



# MICHIGAN STRATEGIC FUND

## BOARD MEETING AGENDA

December 8, 2020

9:00 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: October 27, 2020 ..... 3
- b. Proposed Meeting Minutes: November 30, 2020 ..... 12
- c. Acrisure: GJFM Incentive Agreement Amendment and MBDP Amendment ..... 16
- d. CDBG COVID-19 (CARES) Funding Allocations ..... 20

### V. ADMINISTRATIVE

- a. FY21 Michigan Business Development Program (MBDP) Guidelines: Resolution to approve amendments to the MBDP Guidelines including document structure, eligibility requirements, project considerations, and job metrics..... 34

### VI. CAPITAL ACCESS

- a. Michigan Regional Council of Carpenters: Resolution to provide collateral support from the MSF in the amount of \$5,000,000 for an 18-month draw term construction line of credit ..... 43
- b. Chelsea-Area Wellness Foundation: Resolution to approve supplements to indentures for MSF Series 2013A and 2013B bonds to provide new interest rates and extensions to the current bank purchase rate periods ..... 52

### VII. BUSINESS INVESTMENT

- a. Automation Alley FY21 Funding Allocation: Resolution to approve \$2,500,000 in funding for an agreement with Automation Alley through September 30, 2021 ..... 56
- b. Michigan Manufacturing Technology Center FY21 Funding Allocation: Resolution to approve a budget allocation of \$3,050,000 to MMTc for the term through September 30, 2021 ..... 60
- c. Industry 4.0 Regional Grant RFP: Resolution to approve the allocation of \$2,000,000 from the Michigan Business Development Program to the program, approve the corresponding RFP scope of work, approve a Joint Evaluation Committee and recommended designees and approve the recommended scoring and evaluation criteria ..... 65
- d. Industry 4.0 Awareness and Education: Resolution to approve an allocation of \$1,000,000 from the Business and Community Development Programs and Activities funds to McCann Erickson for business marketing advertising services specific to Industry 4.0 paid awareness and education ..... 73
- e. Former Cadillac Stamping Plant Redevelopment Project: Resolution to authorize a Brownfield Act 381 Work Plan in the amount of \$8,376,773 for total capture of state school taxes capped at \$3,330,293 ..... 76  
*Job Creation: 450 jobs; Capital investment: \$47,943,883; Location: City of Detroit*

**VIII. COMMUNITY VITALITY**

- a. Middleville Main, LLC: Resolution to authorize the property to qualify for MCRP support as “any other property” and to approve a MCRP performance-based grant up to \$990,000 ..... 84  
*Capital investment: \$2,840,448; Location: Village of Middleville*
  
- b. Wrigley Center Master Tenant, LLC: Resolution to approve a Brownfield Act 381 Work Plan for state tax capture for eligible activities capped at \$689,143 and a MCRP performance-based grant in the amount of up to \$1,500,000 ..... 94  
*Capital investment: \$14,450,770; Location: City of Port Huron*

**IX. IMAGE BRANDING**

- a. McCann Erickson: Resolution to approve up to \$5,782,500 of MSF appropriated funds to McCann Erickson and to authorize the Fund Manager to enter into a contract amendment with the company for business marketing advertising services..... 108

*\*NOTE: Hyperlinked bookmarks are included on this page to aid document navigation - click on the project title to access the project memo.*

**MICHIGAN STRATEGIC FUND  
APPROVED MEETING MINUTES  
October 27, 2020**

**Members joined remotely**

Britany L. Affolter-Caine, participating from Lansing, 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  
Michael B. Kapp (on behalf of Director Ajegba), participating from Wheatfield Township, MI  
Andrew Lockwood (on behalf of Treasurer Eubanks), participating from Grand Ledge, MI  
Charles P. Rothstein, participating from Franklin, MI  
Susan Tellier, participating from Grand Rapids, MI  
Cindy Warner, participating from Palm Springs, CA

**Member absent**

Paul Gentilozzi

**I. CALL TO ORDER & ROLL CALL**

Mr. Burton called the meeting to order at 9:02 a.m. The meeting was held virtually via Microsoft Teams due to the COVID-19 pandemic. He noted the meeting was moved to an earlier time due to a lengthy agenda.

Mr. Burton introduced Katelyn Wilcox, MSF Board Liaison, who informed Board members that the roll call process has changed due to the recent passage of legislation that amended the Open Meetings Act. Public Act 228 of 2020 allows meetings of a public body to be held electronically or with remote participation under certain circumstances. The Act further requires members of a public body attending meetings remotely 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. Ms. Wilcox then conducted the attendance roll call.

Mr. Burton announced this is the last meeting for Mark Morante who is retiring effective October 31. He congratulated him on his retirement and thanked him for his long-time service as MSF Fund Manager. Mr. Burton summarized the positions Mr. Morante has held under several administrations during his 42 years of state service and noted his expertise will be missed.

**II. PUBLIC COMMENTS**

Katelyn Wilcox explained the process for members of the public to participate. Birgit Klohs, President & CEO of The Right Place, Inc., thanked Mark Morante for his service to the state and wished him well in his retirement.

**III. COMMUNICATIONS**

Katelyn Wilcox advised Board members that the Quarterly Report of the Chief Compliance Officer was provided to them in the briefing packet. She also advised Board members that an email message was received from Representative David LaGrand in support of the Perrigo Company project in Grand Rapids; the email was shared electronically with Board members and is attached to the minutes.

#### IV. CONSENT AGENDA

##### **Resolution 2020-125 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, Michael B. Kapp motioned for the approval of the following:

- a. Proposed Meeting Minutes: September 22, 2020
- b. HyCAL Corp.: MBDP Other Economic Assistance Amendment – **2020-126**
- c. The Corner Lender, LLC: MCRP Loan Amendment – **2020-127**
- d. ANC Holdings, LLC: MCRP Grant Amendment – **2020-128**
- e. Sweetwater Development Partners, LLC: MCRP Loan Participation Amendment – **2020-129**
- f. 2021 MSF Board Meeting Dates

Andrew Lockwood seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

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

*Britany L. Affolter-Caine, recused from the next item, temporarily disconnected from the meeting; a recusal letter is attached to the minutes.*

#### V. ANNUAL FUNDING ALLOCATIONS

##### **a. Resolution 2020-130 FY2021 MSF Annual Funding Allocations**

*Amanda Bright-McClanahan, Chief Operating Officer, provided the Board with information regarding this action item. The action involves authorization of FY2021 funding allocations for MSF programs and activities.* Following discussion, September Hargrove motioned for the approval of Resolution 2020-130. Charles P. Rothstein seconded the motion. **The motion carried: 9 ayes; 0 nays; 1 recused.**

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

*Britany L. Affolter-Caine rejoined the meeting.*

#### VI. CAPITAL ACCESS

##### **a. Resolution 2020-131 Gerdau Macsteel, Inc.: Bond Inducement Amendment**

*Chris Cook, Director of Capital Access, provided the Board with information regarding this action item. The action involves adoption of a resolution to authorize increasing the size of a previous inducement from \$80,000,000 to \$110,000,000 for a project in the City of Monroe.* Following discussion, Andrew Lockwood motioned for the approval of Resolution 2020-131. Susan Corbin seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

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

## VII. BUSINESS INVESTMENT

### a. Resolution 2020-132 L. Perrigo Company: Michigan Business Development Program Grant

*Julia Veale, Business Development Project Manager, provided the Board with information regarding this action item. The action involves approval of a \$2,000,000 Michigan Business Development Program performance-based grant. The project is expected to result in the creation of 170 new jobs and a capital investment of up to \$44,782,094 in the City of Grand Rapids.* Following discussion, Britany L. Affolter-Caine motioned for the approval of Resolution 2020-132. Susan Tellier seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

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

### b. Resolution 2020-133 Kroger Fulfillment Network, LLC: Michigan Business Development Program Grant

*Matt Chasnis, Business Development Project Manager, provided the Board with information regarding this action item. The action involves approval of a \$1,600,000 Michigan Business Development Program performance-based grant. The project is expected to result in the creation of 270 new jobs and a capital investment of up to \$94,000,000 in the City of Romulus.* Following discussion, Britany L. Affolter-Caine motioned for the approval of Resolution 2020-133. Ronald W. Beebe seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

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

*Susan Tellier disconnected from the meeting at 10:00 a.m.*

## VIII. COMMUNITY VITALITY

### a. Resolutions 2020-134 & 2020-135 Commongrounds Cooperative and Commongrounds LLC / Grand Traverse County Brownfield Redevelopment Authority: Michigan Community Revitalization Program Grant and Brownfield Act 381 Work Plan (Eighth and Boardman Redevelopment Project)

*Dan Leonard, Senior Community Assistance Team Specialist, provided the Board with information regarding these action items. The actions involve approval of a \$1,500,000 Michigan Community Revitalization Program performance-based grant and state tax capture for Act 381 eligible activities capped at \$440,693 to support a community development project in the City of Traverse City. The project is expected to result in a capital investment of up to \$15,959,773.* Following discussion, Cindy Warner motioned for the approval of Resolution 2020-134. Susan Corbin seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.**

**ROLL CALL VOTE:** Ayes: Britany L. Affolter-Caine, Ronald W. Beebe, Mark Burton, Susan Corbin, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), 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 2020-135. Andrew Lockwood seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.**

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

**IX. ADMINISTRATIVE**

- a. Resolution 2020-136 Michigan Community Revitalization Program: Amended Guidelines**  
*Michele Wildman, Senior Vice President of Community Development, provided the Board with information regarding this action item. The action involves approval of amended guidelines for the Michigan Community Revitalization Program. Following discussion, September Hargrove motioned for the approval of Resolution 2020-136. Andrew Lockwood seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused*

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

- b. Resolutions 2020-137 & 2020-138 Convention Center COVID-19 Relief Program: Approval of Guidelines and Delegation of Authority**  
*Amanda Bright-McClanahan, Chief Operating Officer, provided the Board with information regarding these action items. The actions involve approval of guidelines and delegation of authority for the MSF Fund Manager and MSF President to approve awards under the Convention Center COVID-19 Relief Program. Following discussion, Andrew Lockwood motioned for the approval of Resolution 2020-137. Charles P. Rothstein seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused*

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

Andrew Lockwood then motioned for the approval of Resolution 2020-138. Britany L. Affolter-Caine seconded the motion. **The motion carried: 9 ayes; 0 nays; 0 recused.**

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

- c. Resolution 2020-139 Coronavirus Relief Grants, Delegation of Authority and Background Review Policy Waiver**  
*Amanda Bright-McClanahan, Chief Operating Officer, provided the Board with information regarding this action item. The action involves authorization of new grants to eight organizations to provide Coronavirus Relief Grants as required in Public Act 166 of 2020, approval of delegation of authority and approval to waive application of the Background Review Policy for these grantees. Following discussion, Susan Corbin motioned for the approval of Resolution 2020-139. Andrew Lockwood seconded the motion. The motion carried: 8 ayes; 1 nay; 0 recused.*

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

**X. INFORMATIONAL**

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

Mr. Burton said a point of clarification was needed concerning Charles P. Rothstein's presence when the Consent Agenda item was considered. Mr. Rothstein confirmed his presence, but was unable to vote due to a technical issue; he stated his support for the item.

Mr. Burton adjourned the meeting at 10:36 a.m.

**From:** Rep. David LaGrand (District 75)  
**Sent:** Monday, October 26, 2020 11:34 AM  
**Subject:** RE: October 27 MSF Board Meeting: Perrigo Company, Grand Rapids

Mr. Burton,

Today the Michigan Strategic Fund board will be voting on a \$2 million Michigan Business Development Program grant to assist Perrigo in the establishment of its North American Corporate Headquarters in Grand Rapids. This business expansion of Perrigo is welcome news for our city, as the project is expected to generate \$44.7 million in private investment and create 170 well-paying jobs. Furthermore, this expansion will also provide entry level positions with high chances of mobility, tuition reimbursement programs, and other incentives. I am happy to support this expansion, as Perrigo's commitment to Grand Rapids will be a welcome part of our city's development as a growing leader of innovation and excellence. This decision is a perfect example of how government and business can come together to support and elevate the people of this great city. I look forward to seeing this expansion come to fruition and the social and economic good that will come from it.

Best,

Rep. David LaGrand

State House District 75 (Grand Rapids)



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

PAUL AJEGBA  
DIRECTOR

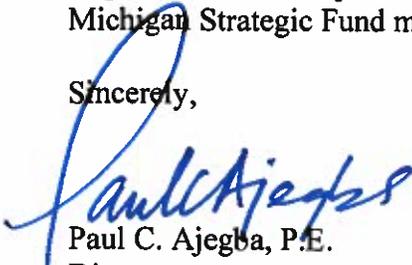
February 3, 2020

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



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



October 27, 2020

MSF Fund Manager  
MEDC  
300 N. Washington Square  
Lansing, Michigan

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the following items on the Michigan Strategic Fund Board Meeting Agenda on Tuesday, October 27, 2020.

- Annual Funding Allocations

The reason for my recusal is that I have a potential conflict of interest with respect to the grantees of associated with my employment – Michigan State University, the University of Michigan and Wayne State University.

Sincerely,

A handwritten signature in cursive script that reads 'Britany Affolter-Caine'.

Britany Affolter-Caine  
Executive Director  
Michigan's University Research Corridor

**MICHIGAN STRATEGIC FUND  
APPROVED SPECIAL SESSION MINUTES  
November 30, 2020**

**Members joined remotely**

Britany L. Affolter-Caine, participating from Ypsilanti Township, 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  
Michael B. Kapp (on behalf of Director Ajegba), participating from Wheatfield Township, MI  
Andrew Lockwood (on behalf of Treasurer Eubanks), participating from Grand Ledge, MI  
Charles P. Rothstein, participating from Franklin, MI  
Susan Tellier, participating from Grand Rapids, MI  
Cindy Warner, participating from Traverse City, MI

**Member absent**

Paul Gentilozzi

**I. CALL TO ORDER & ROLL CALL**

Mr. Burton called the special meeting to order at 3:01 p.m. The meeting was held virtually via Microsoft Teams due to the COVID-19 pandemic. He stated the purpose of the special meeting is for Board members to consider a proposal that would provide support to small businesses disproportionately impacted by the COVID-19 crisis.

Mr. Burton introduced Katelyn Wilcox, 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 then conducted the attendance roll call.

**II. PUBLIC COMMENTS**

Katelyn Wilcox explained the process for members of the public to participate. Mark Bromley, Managing Director of the Iron County Economic Chamber Alliance, commented that restaurants and bars in his area are having a difficult time as a result of the recent MDHHS epidemic order that temporarily halts dine-in service and declining take-out service. He encouraged support for programs to address the immediate needs of these types of businesses.

**III. COMMUNICATIONS**

Katelyn Wilcox advised Board members that no communications were received for this meeting.

*Ronald W. Beebe joined the meeting at 3:16 p.m.*

**IV. COMMUNITY VITALITY**

**Resolutions 2020-140 & 2020-141 Pure Michigan Small Business Relief Initiative: Funding Allocation, Delegation of Authority, and Background Check Policy Waiver**

*Chris Whitz, CDBG Director, provided the Board with information regarding these action items. The actions involve approval of guidelines and allocation of \$11,000,000 of CDBG CARES Act funding for the Pure Michigan Small Business Relief Initiative, including administrative costs; approval to waive the background review policy for all grants awarded under the initiative; and*

*approval to increase MSF President and MSF Fund Manager authority to approve grants of up to \$4,000,000 under the initiative.* Following discussion, September Hargrove motioned to amend the program guidelines to change the grant award to “up to” \$15,000 and shorten the timeframe for eligible expenses by two months to April 30, 2021, and to approve Resolution 2020-140, as amended. Susan Tellier seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

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

Michael B. Kapp then motioned for the approval of Resolution 2020-141. Charles P. Rothstein seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

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

Mr. Burton adjourned the meeting at 3:48 p.m.



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

PAUL AJEGBA  
DIRECTOR

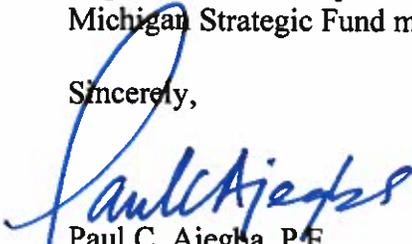
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cc: M. Kapp  
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Sincerely,

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Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



## MEMORANDUM

**Date:** December 8, 2020

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

**From:** Julia Veale, Business Development Project Manager

**Subject:** Good Jobs for Michigan (“GJFM”) Amendment Request  
Michigan Business Development Program (“MBDP”) Grant Amendment Request  
Acrisure, LLC (“Company”)

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### **Request**

This is a request from the Company to amend the GJFM Incentive Agreement (“Agreement”) and the MBDP Agreement to change the Project Location from the “city of Grand Rapids” to “Kent County” and also to change the MBDP Agreement’s Base Employment level to a statewide base level of 873 (collectively, the “MBDP Amendment Request” and the “GJFM Amendment Request”).

### **Background**

On September 24, 2019, the MSF Board approved a \$1,000,000 MBDP Grant, as well as a request for a GJFM Withholding Tax Capture for up to 10 years valued at \$6,000,000 for the creation of 400 Certified and/or Qualified New Jobs, and a capital investment of up to \$33,000,000 in the city of Grand Rapids, Kent County.

The Company successfully completed its first Key Milestone under the MBDP Agreement creating 50 Qualified New Jobs required, and, as of its 2020 MBDP Progress Report, the Company reported a cumulative investment of \$2,733,936.78 for the project. The pandemic has significantly delayed the project; however, tenant improvement work is in progress in the facility and the project is on schedule to complete in the first quarter of 2021.

The request is to amend the location of the Project from the “city of Grand Rapids” to “Kent County” in its existing MBDP and GJFM Agreements. The facility is not complete because of delays in construction due to the COVID19 pandemic and necessary shutdowns; the facility is well on its way to completion and Company projections have the facility opening in late Q1 of 2021. The amendment is necessary in order to capture new hires that are working in temporary spaces throughout Kent County while the facility is being constructed. The Company is also requesting to amend the Base Employment number from 245 in Kent County to 873 statewide in the MBDP Agreement; this amendment will ensure that both incentive agreements are consistent regarding the Base Employment Level requirements.

### **Company Background**

Founded in 2005, the Company is an international brokerage of property & casualty, benefits, and related insurance coverages, primarily for mid-market companies and high net worth individuals. The Company is a top 10 insurance broker in the world, one of the top 4 private insurance brokerages in the country, and including signed letters of intent, presently has 406 domestic locations in 33 states and 10 international locations, with over 6,267 employees. The Company has been an excellent community partner that promotes a partnership culture where tolerance and understanding are paramount as is being a workplace where diverse talents have a place to be successful.

**Recommendation**

MEDC Staff recommends approval of the MBDP Amendment Request and the GJFM Amendment Request, as outlined in the attached resolutions.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2020-143**

**APPROVAL OF A GOOD JOBS FOR MICHIGAN AWARD AMENDMENT**

**ACRISURE, LLC**

**WHEREAS**, Public Act 109 of 2017 authorized the Michigan Strategic Fund (the “MSF”) to create and operate the Good Jobs for Michigan Program (the “GJFM Program”);

**WHEREAS**, on September 26, 2017, the MSF created the GJFM Program and adopted guidelines for the GJFM Program;

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

**WHEREAS**, on September 24, 2019, the MSF authorized the Company to receive withholding tax capture revenues for the Project of up to 100 percent for 10 years, not to exceed \$6,000,000 (the “GJFM Award”);

**WHEREAS**, the Company requests that the MSF approve an amendment to the GJFM Award to amend the Project location from the “City of Grand Rapids” to “Kent County” (the “GJFM Amendment Request”);

**WHEREAS**, the MEDC recommends approval of the GJFM Amendment Request; and

**WHEREAS**, the MSF Board wishes to approve the GJFM Amendment Request.

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board approves the GJFM 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 GJFM Amendment Request.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Susan Corbin, Paul Gentilozzi, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
December 8, 2020



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2020-144**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT  
ASSISTANCE AMENDMENT FOR  
ACRISURE, LLC**

**WHEREAS**, the Michigan legislature passed legislation establishing the 21<sup>st</sup> 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 21<sup>st</sup> 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 \$1,000,000 MBDP performance-based grant on September 24, 2019 for the location of a North American headquarters in the City of Grand Rapids resulting in the creation of 400 Qualified New Jobs and \$33,000,000 investment in the City of Grand Rapids (the “Project”);

**WHEREAS**, the Company requests that the MSF Board approve an amendment to the MBDP performance-based grant to: (i) amend the Project Location from the “City of Grand Rapids” to “Kent County,” and (ii) amend the Base Employment Level to include the statewide base level of 873 (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, Paul Ajegba, Ronald W. Beebe, Mark Burton, Susan Corbin, Paul Gentilozzi, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Susan Tellier, Cindy Warner

Nays: None

Recused: None



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



## MEMORANDUM

**Date:** December 8, 2020

**To:** Michigan Strategic Fund (MSF) Board Members

**From:** Christine Whitz, Director, Community Development Block Grant Program  
Greg West, Community Development Block Grant Program, Manager

**Subject:** Community Development Block Grant Program  
Program Year 2019 Action Plan 3rd Amendment

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### Request

Michigan Economic Development Corporation (“MEDC”) Staff recommends the Michigan Strategic Fund (“MSF”) approval of the 2019 Program Year (“PY19”) Action Plan 3rd Amendment (Exhibit A) for the Community Development Block Grant (“CDBG”) Program.

### Background

The U.S. Department of Housing and Urban Development (“HUD”) allocates CDBG funding to the State of Michigan, through the MSF, for further distribution to eligible Units of General Local Government to carry out State approved activities.

On March 27, 2020 the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed by the U.S. Congress and signed into law. The U.S. Department of Housing and Urban Development (HUD) has requested the Michigan CDBG program incorporate the anticipated CDBG Coronavirus Response funds within their 2019 Annual Action Plan.

On May 19, 2020, the MSF Board approved MEDC staff to amend the CDBG PY19 Action Plan to add the anticipated COVID (CDBG-CV1) funding allocated to the State of Michigan in the amount of \$20,500,953.

On September 22, 2020, the MSF approved MEDC staff to amend the CDBG PY19 Action Plan a second time to add the anticipated COVID (CDBG-CV2) funding allocated to the State of Michigan in the amount of \$41,987,422. The MSF also approved the PY19 CDBG Funding Guide Excerpt, now known as PY20 CDBG Funding Guide Excerpt, (Exhibit B) by Resolution 2020-093.

The attached (Exhibit B) outlines the eligible activities to support Coronavirus and other infectious disease response with CDBG COVID funds as well as CDBG program year 2019 and 2020 grant funds. The eligible activities fall under the current PY2020 CDBG Funding Guide, Public Facilities, Assistance to Businesses, Planning, Capacity Building and Technical Assistance. The CDBG program has added Public Services to current eligible activities to be funded with CDBG-CV and PY19 and PY20 CDBG grant funds.

This request from MEDC staff is asking to again amend the CDBG PY19 Action Plan a third time to add the anticipated additional Coronavirus Response (CDBG COVID-3) funding allocation in the amount of \$16,600,532 to the State of Michigan. The amendment to add the anticipated CDBG COVID-3 funding will give the state CDBG program the ability to fund eligible projects throughout the State of Michigan in all non-entitlement jurisdictions of government.

The State of Michigan's Consolidated Plan is submitted pursuant to a HUD rule (24 CFR Part 91, 1/5/95) as a single submission covering the planning and application of HUD's CDBG, Emergency Shelter Grant (ESG), HOME Investment Partnership (HOME) and Housing Opportunities for Persons with AIDS (HOPWA) formula programs. While the MSHDA submits the Consolidated Plan on the State's behalf, the MSF has authority over the attached Action Plan (Exhibit A) related to CDBG funds. The selection criteria for each program are general in the Action Plan and details can be found in the 2020 CDBG Funding Guide.

**Recommendation**

The MEDC Staff recommends:

The MSF approve the attached 2019 Action Plan Amendment for the CDBG Program related to the CARES Act.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2020-145**

**APPROVAL THE AMENDMENT OF  
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM  
2019 ACTION PLAN FOR CDBG COVID FUNDS**

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

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

**WHEREAS**, the CDBG program has policies, criteria, and parameters that are enumerated in the 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**, pursuant to SFCR 10.1-1, the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards or decisions approved under the CDBG program.

**WHEREAS**, the CDBG program desires to adopt the policies, criteria, and parameters for the selection of projects which are enumerated in the attached CDBG-Coronavirus (CV) Allocation Summary (Exhibit A) and CDBG Eligible Activities to Support Coronavirus and Other Infectious Disease Response (Exhibit B).

**WHEREAS**, the CDBG program staff reviewed the Exhibit A and concluded that the policies meet the enabling legislation, federal regulations and the requirements of the Consolidated Plan.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF Board adopts the attached Exhibit A as the policies, criteria, and parameters for projects being considered and funded with 2019 and 2020 Program Year funds and

**BE IT FURTHER RESOLVED**, that the MSF Board authorizes the Fund Manager to make minor modifications to the document, if needed, and to take any action necessary to effectuate the terms of this Resolution.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Susan Corbin, Paul Gentilozzi, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Susan Tellier, Cindy Warner

Nays: None

Recused: None

# COMMUNITY DEVELOPMENT BLOCK GRANT CDBG-CV ALLOCATION SUMMARY

## Introduction

Signed into law March 27<sup>th</sup>, 2020, H.R.748 the “Coronavirus Aid, Relief, and Economic Security Act” or the “CARES Act”, provides over \$2 trillion in aid nationwide to respond to the coronavirus. As part of this response, Community Development Block Grant Coronavirus (CDBG-CV) funds totaling \$79,088,907 are being allocated to the State of Michigan. Of this, \$37,101,485 is for use in “non-entitlement” communities and \$41,987,422 for use across the State. This funding is awarded to the State by the US Department of Housing and Urban Development (HUD) and administered by the Michigan Strategic Fund (MSF) to prevent, prepare for, and respond to coronavirus.

## CDBG-CV Allocation Details

The Michigan CDBG program, with guidance from HUD and in collaboration with national, state and local partners, has created the CDBG COVID-19 Response program to best react to the needs of the state during the response, and future recovery from the pandemic.

The CDBG COVID-19 Response program will utilize CDBG-CV funding to prevent, prepare for, and respond to coronavirus by:

- Creating or improving community infrastructure, facilities, and services for the public.
- Providing for the retention of jobs for low- and moderate-income people.
- Providing planning and technical assistance to grantees.
- Funding other eligible activities as required or necessary to respond to coronavirus.

Additionally, through waivers provided in the CARES Act, the remaining PY19 and future PY20 CDBG funding will also be available to support the State response to COVID-19. Activities funded will benefit low- and moderate-income people, remove blight, or meet needs having a particular urgency and be eligible under the Housing Community Development Act (HCDA).

## Method of Distribution

### CDBG COVID-19 Response

This program allows for the MI CDBG program to collaborate with other federal, state, and local agencies in responding to coronavirus through formula allocation and open and competitive applications, as well as direct administration. Resources will be allocated based on need and prioritize the unique needs of low- and moderate-income persons and the development of partnerships between all levels of government and the private for-profit and nonprofit sectors.

<b>BUILDING REHABILITATION</b>		
<b>Overview</b>	<p>Projects to eliminate conditions of blight that are detrimental to public health and safety or necessary for historic preservation through rehabilitations of individual buildings. Projects must include interior building rehabilitation activities only, or <u>both</u> interior and exterior renovations</p> <p>Funding is also available for projects that will rehabilitate buildings that currently contribute to the deterioration of the downtown. These areas are established by a Community through a local ordinance and projects are limited to addressing the conditions contributing to local deterioration.</p>	
<b>Eligibility</b>	<b>National Objective</b>	<b>Eligible Activities</b>
	Spot Blight	<ul style="list-style-type: none"> <li>▪ Historic Preservation</li> <li>▪ Acquisition</li> <li>▪ Rehabilitation</li> </ul>
<b>Minimum Grant Amount</b>	\$50,000	
<b>Maximum Grant Amount</b>	\$2 million	
<b>Match Requirement</b>	50%	
<b>Priority</b>	<p>Funding priority will be given to:</p> <ul style="list-style-type: none"> <li>▪ the rehabilitation of vacant, deteriorated and abandoned buildings which are blighted and detrimental to public health and safety.</li> <li>▪ Projects that leverage the greatest amount of private and public funding</li> </ul>	
<b>Funding Window</b>	Open Application	

<b>CDBG LOAN PROGRAM</b>	
<b>Overview</b>	<p>The intended purpose of the CDBG Loan Program (CLP)* is to provide loans to eligible small businesses, or UGLGs, to meet a National Objective.</p> <p>Regionalized and Local fund managers administer the loan programs for select communities throughout the state.</p> <p>CDBG Loan funds can be used in conjunction with CDBG grant funds in an eligible project.</p>
<b>National Objective</b>	<p><b>LMA Community:</b> Area Benefit, Blight, Job Creation  <b>Non-LMA Community:</b> Blight, Job Creation</p>
<b>Eligible Activities</b>	<ul style="list-style-type: none"> <li>▪ Acquisition</li> <li>▪ Administration</li> <li>▪ Architecture / Engineering</li> <li>▪ Building Improvements</li> <li>▪ Demolition</li> <li>▪ Infrastructure Improvements</li> <li>▪ Machinery / Equipment</li> <li>▪ Planning</li> <li>▪ Working Capital</li> </ul>
<b>Minimum Loan Amount</b>	\$20,000
<b>Maximum Loan Amount</b>	N/A
<b>Match Requirement</b>	N/A
<b>Priority</b>	N/A
<b>Funding Window</b>	Open Application

<b>DIRECT ASSISTANCE TO BUSINESS</b>		
<b>Overview</b>	Direct Assistance to Business is designed to provide grant funding for proposed projects that will result in job creation. Projects are expected to: <ul style="list-style-type: none"> <li>▪ Result in the creation of FTEs of which at least 51% of the created positions will be held by LMI persons.</li> <li>▪ Create and/or retain the largest number of positions with the least amount of CDBG investment</li> <li>▪ Leverage private investment funds</li> <li>▪ <b>Not to exceed \$35,000 of CDBG funds per FTE Created.</b></li> </ul>	
<b>Eligibility</b>	<b>National Objective</b>	<b>Eligible Activities</b>
	Job Creation	<ul style="list-style-type: none"> <li>▪ Acquisition</li> <li>▪ Clearance</li> <li>▪ Construction</li> <li>▪ Expansion</li> <li>▪ Rehabilitation</li> <li>▪ Machinery &amp; Equipment</li> <li>▪ Working Capital</li> <li>▪ Streets for Commercial/Industrial Sites</li> <li>▪ Water/Sewer for Commercial/Industrial Sites</li> <li>▪ Parking for Commercial/Industrial Sites</li> <li>▪ Rail for Commercial/Industrial Sites</li> </ul>
	COVID-19 Response Priority	<ul style="list-style-type: none"> <li>▪ Businesses that provide medical, food delivery, cleaning, and other services to support home health and quarantine.</li> <li>▪ Businesses that manufacture medical supplies necessary to respond to infectious disease.</li> <li>▪ Business equipment needed to adapt to providing e-commerce and delivery.</li> </ul>
<b>Minimum Grant Amount</b>	\$50,000	
<b>Maximum Grant Amount</b>	<b>Not to exceed \$35,000 of CDBG funds per FTE Created.</b>	
<b>Match Requirement</b>	At least 50% of eligible project costs based on financial need defined by financial underwriting.	
<b>Priority</b>	Funding priority will be given to: <ul style="list-style-type: none"> <li>▪ Projects creating 10 or more permanent full-time positions</li> <li>▪ Projects that pay an average hourly rate of at least the current State of Michigan minimum wage or 75% of the average hourly wage rate for the applicable county.</li> <li>▪ Projects that leverage the greatest amount of private and public funding.</li> </ul>	
<b>Funding Window</b>	Open Application	

FAÇADE IMPROVEMENTS		
<b>Overview</b>	<p>The Façade Improvement funding is for improvements to multiple facades for businesses along a local commercial district that serves an LMI community. Additionally, façades that are specifically identified in a community designated blighted area may be funded.</p> <p>Communities with a population:</p> <ul style="list-style-type: none"> <li>▪ of <u>15,000 or less</u> must have at least 2 (but no more than 4) participating properties</li> <li>▪ <u>over 15,000</u> must have at least 3 (but no more than 5) participating properties</li> </ul> <p>Projects that include both interior <u>and</u> exterior rehabilitation activities should be identified as a Building Rehabilitation Initiative project.</p>	
<b>Eligibility</b>	<b>National Objective</b>	<b>Eligible Activities</b>
	Area Benefit	<ul style="list-style-type: none"> <li>▪ Rehabilitation of the facade of a building, especially the principal front that looks onto a street or public space that is visible to the public.</li> </ul>
	Area Blight	<ul style="list-style-type: none"> <li>▪ Rehabilitation of the facade of a building, especially the principal front that looks onto a street or public space that is visible to the public.</li> </ul>
<b>Minimum Grant Amount</b>	\$50,000 total, for all participating buildings	<b>Maximum Grant Amount</b> \$750,000 total for all participating buildings
<b>Match Requirement</b>	<p>At least 25% of eligible project costs per building.</p> <p>Building owners, consistent with federal requirements, must demonstrate a financial need for CDBG funding.</p> <p>“complete and transformative exterior historic rehabilitation projects” must meet the Secretary of Interior’s Standards for Rehabilitation</p> <p>Participating property owners will be required to escrow contributing funds prior to MSF approval.</p>	
<b>Priority</b>	<p>Funding priority will be given to:</p> <ul style="list-style-type: none"> <li>▪ Projects that have participating properties in the closest proximity to one another.</li> <li>▪ Projects that leverage the greatest amount of private and public funding.</li> </ul>	
<b>Funding Window</b>	Open Application	

PUBLIC FACILITIES			
<b>Overview</b>	<p><b>Public Facilities</b> are buildings or structures that are publicly owned or owned by a non-profit (501(c)3), and open to the general public for access to public services at the facility. These buildings may not be used in whole or in part for the general conduct of government.</p> <p><b>Limited Clientele Facilities</b> are buildings that are publicly owned or owned by a Non-Profit and is used to support a limited clientele, through providing necessary services, excluding permanent housing.</p> <p>In addition:</p> <ul style="list-style-type: none"> <li>▪ Communities will have identified potential funding sources</li> <li>▪ Community has a maintenance and sustainability plan related to the new project and has identified sources for related funding.</li> </ul> <p><i>Retail activity is not a public service and is ineligible in qualifying a public facility.</i></p>		
<b>Eligibility</b>	<b>National Objective</b>	<b>Eligible Activities</b>	
	Area Benefit	<p><b>Public Facilities:</b> Acquisition, Rehabilitation of;</p> <ul style="list-style-type: none"> <li>▪ <b>Neighborhood Facilities</b> - facilities that are principally designed to serve a neighborhood and that will be used for social services. Such facilities may include libraries and community centers.</li> <li>▪ <b>Parks, Recreational Facilities</b> - Development of open space areas or facilities intended primarily for recreational use (ex: playgrounds)</li> </ul>	
	Limited Clientele	<p><b>Limited Clientele Facilities:</b> Acquisition, Rehabilitation of;</p> <ul style="list-style-type: none"> <li>▪ <b>Senior Centers</b> - facilities (except permanent housing) for seniors.</li> <li>▪ <b>Facilities for Persons with Disabilities</b> – Centers, group homes, and other facilities for persons with disabilities.</li> <li>▪ <b>Youth Centers</b> - facilities intended primarily for young people age 13-19, including playground and recreational facilities that are part of a youth center.</li> <li>▪ <b>Child Care Centers</b> - facilities intended primarily for children age 12 and under. Examples are daycare centers and Head Start preschool centers.</li> <li>▪ <b>Facilities for Abused and Neglected Children</b> - daycare centers, treatment facilities, or temporary housing for abused and neglected children.</li> </ul>	
	COVID-19 Response	<p>Acquisition, Rehabilitation or Construction of Facilities for;</p> <ul style="list-style-type: none"> <li>▪ Accommodating Isolation or Quarantine.</li> <li>▪ Testing, diagnosis, or treatment of patients.</li> <li>▪ Facilities that are necessary to respond to COVID-19</li> </ul>	
<b>Associated Eligible Activities</b>	<p>Limited <b>Public Improvements</b> that are necessary for the completion of a <b>Public Facility</b> Project may be included such as; Sidewalks, Solid Waste Disposal, Street Improvements, and Water/Sewer Improvements.</p>		
<b>Minimum Grant Amount</b>	\$50,000	<b>Maximum Grant Amount</b>	\$2 million
<b>Match Requirement</b>	<p>10% up to \$1 million 25% over \$1 million</p>		
<b>Priority</b>	<p>Funding priority will be given to:</p> <ul style="list-style-type: none"> <li>▪ Projects that provide access to a new type of facility not currently available.</li> <li>▪ Projects that will reactivate underutilized property.</li> </ul>		

<b>Funding Window</b>	Open Application
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RENTAL REHABILITATION	
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<b>Overview</b>	<p>Reactivation of residential space in mixed-used buildings to encourage density in downtowns. CDBG Funded activities and associated match are limited to the costs of converting non-residential space into residential units or rehabilitating existing, substandard* residential units to code-compliant standard units.</p> <p>All <u>interior</u> rehabilitation must be in accordance with all locally adopted building and housing codes, standards and ordinances. If locally adopted and enforced building and housing codes do not exist, refer to the Housing Quality Standards (HQS) as set forth in 24 CFR 982.401.</p> <p>For <u>exterior</u> rehabilitation projects, see <b>Building Rehabilitation Initiative</b>.</p> <p>New leases require a minimum duration of 1 year and <u>household income verification</u> requirements met for 5 years.</p>		
<b>Eligibility</b>	<b>National Objective</b>	<b>Eligible Activities</b>	
	Housing	<ul style="list-style-type: none"> <li>▪ Conversion of nonresidential space to residential</li> <li>▪ Rehabilitation of residential units</li> <li>▪ Fire Suppression</li> <li>▪ Abatement of lead paint</li> </ul>	
<b>Minimum Grant Amount</b>	\$50,000		
<b>Maximum Grant Amount</b>	N/A	<b>Maximum CDBG Assistance per Unit</b>	\$60,000
<b>Match Requirement</b>	<p>25% of total unit cost. CDBG will fund 75% of unit rehabilitation up to \$60,000 per unit.</p>		
<b>Priority</b>	<p>Funding priority will be given to:</p> <ul style="list-style-type: none"> <li>▪ Projects that leverage the greatest amount of private and public funding.</li> </ul>		
<b>Funding Window</b>	Open Applications		

PUBLIC IMPROVEMENTS (Public Infrastructure)			
<b>Overview</b>	<p>As identified in Section 105(a)(2) of Title I of the HCDA, Public Improvements are infrastructure elements located at street level or below grade (horizontal construction), which benefit the residents of a defined service area.</p> <p>The State CDBG Program limits the acceptance of applications for public improvement projects to funding rounds, however, will allow public improvement elements to be an eligible activity if it is deemed necessary to complete a <b>Public Facility</b> or <b>Direct Assistance to Business</b> project.</p>		
<b>National Objectives</b>	<p><b>LMA Community:</b> Area Benefit  <b>Non-LMA Community:</b> N/A</p>		
<b>Open Applications</b>	<b>Eligible Activities</b>	<ul style="list-style-type: none"> <li>▪ <b>Street Improvements:</b> Installation or repair of streets, street drains, storm drains, curbs and gutters, and traffic lights/signs.</li> <li>▪ <b>Sidewalks:</b> Installation or repair of sidewalks or sidewalk improvements that include the installation of trash receptacles, lighting, benches, and trees.</li> </ul>	
	<b>Minimum Grant Amount</b>	\$50,000	<b>Maximum Grant Amount</b> \$2 million
	<b>Match Requirement</b>	25%	
	<b>Priority</b>	<p>Funding priority will be given to:</p> <ul style="list-style-type: none"> <li>▪ Projects that provide access to a new type of facility not currently available.</li> <li>▪ Projects that will reactivate underutilized property.</li> </ul>	
<b>Funding Rounds</b>	<b>Eligible Activities</b>	<ul style="list-style-type: none"> <li>▪ <b>Water/Sewer Improvements:</b> Installation or replacement of water lines, sanitary sewers, storm sewers, and fire hydrants.</li> <li>▪ <b>Flood Drainage Improvements:</b> Acquisition, construction, or rehabilitation of flood drainage facilities, such as retention ponds or catch basins.</li> <li>▪ <b>Solid Waste Disposal Improvements:</b> Acquisition, construction, or rehabilitation of solid waste disposal facilities.</li> </ul>	
	<b>Minimum Grant Amount</b>	Identified at time of funding round posting	<b>Maximum Grant Amount</b> Identified at time of funding round posting
	<b>Match Requirement</b>	Identified at time of funding round posting	
	<b>Priority</b>	Identified at time of funding round posting	

UNIQUE / INNOVATIVE		
<b>Overview</b>	Funding requests may be considered by the MEDC, based on special and/or unique needs, or situations requiring innovative program approaches not specifically provided for in identified funding initiatives.	
<b>Eligibility</b>	<b>National Objective</b>	<b>Eligible Activities</b>
	<ul style="list-style-type: none"> <li>▪ Area Benefit</li> <li>▪ Area Blight</li> <li>▪ Spot Blight</li> <li>▪ Job Creation</li> <li>▪ Limited Clientele</li> <li>▪ Housing</li> </ul>	This may include, but is not limited to: <ul style="list-style-type: none"> <li>▪ Brownfield site redevelopment</li> <li>▪ Broadband</li> <li>▪ Demolition of Blight</li> <li>▪ Farm-to-food grants</li> <li>▪ Job Training</li> <li>▪ Targeted industry development</li> <li>▪ Conversion of School buildings</li> <li>▪ Planning</li> <li>▪ Activities and services listed in the above categories which do not meet identified screening or selection criteria and/or projects associated with other State or Federally funded initiatives.</li> </ul>
<b>Minimum Grant Amount</b>	\$50,000	
<b>Maximum Grant Amount</b>	\$2 million	
<b>Match Requirement</b>	25 - 50% of eligible project costs based on financial need defined by financial underwriting.	
<b>Priority</b>	Funding priority will be given to: <ul style="list-style-type: none"> <li>▪ Innovative solutions to activate public space.</li> <li>▪ Projects with a high percentage of local matching funds.</li> <li>▪ Projects that leverage the most private funding.</li> </ul>	
<b>Funding Window</b>	Open Application	

<b>CARES COVID-19 Response PUBLIC SERVICES</b>	
<b>Overview</b>	Funding for services, that are necessary to respond, mitigate, or prevent COVID-19.
<b>Eligible Activities</b>	<p>Operating Costs including labor, supplies, equipment, rent, and materials to:</p> <ul style="list-style-type: none"> <li>▪ <b>Provide testing, diagnosis or other medical services</b> at a fixed or mobile location.</li> <li>▪ <b>Health services</b> for infectious disease response within existing health facilities.</li> <li>▪ <b>Training health care workers</b> to treat disease within a community.</li> <li>▪ <b>Deliver meals</b> to quarantined individuals or individuals that need to maintain social distancing due to medical vulnerabilities.</li> <li>▪ <b>Public Services</b> necessary to respond to COVID-19.</li> </ul>
<b>Associated Facilities</b>	For projects that involve the Acquisition, Rehabilitation of; or Construction of Facilities in which Public Services will be provided see the <b>Public Facilities</b> .
<b>Minimum and Maximum Grant Amount</b>	To be determined
<b>Match Requirement</b>	To be determined
<b>Priority</b>	<p>Funding priority will be given to:</p> <ul style="list-style-type: none"> <li>▪ Services that benefit Vulnerable Populations.</li> </ul>



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2020-142**

**APPROVAL OF THE DECEMBER 8, 2020 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:

October 27, 2020 MSF Board Meeting Minutes  
November 30, 2020 MSF Board Meeting Minutes  
Acrisure – MBDP Amendment and GJFM Amendment  
CDBG COVID-19 (CARES) Funding Allocations

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

Nays: None

Recused: None

Lansing, Michigan  
December 8, 2020



STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GRETCHEN WHITMER  
GOVERNOR

PAUL AJEGBA  
DIRECTOR

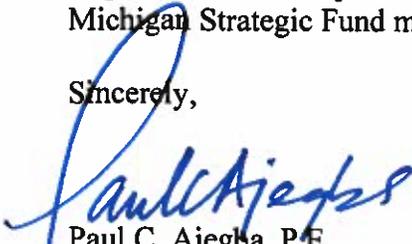
February 3, 2020

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



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



## MEMORANDUM

**Date:** December 8, 2020

**To:** Michigan Strategic Fund Board

**From:** Stacy Bowerman, Senior Vice President, Business Development Projects & Services  
Trevor Friedeberg, Director, Business Development Projects

**Subject:** Request to Amend Michigan Business Development (BDP) Program Guidelines

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### **REQUEST**

The Michigan Economic Development Corporation (MEDC) staff requests approval to amend the Michigan Business Development Program (“MBDP”) Guidelines to incorporate revisions that will inform MEDC’s priorities when identifying the types of projects and opportunities we bring before the Michigan Strategic Fund (MSF) Board for future consideration, and in turn, diversify the number business development projects that broaden access to good paying jobs in strategic focus industries within every region across the state.

### **BACKGROUND**

The MBDP was created pursuant to Section 88r of the Michigan Strategic Fund Act and is designed to provide second stage financing (e.g., grants, loans and other economic assistance) to businesses that are starting, relocating or expanding business operations in the state. The program helps expand on existing strengths of Michigan businesses and as a result, financial assistance is generally directed toward facility improvements, facility acquisitions and equipment updates.

The Program Guidelines serve as a set of policies that reflect the goals and priorities of the MBDP program. More specifically, they provide an overview of the program, underscore eligibility requirements, identify award limitations, and assist prospective applicants in understanding how the MEDC evaluates proposed projects on behalf of the MSF. Under the Michigan Strategic Fund Act, MCL 125.2001 (the “Act”), Chapter 8C, Section 90B, the MSF must approve any program guidelines to implement the program. Historically, the MEDC staff has submitted proposed recommendations to the Board for their approval. The current MBDP Guidelines were approved by the MSF Board on December 21, 2011 (Resolution 2011-184) and were last amended in April of 2019 (Resolution 2019-064).

The review process for the guidelines was comprehensive; conducted through an internal and external lens. Internally, a cross-functional workgroup reviewed the guidelines in collaboration with Business Development Leadership and provided recommendations to strengthen job metrics, project considerations and eligibility criteria. Consecutively, the MEDC then convened site selectors and members from the [Collaborative Development Council \(CDC\)](#), a statewide partnership comprised of 20 economic development practitioners around the state, each representing different regions, as well as the Michigan Economic Developers Association. A series of virtual roundtables were organized to gather direct feedback on the program guidelines.

The following summarizes the collective changes proposed based on the recommendations and feedback received:

## **SUMMARY OF PROPOSED CHANGES**

### **I. Document Structure**

- a. The guidelines are now structured to demonstrate a clear understanding of what the MBDP tool is, who qualifies and how a project decision is made.
- b. A section (titled “Program Overview”) was added to communicate a general statement about the program.
- c. Program goals were expanded to highlight commitment to Pathway Jobs.
- d. Merged existing Micro BDP Guidelines has now been consolidated within the overall BDP Guidelines.

### **II. Eligibility Requirements**

- a. Eligibility requirements originally identified and prioritized projects that supported “high-tech activities” which was defined through expired Michigan Economic Growth Authority legislation. All references to “high-tech activity” were removed and updated to reflect “Innovation Industries.” The newly defined list identifies 32 industries that are drivers of innovation –a method by which a business advances, grows, and influences economic shifts.

### **III. Project Considerations**

- a. Noted MEDC’s increased desirability towards projects located within Geographically Disadvantaged Areas (GDA) by calling attention to the definition and including a link to verify if prospective project falls within an GDA.
- b. Broadened demographic focus to include businesses located in HubZones and Michigan Opportunity Zones which are designated by the U.S. Small Business Administration.
- c. Clarified near-term job creation to include a three to five-year timeline.
- d. Emphasized desire for businesses to demonstrate a strategy to improve job access to local workforce including but not limited to public transportation, childcare, wrap-around services with local non-profits or service providers.

### **IV. Job Metrics**

- a. Included the definition of “Pathway Job” which signals MEDC’s commitment to increasing projects that incent jobs that can be categorized as either “targeted” or “promising.”
  - i. Added a footnote to link third-party research analysis to provide context on how the Pathway Jobs definition was developed.**
  - ii. Added a footnote that links to a table which contains corresponding wage thresholds by county in connection with the Pathway Jobs metric.**
- b. Clarified the definition of a “qualified new job” to point out that only full-time jobs be counted

## **RECOMMENDATION**

MEDC Staff recommends approval of the amended MBDP Program Guidelines, with effect beginning in April 2021.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2020-146**

**AMENDMENT TO GUIDELINES  
MICHIGAN BUSINESS DEVELOPMENT PROGRAM**

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

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

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

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

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

**WHEREAS**, on April 23, 2019, by MSF Resolution 2019-064, the MSF approved amended MBDP Guidelines to update the definition of Qualified New Jobs, among other modifications;

**WHEREAS**, on April 23, 2019, by MSF Resolution 2019-065, the MSF approved amended Micro MBDP Guidelines to refine the focus of the program;

**WHEREAS**, the MEDC recommends the adoption of amended MBDP Guidelines, attached as Exhibit A, to replace the previously approved MBDP Guidelines and Micro MBDP Guidelines, as amended (the “Amended MBDP Guidelines”);

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

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Susan Corbin, Paul Gentilozzi, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
December 8, 2020



## MICHIGAN STRATEGIC FUND

# MICHIGAN BUSINESS DEVELOPMENT PROGRAM PROGRAM GUIDELINES

### PROGRAM OVERVIEW

The Michigan Strategic Fund (MSF), Act 270 of 1984, (the "Act") was amended to add Chapter 8A (Section 125.2088r) to create and operate the Michigan Business Development Program (MBDP), administered by the Michigan Economic Development Corporation (MEDC) on behalf of the MSF. This tool is designed to provide grants, loans and other economic assistance to businesses for highly competitive projects in Michigan that create jobs and/or provide investment toward a net-positive return to Michigan.

### PROGRAM GOALS

The MBDP supports the vision of making Michigan's economy the nation's fastest growing, most equitable, and most resilient by structuring deals that will create long-term economic opportunities critical to keep Michigan competitive in the dynamic business development environment. The program is utilized in business growth and attraction efforts, offsetting costs and encouraging Michigan investment. Companies requiring near-term cash to support new, relocation or expansion opportunities may utilize the MBDP to ensure the opportunities occur in Michigan. The focus of the funding is to encourage diversification of the economy, to encourage capital investment in the state, strengthen pathway opportunities, and to promote the creation of qualified new jobs in the state.

### ELIGIBLE APPLICANTS

Any Qualified Business, which may include more than one business as determined by the MSF. A Qualified Business means a business that demonstrates to the MSF that it is located in, will locate to, operates in, or will operate in, Michigan.

### ELIGIBILITY REQUIREMENTS

The following statutory criteria will be evaluated by the MSF for all projects:

- The municipality makes a staff, financial, or economic commitment to the project, as determined by the MSF.
- The Qualified Business provides a business plan or demonstrates the need for the grant, loan, or other economic assistance.
- The Qualified Business agrees to provide the data described in the written agreement necessary for the fund to report to the legislature.
- Whether the project results in Qualified Investment, Qualified New Jobs or both (See Appendix A).

If the Qualified Business is seeking to qualify for MSF Support based on creation of Qualified New Jobs, the project must meet one of the following categories:

- 1) **Standard:** The Qualified Business must commit to the creation of 50 Qualified New Jobs.
- 2) **Rural:** The Qualified Business must commit to the creation of 25 Qualified New Jobs and the project must be located in a rural county in which the population is 90,000 or less based on the most recent census data.



- 3) **Innovation:** The Qualified Business must commit to the creation of 25 Qualified New Jobs and the project must fall within an “innovation industry<sup>1</sup>.”
- 4) **Micro:** The Qualified Business must commit to a number of Qualified New Jobs acceptable to the MSF, and must meet one of the following: (i) the Qualified Business must be within a MEDC Strategic Focus Industry or a Regional Impact Industry, as each are identified below; (ii) the project must be located in a Geographically Disadvantaged Area<sup>2</sup>; or (iii) the project is located in a city, township or village with a population of less than 15,000; or the project is located in a city, township or village with a population of 25,000 or more and unemployment rate greater than the state’s average.

### **PROJECT CONSIDERATIONS**

The program may provide support (“MSF Support”) to Qualified Businesses in making Qualified Investment(s), creating Qualified New Jobs, or both (See Appendix A) in furtherance of the MBDP goals noted above. Additional considerations may include but are not limited to the following:

#### ***Qualified Business Considerations:***

- Supports MEDC’s Strategic Focus Industry, which includes, without limitation: Mobility and Automotive Manufacturing; Medical Device Technology; Engineering, Design and Development; Technology; Advanced Manufacturing; and Professional and Corporate Services.
- Supports a Regional Impact Industry, which includes, without limitation, Agribusiness, Tourism, Logistics, Financial Services and Other Manufacturing. Demonstrates characteristics related to technology/innovation utilization, resiliency to recessions and automation, or special importance to Michigan.
- Qualified Business is in need of additional assistance for deal closing or gap financing.
- Qualified Business is in need of assistance in support of second stage or growth opportunities.
- Is not a retail business.
- Performance under other MSF incentives over the past five (5) years is acceptable to the MSF (if applicable)

#### ***Local and Regional Impact Considerations:***

- Located in a Geographically Disadvantaged Area; businesses located in SBA designated HubZones and Michigan Opportunity Zones Located in an area with an unemployment rate higher than the state average
- Project supports the region-wide economic development strategy or initiative
- Project supports the supply chain needs of Michigan industry sectors
- Qualified Business recruits and/or provides special assistance to economically disadvantaged populations (however, not based on granting preferential treatment on the basis of race, sex, color, ethnicity, or national origin).
- Qualified Business has a strategy to improve job access to local workforce including but not limited to public transportation, childcare, or wrap-around services with local non-profits or service providers
- Whether the Qualified Business is locating in an existing facility and/or brownfield site
- Qualified Business is not relocating from one Michigan community to another without a business reason acceptable to the MSF.
- Qualified Business works with and/or funds local/regional special training or employment programs.

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<sup>1</sup> An “innovation industry” is comprised of 32 industry groups categorized at the 4-digit NAICS code level (See Appendix B).

<sup>2</sup> Geographically Disadvantaged Areas are defined as economically distressed and historically underinvested census tracts and counties, especially in urban and rural areas, that tend to experience relatively high unemployment and low household incomes. MEDC and the State of Michigan operationalize geographically disadvantaged areas to constitute Treasury-designated Opportunity Zones and Small Business Administration-defined HUBZones (Historically Underutilized Business Zones). [Click here](#) to see a public map of Michigan’s Geographically Disadvantaged Areas.



### ***Equitable, High-wage Growth Considerations:***

- Qualified Business pays above average wages relative to the industry and region.
- The number of Pathway Jobs proposed by the Qualified Business. A Pathway Job<sup>3</sup> is categorized as either “targeted” or “promising.”
  - A targeted job is a Qualified New Job in which the [wages](#) generally allow a family to sustain life needs such as food, shelter, utilities, transportation and childcare, etc. to support a modest life style, and also includes an employer sponsored health program and/or other employer sponsored benefits. Identifying a target job is generally determined using third-party resources and analyses then utilized by the MEDC.
  - A promising job is a Qualified New Job in which the wage is below a wage generally considered a “targeted” wage threshold for the applicable county, however, is designed to provide a career pathway to a “targeted” job within a reasonable period of time, such as over a five (5) to ten (10) year period. Identifying a “promising” job is generally determined through identified proposed training that is expected to result in industry-recognized credentials, or third-party resources and analyses then utilized by the MBDP.
- Qualified Business provides training, apprenticeship programs and career pathways to higher wage jobs.
- Qualified Business provides training that leads to an industry-accepted certification or credential.
- Qualified Business has demonstrated and/or structured employee advancement programs.
- Qualified Business engages service providers/programs and targets recruitment of, economically disadvantaged populations, disabled individuals, veterans, and ex-offenders-or other underrepresented populations (however, not based on granting preferential treatment on the basis of race, sex, color, ethnicity or national origin).
- Level of employer-paid benefits provided to employees.
- Proposed wages in relation to required skill level of positions, job accessibility for lower skilled workers.

### ***Economic and Financial Considerations:***

- Qualified Business has demonstrated an acceptable financial viability to undertake the project
- Qualified Business is considering other project locations or alternatives
- Whether there is a financial or competitive disadvantage for Michigan, or the project is not feasible without financial support
- The level of staff, economic or financial support the community provides as demonstration that the project is a priority
- Other potential funding sources and economic development tools have been explored and considered
- The project results in a net-positive return in Michigan
- The project will result in near-term job creation that takes into consideration factors such as project size, industry and other impacts; project ideally should promote job creation within three to five years.
- Amount of private investment made by Qualified Business
- The project is generally ready to proceed with the contemplated MSF funding support
- The community and region’s infrastructure can support the project

## **FINANCIAL STRUCTURE AND AWARD LIMITATIONS**

The MSF support for a project will be in the form of a grant, direct loan or other economic assistance and shall not exceed \$10,000,000. All awards shall be performance-based.

In accordance with the MSF Act, all final written agreements shall include provisions requiring repayment of grant funds upon the occurrence of certain events of default, including, but not limited to, eliminating Qualified New Jobs or failing to meet a milestone.

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<sup>3</sup> The Brookings Institution conducted research and analysis around job quality and durability of occupations and industries across Michigan. Click [here](#) to access research analysis.



Loans may be considered to Qualified Businesses. Loans shall include terms and conditions, all of which must be acceptable to the MSF, including without limitation to, below market interest rates, extended grace and repayment provisions, forgivable terms, convertible notes and no security, or some security (which also may be subordinated).

Economic Assistance (other than loans or grants) may include an alternative structure as deemed appropriate by the MSF to support the Qualified Businesses. Examples of such economic assistance may include, but are not limited to, MSF participation to enhance loans being made by other lenders.

The MEDC shall provide administrative services to the MSF for the program, including conducting due diligence and compliance processes, and coordinating [pre-closing background checks](#) as may be required by the MSF. The program requires applicants to be in compliance with laws and regulations regarding labor, employment and environmental matters. Additionally, the program may require applicants to pay reasonable application fees, and any other expenses incurred in administering the program, to the MEDC.

#### **PROJECT EVALUATION, PROCESS AND MSF SUPPORT**

The MBDP requests for MSF Support is based on, but not limited to, a high-level application and selection process outlined below. For a more detailed process, please refer to [michiganbusiness.org](http://michiganbusiness.org).

- 1) To receive consideration for funding under the MBDP, the Qualified Business' initial contact should be made with the local economic development office or the applicable MEDC business development manager.
- 2) Applicant provides initial intake documentation.
- 3) MEDC reviews project based on the statutory criteria and project considerations outlined above (see also Appendix A and Appendix B).
- 4) MEDC provides an indication of support, when appropriate.
- 5) Applicant provides completed application with additional supporting documents.
- 6) MEDC completes its review, and if appropriate provides a proposed term sheet to the Qualified Business.
- 7) MEDC prepares a recommendation as appropriate to the MSF Board or its authorized delegates for project approval.
- 8) After all due diligence is satisfactorily completed, MEDC drafts the appropriate legal agreement for execution.
- 9) Applicant completes performance-based milestones outlined in the MSF agreement, including those related to the disbursement of funds following completion of compliance verification.
- 10) Applicant completes the reporting.
- 11) MEDC completes compliance verification, including final headcount verification for project closeout.

All MSF support shall be memorialized by final written agreement with terms and conditions in accordance with the MSF Act, these guidelines, MSF approval, and any other applicable laws. These terms and conditions shall otherwise be satisfactory to the MSF, and shall include, without limitation, performance-based milestones governing disbursements; repayment provisions and periodic reporting to facilitate the MSF's report to the Michigan legislature.

These guidelines are effective for all new MBDP incentives approved by the MSF from and after April 1, 2021.



## APPENDIX A

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### QUALIFIED INVESTMENT

A qualified investment means an investment to a project in Michigan, and the investment, and its terms and conditions, must be acceptable to the MSF.

### QUALIFIED NEW JOB

"Qualified new job" means a new full-time<sup>4</sup> job performed by an individual who is either:

1. A resident of this state whose Michigan income taxes are withheld by an employer, or an employee leasing company or professional employer organization on behalf of the employer, or
2. An individual who is not a resident of Michigan and is employed by a business at a project location that is located in this state, provided that the business certifies in writing at the time of the MSF disbursement that not less than 75% of the employees of that business are residents of Michigan.

In both cases, the Qualified New Job must be in excess of the number of jobs maintained by the Qualified Business prior to the expansion or location as determined and verified by the MSF.

Provided however, the final MSF written agreements shall include considerations prohibiting the calculation of a Qualified New Job for a Qualified New Business from including (i) the transfer of a job (or otherwise resulting from an elimination) between or among the Qualified Business and appropriate affiliates and (ii) resulting from an acquisition of assets of another entity by the Qualified Business if the job existing in Michigan prior to the acquisition of assets, and/or (iii) any other considerations from calculation acceptable to the MSF.

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<sup>4</sup> A full-time job is defined as a job performed by an individual who is paid for 35 hours or more per week. "Hours" include all hours paid including, without limitation, straight time, overtime, vacation, personal time, sick time, holiday, bereavement, jury duty, etc. "Week" is defined as any week in which the individual was paid. The actual calculation of "hours" and "weeks" shall include the timeframe from the hire date of the applicable position through the applicable record pull date used on a milestone submission or other applicable head count date.



## APPENDIX B

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### PROJECT CRITERION FOR INNOVATION INDUSTRIES:

The list of the innovation industries is captured below. These industries have been prioritized to serve as a catalyst for continued innovation and economic growth.

NAICS	Description
3251	Basic Chemicals
3252	Resins and Synthetic rubbers, Fibers, and Filaments
3253	Pesticides, Fertilizers, and other agr. Chemicals
3254	Pharmaceuticals and Medicine
3259	Other Chemical Products
3261	Plastics Products Manufacturing
3331	Agr., Construction, and Mining Machinery
3332	Industrial Machinery
3333	Commercial and Service Industry Machinery
3336	Engines, turbines, and Power trans. equipment
3339	Other General-Purpose Machinery
3341	Computers and Peripheral equipment
3342	Communications equipment
3343	Audio and Video equipment
3344	Semiconductors and other electronic Components
3345	Navigation, Measurement, and Control Instruments
3359	Other electrical equipment and Components
3361	Motor Vehicles
3362	Motor Vehicle Bodies and trailers
3363	Motor Vehicle Parts
3364	Aerospace Products and Parts
3369	Other transportation equipment
3391	Medical equipment and Supplies
5112	Software Publishers
5174	Satellite telecommunications
5182	Data Processing and hosting
5191	Other Information
5413	Architecture and engineering
5415	Computer Systems design
5417	Scientific research and development
6215	Medical and diagnostic laboratories



STATE OF MICHIGAN  
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GRETCHEN WHITMER  
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RACHAEL EUBANKS  
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



**MEMORANDUM**

**Date:** December 8, 2020  
**To:** Michigan Strategic Fund Board  
**From:** Aileen Cohen, Capital Project and Portfolio Manager  
**Subject:** Michigan Statewide Carpenters and Millwrights Joint Apprenticeship and Training Fund (and or related borrower(s))

**Request**

Michigan Statewide Carpenters and Millwrights Joint Apprenticeship and Training Fund ("MSCM JATF"), which is operated by the Michigan Regional Council of Carpenters ("MRCC") collectively ("MRCC JATF" or "Company") represents 8,800 carpenters and millwrights across the state of Michigan. Member carpenters help build diverse projects, large and small, residential and commercial. The Company has been in operation since the late 1800's and is working with TCF Bank to construct a new 144,000 square foot training facility to be located in Detroit, Michigan.

TCF Bank ("Bank") has proposed a draw to term construction line of credit to finance the construction of the training facility located in Detroit, Michigan. Due to collateral shortfall on the proposed value of the real estate, the Bank is requesting collateral support from the MSF for the following:

**Bank Facility and MSF Support**

The Bank has proposed the following credit facilities:

<u>Draw to Term = Line of Credit</u>	<u>\$24,000,000</u>
Total Loans Leveraged	\$24,000,000

Given the above structure, the proposed MSF exposure is a maximum of:

<u>Draw to Term = Line of Credit</u>	<u>\$5,000,000</u>
Total MSF Contribution	\$5,000,000

In addition to the financing being proposed, the borrower will be injecting \$5,764,081 in equity towards the transaction. Under definitions provided by the US Department of Treasury related to the calculation of leverage, the reported leveraged lending as compared to MSF exposure is 5.95:1.

**Borrower History**

The Michigan Regional Council of Carpenters and Millwrights represents 8,800 carpenters and millwrights across the state of Michigan. Member carpenters help build diverse projects, large and small, residential and commercial. The Company has grown revenues to over \$9.7MM, and continues to an increase in employer contributions year over year. See Exhibit A for full borrower history.

**Recommendation**

MEDC Staff recommends (the following, collectively, "Recommendation"):

- a. Approval of the MSDF-CSP proposal contained herein and:
- b. Subject to available funding under the MSDF-CSP at the time of closing ("Available Funding"), completion of due diligence, the results of which are satisfactory to the MEDC (collectively, "Due Diligence"), finalization of a MSDF-CSP Cash Collateral Deposit Agreement, and further subject to the following terms and conditions:

**Facility 1 - Michigan Statewide Carpenters and Millwrights Joint Apprenticeship & Training Fund**

**Borrower:** Michigan Statewide Carpenters and Millwrights Joint Apprenticeship & Training Fund  
**Lender:** TCF  
**Loan Amount:** up to \$24,000,000  
**MSF Cash Collateral:** up to \$5,000,000  
**Loan Type:** 18 month Draw to Term Construction Line of Credit, 18 monthly payments of interest only converting to 5 year term, 20 year amortization  
**Fees:** Tier II: 1.00% at Closing  
 1.00% annually thereafter on the MSF Share Balance.



## Exhibit A

### Credit Presentation

#### GENERAL INFORMATION

Company Name <b>MSC Millwrights Joint Apprenticeship and Training Fund</b>	Address <b>400 Renaissance Center</b>	City, State Zip <b>Detroit, Michigan 48226</b>
Entity Type <b>Non-Profit</b>	Type of Operation - Primary <b>Finish Carpentry Contractors NAICS: 238350</b>	
Lender <b>David Rozewski</b>	Lender Contact <b>david.rozewski@tcfbank.com</b>	

#### Bank Facility and MSF Support

The Bank has proposed the following credit facilities:

Draw to Term = Line of Credit	\$24,000,000
Total Loans Leveraged	\$24,000,000

Given the above structure, the proposed MSF exposure is a maximum of:

Draw to Term = Line of Credit	\$5,000,000
Total MSF Contribution	\$5,000,000

In addition to the financing being proposed, the borrower will be injecting \$5,764,081 in equity towards the transaction. Under definitions provided by the US Department of Treasury related to the calculation of leverage, the reported leveraged lending as compared to MSF exposure is 5.95:1.

#### Background

The Michigan Regional Council of Carpenters and Millwrights represents 8,800 carpenters and millwrights across the state of Michigan. Member carpenters help build diverse projects, large and small, residential and commercial. Union millwrights work with precision machinery, installing and maintaining everything from conveyor systems to turbines and generators. The Company's members work closely with contractor partners across the state. Continuing a legacy dating back more than 100 years, the MRCC's leadership and members are also known throughout Michigan for their community involvement, donating their time, skills and financial support to community and charity organizations. In both their work, and charitable contributions, carpenters and millwrights continue to play an active role in rebuilding Michigan and its communities.

Over the past three years, the International Council of Carpenters mandated the MRCC build new training facilities. These new facilities replace dilapidated buildings scattered around the State which are currently used for training. It has been proven that the new training facilities including the latest technologies, helps attract young talent, which is vital for the MRCC's future. A total of three facilities were to be built, two of which have already been constructed.

The first training facility was constructed in 2018, located in Wayland, MI, thirty minutes south of Grand Rapids. In total, the building is 67,000 SF, of which the 45,000 SF is occupied by the MRCC JATF. The remaining 22,000 SF serves as administration offices for MRCC. The building was completed on time and within budget, with classes being conducted since January of 2019. The second building is located less than twenty minutes from Marquette, in Naugee, MI. This 30,000 SF training facility was completed in early 2020, and replaced training facilities located in Fennville, Mason and Marquette, MI. The building was completed within budget, with a slight delay given the unpredictable weather in the Upper Peninsula. Classes and training commenced in early 2020.

With two facilities completed, the shift has been to construct the third located on the west side of Detroit at Livernois Ave., and I-96. This 7 acre property was leased from the City of Detroit for 99 years at \$1. As part of the MRCC's Commitment to the City of Detroit, they devoted 25% of the Apprentice Applicants for the Detroit School to be residents of the City of Detroit. Furthermore, the project will help develop the surrounding area, as most of the surrounding land (prior to demolition) consisted of dilapidated and abandoned homes owned by the City of Detroit. The City of Detroit essentially donated the land to the user in order to stabilize the area in the hopes of stimulating additional development. The Detroit location is going to be 144,000 SF, consisting of 130,400 SF to be used by the MRCC JATF for training and 13,600 SF for administrative offices/headquarters for the MRCC, who will be moving from their existing leased space located in the Ren-Cen. Construction commenced in July of 2020. The proposed improvements include a two-story administrative and classroom portion that makes up 46.3% of the gross building area; the remaining area includes high bay warehouse/shop space with clear heights ranging from 27' to 30'. The site will also include a paved asphalt parking lot for 243 vehicles. Christman Construction was awarded the GMP contract, which is expected to be \$27.2MM. Remaining soft-cost total 42.5MM, for a total cost of \$30MM. The expectation is the building will be completed in October of 2021 and will begin hosting classes in early 2022.

A noted weakness is that the subject is in an area that historically witnessed a large level of decline/contraction and has yet to rebound. Further, there is some external obsolescence present in that the location is predominately residential. This is mitigated by good frontage/visibility off I-96, a strong partnership with the City of Detroit, along with the strong industrial flex/research and development occupancy in the metro area. The subject will have a modern and highly functional layout for a typical industrial flex/research and development building, with construction budget notes indicating a good quality of construction with some higher end finishes noted. The City of Detroit is actively working alongside the MRCC in order to help stabilize the surrounding neighborhood and spur additional development.

### Financing Opportunity

TCF Bank is working with Michigan Statewide Carpenters and Millwrights Joint Apprenticeship & Training Fund to provide a draw to term construction loan for the construction of its new training facility and headquarters in Detroit Michigan. The Company has been in business since the late 1800's. The Company has a proven track record of completing projects on time and within budget as they continue to invest in its facilities and the communities in which they reside.

The Bank is asking for the MSF's support through the Michigan Supplier Diversification Program Collateral Support program for its draw to term construction loan. MSF's collateral support is based on a percentage of the principal balance. It is anticipated that the project property will reach a loan-to-value that will allow the MSF collateral deposit to be released back to the MSF.

Loan #	Purpose	Type	Balance/ Request Amt.	Accrued Interest	Commit.	Interest Rate	Payment Amt. P&I	# Pmts.	Term	Amort	Orig. Date	Mat. Date
	Construction	Draw to Term	24,000,000			3.65						
<b>Total</b>			<b>24,000,000</b>									

Collateral	Type	Value	Adv Rate	Disc. Value	Prior Lien	Coll. Amt.
MSDF-CSP	Cash	5,000,000	100%	5,000,000		5,000,000
REM/Assignment of Rents	Eligible	24,150,000	80%	19,320,000		19,320,000
<b>Total</b>		<b>29,150,000</b>		<b>24,320,000</b>		<b>24,320,000</b>

<b>Total Loan Amount</b>	<b>24,000,000</b>	<b>Margin of Collateral to Loan</b>	<b>1.01</b>
<b>Total Collateral Amount</b>	<b>24,320,000</b>	<b>% Loan to Collateral</b>	<b>98.68%</b>

### **Summary**

<b>Total Loan Amount</b>	<b>24,000,000</b>	<b>Margin of Collateral to Loan</b>	<b>1.01</b>
<b>Total Collateral Amount</b>	<b>24,320,000</b>	<b>% Loan to Collateral</b>	<b>98.68%</b>

### Collateral

The Bank is requesting collateral support on the proposed draw to term construction line of credit of up to \$5,000,000 or 20.83% of the \$24,000,000 loan. As shown by the above collateral chart, the real estate is not valued high enough to support the proposed loan amount, therefore would not be able to provide the line without the assistance of the MSF's collateral support program.

**INDUSTRY COMPARISON**

Balance Sheet: 08/31/2019

Comparative Historical Data - current year (Based on RMA 2019 Data) - Median Quartile

Income/Expense: 09/01/2018 to 08/31/2019

NAICS: 238350 - Finish Carpentry Contractors

Unqualified: 1, Reviewed: 23, Compiled: 12, Tax Return: 37, Other: 44, Total Number Stmt: 117

	Client	Industry	Variance		Client	Industry	Variance	Quartile
<b>Assets</b>				<b>Liquidity Ratios</b>				
Cash & Equivalents	29.6	14.9	14.7	Current Ratio	56.0	1.7	54.3	1
Trade Receivables (net)	6.7	39.7	-33.0	Quick Ratio (Acid Test)	55.2	1.4	53.8	1
Inventory	0.5	9.8	-9.3	Sales / Receivables	8.0	7.6	0.4	2
All Other Current	0.1	4.1	-4.0	Cost of Sales / Inventory	0.0	115.9	-115.9	4
Total Current	36.8	68.5	-31.7	Cost of Sales / Payables	0.0	21.2	-21.2	4
Fixed Assets (net)	20.3	20.4	-0.1	Sales / Working Capital	1.5	13.5	-12.0	
Intangibles (net)	0.0	4.9	-4.9	<b>Coverage Ratio</b>				
Other Non-Current	42.8	6.2	36.6	EBIT / Interest	66.4	10.2	56.2	1
<b>Total Assets</b>	<b>100.0</b>	<b>100.0</b>		Net Prof. + Depr / Cur. Mat. L/T/D	0.0	4.5	-4.5	4
<b>Liabilities</b>				<b>Leverage Ratios</b>				
Notes Payable	0.0	13.6	-13.6	Fixed / Net Worth	0.3	0.5	-0.2	
Cur. Mat. L/T/D	0.0	3.0	-3.0	Debt / Net Worth	0.3	2.0	-1.7	
Trade Payables	0.7	13.6	-12.9	<b>Operating Ratios</b>				
Income Tax Payable	0.0	0.3	-0.3	% Prof. Bf. Taxes / Net Worth	18.5	35.3	-16.8	3
All Other Current	0.0	17.6	-17.6	% Prof. Bf. Taxes / Total Assets	14.2	14.8	-0.6	3
Total Current	0.7	48.1	-47.4	Sales / Net Fixed Assets	2.6	24.0	-21.4	4
Long Term Debt	22.5	17.8	4.7	Sales / Total Assets	0.5	3.5	-3.0	4
Deferred Taxes	0.0	0.2	-0.2	<b>Expense to Sales Ratio</b>				
Other Non-Current	0.0	4.6	-4.6	% Depreciation / Sales	3.8	1.2	2.6	4
Net Worth	76.9	29.3	47.6	Officers' Compensation/Sales	0.0	3.2	-3.2	1
<b>Total Liab. &amp; Net Worth</b>	<b>100.0</b>	<b>100.0</b>						
<b>Income Data</b>								
Net Sales	100.0	100.0	0.0					
Gross Profit	100.0	35.0	65.0					
Operating Expenses	82.1	29.9	52.2					
Operating Profit	17.9	5.0	12.9					
All Other Expenses (net)	-8.6	0.4	-9.0					
Profit Before Taxes	26.5	4.7	21.8					

Last Updated 10/31/2020 7:41:21 AM From RMA 2019 Data

## OWNERSHIP / GUARANTORS

Source <b>MSDF</b>		Program <b>CSP</b>
Committed Date	Loan Closing Date	Total Loan <b>\$24,000,000</b>
MSF Share <b>\$5,000,000</b>	Additional Leverage (at closing) <b>\$5,764,081</b>	Additional Leverage (ongoing)
Leverage <b>5.95</b>	Closing Fee <b>1% of MSF share</b>	Annual Fee <b>1% of MSF annual balance</b>
FTE @ Closing (in State) <b>27</b>	FTE @ Closing (out of state)	Projected FTE Increase <b>25</b>
FTE @ Annual Review	FTE Net Increase/Decrease	Support \$ per new job <b>\$200,000</b>
Associate	# Co's <b>1</b>	Loan Type <b>Draw to Term</b>

### Employment

Michigan Statewide Carpenters and Millwrights Joint Apprenticeship & Training Fund has 27 full-time equivalent employees. The company anticipates adding 10 fulltime employees within the next 6 months and an additional 15 within the next 2 years. The anticipated annual salary for employees of MSC MJATF is \$65,000. The full-time employees are instructors at the training facility. Additionally, the training facility will produce around 1,000 graduates per year.

### Source of Information

It is the role of Capital Services Team staff ("CST") to review for eligibility, completeness, and adherence to industry standards and practices, the information provided by the financial institution and to manage the MSF's structural risk. Explanatory and background information is supplied in summary form to provide context for the request and is drawn exclusively from material submitted by the lending institution and from third party research sources such as Dunn and Bradstreets FirstResearch database.

### Capital Access Program History

The Michigan Economic Development Corporation's (MEDC) Capital Access Programs began in 2009 with a state allocation of \$26 million. In 2011, the Federal government deployed an additional \$79 million to the State of Michigan to continue its efforts towards providing access to capital for small businesses. The programs under the Capital Access department assist small business and financial lending institutions by providing collateral support or loan participation. In either case, there is always a closing fee and annual fee charged, in addition to all principal returned as well as any fees and interest expense that the MEDC may receive through its support with the transactions. To date the program has funded over \$194 million to 205 companies, leveraged over \$919 million in Private Investments, received a total of \$10.9 million in program revenue, and has had losses of just over 1% of the total loan funded.

## Exit Strategy

The Bank has implemented the following loan covenants in conjunction with its existing financing to MSMC JATF

- Minimum Debt Service Coverage of 1.25x - pre-distributions
  - Measured annually beginning 08/31/2021
  - Defined as the Borrower's (i) net income after taxes and exclusive of extraordinary gains and losses and gains on sale of fixed assets plus, (ii) interest expense plus, (iii) depreciation and amortization expense divided by the sum of all contractual principal and interest payments for the trailing 12 month period on all obligations including capital leases and subordinated debt.
- Minimum Liquidity \$2,000,000
  - Measured semi-annually beginning 02/28/21
  - Defined as: all unencumbered cash, cash equivalents, and marketable securities, not including retirement accounts or trust assets. Liquidity threshold is to be verified by account and/or investment statements.

These covenants are intended to require re-investment in the balance sheet of MSCM JATF and ultimately the release of the pledged collateral from the MSF.

## Conditions

- Commitment will remain valid for 90 days with approval for MSF Fund Manager to extend the commitment an additional 30 days.
- The proposed financing will be subject to a Minimum Debt Service Coverage Ratio, as calculated by the Bank. Required minimum Debt Service Coverage Ratio will be set at a level acceptable to Bank and CST.
- The proposed financing will also be subject to a Minimum Liquidity covenant, as calculated by the Bank. Required Minimum Liquidity will be set at a level acceptable to Bank and CST.

## **SCORING & RATING**

### **SCORING & RATING : MSDF\_CSP\_2021**

Score = <b>4.40</b>	<b>4 Good</b>
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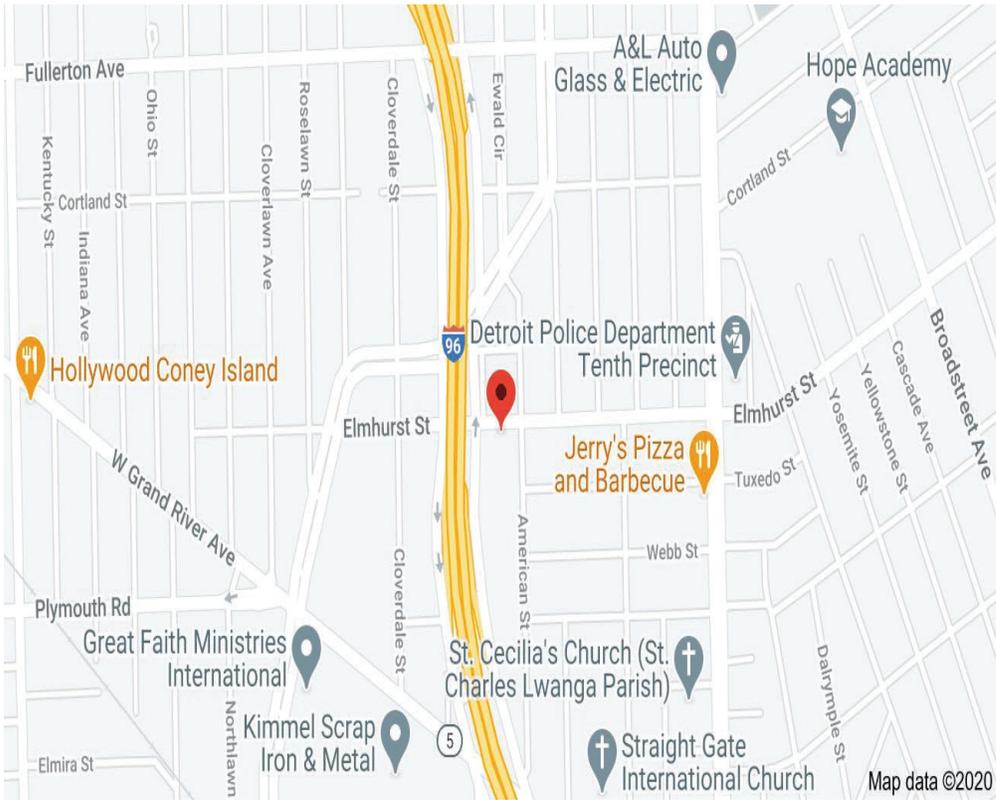
**Model Used:** MEDC CRE Model - Board

**Last Scored:** 10/31/2020 7:54 AM Aileen Cohen

**Financial Statements and Forms calculated from:**

Balance Sheet:            Inc. / Exp.:  
08/31/2020                08/31/2020

Criteria		Criteria Score	Wt %	Weighted Criteria Score	Review
Debt / Tang Net Worth:	0.57	5.00	20.00	1.000	
Debt Coverage Ratio:	1.55	5.00	20.00	1.000	
MSF Leverage Ratio	5.95	3.00	20.00	0.600	
Management / Borrower Character	Excellent team/Well exper	5.00	20.00	1.000	
Business & Industry Trends	Ltd vulnerability to sudd	4.00	20.00	0.800	
				<b>4.400</b>	



**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2020-147**

**MSDF-CSP  
APPROVAL OF CASH COLLATERAL DEPOSIT AGREEMENT FOR  
MICHIGAN STATEWIDE CARPENTERS AND MILLWRIGHTS JOINT  
APPRENTICESHIP & TRAINING FUND  
AND RELATED BORROWERS**

**WHEREAS**, Public Acts 215 and 225 of 2005 established the 21st Century Jobs Fund initiative;

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

**WHEREAS**, pursuant to MCL.125.2088d(1) the MSF shall create and operate a loan enhancement program;

**WHEREAS**, on May 20, 2009, the MSF approved the creation of the Michigan Supplier Diversification Fund (“MSDF”) as a loan enhancement program;

**WHEREAS**, at its May 20, 2009 meeting, the MSF Board approved the: (if) creation and operation of the Michigan Collateral Support Program (“MCSP”) under the MSDF, and (a) adopted the MCSP guidelines, as later amended (“MCSP Guidelines”);

**WHEREAS**, on June 24, 2009, the MSF approved the MSF Chairperson to negotiate the final terms and conditions of the Cash Collateral Deposit Agreement, as later amended, to be used for the MCSP (“MCSP Agreements”) and sign the final MCSP Agreements on the MSF’s behalf, so long as the final terms and conditions of the MCSP Agreements are not materially adverse to the interest of the MSF Board;

**WHEREAS**, TCF Bank (“Bank”) has proposed a new credit facility Michigan Statewide Carpenters and Millwrights Joint Apprenticeship & Training Fund and/or related borrowers (the “Proposed Borrower”) of \$24,000,000 for a draw to term construction line of credit;

**WHEREAS**, Proposed Borrower has requested collateral support from the MSF under the MSDF-CSP in an amount not to exceed the lesser of: (i) \$5,000,000 or (ii) up to 20.83% of the total amount of the Bank loan (“MSDF-CSP Support”);

**WHEREAS**, the MEDC has reviewed the Bank’s current credit documents for the Proposed Borrower, and recommends that the MSF Board approve the MSDF-CSP Support, subject to: (i) available funding, and final due diligence performed, to the satisfaction of the MEDC; and (ii) execution of the MSDF-CSP Agreement within 90 days of the date of this Resolution (“Time Period”), or the collateral support approval under 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 30 days;

**NOW, THEREFORE, BE IT RESOLVED**, the MSF approves the MSDF-CSP Support subject to: (i) available funding, and final due diligence performed, to the satisfaction of the MEDC; and (ii) execution of the MSDF-CSP Agreements within 90 days of the date of this Resolution (“Time Period”), or the collateral support approval under 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 30 days; and

**BE IT FURTHER RESOLVED**, that the MSF Fund Manager is authorized to negotiate all final terms and conditions and to execute the MSDF-CSP Agreement on behalf of the MSF, so long as the final terms and conditions are not materially adverse to the MSF.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Susan Corbin, Paul Gentilozzi, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
December 8, 2020



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



## MEMORANDUM

**Date:** December 8, 2020

**To:** Michigan Strategic Fund Board

**From:** Christopher Cook, Director of Capital Access

**Subject:** *Private Activity Bond –  
5 Healthy Towns Foundation (formerly dba Chelsea-Area Wellness  
Foundation) – Non-profit –  
Supplements to Series 2013A and 2013B Bond Indentures*

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### Request

The Chelsea Health and Wellness Foundation, dba 5 Healthy Towns Foundation (formerly dba Chelsea-Area Wellness Foundation) (“CHWF”) is seeking MSF Board approval for approving supplements to indentures for MSF Series 2013A and 2013B bonds. The bonds were purchased by the Bank of Ann Arbor. The MSF approval to the supplements to the indentures will provide new interest rates and extensions to the current bank purchase rate periods.

### Background

CHWF is a 501(c)(3) tax-exempt foundation with a mission to create a culture of wellness and sustainable improvements in health in the community of Dexter, Washtenaw County, as well as four other communities. CHWF was founded in 2009 when Chelsea Community Hospital merged with St. Joseph Mercy Health System. The Foundation is overseen by a volunteer board of directors.

The \$6,000,000 Series 2013A and \$6,000,000 Series 2013 B bonds financed the purchase of land and an approximately 48,000 square foot building. The facility provides the community with fitness facilities, meeting space, health education classes, medical integration programming and other wellness related offerings.

### Recommendation

Staff recommends the approval of the supplements to the indentures for this project.

RESOLUTION APPROVING EXECUTION AND DELIVERY OF SUPPLEMENTAL  
TRUST INDENTURES AND APPROVING CERTAIN OTHER  
MATTERS RELATING THERETO  
(CHELSEA-AREA WELLNESS FOUNDATION PROJECT)

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Resolution  
2020-148

Background

A. The Michigan Strategic Fund (the “Fund”) has previously issued its \$6,000,000 Variable Rate Limited Obligation Revenue Bonds (Chelsea-Area Wellness Foundation Project), Series 2013A (the “Series 2013A Bonds”) and its \$6,000,000 Variable Rate Limited Obligation Revenue Bonds (Chelsea-Area Wellness Foundation Project), Series 2013B (the “Series 2013B Bonds, together with the Series 2013A Bonds, the “Series 2013 Bonds”), each pursuant to a Trust Indenture dated as of December 1, 2013 (the “2013 Indentures”), between the Fund and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), for the purpose of providing funds to make loans to The Chelsea Health and Wellness Foundation, doing business as 5 Healthy Towns Foundation (formerly doing business as Chelsea-Area Wellness Foundation)(the “Obligor”).

B. The Series 2013 Bonds are currently held by the Bank of Ann Arbor (the “Bank”).

C. The Bank purchased the Series 2013 Bonds for an initial commitment period expiring on December 18, 2020.

D. The Obligor has requested that the Bank extend the commitment period during which the Bank will agree to continue to hold the Series 2013 Bonds, and the Bank has agreed to do so upon the terms and conditions set forth in the Bank’s commitment letter dated October 14, 2020 (the “Commitment”).

E. In connection with the extension of the Bank’s commitment period for the Series 2013 Bonds, the Obligor has requested that the Fund and the Trustee approve certain amendments to the 2013 Indentures pursuant to Supplemental Indenture Number 1 to the 2013A Indenture and Supplemental Indenture Number 1 to the 2013B Indenture (collectively, the “2013 Indenture Supplements”).

F. The Fund desires to authorize 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”), or any of them individually, to negotiate, execute and deliver, on behalf of the Fund, the 2013 Indenture Supplements.

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

Section 1. 2013 Indenture Supplements; Replacement Bonds. The forms of the 2013 Indenture Supplements, on file with the staff of the Fund and on which have been endorsed by the staff of the Fund the date of adoption of this Resolution, are hereby approved, subject to such changes and insertions as, upon the advice of Bond Counsel and the Attorney General of the State of Michigan, are not materially adverse to the Fund. Any Member or Authorized Officer are authorized to execute and deliver the 2013 Indenture Supplements in the forms approved hereby, with such changes and insertions as may be necessary or desirable, permitted by applicable law, and not materially adverse to the Fund in the opinion of Bond Counsel and the Attorney General of the State of Michigan.

If deemed necessary in connection with the execution and delivery of the 2013 Indenture Supplements, upon advice of Bond Counsel and the Attorney General of the State of Michigan, a Member or an Authorized Officer may execute and deliver by manual or facsimile signature replacement bonds on behalf of the Fund in substitution for, and in replacement of, the definitive Series 2013 Bonds previously issued and delivered by the Fund. Any replacement Series 2013 Bonds shall be substantially as set forth in the 2013 Indentures, with such appropriate variations, omissions and insertions as are permitted or required by the 2013 Indentures and the 2013 Indenture Supplements and as approved by Bond Counsel and the Attorney General of the State of Michigan. Any replacement bonds shall be executed on behalf of the Fund, and authenticated by the Trustee, in the manner provided in the 2013 Indentures.

Section 2. Authorization of Tax Certificate and Other Documents. If determined to be necessary or advisable by Bond Counsel and the Attorney General of the State of Michigan in connection with the extension of the Bank's commitment period for the Series 2013 Bonds as described in the Commitment and/or in connection with the execution and delivery of the 2013 Indenture Supplements, an Authorized Officer is authorized to approve and execute a Non-Arbitrage Certificate relating to the Series 2013 Bonds and to execute and file, or cause to be filed with the Internal Revenue Service, an IRS Form 8038, together with such other certificates and documents as may be required in order that the interest on the Series 2013 Bonds continue to be excluded from gross income for federal income tax purposes.

In the event that the Obligor shall enter into an interest rate swap agreement with respect to all or a portion of the Series 2013 Bonds, either on the date of execution and delivery of the 2013 Indenture Supplements or on any date subsequent thereto, and if so requested by the Obligor, an Authorized Officer is authorized to execute one or more swap identification certificates, in the form or forms approved by Bond Counsel and the Attorney General of the State of Michigan, in order to cause such interest rate swap agreement to be treated as a "qualified hedge" for purposes of federal income taxation.

Section 3. Approval of Other Actions. An Authorized Officer is hereby authorized to approve, execute, and deliver such other agreements, certificates and documents as may be necessary in order to carry out and give effect to the transactions authorized by this Resolution.

Section 4. 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.

Adopted.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Susan Corbin, Paul Gentilozzi, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Susan Tellier, Cindy Warner

Nays: None

Recused: None

December 8, 2020  
Lansing, Michigan



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 16, 2020

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

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

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

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



## MEMORANDUM

**Date:** December 8, 2020

**To:** Michigan Strategic Fund Board

**From:** Joshua Hundt, Executive Vice President & Chief Business Development Officer  
Natalie Chmiko, Vice President PMBC & International Trade

**Subject:** FY21 Funding Allocation Request – Automation Alley

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### Request

Michigan Economic Development Corporation (“MEDC”) staff requests that the Michigan Strategic Fund (“MSF”) Board allocate \$2,500,000 in funding for an agreement with Automation Alley for an initial one year term, with the option to extend the term for up to an additional five years and allocate additional funding at the sole discretion of the MSF (the “Request”). The proposed allocation consists of \$1,156,300 from the FY2021 allocation for Business and Community Development Programs and Activities and \$1,343,700 from the FY2021 allocation for Entrepreneurial Programs and Grants.

### Background

MEDC and Automation Alley have had a longstanding partnership since the inception of both entities over 20 years ago. Most recently, MEDC signed a five-year Memorandum of Agreement (“MOA”) with Automation Alley from October 1, 2019 through September 30, 2024. On December 20, 2019, MEDC entered into an agreement with Automation Alley for a total of \$1,680,620. On August 19, 2020, the MEDC approved a one-year, no-cost extension through September 30, 2021. Approval of the MSF funding allocation and agreement will build upon the momentum Automation Alley has developed as it relates to Industry 4.0 (“I4.0”) while maintaining its other key business support as it has in previous grants.

As a globally recognized leader in I4.0 knowledge, Automation Alley provides programming that will help manufacturing and technology companies increase revenue, reduce costs, and think strategically as they adapt and implement I4.0 technologies.

### **FY21 Deliverables**

As part of the proposed agreement, Automation Alley will assist the MEDC in the mission to ensure that 50% of Michigan small and medium-sized manufacturers, or 6,200 businesses, will be prepared to adopt I4.0 by 2025. During FY21, Automation Alley will assist Michigan companies to be prepared to adopt I4.0 technologies through education, conducting I4.0 Readiness Leadership Assessments and Evaluations, and by providing opportunities to share I4.0 knowledge with other Michigan companies. Additionally, up to 12,000 Michigan manufacturers will be extended an Automation Alley essential membership allowing them free access to Tech Takeovers, access to Integr8 – the Industry 4.0 conference, access to Use Case database and a digital copy of Automation Alley Technology in Industry Report. Finally, building upon Automation Alley and the World Economic Forum’s jointly established Advanced Manufacturing Hub for Michigan (“AMHUB”) in 2019, they will execute initiatives in FY21 to further engage Michigan manufacturers.

Deliverables for this agreement with Automation Alley include:

- **I4.0 Events** – A variety of events hosted at Automation Alley headquarters and via livestream. These events focus on providing the knowledge and tools for small and medium-sized companies to adapt and integrate I4.0 technologies into their business model and manufacturing floor. The two most prominent I4.0 events are Integr8 and the Tech Takeover Series. Additional I4.0 events are targeted towards c-suite and company executives.
- **Technology in Industry Report** – A data-driven guide to I4.0 implementation. The report features use cases, emerging trends, challenges, opportunities and action items for industry, and is designed to help business, educators and policy makers keep pace with the velocity and magnitude of change related to I4.0. Research, compiled and analyzed by a collaborative team of academic and corporate partners, is centered around the core technologies of I4.0.
- **I4.0 Readiness Leadership Assessment** – An assessment targeted towards c-suite executives developed by Automation Alley to help companies transform their businesses by adopting cutting-edge I4.0 technologies. This assessment helps manufacturers understand how I4.0 will impact them in the areas of culture, finance and technology. The assessment further helps business leaders transform their companies by fostering an organizational culture that embraces learning, change and technology acceptance.
- **I4.0 Case Study Database** – Through contributions from I4.0 subject matter experts, Automation Alley will build a database of use cases, white papers, and blogs about adapting I4.0 technologies. This database will be designed to be open and sharable across the community and stakeholders to enhance and accelerate statewide I4.0 adoption.
- **Project DIAMOnD** (Distributed, Independent, Agile, Manufacturing On-Demand) – Initiative funded by Oakland and Macomb counties to address the urgent need to move companies into the digital manufacturing age of I4.0 as fast as possible to help improve our region’s manufacturing agility and response to future disruptions. Companies that are enrolled in Project DIAMOnD receive technology equipment (3D printer or, in limited cases, guided assembly system), guidance and training that result in a proven ability to install, maintain, and run additive manufacturing equipment.
- **I4.0 Global Initiatives** – ensure Michigan companies remain competitive in the global economy:
  - Further position Michigan as the nation’s knowledge leader in I4.0
  - Write and disseminate articles on advanced technologies boosting Michigan’s image as a global thought leader in manufacturing
  - Develop additional strategic partnerships with organizations worldwide (academic, business/industry, and government) involved in I4.0 and other advanced manufacturing initiatives aimed at enhancing the global competitiveness of Michigan-based small and medium-sized manufacturers
  - Introduce Michigan businesses to high-growth markets and opportunities to expand and diversify their product, service, and technology offerings internationally
  - Support attraction and foreign direct investment efforts by offering International Business Center, located at Automation Alley Headquarters, which provides 90 days of complimentary soft-landing space for foreign companies to use as a home base while exploring opportunities to do business in Michigan

- **World Economic Forum (“WEF”)** – WEF is a Geneva, Switzerland-based international organization for public-private cooperation that engages the foremost political, business, cultural and other leaders of society to shape global, regional and industry agendas. As the designated WEF AMHUB for North America, Automation Alley aims to address industry transformations triggered by I4.0 by engaging the largest global industry players as well as small and medium-sized businesses, regional governments, and local academic institutions. As the only AMHUB for North America, Automation Alley gives Michigan a seat at the table to make a difference on a global scale by aligning Michigan’s position in the production ecosystem with the global direction of I4.0. Through this unique partnership, Automation Alley will use WEF’s platform to aggregate and accelerate regional efforts to adapt to the future of advanced manufacturing and production and highlight key regional case examples on the global stage, while creating a feedback loop wherein best practices from around the world are conveyed to the regional level to further amplify the impact potential of this network. By aligning with WEF, Automation Alley will increase Michigan’s global competitive advantage by positioning Michigan companies to get out of the gate first and positively impact the broader domestic manufacturing supply chain.

Automation Alley’s objective is to deliver services for economic growth in the State of Michigan by supporting small and medium-sized manufacturers as they chart a course toward I4.0. With a regional focus and a global outlook, Automation Alley will work across industries to assist companies as they incorporate I4.0 into their operations.

#### **FY20 Automation Alley Performance Results and FY21 Goals**

In FY20, Automation Alley hosted 75 events and roundtables related to I4.0 and International Trade with a total of 3,892 participants. Automation Alley released its 2020 Technology in Industry report with weekly livestreamed virtual event series featuring the report’s key contributors from industry and academia. Additionally, because of Automation Alley’s support in the last 9 years, Michigan companies have reported \$1.4 billion in export sales.

For FY21, Automation Alley will assist up to 1,200 Michigan companies to be prepared to adopt I4.0 technologies. These engagements will be tracked through the following:

- Present I4.0 knowledge to other MI companies (via Tech Takeover, Integr8 speaking engagement, global outlook)
- Collaborate with c-suite and executives (via AMHUB, WEF and global roundtables and/or working groups)
- Share knowledge with other MI companies (via a case study, technology in industry report, technology roundtable)
- Complete Automation Alley’s I4.0 Readiness Leadership Evaluation and/or Assessment
- Participate in Project DIAMOnD

Automation Alley will continue to track outreach, events, attendance and engagement to ensure alignment with MEDC’s I4.0 Strategic Initiative.

#### **Recommendation**

MEDC staff recommends that the MSF Board approve an agreement with Automation Alley totaling \$2,500,000 for a term through September 30, 2021, with the option to extend the term for up to an additional five years and allocate additional funding at the sole discretion of the MSF.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2020-149**

**AUTOMATION ALLEY GRANT**

**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**, Automation Alley programming that will help manufacturing and technology companies increase revenue, reduce costs, and think strategically as they adapt and implement Industry 4.0 (“I4.0”) technologies (the “Automation Alley I4.0 Services”);

**WHEREAS**, the MEDC recommends that the MSF Board approve a grant of \$2,500,000, which consists of \$1,156,300 from the FY2021 allocation for Business and Community Development Programs and Activities and \$1,343,700 from the FY2021 allocation for Entrepreneurial Programs and Grants, to support the Automation Alley I4.0 Services for an initial term of one year, with the option to extend the term for an additional five one-year terms and allocate additional funding at the sole discretion of the MSF (the “Automation Alley Grant Request”); and

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

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

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Susan Corbin, Paul Gentilozzi, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
December 8, 2020



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



## MEMORANDUM

**Date:** December 8, 2020

**To:** Michigan Strategic Fund Board

**From:** Joshua Hundt, Executive Vice President & Chief Business Development Officer  
Natalie Chmiko, Vice President PMBC & International Trade  
Colin Dillon, PMBC Data & Strategy Manager

**Subject:** FY21 Funding Allocation – Michigan Manufacturing Technology Center

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### Request

Michigan Economic Development Corporation (“MEDC”) staff requests that the Michigan Strategic Fund (“MSF”) Board allocate \$3,050,000 in funding to the Michigan Manufacturing Technology Center (“MMTC”).

### Background

On November 27, 2018, the MSF board awarded the MMTC an initial grant of \$2,125,000 for the term of October 1, 2018 through September 30, 2019 with the option to extend the grant for up to three additional years and to allocate additional funding at the sole discretion of the MSF Board. On September 24, 2019, the MSF Board approved a one-year, no-cost extension through September 30, 2020. On November 26, 2019, the MSF Board allocated \$2,125,000 for the MMTC through September 30, 2020. On August 25, 2020, the MSF Board approved a no-cost extension through September 30, 2021. Approval of the funding allocation in this request will support existing MSF deliverables, while increasing Industry 4.0 (“I4.0”) specific activities for FY21.

MMTC is the sole program of the 501c3 Industrial Technology Institute, Inc. (ITI), a not-for-profit Michigan corporation. In 1991, ITI was awarded the charter to operate the Michigan portion of the National Institute of Standards and Technology (“NIST”) Hollings Manufacturing Extension Partnership (“MEP”) program. The MMTC is a public/private network and receives federal matching funds in addition to support from the MSF. MMTC receives \$7.8 million in matching funds from the Federal Department of Commerce/National Institute of Standards and Technology (Manufacturing Extension Partnership) along with \$4.89 million from the MMTC’s manufacturing clients in Michigan.

Since 1991, the MMTC has assisted Michigan's small and medium-sized businesses to operate smarter, compete and prosper. MMTC develops more effective business leaders, drives product and process innovation, assists with navigating through governmental and industry regulations, promotes company-wide operational excellence and foster creative strategies for business growth and greater profitability.

### **FY21 Deliverables**

As part of the proposed grant agreement, MMTC will collaborate with Automation Alley and MEDC/MSF to advance adoption of I4.0 technologies by Michigan small and medium-sized manufacturers. The I4.0 initiatives MMTC will provide are comprised of six development areas including Marketing Outreach, Technology Roadshows, Process Development, Course Trainings, Technology Assessments and Project Management.

- **Marketing Outreach** – develop campaigns to promote educational content with invitations to the technology roadshows, course training, and invitations to receive technology assessments. The format will include events, partner outreach, social media, email marketing, webinars and blogs.
- **Technology Roadshows** – designed to present each of the I4.0 technologies through an interactive experience for the attendees to see and use at the sessions.
- **Process Development** – development of I4.0 content and project tracking database. This database will house all the assessment findings for analysis and reporting on the success of the program and will support the development of a statewide use case repository.
- **Course Trainings** – class offerings for both a general overview and in-depth review of key technologies. New class offerings will focus on a track of technology (e.g. connectivity additive, cobotics/robotics, etc.) and existing training offerings will be expanded with I4.0 content.
- **Technology Assessments** – the most in-depth service MMTC offers to engage small and medium-sized manufacturers and their employees. Assessment includes a financial and operational assessment (Transformation Planner), onsite assessment with qualitative and quantitative analysis of the operation, industry comparisons and benchmarking. The output is a direct linkage between the company’s current state and the I4.0 technologies recommended for profitability improvement and job retention.
- **Project Management** – deployment of resources, project management and reporting on the progress of the program.

#### **Pure Michigan Business Connect Matchmaking Assistance**

In addition to the I4.0 work, MMTC provides critical support to the MEDC’s Pure Michigan Business Connect Program (“PMBC”) by efficiently and effectively connecting established procurement demand to the Michigan supply base. Benchmarking conducted in FY19 determined that PMBC’s custom research program is unique in the United States, and over the past six years working with the MMTC, PMBC has developed a capability-focused research platform designed to quickly identify Michigan suppliers based on a purchaser’s specific criteria for products and services.

Since the beginning of FY2015, PMBC has processed over 1,540 custom research requests for companies from 20 states and 31 countries. Over those years, PMBC has also supported companies from every county in Michigan. Manufactured products represent most of the research demand that PMBC receives, and the MMTC has been directly involved in over 600 searches, with supplier lists provided as deliverables for those searches reused to support hundreds of additional similar search requests. These requests are usually time-sensitive, and the process that PMBC and the MMTC developed has reduced the average response time for research requests from 19 business days at the end of FY2014 to 2.4 business days at the end of FY2020. In total, PMBC has used the research lists provided by the MMTC to make nearly 12,500 Michigan supplier recommendations to procurement demand. PMBC anticipates requiring MMTC support on 125 custom research requests in FY2021.

Additionally, the global competitiveness of the Michigan supply base is critical to PMBC being able to make strong recommendations that lead to connections and revenue for Michigan companies. As PMBC looks to establish more demand for advanced manufacturing and Industry 4.0 capabilities, it is essential that the in-state supply base be capable of meeting demand criteria in those areas. The consulting and

training services provided by the MMTC play a strong role in helping Michigan manufacturers elevate their competitiveness so that PMBC can continue to make fruitful connections.

#### **FY20 MMTC Performance Results and FY21 Goals**

In FY20, MMTC worked with 326 Michigan companies on projects resulting in \$640.7 million in new or retained sales and 6,825 new or retained jobs directly attributed to assistance provided by the MMTC. This impact was determined through the MMTC quarterly surveying process in which 305 manufacturers reported that MMTC programming directly lead to new/retained jobs and/or increased sales. Projects, in this case, being those designed to help Michigan companies with product and process innovation, lean manufacturing and continuous improvement, quality systems, costing systems, supervisory training, cybersecurity, market research, food processing and business development.

In FY21, MMTC plans to assist 275 Michigan companies on projects resulting in \$250 million in new or retained sales and 3,000 new or retained jobs directly attributed to assistance provided by the MMTC. Further metrics will be established to support 300 I4.0 Assessments, six I4.0 Roadshows to different geographies across the state, host four (4-hour courses) on relevant I4.0 topics, support marketing and outreach efforts and continue to develop the content and resources based on the latest trends and technologies.

#### **Recommendation**

MEDC staff recommends that the MSF Board approve a budget allocation of \$3,050,000 to MMTC for the term through September 30, 2021.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2020-150**

**MICHIGAN MANUFACTURING TECHNOLOGY CENTER GRANT AMENDMENT**

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

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

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

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

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

**WHEREAS**, on September 24, 2019, the MSF approved an amendment to extend the MMTC Grant to September 30, 2020;

**WHEREAS**, on November 26, 2019, the MSF allocated \$2,125,000 in additional funding to the MMTC Grant;

**WHEREAS**, on August 25, 2020, the MSF approved an amendment to extend the MMTC Grant to September 30, 2021;

**WHEREAS**, the MEDC recommends that the MSF allocate \$3,050,000 in additional funding to the MMTC Grant (the “Amendment Request”); and

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

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

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Susan Corbin, Paul Gentilozzi, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Susan Tellier, Cindy Warner

Nays: None

Recused: None



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



## **MEMORANDUM**

**Date:** December 8, 2020  
**To:** Michigan Strategic Fund Board  
**From:** Eric Shreffler, VP Market Development  
**Subject:** Industry 4.0 Request for Proposals

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### **Request**

The Michigan Economic Development Corporation (“MEDC”) requests that the Michigan Strategic Fund (“MSF”) Board approve a scope of work for a Request for Proposals (“RFP”) in the amount of \$2,000,000 to solicit regional proposals from eligible organizations to increase manufacturers’ awareness and readiness to adopt Industry 4.0 (“I4.0”) technologies (the “I4.0 RFP”); to appoint a Joint Evaluation Committee (“JEC”) to review proposals received in response to the I4.0 RFP; and adopt scoring and evaluation to be used by the JEC in its review of responses to the I4.0 RFP (collectively, the “Request”).

### **Background**

During the development of the State’s strategic plan, Advanced Manufacturing was identified as a strategic focus industry for the state of Michigan. I4.0 is identified as a key component of this industry. Based on industry analysis and research, opportunities have been identified where Michigan can focus in order to continue to support and grow this key industry via statewide awareness, education, and assistance to industry in partnership with regional partners throughout the state. As such, to supplement existing statewide efforts to address I4.0, it is the MEDC’s intent to identify and make grant awards to multiple entities that will be able to develop and execute activities focused on supporting and growing this industry within Michigan.

The MEDC requests that the MSF Board approve the release of the I4.0 RFP in the amount of \$2,000,000 from to solicit proposals from Michigan-based non-profit entities and Michigan-based governmental entities that are currently engaged in and have prior experience with economic development activities, to include (but not limited to) cities, townships, counties, communities, chambers of commerce or other regional economic development entities, universities and incubators or accelerators to develop and implement regional activities that encourage innovation and increase manufacturers awareness and readiness to adopt and implement I4.0 technologies.

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

Issue RFP to the Public: 12/11/2020  
Questions due from the Public: 12/18/2020  
Answers posted to the MEDC web page: 12/22/2020  
Applications Deadline: 1/20/2021

The MEDC recommends that the MSF Board approve appointing a JEC to review the proposals submitted and make recommendations to the MSF Board. The following individuals are recommended to be appointed to the JEC to review proposals:

Mark Ignash, Sector Development Director, MEDC

Eric Shreffler, VP Market Development, MEDC

Nadia Abunasser, Federal and Development Projects Director, MEDC

John Groen, Managing Director Strategy and Policy, MEDC

Kerry Ebersole, Senior Advisor and Director of the 60x30 Office, LEO

The MEDC recommends that the MSF Board approve the scoring and evaluation criteria attached as Exhibit B to the resolution to be used by the JEC members in their review of proposals submitted in response to the I4.0 RFP.

**Recommendation**

MEDC Staff recommends that the MSF Board approve the Request.

## **MICHIGAN STRATEGIC FUND**

### **RESOLUTION 2020-151**

#### **INDUSTRY 4.0 REQUEST FOR PROPOSALS AND FUNDING ALLOCATION**

**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 MSF has reviewed a scope of work, timeline and eligibility requirements for awarding grants to Michigan-based non-profit entities governmental entities that are currently engaged in and have prior experience with economic development activities to develop and implement regional activities that encourage innovation and increase manufacturers awareness and readiness to adopt and implement Industry 4.0 technologies (the “Industry 4.0 RFP”), as set forth in Attachment A to this Resolution;

**WHEREAS**, the MEDC recommends and the MSF desires to initiate the competitive proposal process by issuing the Industry 4.0 RFP and allocating up to \$2,000,000 for the Industry 4.0 RFP (the “Industry 4.0 RFP Issuance and Funding Request”);

**WHEREAS**, the MEDC recommends and the MSF desires to appoint the following individuals to the JEC for the Industry 4.0 RFP:

Mark Ignash, Sector Development Director, MEDC  
Eric Shreffler, VP Market Development, MEDC  
Nadia Abunasser, Federal and Development Projects Director, MEDC  
John Groen, Managing Director Strategy and Policy, MEDC  
Kerry Ebersole, Senior Advisor and Director of the 60x30 Office, LEO

**WHEREAS**, the MEDC recommends and the MSF Board desires to adopt the scoring and evaluation criteria contained in Attachment B to this Resolution for use by the JEC in its review of proposals received in response to the Industry 4.0 RFP (the “Industry 4.0 Scoring and Evaluation Criteria”).

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF approves 1) the Industry 4.0 RFP Issuance and Funding Request; 2) the JEC as set forth above; and 3) the Industry 4.0 RFP Scoring and Evaluation Criteria;

**BE IT FURTHER RESOLVED**, that the MSF authorizes the MSF Fund Manager to modify the Industry 4.0 RFP as may be necessary or appropriate, so long as the modifications are not material or adverse to the interests of the MSF; and

**BE IT FURTHER RESOLVED**, that the MSF authorizes the MSF Fund Manager to appoint alternate members to the JEC if any of the members identified above are unable to or unwilling to serve.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Mark Burton, Susan Corbin, Paul Gentilozzi, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
December 8, 2020

**SECTION I  
WORK STATEMENT**

**A) PURPOSE**

The Michigan Economic Development Corporation (MEDC) is seeking proposals from Michigan-based non-profit entities and/or Michigan-based governmental entities to assist the MEDC in increasing industry awareness of Industry 4.0 (I4.0) and furthermore increasing industry preparedness for and adoption of I4.0 technologies and processes throughout the state.

**B) BACKGROUND STATEMENT AND OBJECTIVES**

**Background:**

During the development of the MEDC's strategic plan, Advanced Manufacturing was identified as a strategic focus industry for the state of Michigan. I4.0 is identified as a key component of this industry. Based on industry analysis and research, opportunities have been identified where Michigan can focus in order to continue to support and grow this key industry via statewide awareness, education, and assistance to industry in partnership with regional partners throughout the state. As such, to supplement existing statewide efforts to address I4.0, it is the MEDC's intent to identify and make grant awards to multiple entities that will be able to develop and execute activities focused on supporting and growing this industry within Michigan.

**Objective(s):**

1. Increase industry I4.0 awareness and preparedness throughout Michigan via support of regional programming and activities.
  - a. Programming could include however is not limited to activities such as regional events, demonstration projects, webinars, business roundtables, I4.0 pilot projects, and/or other programming as proposed by respondents.

**C) QUALIFICATIONS**

The MEDC is seeking proposals from Michigan-based non-profit entities and Michigan-based governmental entities that are currently engaged in and have prior experience with economic development activities, to include (but not limited to) cities, townships, counties, communities, chambers of commerce or other regional economic development entities, universities and incubators or accelerators.

Successful respondents will be able to:

- State how the proposed use of funds will increase company preparedness to adopt I4.0 technology
- Identify how the proposed use of funds tie into economic development
- State how the proposed use of funds augment or fill a gap that existing statewide I4.0 efforts may not be addressing

- State and describe the current state of I4.0 awareness/preparedness and the desired state of I4.0 as an outcome of activities performed under this grant
- State and describe the geographic region within Michigan in which programming will be provided
- Describe how the respondent proposes to increase I4.0 awareness and preparedness, detailing:
  - Proposed programming, activities, and methodology
  - How proposed programming will have a regional impact on I4.0 preparedness and adoption
  - Proposed metrics and how proposed metrics will be measured (please see deliverables section below as well for specifics on expected deliverables/metrics)
  - Current programs and/or activities that the respondent is currently engaged with which this grant will augment, if any, and how this grant will augment said programs and/or activities
  - How the proposed programming may be expanded in the future
  - Other organizations that respondent proposes to engage and/or partner with
  - Match funding to be leveraged, if any
- Provide a quarterly timeline of proposed deliverables, grant milestones, and metrics for each 3-month quarter of a 12 month grant period of performance
- Demonstrate prior experience with economic development activities
- Demonstrate collaboration with a local EDO (if a local EDO is not the applicant)
- Demonstrate prior experience engaging with and/or assisting businesses in relation to I4.0

#### **D) DELIVERABLES**

As proposed efforts resultant of this RFP may vary, respondents shall provide, in detail, proposed deliverables and quarterly timeline of delivery (see deliverables timeline requirements listed above in Section C) based on their respective proposals. Note that deliverables and associated metrics must at a minimum include number of companies served and % increase in company preparedness as it relates to I4.0.

##### **Additional Information:**

Successful respondents will provide a Program Manager to work as the primary point of contact with the MEDC, their Contractors and additional stakeholders. As a part of its project management duties, the Program Manager will conduct informational and status meetings. Such meetings may include the Program Management Team, the MEDC, other consultants, elected officials, and other stakeholders as designed by the MEDC. The Program Manager will work directly with the MEDC and their Contractors and related stakeholders to define, manage, and control the project scope, timeline, issue escalation and resolution processes. The MEDC will require detailed status reports, as defined by the MEDC, on a quarterly basis and will reserve the option of changing that requirement dependent upon which phase the project is in. In addition, the Program Manager will create and routinely update the project plan to reflect changes in the nature and timing of project activities with all changes being subject to MEDC approval.

## Proposal Evaluation Form I4.0 RFP

Name of Applicant: \_\_\_\_\_

Name of Reviewer: \_\_\_\_\_

Criteria	Reviewer's Comments	Points
<p><b>Eligibility:</b></p> <ul style="list-style-type: none"> <li>• Michigan-based non-profit entity or Michigan-based governmental entity that is currently engaged in and has prior experience with economic development activities, to include (but not limited to) cities, townships, counties, communities, chambers of commerce or other regional economic development entities, universities and incubators or accelerators</li> </ul>		Yes/No: _____
<p><b>Executive Summary:</b> Overview</p> <ul style="list-style-type: none"> <li>• NAME OF THE APPLICANT ORGANIZATION</li> <li>• ELIGIBILITY CRITERIA</li> <li>• AMOUNT OF FUNDS REQUESTED</li> <li>• TERM</li> <li>• PURPOSE</li> <li>• The TARGETED NUMBERS FOR:                             <ul style="list-style-type: none"> <li>○ Companies likely to adopt I4.0 technologies by 2025</li> </ul> </li> </ul>		Max. Possible Points: 5  <b>Score:</b> _____
<p><b>Purpose:</b></p> <ol style="list-style-type: none"> <li>a) The Applicant must clearly indicate whether the organization is a governmental entity, non-profit or university.</li> <li>b) The Applicant must clearly state how the proposed use of funds will increase company preparedness to adopt I4.0 technology</li> <li>c) The Applicant must clearly state how proposed programming will have a regional impact on I4.0 preparedness and adoption</li> <li>d) The Applicant must clearly identify how the proposed use of funds tie into economic development</li> <li>e) The Applicant must demonstrate collaboration with a local EDO (if a local EDO is not the applicant)</li> <li>f) The Applicant must include how the proposed programming may be expanded in the future</li> </ol>		Max. Possible Points: 20  <b>Score:</b> _____
<p><b>Past Experience:</b></p> <ul style="list-style-type: none"> <li>• The Applicant should indicate past experience with the proposed type of programming</li> </ul>		Max. Possible Points: 10 <b>Score:</b> _____
<p><b>Team:</b></p> <ul style="list-style-type: none"> <li>• Identified key players</li> <li>• Identified collaborators</li> </ul>		Max. Possible Points: 15 <b>Score:</b> _____
<p><b>Milestones/Deliverables:</b></p> <ul style="list-style-type: none"> <li>• Identified meaningful milestones/deliverables</li> <li>• Achievable and leading to economic impact</li> </ul>		Max. Possible Points: 15 <b>Score:</b> _____
<p><b>Budget:</b></p> <ul style="list-style-type: none"> <li>• Identified meaningful budget for proposal</li> <li>• Organization budget clearly indicates need for funding</li> </ul>		Max. Possible Points: 15 <b>Score:</b> _____
<p><b>Economic Impact:</b></p> <ul style="list-style-type: none"> <li>• Realistic assumptions and expectations based on industry knowledge and past performance</li> </ul>		Max. Possible Points: 10

**Exhibit B**

<ul style="list-style-type: none"><li>• Identified targeted metrics:<ul style="list-style-type: none"><li>○ Number of companies served</li><li>○ %Increase in company preparedness</li></ul></li></ul>		<b>Score:</b> _____
<b>Preferences:</b> <ul style="list-style-type: none"><li>• Contributes to the development of economic diversification or the creation of employment opportunities in this state</li><li>• Promotes collaborations between institutions of higher education, Michigan nonprofit research institutions, Michigan nonprofit corporations, and qualified businesses</li><li>• Is able to leverage outside funding sources to reduce overhead expenses.</li></ul>		Max. Possible Points: 10 <b>Score:</b> _____
<b>Total Score:</b>		Max. Possible Points: 100 <b>Score:</b> _____



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



## MEMORANDUM

**Date:** December 8, 2020  
**To:** Michigan Strategic Fund Board  
**From:** Josh Hundt, Executive Vice President and Chief Business Development Officer  
and Paige Wirth, Director of Business Marketing  
**Subject:** *Industry 4.0 Signature Initiative-Awareness*

---

### **Request**

The Michigan Economic Development Corporation (“MEDC”) requests the Michigan Strategic Fund (“MSF”) Board allocate \$1,000,000 to McCann Erickson, a global advertising agency, for services to generate awareness and connect Michigan manufacturers to statewide Industry 4.0 opportunities, resources and services that will foster preparedness and, ultimately, continued growth for their business.

### **Background**

In 2019, the MEDC developed and adopted a five-year strategic plan with the vision of making the state’s economy the nation’s fastest growing, most equitable and most resilient. Sustainable and long-term growth requires ensuring Michigan’s economy is resilient against downturns and the potential for automation. Approximately 42 percent of Michigan’s current labor force could be impacted by automation, and with a focus on retaining companies and fostering high-wage skills growth in target industries such as Advanced Manufacturing, there is a strong need for a multi-pronged effort to ensure Michigan’s small to medium-sized manufacturers adopt Industry 4.0 technologies.

Research has identified a lack of awareness of the impacts of automation amongst Michigan businesses. The need for increased statewide awareness of Industry 4.0 and the importance of preparedness is therefore vital for sustainable and equitable growth. To generate that awareness and connect manufacturers to Industry 4.0 educational resources, the MEDC requests to enlist McCann Erickson, the current contracted advertising agency, to collaborate on the launch of a paid awareness campaign targeted towards small to medium sized Michigan manufacturers.

In 2016, the MSF Board awarded the MEDC advertising contract to McCann. On October 27, 2020, the MSF Board extended McCann’s contract until September 31, 2021. Throughout the past four years, McCann has been an effective strategic partner with MEDC, promoting Michigan’s reputation as a world-class business location and the strength in the focus industries

through the full range of strategic marketing and communications activities including advertising, social media, digital media, events, content marketing and more.

By collaborating with McCann on the launch of a new Industry 4.0 integrated awareness campaign, the MEDC will generate statewide awareness and utilization of educational resources and services that will ultimately foster preparedness and growth.

**Recommendation**

The MEDC recommends that the MSF Board allocate \$1,000,000 and authorize the Fund Manager to enter into a contract amendment with McCann Erickson for services specific to Industry 4.0 paid awareness and education.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2020-152**

**MCCANN ERICKSON  
CONTRACT FOR INDUSTRY 4.0 AWARENESS**

**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**, pursuant to Section 7(a), the MSF may make, execute, and deliver contracts;

**WHEREAS**, the MEDC recommends that the MSF Board authorize an agreement in the initial amount of \$1,000,000 to McCann Erickson (“McCann”) for an initial term of one year, with the option to extend the term for an additional five years and allocate additional funding at the sole discretion of the MSF, for the purpose of generating awareness around Industry 4.0 (“I4.0”) opportunities, resources and services that will foster preparedness and continued growth for Michigan businesses (the “McCann I4.0 Awareness Contract”); and

**WHEREAS**, the MSF Board wishes to approve the McCann I4.0 Awareness Contract.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF Board approves the McCann I4.0 Awareness Contract; and

**BE IT FURTHER RESOLVED**, that the MSF Fund Manager is authorized to negotiate final terms and conditions of the McCann I4.0 Awareness Contract and to execute all documents necessary to effectuate the McCann I4.0 Awareness Contract.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Mark Burton, Susan Corbin, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Susan Tellier

Nays: Ronald W. Beebe, Paul Gentilozzi, Cindy Warner

Recused: None

Lansing, Michigan  
December 8, 2020



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
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Sincerely,

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Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



## MEMORANDUM

**Date:** December 8, 2020

**To:** Michigan Strategic Fund Board

**From:** Jibran Ahmed, Business Development Project Manager  
Rob Garza, Manager, Statutory Analysis

**Subject:** Request for Approval of an Act 381 Work Plan  
Former Cadillac Stamping Plant Redevelopment Project

---

### Project Summary

The request will support a business development project located in the City of Detroit that will support the demolition of an existing 915,655 square foot building, and the new construction of an approximately 682,000 square foot multi-tenant industrial/manufacturing facility on 44.768 acres, representing \$47,943,883 in total capital investment. The project will also include the improvement of approximately 5,800 square feet of public sidewalks. This new facility will be targeted towards automotive suppliers and advanced manufacturing and logistics opportunities. The project is located on the former Cadillac Stamping Plant site and has been vacant since 2015.

The property has a history of manufacturing uses dating back to the early 1900's that has left residual contamination in the soil. Furthermore, asbestos was identified in the building and has been removed and strewn throughout multiple floors by unidentified parties. The extraordinary costs required to demolish the existing structures and safely develop the site has created a \$26.5 million expense deterring development of the property. Due to the extensive environmental remediation and demolition costs, the total development costs are such that the developer is unable to underwrite a return large enough to attract investors to the project without financial assistance. The strategic location of this facility, short supply of Class A industrial space, and specific building specifications (30 feet of clear height), will generate strong demand from the mobility and automotive sectors. This project will be able to address the lack of manufacturing space in the region that can be used to attract large corporate tenants. Of the approximately 520 million square feet in the Detroit metro industrial market, only 7 large buildings are currently constructed that have available space and meet a 30 foot clear height requirement.

Based on data from the developer's existing industrial buildings around the country, they estimate approximately 450 full-time employees to be working in similar facilities. The company will use the Detroit at Work career center for hiring, with a commitment to giving preference to Detroit residents in trades which include carpentry, general labor, operators, roofing, plumbing, electricians, and landscaping. The developer is in conversations with its past tenants and OEM suppliers to gauge their interest as tenants in this new facility. The project will be supported with 40% private equity and 60% debt.

### Request

The City of Detroit Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including eligible activities totaling \$8,376,773. The Work Plan estimates total state tax capture in the amount of \$3,330,293 to reimburse for MSF eligible activities. The Applicant anticipates that the project will result in a total capital investment in the amount of \$47,943,883.

### Program Summary

The request for Brownfield support is consistent with brownfield program requirements and the project is consistent with the MEDC's strategic plan focus areas of developing attractive places and attracting, retaining and supporting businesses. The project also meets local objectives by redeveloping underutilized and contaminated land. The property is a former GM Cadillac stamping facility that has become vacant and unattractive. The project will include the removal of vacant buildings, increase the taxable value of the property and create a new industrial, multi-tenant facility which can be used to attract business expansion and job opportunities in a geographically disadvantaged area in the region.

### Local Support

Local support for the project includes the local portion of the Act 381 Work Plan request valued at \$4,659,235, which is the amount of capture anticipated over 30 years, and an anticipated 12-year Industrial Facilities Tax Exemption (IFT) valued at \$8,081,377. 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 October 20, 2020. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on September 17, 2020 and September 23, 2020.

There are 65.3215 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (36.74%) and local millage equaling 41.3215 mills (63.26%). The calculation includes an anticipated IFT on the city property for the first 12 years. The blended ratio for this project is 41.68% to 58.32%, school to local, respectively. Tax increment capture will begin in 2022 and is estimated to continue for 30 years.

The total cost of MSF Eligible Activities is estimated to be \$8,376,773, however, the work plan projects the maximum capture to be \$7,989,528, with state tax capture limited to \$3,330,293, which is the amount of state tax increment revenue anticipated to be generated in 30 years. MSF eligible activities breaks down as follows:

			Activities	Capture
State tax capture	(41.68%)	\$	3,491,439	3,330,293
Local tax capture	(58.32%)	\$	4,885,334	4,659,235
<b>TOTAL</b>		<b>\$</b>	<b>8,376,773</b>	<b>7,989,528</b>

### Cost of MSF Eligible Activities

Demolition	\$	4,271,107
Lead, Asbestos, or Mold Abatement		1,000,000
Infrastructure Improvements		1,000,000
Site Preparation	+	1,000,000
Sub-Total	\$	7,271,107
Contingency (15%)	+	1,090,666
Sub-Total	\$	8,361,773
Brownfield/Work Plan Preparation	+	15,000
<b>TOTAL</b>	<b>\$</b>	<b>8,376,773</b>

In addition, the project is requesting \$10,048,750 in TIF from EGLE to assist with environmental eligible activities.

### **Applicant History**

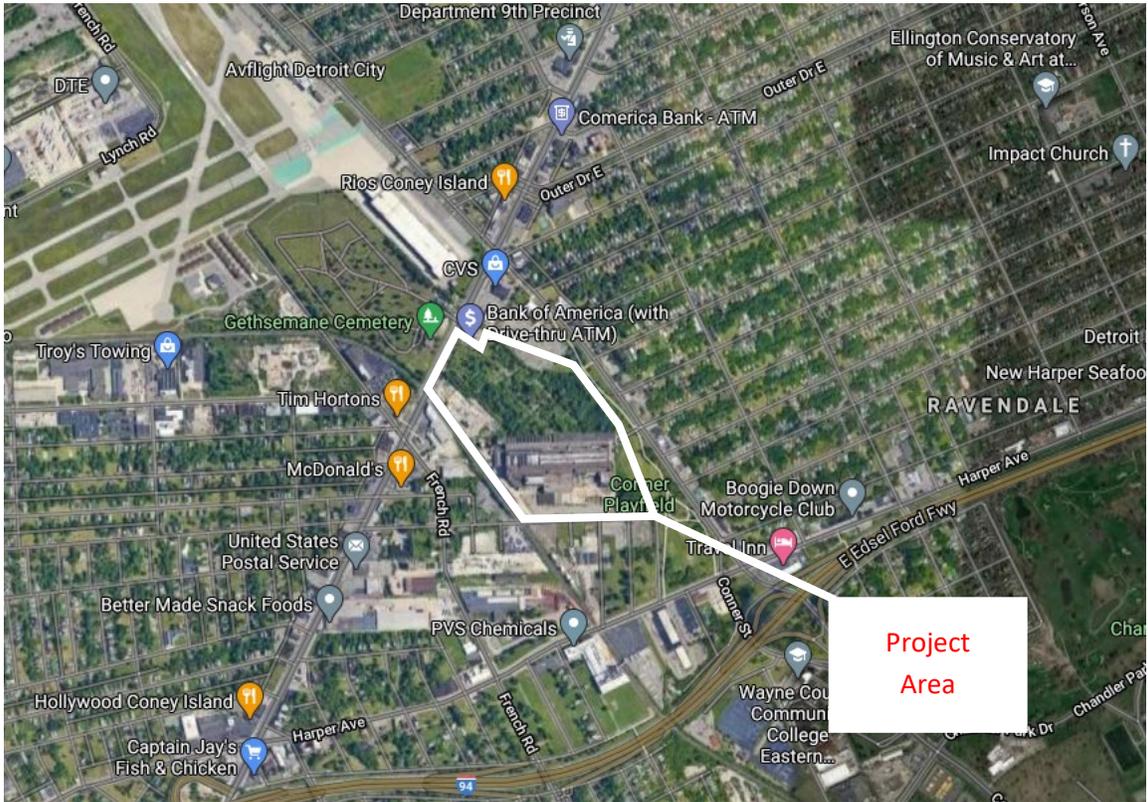
Established in 2012, NorthPoint Development, LLC is a privately held real estate development firm specializing in the construction of Class A industrial facilities. Since 2012, the developer has developed and managed more than 70 million square feet of industrial space around the United States. The developer has undertaken multiple projects in Michigan, the most prominent being what is now the 1.1 million square foot GM Davison Road Processing Center in Burton, Michigan. Neither NorthPoint Development, LLC or its principals have previously been awarded incentives from the 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 rendering, **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 \$3,330,293, which is the amount of tax increment revenue anticipated to be generated in 30 years utilizing the current state to local capture ratio.

## APPENDIX A – Project Map and Rendering



## 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 through the reactivation of a vacant and contaminated site and the creation of significant number of new full-time jobs.
- b) Jobs Created (Excluding Construction and other Indirect Jobs):**  
This project is expected to create approximately 450 new, full-time equivalent industrial, manufacturing, professional, and warehouse jobs with an average hourly wage of \$15.
- c) Area of High Unemployment:**  
The City of Detroit unadjusted jobless rate was 20.4% in September 2020. This compares to the statewide seasonally adjusted average of 8.2% in September 2020.
- d) Level and Extent of Contamination Alleviated:**  
As a former stamping plant, the property contains significant contamination and the developer will be seeking Act 381 Work Plan support from EGLE to help alleviate existing conditions on the site.
- 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

NorthPoint Development, LLC Organizational Structure					
NorthPoint Development, LLC EIN: 45-4405321					
NorthPoint Development, LLC Manager: Nathaniel John Hagedorn					
Member			Ownership Interest	EIN	State of Organization
Member/Company name and manager			100.00%	45-4405321	Missouri
	NorthPoint Holdings, LLC	100.00%			
	Nathaniel Hagedorn		38.10%		
	FFIP III, LP		14.70%		
	Chad Meyer		12.03%		
	Brandmeyer Holdings - NorthPoint, LLC		10.03%		
	Brandmeyer Holdings - NorthPoint II, LLC		4.91%		
	Other (none over 3% individually)		20.24%		
<b>Key Principals/Guarantors:</b>		<b>Amount of Guarantee</b>			
	Member Name				
	Member Name				
	Member Name				

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2020-153**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN  
CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY  
FORMER CADILLAC STAMPING PLANT 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 10600, 10640, 10644, and 10648 Gratiot Avenue and 9501 Conner Street within the City of Detroit, known as the Former Cadillac Stamping Plant Redevelopment Project (the “Project”);

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

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

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

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 41.68% to 58.32% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, lead, asbestos and mold abatement and infrastructure improvements as presented in the Work Plan dated October 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 \$8,361,773 for the principal activity costs of non-environmental activities and a contingency, and a maximum of \$15,000 for Brownfield/Work Plan preparation, with the total capture of state school taxes capped at a maximum of \$3,330,293.

**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, Paul Ajegba, Ronald W. Beebe, Mark Burton, Susan Corbin, Paul Gentilozzi, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
December 8, 2020



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
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GOVERNOR

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

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Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



## MEMORANDUM

**Date:** December 8, 2020

**To:** Michigan Strategic Fund Board

**From:** Sue DeVries, Community Assistance Team Specialist  
Debbie Stehlik, Commercial Real Estate Investment Manager  
Lisa Edmonds, MCRP and Brownfield Program Specialist

**Subject:** Request for Approval Michigan Community Revitalization Program (MCRP) Grant  
Middleville Main, LLC

---

### Project Summary

The request will support a community development project located in the Village of Middleville that will construct a new three-story, mixed-use building on vacant village-owned property in the downtown, representing \$2,840,448 in total capital investment. The project will consist of approximately 15,500 square feet over three floors. The ground floor will contain approximately 2,500 square feet of commercial space and seven garages that will line the back for the residential tenants while floors two and three will contain 11 residential apartments. The building will contain approximately 11,545 square feet of total residential square footage plus approximately 1,455 square feet of common area. The total construction cost per square foot is \$162.69, which is in line with other recent projects in Western Michigan.

A financing gap exists due to a combination of factors. Banks are hesitant to provide extensive funds in a market that has seen little to no new construction or development of this type. The project request is necessary to balance the current debt, equity and return requirements as it relates to the overall project cost. Without the requested assistance, the required equity, when compared to the maximum debt, would be too large to provide a sufficient return to justify the investment. Additionally, the project's more rural location does not support the same levels of rent that more populated cities do, while construction costs are similar to those in urban areas. The requested assistance is necessary to support redevelopment in this location, allow the project to be financed, and generate a reasonable return of 11.3%.

The Village of Middleville received its Redevelopment Ready Communities certification in July of 2017 and the Middleville Main project is the result of an extensive process spearheaded by the Village of Middleville and the MEDC's Redevelopment Services Team. The proposal will infill a priority redevelopment site adjacent to the village hall. The location was identified through the Redevelopment Ready Community process and the developer was brought to the project through the Redevelopment Services Team's developer showcase. As part of that process, they have been awarded a \$100,000 Architectural and Engineering grant from the MEDC. This vacant site was previously home to a hotel building, which burned down. The land has remained vacant since the fire in 1981 leaving a large gap in the streetscape. Located in the heart of the downtown commercial district and across the street from a historic building that was recently renovated with CDBG funds, the construction of this new building will finally connect the commercial corridor, both visually and functionally. The project will dramatically transform the appearance of the Village's main street and offer pedestrians a connected walking and shopping experience. It will also provide workforce housing which is needed in the community. Bradford White is a major employer in Middleville. Their executives participated with village representatives in the

Redevelopment Services Team process of planning for development in Middleville. Bradford White expressed a strong need for housing of this type to attract employees. Middleville’s vision is to make downtown once again an economically healthy place to shop, work, play and live and this project will be a catalyst for realizing their vision.

### **Request**

Middleville Main LLC (“Applicant”) is requesting a MCRP performance-based grant in the amount of \$990,000. The Applicant anticipates that the project will result in a total capital investment in the amount of \$2,840,448.

### **Program Summary**

The request for MCRP support is consistent with many Community Development goals. The project is in a certified RRC Community. It has significant square footage being developed as an infill new construction project. It contributes to a traditionally dense mixed-use area and contains multi-story elements. The project qualifies for the MCRP as “any other property” as determined by the fund board, because development of the property will promote community revitalization consistent with the findings and declarations in Section 90 of the Act.

*Sec. 90. The legislature finds and declares that any activity under this chapter to promote community revitalization will accelerate private investment in areas of historical disinvestment, contribute to Michigan's reinvention as a vital, job-generating state, foster redevelopment of functionally obsolete properties, reduce blight, support the rehabilitation of historic resources, and protect the natural resources of this state and is a public purpose and of paramount concern in the interest of the health, safety, and general welfare of the citizens of this state.*

Middleville Main aligns with MEDC’s strategic plan focus areas by developing attractive places and attracting, retaining, and supporting businesses, as this project is both supporting the vibrancy of the downtown and providing needed workforce housing.

### **Local Support**

Local support for the project includes a \$20,000 contribution from the Middleville DDA Façade Program and a \$29,205 Commercial Redevelopment tax abatement. The Village of Middleville is certified with the MEDC’s Redevelopment Ready Communities (RRC) program.

### **Financing Opportunity – MCRP Grant**

The Applicant has requested a MCRP Performance Based Grant to assist in filling a financing gap for the project. The rental rates in the subject market are not high enough to justify new construction without assistance to bridge the gap between the value and construction costs. The project was recently appraised “As Complete” at \$1,840,000, lending further credence to the need for subsidy as the total budget for the project exceeds this number by \$1,000,000. The developer has maximized senior debt at \$1,425,000 and is contributing nearly 12% equity to the project. The project has a projected debt service coverage ratio of 1.38 and a reasonable return of 11.3%.

**Grant Terms**

**MSF Facility:** MCRP Performance Based Grant

**Grantee:** Middleville Main, LLC

**Senior Lender:** Macatawa Bank

**Total Amount of Loans:** Currently estimated at \$1,425,000

**Lender Share:** Currently estimated at \$1,425,000

**Total Capital Investment:** Currently estimated at \$2,840,448

**MSF Eligible Investment:** Currently estimated at \$2,541,630

**Minimum Eligible Investment:** Currently estimated at \$2,033,304

**MSF Share:** Up to the lesser of 40% of “Eligible Investment” or \$990,000. The project is eligible for an award of up to 50% of eligible investment because the population of the Village of Middleville is less than 15,000.

**Summary of Development Sources:**

Macatawa Bank	\$	1,425,000	50.17%
MSF Grant	\$	990,000	34.85%
MEDC A/E Grant	\$	100,000	3.52%
Developer Equity	\$	325,448	11.46%
<b>TOTAL</b>	<b>\$</b>	<b>2,840,448</b>	<b>100.00%</b>

**Summary of Development Uses:**

Land Acquisition	\$	40,000
Hard Construction Costs	\$	2,521,630
Eligible Soft Costs	\$	140,000
Other	\$	138,818
<b>TOTAL</b>	<b>\$</b>	<b>2,840,448</b>

**Applicant History**

The development team for Middleville Main, LLC has completed many successful commercial and residential projects including the 820 Monroe project in downtown Grand Rapids (MSF assistance received), The Bluffs in Cascade, South Haven Center in South Haven (MSF assistance received), and The Broadmoor Development in Kentwood. 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) Property qualification as “any other property” because development of the property will promote community revitalization consistent with the findings and declarations in Section 90 of the Act; and
- b) A MCRP performance-based grant in the amount of up to \$990,000 for Middleville Main, LLC.

## APPENDIX A – Project Map and Renderings



**Address:** 112 East Main Street, Middleville, Michigan 49333



## 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:**

This was the top priority project selected by the Village of Middleville to promote and attract development with MEDC's Redevelopment Services Team. The community worked with the MEDC team to develop building design guidelines. They also worked with the team to hold a developer showcase event to attract a developer that would bring a project that met their community's specific goals and vision. This project is the beginning of a journey for the community to meet its planned vision. The Village of Middleville, like many other communities in Michigan, has an extremely limited supply of market-rate apartment rentals. Major employers such as water heater manufacturer Bradford White have been calling for this kind of development. By supporting the construction of Middleville Main, the Village is reactivating a key parcel in their downtown which will directly contribute to the vibrancy, density, and walkability of their community.

**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, as well as reactivating a difficult to develop parcel. To date, the MEDC has also fielded one additional inquiry about a different Middleville RRC priority site that is vacant and abandoned.

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

The Village of Middleville is financially supportive of this project and has approved a DDA Façade Grant of \$20,000 and a \$29,205 Commercial Redevelopment tax abatement.

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

A financing gap exists due to the project's more rural location which does not support the same levels of rents that more urban locations do while construction costs remain the same. As a result, traditional bank financing is limited and subsidy is necessary to balance the current debt, equity and return requirements as it relates to the overall project cost. Without the requested assistance, the required equity would be too much to provide a sufficient return to justify the investment. As further support, the project was recently appraised "As Complete" at \$1,840,000, roughly \$1,000,000 lower than the project's total budget.

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

This project does not reuse a vacant, historical, or blighted building, but it does bring life back to a parcel that has sat unused since 1981. The Village has been trying for many years to attract a developer to the site but had not been able to bring financial package that made development a reality.

**F. Creation of jobs:**

The project is expected to generate approximately 10 full-time equivalent jobs with estimated average hourly wages of \$12.

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

The developer will invest \$325,448 of cash equity into this deal. This project also has senior financing from Macatawa Bank in the amount of \$1,425,000.

**H. Whether the project is financially and economically sound:**

Upon achieving stabilized occupancy, it is anticipated the project's debt service coverage ratio will be approximately 1.38 to 1.00. The Applicant is contributing \$325,448 or approximately 12% equity to the project and has maximized traditional financing with a \$1,425,000 commercial loan, representing an approximate loan to value of 78%.

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

This project will increase the density of the area by creating eleven new apartments and a new commercial space for business in downtown Middleville.

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

The project will promote mixed-use development and walkable communities through the creation of eleven new residential units and commercial space in the heart of downtown Middleville. It will fill a gap and make a contiguous street wall.

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

This project converts a previously developed city owned vacant lot into a productive new downtown mixed-use building

**L. Whether the project promotes sustainable development:**

This project promotes sustainable development by incorporating the use of energy efficient building systems, such as an exterior building envelope that provides barriers of thermal transmittance, along with energy efficient lighting through-out the building and lighting controls which will provide dual level lighting in all common areas. The developer has incorporated fiberglass insulation products that are sustainable products (within 500 miles) and cellulose that has no less than 80% recycled content. The project will have Energy star rated appliances. Additionally, the heating and cooling will be high efficiency systems and smart thermostats are planned for all apartments.

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

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

**N. Whether the project addresses area-wide redevelopment:**

This project coupled with a recent historic renovation with CDBG funds and projects that are being explored will significantly impact area-wide development over time.

**O. Whether the project addresses underserved markets of commerce:**

This project will address both the underserved retail and residential markets in Middleville.

**P. The level and extent of environmental contamination:**

There is no known environmental contamination as evidenced by environmental studies conducted for the Village.

**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):**

This is new construction on a vacant lot with no historical significance.

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

This project will not compete with or affect existing Michigan businesses within the same district.

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

No other additional criteria need to be considered.

## APPENDIX C - Organizational Chart

### Middleville Main, LLC

Middleville Main, LLC Manager: Chris Veneklasen

Member	LLC Name %	EIN	State of Organization
<b>Byfam, LLC</b>	<b>33.33%</b>	38-3254947	Michigan
Michael Byam	50.00%		
Mike Byam IDGT	50.00%		
<b>David Beemer 2017 Annuity Trust</b>	<b>33.33%</b>	38-7188055	Michigan
<b>Robin's Roost LLC</b>	<b>33.34%</b>	45-2513784	Michigan
Chris Veneklasen	50.00%		
Jana Veneklasen	50.00%		

**MICHIGAN STRATEGIC FUND**

**RESOLUTION 2020 -**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM  
GRANT AWARD TO MIDDLEVILLE MAIN, 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**, Middleville Main, LLC (“Company”) has requested a performance-based grant of up to \$990,000 (“Award Request”), along with other general terms and conditions; and

**WHEREAS**, the property qualifies for MCRP support as “any other property” because development of the property will promote community revitalization consistent with the finding and declarations in Section 90 of the Act (“Property Qualification”);

**WHEREAS**, the MEDC has recommended that the MSF approve the Company’s Award Request and the Property Qualification subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 150 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 90 days (“MCRP Award Recommendation”); and

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board approves the Property Qualification and the MCRP Award Recommendation:

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

Ayes:

Nays:

Recused:

Lansing, Michigan  
December 8, 2020



## MEMORANDUM

**Date:** December 8, 2020

**To:** Michigan Strategic Fund Board

**From:** Charles Donaldson, Senior Community Assistance Team Specialist  
Debbie Stehlik, Commercial Real Estate Investment Manager  
Rob Garza, Manager, Statutory Analysis

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

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### Project Summary

The request will support a community development project located on 1.4 acres in the City of Port Huron that will renovate and expand a vacant, functionally obsolete one-story downtown building, into a new mixed-use development. The development will include approximately 48,600 square feet of residential space containing 36 residential units, 30% of which will have rental rates that qualify as affordable or up to 80% of Area Median Income (AMI), and approximately 32,432 square feet of commercial space that will contain multiple tenants, including the City of Port Huron's Farmer's Market. The total project will result in the activation of approximately 145,905 square feet over four-stories, which includes 9,433 square feet of common space and 55,440 square feet of integrated and exterior multi-level parking. The project also includes 7,562 square feet of public improvements, which consists of 2,000 square feet of sidewalks and 5,562 square feet occupied by the City of Port Huron's Farmer's Market. Construction costs for the redevelopment of the property are estimated at \$103.89 per square foot, which is consistent with similar developments in the region.

In addition to the commitment to affordable housing, the developers and Community Foundation have a strong commitment to provide affordable retail opportunities which promote healthy living and bring amenities to the area identified as needed by the residents and included in the city's Master Plan. These amenities include a farmers market leased and curated by the City to create opportunities for residents to access fresh local food options and provide opportunities for local farmers and growers to access a consumer base not readily accessible today in this market. The project will expand availability through programming of the farmers market and public event space to also support the need for more public areas for the community as identified in the City's Master Plan.

A financing gap exists due to a combination of low property values and rents in downtown Port Huron, which limits the level of traditional debt the project can secure. Total development costs are estimated at \$14,450,770. The development team has diligently exhausted all financing options, including a New Market Tax Credit investment, senior financing, and an Obsolete Property Rehabilitation Exemption Certification. The project has received financing from Northstar bank totaling \$4,725,000 and has worked with IFF to access an additional \$1,630,000. The Applicant is contributing \$925,770 in cash equity and an additional \$1,926,000 is being contributed as a Loan per the required Leveraged Loan structure dictated by the New Market Tax Credits. This "Sponsor" loan has no repayment requirements and will convert to equity after seven years once the New Market Tax Credit structure unwinds. These two amounts together equal 20%

equity to the project. The development team is also partnering with the Community Foundation of St. Clair County to invest \$350,000. The project expects a developer return of approximately 6.2%, which is considered low for this type of larger scale development. The MCRP grant of \$1,500,000 will fill the financing gap and allow the project to remain financially feasible while redeveloping a vacant, functionally obsolete property.

### **Request**

The Wrigley Center Master Tenant, L.L.C. and The Wrigley Center, L.L.C. (“Applicants”) are requesting a MCRP performance-based grant in the amount of \$1,500,000 and the City of Port Huron Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including state tax capture in the amount of \$689,143 to reimburse for MSF eligible activities. The Applicant anticipates that the project will result in a total capital investment in the amount of \$14,450,770.

### **Program Summary**

The request for MCRP and Brownfield support is consistent with program requirements to encourage and promote structural renovations and redevelopment of underused properties located in traditional downtowns. The project qualifies for the MCRP and Brownfield Act 381 program because the site is functionally obsolete. The project is consistent with the MEDC strategic plan focus areas of developing attractive places and attracting, retaining and supporting businesses. The project also meets local objectives by providing a mixed-use development, and redeveloping vacant, functionally obsolete, and downtown buildings.

### **Local Support**

Local support for the project includes a \$30,000 reduction in the sale price of the property from St. Clair County. The City of Port Huron is also supporting the project through the local portion of Act 381 Work Plan request with a value of approximately \$981,507 and a 10-year Obsolete Property Rehabilitation Act (OPRA) tax abatement with an estimated value of \$2,700,000. The City has committed to providing angled parking along Fort Street to increase the availability of public parking to support the project. The developer has also partnered with the Community Foundation of St. Clair County which will be contributing \$350,000 to the project in the form of a direct equity investment as well as a forgivable loan. The City of Port Huron 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 to assist in filling a financing gap for the project. A financing gap exists due to existing market rents that are not high enough to justify new construction or support the value required to obtain an adequate level of debt. In addition, the project has committed to providing both affordable residential and commercial rental rates, further restricting project cash flow. The developer has maximized all financing sources, including senior debt at \$1,225,000, source loans of \$3,500,000 and \$1,630,000 and is contributing nearly \$2,851,770 or 20% equity to the project in the form of cash and sponsor loans. In addition, the project has been allocated New Market Tax Credits that will equate to \$3,744,000 into the project. The project has a projected debt service coverage ratio of 1.26 and a reasonable return of 6.2%.

**Grant Terms**

<b>MSF Facility:</b>	MCRP Performance Based Grant
<b>Grantee:</b>	The Wrigley Center Master Tenant, L.L.C. and The Wrigley Center, L.L.C.
<b>Senior Lender:</b>	Northstar Bank
<b>Total Amount of Loans:</b>	Currently estimated at \$8,281,000
<b>Senior Lender Share:</b>	Currently estimated at \$4,725,000
<b>Total Capital Investment:</b>	Currently estimated at \$14,450,770
<b>MSF Eligible Investment:</b>	Currently estimated at \$10,703,214
<b>Minimum Eligible Investment:</b>	Currently estimated at \$8,562,571
<b>MSF Share:</b>	Up to the lesser of 15% of “Eligible Investment” or \$1,500,000

**Summary of Development Sources:**

Northstar Bank Share	\$	4,725,000	32.70%
MSF Share	\$	1,500,000	10.38%
IFF Share	\$	1,630,000	11.28%
NMTC Equity	\$	3,744,000	25.91%
Sponsor Loans	\$	1,926,000	13.33%
Developer Equity	\$	925,770	6.40%
<b>TOTAL</b>	<b>\$</b>	<b>14,450,770</b>	<b>100.00%</b>

**Summary of Development Uses:**

Acquisition	\$	350,000
Hard Construction Costs	\$	10,853,342
Eligible Soft Costs	\$	497,000
Other	\$	2,750,428
<b>TOTAL</b>	<b>\$</b>	<b>14,450,770</b>

**Tax Capture Summary**

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Port Huron, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on November 23, 2020. The property has been deemed functionally obsolete as verified by a Michigan Advanced Assessing Officer (MAAO) on August 18, 2020.

There are 58.1881 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (41.25%) and local millage equaling 34.1881 mills (58.75%). Tax increment capture will begin in 2023 and is estimated to continue for 15 years. The ratio below takes into account the impact of the OPRA tax abatement to the project. The state tax capture is recommended to be capped at \$689,143, which is the amount of state tax increment revenue anticipated to be generated in 15 years. Total MSF eligible activities are estimated at \$1,670,650.

MSF eligible activities breaks down as follows:

State tax capture	(41.25%)	\$	689,143
Local tax capture	(58.75%)	\$	981,507
<b>TOTAL</b>		\$	<b>1,670,650</b>

**Cost of MSF Eligible Activities**

Demolition		\$	165,000
Asbestos Abatement			150,000
Infrastructure Improvements			998,000
Site Preparation		+	89,000
Sub-Total		\$	1,402,000
Contingency (15%)		+	208,650
Sub-Total		\$	1,610,650
Brownfield/Work Plan Preparation		+	30,000
Brownfield/Work Plan Implementation		+	30,000
<b>TOTAL</b>		\$	<b>1,670,650</b>

In addition, the project is requesting \$42,238 in TIF from EGLE to assist with environmental eligible activities.

**Applicant History**

The Wrigley Center Master Tenant, L.L.C. and The Wrigley Center, L.L.C. are single purpose entities created for this project. Principals Larry Jones and Brent Marsall have several years of experience developing properties in the City of Port Huron. The Wrigley Center Master Tenant, L.L.C. and The Wrigley Center, L.L.C. have not previously been awarded incentives by the MSF, however, the principals have previously been awarded MCRP Performance-Based Grants for projects in Port Huron including the Cavis Building renovation, the historic redevelopment of the Winkleman’s Building and rehabilitation of the Ballentine Building, which was just recently completed. The principals were also awarded Mini Brownfield MBT credits in 2011 for four individual projects in Port Huron. 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 \$689,143, utilizing the current state to local capture ratio.
- b) A MCRP performance-based grant in the amount of up to \$1,500,000 for The Wrigley Center Master Tenant, L.L.C. and The Wrigley Center, L.L.C.





## 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:**

In 2018, the City of Port Huron adopted a 5-year strategic plan which included planning regarding its downtown area. This plan defines a focus in the downtown around a variety of commercial uses and activities including retail, sports and entertainment, civic, professional services, higher education and tourism. Specific to this project location, the City wants to see redevelopment projects that include ground floor retail, food/beverage and other commercial uses and residential floors above. The alignment of this project with the City's Master Plan directly reflects the vision of the community for area wide redevelopment.

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

The project will continue to build on the revitalization which is occurring in the downtown area of Port Huron and will be a catalyst for representing how a larger scale, mixed-use project can be both successful in the community and aide in demonstrating the demand for quality and vibrant opportunities for retailers and residents alike. The connectivity that this project brings to ongoing development in the area between the waterfront and downtown is anticipated to spur additional revitalization efforts and a more walkable environment.

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

The County has agreed to sell the property to the developer for \$30,000 less than the appraised value. The City of Port Huron is also supporting the project with the local portion of Act 381 Work Plan request with a value of approximately \$981,507 and a 10-year Obsolete Property Rehabilitation Act (OPRA) tax abatement with an estimated value of \$2,700,000. Additionally, the City has committed to providing angled parking along Fort Street to increase the availability of public parking to support the project. The developer has also partnered with the Community Foundation of St. Clair County which will be contributing \$350,000 to the project in the form of a direct equity investment as well as a forgivable loan.

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

A financing gap exists due to existing market rents that are not high enough to justify new construction or support the value required to obtain an adequate level of debt. In addition, the project has committed to providing both affordable residential and commercial rental rates, further restricting project cash flow. This makes subsidy necessary to balance the debt, equity and return requirements as it relates to the overall project cost.

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

The project will include the renovation of the existing vacant building and new construction in order to complete a mixed-use development with a new farmers market, new apartments, and new retail space.

**F. Creation of jobs:**

The project is expected to create 45 permanent, full-time equivalent jobs. The average hourly wage is estimated to be \$16.50.

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

Total development costs are estimated at \$14,450,770. The project has received senior financing from Northstar bank totaling \$4,725,000 and has worked with IFF to access an additional \$1,630,000. The developers will be investing approximately \$925,770 in cash and building equity and are partnering with the Community Foundation of St. Clair County to invest \$350,000. The project received a New Market Tax Credit (NMTC) Allocation with a value to the project of \$3,744,000 from MCC (subject to strict time requirements for closing).

**H. Whether the project is financially and economically sound:**

Upon achieving stabilized occupancy, it is anticipated the project's debt service coverage ratio will be approximately 1.26 to 1.00. In addition to the 10-year lease with the City of Port Huron's DDA for the City's Farmers Market, multiple Letters of Interest have been received from commercial tenants interested in leasing space in the development. The Applicant is contributing \$925,770 in cash equity and an additional \$1,926,000 is being contributed as a Loan as a requirement of the Leveraged Loan structure dictated by the New Market Tax Credits. This "Sponsor" loan has no repayment requirements and will convert to equity after seven years once the New Market Tax Credit structure unwinds. These two amounts together equal 20% equity to the project. Traditional lending sources have been maximized with three levels of senior debt and source loans. In addition, the project has been allocated New Market Tax Credits that will result in an injection of \$3,744,000. There is an adequate level of reserves and contingencies contained in the project budget and total project costs are considered reasonable and in line with comparable projects.

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

The project will increase the density of the area by redeveloping a vacant, functionally obsolete, 47,554 square foot single-story building into a new four story, 90,465 square foot mixed-use development featuring the City of Port Huron's Farmer's Market, 36 new housing units, commercial retail spaces, and an event space for year round community programs.

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

The project is a mixed-use redevelopment that will increase the density and walkability with the creation of residential units and commercial space, which is anticipated to attract patrons from nearby to walk to this destination.

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

The property was owned by St Clair County, and was put out to bid for development in late 2019. The property was held by the county for future development and not used for municipal purposes. The successful bid was awarded to the developer Larry Jones, who closed on the property in 2020.

**L. Whether the project promotes sustainable development:**

The renovation and expansion work being performed will bring in all new mechanical, plumbing and electrical systems which will be high efficiency, energy star rated equipment. The windows will be replaced with more energy efficient systems and all appliances in the residential units will be high energy efficient appliances. The project will also involve the creation of greenspace and landscaping that replace areas previously occupied by concrete.

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

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

**N. Whether the project addresses area-wide redevelopment:**

The project addresses the community's area-wide redevelopment goals by providing additional commercial and residential development in the downtown.

**O. Whether the project addresses underserved markets of commerce:**

The City of Port Huron currently has a poverty rate of 26.51% according to the US Census Bureau. This represents approximately 8,000 individuals living in the city, which currently holds a population of 30,184. One of the most important community elements of this project is that 30% of the residential units are dedicated to low income individuals making less than 80% of the area median income or below \$24,147 per year. Residential demand is very strong in downtown Port Huron, but available quality housing is still hard to obtain. This project will contribute much needed housing options, which will add to the quality of life downtown.

This project will bring new retail services where there is still a lack of economic activity and new investment and will focus on building local and diverse opportunities for small retailers to open businesses and test business concepts. The ground floor retail is focused on smaller units and affordable price points for the local retailers. The farmers market and event spaces will have food and product kiosks where emerging businesses can build a consumer base and build business support without the need for a defined brick and mortar overhead, which will allow them the opportunity to launch a business with a more manageable and financially stabilized business plan as they startup.

**P. The level and extent of environmental contamination:**

The property is not formally qualifying as a facility, but testing shows a concentration of selenium in the soil and concentrations of lead and zinc in the ground water that are in excess of the Generic Residential Cleanup Criteria. Environmental remediation 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 project is not qualifying as a historic resource.

**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:**

No additional criterial needs to be considered.

**Brownfield Act 381 Program Additional Project Information:**

**A. Area of High Unemployment:**

The City of Port Huron's unadjusted jobless rate was 11.6% in August 2020. This compares to the statewide seasonally adjusted average of 8.7% in August 2020.

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

The project will redevelop a functionally obsolete building into a mixed-use building.

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

No new Brownfields will be created by this project.

## APPENDIX C - Organizational Chart

Company Name Organizational Structure : The Wrigley Center Master Tenant, L.L.C.					
Company Name EIN: 85-3148771					
Company Name Manager: Larry L. Jones					
	Member		Ownership Interest	EIN	State of Organization
	Larry L. Jones		50.00%		
	Brent O. Marsall		50.00%		
Key Principals/Guarantors:		Amount of Guarantee			
	Larry L. Jones		50%		
	Brent O. Marsall		50%		

Company Name Organizational Structure : The Wrigley Center, L.L.C.					
Company Name EIN: 85-2557223					
Company Name Manager: Larry L. Jones					
	Member		Ownership Interest	EIN	State of Organization
	Larry L. Jones		47.50%		
	Brent O. Marsall		47.50%		
	The Community Renaissance Fund, nonprofit corporation		5.00%	20-1649237	Michigan
Key Principals/Guarantors:		Amount of Guarantee			
	Larry L. Jones		50%		
	Brent O. Marsall		50%		

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2020-154**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN  
CITY OF PORT HURON BROWNFIELD REDEVELOPMENT AUTHORITY  
WRIGLEY CENTER DEVELOPMENT 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 Port Huron Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 318 Grand River Avenue within the City of Port Huron, known as Wrigley Center Development Project (the “Project”);

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

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

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

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 41.25% to 58.75% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, asbestos abatement, and infrastructure improvements as presented in the Work Plan dated October 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 \$1,610,650 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$30,000 for Brownfield/Work Plan preparation, and a maximum of \$30,000 for Brownfield/Work Plan implementation, and with the total capture of state school taxes capped at a maximum of \$689,143.

**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, Paul Ajegba, Mark Burton, Susan Corbin, Paul Gentilozzi, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
December 8, 2020



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

Sincerely,

A handwritten signature in blue ink that reads "Rachael Eubanks".

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2020-155**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM  
GRANT AWARD TO THE WRIGLEY CENTER MASTER TENANT, L.L.C.  
AND THE WRIGLEY CENTER, L.L.C.**

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

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

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

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

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

**WHEREAS**, The Wrigley Center Master Tenant, L.L.C. and The Wrigley Center, L.L.C. (together “Company”) has requested a performance-based grant of up to \$1,500,000 (“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 150 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 90 days (“MCRP Award Recommendation”); and

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

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Mark Burton, Susan Corbin, Paul Gentilozzi, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
December 8, 2020



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 16, 2020

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Bishop:

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

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

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Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



## **MEMORANDUM**

**Date:** December 8, 2020

**To:** Michigan Strategic Fund Board

**From:** Doug Kuiper, Senior Vice President, Marketing & Communications

**Subject:** McCann Erickson – Business Marketing Advertising Amendment

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### **REQUEST**

This request is for the Michigan Strategic Fund Board to encumber five percent of FY2021 appropriated funds, \$5,782,500, which was signed by the governor on September 30, 2020, with McCann Erickson, a global advertising agency, for business marketing advertising services.

### **BACKGROUND**

In March 2016, the MSF Board approved issuance of a business marketing and advertising services Request for Proposal (“RFP”) and authorized the MSF Fund Manager to appoint a Joint Evaluation Committee (“JEC”) to review the proposals. The MSF subsequently awarded the contract to McCann Erickson, for the period of October 1, 2016, to September 30, 2017, with the option to renew the term of the agreement and allocate more funding for additional terms, at the sole discretion of the Board. The first one-year extension, with funding allocation, was approved by the Board on August 22, 2017. On August 28, 2018 the Board approved the amendment for two, one-year terms through September 30, 2020 and allocated funding for FY2019.

On February 25, 2020, the MSF Board allocated \$4,948,995 for business marketing initiatives and extended McCann’s business marketing contract end date to September 31, 2021.

McCann has been an effective strategic partner with MEDC, promoting Michigan’s reputation as a world-class business location through the full range of strategic marketing and communications activities including advertising, social media, digital media, events, content marketing and more.

In 2019, MEDC collaborated with McCann to launch two new business marketing and communications campaigns. The campaigns implement the full range of marketing and communications activities to attract, retain and grow target industries that deliver economic benefit to the people of the state.

Aligned with significant market research spearheaded by McCann, the business attraction and “Pure Opportunity” campaign focuses on impactful peer-to-peer testimonials, featuring CEOs and leaders from across Michigan who convey the value and competitive advantage of doing business in our state. Appearing in national print, social and digital media, these testimonials also serve as the foundation of a digital and social campaign promoting Michigan as the place to do business.

The in-state services campaign, promoting “Pure Partnership,” demonstrates MEDC’s commitment to providing services that drive growth and retention for existing businesses. In 2020, this campaign generated awareness of the economic response and recovery resources available to Michigan businesses with the goal of fostering equitable, long-term prosperity across all corners of the state. This campaign highlights several of MEDC’s programs in digital channels, billboards and radio spots.

The campaigns are integrated with traditional and social media, as well as extensive new efforts to create valuable content for our prospects and customers.

In fiscal year 2020, the campaigns have resulted in 316 million impressions which drove 222,000 visitors to MEDC websites. Through a branded content and lead generation mindset, 8,800 new prospect’s contact details were acquired allowing for ongoing conversations that keep Michigan top of mind. Completing the next step in the acquisition journey, 16,000 website visitors wanted to learn more and filled out a contact us form. Additionally, the campaign has enhanced Michigan’s reputation as a leader in business and mobility, with the state receiving more than 20 individual honors in key 2020 national business rankings such as Site Selection Magazine and Chief Executive Magazine.

The campaigns are proving to be effective. Continuous evaluation takes place to ensure we reach the right people with the right message at the right time. In the year ahead, MEDC will partner with McCann to continue optimizing media channels, digital marketing techniques and content recommendations to strengthen campaign performance and continue reaching decision-makers in those industries that align with the organization’s strategic plan.

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

### **RECOMMENDATION**

The MEDC recommends that the MSF Board encumber up to \$5,782,500 from the appropriation and authorize the Fund Manager to enter into a contract amendment with McCann Erickson for business marketing advertising services.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2020-156**

**MCCANN-ERICKSON USA, INC. CONTRACT FOR BUSINESS MARKETING  
(Amendment #4)**

**WHEREAS**, Public Act 489 of 2000, MCL 12.251 to 12.260, created the Michigan Trust Fund Act, of which the 21<sup>st</sup> Century Jobs Trust Fund (“Trust Fund”) is established;

**WHEREAS**, Public Act 270 of 1984, MCL 125.2088b(4), provided for not more than five percent of the annual appropriations as provided by law from the Trust Fund may be used for business development and business marketing costs;

**WHEREAS**, on August 23, 2016, the Michigan Strategic Fund (“MSF”) approved the use of McCann-Erickson USA, Inc. as the vendor for a business marketing and advertising campaign for a period of one year, with the option for four additional one-year extensions;

**WHEREAS**, the MSF and McCann-Erickson USA, Inc. desire to allocate up to \$5,782,500 in funding from fiscal year 2021 funds to provide services for business marketing and advertising campaign;

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

**WHEREAS**, the MEDC recommends that the MSF allocate up to \$5,782,500 in funding from fiscal year 2021 funds to provide services for business marketing and advertising campaign.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF Board amends the McCann-Erickson USA, Inc. contract by allocating up to \$5,782,500 in funding from fiscal year 2021 funds; and

**BE IT FURTHER RESOLVED**, that the MSF Fund Manager is authorized to execute the amendment to the McCann-Erickson USA, Inc. contract consistent with the terms of this resolution.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Mark Burton, Susan Corbin, Paul Gentilozzi, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Cindy Warner

Nays: None

Recused: None

Lansing, Michigan  
December 8, 2020



STATE OF MICHIGAN  
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GRETCHEN WHITMER  
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