



MICHIGAN STRATEGIC FUND

BOARD MEETING AGENDA February 23, 2021 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	
	a. Proposed Meeting Minutes: January 26, 2021.....	2
	b. Detroit Free Press Building: Brownfield MBT Amendment.....	9
	c. Dakkota Integrated Systems: Reauthorization and MBDP Amendment	15
	d. Cooper-Standard: MBDP Amendment.....	20
	e. Invent@NMU: Grant Amendment	23
	f. Flint Ferris Wheel 100K Ideas: Grant Amendment.....	27
	g. Gateway Representative Business Incubator Program: Grant Amendments, Extensions, and Refunding Requests	32
	h. CDBG Loan Program Amendment and Modifications	59
V.	CAPITAL ACCESS	
	a. Quality Roasting, LLC: Resolution to approve for the reissuance of a \$10,000,000 MSF Industrial Development Revenue Bond.....	67
VI.	BUSINESS INVESTMENT	
	a. Magna Electric Vehicle Structures: Resolution to approve a \$1,500,000 MBDP Grant..... <i>Job Creation: 304 jobs; Capital Investment: \$70,106,000; Location: City of St. Clair</i>	72
VII.	COMMUNITY VITALITY	
	a. Towers on River, LLC: Resolution to approve a Brownfield Act 381 Work Plan including state tax capture in the amount of \$2,215,901 for MSF eligible activities. <i>Capital investment: \$26,895,672; Location: City of Holland</i>	78
	b. 313 N. State Street Redevelopment: Resolution to approve an MCRP performance-based grant in the amount of \$900,000 and a Brownfield Act 381 Work Plan including state tax capture in the amount of \$200,258 for MSF eligible activities. <i>Capital investment: \$2,492,842; Location: City of Alma</i>	88
	c. Godfrey Hotel Redevelopment: Resolution to approve a Brownfield Act 381 Work Plan including state tax capture in the amount of \$1,899,117 for MSF eligible activities. <i>Capital investment: \$74,145,042; Location: City of Detroit</i>	104

**MICHIGAN STRATEGIC FUND
APPROVED MEETING MINUTES
January 26, 2021**

Members joined remotely

Britany L. Affolter-Caine, participating from Bellevue, WA
Paul Ajegba, participating from Ann Arbor, MI
Ronald W. Beebe, participating from Bay City, MI
Mark Burton, participating from Meridian Township, MI
Susan Corbin, participating from Petoskey, MI
September Hargrove, participating from Detroit, MI
Andrew Lockwood (on behalf of Treasurer Eubanks), participating from Grand Ledge, MI
Charles P. Rothstein, participating from Farmington Hills, MI
Cindy Warner, participating from Palm Springs, CA

Members absent

Paul Gentilozzi
Susan Tellier

I. CALL TO ORDER & ROLL CALL

Mr. Burton called the meeting to order at 10:02 a.m. The meeting was held virtually via Microsoft Teams due to the COVID-19 pandemic.

Mr. Burton introduced Katelyn Wilcox Surmann, MSF Board Liaison, who reminded members to identify their physical location by stating the county, city, township, or village and state from which he or she is attending the meeting remotely, as required under the Open Meetings Act. Ms. Wilcox Surmann then conducted the attendance roll call.

II. PUBLIC COMMENTS

Katelyn Wilcox Surmann explained the process for members of the public to participate; there were no public comments.

III. COMMUNICATIONS

Katelyn Wilcox Surmann advised Board members that the Quarterly Report of the Chief Compliance Officer was provided to them in the briefing packet. She also advised them that letters were received from Senator Curt VanderWall in support of the Lofts on Rowe redevelopment project in Ludington and Senator Roger Victory in support of the Peerless Flats project in Grand Haven. The letters were shared with Board members and are attached to the minutes.

IV. CONSENT AGENDA

Resolution 2021-004 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, Susan Corbin motioned for the approval of the following:

- a. Proposed Meeting Minutes: December 8, 2020
- b. Proposed Special Meeting Minutes: January 14, 2021
- c. Sugar Hill Redevelopment Project: Brownfield MBT Credit Amendment – **2021-005**
- d. Newell Brands: MBDP Grant Amendment – **2021-006**

September Hargrove seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.**

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

V. CAPITAL ACCESS

a. Resolution 2021-007 Grow Michigan, Inc.: Appointment to the Board of Managers

*Chris Cook, Director of Capital Access, provided the Board with information regarding this action item. The action involves approval of a resolution to appoint Julius Edwards, Senior Commercial Real Estate Investment Manager, to replace Mark Morante as one of the MSF appointed members to the Board of Managers of Grow Michigan, Inc. Following discussion, September Hargrove motioned for the approval of Resolution 2021-007. Britany L. Affolter-Caine seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.***

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

b. Resolution 2021-008 Neighborhood Club: Supplement to Amended and Restated Bond Indenture

*Chris Cook, Director of Capital Access, provided the Board with information regarding this action item. The action involves approval of a supplement to the amended and restated trust indenture for MSF Series 2011 bonds related to the Neighborhood Club project to provide a new formula for calculating the interest rate on the bonds and a five-year extension to the current bank purchase rate period. Following discussion, Andrew Lockwood motioned for the approval of Resolution 2021-008. Susan Corbin seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.***

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

VI. ENTREPRENEURSHIP

a. Resolution 2021-009 University Early Stage Proof-of-Concept: ADVANCE Fund RFP

*Denise Graves, University Relations Director, provided the Board with information regarding this action item. The action involves approval of a Request for Proposals (RFP) process to award a grant to a university for the implementation and execution of the University Early Stage Proof of Concept - ADVANCE Fund program, allocation of \$250,000 in funding for one year, approval of a Joint Evaluation Committee to review proposals, and approval of the scope of work and scoring criteria. Following discussion, Charles P. Rothstein motioned for the approval of Resolution 2021-009. Andrew Lockwood seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.***

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

VII. COMMUNITY VITALITY

a. Resolutions 2021-010 & 2021-011 City of Ludington – Michigan Community Capital / Mason County Brownfield Redevelopment Authority: CDBG Grant and Brownfield Act 381 Work Plan (Haskell Building/Lofts on Rowe Redevelopment Project)

Sarah Rainero, Managing Director of Community Assistance Programs, provided the Board with information regarding these action items. These actions involve approval a \$2,030,000 Community Development Block Grant (CDBG) program grant for elimination of blight that includes up to \$30,000 for certified grant administrator services and state tax capture capped at \$1,554,279 for

Act 381 eligible activities to support a community development project in the City of Ludington. The project is expected to result in total capital investment of \$12,788,712. Following discussion, Ronald W. Beebe motioned for the approval of Resolution 2021-010. Susan Corbin seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.**

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

Cindy Warner then motioned for the approval of Resolution 2021-011. Britany L. Affolter-Caine seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.**

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

b. **Resolutions 2021-012 & 2021-013 Peerless Caddis LLC / City of Grand Haven Brownfield Redevelopment Authority: MCRP Loan Participation Award and Brownfield Act 381 Work Plan (Peerless Flats Project)**

Dana Kollewehr, Community Assistance Team Specialist, provided the Board with information regarding these action items. These actions involve approval of state tax capture capped at \$1,378,865 for Act 381 eligible activities, transfer of funds from the Investment Fund to the Michigan Community Revitalization Program (MCRP), and a \$4,750,000 MCRP loan participation award to support a community development project in the City of Grand Haven. The project is expected to result in total capital investment of \$24,750,000. Following discussion, Andrew Lockwood motioned for the approval of Resolution 2021-012. Mark Burton seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.**

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

Ronald W. Beebe then motioned for the approval of Resolution 2021-013. Susan Corbin seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.**

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

c. **Resolution 2021-014 Keefer House Hotel, LLC: MCRP Other Economic Assistance Equity Investment (Keefer House Hotel Project)**

Paula Holtz, Community Assistance Team Specialist, provided the Board with information regarding this action item. The action involves approval to transfer funds from the Investment Fund to the Michigan Community Revitalization Program (MCRP) and a \$2,000,000 MCRP equity investment award to support a community development project in the City of Hillsdale. The project is expected to result in total capital investment of \$12,346,601. Following discussion, Ronald W. Beebe motioned for the approval of Resolution 2021-014. Susan Corbin seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.**

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

d. **Resolutions 2021-015 & 2021-016 Cadillac Lofts, LLC / City of Cadillac Brownfield Redevelopment Authority: Brownfield Act 381 Work Plan Amendment and MCRP Grant Amendment (Cadillac Lofts Redevelopment Project)**

*Rob Garza, Manager of Statutory Analysis, provided the Board with information regarding these action items. These actions involve approval of an amendment to increase state tax capture from \$346,465 to \$622,273 for Act 381 eligible activities and an amendment to the Michigan Community Revitalization Program grant agreement to extend the milestone two due date from November 1, 2020 to February 28, 2021, and the pre-grant disbursement due diligence conditions due date from February 28, 2021 to August 31, 2021, to support a community development project in the City of Cadillac. Following discussion, Britany L. Affolter-Caine motioned for the approval of Resolution 2021-015. Cindy Warner seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.***

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

Charles P. Rothstein then motioned for the approval of Resolution 2021-016. Ronald W. Beebe seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.**

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

VIII. INFORMATIONAL

Mr. Burton noted the FY 2021 first quarter report for MSF delegated authority activity was included in the meeting packet. He asked if there were any questions from Board members regarding the information; there were none.

Mr. Burton adjourned the meeting at 11:21 a.m.



THE SENATE
STATE OF MICHIGAN

CURTIS S. VANDERWALL
35TH DISTRICT
P.O. BOX 30036
LANSING, MI 48909-7536
PHONE: (517) 373-1725
FAX: (517) 373-0741
sencvanderwall@senate.michigan.gov

January 21, 2021

Mr. Mark Burton
Chairperson of the Michigan Strategic Fund
300 N. Washington Sq.
Lansing, MI 48913

Dear Chairperson Burton,

I am writing to express my strong support for the City of Ludington's application for a \$2,000,000 Community Development Block Grant Program blight elimination grant and up to \$30,000 for certified grant administrator services to support the Lofts on Rowe Redevelopment project.

Affordable housing is a major issue in my hometown of Ludington as well as rural communities across the state. Thanks to the generous land donation of a local family and considerable support from both the private and public sector, we have an opportunity to address the issue in a significant way. The Lofts on Rowe Redevelopment project will convert a vacant manufacturing building built in the 19th century into a residential structure with 65 units as well as an office space on the first floor. The historic building has been vacant for several years and has fallen into a condition of significant blight.

In addition, the project will create a new parking lot and sidewalks to support building uses and will relocate two municipal facilities. The development also will include public improvements including curbs, gutters, and sidewalks. Lack of affordable housing creates a lot of pressure on a community and this project presents a critical opportunity to improve housing opportunities in Ludington.

I wholeheartedly support the application of the City of Ludington for the Lofts on Rowe Redevelopment project. Should you have any further questions, please do not hesitate to contact my office at (517) 373-1725 or sencvanderwall@senate.michigan.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "C. VanderWall".

Sen. Curt VanderWall
35th District

January 26, 2021

Chairman Mark Burton,

I would like to recommend Peerless Caddis, LLC as an exceptional candidate for a \$4,750,000 Michigan Community Revitalization Program loan participation award to support a community development project in Grand Haven. Additionally, I support the City of Grand Haven Brownfield Redevelopment Authority's request for a state tax capture for Act 381 eligible activities capped at \$1,378,865. I believe Peerless Caddis, LLC and the Grand Haven community would benefit from this exciting project.

Peerless Caddis, LLC and the City of Grand Haven have shown a true partnership in developing the proposed plans. Multi-family housing in downtown Grand Haven is extremely limited and this addition will be able to utilize the limited downtown space to its fullest capacity. The entire site and improvements will be designed to provide our community with a residential space that is creative and innovative.

Today, I ask that Peerless Caddis, LLC and the City of Grand Haven Brownfield Redevelopment Authority applications be considered to the full extent. Thank you for your consideration of these applicants. Please do not hesitate to contact me if there is anything I can assist with.

Sincerely,



Roger Victory
State Senator
30th Senate District



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

January 8, 2021

Katelyn Wilcox Surmann
Assistant Chief of Protocol & MSF Board Liaison
Michigan Economic Development Corporation
300 N. Washington Square
Lansing, MI 48913

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Surmann:

I hereby designate Andrew Lockwood to attend all Michigan Strategic Fund meetings that I am unable to attend in 2021.

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

Sincerely,

A handwritten signature in cursive script that reads "Rachael Eubanks".

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood



MEMORANDUM

Date: February 23, 2021

To: Michigan Strategic Fund Board

From: Rob Garza, Manager, Statutory Analysis

Subject: Request for Approval of a Brownfield Michigan Business Tax (MBT) Credit Amendment #3
Free Press Building Redevelopment Project

Request

Pyramid Development Company, LLC (“Qualified Taxpayer” or “QT”) requests approval of an amendment to the Brownfield MBT Credit project to change the project scope to recognize project completion as the rehabilitation of the 14-story structural core and shell and the completion of approximately 105 residential units occupying approximately 72,595 square feet.

Background

The project was originally approved by the Michigan Economic Growth Authority (“MEGA”) on December 14, 2010 as the rehabilitation of a 14-story building into a mixed-use building containing first floor retail, second floor office space, and 115 residential units on the remaining floors located at 321 West Lafayette Boulevard in Detroit. The project qualifies for an MBT credit because it is functionally obsolete.

The MBT credit was previously amended on July 24, 2018, to add Pyramid Development Company, LLC as a qualified taxpayer and remove Free Press Holdings, LLC as a qualified taxpayer. A second amendment, also approved on July 24, 2018, included a scope change to reflect the rehabilitation of a 248,684 square foot, 14-story building to include first floor commercial space, second and third floor office space, and approximately 147 residential units on floors four through fourteen and an additional 5 years to complete the project.

The reason for this request is because the development team determined that a reduced number of units with increased square footages address market demand much better than the previously identified microloft concept. In addition, while the residential component has been issued its permanent certificate of occupancy as of December 2020, the commercial space will not have certificates of completion issued prior to the MBT Credit statutory expiration date of March 14, 2021 because the developer will wait to complete the commercial space buildout until commercial tenants have been identified. The entire project will consist of a 14-story, 248,684 square foot building. The total capital investment for the project is increasing from \$78,878,098 to \$113,719,530.

Appendix A addresses the Brownfield MBT tax credit structure.

Recommendation

MEDC staff recommends approval of the Brownfield MBT Credit amendment request to change the project scope to recognize project completion as the rehabilitation of the 14-story structural core and shell and the completion of approximately 105 residential units occupying approximately 72,595 square feet.

APPENDIX A – Brownfield Tax Credit Structure

Brownfield MBT Credit Amendment Request By:

Pyramid Development Co., LLC
 1074 Woodward Avenue
 Detroit, Michigan 48226

Contact: Kofi Bonner, Authorized Representative

	Previous Approval	Amendment
Project Eligible Investment	\$60,000,000	\$56,699,263
Requested Credit Amount	\$10,000,000	\$10,000,000
	(Capped)	(Capped)
Requested Credit Percentage:	20%	20%

TOTAL COST OF ELIGIBLE INVESTMENTS

Site Improvements	\$ 77,582
New Construction	45,754,170
Restoration, Alteration, Renovation & Improvement of Buildings	7,887,715
Addition of Machinery, Equipment & Fixtures	2,979,796
Total	\$ <u>56,699,263</u>

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-018**

**FREE PRESS BUILDING REDEVELOPMENT PROJECT
PYRAMID DEVELOPMENT COMPANY, LLC
BROWNFIELD REDEVELOPMENT MBT CREDIT – AMENDMENT #3
CITY OF DETROIT**

At the meeting of the Michigan Strategic Fund (“MSF”) held on February 23, 2021 in Lansing, Michigan;

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

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

WHEREAS, by Resolution 2010-210 on December 14, 2010, the MEGA Board awarded a Brownfield MBT Tax Credit to Free Press Holdings, LLC (the “Applicant”) to make eligible investment up to \$50,000,000 at an eligible property in the City of Detroit (the “Project”);

WHEREAS, by Resolution 2018-103 on July 24, 2018, the MSF Board amended the Brownfield MBT Tax Credit Project to add Pyramid Development Company, LLC (“Qualified Taxpayer”) and remove Free Press Holdings, LLC as a qualified taxpayer;

WHEREAS, by Resolution 2018-104 on July 24, 2018, the MSF Board amended the Brownfield MBT Tax Credit Project to modify the scope of the Project to reflect the rehabilitation of a 14-story mixed-use building containing approximately 8,242 square feet of first floor and mezzanine level commercial space, approximately 52,588 square feet of second and third floor office space, and approximately 76,464 square feet of residential space on floors four through fourteen;

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

WHEREAS, a request has been submitted to amend the Project to recognize project completion as the rehabilitation of the 14-story structural core and shell and the completion of approximately 105 residential units occupying approximately 72,595 square feet; and

WHEREAS, no certificate of completion has been issued for the Project; and

WHEREAS, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF, and recommends approval of the amendment by the MSF Board, provided that the maximum credit amount does not exceed \$10,000,000;

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends the Project by modifying the scope of the Project to recognize project completion as the rehabilitation of the

14-story structural core and shell and the completion of approximately 105 residential units occupying approximately 72,595 square feet; and

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

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

Nays: None

Recused: None

Lansing, Michigan
February 23, 2021



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

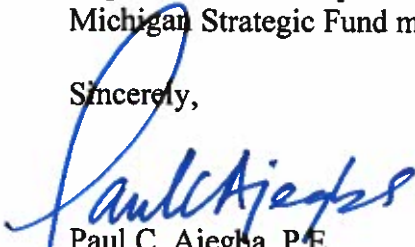
February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,



Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: February 23, 2020
To: Michigan Strategic Fund (“MSF”) Board Members
From: Jibran Ahmed, Business Development Project Manager
Subject: Grant Reauthorization and Amendment to the Approval
Michigan Business Development Program (“MBDP”)
Dakota Integrated Systems, LLC (“Company”)

Request

This is a request to reauthorize the MBDP approval (“MBDP Reauthorization Request”) and amend the Company’s MBDP Grant approval to (collectively, the “MBDP Amendment Request”):

- Restructure the Milestones to modify the Qualified New Job (“QNJ”) and disbursement amounts
- Extend the Disbursement Milestone One due date from December 31, 2020 to June 30, 2021
- Extend the Disbursement Milestone Two due date from October 15, 2021 to January 31, 2023
- Extend the Term of the Agreement from April 15, 2022 to July 31, 2023

Background

On January 22, 2020, the MSF Board approved a MBDP performance-based grant in the amount of \$1,500,000 for the Company and approved the Company as a qualified eligible Next Michigan Business within the boundaries of the City of Detroit Next Michigan Development Corporation Renaissance Zone for a period of fifteen years with an estimated value of \$3,470,202. The MBDP approval required that an Agreement be entered into within 120 days of the date of the approval, and may be extended for an additional 60 days with approval from the MSF Fund Manager.

Due to the COVID-19 pandemic, the Company was unable to enter into the agreement associated with their MBDP grant award within the 180-day deadline provided by the MSF at the time of approval. The pandemic delayed the Company’s facility construction, experienced delays in contracts from its customers, and was forced to temporarily layoff or furlough employees.

The Company has now resumed operations, currently hiring, and confident in its ability to fulfill the job creation requirement. The Company’s investment to date is \$46,000,000, exceeding the originally planned investment amount. The Company will be in a position to execute the agreement within the allotted reauthorization timeline. The project scope and parameters remain the same as previously approved. The Company is still committed to the project but needs additional time due to this unforeseen pandemic. With an extension of time, the Company will be able to create QNJs in accordance with the modified timeline.

Recommendation

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

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

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-019**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
DAKKOTA INTEGRATED SYSTEMS, INC.**

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

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

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

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

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

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

WHEREAS, the MSF approved a \$1,500,000 Michigan Business Development Program performance based grant on January 22, 2020 for Dakkota Integrated Systems, LLC’s (the “Company”) expansion in the City of Detroit (the “Grant”);

WHEREAS, due to administrative limitations, a formal agreement between the Company and the MSF regarding the Grant has not yet been executed within the allotted approval timeframe;

WHEREAS, the Company has requested reapproval of the Grant with some amended terms as outlined in the attached term sheet (the “Term Sheet”), including a modification of the term of the Grant from April 15, 2022 to July 31, 2023 (the “Grant Reapproval and Amendment Request”); and

WHEREAS, the MEDC recommends the MSF approve the Grant Reapproval and Amendment Request.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Grant Amendment Request in accordance with the Term Sheet attached as Exhibit A; and

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

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

Nays: None

Recused: None

Lansing, Michigan
February 23, 2021

**MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant Amendment - Term Sheet**

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

Date: January 19, 2021

Company Name:	Dakkota Integrated Systems, LLC (“Company” or “Applicant”)
Company Address:	5905 Van Dyke, Detroit, MI 48214
Project Address (“Project”):	5905 Van Dyke, Detroit, MI 48214
MBDP Incentive Type:	Performance Based Grant

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

- **Maximum Amount of MBDP Incentive:** Up to \$1,500,000 (“MBDP Incentive Award”)
- **Base Employment Level** 630
- **Total Qualified New Job Creation:** 400
(above Base Employment Level)
- **Company Investment:** \$45,000,000 in machinery & equipment, special tooling, computer & IT, furniture & fixtures, new construction, or any combination thereof, for the Project.
- **Municipality supporting the Project:** City of Detroit
- **Disbursement Milestones:** The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award are outlined in Exhibit B of the Agreement, and include:
 - **Disbursement Milestone 1:** Up to \$530,000 Upon demonstrated creation of 150 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than December 31, 2020.
 - **Disbursement Milestone 2:** Up to \$970,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 250 additional Qualified New Jobs (for a total of 400 Qualified New Jobs) above the Base Employment Level, by no later than October 15, 2021.

- **Term of Agreement:** April 15, 2022

Proposed MBDP Incentive Amendment

- **Disbursement Milestones:** The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award will be amended as follows:
 - **Disbursement Milestone 1:** Up to \$806,250 Upon demonstrated creation of 215 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than June 30, 2021.
 - **Disbursement Milestone 2:** Up to \$693,750 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 185 additional Qualified New Jobs (for a total of 400 Qualified New Jobs) above the Base Employment Level, by no later than January 31, 2023.

- **Term of Agreement:** July 31, 2023.

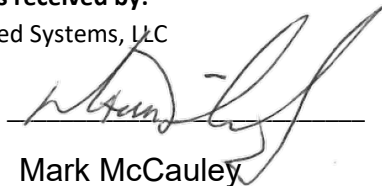
Any final MBDP Incentive Amendment is contingent upon several factors, including: (i) submission by the Company of a completed amendment application and all other documentation required under the MBDP (ii) satisfactory municipality support, if applicable (iii) available MSF funding (iv) completion of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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award Amendment for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by January 25, 2021, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

Dakkota Integrated Systems, LLC

By:



Printed Name:

Mark McCauley

Its:

Dated:

1/22/2021

Michigan Economic Development Corporation

By:



Printed Name:

Jibrán Ahmed

Its:

Business Development Project Manager

Dated:

1/22/2021



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

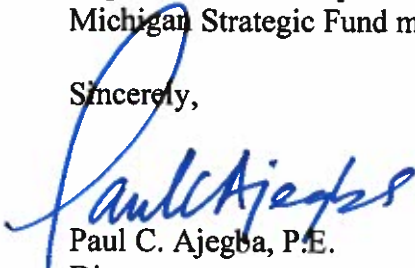
February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,



Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: February 23, 2021
To: Michigan Strategic Fund (“MSF”) Board Members
From: Jibran Ahmed, Business Development Project Manager
Subject: Grant Amendment Request
Michigan Business Development Program (“MBDP”)
Cooper-Standard Automotive Inc. (“Company”)

Request

The Company is requesting the following amendment to its current MBDP Grant Agreement (collectively, the “MBDP Amendment Request”):

- Adjust the Base Employment Level requirement for the Grant Agreement to allow the Company the flexibility to reduce the Base Employment Level (“Base”) prior to the first disbursement of funds under the MBDP Grant Agreement.

Background

On December 18, 2018 the Michigan Strategic Fund approved a MBDP performance-based grant (the “Grant”) in the amount of \$1,300,000 for the creation of 130 Qualified New Jobs and a capital investment of up to \$15,265,328 in Northville Township, Wayne County. The Company planned to relocate its headquarters from Novi to Northville. The Company has successfully completed construction of its new headquarters.

The Company’s first progress report was due on October 10, 2019 and reported being unable to maintain its Base employment levels and was in default of its MBDP Grant Agreement. Failure to maintain the Base at all times is an Event of Default under the MBDP Grant Agreement structure.

The Company reported a headcount of 277 which was 9 less than the required Base of 286. The Company explained the lower number was due to capacity issues at its old Novi headquarters since construction of the Northville headquarters had not been finished. The Company expected to be at or above the Base once its new headquarters was finished. As a result of not meeting the requirements of the agreement, the Company was given a cure period until April 30, 2020. At the end of March 2020, the Company completed its headquarters and re-maintained the Base. Due to the COVID-19 pandemic, the Company has again fallen below the Base and is not confident that it will be able to get back up to the required headcount until its first Milestone due October 31, 2021.

In order to provide some flexibility to deal with the impacts of the COVID-19 pandemic, the Company is requesting language be included in the agreement to allow the Base to fluctuate prior to the first disbursement of funds. The Company will be required to meet its base job level to qualify for the first disbursement. Once funds have been disbursed, the Company will be required to maintain both the Base as well as the new job creation. If the Company is unable to maintain the incented number of jobs and the Base it will be in default of the agreement and subject to potential repayment provisions.

Recommendation

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-020**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM
GRANT/LOAN/OTHER ECONOMIC ASSISTANCE AMENDMENT FOR
COOPER-STANDARD AUTOMOTIVE 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 MSF Board approved a \$1,300,00 MBDP performance-based grant on December 18, 2018 for the relocation of its headquarters to Northville Township and subsequently entered into a BDP grant agreement to govern the terms and conditions of the grant (the “MBDP Grant Agreement”);

WHEREAS, the Company requests that the MSF Board approve an amendment to the MBDP Grant Agreement to allow for the flexibility to reduce the Base Employment Level prior to the first disbursement of funds under the MBDP Grant. (the “MBDP Amendment Request”);

WHEREAS, the MEDC recommends approval of the MBDP Amendment Request; and

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

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

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

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

Nays: None

Recused: None

Lansing, Michigan
February 23, 2021



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

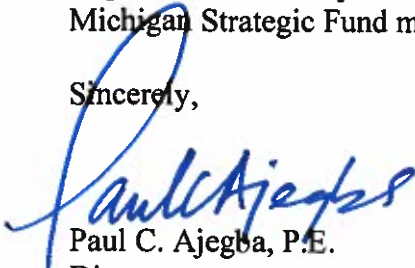
February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,



Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: February 23, 2021
To: Michigan Strategic Fund Board
From: Maggie McCammon, Portfolio Manager, Entrepreneurship and Innovation
Subject: Northern Michigan University Invent@NMU Business Incubator Grant Amendment

Request

Michigan Economic Development Corporation (“MEDC”) Staff recommends the Michigan Strategic Fund (“MSF”) Board exercise its second option to extend the grant with the Northern Michigan University Invent@NMU, Business Incubator/Accelerator for one year and allocate \$320,000 in additional funding (the “Request”).

Background

Invent@NMU is the business incubator/accelerator at Northern Michigan University, established in 2014 to support students and regional entrepreneurs to develop and launch their ideas. In 2017, the incubator partnered with the Innovate Marquette SmartZone and expanded its services to support tech entrepreneurs across the Upper Peninsula to start up small businesses.

This repositioning was supported by funding from:

- The City of Marquette, in the form of support for the Marquette SmartZone, which for FY 2017 – 2020 totaled \$2.1 million.
- Northern Michigan University in-kind contributions (see below).
- MSF support in the form of two awards:
 - i) A Gateway Representative award to the Innovate Marquette SmartZone for a total of \$189,957 for a two year period under the separate Gateway Representative program. This award has subsequently been extended and refunded annually.
 - ii) A direct grant to Invent@NMU on July 1, 2017 of \$1,150,000 to support this activity for a period of three years ending April 30, 2020. In February 2020, the MSF Board approved an additional \$400,000 and an extension of this award for one year to April 30, 2021. This request is to allocate planned FY2021 funding to extend the Invent@NMU award to April 30, 2022 and to increase the value of the award by \$320,000.

Specific Use of Funds: This grant extension will be used to support one year of Invent@NMU operations. This includes funding for project marketing, consultants, and other related administrative expenses along with operational expenses such as salaries, wages, and fringe benefits covered at the following percentages:

- 100% for NMU Student and NMU Principal Secretary employees
- Management’s direct time/support:
 - 10% for Executive Director
 - 30% for Operations and Finance Director
 - 20% for Marketing and Communications Director
 - 15% for Entrepreneurial Services Manager
 - 100% for Entrepreneurial Product Development Manager
 - 80% for Marketing Coordinator
 - 35% for Operations and Finance Coordinator

In-Kind Contributions:

NMU in-kind support for this award totals \$351,301 through 10% of Vice President of Extended Learning and Community Education salary for oversight of the project, other in-kind expenses such as Invent@NMU facility rent, building operations and maintenance, and the waiver of the university overhead/administrative fees.

Specific Priorities: The Invent@NMU program aligns with the MEDC Strategic Plan by supporting the rural communities in the Upper Peninsula of Michigan in two crucial ways; local economic development and workforce training.

These services are provided by student teams from NMU - mentored by experienced professionals - who gain experience and training in areas such as project managers, engineers, designers, and marketing and PR specialists. All graduates of the program have gone on to employment in their respective fields before, or within months of, graduation.

Outreach 4/01/20 - 9/30/20:

- 5% clients were veterans
- 15% clients in disadvantaged areas (10% HubZone and 5% Opportunity Zone)
- As part of the #wildcatsmeansbusiness initiative through Northern Michigan University, Invent@NMU provided support, feedback, and auditing to assist small businesses in local communities to rethink and rebuild their digital presence in order to succeed through the COVID-19 global pandemic. 20 businesses & organizations reached out for support

Program results: This project is being presented because Invent@NMU provides crucial support for entrepreneurs which is an otherwise scarce resource across the UP. The activity and metrics of the program are monitored via semi-annual reports to the MEDC.

The Program has expanded from the NMU campus to key locations throughout the UP via remote booths, currently in four locations, which includes support for each location in building a local entrepreneurial ecosystem. Importantly, more than 90% of the students trained in this process find jobs in their field after graduation and over 80% stay to work in Michigan. The success of the Invent@NMU approach led directly to the creation of the 100K Ideas program at the Flint Ferris Wheel.

Since July 2017 the program has created 16 new companies and 10 new jobs and has attracted over \$687,000 in follow on funding.

Testimonials

Invent@NMU has been a great place for me to come with my concepts for products, ideas for branding, paths to market, and learn from other's knowledge and experience about other options to consider. If you are an entrepreneur not sure where to start, I would suggest partnering with Invent@NMU to guide those first steps.
Brian Janowski, Local Entrepreneur & Inventor

Invent@NMU has been a huge help in clarifying our digital branding at Rohana Yoga & Wellness. We had a good start on things, but in light of this ultra-digital world, we recognized the need to refresh and reset. They've helped us rethink and reform our brand narrative, done a social media audit with insight into social media best practices, and helped standardize our visual branding - all things that are of incredible importance during this time of social distancing when people can't necessarily engage in-person with your business.
Be Embley-Reynolds, Owner, Rohana Yoga & Wellness

Recommendation

MEDC Staff recommends the MSF Board approve the Request.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-021**

INVENT@NMU BUSINESS INCUBATOR GRANT AMENDMENT

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

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

WHEREAS, pursuant to MCL 125.2088b(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 agreement or the failure to meet measurable outcomes;

WHEREAS, on June 27, 2017, the MSF Board approved a grant of \$1,150,000 to the invent@NMU Business Incubator (“invent@NMU”) for an initial term of three years, with the option to extend up to an additional two years, and allocation additional funding at the sole discretion of the MSF (the “invent@NMU Grant”);

WHEREAS, on February 25, 2020, the MSF exercised its first option to extend the term of the invent@NMU Grant to April 30, 2021 and allocated \$400,000 in additional funding;

WHEREAS, the MEDC recommends that the MSF Board exercise its second option to extend the term of the invent@NMU Grant to April 30, 2022 and allocate \$320,000 in additional funding (the “Grant Amendment Request”); and

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

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

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

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

Nays: None

Recused: None

Lansing, Michigan
February 23, 2021



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

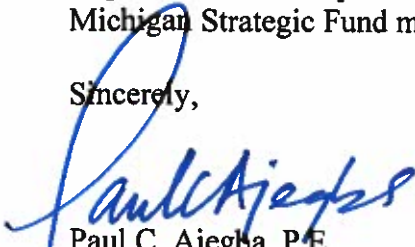
February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,



Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: February 23, 2021
To: Michigan Strategic Fund Board
From: LeTasha Peebles, Grant Manager, Entrepreneurship & Innovation
Subject: Flint Ferris Wheel Business Incubator Grant Amendment Request

Request

The Michigan Economic Development Corporation (“MEDC”) Staff recommends the Michigan Strategic Fund (“MSF”) Board exercise its second and final option to extend the grant with the Ferris Wheel Innovation Center dba 100K Ideas (“Ferris Wheel”) for one year and allocate \$260,000 in additional funding (the “Request”).

Background

In March 2017, the MSF Board awarded a \$1.5 million business incubator grant to the Ferris Wheel for three years with the option to extend the term of the grant for two additional one-year terms. In February 2020, the MSF Board approved a one-year amendment to extend the grant term to March 31, 2021 and allocate an additional \$325,000. The current request would extend the grant term to March 31, 2022 and allocate planned fiscal year 2021 funding for an additional \$260,000.

The Ferris Wheel is a seven story, 46,000 square foot business incubator and co-working space located in downtown Flint and is the first of its kind for the underserved area. The Ferris Wheel provides support to all entrepreneurs and start-up companies with a product, software, or service under its dba 100K Ideas. Utilizing local college students, each client begins at the ideation stage where they are taken through a process known as the “think, make, market” model to include an initial assessment along with research, design and engineering support for the business endeavor. Upon completion of the process, 100K Ideas assists the client with development for their idea, market plan, and expansion needs. As a method of increased inclusion, the incubator has also expanded their services into two local community engagement centers for greater accessibility.

Specific Use of Funds

The extension request will be for one year of service with administrative and operational support for the following:

- 34% Student Labor
- 28% Leadership Labor
- 22% Operations
- 16% Other Costs (Marketing & Events, Accounting, Legal, Office Supplies)

A 1:1 cash match will be supplied by the C.S. Mott Foundation.

Program Highlights and Results

Since April 2017, the Ferris Wheel has become a strong staple within the Flint community through their dedication and leadership in this arena. In addition to the attraction and creation of 100K ventures, a multi-million-dollar venture capital fund, the entity has received notable national recognition for their work. Significant achievements include their receipt of the 2017 Innovative Project Finance Award from the

National Development Council and the 2019 Community Impact award from the Michigan Venture Capital Association. Most recently, in 2020, the Ferris Wheel has received additional exposure from Verizon and Forbes, who highlighted two of the clients served by the incubator.

From April 2017 through October 2020, the Ferris Wheel created 32 new companies and served 95, produced 11 new jobs and retained 25, received 8 patents, completed 46 new licensing agreements and attracted \$1.6 million in additional funds. They received 584 ideas and completed 476 assessments with 110 continuing to next steps to include research, prototypes, supply chain and test markets. Per the October 2020 progress report, almost 40% of assistance occurred within a disadvantaged area with over 70% provided to diverse businesses, showing further evidence of their dedication to Flint.

Strategic Priority

The Ferris Wheel Innovation Center aligns with the MEDC’s strategic plan with their commitment to creating economic opportunities for all through their investment in the Flint community. This has allowed the incubator to make a regional impact by catalyzing entrepreneurship to improve economic outcomes, positioning Flint for resilient long-term growth.

Recommendation

MEDC Staff recommends the MSF Board approve the Request for an additional \$260,000 and one-year extension to support this program.

Attachment A
Ferris Wheel Innovation Center



MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-022**

FLINT FERRIS WHEEL INNOVATION CENTER GRANT AMENDMENT

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

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

WHEREAS, pursuant to MCL 125.2088b(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 agreement or the failure to meet measurable outcomes;

WHEREAS, on March 28, 2017, the MSF Board approved a grant of \$1,500,000 to the Ferris Wheel Innovation Center for an initial term of three years, with the option to extend up to an additional two years and allocate additional funding at the sole discretion of the MSF (the “Ferris Wheel Grant”);

WHEREAS, on February 25, 2020, the MSF Board exercised its first option to extend the term of the Ferris Wheel Grant to March 31, 2021 and allocated \$325,000 in additional funding;

WHEREAS, the MEDC recommends that the MSF Board exercise its second option to extend the term of the Ferris Wheel Grant to March 31, 2022 and allocate \$260,000 in additional funding (the “Grant Amendment Request”); and

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

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

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

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

Nays: None

Recused: None

Lansing, Michigan
February 23, 2021



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

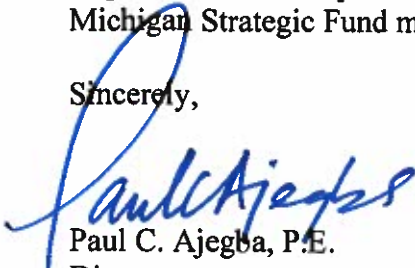
February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,



Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: February 23, 2021

To: Michigan Strategic Fund Board

From: Nadia Abunasser, Federal & Development Projects Director

Subject: Business Incubator Program (Gateway Representative) Grants and Amendments

Request

The Michigan Economic Development Corporation (“MEDC”) requests that the Michigan Strategic Fund (“MSF”) Board 1) exercise options to extend and allocate additional funding for existing grants for the 12 nonprofit/university organizations set forth in the Amendments table totaling \$1,131,000, 2) authorize the transfer of the grant from the Enterprise Group of Jackson to the Lean Rocket Lab and exercise its option to extend and allocate additional funding in the amount of \$100,000 to this grant, 3) authorize new grants to the 5 nonprofit/university organizations set forth in the New Grants table totaling \$500,000, so that these 18 nonprofit/university organizations may continue to provide business incubator (Gateway Representative) services through March 31, 2022 as more particularly described throughout this memorandum (the “Request”).

Amendments:

SmartZone Location	Grantee	Amount of Increase	New End Date
Rochester Hills	Oakland University Incubator	\$100,000	3/31/22
Port Huron	Economic Development Alliance of St. Clair County	\$70,000	3/31/22
Ann Arbor/Ypsilanti	Ann Arbor SPARK	\$100,000	3/31/22
Troy	Automation Alley	\$100,000	3/31/22
Detroit	TechTown Detroit	\$100,000	3/31/22
Grand Rapids	The City of Grand Rapids SmartZone LDFA	\$100,000	3/31/22
Mt. Pleasant	Central Michigan University Research Corporation	\$100,000	3/31/22
Lansing	Lansing Economic Area Partnership	\$100,000	3/31/22
Muskegon	Muskegon Innovation Hub SmartZone	\$61,000	3/31/22
Midland	Midland Business Alliance	\$100,000	3/31/22
Kalamazoo	Western Michigan University Homer Stryker M.D. School of Medicine	\$100,000	3/31/22
Southfield	Lawrence Technological University	\$100,000	3/31/22
	Total	\$1,131,000	

New Grants:

SmartZone Location	Grantee	Award Amount	Initial Term
Marquette	Innovation Marquette Enterprise Corporation	\$100,000	4/1/21-3/31/22
Holland	Lakeshore Advantage	\$100,000	4/1/21-3/31/22
Adrian/Tecumseh	Lenawee Now	\$100,000	4/1/21-3/31/22
Houghton/Hancock	Michigan Tech Enterprise Corporation	\$100,000	4/1/21-3/31/22
Sault Sainte Marie	Economic Development Corporation of the City of Sault Sainte Marie	\$100,000	4/1/21-3/31/22
	Total	\$500,000	

Grant Transfer and Amendment:

SmartZone Location	Grantee	Amount of Increase	New End Date
Jackson	Transfer from The Enterprise Group of Jackson to Lean Rocket Lab	\$100,000	3/31/22

Background

Since 2009 the MSF has provided funding to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs by capitalizing on the State of Michigan's growing base of high technology industry, its skilled labor force, its nationally recognized university system, its SmartZones, and its business incubators.

In 2015, the Gateway Representative (formerly Gatekeeper) Business Incubator grant program was established. The “Business Incubator Grant” is designed to support the 21 SmartZones spread across Michigan. Only SmartZones or those organizations associated with a SmartZone or SmartZone satellite are eligible to receive the Business Incubator Gateway Representative Grant. The program was developed in response to the need for a key point of contact at the SmartZones experienced in working with high tech start-ups and with an understanding of the statewide high-tech entrepreneurial ecosystem. The goal of this program is to support a Gateway Representative (GWR) at each SmartZone. The business incubator grant pays a portion of the salary, expenses and travel of the GWR and one or two support staff and requires a 1:1 match.

Gateway Representative Responsibilities

The GWR is responsible for all local SmartZone client services, including: welcoming and introducing the tech company to the local ecosystem, providing an overview of the Michigan statewide tech ecosystem, recruitment and development of other tech companies in the local SmartZone, local SmartZone business development activities, vetting of local tech companies, providing strategic business guidance, helping companies with fundraising efforts and connecting local tech companies to the various MSF funded entrepreneurial resources available to innovative companies across the State of Michigan. Examples of MSF funded resources are the Small Business Development Center (SBDC Tech team) and BBCetc for SBIR/STTR federal grant application support. The Gateway representative is also responsible for supporting the companies' applications to other MSF funded tech entrepreneurial programs such as the Business Accelerator Fund, First Capital Fund and Pre-Seed Fund. Lastly the GWR is responsible for the semi-annual performance metric reports due to the MEDC. This performance metric data is then used in the annual Legislative report. The geographic distribution of the SmartZones across the state allows for easier access to MSF funded programs by all tech and innovative entrepreneurs regardless of company location. For example, the three SmartZones in the Upper Peninsula (Houghton, Marquette and Sault Ste Marie) all receive GWR grants. In FY20, the GWRs took on the added responsibilities of assisting high tech entrepreneurs navigate operating start-ups through a pandemic by implementing virtual incubators and platforms to continue assisting companies remotely, helping companies pivot to provide much needed PPE and other services, as well as continuing with their commercialization efforts.

There are currently 18 funded Gateway Representatives across the state with grants ending March 31, 2021.

In fiscal year 2020, the Gateway Representatives reported that they achieved the following performance metrics:

Unique Companies served	741
Unique Companies created	151
New jobs created	622
Retained Jobs	2838
Follow-on-Funding	\$151,082,747
New sales/increase in revenue	\$160,795,658

The results and funding amounts requested for each of the Gateway Representatives are grouped by initial grant date in the following material. Included is the diversity data which grantees began sharing in the second reporting period of FY20 which ended September 30, 2020, two categories were reported on, the percent of assistance to businesses located in an SBA designated HubZone or in an Opportunity Zone and the percent of assistance to diverse businesses (minority-owned, women-owned, socially/economically disadvantaged-owned or veteran-owned who hold at least 51% ownership).

Results

FY17 Business Incubator Gateway Representative Grants

On April 27, 2017 the MSF Board issued a request for proposals for the purpose of awarding grants to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs and on June 27, 2017, the MSF selected OUInc and EDA of St. Clair County for 2-year grants. The MSF subsequently approved their refunding December 18, 2018 with an end date of March 31, 2020. The MSF subsequently approved their refunding on February 25, 2020 for an additional year ending March 31, 2021.

- **Oakland University Incubator (OUInc), Rochester Hills SmartZone (\$100,000 over 12 months):** OUInc was originally awarded \$199,625 over a 2-year period (July 1, 2017- June 30, 2019). They were refunded for an additional 9 months at \$74,860 extending the grant to March 31, 2020 and then awarded \$99,813 further extending the grant to March 31, 2021. The funding will be used to fund the salary and expenses of the GWR. The additional funding will extend the grant through March 31, 2022.

Since the beginning of this award through September 30, 2020 OUInc has achieved the following metrics:

- New companies formed: 16
- New jobs created: 188
- Companies served: 115
- Follow on funding: \$11,024,750 with an additional \$15,637,079 in new sales

In the reporting period (4/1/2020-9/30/2020) they also reported the following diversity data:

Percent of assistance to businesses located in an SBA designated HubZone or in an Opportunity Zone	0%
Percent of assistance to diverse businesses	33%

Below is a testimonial from one of their clients:

“The BAF award Steve and team helped us get will make a huge difference accelerating our efforts to bring these services to Michigan. Thank you so much Steve, and everyone who helped make this happen! I can’t convey how much this means for our efforts at this difficult time. Again, thank you for the help, it has been invaluable in this effort!”, Heather Heine MD PhD, Olive Biosciences CEO

- **Economic Development Alliance of St. Clair County, Port Huron SmartZone (\$70,000 over 12 months):** EDA of St. Clair County was originally awarded \$121,800 over 2 years (July 1, 2017- June 30, 2019). They were refunded for an additional 9 months at \$45,675 extending the grant to March 31, 2020 and then \$60,900 extending the grant through March 31, 2021. The additional funding will further extend the grant to March 31, 2022. The funding will be used to fund the salary of the incubator manager who acts as the GWR.

Since the beginning of this award through September 30, 2020 EDA of St. Clair County has achieved the following metrics:

- New companies formed: 14

- New jobs created: 27
- Companies served: 44
- Follow on funding: \$3,005,700 with an additional \$3,245,328 in new sales

In the reporting period (4/1/2020-9/30/2020) they also reported the following diversity data:

Percent of assistance to businesses located in an SBA designated HubZone or in an Opportunity Zone	0%
Percent of assistance to diverse businesses	0%

Below is a testimonial from one of their clients:

“The MEDC grant program allowed us to take our basic information website to a powerful WOW! oriented interactive eCommerce Portal. Without the eCommerce portal, we could not launch our new concept-driven Knowledge Management System - we can now. Kudos to MEDC, Automation Alley and St. Clair EDA. Great people to work with!” Dennis L. Thomas, CEO, IQStrategix, Inc.

FY19 Gateway Representative Grant amendments and refunding

On December 18, 2018 the MSF Board issued a request for proposals for the purpose of awarding grants to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs and on February 26, 2019, the MSF selected Ann Arbor SPARK, The Enterprise Group of Jackson, Automation Alley, Techtown Detroit, and the City of Grand Rapids SmartZone LDFA to receive one year grants to fund their GWR through March 31, 2020. The MSF subsequently approved their refunding on February 25, 2020 for an additional year ending March 31, 2021.

- **Ann Arbor SPARK (SPARK), Ann Arbor/Ypsilanti SmartZone (\$100,000 over 12 months):** SPARK was initially awarded \$150,000 to pay the salary and expenses of the key person who will work out of the SPARK East Innovation Center and will have a primary focus on gateway activities in eastern Washtenaw County; and a portion of the salary and expenses of a key person who will work out of the SPARK Central Innovation Center. They were awarded an additional \$150,000 to extend the grant through March 31, 2021. This additional funding will be used to continue these activities through March 31, 2022.

Since the beginning of this award through September 30, 2020, SPARK achieved the following metrics

- New companies formed: 60
- New jobs created: 1014
- Companies served: 291
- Follow on funding: \$137,610,181 with an additional \$61,571,056 in new sales

In the reporting period (4/1/2020-9/30/2020) they also reported the following diversity data:

Percent of assistance to businesses located in an SBA designated HubZone or in an Opportunity Zone	2%
Percent of assistance to diverse businesses	28%

Below is a testimonial from one of their clients:

“I want to thank your team, especially Mark and Komal, on behalf of myself and the Bedestrian team; your support goes beyond the monetary amount during these challenging times. I was in a meeting with the COO of Beaumont Hospital Dearborn; he and his Chief Medical Officer believe this work is vital to them. They appreciate us being patient with them as they go through this challenging period. So I want to extend that to the SPARK team. For us, this is about more than being resilient, we hope we can make a difference in our community, and you guys make a difference.” Shadi T. Mere, CEO Bedestrian

- **Automation Alley, Troy SmartZone (\$100,000 over 12 months):** Automation Alley was initially funded at \$100,000 for one year. The funding is used to pay the salary of the Gateway Representative identified in the grant proposal, John Bedz, who spends 75% of his time serving the high-tech entrepreneurs in the Automation Alley SmartZone. They were awarded an additional \$100,000 to extend the grant through March 31, 2021. This additional funding will be used to continue these activities through March 31, 2022.

Since the beginning of this award through September 30, 2020 Automation Alley achieved the following metrics:

- New companies formed: 10
- New jobs created: 55
- Companies served: 52
- Follow on funding: \$5,859,948 with an additional \$2,301,397 in sales.

In the reporting period (4/1/2020-9/30/2020) they also reported the following diversity data:

Percent of assistance to businesses located in an SBA designated HubZone or in an Opportunity Zone	8%
Percent of assistance to diverse businesses	36%

Below is a testimonial from one of their clients:

“I am writing to express my gratitude for the opportunity to engage with Automation Alley and participate in the BAF program. This support from your team came at just the right time. We were ready to move forward with next steps for our company, but the financial requirements were steep. Both the guidance from your team and the grant funding along with it significantly propelled things forward for RPT. Also, the financial spreadsheets Bob Honeyman of the SBDC provided were phenomenal. He left no rock unturned and it opened our eyes to financial scenarios we had yet to consider. We frequently share our positive experience with other entrepreneurs and encourage them to seek out this valuable, vital resource in our community.” Arin Rentz, Operations Administrator, Robotic Precision Therapy

- **Techtown Detroit, Detroit SmartZone (\$100,000 over 12 months):** Techtown Detroit was initially funded at \$100,000 for one year. The funding is used to pay part of the salary of a Tech-based programs Director to act as the Gateway Representative for the Techtown. They were

awarded an additional \$100,000 to extend the grant through March 31, 2021. This additional funding will be used to continue these activities through March 31, 2022.

Since the beginning of this award through September 30, 2020 Techtown achieved the following metrics:

- New companies formed: 9
- New jobs created: 117
- Companies served: 121
- Follow on funding: \$3,288,050 with an additional \$98,000 in sales.

In the reporting period (4/1/2020-9/30/2020) they also reported the following diversity data:

Percent of assistance to businesses located in an SBA designated HubZone or in an Opportunity Zone	22%
Percent of assistance to diverse businesses	67%

Below is a testimonial from one of their clients:

“Repela Tech is an advanced material cleantech spinout from Wayne State University. Through the support of TechTown and the Business Accelerator Fund (BAF), we were able to engage a regulatory consultant to help us register our chemical with the EPA, a critical commercialization step for our technology. TechTown's capital strategist guided us through the BAF application process, reviewed our proposal, and gave us feedback that led to a successful application. The capital strategist also helped us troubleshoot an issue that we had with our vendor, help that prevented a delay in the project. TechTown's capital strategist, in addition, consistently makes us aware of other MEDC resources that are appropriate for Repela.”, Sheu-Jane Gallagher, CEO

- **The City of Grand Rapids SmartZone LDFA, Grand Rapids SmartZone (\$100,000 over 12 months):** The City of Grand Rapids SmartZone LDFA was initially funded at \$100,000 for one year. They selected MSU as the service provider. They were refunded at \$55,000 through March 31, 2020. The funding is used to pay the salary of the GWR at MSU Innovations. This additional funding will be used to continue these activities through March 31, 2022.

Since the beginning of this award through September 30, 2020 they achieved the following metrics:

- New companies formed: 32
- Companies served: 76
- Follow on funding: \$1,697,400 with an additional \$602,096 in sales

In the reporting period (4/1/2020-9/30/2020) they also reported the following diversity data:

Percent of assistance to businesses located in an SBA designated HubZone or in an Opportunity Zone	0%
Percent of assistance to diverse businesses	25%

Below is a testimonial from one of their clients:

“Gateway Grand Rapids has been an amazing resource for our business. BAF has provided invaluable resources to overcome many of the challenges facing technology startups in the early

stages. In our case, BAF has allowed us to develop critical software and technology needed to bring us closer to commercialization while enabling us to demo our technology to investors. Their staff is extremely knowledgeable and advocates for building new high growth businesses here in Michigan. Proud to be building a business in Michigan!" Jim Doan, the creator of EVVE

FY20 Gateway Representative Grants

On February 25, 2020 the MSF board approved the selection of Central Michigan University Research Corporation, Lansing Economic Area Partnership, Muskegon Innovation Hub, Midland Business Alliance and Western Michigan University Homer Stryker M.D. School of Medicine for one year grants to fund the GWRs April 1, 2020 through March 31, 2021 with the option to extend pending MSF board approval.

- **Central Michigan University Research Corporation (CMURC), Mt. Pleasant SmartZone (\$100,000 over 12 months):** CMURC was awarded a one-year grant in the amount of \$100,000 to support their GWR activities. The funding has been used to cover the salary and expenses of the GWR. The additional funding requested here will be used to continue funding the GWR for an additional year through March 31, 2022.

Since being awarded this grant in April 2020 through September 30, 2020, CMURC has achieved the following metrics:

- New companies formed: 2
- New jobs created: 14
- Companies served: 25
- Follow on funding: \$48,700 with an additional \$569,860 in new sales

In the reporting period (4/1/2020-9/30/2020) they also reported the following diversity data:

Percent of assistance to businesses located in an SBA designated HubZone or in an Opportunity Zone	48%
Percent of assistance to diverse businesses	24%

Below is a testimonial from one of their clients:

"We are very pleased with the guidance, direction and support that we are receiving from CMURC. Our relationship with CMURC and the SmartZone resources is a very important part of Gene-5 incubating and accelerating BYOD and Zilius and we look forward to building on the foundation that we have established with them."

- **Lansing Economic Area Partnership (LEAP), Lansing SmartZone (\$100,000 over 12 months):** LEAP was awarded a one-year grant in the amount of \$100,000 to support their GWR activities. The funding has been used to cover the salary and expenses of the GWR. The additional funding requested here will be used to continue funding the GWR for an additional year through March 31, 2022.

Since being awarded this grant in April 2020 through September 30, 2020, LEAP has achieved the following metrics:

- New companies formed: 3
- New jobs created: 14

- Companies served: 27
- Follow on funding: \$7,439,000 with an additional \$2,722,000 in new sales

In the reporting period (4/1/2020-9/30/2020) they also reported the following diversity data:

Percent of assistance to businesses located in an SBA designated HubZone or in an Opportunity Zone	82%
Percent of assistance to diverse businesses	42%

Below is a testimonial from one of their clients:

“We’ve received services from our Gateway Representative at LEAP since before the pandemic and it was reassuring to see the effort that LEAP staff put into creating an effective and thought-out platform to schedule meetings and provide services,” said Eastman. “We look forward to continuing to work with LEAP and grow our company.” Joe Eastman and Alando Chappell from ARUtility

- **Muskegon Innovation Hub (MIH), Muskegon SmartZone (\$61,000 over 12 months):** MIH was awarded a one-year grant in the amount of \$60,000 to support their GWR activities. The funding has been used to cover the salary and expenses of the GRW. The additional funding requested here will be used to continue funding the GWR for an additional year through March 31, 2022.

Since being awarded this grant in April 2020 through September 30, 2020, MIH has achieved the following metrics:

- New companies formed: 2
- New jobs created: 11
- Companies served: 14
- Follow on funding: \$804,334.00 with an additional \$686,500 in new sales

In the reporting period (4/1/2020-9/30/2020) they also reported the following diversity data:

Percent of assistance to businesses located in an SBA designated HubZone or in an Opportunity Zone	43%
Percent of assistance to diverse businesses	40%

Below is a testimonial from one of their clients:

“The Hub’s incubator program taught us how to implement best practices and create a successful corporation. As a result, our revenue has grown four times over the past year. We love the serendipity of the association and guidance of the Hub staff, the resources for businesses, and the positive friendships and encouragement of the other members striving for the same goal.” Med 5/StomaCloak CEO

- **Midland Business Alliance, Midland SmartZone (\$100,000 over 12 months):** The Midland Business Alliance was awarded a one-year grant in the amount of \$100,000 to support the costs associated with maintaining a full-time staff person to manage GWR activities. The Midland Business Alliance subcontracts with the Central Michigan University Research Corporation (CMURC) Business Incubator. The funding will provide Midland with 1/3 of the grant for their

portion of the work, with 2/3 going to CMURC for their portion of the work. The additional funding requested will continue to fund the GWR position for an additional year ending March 31, 2022.

Since being awarded this grant in April 2020 through September 30, 2020, Midland Business Alliance has achieved the following metrics:

- New companies formed: 3
- New jobs created: 14
- Companies served: 27
- Follow on funding: \$250,300 with an additional \$165,125 in new sales

In the reporting period (4/1/2020-9/30/2020) they also reported the following diversity data:

Percent of assistance to businesses located in an SBA designated HubZone or in an Opportunity Zone	22%
Percent of assistance to diverse businesses	19%

Below is a testimonial from one of their clients:

“The SmartZone services offered in Midland have been an incredibly valuable resource to me as an entrepreneur. From discounts on key services, to impressive community members and engagement, and frequent touch points that drive progress. This type of accelerator is essential to rebuilding economies in Michigan, and giving leaders support when they need it the most.” - Chris Robb

- **Western Michigan University Homer Stryker M.D. School of Medicine (WMed), Kalamazoo SmartZone (\$100,000 over 12 months):** WMed was awarded a one-year grant in the amount of \$100,000 to support their GWR activities. The funding has been used to cover the salary and expenses of the GRW. The additional funding requested here will be used to continue funding the GWR for an additional year through March 31, 2022.

Since being awarded this grant in April 2020 through September 30, 2020, WMed has achieved the following metrics:

- New companies formed: 0
- New jobs created: 23
- Companies served: 14
- Follow on funding: \$1,734,284 with an additional \$34 million in new sales

In the reporting period (4/1/2020-9/30/2020) they also reported the following diversity data:

Percent of assistance to businesses located in an SBA designated HubZone or in an Opportunity Zone	0%
Percent of assistance to diverse businesses	67%

Below is a testimonial from one of their clients:

“If it were not for the WMed Innovation Center Tetra would not exist today. The biology laboratory and cutting-edge tools available to me, along with support from incubator staff, were the catalyst for the company’s future success in the industry.” Mark Gurney, Tetra

- **Lawrence Technological University Centrepolis Accelerator (LTU), Southfield SmartZone (\$100,000 over 12 months):** LTU was awarded a one-year grant in the amount of \$100,000 to support their GWR activities. The funding has been used to cover the salary and expenses of the GRW. The additional funding requested here will be used to continue funding the GWR for an additional year through March 31, 2022.

Since being awarded this grant in April 2020 through September 30, 2020 LTU has achieved the following metrics:

- New companies formed: 13
- New jobs created: 436
- Companies served: 34
- Follow on funding: \$16,185,445 with an additional \$31,268,080 in new sales

In the reporting period (4/1/2020-9/30/2020) they also reported the following diversity data:

Percent of assistance to businesses located in an SBA designated HubZone or in an Opportunity Zone	60%
Percent of assistance to diverse businesses	62%

Below is a testimonial from one of their clients:

“LTU Centrepolis Accelerator has been instrumental in bringing our product from concept to production by working with their experienced industry team who helped navigate manufacturing complexities and advance product development in a systematic fashion. Thanks to the Lean Design Product assessment redesigned our product to simplify components and improve design utility and functionality. We are grateful for the support and owe much gratitude for helping us scale our business.” Gina Adams, CEO and Founder, Wareologie

FY21 Business Incubator Gateway Representative Grants

On December 15, 2015 the MSF Board issued a request for proposals for the purpose of awarding grants to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs and on April 26, 2016, the MSF selected Innovate Marquette Enterprise Corporation, Michigan Tech Enterprise Corporation, Lenawee Now, Lake Superior State University which was later transferred to the Economic Development Corporation of the City of Sault Sainte Marie and Lakeshore Advantage for 2-year grants. The MSF subsequently approved their refunding and extension three times, on January 23, 2018, December 18, 2018 and February 25, 2020 with a current end date of March 31, 2021. This exhausts the amendments allowed under the current agreements. In order to continue GWR activities at these SmartZones, new one-year grants are requested, with the option to extend for an additional four years and allocate additional funding, at the sole discretion of the MSF.

- Innovate Marquette Enterprise Corporation (IMQT), Marquette SmartZone (\$100,000 over 12 months):** The funding will be used to partially fund the salary and expenses of the gateway representative (GWR). IMQT was initially awarded a 2 year (May 1, 2016-April 30, 2018), \$190,000 grant to partially fund the CEO as the GWR. The gatekeeping duties were shifted to the SmartZone program manager and the salary was reduced allowing the original grant funds to be utilized over a longer period and therefore only an additional \$6,997 was added to the grant to extend it to March 31, 2019. A third allocation of funding in the amount of \$50,260 extended the end of the grant to March 31, 2020. The fourth allocation of funding in the amount of \$50,260 extended the end date to March 31, 2021. The additional funding requested here will be used to continue funding the GWR for an additional year through March 31, 2022.

Since the beginning of this award through September 30, 2020 IMQT has achieved the following metrics:

- New companies formed: 11
- New jobs created: 18
- Companies Served: 165
- Follow on funding: \$1,166,950 with an additional \$1,254,151 in new sales

In the reporting period (4/1/2020-9/30/2020) they also reported the following diversity data:

Percent of assistance to businesses located in an SBA designated HubZone or in an Opportunity Zone	100%
Percent of assistance to diverse businesses	40%

Below is a testimonial from one of their clients:

“Innovate Marquette SmartZone has been a key proponent to the success of my business concept in multiple ways. First and foremost, Joe and his team introduced me to the notion of partnership and protection within the innovation ecosystem. This allowed me to identify the vulnerabilities and unique aspects within my business idea by comparing it to competitors, then problem-solving to improve the overall concept before presenting it to industry leaders for licensing. One of the most important things to note about my partnership with SmartZone in this phase is the assistance in applying for and receiving BAF funding. This funding has provided me with marketing dollars which enabled me to push my concept out into the world.” Britta Carlson, CEO, MedProsShare

- Lakeshore Advantage, Holland SmartZone (\$100,000 over 12 months):** The funding will be used to cover the salary and expenses of the GWRs. Lakeshore Advantage was originally awarded a 2 year (May 1, 2016-April 30, 2018), \$151,600 grant to fund the GWR position. They were refunded for an additional 11 months (\$69,210) to continue these activities through March 31, 2019. A third allocation of funding in the amount of \$75,800 extended the end of the grant to March 31, 2020. The fourth allocation of \$75,800 extended the grant through March 31, 2021. The additional funding requested here will be used to continue funding the GWR for an additional year through March 31, 2022

Since the beginning of this award through September 30, 2020 Lakeshore Advantage has achieved the following metrics:

- New companies formed: 18
- New jobs created: 158

- Companies served: 190
- Follow on funding: \$12,538,265 with an additional \$19,237,184 in new sales

In the reporting period (4/1/2020-9/30/2020) they also reported the following diversity data:

Percent of assistance to businesses located in an SBA designated HubZone or in an Opportunity Zone	14%
Percent of assistance to diverse businesses	29%

Below is a testimonial from one of their clients:

"Surge has been invaluable to the successful start of G3 Acoustics LLC. Their facilitation and support of our BAF submission and resulting grant enabled us to get past a critical hurdle in our commercial development of our Tabletop Audio product for sports bars. The BAF funding allowed us to construct functioning prototypes for a market evaluation to validate the need for our product. The Boostcamp multi week workshop taught us how to minimize risk and expense by validating a product need prior to major financial commitments and expenditures. The SURGE team introduced us to a local key market customer who is currently collaborating with us to commercially validate our product through the market evaluation of our production representative prototypes. Upon the reopening of their restaurants as COVID risks subside, we hope to complete the evaluation in time to introduce our product at NRA, the largest restaurant trade show in the US in May of this year. We continue to stay connected with SURGE as we see tremendous value in the services, insight, and support they offer." Rob Hamelink, Partner, G3 Acoustics LLC

- **Lenawee Now, Adrian and Tecumseh SmartZone (\$100,000 over 12 months):** This funding will be used to cover the salary and expenses of the GWR who will be responsible for gatekeeping activities. Lenawee Now was originally awarded a 2 year, (May 1, 2016-April 30, 2018), \$190,000 grant to fund the GWR position. They were refunded for an additional 11 months (\$91,667) to continue these activities through March 31, 2019. A third allocation of funding in the amount of \$100,000 extended the end of the grant to March 31, 2020. The fourth funding allocation of \$100,000 extended the grant through March 31, 2021. The additional funding requested here will be used to continue funding the GWR for an additional year through March 31, 2022.

Since the beginning of this award through September 30, 2020 Lenawee Now has achieved the following metrics:

- New companies formed: 10
- New jobs created: 21
- Companies served: 40
- Follow on funding: \$429,000 with an additional \$3,004,000 in new sales

In the reporting period (4/1/2020-9/30/2020) they also reported the following diversity data:

Percent of assistance to businesses located in an SBA designated HubZone or in an Opportunity Zone	0%
Percent of assistance to diverse businesses	50%

Below is a testimonial from one of their clients:

"My evolution from entrepreneur to small business owner during 2020 saw significant evolutionary progress due in great part to the counsel of Gary Clemetson of Lenawee Now. He has provided me with both professional and personal guidance that enabled my company to successfully find its way through a national pandemic. Gary continues to be an invaluable business navigator for my company as well as for my personal development." Edward J. Eng, Founder & CEO, MediSite Inc

- Michigan Tech Enterprise Corporation (MTEC), Houghton/Hancock SmartZone (\$100,000 over 12 months):** This funding will be used to partially fund the GWR salary. MTEC was originally awarded a 2 year (May 1, 2016-April 30, 2018), \$180,759 grant to fund the GWR position. They were refunded for an additional 11 months (\$91,667) to continue these activities through March 31, 2019. A third allocation of funding in the amount of \$100,000 extended the end of the grant to March 31, 2020. The fourth funding allocation of \$100,000 extended the grant through March 31, 2021. The additional funding requested here will be used to continue funding the GWR for an additional year through March 31, 2022.

Since the beginning of this award through September 30, 2020 MTEC has achieved the following metrics:

- New companies formed: 31
- New jobs created: 189
- Companies served: 255
- Follow on funding: \$27,755,793 with an additional \$48,383,220 in new sales

In the reporting period (4/1/2020-9/30/2020) they also reported the following diversity data:

Percent of assistance to businesses located in an SBA designated HubZone or in an Opportunity Zone	33%
Percent of assistance to diverse businesses	19%

Below is a testimonial from one of their clients:

“Patrick Visser at MTEC Smartzone has been awesome. On a personal level, he’s been incredibly friendly, approachable and helpful. From a business operations standpoint, he is always looking ahead at where we as a company should be heading, and his advice has saved us from some major operational mistakes. He’s connected us with great resources, and we are on the verge of potentially signing our first investment...fingers crossed! Patrick has been a major asset to our company at this stage and I now consider him a friend.” Ben Aho - Logicspection, LLC

- Economic Development Corporation of the City of Sault Sainte Marie (EDC SSM), Sault Ste. Marie SmartZone (\$100,000 over 12 months):** Lake Superior State University (LSSU) was awarded a Business Incubator Gateway grant from the 21st CJF 2016 Business Incubators program in the amount of \$87,641 for the period (May 1, 2016-April 30, 2018), to fund the Gateway representative. They were awarded an additional \$40,170 extending the grant to March 31, 2019. At the December 18, 2018 MSF Board meeting, at the request of LSSU, the grant was transferred to EDC of Sault Ste Marie and an additional \$40,000 was awarded extending the grant through March 31, 2020. The fourth funding allocation of \$40,000 extended the grant through March 31,

2021. The additional funding requested here will be used to continue funding the GWR for an additional year through March 31, 2022.

Since the beginning of this award through September 30, 2020 EDC SSM/LSSU has achieved the following metrics:

- New companies formed: 9
- New jobs created: 17
- Companies served: 28
- Follow on funding: \$1,567,458 with an additional \$17,000 in new sales

In the reporting period (4/1/2020-9/30/2020) they also reported the following diversity data:

Percent of assistance to businesses located in an SBA designated HubZone or in an Opportunity Zone	100%
Percent of assistance to diverse businesses	72%

Below is a testimonial from one of their clients:

“The EDC has been, and continues to be, instrumental in helping Osprey Technologies to grow its business. A recent example is the partnership between Osprey and SSMEDC to install a paint booth for the facility. Osprey needed the booth for its composite and tooling fabrication. To facilitate this need, Osprey purchased the booth with EDC installing it and adding in the HVAC makeup air system. The booth has been an enormous asset to Osprey and is also used by other companies within the building. The staff at the SSMEDC have also been of significant help to Osprey in finding resources available in the area or through the number of government run programs. A recent example is Osprey’s need for capable technicians. The SSMEDC staff linked Osprey’s management up with EUP STEM Regional Director to aid in finding qualified schools that produce the workforce required by Osprey.” Osprey CEO.

The Enterprise Group of Jackson’s request to transfer grant to Lean Rocket Lab and amend (\$100,000 over 12 months)

On December 18, 2018 the MSF Board issued a request for proposals for the purpose of awarding grants to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs and on February 29, 2019, the MSF selected the Enterprise Group of Jackson as one of the grantees and they initially awarded \$150,000 to fund the GWRs for one year through March 31, 2020. A second allocation of \$150,000 extended the grant through March 31, 2021. Since the initial award they have contracted with the Lean Rocket Lab (LRL) to provide high tech entrepreneurs the needed support in the Jackson area. Through this grant they pay the salaries of two key people at the Lean Rocket Lab to act as the Gateway Representatives for their SmartZone. No activities at the Enterprise Group are funded through this grant, all funds are transferred to LRL to support their GWR activities.

The Enterprise Group has requested that because all the grant duties are currently being performed by the LRL and because LRL fulfills the all the requirements of the program eligibility, that the remainder of grant be transferred to them. LRL is a non-profit organization that operates in Jackson. Along with the transfer, the grant will be amended, an additional \$100,000 added to it and extended through March 31, 2022 to continue the GWR activities currently funded at LRL.

Since the beginning of this award through September 30, 2020 the Lean Rocket Lab achieved the following metrics:

- New companies formed: 20
- New jobs created: 64
- Companies served: 169
- Follow on funding: \$27,826,100 with an additional \$2,941,400 in sales.

In the reporting period (4/1/2020-9/30/2020) they also reported the following diversity data:

Percent of assistance to businesses located in an SBA designated HubZone or in an Opportunity Zone	100%
Percent of assistance to diverse businesses	26%

Below is a testimonial from one of their clients:

“Invisible AI has been engaged with Lean Rocket Lab and the i4.0 Accelerator for the last 6+ months. In this time, we've had the pleasure to work with Brandon Marken and Ken Seneff and they have been invaluable in helping us grow. Lean Rocket Lab has done a set of powerful introductions to corporate partners, many of whom we are actively engaging with. In addition to customer introductions, we participated in an annual pitch competition by Lean Rocket Lab and won a \$10,000 award for the best manufacturing technology company. We look forward to continuing our relationship with Brandon and Ken as we grow our presence in Michigan and beyond.” Prateek Sachdeva, COO, Invisible AI

Civil and criminal background checks for all grantees have been completed in accordance with the MSF Background Review Policy.

Recommendation

MEDC Staff recommends that the MSF Board approve the Request.

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-023**

2017 BUSINESS INCUBATORS GRANT AMENDMENTS

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

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

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

WHEREAS, on April 25, 2017, the MSF Board initiated a competitive proposal process to award grants to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs (the “Business Incubators RFP”);

WHEREAS, on June 27, 2017, the MSF Board authorized grants to the following entities for the initial terms and award amounts listed below, with the option to extend the grants for up to an additional three years and allocate additional funds at the sole discretion of the MSF:

Grantee	Initial Term	Initial Award Amount
Oakland University Incubator	7/1/17-6/30/19	\$199,625
Economic Development Alliance of St. Clair County	7/1/17-6/30/19	\$121,800

(the aforementioned, collectively, the “2017 Business Incubator Grants”);

WHEREAS, on December 18, 2018, the MSF Board exercised its first option to extend and allocate additional funds to the 2017 Business Incubator Grants for the terms and amounts listed below:

Grantee	Extension	Additional Funds
Oakland University Incubator	7/1/17-3/31/20	\$74,860
Economic Development Alliance of St. Clair County	7/1/17-3/31/20	\$45,675

WHEREAS, on February 25, 2020, the MSF Board exercised its second option to extend and allocated additional funds to the 2017 Business Incubator Grants for the terms and amounts listed below:

Grantee	Extension	Additional Funds
Oakland University Incubator	7/1/17-3/31/21	\$99,813
Economic Development Alliance of St. Clair County	7/1/17-3/31/21	\$60,900

WHEREAS, the MEDC recommends that the MSF Board exercise its third option to extend and allocate additional funds to the 2017 Business Incubator Grants for the terms and amounts listed below:

Grantee	Extension	Additional Funds
Oakland University Incubator	7/1/17-3/31/22	\$100,000
Economic Development Alliance of St. Clair County	7/1/17-3/31/22	\$70,000

(the aforementioned, collectively, the “2017 Business Incubator Grants Amendment Request”).

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the 2017 Business Incubator Grants Amendment Request; and

BE IT FURTHER RESOLVED, the MSF Fund Manager is authorized to negotiate the final terms and conditions of the 2017 Business Incubator Grants Amendment Request and to execute all documents necessary to effectuate the 2017 Business Incubator Grants Amendment Request.

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

Nays: None

Recused: None

Lansing, Michigan
February 23, 2021



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

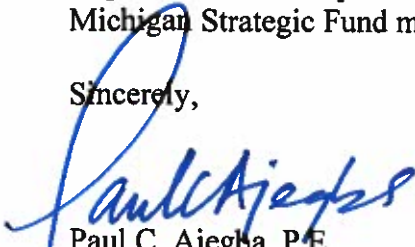
February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,



Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-024**

2019 BUSINESS INCUBATORS GRANT AMENDMENTS

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

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

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

WHEREAS, on December 18, 2018, the MSF Board issued a request for proposals (“RFP”) to award grants to business incubators to stimulate the creation and continued growth of technology-based businesses and jobs (the “Business Incubators RFP”); appointed a joint evaluation committee (“JEC”) to evaluate the proposals received in response to the Business Incubators RFP; and adopted scoring and evaluation criteria to be used by the JEC;

WHEREAS, on February 26, 2019, the MSF Board authorized grants to the following entities for the initial terms and award amounts listed below, with the option to extend the grants for up to an additional four years and allocate additional funds at the sole discretion of the MSF:

Grantee	Initial Term	Initial Award Amount
Ann Arbor SPARK	4/1/19-3/31/20	\$150,000
Automation Alley	4/1/19-3/31/20	\$100,000
The City of Grand Rapids SmartZone Local Development Finance Authority	4/1/19-3/31/20	\$100,000
Enterprise Group of Jackson	4/1/19-3/31/20	\$150,000
The Wayne State University Research and Technology Park in City of Detroit dba Techtown Detroit	4/1/19-3/31/20	\$100,000

(the aforementioned, collectively, the “2019 Business Incubator Grants”);

WHEREAS, on February 25, 2020, the MSF Board exercised its first option to extend and allocate additional funds to the 2019 Business Incubator Grants for the terms and amounts listed below:

Grantee	Extension	Initial Award Amount
Ann Arbor SPARK	4/1/19-3/31/21	\$150,000
Automation Alley	4/1/19-3/31/21	\$100,000
The City of Grand Rapids SmartZone Local Development Finance Authority	4/1/19-3/31/21	\$55,000
Enterprise Group of Jackson	4/1/19-3/31/21	\$150,000
The Wayne State University Research and Technology Park in City of Detroit dba Techtown Detroit	4/1/19-3/31/21	\$100,000

WHEREAS, the MEDC recommends that the MSF Board exercise its second option to extend and allocate additional funds to the 2019 Business Incubator Grants for the terms and amounts listed below:

Grantee	Extension	Initial Award Amount
Ann Arbor SPARK	4/1/19-3/31/22	\$100,000
Automation Alley	4/1/19-3/31/22	\$100,000
The City of Grand Rapids SmartZone Local Development Finance Authority	4/1/19-3/31/22	\$100,000
Enterprise Group of Jackson	4/1/19-3/31/22	\$100,000
The Wayne State University Research and Technology Park in City of Detroit dba Techtown Detroit	4/1/19-3/31/22	\$100,000

(the aforementioned, collectively, the “2019 Business Incubator Grants Amendment Request”);
and

WHEREAS, the MEDC recommends that the MSF Board approve assignment of the 2019 Business Incubator Grant with Enterprise Group of Jackson to the Lean Rocket Lab (the “Enterprise Group of Jackson Grant Assignment Request”);

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the 2019 Business Incubator Grants Amendment Request and the Enterprise Group of Jackson Grant Assignment Request;
and

BE IT FURTHER RESOLVED, MSF Fund Manager is authorized to negotiate the final terms and conditions of the 2019 Business Incubator Grants Amendment and the Request Enterprise Group of Jackson Grant Assignment Request and to execute all documents necessary to effectuate the 2019 Business Incubator Grants Amendment Request and the Enterprise Group of Jackson Grant Assignment Request.

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

Nays: None

Recused: None

Lansing, Michigan
February 23, 2021



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

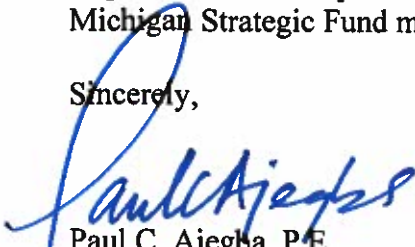
February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,



Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-025**

2020 BUSINESS INCUBATOR GRANT AWARDS

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, on February 25, 2020, the MSF Board authorized grants to the following entities for the initial terms and in the initial amounts listed, with the option to extend for an additional four years and allocate additional funding at the sole discretion of the MSF:

Grantee	Initial Term	Initial Award Amount
Central Michigan University Research Corporation	4/1/20-3/31/21	\$100,000
Lansing Economic Area Partnership	4/1/20-3/31/21	\$100,000
Lawrence Technological University	4/1/20-3/31/21	\$100,000
Macomb-Oakland University Incubator	4/1/20-3/31/21	\$100,000
Midland Business Alliance	4/1/20-3/31/21	\$100,000
Muskegon Innovation Hub	4/1/20-3/31/21	\$60,000
WMU Homer Stryker M.D. School of Medicine	4/1/20-3/31/21	\$100,000

(the aforementioned, collectively, the “2020 Business Incubator Grants”); and

WHEREAS, the MEDC recommends that the MSF Board exercise its first option to extend and allocate additional funds to the 2020 Business Incubator Grants for the terms and amounts listed below:

Grantee	Extension	Initial Award Amount
Central Michigan University Research Corporation	4/1/20-3/31/22	\$100,000
Lansing Economic Area Partnership	4/1/20-3/31/22	\$100,000
Lawrence Technological University	4/1/20-3/31/22	\$100,000
Midland Business Alliance	4/1/20-3/31/22	\$100,000
Muskegon Innovation Hub	4/1/20-3/31/22	\$61,000
WMU Homer Stryker M.D. School of Medicine	4/1/20-3/31/22	\$100,000

(the aforementioned, collectively, the “2020 Business Incubator Grants Amendment Request”).

WHEREAS, the MSF Board wishes to approve the 2020 Business Incubator Grants Amendment Request.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the 2020 Business Incubator Grants Amendment 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 2020 Business Incubator Grants Amendment Request.

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

Nays: None

Recused: None

Lansing, Michigan
February 23, 2021



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

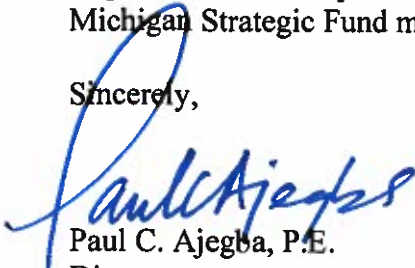
February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,



Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-026**

2021 BUSINESS INCUBATOR GRANT AWARDS

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 MEDC recommends that the MSF Board approve grants to the following entities for the initial terms and in the initial amounts set forth in the table below, with the option to extend for an additional four years and allocate additional funding at the sole discretion of the MSF:

Grantee	Initial Term	Initial Award Amount
Economic Development Corporation of the City of Sault Ste. Marie	4/1/21-3/31/22	\$100,000
Innovation Marquette Enterprise Corporation	4/1/21-3/31/22	\$100,000
Lakeshore Advantage	4/1/21-3/31/22	\$100,000
Lenawee Now	4/1/21-3/31/22	\$100,000
Michigan Tech Enterprise Corporation	4/1/21-3/31/22	\$100,000

(the aforementioned, collectively, the “2021 Business Incubator Grants”); and

WHEREAS, the MSF Board wishes to approve the 2021 Business Incubator Grants.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the 2021 Business Incubator Grants; 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 2021 Business Incubator Grants.

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

Nays: None

Recused: None

Lansing, Michigan
February 23, 2021



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

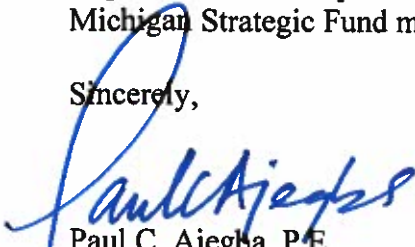
February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,



Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: February 23, 2021

To: Michigan Strategic Fund Board

From: Gregory West, Community Development Block Grant Program Manager
Shawne Haddad, Senior Program Specialist, Community Development Block Grant
Christine Whitz, Director, Community Development Block Grant Program

Subject: Community Development Block Grant Program
CDBG Loan Program Extensions and Modifications

Request

The Michigan Economic Development Corporation (MEDC) staff is asking to:

- Extend the existing Regional Loan Fund Managers' designation for a period of three (3) years.
- Extend the Replacements Agreements (Amended First Restated Grant Agreements) for a period of three (3) years.
- Extend the current date by which a CDBG Loan Fund must meet the definition of "Continuing Activity" due to Covid-19 for a period of two (2) years.
- Delegate to the MSF Fund Manager authorization for subsequent Regional Loan Fund Manager designations and Replacement Agreement extensions.

Background

In 2012, the Michigan Strategic Fund (MSF) regionalized the CDBG Loan Program to gain compliance efficiencies and be aligned with the regionalization efforts for other MEDC/MSF programs. The MSF designated one Regional Fund Manager for each region. This designation permitted the fund to service a large enough area in hopes that a sufficient number of opportunities would be available.

On October 24, 2012, by **Resolution 2012-142**, the MSF Board authorized the designation of a CDBG Regional Loan Fund Manager to operate Regional CDBG Loan funds as sub-recipients of local CDBG revolving loan funds' program income and of CDBG funds for each of the CDBG Loan Program Regions for a period of three (3) years (November 1, 2012-October 31, 2015). On September 22, 2015, by **Resolution 2015-139**, the MSF Board authorized an extension of the CDBG Regional Loan Fund Manager subrecipient agreement ("Agreement") period to October 31, 2018. On November 27, 2018, by **Resolution 2018-183**, the MSF Board authorized an extension of the Agreement to June 30, 2021.

At the time of the approval, it was the intent to extend the Agreement if the MSF was satisfied with the performance of the Regional Fund Managers. Staff agrees it is appropriate to extend the Regional Fund Managers' Agreements for another three-year term expiring on June 30, 2024. Existing Regional Fund Managers are named in Attachment A.

On May 22, 2013, the MSF Board authorized the MSF Fund Manager to execute Replacement Agreements (Amended First Restated Grant Agreement) between a local community and the MSF, by **Resolution 2013-078**. At the time of the approval, it was the intent to extend the Agreement if the MSF was satisfied with the performance of the Community Revolving Loan Fund (C-RLF). Staff agrees it is appropriate to extend the Replacement Agreements (Amended First Restated Grant Agreement) for another three-year term expiring on June 30, 2024. The CDBG Loan Program currently has two C-RLF communities, Houghton County and Van Buren County.

Additionally, staff has received multiple Regional Loan Fund Manager requests for extensions to the Continuing Activity deadlines due to difficulties related to Covid-19 and staff has agreed it would be to the benefit of the regions to extend the deadlines two (2) years. The existing deadline to meet the definition of Continuing Activity is June 30, 2021, and staff recommends extending the deadline until June 30, 2023. At that point the deadline to successfully fund a CDBG loan or extension of credit would revert back to a rolling twenty-four (24) month period beginning July 1, 2023.

Recommendation

The MEDC Staff recommends that the MSF Board authorize the MSF Fund Manager do the following:

- Negotiate the final terms and conditions of and enter into the extension of the Regional Loan Fund Managers' Subrecipient Agreements for a period of three (3) years expiring on June 30, 2024.
- Negotiate the final terms and conditions of and enter into the extension of the Community Revolving Loan Funds' Amended First Restated Grant Agreements for a period of three (3) years expiring on June 30, 2024.
- Extend the current deadline to meet "Continuing Activity" two (2) years, from June 30, 2021 to June 30, 2023.
- Take any action necessary to extend the Regional Loan Fund Managers' Subrecipient Agreements and the Community Revolving Loan Funds' Amended First Restated Grant Agreements for additional three-year periods upon their June 30, 2024 or subsequent expirations.

ATTACHMENT A – Designated Regional Fund Managers

- Region 1** Staff recommends the MSF designate Northern Economic Initiatives Corporation to act as the Regional Fund Manager.
- Region 2** Staff recommends the MSF designate Venture North Funding & Development (formally known as Traverse City Area Chamber Foundation) to act as the Regional Fund Manager.
- Region 3** Staff recommends the MSF designate Northern Economic Initiatives Corporation to act as the Regional Fund Manager.
- Region 4** Staff recommends the MSF designate Northern Economic Initiatives Corporation to act as the Regional Fund Manager.
- Region 5** Staff recommends the MSF designate Northern Economic Initiatives Corporation to act as the Regional Fund Manager.
- Region 6** Staff Recommends the MSF designate the I-69 Regional Development Corporation to act as the Regional Fund Manager.
- Region 7** Staff recommends the MSF designate Northern Economic Initiatives Corporation to act as the Regional Fund Manager.
- Region 8** Staff recommends the MSF designate Northern Economic Initiatives Corporation to act as the Regional Fund Manager.
- Region 9** Staff recommends the MSF designate Northern Economic Initiatives Corporation to act as the Regional Fund Manager.

MICHIGAN STRATEGIC FUND

RESOLUTION

2021-027

THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) LOAN PROGRAM AMENDMENT OF THE DEFINITION OF CONTINUING ACTIVITY

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

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

WHEREAS, the CDBG program has policies, criteria, and parameters that are enumerated in the 2020 Program Year Funding Guide, as amended (the "Criteria"). The MSF, by Resolution 2015-039, authorized and approved the Consolidated Plan and the MSF, by Resolution 2019-133 and 2020-093 authorized and approved the 2019 Program Year Funding Guide Excerpt which includes guidelines for CDBG grants now known as the 2020 Program Year Funding Guide Excerpt;

WHEREAS, on August 24, 2011, by Resolution 2011-120, the MSF Fund Manager was authorized to regionalize the existing CDBG loan funds into nine (9) regional entities statewide with one Regional Fund Manager for each region, which Regional Fund Managers were designated by the MSF Board on October 24, 2012 by Resolution 2012-142. Further, the MSF Board adopted the Uniform Reuse and Administration Plan ("Plan") on November 30, 2011 by Resolution 2011-169 to govern the funds in the Regional Revolving Loan Funds;

WHEREAS, the MSF, by Resolution 2015-139 approved and extended the designation of the CDBG Regional Fund Managers subrecipient agreement (the "Agreement") period to October 31, 2018. On November 27, 2018, by Resolution 2018-183, the MSF approved an extension of the Agreement to June 30, 2021;

WHEREAS, the MSF, by Resolution 2013-078 approved the MSF Fund Manager to execute Replacement Agreements (Amended First Restated Grant Agreement) between a local community and the MSF;

WHEREAS, the MSF, by Resolution 2015-139 approved the modification to the CDBG Funding Guide to revise the definition of "Continuing Activity" to a 12 month period from July 1st to June 30th. On November 27, 2018, by Resolution 2018-039, authorized and approved the "Continuing Activity" dates be revised to a 24-month period from July 1st to June 30th;

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

NOW, THEREFORE, BE IT RESOLVED, the CDBG program staff recommends that as a result of Covid-19 impact on businesses and economy, the "Continuing Activity" deadline be extended for an additional 24-months this one time. The Continuing Activity window would now be July 1, 2019 to June 30, 2023 (instead of June 30, 2021) and that the MSF Board extend the date to June 30, 2023; and

BE IT FURTHER RESOLVED that the MSF Board authorizes and approves the extension of the Replacement Agreements (Amended First Restated Grant Agreement) for a period of three years; and

BE IT FURTHER RESOLVED that the MSF Board authorizes and approves the subrecipient agreement (the “Agreement”) extension to June 30, 2024; and

BE IT FURTHER RESOLVED, that that the MSF Board authorizes the MSF President or the MSF Fund Manager to take any action necessary to extend the Regional Loan Fund Managers’ Subrecipient Agreements and the Community Revolving Loan Funds’ Amended First Restated Grant Agreements for additional three-year periods upon their June 30, 2024 or subsequent expirations; and

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

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

Nays: None

Recused: None

Lansing, Michigan
February 23, 2021



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-017**

**APPROVAL OF THE FEBRUARY 23, 2021 CONSENT AGENDA
FOR THE MICHIGAN STRATEGIC FUND BOARD**

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

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

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

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

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

Consent Agenda Items:

Proposed Meeting Minutes: January 26, 2021
Detroit Free Press Building: Brownfield MBT Amendment
Dakkota Integrated Systems: Reauthorization and MBDP Amendment
Cooper-Standard: MBDP Amendment
Invent@NMU: Grant Amendment
Flint Ferris Wheel 100K Ideas: Grant Amendment
Gateway Representative Business Incubator Program: Grant Amendments, Extensions and Refunding Requests
CDBG Loan Program Extensions and Modifications

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

Nays: None

Recused: None

Lansing, Michigan
February 23, 2021



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

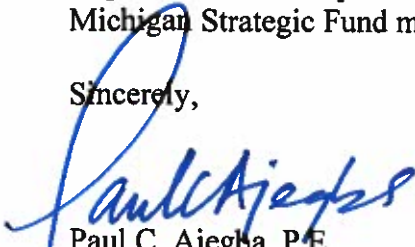
February 3, 2020

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

Dear Ms. Bishop:

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Sincerely,



Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: February 23, 2021
To: Michigan Strategic Fund Board
From: Christopher Cook, Director of Capital Access
Subject: *Private Activity Bond –
Quality Roasting, LLC – Reissuance of 2019 Bond*

Request

Quality Roasting, LLC (the “Borrower”) is seeking MSF Board approval for the reissuance of \$10,000,000 Michigan Strategic Fund Industrial Development Revenue Bonds (Quality Roasting, LLC), Series 2019 issued on January 31, 2019 (the “Series 2019 Bonds”). Bank First, N.A. is the sole owner of the Series 2019 Bonds in a bank-purchased bond transaction. The Borrower desires to (i) refund the Series 2019 Bonds with Wells Fargo Bank, National Bank who will be the successor purchaser of the Series 2019 Bonds and (ii) modify the interest rate and certain terms relating to the Series 2019 Bonds.

The MSF approval to authorize the reissuance of the Series 2019 Bonds will allow the Borrower to lower the current fixed interest rate on the Series 2019 Bonds.

Background

Quality Roasting, LLC is a joint venture between Quality Roasting, Inc. and The DeLong Co., both Wisconsin companies. The joint venture was established in May of 2018 as a Michigan Domestic Limited Liability Company.

The Series 2019 Bonds financed the acquisition of land, the construction of an approximately 16,000 square foot manufacturing facility and the acquisition and installation of machinery and equipment located at 135 S. Bradleyville Road, Village of Reese, Tuscola County, Michigan. The project involved the processing of soybeans to produce crude soybean oil and Exceller Meal. Soybean oil is used in the biodiesel industry and Exceller Meal is a patented high by-pass protein feed for dairy cattle.

Recommendation

Staff recommends the approval of the reissuance of the Series 2019 Bonds.

RESOLUTION TO AUTHORIZE THE REISSUANCE OF
THE MICHIGAN STRATEGIC FUND
INDUSTRIAL DEVELOPMENT REVENUE BONDS
(QUALITY ROASTING, LLC) SERIES 2019
(THE "BONDS")

Resolution 2021-028

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 defined in the Act).

B. On January 31, 2019, the Fund issued the Bonds in a principal amount not to exceed \$10,000,000 to finance a project on behalf of Quality Roasting, LLC, a Michigan limited liability company (the "Borrower") to: (i) fund the costs of acquiring a parcel of land in the Village of Reese, Tuscola County, Michigan; (ii) fund the costs of constructing, furnishing and equipping an approximately 16,000 square foot soybean processing facility thereon; and (iii) pay costs of issuance of the Bonds.

C. Wells Fargo Bank, National Association ("Wells Fargo Bank") desires to purchase all of the Bonds from Bank First, N.A. ("Bank First"), as sole bondholder, and Wells Fargo Bank and Bank First shall enter into an Assignment and Assumption of Documents in connection with the purchase by Wells Fargo Bank of all of the Bonds.

D. Wells Fargo Bank and the Borrower desire to amend certain terms of the Indenture and Loan Agreement dated as of January 1, 2019 (the "Indenture"), and in order to give effect to such modification of the Indenture, the Borrower and Wells Fargo Bank have requested the Fund to: (i) reissue the Bonds (the "Amended Bonds") and (ii) enter into a First Amendment to Indenture and Loan Agreement (the "Amendment" and collectively with the Indenture, the "Agreement").

E. Pursuant to the Amendment, the Amended Bonds will be issued as fully registered bonds in the minimum authorized denominations of \$250,000 and multiples of \$0.01 in excess thereof or, if less, the principal amount.

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

SECTION 1. Reissuance of Bonds; Limited Obligation. The reissuance of the Bonds is approved.

The terms of the Amended Bonds shall be substantially in the form contained in the Amendment, with the changes permitted or required by action of the Fund. The Amended 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 Amended Bonds.

The Amended Bonds and the interest and any premium on the Amended 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 remain as limited obligations of the Fund payable solely from the revenues derived from and as provided in the Agreement.

SECTION 2. Approval of Amendment. The form of Amendment, on file with the staff of the Fund and on which has been endorsed by the staff of the Fund the date of adoption of this Resolution, is approved.

Any Member or Authorized Officer is authorized to execute and deliver the Amendment in substantially the form approved, with any changes as are considered necessary or desired by him or her, permitted by the Act or otherwise by law, and not materially adverse to the Fund.

SECTION 3. Sale and Delivery of the Amended Bonds. A Member or an Authorized Officer shall execute, seal, and deliver the Amended Bonds upon receipt of the following documents and payment of the purchase price for the Amended Bonds:

- a. an approving 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 approving opinion of the Attorney General; and
- c. an investor letter of Wells Fargo Bank in form and substance acceptable to the Attorney General.

Upon receipt, the proceeds of the Amended Bonds shall be credited in accordance with the Agreement, as amended.

SECTION 4. Successor Purchaser. Wells Fargo Bank’s acceptance of duties as successor purchaser of the Bonds shall be evidenced by its execution of the Amendment.

SECTION 5. 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 as may be required by the Agreement, as amended,

or as may be necessary to effectuate the valid reissuance and delivery of the Amended Bonds as tax-exempt bonds and otherwise as contemplated by those documents.

SECTION 6. 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 Amended Bonds are not delivered to Wells Fargo Bank on or before March 19, 2021, the authority granted by this Resolution shall lapse.

Adopted.

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

Nays: None

Recused: None

February 23, 2021 Meeting
Lansing, Michigan



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

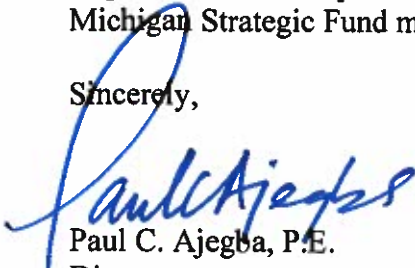
February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,



Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: February 23, 2021
To: Michigan Strategic Fund (“MSF”) Board Members
From: Mike Gietzen, Director, Business Services
Subject: Grant Request
Michigan Business Development Program (“MBDP”)
Magna Electric Vehicle Structures–Michigan, Inc. (“Company” or “Qualified Business”)

Request Summary

- This is a request from the Company for a \$1,500,000 MBDP Grant, as outlined in the attached Term Sheet (“MBDP Request”).
- This project involves the creation of 304 Qualified New Jobs as a result of the project, and a capital investment of up to \$70,106,000 in the City of St. Clair within St. Clair County.

Background

The Magna Electric Vehicle Structures – Michigan, Inc. business entity was established 2012 under the Magna International, Inc. group of companies (“Magna”). The entity remained dormant until 2020 when it was reconstituted for the purpose of implementing and operating a new facility that will produce complex structural battery enclosures for electric propulsion vehicles (the “Company”). Magna's deep roots in the auto industry go back to 1957, when they began working with General Motors. Today, Magna is a global automotive supplier that makes everything from seats to powertrains and is the only auto supplier to build complete vehicles. Magna's products include body, chassis, exterior, seating, powertrain, active driver assistance, electronics, mechatronics, mirrors, lighting and roof systems. The products they manufacture can be found on most vehicles today. Magna also has electric and software capabilities across many of these areas.

Magna's organizational structure includes several separate entities as well as divisions within each entity that operate independently from each other. Magna has four operating segments: body, exteriors and structures; power and vision; seating systems; and complete vehicles. Each operating segment is overseen by the Magna Executive Management team. Operating segment activities are conducted through divisions, which are autonomous business with separate profit centers under the authority of a general manager. The general manager has the discretion to determine rates of pay, hours of work and sources of supply. The processes and products are separate and distinct and in many cases Magna divisions compete against each other for new products and business. In total Magna has 346 manufacturing operations and 93 product development, engineering, and sales centers in 27 countries with over 152,000 employees worldwide, of which 35 facilities and more than 10,000 employees are located in Michigan.

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

Project Description

The Company has been awarded a new program from a major OEM for the next 8 years. This new program will grow new business to support electrification strategy which is a key growing priority for the Company to increase its leadership position in the battery frame market. This new facility will include numerous manufacturing processes to produce complex structural battery enclosures for electric propulsion vehicles to be produced in Michigan and Ohio. These tightly tolerance and tested products require multiple state of the art metal joining techniques. In order to support the growth, the Company will need to construct an

initial 345,000 square foot facility with the ability to support expansion capabilities of up to a 1 million square foot facility, hire 304 new employees and invest \$70,106,000 in the City of St. Clair over the next 5 years.

The Company will hire various positions, which include General Manager, IT Manager, Weld Engineer, Administrative Assistant, Skilled Trades Tech., Team Leaders, and Operators. Wages for the newly created positions range from \$17 per hour up to \$48 per hour, with an overall average wage of \$27 per hour. All operators will go through extensive training and have opportunities for advancement within the organization. The Company has developed a training program and mentorship program that have been created to support career growth through a Master Operator, Team Leader, or Quality Team Leader. The Company will work with local workforce development organizations to assist with their recruitment efforts.

The Company has also put together an executive leadership program, which works directly with local school districts, colleges, universities, and other workforce agencies, to help build out an employment pipeline strategy.

Demonstrated Need

The Company competed with other divisions within Magna for this project. Magna also evaluated other existing facilities within the Midwest for this project. When determining where to locate, all aspects of the Michigan business case, including operating costs, wage competitiveness and state and local incentives are evaluated. Magna currently has facilities with excess capacity allowing for a faster timeline and lower upfront costs as well as lower labor costs than Michigan.

Michigan is Magna's U.S. corporate home and the state with their largest U.S. footprint. Magna operates 35 facilities in the State of Michigan and employs more than 10,000 Michiganders. While Magna remains committed to Michigan, incentive assistance is necessary to make the expansion in Michigan a competitive decision.

In addition to MSF support, the City of St. Clair anticipates approval of a real property tax abatement in support of the project. The MEDC also authorized a State Education Tax abatement to be used in conjunction with the locally approved abatement. St. Clair County Community College is also offering support of the project through the Michigan New Jobs Training Program.

Request

In order to secure the project in Michigan the Company is requesting \$1,500,000 under the MBDP to help offset cost related to training, recruiting, and construction that are higher in Michigan compared to competing locations. The MBDP grant will support the creation of 304 qualified new jobs.

Under the MSF Act, the MSF Board has the ability to determine which entity (or entities) it deems to be the qualified business. In this case, it could be the complete Magna umbrella of 35 facilities and 10,000+ employees in the state, just the Company, or any other combination thereof. The qualified business must maintain the number of jobs the qualified business had in the state prior to the expansion or investment is the base employment level (the "Base Jobs") in order to receive disbursement for Qualified New Jobs. Qualified new jobs are those jobs in excess of the Base Jobs.

The Company requests that due to its organizational structure and the fact that the Company will operate independent from other Magna related entities, it, and not Magna, should be deemed the qualified business. However, based on its application, Magna International will be providing 100% of the financing for the project. If the MSF Board approves of the Company's request, the Base Jobs for this project will be zero rather than the 10,000+ jobs Magna currently has in the state. As such, Magna would be able to eliminate

any or all of its jobs within the state and the Company would still qualify for 100 percent of the grant if it created the required Qualified New Jobs.

The MEDC supports the Company's request to establish the Base Jobs at zero, due to the Company's organizational structure (outlined above) and the nature of the work being completed. For this project, the Company will operate under the body and chassis division that is housed within the body, exteriors and structures operating group. The Company will have its own management and leadership group with its own payroll system and accounting systems and will fulfill customer requirements under separate programs, terms, and purchase orders separate from other divisions. Additionally, each business entity under a division manufactures products that require a completely different skillset. The production of structural battery enclosures for electric propulsion vehicles is new business concept for Magna. The skill set required to manufacture this product is unique to the facility and is not commonly available from other Magna operations in Michigan. Since the skills required are very technical and unique it is very unlikely there will be many employees transferred from an existing Michigan business operation to the facility.

This project aligns with the MEDC's Strategic plan by attracting, retaining and supporting businesses. The proposed project will help Michigan compete as a leader in autonomous electrification in the mobility industry. A project like this will positively impact supply chain and make an attractive environment to locate future mobility projects in Michigan. The project will also result in the creation of a significant number of high-wage jobs in a Strategic Focus Industry. The project will also have a positive impact on the local community. Not only will the project lead to investments and job creation, the company also has a long-standing track record of being an ideal corporate citizen.

Recommendation

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

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-029**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
MAGNA ELECTRIC VEHICLE STRUCTURES-MICHIGAN, INC.**

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

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

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

WHEREAS, on December 21, 2011, by Resolution 2011-184, the MSF (i) created the MBDP, and (ii) adopted the guidelines for the MBDP (“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, Magna Electric Vehicle Structures–Michigan, Inc. (“Company”) has requested a performance based MBDP Grant, of up to \$1,500,000 (“Grant”), 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, Susan Corbin, Rachael Eubanks, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 23, 2021



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

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

Date: February 2, 2021

Company Name:	Magna Electric Vehicle Structure – Michigan, Inc. and/or its affiliates and subsidiaries.
Project Location:	1811 Range Road St. Clair, Michigan 48079
MBDP Incentive Type:	Performance Based Grant
Maximum Amount of MBDP Incentive:	Up to \$1,500,000
Base Employment Level:	At least 0 in Michigan, at the time of first disbursement of funds and thereafter
Qualified New Jobs:	At least 304 at the Project Location
Municipality Supporting Project:	City of St. Clair has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs:	February 23, 2021
Term of the Agreement:	June 30, 2026
Milestone Based Incentive:	Disbursements will be made over a 5-year period and will be performance based on job creation as follows: Milestone 1: \$250,000 for the creation of 50 jobs. Milestone 2: \$250,000 for the creation of 50 jobs. Milestone 3: \$500,000 for the creation of 100 jobs. Milestone 4: \$500,000 for the creation of 104 jobs.

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

Acknowledged as received by:

Magna Electric Vehicle Structure – Michigan, Inc.

By: Misti M. Rice

Printed Name: Misti M. Rice

Its: Executive Director of Government Affairs

Michigan Economic Development Corporation

By: Michael Gietzen

Printed Name: Michael Gietzen

Its: Director, Business Services



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

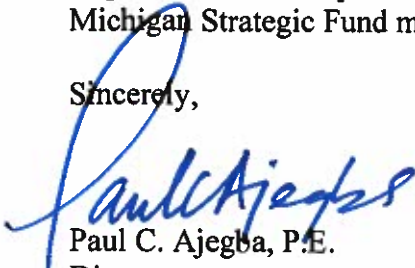
February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,



Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: February 23, 2021

To: Michigan Strategic Fund Board

From: Dana Kollewehr, Community Assistance Specialist
Lynda Franke, Underwriting and Incentive Structuring Specialist
Lisa Edmonds, Brownfield and MCRP Program Specialist

Subject: Request for Approval of an Act 381 Work Plan
Towers on River, LLC

Project Summary

The request will support a community development project located in the City of Holland that will demolish a vacant single-story building located at 159 S. River Avenue and construct a new 5-story mixed-use commercial and residential building representing approximately \$26,895,672 of capital investment. The project will result in a new 132,118 square foot building on .69 acres of land and will include a mix of retail, commercial office space and residential condominiums. The first floor will include subgrade parking and retail space with 30,906 square feet. The second floor will contain 29,601 square feet of commercial office space for expanding dental practitioners and floors 3-5 will include 27 residential condominiums to be marketed for between \$400,000 and \$1,000,000 per unit, for a total of 71,611 square feet. The site is in an important and strategic location between the thriving downtown and vacant land identified for future redevelopment, including former industrial sites and parking areas, through robust community planning efforts. This project is expected to provide a catalytic effect on nearby redevelopment opportunities on former industrial property and will advance the City of Holland's vision and Master Plan. The project will provide an important linkage between the downtown core, former industrial property and waterfront and is expected to spur additional mixed-income housing in this area of the community. While a tenant for the retail space has not yet been secured the developer is targeting the space for a coffee shop which will complement the development and nearby current and future uses in a downtown with limited available retail space. The cost of construction per square foot for this project is \$157.74 which is consistent with similar construction projects for the region. Public improvements will include 5,000 square feet of installation and/or repair of roadway, curbs, gutters, sidewalks, snowmelt and streetscape improvements.

A challenge in financing this project exists due to the costs associated with the brownfield site and activities with returning the site to productive economic use. The development team is contributing an equity investment of 58% made up of cash and condominium pre-sales, while anticipating a 9.7% return. Without the Brownfield Act 381 reimbursement, the return is projected to be negative.

Request

The City of Holland Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including state tax capture in the amount of \$2,215,901 to reimburse for MSF eligible activities. The Applicant anticipates that the project will result in a total capital investment in the amount of \$26,895,672.

Program Summary

The request for Brownfield support is consistent with program requirements by reactivating a contaminated and underutilized Brownfield site that will be returned to economic use. The project qualifies for the Brownfield Act 381 program because the site is a facility. The project aligns with the MEDC Strategic Plan and economic priorities by transforming a vacant and underutilized site into a vibrant and attractive place where talent is interested in locating. The project also aligns with MEDC’s Community Development goals because the project is a mixed-use development that has mass, density and is scaled appropriately for the downtown.

The project meets local objectives by reactivating a vacant property that is strategically located between the dynamic downtown district and underutilized waterfront and former industrial sites. The project aligns directly with the City’s recent planning efforts to redevelop and connect the waterfront to Downtown Holland. Additionally, the project will bring new housing units and professional services currently not available in downtown Holland. Increased housing units will provide benefit to nearby small businesses in the form of new, regular customers and economic activity in this important mixed-use area of the City.

Local Support

Local support for the project includes the local portion of the Brownfield Tax Increment Financing (TIF), valued at \$2,993,649 and local-only TIF estimated at \$108,100. The City of Holland is engaged 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 Holland, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on November 4, 2020. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on January 4, 2021.

There are 49.0521 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 23.2928 mills (47.49%) and local millage equaling 25.7593 mills (52.51%). Tax increment capture will begin in 2022 and is estimated to continue for 10 years. The state tax capture is recommended to be capped at \$2,215,901, which is the amount of tax increment revenue anticipated to be generated in 10 years. Total MSF eligible activities are estimated at \$5,209,550. The MSF ratio breaks down as follows and takes into account the impact of the tax status of the residential units:

State tax capture	(42.54%)	\$	2,215,901
Local tax capture	(57.46%)	\$	<u>2,993,649</u>
TOTAL		\$	5,209,550

Cost of MSF Eligible Activities

Demolition	\$	127,000
Lead & Asbestos Abatement		20,000
Infrastructure Improvements		3,370,000
Site Preparation	+	<u>1,000,000</u>
Sub-Total	\$	4,517,000
Contingency (15%)	+	<u>677,550</u>
Sub-Total	\$	5,194,550
Brownfield/Work Plan Preparation	+	<u>15,000</u>
TOTAL	\$	5,209,550

In addition, the project is requesting \$251,950 in TIF from EGLE to assist with environmental eligible activities. There is also a local-only TIF in the amount of \$108,100 for a vapor barrier.

Applicant History

Towers on River, LLC is managed by Scott Geerlings, President of Midwest Construction Group. Other development partners include Third Coast Capital Group, LLC and JCM Development, LLC. Members of the development team have extensive experience in developing, redeveloping, and managing properties within West Michigan. Towers on River, LLC has not previously been awarded incentives from the Michigan Strategic Fund (MSF) however, the managing partner has received an MCRP award for the Hudson Center project in the City of Hudsonville. 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 \$2,215,901, 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 increased density, capital investment in the City and reuse of a contaminated and vacant property. Additionally, the project is expected to catalyze future redevelopment and public connections to the waterfront and will greatly improve the pedestrian experience with the addition of snowmelt and streetscape improvements, thereby creating greater connectivity between adjacent buildings, downtown and the waterfront.

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

This project is expected to create approximately 5 new, full-time equivalent jobs in the retail and/or professional sector with an average hourly wage of \$15.

c) Area of High Unemployment:

The City of Holland's unadjusted jobless rate was 2.5% in December of 2020.

d) Level and Extent of Contamination Alleviated:

Given previous uses of the site, the property is contaminated with various organic compounds and lead in the groundwater. The developer will undertake department specific activities to address the contamination through soil delineation and oil and gas sampling, installation of vapor barrier and mitigation system and baseline environmental assessment activities. There are additional unknowns that may result in additional environmental remediation costs during the construction process.

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

The project does not involve the reuse of functionally obsolete buildings or redevelopment of blighted property.

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

Towers on River, LLC Organizational Structure
 Towers on River, LLC EIN: 84-3179633
 Towers on River, LLC Manager: Member Managed

Member		Direct Ownership Interest	Indirect Ownership Interest	EIN	State of Organization
Dennis Wayne Jacobs		25.00%	25.00%		Michigan
159 South River, LLC	LLC Ownership %	25.00%		85-2553569	Michigan
Scott Geerlings	50.00%		12.50%		
John Boonstra	25.00%		6.25%		
Jason Hall	15.00%		3.75%		
Brian Van Beveren	10.00%		2.50%		
Third Coast Capital Group, LLC		25.00%		85-1968737	Michigan
Justin Koert	33.34%		8.34%		
Isaac Koert	33.33%		8.33%		
Jeffrey Klein	33.33%		8.33%		
JCM Development, LLC		25.00%		46-5289572	Michigan
Jeffrey A. VanderLaan	50.00%		12.500%		
Chris Fennema	16.66%		4.165%		
Matt Fennema	16.67%		4.168%		
Ben Herrema	16.67%		4.168%		
	Total	100.00%	100.00%		

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-030**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF HOLLAND BROWNFIELD REDEVELOPMENT AUTHORITY
TOWERS ON RIVER, LLC**

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 Holland Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 159 River Avenue within the City of Holland, known as Towers on River, LLC (the “Project”);

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

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 42.54% to 57.46% 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 January 11, 2021. 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 \$5,194,550 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$15,000 for Brownfield/Work Plan preparation, and with the total capture of state school taxes capped at a maximum of \$2,215,901.

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, Susan Corbin, Rachael Eubanks, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
February 23, 2021



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: February 23, 2021

To: Michigan Strategic Fund Board

From: Chelsea Beckman, Community Assistance Specialist – Region 5
Jake Winder, Brownfield & MCRP Program Specialist

Subject: Request for Approval Michigan Community Revitalization Program (MCRP) Grant
and a Request for Approval of an Act 381 Work Plan
313 N. State Street Redevelopment - Gemini Capital Management V, LLC

Project Summary

The request will support a community development project located in the City of Alma that will transform a functionally obsolete, historic structure into a vibrant mixed-use building representing \$2,492,842 in total capital investment. The development will include approximately 8,545 square feet of residential space containing 9 residential units, all of which will be market-rate, and approximately 7,500 square feet of commercial space that will contain a boutique-style 9-room hotel – which will feature contactless check-in software conducive to the emerging digital age and industry realities associated with COVID-19. The total project will result in the activation of 16,045 square feet over two-stories. Construction costs for the redevelopment of this property are estimated at \$134.55 per square foot, which is consistent with similar developments in the region.

A financing gap for this project is primarily related to the market-rate rents this development can attract for commercial space and residential space in downtown Alma when compared with the high costs of construction. The market-rate rents, which range between \$775 and \$1,275 per unit and average \$1.06 per square foot do not generate enough revenue to adequately support the high cost of development associated with the extensive restoration of this historic building. Additionally, when comparing the functionally obsolete configuration of the interior of the building with the proposed floor configurations, this 1904 building was not considered competitive for Federal Historic Tax Credits, limiting the public funding sources available to assist with the extensive financial gap on this project. The project has been approved for bank financing from Union Bank valued at \$928,000 (37.23%), conditional upon support from the Michigan Strategic Fund board. The development team has diligently exhausted all other financing options, including an Obsolete Property Rehabilitation Act (OPRA) tax abatement. Finally, the Applicant is contributing \$664,842 in cash and land equity (26.67%). The project expects an owner equity initial rate of return of 2.8%, which is considered low for this type of historic mixed-use development. An MCRP grant of \$900,000 (38.49% of eligible investment) and Brownfield Tax Increment Financing Support valued at \$303,348, with state tax capture of \$200,258, will fill the financing gap and allow the project to remain financially feasible while redeveloping a vacant, functionally obsolete, historic property. The State Historic Preservation Office has reviewed the project and determined that there is no adverse effect associated with the proposal.

Request

Gemini Capital Management V, LLC (“Applicant”) is requesting a MCRP performance-based grant in the amount of \$900,000 and the Gratiot County Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including state tax capture in the amount of \$200,258 to reimburse for MSF eligible activities. The Applicant anticipates that the project will result in a total capital investment in the amount of \$2,492,842.

Program Summary

The project qualifies for MCRP and Brownfield Tax Increment Financing support because the 313 N. State Street building is functionally obsolete. The project is consistent with the program requirements because the project involves transforming a historic property into a vibrant, mixed-use building that contributes to the walkability, vibrancy, and density of downtown Alma – as well as results in the immediate creation of nine market-rate residential units and a boutique style hotel. The project meets MEDC Strategic Plan and Community Development priorities because it is developing attractive places, contributing to the density of the community, supporting new business development, as well as providing market-rate housing desperately desired by this rural, mid-Michigan community. This project is a priority for the City of Alma because it is reactivating vacant second floor space, creating much-needed downtown residential housing, as well as providing a new, market-rate over-night accommodation for visitors that is otherwise not available in the community. The City of Alma, Alma College, and Greater Gratiot Development, the local economic development organization, have all submitted written letters of support on behalf of this redevelopment, highlighting the significant need for hospitality and downtown housing within the community.

Local Support

Local support for the project includes an Obsolete Property Rehabilitation Act (OPRA) property tax abatement valued at \$360,000 over a 12-year period. Additionally, the local portion of the Brownfield Tax Increment Financing request is \$103,090. The City of Alma is engaged with the MEDC’s Redevelopment Ready Communities (RRC) program. The project is located in a Michigan Geographically Disadvantaged Business Location.

Financing Opportunity – MCRP Grant

The Applicant has requested a MCRP Performance Based Grant. The developer is bringing approximately 27% equity to the project, leveraging \$928,000 in senior financing, and has secured a 12-year OPRA tax abatement worth \$360,000. The rental rates in the subject market are not high enough to support the high construction costs associated with a significant development, thus the project would not be feasible without the assistance of an MCRP grant.

Grant Terms

MSF Facility:	MCRP Performance Based Grant
Grantee:	Gemini Capital Management V, LLC
Senior Lender:	Union Bank
Total Amount of Loans:	Currently estimated at \$928,000
MSF Eligible Investment:	Currently estimated at \$2,338,202

Minimum Eligible Investment: Currently estimated at \$1,870,561

MSF Share: Up to the lesser of 39% of “Eligible Investment” or \$900,000. The project is eligible for an award of up to 50% of eligible investment because the population of the City of Alma is less than 15,000.

Summary of Development Sources:

Bank Share	\$	928,000	37.23%
MSF Share	\$	900,000	36.10%
Developer Equity	\$	664,842	26.67%
TOTAL	\$	2,492,842	100.00%

Summary of Development Uses:

Acquisition	\$	100,000
Hard Construction Costs	\$	2,158,923
Eligible Soft Costs	\$	179,279
Other	\$	54,640
TOTAL	\$	2,492,842

Tax Capture Summary

In order to alleviate brownfield conditions and prepare the site for redevelopment, the County of Gratiot, has duly approved a brownfield plan for this property on November 17, 2020. The City of Alma, a Qualified Local Government Unit, has concurred by resolution on November 10, 2020. The property has been deemed functionally obsolete as verified by a Michigan Advanced Assessing Officer (MAAO) on March 30, 2020.

There are 55.5928 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24.0000 mills (43.17%) and local millage equaling 31.5928 mills (56.83%). Tax increment capture will begin in 2021 and is estimated to continue for 18 years. The state tax capture is recommended to be capped at \$200,258 which is the amount of tax increment revenue anticipated to be generated in 18 years. Total MSF eligible activities are estimated at \$303,348. The MSF ratio breaks down as follows and takes into account the impact of the OPRA tax abatement:

State tax capture	(66.02%)	\$	200,258
Local tax capture	(33.98%)	\$	103,090
TOTAL		\$	303,348

Cost of MSF Eligible Activities

Demolition	\$	81,900
Lead, Asbestos, or Mold Abatement		87,100
Sub-Total	\$	169,000
Contingency (14.72%)	+	24,885
Sub-Total	\$	193,885
Interest (5%)	+	87,963
Sub-Total	\$	281,848
Brownfield/Work Plan Preparation	+	18,000
Brownfield/Work Plan Implementation	+	3,500
TOTAL	\$	303,348

In addition, the project is requesting \$2,529 in TIF from EGLE to assist with environmental eligible activities.

Applicant History

Gemini Capital Management V, LLC has an extensive history of property management throughout Isabella and Gratiot Counties and currently manages over 100 different rental properties – consisting of 70 commercial and industrial units and 40 residential units. Gemini Capital Management, its principals, and subsequent LLCs have received five previous MCRP grants from the Michigan Strategic Fund (MSF). The previous incentives enabled the successful rehabilitation of 26 residential units, four market-rate commercial spaces, and four revitalized historic building facades. These projects have spanned three different communities in Gratiot County and have involved three different community development minded local investment groups. A background check has been completed in accordance with the MSF Background Review Policy, and the project may proceed for MSF consideration.

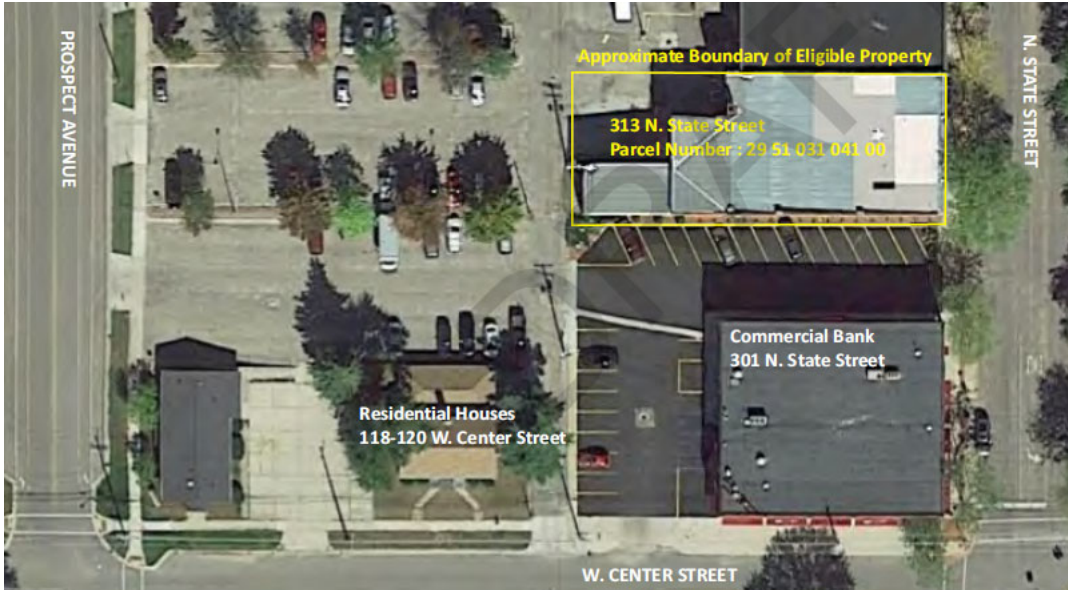
Appendix A includes a project map and renderings, **Appendix B** addresses the programmatic requirements and **Appendix C** contains the Organizational Chart.

Recommendation

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

- a) State tax capture for the Act 381 eligible activities capped at \$200,258, utilizing the current state to local capture ratio.
- b) A MCRP performance-based grant in the amount of up to \$900,000 for Gemini Capital Management V, LLC.

APPENDIX A – Project Map and Renderings





APPENDIX B – Programmatic Requirements

MCRP Program and Guidelines

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on October 27, 2020, 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:

Once complete, the 313 N. State Street Development will contribute to the vibrancy, density, and walkability of the City of Alma through the creation of a boutique style hotel and nine market-rate downtown residential units. This project is a priority for the City of Alma because it is reactivating vacant space, creating much-needed downtown residential housing, as well as providing new, market-rate over-night accommodation for visitors that is otherwise not available in the community. The City of Alma is financially supporting this project through \$103,090 in local Brownfield Tax Increment Financing capture, as well as an Obsolete Property Rehabilitation Act (OPRA) valued at \$360,000 over 12 years.

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

This proposed project will act as a catalyst for additional revitalization of the community by creating commercial density, by enabling more residents to live directly within the downtown community, by providing an over-night lodging destination for tourists, as well as reactivating a currently vacant historic resource. To date, the MEDC has also identified one other inquiry from different downtown business owners regarding the redevelopment of their downtown building.

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

The City of Alma is financially supporting this project through \$103,950 in local Brownfield Tax Increment Financing capture, as well as an Obsolete Property Rehabilitation Act (OPRA) valued at \$360,000 over 12 years. Additionally, the City of Alma, Alma College, and Greater Gratiot Development – the local economic development corporation – have all submitted written letters of support on behalf of this particular redevelopment project, highlighting the great need for hospitality and downtown housing within the community.

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

The developer has maximized senior debt and yet the costs of redeveloping the building compared to the current rental rates in Alma are driving the need for public gap financing.

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

The 313 N. State Street development project reuses and repurposes a large blighted, functionally obsolete, and vacant historic building in rural mid-Michigan. This project fits into the MEDC's

community development priorities as it pertains to the revitalization of a community's historic downtown.

F. Creation of jobs:

This project is anticipated to create 4 new full-time equivalent jobs with an average hourly wage of \$20.

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

Gemini Capital Management V, LLC will invest \$465,942 in cash equity into this deal, along with the purchase of the building and other eligible soft costs for an additional \$198,900. This brings the total equity contribution to \$664,842. This project also has senior financing from Union Bank in the amount of \$928,000.

H. Whether the project is financially and economically sound:

The developer is contributing over 26% equity to the project and has secured \$928,000 in senior financing. Additionally, the anticipated debt service coverage ratio for this project is 1.72. The MCRP staff is comfortable with the financial and economic soundness of this project as it has met MCRP program guidelines.

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

The 313 N. State Street development project increases the density of the area by creating 9 new market-rate apartments and transforming the first floor from a functionally obsolete, blighted space into a new commercial hospitality destination.

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

The 313 N. State Street development project is a mixed-use development that will increase density and walkability with the creation of residential units and hospitality space, both of which are anticipated to attract outside tourism and local patrons.

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

This project does not include an abandoned public building.

L. Whether the project promotes sustainable development:

This project promotes sustainable development by incorporating the use of energy efficient building systems (HVAC, electrical, plumbing) along with energy efficient appliances such as smart thermostats. Additionally, the roof will have a solar energy collection system – which is anticipated to offset a significant portion of the building's electrical usage.

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

The 313 N. State Street development project is revitalizing a historic resource. This building was originally constructed in 1904 and is a contributing building to the City of Alma's local historic district.

N. Whether the project addresses area-wide redevelopment:

The 313 N. State Street development project is a critical element to the area-wide redevelopment of downtown Alma and Gratiot County. The proposed redevelopment not only creates much-needed downtown residential housing, but it also creates Gratiot County's only market-rate

downtown hospitality destination. By attracting outside tourists and visitors to the community, this project is anticipated to help sustain and grow the local economy.

O. Whether the project addresses underserved markets of commerce:

The 313 N. State Street development project will address underserved markets of commerce by creating quality, market-rate housing. Residential demand is very strong in downtown Alma, but available quality housing is still hard to obtain. Additionally, the 313 N. State Street development project will create a new hospitality destination for outside visitors from the community to patronize. Currently, there are no market-rate or new hospitality destinations anywhere else in Gratiot County – with visitors traditionally opting to stay in Mount Pleasant (Isabella County) due to limited offerings.

P. The level and extent of environmental contamination:

The property is not formally qualifying as a facility but testing shows the need for extensive lead and asbestos removal from the historic building. Environmental remediation of these conditions will take place to ensure the site is ready for the intended final use.

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 property is not qualifying as a historic resource. It is qualifying as functionally obsolete.

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

The project is not anticipated to 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:

Other additional criteria for consideration for the 313 Development project is the overlap in ownership for Ryan Smith, an investor in Gemini Capital Management V, LLC – which is handling the residential development and white-box build out of the hotel space – and 3one3 Boutique Hotel, LLC – the entity that is operating and maintaining the hotel investment. Ryan Smith – 25% holder in the real estate portion of the project – is also a co-investor at 50% in the hotel LLC, which is a joint business venture with Janele Smith.

With this unique ownership structure in mind, MEDC staff analyzed the financial performance of this development in two ways – from a hotel revenue standpoint and a commercial revenue standpoint. During both financial exercises, the grant request put forward by Gemini Capital Management V to the MSF board appeared financially sound and reasonable.

Brownfield Act 381 Program Additional Project Information:

A. Area of High Unemployment:

The City of Alma unadjusted jobless rate was 4.0% in November 2020.

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

This project will rehabilitate a functionally obsolete building in downtown Alma into a 16,045 square foot mixed-use development.

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

APPENDIX C - Organizational Chart

Gemini Capital Management V, LLC Organizational Structure
 Gemini Capital Management V, LLC EIN: 82-4931444
 Gemini Capital Management V, LLC Manager: II Gemini, LLC

Member	Ownership Interest	EIN	State of Organization
Kirk L. Smith, TTE UAD 02/17/06	12.50%	N/A	Michigan
Tawny M. Smith, TTE UAD 02/17/06	12.50%	N/A	Michigan
Ryan R. Smith, TTE UAD 10/29/2013	25.00%	N/A	Michigan
A2K PROPERTIES, LLC	50.00%	26-2783841	Michigan
JOHN & NANCY KEOUGH	25.00%		
LANE BROWN	25.00%		
IAN KEOUGH	25.00%		
JOSH KEOUGH	25.00%		

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-031**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
GRANT AWARD TO GEMINI CAPITAL MANAGEMENT V, LLC**

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

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

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

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

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

WHEREAS, Gemini Capital Management V, LLC (“Company”) has requested a performance-based grant of up to \$900,000 (“Award Request”), along with other general terms and conditions;

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

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

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

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

Nays: None

Recused: None



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

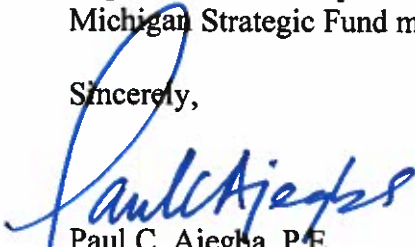
February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,



Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-032**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
COUNTY OF GRATIOT BROWNFIELD REDEVELOPMENT AUTHORITY
313 N. STATE STREET REDEVELOPMENT**

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 County of Gratiot Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 313 N. State Street within the City of Alma, known as 313 N. State Street Redevelopment Project (the “Project”);

WHEREAS, the City of Alma 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;

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

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

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 66.02% to 33.98% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of demolition and lead, asbestos, or mold abatement as presented in the Work Plan dated December 2, 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 \$193,885 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$87,963 in interest, a maximum of \$18,000 for Brownfield/Work Plan preparation, and a maximum of \$3,500 for Brownfield/Work Plan implementation, and with the total capture of state school taxes capped at a maximum of \$200,258.

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

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 \$87,963 related to the eligible activities for the Project.

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

Nays: None

Recused: None

Lansing, Michigan
February 23, 2021



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

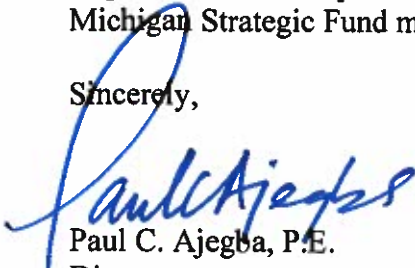
February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,



Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File



MEMORANDUM

Date: February 23, 2021

To: Michigan Strategic Fund Board

From: Brittney Hoszkiw, Senior Community Assistance Team Specialist
Rob Garza, Statutory Analysis Manager
Debbie Stehlik, Commercial Real Estate Investment Manager

Subject: Request for Approval of an Act 381 Work Plan
Godfrey Hotel Redevelopment Project

Project Summary

The request will support a community development project located on a .6 acre site in the Corktown neighborhood in the City of Detroit that will demolish an existing vacant structure and include the construction of a seven-story, 137,000 square foot mixed-use hotel containing 227 rooms occupying 117,805 square feet, a 3,260 square foot ground-level lobby, a 3,730 square foot bar and restaurant, an approximately 5,850 square foot ballroom with 3,080 square feet of pre-function space, and a rooftop café and amenity space occupying approximately 3,275 square feet. The development team expects construction costs at \$368.21 per square foot, which is consistent in the Detroit market due to workforce challenges and specialized footings associated with the site. The project will include 9,000 square feet of infrastructure improvements including sidewalks, brick paver walks, curbs, asphalt paving, and landscaping in the public right-of-way.

A financing gap exists due to the high cost of construction in the Detroit market and special foundations necessary for this site. There is significant equity being contributed by the development team at over 40% and no developer fees will be taken as part of the project. Brownfield TIF reimbursement will increase the available cash flow and make the project financially viable. The development team is anticipating a return of 7.0%.

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 \$1,899,117 to reimburse for MSF eligible activities. The Applicant anticipates that the project will result in a total capital investment in the amount of \$74,145,042.

Program Summary

The request for Brownfield support is consistent with program requirements by addressing underserved markets. The project qualifies for the Brownfield Act 381 program because the site is a facility. The project is consistent with MEDC's Strategic Plan by developing attractive places and supporting tourism as a regional impact industry in a geographically disadvantaged location. The project is also competitive against MEDC's Community Development Goals because the building is built in concert with the basic tenants of

urban design with mass, density, and scale appropriate for the Corktown neighborhood. The project also meets local objectives by providing hotel rooms in a quickly growing neighborhood of the City on a long vacant and blighted property.

Local Support

Local support for the project includes the local portion of the Brownfield TIF valued at \$3,269,954. The Godfrey team is also pursuing a 10-year Public Act 210 Commercial Rehabilitation Act tax abatement with an estimated value of \$4,926,369. Detroit is engaged in the 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 November 17, 2020. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on December 14, 2020.

There are 65.3238 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (36.74%) and local millage equaling 41.3238 mills (63.26%). Tax increment capture will begin in 2021 and is estimated to continue for 21 years. The state tax capture is recommended to be capped at \$1,899,117, which is the amount of state tax increment revenue anticipated to be generated in 13 years. Total MSF eligible activities are estimated at \$5,169,071. MSF eligible activities breaks down as follows:

State tax capture	(36.74%)	\$	1,899,117
Local tax capture	(63.26%)	\$	3,269,954
TOTAL		\$	5,169,071

Cost of MSF Eligible Activities

Demolition	\$	113,880
Infrastructure Improvements		416,006
Site Preparation	+	3,091,452
Sub-Total	\$	3,621,338
Contingency (15%)	+	543,201
Sub-Total	\$	4,164,539
Interest (5%)	+	979,532
Sub-Total	\$	5,144,071
Brownfield/Work Plan Preparation	+	10,000
Brownfield/Work Plan Implementation	+	15,000
TOTAL	\$	5,169,071

In addition, the project is requesting \$222,740 in TIF from EGLE to assist with environmental eligible activities.

Applicant History

Godfrey Detroit PropCo, LLC is a single purpose LLC created by Chicago-based Oxford Capital Group, LLC, a development entity that specializes in international real estate investment, development and management, specializing in hotels and food and beverage venues. They have participated in approximately \$3 billion of real estate projects with over 13,000 hotel rooms. Neither Godfrey Detroit PropCo, LLC, nor

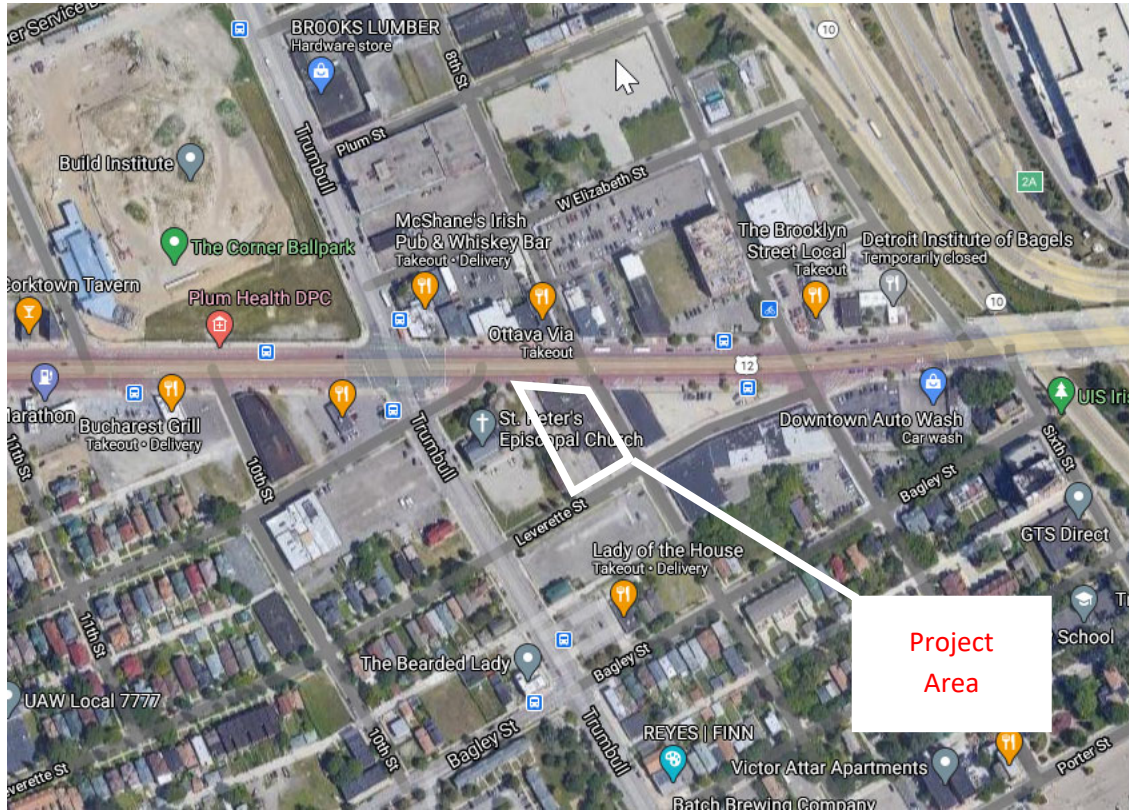
its principals have previously been awarded incentives by the Michigan Strategic Fund (MSF). A background check has been completed in accordance with the MSF Background Review Policy, and the project may proceed for MSF consideration.

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 \$1,899,117, 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 project will take a currently vacant, contaminated, underutilized, former commercial site and transform it into a tax-producing, job creating hospitality development. It is anticipated that 160 permanent, full-time equivalent jobs, targeted toward Detroit residents, will be created for Godfrey Hotel's future operations. Completion of the eligible activities outlined in the proposed project will also reduce overall urban and historic fill and contaminant levels at the site. The environmental improvement will have a long-term positive effect on public health in the vicinity.

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

This project is expected to create or retain approximately 160 new, full-time equivalent jobs in retail and facility operations with an average hourly wage of \$31.25.

c) Area of High Unemployment:

The City of Detroit unadjusted jobless rate was 18.7% in November 2020. This compares to the statewide seasonally adjusted average of 6.3% in November 2020.

d) Level and Extent of Contamination Alleviated:

The property is characterized by intermittent, low-level metal contamination infill material. The appropriate actions will take place to prepare the site for its proposed hospitality use.

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

Godfrey Detroit PropCo, LLC Organizational Structure					
Godfrey Detroit PropCo, LLC EIN: 84-3640123					
Godfrey Detroit PropCo, LLC Managing Member: Oxford HP Detroit Corktown GP, LLC					
Member			Ownership Interest	EIN	State of Organization
Godfrey Detroit Holdings, LLC (Manager: Oxford HP Detroit Corktown GP, LLC)			99.90%	84-3608938	Delaware
NF Godfrey LLC	24.13%				
Nathan Forbes		100%			
Other investors (no individual investor except as shown above owns 20% or more)	75.87%				
Oxford HP Detroit Corktown GP, LLC (Manager: Oxford Corktown Investor, LLC)			0.01%	84-3628269	Delaware
Oxford Corktown Investor, LLC	50.00%				
John W. Rutledge Revocable Trust dated September 15, 2006		100.00%			
HP Homes Holding Detroit, LLC	50.00%				
Randy Wertheimer		67.00%			
Other investors (no individual investor except as shown above owns 20% or more)		33.00%			
Key Principals/Guarantors:					
		Amount of Guarantee			
John W. Rutledge		100%			

MICHIGAN STRATEGIC FUND

**RESOLUTION
2021-033**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
GODFREY HOTEL REDEVELOPMENT PROJECT**

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

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

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

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

WHEREAS, the City of Detroit Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 1401 and 1411 Michigan Avenue within the City of Detroit, known as Godfrey Hotel 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 approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 36.74% to 63.26% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, and infrastructure improvements as presented in the Work Plan dated November 23, 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 \$4,164,539 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$979,532 in interest, a maximum of \$10,000 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 \$1,899,117.

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 \$979,532 related to the eligible activities for the Project.

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

Nays: None

Recused: None

Lansing, Michigan
February 23, 2021



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL AJEGBA
DIRECTOR

February 3, 2020

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

Dear Ms. Bishop:

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

Sincerely,

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

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive File