



MICHIGAN STRATEGIC FUND

BOARD MEETING AGENDA

March 22, 2022

9:00AM

I. CALL TO ORDER & ROLL CALL

II. PUBLIC COMMENT – PLEASE LIMIT PUBLIC COMMENT TO THREE (3) MINUTES

III. COMMUNICATIONS

IV. CONSENT AGENDA

- a. Proposed Meeting Minutes: February 22, 2022. 3
- b. University of Michigan Life Science MTRAC Innovation Hub: Allocation of Funds 11
- c. Acceptance of Federal Grant Award from Economic Development Administration 17
- d. CDBG Calhoun County Amendment..... 21

V. COMMUNITY VITALITY

- a. Cooke Capital, LLC: A resolution to approve a Michigan Community Revitalization Program performance-based direct loan in the amount of \$1,450,000 28
Capital Investment: \$3,715,413; Location: Village of Fowlerville
- b. 16530 East Warren, LLC/The Ribbon Redevelopment: A resolution to approve a Michigan Community Revitalization Program performance-based direct loan in the amount of \$1,309,337 and a Brownfield Act 381 Work Plan for the Detroit Brownfield Redevelopment Authority in the amount of \$552,426. 41
Capital Investment: \$6,189,337; Location: City of Detroit
- c. Industry Detroit QOZB, LLC – Selden Innovation Center: A resolution to approve a Michigan Community Revitalization Program performance-based direct loan in the amount of \$4,000,000 and a Brownfield Act 381 Work Plan for the Detroit Brownfield Redevelopment Authority in the amount of \$1,091,594. 57
Capital Investment: \$36,492,780; Location: City of Detroit
- d. Spectrum Health – Center for Transformation and Innovation: A resolution to approve a Brownfield Act 381 Work Plan in the amount of \$14,020,029 to the City of Grand Rapids Brownfield Redevelopment Authority. 75
Capital Investment: \$97,800,000; Location: City of Grand Rapids
- e. DMI Loan Amendment: A resolution to amend the existing loan agreement with Develop Michigan, Inc. to extend the maturity date of the \$500,000 loan from May 4, 2022 to May 4, 2025 with forgiveness of \$250,000 in principal and forgiveness of all accrued and unpaid as well as future interest on the \$500,000 loan, conditioned upon repayment of the principal of \$250,000 of the \$500,000 loan and repayment of the \$19,500,000 required under the loan agreement. 84

VI. BUSINESS INVESTMENT

- a. LG Energy Solution Michigan Inc.: A resolution to approve a Michigan Business Development Program Grant in the amount of \$10,000,000, a Jobs Ready for Michigan Program Grant in the amount of \$10,000,000, a 20-year MSF Designated Renaissance Zone, and up to \$36,500,000 in CDBG funds for machinery and equipment with up to an additional \$50,000 for grant administration.....89
Capital Investment: up to \$1,700,000,000; Job Creation: up to 1,200 jobs; Location: City of Holland
- b. International Trade Services RFP: A resolution to approve a scope of work for a Request for Proposals (RFP) for the International Trade Program Small Business Services, appoint recommended individuals to the Joint Evaluation Committee for the RFP, and adopt the scoring and evaluation criteria to be used for review of received proposals. 125

VII. ADMINISTRATIVE

- a. Transformational Brownfield Plan: A resolution to amend the Transformational Brownfield Plan Program Guidelines..... 134
- b. Brownfield Site Investment Program Guidelines: A resolution to approve the MSF Brownfield Site Investment Program Guidelines and a Delegation of Authority for specified actions... 147
- c. Build MI Communities Initiative Guidelines: A resolution to authorize the Build MI Community Grant Initiative, adopt its subsequent guidelines, transfer \$5,000,000 from the Michigan Community Revitalization Program to fund the Initiative, and to approve a Delegation of Authority. 158

VIII. INFORMATIONAL

- Delegation of Authority Report..... 167

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

MICHIGAN STRATEGIC FUND
APPROVED MEETING MINUTES
February 22, 2022

Member Present

Quentin L. Messer, Jr.

Members joined remotely

Britany L. Affolter-Caine

Ronald W. Beebe

Susan Corbin

Michael B. Kapp (on behalf of Director Ajegba)

Andrew Lockwood (on behalf of Treasurer Eubanks)

Susan Tellier

Cindy Warner

Members Absent

Paul Gentilozzi

Charles P. Rothstein

I. CALL TO ORDER & ROLL CALL

Mr. Messer called the meeting to order at 10:01 a.m. The meeting was held in person in the Lake Michigan Conference Room at the MEDC headquarters building in Lansing with an option to participate virtually via Microsoft Teams.

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

II. PUBLIC COMMENTS

Ms. Wilcox Surmann explained the process for members of the public to participate. Mark Abbo, Northville Township Supervisor, who serves as vice chair of the Michigan International Technology Center (MITC) Redevelopment Authority Board, thanked MSF Board members for considering the Parcel 13 Brownfield Redevelopment Project and encouraged their support. The MITC Redevelopment Area encompasses approximately 800 acres and when completed in totality will increase property values by hundreds of millions of dollars and create several thousand jobs.

III. COMMUNICATIONS

Ms. Wilcox Surmann informed Board members that no communications were received.

MSF Subcommittee Reports

Ronald W. Beebe, chair of the MSF Finance and Investment Subcommittee, said two meetings have been held since the last MSF Board meeting. The subcommittee discussed the SSBCI 2.0 program (specifically venture capital ideas) and Community Revitalization financial performance reporting enhancements.

Cindy Warner, chair of the MSF Policy and Planning Subcommittee, said the subcommittee recently did a deep dive into the state's broadband initiative. She indicated it was very helpful and would recommend the entire board receive such a briefing.

Britany L. Affolter-Caine, recused from the next item, disconnected from the meeting. (Recusal letter attached to the minutes has been modified to reflect the correct meeting date.)

IV. CONSENT AGENDA

Resolution 2022-021 Approval of Consent Agenda Items

Mr. Messer asked if there were any questions from Board members regarding items under the Consent Agenda. There being none, Ronald W. Beebe motioned for the approval of the following:

- a. Proposed Meeting Minutes: January 25, 2022
- b. Michigan State University: MTRAC Ag-Bio Innovation Hub Grant Amendment – **2022-022**
- c. Business Incubator Program: Gateway Representative Awards Amendments – **2022-023, 2022-024, 2022-025 & 2022-026**
- d. Ann Arbor SPARK: STEM Internships and Startups Program Grant Amendment – **2022-027**
- e. City of Three Rivers/American Axle & Manufacturing Inc. Project: CDBG Amendment – **2022-028**
- f. Revitalization and Placemaking Program Guidelines Amendment – **2022-029**

Cindy Warner seconded the motion. **The motion carried: 7 ayes; 0 nays; 1 recused.**

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

Britany L. Affolter-Caine rejoined the meeting.

V. COMMUNITY VITALITY

- a. **Resolutions 2022-030 & 2022-031 Gemini Capital Management XIII, LLC / Saginaw County Brownfield Redevelopment Authority: Michigan Community Revitalization Program Loan Participation Award and Brownfield Act 381 Work Plan (235 W. Saginaw Street Redevelopment Project)**

Joe Frost, Community Assistance Team Specialist, provided the Board with information regarding these action items. The actions involve approval of a \$1,920,000 Michigan Community Revitalization Program performance-based loan participation award with Isabella Bank and state tax capture for Act 381 eligible activities capped at \$130,060 to support a community development project in the Village of Merrill. The project is expected to result in total capital investment of \$4,065,759. Following discussion, Andrew Lockwood motioned for the approval of Resolution 2022-030. Ronald W. Beebe seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

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

Cindy Warner then motioned for the approval of Resolution 2022-031. Susan Corbin seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

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

b. **Resolution 2022-032 Community Development Block Grant (CDBG) Program: Broadband Infrastructure Audit & Validation Project**

Chris Whitz, CDBG Director, provided the Board with information regarding this action item. The action involves approval of up to \$5,200,000 from CDBG Coronavirus Aid, Relief and Economic Security (CARES) funds to Connected Nation Michigan for the Broadband Infrastructure Audit & Validation Project. Following discussion, Susan Tellier motioned for the approval of Resolution 2022-032. Britany L. Affolter-Caine seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

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

c. **Resolution 2022-033 Bagley Development Group, LLC: Michigan Community Revitalization Program Loan Participation Award Amendment (United Artist Building Project)**

Julius Edwards, Senior Commercial Real Estate Investment Manager, provided the Board with information regarding this action item. The action involves approval to amend the existing Michigan Community Revitalization Program loan participation award repayment structure and amend the minimum owner equity requirement to \$2,500,000 for a community development project in the City of Detroit. Following discussion, Quentin L. Messer, Jr. motioned for the approval of Resolution 2022-033. Andrew Lockwood seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

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

VI. BUSINESS INVESTMENT

a. **Resolution 2022-034 Michigan International Technology Center Redevelopment Authority: Brownfield Act 381 Work Plan (Parcel 13 Brownfield Redevelopment Project)**

Jeremy Webb, Senior Business Development Project Manager, provided the Board with information regarding this action item. The action involves approval of state tax capture for Act 381 eligible activities capped at \$15,637,752 to support a business development project in the Townships of Plymouth and Northville, Wayne County. The project is expected to result in total capital investment of \$38,729,726 and the creation of an anticipated 300 jobs. Following discussion, Susan Tellier motioned for the approval of Resolution 2022-034. Britany L. Affolter-Caine seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

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

b. **Resolution 2022-035 LM Manufacturing, LLC: Michigan Business Development Program Grant**

Jeremy Webb, Senior Business Development Project Manager, provided the Board with information regarding this action item. The action involves approval of a \$2,000,000 Michigan

Business Development Program performance-based grant to support a business development project in the City of Detroit. The project is expected to result in the creation of up to \$18,100,000 in total capital investment and up to 390 jobs. Following discussion, Ronald W. Beebe motioned for the approval of Resolution 2022-035. Britany L. Affolter-Caine seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

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

- c. **Resolution 2022-036 Central Innovation District, LLC: FY 2022 Budget Allocation/Grant** *Trevor Pawl, Chief Mobility Officer, provided the Board with information regarding this action item. The action involves approval of a \$7,500,000 grant to Michigan Central Innovation District, LLC for a three-year term with the ability to allocate additional funds. These dollars are from the balance of funding available for Business and Community Development Programs and Activities allocated by the Board in October 2021. The funding will support new programs that accelerate economic development, new technology activation, workforce training, and community engagement in the 30-acre Michigan Central Innovation District in Detroit's Corktown neighborhood. The project is expected to result in the creation of at least 2,500 jobs.* Following discussion, Britany L. Affolter-Caine motioned for the approval of Resolution 2022-036. Ronald W. Beebe seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

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

- d. **Resolution 2022-037 Dana Limited: Michigan Business Development Program Grant** *Julia Veale, Senior Business Development Project Manager, provided the Board with information regarding this action item. The action involves approval of a \$1,500,000 Michigan Business Development Program performance-based grant to support a business development project in the City of Novi. The project is expected to result in the creation of up to \$9,000,000 in total capital investment and up to 150 jobs.* Following discussion, Cindy Warner motioned for the approval of Resolution 2022-037. Susan Corbin seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

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

VII. CAPITAL ACCESS

- a. **Resolution 2022-038 Cadillac Place Office Building: MSF Refunding Bonds Authorization** *Chris Cook, Director of Capital Access, provided the Board with information regarding this action item. The action involves adoption of a resolution to authorize the issuance of the Series 2022 Bonds in an amount not to exceed \$90,000,000 to refund the Bonds To Be Refunded.* Following discussion, Quentin L. Messer, Jr. motioned for the approval of Resolution 2022-038. Andrew Lockwood seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

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

VIII. INFORMATIONAL

Mr. Messer noted the MSF delegated authority report for the period January 1 to January 31, 2022, was included in the meeting packet. He asked if there were any questions from Board members regarding the information; there were none.

Mr. Messer adjourned the meeting at 11:41 a.m.



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

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



February 16, 2022

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

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the following items on the Michigan Strategic Fund Board Meeting Agenda on Tuesday, ~~October 27, 2020~~ February 22, 2022.

- Michigan State University: MTRAC Ag-Bio Innovation Hub Grant Amendment
- Business Incubator Program: Gateway Representative Awards Amendments

The reason for my recusal is that I have a potential conflict of interest with respect to the grantees associated with my employment – Michigan State University, the University of Michigan and Wayne State University.

Sincerely,

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

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



MEMORANDUM

Date: March 22, 2022

To: Michigan Strategic Fund Board

From: Denise Graves, University Relations, Entrepreneurship and Innovation

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

Request

The Michigan Economic Development Corporation (“MEDC”) requests that the Michigan Strategic Fund (“MSF”) Board allocate \$580,902 from the Michigan Translational Research and Commercialization Statewide Program (“MTRAC”) in additional funding for the MTRAC Life Science Innovation Hub (the “Life Science Innovation Hub”) at the University of Michigan (the “Request”).

Background

In July 2016, the MSF approved the University of Michigan as the Life Science Innovation Hub. The Life Science Innovation Hub focuses on commercializing technologies related therapeutics, medical devices, medical diagnostics, and digital health. As outlined in the MTRAC program guidelines, the designation as an Innovation Hub and its ability to receive funding from the MSF under the MTRAC is valid for a period not to exceed six (6) years from date of designation.

In October 2021, the MSF Board approved a continuation of hub activities through 7/25/2022 and allocated \$1,000,000 from the FY2022 MTRAC Program budget to the Life Science Innovation Hub. The MEDC recommends that the MSF allocate \$580,902 in additional funding to the Life Science Innovation Hub. The funding allocation request supports projects that apply for matching funds to work on milestones that will advance their technologies towards use in the commercial market.

The Life Science Innovation Hub consistently meets the program milestones and metrics and resulting from hub activities from January 2017 through December 2021, has reported the following outcomes:

Number of proposals reviewed by Oversight Committee	215
Number of projects funded by Oversight Committee	106
Startups formed	16
Jobs created	27
Licenses and Options	18

Follow on funding	\$25.2M
Institutions where projects received funding	University of Michigan, Michigan State University, Wayne State University, Michigan Technological University, Grand Valley State University, Western Michigan University, Ferris State University, Beaumont Health, Henry Ford Health System, Mary Free Bed Rehabilitation Hospital, and Spectrum Health Innovations

Recommendation

MEDC Staff recommends that the MSF Board approve this allocation of \$580,902 through July 25, 2022, from the MTRAC Program budget for the Life Science Innovation Hub.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-040**

**AMENDMENT TO MICHIGAN TRANSLATIONAL RESEARCH
AND COMMERCIALIZATION LIFE SCIENCES INNOVATION HUB GRANT TO THE
UNIVERSITY OF MICHIGAN**

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

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

WHEREAS, pursuant to Section 88o of the Act, the MSF shall create and operate a program to accelerate technology transfer from Michigan’s institutions of higher education to the private sector for commercialization of competitive edge technologies and bioeconomy technologies;

WHEREAS, on April 26, 2016, the MSF Board 1) created the Michigan Translational Research and Commercialization Program to award grants to Michigan institutions of higher education for the purpose of advancing of competitive edge technologies and bio economy technologies into commercial applications and increasing the number of startups, jobs, industry licenses and investment for Michigan (the “MTRAC Program”) and 2) adopted the MTRAC Program Guidelines;

WHEREAS, on July 26, 2016, the MSF Board designated the University of Michigan Medical School (“UM Medical School”) as the Innovation Hub for Life Science activities (the “Innovation Hub”);

WHEREAS, under the MTRAC Program Guidelines, an Innovation Hub designation lasts for up to six years and a designated Innovation Hub is eligible to receive additional grant funding during the term;

WHEREAS, on October 27, 2020, the MSF approved a grant award of up to \$1,000,000 to the Innovation Hub for an initial one-year term, with the option to extend the award for a one year and increase the amount of the grant (the “MTRAC Grant Award”);

WHEREAS, on June 22, 2021, the MSF amended the MTRAC Program Guidelines to permit grants of up to six years to coincide with the term of the Innovation Hub designation;

WHEREAS, on October 26, 2021, the MSF exercised its first option to extend the term of the MTRAC Grant Award to the end of the Innovation Hub designation on July 25, 2022 (the “Expiration Date”) and allocated \$1,000,000 in additional funding (“Amendment One”);

WHEREAS, the MEDC recommends that the MSF allocate \$580,902 in additional funding to support Innovation Hub activities through the Expiration Date (the “Amendment Request”); and

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Amendment Request and authorizes the MSF Fund Manager to take all action necessary to effectuate the Amendment Request.

Ayes: Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Cindy Warner

Nays: None

Recused: Britany L. Affolter-Caine

Lansing, Michigan
March 22, 2022



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



March 21, 2022

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

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the following items on the Michigan Strategic Fund Board Meeting Agenda on Tuesday, March 22, 2022.

- University of Michigan Life Science MTRAC Innovation Hub: Allocation of Funds

The reason for my recusal is that I have a potential conflict of interest with respect to the grantees associated with my employment – Michigan State University, the University of Michigan and Wayne State University.

Sincerely,

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

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



MEMORANDUM

Date: March 22, 2022
To: Michigan Strategic Fund Board
From: David Lorenz, Vice President Travel Michigan
Subject: Acceptance of Federal Grant Award from Economic Development Administration

Request

The Michigan Economic Development Corporation (“MEDC”) requests that the Michigan Strategic Fund (“MSF”) Board ratify actions taken by the MSF Fund Manager to accept a federal grant award of \$10,307,393 from the Economic Development Administration (“EDA”) (the “Request”).

Background

On September 21, 2021, the Department of Labor and Economic Opportunity (“LEO”), on behalf of the Michigan Strategic Fund, submitted an application for funding through the EDA’s Public Works and Economic Adjustment Assistance (“EAA”) program, following action by the MSF Board on May 25, 2021 to ratify those actions. This process was used because LEO had an already established practice on submitting EDA applications that did not yet exist for the MSF.

The EDA grant application sought funding to develop and implement a strategic travel recovery plan to accelerate the economic recovery and resilience of the travel and tourism industries in Michigan. The proposed project focuses on the economic drivers of tourism and overcoming weakened traveler confidence caused by the COVID-19 pandemic. The outcome of the project will provide actionable insights for economic recovery within the travel and tourism industry and development of long-term strategies to increase both domestic and international travel to Michigan.

On November 11, 2021, the EDA notified LEO and the MSF that it had approved the application for funding and the MSF was awarded a grant of \$10,307,393 in support of the project (the “EDA Grant”).

Today’s request is to allow the MSF Fund Manager to accept the EDA grant award. MEDC will return to the MSF at a future date for approval on specific allocations of the EDA grant funding.

Recommendation

The MEDC recommends that the MSF Board approve the Request.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-041**

ACCEPTANCE OF FEDERAL GRANT AWARD

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

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

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

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

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

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

WHEREAS, the EDA has approved the Application and awarded the MSF \$10,307,393 in federal funding to support the long-term recovery of the tourism industry in Michigan (the “EDA Grant Award”)

WHEREAS, the MEDC recommends that the MSF Board ratify actions taken by the MSF Fund Manager to accept the EDA Grant Award on behalf of the MSF and to authorize the MSF Fund Manager to execute all documents necessary to effectuate the EDA Grant Award; and

WHEREAS, the MSF Board wishes to ratify the actions taken by the MSF Fund Manager to accept the EDA Grant Award on behalf of the MSF and to authorize the MSF Fund Manager to execute all documents necessary to effectuate the EDA Grant Award.

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the MSF Board ratifies actions taken by the MSF Fund Manager to accept the EDA Grant Award on behalf of the MSF and authorizes the MSF Fund Manager to execute all documents necessary to effectuate the EDA Grant Award.

Ayes: Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Cindy Warner

Nays: None

Recused: Britany L. Affolter-Caine

Lansing, Michigan
March 22, 2022



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



March 21, 2022

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

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the following items on the Michigan Strategic Fund Board Meeting Agenda on Tuesday, March 22, 2022.

- University of Michigan Life Science MTRAC Innovation Hub: Allocation of Funds

The reason for my recusal is that I have a potential conflict of interest with respect to the grantees associated with my employment – Michigan State University, the University of Michigan and Wayne State University.

Sincerely,

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

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



MEMORANDUM

Date: March 22, 2022

To: Michigan Strategic Fund Board

From: Karl Dehn, Senior Strategic Advisor, Business Development
Greg West, Manager, Community Development Block Grant

Subject: *Community Development Block Grant Program
Calhoun County (Marshall Megasite) –
3rd Amendment*

REQUEST

The County of Calhoun is requesting an additional \$650,000 in Community Development Block Grant (CDBG) funds for their Marshall Township Build Ready Sites-Site Readiness CDBG project.

BACKGROUND

On May 7, 2020, the Michigan Strategic Fund (MSF) approved via delegated authority a SiteReadiness Planning Grant for Calhoun County to support a site in the Township of Marshall, in the amount of \$240,000 (MSC 219019-EDPA). There have been two other amendments: \$90,000 on March 25, 2021 and \$230,000 on September 23, 2021 approved through delegated authority for additional critical site readiness activities.

The total grant award to the County currently is \$560,000. The requested amendment amount today of \$650,000 will bring the total grant amount to \$1,210,000 which is over the one-million-dollar delegated authority of the MSF Fund Manager.

While working with its consultant, Calhoun County identified that the scope of work proposed for the site did not include sufficient funding to complete all the additional review activities that are necessary to meet the needs of potential developments at the site. The additional funds will allow the County to complete a detailed traffic study with several scenarios of potential traffic flow which will result in optimal master planning alignment. The County has also identified that it does not have resources to complete these activities without additional CDBG assistance.

RECOMMENDATION

The MEDC Staff recommends:

- A CDBG grant budget increase amendment in the amount of \$650,000 be authorized for the Calhoun County Build Ready Sites - Site Readiness grant, MSC 219019-EDPA.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-042**

**APPROVAL OF THE COUNTY OF CALHOUN SITE READINESS PROJECT
AMENDMENT REQUEST**

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

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

WHEREAS, the CDBG program has policies, criteria, and parameters that are enumerated in the 2021 Program Year Funding Guide, as amended (the “Criteria”). The MSF, by Resolution 2021-133, authorized and approved the 2021 Action Plan and the 2021 Program Year Funding Guide Excerpt which includes guidelines for CDBG grants.

WHEREAS, the MSF has provided Calhoun County (the “County”) with a CDBG grant (the “Grant”) totaling \$560,000 to complete critical site readiness tasks to make the property development ready on a site in the Township of Marshall (the “Project”)

WHEREAS, the County has requested that the MSF increase the Grant by \$650,000 to complete a detailed traffic study. (the “Request”)

WHEREAS, MEDC staff reviewed the Request in light of the Criteria and HUD regulations and concluded the activities are eligible.

WHEREAS, staff recommends approval of the Request: and

NOW, THEREFORE, BE IT RESOLVED, that the MSF approves the Request subject to available CDBG funding; and

BE IT FURTHER RESOLVED, consistent with SFCR 10.1-1(3), the MSF Fund Manager or the MSF President shall negotiate the terms and conditions and execute all final documents necessary to effectuate the Project, subject to available CDBG funding.

Ayes: Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Cindy Warner

Nays: None

Recused: Britany L. Affolter-Caine

Lansing, Michigan
March 22, 2022



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



March 21, 2022

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

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the following items on the Michigan Strategic Fund Board Meeting Agenda on Tuesday, March 22, 2022.

- University of Michigan Life Science MTRAC Innovation Hub: Allocation of Funds

The reason for my recusal is that I have a potential conflict of interest with respect to the grantees associated with my employment – Michigan State University, the University of Michigan and Wayne State University.

Sincerely,

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

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-039**

**APPROVAL OF THE MARCH 22, 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 Meeting Minutes: March 22, 2022
- b. University of Michigan Life Science MTRAC Innovation Hub: Allocation of Funds
- c. Acceptance of Federal Grant Award from Economic Development Administration
- d. CDBG Calhoun County Amendment

Ayes: Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Cindy Warner

Nays: None

Recused: Britany L. Affolter-Caine

Lansing, Michigan
March 22, 2022



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

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Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



March 21, 2022

MSF Fund Manager
MEDC
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Lansing, Michigan

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



MEMORANDUM

Date: March 22, 2022

To: Michigan Strategic Fund Board

From: Paula Holtz, Community Assistance Team Specialist
Debbie Stehlik, Commercial Real Estate Investment Manager
Lisa Edmonds, Program Specialist, MCRP and Brownfield

Subject: Request for Approval of a Michigan Community Revitalization Program (MCRP)
Performance Based Direct Loan
Cooke Capital LLC – The Ville Project

Project Summary

The request will support a community development project located in the Village of Fowlerville that will construct a new two-story mixed-use building on a vacant downtown lot, representing approximately \$3,715,413 in total capital investment with a total building footprint of 13,564 square feet. The development will include 8 apartments and 5,360 square feet of first-floor commercial space over the 0.27-acre site.

Seven two-bedroom residential units will be constructed on the upper floor with a one-bedroom unit being constructed in the rear on the ground floor to allow for ADA accessibility. Total residential space will make up approximately 6,633 square feet of the development and will provide much needed attainable housing in the Fowlerville community.

TRV|FIT, a personal fitness facility owned and operated by the developer, will occupy the largest portion of the first-floor commercial space (approximately 4,080 square feet), with the creation of additional white-boxed commercial space that will be leased (1-2 spaces based on market demand), equating to an additional 1,280 square feet.

Construction costs for the building are projected to be \$235 per square foot; this is comparable to similar new construction projects in the region. The average rate for the residential units is \$1.32 per square foot with a projected range from \$844 per month (\$1.35 per square foot) for a one-bedroom unit up to \$1,378 per month (\$1.30/per square foot) for a two-bedroom unit.

The project has a financial gap due to costs associated with the redevelopment of a brownfield site with appropriate infill. The projected rental rates in the small, rural market of Fowlerville are not high enough to justify new construction without assistance to bridge the gap between the value and construction costs. The development team is contributing over 21% equity and has leveraged \$1,465,000 in senior financing. Even with Michigan Community Revitalization Program loan support, the projected return is anticipated to be below zero (-3.76%) over the first 20 years. The revitalization of this underutilized brownfield property into a mixed-use development with the appropriate urban density that enhances walkability and creates new housing units within the traditional downtown district would not be feasible without this support.

Request

Cooke Capital LLC (“Applicant”) is requesting a MCRP performance-based direct loan in the amount of \$1,450,000. The Applicant anticipates that the project will result in total capital investment in the amount of \$3,715,413.

Program Summary

The request for MCRP support is consistent with program requirements as the project will leverage private investment to transform the underutilized property into a vibrant development that contributes to a traditional downtown district. The project qualifies for the MCRP because the site is a facility. The project is consistent with the MEDC strategic plan because it contributes to the development of vibrant places that attract and retain talent and because it supports investment in a Geographically Disadvantaged Business Location. Additionally, the revitalization of an underutilized brownfield property and the creation of appropriate urban density that enhances walkability and creates new housing units within a traditional downtown district is well aligned with the goals of Community Development programs at MEDC.

This project is a very high priority for the Village of Fowlerville because it will add new housing units to the downtown district and help to implement the goals and vision the community has outlined in locally adopted plans. The Village has also prioritized this project because the addition of housing units within the primary downtown retail corridor will help grow the customer base for small businesses in the downtown.

Local Support

The Village of Fowlerville has been actively engaged in the redevelopment of this site. In 2008, the Fowlerville DDA purchased the site, a former lumberyard with the buildings intact. The buildings had been vacant for over ten years at that time and were in disrepair. The Village demolished the blighted buildings and sold the parcel to a developer who had plans for redevelopment that never came to fruition. Since that time, the Village has been working with the property owner to solicit interest from developers for the site. Local financial support for the project includes a Commercial Rehabilitation Act exemption for the development, with a value of approximately \$451,196 over 10 years. The Village of Fowlerville is engaged with the MEDC’s Redevelopment Ready Communities (RRC) program. The project is located in a Michigan Geographically Disadvantaged Business Location.

Financing Opportunity – MCRP Performance-based Direct Loan

The Applicant is requesting a \$1,450,000 MCRP award in the form of a Performance-Based Direct Loan. A financing gap exists due to the added cost of redeveloping a brownfield site, relatively low rental rates, and the gap between the value and construction costs. This combination creates the need for subsidy as traditional financing sources are limited by both cash flow and appraised values. The development team is contributing over 21% equity and has leveraged \$1,465,000 in senior financing. Below outlines a summary of the development sources and the proposed structure of the loan. With the financing structure described below, it is anticipated that the investors’ return will be below zero (assuming MSF debt as interest-only). The proposed MCRP loan structure will assist the project in remaining viable long-term as it includes potential deferral or forgiveness based on cash flow at maturity. The evaluation at maturity, described below, will be performed by underwriting staff and any deferral or forgiveness will be approved by the MSF Fund Manager or MSF President based on cash flow available to service debt.

Loan Terms

MSF Facility:	MCRP Performance-Based Direct Loan
Borrower:	Cooke Capital, LLC
Total Capital Investment:	Currently estimated at \$3,715,413
MSF Eligible Investment:	Currently estimated at \$3,454,229
Minimum Eligible Investment:	Currently estimated at \$2,763,383
Loan Amount:	Up to the lesser of 42% of “Eligible Investment” or \$1,450,000. The project is eligible for an award of up to 50% of eligible investment because the population of the Village of Fowlerville is less than 15,000.
Term:	Up to 60 months
Interest Rate:	1.0% per annum
Repayment Terms:	Monthly interest only payments for up to 60 months. At maturity the loan will be reevaluated to establish whether it could be refinanced to a new term with monthly principal and interest payments to the MSF, based on an amortization not to exceed 300 months, or all or a portion could be forgiven based on set test criteria. This analysis would be performed using a 1.0% interest rate and 25-year amortization period. MCRP debt that could not be serviced with a resulting 1.25 to 1.0 debt service coverage ratio would be forgiven. Any deferral or forgiveness would be approved by the MSF Fund Manager or MSF President.
Collateral:	Unsecured
Guarantee:	Limited to statutory defaults. Personal guaranties of Dan Cooke and Jennifer Cooke.
MSF Fees:	The MSF shall be paid a one-time fee equal to 1.0% of the MCRP Loan Amount.
Reserves/Contingencies:	Approximately \$303,057 in contingences and reserves.
Deferred Developer Fees:	There are no developer or related party fees.
Funding:	The MSF will fund up to \$1,450,000 following Certificate of Occupancy.
Other Conditions:	The MSF’s investment will be contingent upon the following: <ul style="list-style-type: none">- Copies of final construction documents, including a “Guaranteed Maximum Price” construction contract.- Final development budget.- Minimum owner equity investment of \$800,000.

- Other legal due diligence documentation as may be required by legal counsel.

Summary of Development Sources:

First National Bank	\$	1,465,000	39.43%
MSF Direct Loan	\$	1,450,000	39.03%
Developer Equity	\$	800,413	21.54%
TOTAL	\$	3,715,413	100.00%

Summary of Development Uses:

Acquisition	\$	160,000
Hard Construction Costs	\$	3,330,229
Eligible Soft Costs	\$	124,000
Other	\$	101,184
TOTAL	\$	3,715,413

Applicant History

Cooke Capital LLC is a single purpose LLC created specifically for this project. Cooke Capital LLC has not received previous incentives from the Michigan Strategic Fund (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 a MCRP Performance-Based Direct Loan in the amount of up to \$1,450,000 for Cooke Capital LLC on terms and conditions outlined in Exhibit A found in the resolution.

APPENDIX A – Project Map and Renderings



**PROJECT
SITE**



VIEW FROM SOUTH



VIEW FROM REAR

APPENDIX B – Programmatic Requirements

MCRP Program and Guidelines

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

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

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

This project is a very high priority for the Village of Fowlerville because it will add new housing units on a currently vacant site in downtown Fowlerville. Additionally, the project redevelops a brownfield property with appropriate density and urban form, increasing the taxable value of the site and improving walkability downtown, which is consistent with the recommendations laid out in the Village's 2017 Master Plan. The 2017 Master Plan also identifies the need for the creation of a variety of alternative housing options as demographic profiles begin to shift toward smaller families and empty nesters.

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

This project will act as a catalyst for additional revitalization in the community as new residents of the development spends dollars on goods and services downtown and throughout the community. Successful completion of the project is anticipated to encourage investment in nearby properties that are underutilized or in need of revitalization.

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

The Village of Fowlerville is offering a Commercial Rehabilitation Act exemption for the development, with a value of approximately \$451,196 over 10 years.

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

A financing gap exists due to the added cost of redeveloping a brownfield site with appropriate infill. The projected rental rates in the small, rural market of Fowlerville are not high enough to justify new construction without assistance to bridge the gap between the value and construction costs. This combination creates the need for subsidy as traditional financing sources are limited by both cash flow and appraised values, both of which are restricted by the rent levels that can be obtained in smaller, more rural areas. The development team is contributing over 21% equity and has leveraged \$1,465,000 in senior financing. Even with Michigan Community Revitalization Program loan support, the projected return is anticipated to be below zero (-3.76%) over the first 20 years. The revitalization of this underutilized brownfield property into a mixed-use development with the appropriate urban density that enhances walkability and creates new housing units within the traditional downtown district would not be feasible without this support.

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

The project does not reuse vacant, historic, or blighted buildings.

F. Creation of jobs:

The project is expected to create 6 full-time equivalent jobs with estimated hourly wages averaging \$30.

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

The total private sector investment is expected to be approximately \$2,265,413, which includes \$1,465,000 in project financing from First National Bank and \$800,413 in developer equity.

H. Whether the project is financially and economically sound:

Upon achieving stabilized occupancy, it is anticipated the project's debt service coverage ratio will be approximately 1.25 to 1.00, assuming interest only payments on the MSF Direct Loan. The Applicant is contributing \$800,000 or approximately 21% equity to the project and has maximized traditional financing with a \$1,465,000 loan. In addition, the proposed MCRP loan structure will assist the project in remaining viable long-term as it includes a potential deferral or forgiveness based on cash flow at maturity.

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

The project increases the density of the area by adding 8 new apartment units and 5,360 square feet of commercial space to currently undeveloped property, which will add new residents and small business space to a vacant site in downtown Fowlerville.

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

The project promotes mixed-use development and walkability by adding both residential and commercial space within walking distance to local businesses and other community amenities.

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

The project does not include abandoned public buildings.

L. Whether the project promotes sustainable development:

There are several elements and/or systems that will contribute to the sustainability of this project including LED lighting, Energy Star rated appliances, enhanced building envelope (insulation/glazing), renewable/reclaimed/recycled content materials (woods, flooring, trims, etc.), high-efficiency HVAC systems, and low flow fixtures. There are also plans to implement 1-3 electric vehicle charging stations in the adjacent municipally owned parking lot that will be coordinated with the Village and Consumers Energy.

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

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

N. Whether the project addresses area-wide redevelopment:

The project will address area-wide redevelopment by creating new housing units that can help to meet the demand for housing in the Village of Fowlerville. Bringing more housing units downtown helps to support existing small businesses and can help drive demand for new businesses in the area. Additional housing can also support area employers seeking to attract and retain talent that is

looking to locate in vibrant places that offer high-quality housing within walking distance of small businesses, cultural assets, and other community amenities.

O. Whether the project addresses underserved markets of commerce:

The project addresses underserved markets of commerce by providing high-quality attainable apartments in downtown Fowlerville.

P. The level and extent of environmental contamination:

The property meets the definition of a “facility”, as defined by Section 20101 of PA 451, Part 201, as amended, due to the presence of lead detected in groundwater on the property at concentrations greater than the Part 201 Residential Generic Cleanup Criteria.

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

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

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

The project will not compete with or affect existing Michigan businesses.

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

There are no additional criteria associated with the project.

APPENDIX C - Organizational Chart

Company Name: Cooke Capital LLC

Company Name EIN: 85-1446176

Company Manager: Dan Cooke

MEMBER	Ownership Interest	EIN	State of Organization
Member/Company name and manager	100%	85-1446176	Michigan
Cooke Capital LLC	100.00%		
Dan Cooke	25.00%		
Jennifer Cooke	75.00%		

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-043**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
PERFORMANCE BASED DIRECT LOAN AWARD TO COOKE CAPITAL 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)), “(the “Act”)” 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, Cooke Capital LLC (“Company”) has requested a performance based Direct Loan Award of up to \$1,450,000 (“Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, the MEDC has recommended that the MSF approve the Award Request in accordance with the Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 180 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 120 days (“MCRP Award Recommendation”); and

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

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 22, 2022

EXHIBIT A

“TERM SHEET”

Loan Terms

MSF Facility:	MCRP Performance-Based Direct Loan
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Term:	Up to 60 months
Interest Rate:	1.0% per annum
Repayment Terms:	Monthly interest only payments for up to 60 months. At maturity the loan will be reevaluated to establish whether it could be refinanced to a new term with monthly principal and interest payments to the MSF, based on an amortization not to exceed 300 months, or all or a portion could be forgiven based on set test criteria. This analysis would be performed using a 1.0% interest rate and 25-year amortization period. MCRP debt that could not be serviced with a resulting 1.25 to 1.0 debt service coverage ratio would be forgiven. Any deferral or forgiveness will be approved by the MSF Fund Manager or MSF President.
Collateral:	Unsecured
Guarantee:	Limited to statutory defaults. Personal guaranties of Dan Cooke and Jennifer Cooke.
MSF Fees:	The MSF shall be paid a one-time fee equal to 1.0% of the MCRP Loan Amount.
Funding:	The MSF will fund up to \$1,450,000 following Certificate of Occupancy.
Other Conditions:	The MSF’s investment will be contingent upon the following: <ul style="list-style-type: none">- Copies of final construction documents, including a “Guaranteed Maximum Price” construction contract.- Final development budget.- Minimum owner equity investment of \$800,000.- Other legal due diligence documentation as may be required by legal counsel.



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

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Sincerely,

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Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: March 22, 2022

To: Michigan Strategic Fund Board

From: Brittney Hoszkiw, Senior Community Assistance Team Specialist
Julius Edwards, Director, Commercial Real Estate Investment
Rob Garza, Manager, Statutory Analysis

Subject: Request for Approval of a Michigan Community Revitalization Program (MCRP) Performance-Based Direct Loan and a Request for Approval of an Act 381 Work Plan
16530 East Warren, LLC and City of Detroit Brownfield Redevelopment Authority (BRA)
The Ribbon Redevelopment Project

Project Summary

The request will support a community development project located in the City of Detroit that includes the rehabilitation of an existing vacant building into a three-story mixed-use building, representing \$6,189,337 in total capital investment. The project will consist of approximately 6,150 square feet of retail space, 1,170 square feet of common space, and 18 residential units occupying 13,850 square feet on the top two floors. The building sits on a .5-acre site with surface parking and plans for outdoor dining plaza. The 18 units will range from one to two bedroom across 13,850 square feet and range from \$750-\$1,600 per month or \$1.66 per square foot. The total project includes 21,170 square feet and estimates \$231.00 per square foot in construction costs which is consistent with the Detroit market. The project also includes 6,650 square feet of public improvements including landscaping, lighting, signage, sewer mains, alley and walkways.

A financing gap exists due to the limited rents a property can command in the East Warren corridor, where this project is located and the high costs of construction which is typical of the Detroit market. The development team has maximized senior, sub, and grant opportunities from a variety of community development financial institutions; however, a gap remains. The development team is contributing \$420,000 or 6.79%, when reduced by the non-deferred developer fees of \$150,000 it is 4.36% which is below the traditional underwriting guidelines of 10.0%. MEDC staff is comfortable with this deviation due to an equity equivalent of \$1,400,000 being contributed by Invest Detroit as well as this project is being led by an emerging developer, as defined on page two of the MCRP Program Guidelines.

This project is a priority for the lenders involved and MEDC staff as it is being led by an emerging developer and Detroit resident. The development team has maximized all available financing, projected cash flow is adequate to service debt and financial need for the incentive is demonstrated. All of the financing is being provided by socially driven triple bottom line lending institutions which should afford some additional flexibility for the project as it moves forward. By participating with the state portion of the Brownfield Tax Increment Financing reimbursement and providing MCRP support, MSF support will allow for positive cash flow and a return of just over 7% IRR over 20 years from operations. It should be noted that the

projected return may be overstated as it does not take into consideration repayment of the \$1,400,000 equity equivalent investment from Invest Detroit.

Request

16530 East Warren, LLC (“Applicant”) is requesting a MCRP Performance-Based Direct Loan in the amount of \$1,309,337 and the Detroit Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including state tax capture in the amount of \$552,426 to reimburse for MSF eligible activities. The Applicant anticipates that the project will result in a total capital investment in the amount of \$6,189,337.

Program Summary

The request for MCRP and Brownfield support is consistent with program requirements as the project will alleviate Brownfield conditions and create attractive places. The project qualifies for the MCRP and Brownfield Act 381 program because the site is a facility and functionally obsolete. The project is consistent with the MEDC Strategic Plan as it develops attractive places. It is consistent with Community Development Goals because it is being led by an emerging developer in a geographically disadvantaged area. Upon completion, the building will contribute to a traditionally dense, mixed-use area and positively contribute to the pedestrian experience. The project also meets local objectives by developing a strategic site within one of the City’s ten Strategic Neighborhoods which, when coupled with the City’s investment in affordable housing, streetscape, and parks in these neighborhoods, will serve as a catalyst within the district.

Local Support

The development team anticipates local support for the project including a potential Obsolete Property Rehabilitation Act (OPRA) tax abatement with an estimated value of \$747,262 and the local portion of the Brownfield Tax Increment Financing which has an estimated value of \$391,025. The City of Detroit is engaged with the MEDC’s Redevelopment Ready Communities (RRC) program. The project is located in a Michigan Geographically Disadvantaged Business Location.

Financing Opportunity – Performance-Based Direct Loan

The Applicant is requesting a \$1,309,337 MCRP Award in the form of a Performance-Based Direct Loan. It is anticipated that the MCRP Loan will be made available at closing and serviced by Capital Impact Partners on the MSF’s behalf. Other financing includes a senior loan of \$2,295,000 from Capital Impact Partners of which \$1,147,500 will be participated out to Invest Detroit. Additionally, LISC will be providing a \$600,000 loan and Invest Detroit will be providing further funding of \$1,400,000 in the form of an equity equivalent investment.

Below outlines a summary of the development sources and the proposed structure of the MCRP Award.

Loan Terms

- MSF Facility:** MCRP Performance Based Direct Loan
- Borrower:** 16530 East Warren, LLC or a Related Entity
- Total Capital Investment:** Currently estimated at \$6,189,337
- MSF Eligible Investment:** Currently estimated at \$5,237,348
- Minimum Eligible Investment:** Currently estimated at \$5,237,348

Loan:	Up to the lesser of 25% of “Eligible Investment” or \$1,309,337
Term:	To match that of the senior lender, not to exceed 120 months. Includes a 27-month interest only period.
Amortization:	To match that of the senior lender, not exceed 420 months following the interest only period.
Interest Rate:	1.00% per annum
Repayment Terms:	Monthly interest only payment for 27 months, followed by equal monthly principal and interest payment until 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 nd or 3 rd priority interest.
Guarantee:	Anticipated to the full joint and several guarantees of Edward Carrington and Flux City.
MSF Fees:	The MSF shall be paid a one-time fee equal to one percent of the MSF’s share of the loan and any third-party fees incurred in closing the loan.
Deferred Developer Fees:	Anticipated developer fees of \$225,000 of which \$75,000 will be deferred and paid through cash flow from operations.
Funding:	The MSF will fund up to \$1,309,337 to be disbursed at closing of the financing and completion of other performance criteria.
Contingencies/Reserves:	Anticipated to be approximately \$837,000. This includes construction interest, lease up, and operating deficit reserves of approximately \$357,000, along with \$480,000 in construction and environmental contingencies.
Other Conditions:	The MSF’s investment will be contingent upon the following: <ul style="list-style-type: none">- A copy of an executed Guaranteed Maximum Price (GMP) construction contract between the Applicant and its contractor.- Copies of final construction documents.- Final development budget.- Minimum owner equity investment of \$420,000- Other documents may be required for review.

Summary of Development Sources:

Capital Impact Partners	\$	2,295,000	37.08%
LISC	\$	600,000	9.69%
Invest Detroit	\$	1,400,000	22.62%
MCRP Loan	\$	1,309,337	21.15%
Other Grants	\$	90,000	1.46%
Deferred Developer Fees	\$	75,000	1.21%
Developer Equity	\$	420,000	6.79%
TOTAL	\$	6,189,337	100.00%

Summary of Development Uses:

Acquisition	\$	130,000
Hard Construction Costs	\$	4,889,200
Eligible Soft Costs	\$	347,148
Other	\$	821,989
TOTAL	\$	6,189,337

Tax Capture Summary

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Detroit, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on February 15, 2022. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on February 9, 2022, and deemed functionally obsolete as verified by a Michigan Master Assessing Officer (MMAO) assessor on November 12, 2021.

There are 64.1424 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 22.8579 mills (35.64%) and local millage equaling 41.2845 mills (64.36%). Tax increment capture will begin in 2023 and is estimated to continue for 28 years. The state tax capture is recommended to be capped at \$552,426, which is the amount of tax increment revenue anticipated to be generated in 28 years. The tax capture ratio is impacted the OPRA and the blended ratio is shown below. Total MSF eligible activities are estimated at \$943,451. MSF eligible activities breaks down as follows:

State tax capture	(58.55%)	\$	552,426
Local tax capture	(41.45%)	\$	391,025
TOTAL		\$	943,451

Cost of MSF Eligible Activities

Demolition	\$	173,397
Asbestos Abatement		23,000
Infrastructure Improvements		226,263
Site Preparation	+	209,000
Sub-Total	\$	631,660
Contingency (15%)	+	94,749
Sub-Total	\$	726,409
Interest (5%)	+	187,042
Sub-Total	\$	913,451
Brownfield/Work Plan Preparation	+	15,000
Brownfield/Work Plan Implementation	+	15,000
TOTAL	\$	943,451

In addition, the project is requesting \$26,019 in TIF from EGLE to assist with environmental eligible activities.

Applicant History

16530 East Warren LLC is a single purpose entity of Flux City, a development firm led by Edward Carrington. Edward's background is in technology, banking and construction and project management. He is a recent graduate of Capital Impact Partner's Equitable Development Initiative and Building Community Value's Better Building's Better Blocks training programs. This will be Edward's first project of this size, however, he has leveraged the support of experienced consultants and lending partners and done considerable market research to ensure the project's success. Neither 16530 East Warren LLC, Flux City, nor its principals have received previous incentives from the Michigan Strategic Fund (MSF). A background check has been completed in accordance with the MSF Background Review Policy, and the project may proceed for MSF consideration.

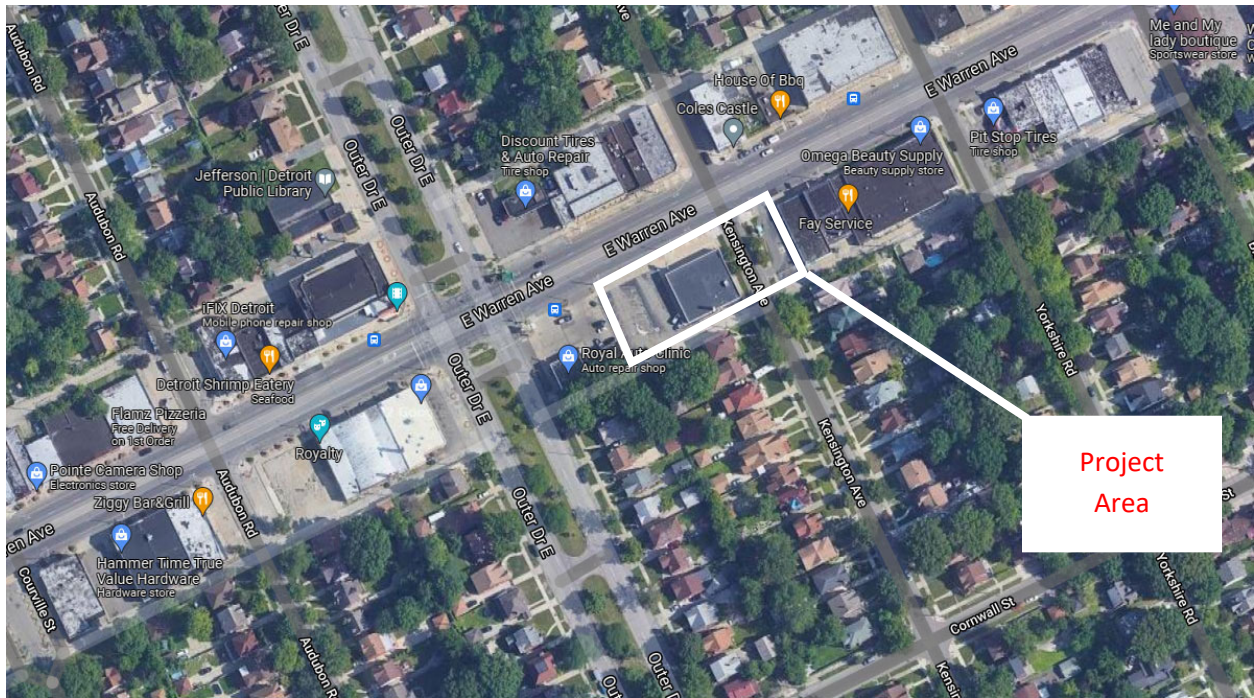
Appendix A includes a project map and renderings, **Appendix B** addresses the programmatic requirements and **Appendix C** contains the Organizational Chart.

Recommendation

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

- a) State tax capture for the Act 381 eligible activities capped at \$552,426, utilizing the current state to local capture ratio.
- b) A MCRP performance-based direct loan in the amount of up to \$1,309,337 for 16530 East Warren, LLC

APPENDIX A – Project Map and Renderings



APPENDIX B – Programmatic Requirements

MCRP Program and Guidelines

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

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

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

Outside of downtown and the adjacent neighborhoods, it is estimated that 30% of land remains vacant and a third of residents live in poverty. In response, the City of Detroit and Invest Detroit and private donors partnered to create a \$172 million-dollar Strategic Neighborhood Fund to direct private investment to 10 high impact neighborhoods. Invest Detroit first made strategic land acquisitions, identified developers with ties to the community through competitive RFP process, and provided below market debt to three projects, this being one, within the corridor which are intended to be catalytic to further private investment.

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

The residents of the East Warren corridor have consistently cited the need for retail and housing options along the once vibrant corridor. The planned mixed-use development will be a first of its kind in the community, increasing density and restoring the walkability of the corridor.

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

The development team anticipates the approval of a tax abatement under the Obsolete Property Rehabilitation Act. If approved, this abatement will reduce property tax obligation by roughly \$747,262. The city is also contributing the local portion of the Brownfield TIF with an estimated value of \$391,025.

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

A financing gap exists due to the limited rents a property can command in the East Warren corridor, where this project is located and the high costs of construction which is typical of the Detroit market. The development team has maximized all available financing, projected cash flow is adequate to service debt and financial need for the incentive is demonstrated. All of the financing is being provided by socially driven triple bottom line lending institutions which should afford some additional flexibility for the project as it moves forward. By participating with the state portion of the Brownfield Tax Increment Financing reimbursement and providing MCRP support, it will allow for positive cash flow and a return of just over 7% IRR over 20 years from operations.

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

The project consists of redevelopment of a functionally obsolete property. The building on the property has been vacant for several years and remains in poor condition. The building will undergo

select spot demolition to prepare for redevelopment. Although the project does not involve the rehabilitation of a historic resource, it is important that it maintains the character of the community.

F. Creation of jobs:

The development team anticipates 25 jobs associated with the future tenant with an average hourly wage of \$20.

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

The project is being strongly supported with investments from area community development financial intuitions like Invest Detroit, Capital Impact Partners and Detroit LISC.

H. Whether the project is financially and economically sound:

Upon achieving stabilized occupancy, it is anticipated that the project will be able to achieve an average debt service coverage ratio of greater than 1.20 to 1.00. Additionally, the project will be primarily financed by socially driven lenders that should provide financial flexibility for the project.

Staff reviewed an appraisal prepared by CBRE, dated October 21, 2021. Following review of the rent comp study, staff believes that the proposed residential rental rates at an average of \$1.83/sf is acceptable. The commercial rental rate is supported by a signed LOI with a startup café/coffee shop. The project has been underwritten with a 5% residential vacancy and a 10% commercial vacancy by staff.

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

The project will extend commercial activity along the East Warren corridor enhancing a pedestrian-friendly neighborhood. The additional stories added to the building for residential use offers additional density and built-in customer base for the commercial tenants and surrounding businesses. The planned addition to the building will bring the building to the sidewalk further adding density and restoring the street wall along the commercial corridor.

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

The identified first floor tenant will add vibrancy to the pedestrian experience and value to the neighborhood. The planned patio for the retail space will be designed in a manner that is highly welcoming and accessible. This activation is intended to give customers seasonal options and will increase foot traffic in the corridor. The project will also have access to public transportation through bus routes, new bike lanes, that is part of the East Warren streetscape plan to be completed in 2022.

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

The project does not convert abandoned public buildings into private use.

L. Whether the project promotes sustainable development:

The Project will support sustainable protocols by integrating components of LEED and incorporating the use of energy-efficient appliances, low-flow water fixtures, low-VOC paints, and building-wide recycling practices within the tenant agreements. In addition, the 16602 & 16596 East Warren parcels will be converted into a green parking lot with permeable pavers.

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

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

N. Whether the project addresses area-wide redevelopment:

The project is a result of Detroit's Strategic Neighborhood Initiative which has made inclusive and equitable development projects like these top priorities across the city. The Fund, which is a partnership between the city, Invest Detroit, and philanthropic community, was established to support the initiative and has been an important tool to aggressively spread projects throughout the city through investments in park improvements, streetscape improves, commercial corridor development and affordable home stabilization.

O. Whether the project addresses underserved markets of commerce:

The development team identified amenities that the community didn't have and felt strongly that they would benefit from. This project will be the first in 40 years in this corridor and the project is also located in a geographically disadvantaged area.

P. The level and extent of environmental contamination:

A Phase II Environmental Site Assessment was completed by AKT Peerless in 2019. Groundwater samples did identify dicloroethylene and vinyl chloride above EGLE residential drinking water criteria.

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

There is no rehabilitation of a historic resource as part of this project.

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

The project will not compete with or affect an existing Michigan business within the same industry.

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

No additional criteria is requested for consideration.

Brownfield Act 381 Program Additional Project Information:

A. Area of High Unemployment:

The City of Detroit unadjusted jobless rate was 8.4% in November 2021. This compares to the statewide seasonally adjusted average of 5.9% in November 2021.

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

The project has one parcel that is qualifying as functionally obsolete and no additional blight qualification.

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

No new Brownfields will be created by this project.

APPENDIX C - Organizational Chart

Organizational Structure

Company Name: 16530 East Warren, LLC

Employer Identification Number: 85-3031500

Manager: Edward Essex Carrington

Member	Ownership Interest Totals	EINs -No Soc Sec numbers	State of Organization
Member/Company name and manager Edward Essex Carrington	100%		Michigan
	100.00%		
<i>Guarantee section is not required for TIF-only requests.</i>			
Key Principals/Guarantors:	Amount of Guarantee		
Edward Essex Carrington	100%		

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-044**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
PERFORMANCE-BASED DIRECT LOAN AWARD TO
16530 EAST WARREN, LLC
(THE RIBBON 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)), “(the “Act”)” 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, 16530 East Warren, LLC (“Company”) has requested a performance based MCRP Direct Loan award of up to \$1,309,337 (“Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, the MEDC has recommended that the MSF approve the Company’s Award Request in accordance with the Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 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 Award Recommendation”); and

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

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 22, 2022

EXHIBIT A
“TERM SHEET”

Loan Terms

MSF Facility:	MCRP Performance Based Direct Loan
Borrower:	16530 East Warren, LLC or a Related Entity
Total Capital Investment:	Currently estimated at \$6,189,337
MSF Eligible Investment:	Currently estimated at \$5,237,348
Minimum Eligible Investment:	Currently estimated at \$5,237,348
Loan:	Up to the lesser of 25% of “Eligible Investment” or \$1,309,337.
Term:	To match that of the senior lender, not to exceed 120 months. Includes a 27-month interest only period.
Amortization:	To match that of the senior lender, not exceed 420 months following the interest only period.
Interest Rate:	1.00% per annum
Repayment Terms:	Monthly interest only payment for 27 months, followed by equal monthly principal and interest payment until 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 nd or 3 rd priority interest.
Guarantee:	Anticipated to the full joint and several guarantees of Edward Carrington and Flux City.
MSF Fees:	The MSF shall be paid a one-time fee equal to one percent of the MSF’s share of the loan and any third-party fees incurred in closing the loan.
Funding:	The MSF will fund up to \$1,309,337 to be disbursed at closing of the financing and completion of other performance criteria.
Other Conditions:	The MSF’s investment will be contingent upon the following: <ul style="list-style-type: none">- A copy of an executed Guaranteed Maximum Price (GMP) construction contract between the Applicant and its contractor.- Copies of final construction documents.- Final development budget.- Minimum owner equity investment of \$420,000- Other documents may be required for review.



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-045**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
16530 EAST WARREN, LLC (THE RIBBON PROJECT)**

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

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

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

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

WHEREAS, the City of Detroit Brownfield Redevelopment Authority (the “Authority”) has submitted a brownfield work plan dated February 15, 2022 (the “Brownfield Work Plan”) for property located at 16510, 16530, 16596, and 16602 East Warren within the City of Detroit, known as The Ribbon Development Project (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 58.55% to 41.45% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, asbestos abatement and infrastructure improvements as presented in the Brownfield Work Plan. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available

local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on costs of MSF eligible activities with a maximum of \$726,409 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$187,042 in interest, a maximum of \$15,000 for Brownfield/Work Plan preparation, and a maximum of \$15,000 for Brownfield/Work Plan implementation, and with the total capture of state school taxes capped at a maximum of \$552,426.

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 22, 2022



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: March 22, 2022

To: Michigan Strategic Fund Board

From: Brittney Hoszkiw, Senior Community Assistance Team Specialist
Debbie Stehlik, Commercial Real Estate Investment Manager
Lisa Edmonds, Program Specialist

Subject: Request for Approval of a Michigan Community Revitalization Program (MCRP)
Direct Loan and a Request for Approval of an Act 381 Work Plan
Industry Detroit QOZB, LLC and City of Detroit Brownfield Redevelopment
Authority (BRA) – Industry Detroit

Project Summary

The request will support a community development project located in the City of Detroit that will rehabilitate the former Jefferson School into entrepreneurial office space, representing \$36,492,780 in total capital investment. The building sits on a 2.9 acre site in Detroit's Midtown neighborhood and upon completion will include 119,437 square feet of flexible office space with mobile partitions to respond to the square footage needs of tenants. The development team is anticipating construction costs of roughly \$191 per square foot which is consistent with the Detroit market. Office rent is anticipated to be \$22.50 per square foot with mission focused space at \$12.00 per square foot. The project will include 13,000 square feet of public improvements made up predominantly of the activation of vacated Frank Street into a public open space with planter boxes, benches, trees, dog park and food truck pads. There are a considerable number of jobs anticipated with the project with five full time jobs created directly as a result of the development and related to property management and maintenance. The project is anticipated to generate an additional 375 employment opportunities through tenants, many seeking to employ minorities.

A financing gap exists due to the extensive costs associated with the redevelopment of a historic, functionally obsolete building in the Detroit market. In addition, the project's cash flow is restricted by its commitment to providing affordable commercial rents. The development team has maximized all financing sources including mission-based lenders and the philanthropic community. Furthermore, they are contributing over \$3,600,000 in equity, or 10% of total project costs. In addition to a local tax abatement, brownfield tax increment financing will help to support the project's cash flow. Even with this support, the projected return is anticipated to be a nominal 2.4% over 20 years. The project cash flow is tight and does dip below a 1.20 to 1.0 debt service coverage ratio in several years. Staff is comfortable with this slim debt service coverage ratio due to the firm commitment of the project's socially driven lenders and the level of reserves and contingencies in the project budget.

Request

Industry Detroit QOZB, LLC (“Applicant”) is requesting a MCRP performance-based Direct Loan in the amount of \$4,000,000 and the Detroit Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including state tax capture in the amount of \$1,091,594 to reimburse for MSF eligible activities. The Applicant anticipates that the project will result in total capital investment in the amount of \$36,492,780.

Program Summary

The request for MCRP and brownfield support is consistent with program requirements as the project will leverage private investment to transform an underutilized property into a vibrant development. The project qualifies for the MCRP and Brownfield Act 381 program because the site is a facility and functionally obsolete. The project is consistent with MEDC’s Strategic Plan as it develops attractive places and catalyzes entrepreneurship. The project also aligns with MEDC’s Community Development objectives as it is located in a geographically disadvantaged area and will serve as a catalyst for further investment in the district. The project also meets local objectives by realizing a key component of establishing the Selden Innovation District which was identified as part of a 2014 New Economy Initiative plan that identified three centers for innovation across three submarkets within Detroit, this corridor being one.

Local Support

Local support for the project includes a Public Act 255 tax abatement with an anticipated value of \$2,879,614. The city is also contributing to the project through the local portion of brownfield tax increment financing (“TIF”) with an estimated value of \$1,753,631. Detroit is engaged with the MEDC’s Redevelopment Ready Communities (“RRC”) program. The project is located in a Michigan Geographically Disadvantaged Business Location.

Financing Opportunity – MCRP Direct Loan

The Applicant is requesting a \$4,000,000 MCRP Direct Loan Award. All other financing sources have been explored and maximized, including a \$20,000,000 Senior Loan from a lending syndicate of mission-based lenders including Capital Impact Partners, IFF, LISC and CRF, at \$5,000,000 each, and \$4,810,000 in two loans from Invest Detroit, provided with flexible terms to support cash flow and preserve the viability of the project. In addition, \$3,200,000 has been raised in grants from the Ralph Wilson Foundation, New Economy Initiative (NEI) and Invest Detroit. The development team is contributing over \$3,600,000 in equity or 10% and deferring \$810,000 in developer fees.

The project is outside of the MCRP underwriting preferences as the projected debt service coverage ratio is below 1.20 to 1.00 in several years. MEDC staff is comfortable with the deviation due to the socially driven mission and support of the lenders combined with the significant level of reserves and contingencies.

Below outlines a summary of the development sources and the proposed structure of the loan. Even with the support and financing sources outlined above and the proposed MCRP award financing structure described below, the projected return over 20 years is anticipated to be 2.4%.

MSF Loan Terms

MSF Facility:	MCRP Performance-based Direct Loan
Borrower:	Industry Detroit QOZB, LLC
Total Capital Investment:	Currently estimated at \$36,492,780

MSF Eligible Investment:	Currently estimated at \$24,222,340
Minimum Eligible Investment:	Currently estimated at \$20,000,000
Loan Amount:	Up to the lesser of 20% of “Eligible Investment” or \$4,000,000.
Term:	To reasonably match that of the senior loan, currently anticipated to be up to 60 months
Amortization:	Currently anticipated to be 360 months
Interest Rate:	1.0% per annum
Repayment Terms:	Monthly interest only payments for up to 36 months with principal due at maturity.
Collateral:	Currently anticipated to be a second priority security interest in all real estate, assignment of rents and leases, assignment of TIF reimbursements, assignment of construction contracts and documents and any other assignments deemed necessary or to match Senior Loan.
Guarantee:	To reasonably match that of the senior loan, currently anticipated to be the guaranty of Q Factor and the personal guaranties of Jason and Ellen Winkler.
MSF Fees:	The MSF shall be paid a one-time fee equal to 1.0% of the MSF’s Loan amount.
Reserves:	Currently anticipated to be over \$3,900,000 in construction interest, rent up, operating and construction reserves and contingencies.
Deferred Developer Fees:	\$810,000 of a total \$1,246,714 in developer fees will be deferred.
Funding:	The MSF will fund up to \$4,000,000 to be disbursed following closing of the financing and other performance criteria or following Certificate of Occupancy.
Other Conditions:	The MSF’s investment will be contingent upon receipt of the following: <ul style="list-style-type: none">- Copies of final construction documents, including a “Guaranteed Maximum Price” construction contract.- Final development budget.- Minimum owner equity investment of \$3,672,000.- Copies of executed master leases and subleases as required by senior lender.- Other legal due diligence documentation as may be required by legal counsel.

Summary of Development Sources:

Senior Loan Syndicate	\$ 20,000,000	54.81%
Invest Detroit Loans	\$ 4,810,000	13.18%
MSF Loan	\$ 4,000,000	10.96%
Grants	\$ 3,200,000	8.77%
Deferred Developer Fee	\$ 810,000	2.22%
Developer Equity	\$ 3,672,780	10.06%
TOTAL	\$ 36,492,780	100.00%

Summary of Development Uses:

Acquisition	\$ 4,897,369
Hard Construction Costs	\$ 22,910,434
Eligible Soft Costs	\$ 3,759,789
Other	\$ 4,925,188
TOTAL	\$ 36,492,780

Tax Capture Summary

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Detroit, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on June 8, 2021. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on February 22, 2022, and deemed functionally obsolete as verified by a Michigan Master Assessing Officer (MMAO) assessor on April 27, 2021.

There are 64.1424 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 22.8579 mills (35.64%) and local millage equaling 41.2845 mills (64.36%). There is a Commercial Rehabilitation Act tax abatement on the property for 12 years, which makes the blended ratio 38.37% to 61.63% state to local, respectively. Tax increment capture will begin in 2024 and is estimated to continue for 22 years. The state tax capture is recommended to be capped at \$1,091,594, which is the amount of tax increment revenue anticipated to be generated in 22 years. Total MSF eligible activities are estimated at \$2,845,225. MSF eligible activities break down as follows:

State tax capture	(38.37%)	\$ 1,091,594
Local tax capture	(61.63%)	\$ 1,753,631
TOTAL		\$ 2,845,225

Cost of MSF Eligible Activities

Demolition	\$ 1,742,005
Lead, Asbestos, or Mold Abatement	208,180
Infrastructure Improvements	20,918
Sub-Total	\$ 1,971,103
Contingency (11. %)	+ 226,889
Sub-Total	\$ 2,197,992
Interest (5%)	+ 617,233
Sub-Total	\$ 2,815,225
Brownfield/Work Plan Preparation	+ 15,000
Brownfield/Work Plan Implementation	+ 15,000
TOTAL	\$ 2,845,225

In addition, the project is requesting \$122,482 in TIF from EGLE to assist with environmental eligible activities.

Applicant History

The project is being undertaken by a partnership of three organizations, Midtown Detroit, Inc. (MDI), Invest Detroit and Q Factor. MDI has extensive development experience spanning over 35 years and has cultivated the resurgence and growth of the midtown neighborhood. They have received MSF support in the past for Strathmore House which was approved for MCRP in 2014 and later won the Governor's award for historic preservation, and Casket Company, a mixed-use development project also located on Selden that was developed as a result of the Selden Innovation Corridor effort. Invest Detroit is a Detroit based Community Development Financial Institution committed to doing its part to create equitable opportunity in business and real estate. They are the City of Detroit's fiduciary partner in the Strategic Neighborhood Fund and participate as a lender in many of the transactions that the MSF has supported in Detroit. Invest Detroit has also functioned as a co-developer on deals that have received MSF support in the past including the Parker Durand which recently opened in the Villages earlier this year. Finally, Q Factor has successfully renovated and repurposed vacant buildings totaling 400,000 square feet, in Denver and Salt Lake City into facilities with similar collaborative office space programming as what is being proposed for this project. This project is Q Factors' first in Michigan. A background check has been completed in accordance with the MSF Background Review Policy, and the project may proceed for MSF consideration.

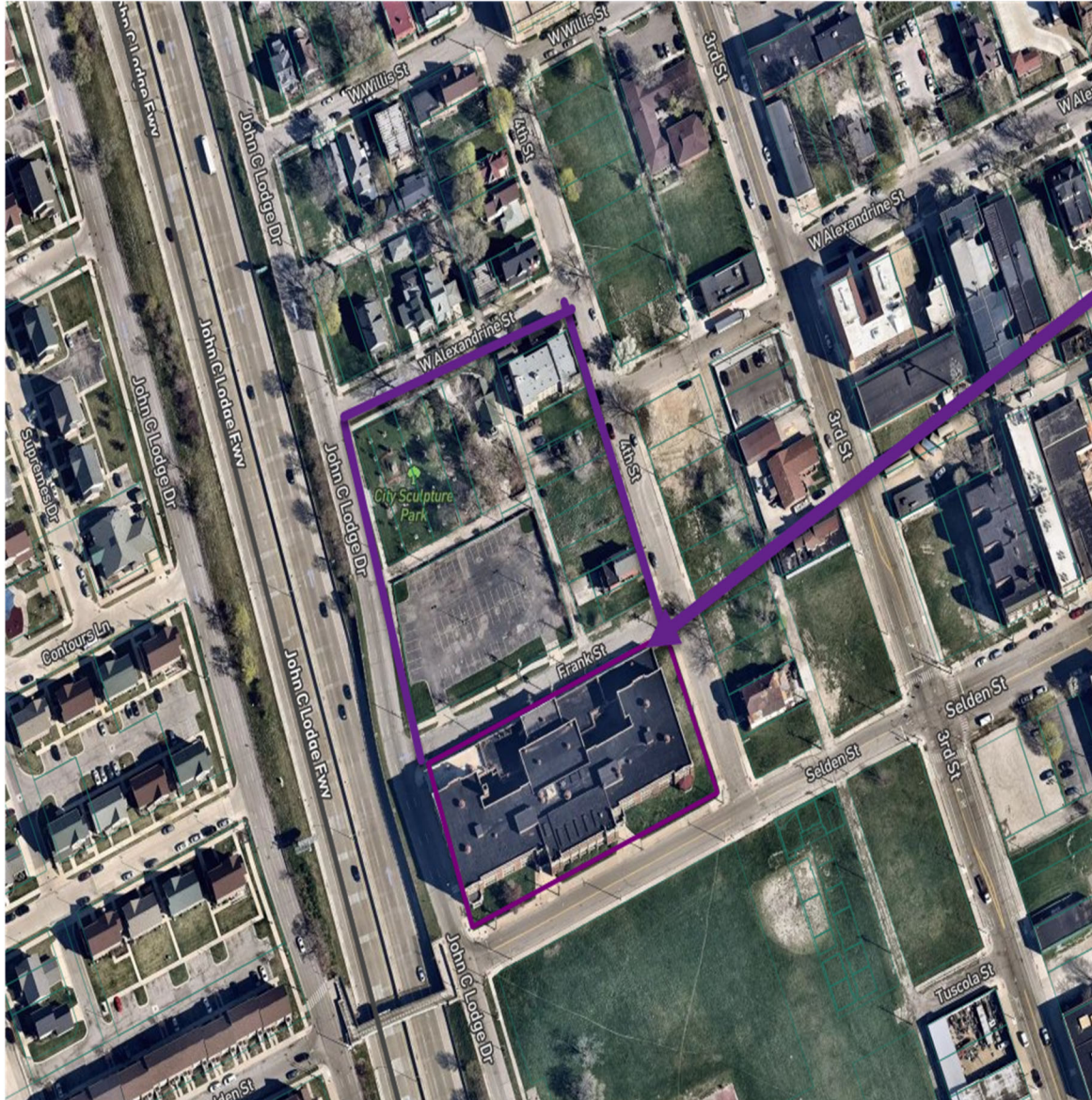
Appendix A includes a project map and renderings, **Appendix B** addresses the programmatic requirements and **Appendix C** contains the Organizational Chart.

Recommendation

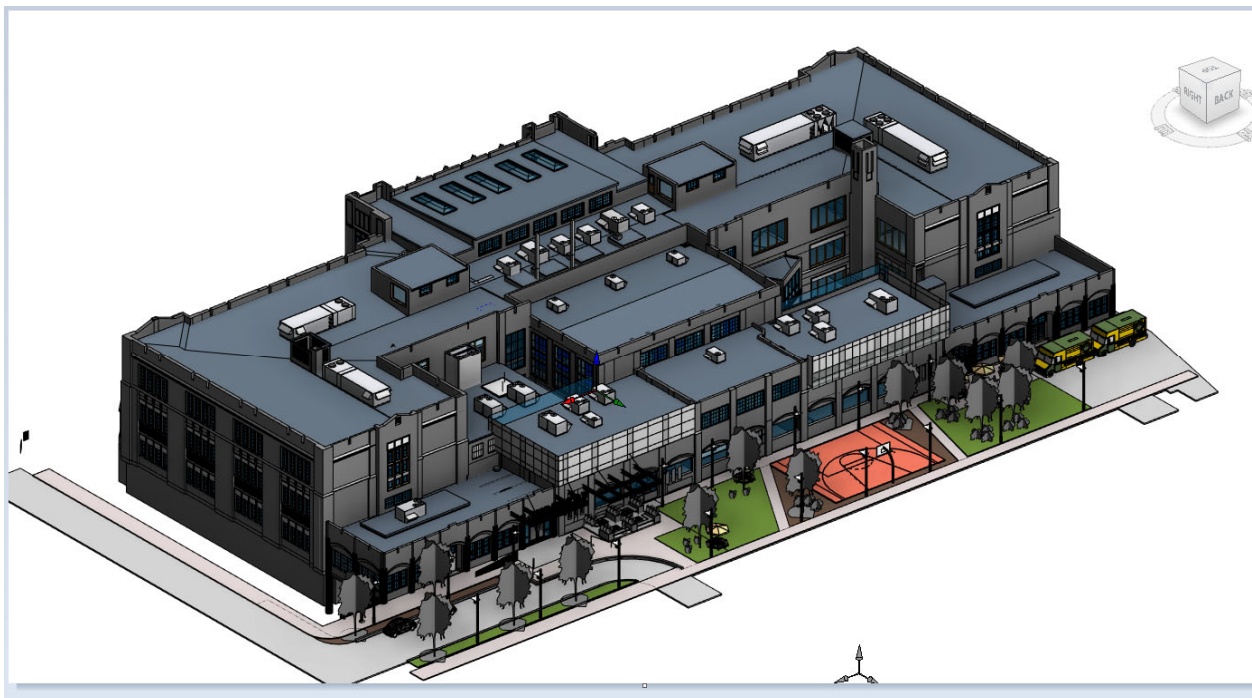
MEDC staff recommends approval of the following (the "Recommendation"):

- a) State tax capture for the Act 381 eligible activities capped at \$1,091,594, utilizing the current state to local capture ratio.
- b) A MCRP performance-based Direct Loan in an amount up to \$4,000,000 for Industry Detroit QOZB, LLC on terms and conditions outlined in Exhibit A found in the resolution.

APPENDIX A – Project Map and Renderings



**PROJECT
SITE**



APPENDIX B – Programmatic Requirements

MCRP Program and Guidelines

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

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

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

The project was originally conceived as a result of the New Economy Initiative's effort in 2014 to create centers of innovation across three submarkets in Detroit. One of the targeted submarkets located along Selden was referred to at the time as the Selden Innovation District. The rehabilitation of the school is ideal in creating a center that would foster innovation through collaboration and integration of emerging minority businesses among established businesses that typically occupy this type of commercial space. The project complements other projects, some of which MSF supported, that have occurred over the past five years that have helped realize this innovative corridor.

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

The project will be an integral part of the western Midtown redevelopment and the activation of the Jefferson School as a commercial center that will anchor activity in the immediate vicinity. The project is anticipated to bring 380 employees to the site. In addition, the tenant businesses will host meetings that attract visitors. The facility has the capacity to host events. All this activity will support existing restaurants and entertainment venues, while spurring growth in this sector by increasing demand. New housing is planned for the former Weigle Recreation center site which will offer nearby housing options.

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

The project has enjoyed considerable community support. The project was identified through a planning effort led by the New Economy Initiative. Local community development organization Midtown Detroit Inc. purchased the property from the previous owner with the hopes of preserving the historic building. Through a partnership with Invest Detroit, they recruited Denver based Q Factor to help program the property to meet the vision outlined in the NEI plan. The project is financed through a partnership of four community development financial institutions and philanthropic support as well as benefiting from direct financial support in the form of abatement and local TIF with an estimated combined value of \$4.6 million.

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

A financing gap exists due to the extensive costs associated with the redevelopment of a historic, functionally obsolete building combined with the project's commitment to providing affordable commercial rents, which will restrict cash flow. The development team has maximized all financing sources including mission-based lenders, the philanthropic community, and is

contributing over \$3,600,000 in equity, or 10% of total project costs. In addition, participation in Brownfield TIF financing combined with a local tax abatement will help to support project cash flow. Even with these many sources of support and the proposed MCRP Award, cash flow for the project is projected to remain tight and the projected return is anticipated to be a nominal 2.4% over 20 years.

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

The project does rehabilitate a vacant building that is listed on the national register of historic places.

F. Creation of jobs:

The project anticipates the creation of 380 new jobs. Five of which are direct hires by the development team to serve in property management and maintenance roles. The balance of the jobs are anticipated to be created by tenants. The average hourly wage is estimated to be \$17.50.

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

The total private sector investment is expected to be approximately \$32,492,780 which includes \$20,000,000 in project financing from a lending syndicate, \$4,810,000 from Invest Detroit, \$3,200,000 in grants, \$3,672,780 in developer equity and \$810,000 in deferred developer fees.

H. Whether the project is financially and economically sound:

The development team has diligently explored and maximized all financing sources, including a \$20,000,000 Senior Loan from a lending syndicate of mission-based lenders including Capital Impact Partners, IFF, LISC and CRF, at \$5,000,000 each, and \$4,810,000 in two loans from Invest Detroit, provided with flexible terms to support cash flow and preserve the viability of the project. In addition, \$3,200,000 has been raised in grants from the Ralph Wilson Foundation, New Economy Initiative (NEI) and Invest Detroit. The development team is contributing over \$3,600,000 in equity or 10% and deferring \$810,000 in developer fees. The projected debt service coverage ratio is below 1.20 to 1.00 in several years as well as the 20-year average. However, this assumes that the Invest Detroit debt is fully amortized. The repayment terms of this note are flexible with payments subject to available cash flow. Without the assumption of regular payments on this note, the debt service coverage ratio is above 1.20 to 1.0 in all but one year and the 20-year average is 1.27 to 1.0. Even without this provision, MEDC staff would be comfortable with the deviation due to the socially driven mission and support of the lenders and the flexibility of the offered loan terms combined with the significant level of reserves and contingencies.

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

Currently, the former school building sits empty and vacant since 2016 when the last charter school to occupy closed. Reactivating the school as a commercial, small office hub, will create vibrancy and bring employees and business owners alike to the area. The school is being expanded from its current 105,000 square feet to 119,437 through creative design elements that will add mezzanine space to the building. Upon completion, the 380 employees anticipated on the site will create activity and increase demand for neighborhood goods and services.

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

While the proposed project has a single use, the addition of employees, customers, and visitors to the area will complement the residential development across Selden Street taking place at the

former Weigle Center. Given the proximity to Wayne State and other venues in Midtown, reactivation of the school will only further expand walkability within the district.

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

The property most recently functioned as a private charter school which closed in 2016. The project will not be converting an abandoned public building into private use.

L. Whether the project promotes sustainable development:

The project incorporates state-of-the-art energy efficient elements such as high efficiency windows, HVAC, lighting, etc. There will also be water absorbing plantings included in the Frank Street Plaza and green space around the school to support storm water management.

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

The property is listed in the national register of historic place and the development team wishes to maintain the historic character of the façade and architectural integrity.

N. Whether the project addresses area-wide redevelopment:

A full redevelopment plan exists for western Midtown neighborhood that identifies innovative, collaborative, and creative uses. This has been supported through the development of Eco Homes directly north of the school, redevelopment of the former Weigel Recreation Center into a multi-phase mixed-income multi-family development, Selden Courtyard which is a public space with performance area, and the Casket Company redevelopment which was supported by MSF in 2016 which houses a brew school led by Eastern Michigan University and Northern United Brewing that targets underserved populations.

O. Whether the project addresses underserved markets of commerce:

The project seeks to implement a mission-focused initiative to achieve community outcomes that will enhance and foster economic development, wealth creation, and cultural enrichment in minority populations underserved by traditional institutions.

P. The level and extent of environmental contamination:

A phase II ESA identified arsenic, lead, phenathrene greater than Part 201 residential criteria. Due care of contaminated soil removal and disposal are included as part of the project scope.

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

The project will not meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings.

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

We do not anticipate the project will directly compete with any existing Michigan businesses within the same industry.

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

No additional criteria have been identified.

Brownfield Act 381 Program Additional Project Information:

A. Area of High Unemployment:

The City of Detroit's unadjusted jobless rate was 8.4% in November 2021, well above the Michigan October seasonally unadjusted 4.2% and seasonally adjusted 5.9% unemployment rates.

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

The project includes the reuse of a functionally obsolete building.

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

No new Brownfields will be created by this project.

APPENDIX C - Organizational Chart

Industry Detroit QOZB, LLC
Industry Detroit QOZB, LLC EIN: 85-2527161
 Industry Detroit QOZB, LLC Manager: Jason Winkler

<u>Member</u>	<u>Ownership Interest</u>	<u>EIN</u>	<u>State of Organization</u>
Wyoming Winkler QOF, LLC	81.00%	85-2525731	Utah
Henry Jason Winkler	50.00%		
Ellen Winkler	50.00%		
ID MDI LLC	19.00%	86-3661234	Michigan
Invest Detroit	94.74%		
Midtown Detroit Inc	5.26%		
Key Principals/Guarantors:	Amount of Guarantee		
Henry Jason Winkler	100%		

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-046**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
PERFORMANCE BASED DIRECT LOAN AWARD
TO INDUSTRY DETROIT QOZB, 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)), “(the “Act”)” 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, Industry Detroit QOZB, LLC (“Company”) has requested a performance based Direct Loan of up to \$4,000,000 (“Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, the MEDC has recommended that the MSF approve the Company’s Award Request in accordance with the Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 180 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 120 days (“MCRP Award Recommendation”); and

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

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 22, 2022

EXHIBIT A
“TERM SHEET”

MSF Loan Terms

MSF Facility:	MCRP Performance-based Direct Loan
Borrower:	Industry Detroit QOZB, LLC
Total Capital Investment:	Currently estimated at \$36,492,780
MSF Eligible Investment:	Currently estimated at \$24,222,340
Minimum Eligible Investment:	Currently estimated at \$20,000,000
Loan Amount:	Up to the lesser of 20% of “Eligible Investment” or \$4,000,000.
Term:	To reasonably match that of the senior loan, currently anticipated to be up to 60 months
Amortization:	Currently anticipated to be 360 months
Interest Rate:	1.0% per annum
Repayment Terms:	Monthly interest only payments for up to 36 months with principal due at maturity.
Collateral:	Currently anticipated to be a second priority security interest in all real estate, assignment of rents and leases, assignment of TIF reimbursements, assignment of construction contracts and documents and any other assignments deemed necessary or to match Senior Loan.
Guarantee:	To reasonably match that of the senior loan, currently anticipated to be the guaranty of Q Factor and the personal guaranties of Jason and Ellen Winkler.
MSF Fees:	The MSF shall be paid a one-time fee equal to 1.0% of the MSF’s Loan amount.
Funding:	The MSF will fund up to \$4,000,000 to be disbursed following closing of the financing and other performance criteria or following Certificate of Occupancy.
Other Conditions:	The MSF’s investment will be contingent upon receipt of the following: <ul style="list-style-type: none">- Copies of final construction documents, including a “Guaranteed Maximum Price” construction contract.- Final development budget.- Minimum owner equity investment of \$3,672,000.- Copies of executed master leases and subleases as required by senior lender.- Other legal due diligence documentation as may be required by legal counsel.



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-047**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
INDUSTRY DETROIT QOZB, LLC (SELDEN INNOVATION CENTER PROJECT)**

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

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

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

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

WHEREAS, the City of Detroit Brownfield Redevelopment Authority (the “Authority”) has submitted a brownfield work plan dated February 24, 2022 (the “Brownfield Work Plan”) for property located at 937, 945, 953, and 955 W. Alexandrine, 950 Selden, and 960 Frank within the City of Detroit, known as Selden Innovation Center (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 38.37% to 61.63% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of, demolition, lead, asbestos, or mold abatement and infrastructure improvements as presented in the Brownfield Work Plan. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available

local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on costs of MSF eligible activities with a maximum of \$2,197,992 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$617,233 in interest, a maximum of \$15,000 for Brownfield/Work Plan preparation, and a maximum of \$15,000 for Brownfield/Work Plan implementation, and with the total capture of state school taxes capped at a maximum of \$1,091,594.

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, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 22, 2022



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: March 22, 2022

To: Michigan Strategic Fund Board

From: Sue Devries, Community Assistance Team Specialist
Debbie Stehlik, Commercial Real Estate Investment Manager
Rob Garza, Manager, Statutory Analysis

Subject: Request for Approval of an Act 381 Work Plan
City of Grand Rapids Brownfield Redevelopment Authority (BRA)
Spectrum Health System Development Project

Project Summary

The request will support a community development project located on 4.13 acres in the City of Grand Rapids that will include the construction of an eight-story building and two associated parking structures, representing \$97,800,000 in total capital investment. Once completed, this 157,000 square foot building will house Spectrum Health's Center for Transformation and Innovation (CTI) campus in the Monroe North District and in close proximity to the Medical Mile. The project will also include the construction of two, 7-story parking structures that are 152,040 square feet and 108,600 square feet respectively and contain a total of 730 spaces. Construction costs are anticipated to be \$304 per square foot. This cost is consistent with other projects in metropolitan areas that require high-technology office space and structured parking. The project is being funded primarily by bonds issued by the Kent Hospital Finance Authority.

This project is critical to supporting local businesses and will leverage quality-of-life investments the city, DDA, and MEDC have made in downtown Grand Rapids. The central location in a vibrant corridor within a five-minute walk to the medical mile is pivotal to Spectrum's ability to recruit and retain a highly talented workforce and better serve the health care needs of the community. The project will also serve as a catalyst to accelerate future strategic development of the area.

The CTI will consolidate approximately 1,200 employees presently spread across 13 regional locations that are leased or owned by Spectrum Health. Approximately 350 of these employees are currently outside of the city limits. Additionally, Spectrum anticipates growth of an additional 600 employees in the professional medical office field for a total of approximately 1,800 employees at this location.

The CTI parcels will be tax-exempt and will not generate tax increment revenue. The BRA adopted a brownfield plan that includes the CTI properties and four previously developed properties that were included in a Brownfield Act 381 Work Plan adopted by the MEGA Board in 2005 and an MBT Credit approval in 2008. This brownfield plan structure will allow the developer to collect remaining tax increment revenue from the four previously developed properties and to be reimbursed for the significant eligible activity costs associated with the CTI project.

Request

The City of Grand Rapids Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including state tax capture in the amount of \$14,020,029 to reimburse for MSF eligible activities. The Applicant anticipates that the project will result in a total capital investment in the amount of \$97,800,000.

Program Summary

The request for Brownfield support is consistent with program requirements of reactivating contaminated sites. The project qualifies for the Brownfield Act 381 program because the site is a facility. The project is consistent with MEDC’s strategic plan as it develops an attractive place in a geographically disadvantaged area. The project also meets shared goals of the City of Grand Rapids, Downtown Grand Rapids Inc., and The Right Place to recruit an anchor tenant in a new preeminent downtown office building and demonstrate that downtown Grand Rapids is an attractive employment center for West Michigan. The construction of the CTI builds on the momentum of Perrigo and Acrisure relocating their respective operations to downtown.

Local Support

Local support that directly supports the Spectrum project includes the local portion of the Brownfield TIF valued at \$6,254,874 and direct infrastructure improvements valued at \$6,320,000. A Neighborhood Enterprise Zone (NEZ) tax abatement and Renaissance Zone were originally approved for the completed projects, but will not contribute to the Spectrum project. The City of Grand Rapids is certified 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 Grand Rapids, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on December 14, 2021. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on February 15, 2022.

There are 48.0930 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (49.90%) and local millage equaling 24.0930 mills (50.10%). Tax increment capture for the original projects began in 2005 and reimbursement will conclude in 2028. Tax increment capture for the Spectrum Health Project began in 2021 and is estimated to continue for 21 years. The Brownfield Act 381 Work Plan approved in 2005 anticipated \$5,660,175 capture over 27 years. It is anticipated that reimbursement for eligible activities for the initial projects will be complete in 2028. The amended Work Plan will add new eligible activities related to the CTI and extend the tax increment revenue capture period to the statutory limit of 30 years and result in an estimated \$14,020,029 in state tax increment revenue to reimburse the developer for the CTI’s brownfield eligible activities. Local tax increment revenue is also impacted by the 30-year statutory limit and is valued at \$6,254,874. The recommended capture amount is based on the total estimated capture and will not fully reimburse the total MSF eligible activities which are estimated at \$27,566,175. Tax capture is impacted by a Renaissance Zone and Neighborhood Enterprise Zone (NEZ) tax abatement and the blended ratio is shown below. MSF eligible activities breaks down as follows:

State tax capture	(64.42%)	\$ 17,758,130
Local tax capture	(35.58%)	\$ 9,808,045
TOTAL		\$ 27,566,175

Cost of MSF Eligible Activities

Demolition	\$	820,000
Lead and Asbestos Abatement		50,000
Infrastructure Improvements (completed)		5,650,175
Infrastructure Improvements		16,820,000
Site Preparation	+	<u>1,350,000</u>
Sub-Total	\$	24,690,175
Contingency (15%)	+	<u>2,856,000</u>
Sub-Total	\$	27,546,175
Brownfield/Work Plan Preparation (completed)		10,000
Brownfield/Work Plan Preparation	+	<u>10,000</u>
TOTAL	\$	<u>27,566,175</u>

In addition, the project is requesting \$85,000 in TIF from EGLE to assist with environmental eligible activities.

Applicant History

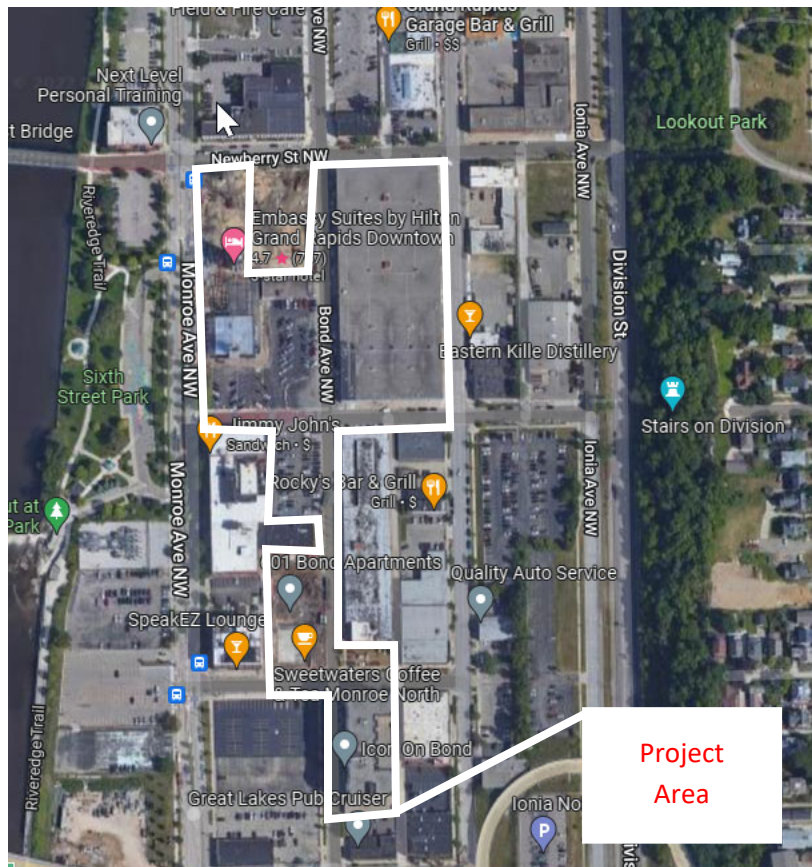
Spectrum Health System is experienced in developing various medical care campuses and hospital improvement projects throughout the Greater West Michigan Region. Spectrum Health System has not previously been awarded incentives from the MSF. A background check has been completed in accordance with the 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 \$14,020,029, 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:

Spectrum Health’s investment in North Monroe District will be a catalyst to accelerate future development in the area and will positively impact future development along the river. Failure to do this project would significantly impact the positive trajectory of continued investment, research, and commercialization in the medical industry of West Michigan. The city, Downtown Grand Rapids, Inc. (DGRI) and The Right Place (RPI) share a community goal of recruiting an anchor tenant for a new Downtown office building and demonstrating that downtown Grand Rapids is an attractive employment center for West Michigan. The CTI project will continue the momentum of attracting significant downtown headquarters projects and will provide significant economic impact for downtown businesses through the presence of hundreds of employees at the site on a daily basis.

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

This project is expected to create approximately 600 new, full-time equivalent jobs in the professional medical office field and retain approximately 1,200 full time equivalent jobs with an average hourly wage of \$63 per hour.

c) Area of High Unemployment:

The City of Grand Rapids unadjusted jobless rate was 4.7% in December 2021. This compares to the statewide seasonally adjusted average of 4.4% in November 2021.

d) Level and Extent of Contamination Alleviated:

Contaminants exceeding residential criteria were detected in the soil and groundwater. Due Care activities will be undertaken during construction to address the existing conditions.

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

The project will not qualify as functionally obsolete or blighted.

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

Spectrum Health System will convert the seven owned buildings into additional clinical space or into available space for hospital expansion. The one building that is fully leased will be made available for new tenants. The remaining space leased by Spectrum Health System does not consist of any more than 26.3% of the square footage in any single building and will be made available for a new tenant.

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: Spectrum Health System

Employer Identification Number: 38-3382353

Manager: Tina Freese Decker - CEO

Non-Profit Entity	Member	Ownership Interest Totals	EINs -No Soc Sec numbers	State of Organization
		100.00%	38-3382353	Michigan
		100.00%		

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-048**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF GRAND RAPIDS BROWNFIELD REDEVELOPMENT AUTHORITY
SPECTRUM HEALTH SYSTEM 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 Grand Rapids Brownfield Redevelopment Authority (the “Authority”) has submitted a brownfield work plan dated February 2, 2022 (the “Brownfield Work Plan”) for properties located at 538, 600, 601, 635, 705, 706, and 725 Bond and 710 Monroe within the City of Grand Rapids, known as the Spectrum Health System Redevelopment Project (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 64.42% to 35.58% 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 Brownfield Work Plan. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all

available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on costs of MSF eligible activities with a maximum of \$27,546,175 for the principal activity costs of non-environmental activities and a contingency, and a maximum of \$20,000 for Brownfield/Work Plan preparation, and with the total capture of state school taxes capped at a maximum of \$14,020,029.

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, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 22, 2022



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: March 22, 2022

To: Michigan Strategic Fund Board

From: Chris Cook, Managing Director, Capital Access
Lori Mullins, Managing Director, Community Development Incentives

Subject: Request for Approval of an Amendment to Loan Agreement with Develop Michigan, Inc.

Request

Develop Michigan, Inc. (“Company”) and DEVMI GP, LLC (“General Partner”) are requesting consent to changes to certain terms and conditions contained within the loan agreement between the MSF and the Company arising out of a \$500,000 start-up loan provided to the Company to pursue formation of, and investment in, the Development Michigan Real Estate Fund, LP (“Fund”). The request from the Company dated January 26, 2022, includes a request to extend the maturity date of the initial \$500,000 loan from the MSF from May 4, 2022, to May 4, 2025, with forgiveness of \$250,000 in principal and forgiveness of all accrued and unpaid as well as future interest on that \$500,000 loan. The Company is also a Class B investor in the Fund, having funded that investment, along with General Partner funding its investment, in the Fund, with proceeds from an additional \$19,500,000 MSF loan. The forgiveness will be conditioned upon repayment of the principal of \$250,000 of the \$500,000 loan and repayment of the \$19,500,000 as required under the \$19.5 million loan agreement.

The investment period of the Fund has ended and there are not sufficient funds to retire the entire \$500,000 loan provided by the MSF, however the MSF is anticipated to receive its full return of the \$19,500,000 investment which was leveraged 23:1 and resulted in 24 loans and investments occurring in Michigan.

Investment Background

On December 21, 2011, the MSF Board approved the creation of Capital Conduit Program (“CCP”) and further approved the creation of a real estate investment fund (“REI”) to operate under CCP along with guidelines for operation of the REI. The MSF Board subsequently approved loan awards totaling \$20,000,000 to the Company and General Partner. The Company and the General Partner used \$19,500,000 of the loan awards to invest into the Fund with the remaining \$500,000 used to pay expenses related to its creation. The MSF, as the lender to the Company, retains certain consent rights in respect of certain proposed LPA changes.

The \$500,000 loan included an escalating interest rate, which started at 0% for year 1 and increased to 3% by year 10. The MSF has received a total of \$73,563 in interest payments related to this loan. Total accrued and future interest is estimated to be approximately \$25,552.16.

The REI was created in order to address funding gaps present in the market typically related to redevelopment of real property, particularly for projects located in urban cores. The Fund addressed these gaps by providing a combination of senior, mezzanine, and bridge financing. The Fund was launched in 2013 with a capital raising period followed by deployment and recycling of funds. The MSF loan prompted

a total of \$40 million in investment from 10 banks operating in Michigan, with the banks serving as class A investors.

A total of \$15,200,000 of the \$19,500,000 million MSF loan to the Company was disbursed. The first payment from the Company, in the amount of \$4.3 million, was provided to the MSF in September of 2021.

The Company reports that between 2014 and 2020, the Fund deployed \$68,000,000 in financing which led to approximately (i) \$444,000,000 in total development costs being financed, (ii) \$41,000,000 annual average tax revenue generated, (iii) 2,095 jobs created/retained, and (iv) 4,600,000 total square feet financed. The Fund committed to have more than 50% of their portfolio receive favorable CRA consideration and it now estimates that number to be greater than 80%.

The Company and the REI have fulfilled their obligations under the loan agreement and invested in impactful real estate projects that eliminated vacancy and blight and created new employment and increased tax base for communities across Michigan. Twenty-four loans or investments were funded through this program with three remaining active. Of the three, two are anticipated to be paid by Q3 of FY2022 and the third is maturing in Q1 of FY 2024 but it is likely that the fund will need to exercise extensions in order to stabilize the final project, which was significantly impacted by COVID construction delays and also suffered the loss of a key member of the development team, who unexpectedly died. This delay is resulting in the request to extend the MSF loan maturity by three full years in order to allow time for the Company to recoup that investment and repay the MSF.

Request Rationale

The Fund generated a total of \$40 million in class A (bank) investment along with \$19.5 million in class B (MSF) investment. The Fund targeted a return of 9% to its class A investors. The projected class A return now stands at 3.3%. Because of the underperformance the Company will not have the funds to repay the MSF the full principal and interest from the original \$500,000 loan. To help in this shortfall Develop Michigan Management Group, LLC (“Management Company”) decreased its management fee from 1.75% to 1.5%, resulting in \$256,924 in unrealized fees through January 2022. Additionally, Cinnaire, a related entity to the Management Company, is forgiving a \$118,309 loan it provided to further fund the creation of the Fund. Lastly, the Management Company will not receive any carry related to the investment portfolio, which it estimates could have reached \$1.5 million had the Fund achieved its originally projected 9% financial return.

The Company is current with its MSF reporting requirements.

Recommendation

The MEDC staff recommends approval of amendments to the Company’s loan agreements and any related ancillary agreements as necessary to:

- extend the maturity date of the initial \$500,000 loan from the MSF from May 4, 2022, to May 4, 2025, and
- forgive \$250,000 in principal and all accrued, unpaid and future interest associated with the initial \$500,000 loan contingent upon repayment of principal of \$250,000 for that initial \$500,000 loan and repayment of the \$19.5 million loan as defined under the \$19.5 million loan agreement.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-049**

APPROVAL OF A LOAN AMENDMENT FOR DEVELOP MICHIGAN, INC.

WHEREAS, the Michigan legislature passed legislation establishing the 21st Century Jobs Trust Fund initiative that was signed into law by Governor Jennifer M. Granholm;

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

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

WHEREAS, on May 20, 2009, the MSF approved the creation and operation of the Michigan Supplier Diversification Fund (“MSDF”) as a loan enhancement program;

WHEREAS, on December 21, 2011, by Resolution No. 2011-189, the MSF approved the creation and operation of the Capital Conduit Program under the MSDF (“CCP”), and also approved the Real Estate Initiative (“REI”) as a CCP subprogram, along with and the REI program guidelines (as further amended on April 25, 2012, by Resolution No. 2012-48) (“REI Guidelines”);

WHEREAS, on January 25, 2012, by Resolution No. 2012-08, the MSF approved an REI non-revolving line of credit award to Develop Michigan, Inc. (“DMI”) of \$5,000,000, and on April 25, 2012, by Resolution 2012-050, the MSF approved an increase to the REI award to DMI to a total amount of up to Twenty Million Dollars (\$20,000,000) (“LOC”);

WHEREAS, the REI Guidelines and the LOC award to DMI provided for the use of up to \$500,000 of the LOC to assist with DMI's early formation, investment, and organizational costs;

WHEREAS, on May 12, 2012, the MSF and DMI entered into an initial loan agreement for a loan from the MSF in the principal amount of Five Hundred Thousand Dollars (\$500,000) (the "Initial Loan Agreement");

WHEREAS, on May 22, 2013, by Resolution No. 2013-076, the MSF approved revised loan facility business terms for DMI to invest the remaining Nineteen Million Five Hundred Thousand Dollar (\$19,500,000) of the LOC as a Class B member into a mezzanine fund (which fund was later formed and named the Develop Michigan Real Estate Fund, LP) (the “Fund”), as well as to invest as a member of DEVMI, GP LLC (the “General Partner” of the Fund);

WHEREAS, on September 20, 2013, the MSF, DMI and the General Partner of the Fund, entered into the loan agreement for a second loan from the MSF in the principal amount of \$19, 500,000 memorializing the use of the remaining LOC for the investment in the Fund (“Second Loan Agreement”);

WHEREAS, the Second Loan Agreement is to be repaid with Fund distributions made to DMI and the General Partner, and DMI anticipated the Initial Loan Agreement would be paid in full from net operating income generated by DMI;

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

WHEREAS, the Fund investment period has ended, and while expected distributions to DMI and the General Partner are expected to result in full payment of the Second Loan Agreement as required thereunder, such distributions are expected to be insufficient to retire the entirety of the Initial Loan Agreement of \$500,000;

WHEREAS, DMI has requested that the Initial Loan Agreement, and all ancillary agreements associated therewith, be amended to:

- (i) extend the maturity date of the Initial Loan Agreement from May 4, 2022, to May 4, 2025; and
- (ii) forgive all accrued, unpaid, and future interest, and \$250,000 in principal, under the Initial Loan Agreement, conditioned upon:
 - a. repayment in full of the Second Loan Agreement; and
 - b. repayment of \$250,000 in principal of the Initial Loan

the foregoing, the (“Amendment Recommendation”); and

WHEREAS, the MEDC recommends the MSF Board approve the Amendment Recommendation.

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

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 22, 2022



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: March 22, 2022

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

From: Julia Veale, Senior Business Development Project Manager

Subject: Incentives Request
Michigan Business Development Program (“MBDP”)
Jobs Ready Michigan Program (“JRMP”)
Community Development Block Grant (“CDBG”)
Renewable Energy/MSF Designated Renaissance Zone (“RZ”)

LG Energy Solution Michigan, Inc. (“Company” or “Applicant”)
Allegan County (“County”)
City of Holland (“City”)

Request Summary

The Applicant is requesting the following (collectively, the “Incentives Request”), including a request from the County and the City in support of the Applicant:

- \$10,000,000 MBDP Grant, as outlined in the attached Term Sheet (“MBDP Request”);
- \$10,000,000 JRMP Grant, as outlined in the attached Term Sheet (“JRMP Request”);
- The City is requesting a Renewable Energy Renaissance Zone for a period of 20 years or an MSF Designated Renaissance Zone in the event the State Administrative Board does not approve the Renewable Energy Renaissance Zone (“Renaissance Zone Request), and;
- ; and
- The County is requesting up to \$36,500,000 in CDBG funds for machinery and equipment and up to an additional \$50,000 for grant administration needed for the expansion (“CDBG Request”).

This project involves the creation of up to 1,200 Qualified New Jobs and a capital investment of up to \$1,700,000,000 in the city of Holland, Allegan County.

Applicant History

Founded in 1947, the Company, formerly known as LG Chem Michigan, designs and produces innovative energy solutions to solve the automotive industry’s toughest challenges. The Company manufactures large lithium-ion polymer battery cells and packs for electric vehicles (“EV”) and other energy storage applications. The Company has been a presence in Holland, Michigan since 2009 when it built its first EV battery plant in the United States and now has 1,495 employees in Michigan.

On June 30, 2010, the State Administrative Board, upon recommendation of the MSF on June 23, 2010, awarded the Company a 15-year Renewable Energy Renaissance Zone (“RERZ”) for the Holland site. As a result of this Project, the RERZ will be reduced to exclude the new development.

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

Project Description

The Project includes the construction of several new facilities on the Company's existing footprint in Holland, Michigan. The expansion will quintuple plant capacity to provide the means to produce battery components now and into the future as the EV industry grows. The project, should it move forward in Michigan, contains construction of several buildings in the aggregate sum of 1,400,000 square feet on vacant land already owned by the Company with the purpose of manufacturing lithium-ion battery components for EV. The following buildings & support services are planned to be constructed for this project.

- The main manufacturing operation will be the largest building constructed for this project. This facility will provide the proper conditions to produce cells for automotive batteries for its customers.
- A warehouse will be constructed to store incoming raw materials for the cell manufacturing process.
- Several buildings or operations to support production needs including, but not limited to, safety testing, utility, hazardous waste storage, control room, and cell testing.
- Cell Disassembly Lab for quality analysis and to perform quality tests and investigations.
- Administration Building that will house several support teams including Safety Health and Environmental. There are plans for a Safety Experience Center as well as several other training labs and conference rooms.

The Company is considering the city of Holland for the project and anticipates the project will result in capital investment of up to \$1,700,000,000. The project will also result in the creation of up to 1,200 new jobs paying an average wage of \$1,257 per week plus benefits.

COVID-19 has caused significant economic harm, including substantial job losses, in West Michigan and has had a negative impact on businesses. An important element to setting Michigan on the continued path to full recovery is to initiate new job opportunities to further address both near-term (COVID recovery period) and long-term (post-COVID) employment challenges in West Michigan's economy.

Demonstrated Need

The Company is considering facilities in the Southeast United States and potentially internationally in Poland and China. The Company has existing space in these locations and in the past, the Company has selected states in this region over Michigan for significant investment. The requested incentive support will enhance competitiveness and justify investment in Michigan where labor costs are relatively higher than southern States. Manufacturing costs of batteries in the United States is higher in comparison with costs in China and Poland where LG Chem, the parent company, has other global battery plants.

The Company has been successfully operating in Holland since 2009 where they already own sufficient land for expansion. In addition, the Company can leverage its trained, existing labor force and are accustomed to the local environment in Michigan where it already has access to customers and existing infrastructure. The Company is proud to be part of the Holland community and as one of the largest employers in the area, has had a very positive impact on the region since its start there in 2009. The Company, with its Korean-based culture, is continuing to learn how to successfully operate in West Michigan and is becoming more involved in supporting local non-profits and community programs. The Company has also increased the wages paid to its workers to ensure that its employees are supported by a good quality of life. All considered, it is vital that the Company get the incentive support it needs to remain

competitive with other locations while being enabled to continue to improve the employee culture in Holland.

The Company offers a full health insurance package to its employees, along with free dental and vision insurance. Employees enjoy 13 paid holidays a year and are offered free access to the Company gym. In addition, employees receive a significant discount on LG appliances and products (40-60%) and can earn retention bonuses up to \$1,000 at 90 days and 180 days.

The Company has also recently launched a “Battery Academy” that each employee works through as they onboard into positions from entry level to experienced. This training module effectively lays out a map of advancement pathways, so employees have a clear vision of how to develop skills to move up through the ranks. The training programs include, but are not limited to, career path training, apprenticeships, engineering development programs, leadership development, and hydraulic and pneumatic trainings. There are many modules in development that will be a cross-collaboration with Grand Rapids Community College, Muskegon Community College, and Grand Valley State University. In addition, the Company provides tuition reimbursement for job-related degrees and certifications, which provides the employees the opportunity to receive educational credentials that they may not otherwise have access to.

In addition to MSF support, the Holland Board of Public Works has offered an Economic Development Incentive Rider that will provide significant savings. Allegan County is also acting as Applicant for the CDBG program application and process, and the city of Holland is supportive of a P.A. 198 tax abatement.

Request

The Incentives Request is imperative to support the \$1,700,000,000 expansion that the Company is proposing. The Project will have a significant and positive domino effect on Michigan’s economy, the anticipated technology development, and the competitive business case. Michigan is at a disadvantage to the competitive locations regarding labor costs, building construction, and materials. The Project aligns with MEDC’s strategic focus area of supporting a business in the target industries of Advanced Manufacturing and Mobility and Automotive Manufacturing. The Project will also result in the creation of 1,200 jobs with beginning wages that align with ALICE wages and provide training opportunities that will lead to higher wages for employees as they work through the variety of training modules.

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

CDBG Term Sheet for the Project is provided in **Appendix B**.

CDBG Project area map is provided in **Appendix C**.

Recommendation

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

APPENDIX A – Programmatic Requirements & Screening Guidelines

Program Requirements

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

- **National Objective:**
This project qualifies for CDBG funding as the project activities are expected to result in the creation of 1,200 full time positions by June 30, 2026. The business has agreed that at least 51 of the positions will be held by low to moderate income persons. The project meets a national objective by providing benefit to at least 51 percent low- and moderate-income persons.
- **Eligible Activity:**
This project involves eligible activities identified in Section 105(a)(17) of Title I of the Housing and Community Development Act of 1974, as amended.

Screening Guidelines

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

- **Economic Impact:** The economic impact of this project was evaluated. It was determined that the Project will be able to assist in mitigating the negative effects of COVID-19 and aid in the economic recovery of the Region and add value to the local economy, by providing much needed investment and job opportunities. The Company will be able to add value to the local economy through additional opportunities to compete for larger contracts as well as create 1,200 jobs between February 2022 – June 2026, 51 percent of which will be low-to-moderate income individuals.
- **Minimum Local Participation:** Allegan County is supportive of the Project through resolution and has committed to serve as the applicant for the CDBG grant.
- **Minimum Leverage Ratio:** The private contribution to be provided by LG Energy Solution Michigan, Inc. equals \$1,633,500,000 which results in a leverage ratio of approximately 2.2:1 of the CDBG grant.
- **Financial Viability and Background Check:** The business receiving the benefit from this project has completed a civil and criminal background check in accordance with the MSF Background Review Policy with no concerns and has been determined to be financially viable.

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

Appendix B - Term Sheets

MICHIGAN COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM Performance Based Grant – Business Development Term Sheet

The following is a summary of the highlights of the proposed project and basic terms for which the Company desires grant support from the Michigan Strategic Fund (“MSF”) under the Michigan Community Development Block Grant Program (“CDBG”). While the CDBG is operated and funded through the MSF, recommendation for approval of a CDBG incentive award is presented by the Michigan Economic Development Corporation (“MEDC”) to the MSF.

Date: 1/31/2022

1. **Community Name (“Grantee”):** Allegan County
2. **Company Name (“Company”):** LG Energy Solution Michigan, Inc.
3. **Company Address (Project):** 1 LG Way
Holland, Michigan 49423
4. **Project Description and Activities:** CDBG eligible activities include contains construction of several buildings in aggregate sum of 1.4 million square feet in a vacant land owned by LG Energy Solution Michigan, Inc., which has a purpose of manufacturing lithium-ion battery components for electric vehicles. The following buildings & support services are planned to be constructed for this project.
 - The main manufacturing operation will be the largest building constructed for this project. This facility will provide the proper conditions to produce cells for automotive batteries for our valued customers.
 - A warehouse will be constructed to store incoming raw materials for the cell manufacturing process.
 - Several buildings or operations to support production needs. An example of these operations is a building to house the Hot Oil Thermal Fluid Boilers and a tanker unloading area for storage of a key raw material utilized in the manufacturing process.
 - Cell Disassembly Lab for QA to perform quality tests and investigations
 - Administration Building that will house several support teams including Safety Health and Environmental. There are plans for a Safety Experience Center as well as several other training labs and conference rooms.
5. **Total Estimated Project Costs:** \$1,700,000,000
6. **CDBG Grant Incentive Type:** Machinery and Equipment performance-based grant
7. **Proposed CDBG Assistance to Grantee:** up to \$36,500,000 (2.1% of total final project costs)

In no event shall the amount of the grant assistance exceed more than fifty percent of the Total Estimated Project Costs. If the actual cost is less than shown in the Total Estimated Project Costs, the amount of the Grant shall be reduced on a proportional basis. *The Company and Grantee shall be responsible for any cost overruns.* Funds will be made available to the Grantee on a reimbursement basis for eligible costs. The final terms and conditions shall be included in the Disbursement Schedule in the final Agreement.
8. **Estimated Company Investment:** \$1,663,500,000
9. **Type of Financing for Investment:**
 - Cash contribution from Company
 - Community Development Block Grant
 - Michigan Business Development Program
 - New Markets Tax Credits
 - Holland Board of Public Works: Utilities, Substation

- **Jobs Ready Michigan Program**
- **Michigan New Jobs Training Program**
- **Advanced Technologies Electrification Academy of Michigan**
- **MI Works! / Employment and Training**
- **Renaissance Zone**
- **Property Tax Abatement under PA198**
- **Essential Services Assessment Abatement**

10. Base Employment Level: 1,495 The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company’s statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company date used to establish this level, shall be included in the final CDBG Incentive Award agreement (“Agreement”).

11. Minimum Job Creation: 1,200 The minimum number of new jobs the Company must create at the Project (above the Base Employment Level), in addition to satisfying other milestones, if applicable, to be minimally eligible to receive the full amount of the CDBG Incentive Award.

New jobs must meet the following requirements to be included:

- *Must be full time (working 35 hours or more per week) or full-time equivalent employees (working 40 hours or more per week) of the company;*
- *At least 51% of the newly created jobs must be filled by low or moderate income persons based on household income. If the project results in more new jobs than expected, then the 51 percent requirement shall apply to the higher job number.*
- *Jobs must be created during the term of the Grant Agreements and must continue to be documented until the project is formally closed out; and*
- *Located at the project site.*

a. Minimum Hourly Wage: \$17 The new jobs must pay at least the Minimum Hourly Wage to be minimally eligible to receive the full amount of the CDBG Incentive Award.

b. Start Date for Measurement of New Jobs January 1, 2022

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

15. **Community Support for Project:** A condition for execution of the final Agreement is that the municipality is supportive of the Project through resolution and has committed to serve as the applicant for the CDBG grant.
16. **Repayment Provisions:** It is understood and acknowledged by all parties, including the Company, that the investment and creation of jobs were essential factors in persuading the Grantor that this project is economically viable, and further, in the absence of this commitment by the Company, this grant would not have been awarded.

The Company further acknowledges that should the private investment and job creation goals for this project not be met, the Grantee may require the repayment of the Grant up to the full amount from the Company. The MSF may require the Grantee and Company to execute a Development Agreement that will be acknowledged by the MSF outlining repayment provisions.

17. **Environmental Review:** The CDBG environmental review process must be completed and written authorization received from MEDC prior to incurring project costs and beginning any project activities. Project costs include costs to be paid for with CDBG funds and all other non-CDBG funds. Incurring costs is defined as making any commitments relevant to the project. This includes, but is not limited to, signing contracts; entering into lease/easement/purchase agreements; ordering equipment, materials, or supplies; or performing any other work. The environmental review process usually takes the community a minimum of 60 days to complete. Incurring project costs and/or starting project activities prior to written authorization will jeopardize or cause the withdrawal of your project for funding consideration.
18. **Davis Bacon and Related Acts:** These federal statutes and their implementing regulations require that federally-assisted construction work in excess of \$2,000 must have prevailing wage rates (determined by the U.S. Department of Labor) paid to all employees working on such construction work. If CDBG funds assist even just a portion of the construction work, then Davis-Bacon becomes applicable to the entire construction work. Note however, that CDBG funds can finance activities other than construction work, without triggering Davis-Bacon requirements, even though CDBG funds are part of an overall project which may involve construction work. For this project, Davis Bacon requirements apply to none of the project.
19. **Reporting Requirements:** The Company will be required to provide regular information to the Grantee to assure reporting requirements compliance including, but not limited to:
- Progress Reports beginning June 1, 2020, and every six (6) months thereafter.
 - Final Progress Report 60 days after completion of the Term.
 - Job Creation Summary Report, along with the corresponding Income Certification Forms, beginning June 1, 2020, and every six months thereafter and with each CDBG Disbursement Request.
20. **Public Announcements:** The Company shall not make, or cause, any announcement of the proposed CDBG Incentive Award parameters outlined in this letter before the date of approval by the MSF of the CDBG Incentive Award, unless authorized and coordinated in advance with the MEDC.
21. **Conflicts of Interest:** Please indicate below whether or not the **COMPANY** associated with this proposed project have a contractual relationship with one of more of the following entities

- Yes No Boge, Wybenga & Bradley, PC
- Yes No Farm Bureau
- Yes No Fifth Third Bank
- Yes No Grand Angels
- Yes No Greenstone Farm Credit Services

Yes No Michigan Department of Licensing & Regulatory Affairs

Yes No Michigan Department of Treasury

Yes No Michigan Economic Development Corporation

Yes No Springfield Smartroof

Yes No Trustcott Rossman

If yes to any of the above, please describe the nature of the relationship.

Michigan Economic Development Corporation

By: Julia Veale

Its: Business Development Project Manager

Signature: Julia Veale

Dated: 03/15/2022

Acknowledged as received by:

County of Allegan

By: Dan Wedge

Its: Executive Director of Services

Signature: Dan Wedge

Dated: 3/15/2022

Acknowledged as received by:

LG Energy Solution Michigan, Inc.

By: BENJAMIN KOO

Its: President

Signature: [Signature]

Dated: 3/15/2022

Cc: Julie Gardner, Program Specialist
Christine Whitz, Director CDBG
Greg West, CDBG Program Manager

JOBS READY MICHIGAN PROGRAM Performance Based Incentive - Term Sheet - Definitions

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

Terms and Definitions:

Eligible Activities: Awards are based on activities related but not limited to employee recruitment expenses, development of customized training development plans, instructor and training materials costs, purchase of equipment related to training, construction of training facilities, and on-the-job training costs.

Company Investment: The Company anticipates investment of up to \$1,700,000,000 renovation and expansion of existing facility, machinery and equipment, and site upgrades or any combination thereof, for the Project.

Employees Trained: The Company anticipates completion of training for up to 1,200 employees during the Term of the Agreement.

Job Creation: The Company anticipates the creation of 1,200 new jobs above its current headcount of 1,495.

Disbursement Milestones: The final terms and conditions of each of the disbursements of any portion of the JRMP Incentive Award shall be included in the final Agreement, including that before any disbursement is made to the Company, the Company must have achieved identified eligible activities, and the Company must otherwise be in compliance with all terms and conditions of the final Agreement, and further shall include:

- a. Disbursement Milestone 1:** Up to \$2,000,000 Upon demonstrated documentation of any combination of the following by no later than December 31, 2023:
 - a. Reimbursement for costs related to training (including, not limited to, training classes, travel related to training, training machinery and construction, training technology, training materials), recruiting (including, but not limited to, external and internal recruiting), and any other Eligible Activity as defined in the Term Sheet;
 - b. \$8,333.33 per employee completion of Battery Academy.

- b. Disbursement Milestone 2:** Up to \$5,000,000 Upon demonstrated documentation of any combination of the following by no later than June 30, 2025:
 - a. Reimbursement for costs related to training (including, not limited to, training classes, travel related to training, training machinery and construction, training technology, training materials), recruiting (including, but not limited to, external and internal recruiting), and any other Eligible Activity as defined in the Term Sheet ;
 - b. \$8,333.33 per employee completion of Battery Academy.

- c. Disbursement Milestone 3:** Up to \$3,000,000 Upon demonstrated documentation of any combination of the following by no later than June 30, 2026:
 - a. Reimbursement for costs related to training (including, not limited to, training classes, travel related to training, training machinery and construction, training technology, training materials), recruiting (including, but not limited to,

- external and internal recruiting), and any other Eligible Activity as defined in the Term Sheet ;
- b. \$8,333.33 per employee completion of Battery Academy.

Repayment Provisions: Repayment provisions are required by law. The Repayment terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement. The final repayment provisions may require repayment of some or all of the disbursements made by the MSF.

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

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

EXHIBIT A
JOBS READY MICHIGAN PROGRAM
Performance Based Incentive - Term Sheet - Summary

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

Date: February 7, 2022

Company Name: LG Energy Solution Michigan, Inc. and/or its affiliates and subsidiaries.

Project Location : 1 LG Way
Holland, Michigan 49423

JRMP Incentive Type: Performance Based Grant

Maximum Amount of JRMP Incentive: Up to \$10,000,000

Start Date for Measurement of Eligible Activities: MSF Board Approval

Term of the Agreement: December 31, 2026

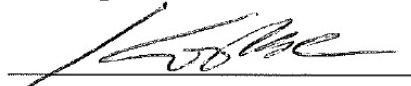
Milestone Based Incentive: Disbursements will be made over a 3 year period and will be performance based on job creation as follows:
Milestone 1: \$2,000,000 upon demonstrated documentation of eligible activities for which disbursements are tied to.
Milestone 2: \$5,200,000 upon demonstrated documentation of eligible activities for which disbursements are tied to.
Milestone 3: \$4,000,000 upon demonstrated documentation of eligible activities for which disbursements are tied to.

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

Acknowledged as received by:

LG Energy Solution Michigan, Inc.

By:



Printed Name:

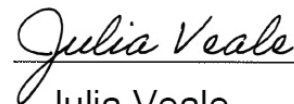
BONCHUL KOO

Its:

President

Michigan Economic Development Corporation

By:



Printed Name:

Julia Veale

Its:

Senior BDPM



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

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

Terms and Definitions:

Base Employment Level: The number of jobs maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company’s statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award Agreement (“Agreement”) between the MSF and the Company. Temporary reductions in the Base Employment Level are permissible prior to the first disbursement of funds, but, subsequently, the Base Employment Level will be required to be maintained through the Term of the Agreement.

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

Full-Time Job: means jobs performed by an individual who is paid for 35 hours or more per week. “Hours” include all hours paid including, without limitation, straight time, overtime, vacation, personal time, sick time, holiday, bereavement, jury duty, etc. “Week” is defined as any week in which an individual was paid. The actual calculation of “hours” and “weeks” shall include the timeframe from the hire date of the applicable position through the applicable record pull date used on a milestone submission or other applicable head count date.

Company Investment: The Company anticipates investment of up to \$1,700,000,000 for new construction, machinery and equipment, and site readiness, or any combination thereof, for the Project.

Municipality Support: One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: Allegan County and Holland Board of Public Works has provided staff, financial or economic assistance.

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

On **December 31** of each year, the Company may request disbursement equal to **\$8,333.33** for each Qualified New Job (up to **1,200** Qualified New Jobs and not to exceed the total amount of **\$10,000,000**) upon demonstration that the Base Employment Level and any Qualified New Jobs for which disbursements have previously been made have been maintained, and provided that:

1. On **December 31, 2023** the Company has created a minimum of at least **50** up to **98** Qualified New Jobs above the Base Employment Level; and



**MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION**

2. On **December 31, 2024**, the Company has created a minimum of least **98** up to **634** Qualified New Jobs above the Base Employment Level; and
3. On **December 31, 2025**, the Company has created a minimum of **634** up to **1,200** Qualified New Jobs above the Base Employment Level.

The Company shall receive disbursement for each Qualified New Job only once. In any given year, should the Company not achieve the number of Qualified New Jobs for which disbursements have been previously made, the Company shall not receive disbursement that year. Should a Company fail to meet the minimum QNJ requirement in two consecutive years, the Company will be in default of the Agreement and the MSF may end all future disbursements.

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

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

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



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

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

Date: March 4, 2022

- Company Name: LG Energy Solution Michigan, Inc. and/or its affiliates and subsidiaries.
Project Location: 1 LG Way, Holland, Michigan 49423
MBDP Incentive Type: Performance Based Grant
Maximum Amount of MBDP Incentive: Up to \$10,000,000
Base Employment Level: At least 1495, at the time of first disbursement of funds and thereafter
Maximum Number of Qualified New Jobs ("QNJ"): Up to 1,200 Full-Time Jobs in at the Project Location
Municipality Supporting Project: Allegan County has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs: January 1, 2022
Term of the Agreement: June 30, 2026
Milestone Based Incentive: Disbursements will be made over a 3-year period and each are contingent upon compliance with the Agreement and performance based on job creation, as follows: \$8,333.33 per QNJ for the creation of a minimum of 50 jobs up to a maximum of 98 jobs. \$8,333.33 per QNJ for the creation of a minimum of 98 jobs up to a maximum of 634 jobs. \$8,333.33 per QNJ for the creation of a minimum of 634 jobs up to a maximum of 1,200 jobs.

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

Acknowledged as received by:

LG Energy Solution Michigan, Inc.
By: [Signature]
Printed Name: BENCHUL KOV
Its: president

Michigan Economic Development Corporation
By: [Signature]
Printed Name: Julia Veale
Its: Senior BDPM

March 4, 2022- LG Energy Solution Michigan, Inc.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-050**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
LG ENERGY SOLUTION MICHIGAN, INC.**

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

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

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

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

WHEREAS, on December 8, 2020, by Resolution 2020-146, the MSF adopted an amendment to the guidelines for the MBDP (“Guidelines”);

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

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

WHEREAS, pursuant to the Guidelines, the project is eligible as a Standard BDP because the Applicant committed to the creation of at least 50 QNJs.

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

WHEREAS, LG Energy Solution Michigan, Inc. (“Company”) has requested a performance based MBDP Grant of up to \$10,000,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

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

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 22, 2022



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

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

Terms and Definitions:

Base Employment Level: The number of jobs maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company’s statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award Agreement (“Agreement”) between the MSF and the Company. Temporary reductions in the Base Employment Level are permissible prior to the first disbursement of funds, but, subsequently, the Base Employment Level will be required to be maintained through the Term of the Agreement.

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

Full-Time Job: means jobs performed by an individual who is paid for 35 hours or more per week. “Hours” include all hours paid including, without limitation, straight time, overtime, vacation, personal time, sick time, holiday, bereavement, jury duty, etc. “Week” is defined as any week in which an individual was paid. The actual calculation of “hours” and “weeks” shall include the timeframe from the hire date of the applicable position through the applicable record pull date used on a milestone submission or other applicable head count date.

Company Investment: The Company anticipates investment of up to \$1,700,000,000 for new construction, machinery and equipment, and site readiness, or any combination thereof, for the Project.

Municipality Support: One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: Allegan County and Holland Board of Public Works has provided staff, financial or economic assistance.

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

On **December 31** of each year, the Company may request disbursement equal to **\$8,333.33** for each Qualified New Job (up to **1,200** Qualified New Jobs and not to exceed the total amount of **\$10,000,000**) upon demonstration that the Base Employment Level and any Qualified New Jobs for which disbursements have previously been made have been maintained, and provided that:

1. On **December 31, 2023** the Company has created a minimum of at least **50** up to **98** Qualified New Jobs above the Base Employment Level; and



**MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION**

2. On **December 31, 2024**, the Company has created a minimum of least **98** up to **634** Qualified New Jobs above the Base Employment Level; and
3. On **December 31, 2025**, the Company has created a minimum of **634** up to **1,200** Qualified New Jobs above the Base Employment Level.

The Company shall receive disbursement for each Qualified New Job only once. In any given year, should the Company not achieve the number of Qualified New Jobs for which disbursements have been previously made, the Company shall not receive disbursement that year. Should a Company fail to meet the minimum QNJ requirement in two consecutive years, the Company will be in default of the Agreement and the MSF may end all future disbursements.

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

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

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



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

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

Date: March 4, 2022

- Company Name: LG Energy Solution Michigan, Inc. and/or its affiliates and subsidiaries.
Project Location: 1 LG Way, Holland, Michigan 49423
MBDP Incentive Type: Performance Based Grant
Maximum Amount of MBDP Incentive: Up to \$10,000,000
Base Employment Level: At least 1495, at the time of first disbursement of funds and thereafter
Maximum Number of Qualified New Jobs ("QNJ"): Up to 1,200 Full-Time Jobs in at the Project Location
Municipality Supporting Project: Allegan County has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs: January 1, 2022
Term of the Agreement: June 30, 2026
Milestone Based Incentive: Disbursements will be made over a 3-year period and each are contingent upon compliance with the Agreement and performance based on job creation, as follows: \$8,333.33 per QNJ for the creation of a minimum of 50 jobs up to a maximum of 98 jobs. \$8,333.33 per QNJ for the creation of a minimum of 98 jobs up to a maximum of 634 jobs. \$8,333.33 per QNJ for the creation of a minimum of 634 jobs up to a maximum of 1,200 jobs.

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

Acknowledged as received by:

LG Energy Solution Michigan, Inc.
By: [Signature]
Printed Name: BENCHUL KOV
Its: president

Michigan Economic Development Corporation
By: [Signature]
Printed Name: Julia Veale
Its: Senior BDPM

March 4, 2022- LG Energy Solution Michigan, Inc.



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-051**

**APPROVAL OF A JOBS READY MICHIGAN PROGRAM GRANT TO
LG ENERGY SOLUTION MICHIGAN, INC.**

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

WHEREAS, pursuant to the MSF Act, specifically MCL 125.2088(b)(2)(c), funds appropriated to the MSF under the Michigan Business Development Program (“MBDP”) are authorized to be expended for programs or activities authorized under the MSF Act, so long as the programs or activities provide for repayment for breach of the written agreement or the failure to meet measurable milestones;

WHEREAS, on April 23, 2019, via MSF Resolution 2019-066, the MSF (i) created the Jobs Ready Michigan Program (“JRMP”) by transferring funds from the MBDP to fund grants to eligible business applicants to support talent recruitment or training needs to retain or create jobs, and (ii) adopted the guidelines for the JRMP (the “Guidelines”);

WHEREAS, LG Energy Solution Michigan, Inc. (“Company”) has requested a JRMP grant of up to \$10,000,000 (“Grant Request”) for attainment of the milestones and other general terms and conditions outlined in the term sheet attached as Exhibit A (“Term Sheet”);

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

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

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

BE IT FURTHER RESOLVED, the MSF Fund Manager, or the MSF President, is directed to negotiate the terms and conditions and execute all final documents necessary to effectuate the JRMP Award Recommendation in accordance with the MSF Act and the Guidelines.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 22, 2022

JOBS READY MICHIGAN PROGRAM Performance Based Incentive - Term Sheet - Definitions

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

Terms and Definitions:

Eligible Activities: Awards are based on activities related but not limited to employee recruitment expenses, development of customized training development plans, instructor and training materials costs, purchase of equipment related to training, construction of training facilities, and on-the-job training costs.

Company Investment: The Company anticipates investment of up to \$1,700,000,000 renovation and expansion of existing facility, machinery and equipment, and site upgrades or any combination thereof, for the Project.

Employees Trained: The Company anticipates completion of training for up to 1,200 employees during the Term of the Agreement.

Job Creation: The Company anticipates the creation of 1,200 new jobs above its current headcount of 1,495.

Disbursement Milestones: The final terms and conditions of each of the disbursements of any portion of the JRMP Incentive Award shall be included in the final Agreement, including that before any disbursement is made to the Company, the Company must have achieved identified eligible activities, and the Company must otherwise be in compliance with all terms and conditions of the final Agreement, and further shall include:

- a. Disbursement Milestone 1:** Up to \$2,000,000 Upon demonstrated documentation of any combination of the following by no later than December 31, 2023:
 - a. Reimbursement for costs related to training (including, not limited to, training classes, travel related to training, training machinery and construction, training technology, training materials), recruiting (including, but not limited to, external and internal recruiting), and any other Eligible Activity as defined in the Term Sheet;
 - b. \$8,333.33 per employee completion of Battery Academy.

- b. Disbursement Milestone 2:** Up to \$5,000,000 Upon demonstrated documentation of any combination of the following by no later than June 30, 2025:
 - a. Reimbursement for costs related to training (including, not limited to, training classes, travel related to training, training machinery and construction, training technology, training materials), recruiting (including, but not limited to, external and internal recruiting), and any other Eligible Activity as defined in the Term Sheet ;
 - b. \$8,333.33 per employee completion of Battery Academy.

- c. Disbursement Milestone 3:** Up to \$3,000,000 Upon demonstrated documentation of any combination of the following by no later than June 30, 2026:
 - a. Reimbursement for costs related to training (including, not limited to, training classes, travel related to training, training machinery and construction, training technology, training materials), recruiting (including, but not limited to,

- external and internal recruiting), and any other Eligible Activity as defined in the Term Sheet ;
- b. \$8,333.33 per employee completion of Battery Academy.

Repayment Provisions: Repayment provisions are required by law. The Repayment terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement. The final repayment provisions may require repayment of some or all of the disbursements made by the MSF.

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

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

EXHIBIT A
JOBS READY MICHIGAN PROGRAM
Performance Based Incentive - Term Sheet - Summary

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

Date: February 7, 2022

Company Name: LG Energy Solution Michigan, Inc. and/or its affiliates and subsidiaries.

Project Location : 1 LG Way
Holland, Michigan 49423

JRMP Incentive Type: Performance Based Grant

Maximum Amount of JRMP Incentive: Up to \$10,000,000

Start Date for Measurement of Eligible Activities: MSF Board Approval

Term of the Agreement: December 31, 2026

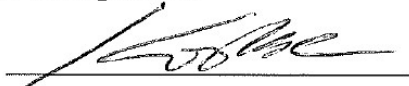
Milestone Based Incentive: Disbursements will be made over a 3 year period and will be performance based on job creation as follows:
Milestone 1: \$2,000,000 upon demonstrated documentation of eligible activities for which disbursements are tied to.
Milestone 2: \$5,200,000 upon demonstrated documentation of eligible activities for which disbursements are tied to.
Milestone 3: \$4,000,000 upon demonstrated documentation of eligible activities for which disbursements are tied to.

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

Acknowledged as received by:

LG Energy Solution Michigan, Inc.

By:



Printed Name:

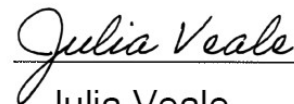
BONCHUL KOO

Its:

President

Michigan Economic Development Corporation

By:



Printed Name:

Julia Veale

Its:

Senior BDPM



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-052**

**MSF DESIGNATED RENAISSANCE ZONE
LG Energy Solution Michigan, Inc.**

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 ten (10) of the fifteen (15) Renewable Energy Renaissance Zones available under the Act;

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 (an “MSF 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, the MSF has designated twenty- three (23) of the twenty- seven (27) MSF Renaissance Zones available under the Act;

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

WHEREAS, the Guidelines require, among other things, that the duration of an MSF Renaissance Zone designation not exceed 15 years (the “Duration Limitation”);

WHEREAS, on June 23, 2010, via MSF Resolution 2010-103, the MSF recommended the designation of a Renewable Energy Renaissance Zone for Compact Power, Inc. (which subsequently, merged into LG Energy Solution Michigan, Inc. (the “Company”)) for fifteen (15) years for property parcels 03-02-03-300-018 and 03-02-03-300-019 in the City of Holland, approved by the State Administrative Board on June 30, 2010 (the “Old LG RERZ”);

WHEREAS, the Company currently operates a renewable energy facility in a portion of the LG RERZ (the “Existing Facility”);

WHEREAS, the Company has requested that the City of Holland combine, redraw, and split the parcels encompassing the Old LG RERZ into two new parcels: one containing the Existing Facility (the “Existing Facility Parcel”), and one where the new facility is expected to be assembled (the “Planned Facility Parcel”) (the foregoing, the “Split”);

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 Holland for a Renaissance Zone designation for the Company on the Planned Facility Parcel for twenty (20) years (the “Application”) to

support the Company’s plan to expand its operations in the City of Holland by building a new facilities adjacent to the Existing Facility (the “LG Expansion Zone”);

WHEREAS, the Company’s operations in the LG Expansion Zone qualify as a renewable energy facility because they focus 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;

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 LG Expansion Zone for a period of twenty (20) years at the Planned Facility Parcel to begin January 1, 2023 (and the preceding December 31, 2022 for property tax purposes), subject to the following conditions:

1. On or before December 31, 2022, the City of Holland has approved and finalized the Split, and (ii) the Planned Facility Parcel is revoked from the Old LG RERZ by the State Administrative Board, if it is still active;
2. On or before December 31, 2022, the State Administrative Board approves the Renewable Energy Renaissance Zone designation consistent with this Resolution; and
3. On or before March 31, 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;

WHEREAS, the MEDC further recommends that, in the event the State Administrative Board does not approve the Renewable Energy Renaissance Zone designation consistent with this Resolution on or before December 31, 2022, the MSF Board approve: (i) an MSF Renaissance Zone for the Company for the LG Expansion Zone for a period of twenty (20) years at the Planned Facility Parcel to begin January 1, 2022 (and the preceding December 31, 2023 for property tax purposes), and (ii) waiver of the Duration Limitation to extend the duration to twenty (20) years, subject to the occurrence of all of the following conditions:

1. By no later than December 31, 2022: (i) the City of Holland has approved and finalized the Split, and (ii) the Planned Facility Parcel is revoked from the Old LG RERZ by the State Administrative Board, if it is still active; and
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 March 31, 2023.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Application for recommendation to the State Administrative Board to designate a Renewable Energy Renaissance Zone for the LG Expansion Zone for a period of twenty (20) years at the Planned Facility Parcel to begin January 1, 2022 (and the preceding December 31, 2023 for property tax purposes), subject to the following conditions:

1. On or before December 31, 2022, the City of Holland has approved and finalized the Split, and (ii) the Planned Facility Parcel is revoked from the Old LG RERZ by the State Administrative Board, if it is still active;
2. On or before December 31, 2022, the State Administrative Board approves the Renewable Energy Renaissance Zone designation consistent with this Resolution; and

3. On or before March 31, 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, in the event the State Administrative Board does not approve the Renewable Energy Renaissance Zone designation consistent with this Resolution on or before December 31, 2025, the MSF Board approves: (i) an MSF Renaissance Zone for the LG Expansion Zone for a period of twenty (20) years at the Planned Facility Parcel to begin January 1, 2023 (and the preceding December 31, 2023 for property tax purposes), and (ii) waiver of the Duration Limitation to extend the duration to twenty (20) years, subject to the occurrence of all of the following conditions: (the following and foregoing, the “Conditional MSF RZ Designation”)

1. By no later than December 31, 2022: (i) the City of Holland has approved and finalized the Split, and (ii) the Planned Facility Parcel is revoked from the Old LG RERZ by the State Administrative Board, if it is still active; and
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 March 31, 2023;

BE IT FURTHER RESOLVED, that the MSF Fund Manager is authorized to formally withdraw the MSF’s recommendation for a Renewable Energy Renaissance Zone designation if it has not yet been submitted to the State Administrative Board for consideration, and opt for the Conditional MSF RZ Designation as approved by this Resolution, provided the statutory allotment for MSF Renaissance Zones has not been exceeded;

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, and to take any actions necessary to effectuate the terms of this Resolution on behalf of the MSF.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 22, 2022



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-053**

**APPROVAL OF THE COUNTY OF ALLEGAN’S LG ENERGY SOLUTION MICHIGAN, INC.
PROJECT**

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

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

WHEREAS, the CDBG program has policies, criteria, and parameters that are enumerated in the 2021 Program Year Funding Guide, as amended (the “Criteria”). The MSF, by Resolution 2021-133, authorized and approved the 2021 Action Plan and the 2021 Program Year Funding Guide Excerpt which includes guidelines for CDBG grants.

WHEREAS, the MSF, by Resolution 2020-062, 2020-093 and 2020-145 authorized and approved amendments to the 2019 CDBG Action Plan policies, criteria and parameters related to CDBG Coronavirus Aid, Relief and Economic Security Act (CARES) funding;

WHEREAS, the CDBG program staff reviewed the County of Allegan’s LG Energy Solution Michigan, Inc. Project (“Project”) in light of the Criteria and HUD regulations and concluded the activities are eligible;

WHEREAS, staff recommends approval of the Project; and

WHEREAS, pursuant to SFCR 10.1-1(3), the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards or decisions approved under the CDBG program.

NOW, THEREFORE, BE IT RESOLVED, that the MSF approves the Project subject to available CDBG funding; and

BE IT FURTHER RESOLVED, consistent with SFCR 10.1-1(3), the MSF Fund Manager or the MSF President shall negotiate the terms and conditions and execute all final documents necessary to effectuate the Project, subject to available CDBG funding.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 22, 2022

MICHIGAN COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
Performance Based Grant – Business Development Term Sheet

The following is a summary of the highlights of the proposed project and basic terms for which the Company desires grant support from the Michigan Strategic Fund (“MSF”) under the Michigan Community Development Block Grant Program (“CDBG”). While the CDBG is operated and funded through the MSF, recommendation for approval of a CDBG incentive award is presented by the Michigan Economic Development Corporation (“MEDC”) to the MSF.

Date: 1/31/2022

1. **Community Name (“Grantee”):** Allegan County
2. **Company Name (“Company”):** LG Energy Solution Michigan, Inc.
3. **Company Address (Project):** 1 LG Way
Holland, Michigan 49423
4. **Project Description and Activities:** CDBG eligible activities include contains construction of several buildings in aggregate sum of 1.4 million square feet in a vacant land owned by LG Energy Solution Michigan, Inc., which has a purpose of manufacturing lithium-ion battery components for electric vehicles. The following buildings & support services are planned to be constructed for this project.
 - The main manufacturing operation will be the largest building constructed for this project. This facility will provide the proper conditions to produce cells for automotive batteries for our valued customers.
 - A warehouse will be constructed to store incoming raw materials for the cell manufacturing process.
 - Several buildings or operations to support production needs. An example of these operations is a building to house the Hot Oil Thermal Fluid Boilers and a tanker unloading area for storage of a key raw material utilized in the manufacturing process.
 - Cell Disassembly Lab for QA to perform quality tests and investigations
 - Administration Building that will house several support teams including Safety Health and Environmental. There are plans for a Safety Experience Center as well as several other training labs and conference rooms.
5. **Total Estimated Project Costs:** \$1,700,000,000
6. **CDBG Grant Incentive Type:** Machinery and Equipment performance-based grant
7. **Proposed CDBG Assistance to Grantee:** up to \$36,500,000 (2.1% of total final project costs)

In no event shall the amount of the grant assistance exceed more than fifty percent of the Total Estimated Project Costs. If the actual cost is less than shown in the Total Estimated Project Costs, the amount of the Grant shall be reduced on a proportional basis. *The Company and Grantee shall be responsible for any cost overruns.* Funds will be made available to the Grantee on a reimbursement basis for eligible costs. The final terms and conditions shall be included in the Disbursement Schedule in the final Agreement.
8. **Estimated Company Investment:** \$1,663,500,000
9. **Type of Financing for Investment:**
 - Cash contribution from Company
 - Community Development Block Grant
 - Michigan Business Development Program
 - New Markets Tax Credits
 - Holland Board of Public Works: Utilities, Substation

- **Jobs Ready Michigan Program**
- **Michigan New Jobs Training Program**
- **Advanced Technologies Electrification Academy of Michigan**
- **MI Works! / Employment and Training**
- **Renaissance Zone**
- **Property Tax Abatement under PA198**
- **Essential Services Assessment Abatement**

10. Base Employment Level: 1,495 The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company’s statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company date used to establish this level, shall be included in the final CDBG Incentive Award agreement (“Agreement”).

11. Minimum Job Creation: 1,200 The minimum number of new jobs the Company must create at the Project (above the Base Employment Level), in addition to satisfying other milestones, if applicable, to be minimally eligible to receive the full amount of the CDBG Incentive Award.

New jobs must meet the following requirements to be included:

- *Must be full time (working 35 hours or more per week) or full-time equivalent employees (working 40 hours or more per week) of the company;*
- *At least 51% of the newly created jobs must be filled by low or moderate income persons based on household income. If the project results in more new jobs than expected, then the 51 percent requirement shall apply to the higher job number.*
- *Jobs must be created during the term of the Grant Agreements and must continue to be documented until the project is formally closed out; and*
- *Located at the project site.*

a. Minimum Hourly Wage: \$17 The new jobs must pay at least the Minimum Hourly Wage to be minimally eligible to receive the full amount of the CDBG Incentive Award.

b. Start Date for Measurement of New Jobs January 1, 2022

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

15. **Community Support for Project:** A condition for execution of the final Agreement is that the municipality is supportive of the Project through resolution and has committed to serve as the applicant for the CDBG grant.
16. **Repayment Provisions:** It is understood and acknowledged by all parties, including the Company, that the investment and creation of jobs were essential factors in persuading the Grantor that this project is economically viable, and further, in the absence of this commitment by the Company, this grant would not have been awarded.

The Company further acknowledges that should the private investment and job creation goals for this project not be met, the Grantee may require the repayment of the Grant up to the full amount from the Company. The MSF may require the Grantee and Company to execute a Development Agreement that will be acknowledged by the MSF outlining repayment provisions.

17. **Environmental Review:** The CDBG environmental review process must be completed and written authorization received from MEDC prior to incurring project costs and beginning any project activities. Project costs include costs to be paid for with CDBG funds and all other non-CDBG funds. Incurring costs is defined as making any commitments relevant to the project. This includes, but is not limited to, signing contracts; entering into lease/easement/purchase agreements; ordering equipment, materials, or supplies; or performing any other work. The environmental review process usually takes the community a minimum of 60 days to complete. Incurring project costs and/or starting project activities prior to written authorization will jeopardize or cause the withdrawal of your project for funding consideration.
18. **Davis Bacon and Related Acts:** These federal statutes and their implementing regulations require that federally-assisted construction work in excess of \$2,000 must have prevailing wage rates (determined by the U.S. Department of Labor) paid to all employees working on such construction work. If CDBG funds assist even just a portion of the construction work, then Davis-Bacon becomes applicable to the entire construction work. Note however, that CDBG funds can finance activities other than construction work, without triggering Davis-Bacon requirements, even though CDBG funds are part of an overall project which may involve construction work. For this project, Davis Bacon requirements apply to none of the project.
19. **Reporting Requirements:** The Company will be required to provide regular information to the Grantee to assure reporting requirements compliance including, but not limited to:
- a. Progress Reports beginning June 1, 2020, and every six (6) months thereafter.
 - b. Final Progress Report 60 days after completion of the Term.
 - c. Job Creation Summary Report, along with the corresponding Income Certification Forms, beginning June 1, 2020, and every six months thereafter and with each CDBG Disbursement Request.
20. **Public Announcements:** The Company shall not make, or cause, any announcement of the proposed CDBG Incentive Award parameters outlined in this letter before the date of approval by the MSF of the CDBG Incentive Award, unless authorized and coordinated in advance with the MEDC.
21. **Conflicts of Interest:** Please indicate below whether or not the **COMPANY** associated with this proposed project have a contractual relationship with one of more of the following entities

- Yes No Boge, Wybenga & Bradley, PC
- Yes No Farm Bureau
- Yes No Fifth Third Bank
- Yes No Grand Angels
- Yes No Greenstone Farm Credit Services

Yes No Michigan Department of Licensing & Regulatory Affairs

Yes No Michigan Department of Treasury

Yes No Michigan Economic Development Corporation

Yes No Springfield Smartroof

Yes No Trustcott Rossman

If yes to any of the above, please describe the nature of the relationship.

Michigan Economic Development Corporation

By: Julia Veale

Its: Business Development Project Manager

Signature: Julia Veale

Dated: 03/15/2022

Acknowledged as received by:

County of Allegan

By: Dan Wedge

Its: Executive Director of Services

Signature: Dan Wedge

Dated: 3/15/2022

Acknowledged as received by:

LG Energy Solution Michigan, Inc.

By: BENJAMIN KOO

Its: President

Signature: [Signature]

Dated: 3/15/2022

Cc: Julie Gardner, Program Specialist
Christine Whitz, Director CDBG
Greg West, CDBG Program Manager



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: March 22, 2022
To: Michigan Strategic Fund Board
From: Alyssa Tracey, Director International Trade
Subject: Request for Proposals – International Trade Services

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”) for the International Trade Program Small Business Services (International Trade Services – “ITS”); to solicit proposals from eligible organizations to increase Michigan’s export development; to appoint a Joint Evaluation Committee (“JEC”); to review proposals received in response to the ITS RFP; and adopt scoring and evaluation criteria to be used by the JEC in its review of responses to the ITS RFP (collectively, the “Request”).

Background

The International Trade program assists Michigan-based companies to expand their customer base through a variety of international trade services that lead to international market expansion. The program focus is on small businesses, which is determined by the United States Small Business Administration’s (SBA) Size Standards, defined based on industry. The program will also support larger companies outside of SBA Size Standards on a limited basis if assistance will have a clear and identifiable economic impact. Through its strategic statewide network of export partners, the International Trade program can assist companies located anywhere in Michigan and ensure connectivity to critical resources that enable evaluation of export opportunities, access to existing export resources, and increase in global competitiveness.

The International Trade Program supports the MEDC’s strategic goals to increase jobs, investment, and wages by increasing export sales. In FY2021, the MEDC International Trade Program assisted 321 Michigan companies who participated in 662 export related activities, resulting in reported sales to 117 international markets. In the past five years, MEDC International Trade delivered 651 small business support services projects to Michigan exporters, including 45 services through Q1 of FY22. Export sales facilitated as a direct result of MEDC International Trade Program assistance totaled \$558 million, generating 2,595 Michigan jobs (calculating \$215,000 in export sales to equal one job created). With over \$133 million reported in Q1 of FY22, the program anticipates achieving the annual target of \$475 million. Since the program was re-established in FY12, companies have reported \$4.4 billion in facilitated export sales, equating to 20,465 Michigan jobs created or retained.

On July 25, 2017, MSF approved \$270,000 in funding to support statewide small business export development through the Small Business Services (SBS) contract. The SBS contract was awarded to four contractors providing critical export development resources to Michigan small businesses: Michigan State

University International Business Center (custom multi-country market research), Foster Swift Collins and Smith, P.C. (legal trainings), IBT Online (website localization), and Small Business Development Center (early export assistance, international SEO). Additionally, MEDC contracted with organizations statewide to deliver export development support through the designation of Regional Export Network (REN) partners promoting MEDC International Trade programming and delivering services within designated territories. REN partners include MSU-IBC (international trade training courses, educational programming), Networks Northwest (rural export workshops, online export database access), and Van Andel Global Trade Center (export compliance assistance, export trainings, seminars). To streamline service delivery and offer new services to Michigan exporters, MEDC seeks to release a single RFP for International Trade Services with the deliverables outlined in Exhibit A.

The MEDC requests that the MSF release the ITS RFP to solicit proposals from organizations with international trade expertise to provide critical services to Michigan companies. ITS contractors are to provide professional services to Michigan-based companies in the areas of international trade and customized small to medium-sized business services. The objective is to assist small to medium-sized businesses in the expansion of their customer base through a variety of international trade technical assistance and training that lead to international sales expansion.

The MEDC requests that MSF Board approve the release of the ITS RFP Scope of Work attached as Exhibit A to solicit proposals to increase the international competitiveness and export sales of Michigan businesses.

Issue RFP to the Public: 03/23/2022

Questions due from the Public: 04/06/2022

Answers posted to the MEDC web page: 04/13/2022

Applications Deadline: 04/29/2022

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

Jodi Hankerd, Grant Manager, MEDC

Alyssa Tracey, Director of International Trade, MEDC

Jacob Schroeder, International Trade Development Manager, MEDC

Tanya Markos-Vanno, Development and Operations Manager, PMBC, MEDC

Kendra Kuo, Director, US Commercial Service Grand Rapids Office, US Department of Commerce

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

Recommendation

MEDC staff recommends that MSF Board approve the Request.

MICHIGAN STRATEGIC FUND

RESOLUTION 2022-054

AUTHORIZATION OF REQUEST FOR PROPOSALS: INTERNATIONAL TRADE PROGRAM SERVICES

WHEREAS, the Michigan Strategic Fund (“MSF”) desires to assist eligible Michigan based small businesses, increase the number of small businesses that are exporting, increase the value of exports for those small businesses that are currently exporting, and to expand their customer base through a variety of international trade services that lead to international market expansion (the “International Trade Program”);

WHEREAS, under the Michigan Strategic Fund Act, MCL 125.2001 et seq. (“Act”), and in particular Section 88b of the Act, the MSF has the power to make grants, loans and investments, which includes business development and business marketing, creating or retaining jobs, and increasing capital investment activity;

WHEREAS, Section 88b(6) of the Act provides that the MSF Board may select all vendors for all expenditures and for program awards by issuing a request for proposal or an alternative competitive process as determined by the MSF Board;

WHEREAS, pursuant to Resolution 2013-165, the MSF approved the creation and operation of the Pure Michigan Export Program, subsequently renamed the International Trade Program, to increase the number of Michigan small businesses that are exporting, increase the value of exports for those small businesses that are currently exporting, and to expand their customer base by marketing to persons or entities outside of the State of Michigan;

WHEREAS, subject to the control and direction of the MSF Board pursuant to the Amended and Restated Memorandum of Understanding adopted via MSF Resolution 2021-116, the Michigan Economic Development Corporation (“MEDC”) provides certain administrative services to the MSF for the International Trade Program;

WHEREAS, the MEDC has prepared a scope of work, timeline and eligibility requirements for awarding grants to solicit proposals from entities to provide customized export services to small and medium sized Michigan companies for the purpose of expanding of these companies’ customer base through a variety of international trade technical assistance and training (the “ITS RFP”), as set forth in Exhibit A to this Resolution;

WHEREAS, the MEDC recommends and the MSF desires to issue the ITS RFP (the “ITS RFP Issuance”);

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

Jodi Hankerd, Grant Manager, MEDC
Alyssa Tracey, Director of International Trade, MEDC
Jacob Schroeder, International Trade Development Manager, MEDC
Tanya Markos-Vanno, Development and Operations Manager, PMBC, MEDC
Kendra Kuo, Director, US Commercial Service Grand Rapids Office, US Department of Commerce

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 ITS RFP (the “ITS RFP Scoring and Evaluation Criteria”);

NOW, THEREFORE, BE IT RESOLVED, that the MSF approves: (i) the ITS RFP Issuance, (ii) the JEC as set forth above, and (iii) the ITS RFP Scoring and Evaluation Criteria;

BE IT FURTHER RESOLVED, that the MSF authorizes the MSF Fund Manager to modify the ITS 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, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 22, 2022

STATEMENT OF WORK International Trade Services: ITS

A) PURPOSE

MSF is seeking proposals from one or more Michigan-based contractors to provide professional services to support MEDC in development and delivery of customized export development services to Michigan-based small to medium-sized businesses.

B) BACKGROUND STATEMENT AND OBJECTIVES

Background:

The International Trade program assists Michigan-based companies to expand their customer base through a variety of international trade services that lead to international market expansion. The program focus is on small businesses, which is determined by the United States Small Business Administration's (SBA) Size Standards, defined based on industry. The program will also support larger companies outside of SBA Size Standards on a limited basis if assistance will have a clear and identifiable economic impact. Through its strategic statewide network of export partners, the International Trade program can assist companies located anywhere in Michigan and ensure connectivity to critical resources that enable evaluation of export opportunities, access to existing export resources, and increase in global competitiveness. All export development services must be provided within constraints of federal export restrictions.

Through a variety of programming and customized solutions offered, the MEDC International Trade program has facilitated export sales for Michigan SMEs of more than \$4.4 billion since the program's re-establishment in 2011.

Objectives:

The International Trade Program is designed to spur job creation by empowering Michigan based companies to export their products and services. The program has three primary objectives:

- Increase export sales by Michigan companies
- Increase number of new-to-export companies
- Increase entry into new markets by companies already exporting

C) QUALIFICATIONS

The MEDC is seeking proposals from Michigan-based entities and entities with demonstrated Michigan employment that are currently engaged in and have prior experience with supporting small business export development.

Successful respondents will be able to:

- State and describe the geographic region within Michigan in which programming will be provided (if not statewide)

- Describe how the respondent proposes to promote statewide export services by the MEDC International Trade Program
- Describe how the respondent proposes to reach qualifying Michigan small businesses to enable statewide utilization of services
- Demonstrate prior experience in developing programming and tools for small business export development
- Demonstrate ability to collaborate with regional partners to develop, market, and execute MEDC's International Trade program, which may include: trade missions, trade shows, United States Department of Commerce/Foreign Commercial Service (USDOC/FCS) services, export trainings, events and other export services.
- Demonstrate ability to effectively measure outcomes based on standardized metrics and report them to MEDC on a regular basis.

D) DUTIES

Selected vendors will be required to do the following:

- Collaborate with regional partners to market MEDC's International Trade program.
- Include Michigan Economic Development Corporation logo on appropriate international trade event marketing materials, media, and communications.
- Provide primary point of contact for MEDC International Trade staff and Michigan SMEs.
- Provide MEDC with detailed quarterly status reports demonstrating service delivery.

E) DELIVERABLES

Deliverables to be provided by the selected vendor(s) in one or more of the defined areas must include Regional International Trade Development Manager referrals upon service delivery and/or client engagement. Respondents must identify which deliverable(s) the proposal response includes, and individualized pricing for each service must be clearly articulated within the response. Deliverables for customized services for small- to medium-sized businesses to include the following services:

- Customized International Search Engine Optimization (SEO) reports, which involve reviewing source code; identifying country specific search engine rankings; examining up to 50 website pages per project; accounting for cultural considerations.
- Export Diversification Plans, which includes the identification of international customer segments; value propositions; key international partners; risks and opportunities; strategy planning for increasing export sales.
- Customized web-based micro sites with language specific to a company's proposed export market, optimized for visibility in target markets.
- Early stage "new to export" client trainings, which include reviewing company financials, updating company's business plan, and reviewing and updating company's export strategic plan.
- Country- and industry-specific research reports, which assist Michigan companies to identify global markets and engage those markets. Site visits to companies' Michigan locations may be required in order to provide the most relevant, in-depth report possible.

- Collaborate with regional partners to offer educational programming on relevant international trade topics to companies, including peer learning and networking opportunities.
- Seminars and one-on-one trainings related to legal considerations that small business must address to export.
- International digital marketing strategy development and/or execution.
- International trade supply chain support, including addressing import needs specific to export production.
- International logistics consultation support, which may include annual calendar of training modules.
- International sales training supporting company pitch of products/services, which may include annual calendar of training modules.
- Coordinate the identification of export resources and integrate them into an export assistance continuum.
- Individualized training on export compliance topics and processes, including basics of exports, export controls, Harmonized Schedule classification, Free Trade Agreement review, Automated Commercial Environment setup, Incoterms, export transactions and documentation
- Delivery of customized, on-demand worldwide credit reports
- Other customized export services to assist Michigan companies.

Exhibit B
Proposal Evaluation Form
International Trade Services RFP

Name of Applicant: _____

Name of Reviewer: _____

Criteria	Reviewer's Comments	Points
<p>1. Bidder Information: 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. If a corporation, included the state in which it is incorporated. If appropriate, stated whether the organization is licensed to operate in the State of Michigan.</p>		<p>Max Possible: 5</p> <p>Score:</p>
<p>2. Understanding RFP: Demonstrated a thorough understanding of the need(s) presented by the RFP in response to selected deliverables.</p>		<p>Max Possible: 10</p> <p>Score:</p>
<p>3. Statement of Work: Included a narrative summary and timelines of the proposed effort and of the service(s) that will be delivered.</p>		<p>Max Possible: 35</p> <p>Score:</p>
<p>4. Prior Experience: 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>5. Track Record of Collaboration: Described track record of collaboration with MEDC International Trade program and statewide export partners.</p>		<p>Max Possible: 10</p> <p>Score:</p>
<p>6. Staffing: Identified a lead Project Manager and staff assigned by name and title. Included relevant experience and any other appropriate information. Listed all subcontractors that will be engaged.</p>		<p>Max Possible: 15</p> <p>Score:</p>
<p>Total Score:</p>		<p>Max. Possible: 100</p> <p>Score:</p>



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: March 22, 2022

To: Michigan Strategic Fund Board

From: Rob Garza, Manager, Statutory Analysis
Lori Mullins, Managing Director, Community Development Incentives

Subject: Request to Amend Transformational Brownfield Plan Program Guidelines

Request

MEDC staff request approval of an amendment to the Transformational Brownfield Plan (“TBP”) Program Guidelines.

Background

In July of 2017, the Michigan Legislature passed legislation creating the TBP program, which is incorporated into the Brownfield Redevelopment Financing Act, 1996 Public Act 381 (“Act”), as amended. TBP is a brownfield plan that allows developers the opportunity to capture a portion of specific incremental taxes generated from large-scale projects that will have a transformational impact on local economic development and community revitalization and result in an overall positive fiscal impact to the State.

The MSF Board reviewed and approved TBP Program Guidelines at its July 25, 2017, meeting and amended the TBP Program Guidelines at its September 26, 2017 and April 23, 2019 meetings. The first TBP was approved by the MSF Board in May of 2018.

The amended TBP Program Guidelines include both changes which conform to the amended legislation that became effective December 29, 2021, and staff recommendations that add clarification and detail to existing and new legislative requirements. Please see the complete list of changes made to conform to the legislative changes below:

- Addition of a specific condition in which the MSF may waive the mixed-use requirement.
- Clarification that eligible activities may only be reimbursed if they began up to 90 days prior to MSF approval.
- Recognition of December 31, 2027 as the new expiration date of the program.
- Removal of the limitation of a maximum of 5 TBP approvals per local unit effective January 1, 2023.
- Identification of the ability to administratively approve existing TBP plans to conform with any future legislative changes, provided that the approved aggregate amount of reimbursement is not increased.
- Removal of the requirement of a third-party economic impact analysis for any applicant.
- Recognition of the increase in the amount of income tax capture and/or income tax capture in any single year from \$1.5 million to \$10 million as the threshold for the third-party analysis and fee amounts.
- The reduction of the fee from \$208,000 to \$30,000 plus the actual cost of any required third-party underwriting analysis.

- The removal of the requirement that the Treasurer must concur with the third-party fiscal and economic benefit analysis of a positive fiscal impact to the state. The Treasurer is now statutorily required to be consulted, rather than concur.
- A Michigan Community Revitalization Program (MCRP) award may now be considered for projects seeking a TBP approval.
- The inclusion of the safe harbor provision that specifies a calculation of income tax capture and/or withholding tax capture revenues may be requested in lieu of traditional calculations. In addition, the new language specifies how the safe harbor calculation will be determined.

In addition to the recognizing the legislative changes, the amended guidelines also now include the following staff recommendations:

- Specification that the most recent federal decennial census data will be used to determine the applying community's population for the purposes of meeting the capital investment threshold as outlined in the Act.
- The withholding tax capture safe harbor calculation consists of imputing up to 90 percent of the average estimated employee occupancy that corresponds to the size and use of the eligible property or portion of the eligible property and a safe harbor of up to 90 percent of the average annual taxable wage for the individuals employed within the eligible property or portion of the eligible property.
- The income tax capture safe harbor calculation consists of imputing up to 90 percent of the estimated annual taxable income for households residing within the eligible property or portion of the eligible property.

Identification of a single source for population data allows for more consistency in evaluating a critical TBP requirement. The recommended safe harbor calculations for both income tax capture and withholding tax capture provide transparency and a clear expectation for potential developers.

Recommendation

The MEDC staff recommends approval of the amended Transformational Brownfield Plan Program Guidelines attached to the Resolution.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-055**

**ADOPTION OF AMENDED PROGRAM GUIDELINES FOR
TRANSFORMATIONAL BROWNFIELD PLANS**

WHEREAS, Public Act 381 of 1996 established the Brownfield Redevelopment Financing Act (“Act 381”) to promote the revitalization, redevelopment, and reuse of certain property;

WHEREAS, Section 14a of Act 381, MCL 125.2664a, authorizes the Michigan Strategic Fund (“MSF”) Board to approve Transformational Brownfield Plans (“TBPs”) in accordance with the requirements of the Act;

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

WHEREAS, the MSF Board adopted the TBP Program Guidelines via resolution on July 25, 2017; and

WHEREAS, the MSF Board amended the TBP Program Guidelines via Resolution September 26, 2017, and April 23, 2019; and

WHEREAS, the MEDC recommends that the MSF Board adopt the amended TBP Program Guidelines attached to this Resolution to implement the provisions of Act 381 for TBPs (“Proposed TBP Guidelines”); and

WHEREAS, the MSF Board wishes to adopt the amended Proposed TBP Guidelines.

NOW, THEREFORE, BE IT RESOLVED, that the MSF approves the amended Proposed TBP Program Guidelines.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 22, 2022

TRANSFORMATIONAL BROWNFIELD PLAN PROGRAM GUIDELINES

PROGRAM OVERVIEW

The Brownfield Redevelopment Financing Act, 1996 Public Act (PA) 381, as amended (Act 381), effective July 24, 2017, incorporates Transformational Brownfield Plans (TBP), which affords developers the opportunity to capture a portion of specific incremental taxes generated from large-scale transformational projects for a specified time period.

A TBP is defined under Act 381 as a Brownfield Plan that, among other requirements, will have a transformational impact on local economic development and community revitalization based on the extent of brownfield redevelopment and growth in population, commercial activity, and employment that will result from the plan. The plan must be either a mixed-use development project with planned integration of some combination of retail, office, residential, or hotel uses or a development in a municipality that is not a county and that has a population of less than 25,000 that utilizes one of the listed uses and has had the mixed-use requirement waived by the MSF. Other requirements include minimum thresholds of capital investment depending on the population size of the municipality in which the development is proposed.

A TBP allows for the capture of five sources of new tax revenues associated with a project, in addition to incremental revenue from property taxes. The additional tax revenues available include the following: (1) Construction Period Income Tax; (2) Construction Period Sales Tax Exemptions, (3) Construction Period Use Tax Exemptions; (4) Income Tax Capture; and (5) Withholding Tax Capture. These tax revenues can be used in financing a wide array of eligible activities where costs were incurred no more than 90 days prior to MSF approval of the TBP, specifically including any demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property, including infrastructure improvements that directly benefit eligible property. Income Tax Capture and Withholding Tax Capture are both limited to up to 20 years.

The Michigan Strategic Fund (MSF) is the project-authorizing entity and can approve no more than five TBPs in a calendar year statewide. In the event the MSF approves fewer than five plans in a calendar year, the unused approval authority shall carry forward into future calendar years and remain available until December 31, 2027. No new TBPs can be approved after December 31, 2027, and no unused plans can carry over past that date. A TBP approved prior to that date would remain in effect and could be amended.

An equitable geographic distribution of plans is required, balancing the needs of municipalities of different sizes and geographic areas with a target that at least 35% of all TBPs over the life of the program be located in cities, villages, and townships with populations under 100,000. The MSF will reserve 15% of the funds for these projects.

AMENDMENTS

A TBP may be amended to add parcels of property, increase or reduce capture, or change project scope of work. Any amendment that proposes to change the project so that it would no longer qualify as transformational, will result in the TBP being revoked. Amendments are not considered new plans and plans may be amended beyond December 31, 2027.

If specific aspects of the Transformational Brownfield Plan within Act 381 are legislatively amended in the future, the MSF may amend existing TBP plans to make conforming and consistent changes to the approved TBPs on an administrative basis, provided that those changes do not result in any increase in the aggregate total amount of reimbursement authorized under the initial TBP.

FEES

The MSF will charge and collect application fees, amendment fees, transfer fees and annual administrative fees¹. Annual administrative fees are estimated to be between 0.8 and 0.9 percent of TBP awards. For TBP requested awards greater than or equal to \$10 million in combined Income Tax Capture and Withholding Tax Capture Revenue in any single year, a non-refundable application fee of \$30,000 plus the actual cost of any necessary third-party analysis (estimated amount to be between \$100,000 and \$150,000) will be charged and collected by the MSF². All costs of the independent third-party underwriting analysis shall be paid by the owner or developer of the eligible property and are non-refundable. In the event that an amendment is required for TBP awards greater than or equal to \$10 million in combined Income Tax Capture and Withholding Tax Capture Revenue in any single year, a non-refundable amendment fee of \$30,000 plus actual cost of any necessary third-party analysis will be charged and collected by the MSF. In the event that the third-party analysis costs exceed the application or amendment fee, the costs shall be paid by the owner or developer of the eligible property. For TBP requested awards or amendments to award for projects with less than \$10 million in combined Income Tax Capture and Withholding Tax Capture Revenue in any single year, a non-refundable application fee of \$30,000 will be charged and collected by the MSF.. For any transfer of a TBP award the MSF will charge and collect a \$7,000 transfer fee.

ELIGIBLE APPLICANTS

A project may be located in any community but must involve a minimum level of capital investment based on the size of the community, as follows:

Population	Investment
Greater than or equal to 600,000	\$500,000,000
150,000 - 599,999	\$100,000,000
100,000 - 149,999	\$75,000,000
50,000 - 99,999	\$50,000,000
25,000 - 49,999	\$25,000,000
Less than 25,000	\$15,000,000

These limitations can be waived by the MSF to allow TBPs in certain areas where:

- the population is under 25,000, if the development would not be economically feasible otherwise;
- the Michigan State Housing Development Authority has approved the expenditure of federal blight elimination funds;
- the municipality is subject to a state of emergency for drinking water contamination; or
- the eligible property is a historic resource and would not otherwise be transformed.

The community's population for the purposes of meeting the capital investment threshold will be based on the most recent federal decennial census.

¹ PA 46 of 2017 Sec. 8a. (3)(a),(i),(ii),(iv) (p. 7)

² [MSF Act 270 of 1984](#), 125.2007 Powers and duties of fund, Sec. 7. (j)

ELIGIBLE ACTIVITIES

TBP eligible activities include any demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property, including infrastructure improvements that directly benefit eligible property, along with eligible activities currently allowed under Act 381.

ELIGIBLE PROPERTY

Documentation that the project is located on an eligible property is required at the time the application is submitted. Eligible property includes one or more of the following:

1. **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 (DEGLE) who will certify the property as a facility after adequate documentation is received from the developer.
2. **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.
3. **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 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.
4. **Blighted:** Property that meets any of the following criteria as determined by the respective unit of government, building official, or assessor when applicable:
 - 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 (QLGU), by a county, or by the state of Michigan. Tax-reverted property that is sold, leased, or transferred after the property is in a Brownfield Plan is still considered blighted property for purposes of Act 381;
 - Is property owned, by or under the control of, a land bank fast track authority (LBFTA) under the Land Bank Fast Track Act, 2003 PA 258, whether or not it is located within a QLGU. Property that is sold, leased or transferred by a LBFTA after the property is in a Brownfield Plan is still considered blighted property for purposes of this act; and
 - Has substantial subsurface demolition debris buried on site so that the property is unfit for its intended use.

5. Transit-oriented Property: Property that houses a transit station in a manner that promotes transit ridership or passenger rail use.
6. Transit-oriented Development: Infrastructure improvements that are located within ½ mile of a transit station or transit-oriented property that promotes transit ridership or passenger rail use as determined by the municipality.
7. Undeveloped Property: Property that was eligible property in a previously approved brownfield plan abolished under section 14(8).

PROGRAM KEY COMPONENTS

1. The project must be a mixed-use development, defined as a real estate project with planned integration of some combination of retail, office, residential, or hotel uses. A project may also be a development that utilizes one of the named mixed-use components if the development is located in a municipality that is not a county and has a population of less than 25,000 and has had the mixed-use requirement waived by the MSF. The project can be a single development on eligible property, or consist of a series of developments on eligible properties (even if they are not contiguous) that are part of a related program of investment meeting the following requirements:
 - The developments are proposed to be undertaken concurrently or in reasonable succession.
 - For developments under affiliated ownership, the developments are reasonably contiguous and are a part of a program investment in a logically defined geographic area, including, but not limited to, a Downtown District (as defined in the Downtown Development Authority Act) or a principal shopping district or business improvement district (as defined in the Shopping Areas Redevelopment Act). Other areas related to those districts that will promote infill development may also be considered.
 - For developments with unrelated ownership, projects must meet the provisions above, and are part of a master development plan, area plan, sub-area plan, or similar development plan that has been approved or adopted by resolution of the governing body.
 - The designation of the developments as a related program of investment is consistent with the purposes of this act and is not a combination of unrelated or minimally related projects calculated to meet the minimum investment threshold.
2. The TBP allows for traditional property tax increment revenue and four kinds of revenue from construction period income tax capture, income tax and withholding tax capture, and exemptions from sales tax and use tax as follows:
 - Construction Period Income Tax Capture Revenues: Funds equal to the amount of income tax levied and imposed in a calendar year on wages paid to individuals physically present and working within the eligible property for the construction, renovation, or other improvement of eligible property that is an eligible activity within the TBP. Excluded are wages paid to employees of the owner or developer of the project.
 - Construction Period Sales Tax and Use Tax Exemptions:
 - a. A sales tax exemption for the purchase of tangible personal property for use in eligible brownfield redevelopment activities on eligible property included in a TBP, to the extent that the tangible personal property will be affixed and made a structural part of the real property or infrastructure improvements included within the TBP.

- b. A use tax exemption on tangible personal property acquired by a person engaged in the business of altering, repairing, or improving real estate for others, or to the manufacture of a specific product if the property or product is to be affixed or made a structural part of the real property included within a TBP, to the extent that those improvements are eligible activities on eligible property within a TBP.

The MSF shall require the owner or developer of the eligible property to report the actual value of the sales and use tax exemptions each tax year of the construction period and at the end of the construction period.

- Income Tax Capture Revenues: Funds equal to the amount for each tax year by which the aggregate income tax from individuals domiciled within the eligible property subject to a TBP exceeds the initial income tax value (the value in the tax year when the resolution adding TBP property is adopted). A TBP cannot propose to use more than 50% of the income tax capture revenues, with the following exceptions:
 - The proposed eligible property is designated as a Renaissance Zone and otherwise meets the criteria in Section 13c(13).
 - The applicable eligible properties are subject to a written binding affordable housing agreement with the local governmental unit. This exception may include a proposal of up to 100% of income tax capture revenues, subject to an underwriting and financial analysis.
- Withholding Tax Capture Revenues: The amount for each calendar year by which the income tax withheld from individuals employed within the eligible property subject to a TBP exceeds the initial withholding tax value. Excludes those domiciled within the eligible TBP property and construction period tax capture revenues. A TBP cannot propose to use more than 50% of the withholding tax capture revenues.

These tax increment revenues can be used in financing a wide array of eligible activities, specifically including as new activities, any demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property, including infrastructure improvements that directly benefit eligible property. Capture of income tax and withholding tax revenue is limited to up to 20 years.

The owner or developer may elect to utilize a safe harbor method for the calculation of Income Tax and Withholding Tax Capture revenues rather than a traditional calculation. The detailed parameters of the safe harbor option can be found in the Program Limits section of these guidelines.

3. A TBP that proposes to use more than \$10 million in any one year in withholding tax capture revenues and income tax capture revenues require the developer or owner to:
 - Pay for an independent, third-party underwriting analysis to determine whether the amount of captured taxable value, construction period tax capture revenues, withholding tax capture revenues and income tax capture revenues estimated to result from the plan are reasonable; and
4. Projects that are requesting consideration for a TBP will not be eligible if other MSF program assistance is available to fill the financing gap. However, If the MSF supports a TBP, that project(s) may also be considered for funding under the Michigan Community Revitalization Program (MCRP).

5. Project construction must start within 12 months of MSF Board approval.
6. The owner or developer must certify the actual capital investment upon completion of TBP construction, or completion of a specific phase, or prior to the MSF initiating reimbursement from the construction period income tax capture, income tax capture, and withholding tax capture. If the actual capital investment is less than the amount included in the plan, the MSF has the right to modify the amount of reimbursement and take other recourse.
7. The MSF is required to approve a proposed change in ownership of eligible property subject to a transformational brownfield plan for which reimbursement will continue, prior to the assignment or transfer of the development and reimbursement agreement.

PROGRAM LIMITS

The MSF may authorize TBP incentives for large development projects totaling income and withholding tax capture of up to \$1.0 billion across all TBPs for the duration of the program.

1. Income Tax and Withholding Tax:

- Commitments and disbursements of income and withholding tax capture revenue are limited to a total of up to \$800 million over the life of the program.
- Commitments and disbursements of income and withholding tax capture revenue are limited to \$40 million annually across all TBPs. If the \$40 million threshold is not reached in a given year, the remaining balance will be carried forward into subsequent years for disbursement.
- A TBP cannot use, or propose to use, more than 50% of the income tax capture revenues to reimburse eligible activities, with the following exceptions:
 - The proposed eligible property is designated as a Renaissance Zone and otherwise meets the criteria in Section 13c(13).
 - The applicable eligible properties are subject to a written binding affordable housing agreement with the local governmental unit. This exception may include proposal of up to 100% of income tax capture revenues, subject to an underwriting and financial analysis.
- A TBP cannot use, or propose to use, more than 50% of the withholding tax capture revenues to reimburse eligible activities.
- A TBP cannot award more than 25% of the annual allocation to any one project per year, not including amendments. With amendments, no more than a total 50% of annual allocation.
- The available tax increment reimbursement from any source for a TBP will be limited to an amount that is needed to make the project economically viable based on estimates at time of TBP application.
- In lieu of traditional calculations of Income Tax Capture, the owner or developer may elect to utilize a safe harbor method of calculating Income Tax Capture Revenues.
 - The MSF shall establish the safe harbor amount by imputing no more than 90 percent of the estimated annual taxable income for households residing within the eligible property or portion of the eligible property.
 - The safe harbor shall be effective only to the extent that the residential units within the eligible property or portion of the eligible property are actively leased or, in the case of units made available for sale, sold in arms-length transaction. The owner or developer will be required to submit copies of all leases and certification of the percentage of space in the project or specific phase of project that is leased or sold with each request for reimbursement.

- The MSF may adjust the safe harbor amount after approval to reflect changes in the TBP, provided that any changes to the TBP do not result in an aggregate increase in the level of Income Tax Capture Revenues from the initial approval amount.
- The owner or developer may elect to utilize the safe harbor method any time prior to the first reimbursement of Income Tax Capture Revenues, provided that an election, once made, cannot be rescinded.
- In lieu of traditional calculations of Withholding Tax Capture Revenues, the owner or developer may elect to utilize a safe harbor method of calculating Withholding Tax Capture Revenues.
 - The MSF shall establish the safe harbor amount by imputing no more than 90 percent of the average estimated employee occupancy that corresponds to the size and use of the eligible property or portion of the eligible property and a safe harbor of no more than 90 percent of the estimated average annual taxable wage for the individuals employed within the eligible property or portion of the eligible property.
 - The safe harbor shall be effective only to the extent the eligible property or portion of the eligible property is actively occupied, as evidenced by the existence of a binding lease agreement or similar instrument. The owner or developer will be required to submit copies of all leases and certification of the percentage eligible property occupied with each request for reimbursement.
 - The MSF may adjust the safe harbor amount after approval to reflect changes in the TBP, provided that any changes to the TBP do not result in an aggregate increase in the level of Withholding Tax Capture Revenues from the initial approval amount.
 - The owner or developer may elect to utilize the safe harbor method any time prior to the first reimbursement of Withholding Tax Capture Revenues, provided that an election, once made, cannot be rescinded.
- No income or withholding tax capture will occur after the permitted costs under the TBP are met or after 20 years from the start of capture.

2. Construction Period Tax Capture Revenue and Exemptions:

- A total of up to \$200 million can be captured and exempted from a combination of construction period tax capture revenue in the TBP and sales and use tax exemptions on certain tangible personal property. A TBP can capture 100% of the construction period tax capture for transmittal to the brownfield authority or developer.
- Disbursements of construction period tax capture revenue and the value of the sales and use tax exemptions do not have an additional annual reimbursement cap.
- The available tax increment reimbursement from any source for a TBP is limited to an amount that is needed to make the project economically viable based on estimates at time of TBP application.
- No tax capture will occur after the permitted costs under the TBP are met or after construction is complete and certified.

UNDERWRITING CRITERIA

TBPs will be awarded based on financial need for the incentive and the award amount will be determined based on a demonstrated gap in financing.

TBPs proposing to use more than \$10 million in any one year in withholding and income tax capture revenues require an independent underwriting analysis conducted by a third-party entity, paid for by the developer via the application fees or amendment fees. MSF will determine the third-parties eligible to conduct such an analysis. Developer must provide all necessary information (details of which will be relayed to the developer at the time of the project) to the appropriate MEDC contact before the analysis is conducted. TBPs proposing to use less than \$10 million in annual withholding and income tax capture will undergo analysis through the MEDC, in participation with the State Treasurer.

If a TBP proposes to use more than \$10 million in any one year in withholding and income tax capture, then the State Treasurer must be consulted before a recommendation is made to MSF for project approval.

1. Evaluation of specific underwriting criteria, including at minimum the following:
 - Assessment of how much traditional debt the project should be able to support/attract
 - Developer and consultant fees limited to 4% of the total development cost of the project
 - Reasonableness assessment of any related-party costs and expenses
 - Minimum Owner Equity Investment: 20% of Total Development Costs (net of developer and consulting fees). Deferred fees will not be counted in the calculation
 - Minimum Debt Service Coverage Ratio: 1.20:1.00, calculated based on all scheduled debt service requirements following stabilization and conversion to permanent financing
 - Returns in relation to the land use mix, location, size and complexity of the project and the risk involved. Unleveraged IRR and yield on cost will be evaluated if financing is preliminary. If financing term sheets are provided, leveraged IRR and cash on cash return will be evaluated. Average annual return metrics will be for the first three years following project stabilization.
2. Reasonableness assessment of the proposed rental structure and assumptions
3. Reasonableness assessment of the proposed operating expenses
4. Reasonableness assessment of the proposed development costs
5. Process conducted to analyze and determine the project's economic viability
6. A full financial and underwriting review will be completed on any future amendments and requests for project support.

PROJECT EVALUATION, PROCESS AND MSF SUPPORT

The process below is a high-level overview of the Transformational Brownfield Plan (TBP) consideration process from project identification through execution of a final agreement. TBP projects require the approval of the Brownfield Redevelopment Authority (BRA), the local unit of government, and the Michigan Strategic Fund (MSF). If department-specific activities are included in the project, approval of the Michigan Department of Environment, Great Lakes and Energy (EGLE) is also required.

1. Local partners, developers, or the BRA engage early with the Michigan Economic Development Corporation (MEDC) [Community Assistance Team \(CAT\)](#) staff for initial project evaluation and determination of appropriate incentive match. CAT will collect intake evaluation documentation including, but not limited to, project investment summary and a projected tax increment revenue table.

2. Project will undergo an internal review and an initial determination of appropriate TBP fit. CAT staff will issue a soft commitment letter outlining potential MSF support and inviting an application.
3. Development team and BRA prepare a TBP combined Brownfield/Work Plan package, including the application fee, and submit to MEDC staff for review.
4. MEDC will evaluate the full TBP package and will conduct underwriting and economic impact analyses. Projects anticipating more than \$10 million of annual income and/or withholding tax capture are required to undergo a 3rd party underwriting analysis and the applicant will pay the necessary 3rd party fees as part of their application fee. If the annual income and/or withholding tax capture is \$10 million or less than the underwriting analysis will be conducted internally, and the applicant will pay the application fees.
5. After confirming the TBP package is administratively complete³, MEDC staff will provide a Summary of Terms, or similar document, to the development team outlining the business terms for the proposed incentive.
6. Following feedback from MEDC (and potentially based on the 3rd party analysis) the TBP documents will be updated and submitted for local BRA and governing body approval; then the TBP final package is submitted to MEDC for MSF consideration.
7. MEDC conducts civil and criminal background checks, presents the TBP recommendation to the MSF Board and after MSF action, a reimbursement agreement will be drafted by the MEDC and executed between MSF, Treasury, the BRA, and the development entity(ies).
8. Reporting is required throughout the construction period, as well as annually through the reimbursement period.

ADDITIONAL TERMS AND CONDITIONS

1. Owners or developers that receive a TBP designation will be subject to the MSF Background Review Policy, as may be revised from time to time by the MSF. Additional due diligence may be required at the discretion of the MSF.
2. Owners or developers that receive a TBP designation from the MSF will be required to execute a reimbursement agreement with the MSF, which will be performance-based and will set forth the terms and conditions of the TBP designation including, but not limited to, the term of the plan, the total amounts of tax capture the owner or developer may receive and periodic reporting requirements.
3. Owners or developers are expected to maintain detailed records demonstrating that the award recipient incurred and paid the required investment at the project location. Failure to maintain adequate records may result in adverse action by the MSF, up to and including termination of the reimbursement agreement. In addition, the MSF, MEDC, Auditor General, and the Department of Technology, Management, and Budget shall have access to all records related to the project and reserve the right to conduct on-site reviews and inspections to confirm compliance with the terms and conditions of the agreement.

³ Administratively complete means the TBP and all required supporting documentation is determined to be complete by MEDC staff and the underwriting and economic impact analyses are complete and a determination of a positive fiscal impact to the state has been confirmed.



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: March 22, 2022

To: Michigan Strategic Fund Board

From: Rob Garza, Manager, Statutory Analysis
Lori Mullins, Managing Director, Community Development Incentives

Subject: Request for Approval of the MSF Brownfield Site Investment Program Guidelines and Delegated Authority Actions

Request

MEDC staff is requesting MSF consideration and approval of the creation of the MSF Brownfield Site Investment Program (“Program”), the Program Guidelines (attached to the resolution as Exhibit A) and Delegation of Authority for the following actions:

- The creation of a detailed application, approval and compliance process
- The creation of additional program standards, templates, or any other forms to implement the grant and loan program
- Delegation of awards of \$1,000,000 or under.

Background

Section 8a(3)(c)(i) of Act 381 of 1996 requires the Michigan Strategic Fund to create a grant and loan program funded by the money that has been deposited into the Brownfield Redevelopment Fund (BRF). The BRF, is funded by the remittance by Brownfield Development Authorities (BRA) of 50% of the State Education Tax captured on all Work Plans approved by both the MSF and EGLE after January 1, 2013.

The proposed MSF Brownfield Site Investment program will initially provide loans to BRAs or any village, city, township, or county served by a local BRA to undertake eligible activities that will accelerate the preparation of an eligible property with the goal of attracting future development. It is anticipated that a future request to amend the guidelines will be made to incorporate the considerations for a grant award once the program fund balance is at an appropriate level to support grant and loan awards. Preference will be given to projects that include one or more of the following:

- Preparation of a priority site selected by a certified or engaged Redevelopment Ready Community (RRC).
- Demolition or remediation activities permitted under the act, that allow out-of-use publicly owned buildings or sites to be repurposed, as long as the removal of said buildings or proposed changes in land use are part of a publicly approved Master Plan or other municipal development plan.

MEDC community development staff will evaluate applications and make recommendations for approval to the MSF Board or its Delegates. In order to assist as many potential sites as possible from program inception, the guidelines identify \$1,000,000 as the maximum award amount.

Many local partners have prominent redevelopment sites that contain existing Brownfield conditions and face significant challenges in attracting development. Some of those challenges includes the need for new infrastructure, demolition of onsite structures, and site preparation activities. This program has been structured to provide an applicant funding up front to undertake eligible activities in anticipation of a future brownfield redevelopment project that will generate tax increment revenue that the applicant can use to repay the loan. The brownfield plan included as part of each application will contain a complete description of the proposed future use of the site and anticipated timeline for redevelopment. The proposed reuse must be supported by a local master plan or other municipal development plan. The guidelines also contain language specifying the loans will contain flexible terms and conditions that may allow an awardee to request the loan to be extended or converted to a grant. Staff believes this provides the necessary flexibility to make the loans more attractive despite the speculative nature of the future project.

Additional eligible activities may be identified once a project is underway and an award under this program does not prevent the consideration of an Act 381 Work Plan request by the MSF Board at a future date.

Recommendation

MEDC staff recommends approval of the following:

- a) Authorize the creation of the MSF Brownfield Site Investment Program
- b) The MSF Brownfield Site Investment Program Guidelines
- c) Delegation of Authority for the following actions:
 - The creation of a detailed application, approval and compliance process
 - The creation of additional program standards, templates, or any other forms to implement the grant and loan program
 - Delegation of MSF Brownfield Site Investment Program awards of \$1,000,000 or under.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-056**

**APPROVAL OF THE BROWNFIELD ACT 381 MSF SITE INVESTMENT PROGRAM
GUIDELINES**

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

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, 1996 PA 381, MCL 125.2658a(3)(c)(i) requires the Michigan Strategic Fund to create and operate a grant and loan program to fund the cost of eligible activities described in 1996 PA 381, MCL 125.2663b(4) on eligible property and to approve program guidelines (“Guidelines”);

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

WHEREAS, the MEDC recommends the MSF (1) authorize the creation of the MSF Brownfield Site Investment Program (“Program”) and (2) approve the Guidelines for the Program (attached as Appendix A) for the purpose of providing loans to prepare brownfield sites for redevelopment (“Recommendation”).

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 22, 2022

APPENDIX A

MSF BROWNFIELD SITE INVESTMENT PROGRAM PROGRAM GUIDELINES

- 1) The Brownfield Redevelopment Financing Act, Act 381 of 1996, as amended (“Brownfield Act”) created the state brownfield redevelopment fund into which certain monies captured from school taxes from brownfield work plans are deposited. The Brownfield Act directs the MSF to create and operate a loan program to fund eligible applicants to support certain eligible activities on eligible properties, each as defined by the Brownfield Act. The purpose of the Brownfield Site Investment Program is to provide loans to prepare brownfield sites for redevelopment (“MSF Support”).
- 2) Eligible applicants are brownfield redevelopment authorities (BRA), or any village, city, township, or county served by a local brownfield authority.
- 3) Specific non-environmental eligible activities undertaken for a project must occur on eligible property. The following eligible activities may be considered:
 - a) Demolition of structures that is not a response activity;
 - b) Lead, asbestos, or mold abatement that is not one or more of department specific activities;
 - c) Infrastructure improvements that directly benefit eligible property; and
 - d) Site preparation that is not a response activity
- 4) Preference will be given to projects that include one or more of the following:
 - a) Preparation of a priority Redevelopment Ready Site within a Redevelopment Ready Community (RRC) certified or engaged community.
 - b) Demolition or remediation activities permitted under the Act that allow out-of-use publicly owned buildings or sites to be repurposed, as long as the removal of said buildings or proposed changes in land use are part of a publicly approved Master Plan or other municipal development plan.
- 5) Requests for MSF Support shall include submission by an applicant of:
 - a) An administratively complete application which completeness is as determined by the MEDC Brownfield Staff;
 - b) a complete description of work to be funded by the loan; and
 - c) a complete description with anticipated timeline of the proposed future use of the site as supported by a local master plan or other municipal development plan.
 - d) A Brownfield Plan that includes the proposed eligible property and eligible activities approved by the local governing body where the project is located. The Brownfield Plan:

- i) Must contemplate a future development of the site and include estimated taxable value and potential land uses that would be supported by the local master plan, zoning, and any locally supported redevelopment strategy.
 - ii) Must include eligible activity costs that are proposed to be undertaken with proposed loan funds.
 - iii) Must be amended once a project is identified to include the scope of the identified project, potential additional eligible activities to support the development, and Tax Increment Financing Table.
 - e) An explanation and relevant copies thereof, of the proposed charter or other governing authorit(ies) upon which the applicant relies empowering it to issue a note or other bond payable to the MSF, and the proposed charter or other governing authority and identified source(s) of funding, and relevant copies thereof, upon which the applicant relies for its repayment obligations to the MSF.
- 6) Approval of MSF Support does not infer that the MSF will approve a future Work Plan for the project; however, a Work Plan may be considered for MSF consideration once a project is identified.
- 7) MSF Support for a single project will be limited to a maximum of \$1,000,000, subject to MSF approval and available program funding.
- 8) MSF Support shall be performance based. Loans may include flexible terms and conditions, and the loan recipient, under certain conditions, may request the loan be extended or converted to a grant.
- 9) When considering a project for MSF Support, consideration shall include, but is not limited to, the following to the extent reasonably applicable to the type of proposed project, and any other considerations satisfactory to the MSF:
- a) The overall benefit to the public;
 - b) The extent of reuse of vacant buildings and redevelopment of blighted property;
 - c) Whether the eligible property is in an area of high unemployment;
 - d) Whether the proposed activities and proposed future use align with local Master Plan or development plan;
 - e) Whether the proposed activities and proposed future use are competitive for funding based on the project considerations included in the MSF approved and amended Brownfield Tax Increment Financing MSF Program Guidelines; and
 - f) Any other criteria that the MSF considers appropriate for the determination of eligibility or for approval of the grant/loan application;
- 10) The MEDC shall provide administrative services to the MSF for the program.

- 11) All MSF Support shall be memorialized by a final written loan agreement, with terms and conditions in accordance with these guidelines and otherwise satisfactory to the MSF, including without limitation, requiring performance based milestones; and requiring periodic reporting of data, financial information, and any other information required to facilitate reporting to the MSF Board and the Michigan legislature, including periodic reporting after completion of a project.

- 12) All decisions for MSF Support, including any exceptions to these guidelines, are subject to approval of the MSF Board, and all decisions for MSF support in an amount of \$1,000,000 or less may be authorized by the MSF Chairperson or the MSF Fund Manager, with only one required to act. A summary of the MSF Support authorized by the delegates shall be reported to the MSF Board on a quarterly basis.

Appendix A – Definitions

- Eligible Activities – As defined in section 2(o) of Michigan Public Act 381 of 1996
- Eligible Property – As defined in section 2(p) of Michigan Public Act 381 of 1996



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

RESOLUTION 2022-057

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 March 22, 2022:

10.8-1 Brownfield Site Investment Program

(1) The MSF President or the MSF Fund Manager may make all decisions to develop, finalize, and revise a Brownfield Site Investment Program application and overall process to operate the Brownfield Site Investment Program, each in accordance with the Brownfield Site Investment Program guidelines adopted by the MSF Board.

(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 Brownfield Site Investment Program where the award amount is less than or equal to \$1,000,000 in accordance with the Brownfield Site Investment Program guidelines adopted by the MSF Board.

(3) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the Brownfield Site Investment Program.

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, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 22, 2022



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: March 22, 2022

To: Michigan Strategic Fund Board

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

Subject: Request for Approval to Establish the Build MI Community Grant Initiative, Adoption of the Guidelines for the Initiative, and Transfer of \$5,000,000 to Fund the Initiative

Request

Michigan Economic Development Corporation (“MEDC”) staff is requesting that the Michigan Strategic Fund (“MSF”) Board: 1) authorize the Build MI Community Grant Initiative (“BMC”); 2) adopt guidelines for the BMC (the “Guidelines”); 3) approve the transfer of \$5,000,000 from the Michigan Community Revitalization Program (“MCRP”), as permitted under MCL 125.2088b(2)(c) to fund the BMC; 4) delegation of project approvals, amendments, and all decisions necessary to administer the initiative in accordance with the adopted BMC guidelines to the MSF Fund Manager.

Background

MEDC Community Development staff has created an internal workgroup to explore and establish strategies to better serve less experienced real estate entrepreneurs and make Michigan Strategic Fund tools more accessible to a more diverse group of applicants, as well as, expand the pool of experienced developers in Michigan. Through the solicitation of feedback from both internal and external partners the workgroup has established the framework for the initiative being presented for consideration.

The proposed BMC will be paired with intentional outreach to a more diverse audience of developers and property owners through new and expanded partnerships with CDFI’s and other non-profits that support community development. The BMC grants will support new developers and provide gap financing of up to the lesser of 50% of eligible project costs or \$250,000 for small scale development across the State of Michigan. The initiative applicants will be individuals or entities with limited commercial and mixed-use development/redevelopment experience, who are engaged in development projects with a total development cost of \$2.5 million or less. The proposed Guidelines for the BMC can be found in the resolution.

Recommendation

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

- a) Authorization of the Build MI Community Grant Initiative;
- b) Adoption of guidelines for the Build MI Community Grant Initiative;
- c) Transfer of \$5,000,000 from the Michigan Community Revitalization Program, as permitted under MCL 125.2088b(2)(c) to fund the Build MI Community Grant Initiative;
- d) Delegation of project approvals, amendments, and all decisions necessary to administer the initiative in accordance with the adopted Guidelines and the MSF Act to the MSF Fund Manager.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-058**

ADOPTION OF THE BUILD MI COMMUNITY GRANT INITIATIVE AND GUIDELINES

WHEREAS, the Michigan legislature enacted the Michigan Strategic Fund Act, MCL 125.2001 et. seq., to enable 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, including through blight removal and job creation;

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

WHEREAS, the Michigan legislature appropriated certain funds for use by the MSF for business attraction and community revitalization;

WHEREAS, the MSF allocated certain legislative appropriations for community revitalization to the Community Revitalization Program (“CRP”);

WHEREAS, pursuant to MCL 125.2088(b)(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 act, as long as those activities provide for repayment for breach of the written agreement or the failure to meet measurable outcomes;

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

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) which provides administrative services to the MSF, recommends the creation and operation of the Build MI Community Grant Initiative (“BMC”) to better serve less experienced real estate entrepreneurs and make Michigan Strategic Fund tools more accessible to them (the “Initiative Authorization”);

WHEREAS, the MEDC recommends approval of the attached guidelines to be utilized for the BMC as presented in Exhibit A (“BMC Guidelines”) and that \$5,000,000 from the CRP be transferred to fund the BMC under MCL. 125.2088b(2)(c), the (the “Funding Request”).

NOW, THEREFORE, BE IT RESOLVED, the MSF hereby approves: 1) Initiative Authorization; 2) the BMC Guidelines; and 3) the Funding Request.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 22, 2022

“EXHIBIT A”

BUILD MI COMMUNITY GRANT INITIATIVE GUIDELINES

Overview

The Build MI Community Grant (the “BMC”) is an initiative designed 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 access to real estate development gap financing for small scale, incremental redevelopment projects.

Goals

The Build MI Community Initiative has been established to re-activate underutilized or vacant space into vibrant areas by promoting capital investment into redevelopment projects being taken on by developers and property owners with limited real estate development experience and familiarizing them with the development process in order to position them to potentially undertake more complex projects in the future.

Eligible Applicants

Eligible applicants are individuals or entities who have limited commercial and/or mixed-use redevelopment/development experience (maximum 2-3 commercial projects).

Eligible Properties

Competitive projects will generally be located in or within a 5-minute walking distance of a downtown or traditional commercial corridor¹. Preference will be given to projects located in a Geographically Disadvantaged Areas².

Project Considerations

Staff will also evaluate proposed projects based on the following considerations; the most competitive BMC 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.
- Readiness of infrastructure – utilities, housing, transportation, public transit and other community services.
- Located in a community engaged in the Redevelopment Ready Community program
- Located in a designated Michigan Main Street community

¹ A “traditional downtown” or “traditional commercial” corridor 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.

² 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.

- Located in a Geographically Disadvantaged Area (GDA) [Click here](#) to see a public map of Michigan's Geographically Disadvantaged Areas.

Place Considerations

- Development maintains urban form that is zero-lot lined, pedestrian oriented, with integrated rear entry, or off-site parking, and/or includes the availability of transportation alternatives.
- Contributes to a traditionally dense mixed-use area and, where possible, contains multi-story elements. Development maintains district character, density, number of stories appropriate to its surroundings.
- Rehabilitation, infill and historic revitalization projects.
- Promotes mixed-income neighborhoods.
- Addresses improvement to non-motorized transportation.

Economic and Financial Considerations

The following financial conditions will be considered by staff when determining a project's competitiveness for Build MI Community grant support:

- Availability of financing for the project
- Long-term financial viability of the project as demonstrated through project proforma
- Financial need for the project is exhibited

Eligible Funding and Match

Eligible funding and applicant match is defined as at least one, or any combination of, the following expenditures.

Collectively these expenditures are eligible for funding and/or applicant match and are referred to as "Eligible Costs":

- a. acquisition fees or costs for real property,
- b. 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,
- c. 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,
- d. fees or costs for the addition of machinery, equipment or fixtures to an approved project,
- e. Professional fees or costs for an approved project for architectural services, engineering services, environmental, or surveying services,
- f. developer fees not to exceed the lesser of 10% of total project costs or \$150,000
- g. other costs may be considered on a case-by-case basis.

AWARD STRUCTURE

MSF support that is in the form of a grant shall not be less than \$50,000 but not greater than the lesser of 50% of project costs not to exceed \$250,000 for any project. For communities with populations of 15,000 or less, 30% of the annual funding will be set aside for a period of up to six months of that fiscal year. Grants shall also include provisions requiring grant funds to be paid back to the MSF when certain requirements are not met. Applicants may also be eligible for additional funding, up to an additional 10% of project award, for real estate development training and/or technical assistance.

APPLICATION AND SELECTION PROCESS

All applicants are required to submit an application while working with their Community Assistance Team specialist. Community Assistance Team staff can be identified by going to miplace.org. The approval process will generally take approximately 60 to 90 days to complete. The timing for project consideration is impacted by various factors which may include changes to project scope, inadequate or incomplete documentation, and project complexities.

The following is a high-level summary of the process.

1. Applicant provides completed application with additional supporting documents.
2. MEDC reviews project based on the criteria which expounds upon the project considerations outlined above.
3. MEDC staff completes a full statutory and financial review.
4. MEDC prepares a recommendation to the Michigan Strategic Fund (MSF) Board authorized delegates for project consideration.
5. MEDC drafts appropriate legal agreement.
6. Applicant completes milestones outlined in the agreement and necessary for disbursement of funds.
7. Applicant completes required reporting following project completion.
8. MEDC completes compliance verification and project closeout.

All MSF support shall be memorialized by final written grant 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.



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

RESOLUTION 2022-059

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 March 22, 2022:

125.2088b-8 Build MI Community Grant Initiative

(1) The MSF President or the MSF Fund Manager may make all decisions to develop, finalize, and revise a Build MI Community Grant Initiative application and overall process to operate the Build MI Community Grant Initiative, each in accordance with the Build MI Community Grant Initiative guidelines adopted by the MSF Board.

(2) The MSF President or the MSF Fund Manager, with only one required to act, may make all decisions with respect to awards under the Build MI Community Grant Initiative where the award amount is \$275,000 or less in accordance with the Build MI Community Grant Initiative guidelines adopted by the MSF Board.

(3) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the Build MI Community Grant Initiative.

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, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, Paul Gentilozzi, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
March 22, 2022



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

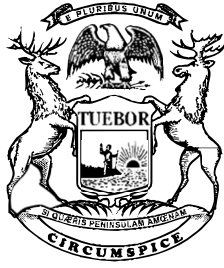
I hereby confirm and ratify my designation of Michael B. Kapp, Administrator, Michigan Department of Transportation, as the person authorized and empowered to act in my stead for Michigan Strategic Fund meetings that I am unable to attend.

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MICHIGAN STRATEGIC FUND

MEMORANDUM

Date: March 22, 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 February 1, 2022 to February 28, 2022, 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 February 1, 2022 to February 28, 2022.

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 February delegate-approved projects continue to represent our emphasis on supporting underserved populations in geographically disadvantaged areas. Throughout February 2022, 38% of the projects approved through delegated authority are in geographically disadvantaged areas. Additionally, all February approved projects through delegated authority have committed to create 300 jobs and over \$57 million in private investment.

MSF Report Delegate Approvals



Under the authority delegated by the MSF Board, the MSF delegates approved the following projects during February 2022, 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
BRP US, Inc.	2/28/2022	Lansing / Watertown Township	\$689,500	Manitou has experienced continuous growth due to increased demand for its products and plans to renovate its existing facility in Watertown Township as well as expand into adjacent property. The project is expected to generate a total capital investment of \$11.9 million and create 197 jobs, resulting in a \$689,500 Michigan Business Development Program performance-based grant. Michigan was chosen for the project over other locations where the company currently operates.
UTAC	2/28/2022	Redford Township	\$850,000	Millbrook Revolutionary Engineering Inc is expanding its automotive and mobility sector testing from component level to full vehicle in response to the growing electric vehicle market in the Charter Township of Redford. The project is expected to generate a total capital investment of \$26.2 million and create 85 jobs, resulting in a \$850,000 Michigan Business Development Program performance-based grant. Michigan was chosen for the project over adjacent states and another state where the company currently operates.

Community Development Block Grant (CDBG)

The U.S. Department of Housing and Urban Development (HUD) allocates Community Development Block Grant (CDBG) funding to the State of Michigan, through the Michigan Strategic Fund with assistance from the MEDC, for further distribution to eligible units of general local government (UGLGs) to carry out MSF- approved activities. CDBG program funds are used to provide grants and loans to UGLGs, usually with populations under 50,000 (referred to as non-entitlement jurisdictions), in support of economic or community development projects.

Rental Rehabilitation & Housing Partnerships

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
City of Marshall	2/4/2022	Marshall	\$725,450	The Schuler's Rental Rehab project will convert vacant and underutilized space on the second and third floor of a historic building in downtown Marshall into seven new residential units. Four of the units will be dedicated to individuals who are of low-to-moderate income while the remaining three units will be market rate. A total of 5,579 sq. ft. of space will be rehabilitated. The ground floor is occupied by a highly successful destination restaurant, Schuler's, which has been a mainstay in downtown Marshall since 1909.
Roof Inspection for Negaunee	2/9/2022	Negaunee	\$500	The technical assistance grant in the amount of \$500 will be used for an on-site evaluation needed to identify the current condition of the roof of a historic, mixed-use building. The CDBG Rental Rehabilitation project being developed at the site would buildout/rehabilitate the vacant second floor and rear first floor of the building into four residential units.

Request for Proposal (RFP)

RFP Description

The request for proposal in the amount of \$900,000 will be utilized to fund a consultant who will develop and help institute a CDBG-DR Action Plan as well as a CDBG-DR Mitigation Plan for the areas covered under the HUD Disaster Relief designated areas in Midland, Saginaw and Gladwin Counties. The \$900,000 will be paid from administrative funds granted by the CDBG-DR authorization. The Action Plan consists of determining the unmet needs in the communities and jurisdictions that were traumatized by the 2020 Tittabawassee River Dam collapse and will construct a mitigation plan which will be sent to HUD for their approval. Once approved, the \$59 million in authorized disaster relief funds will be released for spending over a six-year period.

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
Oakland County Economic Development Services	2/23/2022	Waterford Township	\$781,100	Wayne County was awarded a Regional Talent Innovation Grant for competitive training programs that target growth in region-specific occupations.

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
730 Leonard Street Partners	2/1/2022	Grand Rapids	\$447,978	730 Leonard Street Partners LLC will receive a MCRP performance-based grant in the amount of \$447,978. The completed project will result in a total capital investment in the amount of \$3,331,000. The project is anticipated to revitalize 19,268 square feet of space on a .23-acre site to create 18 new apartment units and bring approximately 3,669 square feet of commercial space, divided into three spaces back to active use. The developer has secured \$2,164,000 in senior financing and is contributing more than 17% equity into the project and has deferred developer fees. Additionally, the City of Grand Rapids has approved an OPRA abatement with an estimated value of \$315,540, and the WCIA has provided three facade grants totaling \$30,000 to help ensure project success. This project will meet standards for the Grand Rapids 2030 District, will be LEED eligible, and will be all electric and eligible for certification for carbon neutrality.
Sisu Ventures, LLC	2/1/2022	Houghton	\$350,709	Sisu Ventures, LLC was awarded a \$350,709 MCRP performance-based grant to renovate a vacant, two-story downtown building into a mixed-use structure with two residential spaces representing 1,630 square feet and one commercial space totaling 1,834 square feet. The project is expected to create two jobs with a total capital investment of approximately \$592,296.
Buffalo Dragon Investments, LLC	2/17/2022	Marquette	\$432,824	Rehabilitate a vacant, underutilized, formerly historic theater in downtown Marquette into a functional building containing the Honorable Distillery. Project represents \$2,737,859 in total capital investment and rehabilitates 7,376 square feet.

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
ATD Engineering & Machine - CastExpo	2/2/2022	AuGres	\$9,795
Nautical Specialties - Miami International Boat Show	2/2/2022	Manistee	\$9,891
The Armored Group, LLC - World Defense Show Riyadh Saudi Arabia	2/2/2022	Dearborn Heights	\$13,770
Trueline Health LLC - Ecommerce Development China Market	2/2/2022	Kentwood	\$15,000
West Michigan Tool & Die Co - North American Die Casting Assoc Conf	2/2/2022	Benton Harbor	\$4,850
Celcius Corp - Sales Trip to India	2/3/2022	Bloomfield Hills	\$4,425
Granco Clark - Aluminum 2022 Dusseldorf Germany	2/3/2022	Belding	\$15,000
Lube-Power, Inc - Sales Trip to Saudi Arabia	2/3/2022	Shelby Township	\$7,304
Michigan Instruments - ISO Certification 2022	2/3/2022	Kentwood	\$4,875
Argonics, Incorporated - Flame Retardant Anti-Static FRAS re-Certification	2/4/2022	Gwinn	\$1,500
Argonics, Incorporated - Sales and Training Trip to Australia	2/4/2022	Gwinn	\$8,888
eAgile, Inc. - EXIM Export Credit Insurance	2/4/2022	Grand Rapids	\$3,750
Maelstrom Chemical Technologies, LLC - Fastener Eurasia International Marketing Adv	2/4/2022	Shelby Township	\$3,173
Nexthermal Corporation - SinoPack 2022	2/4/2022	Battle Creek	\$6,750
Challenger Communications, LLC - Part 1 Translate RX Tech Docs English into Spanish	2/7/2022	Albion	\$1,913
Owens Products, Inc. - 2022 SHOT Show Las Vegas NV	2/7/2022	Sturgis	\$12,255
Amigo Mobility International - Modex 2022	2/8/2022	Bridgeport	\$9,792
College Park Industries (CPI) - Korean Website Translation	2/8/2022	Warren	\$1,707
Magline, Incorporated - Craft Brewers Conference and Tradeshow	2/8/2022	Standish	\$15,000
Challenger Communications, LLC - IBT Online LATAM Spanish Website Development	2/10/2022	Albion	\$6,660
Constructive Eating, Inc. - The Inspired Home Show in Chicago IL	2/10/2022	Ann Arbor	\$15,000

Michigan State Trade Expansion Program (MI-STEP) Continued

Project Name	Approval Date	Location	Incentive Amount
Global Automation Technologies LLC - South Africa Johannesburg and Port Elizabeth	2/10/2022	Rochester Hills	\$5,255
NCOC, Inc. - India Sales Trip	2/10/2022	Oak Park	\$7,335
NuStep - T4R, T5, T6 User Manual Translations	2/10/2022	Ann Arbor	\$15,000
Red Viking - Aerospace and Defense Supplier Summit	2/10/2022	Plymouth	\$6,680
Michigan Software Labs - GDS Innovation Summit	2/11/2022	Ada	\$15,000
OASIS Advanced Engineering Incorporated - EXPO 2020 Dubai	2/14/2022	Lake Orion	\$8,614
Techmark, Inc. - World Potato Congress	2/14/2022	Lansing	\$6,149
Acromag, Incorporated - Eurosatory	2/15/2022	Wixom	\$6,026
FoodTools Inc. - Russia Sales Trip 2022	2/16/2022	South Haven	\$6,548
Maelstrom Chemical Technologies, LLC - Fastener and Fixing Directory Listing UK Publication	2/16/2022	Shelby Township	\$375
Promethient, Inc. - AIX Aircraft Expo Hamburg Germany	2/16/2022	Traverse City	\$15,000
Promethient, Inc. - International Boat Builders Exhibition and Conf	2/16/2022	Traverse City	\$10,728
Sohner Plastics LLC - EXPO Manufactura Monterrey Mexico	2/16/2022	Dexter	\$6,462
Vantage Plastics - Automotive Meetings Queretaro Mexico	2/16/2022	Standish	\$10,200
Workhorse Irons - Philadelphia Tattoo Arts Trade Show	2/16/2022	Grandville	\$2,357
Array of Engineers - 37th Space Symposium Colorado Springs CO	2/17/2022	Grand Rapids	\$11,790
Hastings Manufacturing Company - Online Catalog, Europe, South Africa and Mexico markets	2/17/2022	Hastings	\$15,000
Lindenwood Inc dba Uncle Goose - Shoppe Object New York, NY	2/17/2022	Grand Rapids	\$11,063
Offshore Spars - Miami International Boat Show	2/17/2022	Chesterfield	\$3,828
VS Aviation LLC - MRO Middle East 2022	2/17/2022	Grand Rapids	\$3,885
Jottful - Canadian Google Advertising	2/18/2022	Ann Arbor	\$15,000
Synergeering Group, LLC - Aerospace and Defense Supplier Summit Seattle, WA	2/18/2022	Farmington Hills	\$4,616
Synergeering Group, LLC - SAE International WCX 2022-Detroit	2/18/2022	Farmington Hills	\$3,750
Synergeering Group, LLC - The Battery Plus Elec and Hybrid Veh Tec Expo-Novu	2/18/2022	Farmington Hills	\$4,650

Michigan State Trade Expansion Program (MI-STEP) Continued

Project Name	Approval Date	Location	Incentive Amount
Delta Wheel Truing Solutions (formerly Delta Manufacturing) - Global Branding Sales and Marketing Plan	2/22/2022	Escanaba	\$15,000
Kent Manufacturing Company - MD&M West	2/22/2022	Grand Rapids	\$13,140
Hydra-Lock Corporation - Portuguese Translation	2/23/2022	Mount Clemens	\$1,050
Curriculum Crafter - Egypt MoE Contract Acceptance and Implementation Kickoff	2/24/2022	Grand Rapids	\$6,360
EZM LLC dba EZMETROLOGY - Aerospace and Defense Supplier Summit Washington State Convention Center	2/24/2022	Commerce Charter Township	\$2,738
Professional Apparel Company - CVMA Canadian Marketing March 22	2/24/2022	Battle Creek	\$5,790
T.Q. Machining, Inc. - Michigan Israel Defense Delegation Tel Aviv, Israel	2/24/2022	Muskegon	\$5,649
The BTL Group - Sales Trip Dubai	2/24/2022	Detroit	\$4,046
Viking Satcom, LLC - Satellite 2022 Trade Show Washington DC	2/24/2022	Albion	\$12,194
CT Group, LLC - IWA 2022 Outdoor Classic Trade Show in Nuremberg Germany and Enforce	2/25/2022	Stevensville	\$15,000
IBS Global Consulting - Women for Success Conference from Surviving to Thriving Cairo Egypt	2/25/2022	Detroit	\$1,556
Owosso Graphic Arts, Inc. - IBT Global Marketing Campaign Mexico & Canada	2/25/2022	Owosso	\$15,000
Scherdel Sales & Technology, Inc. - Tradeshow Exhibit at MD & West in Anaheim CA Convention	2/25/2022	Muskegon	\$1,500
Unist, Inc - Fabtech Mexico 22 Monterrey	2/25/2022	Grand Rapids	\$6,788
Unist, Inc - Translation of Five Manuals into Spanish	2/25/2022	Grand Rapids	\$9,472
Vantage Corporation - Mexico Manufacturing Supply Chain Summit	2/25/2022	Livonia	\$4,722
Global Battery Solutions - NAATBatt International Annual Meeting in Phoenix, AZ	2/28/2022	Holland	\$2,942
Globe Tech, LLC - MIBA Israel Defense Delegation	2/28/2022	Plymouth	\$5,213
Oak Press Solutions Inc - 2022 BCI Convention & Power Mart Expo Naples, FL	2/28/2022	Sturgis	\$6,621
RoboVent Solutions Group - Fabtech Canada Ontario, Canada	2/28/2022	Sterling Heights	\$10,125

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. From February 1, 2022 to February 28, 2022 no amendments were approved via delegate approval.

MSF Awardee Relief Report Grants and Loans



The following include delegated approvals from February 1, 2022 to February 28, 2022 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
My Locker	Business Development Program	Detroit	2/24/2022	Extend Milestones two and three by one year each as well as the grant term by one year.

CD Awardee Relief

Project Name	Program Name	Project Location	MSF Delegate Approval Date	Type of Request
655 W Willis Partners, LLC	Community Revitalization Program	Detroit	2/9/2022	Extend Milestones two and three by 12 months.

Financial Data Overview and Terminations



Michigan Business Development Program - Terminations

Project Name	Project Location	Incentive Type	Amount	Disbursed	Date	Reason for Termination	Repayment
Nexient	Ann Arbor	Expansion	\$750,000	\$750,000	2/25/2022	Unable to fulfill grant requirements	\$0
VDA Labs	Grand Rapids	Expansion	\$75,000	\$0	2/25/2022	Unable to fulfill grant requirements	\$0

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 February 1, 2022 and February 28, 2022, the following confidentiality memos were approved by the MSF Fund Manager:

Company Name and Location	• Overview of Confidential Information
LM Manufacturing, LLC 2801 Clark Street Detroit, MI 48210	LM Manufacturing, LLC's Operating Agreement.
Willow Run Arsenal of Democracy Landholdings Limited Partnership, and its General Partner, Willow Run Land Management Services 3948 Hunters Ridge Drive #4, Lansing, MI 48911-1136	Memo restated to add: Lease Agreements related to the Development Project.