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

Communications

A. Consent Agenda
   Proposed Meeting Minutes – March 26, 2019
   RPM Freight Systems, LLC – MBDP Amendment – Matthew Chasnis
   ProNAi Therapeutics – Class Action Proof of Claim – Dean Wade
   600 E. Michigan-Lansing, LLC – MCRP Amendment – Katie Adkins

B. Business Investment
   a. Business Growth
      Webasto Roof Systems Inc. – MBDP Grant – Jibran Ahmed
   b. Capital Access
      United Methodist Retirement Communities – Bond Inducement – Chris Cook

C. Community Vitality
   Tawas City, Pier Enhancement Project – CDBG – Daniel Leonard
   City of Hillsdale, Dawn Theater Project – CDBG – Paula Holtz
   Michigan Community Capital (MCC) Attainable Housing – Amendment – Lori Mullins

D. Administrative
   Michigan Community Revitalization Program (MCRP) Guidelines – Amendment – Lori Mullins
   Transformational Brownfield Program (TBP) Guidelines – Amendment – Lori Mullins
   Background Check Review Policy – Amendment – David Meninga
   Michigan Business Development Program (MBDP) Guidelines – Amendments – Mike Geitzen

E. Informational
   Quarterly Reports
MEMORANDUM

April 9, 2019

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

Jeff Mason
Chairperson
Michigan Strategic Fund Board

FROM: Kevin L. Francart
Chief Compliance Officer


The Chief Compliance Officer is required to report quarterly to the State Administrative Board and the Michigan Strategic Fund Board regarding compliance with internal policies and procedures and with applicable laws related to 21st century jobs fund programs. I am pleased to report that all compliance matters addressed during the first quarter of the 2019 fiscal year were either successfully resolved, are being appropriately addressed, or are undergoing review and are currently being evaluated.

With respect to the Michigan Strategic Fund Board, the Michigan Strategic Fund Act requires the Chief Compliance Officer to review and evaluate compliance with internal policies and procedures along with applicable state and federal law. The Chief Compliance Officer assisted the MSF with a conflict of interest issue regarding board members of a recipient serving as members of the JEC recommending the awards. After reviewing this issues along with the AG we concluded that it did not appear that either the recommendations or awards were affected by this conflict and unless the Board wanted to revisit the awards we did not require staff to bring it back before the Board. This office and the AG will work with the MSF and MEDC to ensure that this type of conflict does not happen in the future. The CCO assisted the MSF with determining its duties to comply with Executive Directives issued by the Governor and its authority to voluntary comply. The CCO assisted the MSF with an issues regarding delegated authority to award CRP incentives exceeding 25% of eligible investments now allowed under MCL 125.2090b(6). As reported previously, because of staffing changes the site visit guidelines were modified. Because of the staffing changes the site visit guidelines were changed by the MEDC compliance section to no longer require a minimum number of site visits. Site visits are being performed pursuant to the site visit guidelines. The Chief Compliance Officer provided informal advice regarding various issues arising this quarter concerning such topics as the breadth of delegated Board authority, authorized use of 21st century job fund funds, and compliance with established Board policy and limitations.
Members Present
Jeremy Hendges
Larry Koops
Andrew Lockwood (on behalf of Treasurer Eubanks)
Jeff Mason

Members joined by phone
Carl Camden
Terrence J.L. Reeves
Terri Jo Umlor
Shaun Wilson

Members Absent
Paul Gentilozzi
Stephen Hicks
Wayne Wood

Mr. Mason called the meeting to order at 10:01 am.

Public Comment: Mr. Mason asked that any attendees wishing to address the Board come forward at this time.

A Lansing business owner encouraged the Board to look into previous agreements between the Michigan Economic Development Corporation (MEDC) and NioWave, Inc. before considering any additional incentives. The constituent asserted that NioWave had not fulfilled its agreement in Lansing. A constituent from a planning organization spoke in support of the Detroit Wixom project. Former State Senator Mike Kowall spoke on behalf of Oakland County in support of the Summit Place Redevelopment project.

Communications: None

A. CONSENT AGENDA
Resolution 2019-035 Approval of Consent Agenda Items
Mr. Mason asked if there were any questions from the Board regarding the items under the Consent Agenda. There being none, Larry Koops motioned for the approval of the following:

Proposed Meeting Minutes – February 26, 2019
Niwowe, Inc. – MBDP Grant Termination and Conversion to Promissory Note – 2019-036
Toyota Motor Engineering & Manufacturing North America, Inc. – MBDP Grant Amendment – 2019-037
KLA-Tencor Corporation – Good Jobs for Michigan Award Amendment – 2019-038
Samsung SDI America, Inc. – MBDP Grant Amendment – 2019-039
KPIT Infosystems, Inc. – MBDP Grant Amendment – 2019-040
Jeremy Hendges seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

**B. BUSINESS INVESTMENT**

**B1. Business Growth**

**Resolution 2019-044 Township of Waterford Brownfield Redevelopment Authority (Summit Place Mall Redevelopment Project) – Brownfield Act 381 Work Plan**

David Kurtycz, Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2019-044. Jeremy Hendges seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**


Erik Wilford, Business Development Project Manager, provided the Board with information regarding these action items. Following brief discussion, Larry Koops motioned for the approval of Resolutions 2019-045, 2019-046 & 2019-047. Andrew Lockwood seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

**B2. Access to Capital**

**Resolution 2019-048 Wolverine Fire Protection Co. – MBGF Collateral Support**

Aileen Cohen, Capital Project and Portfolio Manager, provided the Board with information regarding this action item. Following brief discussion, Jeremy Hendges motioned for the approval of Resolution 2019-048. Andrew Lockwood seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

**C. COMMUNITY VITALITY**

**Resolution 2019-049 IDRE3, LLC and Kercheval Associates, LLC – MCRP Award**

Brittney Hoszkiv, Senior Community Assistance Team Specialist, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2019-049. Andrew Lockwood seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

**Resolutions 2019-050 & 2019-051 515 Ionia, LLC / City of Lansing Brownfield Redevelopment Authority – MCRP Award and Brownfield Act 381 Work Plan**

Adam Cummins, Community Assistance Team Specialist, provided the Board with information regarding these action items. Following brief discussion, Larry Koops motioned for the approval of Resolutions 2019-050 and 2019-051. Andrew Lockwood seconded the motion. **The motion carried: 8 ayes; 0 nays; 0 recused.**

Mr. Mason adjourned the meeting at 10:48 am.
February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood
MEMORANDUM

Date: April 23, 2019

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

From: Matt Chasnis, Business Development Project Manager

Subject: RPM Freight Systems, LLC (“Company”)
Amendment to the Approved Michigan Business Development Program Grant Award

Request
Staff is requesting an amendment to the approved Michigan Business Development Program (“MBDP”) performance-based grant award to modify the local support from reduced or no-cost parking for the Company’s employees to be a combination of business support, hiring resources, and marketing assistance, or any combination thereof.

Background
On February 26, 2019 the MSF approved a $3.75 million award for the Company under the MBDP. The Company proposed to expand its headquarter space in order to meet the expected growth through 2025 and is expected to invest up to $4.9 million and create 500 Qualified New Jobs in Royal Oak, Michigan.

Staff inaccurately understood the local support to be reduced or no-cost parking for the Company’s employees and recorded the incorrect information in the approval documentation. The local support was originally intended to be in the form of reserved parking spots for the Company’s employees, which is a unique offering from the City of Royal Oak and is still being provided to the Company. Due to this error, and in order to meet the requirements of the MBDP, our local partners have requested we modify the approval to accurately identify local support to be a combination of business support, hiring resources, and marketing assistance, or any combination thereof.

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

a) Amend the February 26, 2019 approval by modifying the local support to be a combination of business support, hiring resources, and marketing assistance, or any combination thereof;

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

Date: April 23, 2019

To: Michigan Strategic Fund Board

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

Subject: ProNAi Therapeutics, Inc. (Sierra Oncology, Inc.) Class Action Lawsuit

Request
Shareholders of Sierra Oncology, Inc. (f/k/a ProNAi Therapeutics, Inc.) (“Sierra” or the “Company”) have filed a class action lawsuit against the Company and certain members of its management team alleging misrepresentation and omission of material facts in relation to the Company’s IPO. This request is to authorize the Fund Manager to submit the required paperwork to file a Proof of Claim and Release to potentially participate in the proposed settlement on behalf of the Michigan Strategic Fund (“MSF”) (the “Request”).

Background
Sierra is a biopharmaceutical company founded in 2004 that leverages its novel and proprietary nucleic acid-based technology, DNA Interference, DNAi®, to treat patients with cancer and other complex genetic diseases. The MSF made the following investments into the Company:

<table>
<thead>
<tr>
<th>Year</th>
<th>Signature Date</th>
<th>Program</th>
<th>Amount</th>
<th>Conversion Date</th>
<th>Shares/Series</th>
<th>Warrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>Sept 15, 2005</td>
<td>MTTC</td>
<td>$1,735,520</td>
<td>July 31, 2008</td>
<td>1,735,520 Shares Series B Preferred</td>
<td>77,588, Shares of Series B Preferred</td>
</tr>
<tr>
<td>2007</td>
<td>Dec 31, 2007</td>
<td>CFGF</td>
<td>$400,000</td>
<td>Jan 10, 2014</td>
<td>617,812 shares of Series C Preferred</td>
<td>N/A</td>
</tr>
</tbody>
</table>

On June 8, 2015 the Company requested, and MEDC staff recommended, that the MSF (1) exercise its warrant to purchase shares of the Company’s Series B Preferred stock; and (2) agree to suspend the exercisability of the Put Options.

All pre-IPO investments were converted into 845,315 shares of Sierra Oncology common stock at the IPO (7.45:1 Reverse stock split).

Sierra Oncology Post IPO 7.45:1 Reverse Stock Split

<table>
<thead>
<tr>
<th>Equity Owner</th>
<th>Total Amount Invested</th>
<th>Total Shares</th>
<th>Average Stock Price</th>
<th>Current Stock Price (04/09/2019)</th>
<th>Current Value</th>
<th>Net Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSF</td>
<td>$5,433,346</td>
<td>845,315</td>
<td>$6.43</td>
<td>$1.51</td>
<td>$1,276,426</td>
<td>-$4,156,920</td>
</tr>
</tbody>
</table>
The MEDC also has an investment in Sierra. In 2010 under the Follow on Fund, the MEDC invested $500,000 for 1,142,857 shares of Series B-1 Preferred. The stock was converted to 191,753 shares of common stock of Sierra prior to the IPO.

**Class Action Law Suit**
The Company develops cancer treatments, including an experimental lymphoma treatment call PNT2258 that was under development at the time of the IPO. On November 18, 2016, shareholders of Sierra filed an initial class action lawsuit in San Mateo Superior Court in California. A second complaint was filed on February 9, 2017. The plaintiffs allege that the Company misrepresented and omitted material facts in the offering documents for the IPO concerning the effectiveness of PNT2258, how patients were responding to the drug in the clinical trials, and the viability of its development. The plaintiffs further allege that in June 2016 the Company revealed the truth about PNT2258’s alleged ineffectiveness in treating cancer and as a result, the price of the Company’s stock fell. The Company and its management team deny all allegations. The plaintiffs and the Company engaged a mediator in an effort to reduce costs and settle the matter. As a shareholder of Sierra stock, the MSF received notice of the proposed settlement. The proposed settlement, if approved, will result in the creation of a cash settlement fund of $7,200,000, less costs associated with the administration of the fund and attorneys’ fees. The net settlement funds will be distributed to eligible class members based on their respective alleged economic loss.

Exclusions from the Class and objections to the settlement are possible with written notification. Otherwise, all Class members, whether or not a form was submitted, are bound by any judgement, including the Release.

**Recommendation**
MEDC staff recommends that the MSF Board authorize the Fund Manager to submit a Proof of Claim and Release on its behalf in order to participate in the proposed settlement.
MEMORANDUM

Date: April 23, 2019

To: Michigan Strategic Fund Board

From: Katie Adkins, Commercial Real Estate Investment Manager

Subject: Request for Approval of a Michigan Community Revitalization Program Grant Award Amendment #1
600 E. Michigan-Lansing, LLC—Capital City Market

Request
600 E. Michigan-Lansing, LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program (MCRP) Grant Award to revise the MCRP award percentage of Eligible Investment to be up to the lesser of 12% of Eligible Investment or $1,500,000.

Background
The Michigan Strategic Fund Board approved a $1,500,000 MCRP Grant Award on December 18, 2018 to the Company under the neighborhood and commercial corridor food initiative funds for the purpose of supporting the redevelopment of approximately 4.2 acres of blighted, contaminated property into a four-story, mixed use building consisting of an urban market, residential units and the footings and pad foundation for the hotel resulting in a capital investment of $26,079,973.

At the time of the approval, the eligible investment in the Board Memo was calculated based on the gross eligible investment resulting in an approval of up to 9% of the eligible investment or $1,500,000. When excluding the MSF eligible activities under the Brownfield Act 381 Work Plan and Tenant Improvements reimbursed by the Tenant, the award request should have been for the lesser of 12% of eligible investment or $1,500,000, based on the net eligible investment amount.

Recommendation
The MEDC staff recommends approval of an amendment to the MCRP Grant Award to revise the MCRP award percentage of Eligible Investment to be up to the lesser of 12% of Eligible Investment or $1,500,000.
MEMORANDUM

Date: December 18, 2018

To: Michigan Strategic Fund Board

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

Subject: Request for Approval Michigan Community Revitalization Program (MCRP) Grant and a Request for Approval of an Act 381 Work Plan

600 E. Michigan-Lansing, LLC—Capital City Market

REQUEST

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

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

FINANCING OPPORTUNITY – MICHIGAN COMMUNITY REVITALIZATION PROGRAM

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

MSF Facility: Performance Based Grant
Grantee: 600 E. Michigan-Lansing, LLC
Senior Lender: Huntington Bank

Total Amount of Loans: Currently estimated at $17,183,000
Lender Share: Currently estimated at $12,250,000
Total Capital Investment: Currently estimated at $26,079,973
MSF Eligible Investment: Currently estimated at $19,091,807

MSF Grant: Up to the lesser of 9% of “Eligible Investment” or $1,500,000
Deferred Developer Fees: The developer fees of $971,143 will be deferred until such time that the project is producing cash flow in excess of that required for priority debt and other operating obligations.

Funding: The MSF will fund up to $1,500,000 to be disbursed following completion of the project and other performance criteria.

SUMMARY OF DEVELOPMENT SOURCES:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Huntington Bank</td>
<td>$12,250,000</td>
<td>46.97%</td>
</tr>
<tr>
<td>Brownfield Bond</td>
<td>$ 4,013,000</td>
<td>15.39%</td>
</tr>
<tr>
<td>MSF Grant</td>
<td>$ 1,500,000</td>
<td>5.75%</td>
</tr>
<tr>
<td>MDEQ Loan</td>
<td>$ 920,000</td>
<td>3.53%</td>
</tr>
<tr>
<td>MDEQ Grant</td>
<td>$ 920,000</td>
<td>3.53%</td>
</tr>
<tr>
<td>Developer Equity</td>
<td>$ 2,785,254</td>
<td>10.68%</td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>$ 971,143</td>
<td>3.72%</td>
</tr>
<tr>
<td>Hotel Condo/Reimbursement</td>
<td>$ 2,720,576</td>
<td>10.43%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$26,079,973</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

SUMMARY OF DEVELOPMENT USES:

<table>
<thead>
<tr>
<th>Use</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition</td>
<td>$ 2,884,851</td>
</tr>
<tr>
<td>Hard Construction Costs</td>
<td>$18,151,794</td>
</tr>
<tr>
<td>Eligible Soft Costs</td>
<td>$ 940,013</td>
</tr>
<tr>
<td>Other</td>
<td>$ 4,103,316</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$26,079,973</strong></td>
</tr>
</tbody>
</table>
LOCAL SUPPORT
The City of Lansing is contributing $3,813,948 in local TIF reimbursements to support the project. The City of Lansing is certified with the MEDC’s Redevelopment Ready Communities (RRC) program. The project qualifies because it is a facility.

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

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

- Minimum Debt Service Coverage of 1.20:1.00 – The proforma debt service coverage ratio is anticipated to average 1.19:1.00 through the 20-year horizon based on the committed financing for the project. Staff is comfortable with this deviation based on the experience of the developer and commitment to the success of the project as an owner and operator of multiple projects of similar scale in the area surrounding this project.
- MCRP Performance Based Grant of $1,500,000 – Per the MCRP Parameters, grants should not typically exceed $750,000. Staff is recommending a deviation from Parameters to allow for up to $1,500,000 in grant funding due to the tight cash flow noted above, coupled with the low level of return on investment to the developer currently anticipated to be 2.61%.

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

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

<table>
<thead>
<tr>
<th></th>
<th>Percentage</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>State tax capture</td>
<td>(35.45%)</td>
<td>$2,094,570</td>
</tr>
<tr>
<td>Local tax capture</td>
<td>(64.55%)</td>
<td>$3,813,948</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>$5,908,518</td>
</tr>
</tbody>
</table>
**COST OF MSF ELIGIBLE ACTIVITIES**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure Improvements</td>
<td>1,027,739</td>
</tr>
<tr>
<td>Site Preparation</td>
<td>+ 1,769,500</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>$ 2,797,239</td>
</tr>
<tr>
<td>Contingency (15%)</td>
<td>+ 419,586</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>$ 3,216,825</td>
</tr>
<tr>
<td>Interest (5%)</td>
<td>+ 2,661,693</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>$ 5,878,518</td>
</tr>
<tr>
<td>Brownfield/Work Plan Preparation</td>
<td>+ 15,000</td>
</tr>
<tr>
<td>Brownfield/Work Plan Implementation</td>
<td>+ 15,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 5,908,518</td>
</tr>
</tbody>
</table>

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

**PROJECT BACKGROUND**

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

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

The approximately 31,000 square foot residential space will result in approximately 36 market rate residential units and will be owned and operated by the Applicant and leased to individual tenants. The residential units will consist of studio, 1-bedroom and 2-bedroom apartments.

The approximately 60,000 square foot of hotel space will be sold to hotel developer Concord Hospitality, which will own and operate the hotel condo. The hotel will consist of approximately 120 units, and a lobby bar and restaurant.

This project is a high priority for the City of Lansing, which will be transformational for the Michigan Avenue corridor and surrounding residential areas. Those living in and near the downtown will have access to affordable, healthy food within walking distance. The development will increase both daytime and evening foot traffic, extending spending in nearby local businesses. Significant blight conditions will be eliminated, and environmental conditions will be reduced and mitigated to prevent...
To bring a transformational development of this magnitude to an urban site triggers several complexities, all which lead to a greater financial investment than would be made if this development were being constructed on a greenfield site. First and foremost, the land that makes up the 4.2-acre site has a long history of uses that resulted in contaminated parcels. In addition, current economic conditions coupled with rising construction costs and interest rates exceed what can be leveraged through debt and rent assumptions. The developer has exhausted all available funding sources and a funding gap still exists. Based on the current financing structure, the developer is anticipated to achieve only a 2.61% return on equity invested. Without the MCRP grant, the gap would need to be supplemented with additional equity, which would drop the returns to a point that makes the project not viable.

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

**APPLICANT HISTORY**

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

**RECOMMENDATION**

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

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

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

c) Waiver of the following MCRP Incentive Parameter requirements, as previously discussed;

- Minimum debt service coverage ratio of 1.20 to 1.00.
- Grant funding greater than $750,000.
MEMORANDUM

Date: April 23, 2019
To: Michigan Strategic Fund (“MSF”) Board Members
From: Jibran Ahmed, Business Development Project Manager
Subject: Webasto Roof Systems Inc. (“Company” or “Applicant”) Michigan Business Development Program (“MBDP”) Grant Request

Request
This is a request from the Applicant for a $2,700,000 MBDP Grant as outlined in the attached Term Sheet (“MBDP Request”). This project involves the creation of 441 Qualified New Jobs and a capital investment of up to $47,925,000 in Plymouth Charter Township, Wayne County.

Background
The Company is the world market leader for roof and convertible roof systems as well as parking heaters and is among the world’s largest 100 suppliers to the automotive industry. Over the past decade, the Company has been seeing growth through acquisitions. With these acquisitions comes the company’s strategy of strengthening its existing core business areas in sunroofs, convertibles and thermo systems and to fully participate in a new business area, which focuses on battery systems and plug-in electric vehicle charging solutions. The Company currently has operations around Michigan with 800+ employees.

The Company is looking to expand its manufacturing footprint in the Midwest region. The Company has been awarded several large projects for Ford and FCA that require a 300,000 square foot manufacturing facility. This new site will produce innovated automotive roof systems deploying state of the art technologies including new advanced lightweight materials for the construction of the vehicle roofs. The Company projects doubling its sales revenue in the next 2-3 years.

The Company is considering facilities in Northern Ohio, Northern Indiana, and Southeast Michigan. The Company has cited customer and supply chain locations, labor force, facility availability, logistics cost, and overall business environment as factors in helping them decide a new location. Also, Ohio and Indiana have very generous and comprehensive programs supporting businesses that do manufacturing. Incentive assistance is needed to help offset the advantages that other states have in these mentioned factors.

In addition to MSF support, the Charter Township of Plymouth has offered to provide a property tax abatement in support of the project.

Recommendation
MEDC Staff recommends approval of the MBDP Request, as outlined in the attached resolution.
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: April 10, 2019  

<table>
<thead>
<tr>
<th>Company Name:</th>
<th>Webasto Roof Systems Inc. and/or its affiliates and subsidiaries.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Location:</td>
<td>Plymouth Charter Township</td>
</tr>
<tr>
<td>MBDP Incentive Type:</td>
<td>Performance Based Grant</td>
</tr>
<tr>
<td>Maximum Amount of MBDP Incentive:</td>
<td>Up to $2,700,000</td>
</tr>
<tr>
<td>Base Employment Level:</td>
<td>At least 874</td>
</tr>
<tr>
<td>Qualified New Jobs:</td>
<td>At least 441</td>
</tr>
<tr>
<td>Municipality Supporting Project:</td>
<td>Plymouth Charter Township to provide staff, financial or economic assistance in support of the project.</td>
</tr>
<tr>
<td>Start Date for Measurement of Creation of Qualified New Jobs:</td>
<td>Date of MSF Approval</td>
</tr>
<tr>
<td>Term of the Agreement:</td>
<td>March 1, 2024</td>
</tr>
<tr>
<td>Milestone Based Incentive:</td>
<td>Disbursements will be made over a 3 year period and will be performance based on job creation as follows:</td>
</tr>
<tr>
<td></td>
<td><strong>Milestone 1:</strong> $153,000 for the creation of 25 jobs.</td>
</tr>
<tr>
<td></td>
<td><strong>Milestone 2:</strong> $460,000 for the creation of 75 jobs.</td>
</tr>
<tr>
<td></td>
<td><strong>Milestone 3:</strong> $2,087,000 for the creation of 341 jobs.</td>
</tr>
</tbody>
</table>

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

Acknowledged as received by:

**Webasto Roof Systems Inc.**

By: [Signature]

Printed Name: Anthony O'Donovan

Its: VP Operations

**Michigan Economic Development Corporation**

By: [Signature]

Printed Name: Jibrima Ahmed

Its: Business Development Project Manager

March 26, 2019 – Webasto Roof Systems Inc.
MEMORANDUM

Date: April 23, 2019

To: Michigan Strategic Fund Board

From: Christopher Cook, Director of Capital Access

Subject: Private Activity Bond – Bond Inducement
United Methodist Retirement Communities, Inc. – Nonprofit – NTE $25,000,000 Refunding/New Money

Request:
United Methodist Retirement Communities, Inc. is requesting private activity bond financing for the purpose of refunding the callable portion of the Michigan Strategic Fund Limited Obligation Revenue Bonds (United Methodist Retirement Communities, Inc. Project), Series 2013, dated September 6, 2013, issued by the Michigan Strategic Fund (“MSF”) in the original principal amount of $11,000,000 (the “2013 Bonds”). The principal amount outstanding is $10,260,000 with approximately $4,500,000 to be refunded.

United Methodist Retirement Communities, Inc. is also requesting financing to pay or reimburse for the cost of (a) constructing, furnishing and equipping a new wellness center, (b) the renovation, expansion, furnishing and equipping of the existing nursing facility, (c) the renovation of an office building to house administrative offices and (d) other eligible capital items on the campus of the Borrower, in the approximate amount of $15,500,000. Bond counsel has reviewed this financing and the project and concluded that this is eligible to finance with private activity bond financing.

Background:
United Methodist Retirement Communities, Inc. (“UMRC”) is a faith based provider of residential and long-term care facilities and other health and human services for seniors across the southern half of Michigan’s lower-peninsula. UMRC is a nonprofit charitable organization that is incorporated under the laws of the State of Michigan. UMRC provides housing, healthcare and other related services to senior residents through the operation of a continuing care retirement community in Chelsea, Michigan and independent living cottages in Dexter, Michigan. There are a combined total of 473 units at the two facilities.
**Description of Project:**
In correlation to the request described above, it is anticipated with this financing that 7 new jobs will be created as well as the maintenance of the current 280 existing jobs.

The project is entirely contained to the Chelsea Retirement Community (“CRC”) located at 805 W. Middle Street in Chelsea, Michigan in Washtenaw County. CRC is a continuing care retirement community located on approximately 58 acres. CRC currently consists of 100 independent living apartments, 22 independent living garden homes, 54 independent living prairie cottages, wellness and aquatic center and 86 assisted living apartments. CRC also contains the Towsley Village for residents living with Alzheimer’s and all stages of memory loss and Kresge Rehabilitation Center offering both long term and short stay rehabilitation visits.

The 2013 bonds were issued to finance an addition to the CRC Towsley Village consisting of the construction and furnishing of approximately 66 resident rooms and site improvements.

**Plans of Finance:**
B. C. Ziegler and Company intends to market the bonds through a public offering oriented primarily to institutional investors.

If the project size remains at $25,000,000 the MSF issuance fee will be $40,000.00.

**Recommendation:**
After reviewing the private activity bond application for the Borrower, staff finds this project meets the requirements for an Inducement Resolution in the amount NTE $25,000,000.
MEMORANDUM

Date: April 23, 2019

To: Michigan Strategic Fund Board

From: Daniel Leonard, Senior Community Assistance Team Specialist
Bill Povalla, Program Specialist, Community Development Block Grant
Christine Whitz, Director, Community Development Block Grant Program

Subject: Community Development Block Grant Program
Tawas City Pier Enhancement Project
City of Tawas City, County of Iosco

Request
The City of Tawas City is requesting $3,552,449 and an additional $37,500 for administrative costs in Community Development Block Grant (CDBG) funds for public recreational facility and infrastructure improvements needed to assist with the Tawas City Pier Enhancement Project located in Iosco County, Michigan. The City of Tawas City will also make a significant public investment in this project with $452,611 of additional publicly sourced dollars.

Background
The Tawas City Pier Enhancement project will expand and enhance a dilapidated existing shoreline pier. The existing shoreline pier will be extended to create both safe access for fishing and viewing while serving as a new shore access point for the community. The project will extend the pier to a safer width of 45’ and roughly 300’ feet in length into Lake Huron, providing ten (10) new day-docking sites for boaters to access the community. The design would allow the community to be able to expand this asset in the future if needed due to the capacity and infrastructure demands.

The Tawas City Pier Enhancement project will stabilize and improve an existing community pier complimenting the City’s waterfront park property. By stabilizing and extending the existing pier community members will have safe access to Lake Huron for fishing, viewing, and day docking for boaters traversing this portion of Lake Huron’s Tawas Bay. These efforts will increase and extend the usership of the park impacting the local economy of the City of Tawas City.

The use of CDBG funds for the Pier Enhancement Project will benefit low/mod members of the community by transforming the existing shoreline pier into an asset for community members with safe access to Lake Huron to enjoy recreational activities. The enhancements to the pier will create an asset to visitors with day docking sites for boaters to access the community. Overall, the improvements to the Tawas City Park Pier will raise its attraction and usage from both residents and visitors alike. The Pier
Enhancement Project is a priority project that is supported by the local community. Local funding has been set aside in the amount of $452,611 from the Tawas City general fund in support of the project.

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

Project area map, rendering and site photos are provided in Appendix B.

**Recommendation**  
The MEDC Staff recommends:

- A CDBG grant agreement in the amount of $3,589,949 be authorized for the City of Tawas City for the Pier Enhancement Project.
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 will benefit all residents of the project area and 55.6 percent of the residents of the City of Tawas City are low- and moderate-income persons as determined by census data provided by an income survey approved by staff. 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) (2) 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 is:
  - Located in a highly visible location
  - Located in a DDA or other like districts
  and that the community has:
  - Local organizational capacity to successfully complete this project
  - A full-time downtown development professional or community staff member able to administer the project
  - Adopted a downtown development plan
  - Identified this project through a community input survey as the top priority for the City of Tawas City

- **Minimum Local Participation:** The City of Tawas City will make an anticipated contribution of $452,611 which is roughly eleven percent (11%) of the total infrastructure costs. The funds will be provided by the City’s general fund.

- **Financial Viability and Background Check:** The community 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 have 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 C – Map, Rendering and Site Photos

Project map

Concept Design / Rendering

Site Photos
MEMORANDUM

Date: April 23, 2019

To: Michigan Strategic Fund Board

From: Paula Holtz, Community Assistance Team Specialist
Bill Povalla, Program Specialist, Community Development Block Grant
Christine Whitz, Director, Community Development Block Grant Program

Subject: Community Development Block Grant Program
City of Hillsdale - Dawn Theater Project
City of Hillsdale, County of Hillsdale

Request
The City of Hillsdale is requesting $1,380,000 and an additional $35,000 for administrative costs in Community Development Block Grant (CDBG) funds for blight elimination needed for the Dawn Theater located in Hillsdale County, Michigan. The City expects that this project will result in a private investment of $400,000 and the creation of approximately 27 jobs.

The project complies with the Funding Platform for CDBG-funded projects except for the following:

- MEDC staff is requesting consideration of a CDBG grant for more than 50% of the project costs. This project will restore a vacant downtown historic theater into a community events space and is expected to have a catalytic impact on downtown Hillsdale, creating jobs and playing a key role in the continued revitalization of downtown Hillsdale.

Background
This project involves the restoration of the historic Dawn Theater in downtown Hillsdale. The Dawn Theater has been a blighted vacant structure for decades and plans will reactivate the space for use as a community venue for movies, special events and private rentals. A CDBG grant in the amount of $1,380,000 plus administrative costs will enable the complete restoration of this community theater and re-activate the space for public and private use.

Funds are requested for a complete façade and interior rehabilitation. The theater is in a blighted state due to water damage and having been vacant for a number of years. The City of Hillsdale plans to make repairs to the exterior of the building in order to protect it into the future and restore the original brick façade and windows. Repairs will make the building compliant with the Americans with Disabilities Act (ADA) and will remove and dispose of asbestos panels. Roof work and the restoration of historical coping and marquee will be completed.
Interior work includes the repair and replacement of flooring, ceiling panels, balcony railing, stage mechanics and balcony theater seating. Bathrooms as well as the exit from the stage will be made ADA compliant. A new HVAC system will be installed, and the electrical system will be updated.

The City of Hillsdale’s Tax Increment Financing Authority (TIFA) has committed $400,000 toward the rehabilitation of this historic theater. Additionally, the Hillsdale TIFA has contributed approximately $200,000 in building acquisition and pre-development costs toward the project.

The Hillsdale TIFA has worked with the Small Business Development Center (SBDC) and has developed a business plan for the theater to insure ongoing operations and maintenance to sustain the operation long term.

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

Project area map, rendering and before photo are provided in Appendix B.

**Recommendation**
The MEDC Staff recommends:

- A CDBG blight elimination grant agreement in the amount of $1,415,000 be authorized for the City of Hillsdale for the Dawn Theater Project.
APPENDIX A – Programmatic Requirements & Screening Guidelines

Program Requirements
The project was evaluated utilizing CDBG requirements. It has been determined 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 meets the definition of blight as defined in the Brownfield Redevelopment Financing Act 381 of 1996, MCL 125.2652 (e)(i-iv) and (vii). The project meets a national objective by eliminating or preventing slums and blight on a spot basis (historic preservation).

• Eligible Activity:
  This project involves eligible activities identified in Section 105(a)(4) 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 is:
  o Located in a highly visible location
  o Located in a DDA or other like districts

  and that the community has:
  o Prior use of downtown development incentives (TIFs, abatements, etc.)
  o Local organizational capacity to successfully complete this project
  o A full-time downtown development professional or community staff member able to administer the project
  o Adopted a downtown development plan, also:

  The project will consist of one or more buildings that have the following characteristics:
  o Mixed-use components
  o Currently has a local façade program
  o Eligible for Historic or Contributing Designation
  o Partially or completely vacant building being returned to active use

• Minimum Local Participation: The City of Hillsdale’s TIFA will make an anticipated contribution of $400,000 which is twenty-two percent (22%) of the total rehabilitation costs. In addition, the Hillsdale TIFA contributed an additional $200,000 toward building acquisition and other pre-development costs associated with the project.
• **Financial Viability and Background Check:** The community 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 have 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 – Map, Site Photo and Rendering

Location Map
MEMORANDUM

Date: April 23, 2019

To: Michigan Strategic Fund Board

From: Lori Mullins, Director, Community Development Incentives
Julius L. Edwards, Commercial Real Estate Investment Manager

Subject: Request for Investment Fund Award Amendment to Michigan Community Capital for continued support of the Attainable Housing Initiative

REQUEST

The request is to amend the previously approved $13,500,000 Attainable Housing Initiative loan award from the Investment Fund for Michigan Community Capital (MCC) and increase the amount of the award by $6,000,000. In addition, we request authorization to terminate the award to MCC for the Small Developer Initiative and apply those funds, ($3,000,000) to the Attainable Housing Initiative award. Together, the requested changes would bring the total funding to the Attainable Housing Initiative to $22,500,000. The Attainable Housing Initiative’s purpose is to facilitate investment in attainable housing projects across the state as described in the background section of this memo.

MCC has closed four attainable housing projects using $7,656,500 in MSF funds. These projects will result in approximately $27,231,500 in total investment and 205 new housing units, 88% of which will meet an attainable leasing target rate, per MSHDA published guidance. There are seven additional projects in the MCC pipeline that will require Attainable Housing Initiative funding to complete. These projects are outlined in the Pipeline Summary table on the next page. MCC intends to expend the remaining $5,843,500 from previous MSF awards and will require approximately $22,800,000 in additional equity to complete all seven projects as currently contemplated. With the proposed reallocation of the Small Developer Initiative funding and additional MSF allocation, the total increase in funds available is $9,000,000 which leaves a pipeline gap of approximately $13,800,000.

The current agreement defers any payments for 37 months following closing, which would require the interest only payments to begin in 2020. The applicant has requested that in order to allow the completed projects to stabilize and begin performing, payments be deferred until August 1, 2022. We are also requesting to extend the Draw Termination Date to June 30, 2022 to allow for pipeline projects to develop.
### Project Name |
<table>
<thead>
<tr>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temple</td>
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<tr>
<td>Broadway Lofts, LLC</td>
</tr>
<tr>
<td>Sawmill Lofts, LLC</td>
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<tr>
<td>Eleven Thirteen</td>
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<tr>
<td>Cadillac Lofts, LLC P1</td>
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<tr>
<td>Lofts on Lake St, LLC</td>
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<tr>
<td>Lofts on Rowe</td>
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<table>
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<tr>
<th>Potential MCC Commitment</th>
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<tr>
<td>$4,200,000</td>
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<tr>
<td>$5,423,531</td>
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<tr>
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**BACKGROUND**

The MSF approved a $10,000,000 Investment Fund Award to MCC at its February 28, 2017 Board meeting and subsequently increased this investment to a total of $13,500,000 at its December 2017 meeting to facilitate investment in attainable housing (targeted to residents with a combined household income that is between 60% and 120% of the Area Median Income of the region).

The MSF also approved a $3,000,000 award to MCC to support projects undertaken by small or emerging developers (Small Developer Initiative) at the August 22, 2017 Board meeting. Those funds have thus far not been committed or expended. The MEDC has recently initiated a Redevelopment Services Team internally that is equipped to provide additional support to small developers doing projects on Redevelopment Ready Sites. Furthermore, the MSF Act was amended in December of 2018 to allow for larger Michigan Community Revitalization Program awards in communities with populations at or below 15,000. Both of these recent actions are potentially helpful to small-scale developers.

In addition to MSF funding, MCC has secured $6,500,000 in bank and foundation support and has pending commitments for an additional $3,000,000 from US Bank as well as a capacity building grant from the C. S. Mott Foundation, which is very helpful in improving compliance reporting and project management capacity. MCC will continue to seek out private sector investment to support the MEDC/MSF Priorities. The organization was also certified as a
Community Development Financial Institution (CDFI) in December, allowing it to apply for additional federal funds in the 2019 and 2020 application rounds.

**APPLICANT HISTORY**
Michigan Community Capital (MCC) is a 501(c)(3) and 509(a)(3) and they receive public charity status because of their supporting relationship with the MEDC, MSF and MSHDA. Their Board of Directors is appointed by the MEDC CEO and includes representatives of low to moderate-income communities across Michigan. They currently receive the majority of their capital from the MSF.

The relationship is important to the MEDC and MSF because MCC is able to provide more direct management, oversight and ownership for attainable housing projects that could not otherwise be completed using MEDC or MSHDA tools. MCC invests in projects with significant financial challenges in order to achieve multiple outcomes that align directly with the MEDC’s Community Development Goals. These are often projects with below market returns, in income-diverse, race-diverse, and occupationally-diverse communities.

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

a) Terminate the loan to MCC for the Small Developer Initiative.

b) Increase the loan amount to MCC for the Attainable Housing Initiative up to the total amount of $22,500,000, by adding additional total amount of $9,000,000 funded by the following, collectively the (“Funding”):
   a. reallocating the up to $3 million previously awarded for the Small Developer Initiative to the Attainable Housing Initiative; and
   b. awarding up to an additional $6 million from the Investment Fund.

c) Increase the amount of the Company’s total closing fee under the Attainable Housing Initiative from $100,000 to $120,000, and credit the Company with the Small Developer Initiative paid fee carryover.

d) Amend the Attainable Housing Initiative loan to require a draw termination date of June 30, 2022.

e) Amend the Attainable Housing Initiative loan to require interest accrual at 1% per annum to begin on July 1, 2022 and to continue until the loan is paid in full.

f) Amend the Attainable Housing Initiative loan to require interest only payments to begin on August 1, 2022.
MEMORANDUM

Date:   April 23, 2019

To:  Michigan Strategic Fund Board

From:  Lori Mullins, Director, Community Development Incentives

Subject:  Request to Restate Michigan Community Revitalization Program Guidelines

Request
MEDC staff requests approval to restate the Michigan Community Revitalization Program ("MCRP") Guidelines to incorporate changes shown on the attached document with most significant changes outlined below:

1. Update the guidelines to reflect two recent changes to the MSF Act including the Neighborhood and Commercial Corridor Food Initiative (PA 239 of 2017) and the change which was part of PA 423 of 2018 that allows qualified projects located in communities with a population of 15,000 or less to receive a need-based MCRP award of up to 50% of the project’s eligible investment.

2. Remove the specific parameters from the guidelines document and instead include a brief summary of financial considerations. The parameters that are currently used for reviewing deals will become part of the MCRP application and will be renamed “Financial Underwriting Considerations.” The briefing memo for future projects will include details of the structure of the deal and its financial strength or challenges.

3. Revise the definitions of Eligible Property categories “Historic Resource” and “Any Other Property” to remove limiting language.

4. Clarify language related to Historic projects that can be awarded up to 50% of eligible investment so that it is clear that the approval of these projects can follow the normal MSF delegated authority for projects awarded $1,000,000 or less.

5. Add third-party green building certification as an eligible investment cost and remove LEED certification from the list of ineligible costs.


7. Revise Project Evaluation, Process and MSF Support language so that it remains a general summary, but provides more detail on the responsibilities of the various partners.

We are also requesting that resolution 2013-031 be rescinded, as the restated guidelines include a revised definition of MCRP Eligible Investment.
**Background**
The MCRP was created to promote community revitalization that will accelerate private investment in areas of historical disinvestment, contribute to Michigan’s reinvention as a vital, job-generating state, foster redevelopment of functionally obsolete properties, reduce blight, support the rehabilitation of historic resources, and protect the natural resources of the State. Under the Michigan Strategic Fund Act, MCL 125.2001 (the “Act”), Chapter 8C, Section 90B, the MSF must approve any program guidelines to implement the program. The current MCRP Guidelines (“Guidelines”) were approved by the MSF Board at their meeting on December 21, 2011 (Resolution 2011-185), and have been amended six times, most recently in May of 2016, (Resolution 2016-063).

The proposed revisions to the guidelines are intended to reflect recent changes in the Act and also to more closely align program requirements and project considerations. The underwriting parameters will be addressed in the MCRP application as financial underwriting considerations to help determine financial need, reasonableness of returns and incentive structure. Alignment of the financial underwriting considerations will be shared with the MSF Board within a project’s briefing memo.

**Recommendation**
MEDC Staff recommends approval of the amended MCRP Program Guidelines, with immediate effect.
MICHIGAN COMMUNITY REVITALIZATION PROGRAM GUIDELINES

PROGRAM GOALS
The Michigan Strategic Fund (MSF) Act, MCL 125.2011 et. seq. was amended to add Chapter 8C to create and operate the Michigan Community Revitalization Program (MCRP), administered by the Michigan Economic Development Corporation (MEDC) on behalf of the MSF. Community revitalization will accelerate private investment in areas of historical disinvestment, contribute to Michigan’s reinvention as a vital, job-generating state, foster redevelopment of functionally obsolete properties, reduce blight, support the rehabilitation of historic resources, and protect the natural resources of this state. The focus of the MCRP is to encourage and promote capital investment and redevelopment of brownfield and historic preservation sites located in traditional downtowns and high-impact corridors.

ELIGIBLE APPLICANTS
Any person or multiple persons may apply to the MSF for approval of a MCRP incentive associated with a project.

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

Grants may be awarded for up to $1.5 million as determined by need and competitiveness of the proposed project. A grant may include flexible terms and conditions. Grants shall also include provisions requiring grant funds to be paid back to the MSF when certain requirements are not met. Disbursement of grant funds will follow construction completion and issuance of a “Certificate of Occupancy” and completion of other performance-based criteria.

A loan participation arrangement requires the presence of a Senior Lender willing to lead the lending relationship and operate within the underwriting standards of the MEDC. It is anticipated the MSF’s investment may have different terms from the Senior Lender’s portion, but operate under the same loan agreement(s).

Equity investments may be considered for projects located in geographic markets considered transitional or tertiary by MEDC staff or projects with HUD/FHA financing as the primary source of financing.

Direct loans will only be used under special circumstances where a loan participation arrangement is not desirable. They may include flexible terms and conditions, all of which must be acceptable to the MSF Board or its delegates, including without limitation, below market interest rates, extended grace and repayment provisions, forgivable terms and no security, or some security (which also may be subordinated). These loans typically require that funds are disbursed following construction completion and issuance of a “Certificate of Occupancy”, and completion of other performance-based criteria.

All projects are competitively evaluated. The most competitive projects will meet the Community Development Guidance standards including being located in an engaged or certified Redevelopment Ready Community. In addition to meeting or exceeding the Community Development criteria, the following financial conditions will be considered by staff when determining a project’s competitiveness for MCRP support.
1. **Senior Financing**: Maximize all available senior financing with preference through a federally insured and regulated senior lender.

2. **Fees**: Minimize or defer all developer and other related-party fees.

3. **Equity**: Provide significant owner equity investment.

4. **Debt Service Coverage Ratio**: Ensure that the projected cash flow after MCRP incentive is applied is adequate to service debt.

The following **statutory criteria** will be evaluated by the MSF for all projects to the extent reasonably applicable:

1. The applicant's financial need for the incentive and whether the project is financially and economically sound (Sec 90(b)(4)(d) & Sec 90(b)(4)(h)).

2. The importance of the project to the community, the amount of local financial support to the project, and the level of private sector and other contributions to the project, such as federal tax credits (Sec 90(b)(4)(a), Sec 90(b)(4)(c), and Sec 90(b)(4)(g)).

3. Whether the project incorporates basic tenants of urban design by promoting mixed-use development, walkable communities and/or increasing the density of the area (Sec 90(b)(4)(j) & Sec 90(b)(4)(i)).

4. Whether the project will redevelop a brownfield and/or historic resource and/or a vacant structure; if historic, whether the project will follow the federal secretary of the interior's standards for rehabilitation of historic buildings, 36 CFR 67 (Sec 90(b)(4)(e), Sec 90(b)(4)(m), and Sec 90(b)(4)(q)).

5. Whether the project promotes sustainable development (Sec 90(b)(4)(l)).

6. The level and extent of environmental contamination (Sec 90(b)(4)(p)).

7. If the project will act as a catalyst for additional revitalization and/or addresses area-wide redevelopment strategies (Sec 90(b)(4)(b) & Sec 90(b)(4)(n)).

8. Creation of jobs (Sec 90(b)(4)(f)).

9. Whether the project addresses underserved markets of commerce; converts abandoned public buildings to private use; and if the project will compete with or affect existing Michigan businesses (Sec 90(b)(4)(o), (Sec 90(b)(4)(k), & (Sec 90(b)(4)(r)).

10. Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter (Sec 90(b)(4)(s)).

**LEVEL OF SUPPORT**

MSF support for a single project shall not exceed 25% of the eligible investment, and in no event shall the MSF support exceed a total of $10,000,000 for any project (including any combination of loan, grant or other economic assistance). However, in a city, village, or township with a population of 15,000 or less (based on the most recent federal decennial census), the amount of community revitalization incentives for a project shall not exceed 50% of a project's eligible investment up to $10,000,000. Additionally, the statute also allows that annually the MSF or its delegates may consider support for up to three single projects that shall not exceed 50% of the eligible investment for the specific purpose of historic preservation. Further, no part of the MSF support that is in the form of a grant shall exceed $1,500,000 for any project.

**ELIGIBLE PROPERTY**

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

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

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

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

**Blighted:** Property that meets 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, by a county, or by this state;
- Is property owned, by or under the control of, a land bank fast track authority under the Land Bank Fast Track Act, 2003 PA 258; and
- Has substantial subsurface demolition debris buried on site so that the property is unfit for its intended use.

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

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

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

**ELIGIBLE INVESTMENT**
An eligible investment, is defined as at least one, or any combination of, the following expenditures which may have occurred prior to the MSF approval of the application and has not been completely reimbursed to, or paid for on behalf of, the applicant. Collectively these expenditures are eligible investments and are referred to as “Hard Costs”: 

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Michigan Community Revitalization Program Guidelines – Updated March 2019 3 | P a g e
- Any fees or costs for alteration, 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;
- Any fees or costs for site improvements to an approved project, including, a surface parking lot, parking garage, parking ramp, utilities and public infrastructure, such as roads, curbs, gutters, sidewalks, landscaping, lighting, grading and land balancing;
- Any fees or costs for the addition of machinery, equipment or fixtures to an approved project; or
- Professional fees or costs for an approved project for architectural services, engineering services, Phase I environmental site assessment, Phase II environmental site assessment, or Baseline Environmental Assessment, or surveying services.
- Professional fees associated with obtaining a third-party certification for environmentally sustainable design, building materials and/or development practices.

The MSF or MSF Fund Manager, on its behalf, may impose additional terms and conditions involving any Hard Costs that meet eligibility for reimbursement under any tax increment financing, including requiring those costs to be repaid to the MSF, or excluding any such costs from Hard Costs.

In no event shall any of the following, which are collectively referred to as “Soft Costs”, be deemed any part of the Hard Costs:
- acquisition fees or costs for real property,
- developer fees or costs,
- closing fees or costs,
- legal fees or costs,
- professional fees or costs (other than those included above as part of the Hard Costs),
- title commitment fees or costs,
- title insurance fees, premiums or costs,
- management fees or costs (including Project management and construction management),
- appraisal fees or costs,
- bank or other lender financing, interest, or inspection fees or costs,
- leasing or sales commission fees or costs,
- shared savings, or fees or costs arising from penalties or other reductions in payment from any contract for improvements to the Project,
- performance bond and other risk contingency fees and costs,
- marketing fees or costs,
- zoning fees or costs (other than those zoning fees or costs paid to a governmental entity included above as part of the Hard Costs),
- taxes,
- hazard, liability or any other insurance fees and costs.

PROJECT EVALUATION, PROCESS AND MSF SUPPORT
MCRP requests for MSF support will go through the following general process:

1. Applicant provides pre-application including proforma, and initial supporting documentation.
2. MEDC leadership considers project based on Community Development Guidance standards and financial need.
3. MEDC provides Letter of Interest, when appropriate.
4. Applicant provides completed application package with all supporting documents.
5. MEDC completes statutory review, full financial review and provides proposed financial structure and term sheet.
6. Michigan Strategic Fund board considers project.
7. If project is approved, applicant pays pre-closing fees.
8. MEDC drafts appropriate legal agreement and agreements are executed at closing.
9. Applicant completes milestones necessary for disbursement of funds by MEDC.
10. Applicant completes required reporting following project completion.
11. MEDC completes compliance verification and project closeout.

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

Date: April 23, 2019

To: Michigan Strategic Fund Board

From: Lori Mullins, Director, Community Development Incentives

Subject: Request to Amend Transformational Brownfield Plan Program Guidelines

Request
MEDC staff requests 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, 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 meeting. The first TBP was approved by the MSF Board in May of 2018.

The amended guidelines revise the language to allow alternative means of assessing the developer’s return on investment, which is being proposed based on feedback from the consultants that conducted the underwriting and financial review of the first TBP project. We have also proposed edits to the language in the guidelines to better align with the language in the legislation. Finally, the amended guidelines also include revisions to the project evaluation process to reflect the way that process has changed since the program was first envisioned.

Recommendation
The MEDC staff recommends approval of the amended Transformational Brownfield Plan Program Guidelines attached to the Resolution.
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 a mixed-use development project with planned integration of some combination of retail, office, residential, or hotel uses. 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 new sources of 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, 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 the new sources of revenue is 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 and no more than five TBPs in any individual local unit for the duration of the program, which ends December 31, 2022. 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, 2022. No new TBPs can be approved after December 31, 2022, 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 be transformational, will result in the TBP being revoked. Each amendment must be approved by both the local unit of government and the MSF, and must be consistent with approval requirements of a TBP. Amendments are not considered new plans and plans may be amended beyond December 31, 2022.
FEES
The MSF will charge and collect application fees, amendment fees, transfer fees and annual administrative fees\(^1\). 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 $1.5 million a non-refundable application fee of $208,000 will be charged and collected by the MSF\(^2\). This application fee includes the estimated costs of statutorily required third-party economic impact analysis and third-party underwriting analysis. In the event that the third-party analysis costs exceed the application fee, the costs of the independent third-party fiscal and economic impact analysis shall be paid by the owner or developer of the eligible property. In the event that an amendment is required for TBP awards greater than or equal to $1.5 million, a non-refundable amendment fee of $208,000 will be charged and collected by the MSF. This amendment fee includes the estimated costs of statutorily required third-party economic impact analysis and third-party underwriting analysis. In the event that the third-party analysis costs exceed the application fee, the costs of the independent third-party fiscal and economic impact analysis shall be paid by the owner or developer of the eligible property. For TBP requested awards less than $1.5 million a non-refundable application fee of $30,000 will be charged and collected by the MSF. In the event that an amendment is required for TBP requested awards less than $1.5 million, a non-refundable amendment 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:

<table>
<thead>
<tr>
<th>Population</th>
<th>Investment</th>
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<tbody>
<tr>
<td>Greater than or equal to 600,000</td>
<td>$500,000,000</td>
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<tr>
<td>150,000 - 599,999</td>
<td>$100,000,000</td>
</tr>
<tr>
<td>100,000 - 149,999</td>
<td>$75,000,000</td>
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<tr>
<td>50,000 - 99,999</td>
<td>$50,000,000</td>
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<tr>
<td>25,000 - 49,999</td>
<td>$25,000,000</td>
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<tr>
<td>Less than 25,000</td>
<td>$15,000,000</td>
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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.

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

\(^1\) 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)
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. 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 five kinds of revenue from 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.

- **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 the new sources of revenue is limited to up to 20 years.

3. A TBP that proposes to use more than $1.5 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 economic and fiscal impact analysis to determine whether the plan will result in an overall positive fiscal impact to the state;
   - 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
   - Verify with the MSF that the State Treasurer concurs with the third party fiscal and economic analysis determination that the project will result in an overall positive fiscal impact to the state.

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. If the MSF supports a TBP, that project(s) is not eligible 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, 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 incentives for large development projects totaling 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 more than 50% of the income and 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 revenue from any source for a TBP will be limited to an amount that is needed to make the project economically viable.
   - No 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 revenue from any source for a TBP is limited to an amount that is needed to make the project economically viable.
   - No tax capture will occur after the permitted costs under the TBP are met or after 20 years from the start of capture.

ECONOMIC AND FISCAL IMPACT ANALYSIS CRITERIA
MSF must determine that a TBP will result in an overall positive fiscal impact to the state before it is approved. In making that determination, the following will be taken into account:
   - The potential displacement of tax revenue from other areas of the state, and
   - The effects of the TBP on economic development in the surrounding area.

TBPs proposing to use more than $1.5 million in any year in withholding and income tax capture revenues require an independent economic and fiscal impact analysis conducted by a third-party, 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 $1.5 million in annual withholding and income tax capture will undergo analysis through the MEDC, in participation with the State Treasurer.
If the TBP proposes to use more than $1.5 million in any one year in withholding and income tax capture then the State Treasurer must concur with the conclusions of the third-party analysis before a recommendation is made to MSF for project approval.

**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 $1.5 million in any one year in withholding and income tax capture revenues require an independent underwriting analysis conducted by a third-party, 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 $1.5 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 $1.5 million in any one year in withholding and income tax capture, then the State Treasurer must concur with the conclusions of the third-party analysis 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 environmental activities are included in the project, approval of the Michigan Department of Environment, Great Lakes and Energy (DEGLE) 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 $1.5 million of annual tax capture are required to undergo 3rd party underwriting and economic impact analyses and the applicant will pay the necessary 3rd party fees as part of their application fee. Following analyses results, MEDC staff and the Michigan Department of Treasury (Treasury) must evaluate and concur on a recommended TBP tax capture package before it is forwarded to the MSF Board.

5. After confirming the TBP package is administratively complete, MEDC staff will provide a Summary of Terms to the development team outlining the business terms for the proposed incentive.

6. Following feedback from MEDC (and potentially based on 3rd party analyses) 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 and a business suitability review. MEDC then presents the TBP recommendation to the MSF Board with the community, development team and a representative from Treasury. Following MSF action, a final 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

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.
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 development agreement with the MSF. The Development Agreement 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, 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.
MEMORANDUM

Date: April 23, 2019

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

From: Josh Hundt, Executive Vice President & Chief Business Development Officer
       Stacy Bowerman, Vice President, Business Development Projects
       Mike Geitzen, Senior Project Manager

Subject: MBDP Program Guidelines Modification Request

Request
The Michigan Economic Development Corporation (“MEDC”) requests the following modifications to the Michigan Business Development Program (“MBDP”):

- Revise the MBDP Program Guidelines to amend the definition of qualified new jobs to include jobs held by non-Michigan residents;
- Expand the eligibility under the Strategic Growth Project Program Guidelines (“Micro MBDP”) to include geographic areas that are underserved by existing programs; and
- Establish the Jobs Ready Michigan Program and formally adopt the supporting Jobs Ready Michigan Program Guidelines.

MBDP Program Background
The MBDP was created pursuant to Section 88r of the Michigan Strategic Fund Act, MCL 125.2088r to provide grants, loans, and other economic assistance to qualified businesses that make qualified investments in Michigan or provide qualified new jobs in Michigan. On December 21, 2011 the Michigan Strategic Fund Board (“MSF”) approved Program Guidelines for the MBDP, including considerations for support, defining a qualified business, defining qualified investment, defining qualified new jobs, and establishing requirements for the number of qualified new jobs to be created in order for a company to qualify for MSF support under the MBDP.

The MBDP Program Guidelines required the creation of 25 qualified new jobs for projects located in a rural county and high technology activity projects. Otherwise, the guidelines required the creation of 50 qualified new jobs in order to qualify for support under the MBDP. Per the Program Guidelines, Qualified New Jobs were required to be Michigan Residents.

The MBDP Program Guidelines were subsequently expanded to provide grants, loans and other economic assistance to certain Strategic Growth Projects that plan to create fewer jobs than required by the MBDP Program Guidelines for targeted industries. Under this program, projects must meet all MBDP program requirements, except the minimum number of qualified new jobs. The expanding Program Guidelines were intended to serve target industries of the MEDC and Local Partner, provided the company was well established and funded; invested heavily in its employees; or demonstrated market opportunity and established customers.
Amendment Request
The MEDC is requesting the following modifications in response to recent legislation amendments as well as augment existing funding programs available in Michigan:

- **MBDP Program Guidelines – Qualified New Job Definition:** Effective March 29, 2019, Section 88r of the Michigan Strategic Fund Act, MCL 125.2088r was amended to expand the definition of qualified new job. The definition was previously limited to individuals who are residents of Michigan, whose income taxes are withheld by an employer, or an employee leasing company or professional employer organization on behalf of the company that are in excess of the number of jobs in the state prior to the project. The amended legislation expanded the definition to also allow individuals who are not residents of Michigan that are employed by a business at a project location in Michigan, provided the business certifies in writing at the time of disbursement that not less than 75 percent of the employees of that business are residents of Michigan. A revision to MBDP Program Guidelines to expand the qualified new job definition is being requested to incorporate the statutory amendment.

- **Strategic Growth Project (“Micro MBDP”) Program Guidelines Expansion:** Currently, the Strategic Growth Project Program serves target industries of the MEDC and Local Partner, provided the company was well established and funded; invested heavily in its employees; or demonstrated market opportunity and established customers. A revision to the expanded Strategic Growth Project Program Guidelines is being requested which will allow the MEDC to also target geographic areas that are underserved by our current programs. With this revision, projects will qualify if the project meets one of the following:
  - Located in a municipality with a population of 15,000 or less;
  - A city with a population of 25,000 or more that has an unemployment rate that is higher than the state average;
  - Applicant is a Geographically-Disadvantaged Business Enterprise, as outlined in Executive Directive 2019-08. Those enterprises include businesses located in SBA HubZones, businesses located in Michigan Opportunity Zones, or businesses with more than half of employees living within Opportunity Zones; or
  - Applicant serves a target industry of the MEDC or local partner.

- **Jobs Ready Michigan Program:** To augment existing funding programs available in Michigan, the MEDC has developed the Jobs Ready Michigan Program. The program is designed to provide grants for business expansion and/or location projects that lead to job creation and/or investments in Michigan that have a demonstrated training need. Funding under this program will allow the state to compete for business attraction and/or expansion projects against states that offer training funds.

In furtherance of the objectives of this program the MEDC wishes to designate up to $10 million of the MBDP funds to the Program under MCL.125.2088b(2)(c), which allows funds to be appropriated to the MSF for purposes of carrying out the MSF Act. Utilizing the Program, the MEDC will provide performance-based grants for eligible training expenses for projects that meet the attached Program Guidelines.

Recommendation
The MEDC recommends the MSF Board:

- Adopt the revised MBDP Program Guidelines, attached to the Resolution;
- Adopt the revised Strategic Growth Project Program Guidelines (“Micro MBDP”), attached to the Resolution; and
- Adopt the Jobs Ready Michigan Program Guidelines attached to the Resolution and approve the transfer of up to $10 million from the MBDP to the Jobs Ready Michigan Program under MCL.125.2088b(2)(c).
MICHIGAN BUSINESS DEVELOPMENT PROGRAM  
PROGRAM GUIDELINES

IN GENERAL

1) The program may provide support in the form of a grant, loan, other economic assistance, or any combination, to a qualified business that makes qualified investment(s), creates qualified new jobs, or a combination of both, to a project in Michigan ("MSF Support"), with a preference given to businesses that need additional assistance for deal-closing and for second stage company gap financing.

2) MSF Support in the form of a grant shall be performance based, with preference given to qualified businesses seeking to locate or expand in Michigan rather than in another state which is competing to locate or expand the qualified business within its state. Grants shall include flexible terms and conditions, and shall include provisions requiring grant funds to be paid back under circumstances required by the MSF.

3) MSF Support in the form of a loan shall also be performance based, with preference given to qualified businesses needing assistance to expand in Michigan. Loans may include flexible terms and conditions, all of which must be acceptable to the MSF, including without limitation, below market interest rates, extended grace and repayment provisions, forgivable terms and no security, or some security (which also may be subordinated). Loans shall also include provisions requiring loan funds not otherwise due the MSF to be paid back under circumstances required by the MSF.

4) MSF Support in the form of economic assistance (other than loans or grants) may include MSF participation (or other support vehicles) to enhance the making of loans by other lenders.

5) When considering a project for MSF Support, consideration may include the following and any other considerations satisfactory to the MSF:
   a) MSF Support shall not include support for any retail projects;
   b) MSF Support shall not include support for any retention projects;
   c) Out-of-state competition;
   d) Net-positive return to Michigan;
   e) Level of investment made by business;
   f) Shovel-ready projects with funding support;
   g) Business diversification;
   h) Re-use of existing facilities;
   i) Near-terms job creation;
   j) Level of wages for new jobs;
   k) Employer provided benefits;
   l) Strong links to Michigan suppliers; and
   m) Whether the project is in a distressed or targeted community.
6) The municipality in which the project is located must make a staff, financial or economic commitment to the project, in each case on terms acceptable to the MSF, and the project must otherwise be a project the MSF desires to support under the program.

7) MSF Support for any project shall not exceed $10,000,000.

8) The MEDC shall provide administrative services to the MSF for the program, including conducting due diligence and compliance processes, and coordinating pre-closing background checks as may be required by the Chief Compliance Officer.

9) The program may require applicants to pay reasonable application fees, and any other expenses incurred in administering the program, to the MEDC.

10) All MSF Support shall be memorialized by final written grant, loan or other economic assistance agreements, with terms and conditions in accordance with 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 Board and the Michigan legislature, including periodic reporting after completion of a project.

11) All decisions for MSF Support, including any exceptions to these guidelines, are subject to approval of the full MSF Board, however (except as to any exceptions to these guidelines), all decisions for MSF Support in an amount of $1,000,000 or less may be authorized by the following delegates of the MSF Board: the MSF President, MSF Fund Manager, and the State Treasurer with any two required to act. A summary of the MSF Support authorized by the delegates shall be reported to MSF Board on a quarterly basis.

**QUALIFIED BUSINESS**

A qualified business means a business that demonstrates to the MSF that it is physically located in, will physically locate to, physically operates in, or will physically operate in, Michigan; and

1) which submits a completed application to the MSF for MSF Support; and

2) which provides a business plan to the MSF or demonstrates the need for the MSF Support; and

3) which demonstrates to the MSF that it is a financially viable business; and

4) all of the above must be completed to the satisfaction of the MSF.

**QUALIFIED INVESTMENT**

A qualified investment means an investment in a project in Michigan, and the investment, and its terms and conditions, are acceptable to the MSF.
QUALIFIED NEW JOB
A qualified new job means a job performed by an individual who is a resident Michigan whose Michigan income taxes are withheld by an employer, or an employee leasing company or professional Employer organization on behalf of the employer, or by an individual who is not a resident of this state and is Employed by a business at a project location that is located in this state, provided that the business certifies in Writing at the time of disbursement that not less than 75% of the employees of that business are residents of Michigan and
1) to count as a qualified new job, the qualified new job must be in excess of the number of jobs maintained by the qualified business in Michigan prior to the expansion or location in Michigan, as determined by, and acceptable to the MSF; and
2) the MSF may also consider full time equivalent or hours worked as a method to count a job as a qualified new job, and may impose other terms and conditions, including without limitation that the qualified new job may not count if it includes a job transferred from any qualified business facility in Michigan to another qualified business facility located, or to be located, in Michigan; and

MINIMUM NUMBER OF QUALIFIED NEW JOBS
(INCLUDING IN RURAL COUNTIES OR HIGH TECHNOLOGY ACTIVITY PROJECTS)
If the qualified business is seeking to qualify for MSF Support on the basis of creation of qualified new jobs: (a) in the event the project is located in a rural county, or is a high technology activity project, the creation of a minimum of 25 qualified new jobs shall be required, otherwise (b) the creation of a minimum of 50 qualified new jobs shall be required. A rural county is a Michigan county with a population of 90,000 or less based on the 2010 census. High technology activity means as defined in Section 3(l) of the Michigan Economic Growth Authority Act, 1995 PA 24, MCL 207.803(l), as may be amended from time to time.
Michigan Micro Business Development Program

OVERVIEW
The Michigan Micro Business Development Program ("MMBDP") is an incentive program available from the Michigan Strategic Fund ("MFS") in cooperation with the Michigan Economic Development Corporation ("MEDC"). The focus of the program is to promote business growth opportunities in underutilized areas as well as targeted industries. The program is designed to provide grants, loans, or other economic assistance to businesses for highly competitive projects in Michigan that have fewer job creation than required by the Michigan Business Development Program (MBDP) Guidelines.

ELIGIBLE APPLICANTS
The MMBDP is available to eligible businesses that create qualified new jobs and/or make qualified new investment in Michigan. The qualified new jobs must be in addition to those maintained in Michigan prior to the project. Applicants must also demonstrate the ability to meet all MBDP Guidelines as approved by the MSF, with the exception of the Minimum Qualified New Jobs requirement.

ELIGIBLE PROJECTS
Projects must meet at least one of the following:

- Located in a city, village, or township with a population of 15,000 or less (based on the most recent federal decennial census)
- Located in a city, with a population greater than 25,000, that has an unemployment rate (not seasonally adjusted) higher than the state’s unemployment rate (not seasonally adjusted) based on the most recent data available from the Bureau of Labor and Statistics;
- Applicant is a Geographically-Disadvantaged Business Enterprise. Geographically-Disadvantaged Business Enterprise” means a person or entity that satisfies one or more of the following: (1) Is certified as a HUBZone Small Business Concern by the United States Small Business Administration; (2) Has a principal place of business located within a Qualified Opportunity Zone within Michigan; (3) More than half of its employees have a principal residence located within a Qualified Opportunity Zone within Michigan, or both. “HUBZone Small Business Concern” means that term as defined under 13 CFR § 126.103.
- Applicant serves a target industry of the MEDC or local partner.

PROJECT CONSIDERATIONS
The MSF will consider one or more of the following factors in determining whether to award a grant under the Program:

- Applicant is well established and funded;
- Applicant is one of the following:
  - Second stage company currently located in Michigan;
  - Large company with a limited, but growing presence in Michigan; or
  - Company considering locating in Michigan for the first time
- Applicant is able to demonstrate need for assistance;
- Project represents significant growth for the company;
- Applicant will create more and better jobs for Michigan with wages that are higher than regional average; and invests heavily in their employees; and
- Project will have significant impact on the community.
PURPOSE
The Jobs Ready Michigan Program (the “Program”) was created by the Michigan Strategic Fund (“MSF”) under MCL 125.2088b(2)(c) to meet the talent needs of companies that are expanding or locating in Michigan. The Program is designed to be flexible and responsive to the specific talent needs of companies and to address the costs associated with recruiting and training individuals for occupations that are high-wage, high-skill, or high-demand. Program awards may be used for a variety of activities related to talent recruitment and job training including, 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. The Michigan Economic Development Corporation (“MEDC”) provides administrative services for the MSF for the Program.

ELIGIBILITY
Any company (and/or its affiliates) that is physically located and operating in the State of Michigan or that will be physically located and operating in the State of Michigan and is creating jobs or making capital investment in Michigan is eligible to apply for a grant under the Program. A company seeking an incentive under the Program must demonstrate that the grant is necessary to address a talent or training gap.

APPLICATION PROCESS
A company interested in applying for a grant under the Program may submit an application for consideration to the MEDC. The MEDC will consider the following factors in determining whether to make a recommendation to the MSF for an award under the Program:
- Demonstrated talent recruitment and/or training need
- Number, type, and wage-level of jobs to be created or retained by the company in Michigan
- Level of capital investment to be made by the company in Michigan
- Out-of-state competition for the expansion or location of the company’s project
- Whether there is an anticipated net positive return to the State of Michigan through issuance of a Program grant
- Whether the company intends to reuse existing facilities in connection to its creation or retention of jobs in Michigan
- Business diversification
- The company ties to Michigan suppliers

ADDITIONAL INFORMATION
- The MSF Fund Manager or MSF President may approve changes to the terms and conditions of the MSF grant agreements as either may deem necessary or appropriate from time to time to adapt to the Program, so long as such terms and conditions comply with these guidelines and continue to include performance-based milestones and repayment provisions and are approved by either the AG or MEDC Legal Division.
On April 5, 2017, the Brownfield Redevelopment Financing Act (Act 381) was amended to allow the chairperson of the Michigan Strategic Fund delegated approval of work plans that consist of tax capture of less than $1,000,000. Listed below is a synopsis of the delegated work plans that were approved during the second quarter of the 2019 fiscal year.

If you would like additional information on a project, please let us know.

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approval Date</th>
<th>Location</th>
<th>Approved TIF Amount</th>
<th>Jobs</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>111 Halo Redevelopment</td>
<td>1/4/2019</td>
<td>Grand Rapids</td>
<td>$142,336</td>
<td>0</td>
<td>$2,838,408</td>
</tr>
<tr>
<td>412 Cadillac-412 S.</td>
<td>3/26/2019</td>
<td>Cadillac</td>
<td>$102,243</td>
<td>8</td>
<td>$225,000</td>
</tr>
<tr>
<td>Mitchell Street</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$244,579</strong></td>
<td><strong>8</strong></td>
<td><strong>$3,063,408</strong></td>
</tr>
</tbody>
</table>


MEMORANDUM

Date: April 23, 2019

To: Michigan Strategic Fund Board

From: Christine Whitz, Director, Community Development Block Grant Program

Subject: Community Development Block Grant Program
Quarterly Report of Delegated Approvals (January – March 2019)

On October 23, 2013, the MSF Board approved the Community Development Block Grant (CDBG) program delegated approval of projects that have incentives of $1 million or less. Listed below is a synopsis of the delegated deals that were approved during the previous quarter. If you would like additional information on a project, please feel free to contact me.

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Approval Date</th>
<th>CDBG Funds</th>
<th>Brief Summary of Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Lapeer</td>
<td>1/4/19</td>
<td>$995,811</td>
<td>The City of Lapeer requested $995,811 in CDBG funds for façade improvements needed for the Lapeer Team Work, Inc. The City expects that this project could result in private investment of $1,153,303.</td>
</tr>
<tr>
<td>City of Cadillac</td>
<td>2/5/19</td>
<td>$831,864</td>
<td>The City of Cadillac requested $831,864 in CDBG funds for blight clearance located in Wexford County, Michigan. The City expects that this project could result in future private investment of roughly $8,200,000.</td>
</tr>
<tr>
<td>City of Houghton</td>
<td>2/21/19</td>
<td>$605,750</td>
<td>The City of Houghton requested $605,750 in CDBG funds for acquisition and architectural/engineering work needed for the Copper Range Depot Project located in Houghton County, Michigan. The City expects that this project could result in private investment of $775,000 and the creation of 23 full time equivalent jobs.</td>
</tr>
<tr>
<td>City of Mason</td>
<td>2/21/19</td>
<td>$462,658</td>
<td>The City of Mason requested $462,658 in CDBG funds for rehabilitation needed for the Wren Redevelopment Project located in Ingham County, Michigan. The City expects that this project could result in private investment of $445,797.</td>
</tr>
<tr>
<td>Location</td>
<td>Date</td>
<td>Requested Funds</td>
<td>Details</td>
</tr>
<tr>
<td>-------------------------</td>
<td>------------</td>
<td>-----------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>City of Charlotte</td>
<td>3/4/19</td>
<td>$213,930</td>
<td>The City of Charlotte requested $213,930 in CDBG funds for the elimination of blight for the Beach Market Renovations Project located in Eaton County, Michigan. The City anticipates this project could result in private investment of $220,925.</td>
</tr>
<tr>
<td>County of Otsego</td>
<td>3/13/19</td>
<td>$300,000</td>
<td>The County of Otsego requested $300,000 in CDBG funds for public facility improvements needed to assist their Trailhead Project located in City of Gaylord. The County of Otsego will make a public investment of $140,000 dollars, in addition to receiving two grants from the Department of Natural Resources totaling $620,000 for this project.</td>
</tr>
<tr>
<td>Village of Middleville</td>
<td>3/20/19</td>
<td>$150,581</td>
<td>The Village of Middleville requested an additional $150,581 in CDBG funds for the Lofts of Middleville project. The proposed budget amendment is to offset the increased construction costs thoroughly identified by the new construction contractor.</td>
</tr>
<tr>
<td><strong>Total CDBG Funds for Quarter</strong></td>
<td></td>
<td><strong>$3,560,594</strong></td>
<td></td>
</tr>
</tbody>
</table>
MEMORANDUM

DATE: April 23, 2019

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

FROM: Trevor Friedeberg, Director, Business Development Projects
Mary Kramer, Manager, MCRP, Brownfield and SmartZone Programs


On December 21, 2011, the MSF Board approved the Michigan Business Development Program (“MBDP”) and the Michigan Community Revitalization Program (“MCRP”). Both programs allow for delegated approval of projects that have incentives of $1 million or less. Listed below is a synopsis of the delegated deals that were approved during the second quarter of the 2019 fiscal year.

If you would like additional information on a project, please let us know.

**MBDP APPROVALS**

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approval Date</th>
<th>Location</th>
<th>Incentive Approved</th>
<th>Jobs</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rassini Brakes, LLC</td>
<td>1/2/2019</td>
<td>City of Flint</td>
<td>$300,000.00</td>
<td>50</td>
<td>$8,490,000.00</td>
</tr>
<tr>
<td>Emabond Solutions</td>
<td>1/11/2019</td>
<td>City of Auburn Hills</td>
<td>$153,000.00</td>
<td>25</td>
<td>$842,000.00</td>
</tr>
<tr>
<td>American Mitsuba Corporation</td>
<td>1/11/2019</td>
<td>City of Mt. Pleasant</td>
<td>$360,000.00</td>
<td>45</td>
<td>$13,507,000.00</td>
</tr>
<tr>
<td>Kaidi Electrical Company</td>
<td>1/14/2019</td>
<td>City of Holland</td>
<td>$450,000.00</td>
<td>95</td>
<td>$2,061,000.00</td>
</tr>
<tr>
<td>BISSELL, Inc.</td>
<td>1/24/2019</td>
<td>City of Grand Rapids</td>
<td>$500,000.00</td>
<td>100</td>
<td>$10,000,000.00</td>
</tr>
<tr>
<td>P.J. Wallbank Springs</td>
<td>2/7/2019</td>
<td>City of Port Huron</td>
<td>$205,880.00</td>
<td>40</td>
<td>$2,451,747.00</td>
</tr>
<tr>
<td>Incorporated</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miniature Custom Manufacturing</td>
<td>2/20/2019</td>
<td>Village of Vicksburg</td>
<td>$175,000.00</td>
<td>37</td>
<td>$3,000,000.00</td>
</tr>
<tr>
<td>MAHLE Engine Components USA</td>
<td>3/4/2019</td>
<td>City of St. Johns</td>
<td>$186,000.00</td>
<td>25</td>
<td>$2,910,000.00</td>
</tr>
<tr>
<td>Concord Tool &amp; Manufacturing, Inc.</td>
<td>3/8/2019</td>
<td>City of Mount Clemens</td>
<td>$300,000.00</td>
<td>75</td>
<td>$8,810,000.00</td>
</tr>
<tr>
<td>Ventra Evart, LLC</td>
<td>3/8/2019</td>
<td>City of Evart</td>
<td>$350,000.00</td>
<td>50</td>
<td>$3,750,000.00</td>
</tr>
<tr>
<td>Company</td>
<td>Date</td>
<td>Location</td>
<td>Amount</td>
<td>Code</td>
<td>Total Budget</td>
</tr>
<tr>
<td>-------------------------</td>
<td>------------</td>
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<td>------</td>
<td>--------------</td>
</tr>
<tr>
<td>ERAE AMS Co., Ltd.</td>
<td>3/20/2019</td>
<td>City of Pontiac</td>
<td>$685,000</td>
<td>137</td>
<td>$17,050,000</td>
</tr>
<tr>
<td>CertainTeed Ceilings Corp.</td>
<td>3/26/2019</td>
<td>Village of L'Anse</td>
<td>$375,000</td>
<td>25</td>
<td>$6,300,000</td>
</tr>
</tbody>
</table>

**MCRP APPROVALS**
There were no MCRP Projects approved by the delegates during the second quarter of the 2019 fiscal year.
MSF DELEGATED AUTHORITY QUARTERLY UPDATE
MSF CONFIDENTIALITY MEMOS
Board Meeting April 23, 2019

FOR QUARTER ENDED MARCH 31, 2019

BACKGROUND
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 January 1, 2019 and March 31, 2019, the following confidentiality memos were approved by the MSF Fund Manager:

<table>
<thead>
<tr>
<th>Company Name and Location</th>
<th>Overview of Confidential Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skywatcher LLC</td>
<td>Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.</td>
</tr>
<tr>
<td>539 32nd Avenue SE, Wyoming, MI 49548</td>
<td></td>
</tr>
<tr>
<td>Prime Solution Inc.</td>
<td>Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.</td>
</tr>
<tr>
<td>610 S. Platt Street, Otsego, MI 49078</td>
<td></td>
</tr>
</tbody>
</table>
| Detroit Brownfield Redevelopment Authority (DBRA) | • Spreadsheet entitled “Exhibit A: Peregrine Falcon Brownfield Plan TIF TABLE – PA 198 12 Years” (all versions)  
• Project Schedule Spreadsheet (Monthly Schedule.xlsx) (all versions)  
• Project Sources and Uses Spreadsheet  
• Excel Spreadsheet titled “Agreement Terms,” containing table with Milestone Dates, Requirements, Disbursement, and Funding Source (all versions)  
• All drafts of the Development Agreement between DBRA and FCA US, LLC |
| 500 Griswold, Suite 2200 Detroit, MI 48226 | |
| FCA US, LLC | • Draft Applications for MSF incentives related to Project Peregrine Falcon  
• The following information provided on the Company’s applications for MSF incentives related to Project Peregrine Falcon:  
  o Incremental and individual wage information by job category  
  o Incremental and individual investment numbers by category  
• “Potential Investments in Mack Complex and Jefferson North Assembly Plant,” prepared by the Company, dated February 21, 2019  
• Spreadsheet containing TIF projections (Property Taxes, Capture, and reimbursement) for Project Peregrine Falcon by site, projected over 30 years (all versions)  
• Spreadsheet containing Tabs showing Cashflows, Residual Revenue, and Available Revenue for Peregrine Falcon (all versions)  
• “FCA Security - Mack Assembly Project Security Requirements,” dated 1/8/2019, and any updated versions thereto  
• Excel Spreadsheet containing tables for “Proposed Employment” and “Proposed Real & Personal Property Investment” for each proposed site, dated January 10, 2019, and any updated versions thereto |
<p>| 1000 Chrysler Drive CIMS 485-12-30 Auburn Hills, MI 48326 | |
| Spartan Michigan, LLC | The following details of the Company’s capital investment: individual expenditures and associated descriptions of assets |
| 227 W. Monroe, Suite 5100 | |</p>
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Address</th>
<th>Details</th>
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</thead>
<tbody>
<tr>
<td>Webasto Roof Systems, Inc.</td>
<td>1757 Northfield Drive, Rochester Hills, MI 48309</td>
<td>Webasto Roof Systems Inc. Financial Statements for 2016, 2017, 2018</td>
</tr>
<tr>
<td>FANUC America Corporation</td>
<td>3900 West Hamlin Road, Rochester Hills, MI 48309</td>
<td>• Board of Directors Meeting Minutes, dated September 13, 2017, and the Corporate Approval Structure attached thereto</td>
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<tr>
<td></td>
<td></td>
<td>• Board of Directors Written Consent in Lieu of Meeting Resolution, dated May 11, 2018</td>
</tr>
<tr>
<td>Paper City Development, LLC</td>
<td>107 W Michigan Ave, 4th Floor, Kalamazoo, MI 49007</td>
<td>• Bank Statements</td>
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<td>• Developer Responses to MEDC Economic and Fiscal Impact Questions</td>
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<td>• Developer Responses to MEDC Financial Underwriting Questions</td>
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<td>• Developer Responses to RSQE Questions</td>
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<td>• All financial statements for the Company</td>
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<td>• Construction Contract</td>
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<td></td>
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<td>• Draft Proformas</td>
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<td></td>
<td>• The Mill at Vicksburg Construction Schedule</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Exhibit J – The Mill Project Occupancy Schedule by Area</td>
</tr>
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<td>• Letter of Intent from Old Stove Brewing, LLC</td>
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<td>• Restoration, Alteration, Renovation, or Improvement of Buildings Sub-Total PDF Table</td>
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<td>• Southern Michigan Bank &amp; Trust Summary of Proposed Terms</td>
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<td>• Purchase Agreement for The Vicksburg Paper Mill</td>
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<td>• Commercial Purchase Agreement (adjacent 80 acres)</td>
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<td></td>
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<td>• Property Purchase Agreement (2259 East W Avenue, Vicksburg, MI)</td>
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<td></td>
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<td>• Paper City Development, LLC Organizational Chart and Contractors</td>
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<td>• Schematic Drawings for the Project</td>
</tr>
<tr>
<td>Valeo North America, Inc.</td>
<td>150 Stephenson Highway, Troy, MI 48083</td>
<td>Baseline Environmental Assessment Warehouse Property</td>
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<tr>
<td></td>
<td></td>
<td>12600 Oakland Park Boulevard Highland Park, Wayne County, Michigan 48203, dated January 2019, prepared by AECOM</td>
</tr>
<tr>
<td>US Roof, LLC</td>
<td>1401 Crooks Road, Troy, MI 48084</td>
<td>• Financial statements</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Wage and benefit information for individual and incremental classes of employees</td>
</tr>
<tr>
<td>Lindquist Electric Inc.</td>
<td>500 E. Cloverland Dr., Ironwood, MI 49938</td>
<td>Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including</td>
</tr>
</tbody>
</table>
without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.

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<tr>
<th>Company Name</th>
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<tr>
<td>Fifth Third Bank</td>
<td>• Fifth Third Commitment Letter; Project Economics provided by Fifth Third</td>
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<td>• Credit Approval Memo</td>
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<tr>
<td>Multimatic Sales &amp; Marketing, Inc.</td>
<td>• All financial statements</td>
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<td>• Organizational Chart</td>
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<tr>
<td>Belmont Engineered Plastics, LLC</td>
<td>Any portion of any documents or record of any kind</td>
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<td>containing any of the following business or personal</td>
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<td>information pertaining to any of the Interested Parties to the</td>
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<td>Proposed Transaction: Financial statements (including</td>
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<td>statements of cash flow and profit and loss statements), ratio</td>
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<td>analysis, appraisals and other appraisal reporting, collateral</td>
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<td>record of any kind by or on behalf of any of the Interested</td>
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<td>Parties to the Proposed Transaction containing any of the</td>
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<td>foregoing information.</td>
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<tr>
<td>Ground Test Solutions, LLC</td>
<td>Any portion of any documents or record of any kind</td>
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<td>containing any of the following business or personal</td>
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<td>foregoing information.</td>
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RESOLUTIONS
WHEREAS, the Michigan Strategic Fund (“MSF”), at its February 2014 board meeting, approved the use of consent agendas at future board meetings pursuant to defined guidelines.

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

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

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

Consent Agenda Items:

- Proposed Meeting Minutes – March 26, 2019
- RPM Freight Systems, LLC – MBDP Amendment
- ProNAi Therapeutics – Class Action Proof of Claim
- 600 E. Michigan-Lansing, LLC – MCRP Amendment

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

Nays: None

Recused: None

Lansing, Michigan
April 23, 2019
February 26, 2019

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

Re:  Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

Rachael Eubanks
State Treasurer

Cc:  Eric Bussis
     Andrew Lockwood
MICHIGAN STRATEGIC FUND

RESOLUTION
2019-053

APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM
GRANT AMENDMENT TO
RPM FREIGHT SYSTEMS, LLC

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

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

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

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

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

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

WHEREAS, the MSF Board approved a $3,750,000 Michigan Business Development Program performance-based grant on February 26, 2019 for the creation of 500 Qualified New Jobs and a capital investment of up to $4,900,000 in the city of Royal Oak, Oakland County (the "Project");

WHEREAS, the Company requests that the MSF Board approve an amendment to the Michigan Business Development Program performance-based grant to modify the local support from reduced or no-cost parking for the Company’s employees to be a combination of business support, hiring resources, and marketing assistance, or any combination thereof (the "Grant Amendment Request");

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

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

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

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

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

Nays: None

Recused: None

Lansing, Michigan
April 23, 2019
February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

[Signature]

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
    Andrew Lockwood
WHEREAS, the Michigan Economic Development Corporation (“MEDC”) and ProNAi Therapeutics, Inc. (“ProNAi” or Company”) entered into a Convertible Loan Agreement, dated September 15, 2005, whereby the MEDC agreed to loan up to $1,735,520 to ProNAi (the “2005 Loan”);

WHEREAS, the 2005 Loan was transferred to the Michigan Strategic Fund (“MSF”) pursuant to MCL 125.2088h;


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

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

WHEREAS, the SEIC Board, the MSF Board and ProNAi entered into a Convertible Loan Agreement, dated October 19, 2006, whereby the SEIC Board agreed to loan up to $3,297,826 to ProNAi (the “2006 Loan”) under the Commercialization Program;

WHEREAS, at its June 27, 2007 meeting, the MSF Board created the Company Formation and Growth Fund (“CFGF”) and capitalized it with $8,026,661 to retain Pfizer assets and talent for advancing life sciences technologies in Michigan;

WHEREAS, the MSF and ProNAi entered into a Loan Agreement, dated December 31, 2007, as amended by Amendment One to the Michigan Strategic Fund Loan Agreement with ProNAi Therapeutics, Inc., dated December 18, 2012, whereby the MSF agreed to loan up to $400,000 to ProNAi (the “2007 Loan”) under the CFGF;

WHEREAS, the MSF and ProNAi entered into a Debt Conversion and Joinder Agreement, dated July 31, 2008, whereby the indebtedness then owing under the 2005 Loan and the 2006 Loan was converted into 1,735,520 shares and 3,297,826 shares, respectively, of the Company’s Series B Preferred Stock (the “2008 Conversion Agreement”);

WHEREAS, the MSF and ProNAi entered into a Debt Conversion and Joinder Agreement, dated January 10, 2014, whereby the indebtedness then owing under the 2007 Loan was converted into 617,812 shares of the Company’s Series C Preferred Stock (the “2014 Conversion Agreement”);
WHEREAS, pursuant to Section 2.6 of the 2005 Loan Agreement, Section 2.6 of the 2006 Loan Agreement and Section 2.7 of the 2007 Loan Agreement, the MSF had the right but not the obligation to sell the capital stock received by the MSF under the 2008 Conversion Agreement or the 2014 Conversion Agreement (the “Put Options”) if the Company ceased to have substantially all of its employees (exclusive of sales staff) operations located within the State of Michigan (the “Trigger Event”);

WHEREAS, upon the occurrence of a Trigger Event, the MSF had the right to exercise the Put Option in accordance with the terms and conditions of the 2008 Conversion Agreement and the 2014 Conversion Agreement;

WHEREAS, on June 8, 2015, the MSF approved the Company’s request to

1) Suspend its exercise of the Put Options during the period prior to and through the completion of a proposed financing; and
2) Agree that the Put Options expire upon completion of the proposed financing;

WHEREAS, on February 10, 2017, ProNAi changed its name to Sierra Oncology, Inc.;

WHEREAS, on November 18, 2016, shareholders of the Company initiated a class action lawsuit against the Company in the Superior Court of California, County of San Mateo alleging that the Company misrepresented and omitted material facts about the effectiveness of one of its cancer treatments;

WHEREAS, subsequent to filing the class action lawsuit, the shareholders and the Company engaged a mediator to negotiate a potential settlement of the lawsuit;

WHEREAS, the MSF received notice of the proposed settlement and must submit a proof of claim in the matter in order to participate in and receive any portion of the settlement amount if the settlement is approved by the Superior Court of California, County of San Mateo;

WHEREAS, the MEDC recommends that the MSF authorize the MSF Fund Manager to submit a proof of claim for the proposed settlement on behalf of the MSF (the “Request”);

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

BE IT FURTHER RESOLVED, that the MSF Fund Manager is authorized to execute all documents necessary to effectuate the Request.

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

Nays: None

Recused: None

Lansing, Michigan
April 23, 2019
February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

[Signature]

Rachael Eubanks
State Treasurer

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

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

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

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

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

WHEREAS, by Resolution 2018-222 on December 18, 2018 the MSF Board awarded a MCRP Grant Award to 600 E. Michigan-Lansing, LLC, in furtherance of the Project of up to $1,500,000 (“Award”);

WHEREAS, the MEDC is recommending that the MSF approve the amendment recommendation to revise the MCRP award percentage of Eligible Investment to the lesser of up to 12% of eligible investment or $1,500,000, with all other requirements remaining in place from the original approval (“MCRP Amendment Recommendation”).

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

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

Nays: None

Recused: None

Lansing, Michigan
April 23, 2019
February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

[Signature]

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood
MICHIGAN STRATEGIC FUND

RESOLUTION
2019-056

APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
Webasto Roof Systems, Inc.

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

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

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

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

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

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

WHEREAS, Webasto Roof Systems, Inc (“Company”) has requested a performance based MBDP grant of up to $2,700,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

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

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

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

Nays: None

Recused: None

Lansing, Michigan
April 23, 2019
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: April 10, 2019

Company Name: Webasto Roof Systems Inc. and/or its affiliates and subsidiaries.

Project Location: Plymouth Charter Township

MBDP Incentive Type: Performance Based Grant

Maximum Amount of MBDP Incentive: Up to $2,700,000

Base Employment Level: At least 874

Qualified New Jobs: At least 441

Municipality Supporting Project: Plymouth Charter Township to provide staff, financial or economic assistance in support of the project.

Start Date for Measurement of Creation of Qualified New Jobs: Date of MSF Approval

Term of the Agreement: March 1, 2024

Milestone Based Incentive: Disbursements will be made over a 3 year period and will be performance based on job creation as follows:
- Milestone 1: $153,000 for the creation of 25 jobs.
- Milestone 2: $460,000 for the creation of 75 jobs.
- Milestone 3: $2,087,000 for the creation of 341 jobs.

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

Acknowledged as received by:

Webasto Roof Systems Inc

By: [Signature]

Printed Name: Anthony O'Donovan

Its: VP Operations

Michigan Economic Development Corporation

By: [Signature]

Printed Name: Jibran Ahmed

Its: Business Development Project Manager

March 26, 2019 – Webasto Roof Systems Inc.
February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

[Signature]

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
    Andrew Lockwood
WHEREAS, United Methodist Retirement Communities, Inc. (the Borrower”) is a Michigan nonprofit charitable organization;

WHEREAS, the Borrower desires to (i) refund the callable portion of the Michigan Strategic Fund Limited Obligation Revenue Bonds (United Methodist Retirement Communities, Inc. Project), Series 2013, dated September 6, 2013, and (ii) pay or reimburse for the cost of (a) constructing, furnishing and equipping a new wellness center, (b) the renovation, expansion, furnishing and equipping of the existing nursing facility, (c) the renovation of an office building to house administrative offices and (d) other eligible capital items on the campus of the Borrower (collectively, the “Project”).

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

WHEREAS, the Borrower has advised the MSF that the cost of the Project will not exceed Twenty Five Million Dollars ($25,000,000);

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

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

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

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

2. The Loan shall be designated for the Project in accordance with the Borrower's Tax-Exempt Application Form dated March 29, 2019.

3. The maximum principal amount of the bonds (the "Bonds") expected to be issued to provide the Loan to finance the Project shall not exceed Twenty Five Million Dollars ($25,000,000). The Borrower shall be obligated to make loan repayments in an amount sufficient to assure full repayment of the Bonds, establish appropriate reserves and pay costs and expenses relating to the issuance of the Bonds and the making of the Loan.
4. The MSF’s obligation to issue the Bonds and make the Loan shall be conditioned upon a) the ability of the MSF to issue, sell and deliver the Bonds under applicable federal and state laws, and b) any prioritization, fee schedules or other requirements or limitations implemented by the MSF or the State Treasurer.

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

6. The Loan may be evidenced by a promissory note and secured by such instruments as are in form and substance satisfactory to the MSF, the Attorney General of the State of Michigan (the “Attorney General”) and bond counsel to the MSF, including a loan agreement, indenture, first mortgage, security agreement and such additional security as may be required by the MSF or purchaser of the Bonds.

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

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

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

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

11. Bond counsel to the MSF and the Attorney General are authorized and directed to prepare and submit to the appropriate parties all proceedings, agreements and other documents as shall be necessary or appropriate in connection with the issuance of the Bonds and to make applications on behalf of the MSF to the United States Internal Revenue Service and to other governmental agencies for such income tax and other rulings and approvals as may be necessary in relation to the issuance of the Bonds. Any authorized signatory is authorized to execute such powers of attorney and other documents as may be appropriate in connection with the foregoing. All costs and expenses pertaining to the above matter shall be paid from the bond proceeds or by the Borrower.
12. A preliminary official statement or other offering materials may be used in connection with the sale of the Bonds; provided, however, that no preliminary official statement or other offering materials shall be circulated unless any description of the MSF, the Bonds and documents to which the MSF is a party shall have been approved by bond counsel to the MSF and the Attorney General.

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

ADOPTED

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

Nays: None

Recused: None

April 23, 2019
Lansing, Michigan
February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

[Signature]

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
    Andrew Lockwood
APPROVAL OF PUBLIC RECREATIONAL FACILITY AND INFRASTRUCTURE GRANT

WHEREAS, Executive Order 1999-1, issued pursuant to Article V of the Michigan Constitution of 1963 and the laws of State of Michigan, consolidated the State’s economic development functions and programs and their accompanying powers of 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 Program Guidelines, as amended (the “Criteria”). The MSF, by Resolution 2015-039, authorized and approved the Consolidated Plan and the Criteria and the MSF, by Resolution 2018-102, authorized and approved the 2018 Program Year Funding Guide which includes guidelines for area benefit grants;

WHEREAS, pursuant to SFCR 10.1-1, 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 or decisions approved under the CDBG program;

WHEREAS, the City of Tawas City (the “Community”) has submitted a complete application for approval requesting funding to be used to fund their Public Recreational Facility and Infrastructure Improvements Project (the “Project”);

WHEREAS, the CDBG program staff reviewed the proposed Project considering the Criteria, Funding Guide and HUD regulations and concluded the Project is eligible for funding, is not speculative in nature, is economically sound, is ready to proceed, and at least 51% of the project beneficiaries are low and moderate income persons.

WHEREAS, staff recommends that a grant agreement be authorized and entered into with the Community for funds from the CDBG program for the reasons set forth in this Resolution.

NOW, THEREFORE, BE IT RESOLVED, that the MSF authorizes a grant to the Community not to exceed $3,589,949 for the payment or reimbursement of costs associated with the Project, and allocates $3,589,949 from the Michigan CDBG program for the purpose of funding the Community’s proposed Project contingent upon the MSF’s continued receipt of CDBG funds, and availability of adequate funds; and

BE IT FURTHER RESOLVED, the MSF Fund Manager, in coordination with MEDC staff is directed to negotiate the terms of the grant agreement for the project consistent with this Resolution.

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

Nays: None

Recused: None

Lansing, Michigan
April 23, 2019
February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

[Signature]

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood
WHEREAS, Executive Order 1999-1, issued pursuant to Article V of the Michigan Constitution of 1963 and the laws of State of Michigan, consolidated the State’s economic development functions and programs and their accompanying powers of 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 Program Guidelines, as amended (the “Criteria”). The MSF, by Resolution 2015-039, authorized and approved the Consolidated Plan and the Criteria and the MSF, by Resolution 2018-102, authorized and approved the 2018 Program Year Funding Guide which includes guidelines for area benefit grants;

WHEREAS, pursuant to SFCR 10.1-1, 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 or decisions approved under the CDBG program;

WHEREAS, the City of Hillsdale (the “Community”) has submitted a complete application for approval requesting funding to be used to fund their Dawn Theater Blight Elimination Project (the “Project”);

WHEREAS, the CDBG program staff reviewed the proposed Project considering the Criteria, Funding Guide and HUD regulations and concluded the Project is eligible for funding, is not speculative in nature, is economically sound, is ready to proceed, and will meet a national objective by eliminating or preventing slum and blight on a spot basis (historic preservation).

WHEREAS, staff recommends that a grant agreement be authorized and entered into with the Community for funds from the CDBG program for the reasons set forth in this Resolution.

NOW, THEREFORE, BE IT RESOLVED, that the MSF authorizes a grant to the Community not to exceed $1,415,000 for the payment or reimbursement of costs associated with the Project, and allocates $1,415,000 from the Michigan CDBG program for the purpose of funding the Community’s proposed Project contingent upon the MSF’s continued receipt of CDBG funds, and availability of adequate funds; and

BE IT FURTHER RESOLVED, the MSF Fund Manager, in coordination with MEDC staff is directed to negotiate the terms of the grant agreement for the project consistent with this Resolution.

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

Nays: None

Recused: None

Lansing, Michigan
April 23, 2019
February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

[Signature]

Rachael Eubanks
State Treasurer

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

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

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

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

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

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

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

WHEREAS, by resolution 2017-027, on February 28, 2017, the MSF Board approved up to a $10,000,000 Investment Fund loan award to Michigan Community Capital (“Company”) for investment into the development of Attainable Housing projects (“Loan One”);

WHEREAS, by resolution 2017-218, on December 19, 2017, the MSF Board approved an increase to the loan amount of Loan One in the amount of up to $3,500,000, for a total Loan One award of up to $13,500,000;

WHEREAS, by resolution 2017-219, on December 19, 2017, the MSF Board approved up to a $3,000,000 Investment Fund loan award to the Company for investment into real estate development projects to be undertaken by small or emerging developers (“Loan Two”);
WHEREAS, as required to date under Loan Two, the Company paid the MSF closing fees totaling $20,000 (Loan Two Paid Fee Carryover”);

WHEREAS, no loan funds have been drawn by the Company under Loan Two;

WHEREAS, Company has requested the MSF (the following, collectively the “Company Request”):
1. Terminate Loan Two;
2. Increase the loan amount of Loan One to up to the total amount of $22,500,000, by adding additional total amount of $9 million funded by the following, collectively the (“Funding”):
   a. reallocating the up to $3 million previously awarded under Loan Two to Loan One; and
   b. awarding up to an additional $6 million from the Investment Fund;
3. Increase the amount of the Company’s total closing fee under Loan One from $100,000 to $120,000, and credit the Company with the Loan Two Paid Fee Carryover;
4. Amend Loan One to require a draw termination date of June 30, 2022;
5. Amend Loan One to require interest accrual at 1% per annum to begin on July 1, 2022 and to continue until Loan One is paid in full; and
6. Amend Loan One to require interest only payments to begin on August 1, 2022;

WHEREAS, the MEDC recommends that the MSF approve the Company Request, subject to: (i) available Funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of transaction documents within 180 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF President or MSF Chief Financial Officer, the Time Period may be extended for up to an additional 60 days (the foregoing, collectively, the “Award Recommendation for the MCC Investments”); and

WHEREAS, the MEDC recommends that the MSF Board delegate to the MSF President and the MSF Chief Financial Officer, with only one required to act, the authority to negotiate the final terms and conditions of, and sign, all documents necessary to effectuate the Award Recommendation for the MCC Investments (“Delegation to Finalize the MCC Investments”).

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

BE IT FURTHER RESOLVED, the MSF approves the Award Recommendation for the MCC Investments; and

BE IT FURTHER RESOLVED, the MSF Board approves the Delegation to Finalize the MCC Investments.

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

Nays: None

Recused: None

Lansing, Michigan
April 23, 2019
February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

[Signature]

Rachael Eubanks  
State Treasurer

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

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

WHEREAS, on December 21, 2011, by Resolution 2011-185, the MSF: (i) created the MCRP, (ii) adopted the guidelines for the MCRP (“Guidelines”), as later amended. Item 2 of the original Guidelines incorporated the statutory definition of eligible investment found at MCL 125.2090a(d); which statutory definition prohibited including any reimbursed hard costs as part of the eligible investment (and also allowed the MSF to determine those soft costs which shall not qualify as eligible investment under the MCRP);

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

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

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

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

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

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

WHEREAS, because the amended and restated Guidelines include a definition of eligible investment, the Board also desires to rescind Resolution 2013-031 that defines eligible investment.

NOW, THEREFORE, BE IT RESOLVED, that the MSF hereby approves the attached amended and restated MCRP Guidelines.

Ayes:  Paul Gentilozzi, Jeremy Hendges, Stephen Hicks, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson

Nays:  None

Recused:  None

Lansing, Michigan
April 23, 2019
PROGRAM GOALS
The Michigan Strategic Fund (MSF) Act, MCL 125.2011 et. seq. was amended to add Chapter 8C to create and operate the Michigan Community Revitalization Program (MCRP), administered by the Michigan Economic Development Corporation (MEDC) on behalf of the MSF. Community revitalization will accelerate private investment in areas of historical disinvestment, contribute to Michigan’s reinvention as a vital, job-generating state, foster redevelopment of functionally obsolete properties, reduce blight, support the rehabilitation of historic resources, and protect the natural resources of this state. The focus of the MCRP is to encourage and promote capital investment and redevelopment of brownfield and historic preservation sites located in traditional downtowns and high-impact corridors.

ELIGIBLE APPLICANTS
Any person or multiple persons may apply to the MSF for approval of a MCRP incentive associated with a project.

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

Grants may be awarded for up to $1.5 million as determined by need and competitiveness of the proposed project. A grant may include flexible terms and conditions. Grants shall also include provisions requiring grant funds to be paid back to the MSF when certain requirements are not met. Disbursement of grant funds will follow construction completion and issuance of a “Certificate of Occupancy” and completion of other performance-based criteria.

A loan participation arrangement requires the presence of a Senior Lender willing to lead the lending relationship and operate within the underwriting standards of the MEDC. It is anticipated the MSF’s investment may have different terms from the Senior Lender’s portion, but operate under the same loan agreement(s).

Equity investments may be considered for projects located in geographic markets considered transitional or tertiary by MEDC staff or projects with HUD/FHA financing as the primary source of financing.

Direct loans will only be used under special circumstances where a loan participation arrangement is not desirable. They may include flexible terms and conditions, all of which must be acceptable to the MSF Board or its delegates, including without limitation, below market interest rates, extended grace and repayment provisions, forgivable terms and no security, or some security (which also may be subordinated). These loans typically require that funds are disbursed following construction completion and issuance of a “Certificate of Occupancy”, and completion of other performance-based criteria.

All projects are competitively evaluated. The most competitive projects will meet the Community Development Guidance standards including being located in an engaged or certified Redevelopment Ready Community. In addition to meeting or exceeding the Community Development criteria, the following financial conditions will be considered by staff when determining a project’s competitiveness for MCRP support.
1. **Senior Financing:** Maximize all available senior financing with preference through a federally insured and regulated senior lender.

2. **Fees:** Minimize or defer all developer and other related-party fees.

3. **Equity:** Provide significant owner equity investment.

4. **Debt Service Coverage Ratio:** Ensure that the projected cash flow after MCRP incentive is applied is adequate to service debt.

The following **statutory criteria** will be evaluated by the MSF for all projects to the extent reasonably applicable:

1. The applicant’s financial need for the incentive and whether the project is financially and economically sound (Sec 90(b)(4)(d) & Sec 90(b)(4)(h)).

2. The importance of the project to the community, the amount of local financial support to the project, and the level of private sector and other contributions to the project, such as federal tax credits (Sec 90(b)(4)(a), Sec 90(b)(4)(c), and Sec 90(b)(4)(g)).

3. Whether the project incorporates basic tenants of urban design by promoting mixed-use development, walkable communities and/or increasing the density of the area (Sec 90(b)(4)(j) & Sec 90(b)(4)(l)).

4. Whether the project will redevelop a brownfield and/or historic resource and/or a vacant structure; if historic, whether the project will follow the federal secretary of the interior’s standards for rehabilitation of historic buildings, 36 CFR 67 (Sec 90(b)(4)(e), Sec 90(b)(4)(m), and Sec 90(b)(4)(q)).

5. Whether the project promotes sustainable development (Sec 90(b)(4)(l)).

6. The level and extent of environmental contamination (Sec 90(b)(4)(p)).

7. If the project will act as a catalyst for additional revitalization and/or addresses area-wide redevelopment strategies (Sec 90(b)(4)(b) & Sec 90(b)(4)(n)).

8. Creation of jobs (Sec 90(b)(4)(f)).

9. Whether the project addresses underserved markets of commerce; converts abandoned public buildings to private use; and if the project will compete with or affect existing Michigan businesses (Sec 90(b)(4)(o), (Sec 90(b)(4)(k), & (Sec 90(b)(4)(r)).

10. Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter (Sec 90(b)(4)(s)).

**LEVEL OF SUPPORT**

MSF support for a single project shall not exceed 25% of the eligible investment, and in no event shall the MSF support exceed a total of $10,000,000 for any project (including any combination of loan, grant or other economic assistance). However, in a city, village, or township with a population of 15,000 or less (based on the most recent federal decennial census), the amount of community revitalization incentives for a project shall not exceed 50% of a project's eligible investment up to $10,000,000. Additionally, the statute also allows that annually the MSF or its delegates may consider support for up to three single projects that shall not exceed 50% of the eligible investment for the specific purpose of historic preservation. Further, no part of the MSF support that is in the form of a grant shall exceed $1,500,000 for any project.

**ELIGIBLE PROPERTY**

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

- **Facility:** As defined in Public Act 451 of 1994, MCL 324.20101, means any area, place, or property where a hazardous substance in excess of concentrations that satisfy the cleanup criteria for unrestricted residential use has been released, deposited, disposed of, or otherwise comes to be located. A Phase I and Phase II Baseline Environmental Assessment is used to determine whether the property is a facility. The MEDC will confirm with the Michigan Department of Environment, Great Lakes and Energy (DEGLE) who will certify the property as a facility after adequate documentation is received from the developer.
Historic Resource: A publicly or privately owned historic building or structure, individually listed, or located within a historic district designated by the National Register of Historic Places, the State Register of Historic Sites, or a local unit acting under the Local Historic Districts Act, 1970 PA 169. Documentation is required to verify any of the above designations.

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

Blighted: Property that meets 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, by a county, or by this state;
- Is property owned, by or under the control of, a land bank fast track authority under the Land Bank Fast Track Act, 2003 PA 258; and
- Has substantial subsurface demolition debris buried on site so that the property is unfit for its intended use.

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

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

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

ELIGIBLE INVESTMENT
An eligible investment, is defined as at least one, or any combination of, the following expenditures which may have occurred prior to the MSF approval of the application and has not been completely reimbursed to, or paid for on behalf of, the applicant. Collectively these expenditures are eligible investments and are referred to as “Hard Costs”:
- Any fees or costs for alteration, construction, improvement, demolition, or rehabilitation of buildings of an approved project, including utility tap fees, and fees and costs paid to a governmental entity for permits, zoning, and inspections;
b. Any fees or costs for site improvements to an approved project, including, a surface parking lot, parking garage, parking ramp, utilities and public infrastructure, such as roads, curbs, gutters, sidewalks, landscaping, lighting, grading and land balancing;
c. Any fees or costs for the addition of machinery, equipment or fixtures to an approved project; or
d. Professional fees or costs for an approved project for architectural services, engineering services, Phase I environmental site assessment, Phase II environmental site assessment, or Baseline Environmental Assessment, or surveying services.
e. Professional fees associated with obtaining a third-party certification for environmentally sustainable design, building materials and/or development practices.

The MSF or MSF Fund Manager, on its behalf, may impose additional terms and conditions involving any Hard Costs that meet eligibility for reimbursement under any tax increment financing, including requiring those costs to be repaid to the MSF, or excluding any such costs from Hard Costs.

In no event shall any of the following, which are collectively referred to as “Soft Costs”, be deemed any part of the Hard Costs:
  a. acquisition fees or costs for real property,
  b. developer fees or costs,
  c. closing fees or costs,
  d. legal fees or costs,
  e. professional fees or costs (other than those included above as part of the Hard Costs),
  f. title commitment fees or costs,
  g. title insurance fees, premiums or costs,
  h. management fees or costs (including Project management and construction management),
  i. appraisal fees or costs,
  j. bank or other lender financing, interest, or inspection fees or costs,
  k. leasing or sales commission fees or costs,
  l. shared savings, or fees or costs arising from penalties or other reductions in payment from any contract for improvements to the Project,
  m. performance bond and other risk contingency fees and costs,
  n. marketing fees or costs,
  o. zoning fees or costs (other than those zoning fees or costs paid to a governmental entity included above as part of the Hard Costs),
  p. taxes, or
  q. hazard, liability or any other insurance fees and costs.

**PROJECT EVALUATION, PROCESS AND MSF SUPPORT**

MCRP requests for MSF support will go through the following general process:

1. Applicant provides pre-application including proforma, and initial supporting documentation.
2. MEDC leadership considers project based on Community Development Guidance standards and financial need.
3. MEDC provides Letter of Interest, when appropriate.
4. Applicant provides completed application package with all supporting documents.
5. MEDC completes statutory review, full financial review and provides proposed financial structure and term sheet.
6. Michigan Strategic Fund Board considers project.
7. If project is approved, applicant pays pre-closing fees.
8. MEDC drafts appropriate legal agreement and agreements are executed at closing.
9. Applicant completes milestones necessary for disbursement of funds by MEDC.
10. Applicant completes required reporting following project completion.
11. MEDC completes compliance verification and project closeout.

All MSF support shall be memorialized by final written grant, loan or other economic assistance agreements, with terms and conditions in accordance with state law, these guidelines and otherwise satisfactory to the MSF, including, without limitation, requiring performance-based milestones which shall govern disbursements; and requiring periodic reporting of data, financial information, and any other information required to facilitate reporting to the MSF and the Michigan legislature, including periodic reporting after completion of a project. The program may require applicants to pay reasonable application fees, and any other expenses incurred in administering the program.
February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

[Signature]

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood
MICHIGAN STRATEGIC FUND

RESOLUTION
2019-062

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

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

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

Ayes: Paul Gentilozzi, Jeremy Hendges, Stephen Hicks, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson

Nays: None

Recused: None

Lansing, Michigan
April 23, 2019
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 a mixed-use development project with planned integration of some combination of retail, office, residential, or hotel uses. 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 new sources of 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, 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 the new sources of revenue is 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 and no more than five TBPs in any individual local unit for the duration of the program, which ends December 31, 2022. 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, 2022. No new TBPs can be approved after December 31, 2022, 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 be transformational, will result in the TBP being revoked. Each amendment must be approved by both the local unit of government and the MSF, and must be consistent with approval requirements of a TBP. Amendments are not considered new plans and plans may be amended beyond December 31, 2022.
FEES
The MSF will charge and collect application fees, amendment fees, transfer fees and annual administrative fees. 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 $1.5 million a non-refundable application fee of $208,000 will be charged and collected by the MSF. This application fee includes the estimated costs of statutorily required third-party economic impact analysis and third-party underwriting analysis. In the event that the third-party analysis costs exceed the application fee, the costs of the independent third-party fiscal and economic impact analysis shall be paid by the owner or developer of the eligible property. In the event that an amendment is required for TBP awards greater than or equal to $1.5 million, a non-refundable amendment fee of $208,000 will be charged and collected by the MSF. This amendment fee includes the estimated costs of statutorily required third-party economic impact analysis and third-party underwriting analysis. In the event that the third-party analysis costs exceed the application fee, the costs of the independent third-party fiscal and economic impact analysis shall be paid by the owner or developer of the eligible property. For TBP requested awards less than $1.5 million a non-refundable application fee of $30,000 will be charged and collected by the MSF. In the event that an amendment is required for TBP requested awards less than $1.5 million, a non-refundable amendment 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:

<table>
<thead>
<tr>
<th>Population</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater than or equal to 600,000</td>
<td>$500,000,000</td>
</tr>
<tr>
<td>150,000 - 599,999</td>
<td>$100,000,000</td>
</tr>
<tr>
<td>100,000 - 149,999</td>
<td>$75,000,000</td>
</tr>
<tr>
<td>50,000 - 99,999</td>
<td>$50,000,000</td>
</tr>
<tr>
<td>25,000 - 49,999</td>
<td>$25,000,000</td>
</tr>
<tr>
<td>Less than 25,000</td>
<td>$15,000,000</td>
</tr>
</tbody>
</table>

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.

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.

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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 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. 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 five kinds of revenue from 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.

• **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 the new sources of revenue is limited to up to 20 years.

3. A TBP that proposes to use more than $1.5 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 economic and fiscal impact analysis to determine whether the plan will result in an overall positive fiscal impact to the state;
   • 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
   • Verify with the MSF that the State Treasurer concurs with the third party fiscal and economic analysis determination that the project will result in an overall positive fiscal impact to the state.

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. If the MSF supports a TBP, that project(s) is not eligible 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, 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 incentives for large development projects totaling 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 more than 50% of the income and 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 revenue from any source for a TBP will be limited to an amount that is needed to make the project economically viable.
   - No 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 revenue from any source for a TBP is limited to an amount that is needed to make the project economically viable.
   - No tax capture will occur after the permitted costs under the TBP are met or after 20 years from the start of capture.

ECONOMIC AND FISCAL IMPACT ANALYSIS CRITERIA
MSF must determine that a TBP will result in an overall positive fiscal impact to the state before it is approved. In making that determination, the following will be taken into account:
   - The potential displacement of tax revenue from other areas of the state, and
   - The effects of the TBP on economic development in the surrounding area.

TBPs proposing to use more than $1.5 million in any year in withholding and income tax capture revenues require an independent economic and fiscal impact analysis conducted by a third-party, 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 $1.5 million in annual withholding and income tax capture will undergo analysis through the MEDC, in participation with the State Treasurer.

If the TBP proposes to use more than $1.5 million in any one year in withholding and income tax capture then the State Treasurer must concur with the conclusions of the third-party analysis before a recommendation is made to MSF for project approval.
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 $1.5 million in any one year in withholding and income tax capture revenues require an independent underwriting analysis conducted by a third-party, 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 $1.5 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 $1.5 million in any one year in withholding and income tax capture, then the State Treasurer must concur with the conclusions of the third-party analysis 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 environmental activities are included in the project, approval of the Michigan Department of Environment, Great Lakes and Energy (DEGLE) 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 $1.5 million of annual tax capture are required to undergo 3rd party underwriting and economic impact analyses and the applicant will pay the necessary 3rd party fees as part of their application fee. Following analyses results, MEDC staff and the Michigan Department of Treasury (Treasury) must evaluate and concur on a recommended TBP tax capture package before it is forwarded to the MSF Board.

5. After confirming the TBP package is administratively complete³, MEDC staff will provide a Summary of Terms to the development team outlining the business terms for the proposed incentive.

6. Following feedback from MEDC (and potentially based on 3rd party analyses) 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 and a business suitability review. MEDC then presents the TBP recommendation to the MSF Board with the community, development team and a representative from Treasury. Following MSF action, a final 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 development agreement with the MSF. The Development Agreement 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, periodic reporting requirements.

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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.
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.
February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
    Andrew Lockwood
WHEREAS, Public Act 270 of 1984, MCL 125.2001 et seq. (the “MSF Act”), established the Michigan Strategic Fund (the “MSF”);


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

WHEREAS, pursuant to Section 88c(4), MCL 125.2088c(4), of the MSF Act, the MSF is required to establish requirements toward prohibiting providing incentive awards under sections 88d, 88e, 88f, 88g, 88k, 88q, and 88r and Chapter 8C to applicants with certain criminal convictions or civil liabilities;

WHEREAS, on March 25, 2014, the MSF adopted background review guidelines as required under Section 88c(4) of the MSF Act for all programs operated by the MSF (the “Background Review Policy”);

WHEREAS, on May 22, 2018, the MSF adopted a revised Background Review Policy;

WHEREAS, the MEDC recommends that the MSF adopt the revised Background Review Policy attached to this Resolution; and

WHEREAS, the MSF wishes to adopt the revised Background Review Policy attached to this Resolution.

NOW, THEREFORE, BE IT RESOLVED, the MSF adopts the Background Review Policy attached to this Resolution.

Ayes: Paul Gentilozzi, Jeremy Hendges, Stephen Hicks, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson

Nays: None

Recused: None

Lansing, Michigan
April 23, 2019
Background

Section 88c(4) of the Michigan Strategic Fund (“MSF”) Act, MCL 125.2088c(4), requires the MSF Board to establish requirements to ensure that money expended under Sections 88d, 88e, 88f, 88g, 88k, 88q and 88r and Chapter 8C of the MSF Act shall not be used for any of the following:

- Provision of money to a person who has been convicted of a criminal offense incident to the application for or performance of a state contract or subcontract. 125.2088c(4)(a)

- Provision of money to a person who has been convicted of a criminal offense, or held liable in a civil proceeding, that negatively reflects on the person's business integrity, based on a finding of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, violation of state or federal antitrust statutes, or for any additional findings as determined by the fund board. 125.2088c(4)(b)

The guidelines and procedure outlined in this Background Review Policy (the “Policy”) shall be used to satisfy the requirements of Section 88c(4) of the MSF Act and as part of the due diligence process for programs and activities created and operated by the MSF. The Michigan Economic Development Corporation (“MEDC”) will perform the civil and criminal background reviews for the MSF in accordance with this Policy.

Definitions

“Applicant” means a sole proprietorship, partnership, limited partnership, limited liability partnership, limited liability company, joint venture, profit or nonprofit corporation including an institution of higher education, public utility, municipality, local industrial development corporation, economic development corporation, other association of persons organized for agricultural, commercial, or industrial purposes, or any other entity seeking the benefit of an incentive from the MSF.

“Certification and Disclosure Form” means the form(s) completed by the Applicant and the Key Individuals and Key Owners, as applicable, that contains the information necessary for the MEDC to perform a civil and criminal background check, as may be revised by the MEDC from time to time.

“Key Individuals” means the Applicant’s Chief Executive Officer, or the similarly situated person in charge of the Applicant’s executive operations; the Chief Financial Officer, or the similarly situated person in charge of the Applicant’s financial affairs; the Chief Operation Officer, or the similarly situated person in charge of the Applicant’s daily operations; and the individual who is responsible for managing the MSF incentive for the Applicant.

“Key Owners” means, if the Applicant is a business entity, any individual or business entity that, directly or indirectly, holds a pecuniary interest of 20% or more in the Applicant.

“SEC” means the United States Securities and Exchange Commission.

Guidelines

1. Any Applicant seeking an MSF incentive in the amount of $15,001 or more is subject to a civil and criminal background check.
a. If the Applicant (or the Applicant’s direct parent company) is a publicly traded domestic issuer and has filed all of its required SEC filings, then a review of the publicly traded domestic issuer’s public filings for previous eight (8) fiscal years may be conducted to satisfy the requirements of this Policy.

b. SEC filings for foreign private issuers may also be used to satisfy the requirements of this Policy if the Applicant (or the Applicant’s direct parent company) has filed 20-F forms, as amended, from time to time by the SEC, for the previous eight (8) fiscal years.

c. A review of the ultimate parent’s public filings for the previous eight (8) fiscal years may be conducted to satisfy the requirements of this Policy if:
   
   i. The Applicant’s ultimate parent is a publicly traded domestic issuer, has filed all of its required SEC filings, and directly owns 100% of the Applicant’s direct parent company.

   ii. The Applicant’s ultimate parent is a foreign private issuer, has filed 20-F forms, as amended, from time to time by the SEC, for the previous eight (8) fiscal years, and directly owns 100% of the Applicant’s direct parent company.

2. Key Individuals and Key Owners of any Applicant that does not meet the criteria of Sections (1)(a)-(c) are subject to a civil and criminal background check.

3. If the Applicant is a non-profit organization, municipality or an institution of higher education, the Applicant, the Applicant’s Key Individuals, and the Applicant’s Key Owners (as applicable) may be exempted from this Policy, in part or in whole except for the individual who is responsible for managing the MSF incentive for the Applicant and for Paragraph 5 of the Guidelines Section, at the discretion and approval of the MSF Chairperson and the MSF Fund Manager, with both required to act.

4. In the case of incentives that flow through a financial institution or any entity from the MSF for the benefit of an Applicant, the Applicant, the Applicant’s Key Individuals, and the Applicant’s Key Owners are subject to a civil and criminal background check in lieu of a civil and criminal background check on the flow through financial institution or entity.

5. All final written agreements memorializing an incentive from the MSF shall include language requiring the Applicant to represent and warrant that, to the best of its knowledge, the Applicant, including its affiliates, subsidiaries, officers, directors, managerial employees, and any person who, directly or indirectly, holds a pecuniary interest in the Applicant of 20% or more, do not have criminal convictions or civil liabilities as described in Sections 88c(4)(a) and 88c(4)(b) and will not use the funds for the prohibited purposes described in Sections 88c(4)(c)-(e).

6. The MSF President and the MSF Fund Manager, with only one required to act, may request additional reviews of any Applicant, its Key Individuals, Key Owners, or any other person or entity at his or her discretion.
Procedure

1. Applicants provide MEDC Staff with completed Certification and Disclosure Forms.

2. MEDC Staff will conduct a civil and criminal background check using Westlaw, LexisNexis, or another similar program that performs civil and criminal background checks covering the previous eight (8) calendar years, in accordance with this Policy. However, this time limitation does not waive this Policy or procedural requirements for any matters that are disclosed or discovered during the civil and criminal background check and are covered by Paragraphs 3, 4 and 5 of the Procedure Section.

3. If a background check results in a finding of a criminal conviction described under Section 88c(4)(a), the potential incentive may not proceed through the process to a final written agreement.

4. If a background check results in a finding of a criminal conviction or civil liability described under Section 88c(4)(b), the potential incentive may continue through the process to a final written agreement only upon the occurrence of all of the following:

   a. The Applicant submits in writing an explanation of the findings and mitigating circumstances that it believes support that the findings do not negatively reflect on the business integrity of the Applicant, its Key Individuals, and its Key Owners.

   b. The MSF President and the MSF Fund Manager may, but are not obligated to, consider the mitigating circumstances; and

   c. For the potential award to proceed through the process to a final written agreement, the results of the civil and criminal background check must be satisfactory to (i) the MSF President and the MSF Fund Manager after discussion with the MEDC General Counsel or (ii) the MSF Board.

5. The MSF President and the MSF Fund Manager, with only one required to act, may consider any other factor which, in their sole discretion, prohibits the potential incentive from proceeding to a final written agreement.
February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

[Signature]

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
    Andrew Lockwood
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, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF;

WHEREAS, pursuant to MCL 125.2088r (the “Statute”), 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 (the “MBDP Guidelines”);

WHEREAS, effective March 29, 2019, the State of Michigan Legislature amended the Statute to modify the definition of Qualified new job;

WHEREAS, the MEDC recommends the adoption of amended MBDP Guidelines, attached as Exhibit A, to reflect the amendment made to the Statute (the “Amended MBDP Guidelines”);

WHEREAS, the MSF Board wishes to adopt the Amended MBDP Guidelines;

NOW THEREFORE, BE IT RESOLVED, the MSF Board approves the adoption of the Amended MBDP Guidelines.

Ayes: Paul Gentilozzi, Jeremy Hendges, Stephen Hicks, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor, Shaun Wilson

Nays: None

Recused: None

Lansing, Michigan
April 23, 2019
MICHIGAN BUSINESS DEVELOPMENT PROGRAM
PROGRAM GUIDELINES

IN GENERAL
1) The program may provide support in the form of a grant, loan, other economic assistance, or any combination, to a qualified business that makes qualified investment(s), creates qualified new jobs, or a combination of both, to a project in Michigan ("MSF Support"), with a preference given to businesses that need additional assistance for deal-closing and for second stage company gap financing.

2) MSF Support in the form of a grant shall be performance based, with preference given to qualified businesses seeking to locate or expand in Michigan rather than in another state which is competing to locate or expand the qualified business within its state. Grants shall include flexible terms and conditions, and shall include provisions requiring grant funds to be paid back under circumstances required by the MSF.

3) MSF Support in the form of a loan shall also be performance based, with preference given to qualified businesses needing assistance to expand in Michigan. Loans may include flexible terms and conditions, all of which must be acceptable to the MSF, including without limitation, below market interest rates, extended grace and repayment provisions, forgivable terms and no security, or some security (which also may be subordinated). Loans shall also include provisions requiring loan funds not otherwise due the MSF to be paid back under circumstances required by the MSF.

4) MSF Support in the form of economic assistance (other than loans or grants) may include MSF participation (or other support vehicles) to enhance the making of loans by other lenders.

5) When considering a project for MSF Support, consideration may include the following and any other considerations satisfactory to the MSF:
   a) MSF Support shall not include support for any retail projects;
   b) MSF Support shall not include support for any retention projects;
   c) Out-of-state competition;
   d) Net-positive return to Michigan;
   e) Level of investment made by business;
   f) Shovel-ready projects with funding support;
   g) Business diversification;
   h) Re-use of existing facilities;
   i) Near-terms job creation;
   j) Level of wages for new jobs;
   k) Employer provided benefits;
   l) Strong links to Michigan suppliers; and
   m) Whether the project is in a distressed or targeted community.
6) The municipality in which the project is located must make a staff, financial or economic commitment to the project, in each case on terms acceptable to the MSF, and the project must otherwise be a project the MSF desires to support under the program.

7) MSF Support for any project shall not exceed $10,000,000.

8) The MEDC shall provide administrative services to the MSF for the program, including conducting due diligence and compliance processes, and coordinating pre-closing background checks as may be required by the Chief Compliance Officer.

9) The program may require applicants to pay reasonable application fees, and any other expenses incurred in administering the program, to the MEDC.

10) All MSF Support shall be memorialized by final written grant, loan or other economic assistance agreements, with terms and conditions in accordance with 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 Board and the Michigan legislature, including periodic reporting after completion of a project.

11) All decisions for MSF Support, including any exceptions to these guidelines, are subject to approval of the full MSF Board, however (except as to any exceptions to these guidelines), all decisions for MSF Support in an amount of $1,000,000 or less may be authorized by the following delegates of the MSF Board: the MSF President, MSF Fund Manager, and the State Treasurer with any two required to act. A summary of the MSF Support authorized by the delegates shall be reported to MSF Board on a quarterly basis.

**QUALIFIED BUSINESS**
A qualified business means a business that demonstrates to the MSF that it is physically located in, will physically locate to, physically operates in, or will physically operate in, Michigan; and
1) which submits a completed application to the MSF for MSF Support; and
2) which provides a business plan to the MSF or demonstrates the need for the MSF Support; and
3) which demonstrates to the MSF that it is a financially viable business; and
4) all of the above must be completed to the satisfaction of the MSF.

**QUALIFIED INVESTMENT**
A qualified investment means an investment in a project in Michigan, and the investment, and its terms and conditions, are acceptable to the MSF.
**QUALIFIED NEW JOB**
A qualified new job means a job performed by an individual who is a resident Michigan whose Michigan income taxes are withheld by an employer, or an employee leasing company or professional Employer organization on behalf of the employer, or by an individual who is not a resident of this state and is Employed by a business at a project location that is located in this state, provided that the business certifies in Writing at the time of disbursement that not less than 75% of the employees of that business are residents of Michigan and
1) to count as a qualified new job, the qualified new job must be in excess of the number of jobs maintained by the qualified business in Michigan prior to the expansion or location in Michigan, as determined by, and acceptable to the MSF; and
2) the MSF may also consider full time equivalent or hours worked as a method to count a job as a qualified new job, and may impose other terms and conditions, including without limitation that the qualified new job may not count if it includes a job transferred from any qualified business facility in Michigan to another qualified business facility located, or to be located, in Michigan; and

**MINIMUM NUMBER OF QUALIFIED NEW JOBS**
*INCLUDING IN RURAL COUNTIES OR HIGH TECHNOLOGY ACTIVITY PROJECTS*
If the qualified business is seeking to qualify for MSF Support on the basis of creation of qualified new jobs: (a) in the event the project is located in a rural county, or is a high technology activity project, the creation of a minimum of 25 qualified new jobs shall be required, otherwise (b) the creation of a minimum of 50 qualified new jobs shall be required. A rural county is a Michigan county with a population of 90,000 or less based on the 2010 census. High technology activity means as defined in Section 3(l) of the Michigan Economic Growth Authority Act, 1995 PA 24, MCL 207.803(l), as may be amended from time to time.
February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2019.

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

Sincerely,

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood
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, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF;

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 (the “MBDP Guidelines”);

WHEREAS, on September 27, 2016, by MSF Resolution 2016-170, the MSF approved an expansion of the MBDP Guidelines to allow for MBDP awards for strategic growth projects that did not otherwise meet the requirements of the MBDP Guidelines (the “Micro MBDP Guidelines”);

WHEREAS, the MEDC recommends the adoption of amended Micro MBDP Guidelines, attached as Exhibit A, to refine the focus of the program (the “Amended Micro MBDP Guidelines”);

WHEREAS, the MSF Board wishes to adopt the Amended Micro MBDP Guidelines;

NOW THEREFORE, BE IT RESOLVED, the MSF Board approves the adoption of the Amended Micro MBDP Guidelines.

Ayes: Paul Gentilozzi, Jeremy Hendges, Stephen Hicks, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor

Nays: None

Recused: None

Lansing, Michigan
April 23, 2019
Michigan Micro Business Development Program

OVERVIEW
The Michigan Micro Business Development Program (“Micro MBDP”) is an incentive program available from the Michigan Strategic Fund (“MSF”) in cooperation with the Michigan Economic Development Corporation (“MEDC”). The focus of the program is to promote business growth opportunities in underutilized areas as well as targeted industries. The program is designed to provide grants, loans, or other economic assistance to businesses for highly competitive projects in Michigan that have fewer job creation than required by the Michigan Business Development Program (MBDP) Guidelines.

ELIGIBLE APPLICANTS
The Micro MBDP is available to eligible businesses that create qualified new jobs and/or make qualified new investment in Michigan. The qualified new jobs must be in addition to those maintained in Michigan prior to the project. Applicants must also demonstrate the ability to meet all MBDP Guidelines as approved by the MSF, with the exception of the Minimum Qualified New Jobs requirement.

ELIGIBLE PROJECTS
Projects must meet at least one of the following:

- Located in a city, village, or township with a population of 15,000 or less (based on the most recent federal decennial census)
- Located in a city (with a population greater than 25,000) that has an unemployment rate (not seasonally adjusted) higher than the state’s unemployment rate (not seasonally adjusted) based on the most recent data available from the Bureau of Labor and Statistics;
- Applicant is a Geographically-Disadvantaged Business Enterprise. Geographically-Disadvantaged Business Enterprise” means a person or entity that satisfies one or more of the following: (1) Is certified as a HUBZone Small Business Concern by the United States Small Business Administration; (2) Has a principal place of business located within a Qualified Opportunity Zone within Michigan; (3) More than half of its employees have a principal residence located within a Qualified Opportunity Zone within Michigan, or both. “HUBZone Small Business Concern” means that term as defined under 13 CFR § 126.103.
- Applicant serves a target industry of the MEDC or local partner.

PROJECT CONSIDERATIONS
The MEDC will consider one or more of the following factors in determining whether to make a recommendation to the MSF for an award of a grant under the Program:

- Applicant is well established and funded;
- Applicant is one of the following:
  - Second stage company currently located in Michigan;
  - Large company with a limited, but growing presence in Michigan; or
  - Company considering locating in Michigan for the first time
- Applicant is able to demonstrate need for assistance;
- Project represents significant growth for the company;
- Applicant will create more and better jobs for Michigan with wages that are higher than regional average; and invests heavily in its employees; and
- Project will have significant impact on the community.
February 26, 2019

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

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Dear Ms. Bishop:

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

Sincerely,

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
    Andrew Lockwood
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, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF;

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 business attraction and community revitalization to the Michigan Business Development Program (“MBDP”);

WHEREAS, pursuant to the MSF Act, specifically MCL 125.2088(b)(2)(c), funds appropriated to the MSF under the 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, pursuant to the MSF Act, specifically MCL 125.2007(c), the MSF has the power to make grants;

WHEREAS, the MEDC recommends the MSF create and operate the Jobs Ready Michigan Program to award grants to eligible business applicants to be responsive to the talent needs of those applicants and to address certain costs associated with recruiting and training to retain or create jobs (“JRMP”);

WHEREAS, the MEDC recommends that up to $10 million from the MBDP be transferred to fund the JRMP (“JRMP Funding”);

WHEREAS, the MEDC recommends the MSF approve the guidelines for the JRMP, a copy of which is attached as Exhibit A (“JRMP Guidelines”); and

WHEREAS, the MEDC recommends that the MSF approve the JRMP, the JRMP Funding and the JRMP Guidelines (“JRMP Requests”).

NOW THEREFORE, BE IT RESOLVED, the MSF Board approves the JRMP Requests.

Ayes: Paul Gentilozzi, Jeremy Hendges, Stephen Hicks, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Terri Jo Umlor

Nays: None

Recused: None

Lansing, Michigan
April 23, 2019
Exhibit A

Jobs Ready Michigan Program
Guidelines

PURPOSE
The Jobs Ready Michigan Program (the “Program”) was created by the Michigan Strategic Fund (“MSF”) under MCL 125.2088b(2)(c) to meet the talent needs of companies that are expanding or locating in Michigan. The Program is designed to be flexible and responsive to the specific talent needs of companies and to address the costs associated with recruiting and training individuals for occupations that are high-wage, high-skill, or high-demand. Program awards may be used for a variety of activities related to talent recruitment and job training including, 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. The Michigan Economic Development Corporation (“MEDC”) provides administrative services for the MSF for the Program.

ELIGIBILITY
Any company (and/or its affiliates) that is physically located and operating in the State of Michigan or that will be physically located and operating in the State of Michigan and is creating jobs or making capital investment in Michigan is eligible to apply for a grant under the Program. A company seeking an incentive under the Program must demonstrate that the grant is necessary to address a talent or training gap.

APPLICATION PROCESS
A company interested in applying for a grant under the Program may submit an application for consideration to the MEDC. The MEDC will consider the following factors in determining whether to make a recommendation to the MSF for an award under the Program:
- Demonstrated talent recruitment and/or training need
- Number, type, and wage-level of jobs to be created or retained by the company in Michigan
- Level of capital investment to be made by the company in Michigan
- Out-of-state competition for the expansion or location of the company’s project
- Whether there is an anticipated net positive return to the State of Michigan through issuance of a Program grant
- Whether the company intends to reuse existing facilities in connection to its creation or retention of jobs in Michigan
- Business diversification
- The company ties to Michigan suppliers

ADDITIONAL INFORMATION
- The MSF Fund Manager or MSF President may approve changes to the terms and conditions of the MSF grant agreements as either may deem necessary or appropriate from time to time to adapt to the Program, so long as such terms and conditions comply with these guidelines and continue to include performance-based milestones and repayment provisions and are approved by either the AG or MEDC Legal Division.
February 26, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

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Sincerely,

[Signature]  
Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood