



MICHIGAN STRATEGIC FUND

BOARD MEETING AGENDA May 24, 2022 10:00AM

I. CALL TO ORDER & ROLL CALL

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

III. COMMUNICATIONS

IV. CONSENT AGENDA

- a. Proposed Meeting Minutes: April 26, 2022..... 3
- b. Farmers Group, Inc.: MEGA Amendment..... 12
- c. Tourism EDA Amendment 19

V. CAPITAL ACCESS

- a. Resthaven: A resolution to authorize the issuance of Series 2022 Bonds in an amount not to exceed \$7,500,000 to refund the existing Series 2013 Bonds and Series 2017 Bonds and pay costs of issuance of the Series 2022 Bonds..... 29
Location: City of Holland

VI. COMMUNITY VITALITY

- a. Community Development Block Grant Talent Planning Grants: A resolution to approve CDBG CARES funds in the amount of \$1,500,000 to the SEMI Foundation for the Semiconductor Career Apprenticeship Network (SCAN) Program Planning and Development and \$1,500,000 to the Workforce Intelligence Network for Southeast Michigan for the MiREV EV Jobs Academy – Job Training Platform Development..... 35
- b. GT Housing, LLC – 108 W. Chicago: A resolution to approve an MCRP Performance-Based Direct Loan in the amount of \$4,100,000, divided in two tranches, deviation of the MCRP Guidelines requirement maximizing all available senior debt financing, and a Brownfield Act 381 Combined Brownfield Plan including state tax capture in the amount of \$1,228,819 for the City of Sturgis Brownfield Redevelopment Authority..... 42
Location: City of Sturgis

VII. BUSINESS INVESTMENT

- a. World Economic Forum Advanced Manufacturing Centre – FY2022 Funding Allocation: A resolution to allocate \$3,000,000 in MEDC FY22 funding to support the establishment of the World Economic Forum Advanced Manufacturing Centre. 62
Location: City of Troy
- b. Calumet Electronics Corporation: A resolution to approve an MBDP Grant in the amount of \$600,000 and CDBG funds in the amount of \$2,000,000 for machinery and equipment and up to \$50,000 for grant administration. 68
Location: Calumet Township
- c. JR Automation Technologies, LLC: A resolution to approve an MBDP Performance-Based Grant in the amount of \$2,250,000. 81
Location: City of Holland

d. Axiom Engineered Systems, LLC: A resolution to approve an MBDP Performance-Based Grant in the amount of \$1,240,000. 86
Location: Village of Capac

VIII. INFORMATIONAL

Delegation of Authority Report..... 91

**MICHIGAN STRATEGIC FUND
APPROVED MEETING MINUTES
April 26, 2022**

Members Present

John Groen (on behalf of Director Corbin)
Quentin L. Messer, Jr.

Members joined remotely

Britany L. Affolter-Caine
Ronald W. Beebe
Rachael Eubanks
Paul Gentilozzi
Michael B. Kapp (on behalf of Director Ajegba)
Charles P. Rothstein
Susan Tellier
Cindy Warner

I. CALL TO ORDER & ROLL CALL

Mr. Messer called the meeting to order at 10:00 a.m. The meeting was held in person in the Lake Michigan Conference Room at the MEDC headquarters building in Lansing with optional participation remotely.

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

II. PUBLIC COMMENTS

Ms. Wilcox Surmann explained the process for members of the public to participate. Jonathan Holtzman, Chairman and CEO of City Club Apartments, and Zach Larsen, Senior Attorney for Clark Hill Law, spoke in support of the City Club Apartments redevelopment project in the City of Detroit, and encouraged Board members to approve the revised Brownfield Act 381 Work Plan.

III. COMMUNICATIONS

Ms. Wilcox Surmann advised Board members that the Quarterly Report of the Chief Compliance Officer was provided to them in the briefing packet. She also advised them that a letter was received from State Senator Paul Wojno in support of the Warren Transmission redevelopment project in the City of Warren; the letter is attached to the minutes.

MSF Subcommittee Reports

Ronald W. Beebe, chair of the MSF Finance and Investment Subcommittee, and Cindy Warner, chair of the MSF Policy and Planning Subcommittee, reported the subcommittees recently met but they have no updates at this time.

IV. CONSENT AGENDA

Resolution 2022-060 Approval of Consent Agenda Items

Mr. Messer asked if there were any questions from Board members regarding items under the Consent Agenda. Ronald W. Beebe motioned that items a and b be approved and item c, the Appointment of an MSF Board Vice-Chairperson, be moved to the regular order. Paul Gentilozzi seconded the motion.

The motion failed: 8 nays; 2 ayes; 0 recused.

ROLL CALL VOTE: Nays: Britany L. Affolter-Caine, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier, Cindy Warner; Ayes: Ronald W. Beebe, Paul Gentilozzi; Recused: None

John Groen motioned for the approval of the following:

- a. Proposed Meeting Minutes: March 22, 2022
- b. Bedrock Management Services, LLC: MSF Designated Renaissance Zone Transfer – **2022-061**
- c. Appointment of MSF Board Vice-Chairperson – **2022-062**

Michael B. Kapp seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

Mr. Messer informed the Board on advice from Counsel that Board consensus is not needed to move a Consent Agenda item to regular order for deliberation. He asked Mr. Beebe if he still wanted to move the Appointment of MSF Vice-Chairperson to regular order for further deliberation. Mr. Beebe declined, but offered a statement and the previous passage of the Consent Agenda stood.

V. COMMUNITY VITALITY

a. **Resolution 2022-063 1108 Water Street LLC: Michigan Community Revitalization Program Grant**

*Joe Frost, Community Assistance Team Specialist, provided the Board with information regarding this action item. The action involves approval of a \$1,499,301 Michigan Community Revitalization Program performance-based grant to support a community development project in the City of Bay City. The project is expected to result in total capital investment of \$4,809,181. Following discussion, Ronald W. Beebe motioned for the approval of Resolution 2022-063. Britany L. Affolter-Caine seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.***

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

b. **Resolution 2022-064 619, LLC: Michigan Community Revitalization Program Direct Loan Amendment**

*Debbie Stehlik, Commercial Real Estate Investment Manager, provided the Board with information regarding this action item. The action involves approval of an amendment to a Michigan Community Revitalization Program loan participation award agreement to increase the amount by \$1,200,000 from \$2,200,000 to \$3,400,000 and alter the repayment structure. Following discussion, Cindy Warner motioned for the approval of Resolution 2022-064. Charles P. Rothstein seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.***

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

c. **Resolution 2022-065 Trident Corktown Investment, LLC: Michigan Community Revitalization Program Equity Investment Award Amendment**

Julius Edwards, Director of Commercial Real Estate Investment, provided the Board with information regarding this action item. The action involves approval of an amendment to a Michigan Community Revitalization Program equity investment award agreement to waive all accrued and other returns due to the MSF and replace them with a contingent liability in the amount of \$1,863,000 that would become due if the property is sold within three years of MSF approval. As a condition of the amendment, the MSF will receive full repayment of its original \$6,900,000 MCRP investment. Following discussion, Quentin L. Messer, Jr. motioned for the approval of Resolution 2022-065. John Groen and Britany L. Affolter-Caine seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Michael B. Kapp (on behalf of Director Ajegba, designation attached), Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

Paul Gentilozzi disconnected from the meeting at 11:00 a.m.

d. **Resolution 2022-066 City of Detroit Brownfield Redevelopment Authority: Brownfield Act 381 Work Plan Denial (City Club Apartment Redevelopment Project)**

Rob Garza, Manager of Statutory Analysis, provided the Board with information regarding this action item. The action involves denial of a Brownfield Act 381 Work Plan submitted by the City of Detroit Brownfield Redevelopment Authority because the project fails to demonstrate financial need and is inconsistent with program guidelines and requirements. Following discussion, John Groen motioned for the approval of Resolution 2022-066. Rachael Eubanks seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.**

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

VI. CAPITAL ACCESS

a. **Resolution 2022-067 BerQ US Investments, LLC: Bond Inducement**

Chris Cook, Director of Capital Access, provided the Board with information regarding this action item. The action involves adoption of an inducement resolution for private activity bond financing not to exceed \$165,000,000 for the purpose of financing the acquisition, construction, installation, equipping, and furnishing of solid waste disposal facilities related to natural gas to be constructed at four locations, including the City of Fennville and the villages of Freeport, Hopkins, and Elsie.

Quentin L. Messer, Jr. left the meeting at 11:15 a.m. Jennifer Nelson joined the meeting as his Designee and Presided over the remainder of the meeting.

Following discussion, Jennifer Nelson motioned for the approval of Resolution 2022-067. Rachael Eubanks seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

VII. BUSINESS INVESTMENT

a. **Resolutions 2022-068 & 2022-069 Hydro Aluminum Metals USA, LLC / Village of Cassopolis: Community Development Block Grant Program Funding and State Essential Services Assessment Exemption**

Jeremy Webb, Senior Business Development Project Manager, provided the Board with information regarding these action items. The actions involve approval of \$1,500,000 in Community Development Block Grant Program funding for acquisition of machinery and equipment and a State Essential Services Assessment Exemption valued at up to \$1,733,192 to support a business development project in the Village of Cassopolis. The project is expected to result in total capital investment of up to \$149,500,000 and the creation of up to 67 jobs. Following discussion, Britany L. Affolter-Caine motioned for the approval of Resolution 2022-068. Michael B. Kapp seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

John Groen then motioned for the approval of Resolution 2022-069. Britany L. Affolter-Caine seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

b. **Resolution 2022-070 City of Warren Brownfield Redevelopment Authority: Brownfield Act 381 Work Plan (Warren Transmission Redevelopment Project)**

Matt Chasnis, Business Development Project Manager, provided the Board with information regarding this action item. The action involves approval of state tax capture capped at \$7,271,381 for Act 381 eligible activities to support a business development project in the City of Warren. The project is expected to result in total capital investment of \$180,000,000 and the creation of an anticipated 600 jobs. Following discussion, Cindy Warner motioned for the approval of Resolution 2022-070. Rachel Eubanks seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

c. **Resolution 2022-071 Industry 4.0 Signature Initiative Implementation Grants: Allocation of Funding, Award Recommendations, and Guidelines Approval**

Natalie Chmiko, Vice President of PMBC & International Trade, provided the Board with information regarding this action item. The action involves allocation of \$3,000,000 in funding to support Industry 4.0 (I4.0) implementation grants, authorization of Joint Evaluation Committee award recommendations for six nonprofit organizations for agreements for an initial two-year term, with the option to extend the term for up to an additional two years, and approval of proposed I4.0 Technology Implementation Grant Eligibility Guidelines. Following discussion, Susan Tellier motioned for the approval of Resolution 2022-071. Rachael Eubanks seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, John Groen (on behalf of Director Corbin, designation attached), Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jennifer Nelson (on behalf of Chairman Messer, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

VIII. INFORMATIONAL

Ms. Nelson noted the MSF delegated authority report for the period March 1 to March 31, 2022, was included in the meeting packet. She asked if there were any questions from Board members regarding the information.

Ronald W. Beebe inquired about Superior Industries International, Inc. listed under Michigan Business Development Program terminations. The company was awarded a \$900,000 grant and the report noted a \$26,066.63 repayment. He asked about the status of the remaining amount. Christin Armstrong, Associate General Counsel and Vice President of Compliance & Contract Services responded that she will follow-up with specific information about this issue.

Ms. Nelson asked if there were any other questions from Board members and there were none.

Ms. Nelson adjourned the meeting at 11:42 a.m.



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

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

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

Sincerely,

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

Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



January 12, 2022

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

RE: Designation of Jennifer Nelson

To Whom It May Concern:

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

Sincerely,

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



PAUL WOJNO
ASSISTANT DEMOCRATIC
CAUCUS CHAIR

9TH DISTRICT

P.O. BOX 30036

LANSING, MI 48909-7536

PHONE: (517) 373-8360

TOLL-FREE: (855) 347-8009

FAX: (517) 373-9230

senpwojno@senate.michigan.gov

COMMITTEES:
 ELECTIONS,
 MINORITY VICE-CHAIR
 HEALTH POLICY AND
 HUMAN SERVICES
 REGULATORY REFORM

THE SENATE
STATE OF MICHIGAN

April 21, 2022

Quentin L. Messer, Jr., Chair
 Michigan Strategic Fund Board
 300 N. Washington Sq.
 Lansing, MI 48913

Dear Mr. Messer,

I am writing to offer my support for the request from the City of Warren Brownfield Redevelopment Authority for approval of a Brownfield Act 381 Work Plan. The plan includes the state tax capture of \$7,271,381 to reimburse the Michigan Strategic Fund for eligible activities in Warren, Michigan.

The project consists of the demolition of an existing building and the construction of three new buildings containing 1,400,000 square feet of industrial space. The project will redevelop 117 acres that previously housed the former General Motors (GM) Warren Transmission Plant and is anticipated to support tenants in the light industrial, manufacturing, subassembly work, and distribution industries.

The project will include approximately 5,000 square feet of public infrastructure improvements consisting of curb and gutter, street repair, and road improvements and is expected to result in capital investment of \$180,000,000 and the creation of approximately 600 new industrial/manufacturing jobs.

Performing the work will be NP Mound Road Industrial, LLC, a single purpose entity created by NorthPoint Development, a privately held real estate development firm established in 2012 that specializes in rehabilitation of industrial space. The qualifications and experience of the developers of this project make them a beneficial addition to the community. In addition, the developer has managed over 70 million square feet of industrial space across the U.S. and has undertaken multiple projects in Michigan with a similar scope, including the former Cadillac Stamping Plant Redevelopment project in Detroit and the Eastland Mall Redevelopment project in Harper Woods. In addition, the project is requesting \$10,604,750 in TIF from the Department of Environment, Great Lakes and Energy to assist with environmental eligible activities. Local support for the project includes the local portion of the Brownfield Tax Increment Financing (TIF) valued at \$10,802,094 and a 12-year Industrial Facilities Property tax abatement valued at \$12,646,232.

The property recently housed a GM manufacturing operation until the facility was closed in 2019. The site was temporarily reopened to manufacture facemasks during the COVID-19 pandemic, but operations have since been shuttered. Once construction begins, it is expected to be completed within 36 months. Throughout my time in public service, I have witnessed firsthand the importance of community involvement and commitment and am confident in the positive benefits of NP Mound Road Industrial, LLC., who has a proven track record of success and is committed to supporting the economy while contributing to the local tax base which supports essential services. The positive economic impact will be felt immediately in the area and assist Michigan workers by providing good paying jobs. It is this commitment to positive results, that reinforces my recommendation and support for approval.

Thank you for your consideration and please feel free to contact me if you would like to discuss the projects benefits and contributions to the community and State of Michigan. I can be reached at senpwojno@senate.michigan.gov or 517-373-8360.

Warmest regards,



Senator Paul Wojno
 9th District



MEMORANDUM

Date: May 24, 2022

To: Michigan Strategic Fund Board

From: Colleen Horton, Director – Business Compliance

Subject: Farmers Group, Inc. – Michigan Economic Growth Authority Tax Credit Amendment

Request

Farmers Group, Inc. (“Farmers” or “Company”) is requesting an amendment to its Michigan Economic Growth Authority (“MEGA”) tax credit to 1) eliminate a condition requiring 1,400 Qualified New Jobs (“QNJs”) to be created by 2027; 2) reduce the total number of required QNJs to 900; 3) extend the deadline for creation of the 900 QNJs to December 31, 2024; and allow the QNJs to be counted on a statewide basis. In consideration for the amendment request, the term of the MEGA would be reduced by two years and would be capped at \$26,124,213 in total credits the Company could receive for tax years 2021 through 2026 (the aforementioned, collectively, the “Request”).

Background

On September 14, 2009, Farmers was awarded an eighteen year Standard MEGA for the creation of at least 50 and up to a maximum of 1,600 Qualified New Jobs (“QNJs”) above a statewide base job requirement of 2,029 and with a minimum average weekly wage of \$680 in Caledonia Township (the “Farmers MEGA Award”). The tax credits issued under the Farmers MEGA Award are equal to 100 percent of Michigan’s personal income tax rate, as it exists at the beginning of the tax year for which the credit is sought, multiplied by the total salaries, wages, and employer-paid health care benefits of the QNJs. The maximum amount of salaries and wages that may be used for calculating the tax credit in a single tax year is \$250,000.

The Farmers MEGA Award includes the following two conditions:

- Creation of a minimum of 1,000 QNJs by the end of the twelfth year of operations (2022) and continue to maintain that number in future years.
- Creation of a minimum of 1,400 QNJs by the end of the seventeenth year (2027) of operations and maintain that number in future years.

Farmers achieved the 1,000 QNJs threshold in 2017, however, it fell below that number in 2020 and is estimated to fall below that number for 2021 as a result of the COVID-19 pandemic. In 2020 the QNJs were at 906 and in 2021 the QNJs are currently estimated at 823. The Company reports a current headcount in Michigan of 2,941 and indicated it has had difficulty attracting and retaining employees during the pandemic. Farmers further reported that they are increasing flexibility for their employees to maintain a hybrid remote work schedule to attract workers in areas outside of Grand Rapids. Depending on where those employees are located their official workstation may be a location other than the Caledonia site. As of April 22, 2022, Farmers is actively recruiting for over 860 positions throughout the U.S. with a more virtual focus, and based on the Department of Labor statistics, could expand its hiring to target more professional level roles like Actuarial and Underwriting employees in the southeast Michigan, the Lansing,

and the northern Michigan areas. Farmers has requested the amendment in response to these hiring challenges and to accommodate a hybrid work model.

Since 2009, Farmers has received \$22,549,212 in cumulative tax credits under the Farmers MEGA Award. If the amendment is approved, the remaining cumulative total tax credits the Company could receive would be capped at \$26,124,213 for tax years 2021 through 2026. If the amendment is not approved, then the Company will be unable to seek a tax credit for tax years 2022 through 2028.

Recommendation

MEDC staff recommends that the MSF Board approve the Request.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-073**

**FARMERS GROUP, INC.
MEGA STANDARD TAX CREDIT AMENDMENT**

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 grant an authorized business a credit against the tax imposed by the Michigan Business Tax Act, 2007 PA 36, as amended (a “Tax Credit”);

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, on June 16, 2009, the MEGA Board authorized a Standard MEGA Tax Credit for Farmers Group, Inc. (“Farmers” or “Company”) and executed a MEGA Tax Credit Agreement on September 14, 2009, for eighteen consecutive years for at least 50 and no more than 1,600 Qualified New Jobs (“QNJ”) above a statewide base job requirement of 2,029 in the State of Michigan with an average weekly wage of at least \$680, at the Company’s facility in Caledonia Township (the “Farmers MEGA Tax Credit”);

WHEREAS, the Farmers MEGA Tax Credit includes the following conditions: 1) creation of a minimum of 1,000 QNJs by the end of the twelfth year of operations (2022) and continue to maintain that number in future years and 2) creation of a minimum of 1,400 QNJs by the end of the seventeenth year (2027) of operations and maintain that number in future years;

WHEREAS, Farmers has applied for and received tax credits through tax year 2020, resulting in \$22,549,212 in cumulative tax credits;

WHEREAS, the Company achieved the 1,000 QNJs threshold in 2017, however, it fell below that number in 2020 as a result of the COVID-19 pandemic;

WHEREAS, Farmers is requesting that the MSF Board approve an amendment to the Farmers MEGA Tax Credit as follows (collectively, the “Amendment Request”):

- (1) Eliminate the condition requiring 1,400 QNJs to be created by 2027;
- (2) Reduce the total number of required QNJs to 900;
- (3) Extend the deadline for creation of the required 900 QNJs to December 31, 2024;
- (4) Allow QNJs to be counted on a statewide basis;
- (5) Reduce the term of the Farmers MEGA Tax Credit by two years;
- (6) Impose a cap of \$26,124,213 for the remaining cumulative tax credits the Company could receive for tax years 2021 to 2026.

WHEREAS, the MEDC recommends that the MSF Board approve the Amendment Request.

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

BE IT FURTHER RESOLVED, that the MSF Fund Manager is authorized to negotiate final terms and conditions of the Amendment Request and to execute all documents necessary to effectuate the Amendment Request in accordance with this Resolution.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, Amiee Evans (on behalf of Chairman Messer, designation attached), Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan
May 24, 2022



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

May 23, 2022

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

RE: Designation of Amiee Evans

To Whom It May Concern:

I hereby confirm my designation of Amiee Evans as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for the meeting scheduled for May 24, 2022.

Sincerely,

Quentin L. Messer, Jr.
Chief Executive Officer
Michigan Economic Development Corporation

Cc: Val Hoag, MSF Fund Manager
Katelyn Wilcox, MSF Board Administrator

PURE *M*ICHIGAN®



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

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

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

Sincerely,

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

Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: May 24, 2022

To: Michigan Strategic Fund Board

From: Kelly Wolgamott, Director of Travel Marketing

Subject: Extension of Federal Funding Grant

Request

The Michigan Economic Development Corporation (“MEDC”) requests that the Michigan Strategic Fund (“MSF”) Board approve the authorization for Jennifer Tebedo, Director of the Office of Grants and Acquisition within the Department of Labor and Economic Opportunity (“LEO”), sign for an Economic Development Administration (“EDA”) extension request on behalf of the MSF (the “Request”). Due to contractual periods with the multiple vendors secured for this project an extension request is required through December 31, 2022.

Background

In July 2020, the Office of Grants and Acquisitions in LEO applied for funding through the EDA’s Public Works and Economic Adjustment Assistance (“EAA”) program to provide economically distressed communities and regions with resources to address a variety of economic needs. The application submitted on behalf of the MSF sought to develop and implement a strategic travel recovery plan to accelerate the economic recovery and resilience of the travel and tourism industries in Michigan. The project focuses on the economic drivers of tourism and overcoming weakened traveler confidence caused by the COVID-19 pandemic. The outcome of the project would provide actionable insights for recovery and development of long-term strategies to increase both domestic and international travel to Michigan.

At the May 25, 2021, the MSF Board ratified actions taken by LEO to submit the application to EDA on behalf of the MSF. On June 21, 2021, the EDA notified LEO and the MSF that it had approved the application for funding and the MSF was awarded \$418,320 in support of the project (the “EDA Grant”), with the MSF matching funds of \$104,480.

The Board accepted the EDA Grant of \$418,320, at the July 27, 2021, board meeting, and allocated the \$104,480 in matching funds.

Research from our multiple vendors is ongoing, and some has yet to begin. This is due to:

- Timing needs from a campaign activity perspective (e.g., campaign performance measurement is dependent upon seasonal campaign activity).
- Data availability (e.g., Longwoods’ TravelUSA data relies upon specific data that are not available until late spring 2022, and Tourism Economics also relies upon data releases from Longwoods’ TravelUSA to complete their economic impact analyses).
- Contracts that began mid-fiscal year and extend one full year before completion (e.g., Smith Travel Research (STR) and AllTheRooms data are made available on a monthly basis through the end of those respective contracts next year).

Recommendation

The MEDC recommends that the MSF Board approve the Request.

MICHIGAN STRATEGIC FUND

RESOLUTION 2022-074

DESIGNATION OF AUTHORIZED REPRESENTATIVE FOR CERTAIN FEDERAL GRANT FUNDING OPPORTUNITIES

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

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

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

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

WHEREAS, under Section 125.2007-2 of the MSF Compiled Resolutions, the MSF President or the MSF Fund Manager may accept on behalf of the MSF gifts, grants, and other aids (collectively “Gifts”) not to exceed \$1,000,000 per Gift from any person or the federal, state, or a local government or any agency of the federal, state, or local government;

WHEREAS, in July 2020, an application was submitted by the Department of Labor and Economic Opportunity (“LEO”) on behalf of the MSF to the federal Economic Development Administration (“EDA”) within the United States Department of Commerce (“DOC”) for funding under the EDA FY 2020 Public Works and Economic Adjustment Assistance funding opportunity for the purpose of providing funds to support construction, non-construction, planning, technical assistance, and revolving loan projects under the EDA’s Public Works program and EAA program (the “EDA Funding Opportunity”);

WHEREAS, on May 25, 2021, the MSF Board ratified actions taken by LEO to submit the application to EDA on behalf of the MSF;

WHEREAS, on June 21, 2021, the EDA notified the MSF that its application was approved, and that the MSF was eligible for a grant of up to \$418,320 for the purpose of developing and implementing a strategic travel recovery plan to accelerate the economic recovery and resilience of the travel and tourism industries in Michigan (the “EDA Grant”);

WHEREAS, in accordance with Section 125.2007-2 of the MSF Compiled Resolutions, the MSF Fund Manager accepted the EDA Grant on behalf of the MSF;

WHEREAS, on July 27, 2021, the MSF Board ratified actions taken by the MSF Fund Manager to accept the EDA Grant and allocated \$104,480 in funding to satisfy the federal match requirement;

WHEREAS, it is necessary for the MSF Board to seek an extension of the EDA Grant term to December 31, 2022 in order to continue and complete the EDA Grant activities (the “Extension Request”);

WHEREAS, the EDA requires that the individual who originally submitted the application for the EDA Grant to submit the Extension Request;

WHEREAS, the MEDC recommends that the MSF Board authorize Jennifer Tebedo, Director, Office of Grants and Acquisition within LEO, to submit the Extension Request on behalf of the MSF (the “Authorized Representative Designation”).

WHEREAS, the MSF Board desires to approve the Authorized Representative Designation.

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the MSF Board approves the Authorized Representative Designation.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, Amiee Evans (on behalf of Chairman Messer, designation attached), Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan
May 24, 2022



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

May 23, 2022

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

RE: Designation of Amiee Evans

To Whom It May Concern:

I hereby confirm my designation of Amiee Evans as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for the meeting scheduled for May 24, 2022.

Sincerely,

Quentin L. Messer, Jr.
Chief Executive Officer
Michigan Economic Development Corporation

Cc: Val Hoag, MSF Fund Manager
Katelyn Wilcox, MSF Board Administrator

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GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

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

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

Sincerely,

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

Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-072**

**APPROVAL OF THE MAY 24, 2022 CONSENT AGENDA
FOR THE MICHIGAN STRATEGIC FUND BOARD**

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

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

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

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

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

Consent Agenda Items:

- a. Proposed Meeting Minutes: April 26, 2022
- b. Farmers’ Group, Inc.: MEGA Amendment
- c. Tourism EDA Amendment

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Rachael Eubanks, Amiee Evans (on behalf of Chairman Messer, designation attached), Paul Gentilozzi, John Groen (on behalf of Director Corbin, designation attached), Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan
May 24, 2022



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

May 23, 2022

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

RE: Designation of Amiee Evans

To Whom It May Concern:

I hereby confirm my designation of Amiee Evans as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for the meeting scheduled for May 24, 2022.

Sincerely,

Quentin L. Messer, Jr.
Chief Executive Officer
Michigan Economic Development Corporation

Cc: Val Hoag, MSF Fund Manager
Katelyn Wilcox, MSF Board Administrator

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GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY
LANSING

SUSAN CORBIN
ACTING DIRECTOR

June 15, 2021

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Wilcox:

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

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

Sincerely,

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

Susan R. Corbin
Acting Director



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: May 24, 2022

To: Michigan Strategic Fund Board

From: Chris Cook, Managing Director - Capital Access

Subject: Bond Authorization—Not to Exceed \$7,500,000 -- Limited Obligation Revenue Refunding Bonds, Series 2022 (Resthaven Project) (the “Series 2022 Bonds”)

Request:

Resthaven, a Michigan non-profit corporation, requests the Michigan Strategic Fund (“MSF”) issue the Series 2022 Bonds to refund Michigan Strategic Fund Limited Obligation Revenue Bond (Resthaven Project), Series 2013, issued on July 9, 2013 in the original stated amount of \$5,100,000 (the “Series 2013 Bonds”) and Michigan Strategic Fund Limited Obligation Revenue Bond (Resthaven Project), Series 2017, issued on June 22, 2017 in the original stated amount of \$3,000,000 (the “Series 2017 Bonds”) previously issued by the Michigan Strategic Fund for the benefit of Resthaven.

The Series 2013 Bonds were used to (i) refund on a current basis the \$1,785,011.44 of outstanding Healthcare Equipment Loan Program bonds of the Michigan Finance Authority, as successor to the Michigan State Hospital Authority; (ii) refund on a current basis the \$1,005,505.02 of outstanding Healthcare Equipment Loan Program bonds of the Michigan Finance Authority, as successor to the Michigan State Hospital Authority; and (iii) finance and refinance a portion of the costs of constructing, installing, equipping, acquiring and furnishing an approximately 19,000 square foot addition to Resthaven’s existing skilled nursing facility known as Resthaven Care Center located at 280 W. 40th Street, Holland, Michigan to house 16 private resident rooms and required support services, a rehabilitation gym, a new entrance, a café, and a multi-purpose room for resident activities.

The Series 2017 Bonds were used to refinance the cost of constructing, installing, equipping and furnishing an assisted living facility known as Resthaven Maple Woods, which is licensed as a Home for the Aged, located at 49 E. 32nd Street, Holland, Michigan. This facility includes 24 private resident rooms and required support services, including assistance with activities of daily living, 24 hour supervision by resident care staff, and licensed nursing services.

Both of these facilities are owned and operated by Resthaven in furtherance of its charitable purposes as a non-profit provider of a continuum of care and housing for the elderly.

Plan of Finance:

The MSF plans to issue the Series 2022 Bonds, the proceeds of which will be used to refund the Series 2013 Bonds and Series 2017 Bonds described above and pay costs of issuance of the Series 2022 Bonds. The refinancing is expected to result in present value savings. The proposed plan is to sell the Series 2022 Bonds in a bank private placement transaction to be purchased by Old National Bank.

Background:

Resthaven is a Michigan non-profit corporation incorporated on May 7, 1945 to provide a home for the aged and is governed by a local volunteer Board of Trustees. Resthaven currently consists of Resthaven Care Center, a 145 bed skilled nursing facility; Maple Woods, a 118-bed assisted living facility licensed as a Home for the Aged; The Warm Friend, 60 independent senior apartments; and The River Place, 21 independent senior apartments. All of Resthaven's facilities are located in the City of Holland, Michigan. Resthaven is licensed in the State of Michigan as a Continuing Care Retirement Community, providing care, services and housing for the elderly.

In 2021, Resthaven served nearly 700 residents.

Resthaven has a total of 439 employees.

Recommendation:

Based upon a determination by Dickinson Wright PLLC and the State of Michigan Attorney General's office that this transaction complies with state and federal law requirements for a bond refinancing, staff recommends the adoption of a resolution authorizing the issuance of the Series 2022 Bonds in an amount not to exceed \$7,500,000 to refund the Series 2013 Bonds and Series 2017 Bonds and pay costs of issuance of the Series 2022 Bonds.

RESOLUTION TO AUTHORIZE THE ISSUANCE OF THE MICHIGAN STRATEGIC FUND
LIMITED OBLIGATION REVENUE REFUNDING BONDS (RESTHAVEN PROJECT),
SERIES 2022
(THE “BONDS”)

Resolution 2022-075

Background

A. The Michigan Strategic Fund (the “Fund”) is authorized by 1984 PA 270, as amended (the “Act”), to issue bonds for the purpose of making loans to pay the costs of a project (as described in the Act), and to refund prior series of bonds issued for such purpose.

B. Resthaven, a Michigan non-profit corporation (the “Borrower”), has requested a loan from the Fund to refund (A) the Michigan Strategic Fund Limited Obligation Revenue Bond (Resthaven Project), Series 2013, issued on July 9, 2013 in the original stated amount of \$5,100,000 (the “Series 2013 Bonds”) and (B) the Michigan Strategic Fund Limited Obligation Revenue Bond (Resthaven Project), Series 2017, issued on June 22, 2017 in the original stated amount of \$3,000,000 (the “Series 2017 Bonds”);

C. The Borrower has requested the Fund to issue the Bonds, in one or more series, in the aggregate principal amount not to exceed \$7,500,000 pursuant to this resolution (the “Resolution”) and a bond financing agreement (the “Bond Financing Agreement”), among the Fund, the Borrower and Old National Bank, as purchaser (the “Purchaser”), to obtain funds which will be loaned to the Borrower to refund the outstanding Series 2013 Bonds and Series 2017 Bonds and to pay the costs of issuing the Bonds.

D. As security for the payment of the Bonds, the Borrower will issue and deliver its Master Indenture Note (Resthaven) Series 2022C (“Note No. 3”), pursuant to the terms of a Master Trust Indenture, as supplemented by a Supplemental Master Trust Indenture No. 3 (the “Third Supplemental Master Indenture”), between Resthaven, as Obligated Group Agent on behalf of itself and the other Members of the Obligated Group, and The Bank of New York Mellon Trust Company, N.A., as master trustee (the “Master Trustee”).

E. The Bonds will be issued as a single fully registered bond and purchased by the Purchaser for its own account pursuant to the Bond Financing Agreement.

NOW, THEREFORE, Be It Resolved by the Board of the Fund:

SECTION 1. Issuance of Bonds; Limited Obligation. For the purpose of making the loan requested by the Borrower, the issuance of the Bonds is authorized. The terms of the Bonds shall be substantially in the form contained in the Bond Financing Agreement, with the changes permitted or required by action of the Fund or the Bond Financing Agreement. The Bonds shall bear the manual or facsimile signature of a member of the Fund’s Board of Directors (a “Member”) or of a person authorized by Board Resolution to sign Bond documents on behalf of

the Fund (an “Authorized Officer”), and the official seal of the Fund (or a facsimile of the seal) shall be impressed or printed on the Bonds. The Bonds and the interest and any premium on the Bonds are not a debt or obligation of the State of Michigan or a general obligation of the Fund within the meaning of any constitutional or statutory limitation and do not constitute a charge against the credit or taxing powers of the State of Michigan or the general funds or assets of the Fund (including funds relating to other Fund loans or activities), but shall be limited obligations of the Fund payable solely from the revenues derived from the Bond Financing Agreement and otherwise as provided in the Bond Financing Agreement.

SECTION 2. Approval, Execution and Delivery of Bond Financing Agreement. The form of the Bond Financing Agreement, on file with the staff of the Fund and on which has been endorsed by the staff of the Fund the date of adoption of this Resolution, is approved. Any Member or Authorized Officer is authorized to execute and deliver the Bond Financing Agreement, in substantially the form approved, with any changes as are considered necessary or desired by him or her, permitted by the Act or otherwise by law, and not materially adverse to the Fund. Approval of such changes shall be evidenced by such Member’s or Authorized Officer’s execution of the Bond Financing Agreement.

SECTION 3. Completion of Document Terms. Any Member may approve the initial interest rate applicable to the Bonds, which shall not be more than 10% per annum, and the principal amount of the Bonds, which shall not be greater than \$7,500,000. Approval of those terms shall be evidenced by the Member’s execution of the Bond Financing Agreement.

SECTION 4. Acknowledgement of Collateral Documents. The forms of Note No. 3 and the Third Supplemental Master Indenture on file with the staff of the Fund and on which have been endorsed by the staff of the Fund as of the date of adoption of this Resolution, are acknowledged with the changes made by the parties as are permitted by the Act or otherwise by law, and not materially adverse to the Fund. Any Member or Authorized Officer is authorized to execute and deliver the assignment of Note No. 3 to the Purchaser, in substantially the forms approved, with any changes as are considered necessary or desired by him or her, permitted by the Act or otherwise by law, and not materially adverse to the Fund. Approval of such changes to the Third Supplemental Master Indenture and the assignment of Note No. 3 shall be evidenced by such Member’s or Authorized Officer’ execution of the assignment of Note No. 3.

SECTION 5. Sale and Delivery of the Bonds. A Member or an Authorized Officer shall execute, seal, and deliver the Bonds upon receipt of the following documents and payment of the purchase price for the Bonds:

- a. an opinion of bond counsel to the Fund acceptable to the Fund and the Attorney General of the State of Michigan (the “Attorney General”),
- b. an opinion of counsel to the Borrower and necessary certificates and representations of the Borrower acceptable to the Fund, the Attorney General, and bond counsel, and
- c. an approving opinion of the Attorney General.

Upon receipt, the proceeds of the Bonds shall be applied in accordance with the Bond Financing Agreement.

SECTION 6. Authorization of Filings, Submissions and Other Documents. Any Member or Authorized Officer, as well as counsel to the Fund, is authorized to apply for or submit, execute, and deliver the other certificates, documents, opinions, and papers to any party or governmental agency, including an escrow deposit agreement in connection with the refunding of the Series 2013 Bonds or the Series 2017 Bonds, as may be required by the Bond Financing Agreement or as may be necessary to effectuate the valid issuance, sale and delivery of the Bonds as tax-exempt bonds and otherwise as contemplated by those documents.

SECTION 7. Conflict and Effectiveness. All resolutions or other proceedings of the Fund in conflict with this Resolution are repealed to the extent of the conflict. This Resolution shall become effective upon adoption. If the Bonds are not delivered to their original purchaser on or before August 31, 2022, the authority granted by this Resolution shall lapse.

Adopted.

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

Nays: None

Recused: None

May 24, 2022 Meeting
Lansing, Michigan



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: May 24, 2022

To: Michigan Strategic Fund Board

From: Kerry Ebersole Singh, Chief Talent and Engagement Officer
Christine Whitz, Managing Director, Community Development Block Grant Program

Subject: Talent Solutions Incentive Request
Community Development Block Grant (CDBG) Program – CARES Funding
MiREV – Electric Vehicle (EV) Jobs Academy – Planning Grant
Semiconductor Apprenticeship – Planning Grant

Request

MEDC is requesting a total \$3,000,000 in Community Development Block Grant (CDBG) Coronavirus Aid, Relief and Economic Security Act (CARES) funds for planning and development activities:

- \$1,500,000 to the SEMI Foundation for the Semiconductor Career Apprenticeship Network (SCAN) Program Planning and Development
- \$1,500,000 to Workforce Intelligence Network (WIN) for Southeast Michigan for the MiREV EV Jobs Academy – Job Training Platform Development

Background

Semiconductor Career Apprenticeship Network (SCAN) Program Grant

With the rapid growth the semiconductor industry is mobilizing there is a gap in the talent pipeline. By supporting an apprenticeship program for semiconductor technicians, we can begin to close this gap. As global demands continue to grow and evolve across every phase of the semiconductor process, Michigan is leading in the new guard for industry. Michigan's ability to support the semiconductor industry extends from its deep knowledge as a customer of the sector, as the global epicenter of the automotive industry. The state is home to nearly one-fifth of U.S. auto productions – more than any other state in the nation – and has the greatest concentration of OEMs in the country. Michigan's automotive industry purchased nearly \$35 million in products and services from semiconductor companies in Michigan in 2020 alone, building on the state's leadership in semiconductor R&D and testing. This is due in large part to the state's talent and processes supported by Hemlock Semiconductor, KLA and the University of Michigan, which is the top global institute for semiconductor training. With the creation and support of an apprenticeship planning and development program we can be the first state in the nation to launch this type of training program for industry.

The Semiconductor Apprenticeship Program planning and development grant will provide \$1.5 million in CDBG-CARES Act funding to the SEMI Foundation. The SEMI Foundation is the 501(c)(3) arm of SEMI, the global industry association representing the microelectronics manufacturing and design supply chain, connecting over 2,400 member companies and 1.3 million professionals worldwide. The SEMI Foundation was established by SEMI in 2001 to support economic opportunity for workers and the sustained growth

of the microelectronics industry. The mission of the SEMI Foundation is to support economic opportunity for workers and the sustained growth of the microelectronics industry by creating pathways and opportunities for job seekers, and tools and systems for semiconductor companies to attract, develop and retain a diverse, innovative and skilled workforce.

The SEMI Foundation will provide the planning and development of the Semiconductor Career Apprenticeship Network (SCAN) program in two phases. Phase 1 will focus on the workforce ecosystem by engaging key microelectronics employer partners, end user customers in the automotive and manufacturing space, educational partners for curriculum development and key workforce development partners. Outcomes will include a full industry assessment, a fully staffed team for Michigan complete with educational institutions and work force development partners, the launch of sponsor applications and leadership team formed. Phase 2 will focus on the SCAN customization through conducting extensive discovery and focus groups with employers to confirm job roles, skills and competencies needed. This information will be vetted with education and labor partners to determine supply and demand to focus the training and curriculum needed. Curricula and certifications will be designed. Outreach and recruitment plans will be developed with targeted strategies to reach diverse and underserved communities. With existing partners, the identification of key middle and high schools' outreach will begin to support student and candidate pipelines.

MiREV EV Jobs Academy – Job Training Platform Development Grant

The Michigan Revolution for Electrification of Vehicles (MiREV) Jobs Training Platform, which includes collaboratives representing the private and public sector developing data-driven talent pipeline solutions for the EV and mobility sector, will address the most critical workforce needs, preparing individuals for emerging technologies in connected, autonomous, lightweight, hybrid, electric, alternative fuel, and other advanced vehicle technologies through rapid/accelerated training and re-training. The alignment of education and training programs will facilitate recruiting, placement, and retention of Michigan's workforce, filling talent gaps for in-demand and emerging occupations within the mobility and electrification industry. The MiREV Jobs Training Platform will sustain and expand employer-led collaboratives designed to develop and initiate an academy focused on alignment of closing skills gaps through attracting, upskilling and reskilling a mobility workforce across Michigan serving historically underserved populations while creating a robust talent pipeline surrounding the electrification of vehicles.

The MiREV EV Jobs Academy – Job Training Platform Development Program grant will provide \$1.5 million in CDBG-CARES Act Funding to The Southeast Michigan Community Alliance (SEMCA) Workforce Intelligent Network (WIN) initiative. The mission of the WIN for Southeast Michigan is to help cultivate a cohesive talent system by facilitating data-driven workforce solutions to ensure responsiveness to changing labor market demands. WIN is a partnership of ten community colleges and seven Michigan Works! Agencies in southeast Michigan. WIN specializes in fostering collaboration among talent partners, including workforce development, community colleges, four-year post-secondary institutions, K-12 schools, economic development organizations, government, community based organizations and employers. WIN will leverage the Michigan Academy for Green Mobility Alliance's (MAGMA) existing collaborative by using the established structure, leadership, and employer champions. The program will address critical workforce needs, align education and training programs, prepare individuals for emerging technologies, and target training to incumbent, displaced and historically underserved populations seeking opportunities in the mobility and automotive sectors.

The proposed funding request for these two key talent initiatives directly ties to the MEDC Strategic Focus Area to support and grow our talent in the focused industry area of mobility and automotive manufacturing, with statewide impact and would be supported by the CDBG CARES Act Funding. The CDBG CARES

funding may be used on eligible activities that Prepare, Prevent or in Response to coronavirus. In response to the lagging labor force participation rate that has been exasperated by COVID impacts, the need is to support industry in planning to deepen talent pipelines. The opportunity to design, plan and develop job training platforms and apprenticeship programs is in response to the Michigan COVID impact our job market. These programs will increase opportunities for Michiganders throughout the state from underrepresented populations including youth, veterans, women, people of color, ex-offenders, and persons with disabilities.

The Projects qualify for CDBG funding as the project activities are expected to meet the national objective of likelihood for near term job creation where at least 51 percent of the positions are held by persons living in low to moderate income households.

These Projects involve eligible activities identified in Section 105(a)(12) of Title I of the Housing and Community Development Act of 1974, as amended.

Background checks have been completed in accordance with the MSF Background Review Policy and the projects may proceed for MSF consideration.

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

Recommendation

The MEDC Staff recommends CDBG CARES funding be authorized in the amounts of:

- \$1,500,000 to the SEMI Foundation for the Semiconductor Apprenticeship Program Planning and Development Grant and
- \$1,500,000 to Workforce Intelligence Network (WIN) for Southeast Michigan for the MiREV EV Jobs Academy – Job Training Platform Development Grant

MICHIGAN STRATEGIC FUND

RESOLUTION

2022-076

**APPROVAL OF THE MIREV EV JOBS ACADEMY JOB TRAINING PLATFORM DEVELOPMENT
GRANT**

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

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

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

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

WHEREAS, The Workforce Intelligence Network for SE Michigan has requested a grant in the amount of \$1,500,000 for the MiREV EV Jobs Academy Job Training Platform Development (the “Project”);

WHEREAS, the CDBG program staff reviewed the Project in light of the Criteria and HUD regulations and concluded the activities are eligible;

WHEREAS, staff recommends approval of the Project; and

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

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

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

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

Nays: None

Recused: None

Lansing, Michigan
May 24, 2022



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-077**

**APPROVAL OF SEMICONDUCTOR CAREER APPRENTICESHIP NETWORK PROGRAM PLANNING
AND DEVELOPMENT GRANT**

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

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

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

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

WHEREAS, The SEMI Foundation has requested a grant in the amount of \$1,500,000 for the Semiconductor Career Apprenticeship Network Program Planning and Development (the “Project”);

WHEREAS, the CDBG program staff reviewed the Project in light of the Criteria and HUD regulations and concluded the activities are eligible;

WHEREAS, staff recommends approval of the Project; and

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

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

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

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

Nays: None

Recused: None

Lansing, Michigan
May 24, 2022



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: May 24, 2022

To: Michigan Strategic Fund Board

From: Michelle Audette-Bauman, Senior Community Assistance Team Specialist
Julius Edwards, Director of Commercial Real Estate Investment
Jake Winder, Manager of Community Development Incentives

Subject: Request for Approval of a Michigan Community Revitalization Program (MCRP)
Performance-Based Direct Loan and a Request for Approval of an Act 381
Combined Plan
GT Housing, LLC and Related Entities
City of Sturgis Brownfield Redevelopment Authority (BRA)
108 W. Chicago

Project Summary

The request will support a community development project located in the City of Sturgis that will demolish three structures to construct a new, five-story mixed-use building representing \$11,975,599 in total capital investment. The project will create 23 workforce housing units and approximately 4,762 square feet of commercial space. It is anticipated that thirty percent of the housing units in the project will be set-aside for households earning approximately 80% of area median income; the remaining units are anticipated to be offered at market rate rents which are accessible to households earning between 80% and 120% of the St. Joseph County area median income. The commercial space in the project will house a destination restaurant that will incorporate an employment program for individuals with disabilities. The project is a high priority for the City of Sturgis, as it will add a significant number of workforce housing units and a new destination restaurant to the heart of downtown, both of which are identified as strategic priorities in the community Master Plan. Housing demand in Sturgis and the surrounding area is significant, due in part to strong job growth which includes over 500 new jobs supported by the MSF within the last 12-18 months. Additionally, the project will remove a blighted, formerly publicly owned building and replace it with vibrant, dense development that will increase the tax base and contribute to the activation of a key block in downtown Sturgis.

The project is expected to total 25,310 square feet which includes 11,862 square feet of residential space, 4,762 square feet of commercial space, and 8,686 square feet of common area, amenity space and rooftop patio space for apartment residents. Construction costs for the building are projected to be \$348 per square foot; this is higher than previously approved projects in the region and is attributable to costs associated with infill construction between existing buildings, commercial build-out expenses and rapidly escalating construction costs that are being experienced across the entire state. As part of the project scope 59,802 square feet of public space will be improved, including sidewalks and the adjacent public parking areas. Monthly rents for apartments in the project range from \$695 for studios to \$1,575 for two bedrooms which equates to an average rental rate of \$1.66 per square foot.

A financing gap exists due to the costs to redevelop brownfield property into a vibrant, dense mixed-use development, high cost of construction, as well as the anticipated rental rates that can be achieved in the market which limits the cash flow available to support the project. The developer is leveraging over \$3 million in New Market Tax Credit (NMTC) equity, has secured \$1.25 million in local grant contributions, and is directly investing over \$3.3 million (28%) in cash equity, and deferring \$330,000 (3%) in developer fees. With Michigan Community Revitalization Program (MCRP) support, as well as local and state brownfield tax increment financing reimbursement and a local tax abatement, the project is projected to generate a negative return over 20 years. The construction of this vibrant, mixed-use development with appropriate urban density that enhances walkability and creates mixed-income housing units within Sturgis' traditional downtown district would not be feasible without this support.

Request

GT Housing, LLC, and Related Entities ("Applicant") are requesting a MCRP Performance-Based Direct Loan in the amount of \$4,100,000 split into two tranches. One tranche of \$2,600,000 will be amortized over 360 months and another \$1,500,000 tranche that would be interest only for 90 months. The City of Sturgis Brownfield Redevelopment Authority (BRA) is also requesting approval of a Brownfield Act 381 Combined Brownfield Plan including state tax capture in the amount of \$1,228,819 to reimburse for MSF eligible activities. The Applicant anticipates that the project will result in a total capital investment in the amount of \$11,975,599.

Program Summary

The request for MCRP and Brownfield support is consistent with program requirements as the project will leverage private investment to transform the underutilized property into a vibrant development that contributes to a traditional downtown district. The project qualifies for the MCRP and Brownfield Act 381 programs because the property is functionally obsolete. The project is consistent with the MEDC strategic plan because it contributes to the development of vibrant places that attract and retain talent and because it supports investment in a Geographically Disadvantaged Business Location. Additionally, the revitalization of an underutilized brownfield property and the creation of appropriate urban density that enhances walkability and creates mixed-income housing units within a traditional downtown district is well aligned with the goals of Community Development programs at MEDC.

The project is a very high priority for the City of Sturgis because it will add a significant number of new housing units to the heart of downtown, while also adding a destination restaurant, which are both strategic priorities identified in the Community Master Plan. Additionally, one of the three buildings that will be removed as part of the project was owned by the DDA and local stakeholders have been working to attract private investment to address the very deteriorated condition of the building for a number of years. As a result of this project, the taxable value of the proposed project site is anticipated to increase from \$53,345 to over \$2 million. Staff recommends this project for support because of its alignment with programmatic requirements, local priorities, community development goals and MEDC's strategic plan.

Local Support

Local support for the project includes the local portion of the brownfield plan which is anticipated to total \$1,424,682 and a Neighborhood Enterprise Zone tax abatement valued at \$645,262 over 15 years. Additionally, the City of Sturgis will provide a \$400,000 grant for the project and the Sturgis Area Community Foundation will provide \$750,000 in local grant support. The City of Sturgis is engaged with the MEDC's Redevelopment Ready Communities (RRC) program. The project is located in a Michigan Geographically Disadvantaged Business Location.

Financing Opportunity – MCRP Loan

The Applicant is requesting a \$4,100,000 MCRP Award. The MCRP Award would be in the form of a Performance-Based Direct Loan, split into two tranches. One tranche of \$2,600,000 will be amortized over 360 months and another \$1,500,000 tranche that would be interest only for 90 months. At maturity, an evaluation will be conducted to determine the financial health of the project. Repayment at maturity will occur up to the point where the projected DSCR is 1.25 to 1.00 on all debt. Potentially, any portion of the MCRP “Loan #2) that would reduce the DSCR below that threshold could be forgiven. The DSCR analysis would be performed using a 1% interest rate and 25-year amortization period on the MCRP loan. Other financing includes approximately \$3.3 million in owner equity, over \$3 million in NMTC equity, and over \$1.1 million in local grants.

It is anticipated that the MCRP funds would be contributed to the project through NMTC structure and structured to accommodate the use of the credits. The NMTC structure limits any foreclosures on the property during the NMTC compliance period of approximately 84 months.

Deviation(s) from Guidelines: The project will not be utilizing traditional senior debt. In place of senior debt, it is anticipated that the development team will be borrowing \$1,550,000 under a personal line of credit and contributing those funds to the project as equity. The development team has chosen to borrow the monies personally due to the lower cost capital to the project which provides additional financial flexibility for a project with limited cash flows. The funding is being structured as an equity contribution at the recommendation of the NMTC consultant.

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

MCRP Award Terms

MCRP Award Amount:	Lesser of 50% of “Eligible Investment” or \$4,100,000
Borrower:	GT Housing, LLC, or a Related Entity
Total Capital Investment:	Currently estimated at \$11,975,599
MSF Eligible Investment:	Currently estimated at \$8,545,922
Minimum Eligible Investment:	Currently estimated at \$8,200,000
Deferred Developer Fees:	The developer fees of \$330,000 will be deferred until such time that the project is producing cash flow in excess of that required for priority debt and other operating obligations.
Funding:	The MSF will fund up to \$4,100,000 to be disbursed at closing of the financing and completion of other performance criteria.
Contingencies/Reserves:	Anticipated to be over \$1,367,000 in contingencies and reserves.

Other Conditions:

The MSF's investment will be contingent upon the following:

- A copy of an executed Guaranteed Maximum Price (GMP) construction contract between the Applicant and its contractor
- Copies of final construction documents
- Final development budget
- Final projections
- Minimum owner equity investment of \$3,300,000
- Other documents that may be required for review

MCRP Loan #1:

MSF Loan Amount:	\$2,600,000
Interest Rate:	1.00% per annum
MSF Fee(s):	Equal to 1.00% of the loan amount, plus any out-of-pocket third-party costs incurred to close the transaction.
Term:	Anticipated to be 90 months
Amortization:	Anticipated to be 360 months
Repayment Terms:	Monthly interest only for up to 36 months, followed by monthly principal and interest payments with principal due at maturity.
Collateral:	Anticipated to be a security interest in the real estate and TIF reimbursements. It will include a prohibition on foreclosure on the property for a minimum period of 84 months.
Guarantee(s):	Anticipated to be the full and unconditional joint and several construction completion and payment and performance guarantees of John Carmichael, and any related trusts.

MCRP Loan #2:

MSF Loan Amount:	Up to \$1,500,000
Interest Rate:	0.25% per annum
MSF Fee(s):	Equal to 1.00% of the loan amount, plus any out-of-pocket third-party costs incurred to close the transaction.
Term:	Anticipated to be 90 months
Repayment Terms:	Monthly interest only payment for 90 months, remaining principal due at maturity. At maturity, an evaluation will be conducted to determine the financial health of the project. Repayment at maturity will occur up to the point where the projected DSCR is 1.25 to 1.00 on all debt. Potentially,

any portion of the MCRP “Loan #2) that would reduce the DSCR below that threshold could be forgiven. The DSCR analysis would be performed using a 1% interest rate and 25-year amortization period on the MCRP loan. The calculation at maturity will also include an additional assumption of a \$1,550,000 senior note (monies currently contributed to the project as equity through a personal line of credit) based on a 300-month amortization schedule and interest rate of Prime plus 150 bps.

Collateral: Anticipated to be a security interest in the real estate and TIF reimbursements. It will include a prohibition on foreclosure on the property for a minimum period of 84 months.

Guarantee(s): Anticipated to be the full and unconditional joint and several construction completion and payment and performance guarantees of John Carmichael, and any related trusts.

Summary of Development Sources:

MSF Direct Loans	\$	4,100,000	34.24%
City of Sturgis Grant	\$	400,000	3.34%
Foundation Grant	\$	750,000	6.26%
NMTC Equity	\$	3,042,000	25.40%
Deferred Developer Fees	\$	330,000	2.76%
Developer Equity	\$	3,353,599	28.00%
TOTAL	\$	11,975,599	100.00%

Summary of Development Uses:

Acquisition	\$	305,001
Hard Construction Costs	\$	8,803,045
Eligible Soft Costs	\$	780,000
Other	\$	2,087,553
TOTAL	\$	11,975,599

Tax Capture Summary

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Sturgis, a Qualified Local Governmental Unit, has duly approved a combined brownfield plan for this property on May 11, 2022. The property has been deemed functionally obsolete as verified by a Michigan Advanced Assessing Officer (MAAO) on March 4, 2022.

There are 54.8540 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 23.9622 mills (43.69%) and local millage equaling 30.8918 mills (56.31%). Tax increment capture will begin in 2025 and is estimated to continue for 30 years.

The total cost of MSF Eligible Activities is estimated to be \$3,905,538, however the Work Plan projects the maximum capture to be \$2,653,501, with state tax capture limited to \$1,228,819. The state tax capture is recommended to be capped at \$1,228,819, which is the amount of tax increment revenue anticipated to be generated in 30 years. The tax capture ratio is impacted by the NEZ tax abatement and the blended ratio is shown below. Total MSF eligible activities are estimated at \$3,905,938. MSF eligible activities break down as follows:

			Activities	Capture
State tax capture	(46.31%)	\$	1,808,655	1,228,819
Local tax capture	(53.69%)	\$	2,096,883	1,424,682
TOTAL		\$	3,905,538	2,653,501

Cost of MSF Eligible Activities

Demolition		\$	439,940
Lead, Asbestos, or Mold Abatement			52,500
Infrastructure Improvements			1,818,250
Site Preparation		+	450,122
Sub-Total		\$	2,760,812
Contingency (15%)		+	414,122
Sub-Total		\$	3,174,934
Interest (5%)		+	710,604
Sub-Total		\$	3,885,538
Brownfield/Work Plan Preparation		+	20,000
TOTAL		\$	3,905,538

Applicant History

The developer of this project is John Carmichael who owns GT Housing, LLC, RB Master Tenant, LLC and RB QUALICB, LLC (the “Applicants”) in partnership with his brother Daniel Carmichael. John Carmichael previously received MSF support in his role as President and CEO of GT Independence, a company that facilitates provision of services to support individuals with disabilities and/or long-term care needs in living independently. In 2020, Guardiantrac LLC, dba GT Independence was awarded a \$250,000 Business Development Program (BDP) grant for the creation of 84 new jobs in Sturgis. During John Carmichael’s tenure, GT Independence has become a national leader in supporting people with disabilities and long-term care needs while remaining deeply invested in the Sturgis community, employing nearly 300 people and investing millions locally.

John Carmichael has always been a passionate advocate for the Sturgis community, and in 2008, he was appointed as the youngest Mayor in the history of the city. During his time on the City Commission, he became heavily involved in community development, serving on the City’s Brownfield Redevelopment Authority, Economic Development Corporation and Sturgis Improvement Association. John also currently serves on the Board of Trustees for the Sturgis Area Community Foundation. In addition to the development expertise gained through these community and civic roles, John also brings private sector real estate experience to the project, having previously led the development of 12,000 square feet of state-of-the-art office space and as a partner in a prior mixed-use development in downtown.

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

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

Recommendation

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

- a) State tax capture for the Act 381 eligible activities capped at \$1,228,819, utilizing the current state to local capture ratio.

- b) A MCRP Performance-Based Direct Loan in the amount of up to \$4,100,000 for the Applicant on terms and conditions outlined in Exhibit A found in the resolution.

APPENDIX A – Project Map and Renderings



114 W. Chicago	112 W. Chicago	108 W. Chicago
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APPENDIX B – Programmatic Requirements

MCRP Program and Guidelines

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

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

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

The project is a very high priority for the City of Sturgis because it will add a significant number of new housing units to the heart of downtown, while also adding a destination restaurant, which are both strategic priorities identified in the community Master Plan. Housing demand in Sturgis and the surrounding area is strong, due in part to strong job growth including over 500 jobs in the RV industry that received Business Development Program funds from MSF in the past 12-18 months. Additionally, one of the three buildings that will be removed as part of the project was owned by the DDA and local stakeholders have been working to attract private investment to address the very deteriorated condition of the building for a number of years. As a result of this project, the taxable value of the proposed project site is anticipated to increase from \$53,345 to over \$2 million.

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

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

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

Local support for the project includes the local portion of the brownfield plan which is anticipated to total \$1,424,682 and a Neighborhood Enterprise Zone abatement valued at \$645,262 over 15-years. Additionally, the City of Sturgis will provide a \$400,000 grant for the project and the Sturgis Area Community Foundation will provide \$750,000 in local grant support.

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

A financing gap exists due to the costs to redevelop brownfield property into a vibrant, dense mixed-use development, high cost of construction, as well as the anticipated rental rates that can be achieved in the market which limits the cash flow available to support the project. The developer is leveraging over \$3 million in New Market Tax Credit (NMTC) equity, has secured \$1.25 million

in local grant contributions, and is directly investing over \$3.3 million (28%) in cash equity, and deferring \$330,000 (3%) in developer fees. With Michigan Community Revitalization Program (MCRP) support, as well as local and state brownfield tax increment financing reimbursement and a local tax abatement, the project is projected to generate a negative return over 20 years.

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

The project will not reuse vacant, historic, or blighted buildings and instead proposes to demolish the three structures that currently exist on the property. The three properties slated for removal are not part of a historic district and the community is in support of the demolition although it is believed that at least one of the buildings could be a contributing structure to a future historic district if that was the community's desire.

F. Creation of jobs:

The project is anticipated to create 25 new full-time equivalent jobs with an estimated average hourly wage of \$25.

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

Total private sector investment is expected to be approximately \$11,575,599 which includes \$3,042,000 in federal New Market Tax Credit (NMTC) equity, \$3,178,599 in developer cash equity, \$175,000 in developer building equity, \$330,000 in deferred developer fees, and \$750,000 in grant support from the Sturgis Area Community Foundation.

H. Whether the project is financially and economically sound:

It is anticipated that upon reaching stabilized occupancy the project will be able to achieve a debt service coverage ratio of greater than 1.20 to 1.00.

As part of staff's underwriting review a market study prepared by Baker Tilly was reviewed. The proposed rental rates are above the market. Staff is comfortable with this due to the limited rental housing options available in the market and lack of comparable new rental housing. Current occupancy in the area is nearly 100% for projects within the study. Additionally, the project will have limited debt obligations.

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

The project increases density of the area by adding 23 apartment units and almost 5,000 square feet of commercial space to currently underutilized property. In addition to bringing new residents to downtown, this project will also add a destination restaurant which is intended to bring both local Sturgis residents and visitors from outside the community to the downtown district increasing the vibrancy and activity of the area.

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

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

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

The project will convert a building formerly owned by the City of Sturgis Downtown Development Authority (DDA) to private use, increasing the taxable value of the property.

L. Whether the project promotes sustainable development:

The project will include efficient water and lighting improvements.

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

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

N. Whether the project addresses area-wide redevelopment:

The project will address area-wide redevelopment by creating new housing units that can help to meet demand for workforce housing in the City of Sturgis. Bringing more housing units to the downtown area will also help support existing small businesses and drive demand for new commercial enterprises in the district. Adding new housing will also support area employers seeking to attract and retain talent that is looking for high quality housing within walking distance of vibrant and attractive places.

O. Whether the project addresses underserved markets of commerce:

The project addresses underserved markets of commerce by providing high quality, workforce housing in the City of Sturgis, which has identified housing as a key need in their Master Plan. The need for housing is especially acute in light of the strong job growth that has been experienced in the RV industry, as well as other sectors, which is helping to fuel the demand for housing units.

P. The level and extent of environmental contamination:

A Phase I environmental study on the three properties that make up the site found that there was no evidence of recognized environmental conditions.

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

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

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

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

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

There are no additional criteria associated with the project.

Brownfield Act 381 Program Additional Project Information:

A. Area of High Unemployment:

The St. Joseph County unadjusted jobless rate was 3.5% in March 2022.

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

This project will remove three functionally obsolete properties and construct a new mixed-use development.

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

No new Brownfields will be created by this project.

APPENDIX C - Organizational Chart

Organizational Structure

Company Name: GT Housing, LLC
 Employer Identification Number: 83-4280230

MANAGER: John Harvey Carmichael

Member	Ownership Interest Totals	EINs -No Soc Sec numbers
Carmichael Family Holdings, LLC	100.00%	85-3797267
John Carmichael	51%	
Dan Carmichael	49%	

Organizational Structure

Company Name: RB Master Tenant, LLC
 Employer Identification Number: 83-4280230

MANAGER: John Harvey Carmichael

Member	Ownership Interest Totals	EINs -No Soc Sec numbers
Carmichael Family Holdings, LLC	100.00%	85-3797267
John Carmichael	51%	
Dan Carmichael	49%	

Organizational Structure

Company Name: RB QALICB, LLC
 Employer Identification Number: 83-4280230

MANAGER: John Harvey Carmichael

Member	Ownership Interest Totals	EINs -No Soc Sec numbers
Carmichael Family Holdings, LLC	100.00%	85-3797267
John Carmichael	51%	
Dan Carmichael	49%	

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-078**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
PERFORMANCE-BASED DIRECT LOAN
AWARD TO GT HOUSING, LLC AND RELATED ENTITIES**

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

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

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

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

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

WHEREAS, GT Housing, LLC and Related Entities (“Company”) has requested a Performance-Based Direct Loan of up to \$4,100,000 (“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 Guidelines of maximizing all available senior debt financing, and staff is recommending a deviation from this requirement;

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

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

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

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

Nays: None

Recused: None

Lansing, Michigan
May 24, 2022

EXHIBIT A

“Term Sheet”

MCRP Award Terms

MCRP Award Amount:	Lesser of 50% of “Eligible Investment” or \$4,100,000
Borrower:	GT Housing, LLC or a Related Entity
Total Capital Investment:	Currently estimated at \$11,975,599
MSF Eligible Investment:	Currently estimated at \$8,545,922
Minimum Eligible Investment:	Currently estimated at \$8,200,000
Funding:	The MSF will fund up to \$4,100,000 to be disbursed at closing of the financing and completion of other performance criteria.
Other Conditions:	The MSF’s investment will be contingent upon the following: <ul style="list-style-type: none">- A copy of an executed Guaranteed Maximum Price (GMP) construction contract between the Applicant and its contractor- Copies of final construction documents- Final development budget- Final projections- Minimum owner equity investment of \$3,300,000- Other documents that may be required for review
MCRP Loan #1:	
MSF Loan Amount:	\$2,600,000
Interest Rate:	1.00% per annum
MSF Fee(s):	Equal to 1.00% of the loan amount, plus any out of pocket third-party costs incurred to close the transaction.
Term:	Anticipated to be 90 months
Amortization:	Anticipated to be 360 months
Repayment Terms:	Monthly interest only for up to 36 months, followed by monthly principal and interest payments with principal due at maturity.
Collateral:	Anticipated to be a security interest in the real estate and TIF reimbursements. It will include a prohibition on foreclosure on the property for a minimum period of 84 months.

Guarantee(s): Anticipated to be the full and unconditional joint and several construction completion and payment and performance guarantees of John Carmichael, and any related trusts.

MCRP Loan #2:

MSF Loan Amount: Up to \$1,500,000

Interest Rate: 0.25% per annum

MSF Fee(s): Equal to 1.00% of the loan amount, plus any out of pocket third-party costs incurred to close the transaction.

Term: Anticipated to be 90 months

Repayment Terms: Monthly interest only payment for 90 months, remaining principal due at maturity. At maturity, an evaluation will be conducted to determine the financial health of the project. Repayment at maturity will occur up to the point where the projected DSCR is 1.25 to 1.00 on all debt. Potentially, any portion of the MCRP "Loan #2) that would reduce the DSCR below that threshold could be forgiven. The DSCR analysis would be performed using a 1% interest rate and 25-year amortization period on the MCRP loan. The calculation at maturity will also include an additional assumption of a \$1,550,000 senior note (monies currently contributed to the project as equity through a personal line of credit) based on a 300-month amortization schedule and interest rate of Prime plus 150 bps.

Collateral: Anticipated to be a security interest in the real estate and TIF reimbursements. It will include a prohibition on foreclosure on the property for a minimum period of 84 months.

Guarantee(s): Anticipated to be the full and unconditional joint and several construction completion and payment and performance guarantees of John Carmichael, and any related trusts.



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-079**

**APPROVAL OF A BROWNFIELD ACT 381 COMBINED PLAN
CITY OF STURGIS BROWNFIELD REDEVELOPMENT AUTHORITY
108, 112 & 114 W. CHICAGO ST.**

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

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

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

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

WHEREAS, the City of Sturgis Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan (the “Brownfield Work Plan”) dated April 15, 2022, for property located at 108, 112 and 114 W. Chicago Street within the City of Sturgis, known as 108, 112 & 114 W. Chicago St. (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 46.31% to 53.69% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, lead, asbestos, or mold abatement and infrastructure improvements as presented in the Brownfield Work Plan dated April 5, 2022. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board.

The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on costs of MSF eligible activities with a maximum of \$3,174,934 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$710,604 in interest, a maximum of \$20,000 for Brownfield/Work Plan preparation, and with the total capture of state school taxes capped at a maximum of \$1,228,819 (The “Max Capture”). Based on the Max Capture and the Brownfield Work Plan, the maximum amount of MSF eligible activities subject to reimbursement is \$2,653,501.

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 the capture of taxes levied for school operating purposes for the payment of interest, up to a maximum of \$710,604 related to the eligible activities for the Project.

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

Nays: None

Recused: None

Lansing, Michigan
May 24, 2022



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: May 24, 2022

To: Michigan Strategic Fund Board

From: Josh Hundt, Chief Projects Officer
Natalie Chmiko, Vice President PMBC & International Trade

Subject: FY22 Funding Allocation – Resource Support for Partnership between World Economic Forum, Automation Alley, Oakland County and the State of Michigan – Establishment of the U.S. Advanced Manufacturing Centre

Request

The Michigan Economic Development Corporation (“MEDC”) staff requests that the Michigan Strategic Fund (“MSF”) Board allocate \$3,000,000 in FY22 funding to support the establishment of the World Economic Forum Advanced Manufacturing Centre (“Centre”) hosted at Automation Alley in Troy, MI (the “Request”). This Centre would be a partnership between the World Economic Forum (“the Forum”), Automation Alley, Oakland County and the State of Michigan. The grant to Automation Alley would have a three-year term of \$1,000,000 per year for a total of \$3,000,000. These dollars are being requested from the balance of funding available for MEDC Business and Community Development Programs and Activities allocated by the board in October 2021.

Background

The World Economic Forum is an International Organization for Public-Private Cooperation. The Forum engages the foremost political, business, cultural and other leaders of society to shape global, regional and industry agendas. It was established in 1971 as a not-for-profit foundation and is headquartered in Geneva, Switzerland. It is independent, impartial and not tied to any special interests. The Forum strives in all its efforts to demonstrate entrepreneurship in the global public interest while upholding the highest standards of governance.

In 2019, Automation Alley was recognized as an Advanced Manufacturing Hub (AMHUB) by the Forum. AMHUBs seek to engage entire regional production ecosystems to identify and address regional opportunities and challenges brought on by I4.0 and highlight and amplify strengths of the region’s manufacturers through the Forum platform. Automation Alley serves as the AMHUB representative to drive regional dialogue, share knowledge, inform policy and investment decisions and support pilot projects.

In May 2021, Automation Alley’s Vice President Cynthia Hutchison was awarded a 12-month fellowship with the Forum to lead an initiative in accelerating Michigan’s AMHUB as well as supporting and developing other AMHUBs worldwide. Cynthia was based in Geneva, Switzerland for six months to guide collaborative efforts amongst current AMHUBs in India, Brazil, Saudi Arabia, Italy, Spain, Turkey, Denmark, Qatar, Australia, Michigan and New England; and set forth an expansion strategy for the establishment of new AMHUBs.

In late 2021, Automation Alley and the Forum proposed establishing Centre focused on Advanced Manufacturing in the State of Michigan.

Project Description

The goals of the Centre will focus solely on the future of manufacturing and help solidify Michigan's position as the manufacturing capitol of the United States. By leveraging and extending the global reach and knowledge of the Forum, the Centre will be in a strong position to influence the national, regional, and global agenda on advanced manufacturing.

The Centre's objectives include:

- Accelerating the transformation of advanced manufacturing industry in Michigan and nationwide
- Validating and extending the Michigan brand by driving the agenda at the regional, national and global level
- Promoting international networking, connecting global executive leadership in the manufacturing industry
- Acting as the operational arm of the Forum's Advanced Manufacturing and Value Chains Platform
- Amplifying the MEDC's I4.0 Signature Initiative on the global stage

Nationally, the Centre will coordinate:

1. Initiatives and Community-building – actively soliciting projects of national importance and building partnerships, with Michigan as the aggregator of appropriate solutions providers
2. Trend-Spotting and Insight Development – giving Michigan an opportunity to command a national and global leadership role on topics critically important to the advanced manufacturing industry
3. Political Support (Senate/House) – providing additional credibility for the Centre in Michigan and aligning manufacturing priorities with policymakers

The Centre would be hosted at Automation Alley in Troy and Automation Alley would be responsible for establishing staffing, branding and programming in coordination with the Forum. In addition to three new Automation Alley staff, the Forum will commit to hiring three full time staff to support the Centre. The Centre will develop a national-level board with 8-12 senior leaders, including a representative from MEDC or MSF.

Budget & Sustainability

In order to establish the Centre initially and ramp up revenue generating projects and memberships, a total of \$2,000,000 million annually is necessary to get the Centre operational, through personnel and program expenses. In addition to MSF's investment of \$1,000,000 per year for three years, Oakland County intends to match that funding with \$1,000,000 per year for three years, pending MSF board approval.

Following the conclusion of MSF and Oakland County investment after year three, the Centre is expected to be completely self-sustaining without the need for any additional state or county funding. The Centre expects to generate revenue through Steering Committee and General Participant memberships, C4IR Projects and federal grants.

Revenue Type	Target Revenue	Target Audience	Benefit
Steering Committee Membership	\$50,000 per member	Large Manufacturers nationally, many based outside of Michigan	Ability to drive topics of importance to their manufacturing business
General Participant	\$25,000 per member	Academics, technology companies, professional services	Ability to support execution of projects, with the potential of national and global recognition

C4IR Projects	TBD, depending on the project	Combination of Steering Committee & General Participants	Aggregate knowledge and tackle problems too complicated for single entry
Federal Grants	TBD, depending on available programs/appropriations	TBD, depending on program requirements	Leverage the national entity and global brand to influence federal funds spent to support Advanced Manufacturing

Deliverables

Anticipated outcomes of MSF investment:

1. Co-branding of the Centre: "In collaboration with World Economic Forum"
2. Michigan will be the lead Centre exclusive to the United States
3. Recognized as the global Centre for advanced manufacturing
4. Inclusive and adoptive technology outcomes that advance manufacturing in Michigan and the United States
5. Michigan-based pilot projects that have the potential for national and global scaling
6. Engagement with government stakeholders to analyze and design new policies based on Centre discoveries and identified needs
7. The opportunity for a Michigan executive to attend the Forum's Annual Meeting in Davos
8. Unlimited ability to distribute World Economic Forum intelligence briefings to Automation Alley members
9. Weekly newsletter to be co-published under North America C4IR banner
10. Transform Automation Alley's annual Integr8 event into an official Forum-sanctioned event, making it the premier Forum event in the U.S. attracting visitors from around the world

Additional Opportunities from the Forum:

1. Full access to all existing and future affiliate centres through the C4IR Network with the ability to leverage established projects
2. One seat on the Global Advisory Board of the C4IR Network
3. A dedicated session by Michigan manufacturing leaders during the Forum's Global Technology Governance Summit
4. The opportunity for five representatives to attend the Forum's Global Technology Governance Summit
5. A co-branded annual report with the Forum that is distributed globally
6. Multiple co-branded White Papers with the Forum per year of affiliation
7. Two annual co-branded events with the Forum, hosted by the Centre
8. The opportunity to send multiple Fellows to the Forum and other affiliate centres in the network to share ideas and form cross continent, advanced manufacturing related exchanges and partnerships
9. Participation in exclusive select workshops and other C4IR Network meetings relevant to the new Centre's activities
10. Connection to an existing network of leading businesses and start-ups/innovators to support projects and lead pilots
11. Multiple TopLink Access for local Centre staff and partners and Strategic Intelligence for Centre and Centre partners
12. Access to expert panelists within the World Economic Forum Network and Strategic Intelligences Expert Network

To execute these deliverables, the Forum has committed to dedicating three full-time staff resources including a content manager, primary engagement manager and platform curator.

Ultimately, establishment of the Centre will be a platform for Michigan to position itself in a national and global leadership role for advanced manufacturing. By utilizing the Forum's credibility and global influence, Michigan will be in a strong position to help shape the federal manufacturing agenda, through the thought leadership and best practices of the Centre.

Recommendation

MEDC staff recommends that MSF Board approve the Request.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-080**

GRANT TO AUTOMATION ALLEY

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

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

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

WHEREAS, pursuant to Section 7(c) of the MSF Act, MCL 125.2007(c), the MSF has the power to make grants;

WHEREAS, the MEDC recommends that the MSF Board approve a grant to Automation Alley to support establishment of the World Economic Forum Advanced Manufacturing Centre in Troy, Michigan with a term of three years and an allocation of \$3,000,000 (the “Automation Alley Grant Request”); and

WHEREAS, the MSF Board wishes to approve the Automation Alley Grant Request.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Automation Alley Grant Request; and

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

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

Nays: None

Recused: None

Lansing, Michigan
May 24, 2022



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: May 24, 2022
To: Michigan Strategic Fund (“MSF”) Board Members
From: Julia Veale, Senior Business Development Project Manager
Subject: Incentives Request
Michigan Business Development Program (“MBDP”) Community Development Block Grant (“CDBG”) Calumet Electronics Corporation (“Company” or “Applicant”) Calumet Township (“Township”)

Request Summary

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

- \$600,000 MBDP Grant that is designed to offset costs associated to talent, training, and equipment costs, as outlined in the attached Term Sheet (“MBDP Request”); the project involves creation of 80 jobs and the purchase of a direct line imaging machine.
- The Township is requesting up to \$2,000,000 in CDBG funds for machinery and equipment and up to an additional \$50,000 for grant administration needed for the expansion (“CDBG Request”).

Applicant History

Founded in 1968, the Applicant specializes in delivering zero field failure printed circuit board solutions in North America, strengthening the domestic industrial, power, aerospace, defense, medical, and commercial industries. The Applicant is American owned and performs all of its own engineering and manufacturing in the United States. The Company has grown through onboarding of highly talented early-career engineers, continual investment in advanced manufacturing equipment (8-10% of revenue) and building deep partnerships with customers and suppliers. There are currently 300 employees at the facility in Calumet.

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

Project Description

Should the project move forward, a new 45,000 square foot facility will be constructed adjacent to its current facility and would be used to manufacture electronic components critical to the domestic electronics industry, such as organic substrates used in next-gen microelectronics advanced packaging, Ultra High-Density Printed Circuit Boards (uHDI PCBs), Flex/Ridged-Flex Printed Circuit Boards, and/or allow for vertical integration of Printed Circuit Board Assembly (PCBA) manufacturing.

The Company is considering Calumet Township for the project and anticipates the project will result in capital investment of up to \$6,500,000. The project will also result in the creation of up to 80 new jobs paying an average wage of \$988 per week plus benefits.

If the project moves forward, Calumet would be one of very few manufacturers in the United States standing up production capacity for organic substrates, a critical component in all microelectronics.

Demonstrated Need

Presently, the Company is only considering Calumet for the expansion project and has not solicited states or responded to solicitations from other states competing for its capital investment. The Company has a strong commitment to its community to grow jobs and opportunity in Calumet and in the Upper Peninsula. Despite several opportunities to relocate, be acquired by out-of-state interests, or acquire another company out-of-state, the company has remained committed to the community and building family sustaining jobs.

Customers of the Company have reported that they value the remote location as secure and strategic in the critical effort to re-shore production and research and development. Without incentive assistance, the opportunity to respond to major OEM's needs cannot be met by staying in Calumet. The Company cites that because of shrinking population due to lack of jobs in the area, there is high demand for businesses to expand into manufacturing technologies that will attract and retain college graduates. As the largest private employer in Houghton County, its continued growth potential is directly related to the retention and growth of the working age population. This incentive assistance will help the Company slow the trend of 18–24-year-old people migrating away from the area to find work relevant to their education.

In addition to MSF support, this project benefits from the support of the village of Calumet and Calumet Township, who is the supporting the CDBG.

Request

In order to secure the project, the Applicant is requesting the following:

- A \$600,000 MBDP grant that is designed to offset costs associated to talent, training, and equipment costs; and,
- The Township is requesting up to \$2,000,000 in CDBG funds for machinery and equipment and up to an additional \$50,000 for grant administration needed for the expansion (“CDBG Request”).

This project aligns with the MEDC's strategic focus areas to attract, retain, and support businesses and advanced manufacturing. The project is in a HUBZone and will create 80 well-paying jobs in a unique and fast-growing industry and will result in \$6,500,000 investment in Calumet Township, Houghton County.

Recommendation

MEDC Staff recommends approval of the MBDP Request and the CDBG request, as outlined in the attached resolution.

APPENDIX A – Programmatic Requirements & Screening Guidelines

Program Requirements

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

- **National Objective:**
This project qualifies for CDBG funding as the project activities are expected to result in the creation of 80 full time positions by March 30, 2025. The business has agreed that at least 51 of the 80 positions 63.8% will be held by low to moderate income persons. Therefore, project meets the national objective by providing benefit to at least 51 percent low- and moderate-income persons.
- **Eligible Activity:**
This project involves eligible activities identified in Section 105(a)(17) of Title I of the Housing and Community Development Act of 1974, as amended.

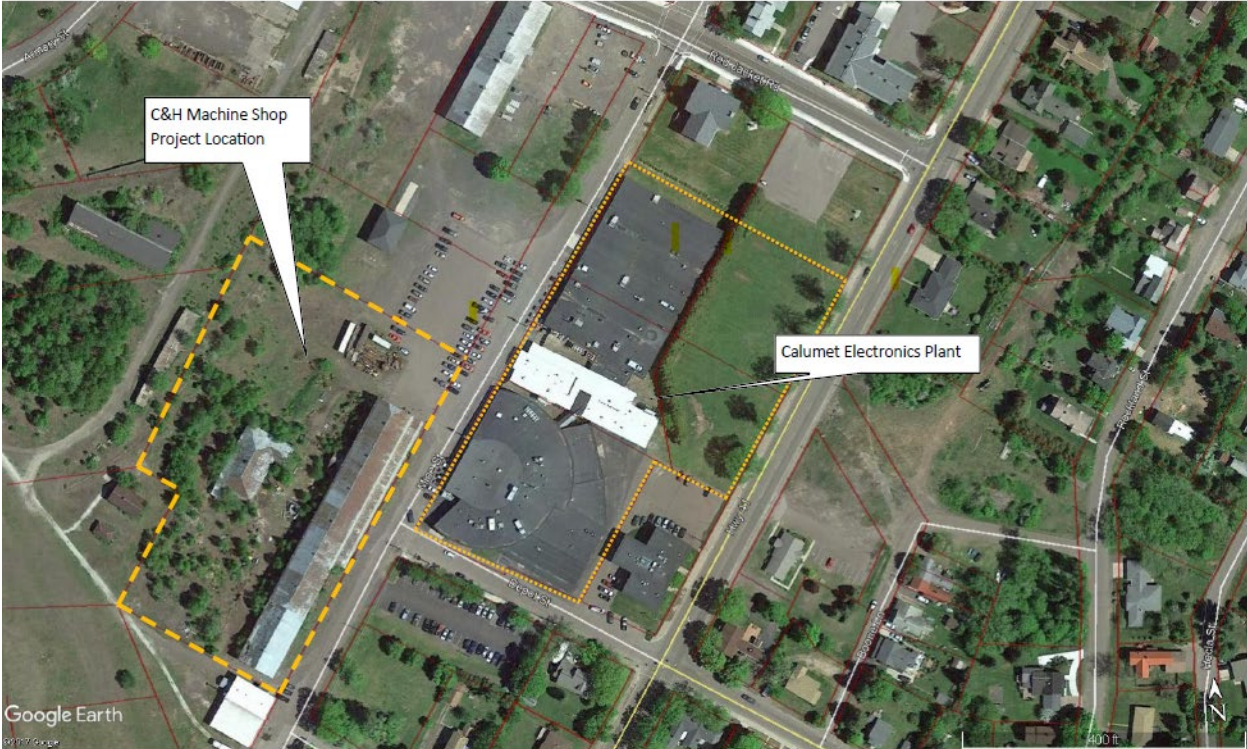
Screening Guidelines

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

- **Economic Impact:** The economic impact of this project was evaluated. It was determined that the Project will be able to assist in mitigating the negative effects of COVID-19 and aid in the economic recovery of the Region and add value to the local economy, by providing much needed investment and job opportunities. The Company will be able to add value to the local economy through additional opportunities to compete for larger contracts as well as create 80 jobs between March 2024 and September 2025, 51 percent of which will be low-to-moderate income individuals.
- **Minimum Local Participation:** Calumet Township is supportive of the Project through resolution and has committed to serve as the applicant for the CDBG grant.
- **Minimum Leverage Ratio:** The private contribution to be provided by Calumet Electronics Corporation equals \$4,117,500 which results in a leverage ratio of approximately 3.5:1 of the CDBG grant.
- **Financial Viability and Background Check:** The business receiving the benefit from this project has completed a civil and criminal background check in accordance with the MSF Background Review Policy with no concerns and has been determined to be financially viable.

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

APPENDIX B- PROJECT MAP



MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-081**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
CALUMET ELECTRONICS CORPORATION**

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

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

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

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

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

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

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

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

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

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

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

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

Nays: None

Recused: None

Lansing, Michigan
May 24, 2022



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”).

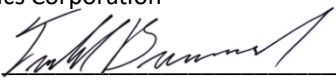
Date: February 25, 2022

Company Name:	Calumet Electronics Corporation and/or its affiliates and subsidiaries.
Project Location:	56877 Mine St. Calumet, Michigan 49913
MBDP Incentive Type:	Performance Based Grant
Maximum Amount of MBDP Incentive:	Up to \$600,000
Base Employment Level:	At least 300, at the time of first disbursement of funds and thereafter
Maximum Number of Qualified New Jobs (“QNJ”):	Up to 80 Full-Time Jobs in at the Project Location
Municipality Supporting Project:	Calumet Township has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs:	Date of Signed Term Sheet Insert Here
Term of the Agreement:	September 30, 2025
Milestone Based Incentive:	Disbursements will be made over a 3 year period and each are contingent upon compliance with the Agreement and performance based on job creation, as follows: \$300,000 upon demonstration of the purchase and installation of a Direct Line Imager machine \$3,750 per QNJ for the creation of a minimum of 35 jobs up to a maximum of 60 jobs. \$3,750 per QNJ for the creation of a minimum of 60 jobs up to a maximum of 80 jobs.

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

Acknowledged as received by:


Calumet Electronics Corporation

By: 

Printed Name: Todd Brassard

Its: VP/COO

Michigan Economic Development Corporation

By: 

Printed Name: Julia Veale

Its: Senior BDPM



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-082**

**APPROVAL OF CALUMET TOWNSHIP'S CALUMET ELECTRONIC CORPORATION MACHINERY
AND EQUIPMENT PROJECT**

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

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

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

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

WHEREAS, Calumet Township (the "Township") has requested \$2,000,000 in CDBG funds for machinery and equipment and an additional \$50,000 for Grant Administration (the "Project").

WHEREAS, the CDBG program staff reviewed Calumet Township's-Calumet Electronics Corporation-Machinery and Equipment Project ("Project") in light of the Criteria and HUD regulations and concluded the activities are eligible.

WHEREAS, staff recommends approval of the Project. and

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

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

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

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

Nays: None

Recused: None

Lansing, Michigan
May 24, 2022

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

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

Date: 5/4/2022

1. **Community Name (“Grantee”):** Calumet Township
2. **Company Name (“Company”):** Calumet Electronics Corporation
3. **Company Address:** 23580 Depot Street
Calumet, MI 49913
4. **Project Description and Activities:** The Company is expanding its capacity into a newly constructed building adjacent to its current facility.
5. **Total Estimated Project Costs:** 6,117,500
6. **CDBG Grant Incentive Type:** Machinery and Equipment Performance-based Grant
7. **Proposed CDBG Assistance to Grantee:** \$2,000,000

In no event shall the amount of the grant assistance exceed more than 33 percent (of the Total Estimated Project Costs. If the actual cost is less than shown in the Total Estimated Project Costs, the amount of the Grant shall be reduced on a proportional basis. ***The Company and Grantee shall be responsible for any cost overruns.*** Funds will be made available to the Grantee on a reimbursement basis for eligible costs. The final terms and conditions shall be included in the Disbursement Schedule in the final Agreement.

8. **Estimated Company Investment:** 4,117,500
9. **Type of Financing for Investment:**
 Loan
 Cash Contribution
CDBG

10. Base Employment Level: 300 The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company's statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company date used to establish this level, shall be included in the final CDBG Incentive Award agreement(s) ("Agreement").

11. Minimum Job Creation: 80 The minimum number of new jobs the Company must create at the Project (above the Base Employment Level), in addition to satisfying other milestones, if applicable, to be minimally eligible to receive the full amount of the CDBG Incentive Award.

New jobs must meet the following requirements to be included:

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

a. Minimum Hourly Wage: \$14 The new jobs must pay at least the Minimum Hourly Wage to be minimally eligible to receive the full amount of the CDBG Incentive Award.

b. Start Date for Measurement of New Jobs May 24, 2022

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

a. Disbursement Milestone 1: Up to \$2,000,000 Upon demonstrated creation of 55 New Jobs above the Base Employment Level and verification of the purchase of machinery and equipment. Job Creation, and the purchase of machinery and equipment for this milestone must be completed no later than May 31, 2023.

- b. **Disbursement Milestone 2: Up to \$0** Upon demonstrated creation of 25 New Jobs above the Base Employment Level and verification of the purchase of machinery and equipment. Job Creation, and the purchase of machinery and equipment for this milestone must be completed no later than May 31, 2024.

13. Project Milestones: The final terms and conditions of each of the Project Milestones shall be included in the final Agreement(s). Before any disbursement is made to the Company through the Community, the Company must demonstrate compliance with Project Milestones, as required, and otherwise be in full compliance with all terms and conditions of the final Agreement(s), and further shall include:

- a. **Grant Agreement(s) Executed:** June 24, 2022
- b. **Property Acquisition Completed:** N/A
- c. **Construction Commencement:** N/A
- d. **Construction Completed:** N/A
- e. **Job Creation Commencement:** May 24, 2022
- f. **Job Training Completion:** N/A

14. Term of Agreement: The term of the Agreement(s) shall be 2 years. All required activities, including job creation and investment, must be completed within the Term.

15. Repayment Provisions: It is understood and acknowledged by all parties, including the Company, that the investment and creation of jobs were essential factors in persuading the Grantor that this project is economically viable, and further, in the absence of this commitment by the Company, this grant(s) would not have been awarded.

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

16. Environmental Review: The CDBG environmental review process must be completed and written authorization received from MEDC prior to incurring project costs and beginning any project activities. Project costs include costs to be paid for with CDBG funds and all other non-CDBG funds. Incurring costs is defined as making any commitments relevant to the project. This includes, but is not limited to, signing contracts; entering into lease/easement/purchase agreements; ordering equipment, materials, or supplies; or performing any other work. The environmental review process usually takes the community a minimum of 60 days to complete. Incurring project costs and/or starting project activities prior to written authorization will jeopardize or cause the withdrawal of your project for funding consideration.

17. Davis Bacon and Related Acts: These federal statutes and their implementing regulations require that federally-assisted construction work in excess of \$2,000 must have prevailing wage rates (determined by the U.S. Department of Labor) paid to all employees working on such construction work. If CDBG funds assist even just a portion of the construction work, then Davis-Bacon becomes applicable to the entire construction work. Note however, that CDBG funds can finance activities other than construction work,

without triggering Davis-Bacon requirements, even though CDBG funds are part of an overall project which may involve construction work.

18. Reporting Requirements: The Company will be required to provide regular information to the Grantee to assure reporting requirements compliance including, but not limited to:

- a. Progress Reports beginning January 15, 2023, and every six (6) months thereafter.
- b. Final Progress Report 60 days after completion of the Term.
- c. Job Creation Summary Report, along with the corresponding Income Certification Forms, beginning January 15, 2023, and every six months thereafter and with each CDBG Disbursement Request.

19. Public Announcements: The Company shall not make, or cause, any announcement of the proposed CDBG Incentive Award parameters outlined in this letter before the date of approval by the MSF of the CDBG Incentive Award, unless authorized and coordinated in advance with the MEDC.

Michigan Economic Development Corporation

By: Julia Veale

Its: Senior Business Development Project Manager

Signature: Julia Veale

Dated: 05/13/2022

Acknowledged as received by:

Charter Township of Calumet

By: Timothy Gasperich

Its: SUPERVISOR

Signature: Timothy Gasperich

Dated: 05-13-2022

Acknowledged as received by:

Calumet Electronics Corporation

By: BRIAN TRIVALCOSKI

Its: VP / CFO

Signature: Brian Trivalcoski

Dated: 5/13/2022

Cc: Julie Gardner, Program Specialist
Christine Whitz, Director CDBG



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: May 24, 2022
To: Michigan Strategic Fund (“MSF”) Board Members
From: Julia Veale, Senior Business Development Project Manager
Subject: Grant Request
Michigan Business Development Program (“MBDP”)
JR Automation Technologies, LLC (“Company” or “Applicant”)

Request Summary

- This is a request from the Applicant for a \$2,250,000 MBDP Grant, as outlined in the attached Term Sheet (“MBDP Request”).
- This project involves the creation of up to 140 Qualified New Jobs and a capital investment of up to \$9,900,000 in the city of Holland, Ottawa County.

Applicant History

Founded in 1980, the Company has designed and built the right solutions to fit customers' needs for decades. Innovative solutions and strong reputation caught the attention of investors, and the Company was sold to Huizenga Group in 1995. Over the next two decades, the Company invested in cutting-edge technology, cementing its leadership in factory automation and system integration. Facilities were added in Michigan and South Carolina and the Company developed the business unit structure that would come to define its current culture. In 2017, the Company expanded through strategic acquisitions across North America, Europe, and Asia. The Company was acquired by Hitachi, Ltd. in 2019, setting the stage for more business growth. The acquisition paired the Company’s global strengths in robotic system integration with Hitachi’s deep skill sets in artificial intelligence and IoT technologies for manufacturing. In 2021 the Company merged its family of companies into a single global-caliber automation provider to offer innovative solutions and areas of expertise. The Company has 27 manufacturing facilities and over 2,000 dedicated teammates across the globe and continues to grow. In Michigan, the Company has 1,227 employees.

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

Project Description

The project requires a 100,000-square foot facility to meet the growing customer needs and business growth. This requires an investment of approximately \$9,900,000 in building renovations, machinery & equipment and rent. The facility under consideration requires significant upgrades in order to meet the needs of the business and growing customer demands. The project will be one of the largest, premier machine shops in the country in terms of capabilities and size. The facility will be comprised of both production space and office space. The project will result in the creation of 140 jobs that pay \$62,600 annually and \$9,900,000 investment in the city of Holland.

Demonstrated Need

Due to the volatile market, there is internal competition for investment across the portfolio. The investment could occur in West Michigan, Tennessee, South Carolina or Utah. The Project will double the size of the business line's capabilities in Holland and significant investment is required in both the building and machinery. Incentive assistance is an important part of the business case and ROI that will be presented to leadership for project approval. Incentive assistance will be used to offset the significant investment in machinery and equipment. The Company has been a longstanding corporate citizen in Holland and would like to see this business continue to grow. However, incentive assistance is an important part of the business case, therefore, without assistance this important expansion would go elsewhere, and West Michigan would miss out on an excellent opportunity to provide high wage jobs in Holland.

In addition to MSF support, the city of Holland anticipates approval of a real property tax abatement in support of the project.

Request

In order to secure the project, the Applicant is requesting a \$2,250,000 MBDP performance-based grant. Incentive assistance is necessary to compete against Tennessee, Utah and South Carolina and demonstrate that Michigan is committed to partnering with the Company to continue to expand and create well-paying jobs in West Michigan.. The MBDP funds will help offset the cost of machinery and equipment.

This project aligns with the MEDC's strategic focus area of supporting a business in the target industry of advanced manufacturing and builds on the state's work to position itself as the global leader in the future of automation. The proposed project will also impact the local region with immediate job growth and excellent wages. This facility will result in the creation of up to 140 new jobs and up to \$9,900,000 in capital investment in the city of Holland in Ottawa County. This expansion will solidify the Company's long-standing presence in Michigan and will make the Holland facility a preferred site for future growth and investment.

Recommendation

MEDC Staff recommends approval of the MBDP Request, as outlined in the attached resolution.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-083**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
JR AUTOMATION TECHNOLOGIES, 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;

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

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

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

WHEREAS, pursuant to the Guidelines, the project is eligible as a High Tech BDP because the Applicant committed to the creation of at least 25 QNJs.

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

WHEREAS, JR Automation Technologies, LLC (“Company”) has requested a performance based MBDP Grant of up to \$2,250,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

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

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

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

Nays: None

Recused: None

Lansing, Michigan
May 24, 2022



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 26, 2022

Company Name:	JR Automation Technologies, LLC and/or its affiliates and subsidiaries.
Project Location:	40 E 64 th Street Holland, Michigan 49423
MBDP Incentive Type:	Performance Based Grant
Maximum Amount of MBDP Incentive:	Up to \$2,250,000
Base Employment Level:	At least 1,227, at the time of first disbursement of funds and thereafter
Maximum Number of Qualified New Jobs (“QNJ”):	Up to 140 Full-Time Jobs at the Project Location
Municipality Supporting Project:	The city of Holland 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:	DATE – 6 months after final disbursement.
Milestone Based Incentive:	Disbursements will be made over a 3-year period and each are contingent upon compliance with the Agreement and performance based on job creation, as follows: \$1,000,000 upon demonstration of signing of a 5-year lease with two 5-year extensions for the facility located at 40 E 64 th Street Holland, Mi 49423. \$8928.57 per QNJ for the creation of a minimum of 25 jobs up to a maximum of 70 jobs. \$8928.57 per QNJ for the creation of a minimum of 71 jobs up to a maximum of 140 jobs.

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

Acknowledged as received by:

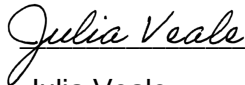
JR Automation Technologies, LLC

By: 

Printed Name: Craig Ulrich

Its: Chief Executive Officer

Michigan Economic Development Corporation

By: 

Printed Name: Julia Veale

Its: Senior BDPM



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: May 24, 2022
To: Michigan Strategic Fund (“MSF”) Board Members
From: Matt Chasnis, Business Development Project Manager
Subject: Grant Request
Michigan Business Development Program (“MBDP”)
Axiom Engineered Systems, LLC (“Company” or “Applicant”)

Request Summary

- This is a request from the Applicant for a \$1,240,000 MBDP Grant, as outlined in the attached Term Sheet (“MBDP Request”).
- This project involves the creation of up to 200 Qualified New Jobs and a capital investment of up to \$13,291,080 in the Village of Capac, St. Clair County.

Applicant History

The Company is a subsidiary of Axiom Group, Inc which was established in 1987 and is headquartered in Ontario, Canada. The Company specializes in thermoplastic injection molding of various components and assemblies. The Company provides complete product design services along with modular prototype development, manufacturing feasibility and optimization, assembly, and additional testing and validation services. The Company’s customer base mainly consists of automotive OEM's and suppliers and is supplied by locations throughout Canada, Mexico, and Italy, which employ approximately 500 individuals.

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

Project Description

The Company has been supplying U.S. customers from their production facilities in Ontario but has received additional contracts that will require an increase in production capacity. The Company is considering a new U.S. plastic injection molding facility, specifically in the Midwest, that would supply much of the new and existing contracts. The Company identified a 123,000 square foot building that would house operations for warehousing, plastic injection manufacturing, distribution, and administration. This project would be the Company's first production facility in the United States and has the potential to create additional jobs in later years.

The Company is considering the Village of Capac for the project and anticipates the project will result in capital investment of up to \$13,291,080. The project will also result in the creation of up to 200 new jobs paying an average wage of \$962 per week plus benefits.

Demonstrated Need

The Company is considering other buildings in the Midwest but has specifically identified a building in Medina, Ohio that continues to be a favorable option. The lease cost of the Michigan location is more than the other locations being considered and will need more improvements before it’s suitable for the project. The Company anticipates the Michigan facility will need upgrades to the crane infrastructure, press foundations, additional silos, and an overhead door, none of which would be required if the Company were to move forward in Ohio.

The Company's leadership believes Michigan is the best choice in terms of logistics and is attracted to the state because of the proximity to customers. Even though the Company would like to locate in Michigan, a facility in the other Midwest states are an acceptable distance and operating costs will be the determining factor for placement. Incentive assistance is necessary to ensure the project moves forward in Michigan. In addition to MSF support, the Village of Capac has offered support in the form of a real property tax abatement for improvements made to the facility.

Request

In order to secure the project, the Applicant is requesting a \$1,240,000 MBDP performance-based grant. The MBDP request will help address the cost disadvantage of locating the project in Michigan when compared to competing facilities in Ohio. The MBDP funds will help offset the higher lease costs and leasehold improvements and allow the Company to establish the manufacturing facility and become a strong employer in the region.

This project aligns with the MEDC's strategic focus area of supporting a business in the target industry of advanced manufacturing and builds on the state's work to position itself as the global leader in the future of mobility. The proposed project will also impact the local region with immediate job growth with a large and expanding automotive supplier. This facility will result in the creation of up to 200 new jobs and up to \$13,291,080 in capital investment in the Village of Capac, St. Clair County.

Recommendation

MEDC Staff recommends approval of the MBDP Request, as outlined in the attached resolution.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2022-084**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
AXIOM ENGINEERED SYSTEMS, LLC**

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

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

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

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

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

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

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

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

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

WHEREAS, Axiom Engineered Systems, LLC (“Company”) has requested a performance based MBDP Grant of up to \$1,240,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

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

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

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

Nays: None

Recused: None

Lansing, Michigan
May 24, 2022



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 29, 2022

Table with 2 columns: Field Name and Description. Fields include Company Name, Project Location, MBDP Incentive Type, Maximum Amount of MBDP Incentive, Base Employment Level, Maximum Number of Qualified New Jobs ("QNJ"), Municipality Supporting Project, Start Date for Measurement of Creation of Qualified New Jobs, Term of the Agreement, and Milestone Based Incentive.

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

Acknowledged as received by:

Axiom Engineered Systems, LLC
By: [Signature]
Printed Name: Tony Palattius
Its: Sr. Mgr AS Operations

Michigan Economic Development Corporation
DocuSigned by: Matthew Chasnis
By: [Signature]
Printed Name: Matthew Chasnis
Its: Business Development Projects Manager



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

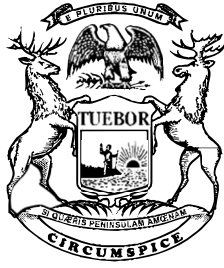
I hereby confirm and ratify my designation of Michael B. Kapp, Administrator, Michigan Department of Transportation, as the person authorized and empowered to act in my stead for Michigan Strategic Fund meetings that I am unable to attend.

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MICHIGAN STRATEGIC FUND

MEMORANDUM

Date: May 24, 2022
To: Michigan Strategic Fund (“MSF”) Board Members
From: Quentin Messer, Jr., Chief Executive Officer
Subject: Quarterly MSF Delegated Authority and Activities Report

We are pleased to present our monthly report to the MSF Board, featuring a review of our delegated authority activity over the previous month. The following pages provide a narrative centered around the types of projects supported through delegated approval from April 1, 2022 to April 30, 2022, as well as information about the impact that those projects have had on communities across the state.

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

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

Monthly Impacts



To continue providing transparent, intentional and impactful reporting to the MSF Board members on delegated project approvals and activities, the following report details delegated approval updates from April 1, 2022 to April 30, 2022.

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

MONTHLY IMPACTS

We are pleased to share the April delegate-approved projects continue to represent our emphasis on supporting underserved populations in geographically disadvantaged areas. Throughout April 2022, 28% of the projects approved through delegated authority are in geographically disadvantaged areas. Additionally, all April approved projects through delegated authority have committed to create just over 228 jobs and over \$351 million in private investment.

MSF Report Delegate Approvals



Under the authority delegated by the MSF Board, the MSF delegates approved the following projects during April 2022, which satisfy Board-approved guidelines for each program and have been vetted and approved through the same safeguards as those projects that come before the Board for consideration.

Michigan Business Development Program (MBDP)

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

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
UTAC ¹	4/6/2022	Redford Township	\$850,000	Millbrook Revolutionary Engineering Inc is expanding its automotive and mobility sector testing from component level to full vehicle in response to the growing electric vehicle market in the Charter Township of Redford. The project is expected to generate a total capital investment of \$26.2 million and create 85 jobs, resulting in a \$850,000 Michigan Business Development Program performance-based grant. Michigan was chosen for the project over adjacent states and another state where the company currently operates.
ATESTEO GmbH & Co. KG	4/18/2022	East Lansing	\$400,000	ATESTEO North America is a subsidiary of ATESTEO Group, a Germany-based provider of testing services for automotive drivetrains. The company began serving the e-mobility industry in 2008 and provides testing services for hybrid and fully electrified auto drivetrains and components. ATESTEO North America was established in 2022 to better serve existing and future customers in the United States. The project is expected to generate a total capital investment of \$27.8 million and create up to 46 well-paying jobs with the support of a \$400,000 Michigan Business Development Program performance-based grant. Michigan was chosen for the project over competing sites in Ohio and South Carolina.
ACI Plastics	4/29/2022	Flint	\$150,000	Island Plastics sister company, ACI Plastics, Inc. ("ACI"), was founded in 1986 and has a post-industrial recycler of plastics with one of the greatest breadths and depth of separation technologies in North America with its headquarters located in Flint, Michigan. ACI plans to utilize its experience and expertise in the plastics separation business to horizontally integrate into the post-consumer plastics industry. As a result, Island Plastics was formed in 2021. Island Plastics is looking to invest in a 30,000 square foot location in Flint to construct a state-of-the-art system that recycles post-consumer LDPE material and processes it to near virgin grade LDPE plastic for resale to various industries including energy, automotive and consumer goods. The project is expected to generate a total capital investment of up to \$8 million and create up to 24 new jobs, supported by a \$150,000 Michigan Business Development Program performance-based grant. Michigan was chosen for the project over competing sites in Ohio.

¹ Originally approved in February 2022, however, the entity's name changed causing the need for reapproval of the project.

Capital Access

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

Michigan Supplier Diversification fund – Collateral Support Participation

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Spring Arbor Dental, PLLC	4/6/2022	Jackson	\$840,000	Spring Arbor Dental PLLC is seeking to consolidate its operations into a single building. The project involves the purchase and renovation of a building in Jackson as well as the purchase of new equipment. Based on an anticipated collateral shortfall the bank, Chelsea State Bank, is seeking support from the MSF through CSP.
Supply Chain Solutions	4/18/2022	Grand Rapids	\$1,000,000	The company currently has a \$12.5 million line of credit with Mercantile Bank. The company is seeking an increase of the line of credit to \$15 million. The bank has stated that it needs \$1 million in collateral support from the MSF in order to proceed.

Michigan Community Revitalization Program (MCRP)

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

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
The Tezcuco, LLC	4/23/2022	Hancock	\$359,090	The Tezcuco, LLC was awarded a \$359,090 Michigan Community Revitalization Program performance-based grant to develop three 3-bedroom residential units on a vacant, blighted, downtown property, representing 5,916 square feet. The project is expected to include total capital investment of approximately \$1,039,954.

Michigan State Trade Expansion Program (MI-STEP)

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

Project Name	Approval Date	Location	Incentive Amount
Detroit Engineered Products, Inc. - Connect Vehicle 2022 Bangalore	4/1/2022	Troy	\$5,105
Endurance Carbide - IBT Web Development - Canada/Mexico	4/1/2022	Bridgeport	\$3,814
American Machining, Inc. - American Coatings Show Indianapolis IN	4/5/2022	Fenton	\$12,045
Cygnnet - American Coatings Show Indianapolis, IN	4/5/2022	Plymouth	\$13,616
DLN Integrated Systems, Inc. - MODEX 2022 in Atlanta GA	4/5/2022	Byron Center	\$15,000
Dongan Manufacturing - European Development	4/5/2022	Fraser	\$4,941
Oxford Biomedical Research, Inc. - National Restaurant Assoc Show Chicago	4/5/2022	Rochester Hills	\$9,395
Saint Clair Systems - ISO 9001 2015 Certification	4/5/2022	Washington Township	\$1,125
Emerald Global Consulting Inc. - 3rd Annual African International Conference on Industrial Engineering	4/6/2022	Farmington Hills	\$4,046
Sunrise SRL - ISF World Seed Congress 2022 Barcelona Spain	4/7/2022	East Lansing	\$5,243
Brunswick Bowling Products - 2022 IAAPA London	4/12/2022	Muskegon	\$15,000
Highlight Industries, Inc. - AMI Conference Barcelona Spain	4/12/2022	Wyoming	\$7,095
Viking Satcom, LLC - National Assoc of Broadcasters Trade Show Las Vegas NV	4/12/2022	Albion	\$10,050
FlexPost Inc. - ISA International Tradeshow in Atlanta GA	4/13/2022	Holland	\$10,878
Logic Solutions Inc - Fire and Safety Exhibit by Secutech in Taipei	4/13/2022	Plymouth	\$5,654
Farmer Musical Instruments - Sales and Demo Trip	4/14/2022	Cedar	\$10,263
Offshore Spars - UE Sales Trip Sweden, Finland, Switzerland	4/14/2022	Chesterfield	\$6,366
Vela Sciences - Canada and UK Online Advertisement Campaigns	4/14/2022	Pinckney	\$1,875
Redi-Rock International - French and German Web Dev with IBT Online Global	4/15/2022	Charlevoix	\$15,000
Synergistic Inc - Export Delegation Trade Visit with MIBA Israel	4/15/2022	Sterling Heights	\$12,375

Michigan State Trade Expansion Program (MI-STEP) Continued

Project Name	Approval Date	Location	Incentive Amount
RCI Adventure Products - SEA Expo Saudi Entertainment and Amusement Expo	4/18/2022	Allegan	\$15,000
Lucerne Forging, Inc - VTM Vehicle and Transportation Tech Inn Meeting	4/21/2022	Auburn Hills	\$4,588
Leon Speaker Corporation - Integrated Systems Europe 22	4/27/2022	Ann Arbor	\$15,000
Lomar Machine & Tool Company - Mexico Sales Trip	4/27/2022	Horton	\$2,709
Managed Programs, LLC - JEC France and Germany Sales Trip	4/27/2022	Auburn Hills	\$3,872
MHR, Inc. - North America Foam Expo Novi	4/27/2022	Holland	\$5,624
MHR, Inc. - Urethane Technology Magazine	4/27/2022	Holland	\$3,000
Therma-Tech Engineering Inc - Sales Trip Canada	4/27/2022	Redford	\$1,737
Welding Technology Corporation - FABTECH Mexico and Sales Trip	4/27/2022	Farmington Hills	\$5,321
Scherdel Sales & Technology, Inc. - Respiratory Drug Delivery 2022	4/28/2022	Muskegon	\$6,200
Link Engineering Company - EuroBrake 2022	4/28/2022	Plymouth	\$6,000
QTEK LLC - Automation Alley Trade Mission to Hannover Germany 2022	4/28/2022	Chassell	\$7,500
Shainin LLC - Seattle Aerospace and Defense Supplier Summit	4/28/2022	Northville	\$4,992
V3 Distribution - UNEDA Conference 2022	4/28/2022	Grand Rapids	\$3,242
Cadillac Casting, Inc. - Queretaro Automotive Meetings Mexico	4/29/2022	Cadillac	\$5,264
Control Dekk - AmericanHort Cultivate '22	4/29/2022	Jenison	\$6,295
Dornerworks, Ltd - ISO 13485 Cert	4/29/2022	Grand Rapids	\$6,750
Exotic Automation & Supply Inc. - AISTech The Iron and Steel Tech Con	4/29/2022	New Hudson	\$7,571
Logos Logistics, Inc. - Korea Japan Trade Mission	4/29/2022	Romulus	\$9,731

Program Amendments



For a variety of reasons, projects may return to the MSF requesting an amendment to their previous approvals, at which point the Business Development and Community Development teams evaluate whether those projects would qualify for those amendments. These amendments include, but are not limited to, changes of scope for projects; adjusted milestones; extended or contracted timelines; redefined project sites; and modified award amounts. See below for a list of program amendments that received delegated approval in April 2022.

Community Development Block Grant (CDBG)

Rental Rehabilitation & Housing Partnerships

Project Name	MSF Delegate Amended Date	Project Location	Type of Request
City of Ludington – Second Floor Living	4/8/2022	Ludington	The City of Ludington’s engineers, upon original submission, did not confer with the local building official and made a determination to not include sprinkling related to fire suppression. This was an incorrect determination, as sprinkling is required by building code. The local building inspector is requiring sprinkling on the project. A CDBG grant increase amendment in the amount of \$29,729 was authorized for the City of Ludington Second Floor Living Project.

Community Revitalization Program (CRP)

Project Name	MSF Delegate Amended Date	Project Location	Type of Request
Shoppes at Woodward, LLC	4/29/2022	Detroit	The amendment recognizes the change in programming on the 3rd floor from residential to office.

MSF Awardee Relief Report Grants and Loans



The following include delegated approvals from April 1, 2022 to April 30, 2022 for the MSF Awardee Relief Program demonstrating the impact this program has continued to have on providing flexibility, accountability and transparency for those projects previously approved by the MSF Board but are now facing challenges due to COVID-19.

CD Awardee Relief

Project Name	Program Name	Project Location	MSF Delegate Approval Date	Type of Request
3820 West End, LLC	Community Revitalization Program	Detroit	4/15/2022	Extend Milestone three by 24 months to February 28, 2024.
Exchange Building, LLC	Community Revitalization Program	Kalamazoo	4/26/2022	Substitution of senior lender from Huntington Bank to Fifth Third Bank.

Financial Data Overview and Terminations



Michigan Business Development Program - Terminations

Project Name	Project Location	Incentive Type	Amount	Disbursed	Termination Date	Reason for Termination	Repayment
Kent Quality Foods, Inc.	Grand Rapids	Expansion	\$490,000	\$490,000	4/1/2022	Unable to fulfill grant requirements	\$0
Arlington Automotive USA, Inc.	Romeo	New Development	\$320,000	\$0	4/26/2022	Unable to fulfill grant requirements	\$0

MSF Confidentiality Memos



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

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

Approvals by Authorized Delegate

During the period between April 1, 2022 and April 30, 2022, the following confidentiality memos were approved by the MSF Fund Manager:

Company Name and Location	Overview of Confidential Information
Ginosko Development Company 41800 W. 11 Mile Road, Suite 209 Novi, MI 48275	Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.
Supply Chain Solutions, LLC 4607 44 th Street SE Kentwood, MI 49512	Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.