BOARD MEETING AGENDA
August 25, 2020
10:00 a.m.

I. CALL TO ORDER & ROLL CALL

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

III. COMMUNICATIONS

IV. CONSENT AGENDA
   b. Trade Small Business Service Agreements: Resolution to authorize a no-cost extension........ 9
   c. International Trade Foreign Office: Resolution to authorize a no-cost extension ............... 15
   d. Michigan Manufacturing Technology Center: Resolution to authorize a no-cost extension... 20
   e. Third & Grand, LLC: Resolution to authorize an amendment to provide extensions to a Michigan Community Revitalization Program Award and ancillary agreements .................... 24

V. BUSINESS INVESTMENT
   a. Detroit Manufacturing Systems: Resolution to authorize $1.5 million under the Jobs Ready Michigan ...................................................................................................................... 33
      Job creation 225; Capital investment $31.9 million; Location: City of Detroit
   b. Clearcover, Inc.: Resolution to authorize $3.5 million under the Michigan Business Development Program and $400,000 under the Jobs Ready Michigan Program .............. 40
      Job creation 303; Capital investment $5 million; Location: City of Detroit
   c. Porter Hills Presbyterian Village, Inc.: Resolution to authorize refunding of a bond inducement not to exceed $23 million ................................................................. 51
   d. Michigan Small Business Development Center (MI-SBDC): Resolution to authorize the transfer of funds in the amount of $700,000 ................................................................. 59

VI. COMMUNITY VITALITY
   a. Vandenberg Center Redevelopment: Resolution to authorize a Brownfield Act 381 Work Plan not to exceed the amount of $4,431,633 ................................................................. 65
      Capital investment: $134.7 million; Location: City of Grand Rapids
   b. Royal Palm Detroit Redevelopment: Resolution to authorize a Brownfield Act 381 Work Plan in the amount of $2,521,176 .................................................................................................. 76
      Capital investment: $50.3 million; Location: City of Detroit
   c. Life is a Dreamtroit, LLC: Resolution to authorize a Brownfield Act 381 Work Plan in the amount of $1,264,729 and a Michigan Community Revitalization Program performance-based loan in the amount of $2,493,900 ................................................................. 87
      Capital investment: $19.8 million; Location: City of Detroit

*NOTE: Hyperlinked bookmarks are included on this page to aid document navigation - click on the project title to access the project memo.
Members joined remotely
Britany L. Affolter-Caine
Ronald W. Beebe
Mark Burton
Jeff Donofrio
Paul Gentilozzi
September Hargrove
Michael B. Kapp (on behalf of Director Ajegba)
Andrew Lockwood (on behalf of Treasurer Eubanks)
Charles P. Rothstein
Susan Tellier
Cindy Warner

Mr. Burton called the meeting to order at 10:01 am. The meeting was held virtually via Microsoft Teams due to the COVID-19 pandemic.

Public Comments: Mr. Burton announced the meeting has switched to a Microsoft Teams format with a video component to allow for visual presentations. This should enhance participation by Board members and the public. Katelyn Wilcox explained the process for members of the public to participate; there were no public comments.

Communications: Katelyn Wilcox, MSF Board Liaison, 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 Representative Angela Witwer in support of the Bridgewater Interiors LLC project. In addition, a letter of support was received from the Lansing Board of Water & Light in support of the Allen Neighborhood Center project that was approved at the June 23 meeting. The letters are attached to the minutes and also were shared electronically with Board members.

A. CONSENT AGENDA
Resolution 2020-088 Approval of Consent Agenda Items
Mr. Burton asked if there were any questions from the Board regarding items under the Consent Agenda. There being none, Andrew Lockwood motioned for the approval of the following:

Proposed Meeting Minutes – June 23, 2020
Proposed Special Meeting Minutes – July 7, 2020

September Hargrove seconded the motion. The motion carried: 8 ayes; 0 nays; 0 recused.

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

Jeff Donofrio, Paul Gentilozzi, and Charles P. Rothstein joined the meeting at approximately 10:15 am.
B. COMMUNITY VITALITY
Resolution 2020-089 Detroit Entrepreneur Development LLC (Lofts on Louis Project) – MCRP Loan Participation Amendment
Julius Edwards, Commercial Real Estate Investment Manager, provided the Board with information regarding this action item. Following discussion, Charles P. Rothstein motioned for the approval of Resolution 2020-089. Cindy Warner seconded the motion. The motion carried: 11 ayes; 0 nays; 0 recused.

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

Resolution 2020-090 Bagley Forest Property, LLC – MCRP Amendment
Julius Edwards, Commercial Real Estate Investment Manager, provided the Board with information regarding this action item. Following discussion, Paul Gentilozzi motioned for the approval of Resolution 2020-090. September Hargrove seconded the motion. The motion carried: 11 ayes; 0 nays; 0 recused.

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

Resolution 2020-091 City of Detroit Brownfield Redevelopment Authority – Brownfield Act 381 Work Plan (Jefferson Larned Development Project)
Dominic Romano, Community Assistance Team Specialist, provided the Board with information regarding this action item. Following discussion, Jeff Donofrio motioned for the approval of Resolution 2020-091. Charles P. Rothstein seconded the motion. The motion carried: 11 ayes; 0 nays; 0 recused.

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

Resolution 2020-092 City of Detroit Brownfield Redevelopment Authority – Brownfield Act 381 Work Plan (511 Woodward Project)
Dominic Romano, Community Assistance Team Specialist, provided the Board with information regarding this action item. Following discussion, Andrew Lockwood motioned for the approval of Resolution 2020-092. Cindy Warner seconded the motion. The motion carried: 11 ayes; 0 nays; 0 recused.

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

C. ADMINISTRATIVE
Resolution 2020-093 2019 Action Plan for CDBG COVID Funds – Amendment
Chris Whitz, CDBG Director, provided the Board with information regarding this action item. Following discussion, Jeff Donofrio motioned for the approval of Resolution 2020-093. Andrew Lockwood seconded the motion. The motion carried: 11 ayes; 0 nays; 0 recused.
ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

D. BUSINESS INVESTMENT
D1. Supplemental Budget Item
Resolution 2020-094 Michigan Small Business Restart Program – Eligibility Guidelines Amendment
Josh Hundt, Executive Vice President & Chief Business Development Officer, provided the Board with information regarding this action item. Following discussion, Britany L. Affolter-Caine motioned for the approval of Resolution 2020-094. Michael B. Kapp seconded the motion. The motion carried: 11 ayes; 0 nays; 0 recused.

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

D2. Business Growth
Resolution 2020-095 Bridgewater Interiors, LLC – MBDP Grant
Jibran Ahmed, Business Development Project Manager, provided the Board with information regarding this action item. Following discussion, Paul Gentilozzi motioned for the approval of Resolution 2020-095. Jeff Donofrio seconded the motion. The motion carried: 11 ayes; 0 nays; 0 recused.

ROLL CALL VOTE: Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None

E. INFORMATIONAL
Mr. Burton noted the third quarter report for MSF delegated authority activity was included in the meeting packet. He asked if there were any questions from the Board regarding the information; there were none.

Mr. Burton adjourned the meeting at 11:43 am.
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,

[Signature]

Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File
January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2020.

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

Sincerely,

[Signature]

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
    Andrew Lockwood
July 24, 2020

Mark Burton  
Chairperson of the Michigan Strategic Fund Board

Dear Mr. Burton,

It is with great excitement and appreciation that I write to encourage your support of Bridgewater Interior, LLC. The Michigan Strategic Fund’s approval of a $2 million Michigan Business Development Program performance-based grant for Bridgewater Interior is a vote for job creation and economic stimulation especially during this unprecedented time of the COVID-19 pandemic.

The grant will help fund expansion as Bridgewater Interior, a leading automotive seating manufacturer, looks to meet the growing demands of its customers with its specialized, just-in-time manufacturing processes. This $15.85 million capital investment in Eaton County’s Delta Township will expand its local facility by 20,000 square feet and create 400 much-needed jobs.

Founded over 20 years ago, Bridgewater Interiors is a certified Minority Business Enterprise that supports diversity with more than 65% of its 1,800-employee workforce being minorities. We need more companies like these who call Michigan home and live of mission that embraces diversity. This is the type of company we, as a state, need to continue to support.

Thank you for your thoughtful consideration. Please let me know if I can provide any additional information to help with your deliberations.

Most Sincerely,

Angela Witwer  
State Representative  
House District 71
June 23, 2020

Michigan Economic Development Corporation
C/O Amiie Evans
300 N. Washington Sq.
Lansing, MI 48913
Via email: evansa3@michigan.org

Re: Allen Neighborhood Center

Dear Members of the Michigan Strategic Fund,

I am writing to encourage your support of the Allen Place development that will convert its complex at the 1600 Block of East Kalamazoo Street in Lansing, Michigan into Allen Place. This comprehensive, community space will provide 21 units of mixed-income housing along with commercial space, integrative services, and programming.

Lansing Board of Water and Light (BWL) plans to utilize this project as a Microgrid demonstration. This innovative and climate responsive endeavor affords Allen Place the opportunity to generate renewable energy onsite. Additional details include:

- Storage, controls, and communications to BWL’s advanced distributed management system
- Utilization of BWL’s energy waste reduction program (energy efficiency program) to minimize energy use (especially space conditioning)
- Ability to test control storage operations for use in offsetting site loads during peak summer periods
- Electric vehicle chargers (considering solar power to charge vehicle charger batteries)

The Allen Place development will strengthen the Kalamazoo St. corridor and catalyze similar mixed-use initiatives in this steadily transforming area of the city. Such economic growth coupled with environmentally friendly innovation is a huge plus to our region.

Sincerely,

Brandie F. Ekren
Executive Director
Strategic Planning & Development
MEMORANDUM

Date: August 25, 2020

To: Michigan Strategic Fund Board

From: Alyssa Tracey, Director, International Trade

Subject: No-Cost Contract Extension Request
International Trade Small Business Services

Request
The Michigan Economic Development Corporation (“MEDC”) staff requests that the Michigan Strategic Fund (“MSF”) extend the terms of the current Trade Small Business Services contracts for one year through September 30, 2021. Service providers include Foster Swift Collins & Smith, P.C. (“Foster Swift”), IBT Online, Michigan State University – International Business Center (“MSU-IBC”) and Small Business Development Center (“SBDC”).

Background
The Michigan International Trade Program (MI-ITP) assists Michigan-based companies to expand their customer base through a variety of international trade services that lead to international market expansion. The program focus is on small and medium-sized enterprises, which by the United States Small Business Association’s (SBA) definition are companies with less than 500 employees, but it will also assist larger companies if the assistance will have a clear and identifiable economic impact. Through its strategic statewide network of export partners, MI-ITP is able to assist companies located anywhere in Michigan and ensure they are connected with the resources to evaluate export opportunities, access existing export resources, and increase global competitiveness.

On September 26, 2017 the MSF awarded Small Business Services Awards via Resolution 2017-161 of $270,000 total annually to support individual contracts with Foster Swift, IBT Online, MSU-IBC and SBDC following a formal request for proposals, with the option to extend up to four additional years. This request is the third extension option of the agreements. All of the service providers have executed their contractual obligations in past fiscal years and continue to do so in this current fiscal year. Accordingly, all funds have been disbursed for FY20 to each service provider.

Regional export network host organizations (RENs) and international service providers coordinate the MI-ITP delivery of services in collaboration with the MEDC and its strategic export partners.

The contracts under this request would include the following contractors and services:

Foster Swift
1. Legal Essentials to Export Toolkit seminars for exporters covering topics such as intellectual property protection, foreign agent/distributor contract terms checklist, export controls overview, and U.S. Foreign Corrupt Practices Act overview
2. Individualized Legal Essentials to Export workshops with companies one-on-one covering export training topics listed above
3. Online Export Legal Training resource (podcast or video)
IBT Online
1. Localization of company websites to increase online visibility and grow export sales in two targeted international markets

MSU-IBC
1. Michigan Export Growth Program custom research reports providing multi-country and industry-specific market research reports
2. Export capacity building seminars, including the national ExporTech™ program and NASBITE International Certified Global Business Professional (CGBP) training

SBDC
1. International Search Engine Optimization to define strengths and weaknesses of a company’s website and social media presence to advance international sales
2. Early Stage Export Assistance to assess export readiness and provide export planning, financial assessment and marketing recommendations

These services have proven to be in high demand by Michigan small businesses and the MEDC staff wishes to extend the current Small Business Services contracts. Approval of the no-cost extension will allow for continuity of service delivery through FY21. MEDC staff anticipates an additional funding request for FY21 Small Business Services upon approval of the MSF budget.

Recommendation
MEDC recommends the MSF Board approve a one-year no-cost extension until September 30, 2021.
WHEREAS, the Michigan Strategic Fund (“MSF”) desires to assist eligible Michigan based small businesses, increase the number of small businesses that are exporting, increase the value of exports for those small businesses that are currently exporting, and to expand their customer base through a variety of international trade services that lead to international market expansion (the “International Trade Program”);

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

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

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

WHEREAS, subject to the control and direction of the MSF Board pursuant to the Amended and Restated Memorandum of Understanding adopted via MSF Resolution 2015-185, the Michigan Economic Development Corporation (“MEDC”) provides certain administrative services to the MSF for the International Trade Program;

WHEREAS, at its July 25, 2017 meeting via MSF Resolution 2017-110, the MSF Board authorized the issuance of a request for proposals for the International Trade Program to establish a competitive process to award funds for contracting with entities to provide various services to small and medium sized companies to enable greater exporting capabilities (the “Small Business Services RFP”);

WHEREAS, at its September 26, 2017 meeting via MSF Resolution 2017-161, the MSF Board awarded the contracts associated with the Small Business Services RFP to Foster Swift Collins & Smith PC, Michigan – Small Business Development Center, Michigan State University – International Business Center, and IBT Online (the “Small Business Services Awards”);
WHEREAS, via Resolution 2017-161, the MSF Board authorized the extension of the Small Business Services Awards for up to an additional four (4) years, at its discretion;

WHEREAS, on August 28, 2018, the MSF exercised its first option to extend the Small Business Services Award for an additional one-year term and allocated additional funding;

WHEREAS, on September 24, 2019, the MSF exercised its option again to extend the Small Business Services Award for a second additional one-year term;

WHEREAS, MEDC Staff recommends that the MSF Board again exercise its option to extend the Small Business Service Awards for a third additional one-year term ending September 30, 2021 (the “Amendment Request”); and

WHEREAS, the MSF wishes to approve the Amendment Request.

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

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
August 25, 2020
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,

[Signature]

Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File
January 16, 2020

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

   Re:  Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2020.

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

Sincerely,

[Signature]
Rachael Eubanks
State Treasurer

Cc:  Eric Bussis
     Andrew Lockwood
MEMORANDUM

Date: August 25, 2020

To: Michigan Strategic Fund Board

From: Alyssa Tracey, Director, International Trade

Subject: No-Cost Contract Extension Request – Council of Great Lakes Governors Inc. International Trade Centers

Request
The Michigan Economic Development Corporation (“MEDC”) staff requests that the Michigan Strategic Fund (“MSF”) approve a no-cost extension to September 30, 2021 of the current agreement with the Council of Great Lakes Governors Inc. (“CGLG”) d/b/a Conference of Great Lakes and St. Lawrence Governors and Premiers.

Background
The Michigan International Trade Program (MI-ITP) assists Michigan-based companies to expand their customer base through a variety of international trade services that lead to international market expansion. The program focus is on small and medium-sized enterprises, which by the United States Small Business Association’s (SBA) definition are companies with less than 500 employees, but it will also assist larger companies if the assistance will have a clear and identifiable economic impact. Through its strategic statewide network of export partners, MI-ITP is able to assist companies located anywhere in Michigan and ensure they are connected with the resources to evaluate export opportunities, access existing export resources, and increase global competitiveness.

On July 24, 2018, the MSF awarded the Michigan International Trade Services contract of $825,000 to the CGLG following a formal request for proposals. On September 24, 2019 the MSF Board exercised its first option to extend the term of the CGLG Award to September 30, 2020. On October 22, 2019 the MSF Board allocated $1,150,000 in funding to the award to support FY20 services. Funds are fully expended on an annual basis to CGLG to support operations of foreign offices that provide critical support to Michigan exporters and trade mission expenses. In FY19, expenditures of $1,150,000 to CGLG resulted in facilitated export sales by the six primary Michigan foreign offices of $206,300,000.

CGLG has executed their contractual obligations in past years and continues to do so during this current fiscal year. Approval of the no-cost extension will allow for continuity of service delivery through FY21. MEDC staff anticipates an additional funding request for FY21 International Trade Center services upon approval of the MSF budget.

To help companies access foreign markets, the MEDC has established offices in Canada, Mexico, China, Europe, Brazil, and the Middle East. The Michigan foreign trade offices provide services that include Governor delegation support, market research, agent/distributor/representative searches, end-user searches, matchmaking services for buyer missions and trade mission support.
Based on demand by Michigan companies looking for additional export market support, seven additional affiliate foreign offices provide a similar level of service as needed.

This extension request would support the growth of Michigan small and medium-sized businesses by expanding their customer base in international markets. Coverage and services include:

(1.) Dedicated foreign office resources and services in Canada, Mexico, China, Europe, Brazil, and the Middle East including, but not limited to:
- Customized Market Research
- Foreign Agent/Distributor/Representative Searches
- End-User Searches
- Matchmaking Services
- Trade Show & Mission Support

(2.) Demand-driven support for trade development projects in CGLG’s additional affiliate foreign offices, located in Australia (including New Zealand coverage), Chile (South America coverage), India, Japan, Singapore (Southeast Asia coverage), South Africa (Sub-Saharan Africa coverage), and South Korea.

This comprehensive network of international trade expertise covers over 90 countries around the world. These services have been in high demand by Michigan businesses and will be even more vital as businesses seek new growth opportunities following the COVID-19 pandemic.

**Recommendation**
MEDC recommends the MSF Board approve a one-year no-cost extension until September 30, 2021 for the agreement with CGLG.
MICHIGAN STRATEGIC FUND

RESOLUTION
2020-098

EXTENSION OF INTERNATIONAL TRADE SERVICES CONTRACT

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

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

WHEREAS, under Section 88b of the MSF Act, MCL 125.2088b, the MSF has the power to make grants, loans, and investments;

WHEREAS, on April 24, 2018, the MSF Board authorized the issuance of the International Trade Centers Request for Proposals (the “International Trade Centers RFP”) and approved the International Trade Centers RFP Scoring and Evaluation Criteria;

WHEREAS, on July 24, 2018, the MSF awarded a contract of $825,000 to the Counsel of Great Lakes Governors, Inc. (d/b/a Conference of Great Lakes and St. Lawrence Governors and Premiers) (“CGLG”) for an initial one year term, with the option to extend the term up to an additional four years and allocate additional funds (the “CGLG Award”);

WHEREAS, on September 24, 2019, the MSF exercised its option to extend the term for the CGLG Award for one additional year;

WHEREAS, MEDC staff recommends that the MSF exercise its option to extend the term of the CGLG Award for a second one-year term to September 30, 2021 (the “Amendment Request”); and

WHEREAS, the MSF wishes to approve the Amendment Request.

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

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
August 25, 2020
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,

[Signature]

Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File
January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2020.

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

Sincerely,

[Signature]

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood
MEMORANDUM

Date: August 25, 2020

To: Michigan Strategic Fund Board

From: Colin Dillon, Data & Strategy Manager, Pure Michigan Business Connect

Subject: No-Cost Contract Extension Request – Michigan Manufacturing Technology Center Support Services

Request

Michigan Economic Development Corporation (“MEDC”) staff requests that the Michigan Strategic Fund (“MSF”) Board approve a no-cost extension to September 30, 2021 for the current agreement with the Michigan Manufacturing Technology Center (“MMTC”).

Background

On November 28, 2018, the MSF board awarded the MMTC an initial grant of $2,125,000 for the term of October 1, 2018 through September 30, 2019 with the option to extend the grant for up to three additional years and to allocate additional funding at the sole discretion of the MSF Board. On September 24, 2019, the MSF Board approved a one-year, no-cost extension through September 30, 2020. On November 26, 2019, the MSF Board approved a grant of $2,125,000 for the MMTC through September 30, 2020. Approval of the no-cost extension will allow for continuity of service delivery through FY21.

As part of the grant agreement, MMTC provides Manufacturing Support Services to the Michigan manufacturing (and related) industries with the goal of increasing sales, profitability, the Michigan tax base, as well as creating and retaining jobs. MMTC provides the following services to Michigan companies:
- Matchmaking assistance in support of Pure Michigan Business Connect (“PMBC”) initiatives pairing purchasers with Michigan-based suppliers
- Conduct research to identify promising markets and customers
- Provide consulting, training, and performance assessments to improve and enhance processes, increase efficiency and promote business growth
- Provide business outreach and services in support of the PMBC and business development efforts

MMTC is the sole program of the 501c3 Industrial Technology Institute, Inc. (ITI), a not-for-profit Michigan corporation. Founded in 1981, in 1991 ITI proposed and was awarded the charter to operate the Michigan portion of the National Institute of Standards and Technology (NIST) Hollings Manufacturing Extension Partnership (MEP) program. The MMTC is a public/private network receiving $2.125 million from the MSF, $4.59 million in matching funds from the Federal Department of Commerce/National Institute of Standards and Technology (Manufacturing Extension Partnership), and $5.5 million from the MMTC’s manufacturing clients in Michigan. The MMTC’s annualized budget is $14.4 million with $2.4 million remaining for the October 1, 2019 to September 30, 2020 fiscal year.

Recommendation

MEDC staff recommends that the MSF Board approve a one-year no-cost extension until September 30, 2021 for the grant to the MMTC.
MICHIGAN STRATEGIC FUND

RESOLUTION
2020-099

MICHIGAN MANUFACTURING TECHNOLOGY CENTER GRANT AMENDMENT

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

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

WHEREAS, Section 7 of the Act provides that the MSF has the power to make grants, loans and investments;

WHEREAS, Section 2 of the Act provides that the purposes of the Act and of the MSF is to, among other things, help diversify the economy of this state, assist business enterprise in obtaining additional sources of financing to aid this state in achieving the goal of long-term economic growth and full employment, meet the growing competition for business enterprises, preserve existing jobs, create new jobs, and reduce the cost of business and production;

WHEREAS, on November 27, 2018, the MSF awarded a grant of up to $2,125,000 to the Michigan Manufacturing Technology Center (“MMTC”) for an initial term of November 27, 2018 to October 31, 2019, with the option to extend the grant for up to an additional three years and allocate additional funding at the sole discretion of the MSF Board and subject to available funding (the “MMTC Grant”);

WHEREAS, on September 24, 2019, the MSF approved an amendment to extend the MMTC Grant to September 30, 2020, and on November 26, 2019, allocated an additional $2,125,000 in funding to the MMTC Grant;

WHEREAS, the MEDC recommends that the MSF exercise its second option to extend the MMTC Grant for an additional one-year term until September 30, 2021 (the “Amendment Request”); and

WHEREAS, the MSF wishes to approve the Amendment Request.

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

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.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
August 25, 2020
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,

[Signature]
Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File
January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2020.

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

Sincerely,

[Signature]

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood
MEMORANDUM

Date: August 25, 2020
To: Michigan Strategic Fund Board
From: Lynda Franke, Underwriting and Incentive Structuring Specialist
Subject: Request for Approval of a Michigan Community Revitalization Program (MCRP) Other Economic Assistance-Performance Based Loan Participation and Servicing Agreement Amendment #3 Third and Grand LLC

Request
Third and Grand LLC ("Company") and Invest Detroit ("Lender") are requesting approval of an amendment to the Michigan Community Revitalization Program (MCRP) Other Economic Assistance Loan Participation and Servicing Agreement ("Agreement") and any related ancillary agreements. The Company is requesting approval of the following extensions: 1) Milestone Two Project Completion due date from November 30, 2019 to September 30, 2020, 2) Milestone Three (Certification of Loan Extension) due date from December 1, 2019 to March 15, 2021, 3) the interest-only period, maturity date and loan extension period to March 15, 2021, and consent to a modification of the Lender’s Debt Service Covenant Ratio ("DSCR") testing calculation and testing dates to October 31, 2020 and December 31, 2020.

Background
The Michigan Strategic Fund Board ("MSF Board") approved up to a $2,000,000 Other Economic Assistance-Loan Participation Award on September 27, 2016, to the Company for the purpose of redeveloping 1.52 acres of property located at 2911 West Grand Boulevard in the New Center area of Detroit into an approximately 356,000 square foot mixed-use development including 231 residential units, four to six retail spaces and a multi-story parking facility.

An amendment request was approved on July 25, 2017 to extend the due dates of Milestone One, Milestone Two and the Construction Completion Date; correct the “Minimum Eligible Investment” amount, and incorporate a new budget using a replacement general contractor.

An amendment request was approved on June 25, 2019 to extend Milestone Two due date to November 30, 2019, consent to allow the Company to exercise their right to a 12-month extension of the maturity dates of the Lender’s and the MSF’s construction loans to December 1, 2020, consent to change the definition of the Construction Completion Date in the Construction Loan Agreement to allow a date no later than November 30, 2019, consent to postpone the lender’s Debt Service Coverage Ratio ("DSCR") covenant testing dates to February 2020 and June 2020, consent to increase the loan with Fifth Third Bank ("Senior Lender") from $39,000,000 to $40,000,000, and consent to the proposed budget modification. These approved changes have not been memorialized in an amendment agreement yet, because it was evident prior to execution that the project would not be able to meet the extended Milestone Two due date. The approvals from June 25, 2019 will be combined with the current request into one amendment document.

The project is 100% complete and temporary Certificates of Occupancy have been issued for each floor. The Company will be able to satisfy Milestone Two when they have a final inspection from the City of Detroit and final Certificates of Occupancy are issued. Occupancy for the residential units is approximately...
Three of the four retail spaces are leased, and the final space is expected to be leased soon. The Lender is projecting a positive cash flow for the project by August 2020.

The project has experienced numerous construction delays, cost overruns and other challenges in the past, which impacted the timing of the stabilization of the project and therefore the start of principal and interest payments. Cost overruns total $7,500,000 and the Company is contributing an additional $6,500,000. The extra $1,000,000 was funded by the Senior Lender, as approved in the June 2019 request. The Senior Lender has worked with the Company, increased and amended their loan, extending the maturity date to March 15, 2021.

The milestone three (project completion) extension exceeds the 12-month limit of authority under the Awardee Relief Initiative, making this request an MSF Board item. Lender and MEDC staff are comfortable with the proposed changes due to several factors. The request will bring the project into compliance and alignment with the Senior Lender’s revised terms. The Company’s commitment is evidenced by the additional equity invested, maintaining the personal guarantee of the Peter Cummings & Trust and corporate guarantee of Southern Realty Group. The building is completed and leasing up at slightly higher rates than anticipated. MEDC staff are recommending Milestone Two be extended beyond the amendment request to December 31, 2020 to allow for uncertainty regarding the City of Detroit’s timeline for final inspection due to the pandemic.

**Recommendation**
The MEDC staff recommends approval of an amendment to the MCRP Agreement and any related ancillary agreements to allow the following, per the Company’s request dated July 15, 2020:

a) extension of Milestone Two due date to December 31, 2020
b) extension of Milestone Three due date to March 15, 2021
c) extension of the maturity date to March 15, 2021
d) extension of the interest only period to March 15, 2021
e) extension of the loan extension period to March 15, 2021
f) consent to postpone the lender’s Debt Service Coverage Ratio (“DSCR”) covenant testing dates to October 31, 2020 and December 31, 2020, and a modification of the testing calculation to match that of the Senior Lender.
MICHIGAN STRATEGIC FUND
RESOLUTION
2020-100

APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION PROGRAM OTHER ECONOMIC ASSISTANCE LOAN PARTICIPATION AWARD FOR THIRD AND GRAND, L.L.C.

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

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

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

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

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

WHEREAS, by Resolution 2016-198 on September 27, 2016 the MSF Board awarded an MCRP Other Economic Assistance Loan Participation Award to Third and Grand L.L.C., in furtherance of the Project of up to $2,000,000 ("Award");

WHEREAS, by Resolution 2017-106 on July 25, 2017, the MSF Board approved a MCRP amendment to extend due dates of Milestone One, Milestone Two and the Construction Completion Date, correct the “Minimum Eligible Investment” amount, and incorporate a new budget using a replacement general contractor; and

WHEREAS, by Resolution 2019-095 on June 25, 2019, the MSF Board approved a MCRP amendment to extend the due date of Milestone Two to November 30, 2019, and consent to allow the following: 1) exercise of the Company’s right to a 12-month extension of the maturity dates of the Lender’s and the MSF’s construction loans to December 1, 2020; 2) change the definition of the Construction Completion Date in the Construction Loan Agreement to allow a date no later than November 30, 2019; 3) postpone the lender’s Debt Service Coverage Ratio (“DSCR”) covenant testing dates to February 2020 and June 2020; 4) increase the loan with Fifth Third bank from $39,000,000 to $40,000,000; and 5) a budget modification.

WHEREAS, the MEDC is recommending that the MSF approve the amendment recommendation to extend 1) Milestone Two date to December 31, 2020; 2) Milestone Three due date to March 15, 2021; 3) the maturity date to March 15, 2021; 4) the interest only period to March 15, 2021; 5) the loan extension period to March 15, 2021; and to consent to lender’s Debt Service Coverage
Ratio (“DSCR”) covenant testing to occur on October 31, 2020 and December 31, 2020, and consent to a modification of the testing calculation, with all other requirements remaining in place from the original approval, as amended (“MCRP Amendment Recommendation”).

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
August 25, 2020
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,

[Signature]

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File
January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2020.

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

Sincerely,

[Signature]
Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood
Whereas, 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:

July 28, 2020 MSF Board Meeting Minutes
International Trade Small Business Service Agreements – No Cost Extension
International Trade Foreign Office – No Cost Extension
Michigan Manufacturing Technology Center – No Cost Extension
Third & Grand, LLC – MCRP Amendment

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
August 25, 2020
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,

[Signature]

Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File
January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2020.

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

Sincerely,

[Signature]

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
    Andrew Lockwood
MEMORANDUM

Date: August 25, 2020

To: Michigan Strategic Fund Board

From: Jibran Ahmed, Business Development Project Manager

Subject: Grant Request

Jobs Ready Michigan Program (“JRMP”)
Detroit Manufacturing Systems, LLC (“Company” or “Applicant”)

Request Summary

- This is a request from the Applicant for a $1,500,000 JRMP Grant, as outlined in the attached Term Sheet (“JRMP Request”).
- This project involves the creation of 225 new jobs and a capital investment of up to $31,900,000 in the City of Detroit.

Background

In 2012, the Company began in a warehouse in an under-served community in the northwest side of Detroit, Michigan. The Company began as a joint venture between Rush Group Limited, LLC and Faurecia, and was created to manufacture and assemble injection-molded components for global brands. The Company is a certified minority-owned Tier-1 automotive supplier, specializing in the manufacturing and assembly of injection molded parts, primarily instrument panels and consoles. The Company, currently headquartered in Detroit, has more than 800 employees in Michigan. The Company employs more than 1,200 throughout the United States.

The Company invests heavily in its employees to maintain a highly skilled workforce. In addition to its mandatory training classes and on-the-job training, the company partners with Wayne County Community College to support entrepreneurship and skill training. As part of the Company’s people investment, the Company offers financial literacy courses taught by local credit unions and banks. In addition, the Company makes advanced education a reality for all interested employees by providing upfront tuition assistance and accommodating the employee’s class schedule so they can pursue their degree while still working for the Company.

The MEDC has conducted civil and criminal background checks in accordance with the MSF Background Review Policy.

Project Description

The Company has secured long-term contracts with new and existing customers, which has vastly expanded its customer base and diversified its product offering. In order to meet the growing demands of its customers and to accommodate its growing business, the Company desires to continue the expansion of its current operations. This includes re-purposing its existing 482,000 square foot facility and expanding to occupy an additional 60,000 square feet in an adjacent building. The Company also plans to diversify and expand its
manufacturing and assembly capabilities into new industry segments and invest in new technologies that will create a safer and more efficient workspace.

In pursuit of manufacturing excellence, the Company will invest in new technologies and automated equipment with the ultimate goal of becoming a “Smart Factory” through Industry 4.0. Becoming a “Smart Factory” will allow the Company to streamline its production processes, increase output, and reduce waste. This will allow the Company to provide its team with a safer and more efficient workplace, while helping achieve an even higher percentage of defect-free product manufacturing. The installation of Smart Factory technology will also require more skilled labor, resulting in the addition of more skilled, higher-paying positions.

A large focus for this project is the transformation of the Company’s existing and new workforce into the next generation of skilled workers. This investment in new technology will result in skilled operators of advanced machinery and equipment, robotics and other automation technology. This training will occur through the Company’s investment in a Leadership Academy that will maximize the potential and capabilities of the Company’s emerging leaders and current team members. The Company has partnered with Detroit at Work to hire pre-screened candidates from the Detroit at Work program. Additionally, the Company hosts job fairs to solicit applications from potential candidates. Traditionally, the Company relies on word of mouth from its current employees, who help to attract new employees by sharing their job satisfaction with relatives and friends. Finally, the Company works to provide an open-door to all qualified candidates through its commitment to providing a background-friendly hiring process.

**Demonstrated Need**

The Company is evaluating whether to expand its capacity and footprint within, or outside of, Michigan. Near its existing facility in Toledo, there is unoccupied, existing space and the Company anticipates an expansion into this space would require a smaller capital investment than an expansion of its Detroit location, in part due to the fact that the Detroit space will be newly constructed resulting in a longer disruption to operations (due to the construction delays exacerbated by COVID) and because rental rates are higher for the brand new space. The Company is also in discussion with the State of Ohio for a competitive grant and tax credit incentive offer and could utilize Ohio’s Opportunity Zone incentives as well. Another option the Company is considering is to house itself within its largest customer’s facility located in Chicago, Illinois. Moving to this location would offer the Company significant cost savings in freight and capital investment and enhance synergies with its customer.

Adding 225 new jobs to the State of Michigan would solidify the Company’s presence and future business in the state. This project supports MEDC’s strategic focus of supporting a business in a target industry of mobility and automotive manufacturing that is located in a geographically disadvantaged area. A majority of the jobs created as a result of this project will be entry level positions, bringing new, highly-skilled, opportunities to Detroit residents and offering a path to higher-wage jobs. The Company has been strong stewards and employers of the community its located in through providing quality of life programs for its employees and being involved in the community development of the surrounding neighborhoods.

While the Company remains committed to its hometown of Detroit, incentive assistance is necessary to make the expansion in Michigan a competitive decision. Economic incentives from the MSF will ensure that the Company can continue investing in its workers and surrounding community. By keeping this growth in Michigan, the Company will be able to maximize its efficiency by having a greater ability to oversee its employees leading to better accountability and efficiency of its workforce and a greater ability to invest in automation and smart manufacturing technologies, leading to reduced costs.
**Request**
The Jobs Ready Michigan request will help address the cost disadvantage of expanding the project in Michigan when compared to the competing sites outside of Michigan. The Jobs Ready Michigan incentive will help the Company establish its Leadership Academy which will advance the skills and knowledge of its employees to meet the need for higher-skilled technicians and laborers as well as complete proficiency and on-the-job trainings for its employees, and deploy various training programs to maximize the potential and capabilities of the Company’s emerging leaders and current team members, ultimately creating a stronger automotive talent base in the State.

The Jobs Ready Michigan Program was created by the Michigan Strategic Fund to meet the talent needs of companies that are expanding or relocating to Michigan. The Program is designed to be flexible and responsive to the specific talent needs of companies and to address the costs associated with recruiting and training individuals for occupations that are high-wage, high-skill, or high demand. Program awards may be used for a variety of activities related to talent recruitment and job training including, but not limited to, employee recruitment expenses, development of customized training development plans, instructor and training materials costs, purchase of equipment related to training, construction of training facilities, and on-the-job training costs.

**Recommendation**
MEDC Staff recommends approval of the JRMP Request, as outlined in the attached resolution.
MICHIGAN STRATEGIC FUND

RESOLUTION

2020-101

APPROVAL OF A JOBS READY MICHIGAN PROGRAM GRANT TO DETROIT MANUFACTURING SYSTEMS, LLC

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

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

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

WHEREAS, Detroit Manufacturing Systems, LLC (“Company”) has requested a JRMP grant of up to $1,500,000 (“Grant Request”) for attainment of the milestones and other general terms and conditions outlined in the term sheet attached as Exhibit A (“Term Sheet”);

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

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

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

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
August 25, 2020
JOBS READY MICHIGAN PROGRAM
Performance Based Incentive - Term Sheet - Summary

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

Date: August 5, 2020

Company Name: Detroit Manufacturing Systems, LLC
Project Location: 12701 Southfield Road, Detroit, MI 48223

JRMP Incentive Type: Performance Based Grant

Maximum Amount of JRMP Incentive: Up to $1,500,000

Start Date for Measurement of Eligible Activities: May 11, 2020 (Date of Offer Letter acceptance)

Term of the Agreement: September 1, 2021

Milestone Based Incentive:
Disbursements will be made over a 1-year period and will be performance based as follows:

Milestone 1: $1,500,000 Upon demonstrated of completion curriculum development and launch of DMS Leadership Academy, completion of REVER Training of 225 employees, completion of Level 3 Proficiency Training of 225 employees, and completion of 1000 hours of on-the-job training for 6 Skilled Trades Apprentices.

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

Acknowledged as received by:

Detroit Manufacturing Systems, LLC
By: [Signature]
Printed Name: Scott Cieslak
Its: CFO

Michigan Economic Development Corporation
By: [Signature]
Printed Name: Jibran Ahmed
Its: Business Development Project Manager

August 5, 2020 – Detroit Manufacturing Systems, LLC
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,

[Signature]

Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File
January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2020.

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

Sincerely,

[Signature]

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood
MEMORANDUM

Date: August 25, 2020

To: Michigan Strategic Fund Board

From: Jibran Ahmed, Business Development Project Manager

Subject: Michigan Business Development Program (“MBDP”) Grant Request AND Jobs Ready Michigan Program (“JRMP”) Grant Request Clearcover, Inc. (“Company” or “Applicant”)

Request Summary
- This is a request from the Applicant for a $3,500,000 MBDP Grant as outlined in the attached Term Sheet (“MBDP Request”).
- Additionally, the Applicant is requesting a $400,000 JRMP performance-based grant as outlined in the attached JRMP Term Sheet (“JRMP Request”).
- This project involves the creation of up to 303 Qualified New Jobs and a capital investment of up to $5,000,000 in the City of Detroit, Wayne County.

Background
The Company, founded in 2016, is a Chicago-based automotive insurance carrier that leverages technology to improve customer experience and increase efficiencies. The Company handles the full personal auto insurance experience, from underwriting through to servicing each policy. The Company continues to grow its service offerings and expand availability of current insurance products into new regions of U.S.

The MEDC has completed civil and criminal background checks in accordance with the MSF Background Review Policy.

Project Description
While the company has been built on an advanced technology platform, they have identified a need for human customer engagement. The company is focused on developing a new customer experience center to enable continued growth and a best in class customer experience. The primary function of this office will be to support the business functions of the company including claims and underwriting. This new Customer Experience Center will require 303 jobs for this new location.

The Company will seek prospective employees with critical thinking skills who can thrive in a fast-paced environment. A four-year degree is not required for any of the roles; however, each prospective candidate will need to demonstrate strong aptitude and work ethic to be considered. The Company is committed to hiring qualified Detroiters. The Company will utilize multiple tools to accomplish this goal, including leveraging relationships with Detroit at Work and Detroit Economic Growth Corporation and posting jobs on website/online/social media. The Company has also been very successful hiring through referrals from existing employees.

The Company values diversity and is focused on creating an inclusive environment. The Company’s policy, but even more important, its company culture mandates fair and equitable treatment of everyone that touches the organization. With the Company establishing its presence in Michigan, it is possible more software engineering roles may be incorporated in the future.
**Demonstrated Need**
The Company evaluated several states in the Midwest for its second location including Michigan, Indiana and Wisconsin. As a technology innovator, the Company is focused on identifying a market with a healthy technology ecosystem. Factors such as cost of labor, cost of real estate and parking, and incentives were considered when determining that the cost of doing business in Michigan was higher than the competing locations.

Even though the analysis revealed the cost of doing business was higher in Michigan, the Company believes a Michigan location offers a strong talent pool to fill its high-wage positions and believes that a market like Detroit can amplify its branding better than the competing markets. While the Company continues to express its desire to locate in Detroit, incentive assistance is necessary to help offset the financial disadvantage of locating in Michigan.

**Request**
The proposed project will be the Company’s first project in the state and will impact the local region with immediate job growth with a large and expanding American technology company. Location of this new office will result in the creation of up to 303 new jobs and up to $5,000,000 in investment in the City of Detroit, Wayne County. In order to secure the project, the Applicant is requesting a $3,500,000 MBDP performance-based grant and a $400,000 JRMP performance-based grant.

The Jobs Ready Michigan Grant will be tied to activities costs related to diversity training, internal recruiting, third party recruiting, insurance licensing coursework and exams, leadership, harassment, and insurance designation training, learning management systems training, Camtasia + Voice Over training and material costs, as well as equipment used for training.

The MBDP funds will offset the Company’s near-term capital investment costs while the JRMP program will support the Company and employees by providing funding for recruitment and training expenses. Utilization of both programs, combined with the strong talent pool and long-term advantages of a Detroit location, will ensure the Company is able to locate in Michigan and becomes a strong employer in the region.

**Recommendation**
MEDC Staff recommends approval of the following:
- Approval of the MBDP Request as outlined in the attached resolution; and
- Approval of the JRMP Request as outlined in the attached resolution.
MICHIGAN STRATEGIC FUND

RESOLUTION

2020-102

APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO CLEARCOVER, INC.

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

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

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

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

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

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

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

WHEREAS, Clearcover, Inc (“Company”) has requested a performance based MBDP Grant of up to $3,500,000 (“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, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
August 25, 2020
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: July 30, 2020

**Company Name:** Clearcover, Inc.

**Project Location:** City of Detroit

**MBDP Incentive Type:** Performance Based Grant

**Maximum Amount of MBDP Incentive:** Up to $3,500,000

**Base Employment Level:** 0

**Qualified New Jobs:** At least 303 at the Project Location

**Municipality Supporting Project:** The City of Detroit 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 Offer Letter acceptance – April 23, 2020

**Term of the Agreement:** June 30, 2026

**Milestone Based Incentive:** Disbursements will be made over a 6-year period and will be performance based on job creation as follows:
- Milestone 1: $550,000 for the creation of 26 jobs.
- Milestone 2: $405,000 for the creation of 35 jobs.
- Milestone 3: $485,000 for the creation of 42 jobs.
- Milestone 4: $346,500 for the creation of 30 jobs.
- Milestone 5: $346,500 for the creation of 30 jobs.
- Milestone 6: $1,417,000 for the creation 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:

Clearcover Inc.
By: 
Printed Name: Derek Brigham
Its: COO

Michigan Economic Development Corporation
By: Jibran Ahmed
Printed Name: Jibran Ahmed
Its: Business Development Project Manager

July 30, 2020 – Clearcover Inc.
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,

[Signature]
Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File
January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2020.

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

Sincerely,

Rachael Eubanks  
State Treasurer

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

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

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

WHEREAS, Clearcover, Inc (“Company”) has requested a JRMP grant of up to $400,000 (“Grant Request”) for attainment of the milestones and other general terms and conditions outlined in the term sheet attached as Exhibit A (“Term Sheet”);

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

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

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

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
August 25, 2020
EXHIBIT A
JOBS READY MICHIGAN PROGRAM
Performance Based Incentive - Term Sheet - Summary

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

Date: August 6, 2020

Company Name: Clearcover Inc.

Project Location: City of Detroit

JRMP Incentive Type: Performance Based Grant

Maximum Amount of JRMP Incentive: Up to $400,000

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

Start Date for Measurement of Eligible Activities: Date of Offer Letter acceptance – April 23, 2020

Term of the Agreement: June 30, 2023

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

Milestone 1: $100,000 Upon demonstrated documentation of at least $100,000 in costs related to diversity training, internal recruiting, third party recruiting, insurance licensing coursework and exams, leadership, harassment, and insurance designation training, learning management systems training, Camtasia + Voice Over training and material costs, as well as equipment used for training

Milestone 2: $150,000 Upon demonstrated documentation of at least an additional $150,000 in costs related to diversity training, internal recruiting, third party recruiting, insurance licensing coursework and exams, leadership, harassment, and insurance designation training, learning management systems training, Camtasia + Voice Over training and material costs, as well as equipment used for training

Milestone 3: $150,000 Upon demonstrated documentation of at least an additional $150,000 in costs related to diversity training, internal recruiting, third party recruiting, insurance licensing coursework and exams, leadership, harassment, and insurance designation training, learning management systems training, Camtasia + Voice Over training and material costs, as well as equipment used for training

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

August 6, 2020 – Clearcover Inc.
Acknowledged as received by:

Clearcover Inc.  
By: Derek Brigham  
Printed Name: Derek Brigham  
Its: Chief Operating Officer  

Michigan Economic Development Corporation  
By: Jibran Ahmed  
Printed Name: Jibran Ahmed  
Its: Business Development Project Manager  

August 6, 2020 – Clearcover Inc.
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,

Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File
January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2020.

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

Sincerely,

[Signature]
Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood
MEMORANDUM

Date: August 25, 2020

To: Michigan Strategic Fund Board

From: Chris Cook, Director of Capital Access

Subject: Private Activity Bond – Bond Authorizing
   Porter Hills Presbyterian Village, Inc.
   Non-Profit – Not to Exceed $20,000,000 / Refunding

Request
Porter Hills Presbyterian Village, Inc. (the “Company”), on behalf of itself and an obligated group comprised of the Company and various affiliates of the Company (the “Obligated Group”), which includes the Company’s sole owner United Methodist Retirement Communities, Inc. (“UMRC”), who is the Agent for the Obligated Group, is seeking financing to assist the Company in (i) currently refunding Porter Hills’ Series 2013 Michigan Strategic Fund Bonds (the “Prior Bonds”); (ii) funding a debt service reserve fund; and (iii) funding eligible costs of issuance related to the financing.

Background
Porter Hills Presbyterian Village, Inc., a Michigan 501(c)(3) nonprofit corporation, owns and operates several continuing care retirement communities, including Porter Hills Village, Cook Valley Estates, including Green House Homes, and Meadowlark Retirement Village. Porter Hills Village provides a full continuum of care that includes assisted living, memory care and support, and skilled nursing and rehabilitation. As of the date the proposed bonds are issued, the Obligated Group will consist of: (1) Porter Hills Presbyterian Village, Inc. (including three communities: (a) Porter Hills Village; (b) Green House Homes; and (c) Cook Valley Estates); (2) Meadowlark Retirement Village; (3) Porter Hills Home Health West d/b/a Porter Hills Home Health Care; (4) Porter Hills Foundation; (5) UMRC; and (6) UMRC Foundation. The Obligated Group consists of home-for-the-aged units, assisted living units, dementia units, and skilled care facilities located in Grand Rapids and Sparta, Kent County, Michigan, and in Chelsea and Dexter, Washtenaw County, Michigan. Porter Hills Presbyterian Village, Inc. is wholly owned by United Methodist Retirement Communities, Inc.
**Plan of Finance**

The Obligor is interested in having the MSF issue bonds to refund the Prior Bonds, fund a debt service reserve fund and pay the costs of issuance of the bonds. The Prior Bonds currently bear interest at a variable rate and are privately held by a financial institution. The refunding of the Prior bonds is being undertaken primarily to fix out the variable rate and to eliminate renewal risk with the financial institution. The bonds will be issued as fixed rate bonds and will mature on or about May 15, 2047. Principal on the bonds will be payable annually and interest will be payable semi-annually.

B.C. Ziegler has indicated an interest in providing underwriting services to support this bond issue through a public offering.

**Recommendation**

Based upon a determination by Miller Canfield, as bond counsel and the State of Michigan Attorney General’s Office that the issuance of the bonds complies with state and federal law requirements for tax-exempt financing, the staff recommends the adoption of a Bond Authorizing Resolution in the amount of not to exceed $20,000,000.
RESOLUTION TO AUTHORIZE THE ISSUANCE OF THE MICHIGAN STRATEGIC FUND LIMITED OBLIGATION REVENUE REFUNDING BONDS (UNITED METHODIST RETIREMENT COMMUNITIES OBLIGATED GROUP – PORTER HILLS PRESBYTERIAN VILLAGE PROJECT), SERIES 2020 (THE “BONDS”)

Resolution 2020-104

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. Porter Hills Presbyterian Village, Inc., a Michigan non-profit corporation (the “Borrower”), has requested a loan from the Fund to refund the Michigan Strategic Fund Limited Obligation Revenue Refunding Bonds (Porter Hills Obligated Group Project), Series 2013 (“Series 2013 Bonds”), which was originally issued in the amount of $17,574,957.

C. The Borrower has requested the Fund to issue the Bonds, in one or more series, in the aggregate principal amount not to exceed $20,000,000 pursuant to this resolution (the “Resolution”) and a bond indenture (the “Indenture”), between the Fund and U.S. Bank National Association, as bond trustee (the “Trustee”), to obtain funds which will be loaned to the Borrower pursuant a loan agreement (the “Loan Agreement”) by and among the Borrower, United Methodist Retirement Communities, Inc. (the “Corporation”), as a member of an obligated group (the “Obligated Group”) and as obligated group agent (in such capacity, the “Obligated Group Agent”) on behalf of the Obligated Group, and the Fund, to refund the outstanding Series 2013 Bonds, fund a debt service reserve account for the Bonds, and to pay the costs of issuing the Bonds.

D. The members of the Obligated Group include the Borrower, the Corporation and various affiliates of the Borrower and the Corporation, each of which is a Michigan non-profit corporation.

E. As security for the payment of the Bonds, the Borrower will issue and deliver its United Methodist Retirement Communities Obligated Group Direct Note Obligation No. 14 (Michigan Strategic Fund) (“Note No. 14”), pursuant to the terms of a Master Trust Indenture and a Supplemental Master Indenture Number 14 (the “Fourteenth Supplemental Master Indenture”), between the Corporation, as member of the Obligated Group and as Obligated Group Agent on behalf of the Obligated Group, and U.S. Bank National Association, as master trustee.
F. The Bonds will be issued as fully registered bonds and will be rated by a national credit rating agency.

G. The Bonds will be purchased by B. C. Ziegler and Company, as underwriter (the “Underwriter”), pursuant to a bond purchase agreement among the Underwriter, the Fund, the Borrower and the Obligated Group Agent (the “Bond Purchase 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 Indenture, with the changes permitted or required by action of the Fund or the Indenture. 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 imprinted 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 Loan Agreement and otherwise as provided in the Indenture.

SECTION 2. Approval, Execution and Delivery of Documents. The forms of the following documents, on file with the staff of the Fund and on which have been endorsed by the staff of the Fund the date of adoption of this Resolution, are approved:

a. Loan Agreement
b. Indenture
c. Bond Purchase Agreement

Any Member and Authorized Officer are authorized to execute and deliver the Bond Purchase Agreement and any Member or Authorized Officer is authorized to execute and deliver the remaining documents identified in this Section, 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.

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 $20,000,000. Approval of those terms shall be evidenced by the Member’s execution of the Bond Purchase Agreement.
SECTION 4. Acknowledgement of Collateral Documents. The forms of Note No. 14 and the Fourteenth 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.

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 the Obligated Group Agent and necessary certificates and representations of the Borrower and the Obligated Group Agent 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 paid over to the Trustee to be credited in accordance with the Indenture.


SECTION 7. Preliminary Official Statement and Official Statement. The use and distribution by the Underwriter of a Preliminary Official Statement to solicit offers to purchase the Bonds, in the form on file with the Fund and on which an Authorized Officer shall endorse the date of adoption of this Resolution, is approved. The use and distribution of an Official Statement in substantially the same form as the Preliminary Official Statement is approved. Any Member or Authorized Officer is authorized to approve changes in the Preliminary Official Statement or Official Statement as may be necessary or desirable, permitted by the Act or otherwise by the law, and not materially adverse to the Fund.

SECTION 8. 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, as may be required by the Loan Agreement, the Indenture or the Bond Purchase 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 9. 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 November 30, 2020, the authority granted by this Resolution shall lapse.

Adopted.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

August 25, 2020
Lansing, Michigan
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,

[Signature]

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File
January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2020.

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

Sincerely,

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood
MEMORANDUM

Date: August 25, 2020
To: Michigan Strategic Fund Board
From: Maggie McCammon, Portfolio Manager, Entrepreneurship and Innovation
Subject: Michigan Small Business Development Center Strategic Service Provider – transfer of funds from the Emerging Technology Fund to the Business Accelerator Fund

Request
Michigan Economic Development Corporation (“MEDC”) Staff recommends the Michigan Strategic Fund (“MSF”) Board approve a transfer of $700,000 between two Michigan Small Business Development Center (“SBDC”) entrepreneur support programs. Demand for the Business Accelerator Fund (“BAF”) has increased as a result of the program expansion in response to the COVID-19 related economic challenges. Demand for the Emerging Technology Fund (“ETF”) has reduced due to circumstances beyond State control.

Background
The SBDC has operated as a non-profit entity in the State of Michigan since 1983. The statewide host of the organization has been Grand Valley State University (“GVSU”) since 2001, with 11 regional offices and more than 20 satellite offices across the state. The BAF and ETF programs are funded entirely by the MSF. On December 17, 2019, the MSF Board allocated $3,585,000 to the SBDC to support both the BAF and ETF, and authorized the MSF Fund Manager to negotiate all final terms and conditions and execute all documents necessary to effectuate the award.

Business Accelerator (BAF) Program
The BAF provides a series of small grants (up to a maximum of $50,000 per company) for high tech businesses to access the required specialized services they need to grow and compete. The BAF is available to all the participating business accelerators in Michigan’s statewide SmartZone network. These funds are used toward the delivery of specialized commercialization services that are not otherwise available from these business accelerators, to assist advanced technology companies regardless of the company’s geography. A participating business accelerator will engage a third-party specialist to help advance the client’s path to commercialization, company success, and economic impact for the state of Michigan. BAF requests are reviewed and awarded through a competitive process.

Program Results
Under the current agreement, from January to March 2020, the program has served 7 companies, supported the creation of 1 new company and generated 33 new jobs. On April 1, 2020, the MSF approved modifications to the BAF to expand and expedite services to companies developing technology with potential to fight COVID-19. These modifications ran from April 6 through June
22, 2020, during which time the BAF served 50 companies and committed over $1 million of funding to support high tech businesses. As a result of the surge in demand, the BAF FY20 funds were depleted by July.

**Emerging Technology Fund (ETF) Program**

The ETF makes Michigan more competitive in attracting federal dollars into the State in the form of Small Business Innovation Research (“SBIR”) and Small Business Technology Transfer Research (“STTR”) awards, which can be worth up to several million dollars each. The ETF provides matching funds of up to $25,000 for Phase I and $125,000 for Phase II clinical studies associated with these awards.

**Program Results**

Demand for ETF has reduced due to circumstances outside of the State’s control:

- ETF is a matching program for the Federal SBIR/STTR programs, and the Federal agencies have awarded a lower than average number this year.
- All the awards this year have been for Phase I awards, which are significantly lower in dollar amount than Phase II.

Under the new agreement, from January to March 2020, the program served 21 companies and generated 26 full time positions.

**Recommendation**

The SBDC continues to be the primary strategic entrepreneurship partner for MEDC across the entirety of the state of Michigan and continually achieves or exceeds the metrics required by MEDC. MEDC Staff recommends the MSF Board approve the Request to transfer $700,000 from the ETF Program to the BAF program to meet the changed economic needs.
WHEREAS, the Michigan Legislature enacted the Michigan Strategic Fund Act, MCL 125.2001 et. seq., (the “MSF Act”) to authorize the Michigan Strategic Fund (“MSF”) to provide incentives in the form of grants, loans, and other economic assistance for the development and improvement of Michigan’s economy;

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

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

WHEREAS, the Small Business Development Center (“SBDC”) provides support to individual companies and entrepreneurs through administration of the Emerging Technology Fund (“ETF”) and the Business Accelerator Fund (“BAF”) on behalf of the MSF (the “SBDC Services”);

WHEREAS, on December 17, 2019, the MSF Board awarded $3,585,000 to support the SBDC Services and authorized the MSF Fund Manager to negotiate the final terms and conditions and execute all final documents necessary to effectuate the award (the “SBDC Services Award”);

WHEREAS, the MSF Fund Manager, on behalf of the MSF Board negotiated and executed a grant agreement in the amount of $2,155,000 for the ETF program (the “ETF Grant Agreement”) and negotiated and executed a grant agreement in the amount of $1,430,000 for the BAF program (the “BAF Grant Agreement”);

WHEREAS, demand for the BAF program has increased significantly as a result of the ongoing COVID-19 pandemic while demand for the ETF program has decreased due to fewer awards of federal Small Business Innovation Research (“SBIR”) and Small Business Technology Transfer (“STTR”) grants;

WHEREAS, as a result of these changes in demand for the BAF and ETF programs, SBDC requested that $700,000 be reallocated from the ETF Grant Agreement to the BAF Grant Agreement (the “Funding Reallocation Request”);

WHEREAS, the MEDC recommends that the MSF Board approve the Funding Reallocation Request; and

WHEREAS, the MSF Board wishes to approve the Funding Reallocation Request.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Funding Reallocation Request; and
BE IT FURTHER RESOLVED, the MSF authorizes the MSF Fund Manager to negotiate the final terms and conditions and execute all final documents necessary to effectuate the Funding Reallocation Request.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
August 25, 2020
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,

[Signature]

Paul C. Ajegba, P.E.  
Director

cc:  M. Kapp  
Executive File
January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2020.

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

Sincerely,

[Signature]
Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
    Andrew Lockwood
MEMORANDUM

Date: August 25, 2020

To: Michigan Strategic Fund Board

From: Dana Kollewehr, Community Assistance Team Specialist
       Rob Garza, Brownfield and MCRP Senior Program Specialist

Subject: Request for Approval of an Act 381 Work Plan
         Vandenberg Center Redevelopment Project

Project Summary
The request will support a community development project that will redevelop the 111 Lyon Street NW
and 200 Monroe Avenue NW properties, commonly known as the Vandenberg Center, in downtown
Grand Rapids into commercial office, retail and restaurant space. The renovation at 200 Monroe, which is
a 6-story building on 1.01 acres, will include approximately 9,700 square feet of first floor commercial
space that will likely include restaurant uses. The remaining 5 floors of 200 Monroe have been sold to
RDV Corporation for redevelopment into commercial office space for the consolidation of its
headquarters and is not part of this request. The 11-story building located at 111 Lyon on 2.71 acres is
being redeveloped in two phases. The first phase will include the rehabilitation of approximately 44,000
square feet of ground floor retail space and the second phase will involve the rehabilitation of
approximately 206,200 square feet of commercial space on the upper floors. The project will also include
the installation of approximately 5,400 square feet of new snowmelt sidewalk.

The development team has maximized senior lending and is contributing 21% equity into the project.
They have also deferred all developer fees while only expecting a reasonable 3.1% return.

Request
The City of Grand Rapids Brownfield Redevelopment Authority is requesting approval of a Brownfield
Act 381 Work Plan including state tax capture in the amount of $4,431,657 to reimburse for MSF eligible
activities. The Applicant anticipates that the project will result in total capital investment in the amount of
$134,713,558.

Program Summary
The request for Brownfield support is consistent with program requirements by reactivating a Brownfield
site in order to attract businesses and talent. The project qualifies for the Brownfield Act 381 program
because the site is a facility. The project is consistent with the MEDC Strategic Plan by transforming
underutilized properties into vibrant areas and developing attractive places where talent is interested in
locating. In addition, while a tenant for the office space has not be secured, the intent is to attract a high-
quality office tenant and ideally an office headquarters for a National or International company.

The renovation of these buildings will significantly contribute to the priorities and strategic plan for the
City of Grand Rapids. The City has identified the importance of supporting the creation, retention and
growth of businesses as a primary goal within their Strategic Plan. In addition, the City has shared that the
Improvements to these two buildings will support their efforts to continue to activate this node of downtown by creating more consistent and complete use of the buildings and the public space. These buildings are currently underutilized and, once completed and occupied, new workers will contribute to the success of other nearby businesses. With the additional retail and restaurant businesses the overall commercial environment for other similar types of businesses will be improved by creating the necessary critical mass to become a destination for visitors, workers and residents to shop and dine.

**Local Support**
Local support for the project includes a $950,000 contribution through the Downtown Development Authority’s Development Support program for eligible infrastructure and ADA improvements. This work will be completed in conjunction with the redevelopment project and is necessary to providing public access to the businesses within and adjacent to the Vandenberg Center. In addition, local support includes the local portion of the Brownfield Tax Increment Financing Plan, valued at $1,237,598. The City of Grand Rapids is certified with the MEDC’s Redevelopment Ready Communities (RRC) program and the project is located in a Michigan Geographically Disadvantaged Business Location.

**Tax Capture Summary**
In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Grand Rapids, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on January 21, 2020. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on May 13, 2020.

There are 30,7041 non-homestead mills available for capture that are not currently being captured by the Downtown Development Authority, with State mills from school operating and SET millages equaling 24 mills (78.17%) and local millage equaling 6,7041 mills (21.83%). Tax increment capture will begin in 2021 and is estimated to continue for 13 years. The state tax capture is recommended to be capped at $4,431,657, which is the amount of tax increment revenue anticipated to be generated in 13 years. Total MSF eligible activities are estimated at $5,669,255. MSF eligible activities breaks down as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State tax capture</td>
<td>78.17%</td>
<td>$4,431,657</td>
</tr>
<tr>
<td>Local tax capture</td>
<td>21.83%</td>
<td>$1,237,598</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$5,669,255</strong></td>
</tr>
</tbody>
</table>

**COST OF MSF ELIGIBLE ACTIVITIES**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition</td>
<td>$1,846,868</td>
</tr>
<tr>
<td>Asbestos Abatement</td>
<td>$3,074,223</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td>$4,921,091</td>
</tr>
<tr>
<td>Contingency (15%)</td>
<td>$738,164</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td>$5,659,255</td>
</tr>
<tr>
<td>Brownfield/Work Plan Preparation</td>
<td>$10,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$5,669,255</td>
</tr>
</tbody>
</table>

**Applicant History**
CWD 111 Lyon, LLC is comprised of CWD Capital, LLC which is represented by Sam Cummings (Principal and Managing Partner of CWD Real Estate Investment) and G2 GR, LLC which is represented by RDV Corporation. The development team has owned, managed, and redeveloped over 3 million
square feet of retail and urban office space throughout downtown Grand Rapids including preservation of many historic buildings and has over twenty years of redevelopment and property management experience. CWD 111 Lyon LLC, as an entity has not previously been awarded incentives from the Michigan Strategic Fund (MSF), however, the Managing Partner from CWD Capital, LLC has previously been awarded incentives from the MSF. Previous incentives include an MCRP Grant for the redevelopment of 50 Louis NW in Grand Rapids, an MCRP loan and Act 381 Work Plan for The Rowe, located in Grand Rapids, and an Act 381 Work Plan for the CWD 50 Monroe Project located in Grand Rapids. A background check has been completed in accordance with the MSF Background Review Policy, and the project may proceed for MSF consideration.

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

**Recommendation**
MEDC staff recommends approval of State tax capture for the Act 381 eligible activities capped at $4,431,657, utilizing the current state to local capture ratio.
APPENDIX A – Project Map and Renderings
APPENDIX B – Programmatic Requirements

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

a) Overall Benefit to the Public:
The public will benefit from the redevelopment of the two existing buildings and plaza, as well as the streetscape improvements. The project will greatly improve the pedestrian experience with the addition of snow melt sidewalks and removal of a landscaping wall that extends the width of 111 Lyon, thereby creating greater connectivity between adjacent buildings and businesses for pedestrians.

b) Jobs Created (Excluding Construction and other Indirect Jobs):
This project is expected to create approximately 350 new, full-time equivalent jobs in Grand Rapids with an average hourly wage of $20.

c) Area of High Unemployment:
The City of Grand Rapids unadjusted jobless rate was 15.8% in June of 2020.

d) Level and Extent of Contamination Alleviated:
Based on the results of analytical subsurface sampling at the 200 Monroe site, contamination at concentrations exceeding the Generic Residential Cleanup Criteria have been identified. As a result, the site is classified as a “facility” under Part 201 of the Natural Resources and Environmental Protection Act, Act 451 P.A. 1994, as amended. Given the developed nature of the property, due care will be undertaken during construction to ensure any of the existing contamination is not exacerbated.

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

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

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

h) Other Factors Considered:
No additional factors need to be considered for this project.
# APPENDIX C - Organizational Chart

**CWD 111 Lyon, LLC Organizational Structure**

CWD 111 Lyon, LLC EIN: 82-1596875

CWD 111 Lyon, LLC Manager: CWD Capital, LLC

<table>
<thead>
<tr>
<th>Member</th>
<th>Ownership Interest</th>
<th>EIN</th>
<th>State of Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>CWD Vandenberg Center, LLC</td>
<td>100.00%</td>
<td>82-1596875</td>
<td>Michigan</td>
</tr>
<tr>
<td>CWD Capital, LLC</td>
<td>20.000%</td>
<td>26-3012838</td>
<td>Michigan</td>
</tr>
<tr>
<td>Samuel M. Cummings Trust u/a dated September 15, 1993</td>
<td>33.33%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wierda Family Par S, LLC.</td>
<td>33.33%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fox CWD Holdings, LLC</td>
<td>33.34%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G2 GR, LLC</td>
<td>66.667%</td>
<td>20-3062862</td>
<td>Michigan</td>
</tr>
<tr>
<td>RDV Corp</td>
<td>100.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A2 J2, LLC</td>
<td>6.667%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H73B, LLC</td>
<td>3.333%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ARC Sinatra I, LLC</td>
<td>3.333%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
WHEREAS, the Michigan Economic Growth Authority ("MEGA") has been established by 1995 PA 24, as amended (the “Act”);

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

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

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

WHEREAS, the City of Grand Rapids Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 200 Monroe Avenue NW and 111 Lyon Street NW within the City of Grand Rapids, known as the Vandenberg Center Redevelopment Project (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 78.17% to 21.83% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of demolition and asbestos abatement as presented in the Work Plan dated July 30, 2020. 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 $5,659,255 for the principal activity costs of non-environmental activities and a contingency, a maximum of $10,000 for Brownfield/Work Plan preparation, and with the total capture of state school taxes capped at a maximum of $4,431,657.
BE IT FURTHER RESOLVED, that the MSF Board authorizes the MSF Fund Manager, to provide written notification to the Authority, in the form of a letter which incorporates the terms set forth in this Resolution and consistent with the limitations of the Act, and that this approval is further conditioned upon the Authority, or the City, as appropriate, maintaining adequate records regarding: a) all taxes captured for the project; and b) receipts or other appropriate documentation of the cost of eligible activities. The records shall be made available for review upon request by MSF or MEDC staff.

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
August 25, 2020
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,

[Signature]

Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File
January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2020.

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

Sincerely,

[Signature]

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood
MEMORANDUM

Date: August 25, 2020

To: Michigan Strategic Fund Board

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

Subject: Request for Approval of an Act 381 Work Plan
         Royal Palm Detroit Redevelopment Project

Project Summary
The request will support a community development project that will rehabilitate a historic 13-story building that was originally built as a hotel located on .17 acres in the Foxtown neighborhood of Detroit into a 103,367 square foot Hilton Brand hotel containing approximately 172 hotel rooms and a ground floor café and restaurant. The rehabilitation of the building will be consistent with the Department of the Interior’s standards in order to maintain the building’s listing on the National Register of Historic Places. Development of the property costs roughly $487 per square foot which is high for the Detroit market. However, given the high price of acquisition in downtown Detroit and the more expensive historic rehabilitation required for this property, staff feels the costs are justified. The project also includes 120 square feet of public improvements including sidewalk improvements, public lighting and road work.

A financing gap exists due to the expensive nature of historic rehabilitation and high acquisition costs for a well-positioned property in downtown Detroit. The development team has exhausted all other sources including sub-debt from mission-based lender, Invest Detroit and Federal Historic Tax Credit equity. The development team is making a 25% equity contribution beyond the historic tax credit equity and is deferring all fees while anticipating a reasonable 6.8% IRR.

Originally constructed in 1924 by famed hotel architect Louis Kamper, reclamation of the Park Hotel will include maintaining and restoring the building’s original limestone and orange brick entrance façade, as well as the yellow brick which adorns the remainder of the elevations in efforts to remain historically accurate per the 1996 listing in the National Register of Historic Places. While maintaining its historic image, the building will receive upgrades to all mechanical systems and be brought up to current code as applicable. Modern amenities will blend with historic accents, and the building’s original name, the Royal Palm, will also be restored.

Request
The City of Detroit Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including state tax capture in the amount of $2,521,176 to reimburse for MSF eligible activities. The Applicant anticipates that the project will result in a total capital investment in the amount of $50,314,900.
Program Summary
The request for Brownfield support is consistent with program requirements by addressing underserved markets and assisting with the renovation of a historic building. The project qualifies for the Brownfield Act 381 program because the site is a historic resource. The project is consistent with MEDC Strategic Plan because it develops attractive places and is located within a geographically disadvantaged area. The project meets the MEDC Community Development goals because the completed project will contribute to a traditionally dense, mixed-use area that contains multi-story elements while preserving a historically significant piece of architecture. The project also meets local objectives by providing increased density and jobs downtown.

Local Support
Local support for the project includes the anticipated approval of an Obsolete Property Rehabilitation Act (OPRA) Tax Exemption for a period of 12 years with an estimated value of $3,633,205. The City of Detroit is engaged with the MEDC’s Redevelopment Ready Communities (RRC) program. The project is located in a Michigan Geographically Disadvantaged Business Location.

Tax Capture Summary
In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Detroit, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on July 28, 2020. The property has been determined to be a historic resource as it is listed on the National Register of Historic Places.

There are 29,638 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (80.98%) and local millage equaling 5,638 mills (19.02%). Tax increment capture will begin in 2022 and is estimated to continue for 21 years. State tax capture is recommended to be capped at $2,521,176, which is the amount of tax increment revenue anticipated to be generated in 21 years. The tax capture ratio is impacted by the project’s location in the DDA, which limits capturable local mills, and an OPRA tax abatement valued at $3,633,205. Therefore, the blended ratio for MSF eligible activities is identified below. Total MSF eligible activities include significant interior demolition and are estimated at $2,521,176. MSF eligible activities break down as follows:

| State tax capture (100.00%) | $ 2,521,176 |
| Local tax capture (0.00%) | $ 0 |
| **TOTAL** | **$ 2,521,176** |

Cost of MSF Eligible Activities
Demolition $ 1,309,000
Lead and Asbestos Abatement 170,000
Infrastructure Improvements 91,240
Site Preparation + 596,000
Sub-Total $ 2,166,240
Contingency (15%) + 324,936
Sub-Total $ 2,491,176
Brownfield/Work Plan Preparation + 20,000
Brownfield/Work Plan Implementation + 10,000
**TOTAL** $ 2,521,176
In addition, the project is requesting $48,150 in TIF from EGLE to assist with environmental eligible activities.

**Applicant History**
Downtown Hospitality Detroit, LLC is comprised of Anthony Yousif (founder of LA insurance and AY Lodging, LLC), Mike Abdulnoor (also with AY Lodging, LLC) and Mario Keizi (Ark Hospitality, LLC). The development team has constructed and redeveloped over 300,000 square feet of commercial industrial and retail properties throughout metro Detroit and has decades of experience building and operating hotels throughout the Midwest. Neither Downtown Hospitality Detroit, LLC nor its principals have been awarded previous incentives from the Michigan Strategic Fund (MSF). A background check has been completed in accordance with the MSF Background Review Policy, and the project may proceed for MSF consideration.

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

**Recommendation**
MEDC staff recommends approval of State tax capture for the Act 381 eligible activities capped at $2,521,176, utilizing the current state to local capture ratio.
APPENDIX A – Project Map and Renderings
APPENDIX B – Programmatic Requirements

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

a) Overall Benefit to the Public:
Redevelopment will restore and increase commercial density in an area of Detroit’s Foxtown neighborhood that is on the fringe of the active commercial atmosphere, bringing needed investment while also rehabilitating a significant historic resource. Activation of this property will spur additional growth and infill development and act as a catalyst for future redevelopment in the Foxtown neighborhood.

b) Jobs Created (Excluding Construction and other Indirect Jobs):
This project is expected to create approximately 65 new, full-time equivalent jobs with an average hourly wage of $15.63.

c) Area of High Unemployment:
The City of Detroit unadjusted jobless rate was 38.5% in April 2020. This compares to the statewide seasonally adjusted average of 22.7% in April 2020.

d) Level and Extent of Contamination Alleviated:
Asbestos and lead abatement will take place as a result of eligible activities associated with this project.

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

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

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

h) Other Factors Considered:
No additional factors need to be considered for this project.
# APPENDIX C - Organizational Chart

## Downtown Hospitality Detroit LLC Organizational Structure

<table>
<thead>
<tr>
<th>Member</th>
<th>Ownership Interest</th>
<th>EIN</th>
<th>State of Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>AY Lodging LLC</td>
<td>50.00%</td>
<td>83-3365055</td>
<td>Michigan</td>
</tr>
<tr>
<td>Anthony Yousif</td>
<td>50.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oudia Abdulnoor</td>
<td>50.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ark hospitality LLC</td>
<td>50.00%</td>
<td>83-3371006</td>
<td>Michigan</td>
</tr>
<tr>
<td>Mario Kiezi</td>
<td>100.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member/Company name and manager</td>
<td>0.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member/Company name and manager</td>
<td>0.00%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Key Principals/Guarantors:

<table>
<thead>
<tr>
<th>Member</th>
<th>Amount of Guarantee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oudia Abdulnoor</td>
<td>25%</td>
</tr>
<tr>
<td>Mario Kiezi</td>
<td>50%</td>
</tr>
<tr>
<td>Anthony Yousif</td>
<td>25%</td>
</tr>
</tbody>
</table>
WHEREAS, the Michigan Economic Growth Authority (“MEGA”) has been established by 1995 PA 24, as amended (the “Act”);  

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

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

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

WHEREAS, the City of Detroit Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 2305 Park Avenue within the City of Detroit, known as the Royal Palm Detroit Redevelopment Project (the “Project”);  

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 100% to 0% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, lead and asbestos abatement and infrastructure improvements as presented in the Work Plan dated June 22, 2020. 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
pursues is based on costs of MSF eligible activities with a maximum of $2,491,176 for the principal activity costs of non-environmental activities and a contingency, a maximum of $20,000 for Brownfield/Work Plan preparation, and a maximum of $10,000 for Brownfield/Work Plan implementation, and with the total capture of state school taxes capped at a maximum of $2,521,176.

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

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

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
August 25, 2020
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,

[Signature]
Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File
January 16, 2020

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

Re:    Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2020.

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

Sincerely,

Rachael Eubanks  
State Treasurer

Cc:    Eric Bussis  
Andrew Lockwood
MEMORANDUM

Date: August 25, 2020

To: Michigan Strategic Fund Board

From: Dominic Romano, Community Assistance Team Specialist
       Julius Edwards, Real Estate Investment Manager
       Rob Garza, MCRP and Brownfield Senior Program Specialist

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

Life is a Dreamtroit Development

---

Project Summary

The request will support a community development project that will redevelop the former Lincoln Motor Company headquarters which sits on 3.8 acres in the Northwest Goldberg neighborhood of Detroit into a mixed-use, mixed-income development. The development will include approximately 37,318 square feet of residential space containing 81 apartment units with rental rates varying from 50%-120% Average Median Income (AMI) and 37,790 square feet of commercial space that will serve several existing businesses including the City of Detroit’s only recycling center, an entertainment venue, art studio, retail and office space. The total project will result in the activation of approximately 82,365 square feet, which includes 7,257 square feet of common space, and redevelopment of this historic property will be $240 per square foot, which is competitive for the market. The project also includes 6,300 square feet of public improvements including curbs and gutters, sidewalks and lighting.

A financing gap exists due to limited cash flow which is a result of the project’s commitment to affordable residential rents and anticipated commercial rents achievable in the market given the programming targets, and uncertain market conditions. Due to the unique attributes of the property, its location, proposed tenants, future programming and the limited experience of the development team the project is not an ideal fit for traditional financing. The project is maximizing financing available from several community development financial institutions due to the unique programming focus. These lenders anticipate the project being a catalyst for additional investment in the area. Despite their support, and willingness to provide financing under non-traditional terms, the project still has a significant financing gap, which is proposed to be filled with the recommended MCRP award. Even with the proposed MCRP award, cash flow for the project remains tight, with an initial projected debt service coverage of approximately 1.04 to 1.00. Staff is comfortable with the tight cash flow due to potential upside revenue potential on both the residential and commercial components of the project, the firm commitment of the socially driven lenders involved in the project, and the level of reserves and contingencies in the project budget.

The development team has maximized all available resources including approximately $11,420,000 in financing from Capital Impact Partners, IFF, Invest Detroit, and LISC (Affordable Housing Leverage Fund). It is anticipated that the project will be able to attract approximately $2,122,700 in Historic Tax Credit Equity from Twain Financial Partners. Additionally, the development team is contributing over 16% of the total development cost, consisting primarily of the value of the underlying property ($3,050,000) and...
deferring a majority of their developer fee. The remaining gap would be filled with the proposed $2,493,900 MCRP Award. Due to the limited cash flow mentioned earlier in the memo and the equity investment from AHLF, returns to the development team are projected to be minimal. The development team sees this investment as a longer-term opportunity. It is for this reason MEDC staff is comfortable with the development team taking a small developer fee at closing.

**Request**
Life is a Dreamtroit, LLC (“Applicant”) is requesting a MCRP performance-based loan in the amount of $2,493,900 and the City of Detroit Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including state tax capture in the amount of $1,264,729 to reimburse for MSF eligible activities. The Applicant anticipates that the project will result in a total capital investment in the amount of $19,759,028.

**Program Summary**
The request for MCRP and Brownfield support is consistent with program requirements by redeveloping a mixed-use building that will enhance walkability and address underserved markets. The project qualifies for the MCRP and Brownfield Act 381 program because the site is a facility. The project is consistent with MEDC’s Strategic Plan because the project will attract talent through innovative placemaking and providing equitable pathways toward opportunities by providing affordable residential units near major employers in the New Center area of Detroit. It will also meet Community Development goals by building density at a scale that is appropriate to a transitioning neighborhood and activating public space. The project is part of a mixed-use, mixed-income campus that includes the preservation of a historic resource. It will also continue to serve as the recycling center for Detroit residents and offer recycling education to all Detroit Public School students in addition to incorporating integrated and sustainable approaches to managing storm water on site.

**Local Support**
Local support for the project includes a Neighborhood Enterprise Zone (NEZ) with an estimated value of $908,500 and Commercial Rehabilitation Act (CRA) tax abatement with an estimated value of $2,489,000. The City is also contributing to the local portion of the Brownfield TIF with an estimated value of $1,400,000. The City of Detroit is engaged with the MEDC’s Redevelopment Ready Communities (RRC) program. The project is located in a Michigan Geographically Disadvantaged Business Location.

**Financing Opportunity**
The Applicant is requesting a $2,493,900 MCRP Award. The MCRP Award would be in the form of a Performance-Based Direct Loan, split into two tranches. One tranche of $1,246,950 will be amortized over 420 months (matches senior lender’s amortization period) and another $1,246,950 tranche that would be interest only for 144 months. Other financing includes senior loans totaling $8,700,000 from Capital Impact Partners and IFF, $720,000 loan from Invest Detroit, and $2,000,000 from LISC (staff anticipates that approximately $300K of the proposed financing from Invest Detroit may be replaced by lower cost capital from Capital Impact Partners).

The project is outside of the MCRP financial underwriting evaluation preferences as the projected debt service coverage ratio is below 1.20 to 1.00. MEDC staff is comfortable with the deviation due to the socially driven mission and support of the lenders, significant level of reserves and contingencies, and the potential residential and commercial revenue upside.
Below outlines a summary of the development sources and the proposed structure of the MCRP Award.

**MSF Award Terms**

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

**Borrower:** Life is a Dreamtroit, LLC or a Related Entity

**Total Capital Investment:** Currently estimated at $19,759,028

**MSF Eligible Investment:** Currently estimated at $10,005,514

**Minimum Eligible Investment:** Currently estimated at $9,975,600

**Deferred Developer Fees:** The developer fees of $562,428 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 $2,493,900 to be disbursed at closing of the financing and completion of other performance criteria.

**Contingencies/Reserves:** Anticipated to be over $2,850,000 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
- Minimum owner equity investment of $2,800,000
- Historic Tax Credit Part 2 Approval
- Financial Historic Tax Credit Pay-In Schedule
- Other documents that may be required for review

**MSF Loan #1:**

**MSF Loan Amount:** $1,246,950

**Interest Rate:** 1.00% per annum

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

**Term:** Anticipated to be 144 months

**Amortization:** Anticipated to be 420 months

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

**Collateral:** Anticipated to be a security interest in the real estate and TIF reimbursements, and assignment of leases and rents. Priority of security position to be determined by MSF Fund Manager, anticipated to be a 2nd or 3rd priority interest.
Guarantee(s): Anticipated to be the full and unconditional joint and several construction completion and payment and performance guarantees of Matthew Al-Naimi and Oren Goldenberg, and any related trusts. Priority of interest to be determined by MSF Fund Manager, anticipated to be a 2nd or 3rd priority interest.

MSF Loan #2:

MSF Loan Amount: Up to $1,246,950
Interest Rate: 1.00% per annum
MSF Fee(s): Equal to 1.00% of the loan amount
Term: Anticipated to be 144 months
Repayment Terms: Monthly interest only payment for 144 months, remaining principal due at maturity.

Collateral: Anticipated to be a security interest in the real estate and TIF reimbursements, and assignment of leases and rents. Priority of security position to be determined by MSF Fund Manager, anticipated to be a 2nd or 3rd priority interest.

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

Summary of Development Sources:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Impact Partners</td>
<td>$5,700,000</td>
<td>28.85%</td>
</tr>
<tr>
<td>IFF Loan</td>
<td>$3,000,000</td>
<td>15.18%</td>
</tr>
<tr>
<td>LISC Loan (AHLF)</td>
<td>$500,000</td>
<td>02.53%</td>
</tr>
<tr>
<td>Invest Detroit Loan</td>
<td>$720,000</td>
<td>03.64%</td>
</tr>
<tr>
<td>MCRP Loans</td>
<td>$2,493,900</td>
<td>12.62%</td>
</tr>
<tr>
<td>LISC Equity (AHLF)</td>
<td>$1,500,000</td>
<td>07.59%</td>
</tr>
<tr>
<td>Historic Tax Credit Equity</td>
<td>$2,122,700</td>
<td>10.74%</td>
</tr>
<tr>
<td>Deferred Developer Fees</td>
<td>$562,428</td>
<td>02.85%</td>
</tr>
<tr>
<td>Developer Equity</td>
<td>$3,160,000</td>
<td>16.00%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$19,759,028</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

Summary of Development Uses:

<table>
<thead>
<tr>
<th>Use</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition</td>
<td>$3,050,000</td>
</tr>
<tr>
<td>Hard Construction Costs</td>
<td>$12,172,133</td>
</tr>
<tr>
<td>Eligible Soft Costs</td>
<td>$826,671</td>
</tr>
<tr>
<td>Other</td>
<td>$3,710,224</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$19,759,028</strong></td>
</tr>
</tbody>
</table>
**Tax Capture Summary**

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Detroit, a Qualified Local Government Unit, has duly approved a brownfield plan for this property on June 2, 2020. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on November 25, 2019.

There are 63,324 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (37.90%) and local millage equaling 39.3244 mills (62.10%). Tax increment capture will begin in 2022 and is estimated to continue for 27 years. The state tax capture is recommended to be capped at $1,264,729, which is the amount of tax increment revenue anticipated to be generated in 27 years. The tax capture ratio is impacted by the CRA and NEZ tax abatements, therefore, the blended ratio is identified below. Total MSF eligible activities are estimated at $2,683,246. MSF eligible activities breaks down as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Number/Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State tax capture (47.13%)</td>
<td>$1,264,729</td>
</tr>
<tr>
<td>Local tax capture (52.87%)</td>
<td>$1,418,517</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$2,683,246</strong></td>
</tr>
</tbody>
</table>

**Cost of MSF Eligible Activities**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition</td>
<td>$586,700</td>
</tr>
<tr>
<td>Lead, Asbestos, or Mold Abatement</td>
<td>$256,000</td>
</tr>
<tr>
<td>Infrastructure Improvements</td>
<td>$297,400</td>
</tr>
<tr>
<td>Site Preparation</td>
<td>$765,500</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>$1,905,600</strong></td>
</tr>
<tr>
<td>Contingency (15%)</td>
<td>$285,840</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>$2,191,440</strong></td>
</tr>
<tr>
<td>Interest (5%)</td>
<td>$461,806</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>$2,653,246</strong></td>
</tr>
<tr>
<td>Brownfield/Work Plan Preparation</td>
<td>$15,000</td>
</tr>
<tr>
<td>Brownfield/Work Plan Implementation</td>
<td>$15,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$2,683,246</strong></td>
</tr>
</tbody>
</table>

In addition, the project is requesting $932,296 in TIF from EGLE to assist with environmental eligible activities.

**Applicant History**

Project is being led by Life is a Dreamtroit, LLC which was established in 2017 by Oren Goldenberg and Matt Naimi. Mr. Goldenberg is a filmmaker and owns Cass Corridor Films. Matt Naimi is the founder of the onsite recycling facility, Recycle Here!, Green Living Science, and the Lincoln Street Art Park. No previous MSF funds have been awarded to the applicant or related managing members. 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 $1,264,729, utilizing the current state to local capture ratio.

b) Two MCRP performance-based direct loans totaling up to $2,493,900 for Life is a DreamDetroit, LLC on terms and conditions outlined in Exhibit A found in the resolution.
APPENDIX A – Project Map and Renderings
APPENDIX B – Programmatic Requirements

MCRP Program and Guidelines
On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on July 23, 2019, 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 important to the City of Detroit because it restores a historic structure in an emerging neighborhood and will result in mixed-income units within walking distance to major employment centers in New Center neighborhood. The commercial space will contain Recycle Here!, Detroit’s only recycling center and allow Green Living Science, a nonprofit also located in the building, to continue to offer educational opportunities to Detroit Public School children.

B. If the project will act as a catalyst for additional revitalization of the community in which it is located:
This project is one of the first major community investments being made within the neighborhood and will continue to act as a catalyst for future development along West Grand Boulevard and Lincoln Street. The increase in foot traffic due to the retail shops, art studios, venue space, and new residential units will add to the safety, security, and vibrancy of an urban Detroit neighborhood.

C. The amount of local community and financial support for the project:
A Neighborhood Enterprise Zone valued at $908,500 and Commercial Rehabilitation Act tax abatement with an estimated value of $2,489,000 are anticipated for the development.

D. The applicant’s financial need for a community revitalization incentive:
A financing gap exists due to limited cash flow as a result of targeted affordable residential rents and lower commercial rents achievable in the market given the programming targets, and uncertain market conditions. Due to the unique attributes of the property, its location and proposed tenants and future programming and the limited experience of the development team, the project is not an ideal fit for traditional financing. The project is maximizing financing available from several community development financial institutions due to the unique programming focus, the location of which the lenders anticipate the project being a catalyst for additional investment in the area. Despite their support, and the willingness of the lenders to provide financing under non-traditional terms the project still has a significant financing gap. The proposed MCRP Award would be used to fill the remaining financing gap. Even with the proposed MCRP Award cash flow for the project remains tight, with an initial projected debt service coverage of approximately 1.04 to 1.00.

E. The extent of reuse of vacant buildings, reuse of historical buildings, and redevelopment of blighted property:
A portion of the existing building at 1331 Holden Street was formerly occupied by the Lincoln Motor Company and embodies the distinctive architectural characteristics of early 1900’s industrial buildings in Detroit. The project is seeking support of Federal Historic Tax Credits and will be following the Secretary of Interior Standards for Historic Preservation.
F. Creation of jobs:
   It is anticipated that the project will create 1 full time job for property management with an estimated wage of $23.64 per hour. An additional 6 jobs will be retained.

G. The level of private sector and other contributions, including, but not limited to, federal funds and federal tax credits:
   The project is being financed with $8,700,000 in loans from senior lender Capital Impact Partners and IFF, a $720,000 loan from Invest Detroit, and a $500,000 loan from LISC. The development team is contributing $110,000 cash equity, $3,050,000 in the value of the building and surrounding land and deferral of most of the developer fees. The development team has also secured approximately $2,200,000 in historic tax credit equity and $1,500,000 in private equity from LISC.

H. Whether the project is financially and economically sound:
   Upon achieving stabilized occupancy, it is anticipated that the project’s debt service coverage ratio will be less than 1.20 to 1.00. This is due primarily to a relatively conservative commercial vacancy of 20% being underwritten for the project. Thus far, pre-leasing efforts and interest has been solid for the project. Additionally, there is some potential upside on the residential side of things as the market is not well defined. The bulk of the financing is being provided by socially driven and committed financing institutions which should provide additional financial flexibility to the project.
   As part of its review MEDC staff was provided with an appraisal performed by Collier International, dated January 31, 2020. The proposed rental structure was supported by the rent comparability information contained within the appraisal.

I. Whether the project increases the density of the area:
   A total of approximately 81 apartment units will be constructed and made available in a variety of price ranges and layouts and the unit affordability will help to guarantee the success of the development. The retail tenants will aid in the increase of foot traffic, adding to safety, security, and vibrancy of an urban Detroit neighborhood.

J. Whether the project promotes mixed-use development and walkable communities:
   The proposed mixed-use development will include an innovative entertainment venue, residential units, recycling facility, art park and retail and office space. The development is within walking distance of Wayne State University, College of Creative Studies New Center Campus, Motown Museum, and Woodbridge Neighborhood. The development contains a public plaza and will facilitate walkability by capitalizing on the outdoor event space, mural wall, art park and unique shipping container shops.

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

L. Whether the project promotes sustainable development:
   The project has a concentrated focus on encouraging recycling and green living. The existing tenants, Recycle Here! and Green Living Science work to create inviting and hands on experiences to increase environmental stewardship and education. The development will make stormwater infrastructure visible to the public through interactive art installations that will move and capture rainwater with educational signage for visitors.
M. Whether the project involves the rehabilitation of a historic resource:
The project involves the rehabilitation of 1331 Holden Street, which is eligible for listing on the National Register of Historic Places. The development team is seeking Federal Historic Tax Credits and will be working to meet the Secretary of Interior’s Standards for Historic Preservation.

N. Whether the project addresses area-wide redevelopment:
The growth that the project will spur will prove to be critical to stabilizing the local neighborhood by adding residential and commercial development along West Grand Boulevard and Lincoln Street.

O. Whether the project addresses underserved markets of commerce:
Innovative mixed-use developments like Dreamtroit are in high demand, as they provide affordable living options near crucial amenities. The project is located within a Michigan Geographically Disadvantaged Business Location.

P. The level and extent of environmental contamination:
Based on previous investigations, due care activities are required to address subsurface contamination on the property. Costs for EGLE eligible activities are included in the plan for delineation activities, contaminated soil excavation, transport, disposal, and restoration in the excavated areas.

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 includes the rehabilitation of 1331 Holden Street, which is considered a historic resource and will work to meet the federal Secretary of the Interior’s Standards for Rehabilitation.

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

S. Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter:
No additional criteria are requested to be considered.
Brownfield Act 381 Program Additional Project Information:

A. Area of High Unemployment:
   The City of Detroit unadjusted jobless rate was 38.5% in April 2020. This compares to the statewide seasonally adjusted average of 22.7% in April 2020.

B. Reuse of functionally obsolete buildings and/or redevelopment of blighted property:
   The project is not qualifying as either functionally obsolete or blighted.

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

<table>
<thead>
<tr>
<th>Member</th>
<th>Ownership Interest</th>
<th>EIN</th>
<th>State of Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oren Goldenberg</td>
<td>50.00%</td>
<td></td>
<td>Michigan</td>
</tr>
<tr>
<td>Matthew Al-Naimi</td>
<td>50.00%</td>
<td></td>
<td>Michigan</td>
</tr>
</tbody>
</table>

Key Principals/Guarantors:
- Oren Goldenberg
- Matthew Al-Naimi
WHEREAS, the Michigan Economic Growth Authority (“MEGA”) has been established by 1995 PA 24, as amended (the “Act”);

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

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

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

WHEREAS, the City of Detroit Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 1331 Holden Street, 5924 Lincoln Street, 5960 Lincoln Street, 6120 Lincoln Street, 6126 Lincoln Street, and 6132 Lincoln Street within the City of Detroit, known as Life is a Dreamtroit Development Project (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 47.13% to 52.87% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, lead and asbestos abatement and infrastructure improvements as presented in the Work Plan dated April 13, 2020. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on
costs of MSF eligible activities with a maximum of $2,191,440 for the principal activity costs of non-environmental activities and a contingency, a maximum of $461,806 in interest, a maximum of $15,000 for Brownfield/Work Plan preparation, and a maximum of $15,000 for Brownfield/Work Plan implementation, and with the total capture of state school taxes capped at a maximum of $1,264,729.

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

BE IT FURTHER RESOLVED, that the MSF Board is authorizing that capture of taxes levied for school operating purposes for the payment of interest, up to a maximum of $461,806 related to the eligible activities for the Project.

Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
August 25, 2020
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,

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
    Executive File
January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2020.

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

Sincerely,

[Signature]

Rachael Eubanks
State Treasurer

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

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

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

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

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

WHEREAS, Life is a Dreamtroit, LLC (“Company”) has requested an MCRP Performance Based Direct Loan Award of up to the lesser of 25% of “Eligible Investment” or $2,493,900 along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (collectively “Award Request”);

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;

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, Mark Burton, Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
August 25, 2020
“EXHIBIT A”

**MSF Award Terms**

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

**Borrower:** Life is a Dreamtroit, LLC or a Related Entity

**Total Capital Investment:** Currently estimated at $19,759,028

**MSF Eligible Investment:** Currently estimated at $10,005,514

**Minimum Eligible Investment:** Currently estimated at $9,975,600

**Funding:**

The MSF will fund up to $2,493,900 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:
- A copy of an executed Guaranteed Maximum Price (GMP) construction contract between the Applicant and its contractor
- Copies of final construction documents
- Final development budget
- Minimum owner equity investment of $2,800,000
- Historic Tax Credit Part 2 Approval
- Financial Historic Tax Credit Pay-In Schedule
- Other documents that may be required for review

**MSF Loan #1:**

**MSF Loan Amount:** $1,246,950

**Interest Rate:** 1.00% per annum

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

**Term:** Anticipated to be 144 months

**Amortization:** Anticipated to be 420 months

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

**Collateral:**

Anticipated to be a security interest in the real estate and TIF reimbursements, and assignment of leases and rents. Priority of security position to be determined by MSF Fund Manager, anticipated to be a 2nd or 3rd priority interest.

**Guarantee(s):**

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

MSF Loan Amount: Up to $1,246,950
Interest Rate: 1.00% per annum
MSF Fee(s): Equal to 1.00% of the loan amount
Term: Anticipated to be 144 months
Repayment Terms: Monthly interest only payment for 144 months, remaining principal due at maturity.
Collateral: Anticipated to be a security interest in the real estate and TIF reimbursements, and assignment of leases and rents. Priority of security position to be determined by MSF Fund Manager, anticipated to be a 2nd or 3rd priority interest.
Guarantee(s): Anticipated to be the full and unconditional joint and several construction completion and payment and performance guarantees of Matthew Al-Naimi and Oren Goldenberg, and any related trusts. Priority of interest to be determined by MSF Fund Manager, anticipated to be a 2nd or 3rd priority interest.
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,

[Signature]

Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive File
January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2020.

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

Sincerely,

[Signature]

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood