigan Ave, LLC	11/11/2021	Hastings	\$64,756	Hastings Michigan Ave, LLC was awarded a \$750,000 Michigan Community Revitalization Program performance-based grant and the City of Hastings Brownfield Redevelopment Authority was awarded an Act 381 Work Plan with state capture valued at \$64,756 to support the construction of a 26,590 square foot, four-story, mixed-use development containing 21 residential units and retail space. The project is anticipated to create approximately 5 full-time equivalent job and a total capital investment of \$4,983,114.
1727 Merrick Street Partners, LLC	11/21/2021	Detroit	\$81,739	An Act 381 Work Plan with state tax capture valued at \$81,739 was awarded to the City of Detroit Brownfield Redevelopment Authority to construct 23 townhomes totaling approximately 37,950 square feet. The project is expected to generate \$7,196,130 in private investment.
Brush 8 LLC	11/30/2021	Detroit	\$29,220	New construction of a three-story, multi-family building on a previously vacant site. The building will feature eight for-sale residential townhomes comprised of a total of 13,693 square feet with a private garage for each unit on the ground level. 3,800 square feet of public infrastructure improvements will be included in the project.
900 W Leonard LLC	12/14/2021	Grand Rapids	\$987,491	The City of Grand Rapids Brownfield Redevelopment Authority was awarded state tax capture for Act 381 eligible activities capped at \$987,493 in support of the 900 W. Leonard Redevelopment Project. The project will construct a four-story mixed-use building. The project will result in \$18,210,324 in total capital investment and 10 new full-time equivalent jobs.
1601 Madison LLC	12/21/2021	Grand Rapids	\$603,992	The City of Grand Rapids Brownfield Redevelopment Authority was awarded state tax capture for Act 381 eligible activities capped at \$603,992 in support of the 1601 Madison Redevelopment Project. The project will construct a 51,000 square foot industrial office building with 80 surface parking spaces. The project will result in \$12,800,000 in total capital investment and 26 new full-time equivalent jobs.

## Michigan Community Revitalization Program (MCRP)

The Michigan Community Revitalization Program is available from the MSF, in cooperation with MEDC. The program is designed to accelerate private investment in Michigan's communities through the redevelopment of functionally obsolete properties, reduction of blight, and the reuse of brownfield and historic properties.

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Hastings Michigan Ave, LLC	11/11/2021	Hastings	\$750,000	Hastings Michigan Ave, LLC was awarded a \$750,000 Michigan Community Revitalization Program performance-based grant and the City of Hastings Brownfield Redevelopment Authority was awarded an Act 381 Work Plan with state capture valued at \$64,756 to support the construction of a 26,590 square foot, four-story, mixed-use development containing 21 residential units and retail space. The project is anticipated to create approximately 5 full-time equivalent job and a total capital investment of \$4,983,114.

## Michigan State Trade Expansion Program (MI-STEP)

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

Project Name	Approval Date	Location	Incentive Amount
Chichimovies Inc. - Flix APP - International Hosting Platform	11/1/2021	Okemos	\$8,250
Byrne Electrical Specialists - Mexico Sale Trip - November	11/3/2021	Rockford	\$10,080
College Park Industries (CPI) - Russian Website Translation & Development	11/3/2021	Warren	\$1,560
Hurley Marine, Inc. - Fort Lauderdale Int'l Boat Show	11/3/2021	Escanaba	\$14,102
Airflow Sciences Corporation - Process Expo - Chicago	11/4/2021	Livonia	\$6,269
Ausco Products, Inc. - Int'l Workboat Show	11/4/2021	Benton Harbor	\$2,262
Binsfeld Engineering Inc - Canadian Trade Mission w/Quebec Government	11/4/2021	Maple City	\$6,344
Binsfeld Engineering Inc - TUG-TECHNOLOGY Show & Sales Trip	11/4/2021	Maple City	\$10,499
Creative Composites, Inc. - CAMX Dallas	11/4/2021	Rapid River	\$4,016
Grotnes - Sales Trip to Italy & Poland	11/4/2021	Niles	\$8,763
Merlin Simulation, Inc. - Dubai Airshow	11/4/2021	Dexter	\$15,000
Microcide Inc - Canada, Mexico, India Website SEO	11/4/2021	Sterling Heights	\$11,250
ONLINE Engineering - MEDICA	11/4/2021	Manistique	\$15,000
Portland Products - Automotive Interiors Expo - Novi	11/4/2021	Portland	\$3,901
VS Aviation LLC - MRO Europe	11/4/2021	Grand Rapids	\$3,923
Duperon Corporation - Spanish Marketing Material Translation	11/5/2021	Saginaw	\$5,625
eVitamins - Brazil/Portuguese Translation Services	11/5/2021	Utica	\$15,000
Homestead Elements, LLC - Sample Product Shipping Canada - Q1	11/5/2021	Saginaw	\$7,125
Medicus Health - Sales Trip Canada - Vancouver, BC	11/5/2021	Kentwood	\$3,831
R.J. Marshall Company - Brazil/Columbia Virtual Trade Mission & Market Research	11/5/2021	Detroit	\$4,487
SSI Electronics Inc. - MEDICA	11/5/2021	Southfield	\$3,750

## Michigan State Trade Expansion Program (MI-STEP) Continued

Project Name	Approval Date	Location	Incentive Amount
Livernois Motorsports & Engineering - PRI Trade Show Indianapolis	11/8/2021	Dearborn Heights	\$1,887
Livernois Motorsports & Engineering - SEMA SIPP Export Marketing Campaign	11/8/2021	Dearborn Heights	\$1,200
Michigan Instruments - MEDICA Germany	11/16/2021	Kentwood	\$330
Ross Controls - International Web Design	11/16/2021	Ferndale	\$15,000
Skidmore Pump - AHR Las Vegas	11/16/2021	Benton Harbor	\$15,000
Ares Technology, LLC - EDEX Cairo	11/17/2021	Shelby Charter Township	\$4,388
Becker Orthopedic Appliance Company - Marketing Material Asia, EU, ROW	11/17/2021	Troy	\$11,250
Jetco Solutions - Eurosatory w/the MEDC	11/17/2021	Cascade Township	\$9,518
Jetco Solutions - GSGP Japan & South Korea Trade Mission	11/17/2021	Cascade Township	\$9,945
Lectronix Corporation - Automotive Tech Week Novi	11/17/2021	Lansing	\$6,225
Logos Logistics, Inc. - Social Media Marketing/Web Development Asia	11/17/2021	Romulus	\$11,250
Therma-Tech Engineering Inc - Sales Trip to Canada - Montreal	11/17/2021	Redford	\$2,637
Icom North America, LLC - Sales Trip to Jamacia	11/18/2021	New Hudson	\$1,639
International Met Systems - AGU New Orleans	11/18/2021	Kentwood	\$8,220
Managed Programs, LLC - SEMA Las Vegas	11/18/2021	Auburn Hills	\$15,000
Trans-Matic - Sales Trip to Germany, Netherlands, Italy	11/18/2021	Holland	\$5,095
Atom Technology - ExporTech Oct-Dec	11/19/2021	Clarkston	\$900
Bigg Baby Auto Parts LLC - Nigerian Sales Trip & Market Research	11/19/2021	Kalamazoo	\$7,542
Business-Connect - ICOM Virginia	11/19/2021	Grandville	\$3,383
Fullerton Tool Company, Inc. - IBT Online Web Development - Mexico & Canada	11/19/2021	Saginaw	\$6,750
Livernois Motorsports & Engineering - SEMA Las Vegas Trade Show	11/19/2021	Dearborn Heights	\$2,078
Lomar Machine & Tool Company - Mexico Sales Trip	11/19/2021	Horton	\$3,294
Oktober LLC - CE Compliance and Certification	11/19/2021	Grand Rapids	\$6,713
United Precision Products Company - ExporTech Oct-December	11/19/2021	Dearborn Heights	\$900

## Michigan State Trade Expansion Program (MI-STEP) Continued

Project Name	Approval Date	Location	Incentive Amount
Zakeya Organics LLC - Int'l Web Development & Translation	11/19/2021	Grand Ledge	\$3,375
Gaddis Gaming - French Translation	11/22/2021	Detroit	\$2,550
IQ Designs, Inc. - MEDICA	11/22/2021	Manistique	\$15,000
Innotec - Marketing Campaign - Europe & Asia	11/23/2021	Zeeland	\$15,000
Tech Defenders - European Broker Expo	11/23/2021	Grand Rapids	\$7,335
V3 Distribution - Mexico Sales Trip - December	11/23/2021	Grand Rapids	\$3,694
LiveRoad Analytics, Inc. - Japanese Translation - AgTech Sheets	11/24/2021	Ann Arbor	\$383
Scherdel Sales & Technology, Inc. - Pharma Ingredient Convention & MEDICA	11/24/2021	Muskegon	\$15,000
Black Lake Research and Development - SEMA Las Vegas	11/28/2021	Flint	\$12,113
Plas-Labs, Inc. - Arab Lab 2021	11/30/2021	Lansing	\$15,000
FlexPost Inc. - Canadian Website Development/SEO - Dec to March	12/2/2021	Holland	\$1,875
Cube Acoustics LLC - Sample Product Shipping Austria	12/6/2021	Berkley	\$150
Mar-Med Co. - Compliance Testing & Int'l Certification	12/6/2021	Grand Rapids	\$15,000
Miniature Golf Services by Arne Lundmark dba Adventure Golf Services - IAAPA Expo 2021 Orlando	12/7/2021	Traverse City	\$15,000
Active Manufacturing Corporation - MDM West Los Angeles	12/8/2021	Spring Lake	\$15,000
Airflow Sciences Corporation - Int'l Marketing India, South America, APAC, Europe	12/8/2021	Livonia	\$7,500
FlexPost Inc. - PM SpringFest Toronto	12/8/2021	Holland	\$9,578
OG Technologies - Sales Trip to Poland	12/8/2021	Ann Arbor	\$3,436
VS Aviation LLC - Dubai Airshow	12/8/2021	Grand Rapids	\$4,238
ATEQ CORP - Queretaro Automotive Meetings Mexico	12/9/2021	Livonia	\$2,925
Sensitile Systems, LLC - Sample Product Shipping Canada, Mexico, Asia, ME, South America	12/9/2021	Ypsilanti	\$2,625
Simco - Sample Product Shipping & Marketing India	12/9/2021	Lapeer	\$1,500
Techmark, Inc. - Fruit Logistica Germany	12/9/2021	Lansing	\$2,355
Diagnostic Instruments dba Spot Imaging Solutions - London DPA & EU Sales Trip	12/14/2021	Sterling Heights	\$13,978
Health 4 Hire, Inc. - Int'l Marketing & Translation - Spanish	12/14/2021	Grand Rapids	\$6,000

## Michigan State Trade Expansion Program (MI-STEP) Continued

Project Name	Approval Date	Location	Incentive Amount
Boride Engineered Abrasives - FY22 MI-STEP World of Concrete Las Vegas	12/15/2021	Traverse City	\$15,000
International Strategic Management - FY22 MI-STEP Russian & Arabic Virtual Ads for Translation	12/16/2021	Troy	\$3,450
International Strategic Management - FY22 MI-STEP Russian & Arabic Website Translation	12/16/2021	Troy	\$8,625
Code Blue - FY22 MI-STEP ISC West	12/21/2021	Holland	\$15,000
Inora Technologies Inc - FY22 MI-STEP UK Sales Trip	12/22/2021	Ann Arbor	\$10,485
Kentucky Trailer Technologies - FY22 MI-STEP Eurosatory with MEDC	12/22/2021	Wixom	\$12,975

# Program Amendments



For a variety of reasons, projects may return to the MSF requesting an amendment to their previous approvals, at which point the Business Development and Community Development teams evaluate whether those projects would qualify for those amendments. These amendments include, but are not limited to, changes of scope for projects; adjusted milestones; extended or contracted timelines; redefined project sites; and modified award amounts. See below for a list of program amendments that received delegated approval in November and December 2021.

## Community Revitalization Program (CRP)

Project Name	MSF Delegate Amended Date	Project Location	Type of Request
515 Ionia, LLC - Ionia Street Redevelopment	11/2/2021	Lansing	Amended to extend Pre-Grant Disbursement Due Diligence Conditions due date to 3/31/2022; and extend Term of the Grant to 10/1/2024.
Record Box LLC	11/20/2021	Battle Creek	Amendment approved to the MCRP Grant Agreement and any related ancillary agreements to change the Term of Grant end date of October 1, 2023, to October 1, 2021, per the Company's request dated September 30, 2021.
Cheboygan 409 Main, LLC	12/14/2021	Cheboygan	Change the structure and name of the entity from Cheboygan 409 Main, LLC to Cheboygan 409 Main, Inc.

# MSF Awardee Relief Report Grants and Loans



The following include delegated approvals from November 1, 2021 to December 31, 2021 for the MSF Awardee Relief Program demonstrating the impact this program has continued to have on providing flexibility, accountability and transparency for those projects previously approved by the MSF Board but are now facing challenges due to COVID-19.

## BD Awardee Relief

Project Name	Program Name	Project Location	MSF Delegate Approval Date	Type of Request
Motion Dynamics Corporation	Business Development Program	Fruitport	11/2/2021	Extended Milestones 2 and 3 due dates by two years and grant term by 22 months.
PlaneWave Instruments	Business Development Program	Adrian	11/2/2021	Extended Milestone 3 due date and grant term by 1 year.
American Mitsuba Corporation	Business Development Program	Mt. Pleasant	11/2/2021	Extend Milestone 2 from 9/30/2021 to 6/30/2024; extend Milestone 3 from 9/30/2022 to 6/30/2025 and extend grant term from 3/31/2023 to 12/30/2025.
Michigan Metal Coatings Company	Business Development Program	Port Huron	11/10/2021	Extended Milestone 2 and grant term by 1 year.
Beet, Inc.	Business Development Program	Plymouth	11/10/2021	Extended all milestone due dates and grant term by 2 years. Amend project location from City of Troy to City of Southfield.
Shunli Steel Group	Business Development Program	Monroe	11/10/2021	Extended all milestone due dates and grant term by 2 years.
Midwest Glass Fabricators, Inc.	Business Development Program	Highland Township	11/10/2021	Extended Milestone 1 due date from 4/30/2021 to 4/30/2022; extended Milestone 2 due date from 4/30/2022 to 4/30/2023; and extended grant term from 10/31/2022 to 10/31/2023.

# Financial Data Overview and Terminations



## Michigan Business Development Program - Terminations

Project Name	Project Location	Incentive Type	Amount	Disbursed	Date	Reason for Termination	Repayment
Penske Logistics	Romulus	Expansion	\$2,170,000	\$2,170,000	11/23/2021	Unable to fulfill grant requirements	\$0
Urban Science Applications, Inc.	Detroit	Expansion	\$444,000	\$444,000	12/2/2021	Unable to fulfill grant requirements	\$321,900

# MSF Confidentiality Memos



As a part of the process for negotiating with companies seeking to invest in Michigan, the Michigan Strategic Fund (MSF) receives information of a financial and/or proprietary nature from applicant companies. Avoiding the public disclosure of this information is desirable in order to protect against the potential for significant competitive harm to the applicant companies.

Via MCL 125.2005(9), as amended by Public Act 251 of 2011, information of a financial or proprietary nature considered by the applicant as confidential and acknowledged as confidential by the Michigan Strategic Fund Board or its designee is exempted from disclosure by the Michigan Freedom of Information Act, Public Act 442 of 1976, as amended. On February 27, 2012, the MSF Board approved by resolution the delegation of this authority to the MSF Fund Manager, who acknowledges the confidentiality of eligible information on behalf of the MSF Board by executing a confidentiality memo.

## Approvals by Authorized Delegate

During the period between November 1, 2021 and December 31, 2021, the following confidentiality memos were approved by the MSF Fund Manager:

Company Name and Location	• Overview of Confidential Information
General Motors, LLC 300 Renaissance Center Detroit, MI 48243	Organizational documents; financial statements; draft incentive applications; draft term sheets; final term sheets, except for portions thereof released for MSF Board consideration of the Proposed Incentives.
Dow, Inc. Global Dow Center 2211 H.H. Dow Way Midland, MI 486743	Company bylaws and financial statements; Draft MSF Briefing Memos; Draft Renaissance Zone applications, including attachments thereto, the following sections of the final MSF-Designated Renaissance Zone application: a. The bolded and bracketed language in Part 2, Section C; b. Part 2, Section F; c. Estimated Average Wage of retained positions; d. The bolded and bracketed language in Part 2, Section J; e. Part 2, Section P, except for the first paragraph; f. Part 2, Section Q; g. Part 2, Section R; h. Part 2, Section S; i. Part 2, Section T; j. Company and affiliate FEINs.