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

Communications
Chief Compliance Officer Quarterly Report – Information Only

A. Consent Agenda
Proposed Meeting Minutes – March 28, 2017
Ashley Capital, LLC – City of Grand Rapids – Brownfield MBT Amendment – Rob Garza
Wagner Place Project – City of Dearborn – Act 381 Work Plan Amendment – Rob Garza
Midtown Lofts LLC – City of Port Huron – MCRP Amendment – Lisa Edmonds
Griswold Capitol Park LLC – City of Detroit – MCRP Amendment – Julius Edwards
Lofts on Alabama LLC – City of Grand Rapids – MCRP Amendment – Lynda Franke
SVRC Industries, Incorporated – City of Saginaw – MCRP Reauthorization – Lynda Franke
Jackson National Life Insurance – MBDP Amendment – Trevor Friedeberg
Carhartt, Inc. – MBDP Grant Amendment – Trevor Friedeberg
Challenge Manufacturing – MBDP Amendment – Marcia Gebarowski

B. Business Investment

a. Business Growth
Willow Run – 21st Century Investment – Eric Shreffler
US Farathane – MBDP Grants – Marcia Gebarowski
The Dow Chemical Company – MEGA Amendment and Renaissance Zone Revocation – Stacy Bowerman
AK Steel Corporation – MEGA Agreement Transfer and Amendment and Brownfield MBT Certificate of Completion Transfer – MEDC Staff

b. Entrepreneurship
2017 Business Incubator – Request to Issue RFP – Fred Molnar

c. Access to Capital
Resthaven – Bond Inducement – Chris Cook

C. Community Vitality
Bridge & Stocking LLC – City of Grand Rapids – MCRP & Act 381 Work Plan – Ryan Kilpatrick
Kingsley Condominiums, LLC – City of Ann Arbor – Act 381 Work Plan – Stacy Esbrook

D. Quarterly Reports
M E M O R A N D U M

April 14, 2017

TO: Honorable Richard D. Snyder
   Governor and Chairperson of the State Administrative Board.
   
   Steve Arwood
   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 second quarter of the 2017 fiscal year were either successfully resolved or are being appropriately addressed.

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 conflict of interest questions; Board delegation; and started a review of the BDP decision making process. As reported previously, because of staffing changes the site visit guidelines were modified. Because of the staffing changes the site visit guidelines were changed 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 background checks, the breadth of delegated Board authority, authorized use of 21st century job fund funds, and compliance with established Board policy and limitations.
MICHIGAN STRATEGIC FUND

RESOLUTION 2017-

APPROVAL OF APRIL 2017 CONSENT AGENDA
FOR THE MICHIGAN STRATEGIC FUND BOARD

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

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

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

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

Consent Agenda Items:

Proposed Meeting Minutes – March 28, 2017
Ashley Capital, LLC – City of Grand Rapids – Brownfield MBT Amendment
Wagner Place Project – City of Dearborn – Act 381 Work Plan Amendment
Midtown Lofts LLC – City of Port Huron – MCRP Amendment
Griswold Capitol Park LLC – City of Detroit – MCRP Amendment
Lofts on Alabama LLC – City of Grand Rapids – MCRP Amendment
SVRC Industries, Incorporated – City of Saginaw – MCRP Reauthorization
Jackson National Life Insurance – MBDP Amendment
Carhartt, Inc. – MBDP Grant Amendment
Challenge Manufacturing – MBDP Amendment

Ayes:

Nays:

Recused:

Lansing, Michigan
April 25, 2017
Members Present
Paul Anderson
Steve Arwood
Roger Curtis
Andrew Lockwood (on behalf of Treasurer Khouri)
Larry Koops
Terri Jo Umlor
Shaun Wilson
Wayne Wood

Member Absent
Jody DePree Vanderwel

Mr. Arwood called the meeting to order at 10:00 am. He welcomed new board member, Roger Curtis, Director of the Michigan Department of Talent and Economic Development, who was appointed to replace Shelly Edgerton and announced the resignation of Dan Boge. He expressed appreciation for their service.

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

Mr. Arwood recognized the following legislators and legislative staff in attendance: Representative Roger Victory speaking in support of the fairlife LLC and Continental Dairy Facilities LLC project in Coopersville and Representative John Kivela and Marty Fittante on behalf of Senator Tom Casperson speaking in support of the Upper Peninsula Rural Broadband Initiative. He also recognized Kasey Bey who attended on behalf of Senator Hoon-Yung Hopgood in support of the Ford Motor Company project in Flat Rock; Molly Medenblik who attended on behalf of Senator Wayne Schmidt in support of the Upper Peninsula Rural Broadband Initiative; and Allison Glasson who attended on behalf of Representative Phil Phelps in support of the Flint Ferris Wheel Business Incubator and SkyPoint Ventures projects in Flint.

Communications: Jennifer Tebedo, MSF Administrator, advised the Board that they received a revised resolution at the table for the Upper Peninsula Rural Broadband Initiative project.

A. CONSENT AGENDA
Resolution 2017-030 Approval of Consent Agenda Items
Mr. Arwood 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 28, 2017
AureoGen Biosciences – Loan Payoff – 2017-031
MSF/MDOT – Memorandum of Understanding – 2017-032
Arena Place Development LLC – City of Grand Rapids – MCRP Amendment – 2017-033

Shaun Wilson seconded the motion. The motion carried: 8 ayes; 0 nays; 0 recused.

Mr. Arwood recused from next item, leaves the room. Larry Koops acted as Chairman during this time.
B. Administrative

Resolution 2017-034 MEDC Interlocal Agreement
Bradley Heffner, Associate General Counsel, provided the Board with information regarding this action item. Following brief discussion, Paul Anderson motioned for the approval of Resolution 2017-034. Andrew Lockwood seconded the motion. The motion carried: 7 ayes; 0 nays; 1 recused.

Mr. Arwood rejoined the meeting.

C. BUSINESS INVESTMENT

C1. Business Growth

Resolution 2017-035 fairlife LLC and Continental Dairy Facilities LLC – City of Coopersville – MBDP Grant
David Kurtycz, Business Development Manager, provided the Board with information regarding this action item. Jamie Clover Adams, Director of the Michigan Department of Agriculture and Rural Development, spoke in support of this project and of Michigan’s agriculture industry in general. Following brief discussion, Wayne Wood motioned for the approval of Resolution 2017-035. Roger Curtis seconded the motion. The motion carried: 8 ayes; 0 nays; 0 recused.

Resolutions 2017-036 & 2017-037 Ford Motor Company – City of Flat Rock – MBDP Grant and SESA Exemption
Stacy Bowerman, Senior Project Manager, provided the Board with information regarding these action items. Following brief discussion, Larry Koops motioned for the approval of Resolution 2017-036. Paul Anderson seconded the motion. The motion carried: 8 ayes; 0 nays; 0 recused. Larry Koops then motioned for the approval of Resolution 2017-037. Paul Anderson seconded the motion. The motion carried: 8 ayes; 0 nays; 0 recused.

Resolution 2017-038 Ford Motor Company – City of Wayne and Village of Romeo – MBDP Grant
Stacy Bowerman, Senior Project Manager, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2017-038. Andrew Lockwood seconded the motion. The motion carried: 8 ayes; 0 nays; 0 recused.

Resolution 2017-039 Ford Motor Company – City of Wayne – SESA Exemption
Stacy Bowerman, Senior Project Manager, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2017-039. Paul Anderson seconded the motion. The motion carried: 8 ayes; 0 nays; 0 recused.

Resolution 2017-040 Ford Motor Company – Village of Romeo – Alternative SESA
Stacy Bowerman, Senior Project Manager, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2017-040. Roger Curtis seconded the motion. The motion carried: 8 ayes; 0 nays; 0 recused.

C2. Entrepreneurship

Resolution 2017-041 Flint Ferris Wheel Business Incubator – Award Request
Fred Molnar, Vice President Entrepreneurship and Innovation, provided the Board with information regarding this action item. He introduced Project Manager LeTasha Peebles. Following brief discussion, Larry Koops motioned for the approval of Resolution 2017-041. Andrew Lockwood seconded the motion. The motion carried: 8 ayes; 0 nays; 0 recused.

D. Community Vitality

Resolution 2017-042 SkyPoint Ventures LLC and Flint Ferris Building LLC – City of Flint – MCRP Grant
Nate Scramlin, Senior Community Assistance Specialist, provided the Board with information regarding this action item. Following brief discussion, Andrew Lockwood motioned for the approval of Resolution 2017-042. Larry Koops seconded the motion. The motion carried: 8 ayes; 0 nays; 0 recused.
Resolution 2017-043 Northern Michigan University – Upper Peninsula Rural Broadband Initiative – MSF Activity/Investment Fund Award
Lynda Franke, Loans/Equity Specialist, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2017-043. Roger Curtis seconded the motion. The motion carried: 8 ayes; 0 nays; 0 recused.

Resolution 2017-044 Selden Partners LLC, New Center Council, Inc. and AG Selden LLC – City of Detroit – MCRP Loan Participation
Brittney Hoszkiw, Community Assistance Specialist, provided the Board with information regarding this action item. Following brief discussion, Shaun Wilson motioned for the approval of Resolution 2017-044. Larry Koops seconded the motion. The motion carried: 8 ayes; 0 nays; 0 recused.

Resolution 2017-045 & 2017-046 City Modern 440 Street LLC and Brush Park Development Company – City of Detroit – MCRP Loan and Act 381 Work Plan
Brittney Hoszkiw, Community Assistance Specialist, provided the Board with information regarding these action items. Following brief discussion, Larry Koops motioned for the approval of Resolutions 2017-045 & 2017-046. Paul Anderson seconded the motion. The motion carried: 8 ayes; 0 nays; 0 recused.

Resolution 2017-047 Lofts on Wealthy LLC – City of Grand Rapids – Act 381 Work Plan
Ryan Kilpatrick, Senior Community Assistance Specialist, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2017-047. Andrew Lockwood seconded the motion. The motion carried: 8 ayes; 0 nays; 0 recused.

Mr. Arwood adjourned the meeting at 11:46 am.
January 12, 2017

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

Dear Ms. Robach,

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

Sincerely,

N.A. Khouri  
State Treasurer

Cc: Andrew Lockwood
March 14, 2017

Ms. Jennifer Tebedo  
Michigan Strategic Fund Administrator  
Michigan Economic Development Corporation  
300 N. Washington Square  
Lansing, Michigan  48913

Dear Jennifer,

Please consider this communication as a letter of recusal for the MEDC Interlocal Agreement agenda item listed for the **Tuesday, March 28, 2017**, Michigan Strategic Fund board meeting.

I will be recusing myself because I am the chief executive officer of the Michigan Economic Development Corporation.

Sincerely,

Steve Arwood  
Chair, Michigan Strategic Fund
MEMORANDUM

Date:        April 25, 2017

To:          Michigan Strategic Fund Board

From:        Rob Garza, Brownfield and MCRP Senior Program Specialist

Subject:     Ashley Grand Rapids, LLC - Request for Approval of MBT Brownfield Credit Amendment #4

Request
The proposed project will be undertaken by Ashley Grand Rapids, LLC. The project will redevelop approximately 206 acres of property located at the former Steelcase Campus in the City of Grand Rapids. The project qualifies for an MBT Amendment because it is a facility.

Ashley Grand Rapids, LLC requests the following amendments be made to the Brownfield MBT credit for the Steelcase Campus project, originally approved by the MEGA Board on May 15, 2007 and amended on May 19, 2009, September 27, 2012, and January 23, 2013: a material change to the project and the addition of the qualified taxpayers SteelCraft Technologies, Inc. and Electro-Matic Ventures, Inc. The elimination of five project phases will result in the reduction of eligible investment to $22,169,830 from $50,279,647 and the maximum credit amount to $2,216,983 from $5,027,965 for all phases.

The project originally anticipated twelve phases that included renovation of existing buildings and new construction along with approximately $80,700,000 in capital investment and $50,279,647 in eligible investment. The acquisition of this property for development immediately preceded the economic downturn in the state caused by the great recession and as a result, development and investment was significantly impacted. To date, three of the twelve phases have been awarded component certificates of completion and an additional four component certificates of completion will be pursued upon the approval of this amendment.

Ashley Grand Rapids, LLC anticipates that the project will result in total capital investment in the amount of $24,500,000, along with the creation of approximately 940 permanent full-time equivalent jobs.

Background
Phase One of the project involved the renovation of four industrial buildings and Phase Two involved the renovation of three industrial buildings. All of the buildings for these two phases are fully occupied and the component certificates of completion have been issued. The original Phase Eight included new construction of a storage facility and the component certificate of completion has been issued for this phase as well. The remaining phases will include the renovation of industrial buildings 1 and 12, renovation of industrial building 14, renovation of industrial buildings 9 and 18, and the renovation of
buildings 5 and 6, respectively. Sixteen of the originally anticipated twenty-two buildings will be completed for this project.

Ashley Capital was previously awarded an Act 381 Work Plan by the MSF Board for the Tri-County Commerce Center Project in Hazel Park.

Appendix A addresses the programmatic requirements and Appendix B includes a project map.

**Recommendation**
MEDC staff recommends approval of the following:
  a) The Brownfield MBT credit amendment requests to add SteelCraft Technologies, Inc. and Electro-Matic Ventures, Inc. as qualified taxpayers, material changes to the approved project and a reduction in MBT credit to $2,216,983.
APPENDIX A – Programmatic Requirements & Screening Guidelines

Brownfield MBT Credit Amendment Request By:

Ashley Grand Rapids, LLC
2575 South Haggerty Road
Suite 500
Canton, Michigan 48188

Contact: Susan Harvey, Senior Vice President

<table>
<thead>
<tr>
<th>Project Eligible Investment:</th>
<th>Previous Approval</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requested Credit Amount:</td>
<td>$50,279,647</td>
<td>$22,169,830</td>
</tr>
<tr>
<td>Requested Credit Percentage:</td>
<td>10%</td>
<td>10%</td>
</tr>
</tbody>
</table>

The project is a multi-phase project and will be completed in six (6) phases as described below:

**Phase I (COMPLETED)** – Renovation and rehabilitation of industrial buildings 7, 11, 13, and 16;

**Phase II (COMPLETED)** – Renovation and rehabilitation of industrial buildings 2, 3, and 4;

**Phase III (COMPLETED)** – New construction on Eastern Avenue Lot B;

**Phase IV** – Renovation and rehabilitation of industrial buildings 1 and 12;

**Phase V** – Renovation and rehabilitation of industrial building 14;

**Phase VI** – Renovation and rehabilitation of industrial buildings 9 and 18;

**Phase VII** – Renovation and rehabilitation of industrial buildings 5 and 6;

**COST OF ELIGIBLE INVESTMENTS BY PHASE**

<table>
<thead>
<tr>
<th>Phase I Total (COMPLETED)</th>
<th>$ 7,253,641</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase II Total (COMPLETED)</td>
<td>$ 1,609,380</td>
</tr>
<tr>
<td>Phase III Total (COMPLETED)</td>
<td>$ 2,381,100</td>
</tr>
<tr>
<td>Phase</td>
<td>Description</td>
</tr>
<tr>
<td>---------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>IV</td>
<td>Building Renovation</td>
</tr>
<tr>
<td></td>
<td><strong>Phase IV Total</strong></td>
</tr>
<tr>
<td>V</td>
<td>Site Improvements</td>
</tr>
<tr>
<td></td>
<td>Building Renovation</td>
</tr>
<tr>
<td></td>
<td>Addition of Machinery and Equipment</td>
</tr>
<tr>
<td></td>
<td><strong>Phase V Total</strong></td>
</tr>
<tr>
<td>VI</td>
<td>Site Improvements</td>
</tr>
<tr>
<td></td>
<td>Building Renovation</td>
</tr>
<tr>
<td></td>
<td><strong>Phase VI Total</strong></td>
</tr>
<tr>
<td>VII</td>
<td>Site Improvements</td>
</tr>
<tr>
<td></td>
<td>Building Renovation</td>
</tr>
<tr>
<td></td>
<td><strong>Phase VII Total</strong></td>
</tr>
</tbody>
</table>
APPENDIX B – Project Map
At the meeting of the Michigan Strategic Fund ("MSF") held on April 25, 2017 in Lansing, Michigan;

WHEREAS, the Michigan Economic Growth Authority ("MEGA") is authorized by 1995 PA 24, as amended, to amend projects for brownfield redevelopment tax credits authorized by Section 437 of the Michigan Business Tax Act, PA 36 of 2007, as amended (the "Act"), or by former section 38(g) of the Michigan Single Business Tax Act, PA 228 of 1975;

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

WHEREAS, by Resolution 2007-44 on May 15, 2007, the MEGA Board awarded a Brownfield MBT Tax Credit to Ashley Grand Rapids, LLC (the “Applicant”) to make eligible investment up to $54,253,681 at an eligible property in the City of Grand Rapids (the “Project”);

WHEREAS, by Resolution 2009-097 on May 19, 2009, the MSF Board amended the Brownfield MBT Tax Credit to realign the phases of the multi-phase project and add four qualified taxpayers;

WHEREAS, by Resolution 2012-121 on September 27, 2012, the MSF Board amended the Brownfield MBT Tax Credit to reduce eligible investment to $50,279,647 from $54,253,681;

WHEREAS, in accordance with Section 10.0-1 of the MSF Compiled Delegation Authority, the MSF Fund Manager authorized an amendment to the Brownfield MBT Tax Credit to add a qualified taxpayer on January 23, 2013;

WHEREAS, Section 437(9) of the Act allows approved projects to request an amendment to the Project if the Project is unable to be completed as described in the original application;

WHEREAS, a request has been submitted to amend the Project to add two qualified taxpayers, change the scope of the project, and reduce the eligible investment to $22,169,830 from $50,279,647;

WHEREAS, the Michigan Economic Development Corporation ("MEDC") provides administrative services to the MSF, and recommends approval of the amendment by the MSF Board, provided that the maximum credit amount does not exceed $2,216,983;

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends the Project by modifying the scope of the Project by realigning the phases of the Project as follows:

Phases I – III have been completed.
Phase IV – Renovation and rehabilitation of industrial buildings 1 and 12;

Phase V – Renovation and rehabilitation of industrial building 14;

Phase VI – Renovation and rehabilitation of industrial buildings 9 and 18;

Phase VII – Renovation and rehabilitation of industrial buildings 5 and 6;

BE, IT FURTHER RESOLVED, that the Project is amended by adding SteelCraft Technologies, Inc. and Electro-Matic Ventures, Inc. as qualified taxpayers; and

BE IT FURTHER RESOLVED, that the Project is required to submit a Certificate of Completion request for the final phase within one year of project completion.

Ayes:

Nays:

Recused:

Lansing, Michigan
April 25, 2017
MEMORANDUM

Date: April 25, 2017

To: Michigan Strategic Fund Board

From: Rob Garza, Brownfield and MCRP Senior Program Specialist

Subject: City of Dearborn Brownfield Redevelopment Authority Request for Approval of an Act 381 Work Plan Amendment Wagner Place Project

Request
MEDC staff requests the recognition of $10,197,120 of interest that was not separated from the total cost of bonded infrastructure improvements in the project’s original briefing memo and resolution.

Background
On December 20, 2016, the MSF Board approved state and local capture for the Wagner Place Project totaling $31,418,232. The breakdown of the eligible activity costs approved on December 20, 2016 is found below:

<table>
<thead>
<tr>
<th>Cost of MSF Eligible Activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition</td>
<td>$838,000</td>
</tr>
<tr>
<td>Lead or Asbestos Abatement</td>
<td>140,000</td>
</tr>
<tr>
<td>Infrastructure Improvements (non-bonded)</td>
<td>7,000,000</td>
</tr>
<tr>
<td>Infrastructure Improvements (bonded)</td>
<td>21,357,120</td>
</tr>
<tr>
<td>Site Preparation</td>
<td>+ 770,793</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>$30,105,913</strong></td>
</tr>
<tr>
<td>Contingency (15% of non-bonded activities)</td>
<td>+ 1,312,319</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$31,418,232</strong></td>
</tr>
</tbody>
</table>

After the approval was sent to the applicant, it was pointed out that the MSF resolution specified that school tax capture could not be used to reimburse interest costs related to the eligible activities for the project. Staff recognized that the bonded infrastructure improvements cost of $21,357,120 included $10,197,120 of interest that should have been separated out as provided in the work plan dated November 21, 2016. The table presented below includes the correct summary of eligible activity costs for the project:

<table>
<thead>
<tr>
<th>Cost of MSF Eligible Activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition</td>
<td>$838,000</td>
</tr>
<tr>
<td>Lead or Asbestos Abatement</td>
<td>140,000</td>
</tr>
<tr>
<td>Infrastructure Improvements (non-bonded)</td>
<td>7,000,000</td>
</tr>
<tr>
<td>Infrastructure Improvements (bonded)</td>
<td>11,160,000</td>
</tr>
</tbody>
</table>
The original briefing memo, dated December 20, 2016, is included in Attachment A.

**Recommendation**
MEDC staff recommends approval of the following:

a) The correction to recognize $10,197,120 in interest for bonded infrastructure improvement activities.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site Preparation</td>
<td>+ 770,793</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>$19,908,793</td>
</tr>
<tr>
<td>Contingency (15% of non-bonded activities)</td>
<td>+ 1,312,319</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>$21,221,112</td>
</tr>
<tr>
<td>Interest (for bonded Infrastructure Improvements)</td>
<td>+ 10,197,120</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$31,418,232</td>
</tr>
</tbody>
</table>
MEMORANDUM

Date: December 20, 2016

To: Michigan Strategic Fund Board

From: Stacy Bowerman, Senior Project Manager
Stacy Esbrook, Regional Director – Community Assistance Team
Rob Garza, Brownfield, CRP, and SmartZone Program Specialist

Subject: City of Dearborn Brownfield Redevelopment Authority
Request for Approval of an Act 381 Work Plan
City of Dearborn - Request for Approval of a Michigan Strategic Fund (MSF)
Performance-Based Grant

Request
The proposed project will redevelop 12 parcels of property encompassing three blocks in the City of Dearborn. The proposed project will be undertaken by the City of Dearborn (“Applicant”) and Ford Motor Land Development Corporation (“Ford Land”) and will include the construction of two, three-story, mixed use buildings and a four-story parking structure. The project is located in a downtown and qualifies for an Act 381 work plan because it is a facility and functionally obsolete.

In order to alleviate Brownfield conditions and prepare the proposed project site for redevelopment, the City of Dearborn Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of $31,418,232.

The Applicant is requesting approval of a $3 million performance-based grant from funds appropriated to the MSF for purpose of carrying out the MSF Act (“MSF Grant” or “Grant”). Grant proceeds will be used for the construction of a parking deck in support of the Wagner Hotel Block Redevelopment Project. The MSF Grant will be funded by using $1.5 million from the Business Development Program (BDP) and $1.5 million from the Community Revitalization Program (CRP) programs under MCL.125.2088b(2)(c).

The Applicant has demonstrated a need for funding based on its inability to secure 100 percent of the financing needed for the construction of the parking deck. The city owned and operated parking deck is necessary to support the need for additional parking as result of Ford Land’s multi-story, mixed-used development. The Applicant will pursue bond financing for the parking deck and utility improvements associated with the project, utilizing tax increment revenue generated as a result of the Ford Land Wagner Hotel Block Redevelopment to repay the bond obligations. The City of Dearborn’s Brownfield
Redevelopment Authority is unable to capture sufficient tax increment revenues to fund the entire parking structure. MSF Grant assistance is necessary to fund the tax increment revenue shortfall. Without Brownfield tax increment reimbursement and MSF Grant assistance, the cost burden related to Brownfield conditions would make the project financially unfeasible.

The Applicant will invest approximately $20 million to construct the parking structure and improve the adjacent public utility infrastructure. Ford Land anticipates making a capital investment of approximately $60 million into the mixed-use redevelopment. The project will result in the consolidation and relocation of up to 600 Ford Motor Company (“Ford”) and Ford supplier employees and could create as many as 200 jobs. In addition, the project is expected to create approximately 50 permanent full-time non-Ford retail jobs at the site. The blended average wage for all the full-time jobs at the site is estimated to be $20 per hour.

**Background**

The project will be a public-private partnership between the City of Dearborn and Ford Land. In addition to the Wagner Hotel redevelopment, Ford is making significant, multi-year investments into their existing Dearborn campus. However, they also recognize a need to offer space in an urban and walkable setting in order to attract talent. Ford Land is opting to help meet that need with the construction of this mixed-use development that contributes to the walkable, urban environment. The Applicant and Ford Land will redevelop 12 parcels encompassing 3.95 acres and approximately three blocks that are currently underutilized and deteriorating in the City’s West Downtown District.

The redevelopment includes the demolition of existing structures while preserving the façade of the former Wagner Hotel, one of the most historic structures in the city. The façade will be integrated with a new, three-story mixed-use building that will include first floor commercial space and office space for Ford Motor Company on the upper floors. An additional three-story mixed use building with a similar configuration will be constructed as well. The newly constructed buildings will be slightly set back from the existing Wagner Hotel building to allow for wider sidewalks. The larger sidewalks are in concert with existing buildings in the downtown and will further the city’s mission to make the downtown area along Michigan Avenue more pedestrian friendly. The office space will be designed using innovative office concepts to help attract new talent to Ford Motor Company.

In addition, a parking structure will be constructed on what is currently a surface parking lot. The parking structure will be owned and operated by the city and will support the mixed-use development. Public green space will be created between the new parking deck and the back of the Wagner Hotel building and will visually connect with a pocket park on the other side of Michigan Avenue. The existing public utilities will be buried in order to make the space more pedestrian friendly and to encourage public engagement. It is envisioned that potential retail tenants can use some of this space to offer outdoor experiences and the city is likely going to utilize the space for public events.

The Applicant is requesting MSF Grant assistance in the amount of $3 Million to offset the cost of parking deck construction. **Appendix A** outlines the terms associated with the Grant.
Lead and asbestos abatement will be necessary prior to demolition activities in order to protect human health. Demolition activities will be necessary to remove the existing buildings and existing asphalt pavement in order to prepare the site for redevelopment. Site preparation activities include staking for site grading; temporary traffic control; temporary erosion control; temporary site control (security, lighting and fencing); site clearing and grubbing; excavation of unstable fill material; and site grading and land balancing. Infrastructure improvements include parking deck construction costs, public utility relocation and street improvements that are necessary to support the new development.

Ford Land is a wholly-owned subsidiary of Ford Motor Company. Ford Land owns and operates approximately 5 million square feet of commercial office space in Dearborn and Allen Park, Michigan including multi-story office building business parks with research and development space, and individual offices and move-in ready suites. Ford Land has not previously received incentives from the MSF.

Appendix B addresses the programmatic requirements and Appendix C includes a project map and renderings.

**Recommendation**
MEDC staff recommends approval of the following:
   b) Local and school tax capture for the Act 381 eligible activities totaling $31,418,232. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at $12,008,048.
   c) Approval of the transfer of $1.5 million from the BDP and $1.5 million from the CRP programs to be used as a $3 million performance-based grant for the parking deck portion of the project for the City of Dearborn under MCL.125.2088b(2)(c).
APPENDIX A – MSF Grant

Awardee Name: City of Dearborn

Awardee Address: 16901 Michigan Avenue, Suite 15
Dearborn, Michigan 48123

Project Site: The property is anticipated to include approximately twelve tax parcels encompassing approximately three blocks in downtown Dearborn, Michigan. The entire project includes the construction of parking deck and buildings and other improvements for the multi-story, mixed-use redevelopment by Ford Motor Land Development Corporation, in collaboration with the City of Dearborn.

MSF Grant for the Project: The MSF Grant will be used for the construction of a parking deck to support the project.

Award Amount: $3,000,000

Award Type: Performance-Based Grant
APPENDIX B – Programmatic Requirements & Screening Guidelines

Property Eligibility
The project is located within the boundaries of the City of Dearborn, which is a Qualified Local Governmental Unit, and has been determined to be a facility as verified by Michigan Department of Environmental Quality (DEQ) on December 2, 2016 and deemed functionally obsolete as verified by a Michigan Master Assessing Officer (MMAO) assessor on June 24, 2016.

The property is the subject of a Brownfield Plan, duly approved by the City of Dearborn on July 14, 2016 and amended on October 26, 2016.

Key Statutory Criteria
Act 381 requires the following information to understand and explain the benefits of the project.

a) Overall Benefit to the Public:
This project is going to have a significant impact on West Downtown Dearborn. In addition to this project reactivating a significant amount of square footage in the downtown and creating vertical parking to maximize land use, this project is going to infuse 650 new people into one intersection of the downtown.

b) Jobs Created (Excluding Construction and other Indirect Jobs):
The project will result in the consolidation and relocation of up to 600 Ford and Ford supplier employees and could create as many as 200 jobs. In addition, the project is expected to create approximately 50 permanent full-time non-Ford retail jobs at the site. The blended average wage for all the full-time jobs at the site is estimated to be $20 per hour.

c) Area of High Unemployment:
The City of Dearborn unadjusted jobless rate was 4.8% in July 2016.

d) Level and Extent of Contamination Alleviated:
Soil levels are contaminated above the residential Part 201 direct contact, drinking water protections and/or GSI protection cleanup criteria. Known containments include: benzo(a)pyrene, fluoroanthene, phenanthrene, arsenic, mercury and zinc. The project will either clean up or cap the soil, based on the location as it relates to the development.

e) Reuse of Functionally Obsolete Buildings and/or Redevelopment of Blighted Property:
The building known as the Wagner Hotel is functionally obsolete. The exterior of the building will be restored and will respect the historic characteristics of the building and the downtown. The interior will be totally renovated and reconfigured for office and retail use.

f) Cost Gap that Exists between the Property and a Similar Greenfield Property:
The Brownfield TIF is needed to mitigate the costs of constructing the parking deck and other eligible activity costs not found on a greenfield site.

g) **Whether Project will Create a New Brownfield Property in the State:**
No new Brownfields will be created by this project.

h) **Whether the Project is Financially and Economically Sound:**
From the materials received, the MEDC infers that the project is financially and economically sound.

i) **Other Factors Considered:**
The Wagner Hotel Redevelopment Project is a transformational project for the City of Dearborn. Not only will it redevelop three city blocks in the City’s West Downtown District, the project will also increase the positive impact of Ford Motor Company’s presence in the greater Detroit area by offering its employees an urban working experience. The project will offer additional modernized office space for Ford which will help them attract talent.

### Tax Capture Breakdown
There are 62,8009 non-homestead mills available for capture, with school millage equaling 24 mills (38.22%) and local millage equaling 38,8009 mills (61.78%). Tax increment capture will begin in 2019 and is estimated to continue for 30 years. The requested tax capture for MSF eligible activities breaks down as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>School tax capture</td>
<td>(38.22%)</td>
<td>$12,008,048</td>
</tr>
<tr>
<td>Local tax capture</td>
<td>(61.78%)</td>
<td>$19,410,184</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$31,418,232</strong></td>
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</tbody>
</table>

### Cost of MSF Eligible Activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition</td>
<td>$838,000</td>
</tr>
<tr>
<td>Lead or Asbestos Abatement</td>
<td>140,000</td>
</tr>
<tr>
<td>Infrastructure Improvements (non-bonded)</td>
<td>7,000,000</td>
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<tr>
<td>Infrastructure Improvements (bonded)</td>
<td>21,357,120</td>
</tr>
<tr>
<td>Site Preparation</td>
<td>+ 770,793</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>$30,105,913</strong></td>
</tr>
<tr>
<td>Contingency (15% of non-bonded activities)</td>
<td>+ 1,312,319</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$31,418,232</strong></td>
</tr>
</tbody>
</table>
APPENDIX C – Project Map and Renderings
WHEREAS, the Michigan Economic Growth Authority (“MEGA”) has been established by 1995 PA 24, as amended (the “Act”);

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

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

WHEREAS, the MSF Board approved a Work Plan request for Wagner Place Project (the “Project”), by Resolution 2016-257 on December 20, 2016, authorizing the Authority to capture taxes levied for school operating purposes based on a maximum of $31,418,232 in eligible activities;

WHEREAS, $10,197,120 of interest cost was incorrectly included in $21,357,120 of bonded infrastructure improvement costs in the original MSF approval dated December 20, 2016;

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 38.22% to 61.78% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, lead and asbestos abatement and infrastructure improvements as presented in the revised Work Plan dated November 21, 2016. Any change in millage that increases the capture percentage of school operating taxes by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on a maximum of $21,221,112 for the principal activity costs of non-environmental activities and a contingency, a maximum of $10,197,120 in interest, and with the capture of taxes levied for school operating purposes being limited to a maximum of $12,008,048.

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

**BE IT FURTHER RESOLVED,** that the MSF Board is authorizing that capture of taxes 
levied for school operating purposes for the payment of interest, up to a maximum of $10,197,120 
related to the eligible activities for the Project.

**BE IT FURTHER RESOLVED,** that all other provisions of Resolution 2016-257 are 
reaffirmed and the MSF authorizes the MSF Fund Manager to implement the terms of this 
resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
April 25, 2017
WHEREAS, the Michigan Economic Growth Authority ("MEGA") has been established by 1995 PA 24, as amended (the "Act");

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

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

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

WHEREAS, the City of Dearborn Brownfield Redevelopment Authority (the "Authority") has submitted a work plan for property located at 22057, 22065, 22053, 22041, 22035, 22037, 22001, 22015, 21024, 21026, 21931 Michigan Avenue and a City Parking lot Bounded by Mason Street, West Village Drive, and Monroe Street within the City of Dearborn, known as the Wagner Place Project (the "Project");

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 38.22% to 61.78% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, lead and asbestos abatement and infrastructure improvements as presented in the revised Work Plan dated November 21, 2016. Any change in millage that increases the capture percentage of school operating taxes by more than 5 percentage points must be approved by the MSF Board. The Authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The Authorization for the capture of taxes levied for school operating purposes is based on a maximum of $31,418,232 for the principal activity costs of non-environmental activities with the capture of taxes levied for school operating purposes being limited to a maximum of $12,008,048.
BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF Fund Manager, to provide written notification to the Authority, in the form of a letter which incorporates the terms set forth in this Resolution and consistent with the limitations of the Act, and that this approval is further conditioned upon the Authority, or the City, as appropriate, maintaining adequate records regarding: a) all taxes captured for the project; and b) receipts or other appropriate documentation of the cost of eligible activities. The records shall be made available for review upon request by MSF or MEDC staff. Eligible activities authorized by this resolution must be completed within three (3) years.

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

Ayes:  Steve Arwood, Dan Boge, Shelly Edgerton, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Larry Koops, Jody DePree Vanderwel

Nays:  None

Recused: None

Lansing, Michigan
December 20, 2016
MEMORANDUM

Date:       April 25, 2017

To:         Michigan Strategic Fund

From:       Lisa Edmonds, MCRP and Brownfield Specialist

Subject:    MidTown Lofts, LLC
Michigan Community Revitalization Program
Request for Approval of a Grant Agreement Amendment

Request
MidTown Lofts, LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program Grant Agreement (“Agreement”) and any related ancillary agreements. The amendment request dated March 1, 2017 includes a request to amend Milestone One to allow the Company the option of using bank financing or personal resources in the minimum amount of $332,504 and to remove the requirement for a guaranteed maximum price construction contract for the project.

Background
The Michigan Strategic Fund Delegates approved a $83,126 MCRP award on October 19, 2016 to the Company for the purpose of renovating a 5,850 square foot building located within the Military Road Local Historic District at 411 Grand River, Port Huron, Michigan, which shall include three residential units on the second floor at approximately 1,000 square feet each and two commercial spaces on the first floor.

The Company prefers to use personal resources to pay for their projects, however, a pre-approved $432,000 bank loan is available if needed. The Company will determine whether or not to close on the bank loan near the end of the construction period. Prior to the Michigan Community Revitalization Program Incentive Parameters adopted May, 2016, the developer successfully completed two MCRP projects using this method of financing. The MCRP Incentive Parameters preferred structure for Performance Based Grants include “Federally insured or regulated Senior Lender in place”, but does not prohibit the Company’s use of personal resources.

The Company’s construction entity, Sanctum Contracting will act as the general contractor. In lieu of a guaranteed maximum price construction contract, Sanctum Contracting will provide a signed cost estimate stating that costs exceeding the total cost estimate will be covered by MidTown Lofts, LLC and not the responsibility of the MEDC. Sanctum Contracting subcontractors have provided signed letters stating that Sanctum Contracting will be responsible for costs exceeding the amount estimated their portion of the project work.
**Recommendation**
The MEDC staff recommends approval of an amendment to the MCRP Grant Agreement and any related ancillary agreements to: 1) amend Milestone One to allow the Company the option of using bank financing or personal resources in the minimum amount of $332,504, and 2) amend the requirement for a guaranteed maximum price construction contract to a signed cost estimate stating that costs exceeding the total cost estimate will be covered by MidTown Lofts, LLC and not the responsibility of the MEDC.
MEMORANDUM

Date: October 13, 2016

To: Delegates of the Michigan Strategic Fund Board

From: James Espinoza, Community Assistance Team Specialist
       Lisa Edmonds, MCRP and Brownfield Program Specialist

Subject: Midtown Lofts, LLC - Request for Approval Michigan Community Revitalization Program Grant

Request
The proposed project will be undertaken by Midtown Lofts, LLC. The project will redevelop one parcel of property located at 411 Grand River in the City of Port Huron. The project is located in a downtown and qualifies for a Michigan Community Revitalization Program (MCRP) award because it is a functionally obsolete building and a historic resource because it is located in a local historic district.

Midtown Lofts, LLC is requesting approval of a MCRP incentive in the amount of $85,126 in the form of a performance-based grant.

The applicant has secured financing in the amount of approximately $332,504 which is over 64 percent of the project. These is approximately 19 percent in equity contribution. Michigan Community Revitalization Program incentive funding is needed to help offset the cost to provide higher residential density, in addition to providing two new professional commercial spaces in downtown Port Huron and close the cost gap. The IRR is minimal at 8.81%. The project is located within the Military Road Local Historic District. Midtown Lofts, LLC will revitalize as much of the historic aspects of the building as possible. By adding more livable spaces to the downtown area, the population will increase as well as per person spending. The project contributes to mixed use and walkable communities due to the location in the downtown of Port Huron. CRF detailed structure is provided in Appendix A.

The Applicant anticipates that the project will result in total capital investment in the amount of $515,630 along with the creation of approximately 4 permanent full time jobs with an average hourly wage of $12.

Background
The 411 Grand River Avenue building is a historic 5,830 square foot staple of downtown Port Huron. The building which sits on one parcel originated in 1912 as a second hand machinery and metal shop. The building changed uses several times from a bakery/beauty shop, again another bakery and pantry, restaurant, tavern, Midtown restaurant, and now houses an antique store. Midtown Lofts will be a multi-use building featuring three lofts on the second floor at approximately 1,000 square feet each. The first floor will feature two new commercial spaces that will allow new businesses to find a great location in the heart of downtown Port Huron.
The development team have been pioneers for revitalizing the downtown area of Port Huron. Over the last ten years they have invested in multiple properties and restored them from obsolete to beautiful. Their projects have included Main Street Lofts, Tecumseh Lofts, Amishi Lofts, McKennis Lofts, Little Blue Historic Duplex, Zebra Lounge and Lanes, Bens 314 Luxury Lofts and currently they are working on Port Huron Citadel Lofts. Both Bens 314 Luxury Lofts and Port Huron Citadel were awarded Community Revitalization Program incentives from the Michigan Strategic Fund (MSF).

Appendix B addresses the programmatic requirements and Appendix C includes a project map and renderings.

**Recommendation**
MEDC staff recommends approval of a MCRP performance-based grant in the amount of $83,126 for MidTown Lofts, LLC.

**Approval Authority – MCRP Support Memo**

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<thead>
<tr>
<th>Michigan Economic Development Corporation</th>
<th>10/14/2016</th>
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<tbody>
<tr>
<td>Lisa Pung, Director, Community Development Incentives</td>
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The Recommendation is approved, subject to available funding and completion of due diligence, and execution of all MCRP transaction documents, all in accordance with the MCRP and its guidelines.

Note: To utilize the delegation authority granted by the MSF Board, the approval of any two of the MSF President, the MSF Fund Manager and the State Treasurer, are required for this commitment under the MCRP.

**Michigan Strategic Fund**

<table>
<thead>
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<th>10/19/2016</th>
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<tr>
<td>By: Steven Arwood</td>
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<td>In: President</td>
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<th>10/14/2016</th>
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<tr>
<td>By: Mark Martin</td>
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<tr>
<td>In: Fund Manager</td>
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</table>
APPENDIX A – CRP Summary of Terms

1. Company Name: MidTown Lofts, LLC

2. Company Address: P.O. Box 101
                  Yale, MI 48097

3. MCRP Incentive Type: Performance Based Grant

4. Maximum Amount of MCRP Incentive: Lesser of 20% of the Eligible Investment, as defined by the Program Guidelines, or $33,126 ("MCRP Incentive Award")

5. Project Description ("Project"): The project involves renovating while keeping as much of the historic accents as possible a building located within the Military Road Local Huron Historic District. The building will be renovated to hold three lofts on the second floor and two commercial spaces on the first floor. The lofts will be approximately 1000 square feet each with two bedrooms and open living space for the kitchen and living areas. The exterior of the building will not change other than any minor repairs that are needed.

6. Anticipated Minimum Eligible Investment: $332,504

   The minimum is based on 80% of the total Eligible Investment amount requested on the CRP incentive application. The Eligible Investment on the Project is anticipated to include:
   - Demolition
   - Building Alteration/Rehabilitation/Improvement
   - Site Improvements
   - Addition of Machinery, Equipment or Fixtures to the Project
   - Professional Fees

7. Start Date for Measurement of Eligible Investment: January 1, 2016

8. Project Qualifying As: Functionally Obsolete
                  Historic Resource
9. Progress and Milestones & Disbursement: The final terms and conditions of each of the Progress Milestones shall be included in the final Agreement, including that before any disbursement is made to the Applicant, the Applicant must demonstrate timely completion of all Progress Milestones, as required, and otherwise be in full compliance with all terms and conditions of the final Agreement. The MSF Fund Manager, in coordination with Michigan Economic Development Corporation (MEDC) Staff, is authorized to negotiate the final terms and conditions of the final Agreement to be used to memorialize MCRP awards on the MSF's behalf in accordance with the Guidelines and are anticipated to include:

   a. Pre-improvement Progress Milestone: Demonstration by the Company to the satisfaction of the MSF of completion of all pre-improvement requirements as applicable and required by the MSF, including: Written certification from the TriCounty Bank, or a copy of the executed loan agreement, note and mortgage, evidencing that the applicant has closed on financing in the minimum amount of $432,000, and the City of Port Huron final approval of the Neighborhood Enterprise Zone (NEZ), each by no later than January 31, 2017.

   b. Completion of the Project Progress Milestone: Issuance of a certificate of occupancy on terms and conditions satisfactory to the MSF Fund Manager.

10. Municipality supporting the Project ("Municipal Support"): The municipality has committed to provide: A Neighborhood Enterprise Zone (NEZ) tax savings. The estimated savings would be $1800 to $2700 in real property taxes per year for 10 years.

11. Term of Agreement: From execution of the final Agreement until the date three (3) years after the completion of the final Progress Milestone.

12. Repayment and Penalty Terms: Some repayment and penalty provisions are required by law. The repayment and penalty terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement, and may include any or all of the following: a penalty, reduction of all or a portion of the MCRP Incentive Award, repayment of any portion of any disbursement of the MCRP Incentive Award, or ineligibility of the Applicant and its sponsors for any support or economic assistance from the MSF, as the case may be, if the Applicant fails to comply with the Agreement, any reporting requirements defined in the final Agreement, or otherwise violates the MSF Act.

13. Final Terms and Conditions: The MSF Fund Manager, in coordination with MEDC Staff, is authorized to negotiate the final terms and conditions of the final Agreement to be used to memorialize MCRP awards on the MSF’s behalf in accordance with the Guidelines and is anticipated to include the terms described above.
APPENDIX B – Programmatic Requirements & Screening Guidelines

MCRP Program and its 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. The total eligible investment for this project is estimated to be $415,630.

Source of Information
It is the role of the Project Management staff (MEDC Staff) to review for eligibility, completeness, and adherence to MCRP guidelines, the information provided by the applicant and to manage the MSF’s investment. Explanatory and background information is supplied in summary form to provide context for the request and is drawn exclusively from materials submitted by the applicant, and, as applicable, from other relevant third party sources utilized by staff.

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

A. The importance of the project to the community in which it is located:
   The completion of this project will create three new living spaces and two new commercial spaces to the downtown of Port Huron. This project is located in a Neighborhood Enterprise Zone and Downtown Development Authority District.

B. If the project will act as a catalyst for additional revitalization of the community in which it is located:
   The project is in line with the city of Port Huron’s strategic goal of attracting developments that will increase the downtown population. The project will create three new 1,000 square foot lofts that will provide higher density to the downtown district of Port Huron.

C. The amount of local community and financial support for the project:
   The city of Port Huron will be contributing a Neighborhood Enterprise Zone (NEZ) incentive for the project. The estimated savings would be $1800 to $2700 in real property taxes per year for the length of the NEZ.

D. The applicant’s financial need for a community revitalization incentive:
   The developer has secured financing for approximately 64 percent of project cost and is contributing significant equity of approximately 19 percent of project cost. The MCRP funds will increase the return on investment (ROI), therefore, making the project worthwhile for the developer to invest in the property.
E. The extent of reuse of vacant buildings, reuse of historical buildings, and redevelopment of blighted property:
   The redevelopment of a defined “functionally obsolete” building will allow the creation of approximately 5,850 square feet of mixed-use housing and commercial space.

F. Creation of jobs:
   This project is expected to result in the creation of 4 full-time jobs with an average hourly wage of $12.00.

G. The level of private sector and other contributions, including, but not limited to, federal funds and federal tax credits:
   Bank Financing in the amount of $332,504 represents 64 percent of the project funding. The developer will contribute approximately $100,000 or 19 percent of funding in the form of equity.

H. Whether the project is financially and economically sound:
   Upon reaching stabilization, it is anticipated that the project will generate enough cash flow to meet debt service requirements and provide a return to the developer.

I. Whether the project increases the density of the area:
   The building is located in the heart of the downtown of Port Huron and within the Downtown Development Authority District. Redeveloping the project to increase three housing units and two new commercial spaces that will increase the density in downtown Port Huron.

J. Whether the project promotes mixed-use development and walkable communities:
   Downtown Port Huron is a vibrant and walkable area. Residents of the newly created lofts will have direct access to downtown amenities such as restaurants, commercial and retail venues and municipal offices.

K. Whether the project converts abandoned public buildings to private use:
   The project is currently occupied by the current owner and will be sold to MidTown Lofts, LLC to be developed.

L. Whether the project promotes sustainable development:
   All lofts will be equipped with energy efficient appliances, furnaces, water heaters, etc. There are no sustainable design elements although redeveloping an existing property versus constructing new is sustainable in nature.

M. Whether the project involves the rehabilitation of a historic resource:
   The building at 411 Grand River is a contributing structure in the Downtown Port Huron Local Historic District. The building has a long history dating back to 1912 as a second hand machinery and metal shop.
N. Whether the project addresses area-wide redevelopment:
   As part of its strategy to attract higher density, the city of Port Huron created a Neighborhood
   Enterprise Zone. The project is located within this Neighborhood Enterprise Zone.

O. Whether the project addresses underserved markets of commerce:
   The project converts a large retail space into two commercial spaces while also redeveloping
   vacant space on the second floor into three loft living spaces allowing the ability to attract
   residents as well as new talent to the downtown of Port Huron.

P. The level and extent of environmental contamination:
   There is no known environmental contamination on the site.

Q. If the rehabilitation of the historic resource will meet the federal Secretary of the Interior's
   standards for rehabilitation and guidelines for rehabilitating historic buildings
   (36 CFR 67):
   MidTown Lofts, LLC will keep as much of the historical accents of the building as possible. The
   exterior of the building will not change other than minor repairs that are needed. There will be no
   cosmetic changes needed.

R. Whether the project will compete with or affect existing Michigan businesses within the
   same industry:
   The project will not compete with or affect existing Michigan businesses within the same
   industry.

S. Any other additional criteria approved by the board that are specific to each individual
   project and are consistent with the findings and intent of this chapter:
   No additional factors need to be considered for this project.
APPENDIX C – Project Map and Renderings
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, MidTown Lofts, LLC (“Company”) has requested a performance based grant of up to $83,126 (“Award Request”), along with other general terms and conditions;

WHEREAS, on October 19, 2016, the Delegates of the Michigan Strategic Fund Board approved the Company’s Award Request (the “Delegated Approval”);

WHEREAS, the MEDC is recommending that the MSF approve the amendment recommendation to amend Milestone One to allow the Company the option of using bank financing or personal resources in the minimum amount of $332,504, and 2) to amend the requirement for a guaranteed maximum price construction contract to a signed cost estimate stating that costs exceeding the total cost estimate will be covered by MidTown Lofts, LLC and not the responsibility of the MEDC, with all other requirements remaining in place from the original approval.

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

Ayes: 

Nays: 

Recused: 

Lansing, Michigan 
April 25, 2017
MEMORANDUM

Date:       April 25, 2017

To:         Michigan Strategic Fund Board

From:       Julius L. Edwards, Manager, Underwriting and Incentive Structuring

Subject:    Griswold Capitol Park LLC and Related Entities
            Michigan Community Revitalization Program
            Request for Approval of an Other Economic Assistance – Equity Investment
            Agreement Amendment

Request
Griswold Capitol Park LLC and Related Entities (“Company”) are requesting approval of an amendment
to the Michigan Community Revitalization Program Other Economic Assistance – Equity Investment
Agreement (“Agreement”) and any related ancillary agreements. The amendment request is to amend the
current Agreement to more appropriately reflect anticipated cash flow splits of its September 22, 2015
MSF approval. An incorrect version of the Agreement was erroneously executed in December 2015.

Background
The Michigan Strategic Fund Board re-approved a $4,798,000 Other Economic Assistance – Equity
Investment Award to the Company for the purpose of constructing a 5-story residential structure on top of
the 10-level parking deck adjacent to the Westin Book Cadillac Hotel located at 535 Griswold Street in
Downtown Detroit. The project was developed by the Detroit based development group the Roxbury
Group.

The company and development team is current with all reporting and compliance requirements on its
projects.

Recommendation
The MEDC staff recommends approval of an amendment to the MCRP Other Economic Assistance –
Equity Investment Agreement and any related ancillary agreements to more appropriately reflect
anticipated cash flow splits of its September 22, 2015 MSF approval.
MICHIGAN STRATEGIC FUND

RESOLUTION 2017 -

APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION PROGRAM OTHER ECONOMIC ASSISTANCE AWARD FOR GRISWOLD CAPITOL PARK LLC AND RELATED ENTITIES (GRISWOLD CAPITOL PARK PROJECT)

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 2015-119 on September 22, 2015 the MSF Board awarded a CRP Other Economic Assistance Loan Participation Award to Griswold Capitol Park LLC and Related Entities, in furtherance of the Griswold Capitol Park Project of up to $4,798,000 (“Award”);

WHEREAS, the MEDC is recommending that the MSF approve an amendment request to amend the Transaction Documents to more accurately reflect the cash flow splits of the September 22, 2015 MSF approval;

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

Ayes:

Nays:

Recused:

Lansing, Michigan
April 25, 2017
MEMORANDUM

Date: April 25, 2017

To: Michigan Strategic Fund Board

From: Lynda Franke, Underwriting and Incentive Structuring Specialist

Subject: Lofts on Alabama, LLC
Michigan Community Revitalization Program
Request for Approval of a MCRP Loan Participation and Servicing Agreement 1st Amendment

Request
Lofts on Alabama, LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program (MCRP) Loan Participation and Servicing Agreement (“Agreement”) and any related ancillary agreements. The amendment request is to allow Macatawa Bank to extend the Draw Expiration Date from March 21, 2017 to May 21, 2017, resulting in a delay to the start of principal and interest repayment, and to shorten the permanent loan term by two months. Principal and interest repayment will be delayed for both Macatawa Bank and the MSF Shares of the Loan Participation.

Background
The Michigan Strategic Fund Board approved a $3,000,000 Other Economic Assistance-Loan Participation on June 8, 2015 to the Company for the purpose of selective interior and exterior site demolition of an existing structure, improvements and rehabilitation of the existing obsolete building and construction of a new, 65,000 sq. ft., three-story building on the adjacent site to the west. In total, the result was 100 market rate residential units and a subgrade parking ramp.

Construction is complete, the project is in compliance, and is leasing according to projections with 76 of 100 units leased by mid-March. The reason for the request is to allow for the full disbursement of the construction proceeds, which is expected to occur before the end of May. In addition, the project will be able to partially fund the property taxes due in May with project proceeds. Construction costs for the project came in below budget allowing a portion of the project budget to be used for these carrying costs instead.

Recommendation
The MEDC staff recommends approval of an amendment to the MCRP Agreement and any related ancillary agreements to allow Macatawa Bank to extend the Draw Expiration Date, which will trigger an automatic extension of the loan conversion, and the start of principal and interest repayment. The maturity date will remain the same but the loan term will be reduced by two months. Principal and interest repayment will be delayed for both Macatawa Bank and the MSF Shares of the loan participation.
MICHIGAN STRATEGIC FUND

RESOLUTION 2017 -

APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION PROGRAM OTHER ECONOMIC ASSISTANCE AWARD FOR LOFTS ON ALABAMA, LLC

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

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

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

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

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

WHEREAS, by Resolution 2015-164 on June 8, 2015 the MSF Board awarded a CRP Other Economic Assistance Loan Participation Award to Lofts on Alabama, LLC, in furtherance of the Project of up to $3,000,000 (“Award”);

WHEREAS, the MEDC is recommending that the MSF approve an amendment request to allow Macatawa Bank to extend the Draw Expiration Date from March 21, 2017 to May 21, 2017 and reduce the permanent loan term by two months. Principal and interest repayment will be delayed for both Macatawa Bank and the MSF Shares of the Loan Participation.

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

Ayes:

Nays:

Recused:

Lansing, Michigan
April 25, 2017
MEMORANDUM

Date: April 25, 2017

To: Michigan Strategic Fund Board

From: Lynda Franke, Underwriting & Incentive Structuring Specialist

Subject: SVRC Industries, Inc., SVRC Market Place, L.L.C. - Request for Re-Approval of a Michigan Community Revitalization Program Performance-Based Award

Request

SVRC Industries, Inc. ("Company") under the single use entity SVRC Market Place, L.L.C., is requesting re-approval of its $3,475,000 Michigan Community Revitalization Program (MCRP) Award in order to execute a MCRP Agreement. The initial approval on September 27, 2016, was in the form of an Other Economic Assistance-Loan Participation Award. This request is to change the incentive to a Performance-Based Direct Loan and restructure the MSF’s collateral structure.

Due the nature of the project which MEDC staff anticipates to have limited cash flow, the development team is only able to secure $3 million traditional debt or 13.5% of the required capital. The developer and historic tax credit investor are contributing 44.4% of the project capital needs as equity, while grant funding through foundations and the Department of Environmental Quality are supporting another 14%. Since the time of initial approval, New Markets Tax Credits have been acquired which are contributing 12.4%. The remaining $3.475 million (or 15.7%) is the gap which cannot be supported by traditional debt or equity. The Michigan Community Revitalization Program incentive is needed to complete the financing needs to move the project forward. A MCRP detailed structure is provided in Appendix A. Changes to the original structure are noted in **BOLD CAPS** and strikethrough font. Original briefing memo referenced in **Appendix B**.

The Applicant anticipates that the project will result in total capital investment in the amount of $22,189,043 along with the creation of approximately 53 permanent full-time equivalent jobs with an average hourly wage of $16.37.

Background

The Michigan Strategic Fund Board approved a $3,475,000 Other Economic Assistance Performance Based Loan Participation on September 27, 2016 to the Company for the purpose of a transformational redevelopment of the former Saginaw News building into a 100,000 square foot hub of activity for people visiting, living, eating, shopping, doing business and looking for entertainment in Downtown Saginaw, dubbed the SVRC Marketplace.
Initially, MEDC staff anticipated that this project would close on its project financing in a relatively short time period due to the fact that it was important for the anchor tenant, Central Michigan University (CMU), to occupy their portion in the SVRC Marketplace within a certain timeline. In the months following MSF approval, CMU changed priorities and focused on occupying a building in another city. As a result, they extended their deadline for occupying the SVRC Marketplace, giving the project development team more time to assess their financing structure. Due to the transformational nature of this project, the Company discovered that leasing the minimum space required by their senior lender posed more of a challenge than they had anticipated. Additionally, they found interest from New Markets Tax Credits allocators to allocate credits to the project. The majority of these funds will go toward additional tenant improvement costs and reducing the senior loan by $235,000. Due the time necessary to secure the tax credits and the needed change in the financing structure, MEDC staff was not able to effectuate the MSF Agreements during the previously MSF approved timeline.

The addition of New Markets Tax Credits has already proven beneficial for leasing up the space and enhancing the long-term viability of the project. However, the Company’s lawyers were unable to fit the prior MSF approval terms into the new NMTC financing structure due to a required change in the collateral securing the MSF Investment/Loan. Due the change in the financing structure it was deemed that it was no longer necessary for the MSF to participate with the senior lender. Therefore, the Company is requesting a change in the type of MSF incentive to a Performance-Based Direct Loan to SVRC Industries, Inc. and change in the MSF’s collateral interest.

**Recommendation**

MEDC staff recommends approval of the following:

a) Re-Approval of a MCRP Performance-Based Award and change the structure to a Performance-Based direct loan in the amount of $3,475,000 for SVRC Industries, Inc., SVRC Market Place L.L.C., or Related Entity under the terms detailed in the updated **Appendix A**.
The project is seeking a $3,475,000 Michigan Strategic Fund (MSF) investment in the SVRC Marketplace in the form of a MCRP Performance-Based Direct Loan. The loan will be structured as a straight amortizing loan. The MSF’s security position would be subordinated to the senior lender and the bridge lender for the Historic Tax Credits. Below outlines a summary of the anticipated permanent development sources and investment for the proposed financial structure.

**SUMMARY OF DEVELOPMENT SOURCES:**

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Lender</td>
<td>$3,000,000</td>
<td>13.5%</td>
</tr>
<tr>
<td>MSF Loan</td>
<td>$3,475,000</td>
<td>15.7%</td>
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<tr>
<td>Other Grants</td>
<td>$3,119,006</td>
<td>14%</td>
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<tr>
<td>New Markets Tax Credit Equity</td>
<td>$2,745,600</td>
<td>12.4%</td>
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<tr>
<td>Deferred Developer Fees</td>
<td>$1,200,000</td>
<td>5.4%</td>
</tr>
<tr>
<td>Historic Tax Credit Equity</td>
<td>$2,909,437</td>
<td>13.1%</td>
</tr>
<tr>
<td>Developer Equity</td>
<td>$5,740,000</td>
<td>25.9%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$22,189,043</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

**LOAN FACILITY**

**MSF Facility**

MCRP PERFORMANCE-BASED DIRECT LOAN MCRP Loan Participation and Servicing Agreement Under “Other Economic Assistance”

**Borrower:** SVRC Industries, Inc., SVRC Market Place, L.L.C. or Related Entity

**MSF Loan:** Up to the lesser of 25% of “Eligible Investment” or $3,475,000

**Term:** Not to exceed 120 months.

**Amortization:** Not to exceed 300 months.

**Interest Rate:** Anticipated to be 2% per annum.

**Repayment Terms:** Up to 36 months interest only payments, followed by principal and interest payments.

Up to $1,500,000 of the MSF Loan to be forgiven.
1) Payments to the MSF will be contingent on a minimum Debt Service Coverage Ratio (DSCR) yet to be determined.

2) Certain defaults under the loan agreement related to missed payments will trigger suspension of all payments to the MSF until the default has been cured.

Collateral:
To match that of the Lender, anticipated to be a 1st lien on all assets of SVRC Industries, Inc. and all subsidiaries, Pledge of foundation assets equal to $2,000,000, 1st mortgage and assignment of rents on 203 S. Washington Ave., Saginaw MI. MSF Interest to be subordinated to that of the Lender.

Guarantee:
Guaranties from SVRC affiliates except for SVRC Marketplace L.L.C.

MSF Fees:
THE MSF SHALL BE PAID A ONE-TIME FEE EQUAL TO ONE PERCENT OF THE MSF LOAN. To match that of the Lender. MSF Interest to be subordinated to that of the Lender.

Funding:
The MSF will fund up to $3,475,000 to be disbursed following closing of the MSF Loan and other performance criteria.

Other Conditions:
The MSF’s investment will be contingent upon the following:
- A minimum owner equity contribution of $4,990,000 to the project.
Attachment B – Original Briefing Memo

MEMORANDUM

Date: September 27, 2016

To: Michigan Strategic Fund Board

From: Nate Scramlin, Senior Community Assistance Team Specialist
      Lynda Franke, Underwriting & Incentive Structuring Specialist

Subject: SVRC Market Place, L.L.C. - Request for Approval Michigan Community Revitalization Program - Other Economic Assistance

Request
SVRC Industries, Inc. under the single use entity SVRC Market Place, L.L.C. will be undertaking a transformational redevelopment of the former Saginaw News building into a 100,000 square foot hub of activity for people visiting, living, eating, shopping, doing business and looking for entertainment in Downtown Saginaw, dubbed the SVRC Marketplace. The project will redevelop 2.27 acres of property located at 203 South Washington Avenue in the City of Saginaw. The project is located in a downtown and qualifies for a Michigan Community Revitalization Program (MCRP) award because it is functionally obsolete and a historic resource.

SVRC Market Place, L.L.C. is requesting approval of a MCRP incentive in the amount of $3,475,000 in the form of an Other Economic Assistance Performance Based Loan Participation.

Due the nature of the project which MEDC staff anticipates to have limited cash flow, the development team is only able to secure $3.2 million traditional debt or 16.3% of the required capital. The developer and historic tax credit investor are contributing 50.4% of the project capital needs as equity, while grant funding through foundations and the Department of Environmental Quality are supporting another 15.8%. The remaining $3,475 million (or 17.5%) is the gap which cannot be supported by traditional debt or equity. The Michigan Community Revitalization Program incentive is needed to complete the financing needs to move the project forward. A MCRP detailed structure is provided in Appendix A.

The Applicant anticipates that the project will result in total capital investment in the amount of $19,851,884 along with the creation of approximately 53 permanent full-time equivalent jobs with an average hourly wage of $16.37.

Background
The mixed-use, three-story SVRC Marketplace will feature an indoor/outdoor farmer's market, food processing hub, rental commercial kitchens, office business and entrepreneurial support services, retail establishments, permanent year round vendors, and new headquarters of SVRC Industries. The redeveloped property, which has stood vacant since 2009, is expected to become a destination for the
Saginaw region and bring vibrancy and increased walkability to this emerging area in the heart of downtown Saginaw, not to mention the enhancement of previously supported investment nearby at the adjacent Bancroft Building property.

SVRC Industries serves individuals with disabilities, their families and others with barriers to employment and community access in Saginaw County. SVRC does this by providing a number of business units and services including but not limited to: Vocational Rehabilitation, SVRC Apartments, Saginaw Advocacy for Individuals with Disabilities (SAID), Behavioral Health Services, Support Coordination, Tuscola Educational Center (At-risk charter school and specialized services), Workforce Development, Industrial Operations, and Facilities Management. The SVRC Marketplace project serves as the first and only project that has been submitted for MSF support.

Appendix B addresses the programmatic requirements and Appendix C includes a project map and renderings.

Recommendation
MEDC staff recommends approval of the following:

a) A MCRP Other Economic Assistance - Performance-Based Loan Participation in the amount of $3,475,000 for SVRC Industries, Inc, SVRC Market Place LLC, or Related Entity.
APPENDIX A

FINANCING OPPORTUNITY – MCRP LOAN PARTICIPATION
The project is seeking Michigan Strategic Fund (MSF) participation in coordination with Chemical Bank as the senior lender. The Lender, along with the Borrower, has requested the MSF participate in up to $3,475,000 in a $6,725,868 construction to permanent loan facility. The MSF would be pari passu in terms of payments on its share of the loan, but would allow the collateral to apply first to the Lender’s share in an event of liquidation. It is anticipated that disbursements to the project on the loan will be made on a pro-rata basis. Below outlines a summary of the development sources and investment for the proposed structure of the loan participation.

SUMMARY OF DEVELOPMENT SOURCES:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemical Bank Share</td>
<td>$3,235,000</td>
<td>16.3%</td>
</tr>
<tr>
<td>MSF Share</td>
<td>$3,475,000</td>
<td>17.5%</td>
</tr>
<tr>
<td>Other Grants</td>
<td>$3,239,849</td>
<td>16.3%</td>
</tr>
<tr>
<td>Deferred Developer Fees</td>
<td>$1,000,000</td>
<td>5.0%</td>
</tr>
<tr>
<td>Historic Tax Credit Equity</td>
<td>$2,651,972</td>
<td>13.4%</td>
</tr>
<tr>
<td>Developer Equity</td>
<td>$6,250,063</td>
<td>31.5%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$19,851,884</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

LOAN FACILITY

MSF Facility: MCRP Loan Participation and Servicing Agreement Under “Other Economic Assistance”

Borrower: SVRC Market Place, L.L.C. or Related Entity

Lender: Chemical Bank, “Lender”

Total Amount of Loans: Currently estimated at $6,710,000

Lender Share: Currently estimated at $3,235,000

MSF Share: Up to the lesser of 25% of “Eligible Investment” or $3,475,000

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

Amortization: To match that of the Lender, not to exceed 300 months following the interest only period.

Interest Rate: Anticipated to be 2% per annum on the MSF Share.
Repayment Terms: Up to 36 months interest only payments, followed by monthly principal and interest payments.

Up to $1,500,000 of the MSF Share of the loan to be forgiven at issuance of a “Certificate of Occupancy” for the entire building.

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

2) Certain defaults under the loan agreement related to missed payments will trigger suspension of all payments to the MSF until the default has been cured.

Collateral: To match that of the Lender, anticipated to be a 1st lien on all assets of SVRC Industries, Inc. and all subsidiaries, Pledge of foundation assets equal to $2,000,000, 1st mortgage and assignment of rents on 203 S. Washington Ave., Saginaw MI. MSF Interest to be subordinated to that of the Lender.

Guarantee: To match that of the Lender. MSF Interest to be subordinated to that of the Lender.

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

Funding: The MSF will fund up to $3,475,000 to be disbursed following closing of the Loan and other performance criteria.

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

- A minimum owner equity contribution of $5,500,000 to the project
APPENDIX B – Programmatic Requirements & Screening Guidelines

MCRP Program and its 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. The total eligible investment for this project is estimated to be $19,851,884.

Source of Information
It is the role of the Project Management staff (MEDC Staff) to review for eligibility, completeness, and adherence to MCRP guidelines, the information provided by the applicant and to manage the MSF’s investment. Explanatory and background information is supplied in summary form to provide context for the request and is drawn exclusively from materials submitted by the applicant, and, as applicable, from other relevant third party sources utilized by staff.

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

A. The importance of the project to the community in which it is located:
The project is a significant investment in an emerging but volatile downtown core. The redevelopment of this property and addition of the new four-season market space will attract new patrons to the downtown spurring new downtown trips and local spend in the area. The majority of Saginaw qualifies as a food desert by the USDA and US Census Bureau demonstrates the need for expanded, year round access to affordable fresh fruits and vegetables in downtown Saginaw. The SVRC Marketplace will be the first of its kind within the Saginaw community to offer year-round access to fresh fruits and vegetables as it expands the services offered by the Downtown Saginaw Farmer’s Market.

B. If the project will act as a catalyst for additional revitalization of the community in which it is located:
This new investment in downtown Saginaw, coupled with the attractiveness of the increased offerings of the refreshed Farmer’s Market make this not only a desirable place to visit but increases the allure for new residents and the additional development of surrounding downtown properties.

C. The amount of local community and financial support for the project:
The City of Saginaw and the Downtown Development Authority have provided support including an OPRA tax abatement for 12 years with an estimated value of $129,171, provision of a local lot adjacent to SVRC Marketplace estimated at a value of $100,000, and the vacation of Federal Street estimated at $50,000.
D. The applicant’s financial need for a community revitalization incentive:
Due to the nature of the project which MEDC staff anticipates to have limited cash flow, the
development team is only able to secure $3.2 million in traditional debt or 16.3% of the required
capital. The developer and historic tax credit investor are contributing 50.4% of the project
capital needs as equity, while grant funding through foundations and the Department of
Environmental Quality are supporting another 15.8%. The remaining $4.475 million (or 17.5%) is
the gap which cannot be supported by traditional debt or equity. The Michigan Community
Revitalization Program incentive is needed to complete the financing needs to move the project
forward.

E. The extent of reuse of vacant buildings, reuse of historical buildings, and redevelopment of
blighted property:
This project will effectively redevelop a historical structure in downtown Saginaw that has been
vacant since 2009.

F. Creation of jobs:
The project estimates the creation of 53 full time equivalent positions with an average hourly
wage of $16.37.

G. The level of private sector and other contributions, including, but not limited to, federal
funds and federal tax credits:
Chemical Bank is providing a construction loan of $6.7 million. The development sponsor is
pledging cash and land equity of $6.25 million. Foundation grants, DEQ grants, and additional
local business contributions are estimated at nearly $2.4 million.

H. Whether the project is financially and economically sound:
After stabilization, the project is anticipated to generate a DSCR above 1.20 to 1.00. Due to the
uniqueness of the project and the absence of Class A office space in the immediate vicinity, the
projected rental rates are unproven. Downtown commercial rates are about $8-10, in generally
older buildings. The project has a few anchor tenants expected to sign leases at rates about 30-40%
higher than current local rates. In an effort to support the viability of this project for the
community, the MCRP incentive includes a forgivable piece of $1.5 million. MCRP repayment
will also be contingent on an acceptable DSCR.

I. Whether the project increases the density of the area:
While the project does not include increased density through residential housing units, it certainly
increases the density of patrons to downtown Saginaw, and the density of valuable building stock
raising surrounding land values and increasing the taxable value of the property.

J. Whether the project promotes mixed-use development and walkable communities:
The SVRC Marketplace will be a hub of activity in Downtown Saginaw, where multiple
businesses will operate such as a food processing center, Downtown Saginaw Farmers Market,
vendors in the mini retail center, community demonstration kitchen, clinical services, small
business incubator and retail spaces. The SVRC Marketplace is located in the heart of Downtown
Saginaw in walking distance of the forthcoming River walk trail, the Dow Event Center, Castle Museum, The Bancroft Luxury Apartments and many other downtown attractions. The SVRC Marketplace is located on the STARS bus line with a drop-off location directly in front of the building which eliminates a major transportation barrier in the Saginaw community.

K. Whether the project converts abandoned public buildings to private use:
   This project does not involve an abandoned public building.

L. Whether the project promotes sustainable development:
The SVRC Marketplace is a sustainable project that builds on SVRC’s core-mission of creating employment opportunities and community access by offering healthy food options, integrated jobs, supportive services, and vibrant gathering spaces in a single downtown development. The anticipated result of this project on the larger community is an increase in access to fresh fruits and vegetables and job creation for local residents and the employees of businesses in downtown Saginaw. The outdoor farmers market pavilion will provide the Downtown Saginaw Farmers Market a new, secure, stable, and weather proof home for years to come.

M. Whether the project involves the rehabilitation of a historic resource:
   We anticipate that the old Saginaw News structure at 203 S. Washington will be added to the registry with the National Park Services as a historic building and listed with the State Historic Preservation Office. The interior of the building will undergo extensive construction and redevelopment and will become revitalized market and Class A office space known as the SVRC Marketplace.

N. Whether the project addresses area-wide redevelopment:
   While the redevelopment itself sends a message to future developers that downtown Saginaw is on the rise and ripe for increased development, the activity generating inside and out of the new SVRC Marketplace stands to greatly enhance area-wide redevelopment opportunity. The business incubator space on the second floor of the Marketplace will help create and support new businesses downtown. The incubator will also support the expansion of businesses located in the indoor and outdoor farmers market. Increases in quality of life in downtown Saginaw, due to a safer environment with more people on the street, and increased access to quality fresh food and dining options will promote greater occupancy in existing downtown housing and create demand for additional housing. The redevelopment here can spur potential in other buildings downtown where owners may seek to convert the second and third floors of their buildings to apartments and condominiums, thus increasing economic activity.

O. Whether the project addresses underserved markets of commerce:
The newfound access to fresh food and produce provided by this development and the year round market will help address the City of Saginaw’s designation as a food desert. The project will also provide additional Class A office space in downtown Saginaw which is currently lacking.

P. The level and extent of environmental contamination:
The property is contaminated with historic foundry fill and by lead dust from printing processes. Anticipated cleanup activities include soil removal, transport and capping; surveys, removal of hazardous materials, air monitoring, biphenyl remediation, verification of soil remediation, demolition, oversight, bid solicitation, and development of work plans, health and safety plans. Demolition will include but is not limited to removal and disposal of lead paint; asbestos abatement; removal and disposal of hydraulic hoists and elevators.

Q. If the rehabilitation of the historic resource will meet the federal Secretary of the Interior’s standards for rehabilitation and guidelines for rehabilitating historic buildings (36 CFR 67): The SVRC Marketplace is completing a historic rehabilitation and will follow the Secretary of the Interior’s standards of rehabilitation.

R. Whether the project will compete with or affect existing Michigan businesses within the same industry: This project is not expected to compete with or affect existing Michigan businesses within the same industry. It is expected to complement and enhance the existing redevelopment efforts in Downtown Saginaw.

S. Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter: No additional criteria need to be considered.
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, the Senior Lender will be providing financing to SVRC Industries, Inc., SVRC Market Place, L.L.C. or Related Entity (“Proposed Borrower”) of up to $3,000,000 toward the construction activities and infrastructure improvements to real property (“Project”);

WHEREAS, by Resolution 2016-193 on September 27, 2016, the Senior Lender and Proposed Borrower received MSF approval for an Other Economic Assistance Performance-Based Loan Participation (“Award”) in furtherance of the Project of up to $3,475,000;

WHEREAS, by the terms of the Resolution 2016-193 the MSF Fund Manager approved an extension of the Award to April 25, 2017;

WHEREAS, the financial structure of the Project has changed to the extent that the Proposed Borrower was unable to execute the Transaction Documents and is requesting re-approval of the Award as a Performance-Based Direct Loan;

WHEREAS, the MEDC is recommending MSF re-approval for the Proposed Borrower in the form of an MCRP Performance-Based Direct Loan in an amount not to exceed $3,475,000 (“Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, the MEDC has recommended the MSF Board’s re-approval of the Award Request in accordance with the Term Sheet and Guidelines, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents for the Award Request within 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 90 days (“MCRP Award Recommendation”);
NOW THEREFORE, BE IT RESOLVED, the MSF Board approves the MCRP Award Recommendation.

ADOPTED

Ayes:

Nays:

Recused:

Lansing, Michigan
April 25, 2017
Exhibit A

**LOAN FACILITY**

**MSF Facility**

MCRP PERFORMANCE-BASED DIRECT LOAN MCRP Loan Participation and Servicing Agreement Under “Other Economic Assistance”

**Borrower:** SVRC Industries, Inc., SVRC Market Place, L.L.C. or Related Entity

**MSF Loan:** Up to the lesser of 25% of “Eligible Investment” or $3,475,000

**Term:** Not to exceed 120 months.

**Amortization:** Not to exceed 300 months.

**Interest Rate:** Anticipated to be 2% per annum.

**Repayment Terms:** Up to 36 months interest only payments, followed by principal and interest payments.

Up to $1,500,000 of the MSF Loan to be forgiven.

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

2) Certain defaults under the loan agreement related to missed payments will trigger suspension of all payments to the MSF until the default has been cured.

**Collateral:**

To match that of the Lender, anticipated to be a 1st lien on all assets of SVRC Industries, Inc. and all subsidiaries, Pledge of foundation assets equal to $2,000,000, 1st mortgage and assignment of rents on 203 S. Washington Ave., Saginaw MI. MSF Interest to be subordinated to that of the Lender.

ANTICIPATED TO BE A LIEN, SUBORDINATED ONLY TO THE SENIOR LENDER BRIDGE AND CONSTRUCTION LOANS, ON ALL BUSINESS ASSETS OF SVRC INDUSTRIES, INC. AND SVRC INDUSTRIES, INC. FOUNDATION; SVRC INDUSTRIES FOUNDATION REALTY, LLC; AND WESTLUND GUIDANCE CLINIC, INC. INCLUDING PLEDGE RECEIVABLES, PLUS ASSIGNMENT OF THE LEVERAGE LOAN (JUNIOR ONLY TO THE BRIDGE LOAN), AND PLEDGE OF FOUNDATION ASSETS EQUAL TO $2,000,000. COLLATERAL WILL BE SUBJECT TO THE NMTC PROGRAM REQUIREMENTS. COLLATERAL WILL NOT INCLUDE A DIRECT SECURITY INTEREST IN THE PROPERTY.
**Guarantee:** Guaranties from SVRC affiliates except for SVRC Marketplace L.L.C.

**MSF Fees:** THE MSF SHALL BE PAID A ONE-TIME FEE EQUAL TO ONE PERCENT OF THE MSF LOAN. To match that of the Lender. MSF Interest to be subordinated to that of the Lender.

**Funding:** The MSF will fund up to $3,475,000 to be disbursed following closing of the MSF Loan and other performance criteria.

**Other Conditions:** The MSF’s investment will be contingent upon the following:
- A minimum owner equity contribution of **$4,990,000** to the project.
MEMORANDUM

Date: April 25, 2017

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

From: Trevor Friedeberg, Sr. Business Development Project Manager

Subject: Jackson National Life Insurance Company (“Company” or “Applicant”) Amendment to Approved Michigan Business Development Program Grant Agreement

Request
Reapprove the Company request to increase the total Michigan Business Development Program grant award from $3 million for the creation of 400 Qualified New Jobs to $5.3 million for the creation of 704 Qualified New Jobs. In addition, the request is to reapprove the request to allow Prudential Global Data Services (“PGDS”) to be included as part of Qualified New Jobs as well as the Base Employment Level.

Background
This request is to reapprove the two amendment requests brought before the MSF board previously for consideration and approval. Due to administrative limitations, the agreements have not yet been executed prompting the need to seek this reapproval.

On July 24, 2013 the Michigan Strategic Fund approved a $3 million award for Jackson National Life Insurance Company under the Michigan Business Development Program (“MBDP”). The Company proposed to expand its headquarter building located in the City of Lansing which would result in the creation of 400 Qualified New Jobs and $100 million in capital investment.

The Company was awarded a Community Development Block Grant (CDBG) in the amount of up to $3 million to support the infrastructure development at the Project. The Company has made all the necessary upgrades to the infrastructure and constructed the expansion to the headquarter building. Although more than the required number of individuals were hired at the project to support the project, the National Objective of hiring 51% of low to moderate income persons was not met to uphold CDBG eligibility. This is largely due to the fact the individuals hired at the project are experienced professionals making higher wages and having higher income levels above the low to moderate income requirements. Because of this, the $3 million earmarked to support the project is now ineligible for use.

To fill this gap, the Company has committed to 304 additional Qualified New Jobs, for a total of 704, in return for a job creation performance based grant increase of $2.3 million. The actual project costs came in at $2.3 million, representing a reduction in overall costs by $700,000, and the company anticipates 1,000 new associates will eventually be working at the newly expanded headquarter campus.

Additionally, employees from PGDS work side by side with other Jackson employees and support project activities and job creation efforts. Initially the PGDS entity was inadvertently left out of the original application, therefore disallowing the employees to count under the definition of a Qualified New Job and Base Employment Level.

Recommendation
MEDC Staff recommends the following (collectively, “Recommendation”):
   a) Amend the July 24, 2013 approval to reflect the changes as outlined in the attached Term Sheet;
b) Amend the July 24, 2013 approval to reflect the inclusion of Prudential Global Data Services (EIN 20-5383763) for purposes of Base Employment Level and Qualified New Jobs.

c) All other aspects of the approval remain unchanged.
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 approved an $3,000,000 Michigan Business Development Program Performance based grant on July 24, 2013 for an expansion of its headquarter building located in the City of Lansing which would result in the creation of 400 Qualified New Jobs and $100 million in capital investment (the “Project”);

WHEREAS, the Company is expanding the project scope in the City of Lansing, by creating additional jobs;

WHEREAS, the Company requests that the Michigan Business Development Program performance based grant be amended and revised as follows: add Prudential Global Data Services (EIN 20-5383763) as an entity for purposes of Base Employment Level and Qualified New Jobs; and increase the original Michigan Business Development Program grant award to $5.3 million for the creation of 704 Qualified New Jobs and extend the Term of Agreement (“Grant Amendment 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 Amendment 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 Amendment Award Recommendation”).
NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the MBDP Amendment Award Recommendation.

BE IT FURTHER RESOLVED, this Resolution supersedes and replaces Resolution 2017-016 and Resolution 2016-185.

Ayes:

Nays:

Recused:

Lansing, Michigan
April 25, 2017
MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant Amendment - Term Sheet

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

Date: April 4, 2017

Company Name: Jackson National Life Insurance Company ("Company" or "Applicant")

Company Address: One Corporate Way
Lansing, Michigan 48951

MBDP Incentive Type: Performance Based Grant

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

- Maximum Amount of MBDP Incentive: Up to $3,000,000 ("MBDP Incentive Award")
- Base Employment Level: 2,099
- Total Qualified New Job Creation: (above Base Employment Level) 400
- Company Investment: $100,000,004 in new building construction and furniture and fixtures or any combination thereof, for the Project.
- Municipality supporting the Project: The City of Lansing previously approved a property tax abatement under PA 328 until 2048 and will be approving a 425 Revenue Sharing Agreement.

- Disbursement Milestones: The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award are outlined in Exhibit B of the Agreement, and include:

  ○ Disbursement Milestone 1: Up to $750,000 Upon demonstrated creation of 100 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than September 30, 2014.

  ○ Disbursement Milestone 2: Up to $750,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 400 Qualified New Jobs) above the Base Employment Level, by no later than September 30, 2015.

  ○ Disbursement Milestone 3: Up to $750,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of
Disbursement Milestone 4: Up to $750,000 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, and Disbursement Milestone 3, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 400 Qualified New Jobs) above the Base Employment Level, by no later than September 30, 2017.

Term of Agreement: Execution of Agreement to September 30, 2019

Proposed MBDP Incentive Amendment

Maximum Amount of MBDP Incentive: Up to $5,300,000 ("MBDP Incentive Award")

Total Qualified New Job Creation: 704 Increase the Qualified New Job Creation from 400 to 704

Disbursement Milestones: The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award will be amended as follows:

- Disbursement Milestone 1: Up to $750,000 Upon demonstrated creation of 100 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than September 30, 2014. (Milestone met)

- Disbursement Milestone 2: Up to $750,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 400 Qualified New Jobs) above the Base Employment Level, by no later than September 30, 2015. (Milestone met)

- Disbursement Milestone 3: Up to $750,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 400 Qualified New Jobs) above the Base Employment Level, by no later than September 30, 2016. (Milestone review in progress)

- Disbursement Milestone 4: $0 The Company must, to the satisfaction of both Ingham County and the MEDC, provide documentation that funds in the amount of $31,959.66 has been paid to Ms. Dawn Rosebury for relocation expenses by no later than June 30, 2017.
Disbursement Milestone 5: Up to $750,000
Upon completion of Disbursement Milestone 1
Disbursement Milestone 2, Disbursement Milestone 3, and
Disbursement Milestone 4, and upon demonstrated
creation of 100 additional Qualified New Jobs (for a total of
400 Qualified New Jobs) above the Base Employment
Level, by no later than September 30, 2017.

Disbursement Milestone 6: Up to $575,000
Upon completion of Disbursement Milestone 1
Disbursement Milestone 2, Disbursement Milestone 3,
Disbursement Milestone 4, and Disbursement Milestone 5,
and upon demonstrated creation of 76 additional Qualified
New Jobs (for a total of 476 Qualified New Jobs) above the
Base Employment Level, by no later than September 30,
2018.

Disbursement Milestone 7: Up to $575,000
Upon completion of Disbursement Milestone 1
Disbursement Milestone 2, Disbursement Milestone 3,
Disbursement Milestone 4, Disbursement Milestone 5, and
Disbursement Milestone 6, and upon demonstrated
creation of 76 additional Qualified New Jobs (for a total of
552 Qualified New Jobs) above the Base Employment
Level, by no later than September 30, 2019.

Disbursement Milestone 8: Up to $575,000
Upon completion of Disbursement Milestone 1
Disbursement Milestone 2, Disbursement Milestone 3,
Disbursement Milestone 4, Disbursement Milestone 5,
Disbursement Milestone 6, and Disbursement Milestone 7,
and upon demonstrated creation of 76 additional Qualified
New Jobs (for a total of 628 Qualified New Jobs) above the
Base Employment Level, by no later than September 30,
2020.

Disbursement Milestone 9: Up to $575,000
Upon completion of Disbursement Milestone 1
Disbursement Milestone 2, Disbursement Milestone 3,
Disbursement Milestone 4, Disbursement Milestone 5,
Disbursement Milestone 6, Disbursement Milestone 7, and
Disbursement Milestone 8, and upon demonstrated
creation of 76 additional Qualified New Jobs (for a total of
704 Qualified New Jobs) above the Base Employment
Level, by no later than September 30, 2021.

Term of Agreement:

Execution of Agreement to September 30, 2023

Any final MBDP Incentive Amendment is contingent upon several factors, including: (i) submission by the Company
of a completed amendment application and all other documentation required under the MBDP (ii) satisfactory
municipality support, if applicable, as set forth on the first page of this Term Sheet (iii) available MSF funding (iv)
completion of financial review, business integrity review, required background checks, and other business and
legal review and due diligence as required, and the results of which must be satisfactory to the MEDC, the MSF,
and as applicable, the Chief Compliance Officer, (v)
approval of an award by the MSF, and (vi) execution of a final Amendment containing mutually agreed upon the established milestones, repayment terms, reporting requirements, and all other detailed terms and conditions. This Term Sheet does not create rights in favor of either party with respect to the proposed Amendment. The obligations of the parties to consummate the Amendment contemplated hereby shall be subject in all respects to the negotiation, execution and delivery of the Amendment by each party.

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award Amendment for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by April 13, 2017 the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

Jackson National Life Insurance Company
By: [Signature]
Printed Name: [Signature]
Its: AVP, Gov’t Relations
Dated: 4/13/17

Michigan Economic Development Corporation
By: [Signature]
Printed Name: [Signature]
Dated: 4/13/17

Jackson National Life Insurance
MEMORANDUM

Date: April 25, 2017

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

From: Trevor Friedeberg, Senior Business Development Project Manager

Subject: Carhartt, Inc. (“Company” or “Applicant”) Second Amendment to Approved Michigan Business Development Program Grant Agreement

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**Request**
The Company is requesting to have employees at Carhartt Retail, LLC be included for purposes of the Base Employment Level.

**Background**
The Company intended for employees working under Carhartt Retail, LLC, who are working at the project side by side with Carhartt, Inc. employees, be included as part of the Base Employment Level when originally applying for the grant. However, this entity did not end up being included in the final agreement. There are approximately 14 employees working at Carhartt Retail, LLC, which are being requested to be included as part of the Base Employment Level.

On September 22, 2015 the Michigan Strategic Fund approved a $1,350,000 award for Carhartt, Inc. under the Michigan Business Development Program (“MBDP”). The Company proposed to expand its headquarter operations in the City of Dearborn which would result in the creation of 215 Qualified New Jobs and over $18 million in capital investment.

On September 27, 2016 the grant was amended to reduce the total amount from $1,350,000 to $625,000 and also reduce the job creation from 215 to 100 Qualified New Jobs.

The Company is on track with the project and will qualify for disbursement of milestone one of the MBDP Grant if this amendment is approved.

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

a) Amend the September 22, 2015 approval, as amended, to include Carhartt Retail, LLC as part of the Base Employment Level;

b) All other aspects of the approval remain unchanged.
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 approved a $1,350,000 Michigan Business Development Program Performance based grant on September 22, 2015 to expand its headquarter operations in the City of Dearborn which would result in the creation of 215 Qualified New Jobs and over $18 million in capital investment (the “Project”);

WHEREAS, the MSF approved an amendment to the Michigan Business Development Program Performance based grant on September 27, 2016 to reduce the total grant award to $625,000 to reflect reduced job projections from 215 to 100 Qualified New Jobs;

WHEREAS, the Company requests that the Michigan Business Development Program performance based grant be amended and revised to include Carhartt Retail, LLC for purposes of the Base Employment Level (“Amendment”);

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

Ayes:

Nays:

Recused:

Lansing, Michigan
April 25, 2017
MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant Amendment - Term Sheet

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

Date: September 14, 2016

Company Name: Carhartt, Inc. ("Company" or "Applicant")

Company Address: 5750 Mercury Drive
Dearborn, MI 48126

Project Address ("Project"): 5750, 5800, and 5900 Mercury Drive
Dearborn, MI 48126

MBDP Incentive Type: Performance Based Grant

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

- Maximum Amount of MBDP Incentive: Up to $1,350,000 ("MBDP Incentive Award")
- Base Employment Level 462
- Total Qualified New Job Creation: 215
  (above Base Employment Level)
- Company Investment: $18,596,000 in leasehold improvements, annual lease costs, furniture and fixtures, computers and technology including hardware and software or any combination thereof, for the Project.
- Municipality supporting the Project: City of Dearborn committed to provide an 8 year tax abatement on real and/or personal property.

- Disbursement Milestones: The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award are outlined in Exhibit B of the Agreement, and include:
  - Disbursement Milestone 1: Up to $450,000
    Upon demonstrated creation of 70 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than September 30, 2016.
  - Disbursement Milestone 2: Up to $450,000
    Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 70 additional Qualified New Jobs (for a total of 140 Qualified New Jobs) above the Base Employment Level, by no later than September 30, 2017.

PURE MICHIGAN

300 North Washington Square | Lansing, MI 48913 | 888.522.0103 | michiganbusiness.org | michigan.org
o Disbursement Milestone 3: Up to $450,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 75 additional Qualified New Jobs (for a total of 215 Qualified New Jobs) above the Base Employment Level, by no later than September 30, 2018

• Term of Agreement: Execution of Agreement to September 30, 2020

Proposed MBDP Incentive Amendment:

• Maximum Amount of MBDP Incentive: Up to $625,000(“MBDP Incentive Award”)

• Total Qualified New Job Creation: Increase the Qualified New Job Creation from 215 to 100

(above Base Employment Level)

• Disbursement Milestones: The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award will be amended as follows:

  o Disbursement Milestone 1: Up to $156,250 Upon demonstrated creation of 25 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than September 30, 2016.

  o Disbursement Milestone 2: Up to $156,250 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 25 additional Qualified New Jobs (for a total of 50 Qualified New Jobs) above the Base Employment Level, by no later than September 30, 2017.

  o Disbursement Milestone 3: Up to $156,250 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 25 additional Qualified New Jobs (for a total of 75 Qualified New Jobs) above the Base Employment Level, by no later than September 30, 2018.

  o Disbursement Milestone 4: Up to $156,250 Upon completion of Disbursement Milestone 1 Disbursement Milestone 2, and Disbursement Milestone 3, and upon demonstrated creation of 25 additional Qualified New Jobs (for a total of 100 Qualified New Jobs) above the Base Employment Level, by no later than September 30, 2019.

• Term of Agreement: Execution of Agreement to September 30, 2021

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP
Incentive Award Amendment for the Company along the above parameters, please sign and date this
Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by September 15,
2016 the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

Carhartt, Inc.
By: [Signature]
Printed Name: Susan M. Telang
Its: [Position]
Dated: 9-15-16

Michigan Economic Development Corporation
By: [Signature]
Printed Name: Trevor Friedenberg
Its: [Position]
Dated: 9/15/2016
MEMORANDUM

Date:        April 25, 2017
To:          Michigan Strategic Fund ("MSF") Board Members
From:        Marcia Gebarowski, Senior Business Development Project Manager
Subject:     Challenge Mfg Company, LLC ("Company" or "Applicant")

Amendment to Approved Michigan Business Development Program Agreement

Request
Challenge Mfg. Company, LLC is requesting an amendment to their MBDP grant agreement to edit the defined project address and to extend certain milestone due dates.

Background
On May 27, 2014, the Michigan Strategic Fund (MSF) approved a MBDP performance-based grant in the amount of $2,500,000 for the Company to create 450 new jobs in the City of Pontiac. The Company proposed to construct a new automotive component manufacturing facility, committing to an investment of $50 million. The city of Pontiac committed to provide a property tax abatement and brownfield TIF reimbursement in support of the project.

On December 15, 2015, the MSF approved an amendment to the Company’s agreement to lower their statewide base employment, as well as reduce the value of the BDP from $2,500,000 to $2,238,000.

The Company provided the project address of 2100 S. Odyke Rd, Pontiac Michigan in their application for incentives. After the building was constructed, a new address was required because their entrance is on Centerpoint Parkway and not Opdyke. The project address in the agreement is not accurate and requires the amendment so the Company can be in compliance with the agreement.

Additionally, Challenge is requesting an amendment to the disbursement schedule on their remaining three milestones. There will be a temporary lay-off for 10 weeks for some employees at the project associated with the planned temporary shutdown at the GM Detroit-Hamtramck assembly plant in an effort to control inventory. This temporary layoff will impact their third milestone and also create a residual impact on their fourth and fifth milestones as well.

Recommendation
MEDC Staff recommends the following (collectively, “Recommendation”):
1. Approve the amended term sheet attached;
2. All other aspects of the approval remain unchanged.
MICHIGAN STRATEGIC FUND

RESOLUTION 2017-

APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO

CHALLENGE MFG. COMPANY 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 $2,500,000 Michigan Business Development Program Performance based grant on May 27, 2014 for the construction of a new automotive component manufacturing facility in the city of Pontiac (the “Project”);

WHEREAS, the MSF Board approved an amendment to the grant to reduce the amount to $2,238,000, to reduce the statewide base employment, and to extend certain milestone due dates (“Amendment One”);

WHEREAS, the Company requests that the Michigan Business Development Program performance based grant be amended to recognize the proper Project location, and to extend certain disbursement milestones related to the project (“Amendment Two”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
April 25, 2017
MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant Amendment - Term Sheet

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

Date: April 6, 2017

Company Name: Challenge Mfg Company, LLC. ("Company" or "Applicant")

Company Address: 3079 Three Mile Road NW
Walker, Michigan 49534

Project Address ("Project"): 2100 S. Opdyke Road
Pontiac, Michigan 48341

MBDP Incentive Type: Performance Based Grant

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

- Maximum Amount of MBDP Incentive: Up to $2,238,000 ("MBDP Incentive Award")
- Base Employment Level: 1,805
- Total Qualified New Job Creation: 450
- (above Base Employment Level)
- Company Investment: $50,000,000 land costs, building new construction, machinery and equipment, furniture and fixtures, computers, or any combination thereof, for the Project.
- Municipality supporting the Project: City of Pontiac the city committed to provide a resolution of concurrence related to a brownfield workplan or approval of a property tax abatement related to the project.

Disbursement Milestones: The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award are outlined in Exhibit B of the Agreement, and include:

- Disbursement Milestone 1: Up to $550,000 Upon demonstrated creation of 100 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than March 31, 2016
Disbursement Milestone 2: Up to $850,000
Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 150 additional Qualified New Jobs (for a total of 250 Qualified New Jobs) above the Base Employment Level, by no later than January 31, 2017.

Disbursement Milestone 3: Up to $410,000
Upon completion of Disbursement Milestone 2 and Disbursement Milestone 2, and upon demonstrated creation of 75 additional Qualified New Jobs (for a total of 325 Qualified New Jobs) above the Base Employment Level, by no later than June 30, 2017.

Disbursement Milestone 4: Up to $350,000
Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, Milestone 3, and upon demonstrated creation of 75 additional Qualified New Jobs (for a total of 400 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2017.

Disbursement Milestone 5: Up to 78,000
Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, Milestone 3, Milestone 4 and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of 450 Qualified New Jobs) above the Base Employment Level, by no later than June 30, 2018.

Term of Agreement: Execution of Agreement to June 30, 2020

Proposed MBDP Incentive Amendment:

Project Address ("Project"): City of Pontiac

Disbursement Milestones: The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award will be amended as follows:

Disbursement Milestone 1: Up to $550,000
Upon demonstrated creation of 100 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than March 31, 2016.

Disbursement Milestone 2: Up to $850,000
Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 150 additional Qualified New Jobs (for a total of 250 Qualified New Jobs) above the Base Employment Level, by no later than January 31, 2017.

Disbursement Milestone 3: Up to $410,000
Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 75 additional Qualified New Jobs (for a total of 325 Qualified New Jobs) above the Base Employment Level, by no later than June 30, 2018.
o Disbursement Milestone 4: Up to $350,000
   Upon completion of Disbursement Milestone 1 and
   Disbursement Milestone 2, Milestone 3, and upon
   demonstrated creation of 75 additional Qualified New Jobs
   (for a total of 400 Qualified New Jobs) above the Base
   Employment Level, by no later than December 31, 2018

o Disbursement Milestone 5: Up to $78,000
   Upon completion of Disbursement Milestone 1 and
   Disbursement Milestone 2, Milestone 3, and upon
   demonstrated creation of 50 additional Qualified New Jobs
   (for a total of 450 Qualified New Jobs) above the Base
   Employment Level, by no later than June 30, 2019

o Term of Agreement: Execution of Agreement to December 31, 2019

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive
Award Amendment for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC
does not receive the signed Term Sheet from the Company by April 20, the MEDC may not be able to proceed with
any recommendation to the MSF.

Acknowledged as received by:

Challenge Mfg Company, LLC
By: [Signature]
Printed Name: Douglas N. Bradley
Its: Vice President - Administration
Dated: April 20, 2017

Michigan Economic Development Corporation
By: [Signature]
Printed Name: [Signature]
Its: [Signature]
Dated: [Signature]
MEMORANDUM

Date: April 25, 2017

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

From: Eric Shreffler, Managing Director, Automotive Office

Subject: Investment Fund Award to Willow Run Arsenal of Democracy Landholdings Limited Partnership and Limited Partnership Amendment

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Request

This is a request for approval for up to an additional $15 million from the Investment Fund to the Willow Run Arsenal of Democracy Landholdings Limited Partnership (WRAD) as an equity investment to facilitate development and operations toward completion of Phase 1A activities of the American Center for Mobility’s (ACM) Connected and Automated Vehicle (CAV) test facility at Willow Run (“Project”).

Background/Status

In March 2016, the MSF Board approved an initial $3 million for start-up costs and expenses for the Project. In July 2016, the MSF Board approved an additional $17 million equity investment into WRAD for the purpose of completing funding for the acquisition of the Willow Run real estate, including all necessary due diligence, support for ongoing operational costs for WRAD and ACM, site design preparation costs and expenses, and to commence detailed plans for construction and operations for the build-out of the Project for high-speed testing. Current funding is allocated into tranches, with disbursement based on the achievement of Project milestones.

Several major developments have occurred since the July 2016 MSF Board meeting and are highlighted below, but most relevant is the increased global competition that has emerged over the past 12 months. Additional investments in China, Korea, and the UK have made it imperative to continue to support ACM in its efforts to begin the construction build-out and to succeed with the Project.

Additional major developments include:

1) WRAD closed on its purchase of property in November 2016, and simultaneously transferred possession of the property to ACM’s under a ground lease.
2) WRAD and ACM have successfully entered into a Comprehensive Development Agreement with Ypsilanti Township, and an MOU with the Washtenaw County Water Resource Commission (“WCWRC”), and secured a Renaissance Zone designation for the Project.
3) ACM held a groundbreaking ceremony in November 2016, a few weeks after the closing.
4) WRAD and ACM have received the environmental liability protections afforded by a Prospective Purchaser Agreement and Comfort Letter from the federal EPA, as well as BEAs from MDEQ, and continue to develop their respective Due Care Plans.
5) MDOT is providing over $17 million in support arising out of infrastructure improvements for the high speed loop, and will begin construction of portions of US-12, Wiard Road and Airport Road adjacent to the WRAD real estate in the coming weeks.
6) WRAD and ACM have successfully worked with MDOT, and the Washtenaw County Road Commission and the US Federal Highway Administration to secure licenses and
rights with respect to the MDOT and WCRC adjacent roadways to be integrated into the Project.

7) WRAD, ACM, RACER, YAM, WCWRC, Ypsilanti Township, MDOT, MDEQ, Ypsilanti Community Utilities Authority (“YCUA”), WCAA, and other local and state resources continue to tirelessly work together to best position the Project for success, including coordinating engineers, environmental experts and other professionals to achieve necessary easements, design, permit and other approvals for the new groundwater and stormwater systems, and construction plans for the Project.

8) Ypsilanti Township and YCUA are almost finished with the lowering of Tyler Pond in support of water discharge plans for the Project.

9) ACM secured a $4M investment from AT&T to establish a unique 5G network on the test site, a first globally.

10) ACM was awarded a federal designation by the US Department of Transportation recognizing it as a federally recognized test center for mobility. The designation should position the center to compete for federal funding.

11) Senators Stabenow and Peters have proposed a $200M budget to support the USDOT mobility test centers.

12) The MEDC Executive Committee will vote on providing up to $15M to ACM from MEDC’s corporate budget to support the Project and encourage both public and private investment.

13) President Trump and members of his White House staff toured ACM in March 2017 and were provided with a briefing on plans and the need for support.

14) ACM is in process of processing final bid packages for its planned construction activities for Phase 1A to begin testing operations by Q4 2017.

Attached as Exhibit A is a summary of the contemplated plans for the construction activities for Phase 1A provided to the MEDC by ACM.

The request for additional funds from the Investment Fund will provide additional capital for Project activities toward completion of Phase 1A, while ACM also works to secure additional investment through public and private investors.

**Recommendation**

MEDC Staff recommends approval of the additional $15 million funding from the Investment Fund and for the Project on terms and conditions more fully set forth in the proposed Resolution.
EXHIBIT A

April 2017

ACM Phase 1A construction Narrative

ACM is progressing through Phase 1A construction activity which consists of five separate projects. Four of the projects will be constructed by ACM and the fifth project will be constructed by RACER. These collective projects have been determined as a base need necessary to open the facility by the target date of December 1, 2017.

Project #1 - Highway Speed Loop Construction
This first component of the overall test facility construction will establish the 2.3 mile Highway Speed Loop. Elements of the Highway Speed Loop project include:
- Test Roadway elements
- 700 ft curved tunnel
- Full size Freeway interchange with two span Bridge Structure and three ramp roadways
- Intelligent Transportation System (ITS) testing support network
- Temporary Test Facility Control Center
- Security and confidentiality fencing and landscaping around the entire facility.
- Driveways and parking lots for the operations and garage/vehicle laboratories.

This project will be constructed on the acquired WRAD property and extend into the Licensed MDOT property of US-12 and Licensed Washtenaw County Road Commission property of Wiard Road and Airport Drive.

Project #2 - Campus Utility / Gateway
This project will accomplish the installation of the primary utility systems necessary to support the future operations facilities and the build out of the proposed campus (Tech Park) area. These utilities include water main and sanitary systems as well as establishing a reserved utility corridor for natural gas, cable, electrical and other future utility needs. Within the design of this project ACM will also develop plans and concepts for roadway layouts, landscaping and other gateway features.

Project #3 – Electrical Power Supply Conversion
A DTE electric substation exists adjacent to the acquired WRAD property which had provided power to service the old plant building and all related facilities. This project will accomplish the conversion of this substation as necessary to provide the reduced power needs of the test facility as well as provide for the future electric needs of the operations facilities and campus (Tech Park). The project includes the repurposing of existing electrical equipment, installing step down transformers to convert the power supply from the levels fed to the site to the future ACM power needs and update the entire system to current electrical code requirements.

Project #4 – Operations Building work
This project consists of rehabilitation work of the existing Maintenance Building, construction of a block of new garage/vehicle laboratories and a new security gatehouse.
Maintenance Building – this rehabilitation work includes general clean-up and the preparatory work to allow for the installation of the temporary test facility control center. The work will also include repairing and updating the building exterior, as well as updating and bringing up to code the internal fire suppression system, electrical system, and HVAC system. In addition, the restrooms will be updated and brought up to code and ADA requirements.
Garage/Vehicle laboratories – ACM will be constructing the first of a series of garage/laboratory blocks with this project. These will be designed and constructed as model garage facilities that will be duplicated in the future as more physical garage space is needed. These structures will provide for short term garage rentals for testers to bring their vehicle to the test facility and install equipment. Garages will include space to work on vehicles, short term material storage, restrooms and a small conference room.

Security Gatehouse – A small security gatehouse will be provided which will allow for secured facility access control. This structure will be located at the electric security gate on the main operations driveway off Airport Drive.

Project #5 – Storm Water Facilities (RACER Trust)
This project will accomplish the installation of storm water facilities necessary to manage site storm water, provide for a first flush filtering and outlet into the Tyler Pond. This work is being designed and constructed by RACER Trust as part of their site remediation responsibilities.

Elements of the construction include:

- East Side Drain – construction of an underground storm water drain system managing surface storm water from north of the YAM building. The system runs along the east side of the YAM property, then along the southern YAM property and outletting into the diversion chamber near the storm water storage tanks.
- Surface channels – construction of storm water surface channels necessary to receive water from the WRAD and YAM properties and direct into the First Flush Basin in the campus (Tech Park) area.
- First Flush Basin and outlet to County Drain System – construction of a first flush basin (retention basin) necessary to hold surface storm water, allow for water filtering prior to outlet to the County Drain system. Included in this work will be a connection to an existing 84” storm drain which ultimately empties in the Tyler Pond south of Airport Drive.
WHEREAS, the Michigan legislature enacted the Michigan Strategic Fund Act, MCL 125.2001 et. seq., to enable the Michigan Strategic Fund (“MSF”) to provide incentives in the form of grants, loans and other economic assistance for the development and improvement of Michigan’s economy;

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

WHEREAS, as part of the 21st Century Jobs Trust Fund initiative, and pursuant to MCL125.2088h(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 investments;

WHEREAS, on March 22, 2016, by Resolution 2016-026, the MSF approved the MSF’s participation as a senior Class A limited partner in the Willow Run Arsenal of Democracy Landholdings Limited Partnership (“WRAD”);

WHEREAS, WRAD was formed for the purpose of acquiring the former Willow Run Powertrain Plant real estate parcels in Ypsilanti, Michigan (“Real Estate”), with a view toward facilitating the ultimate re-development and operation of the Real Estate and surrounding area and roads and for connected and automated vehicle technology, research, validation and testing facilities (collectively, the “Project”);

WHEREAS, on March 22, 2016, by Resolution 2016-026, the MSF approved an initial grant (up to $2,999,900) and equity investment (up to $100), for a total of $3 million for start-up costs and expenses for the Project;

WHEREAS, on July 26, 2016, by Resolution 2016-122, the MSF approved an additional MSF equity investment into WRAD for the Project of up to an additional $17 million for activities arising out of the Project;
WHEREAS, on September 1, 2016, the MSF entered into the First Amended and Restated Limited Partnership Agreement of WRAD ("LPA") memorializing the MSF’s aggregate total commitment to the Project of up to $20 million;

WHEREAS, effective November 4, 2016, WRAD closed on the purchase of the Real Estate and entered into a Ground Lease with the American Center for Mobility ("ACM") for ACM’s redevelopment and operation of the Project;

WHEREAS, WRAD has requested an additional equity investment by the MSF in WRAD of up to an additional $15 million from the Investment Fund ("Investment Award") along with other general terms and conditions outlined in the attached Exhibit A ("Term Sheet") to continue support for WRAD’s and ACM’s activities for the Project (collectively, “Award Request”);

WHEREAS, the MEDC recommends that the MSF approve funding of up to $15 million from the Investment Fund to fund the Investment Award ("Funding");

WHEREAS, the MEDC recommends that the MSF approve the Award Request in accordance with the Term Sheet, subject to: (i) available Funding and (ii) final due diligence performed to the satisfaction of the MEDC ("Award Recommendation”).

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

BE IT FURTHER RESOLVED, the MSF Board approves the Award Recommendation; and

BE IT FURTHER RESOLVED, the MSF Board approves the MSF President to negotiate the final terms and conditions of the Award Request, and amendments to the LPA and other ancillary documents to memorialize the entirety of the up to $35 million MSF commitment to WRAD; approves the MSF President or the MSF Fund Manager to sign all documents necessary to effectuate the foregoing; and approves the MSF President or the MSF Fund Manager to further approve disbursement milestones, repayment and other terms and conditions that are deemed necessary and appropriate from time to time to adapt to WRAD and Project needs, so long as such terms and conditions continue to include disbursement milestones and repayment terms.

Ayes:

Nays:

Recused:

Lansing, Michigan
April 25, 2017
EXHIBIT A

Awardee Name: Willow Run Arsenal of Democracy Landholdings Limited Partnership Lansing, Michigan (“WRAD”)

General Partner: Willow Run Land Management Services, a non-profit directorship-based entity; contributing management services to the LP (administrative service contracts with third parties shall be permitted)

Limited Partner: MSF as a senior, Class A limited partner, and/other limited partners as available and agreed upon

Project: The former Willow Run Powertrain Plant and surrounding areas and roads, Ypsilanti, Michigan

Investment Award Amount: Up to a total of an additional $15 million equity investment in WRAD (together with the previous MSF awards, the total MSF commitment to the Project is up to a total of $35 million)

All MSF funds anticipated to be called by WRAD under the LPA and used for:

(1) WRAD disbursement requests for payment of fees, costs and expenses of WRAD and its General Partner, including without limitation, to pay legal, environmental, consultant, and other Project related contracts; and

(2) WRAD disbursement requests to fund WRAD advances to ACM pursuant to an Investment Agreement (as amended from time to time) between WRAD and ACM, upon achievement of performance based milestones supporting ACM’s activities arising out of development and operation of the Project.

Repayment Terms: ACM shall be required to repay WRAD the total amount of up to $35 million, plus interest, based upon the amount of the MSF funds actually disbursed by the MSF for the Project. The MSF shall be entitled to distributions from WRAD consistent with the MSF as a senior, Class A limited partner in WRAD.

Other Matters to be included:
Amendments to the LPA to, among other things, memorialize the entirety of up to the $35 million MSF commitment to WRAD, as well as to maintain the requirement of distributions from WRAD to the MSF consistent with MSF as a senior, Class A limited partner.

Other ancillary documents that may be required to effectuate the Award Recommendation and the total of up to the $35 million MSF commitment to WRAD.
MEMORANDUM

Date:        April 25, 2017

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

From:        Marcia Gebarowski, Senior Business Development Project Manager

Subject:     US Farathane Port Huron, LLC (“Company” or “Applicant”)
              Michigan Business Development Program Performance-based Grant Request

Summary
This is a request on behalf of the Company for a $2,300,000 Performance-based grant. This project involves
the creation of 205 Qualified New Jobs, and a capital investment of up to $15,065,000 in the City of Port
Huron, St. Clair County.

US Farathane, LLC (USF) has been awarded several new contracts to manufacture interior and under hood
components. USF, a private equity owned company, has manufacturing operations in Mexico, China,
Missouri, Tennessee, Texas, and Michigan. The company’s operations in Michigan are at-capacity and
additional space would be required to accommodate new work. A new leased facility and required
leasehold improvements create a cost disadvantage for Michigan.

Background
US Farathane Port Huron, LLC is a subsidiary of USF, which is a supplier to the automotive industry
including OEM's and tier 1 suppliers. USF offers design, engineering, and manufacturing and quality
control capabilities and has manufacturing capabilities around the globe. It utilizes a variety of custom and
standard materials in the processes, such as conventional injection molding, two shot molding, automated
assembly methods and more. USF provides a variety of full service support ranging from black box design
concepts to highly engineered composites. USF is owned the private-equity firm Gores Group.

US Farathane Port Huron, LLC has not received any incentives from the MSF in the past. US Farathane,
LLC has an existing MEGA credit for 789 new jobs which expires on 12/31/2017.

US Farathane Port Huron will lease an additional 40,000 - 100,000 square foot facility in Port Huron and
move warehousing, assembly, and shipping out of their current facility into this new building. The
Company’s current facility will require leasehold improvements including the addition of an overhead
crane, but will have the floor space available to install the additional equipment to support the new work.

The MEDC legal unit has completed a civil and criminal background check for the entity and individuals
related to this project.
**Considerations**

a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(7)(b), that is located and operates in Michigan.

b) The project will be located in the City of Port Huron. The city has offered a “staff, financial, or economic commitment to the project” in the form of marketing and promotional assistance, and/or use of public facilities related to the project.

c) The Applicant has demonstrated a need for the funding. The Company has sister operations throughout the US and Mexico where the newly acquired work can be housed without the cost of expanding the operational footprint. US Farathane Port Huron will require a second facility and the cost of leasehold improvements at the new facility as well as their current facility to accommodate the new work.

d) The Applicant plans to create 205 Qualified New Jobs above a project base employment level of 288.

e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: The project involves out-of-state competition with the existing operations the Company’s parent has in Tennessee, Texas, Missouri and Mexico; has a net positive return to Michigan based on the direct and indirect job creation and committed investment; shovel-ready project with the support of the MSF, the Company anticipates beginning the expanded operations in 2017; the Company will reuse their existing facility as well as put an existing vacant facility into use; the Company also anticipates that jobs and investment will begin in Q2 of 2017; the average wage of the new jobs exceeds county average as well as BDP targets.

**Recommendation**

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

a) Approval of the MBDP Proposal as outlined in the attached term sheet (collectively, “MBDP Proposal”);

b) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing (“Available Funding”), satisfactory completion of due diligence (collectively, “Due Diligence”), finalization of all MBDP transaction documents; and

c) Commitment will remain valid for 120 days with approval for the MSF Fund Manager to extend the commitment an additional 60 days.
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, US Farathane Port Huron LLC (“Company”) has requested a performance based MBDP grant of up to $2,300,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

WHEREAS, the MEDC recommends that the MSF Board 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:

Nays:

Recused:

Lansing, Michigan
April 25, 2017
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, 2017

Company Name: US Farathane Port Huron, LLC and/or its affiliates and subsidiaries.

Project Location: City of Port Huron

MBDP Incentive Type: Performance-based Grant

Maximum Amount of MBDP Incentive: Up to $2,300,000

Base Employment Level: At least 288 in the City of Port Huron

Qualified New Jobs: At least 205 in the City of Port Huron

Municipality Supporting Project: The city of Port Huron has agreed 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: 6 months after projected final milestone due date

Milestone Based Incentive: Disbursements will be made over a 4 year period and will be performance based on job creation as follows:

- Milestone 1: $800,000 for the creation of 75 jobs.
- Milestone 2: $800,000 for the creation of 75 additional jobs.
- Milestone 3: $700,000 for the creation of 55 additional jobs.

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

Acknowledged as received by:

US Farathane Port Huron, LLC

By: [Signature]
Printed Name: [Name]
Its: [Title]

Michigan Economic Development Corporation

By: [Signature]
Printed Name: Marcia Gebarowski
Its: Senior BDPM

US Farathane Port Huron, LLC
MEMORANDUM

Date: April 25, 2017

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

From: Marcia Gebarowski, Senior Business Development Project Manager

Subject: USF Delta Tooling, LLC (“Company” or “Applicant”)  
Michigan Business Development Program Performance-based Grant Request

Summary
This is a request on behalf of the Company for a $600,000 Performance-based grant. This project involves the creation of 68 Qualified New Jobs, and a capital investment of up to $14,000,000 in the City of Auburn Hills, Oakland County.

US Farathane, LLC is the parent to USF Delta Tooling LLC (“Delta Technologies”). US Farathane is planning to acquire a tooling company to incorporate into their operation that will grow the company vertically as well as expand their customer base. US Farathane, has facilities in Michigan, Mexico, Missouri, Tennessee, Texas and China, where a similar acquisition can be made and incorporated into any one of their existing locations. Without assistance, US Farathane has the opportunity to acquire a Michigan-based company and relocate the business into any one of the other US Farathane facilities in North America.

Background
Delta Technologies is a subsidiary of USF, which is a supplier to the automotive industry including OEM's and tier 1 suppliers. USF offers design, engineering, and manufacturing and quality control capabilities and has manufacturing capabilities around the globe. It utilizes a variety of custom and standard materials in the processes, such as conventional injection molding, two shot molding, automated assembly methods and more. USF provides a variety of full service support ranging from black box design concepts to highly engineered composites. USF is owned the private-equity firm Gores Group.

The Company has not received any incentives from the MSF in the past. US Farathane, LLC has a MEGA credit for 789 new jobs through 12/31/2017.

The Company will acquire an existing Michigan-based tooling company and incorporate the business and the employees of the target company into their operations in Auburn Hills, and some transferring to other USF facilities in Michigan. The Company will add jobs in Auburn Hills to support the added capabilities they will have as a result of this acquisition.

The MEDC legal unit has completed a civil and criminal background check for the entity and individuals related to this project.
**Considerations**

a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(7)(b), that is located and operates in Michigan.

b) The project will be located in the city of Auburn Hills. The city has offered a “staff, financial, or economic commitment to the project” in the form of marketing & promotional assistance, and/or staff time related to the project.

c) The Applicant has demonstrated a need for the funding. US Farathane, the parent company, has the option to acquire a company in any of the multiple regions where they have existing facilities to incorporate this planned integration of new capabilities. Without assistance, US Farathane also evaluated relocating the business and jobs of a Michigan-based company to another USF facility in North America.

d) The Applicant plans to create 68 Qualified New Jobs above a project base employment level of 796.

e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: The Company indicates this growth can occur at any US Farathane facility in North America, or to have Michigan business relocated to another facility in North America; the project will have a net positive return to Michigan as a result of the indirect job creation; the project will result in high paying jobs with employer-paid benefits; the project will begin in Q2 of 2017 with MSF support

**Recommendation**

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

a) Approval of the MBDP Proposal as outlined in the attached term sheet (collectively, “MBDP Proposal”);

b) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing (“Available Funding”), satisfactory completion of due diligence (collectively, “Due Diligence”), finalization of all MBDP transaction documents; and

c) Commitment will remain valid for 120 days with approval for the MSF Fund Manager to extend the commitment an additional 60 days.
MICHIGAN STRATEGIC FUND

RESOLUTION 2017-

APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
USF DELTA TOOLING 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, USF Delta Tooling, LLC (“Company”) has requested a performance based MBDP grant of up to $600,000 (“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 Board 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: 
Nays: 
Recused:

Lansing, Michigan 
April 25, 2017
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, 2017

Company Name: USF Delta Tooling, LLC and/or its affiliates and subsidiaries.

Project Location: City of Auburn Hills

MBDP Incentive Type: Performance-based Grant

Maximum Amount of MBDP Incentive: Up to $600,000

Base Employment Level: At least 796 in the City of Auburn Hills

Qualified New Jobs: At least 68 in the City of Auburn Hills

Municipality Supporting Project: The city of Auburn Hills has agreed to provide staff, financial or economic assistance in support of the project.

Start Date for Measurement of Creation of Qualified New Jobs: Date of Accepted Offer Letter (February 17, 2017)

Term of the Agreement: 6 months after projected final milestone due date

Milestone Based Incentive: Disbursements will be made over a 3 year period and will be performance based on job creation as follows:

   Milestone 1: $130,000 for the creation of 15 jobs.
   Milestone 2: $220,000 for the creation of 25 additional jobs.
   Milestone 3: $250,000 for the creation of 28 additional jobs.

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

Acknowledged as received by:

USF Delta Tooling, LLC

By: [Signature]

Printed Name: Jim Gregory

Its: CFO

Michigan Economic Development Corporation

By: [Signature]

Printed Name: Marcia Gebarowski

Its: Senior BDPM

USF Delta Tooling, LLC
MEMORANDUM

Date: April 25, 2017

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

From: Stacy Bowerman, Senior Project Manager, Development Finance Manager

Subject: The Dow Chemical Company (“Company”)
MEGA Tax Credit Amendment
Renewable Energy Renaissance Zone Revocation

REQUEST
This is a request from the Company for an amendment to its existing MEGA Tax Credit and a revocation of its existing Renewable Energy Renaissance Zone to support the Company’s Michigan Transformation Project. The Company plans to invest an additional $400 million over the next ten years to support the transformation of Michigan operations.

The Company has demonstrated a need for the amendment. As the Company consolidates and grows, the Company is and will continue to evaluate locations throughout the United States and globally to determine the most financially viable options. The MEGA Tax Credit will not only help secure existing workforce, but will also support the Company’s future growth and allow the Company to attract jobs into Michigan from its global business units. The amendment and revocation are necessary to accurately reflect the current and expected legal entity structure and business operations.

BACKGROUND
The Company, founded in 1897, is the largest chemical company in the United States, delivering a broad range of technology-based products and solutions to customers in 175 countries and in high-growth sectors such as packaging, infrastructure, transportation, consumer care, electronics, and agriculture. The Company is headquartered in Midland and has over 7,000 employees in Michigan. The Company has recently embarked on a significant transformational transaction resulting in the Company becoming sole owner of Dow Corning Corporation, effective as of June 1, 2016. Dow Corning Corporation, established in 1943, is a global leader in silicon-based technology and innovation.

In 2010, the Michigan Economic Growth Authority (MEGA) Board approved the following incentives to support two phases of solar shingle manufacturing:

- MEGA Tax Credit: 15-year, 100% credit for up 1,700 new jobs, effective until December 31, 2025
- Photovoltaic Credit: $15 million credit for the creation of 500 new jobs and $50 million of Eligible Investment, effective until December 31, 2016
- Renewable Energy Renaissance Zone: 15-year zone, effective until December 31, 2025
- Large Brownfield MBT Credits: Two Large Brownfield MBT Credits valued at $10 million for each credit, effective until September 14, 2020

The project was anticipated to result in the construction of a new manufacturing facility and the creation of 635 new jobs related to solar shingle manufacturing and 1,700 new jobs company-wide. The Company
completed construction of phase one of the facility, but has not met the job creation requirements prior its
decision to cease solar shingle manufacturing, due to changing market conditions. To date, the Company
collected one Brownfield MBT Credit valued at $10 million, five years of the Renewable Energy
Renaissance Zone and four years of MEGA Tax Credit.

PROJECT DESCRIPTION
The Company anticipates investing an additional $400 million over the next ten years as it consolidates
operations and integrates Dow Corning Corporation (the “Michigan Transformation Project”). The
Company has ceased the manufacture of building-integrated solar modules. The Company and Dow
Corning Corporation have vast operations and assets with key specialties across the United States and
globally. As the companies consolidate and grow, the Company is evaluating the extent and scope of
reinvestment and asset deployment across companies’ portfolios. All aspects of the Michigan business case,
including operating costs, wage competitiveness and state and local incentives are being evaluated. The
continuation of the MEGA Tax Credit is a critical factor to ensure job retention, in addition to supporting
the Company’s long term growth plans in Michigan.

AMENDMENT SUMMARY
In order for the Company to continue to collect under the MEGA Tax Credit and to accurately reflect the
legal structure and business operations, the following amendments are necessary:

• Amend the definition of Subsidiary Business to include Dow Corning Corporation for job creation
  and base employment and remove Agrigenetics, Inc. and Dow AgroSciences, LLC
• Modify the required job creation timing by removing the requirement that 1,700 jobs be created
  and maintained by the end of the 12th year of the credit to allow the company to create qualified
  new jobs over the full 15 years of the agreement.
• Remove the current Project Description in its entirety and replace it with “the Company plans to
  invest $400 million in order to support the transformation of Michigan operations over the next 10
  years, including but not limited to the future of the material science business.

Additionally, as a result of the Company’s decision to cease the manufacture of building-integrated solar
modules, the Company does not meet the Renewable Energy Facility definition. Therefore, the Company
is requesting, and staff is supporting, a mutual revocation of its Agreement.

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

A. MEGA Tax Credit (#623) Amendment, effective as of January 1, 2016:
   1. Amend the definition of Subsidiary Business to include Dow Corning Corporation for job
      creation and base employment and remove Agrigenetics, Inc. and Dow AgroSciences, LLC;
   2. Modify the required job creation timing by removing the requirement that 1,700 jobs be
      created and maintained by the end of the 12th year of the credit to allow the company to
      create qualified new jobs over the full 15 years of the agreement;
   3. Remove the current Project Description in its entirety and replace it with “the Company plans to
      invest $400 million in order to support the transformation of Michigan operations over the next 10
      years, including but not limited to the future of the material science business;
   4. Add a Credit Cap to reflect a maximum MEGA Tax Credit value of $61,388,000; and
   5. All other aspects of the approval remain unchanged.

B. Renewable Energy Renaissance Zone Revocation:
1. Recommend to the State Administrative Board the revocation of the Company’s Renewable Energy Renaissance Zone designation effective December 31, 2017 for property tax purposes and January 1, 2018 for all other tax purposes.
WHEREAS, the Michigan Legislature created the Michigan Economic Growth Authority ("MEGA") under the Michigan Economic Growth Authority Act, 1995 PA 24, as amended, with the authority to authorize tax credits under the Michigan Business Tax Act, 2007 PA 36, as amended;

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

WHEREAS, the MEGA Board adopted Resolution 2010-014 on February 25, 2010, authorizing a Tax Credit for The Dow Chemical Company for a 100 percent credit for a period of 15 years, beginning no later than the Company’s tax year ending December 31, 2012;

WHEREAS, by Resolution 2011-167, the MEGA Board amended the project to allow additional entities for job creation and reduce the base employment to 5,244;

WHEREAS, the Company is proposing a Michigan Transformation Project that will result new investment;

WHEREAS, the Company has consolidated operations and wishes to add Dow Corning Corporation as an entity able to create Qualified New Jobs and Base Employment,

WHEREAS, the Company will no longer pursue solar shingle manufacturing and wishes to amend the Project Description,

WHEREAS, the Company requests that the Tax Credit and Agreement be amended to (the following, collectively, “Amendment”):

a. Amend the definition of Subsidiary Business to include Dow Corning Corporation for job creation and base employment and remove Agrigenetics, Inc. and Dow AgroSciences, LLC
b. Remove the requirement to create and maintain 1,700 Qualified New Jobs by the end of the 12th year.
c. Replace the Project Description with “the Company plans to invest $400 million in order to support the transformation of Michigan operations over the next 10 years, including but not limited to the future of the material science business.
d. Add Credit Cap to reflect a maximum MEGA Tax Credit value of $61,388,000.
e. Set the effective date of these amendments as January 1, 2016.

WHEREAS, the Michigan Economic Development Corporation provides administrative services to the MSF, and recommends approval of the Amendment to the Standard Tax Credit by the MSF Board.

NOW, THEREFORE, BE IT RESOLVED, that the Amendment is approved, effective January 1, 2016; and

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2010-014, as amended, are reaffirmed and the MSF authorizes the MSF Fund Manager to implement the terms of this resolution.

Ayes:
Nays:
Recused:

April 25, 2017
Lansing, Michigan
REVOCATION OF AN EXISTING RENEWABLE ENERGY RENAISSANCE ZONE
DESIGNATION: The Dow Chemical Company

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

WHEREAS, on September 30, 2010, the SAB approved a Renewable Energy Renaissance Zone for the Dow Chemical Company (the “Company”) after receiving recommendation of approval from the MSF Board for the Company’s facility beginning January 1, 2011;

WHEREAS, Section 8e(5) of the Act requires a development agreement be entered into between the MSF and the Company, which committed the Company to numerous milestones with regards to job creation and new investment and filing reports;

WHEREAS, Section 8e(3) of the Act allows the SAB to revoke the designation of all or a portion of a Renewable Energy Renaissance Zone if the SAB determines the renewable energy facility: (1) failed to commence operation; (2) ceases operation; or (3) fails to commence construction or renovation within one (1) year from the date the renaissance zone for the renewable energy facility is designated;

WHEREAS, the Company has ceased operations at the facility as required by the terms of its development agreement and the Act and is requesting the renewable energy renaissance zone designation be revoked;

WHEREAS, the MEDC has notified the City of Midland of its recommendation that the Company’s renewable energy renaissance zone designation be revoked;

WHEREAS, the MEDC recommends that the MSF Board approves for recommendation to the State Administrative Board the revocation of the Company’s renewable energy renaissance zone designation effective December 31, 2017 for property tax purposes and January 1, 2018 for all other tax purposes.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves for recommendation to the State Administrative Board the revocation of the Company’s renewable energy renaissance zone designation; and

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF President or Fund Manager to take any action necessary to effectuate the terms of this Resolution.

Ayes:
Nays:
Recused:

Lansing, Michigan
April 25, 2017
MEMORANDUM

Date: April 25, 2017
To: MSF Board
From: MEDC Staff
Subject: AK Steel Corporation – Brownfield Tax Credit Certificate of Completion Transfer and MEGA Tax Credit Transfer and Amendment

Request
AK Steel Corporation (the “Company” or “AK Steel”) is requesting that the Michigan Strategic Fund (“MSF”) transfer the Michigan Economic Growth Authority (“MEGA”) Tax Credit and the Brownfield Tax Credit Certificate of Completion originally awarded to Severstal Dearborn, LLC f/k/a Severstal North America, Inc. (“Severstal”) (the “Request”). In consideration for the Request, AK Steel has agreed to amend the MEGA Tax Credit Agreement by imposing an overall cap of $20,365,905 on the total amount of remaining tax credits issued under the MEGA Tax Credit Agreement and reducing the term of the agreement by six years.

Background
On June 21, 2005, the MEGA Board authorized a 50 percent MEGA tax credit for 20 consecutive years to Severstal for the retention of up to 2,041 jobs and capital investment of at least $162,000,000. On December 15, 2008, the MEGA Board awarded a Brownfield Redevelopment MBT Credit to Severstal to make an eligible investment up to $245,000,000 at an eligible property in the City of Dearborn, with a maximum tax credit amount of $30,000,000. In December 2011, Severstal received a Brownfield Tax Credit Certificate of Completion for $30,000,000, payable in equal annual installments over ten years. Severstal received tax credit certificates for tax years 2007, 2008, 2009, 2010, 2011, 2012, 2013 and a portion of tax year 2014, totaling $21,096,159.

On September 16, 2014, Severstal merged with and into AK Steel. Both Severstal and AK Steel were entities formed under the laws of the State of Delaware. As such, the merger of the two entities occurred under Delaware law. Pursuant to Section 259 of the Delaware Code Annotated, Del. Code. Ann. Title 8, §259, the surviving entity of a merger possesses all rights, privileges, duties, and obligations of the constituent entities to a merger. In connection with the merger, AK Steel is seeking a formal transfer of the MEGA Tax Credit and the Brownfield Tax Credit Certificate of Completion.

Executive Order 2012-9 abolished the MEGA Board and transferred all the authority, powers, duties and functions of the MEGA Board to the MSF. Under Section 6 of the MEGA Act, MCL 207.806, the MSF has the power “necessary or convenient to carry out and effectuate the purposes of this act.” Such powers include, but are not limited to, the power to issue certificates and enter into written agreements specifying the conditions under which tax credits are authorized.” Section 437 of the Michigan Business Tax Act, MCL 208.1437, authorizes the MSF to issue tax credit certificates for Brownfield development projects. In addition, Section 8.1 of the MEGA Tax Credit Agreement further provides that the MSF shall authorize a transfer of the MEGA Tax Credit in the event an entity acquires all or substantially all of the assets of Severstal provided that the acquiring company agrees to assume all of the responsibilities of the MEGA Tax Credit Agreement and the MSF determines that the transfer would serve the purposes of the MEGA Act.
As the surviving entity and as a requirement of the transfer, AK Steel will take on all the duties and responsibilities of Severstal in connection with the MEGA Tax Credit Agreement. Transfer of the MEGA Tax Credit Agreement to AK Steel is not a guarantee that the Company will receive actual tax credits. AK Steel will be required to satisfy all conditions of the MEGA Tax Credit Agreement before receiving a tax credit certificate in each of the remaining tax years. These conditions include retaining a minimum of 500 jobs at its plant in Dearborn, retaining a minimum of 1,000 Full-Time jobs (inclusive of the 500 jobs at the project location) in the State of Michigan, paying an average weekly wage of at least $820 and otherwise being in compliance with the terms and conditions of the MEGA Tax Credit Agreement and applicable law. MEDC Staff has determined that transfer of the MEGA Tax Credit would serve the purposes of the MEGA Act by continuing to promote economic growth and job creation in the State of Michigan.

Consistent with the MEDC’s objective of limiting the State’s overall obligations under the MEGA Tax Credit program, the Company has agreed to reduce the term of the MEGA Tax Credit Agreement by six years and set a cap on the total value of remaining credits at $20,365,905, reducing the State’s estimated liability on this tax credit by approximately $23,000,000.

**Recommendation**
Staff recommends that the MSF Board approve the Request.
WHEREAS, the Michigan Legislature created the Michigan Economic Growth Authority ("MEGA") under the Michigan Economic Growth Authority Act, 1995 PA 24, as amended (the “MEGA Act”), with the authority to grant an authorized business a credit against the tax imposed by the Michigan Business Tax Act, 2007 PA 36, as amended;

WHEREAS, on June 21, 2005, the MEGA Board authorized a tax credit for Severstal North America, Inc. of up to 50 percent for twenty consecutive years for the retention of up to 2,041 jobs and capital investment of at least $162,000,000 (the “MEGA Tax Credit”);

WHEREAS, on June 29, 2009, Severstal North America, Inc. changed its name to Severstal Dearborn, Inc. with the Delaware Secretary of State;

WHEREAS, on December 31, 2010, Severstal Dearborn, Inc. changed its name to Severstal Dearborn, LLC with the Delaware Secretary of State;

WHEREAS, on June 6, 2011, the MEGA Tax Credit was amended to modify the provisions used to calculate the annual value of the MEGA Tax Credit;

WHEREAS, on March 5, 2013, the MEGA Tax Credit was amended to reflect a change in the company’s name and corporate structure from Severstal North America, Inc. to Severstal Dearborn, LLC;

WHEREAS, under Section 437 of the Michigan Business Tax Act, MCL 208.1437, the MEGA was authorized to grant one or more qualified taxpayers a credit against the Michigan Business Tax for certain eligible investments made on eligible properties;

WHEREAS, on December 15, 2008, the MEGA Board authorized a Brownfield Redevelopment Tax Credit for eligible investment of up to $245,000,000 at an eligible property in Dearborn and with a maximum tax credit value of $30,000,000;

WHEREAS, on March 15, 2011, Severstal Dearborn, LLC was named as a qualified taxpayer on the Brownfield Redevelopment Tax Credit;

WHEREAS, on December 29, 2011, a Certificate of Completion for the Brownfield Redevelopment Tax Credit was issued to Severstal Dearborn, LLC in an amount of $30,000,000 payable in equal annual installments of $3,000,000 over ten years (the “Brownfield Tax Credit Certificate of Completion”);
WHEREAS, on September 16, 2014, Severstal Dearborn, LLC merged with and into AK Steel Corporation ("AK Steel"), with AK Steel being the surviving entity of the merger and assuming all the rights, duties, and obligations of Severstal Dearborn, LLC;

WHEREAS, by Executive Order 2012-9, all the authority, powers, duties and functions of the MEGA Board were transferred to the Michigan Strategic Fund ("MSF");

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

WHEREAS, in connection with its merger with Severstal Dearborn, LLC, AK Steel has requested that the MSF take action to transfer the MEGA Tax Credit Agreement and the Brownfield Tax Credit Certificate of Completion from Severstal Dearborn, LLC to AK Steel. In consideration for the assignment of the MEGA Tax Credit Agreement and the Brownfield Tax Credit Certificate of Completion, AK Steel has agreed to: 1) amend the MEGA Tax Credit to reduce the term by six years, 2) limit the obligations of the State of Michigan under the MEGA Tax Credit Agreement with a cap of $20,365,905 on the total amount of the tax credits that can be claimed over the remaining term of the MEGA Tax Credit, and 3) assume all other duties and obligations under the MEGA Tax Credit Agreement (collectively, the “Transfer and Amendment Request”).

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

BE IT FURTHER RESOLVED, except as to those provisions that must be revised in order to effectuate the Transfer and Amendment Request, the terms and conditions of the MEGA Tax Credit Agreement shall remain in full force and effect.

BE IT FURTHER RESOLVED, the MSF Board authorizes the MSF President or the MSF Fund Manager, with only one required to act, to negotiate the final terms and conditions of the Transfer and Amendment Request and to execute all documents necessary to effectuate the Transfer and Amendment Request.

Ayes:

Nays:

Recused:

Lansing, Michigan
April 25, 2017
MEMORANDUM
Date: April 25, 2017
To: Michigan Strategic Fund Board
From: Fredrick Molnar, VP Entrepreneurship and Innovation
Subject: FY 2017 Business Incubator Programs Request for Proposals

Action
The MEDC requests that the MSF Board approve the 2017 Business Incubator Programs Request for Proposals.

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

The MEDC requests that the MSF release the 2017 Business Incubator Request for Proposals (“RFP”) in the amount of $566,787 to solicit proposals from those organizations associated with a SmartZone or SmartZone satellite that require funding to support their gatekeeper, business accelerator fund, and pre-seed fund activities.

The MEDC anticipates the following proposed timeline for the execution of this RFP:

- Issue RFP to the Public: April 28, 2017
- Questions due from the Public: May 5, 2017
- Answers posted to the MEDC web page: May 11, 2017
- Applications Deadline: May 31, 2017

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

- Fred Molnar, VP Entrepreneurship and Innovation, MEDC
- Jim Tenzillo, Senior Associate, Invest Michigan
- Toni Brownfield, Business Development and Project Manager, MI-SBDC
- Nadia Abunasser, Federal and Development Projects Director, MEDC
The MEDC recommends that the MSF Board approve the scoring and evaluation criteria attached as Exhibit B to the resolution to be used by the JEC members in their review of proposals submitted in response to the RFP.

**Recommendation**

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

1) Allocation of $566,787 for the program;
2) Approval of the RFP attached as Attachment A to the resolution;
3) Appointment of the JEC listed above; and
4) Approval of the scoring and evaluation criteria attached as Attachment B to the resolution.
MICHIGAN STRATEGIC FUND
RESOLUTION

2017-

BUSINESS INCUBATORS REQUEST FOR PROPOSALS
AND FUNDING ALLOCATION


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

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

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

WHEREAS, the MSF has reviewed a RFP form, which includes provisions required by the Act and establishes a competitive proposal process for awarding grants to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs (the “Business Incubators RFP”). A copy of this RFP form is included as Attachment A to this Resolution;

WHEREAS, the MEDC recommends and the MSF desires to initiate the competitive proposal process to award grants to business incubators by issuing of the Business Incubators RFP and allocating $566,787 for the Business Incubators RFP (the “Business Incubators RFP Issuance and Funding Request”);

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

Fred Molnar, VP of Entrepreneurship and Innovation, MEDC
Jim Tenzillio, Senior Associate, Invest Michigan
Toni Brownfield, Business Development & Project Manager, MI-SBDC
Nadia Abunasser, Federal & Development Projects Director, MEDC

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
April 25, 2017
ATTACHMENT A

REQUEST FOR PROPOSALS

Michigan Strategic Fund

BUSINESS INCUBATOR PROGRAMS

RFP-CASE- 00205135
REMINDER

Please check your proposal to make sure you have included all of the specifications and required documents listed in the Request for Proposals. Please email one document that includes contact page, check list page, and proposal.

APPLICANTS ARE RESPONSIBLE FOR ASSURING THAT THE FOLLOWING IDENTIFYING INFORMATION APPEARS IN THE SUBJECT LINE OF YOUR EMAIL: “RFP-CASE- 00205135” with Company Name.

The MSF will not respond to telephone inquiries, or visitation by Applicants or their representatives. APPLICANTS OR ANY OF THEIR AUTHORIZED REPRESENTATIVES MAY NOT INITIATE CONTACT WITH MEDC OR MSF STAFF OR ANY MEMBER OF THE APPOINTED JOINT EVALUATION COMMITTEE (JEC), OTHER THAN THE CONTACT LISTED BELOW, FOR ANY REASON DURING THE RFP OR PROPOSAL EVALUATION PROCESS. Applicant’s sole point of contact concerning the RFP is below and any communication outside of this process may result in disqualification.

Contracts and Grants
Michigan Strategic Fund
300 North Washington Square, 3rd Floor
Lansing, Michigan  48913
contractsandgrants@michigan.org

IMPORTANT DUE DATES

- **May 5th, 2017 3:00 p.m.:** Questions from potential Applicants are due via email to contractsandgrants@michigan.org. Please note: The Michigan Strategic Fund ("MSF") will not respond to questions that are not received by the above date and time. In addition, questions that are phoned, faxed or sent through regular mail will not be accepted.

- **May 11th, 2017, by close of business:** Responses to all qualifying questions will be posted on the MSF’s website, http://www.michiganbusiness.org/public-notices-rfps/.

- **May 31st, 2017, at 3:00 p.m.:** Electronic versions of your Proposal due to the MSF via email to contractsandgrants@michigan.org. Proposals will not be accepted via U.S. mail or any other delivery method.
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This Request for Proposals (“RFP”) is issued by the Michigan Strategic Fund (the “MSF”), Contracts and Grants Unit (“C&G”). The Michigan Economic Development Corporation (the “MEDC”) provides administrative services associated with the programs and activities of the Michigan Strategic Fund Act on behalf of the MSF. C&G is the sole point of contact with regard to all application and contractual matters relating to the services described in this RFP. The MSF is the only office authorized to change, modify, amend, alter, clarify, etc. the specifications, terms and conditions of this RFP and any contract(s) awarded as a result of this RFP (the “Contract”). Contracts and Grants will remain the SOLE POINT OF CONTACT throughout the application process. **The MSF will not respond to telephone inquiries, or visitation by Applicants or their representatives. Applicant’s sole point of contact concerning the RFP is below and any communication outside of this process may result in disqualification.**

Contracts and Grants  
Michigan Strategic Fund  
300 North Washington Square, 3rd Floor  
Lansing, Michigan 48913  
contractsandgrants@michigan.org

SECTION I  
WORK STATEMENT

A) **PURPOSE**

Section 88k(2) of the MSF Act, MCL 125.2088k(2), allows the MSF Board to award grants and loans from the 21st Century Jobs Fund 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 in the state.”

Through this 2017 Business Incubator Request for Proposals (the “Business Incubator RFP”), the MSF Board desires to allocate up to $566,787 (“Award Amount”), disbursed over two years to non-profit organizations and/or Michigan institutions of higher education that operate business incubator/accelerator programs AND fulfill the ELIGIBILITY and QUALIFICATIONS below. The the term of the award may be extended by an additional three years and and the amount of the award increased at the sole discretion of the MSF Board and subject to additional funding. This RFP is focused on providing funding for organizations that require funding to support their gatekeeper, business accelerator fund, and pre-seed fund activities.

B) **BACKGROUND STATEMENT AND OBJECTIVES**

Since 2009 the MSF has provided funding to business incubators to **stimulate the creation and continued growth of technology-based businesses and jobs** by capitalizing on the State of Michigan’s growing base of high technology industry, its skilled labor force, its nationally recognized university system, its SmartZones, and its business incubators. The MSF through this RFP wishes to continue this activity.
Funding in the form of a grant will be awarded to non-profit organization and/or Michigan institutions of higher education through a competitive process in which all submitted proposals will be reviewed by a Joint Evaluation Committee ("JEC"). Results from the JEC review will be provided, in the form of numerical scores and award recommendation(s), to the MSF Board.

C) ELIGIBILITY

- Organizations with MSF/MEDC grants under the business incubator program that end 5/1/2017 or later are not eligible to apply.

- **Only organizations that are located within a SmartZone or a SmartZone Satellites are eligible to apply.**

D) QUALIFICATIONS AND AWARD INFORMATION

IF APPLICANT IS ELIGIBLE UNDER THE ELIGIBILITY CRITERIA LISTED ABOVE, APPLICANT MUST ALSO FULFILL the following criteria:

- **Purpose**

Proposals submitted MUST fulfill the following purposes.

1. To assist SmartZone incubators with the following activities: gatekeeping activities (identifying and attracting clients and helping them navigate through the entrepreneurial ecosystem) and supporting BAF and Pre-Seed Fund Applications. Proposals for up to $100,000/year for 2 years may be submitted. Applicant must provide at least a 1-1 match. This funding will only be available to pay the salary of a key person and his/her expenses. The key person must perform the following duties:

   a. Help clients with gatekeeping activities
   b. Help clients with Business Accelerator Fund (“BAF”) applications and support BAF activities
   c. Help clients with Pre-Seed Funds applications and support Pre-Seed Fund activities
   d. Must provide resume of key person (and contingent upon approval of MEDC). This person should have at least one year experience working for a technology start-up or early stage company. If not, must provide a process whereby this person is coached by an approved service provider such as Small Business Development Center (“SBDC”) to work with technology companies.
   e. This person will be the key person on the grant agreement and attend SmartZone meeting.
   f. The proposal must identify the need for such a person, how the person meets the need, and how the person will carry out his/her responsibilities.

- **Technology Sectors**

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

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

- **Leverage and Match**

The MSF Board encourages applicants to leverage other resources as a condition of the award. Each proposal must provide specific financial or in-kind contribution committed to, or available for, the direct support of the proposed plan to reach the required 1:1 match. Cash match is favored. Other State of Michigan grant funds are not eligible to meet the match requirement. Letters of financial commitment and proposal support are not required in the proposal though may be requested during the award process.

- **Award and Grant Agreements**

All grant agreements approved by the MSF Board will contain a provision that the Auditor General has access to the books and records, including financial records and all other information and data relevant to the terms of the grant agreement related to the use of the funds.

Successful proposals approved for funding by the MSF Board are subject to the final execution of a legal grant agreement and successful completion of a due diligence review which may include, among other things, a criminal and civil background check of the Applicant and certain key personnel.

Insufficient or inappropriate proposals will not be funded.

- **Award Reporting Requirements**

Progress Reports are due every six (6) months, due in October and April throughout the term of the grant agreement. For Progress Reports, grantees must report on Milestones, Budget, and Metrics. The grantee is responsible for timely submission of reports that must be submitted electronically through the MEDC Portal. Delayed, incomplete, or incorrect reporting filed will likely result in a loss of funding to the incubator/accelerator. Annual site visits are conducted by the MEDC Grant Manager.

- **Overhead Rates**

The overhead rate (indirect administration costs) for the award recipient is limited to reflect actual overhead, but not greater than 15 percent (15%) of the Award Amount over the lifetime of the grant agreement. Preference will be given to proposals that are able to leverage outside funding sources to reduce overhead expenses for the award recipient.
SECTION II
PROPOSAL FORMAT

To be considered, each Applicant must submit a COMPLETE proposal in response to this RFP using the format specified. APPLICANTS MUST NOT COMMUNICATE REGARDING THIS RFP WITH MEDC PERSONNEL OR JEC MEMBERS DURING THE ENTIRE PROCESSS THROUGH THE APPROVAL OF THE MSF BOARD APPROVAL. Applicant's proposal must be submitted in the format outlined below. There should be no attachments, enclosures, or exhibits other than those required in the RFP or considered by the Applicant to be essential to a complete understanding of the proposal. All proposals must be signed by an individual authorized by the Applicant to submit the application on its behalf. Each section of the proposal should be clearly identified with appropriate headings:

A) COMPLETE PROPOSAL

1) Contact Page – State the Applicant organization’s full name, address, and phone and facsimile number. Also included should be contact information, including phone number, email, cell phone number, and fax numbers. Also include signature of the authorized signor of the applicant organization.

2) Check List Page – Include a checklist of the required sections of the proposal, as listed in this Section II-A) 3 a-h and an indication that the section is included in the proposal. And include as indicated in Section III.O. below the following: “Applicant certifies that it is not an Iran-linked business as defined in MCL 129.312.” Applicant should provide Conflict of Issues information if applicable, see III.F.

3) Proposal (up to 10 pages) – Provide a proposal and include the required elements a-h, as described here. In the Proposal clearly identify the following sections as headers.

a) Eligibility
The Applicant must clearly identify how they are eligible to apply under one of the following criteria:

1. Eligibility Criteria 1: Incubators located within a SmartZone (including SmartZone Satellites) AND current funding ends prior to 5/1/2017.

b) Executive Summary
The Executive Summary should summarize the information provided in response to paragraphs (a) above and (c) through (h) below. And specifically indicate:

- THE NAME OF THE APPLICANT ORGANIZATION
- THE ELIGIBILITY CRITERIA (See Section I.C. above) AND PROOF OF SUCCESS
- THE AMOUNT OF FUNDS REQUESTED
- THE AMOUNT OF MATCHING FUNDS
- THE TERM (up to 2 years)
- THE PURPOSE OF THE FUNDING
- TARGETED NUMBERS FOR:
Companies Created
Jobs Created
Increase Investment/Revenue

c) Purpose of Funds
The Applicant must clearly indicate whether the organization is a non-profit corporation or an institution of higher education. The Applicant must clearly describe how the proposed use of funds will foster the growth of Michigan’s technology based economy and clearly identify the specific competitive edge technology sectors that the Applicant will serve.

The Proposals must clearly indicate how the Applicant will fulfill the following purposes:

1. To assist SmartZone incubators with the following activities: gatekeeping activities (identifying and attracting clients and helping them navigate through the entrepreneurial ecosystem) and supporting BAF and Pre-Seed Fund Applications. Proposals for up to $100,000/year for 2 years may be submitted. Applicant must provide at least a 1-1 match. This funding will only be available to pay the salary of a key person and his/her expenses. The key person must perform the following duties:
   a. Help clients with gatekeeping activities
   b. Help clients with BAF applications and support BAF activities
   c. Help clients with Pre-Seed Funds applications and support Pre-Seed Fund activities
   d. Must provide resume of key person (and contingent upon approval of MEDC). This person should have at least one year experience working for a technology start-up or early stage company. If not, must provide a process whereby this person is coached by an approved service provider such as SBDC to work with technology companies.
   c. This person will be the key person on the grant agreement and attend SmartZone meeting.
   f. The proposal must identify the need for such a person, how the person meets the need, and how the person will carry out his/her responsibilities.

   e) Past Experience
The Applicant should indicate past experience with technology based business incubation/acceleration.

e) Team
Summarize key personnel, their time commitment to the project, their specific responsibilities, and their value. Identify collaborative partners, their responsibilities, and value. Must include RESUME of key person. Key person must have at least one-year experience working for a technology start-up or early stage company, or include a process whereby he/she will work with an approved service provider for coaching and guidance.

f) Milestones/Deliverables
Identify semi-annual milestones/deliverables that the Applicant will commit to as a result of providing the proposed services. If Applicant is awarded funding, Progress Reports are due April 15 and October 15 every year throughout the award, therefore provide milestones/deliverables that will be completed in April and October over the course of the proposal. Include a “targeted metrics” milestone for each reporting period. For this milestone, the applicant should indicate a targeted number for each of the following metrics: companies created, jobs created, and follow on funding. Identify how milestone completion will result in specific Economic Impact identified in (h).
Additionally, Applicants selected for funding will be required to submit performance metrics to measure the effectiveness of the program; these metrics include, but are not limited to: dollars leveraged, new companies created, companies expanded, companies served, jobs created, jobs retained, average salaries of new and retained jobs, new sales, and funding obtained by client companies, including amount and source of such funding (sources including state funds, federal funds, venture capital, angel funds, bank/loan, owner investment, other), as well as the names and amounts of companies funded by the program.

**g) Budget Request**

Attach a schedule of all expenses covering each of the services and activities identified in your proposal. Specifically identify THE AMOUNT OF FUNDS REQUESTED, the TERM REQUESTED, PUBLIC AND/OR PRIVATE LEVERAGED FUNDS (identify the 1:1 match), and what the Applicant proposes to do with FUNDS APPLIED THROUGH THIS RFP and the TIMING OF THE FUNDS. Progress Reports are due in April and October so proposals should include 6-month budgets of relevant line items that align with these dates. Include the budget in a table format with column headings, Start of grant-9/30/2017, 10/1/17-3/31/18, etc. and rows should include the expense line-items. Budget line-items should be only for the pay and expenses of the key person.

**h) Economic Impact**

Identify the targeted number of companies created, jobs created, and follow on funding or increases in investment/revenue resulting from the services. Include justification and assumptions related to these expectations. You will be held responsible for delivering these specific numbers in your semi-annual Progress Reports. Explain how you define success and will deliver a successful program. Identify how you will make an economic development impact and be sustainable.

**B) PROPOSAL SUBMITTAL**

Submit an electronic version of your proposal (one document that includes contact page, check list page and proposal) to the MSF via email to contractsandgrants@michigan.org not later than 3:00 p.m. on May 31, 2017. The MSF has no obligation to consider any proposal that is not timely received. Proposals will not be accepted via U.S. mail or any other delivery method.

APPLICANTS ARE RESPONSIBLE FOR ASSURING THAT THE FOLLOWING IDENTIFYING INFORMATION APPEARS IN THE SUBJECT LINE OF YOUR EMAIL: “RFP-CASE- 00205135” with Applicant Name.
A) **QUESTIONS**

Questions from Applicants concerning the specifications in this RFP must be received via e-mail no later than **3:00 pm on May 5th, 2017**. Questions must be submitted to:

Contracts and Grants
[contractsandgrants@michigan.org](mailto:contractsandgrants@michigan.org)

B) **PROPOSALS**

To be considered, Applicants must submit a complete response to this RFP, using the format provided in Section II of this RFP, by **3:00 p.m. on May 31, 2017 to contractsandgrants@michigan.org**. No other distribution of proposals is to be made by the Applicant. Applicant is responsible for ensuring that the proposal is submitted to the proper e-mail address.

C) **ECONOMY OF PREPARATION**

Each proposal should be prepared simply and economically, providing a straightforward, concise description of the Applicant’s ability to meet the requirements of the RFP. Emphasis should be on completeness and clarity of content.

D) **SELECTION CRITERIA**

Responses to this RFP will be evaluated based upon a two-step review process. The proposal must address the requirements described in Section II of this RFP.

The first step is an evaluation of which proposals satisfactorily meet the requirements of this RFP as stated in Section II. Incomplete proposals will not be accepted or reviewed.

1) **Step I – Initial evaluation for compliance**

   a) *Proposal Content* – Contracts and Grants will screen the proposals for technical compliance to include but not limited to:

      - Timely submission of the proposal
      - Eligibility
      - Executive Summary
      - Purpose
      - Past Experience
      - Team
      - Milestones/deliverables
      - Budget
• Economic impact – Expected number of businesses created, jobs created, and private investment leveraged.
• Proposal signed physically or electronically by an official of the Applicant authorized to bind the Applicant to its provisions.
• Proposals satisfy the form and content requirements of this RFP.

2) Step II – Criteria for Satisfactory Proposals

a.) During the second step of the selection process, proposals will be considered by a JEC comprised of individuals selected by the MSF. Only those proposals that satisfy the technical requirements described in this RFP, as determined in the sole discretion of the JEC, will be considered for evaluation in Step II. The JEC reserves the right to request additional information from any Applicant.

b.) Purpose, Economic Impact, and Competence of Personnel – The proposal should indicate the ability of the Applicant to meet the eligibility and requirements of this RFP and achieve the economic impact. The proposal should indicate the competence of the personnel whom the Applicant intends to assign to the project, including education and experience.

c.) Statutorily-required preferences and additional preferences –
   a. Contributes to the development of economic diversification or the creation of employment opportunities in this state.
   b. Promotes collaborations between institutions of higher education, Michigan nonprofit research institutions, Michigan nonprofit corporations, and qualified businesses.
   c. Meets 1 or more of the following: (i) Forecasts revenues within 2 years; (ii) Has outside investments from investors with experience and management teams with experience in the industry targeted by the proposal; and (iii) Has outside directors with expertise in the industry targeted by the proposal.
   d. Is contributing a cash match.
   e. Is able to leverage outside funding sources to reduce overhead expenses.

d.) During the JEC’s review, Applicants may be required to make oral presentations of their proposals to the JEC. These presentations provide an opportunity for the Applicants to clarify the proposals. The MEDC will schedule these presentations, if required by the JEC. Only those Applicants that score 70 points or higher on the written review will be invited for an oral presentation if the JEC determines that an oral presentation is necessary.
E) TAXES

The MSF may refuse to award a contract to any Applicant who has failed to pay any applicable taxes or if the Applicant has an outstanding debt to the State or the MSF.

Except as otherwise disclosed in an exhibit to the Proposal, Applicant certifies that all applicable taxes are paid as of the date the Applicant’s Proposal was submitted to the MSF and the Applicant owes no outstanding debt to the State or the MSF.

F) CONFLICT OF INTEREST

The Applicant must disclose, in an exhibit to the proposal, any possible conflicts of interest that may result from an award under this RFP.

Except as otherwise disclosed in the proposal, the Applicant affirms that to the best of its knowledge there exists no actual or potential conflict between the Applicant, the Applicant’s project manager(s) or its family’s business or financial interests (“Interests”) and the MSF or MEDC. In the event of any change in the RFP, the Applicant will inform the MSF and the MEDC regarding possible conflicts of interest which may arise as a result of such change and agrees that all conflicts shall be resolved to the MSF’s satisfaction or the Applicant may be disqualified from consideration under this RFP. As used in this Section, “conflict of interest” shall include, but not be limited to, the following:

1. Giving or offering a gratuity, kickback, money, gift, or anything of value to an official, officer, or employee of the MSF or the MEDC with the intent of receiving an award from the MSF or favorable treatment under a contract;

2. Having or acquiring at any point during the RFP process or during the term of the award, any contractual, financial, business or other interest, direct or indirect, that would conflict in any manner or degree with Applicant’s performance of its duties and responsibilities to the MSF under the award or otherwise create the appearance of impropriety with respect to the award or performance of the award; or

3. Currently in possession of or accepting during the RFP process or the term of the award anything of value based on an understanding that the actions of the Applicant or its affiliates or Interests on behalf of the MSF will be influenced.

G) BREACH OF CONTRACT

Except as otherwise disclosed in an exhibit to Applicant’s proposal, Applicant is not in material default or breach of any contract or agreement that it may have with the State of Michigan or any of its departments, commissions, boards or agencies, or any other public body in the State of Michigan. Further, Applicant represents and warrants that it has not been a party to any contract with the State or any public body that was terminated within the previous five (5) years because the Applicant failed to perform or otherwise breached an obligation of such contract.
H) **FALSE INFORMATION**

If the MSF determines that an Applicant purposefully or willfully submitted false information in response to this RFP, the Applicant will not be considered for an award and any resulting Contract that may have been executed may be terminated.

I) **DISCLOSURE**

All Applicants should be aware that proposals submitted to the MSF in response to this RFP may be subject to disclosure under the provisions of Public Act 442 of 1976, as amended, known as the Freedom of Information Act ("FOIA"). Accordingly, confidential information should be excluded from Applicant’s proposals. Applicants, however, are encouraged to provide sufficient information to enable the MSF to determine the Applicant's qualifications and to understand or identify areas where confidential information exists and could be provided. The FOIA also provides for the complete disclosure of the contract and any attachments or exhibits thereto.

J) **CLARIFICATION/CHANGES IN THE RFP**

Any change or update to the acceptance of proposals will be posted on the MEDC website. Such postings shall constitute constructive notice to the general public and to all Applicants of any modifications or alterations of the deadline for proposals. Therefore, Applicants are strongly encouraged to continuously check the MEDC website at [http://www.michiganbusiness.org/public-notices-rfps/](http://www.michiganbusiness.org/public-notices-rfps/).

Neither the MSF nor the MEDC will directly notify Applicants of any changes to the RFP.

K) **ELECTRONIC RECEIPT OF PROPOSALS**

AN ELECTRONIC VERSION OF YOUR PROPOSAL MUST BE RECEIVED AND TIME-STAMPED BY THE MSF TO contractsandgrants@michigan.org, ON OR BEFORE 3:00 p.m. on May 31st, 2017. Applicants are responsible for timely submission of their proposal. THE MSF HAS NO OBLIGATION TO CONSIDER ANY PROPOSAL THAT IS NOT RECEIVED BY THE APPOINTED TIME.

L) **RESERVATION OF MSF DISCRETION**

Notwithstanding any other statement in this RFP, the MSF reserves the right to:

1) reject any and all proposals;
2) waive any errors or irregularities in the application process or in any proposal;
3) reissue the RFP;
4) negotiate with any Applicant for a different award amount;
5) reduce or expand the scope of the project, and reissue the RFP or negotiate with any Applicant regarding the revised project
6) extend the term of the project and add additional funding as necessary or appropriate; or
7) defer or abandon the project.

**Decisions by the MSF are final and not subject to appeal.**

Any attempt by an Applicant, collaborating entity, or other party of interest to the project to influence the awards process, to appeal, and/or take any action, including, but not limited to, legal action, regarding the proposal or awards process in general may result in the Applicant's disqualification and elimination from the award process.

**M) JURISDICTION**

In the event that there are conflicts concerning this RFP that proceed to court, jurisdiction will be in a Michigan court of law. Nothing in this RFP shall be construed to limit the rights and remedies of the MSF or the MEDC that are otherwise available.

**N) ADDITIONAL CERTIFICATION**

Pursuant to Public Act 517 of 2012, an Iran linked business is not eligible to submit an application or proposal to a request for proposal issued by a public entity.

Applicants must include the following certification in the proposal:

“Applicant certifies that it is not an Iran-linked business as defined in MCL 129.312.”

Failure to submit this certification will result in disqualification from consideration.
### ATTACHMENT B

#### Proposal Evaluation Form

2017 Business Incubator RFP

**Name of Applicant:**

**Name of Reviewer:**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Reviewer’s Comments</th>
<th>Points</th>
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<tbody>
<tr>
<td><strong>Eligibility:</strong></td>
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<tr>
<td>• Incubators located in the geographic boundaries of a SmartZone (including SmartZone Satellites) and current funding ends prior to 5/1/2017</td>
<td>Yes/No: _______</td>
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<tr>
<td><strong>Executive Summary:</strong></td>
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<tr>
<td><strong>Overview</strong></td>
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<tr>
<td>• NAME OF THE APPLICANT ORGANIZATION</td>
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<td>• ELIGIBILITY CRITERIA</td>
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<tr>
<td>• AMOUNT OF FUNDS REQUESTED</td>
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<td>• PURPOSE</td>
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<td>• The TARGETED NUMBERS FOR:</td>
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<td>o Companies Created</td>
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<td>o Increase Investment/Revenue</td>
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<tr>
<td><strong>Score:</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Purpose:</strong></td>
<td></td>
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</tr>
<tr>
<td>a) The Applicant must clearly indicate whether the organization is a non-profit or university.</td>
<td>Max. Possible Points: 15</td>
<td>Score: _____</td>
</tr>
<tr>
<td>b) The Applicant must clearly identify the need for a key person to help with gatekeeping activities (identifying and attracting clients and helping them navigate through the entrepreneurial ecosystem), BAF, and Pre-Seed activities.</td>
<td>Max. Possible Points: _______</td>
<td>Score: ______</td>
</tr>
<tr>
<td>c) The Applicant identifies the “key person”, how he/she meets the need and how he/she will carry out his/her responsibilities.</td>
<td>Max. Possible Points: _______</td>
<td>Score: ______</td>
</tr>
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<td>d) The Applicant must clearly describe how the proposed use of funds will foster the growth of Michigan’s technology based economy and clearly identify the specific competitive edge technology sectors that the Applicant will serve.</td>
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<td>Score: ______</td>
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<tr>
<td><strong>Past Experience:</strong></td>
<td></td>
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<tr>
<td>• The Applicant should indicate past experience with business incubation/acceleration.</td>
<td>Max. Possible Points: 10</td>
<td>Score: ______</td>
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<tr>
<td><strong>Team:</strong></td>
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<tr>
<td>• Identified key players</td>
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<tr>
<td>• Identified collaborators</td>
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<td><strong>Milestones/Deliverables:</strong></td>
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<tr>
<td>• Identified meaningful milestones/deliverables</td>
<td>Max. Possible Points: 10</td>
<td>Score: ______</td>
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<tr>
<td>• Achievable and leading to economic impact</td>
<td>Max. Possible Points: _______</td>
<td>Score: ______</td>
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<tr>
<td><strong>Budget:</strong></td>
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<tr>
<td>• Identified meaningful budget for proposal</td>
<td>Max. Possible Points: 10</td>
<td>Score: ______</td>
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<tr>
<td>• Clearly identified 1-1 match</td>
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<tr>
<td>• Organization budget clearly indicates need for funding</td>
<td>Max. Possible Points: _______</td>
<td>Score: ______</td>
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<tr>
<td>• Indicates how and when will achieve sustainability</td>
<td>Max. Possible Points: _______</td>
<td>Score: ______</td>
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<tr>
<td><strong>Economic Impact:</strong></td>
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<tr>
<td>• Realistic assumptions and expectations based on industry knowledge and incubator’s past reported performance</td>
<td>Max. Possible Points: 15</td>
<td>Score: ______</td>
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<tr>
<td>• Identified targeted metrics:</td>
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## ATTACHMENT B

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<th>Preferences:</th>
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<td>• Contributes to the development of economic diversification or the creation of employment opportunities in this state</td>
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<td>• Meets 1 or more of the following: (i) Forecasts revenues within 2 years; (ii) Has outside investments from investors with experience and management teams with experience in the industry targeted by the proposal; and (iii) Has outside directors with expertise in the industry targeted by the proposal.</td>
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<tr>
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<tr>
<td>• Is able to leverage outside funding sources to reduce overhead expenses.</td>
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</table>

| Total Score:                                                               | Max. Possible Points: 100 | Score: _______ |
|                                                                           |                           |                |
MEMORANDUM

Date: April 25, 2017

TO: Michigan Strategic Fund Board

From: Christopher Cook, Director of Capital Access

Subject: Private Activity Bond – Bond Inducement

Resthaven
Non-Profit - $3,000,000 – New

Request:
Resthaven is requesting private activity bond financing for the following: fund the Resthaven Maple Woods Cottages project, a 24-bed assisted living project which will be licensed as a home for the aged to be located at 740 College Avenue, Holland, Ottawa County.

Background:
Resthaven is a Michigan-non-profit corporation, incorporated on May 7, 1945 to provide a home for the aged. Resthaven was incorporated in the City of Holland and County of Ottawa. Resthaven currently consists of: Resthaven Care Center, a 145-bed skilled Nursing Facility, located at 280 W 40th St., Holland, MI; Maple Woods, a 101-bed Assisted Living Facility licensed as a Home for the Aged, located at 49 E 32nd St., Holland, MI; The Warm Friend, 62 independent senior apartments, located at 5 E 8th St., Holland, MI; and Resthaven Home Care, a Medicare-certified home health agency, located at 948 Washington Ave., Holland, MI. Resthaven represents a continuum of care providing services and housing for the elderly, currently serving over 300 residents. Resthaven is governed by a local volunteer Board of Trustees.

Description of Project:
The project consists of the acquisition of land, construction of an approximately 18,755 square foot building consisting of two twelve bed households, connected with a central kitchen, dining room, exercise room and hair salon. Each room will have a private bathroom with shower.
**Plans of Finance:**
Macatawa Bank has indicated an interest in purchasing the bonds.

If the project size remains at $3,000,000, the MSF issuance fee will be $7,500.00.

**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 of $3,000,000.
WHEREAS, Resthaven, a Michigan non-profit corporation, is presently located at 9 East 8th Street, Holland, Michigan (the “Company”);

WHEREAS, the Company desires to finance the acquisition of land located at 740 College Avenue, Holland, Ottawa County, construction of an approximately 18,755 square foot facility, and the acquisition and installation of machinery and equipment. The facility will be made up of two twelve bed households, connected with a central kitchen, dining room, exercise room and hair salon. Each room will have a private bathroom and shower, collectively, the (“Project”);

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

WHEREAS, the Company has advised the MSF that the cost of the Project will not exceed a cost of Four Million Five Hundred Thousand Dollars ($4,500,000) all but Three Million Dollars ($3,000,000) of which will be paid for by the Company;

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 Company subject to the conditions of this Resolution.

2. The Loan shall be designated for the Project in accordance with the Company's Tax-Exempt Application Form dated March 16, 2017.

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 Three Million Dollars ($3,000,000). The Company 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 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 Company 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 Company to the MSF (or to a trustee appointed by the MSF pursuant to the Bond Resolution), as provided in the Bond Resolution. The agreements relating to the Loan and the issuance of the Bonds shall contain such provisions as will be necessary to make absolutely certain that under no circumstances will the Bonds or this Resolution be a debt or obligation of the State of Michigan or a general obligation of the Michigan Strategic Fund, 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 by the Company.

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.

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 Company.

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:

Nays:

Recused:

April 25, 2017
Lansing, Michigan
MEMORANDUM
Date: April 25, 2017
To: Michigan Strategic Fund Board
From: Ryan Kilpatrick, Senior CATeam Specialist
Mary Kramer, MCRP and Brownfield Program Specialist
Jim Davis, Incentive Structuring and Underwriting Specialist
Subject: City of Grand Rapids Brownfield Redevelopment Authority
Request for Approval of an Act 381 Work Plan
Bridge and Stocking Project
Bridge and Stocking, L.L.C. or Related Entity - Request for Approval
Michigan Community Revitalization Program Other Economic Assistance Award

Request
The proposed project will be undertaken by Bridge and Stocking, L.L.C. and managed by Rockford Development Group. The project will redevelop approximately 3.3 acres located on the block bounded by Bridge, Seward, and First Street in the City of Grand Rapids. The Act 381 Work Plan includes the entire 3.3 acre site. The proposed MCRP award will be utilized on approximately three acres of the site. The project is located in a traditional commercial center and adjacent to the downtown. The project qualifies for a Michigan Community Revitalization Program (MCRP) award and Act 381 Work Plan because it is a facility.

In order to alleviate Brownfield conditions and prepare the proposed project site for redevelopment, the City of Grand Rapids Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of $13,222,985.

Bridge and Stocking LLC (Applicant) is requesting approval of a MCRP incentive in the amount of $6,300,000 in the form of an Other Economic Assistance Performance-Based Loan Participation Award.

The proposed project involves the development of the first full-service urban grocery store in downtown Grand Rapids in combination with a structured parking deck, 116 market rate residential units, and approximately 56,000 square feet of office space. While the development team will be charging market rate rental prices for each product, the amount of private debt available to the project is limited by the projected cash flow from the project. The Debt Service Coverage Ratio (DSCR) projection of 1.06 on the Stabilized Operating Statement, is a deviation from the MCRP Incentive Parameters, which requires a minimum DSCR of 1.20 to 1.00. In addition to conservative rental projections, the MEDC staff is
comfortable with the lower stabilized DSCR due to the unlimited personal guaranty of Rockford Development Group Members and Trust and corporate guarantees of remaining members at $3,000,000 each. The development team will be contributing just over 13% of total project costs as equity and has secured a $41,700,000 loan from Mercantile Bank of which $3,585,000 is anticipated to be paid down prior to conversion to permanent financing. However, although the loan is structured at 80% loan to value, the cost to construct this project is greater than the projected value of the project. As a result, there is a gap of approximately 11% of total project costs which is proposed to be filled with a MCRP Other Economic Assistance Performance-Based Loan Participation Award at an interest rate of 3% per annum. The MCRP Award will allow the development team to receive an acceptable level of return (less than 10%). The City of Grand Rapids has designated this as their top priority project in fiscal year 2017. It is expected that a full service grocery store in the downtown will be a significant catalyst toward achieving the city’s goal of 10,000 residents in the downtown. Access to fresh food and staple grocery items is a key criteria to a large segment of the population when making choices about residential options.

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

The Applicant anticipates that the project will result in total capital investment in the amount of $55,615,000, along with the creation of approximately 130 permanent full-time equivalent jobs with an average hourly wage of $28.

**Background**

The proposed project will include the demolition of six existing buildings on the site and remediation of contaminated soils to prepare the ground for three new buildings to be constructed. The project will involve a five-story building that will include a nearly 38,000 square foot Meijer urban grocery store at the south end of the site – facing Bridge Street. Above the grocery store will be four stories of approximately 116 market rate residential apartments. A second structure will include the construction of a central parking deck, designed to accommodate 275 vehicles. The north end of the site will include construction of a three-story office building containing approximately 56,000 square feet. One full floor is expected to be purchased and occupied by the West Michigan Center for Arts & Technology (WMCAT) – a local nonprofit dedicated to youth arts and technology education as well as skilled technical education and workforce development for adults.

This project is being developed in tandem with an adjacent five-story building which includes ground floor retail and four floors of affordable and market rate housing. This adjacent project recently received a LIHTC allocation from the Michigan State Housing and Development Authority. The project activities taking place on the adjacent site are not included in the MCRP Project, however, the tax capture from the ground floor of the building, which is taxable, is included as part of the Act 381 Work Plan.

Lead and asbestos abatement will be necessary prior to demolition activities in order to protect human health. Demolition activities will be necessary to remove the vacant buildings from the site. Site preparation activities include relocation of active utility lines, site and erosion control measures, traffic
control and grading and excavation of unsuitable soils. Infrastructure improvements will include replacement and/or repair of underground sewer and water connections, storm sewer, curb and gutter, sidewalk and public streetscape. Additional infrastructure improvements will include on-site low impact, stormwater management and approximately a 14,400 square foot green roof as well as a three-level, 275 space parking deck.

Rockford Development Group, an experienced developer headquartered in downtown Grand Rapids has recently completed several large projects in downtown Grand Rapids. The Morton House was a 13-story historic renovation which created 132 market rate apartment units with ground floor retail. The project was completed and fully occupied in 2015 and received MCRP loan support in the amount of $4.3 million. Bridge & Turner LLC which was completed in late 2016 included full build-out of a new Grand Rapids location for New Holland Brewing with two floors of office space and resulted in the creation of more than 200 new jobs with hourly wages averaging $20. The project also involved the creation of 35 new market rate residential apartments and additional ground floor retail space and received MCRP loan support in the amount of $2.5 million.

Appendix B addresses the programmatic requirements and Appendix C includes a project map and renderings.

**Recommendation**
MEDC staff recommends approval of the following:

a) Local and school tax capture for the Act 381 eligible activities totaling $13,222,985. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at $6,792,647.

b) Approval of funds to be transferred for the specific purpose of this project pursuant to MCL 125.2088h(3)(e) to the MCRP Program for the purpose of the program authorized under MCL 125.2088b(2)(c) as long as the program provided for repayment for breach of the written agreement or the failure to meet measurable outcomes.

c) A MCRP Other Economic Assistance Performance-Based Loan Participation Award in the amount of $6,300,000 for Bridge and Stocking, L.L.C. or Related Entity.

d) Due to the Debt Service Coverage Ratio (DSCR) projection of 1.06 on the Stabilized Operating Statement, staff is recommending approval of a deviation from the MCRP Incentive Parameters, which requires a minimum DSCR of 1.20 to 1.00.
APPENDIX A

FINANCING OPPORTUNITY - MCRP OTHER ECONOMIC ASSISTANCE LOAN PARTICIPATION
The project is seeking Michigan Strategic Fund (MSF) participation in coordination with Mercantile Bank of Michigan (“Lender”) as the lead lender. Mercantile Bank is providing $41,700,000 in construction financing that is expected to be paid down to $38,115,000 following the 22,000 square foot (office/commercial space) condominium sale to West Michigan Center for Arts Technology (WMCAT) which includes equity contribution towards the project. The Lender, along with the Borrower, has requested the MSF participate in up to a $6,300,000 share in the financing. It is anticipated that payments to the MSF Share will be contingent upon the project achieving a minimum DSCR of 1.00x. Interest will continue to accrue regardless of the level of DSCR. The MSF Share will be fully subordinated to Lender’s collateral and guarantee(s) interests in an event of liquidation. It is anticipated that disbursements to the project on the financing will be made on a pro-rata basis. Below outlines a summary of the development sources and the proposed structure of the loan participation.

SUMMARY OF DEVELOPMENT SOURCES:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Share</td>
<td>$41,700,000</td>
<td>74.83%</td>
</tr>
<tr>
<td>MSF Share</td>
<td>$6,300,000</td>
<td>11.39%</td>
</tr>
<tr>
<td>Developer Equity</td>
<td>$7,615,000</td>
<td>13.78%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$55,615,000</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

LOAN FACILITY
MSF Facility: MCRP Loan Participation and Servicing Agreement under “Other Economic Assistance”

Borrower: Bridge and Stocking, L.L.C. or Related Entity

Lender: Mercantile Bank

Total Amount of Loans: $48,000,000

Lender Share: $41,700,000

MSF Share: $6,300,000

Term: Shall match that of the Lender, not to exceed 120 months. Includes an interest only period of up to 36 months.

Amortization: Shall match that of Lender, not to exceed 360 months, following the interest only period.

Interest Rate: 3% per annum.
Repayment Terms: Interest only for up to 36 months, followed by principal and interest, monthly payments. Borrower shall maintain a minimum Debt Service Coverage Ratio of not less than 1.10x on all debt obligations, measured quarterly after amortization commences, and building into a rolling four quarter measurement. The Borrower will have the ability to “cure” the required total DSCR of 1.10x if the debt service calculation falls below 1.10x but not lower than 1.00x on Senior debt service coverage. If “cure” is allowed, the Bank will have ability to shut off payments to the MSF, and require those payments be made on Mercantile Bank portion of debt service. MSF to agree it won’t accept payments that will cause a debt service coverage violation. Greater of 100% of sales or $3,585,000 from sale of condo to WMCAT (date of sale to be agreed up prior to close).

Collateral: Shall match that of Lender, currently anticipated-1st REM on 614 First Street NW, Grand Rapids and 421, 419, 415 Seward Avenue NW, Grand Rapids and 601, 603, 605, 613, 617 Bridge Street, NW, Grand Rapids, and 414, 420, 424, 428, 436 Lexington Avenue NW, Grand Rapids. Assignment of rents, assignment of Brownfield TIF reimbursement stream. MSF share of collateral will be subordinated to that of the Lender.

Guarantee: To match that of Lender, currently anticipated to be, during construction prior to stabilization: Unlimited, unsecured personal guaranty of Rockford Development Group Members and Trust, if applicable, and unsecured corporate guarantees of remaining West Side Village, LLC Members limited to $3,000,000 each. MSF share of collateral will be subordinated to that of the lender.

Fee: One-time fee equal to 1% of the MCRP Incentive Award

Funding: The MSF will fund up to $6,300,000 to be disbursed following closing of the loan and other performance criteria.

Other Conditions: -Submittal of a final Guaranteed Maximum Price (GMP) Construction Contract
-Minimum owner equity contribution equal to $11,200,000 (includes minimum pay down of Mercantile debt following the sale of the WMCAT space)
- MSF to allow for pay down of Mercantile Share of the loan prior to conversion (any principal pay downs will be applied only to Mercantile Share)
APPENDIX B – Programmatic Requirements & Screening Guidelines

Property Eligibility
The project is located within the boundaries of the City of Grand Rapids, which is a Qualified Local Governmental Unit, and has been determined to be a facility as verified by Michigan Department of Environmental Quality (DEQ) on January 20, 2017.

The property is the subject of a Brownfield Plan, duly approved by the City of Grand Rapids on December 13, 2016.

In addition, the project is requesting from the DEQ $677,750 in TIF to assist with environmental eligible activities.

MCRP Program and its 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. The total eligible investment for this project is estimated to be $48,493,000.

Source of Information
It is the role of the MEDC Project Management staff to review for eligibility, completeness, and adherence to MCRP guidelines, the information provided by the applicant and to manage the MSF’s investment. Explanatory and background information is supplied in summary form to provide context for the request and is drawn exclusively from materials submitted by the applicant, and, as applicable, from other relevant third party sources utilized by staff.

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

A. The importance of the project to the community in which it is located:
The proposed project includes a full-service urban grocery store in the City of Grand Rapids, offering fresh food within easy access to transit and nearby walkable neighborhoods. The grocery component is expected to service all of the downtown as well as the neighborhoods within a 1-2 mile radius. Additionally, this project provides for an additional 116 market rate apartments and will enable an adjacent LIHTC development which will include 70 affordable apartment units. This project will dramatically improve access to daily needs and will increase housing options across the market spectrum on the west side of downtown Grand Rapids. The project will also add at least 130 full-time equivalent jobs for varying skill levels to a neighborhood with a high unemployment rate relative to the rest of the city. These jobs will be accessible via public transit and walkable from the surrounding neighborhood.
B. **If the project will act as a catalyst for additional revitalization of the community in which it is located:**
   The proposed project is anticipated to be an important spark for additional development within the Grand Rapids DDA on the west side of the Grand River. Property in this district has been underutilized for decades and consists largely of city-owned surface parking lots surrounding the Grand Valley State University Campus. A full service grocery operation and significantly improved neighborhood business districts are likely to increase the viability of future projects as well as connectivity to the riverfront and the central business district.

C. **The amount of local community and financial support for the project:**
   The local portion of the Brownfield Act 381 Work Plan for both the MSF and MDEQ eligible activities is estimated to be $6.7 million.

D. **The applicant's financial need for a community revitalization incentive:**
   The development team will be contributing just over 20% of total project costs as equity and has secured a $41,700,000 loan from Mercantile Bank of which $3,585,000 is anticipated to be paid down prior to conversion to permanent financing. However, although the loan is structured at 80% loan to value – the maximum available - the cost to construct this project is greater than the projected value of the project in the first few years. As a result, there is a gap of approximately 11% of total project costs which is proposed to be filled with a MCRP Other Economic Assistance Performance-Based Loan Participation at an interest rate of 3% per annum. The MCRP Award will allow the development team to receive an acceptable level of return (less than 10%).

E. **The extent of reuse of vacant buildings, reuse of historical buildings, and redevelopment of blighted property:**
   The site is currently occupied by several vacant storefronts that are in varying states of disrepair and blight. A former vacant manufacturing facility is also on the property.

F. **Creation of jobs:**
   The project is estimated to create approximately 130 full-time equivalent jobs with hourly wages expected to average $28.

G. **The level of private sector and other contributions, including, but not limited to, federal funds and federal tax credits:**
   The project is estimated to require $49,000,000 in private investment. This includes an equity investment of $7,615,000 as well as a senior loan from Mercantile Bank in the amount of $41,700,000. The project will also garner an equity investment from the West Michigan Center for Arts & Technology as a result of the sale of an office condo to the education-focused non-profit.

H. **Whether the project is financially and economically sound:**
   It is anticipated that upon reaching stabilization the project will be able to maintain a 1.06 DSCR greater than 1.06 to 1.00 throughout a 20 year horizon. Additionally, the project is strongly
supported by the local community and will carry the financial support of the lenders, investors and MSF as well.

I. **Whether the project increases the density of the area:**
The project encompasses approximately three acres immediately adjacent to downtown Grand Rapids. The majority of the block has been vacant for several years, with zero occupied residential units on the site. The proposed project will create 116 new market rate apartments, along with an approximately 38,000 square foot grocery store and approximately 56,000 square feet of office space. In addition, this project will enable a Low Income Housing Tax Credit project to move forward on an adjacent site, which will bring an additional 15,000 square feet of retail space and 70 affordable apartments.

J. **Whether the project promotes mixed-use development and walkable communities:**
The project will provide a structured parking deck at the center of the block, which will be surrounded by a four and five story building. However, the project will also include a significant investment in the enhancement of the streetscape to provide a safe and comfortable environment for pedestrians, bicyclists and shoppers. The project includes a very diverse mix of market rate housing as well as ground floor retail and 56,000 square feet of office space.

K. **Whether the project converts abandoned public buildings to private use:**
The project does not involve any public buildings.

L. **Whether the project promotes sustainable development:**
The project involves a significant urban infill and redevelopment. It is a transit oriented project that is designed to be highly walkable from the surrounding neighborhood and readily accessible by public transportation. The project will also include a green roof, high efficiency lighting and appliances, and a highly efficient building envelope to reduce heating and cooling expenses.

M. **Whether the project involves the rehabilitation of a historic resource:**
The project does not involve a registered historic building nor is it located within a registered historic district.

N. **Whether the project addresses area-wide redevelopment:**
The proposed ground floor grocery is anticipated to add significant vitality to the immediate neighborhood as well as the entirety of downtown Grand Rapids. A grocery store has been the number one demand of current and prospective residents to downtown Grand Rapids. Furthermore, the project will provide a significant number of jobs that will be available to low and moderate income residents in the immediate vicinity.

O. **Whether the project addresses underserved markets of commerce:**
Currently, the primary sources of grocery items in the neighborhood are convenience stores and liquor stores. The proposed grocery store will provide the first full service grocery operation in downtown Grand Rapids in several decades.
P. The level and extent of environmental contamination:
Soil and groundwater on the block bound by Lexington, Bridge, Seward, and First is contaminated with various metals (arsenic, barium, copper, lead, mercury, selenium, and zinc) and polynuclear aromatic hydrocarbons (PAHs) at concentrations exceeding the MDEQ Part 201 Generic Residential Cleanup Criteria (GRCC); as a result, those parcels are considered Part 201 “facilities”. The contamination appears to be from historical placement of contaminated urban fill material on the property.

Q. If the rehabilitation of the historic resource will meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings (36 CFR 67):
The project does not involve the rehabilitation of a registered historic resource.

R. Whether the project will compete with or affect existing Michigan businesses within the same industry:
The project is not expected to unduly compete with similar, existing businesses.

S. Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter:
No additional criteria needs to be considered.

Brownfield Act 381 Program Additional Project Information:

A. Reuse of functionally obsolete buildings and/or redevelopment of blighted property:
The project has been qualified as a facility.

B. Whether project will create a new brownfield property in the State:
No new Brownfields will be created by this project.

Tax Capture Breakdown
There are 46.7179 non-homestead mills available for capture, with school millage equaling 24 mills (51.37%) and local millage equaling 22.7179 mills (48.63%). Tax increment capture will begin in 2019 and is estimated to continue for 24 years. The requested tax capture for MSF eligible activities breaks down as follows:

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<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
<th>Amount</th>
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<tbody>
<tr>
<td>School tax capture</td>
<td>51.37%</td>
<td>$6,792,647</td>
</tr>
<tr>
<td>Local tax capture</td>
<td>48.63%</td>
<td>$6,430,338</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$13,222,985</strong></td>
</tr>
</tbody>
</table>
**Cost of MSF Eligible Activities**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition</td>
<td>$150,000</td>
</tr>
<tr>
<td>Lead or Asbestos Abatement</td>
<td>$55,900</td>
</tr>
<tr>
<td>Infrastructure Improvements</td>
<td>$9,600,000</td>
</tr>
<tr>
<td>Site Preparation</td>
<td>+ $1,688,000</td>
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<tr>
<td><strong>Sub-Total</strong></td>
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<tr>
<td>Contingency (15%)</td>
<td>+ $1,724,085</td>
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<tr>
<td><strong>Sub-Total</strong></td>
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</tr>
<tr>
<td>Brownfield/Work Plan Preparation</td>
<td>+ $5,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$13,222,985</strong></td>
</tr>
</tbody>
</table>
MICHIGAN STRATEGIC FUND

RESOLUTION 2017 -

ALLOCATION OF FUNDS AND APPROVAL OF A
MICHIGAN COMMUNITY REVITALIZATION PROGRAM OTHER ECONOMIC
ASSISTANCE PERFORMANCE-BASED LOAN PARTICIPATION AWARD TO
BRIDGE AND STOCKING, L.L.C. OR RELATED ENTITY

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, as later 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, 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, 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, and the MCRP;

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

WHEREAS, pursuant to MCL 125.2088h(3)(e), the MSF Board shall direct the investment and reinvestment of the Investment Fund as authorized under Chapter 8A for incentives, including, but not limited to, for the purposes of creating incentives in this state for Revitalizing Michigan Communities;

WHEREAS, pursuant to MCL 125.2088b(2)(c), the Investment Fund may allocate money for authorized programs to make expenditures or investments from the Investment Fund for programs or activities authorized pursuant to the 21st Century Jobs Trust Fund legislation as long as those programs or activities provide for repayment for breach of the written agreement or the failure to meet measurable outcomes;

WHEREAS, pursuant to the MSF Act, specifically, MCL 125.2007(c), the MSF has, among other things, the power to make loans and investments;
WHEREAS, Mercantile Bank (“Lender”) will be providing financing to Bridge and Stocking, L.L.C. and or related entities (“Proposed Borrower”) of up to $48,000,000 toward the construction activities and infrastructure improvements to real property (“Project”);

WHEREAS, the Lender and Proposed Borrower have requested an Other Economic Assistance Performance Based Loan Participation Award from the MSF under the MCRP for the Project in an amount not to exceed up to $6,300,000 (“Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, it is anticipated that the project will not be able to meet the MCRP Incentive Parameters of a debt service coverage ratio of 1.20 to 1.00 the first couple years of operation, and staff is recommending a deviation from this requirement;

WHEREAS, the MEDC has recommended that the MSF approve the MCRP Award Request through the Investment Fund in accordance with the Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 240 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 120 days (“MCRP Award Recommendation”);

WHEREAS, the MEDC recommends that the MSF waive the MCRP Incentive Parameters debt service coverage and senior lender requirements;

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

BE IT FURTHER RESOLVED, the MSF approves the Funding.

Ayes:

Nays:

Recused:

Lansing, Michigan
April 25, 2017
EXHIBIT A - CRP Term Sheet

FINANCING OPPORTUNITY - MCRP OTHER ECONOMIC ASSISTANCE LOAN PARTICIPATION
The project is seeking Michigan Strategic Fund (MSF) participation in coordination with Mercantile Bank of Michigan (“Lender”) as the lead lender. Mercantile Bank is providing $41,700,000 in construction financing that is expected to be paid down to $38,115,000 following the 22,000 square foot (office/commercial space) condominium sale to West Michigan Center for Arts Technology (WMCAT) which includes equity contribution towards the project. The Lender, along with the Borrower, has requested the MSF participate in up to a $6,300,000 share in the financing. It is anticipated that payments to the MSF Share will be contingent upon the project achieving a minimum DSCR of 1.00x. Interest will continue to accrue regardless of the level of DSCR. The MSF Share will be fully subordinated to Lender’s collateral and guarantee(s) interests in an event of liquidation. It is anticipated that disbursements to the project on the financing will be made on a pro-rata basis. Below outlines a summary of the development sources and the proposed structure of the loan participation.

SUMMARY OF DEVELOPMENT SOURCES:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Share</td>
<td>$41,700,000</td>
<td>74.83%</td>
</tr>
<tr>
<td>MSF Share</td>
<td>$6,300,000</td>
<td>11.39%</td>
</tr>
<tr>
<td>Developer Equity</td>
<td>$7,615,000</td>
<td>13.78%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$55,615,000</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

LOAN FACILITY

MSF Facility: MCRP Loan Participation and Servicing Agreement under “Other Economic Assistance”

Borrower: Bridge and Stocking, L.L.C. or Related Entity

Lender: Mercantile Bank

Total Amount of Loans: $48,000,000

Lender Share: $41,700,000

MSF Share: $6,300,000

Term: Shall match that of the Lender, not to exceed 120 months. Includes an interest only period of up to 36 months.

Amortization: Shall match that of Lender, not to exceed 360 months, following the interest only period.

Interest Rate: 3% per annum.

Repayment Terms: Interest only for up to 36 months, followed by principal and interest, monthly payments. Borrower shall maintain a minimum Debt Service Coverage Ratio of not less than 1.10x on all debt obligations, measured quarterly after amortization commences, and building into a rolling four quarter measurement. The
Borrower will have the ability to “cure” the required total DSCR of 1.10x if the debt service calculation falls below 1.10x but not lower than 1.00x on Senior debt service coverage. If “cure” is allowed, the Bank will have ability to shut off payments to the MSF, and require those payments be made on Mercantile Bank portion of debt service. MSF to agree it won’t accept payments that will cause a debt service coverage violation. Greater of 100% of sales or $3,585,000 from sale of condo to WMCAT (date of sale to be agreed up prior to close).

**Collateral:**

Shall match that of Lender, currently anticipated-1st REM on 614 First Street NW, Grand Rapids and 421, 419, 415 Seward Avenue NW, Grand Rapids and 601, 603, 605, 613, 617 Bridge Street, NW, Grand Rapids, and 414, 420, 424, 428, 436 Lexington Avenue NW, Grand Rapids. Assignment of rents, assignment of Brownfield TIF reimbursement stream. MSF share of collateral will be subordinated to that of the Lender.

**Guarantee:**

To match that of Lender, currently anticipated to be, during construction prior to stabilization: Unlimited, unsecured personal guaranty of Rockford Development Group Members and Trust, if applicable, and unsecured corporate guarantees of remaining West Side Village, LLC Members limited to $3,000,000 each. MSF share of collateral will be subordinated to that of the lender.

**Fee:**

One-time fee equal to 1% of the MCRP Incentive Award

**Funding:**

The MSF will fund up to $6,300,000 to be disbursed following closing of the loan and other performance criteria.

**Other Conditions:**

- Submittal of a final Guaranteed Maximum Price (GMP) Construction Contract
- Minimum owner equity contribution equal to $11,200,000 (includes minimum pay down of Mercantile debt following the sale of the WMCAT space)
- MSF to allow for pay down of Mercantile Share of the loan prior to conversion (any principal pay downs will be applied only to Mercantile Share)
WHEREAS, the Michigan Economic Growth Authority ("MEGA") has been established by 1995 PA 24, as amended (the “Act”);

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

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

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

WHEREAS, the City of Grand Rapids Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at multiple addresses within the City of Grand Rapids, known as Bridge and Stocking Project (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 51.37% to 48.63% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, lead or asbestos abatement and infrastructure improvements as presented in the revised Work Plan dated April 3, 2017. Any change in millage that increases the capture percentage of school operating taxes by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on a maximum of $13,217,985 for the
principal activity costs of non-environmental activities and a contingency, and a maximum of $5,000 for Brownfield/Work Plan preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum of $6,792,647.

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF Fund Manager, to provide written notification to the Authority, in the form of a letter which incorporates the terms set forth in this Resolution and consistent with the limitations of the Act, and that this approval is further conditioned upon the Authority, or the City, as appropriate, maintaining adequate records regarding: a) all taxes captured for the project; and b) receipts or other appropriate documentation of the cost of eligible activities. The records shall be made available for review upon request by MSF or MEDC staff. Eligible activities authorized by this resolution must be completed within three (3) years.

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

Ayes:

Nays:

Recused:

Lansing, Michigan
April 25, 2017
MEMORANDUM

Date: April 25, 2017

To: Michigan Strategic Fund Board

From: Dominic Romano, Community Assistance Team Specialist
      Rob Garza, Brownfield and MCRP Senior Program Specialist

Subject: County of Washtenaw Brownfield Redevelopment Authority
         Request for Approval of an Act 381 Work Plan for the
         Kingsley Condominiums Redevelopment Project

Request
The Kingsley Condominiums Redevelopment project proposes to redevelop an underutilized property into a five-story residential building with integrated parking. The proposed Act 381 work plan will be undertaken by Kingsley Condominiums, LLC. The project will redevelop three parcels of property located at 221 and 223 Felch Street and 214 West Kingsley Street in the City of Ann Arbor. The project is located adjacent to a downtown and qualifies for an Act 381 work plan because it is a facility.

In order to alleviate Brownfield conditions and prepare the proposed project site for redevelopment, the County of Washtenaw Brownfield Redevelopment Authority is seeking approval of local and school tax capture for MSF eligible activities in the amount of $4,000,000.

The developer has maximized senior financing in the amount of $22,400,000 and is contributing approximately $7,900,000 (17%) in equity to the project. Environmental and non-environmental eligible activity costs total approximately $5,840,109; however, the City of Ann Arbor is limiting capture for eligible activities to $4,000,000. The eligible activities will alleviate Brownfield conditions across the site and make it suitable for redevelopment, and protect human health and the environment. Without Brownfield tax increment reimbursement, the cost burden related to Brownfield conditions would make the project financially unfeasible.

The developer anticipates that the project will result in total capital investment in the amount of $44,166,444 along with the creation of approximately two permanent full-time equivalent jobs with an average hourly wage of $16.83.

Background
The proposed project will first involve the demolition of approximately 28,000 square feet of vacant industrial building space on the site. A single-story commercial office building will remain on the site and will be utilized in the new development. The new construction will consist of an approximately 125,900 square foot, contemporary condominium complex containing approximately 51 residential units. Several
environmentally friendly elements will be incorporated, including several electric vehicle charging stations, bicycle racks, and a low impact design urban stormwater management system. The project location is just north of Ann Arbor’s central business district and is easily accessible to downtown, the Kerrytown neighborhood, and public transit.

Building demolition will be necessary to remove approximately 28,000 square feet of vacant industrial buildings. Site demolition is required to remove abandoned utilities, paved surfaces, buried debris and former building foundations. Asbestos and lead paint abatement activities are needed prior to demolition activities in order to protect human health. Site preparation activities will include geotechnical engineering, land balancing, grading, special foundations and associated soil management, temporary erosion control, relocation of active utilities, temporary site access, temporary facilities, and temporary site control. Infrastructure improvements including an integrated parking level, a low impact design urban stormwater management system, sanitary sewer replacement, landscaping, sidewalk installation, curb and gutter installation, lighting, approaches to the property, water lines, public greenway bike path, and Allen Creek drain stabilization and survey are necessary to support the new development.

Kingsley Condominiums, LLC, nor its principals, have received prior incentives from the MSF.

Appendix A addresses the programmatic requirements and Appendix B includes a project map and renderings.

Recommendation
MEDC staff recommends approval of the following:

a) Local and school tax capture for the Act 381 eligible activities totaling $4,000,000. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at $997,200.
APPENDIX A – Programmatic Requirements & Screening Guidelines

Property Eligibility
The project is located within the boundaries of the City of Ann Arbor, which is a Qualified Local Governmental Unit, and has been determined to be a facility as verified by Michigan Department of Environmental Quality (DEQ) on March 23, 2017.

The property is the subject of a Brownfield Plan, duly approved by the County of Washtenaw on September 21, 2016 and concurred with by the City of Ann Arbor on August 4, 2016.

In addition, the project is requesting from the DEQ $685,269 in TIF to assist with the environmental eligible activities.

Key Statutory Criteria
Act 381 requires the following information to understand and explain the benefits of the project.

a) Overall Benefit to the Public:
This project will redevelop an underutilized industrial site into a new condominium complex that includes integrated parking. The development will also create a new walking and bike path, connect those paths to the larger greenway path system, and increase the overall density of the neighborhood. New residents will be within walking distance of the downtown, local businesses and public transit.

b) Jobs Created (Excluding Construction and other Indirect Jobs):
This project is expected to create approximately two new, full-time equivalent jobs in the property management sector.

c) Area of High Unemployment:
The City of Ann Arbor unadjusted jobless rate was 2.8% in January 2017.

d) Level and Extent of Contamination Alleviated:
Concentrations of mercury, selenium, and phenanthrene above MDEQ Residential Drinking Water Protection (DWP), Groundwater Surfacewater Interface Protection (GSIP), and/or Direct Contact (DC) Cleanup Criteria exist on the property. In addition, concentrations of lead, benzo(b)flouranthene, benzo(g,h,i)perylene, benzo(k)flouranthene, chrysene, flouranthene and phenanthrene were also detected in groundwater samples above the MDEQ Residential Drinking Water (DW) and/or Groundwater Surface Water Interface (GSI) Cleanup Criteria.

e) Reuse of Functionally Obsolete Buildings and/or Redevelopment of Blighted Property:
The project is not qualifying as functionally obsolete or blighted.

f) Whether Project will Create a New Brownfield Property in the State:
No new Brownfields will be created by this project.
g) **Whether the Project is Financially and Economically Sound:**
From the materials received, the MEDC infers that the project is financially and economically sound.

h) **Other Factors Considered:**
No additional factors need to be considered for this project.

**Tax Capture Breakdown**
There are 62.8364 non-homestead mills available for capture, with school millage equaling 23.9676 mills (38.14%) and local millage equaling 38.8688 mills (61.86%). The developer anticipates approximately 50% of the new condominiums will be second homes and therefore subject to the levy of school operating tax as reflected in the anticipated blended ratio below. Tax increment capture will begin in 2017 and is estimated to continue for 8 years. The requested tax capture for MSF eligible activities breaks down as follows:

<table>
<thead>
<tr>
<th>Tax Capture</th>
<th>Percentage</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>School tax capture</td>
<td>(24.93%)</td>
<td>$1,285,102</td>
</tr>
<tr>
<td>Local tax capture</td>
<td>(75.07%)</td>
<td>$3,869,738</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$5,154,840</strong></td>
</tr>
</tbody>
</table>

**Cost of MSF Eligible Activities**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition</td>
<td>$248,488</td>
</tr>
<tr>
<td>Lead and Asbestos Abatement</td>
<td>$58,040</td>
</tr>
<tr>
<td>Infrastructure Improvements</td>
<td>$3,265,270</td>
</tr>
<tr>
<td>Site Preparation</td>
<td>+ $914,976</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>$4,486,774</td>
</tr>
<tr>
<td>Contingency (15%)</td>
<td>+ $653,066</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>$5,139,840</td>
</tr>
<tr>
<td>Brownfield/Work Plan Preparation</td>
<td>+ $15,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$5,154,840</td>
</tr>
</tbody>
</table>

***The Actual Approved MSF Eligible Activities Cost is $4,000,000,*** based on the reimbursement limit imposed by the City of Ann Arbor. Utilizing existing proportionality, the MSF approved TIF reimbursement shall not exceed $997,200.
APPENDIX B – Project Map and Renderings
WHEREAS, the Michigan Economic Growth Authority (“MEGA”) has been established by 1995 PA 24, as amended (the “Act”);

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

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

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

WHEREAS, the County of Washtenaw Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 221 and 223 Felch Street and 214 West Kingsley Street within the City of Ann Arbor, known as the Kingsley Condominiums Redevelopment Project (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 38.14% to 61.86% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, lead and asbestos abatement and infrastructure improvements as presented in the revised Work Plan dated April 7, 2017. Any change in millage that increases the capture percentage of school operating taxes by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture
of taxes levied for school operating purposes is based on a maximum of $3,985,000 for the principal activity costs of non-environmental activities and a contingency and a maximum of $15,000 for Brownfield/Work Plan preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum of $997,200.

BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF Fund Manager, to provide written notification to the Authority, in the form of a letter which incorporates the terms set forth in this Resolution and consistent with the limitations of the Act, and that this approval is further conditioned upon the Authority, or the County, as appropriate, maintaining adequate records regarding: a) all taxes captured for the project; and b) receipts or other appropriate documentation of the cost of eligible activities. The records shall be made available for review upon request by MSF or MEDC staff. Eligible activities authorized by this resolution must be completed within three (3) years.

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

Ayes:

Nays:

Recused:

Lansing, Michigan
April 25, 2017
MEMORANDUM

DATE: April 25, 2017
TO: Michigan Strategic Fund (“MSF”) Board Members
FROM: Lisa Pung, Director, Community Incentives

On December 31, 2012, 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 $500,000.

There were no Brownfield Act 381 Work Plans approved by the delegates during the second quarter of the 2017 fiscal year.
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>County of Chippewa</td>
<td>1/11/17</td>
<td>$56,000</td>
<td>The County requested $56,000 in CDBG funds for a planning study needed for the Chippewa County Transportation Logistics Study project. The study will discern the feasibility of Eastern Upper Peninsula as a multi-modal transportation hub and outline a protocol for attracting logistics firms to the region.</td>
</tr>
<tr>
<td>City of Hillsdale</td>
<td>2/9/17</td>
<td>$8,000</td>
<td>The City requested an additional $8,000 in CDBG funds to their existing Blight Elimination grant. The increase will allow a CDBG Certified Administrator to complete additional compliance related to the complexity of the project.</td>
</tr>
<tr>
<td>City of Howell</td>
<td>2/23/17</td>
<td>$273,703</td>
<td>The City of Howell requested $275,703 in CDBG funds for façade improvements ($262,575) and certified administrator costs ($13,128) needed for the City’s Downtown Facades project. The City expects that this project could result in private investment of $204,750.</td>
</tr>
<tr>
<td>City of Hart</td>
<td>3/6/17</td>
<td>$212,750</td>
<td>The City of Hart requested $212,750 in CDBG funds for façade improvements needed for the City’s Downtown Facades project. The City expects that this project could result in private investment of $80,150.</td>
</tr>
<tr>
<td>Village of Elk Rapids</td>
<td>3/6/17</td>
<td>$213,340</td>
<td>The Village of Elk Rapids requested $213,340 in CDBG funds for the elimination of blighted elements needed for the historic renovation of four (4) existing structures. This project could result in private investment of $213,340</td>
</tr>
<tr>
<td>City of Marshall</td>
<td>3/9/17</td>
<td>$21,120</td>
<td>The City of Marshall requested an increase of $21,120 in CDBG funds to its existing CDBG Cronin Building Rehabilitation Grant. This increase will allow the CDBG Certified Grant Administrator the ability to complete additional compliance related administrative tasks due to the complexity of this project.</td>
</tr>
<tr>
<td>City of Greenville</td>
<td>3/9/17</td>
<td>$286,022</td>
<td>The City of Greenville requested an increase of $286,022 CDBG funds to its existing CDBG Building Rehabilitation grant. The City expects that this amendment could result in an additional private investment of $95,340. Once the project went out to bid, the costs increased by $381,362.</td>
</tr>
<tr>
<td><strong>Total CDBG Funds for Quarter</strong></td>
<td><strong>$1,070,935</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
MEMORANDUM

DATE: April 25, 2017

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

FROM: Josh Hundt, Vice President, Business Development Projects
Lisa Pung, Director, Community Incentives


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 2017 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>UACJ Automotive Whitehall Industries, Inc.</td>
<td>1/5/2017</td>
<td>Ludington</td>
<td>$640,000</td>
<td>128</td>
<td>$28,850,000</td>
</tr>
<tr>
<td>Kingfa</td>
<td>1/11/2017</td>
<td>Canton</td>
<td>$1,000,000</td>
<td>150</td>
<td>$60,000,000</td>
</tr>
<tr>
<td>Poultry Management Systems, Inc.</td>
<td>1/11/2017</td>
<td>Lowell</td>
<td>$175,000</td>
<td>27</td>
<td>$2,008,000</td>
</tr>
<tr>
<td>Speedrack Products Group, Ltd.</td>
<td>1/11/2017</td>
<td>Litchfield</td>
<td>$228,000</td>
<td>38</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Yanfeng US Automotive Interior Systems I</td>
<td>1/11/2017</td>
<td>Novi</td>
<td>$600,000</td>
<td>60</td>
<td>$8,450,000</td>
</tr>
<tr>
<td>Macomb Smoked Meats, LLC</td>
<td>1/23/2017</td>
<td>Macomb</td>
<td>$250,000</td>
<td>75</td>
<td>$2,800,000</td>
</tr>
<tr>
<td>Martinrea Jonesville, LLC</td>
<td>1/24/2017</td>
<td>Jonesville</td>
<td>$615,000</td>
<td>123</td>
<td>$6,811,000</td>
</tr>
<tr>
<td>Detroit Engineered Products, Inc.</td>
<td>1/26/2017</td>
<td>Troy</td>
<td>$650,000</td>
<td>91</td>
<td>$1,800,000</td>
</tr>
<tr>
<td>Huntington National Bank</td>
<td>1/31/2017</td>
<td>Flint</td>
<td>$450,000</td>
<td>60</td>
<td>$5,395,000</td>
</tr>
<tr>
<td>Project Name</td>
<td>Approval Date</td>
<td>Location</td>
<td>Incentive Approved</td>
<td>Jobs</td>
<td>Investment</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>---------------</td>
<td>-------------</td>
<td>--------------------</td>
<td>------</td>
<td>--------------</td>
</tr>
<tr>
<td>Coe Van Dyke LLC</td>
<td>2/23/2017</td>
<td>Detroit</td>
<td>$730,933</td>
<td>5</td>
<td>$3,266,717</td>
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### APPROVALS BY AUTHORIZED DELEGATES

Between January 1 and March 31, 2017 the following actions were approved by the MSF Chairperson and MSF Fund Manager, subject to due diligence, and available funding:

<table>
<thead>
<tr>
<th>Organization</th>
<th>Request Type</th>
<th>Loan Amount</th>
<th>MSF Support</th>
<th>Action</th>
<th>Date Approved</th>
<th>Closed</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSBCI-MBGF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FutureNet Group</td>
<td>MBGF-LPP</td>
<td>$5,100,000</td>
<td>$2,500,000</td>
<td>Approved by Chair and Fund Manager</td>
<td>March 28, 2017</td>
<td>N</td>
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<td><strong>Total</strong></td>
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<td>$5,100,000</td>
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<td>MSDF</td>
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<tr>
<td>Prince Valley, Inc.</td>
<td>MSDF-LGP</td>
<td>$1,750,000</td>
<td>$873,250</td>
<td>Approved by Chair and Fund Manager</td>
<td>March 17, 2017</td>
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<td><strong>Total</strong></td>
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<td>$1,750,000</td>
<td>$873,250</td>
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</table>
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 and March 31, 2017], 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>Automotive Lighting, LLC</td>
<td>BDP Application: Number of employees located at each Michigan Facility</td>
</tr>
<tr>
<td>3900 Automation Avenue</td>
<td>MBDP Application-Capital Investment Section</td>
</tr>
<tr>
<td>Auburn Hills, MI 48326</td>
<td>MBDP Application Attachment – MEDC 5-Yr Table</td>
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<tr>
<td>AM General, LLC</td>
<td>MBDP Application Capital Investment Summary Section:</td>
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<tr>
<td>12200 Hubbard</td>
<td>Total Capital Investment (Year 1)</td>
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<tr>
<td>Livonia, MI 48150</td>
<td>Total Capital Investment (Year 2)</td>
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<tr>
<td></td>
<td>Total Capital Investment (Year 3)</td>
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<td></td>
<td>MBDP Application Private Investments Section (entire section)</td>
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<td></td>
<td>MBDP Application Current Employment (entire section)</td>
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<td></td>
<td>MBDP Application Cumulative New Jobs (entire section)</td>
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<tr>
<td></td>
<td>AM General, LLC Operating Agreement</td>
</tr>
<tr>
<td>1215 Griswold, LLC</td>
<td>All income statements;</td>
</tr>
<tr>
<td>1092 Woodward Avenue</td>
<td>2. The sources and uses statement (excluding items referring to CRP or MSF funding) in the CRP Application;</td>
</tr>
<tr>
<td>Detroit, MI 48226</td>
<td></td>
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</tbody>
</table>
3. The “net income” field on the CRP progress report;
4. Information submitted concerning the Post Stabilization Loan and the Post Stabilization Loan Lender, as required by and as defined in the Community Revitalization Program Loan Agreement, CASE-149259.
5. Financial reports submitted pursuant to section 5.10 of the Community Revitalization Program Loan Agreement, CASE-149259.
6. Tax returns and other tax documents submitted pursuant to section 5.10 of the Community Revitalization Program Loan Agreement, CASE-149259.
7. The construction contract between the Company and Christman/MiG.

### RSM US LLP
2000 Towncenter, Suite 1900
Southfield, MI 48075

Amended and Restated Partnership Agreement of RSM US LLP
Delegation of Authority Policy of RSM US LLP

### Proterra, Inc.
1815 Rollins Road
Burlingame, CA 94010

Average Weekly Wage in the Cumulative Jobs Section
Proterra Bylaws
Investment Amounts by Investment Type in the Private Investments Section
Bank statement titled "Silicon Valley Bank - Bank Cash Sweep Summary"

### City Modern 440 Alfred Street LLC and Brush Park Development Company Phase I LLC
251 Alfred Street
Detroit, MI 48201

The following information within the following sections of the application (worksheet c): Projected Taxable Value at Completion, Environmental Contamination, Development Team Information;

b. All information on the Revenue page (worksheet f, Revenue Input);
c. All information on the Stabilized Operating Statement page (worksheet g, Proforma), except the amount, proposed terms and other information concerning the proposed CRP Direct Loan and the Debt Service Coverage Ratio;
d. All information on the Development Budget page (worksheet h, S&U), except the Total Eligible Basis, Max. MEDC Investment, % Eligible and CRP Direct Loan numbers;
e. All information on the Project Cash Flow page (worksheet i, Cash flow); DocuSign Envelope ID: 97EE7DA6-D4E0-4049-B327-5DE7B0A9C6AC
Exhibit A

f. All information on the Amortization Schedules page (worksheet j, Amrt Schd Ann), except the information concerning the CRP Direct Loan (Loan 2);
g. All information on the Monthly Amortization Tables page (worksheet j, Amrt Schd Mo), except the information concerning the CRP Direct Loan (Loan 2);
h. All information on the Developer Investment Returns page (worksheet k, Dev Ret), except the information concerning the CRP Direct Loan; and

2) 20170220 BRUSH PARK City Modern 440 Alfred Street
<table>
<thead>
<tr>
<th>Document</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Chart; marked Confidential</td>
</tr>
<tr>
<td>3) CITYMODERN440ALFREDSTREETLLC_DE_GS; marked Confidential</td>
</tr>
<tr>
<td>4) 2017 0123 - A6_Bid Addendum; marked Confidential</td>
</tr>
<tr>
<td>5) A-6 Legal Description; marked Confidential</td>
</tr>
<tr>
<td>6) City Modern CRP resolutions 021917(23933650_1); marked Confidential</td>
</tr>
<tr>
<td>7) Brush Park Development Company Phase I LLC CRP resolutions 021917(23933662_1); marked Confidential.</td>
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</tbody>
</table>