MICHIGAN STRATEGIC FUND BOARD MEMBERS

Paul Ajegba
Director, Michigan Department of Transportation

Ronald W. Beebe
Principal Owner & CEO
Euclid Industries, Inc.

Britany Affolter - Caine, Ph.D.
Executive Director
Michigan’s University Research Corridor

Jeff Donofrio
Director, Department of Labor & Economic Opportunity

Rachael Eubanks
State Treasurer, Department of Treasury

Paul Gentilozzi
President, Gentilozzi Real Estate

September Hargrove
Vice President, Global Philanthropy, JP Morgan Chase

Jeff Mason
President and Chairman; CEO:
Michigan Economic Development Corporation

Charles Rothstein
Founder & Senior Managing Director
Beringea, LLC

Susan Tellier
President
JetCo Packaging Solutions

Cindy Warner
Technology Executive Consultant
Founder & Chairperson 360ofme, Inc.
Public comment – Please limit public comment to three (3) minutes

Communications

A. Consent Agenda
   - Proposed Meeting Minutes – September 24, 2019
   - FY20 Funding Allocations – Mark Morante
   - FY20 Small Business Services – Budget Recommendation – Jodi Hankerd
   - FY20 Council of Great Lakes Governors, Inc. – Budget Recommendation – Jodi Hankerd
   - MyLocker – MBDP Amendment – Julia Veale
   - Autoliv/Veoneer – MBDP Amendment – Julia Veale
   - Coyote Logistics – MBDP Amendment – Erik Wilford
   - Detroit Entrepreneur Development, LLC – MCRP Amendment – Julius Edwards
   - Recovery Park Amendment – MSF Agreement Amendment – Julius Edwards
   - Michigan Community Capital – Attainable Housing Agreement Amendment – Lori Mullins
   - McCann Advertising Travel – Marketing Amendment – Doug Kuiper
   - Weber Public Relations Travel – Amendment – Michelle Grinnell
   - 2020 MSF Board Meeting Dates – Mark Morante

B. Business Investment
   a. Capital Access
      - Loose Plastics – SSBCI Collateral Support Program – Aileen Cohen
      - Hosler Mechanical, Inc. – MSDF Collateral Support Program – Aileen Cohen
   b. Entrepreneurship
      - Michigan Small Business Development Center (SBDC) – Award Funding – Maggie McAmmon

C. Community Vitality
   - Versa Wanda LLC and City of Ferndale–MCRP Award & Brownfield Act 381 Work Plan– Dominic Romano

D. Informational
   - Quarterly Reports
MEMORANDUM

October 8, 2019

TO:    Honorable Gretchen Whitmer
       Governor and Chairperson of the State Administrative Board.

       Jeff Mason
       Chairperson
       Michigan Strategic Fund Board

FROM:  Kevin L. Francart
       Chief Compliance Officer


The Chief Compliance Officer is required to report quarterly to the State Administrative Board and the Michigan Strategic Fund Board regarding compliance with internal policies and procedures and with applicable laws related to 21st century jobs fund programs. I am pleased to report that all compliance matters addressed during the fourth quarter of the 2019 fiscal year were either successfully resolved, are being appropriately addressed, or are undergoing review and are currently being evaluated.

With respect to the Michigan Strategic Fund Board, the Michigan Strategic Fund Act requires the Chief Compliance Officer to review and evaluate compliance with internal policies and procedures along with applicable state and federal law. Governor Whitmer issued Executive Order 2019-13 (EO 2019-13; ERO 2019-3; MCL 125.1998) that reconstituted the MSF Board and moved the MSF as an autonomous agency from the Department of Talent and Economic Development to the Department of Labor and Economic Opportunity effective August 11, 2019.

The Chief Compliance Officer assisted the MSF with amending the MSF FOIA policy and clarification regarding Background check policy requirements. The Chief Compliance Officer assisted MSF and MEDC staff with questions regarding the Willow Run Arsenal of Democracy Landholdings Limited Partnership transfer of property ownership and wrapping up of the LP. The Chief Compliance Officer assisted a Board Member with a conflict of interest question regarding past business relationships, no conflict was found. The Chief Compliance Officer assisted the Attorney General’s office with confirming the proper seating of the new MSF Board. As reported previously, because of staffing changes the site visit guidelines were modified. Because of the staffing changes the site visit guidelines were changed by the MEDC compliance section to no longer require a minimum number of site visits. Site visits are being performed pursuant to the site visit guidelines. The Chief Compliance Officer provided informal advice regarding various issues arising this quarter concerning such topics as the breadth of delegated
Board authority, authorized use of 21st century job fund funds, and compliance with established Board policy and limitations.
Mr. Jeff Mason called the meeting to order at 10:05 am. He welcomed the new Board members to their first meeting and acknowledged returning Board member Paul Gentilozzi.

Mr. Mason informed the Board that a conference report for the FY 2020 General Government budget, which includes appropriated funding for the Michigan Strategic Fund, is expected to be adopted by State Senate and House this week. It represents approximately a 25 percent cut in MSF funding for the new fiscal year. Because of expected budget reduction, the Façade Restoration Initiative item that includes a request for $5 million in additional funding has been pulled from the agenda until more certainty is known about next year’s budget.

Mr. Mason introduced the following legislative staff members:
- Natalie Purser on behalf of Senator Sean McCann speaking in support of the Graphic Packaging International, LLC project in Kalamazoo
- Luke Arends on behalf of Representative Matt Hall speaking in support of the Graphic Packaging International, LLC (GPI) project in Kalamazoo; he also submitted a letter that shared Representative Hall’s concerns as well as those of Senator John Bizon and Representative Jim Haadsma about the impact the project could have on the GPI mill in Battle Creek (letter attached)
- Phoebe Biermann on behalf of Senator Kim LaSata speaking in support of the Benton Harbor Flats LLC project in Benton Harbor

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

Communications: Rhonda Bishop, Board Liaison, informed Board members that revised material for the Acrisure, LLC project was provided to them at the table.

A. CONSENT AGENDA
Resolution 2019-124 Approval of Consent Agenda Items
Mr. Mason asked if there were any questions from the Board regarding the items under the Consent Agenda. There being none, Paul Gentilozzi motioned for the approval of the following:
B. BUSINESS INVESTMENT

B1. Business Growth


Mike Gietzen, Business Development Project Manager, provided the Board with information regarding these action items. Following brief discussion, Melissa Gibson motioned for the approval of Resolution 2019-136. Michael B. Kapp seconded the motion. The motion carried: 11 ayes; 0 nays; 0 recused. Melissa Gibson then motioned for the approval of Resolution 2019-137. Charles P. Rothstein seconded the motion. The motion carried: 11 ayes; 0 nays; 0 recused.

Resolution 2019-138 Faurecia Automotive Seating LLC – MBDP Grant

Jibran Ahmed, Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Ronald W. Beebe motioned for the approval of Resolution 2019-138. Susan Tellier seconded the motion. The motion carried: 11 ayes; 0 nays; 0 recused.

Resolutions 2019-139 & 2019-140 Acrisure, LLC – Good Jobs for Michigan Award and MBDP Grant

Julia Veale, Business Development Project Manager, provided the Board with information regarding these action items. Following brief discussion, Susan Tellier motioned for the approval of Resolution 2019-139. Jeff Donofrio seconded the motion. The motion carried: 11 ayes; 0 nays; 0 recused. Jeff Donofrio then motioned for the approval of Resolution 2019-140. Melissa Gibson seconded the motion. The motion carried: 11 ayes; 0 nays; 0 recused.

B2. Access to Capital

Resolution 2019-141 Dominican Health Care Corporation – Bond Authorization

Chris Cook, Director of Capital Access, provided the Board with information regarding this action item. Following brief discussion, Ronald W. Beebe motioned for the approval of Resolution 2019-141. Jeff Donofrio seconded the motion. The motion carried: 11 ayes; 0 nays; 0 recused.

ROLL CALL VOTE: Ayes: Brittany L. Affolter-Caine, Ronald W. Beebe, Jeff Donofrio, Paul Gentilozzi, Melissa Gibson (on behalf of Treasurer Eubanks, designation attached), September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Jeff Mason, Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None
Resolution 2019-142 Consumers Energy Company – Bond Authorization
Chris Cook, Director of Capital Access, provided the Board with information regarding this action item. Following brief discussion, Ronald W. Beebe motioned for the approval of Resolution 2019-142. Michael B. Kapp seconded the motion. The motion carried: 10 ayes; 0 nays; 0 recused; 1 abstained.

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

Resolution 2019-143 QCI Fuels – MI Plant 1, LLC – Bond Inducement
Chris Cook, Director of Capital Access, provided the Board with information regarding this action item. Following brief discussion, Melissa Gibson motioned for the approval of Resolution 2019-143. Jeff Donofrio seconded the motion. The motion carried: 11 ayes; 0 nays; 0 recused.

C. COMMUNITY VITALITY
Resolution 2019-144 Eastern Elementary Apartments LDHA LP – MSF Direct Loan and Approval for MSF Purchase of MSHDA Tax-Exempt Bonds
Sarah Rainero, Regional Director of Community Development, provided the Board with information regarding this action item. Following brief discussion, Ronald W. Beebe motioned for the approval of Resolution 2019-144. Cindy Warner seconded the motion. The motion carried: 10 ayes; 0 nays; 0 recused; 1 abstained.

Charles P. Rothstein disconnected from the meeting at 11:25 am.

Resolution 2019-145 Benton Harbor Flats LLC – MCRP Grant
Michelle Audette-Bauman, Community Assistance Team Specialist, provided the Board with information regarding this action item. Following brief discussion, Jeff Donofrio motioned for the approval of Resolution 2019-145. Melissa Gibson seconded the motion. The motion carried: 9 ayes; 0 nays; 0 recused; 1 abstained.

Resolutions 2019-146 & 2019-147 RainCheck Development LLC / City of Detroit Brownfield Redevelopment Authority (40 Hague Redevelopment Project) – MCRP Direct Loan and Brownfield Act 381 Work Plan
Brittney Hoszków, Senior Community Assistance Team Specialist, provided the Board with information regarding these action items. Following brief discussion, Paul Gentilozzi motioned for the approval of Resolution 2019-146. September Hargrove seconded the motion. The motion carried: 10 ayes; 0 nays; 0 recused. Michael B. Kapp then motioned for the approval of Resolution 2019-147. Paul Gentilozzi seconded the motion. The motion carried: 10 ayes; 0 nays; 0 recused.

Resolution 2019-148 City of Lansing Brownfield Redevelopment Authority (Farnum Building Redevelopment Project) – Brownfield Act 381 Work Plan
Adam Cummins, Community Assistance Team Specialist, provided the Board with information regarding this action item. Following brief discussion, Paul Gentilozzi motioned for the approval of Resolution 2019-148. Cindy Warner seconded the motion. The motion carried: 10 ayes; 0 nays; 0 recused.

Mr. Mason adjourned the meeting at 12:04 pm.
September 17, 2019

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

Re:  Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

I hereby designate Melissa Gibson to attend the September 24, 2019 Michigan Strategic Fund meeting.

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

Sincerely,

[Signature]

Rachael Eubanks  
State Treasurer

Cc:  Jeff Guilfoyle  
     Eric Bussis  
     Andrew Lockwood  
     Melissa Gibson
August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee  

Dear Ms. Bishop:  

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

Sincerely,  

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

cc: M. Kapp  
Executive file
September 24, 2019

Michigan Strategic Fund
Jeff Mason, President & Chairman, MSF
Chief Executive Officer, MEDC
Michigan Economic Development Corporation
300 N. Washington Square
Lansing, MI 48913

Re: Graphic Packaging International, LLC Incentive Consideration

Members of the Michigan Strategic Fund Board & CEO,

State Senator Dr. John Bizon, State Representative Jim Haadsma, and I applaud the MEDC and the MSF Board for considering a strong incentive package that not only gives Michigan a competitive advantage but also retains and anchors 725 high wage positions in our region of the State.

We are also aware that Graphic Packaging International, LLC operates a facility 25 miles east of Kalamazoo in downtown Battle Creek, Michigan with a capacity of nearly 180 ton of Coated Recycled Paperboard (CRB). The plant also employs nearly 200 workers. It has been publicly published that the $600,000,000 investment will be a capacity neutral investment, thus possibly affecting the Battle Creek facility.

To the extent that the Battle Creek facility is impacted with a new investment in Kalamazoo, we ask that the MEDC and the MSF Board consider working with the Battle Creek Community and GPI to make additional resources available above and beyond this initial incentive offer to help offset a potential plant decommissioning and potential job losses. Additional resources could help offset job shifts (both communities share the same labor pool) and lead to a redeveloped site for the Battle Creek community thus, making this a true regional and Michigan win! You have our support on such an initiative.
Again, we are supportive of the current incentive package and thrilled by GPI’s continued investment in Michigan and the region.

Regards,

[Signature]
State Representative, Matt Hall – 63rd District

[Signature]
State Senator, Dr. John Bizon – 19th District

[Signature]
State Representative, Jim Haadsma – 62nd District
MEMORANDUM

Date: October 22, 2019

To: Michigan Strategic Fund Board

From: Mark Morante, MSF Fund Manager

Subject: MSF Annual Allocation of Funding

Request
Michigan Economic Development Corporation (“MEDC”) staff requests that the Michigan Strategic Fund (“MSF”) Board approve the allocations of funding attached to the proposed Resolution, including an allocation of 4% of the annual appropriation from the 21st Century Jobs Trust Fund to the MEDC to provide administrative services to the MSF for FY2020.

Background
On January 25, 2006, the MSF and the MEDC entered into a Memorandum of Understanding (the “MOU”) to specify the responsibilities between the MSF and the MEDC in administering the 21st Century Jobs Trust Fund initiative. The MSF approved amendments to the MOU each successive year to our current fiscal year. On September 24, 2019, the MSF Board approved an extension of the MOU to September 30, 2020.

Each year, MEDC Staff requests that the MSF Board accept and allocate funds appropriated by the Legislature to programs and activities of the MSF pursuant to the MSF Act and any boilerplate language contained within the Appropriations Act for the fiscal year. For FY2020, the gross allocation is approximately $130 million and consists of tobacco settlement funds from 21st Century Jobs Trust Fund, funds from the general fund, federal Community Development Block Grant Funds and other federal funds. These funds are for business attraction and community development programs and activities, and the entrepreneurship ecosystem.

Recommendation
MEDC staff recommends the MSF Board adopt the Resolution, along with its attachment showing the allocation by category, approving the FY2020 Funding Allocations and requests the State Treasurer to transfer $95,779,900 from the 21st Century Jobs Trust Fund to the MSF, provided that no more than 60 percent of the funds used for business attraction and community revitalization are transferred prior to April 1, 2020. MEDC staff further recommends that the MSF authorize the expenditure of 4% of the annual appropriation from the 21st Century Jobs Trust Fund for administrative expenses for FY2020, and further authorizes an allocation of funds from the 21st Century Jobs Trust Fund to the MSF for the purposes of the Michigan Business Development Program and the Michigan Community Revitalization Program.
<table>
<thead>
<tr>
<th>Allocations for Approval</th>
<th>21st Century Jobs Trust Fund Allocation</th>
<th>Other Funding Sources</th>
<th>Total Allocations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration Allocation - 4% of Appropriated Funds</td>
<td>$3,831,196</td>
<td></td>
<td>$3,831,196</td>
</tr>
<tr>
<td>Business Development and Marketing Allocation - 5% of Appropriated Funds</td>
<td>$4,788,995</td>
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<td>$4,788,995</td>
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<tr>
<td>Business and Community Development Programs and Activities</td>
<td>$56,359,729</td>
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<td>$56,359,729</td>
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<tr>
<td>Community Revitalization Program</td>
<td>$15,875,980</td>
<td></td>
<td>$15,875,980</td>
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<td>Entrepreneurial Programs and Grants</td>
<td>$14,924,000</td>
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<td>$14,924,000</td>
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<td>Federal-Community Development Block Grant Allocations (1):</td>
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<tr>
<td>To Community Development</td>
<td>$10,000,000</td>
<td></td>
<td>$10,000,000</td>
</tr>
<tr>
<td>To Business Development</td>
<td>$8,000,000</td>
<td></td>
<td>$8,000,000</td>
</tr>
<tr>
<td>To Infrastructure Funding Round</td>
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<td></td>
<td>$10,778,400</td>
</tr>
<tr>
<td>To MEDC Strategic Projects</td>
<td>$4,000,000</td>
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<td>$4,000,000</td>
</tr>
<tr>
<td>To Administration and Technical Assistance</td>
<td>$1,113,768</td>
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<td>$1,113,768</td>
</tr>
<tr>
<td>Federal- Export Services grant (2)</td>
<td>$900,000</td>
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<td>$900,000</td>
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<tr>
<td><strong>TOTAL ALLOCATIONS BY FUNDING SOURCE</strong></td>
<td><strong>$95,779,900</strong></td>
<td><strong>$34,792,168</strong></td>
<td><strong>$130,572,068</strong></td>
</tr>
</tbody>
</table>

* Allocations do not include any prior year funding.

(1) Based on the July 1, 2019 CDBG Grant Award Amount
MEMORANDUM

Date: October 22, 2019
To: Michigan Strategic Fund
From: Natalie Chmiko, VP, PMBC & International Trade
Subject: International Trade Program – Request for Budget Increases to International Trade Small Business Service Contracts in FY20

Request
The Michigan Economic Development Corporation (“MEDC”) requests that the Michigan Strategic Fund (“MSF”) approve Budget Increases of the current Small Business Services contracts with Foster Swift Collins & Smith, P.C. (“Foster Swift”), IBT Online, Michigan State University – International Business Center (“MSU-IBC”) and Small Business Development Center (“SBDC”) (collectively, the “Request”).

Background
On September 26, 2017 the MSF awarded Small Business Services Awards via Resolution 2017-161 of $270,000 to Foster Swift, IBT Online, MSU-IBC and SBDC following a formal request for proposals. All the service providers have executed their contractual obligations in past fiscal years and continue to do so in this current fiscal year.

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

Foster Swift - $50,600
1. Legal training workshops for exporters covering topics such as intellectual property protection, foreign agent/distributor contract terms checklist and export control overview
2. One-on-one consultations with companies covering training topics

IBT Online – $54,000
1. Website localization of company websites to grow exports, sales and business in the two target international markets

MSU-IBC - $59,175
1. Michigan Export Growth Program providing country and industry market research reports
2. Export Capacity-Building Seminars

SBDC - $106,225
1. International Search Engines Optimization to define strengths and weaknesses of company’s website and social media presence to advance international sales
2. Early Stage Export Assistance to assess export readiness and provide export planning, financial assessment and marketing recommendations
These services have proven to be in high demand by Michigan small businesses. The MEDC International Trade team wishes to request additional funding of $270,000 for these contracts.

**Recommendation**
MEDC recommends the MSF Board approve the Request.
MEMORANDUM
Date: October 22, 2019
To: Michigan Strategic Fund Board
From: Natalie Chmiko, VP, PMBC & International Trade
Subject: International Trade Program – Request for a Budget Increase to the Council of Great Lakes Governors, Inc. (d/b/a Conference of Great Lakes and St. Lawrence Governors and Premiers) International Trade Services Contract for FY2020

Request
The Michigan Economic Development Corporation (“MEDC”) requests that the Michigan Strategic Fund (“MSF”) approve a Budget Increase of $1,150,000 of the current agreement with the Council of Great Lakes Governors Inc. (“CGLG”) d/b/a Conference of Great Lakes and St. Lawrence Governors and Premiers (the “Request”).

Background
On July 24, 2018, the MSF awarded the Pure Michigan International Trade Services contract of $825,000 to the CGLG following a formal request for proposals. CGLG has executed their contractual obligations in past years and continues to do so during this current fiscal year.

The contract under this request would include these services:

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

(2.) Additional mission support and funds which may be used for trade development projects in the CGLG’s other foreign offices, located in Australia, India, Japan, South Africa, South America, South Korea, and Southeast Asia.

These services have proven to be in high demand by Michigan small businesses and the MEDC International Trade team wishes to request additional funding of $1,150,000.

Recommendation
MEDC recommends the MSF Board approve the Request.
MEMORANDUM

Date: October 22, 2019

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

From: Julia Veale, Business Development Project Manager

Subject: MyLocker, LLC (“Company”)

Michigan Business Development Program Performance-based Grant Reauthorization

Background

On December 18, 2018, the Michigan Strategic Fund (MSF) approved a MBDP performance-based grant in the amount of $2,500,000 for the Company. The MBDP approval required that an Agreement be entered into within 120 days of the date of the approval, and may be extended for an additional 60 days with approval from the MSF Fund Manager.

Due to administrative limitations, all parties have been unable to enter into the Agreement within the allowable 180 days. Due to required reviews from all parties, it has taken longer than expected to execute the agreement. At this time, the Company does not anticipate it will be able to come to an agreement by the expiration of the reauthorization and has requested additional time to execute its Agreement. It is anticipated the Company will be in a position to execute the agreement within the allotted reauthorization timeline.

Recommendation

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

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

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

c) Commitment will remain valid for 120 days with approval for the MSF Fund Manager to extend the commitment an additional 60 days.
MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Incentive - Term Sheet - Definitions

This document contains terms and definitions, which will be used to structure this incentive. While the MBDP is operated and funded through the MSF, recommendation for approval of a MBDP incentive award is presented by the Michigan Economic Development Corporation (“MEDC”) to the MSF. Exhibit A will be presented to the MSF for consideration.

Terms and Definitions:

**Base Employment Level:** The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company’s employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement (“Agreement”) between the MSF and the Company.

**Qualified New Job Creation:** The minimum number of total Qualified New Jobs the Company shall be required to create in Michigan (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum number of Qualified New Jobs that must be created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

**Company Investment:** The Company anticipates investment of up to $18,064,375 for building construction and machinery and equipment, or any combination thereof, for the Project.

**Municipality Support:** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: The Detroit Economic Growth Corporation is supporting the project with a PA 198. The final terms and conditions demonstrating this support shall be included in the final Agreement.

**Disbursement Milestones:** The final terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award shall be included in the final Agreement, including that before any disbursement is made to the Company, the Company must have maintained: (i) the Base Employment Level (exclusive of the number of Qualified New Jobs then created) and (ii) any Qualified New Jobs created for which disbursements by the MSF have been made, and the Company must otherwise be in compliance with all terms and conditions of the final Agreement, and further shall include:

a. **Disbursement Milestone 1:** Up to $1,000,000
   - Upon demonstrated creation of 198 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than December 1, 2019.

b. **Disbursement Milestone 2:** Up to $750,000
   - Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 124 additional Qualified New Jobs (for a total of 322 Qualified New Jobs) above the Base Employment Level, by no later than December 1, 2020.

c. **Disbursement Milestone 3:** Up to $750,000
   - Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 130 additional Qualified New Jobs (for a total of 452 Qualified New Jobs) above the Base Employment Level, by no later than December 1, 2021.
**Repayment Provisions:** Repayment provisions are required by law. The Repayment terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement. The final repayment provisions may require repayment of some or all of the disbursements made by the MSF, including if the Company moves 25% or more of their employees out of Michigan, if the Company fails to maintain the Base Employment Level in Michigan, if the Company fails to maintain the Qualified New Jobs incented by this Award.

**Reporting Requirements:** Periodic reporting will be required with this program. The detailed information needed from the Company will be included in the final Agreement, but will include Project reporting for such things as: amount of proposed incentive, amount of actual incentive received by Company; amount of proposed and actual investment made by Company for Project; the committed number of new jobs and the actual number of new jobs created as a result of the Project.

**Public Announcements:** The Company shall not make, or cause, any announcement of the proposed MBDP Incentive Award parameters outlined in this letter before the date of approval by the MSF of the MBDP Incentive Award, unless prior authorized and coordinated with the MEDC. At the request and expense of the MSF or the MEDC, the Company will cooperate with the MSF or the MEDC to promote the Project through one or more of the placement of a sign, plaque, media coverage or other public presentation at the Project or other location acceptable to the Parties.
EXHIBIT A
MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Incentive - Term Sheet - Summary

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

Date: December 4, 2018

Company Name: MyLocker, LLC and/or its affiliates and subsidiaries.

Project Location: 1641 Porter Street
Detroit, Michigan 48216

MBDP Incentive Type: Performance Based Grant

Maximum Amount of MBDP Incentive: Up to $2,500,000

Base Employment Level: At least 269

Qualified New Jobs: At least 452

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

Start Date for Measurement of Creation of Qualified New Jobs: November 29, 2018

Term of the Agreement: June 1, 2022

Milestone Based Incentive: Disbursements will be made over a 3 year period and will be performance based on job creation as follows:
Milestone 1: $1,000,000 for the creation of 198 jobs.
Milestone 2: $750,000 for the creation of 124 jobs.
Milestone 3: $750,000 for the creation of 130 jobs.

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

Acknowledged as received by:

MyLocker, LLC

By: ___________________________
Printed Name: ___________________________
Its: ___________________________

Michigan Economic Development Corporation

By: ___________________________
Printed Name: ___________________________
Its: ___________________________

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MEMORANDUM

Date: October 22, 2019

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

From: Julia Veale, Development Finance Manager

Subject: Autoliv ASP, Inc. (“Company”)

Michigan Business Development Program Grant Agreement Amendment

Request
The Company is requesting to transfer the Michigan Business Development Program (MBDP) Grant Agreement from Autoliv ASP, Inc. to newly created entity, Veoneer US, Inc. As a result of the spinoff the Company is requesting to reduce base employment from 1,180 to 613, reduce Qualified New Jobs from 384 to 199 and extend milestone due dates. Because of the reduction in Qualified New Jobs, the MBDP grant will be reduced from $2,600,000 to $1,347,395.

Background
On June 27, 2017, Autoliv was approved for a $2,600,000 million MBDP grant for the creation of 384 new jobs and capital investment of $20.3 million in capital investment in the City of Southfield, Oakland County. The project included consolidating its four operations in Southfield and Farmington Hills and leasing a newly constructed state-of-the-art facility in Southfield. The new facility was leased for its electronics business segment; the Company’s passive safety segment remained in Farmington Hills.

Autoliv, Inc. the parent of Autoliv ASP, Inc. (Autoliv) has announced plans to separate its businesses into two independent, publicly-traded companies. One company will consist of Autoliv’s current passive safety segment, which manufactures and sells seatbelts, airbags and steering wheels; this operation will continue under the Autoliv name. The second company will consist of Autoliv’s current Electronics segment and will be renamed Veoneer US, Inc. The spin-off will result in the original base begin reduced from 1180 to 613. Also, as a result of the spin-off the 33% growth plan has new hires projected at 199 total QNJ instead of 384 as originally planned. The Company would also like to extend its milestones 1.5 years as the spin-off has slowed down hiring the slowed down process as well for H1-B transfers.

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

a) Amend the June 27, 2017 approval as outlined in the attached Term Sheet;

b) All other aspects of the approval remain unchanged.
MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant Amendment - Term Sheet

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

Date: August 9, 2019

Company Name: Autoliv ASP, Inc. ("Company" or "Applicant") City of Southfield

MBDP Incentive Type: Performance Based Grant

Current Status of the MBDP Incentive, as set forth in the final MBDP Incentive Award Agreement ("Agreement"):  
- Maximum Amount of MBDP Incentive: Up to $2,600,000 ("MBDP Incentive Award")
- Base Employment Level: 1,180
- Total Qualified New Job Creation: At least 384 in the city of Southfield  
  (above Base Employment Level)
- Company Investment: The Company anticipates investment of up to $22,672,080 for annual lease costs, renovations, furniture and fixtures, computers, machinery and equipment, or any combination thereof, for the Project.
- Municipality supporting the Project: Southfield committed to provide a property tax abatement related to the project.
- Disbursement Milestones: The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award are outlined in Exhibit B of the Agreement, and include:
  - Disbursement Milestone 1: Up to $600,000 Upon demonstrated creation of 100 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than April 16, 2018.
  - Disbursement Milestone 2: Up to $600,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 200 Qualified New Jobs) above the Base Employment Level, by no later than April 16, 2019.
  - Disbursement Milestone 3: Up to $1,400,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 184 additional Qualified New Jobs (for a total of

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384 Qualified New Jobs) above the Base Employment Level, by no later than March 30, 2020.

- **Term of Agreement:**
  Execution of Agreement to October 30, 2020.

**Proposed MBDP Incentive Amendment:**

**Company Name:** Veoneer, US, Inc.

**Project Address:** 26360 American Drive
Southfield, MI 48034

- **Maximum Amount of MBDP Incentive:**
  Up to $1,347,395 ("MBDP Incentive Award")

- **Base Employment Level**
  613
  Amend the Base Employment Level from 1,180 to 613 as a result of the spinoff of the electronics division

- **Total Qualified New Job Creation:**
  199
  Decrease the Qualified New Job Creation from 384 to 199

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

  o **Disbursement Milestone 1:**
    Up to $673,698
    Upon demonstrated creation of 100 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than March 31, 2020.

  o **Disbursement Milestone 2:**
    Up to $673,697
    Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 99 additional Qualified New Jobs (for a total of 199 Qualified New Jobs) above the Base Employment Level, by no later than March 31, 2021.

- **Term of Agreement:**
  Execution of Agreement to September 30, 2021.

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award Amendment for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by August 16, 2019, the MEDC may not be able to proceed with any recommendation to the MSF.

Veoneer US, Inc.
Acknowledged as received by:

Veoneer, US, Inc.

By: [Signature]
Printed Name: Eric Swanson
Its: V.P. Legal
Dated: 10/8/2019

Michigan Economic Development Corporation

By: [Signature]
Printed Name: Julia Veale
Its: BDPM
Dated: 10/8/2019
MEMORANDUM

Date: October 22, 2019
To: Michigan Strategic Fund (“MSF”) Board Members
From: Erik Wilford, Business Development Project Manager
Subject: Coyote Logistics, LLC (“Company” or “Applicant”) Michigan Business Development Program Performance-based Grant Reauthorization

Background
On October 23, 2018, the Michigan Strategic Fund (MSF) approved a MBDP performance-based grant in the amount of $1,500,000 for the Company. The MBDP approval required that an Agreement be entered into within 120 days of the date of the approval, and may be extended for an additional 60 days with approval from the MSF Fund Manager.

Due to administrative limitations, all parties have been unable to enter into the agreement within the allowable 180 days. The delay in executing the Agreement was due in part to a default in the Company’s first MBDP grant. The Company has outgrown its current facility in Ann Arbor and delayed hiring additional staff until it moves to its new larger facility in Detroit. An amendment was approved for the first grant and the Company is no longer in default and able to execute the new MBDP grant agreement. It is anticipated the Company will be in a position to execute the agreement within the allotted reauthorization timeline.

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

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

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

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

MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant Amendment - Term Sheet

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

Date: October 2, 2019

Company Name: Coyote Logistics, LLC ("Company" or "Applicant")

Project Address ("Project"): 1700 W Fort Street
Detroit, Michigan 48216

MBDP Incentive Type: Performance Based Grant

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

- **Maximum Amount of MBDP Incentive:** Up to $1,500,000 ("MBDP Incentive Award")
- **Base Employment Level** 200
- **Total Qualified New Job Creation:** At least 300
  *(above Base Employment Level)*
- **Company Investment:** $3,000,000 for leasehold improvements, furniture and fixtures, or any combination thereof, for the Project
- **Municipality supporting the Project:** City of Detroit committed to provide a personal property tax abatement in support of the project
- **Disbursement Milestones:** The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award are outlined in Exhibit B of the Agreement, and include:
  - **Disbursement Milestone 1:** Up to $250,000
    Upon demonstrated creation of 50 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than November 30, 2020.
  - **Disbursement Milestone 2:** Up to $500,000
    Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 150 Qualified New Jobs) above the Base Employment Level, by no later than November 30, 2021.
  - **Disbursement Milestone 3:** Up to $750,000
    Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 150 additional Qualified New Jobs (for a total of
300 Qualified New Jobs above the Base Employment Level, by no later than November 20, 2022.

- **Term of Agreement:** May 31, 2023

**Proposed MBDP Incentive Amendment:**

**Project Address ("Project"):**

1702 W Fort Street
Detroit, Michigan 48216

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

- **Disbursement Milestone 1:** Up to $375,000 Upon demonstrated creation of 75 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than March 31, 2021.

- **Disbursement Milestone 2:** Up to $509,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 175 Qualified New Jobs) above the Base Employment Level, by no later than March 31, 2022.

- **Disbursement Milestone 3:** Up to $625,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 125 additional Qualified New Jobs (for a total of 300 Qualified New Jobs) above the Base Employment Level, by no later than March 31, 2023.

- **Term of Agreement:** September 30, 2023

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

**Acknowledged as received by:**

Coyote Logistics, LLC
By: [Signature]
Printed Name: [Signature]
Its: CFO

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

October 3, 2019 – Coyote Logistics, LLC
MEMORANDUM

Date: October 22, 2019

To: Michigan Strategic Fund Board

From: Julius L. Edwards, Commercial Real Estate Investment Manager

Subject: Request for Approval of a Michigan Community Revitalization Program Other Economic Assistance – Loan Participation Agreement Amendment #3 Detroit Entrepreneur Development, LLC

Request

Detroit Entrepreneur Development, LLC (“Company”) and Dart Bank (“Lender”) are requesting approval of an amendment to the Michigan Community Revitalization Program (MCRP) Other Economic Assistance - Loan Participation Agreement and any related ancillary agreements (“Agreement”). The amendment request includes a request to extend the “Project Completions” and “Certification of Conversion” Milestones to no later than March 31, 2020 and extend the maturity date of the MSF Share of the financing to match that of the Lender. Lastly, the Company and Lender are requesting consent from the MSF to extend the Lender’s maturity date and for the Lender to advance approximately $100,000 to the Company for tenant buildouts.

Background

The MSF Board approved a $1,300,000 MCRP Other Economic Assistance Award on October 25, 2016 for the Company for the purpose of redeveloping a 0.28 acre site in northwest downtown Jackson into an approximately 46,280 square foot four-story mixed-use building. Upon completion, the building will consist of approximately 30 market rate residential rental units and 8,500 square feet of commercial space.

The MSF Board on May 21, 2019 approved a request to amend the existing MCRP Agreement to reduce the “Minimum Eligible Investment” requirement from $5,200,000 to $5,132,000, as well as, extend the “Project Completion” and “Certification of Conversion” milestones to June 30, 2019. This amendment has not been executed.

The MSF Board on July 23, 2019 approved a request to amend the existing MCRP Agreement to extend the “Project Completion” and “Certification of Conversion” milestones to September 30, 2019. This amendment has not been executed.

The current request is to once again extend the “Project Completion” and “Certification of Conversion” Milestones to a period not later than March 31, 2020. As part of the previous amendment request, MEDC staff was unaware that by extending the above Milestones it would also necessitate an extension of the original maturity dates for the Lender’s and MSF’s share of the financing. Staff is, therefore, requesting approval for authority to be given to the MSF Fund Manager to consent to the extension of the Bank’s
maturity date as well as the authority to extend the MSF’s maturity date to match that of the Senior Lender, Dart Bank. Lastly, the Company and Lender are requesting consent from the MSF to advance additional financing of approximately $100,000 in order to complete tenant buildouts for the remaining commercial space. The additionally financing would be in a senior position to the existing MSF loan with an amortization period anticipated to be 60 months.

The project completed construction in the last quarter of 2018 and as of August, there are 29 of 30 residential units occupied, while 1 of the 3 commercial spaces are occupied. With additional financing for tenant buildout, the project will be able to fill the remaining commercial spaces. Residential rental rates have come in higher than anticipated which has improved cash flow allowing for the additional financing. The company is current with reporting requirements aside from the Milestones being requested to be amended.

**Recommendation**
The MEDC staff recommends approval of an amendment to the MCRP Other Economic Assistance – Loan Participation Agreement to: 1) extend the Milestone due dates to March 31, 2020; 2) extend the maturity date on MSF shares of the financing to match that of the Lender; 3) MSF consent for the Lender to extend the maturity date on its share of the financing; and 4) MSF to consent to additional financing from the Lender not to exceed $150,000 for tenant buildouts.
MEMORANDUM

Date: October 22, 2019

To: Michigan Strategic Fund Board

From: Julius L. Edwards, Commercial Real Estate Investment Manager

Subject: Request for Approval to Enter into a Forbearance Agreement on Michigan Strategic Fund Grant and Loan Awards

Recovery Park

Request
MEDC staff is requesting authority to enter into a Forbearance Agreement with Recovery Park and Recovery Park Farms (“Company”) on its $1,000,000 Michigan Strategic Fund (MSF) Loan and $400,000 Grant and grant authority to the MSF Fund Manager to negotiate the terms of the agreement. Staff is also requesting approval to forgive the loan and remove the reporting requirements of the grant, if the Company is able to secure approximately $9,000,000 in financing.

Background
The MSF Board approved a $400,000 Performance-Based Grant for the project at its March 22, 2016 meeting, which has been fully drawn down. At the time the MEDC’s Capital Access team was evaluating the project for a potential loan guarantee for financing totaling approximately $1.5 million that was being pursued by RP/RPF from a number of CDFIs. In its evaluation of the project the Capital Access team determined that it would be more cost effective for both the project and the MSF to provide direct financing to the project.

The MSF Board approved a $1,000,000 Performance Based Loan on October 25, 2016 to the Company of which $750,000 has been drawn down. The loan was made to provide financing for the acquisition of land, build out and working capital needs related to the BETA Phase and furtherance of the overall Recovery Park Farms project. The BETA Phase of the project involved acquisition of land from the city of Detroit, environmental remediation of the land, construction of a greenhouse containing eight (8) high tunnels and purchase of associated equipment. The term sheet attached to the original approval includes the following repayment terms: “Balance due at maturity. MSF will forgive 100% of the loan upon achievement of to be determined milestones (i.e. operations of the BETA farm for 3 years and securing additional financing).”

The MSF Board approved an amendment on November 22, 2016. The amendment removed the requirement that additional support for the project come exclusively from the Kresge Foundation and lowered the number of required jobs to be created.

On February 28, 2017, the MSF Board approved an amendment to the Loan altering various milestone requirements.
On August 22, 2017, the MSF Board approved amendments to both the Loan and Grant to remove certain milestone requirements to allow the Company to access additional MSF funds to help stabilize operations and bridge the timing gap between receiving additional outside funding.

To date the Company has been able to erect eight (8) high tunnels and employ six (6) staff members but has yet to be able to achieve breakeven or achieve the performance anticipated at the time of approval of the MSF awards. Due to the lower than anticipated performance of the project, the company is currently in default of its agreements with the MSF and has been for some time. The company is currently in the process of trying to secure approximately $9 million in USDA and SBA financing from Greater Nevada Credit Union. Staff is requesting the ability to enter into a Forbearance Agreement with the Company for a period of 240 days following execution to allow time for the Company to secure the additional financing. As part of the financing proposal from Greater Nevada Credit Union, the credit union is requesting that the MSF forgive its loan. In order to help facilitate the additional financing MEDC staff is requesting the ability to forgive the loan and remove reporting requirements for the grant if the Company can close on the proposed new financing.

The company is current with reporting requirements, but it has been unable to meet all the requirements of the loan and grant agreements and is currently in default of those agreements.

**Recommendation**
The MEDC staff recommends approval of authority to enter into a Forbearance Agreement with the Company for a period of 240 days following execution of the agreement. Staff is also requesting the MSF Board grant authority to the MSF Fund Manager to negotiate the final terms of the Forbearance Agreement. Lastly, staff is requesting the ability to forgive the loan and remove reporting requirements for the grant if the Company is able to meet the terms of the Forbearance Agreement.
MEMORANDUM

Date: October 22, 2019

To: Michigan Strategic Fund Board

From: Lori Mullins, Director, Community Development Incentives
      Julius L. Edwards, Commercial Real Estate Investment Manager

Subject: Request for Investment Fund Award Amendment to Michigan Community Capital for Attainable Housing

REQUEST

The request is to amend the previously approved $22,500,000 Attainable Housing Initiative loan award from the Investment Fund for Michigan Community Capital (MCC). In evaluating MCC’s activities in 2019 and in light of the restrictions imposed by MCC’s recent designation as a Certified Development Financial Institution (CDFI), it is necessary for MCC to request modifications to their attainable housing Investment Fund loan agreement structure. The modifications will allow MCC to separate investments made with other developers as a partner, from those in which MCC is the sole developer. The proposed amendment will add a co-borrower, Magnet Development Company (MDC), which is 100% owned by MCC and will hold developments in which MCC is the sole developer. It will also delete the requirement of the necessity of a special purpose entity in addition to the project entity within which the Company and/or MDC is to invest in development projects.

BACKGROUND

On February 28, 2017 the MSF approved a $10,000,000 Investment Fund Loan Award to MCC to facilitate investment in “Attainable Housing” projects across the state. The award was intended to support between three to five attainable housing projects and would assist MCC in attracting future federal New Market Tax Credit (NMTC) allocations.

On August 22, 2017 MSF approved an amendment allowing MCC to obtain outside financing up to 20% of the MSF Award and allow for stand-alone disbursement under the award to make a loan to a project in Flint. On December 19, 2017 the MSF approved a $3,500,000 increase in the Investment Fund Loan Award, making the total loan amount $13,500,000. On May 22, 2018, the MSF approved an amendment removing any limit on outside funding indebtedness. Most recently, on April 23, 2019 the MSF approved an amendment increasing the Investment Fund Loan Award by $9,000,000 and taking the total loan amount to $22,500,000. The amendment also did the following:

- terminated the loan to MCC for the Small Developer Initiative;
increased the amount of the Company’s total closing fee under the Attainable Housing Initiative from $100,000 to $120,000, and credit the Company with the Small Developer Initiative paid fee carryover;

amended the Attainable Housing Initiative loan to require a draw termination date of June 30, 2022, require interest accrual at 1% per annum to begin on July 1, 2022 and to continue until the loan is paid in full; and require interest only payments to begin on August 1, 2022.

MCC has closed five attainable housing projects using $12,871,715 in MSF funds. These projects will result in approximately $37,406,679 in total investment, new downtown retail space and 247 new housing units, 91% of which will meet an attainable leasing target rate, per MSHDA published guidance.

**APPLICANT HISTORY**

MCC is a 501(c)(3) and 509(a)(3) and they receive public charity status because of their supporting relationship with the MEDC, MSF and MSHDA. Their Board of Directors is appointed by the MEDC CEO and includes representatives of low to moderate income communities across Michigan.

Since the MSF’s initial investment, MCC has attracted $6,500,000 in low cost, long term equity equivalent capital from banks, $1,375,000 in grants restricted to various projects from foundations, and won a $55,000,000 federal New Market Tax Credit Allocation. The organization was also certified as a Community Development Financial Institution (CDFI) last December, allowing it to apply for additional federal funds. MCC will continue to seek out private sector investment to support the MEDC/MSF priorities and this amendment request will help MCC ensure that resources outside those provided by the MSF remain available to MCC and that MCC remains a competitive and compelling recipient.

**RECOMMENDATION**

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

a. Amend the Investment Fund Loan for Attainable Housing as follows:
   i. add co-borrower, Magnet Development Company, LLC, a limited liability company owned by the Company;
   ii. delete the requirement of the necessity of a special purpose entity in addition to a project entity within which the Company and/or MDC is to invest in development projects; thus only requiring the project entity interest structure within which the Company and/or MDC is to invest in development projects; and
b. Finalize necessary assignments, pledges and other documents arising out of the April 2019 approvals and the additional company requests.
Date: October 22, 2019

To: MSF Board Members

From: Doug Kuiper, Senior Vice President Marketing & Communications

Subject: Travel Marketing and Advertising Services Contract Extension Recommendation

REQUEST
This request is for the MSF Board to approve funding to the existing contract with McCann Erickson for marketing and advertising services for the MEDC Pure Michigan efforts in the amount of $667,500.

BACKGROUND
On March 22, 2016, the MSF Board approved a tourism marketing and advertising 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 tourism marketing and advertising contract to McCann Erickson USA, Inc., for an initial term 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 August 22, 2017 and the second one-year extension, with funding allocation, was approved by the board August 28, 2018.

The use of FY2019 work project funds will allow the agency to continue working on projects in progress, including the fall, urban and winter travel marketing campaigns.

McCann Erickson has led the creative development and strategy that powers the nationally recognized Pure Michigan travel brand. The Pure Michigan brand has been honored with dozens of industry awards and is recognized across the travel industry as a tourism marketing leader. The primary objectives of the campaign are to:

- Increase visibility of Michigan as the ideal four-season vacation destination in the U.S. and international markets via the Pure Michigan campaign.
- Drive traffic to michigan.org
- Increase leisure spending in Travel Michigan’s targeted markets.

These objectives feed into the core mission of the MSF and the MEDC to promote Michigan’s image as a world-class business location and travel destination.
RECOMMENDATION
The MEDC recommends that the MSF Board amend the agreement and allocate $667,500 from the FY2019 work project funds to the contract agreement with McCann Erickson for travel marketing and advertising services through December 31, 2019.
Date: October 22, 2019

To: MSF Board Members

From: Doug Kuiper, Senior Vice President Marketing & Communications

Subject: Public Relations Services Contract Extension Recommendation

REQUEST
This request is for the MSF Board to approve funding to the existing contract with Weber Shandwick for public relations services in the amount of $219,300. This contract allocation includes PR services for travel only.

BACKGROUND
On March 22, 2016, the MSF Board approved issuance of a public relations 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 public relations contract to Weber Shandwick, for an initial term 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 August 22, 2017 and the second one-year extension, with funding allocation, was approved by the board August 28, 2018.

The use of FY2019 work project funds will allow the agency to complete projects in progress and transition to MEDC internal staff the work it is currently doing to support travel – including community management of Pure Michigan social media channels, proactive and reactive pitching to travel media and reporters on local, state and national level, support of golf PR initiatives, content support for michigan.org website, coordinating influencer and travel media trips to Michigan and other initiatives designed to raise awareness and earn media coverage of Michigan as a national leisure travel destination.

Weber Shandwick has achieved significant national and regional media coverage for the State of Michigan as a national tourism destination through proactive pitching efforts, coordinated familiarization tours and awareness events and media desk sides in target markets. Weber Shandwick has also helped to establish Pure Michigan as a national leader across major social media platforms, including Facebook, Twitter, Instagram and Pinterest. The Pure Michigan brand has been honored with dozens of industry awards and is recognized across the travel industry as a...
marketing leader. Every year, the campaign demonstrates its success through the annual increase of return on investment for travel marketing.

**RECOMMENDATION**
The MEDC recommends that the MSF Board amend the agreement and allocate $219,300 from the FY2019 work project funds to the contract agreement with Weber Shandwick for public relations and social media services for travel only through December 31, 2019.
2020 Proposed Meeting Dates

Tuesday, January 28, 2020
10:00 am

Tuesday, February 25, 2020
10:00 am

Tuesday, March 24, 2020
10:00 am

Tuesday, April 28, 2020
10:00 am

Tuesday, May 26, 2020
10:00 am

Tuesday, June 23, 2020
10:00 am

Tuesday, July 28, 2020
10:00 am

Tuesday, August 25, 2020
10:00 am

Tuesday, September 22, 2020
10:00 am

Tuesday, October 27, 2020
10:00 am

Tuesday, November 24, 2020
10:00 am

Tuesday, December 15, 2020
10:00 am
MEMORANDUM

Date: October 17, 2019
To: Michigan Strategic Fund Board
From: Aileen Cohen, Capital Project and Portfolio Manager – Capital Access
Subject: Collateral Support Program History

Background

The MEDC’s Collateral Support Program 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 intent of the Collateral Support Program is to supply cash collateral accounts to lending institutions to enhance the collateral coverage of borrowers. MSF deposits cash into an interest-bearing account with the lender and then the account is pledged as collateral on behalf of the borrower. Based on an amortization schedule, the MSF will draw down the account as the loan principal is paid. In the event of full default, the lender will have rights to the account less a liquidation fee. Generally, the MSF can expect a full return of capital along with interest and fees. The MSF charges a 1.5%-2% fee at closing, which is tiered based on the MSF support amount, and an additional 1% fee is charged annually. The MSF also has right to all depository interest that accumulates for the length of the loan.

In the event of a default, prior to drawing cash collateral from the deposit account to repay the loan, the lender must take control and liquidate the primary collateral associated with the loan. The lender will then apply the proceeds from liquidation to the amount due under the loan. In the event that the liquidated funds recovered exceed the amount due under the loan, the lender must return the full balance of the deposit account to the MSF.

To date, the program has funded over $199 million to 269 companies, leveraged over $989 million in Private Investments, received a total of $10.9 million in program revenue, and has had losses of just over 1% ($2.01 million) of the total loans funded ($199.7 million). Attached to this memo is the Collateral Support Fact Sheet.
MICHIGAN BUSINESS GROWTH FUND COLLATERAL SUPPORT PROGRAM

The intent of the Michigan Business Growth Fund—Collateral Support Program (MBGF–CSP) is to supply cash collateral accounts to lending institutions to enhance the collateral coverage of borrowers. These accounts will cover all or a portion of a calculated collateral shortfall as described by the lending institution. Borrowers with a collateral shortfall will apply for coverage through the Michigan Economic Development Corporation (MEDC), which provides the administrative services for the program for the Michigan Strategic Fund (MSF). If approved, the MSF will deposit the cash into an interest bearing account with that lender and this account will then be pledged as collateral on behalf of the borrower. Based on an amortization schedule, the MSF will draw down the account as the loan principal is paid. In the event of full default, the lender will have rights to the account less a liquidation fee.

LENDER FACTS AND INFORMATION
The Michigan Business Growth Fund—Collateral Support Program (MBGF–CSP) is one of the programs launched under the Michigan Business Growth Fund. The program is funded by federal support provided under the federal State Small Business Credit Initiative Act of 2010, and is designed to assist lenders and borrowers in financing expansion or diversification projects. Specifically, the program seeks to enable suppliers to acquire the necessary financing that might otherwise be unavailable due to a collateral shortfall according to the lender’s analysis. The program will supply pledged cash collateral accounts to lenders to achieve this goal for approved projects.

PROGRAM GUIDELINES
Among the guidelines:
- To qualify for the program, the borrower must participate in a qualified industry: mining, manufacturing, research and development, wholesale and trade, film and digital media productions, office operations, or a business that is a qualified high technology business as described in MCL207.803(n). Generally, this includes businesses dealing with most technological products and services.
- The entire proceeds of the credit facility must be used for projects within the State of Michigan.
- The program can support up to 49.9 percent of a new extension of commercial credit.
- The maximum participation is capped at $5,000,000, and may not be used to support individual extensions of commercial credit of greater than $20,000,000.
- The program shall enhance the collateral position of borrowers by depositing cash into accounts at participating lending institutions which will then be

LENDER FACTS AND INFORMATION
- The Michigan Business Growth Fund—Collateral Support Program (MBGF–CSP) is one of the programs launched under the Michigan Business Growth Fund. The program is funded by federal support provided under the federal State Small Business Credit Initiative Act of 2010, and is designed to assist lenders and borrowers in financing expansion or diversification projects. Specifically, the program seeks to enable suppliers to acquire the necessary financing that might otherwise be unavailable due to a collateral shortfall according to the lender’s analysis. The program will supply pledged cash collateral accounts to lenders to achieve this goal for approved projects.

PROGRAM GUIDELINES
- Among the guidelines:
  - To qualify for the program, the borrower must participate in a qualified industry: mining, manufacturing, research and development, wholesale and trade, film and digital media productions, office operations, or a business that is a qualified high technology business as described in MCL207.803(n). Generally, this includes businesses dealing with most technological products and services.
  - The entire proceeds of the credit facility must be used for projects within the State of Michigan.
  - The program can support up to 49.9 percent of a new extension of commercial credit.
  - The maximum participation is capped at $5,000,000, and may not be used to support individual extensions of commercial credit of greater than $20,000,000.
  - The program shall enhance the collateral position of borrowers by depositing cash into accounts at participating lending institutions which will then be

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pledged as collateral on behalf of the borrower on a transaction by transaction basis.

- Personal guarantees are required from any individual holding a 20 percent or more ownership interest of the borrower. The guaranty is normally subordinate to the existing exposure for the project of the participating lender at the time of closing.
- The program balance shall be reduced proportionately with the principal reduction of the extension of commercial credit so as to eliminate over-reliance on program deposits as part of the collateral commitment on the extension of commercial credit.
- Losses resulting in a distribution to the lender of program funds may be paid at a rate less than 100 percent of the pledged security based on a formula in the deposit agreement.
- The program shall collect at its determination, from the lead bank, its credit analysis, borrower financial statements, risk rating justification, cash flows and other documents which the program deems necessary.
- The program validates that assessment and evaluates the economic development benefits to the state to determine project approval.
- The program charges a fee at closing. This fee will be 1–3 percent of the MSF participation amount.
- The program charges an annual fee. This fee will be 1–3 percent of the MSF amount balance at the time.
- Participating lending institution shall be required to make periodic reports to the MSF.

These documents, along with any questions should be directed to:
Capital Access
Michigan Economic Development Corporation
300 North Washington Square
Lansing, MI 48913
businessloans@michigan.org

Current List of Participating Financial Institutions:
Ann Arbor State Bank
Bank of America
Bank of Ann Arbor
Chase Bank
Chemical Bank
Comerica Bank
County National Bank
Fifth Third Bank
First Farmers Bank & Trust
Firstbank
First State Bank
Flagstar Bank
Huntington National Bank
Huron Valley State Bank
Independent Bank
Isabella Bank
Lake Osceola State Bank
Lapeer County Bank & Trust
Level One Bank
mBank
Mercantile Bank
Monroe Bank & Trust
MSU Federal Credit Union
My Personal Credit Union
Nicolet National Bank
Omni Community Credit Union
The Private Bank
Sturgis Bank & Trust
Talmer Bank & Trust
United Bank of Michigan
Urban Partnership Bank
Waterford Bank
Wolverine Bank

michiganbusiness.org
MEMORANDUM

To: Michigan Strategic Fund Board

From: Aileen Cohen, Capital Project and Portfolio Manager

Date: October 22, 2019

Subject: Loose Plastics, Inc. (and/or related borrowers)
        SSBCI Collateral Support Proposal

Request
Loose Plastics, Inc. ("Loose Plastics" or "Company") is a custom plastic sheet extrusion manufacturer located in Gladwin, MI. The Company has been in operation over 30 years and is working with Horizon Bank to refinance its existing term debt and working capital line of credit to improve overall cash flow. Loose Plastics is solely owned by Scott Loose.

Horizon Bank ("Bank") has proposed financing of an equipment term loan and working capital line of credit, to pay off its existing notes and increase its availability. The Bank is also making a related commercial real estate mortgage to the Company's real estate holding company JASCO Properties, LLC. Due to collateral shortfall on the term loan, 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:

<table>
<thead>
<tr>
<th>Term</th>
<th>Loan Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>$4,660,000</td>
</tr>
<tr>
<td>Revolving</td>
<td>$4,250,000</td>
</tr>
<tr>
<td>Real Estate</td>
<td>$1,300,000</td>
</tr>
<tr>
<td>Total</td>
<td>$10,210,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Term</th>
<th>Loan Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>$1,389,375</td>
</tr>
<tr>
<td>Total MSF</td>
<td>$1,389,375</td>
</tr>
</tbody>
</table>

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 7.46:1.

Borrower History
Loose Plastics, Inc. was established in 1985 by Scott Loose in Gladwin, Michigan. Since 2015, the Company has increased revenue by nearly $13 million and they currently employ 114 people. Loose Plastics has additional plans for growth and expects to see an increase in sales of $3 million by 2020. See Exhibit A for full borrower history.

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

a. Approval of the MBGF-CSP proposal contained herein and;

b. Subject to available funding under the MBGF-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 MBGF-CSP Cash Collateral Deposit Agreement, and further subject to the following terms and conditions:

Facility 1 - Loose Plastics, Inc.
Borrower: Loose Plastics, Inc.
Lender: Horizon Bank
Loan Amount: up to $4,660,000
MSF Cash Collateral: up to $1,389,375
Loan Type: 6 year term loan and 6 year amortization
Fees: Tier II: 1.75% at Closing
       1.00% annually thereafter on the MSF Share Balance.
Exhibit A

Credit Presentation

GENERAL INFORMATION

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Address</th>
<th>City, State Zip</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loose Plastics, Inc.</td>
<td>1016 E. 1st St.</td>
<td>Gladwin, Michigan 48624</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Entity Type</th>
<th>Type of Operation - Primary</th>
</tr>
</thead>
<tbody>
<tr>
<td>C Corporation</td>
<td>Laminated Plastics Plate, Sheet (except Packaging), and Shape Manufact</td>
</tr>
<tr>
<td></td>
<td>NAICS: 326130</td>
</tr>
</tbody>
</table>

Lender

<table>
<thead>
<tr>
<th>Russ Matthews</th>
<th>Lender Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><a href="mailto:rmatthews@horizonbank.com">rmatthews@horizonbank.com</a></td>
</tr>
</tbody>
</table>

Bank Facility and MSF Support

The Bank has proposed the following credit facilities:

- Term = Equipment Loan: $4,660,000
- Revolving = Line of Credit: $4,250,000
- Term = Real Estate Loan: $1,300,000
- Total Loans Leveraged: $10,210,000

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

- Term = Equipment Loan: $1,369,375
- Total MSF Contribution: $1,369,375

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 7.46:1.

Background

Loose Plastics, Inc. was established in 1985 by Scott Loose. The Company was originally a one man operation cleaning and grinding automotive dunnage trays. In November 1985 Scott purchased a plastic sheet extruder, and by 1986 he added his first employee. In 1987, a 6000 sq. ft. addition was added that allowed for a second extruder and expanded to 12 employees. By 1993, a state of the art computerized extruder was purchased and another addition, this time of 12,000 sq. ft. was added to the facility. Currently, they manufacture custom plastic sheet extrusion. They have World Class ABC Coex or Mono Layer Capabilities with 10 extruders and over 120 employees.

Loose Plastics has been run by the founder, Scott Loose, since being founded in 1985. In 2012, Scott stepped away from many of his responsibilities with Loose Plastics, including the financial reporting, to care for his terminally ill wife. In his absence, Scott's son Josh assumed the day to day leadership role. Josh did an excellent job on the sales aspect, but struggled with understanding cash flow, financials, and accurate costing.

In order to fill the void on the financial side of the business, Josh made personnel changes that included the addition of multiple members of his family. These individuals quickly ascended to positions of management, but most of them lacked the experience or ability related to their respective roles in the Company. In order to make room for these individuals, the Company separated from a number of individuals who had significant experience and an elevated understanding of Loose Plastic's processes.

The biggest change was the financial reporting responsibilities. Unfortunately, new staff lacked the financial reporting knowledge, advanced knowledge of accounting, and the level of understanding of the Company's operations to effectively do the job.

The lack of the internal capabilities to compile reliable financial info resulted in materially inaccurate financial reporting that was used to make capital expenditure and investment decisions over the course of multiple years. The weakened inventory controls and lack of accurate financial reporting also created an environment that failed to recognize material as a percentage of sales continued to grow between 2013 and 2017, ultimately leading to an overstatement of inventory and net income. Loose Plastics continued to post solid net income numbers on monthly financials during this time, but suffered from a lack of working capital.

After Scott's wife passed, he returned to Loose Plastics in 2017 and found the Company a mess. The issues resulted in the Company requesting additional funding from its lender and the Company was subsequently placed in the workout group. With Scott's return he made numerous changes to bring the Company back to its success it was having before his departure in 2012. This included: Removing over a dozen positions that were not related to manufacturing (mostly related to the hiring of Josh's family members); added a consultant, Calderone Advisory Group, to manage cash flow, operations, and expense control; price increases; brought back stronger inventory control; and made multiple process and manufacturing improvements. Since
uncovering an inventory overstatement and implementing numerous operating changes, financial performance and reporting has improved significantly.

**Financing Opportunity**

Horizon Bank is working with Loose Plastics, Inc. to provide new financing for the refinance of its equipment and capital lease obligations. The Company has been in business over 30 years, and is owned solely by Scott Loose. Loose Plastics has seen steady growth in sales over the past 5 years. The Company has invested in the Company to ensure that it has the correct equipment and people needed to continue to grow the company.

The Bank is asking for the MSF’s support through the SSBCI Collateral Support Program for its equipment loan. The Bank is also providing a working capital line of credit and a real estate loan, however, there is no need for collateral support from the MSF on those.

**Loan**

<table>
<thead>
<tr>
<th>Loan #</th>
<th>Purpose</th>
<th>Type</th>
<th>Balance/Request Amt.</th>
<th>Accrued Interest</th>
<th>Commit.</th>
<th>Interest Rate</th>
<th>Payment Amt. P&amp;I</th>
<th># Pmts.</th>
<th>Term</th>
<th>Amort</th>
<th>Orig. Date</th>
<th>Mat. Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Equipment Loan</td>
<td>Term</td>
<td>4,660,000</td>
<td></td>
<td></td>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Total</td>
<td></td>
<td></td>
<td>4,660,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Collateral**

<table>
<thead>
<tr>
<th>Collateral</th>
<th>Type</th>
<th>Value</th>
<th>Adv Rate</th>
<th>Disc. Value</th>
<th>Prior Lien</th>
<th>Coll. Amt.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>Used</td>
<td>4,700,750</td>
<td>70%</td>
<td>3,290,525</td>
<td>3,290,525</td>
<td></td>
</tr>
<tr>
<td>SSBCI-CSP</td>
<td>Cash</td>
<td>1,369,375</td>
<td>100%</td>
<td>1,369,375</td>
<td>1,369,375</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>6,070,125</td>
<td>4,659,900</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Summary**

| Total Loan Amount | 4,660,000 | Margin of Collateral to Loan | 1.00 |
| Total Collateral Amount | 4,659,900 | % Loan to Collateral | 100.00%

**Collateral**

The Bank is requesting collateral support on the proposed term loan of up to $1,369,375 or 29.3% of the $4,660,000 loan. The Bank is refinancing existing debt the Company has with another lending institution. This refinance will lower the company's interest rate, monthly payment, eliminate forbearance/restructuring fees, and increase overall cash flow. As shown by the above collateral chart the existing equipment is not valued high enough to support the proposed loan amount, therefore would not be able to provide the loan without the assistance of the MSF's collateral program.
INDUSTRY COMPARISON

Balance Sheet: 12/31/2018  Comparative Historical Data - current year (Based on RMA 2018 Data) - Median Quartile
Income/Expense: 01/01/2018 to 12/31/2018
NAICS: 326130 - Laminated Plastics Plate, Sheet (except Packaging), and Shape Manufact

Unqualified: 5, Reviewed: 4, Compiled: 2, Tax Return: 3, Other: 17, Total Number Stmts: 31

### Assets

<table>
<thead>
<tr>
<th></th>
<th>Client</th>
<th>Industry</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Equivalents</td>
<td>1.0</td>
<td>9.3</td>
<td>-8.3</td>
</tr>
<tr>
<td>Trade Receivables (net)</td>
<td>31.9</td>
<td>23.6</td>
<td>8.3</td>
</tr>
<tr>
<td>Inventory</td>
<td>26.3</td>
<td>25.6</td>
<td>0.7</td>
</tr>
<tr>
<td>All Other Current</td>
<td>0.5</td>
<td>2.0</td>
<td>-1.5</td>
</tr>
<tr>
<td>Total Current</td>
<td>59.8</td>
<td>60.5</td>
<td>-0.7</td>
</tr>
<tr>
<td>Fixed Assets (net)</td>
<td>32.4</td>
<td>28.3</td>
<td>4.1</td>
</tr>
<tr>
<td>Intangibles (net)</td>
<td>0.0</td>
<td>5.3</td>
<td>-5.3</td>
</tr>
<tr>
<td>Other Non-Current</td>
<td>7.8</td>
<td>5.9</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td><strong>0.0</strong></td>
</tr>
</tbody>
</table>

### Liabilities

<table>
<thead>
<tr>
<th></th>
<th>Client</th>
<th>Industry</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes Payable</td>
<td>60.8</td>
<td>9.1</td>
<td>51.7</td>
</tr>
<tr>
<td>Cur. Mat. L/T/D</td>
<td>8.1</td>
<td>3.1</td>
<td>5.0</td>
</tr>
<tr>
<td>Trade Payables</td>
<td>41.3</td>
<td>11.6</td>
<td>29.7</td>
</tr>
<tr>
<td>All Other Current</td>
<td>6.2</td>
<td>5.8</td>
<td>0.4</td>
</tr>
<tr>
<td>All Other Current</td>
<td>6.2</td>
<td>5.8</td>
<td>0.4</td>
</tr>
<tr>
<td>Total Current</td>
<td>116.5</td>
<td>29.7</td>
<td>86.8</td>
</tr>
<tr>
<td>Deferred Taxes</td>
<td>0.0</td>
<td>0.3</td>
<td>-0.3</td>
</tr>
<tr>
<td>Other Non-Current</td>
<td>0.0</td>
<td>1.3</td>
<td>-1.3</td>
</tr>
<tr>
<td>Net Worth</td>
<td>-21.2</td>
<td>51.4</td>
<td>-72.6</td>
</tr>
<tr>
<td><strong>Total Liab. &amp; Net Worth</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td><strong>0.0</strong></td>
</tr>
</tbody>
</table>

### Income Data

<table>
<thead>
<tr>
<th></th>
<th>Client</th>
<th>Industry</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>100.0</td>
<td>100.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>13.8</td>
<td>29.3</td>
<td>-15.5</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>10.3</td>
<td>19.6</td>
<td>-9.3</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>3.4</td>
<td>9.7</td>
<td>-6.3</td>
</tr>
<tr>
<td>All Other Expenses (net)</td>
<td>2.3</td>
<td>0.6</td>
<td>1.7</td>
</tr>
<tr>
<td>Profit Before Taxes</td>
<td>1.1</td>
<td>9.1</td>
<td>-8.0</td>
</tr>
</tbody>
</table>

### Liquidity Ratios

<table>
<thead>
<tr>
<th></th>
<th>Client</th>
<th>Industry</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Ratio</td>
<td>0.5</td>
<td>2.2</td>
<td>-1.7</td>
</tr>
<tr>
<td>Quick Ratio (Acid Test)</td>
<td>0.3</td>
<td>1.1</td>
<td>-0.8</td>
</tr>
<tr>
<td>Sales / Receivables</td>
<td>9.1</td>
<td>8.0</td>
<td>1.1</td>
</tr>
<tr>
<td>Days' Receivables</td>
<td>40.0</td>
<td>46.0</td>
<td>-6.0</td>
</tr>
<tr>
<td>Cost of Sales / Inventory</td>
<td>9.5</td>
<td>5.7</td>
<td>3.8</td>
</tr>
<tr>
<td>Days' Inventory</td>
<td>38.3</td>
<td>64.0</td>
<td>-25.7</td>
</tr>
<tr>
<td>Cost of Sales / Payables</td>
<td>6.1</td>
<td>11.8</td>
<td>-5.7</td>
</tr>
<tr>
<td>Days' Payables</td>
<td>60.1</td>
<td>31.0</td>
<td>29.1</td>
</tr>
<tr>
<td>Sales / Working Capital</td>
<td>-5.1</td>
<td>5.6</td>
<td>-10.7</td>
</tr>
</tbody>
</table>

### Coverage Ratio

<table>
<thead>
<tr>
<th></th>
<th>Client</th>
<th>Industry</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT / Interest</td>
<td>1.5</td>
<td>9.6</td>
<td>-8.1</td>
</tr>
<tr>
<td>Net Prof. + Depr / Cur. Mat. L/T/D</td>
<td>0.5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Leverage Ratios

<table>
<thead>
<tr>
<th></th>
<th>Client</th>
<th>Industry</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed / Net Worth</td>
<td>-1.5</td>
<td>0.6</td>
<td>-2.1</td>
</tr>
<tr>
<td>Debt / Net Worth</td>
<td>-5.7</td>
<td>0.8</td>
<td>-6.5</td>
</tr>
</tbody>
</table>

### Operating Ratios

<table>
<thead>
<tr>
<th></th>
<th>Client</th>
<th>Industry</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Prof. Bf. Taxes / Net Worth</td>
<td>-15.4</td>
<td>25.4</td>
<td>-40.8</td>
</tr>
<tr>
<td>% Prof. Bf. Taxes / Total Assets</td>
<td>3.3</td>
<td>12.1</td>
<td>-8.8</td>
</tr>
<tr>
<td>Sales / Net Fixed Assets</td>
<td>9.0</td>
<td>6.7</td>
<td>2.3</td>
</tr>
<tr>
<td>Sales / Total Assets</td>
<td>2.9</td>
<td>1.7</td>
<td>1.2</td>
</tr>
</tbody>
</table>

### Expense to Sales Ratio

<table>
<thead>
<tr>
<th></th>
<th>Client</th>
<th>Industry</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Depreciation / Sales</td>
<td>0.3</td>
<td>2.5</td>
<td>-2.2</td>
</tr>
<tr>
<td>Officers' Compensation/Sales</td>
<td>0.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Last Updated 10/02/2019 9:04:28 AM From RMA 2018 Data
**OWNERSHIP / GUARANTORS**

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Relationship</th>
<th>% Own</th>
<th>Amt Guar.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scott Loose</td>
<td></td>
<td>Guarantor</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>JASCO Properties, LLC</td>
<td></td>
<td>Guarantor</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSBCI</td>
<td>CSP</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Committed Date</th>
<th>Loan Closing Date</th>
<th>Total Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$4,660,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MSF Share</th>
<th>Additional Leverage (at closing)</th>
<th>Additional Leverage (ongoing)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,369,375</td>
<td>$5,550,000</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Leverage</th>
<th>Closing Fee</th>
<th>Annual Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.46</td>
<td>1.75% of MSF share</td>
<td>1% of MSF annual balance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FTE @ Closing (in State)</th>
<th>FTE @ Closing (out of state)</th>
<th>Projected FTE Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>114</td>
<td></td>
<td>16</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>FTE @ Annual Review</th>
<th>FTE Net Increase/Decrease</th>
<th>Support $ per new job</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$87,500</td>
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</table>

<table>
<thead>
<tr>
<th>Associate</th>
<th># Co's</th>
<th>Loan Type</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Employment**

Loose Plastics, Inc. has 114 full-time equivalent employees. The Company anticipates adding 8 fulltime employees within the next 6 months and an additional 8 within the next 2 years. The anticipated annual salary for employees of Loose Plastics, Inc. is $41,052.

**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 $199 million to 268 companies, leveraged over $989 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 Loose Plastics, Inc.

- Minimum Debt Service Coverage of 1.25x
  - Measured quarterly beginning 12/31/2019
  - Defined as: (Net Income + Interest Expense + Depreciation + Amortization - Cash Dividends-Loans to Owner-
    Extraordinary Gains and Income)/(Actual Principal Payments of Loose Plastics, Inc. and JASCO Properties, LLC)

- Maximum Additional Debt
  - No additional indebtedness above $50,000 annually by Loose Plastics, Inc. or JASCO Properties, LLC without
    prior bank approval

- Distribution Limit
  - No Distributions allowed other than for the owner's tax liability for Loose Plastics, Inc.

- Annual Net Worth Step Up
  - Company shall maintain an annual Net Worth of $750,000 beginning 12/31/2019. The Net Worth will be evaluated
    for each annual statement. Net Worth is defined as Total Net Worth.

These covenants are intended to require re-investment in the balance sheet of Loose Plastics, Inc. 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.
- Unlimited, unsecured personal guaranty of Scott Loose, and the unlimited, unsecured corporate guaranty of JASCO
  Properties, LLC
  - *Guarantees are for the benefit of the MSF, subordinated to the senior lender and limited by senior lender's
    exposure at time of closing, but the subordination of the guarantees to the MSF in favor of the senior lender may
    not exceed a principal balance of $10,210,000, along with reasonable interest and fees.
- The proposed financing will be subject to the following:
  - 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.
  - A maximum additional debt covenant to be set at a level acceptable to Bank and CST.
  - A distribution limit, whereas no distributions are allowed other than for the owner's tax liability for Loose Plastics,
    Inc.
  - An annual Net Worth Step up covenant which shall be set at a level acceptable to Bank and CST.
### SCORING & RATING

#### SCORING & RATING: MBGF_CSP_2019

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Score</th>
<th>Wt %</th>
<th>Weighted Criteria Score</th>
<th>Review</th>
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<tr>
<td>Debt / Tang Net Worth:</td>
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<td>5.00</td>
<td>1.00</td>
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<tr>
<td>Debt Coverage Ratio:</td>
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<td>4.00</td>
<td>0.80</td>
<td></td>
</tr>
<tr>
<td>MSF Leverage Ratio</td>
<td>7.46</td>
<td>3.00</td>
<td>0.60</td>
<td></td>
</tr>
<tr>
<td>Management / Borrower Character</td>
<td>5.00</td>
<td>20.00</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Business &amp; Industry Trends</td>
<td>4.00</td>
<td>20.00</td>
<td>0.80</td>
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</table>

Score = 4.20  
4 Good

**Model Used:** MEDC CRE Model - Board  
**Last Scored:** 10/03/2019 8:53 AM Aileen Cohen

**Financial Statements and Forms calculated from:**

- **Balance Sheet:** 12/31/2018  
- **Inc. / Exp.:** 12/31/2018
MEMORANDUM

Date: October 17, 2019
To: Michigan Strategic Fund Board
From: Aileen Cohen, Capital Project and Portfolio Manager – Capital Access
Subject: Collateral Support Program History

Background

The MEDC’s Collateral Support Program 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 intent of the Collateral Support Program is to supply cash collateral accounts to lending institutions to enhance the collateral coverage of borrowers. MSF deposits cash into an interest-bearing account with the lender and then the account is pledged as collateral on behalf of the borrower. Based on an amortization schedule, the MSF will draw down the account as the loan principal is paid. In the event of full default, the lender will have rights to the account less a liquidation fee. Generally, the MSF can expect a full return of capital along with interest and fees. The MSF charges a 1.5%-2% fee at closing, which is tiered based on the MSF support amount, and an additional 1% fee is charged annually. The MSF also has right to all depository interest that accumulates for the length of the loan.

In the event of a default, prior to drawing cash collateral from the deposit account to repay the loan, the lender must take control and liquidate the primary collateral associated with the loan. The lender will then apply the proceeds from liquidation to the amount due under the loan. In the event that the liquidated funds recovered exceed the amount due under the loan, the lender must return the full balance of the deposit account to the MSF.

To date, the program has funded over $199 million to 269 companies, leveraged over $989 million in Private Investments, received a total of $10.9 million in program revenue, and has had losses of just over 1% ($2.01 million) of the total loans funded ($199.7 million). Attached to this memo is the Collateral Support Fact Sheet.
MICHIGAN BUSINESS GROWTH FUND COLLATERAL SUPPORT PROGRAM

The intent of the Michigan Business Growth Fund—Collateral Support Program (MBGF—CSP) is to supply cash collateral accounts to lending institutions to enhance the collateral coverage of borrowers. These accounts will cover all or a portion of a calculated collateral shortfall as described by the lending institution. Borrowers with a collateral shortfall will apply for coverage through the Michigan Economic Development Corporation (MEDC), which provides the administrative services for the program for the Michigan Strategic Fund (MSF). If approved, the MSF will deposit the cash into an interest bearing account with that lender and this account will then be pledged as collateral on behalf of the borrower. Based on an amortization schedule, the MSF will draw down the account as the loan principal is paid. In the event of full default, the lender will have rights to the account less a liquidation fee.

LENDER FACTS AND INFORMATION
The Michigan Business Growth Fund—Collateral Support Program (MBGF—CSP) is the one of the programs launched under the Michigan Business Growth Fund. The program is funded by federal support provided under the federal State Small Business Credit Initiative Act of 2010, and is designed to assist lenders and borrowers in financing expansion or diversification projects. Specifically the program seeks to enable suppliers to acquire the necessary financing that might otherwise be unavailable due to a collateral shortfall according to the lender’s analysis. The program will supply pledged cash collateral accounts to lenders to achieve this goal for approved projects.

PROGRAM GUIDELINES
Among the guidelines:
- To be eligible for the program the borrower must participate in a qualified industry: mining, manufacturing, research and development wholesale and trade, film and digital media productions, office operations, or a business that is a qualified high technology business as described in mcl207.803(n).
  Generally this includes businesses dealing with most technological products and services.
- The entire proceeds of the credit facility must be used for projects within the State of Michigan.
- The program can support up to 49.9 percent of a new extension of commercial credit.
- The maximum participation is capped at $5,000,000, and may not be used to support individual extensions of commercial credit of greater than $20,000,000.
- The program shall enhance the collateral position of borrowers by depositing cash into accounts at participating lending institutions which will then be

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pledged as collateral on behalf of the borrower on a transaction by transaction basis.

- Personal guarantees are required from any individual holding a 20 percent or more ownership interest of the borrower. The guaranty is normally subordinate to the existing exposure for the project of the participating lender at the time of closing.
- The program balance shall be reduced proportionately with the principal reduction of the extension of commercial credit so as to eliminate over-reliance on program deposits as part of the collateral commitment on the extension of commercial credit.
- Losses resulting in a distribution to the lender of program funds may be paid at a rate less than 100 percent of the pledged security based on a formula in the deposit agreement.
- The program shall collect at its determination, from the lead bank, its credit analysis, borrower financial statements, risk rating justification, cash flows and other documents which the program deems necessary.
- The program validates that assessment and evaluates the economic development benefits to the state to determine project approval.
- The program charges a fee at closing. This fee will be 1–3 percent of the MSF participation amount.
- The program charges an annual fee. This fee will be 1–3 percent of the MSF amount balance at the time.
- Participating lending institution shall be required to make periodic reports to the MSF.

APPLICATION PROCESS

Please submit the following in order to be considered for participation:

1. The Michigan Loan Enhancement Intake Form (click to open).
2. The participating lender's credit approval documents including: all financial analysis, risk rating, statement spreads, cash flows, relationship and historical documentation and collateral analysis which would typically be required to adequately satisfy traditional commercial loan underwriting.

These documents, along with any questions should be directed to:
Capital Access
Michigan Economic Development Corporation
300 North Washington Square
Lansing, MI 48913
businessloans@michigan.org

Current List of Participating Financial Institutions:
Ann Arbor State Bank
Bank of America
Bank of Ann Arbor
Chase Bank
Chemical Bank
Comerica Bank
County National Bank
Fifth Third Bank
First Farmers Bank & Trust
Firstbank
First State Bank
Flagstar Bank
Huntington National Bank
Huron Valley State Bank
Independent Bank
Isabella Bank
Lake Osceola State Bank
Lapeer County Bank & Trust
Level One Bank
mBank
Mercantile Bank
Monroe Bank & Trust
MSU Federal Credit Union
My Personal Credit Union
Nicolet National Bank
Omni Community Credit Union
The Private Bank
Sturgis Bank & Trust
Talmer Bank & Trust
United Bank of Michigan
Urban Partnership Bank
Waterford Bank
Wolverine Bank

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MEMORANDUM

To: Michigan Strategic Fund

From: Aileen Cohen, Capital Project and Portfolio Manager

Date: October 22, 2019

Subject: Hosler Mechanical, Inc. d/b/a Progressive Mechanical, Inc. (and or related borrower(s))

Request

Hosler Mechanical, Inc. d/b/a Progressive Mechanical, Inc. ("Progressive Mechanical" or "Company") is a full-service mechanical, plumbing, process piping, and fire protection contractor specializing in design, fabrication, and installation of mechanical processing and fire protection located in Ferndale, MI. The related real estate holding company, that will be providing a corporate guaranty, is H2 Mechanical, LLC. The Company has been in operation over 25 years, under current ownership since 2006, and is working with Oxford Bank to increase its working capital availability. Progressive Mechanical is co-owned by uncle and nephew Randy Hosler and Charles Hosler.

Oxford Bank ("Bank") has proposed to increase the existing working capital line of credit from $7 million to $11 million to Progressive Mechanical to increase its availability which will enable them to take on new jobs. The Bank has requested the MSF's support on the increased portion of the line. Due to collateral shortfall on the working capital line, 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:

<table>
<thead>
<tr>
<th>Revolving Line of Credit</th>
<th>$11,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Loans Leveraged</td>
<td>$11,000,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Revolving Line of Credit</th>
<th>$1,996,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total MSF Contribution</td>
<td>$1,996,000</td>
</tr>
</tbody>
</table>

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 2:1.

Borrower History
Progressive Mechanical was acquired by Randy and Charles Hosler in 2005 in Ferndale, Michigan. The Company has added $70 million of work for the next calendar year and employs 151 people.

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

a. Acknowledgment by the MSF that the Designated Information set forth on the attached summary is confidential;

b. Approval of the MSDF-CSP proposal contained herein and:

c. Subject to available funding under the MBGF-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 - Hosler Mechanical, Inc. d/b/a Progressive Mechanical, Inc.
Borrower: Hosler Mechanical, Inc. d/b/a Progressive Mechanical, Inc.
Lender: Oxford Bank
Loan Amount: up to $11,000,000
MSF Cash Collateral: up to $1,996,000
Loan Type: 12 month Line of Credit, monthly payments of interest only
Fees: Tier II: 1.75% at Closing
        1.00% annually thereafter on the MSF Share Balance.
Exhibit A

Credit Presentation

GENERAL INFORMATION

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Address</th>
<th>City, State Zip</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hosler Mechanical</td>
<td>10800 Galaxie Ave.</td>
<td>Ferndale, Michigan 48220</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Entity Type</th>
<th>Type of Operation - Primary</th>
</tr>
</thead>
<tbody>
<tr>
<td>C Corporation</td>
<td>Plumbing, Heating, and Air-Conditioning Contractors</td>
</tr>
<tr>
<td></td>
<td>NAICS: 238220</td>
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</table>

<table>
<thead>
<tr>
<th>Lender</th>
<th>Lender Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark Morrison</td>
<td><a href="mailto:mmorrison@oxfordbank.com">mmorrison@oxfordbank.com</a></td>
</tr>
</tbody>
</table>

Bank Facility and MSF Support

The Bank has proposed the following credit facilities:

- Revolving = Line of Credit $11,000,000
- Total Loans Leveraged $4,000,000

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

- Revolving = Line of Credit $1,996,000
- Total MSF Contribution $1,996,000

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 2:1.

Background

Progressive Mechanical is a veteran owned business that is a full-service mechanical, plumbing, process piping and fire protection contractor specializing in the design, fabrication, and installation of mechanical processing and fire protection systems for industrial, commercial, institutional, and municipal markets operating throughout the United States. Progressive Mechanical, Inc. was founded in 1994; Randy and Charles Hosler purchased the assets of the Company in 2006. Both partners share equal responsibility of the daily operations.

Randy and Charles are directly involved in the daily operations of the business and could step into each other's role and assume the other's responsibilities if needed. Beyond the Hosler brothers, there is not a formal succession plan in-place. However there are key personnel within the Company that could also keep the business going until a permanent solution is found or the business is sold.

Financing Opportunity

Oxford Bank is working with Progressive Mechanical to increase the Company's existing line to provide additional working capital. The Company has been in business over 25 years and is owned by Randy and Charles Hosler. Progressive Mechanical identified 5 jobs (bonded and non-bonded) that were to be bid on, assuming they would be awarded two to three. They were awarded all 5 totaling approximately $70 million with the majority of the projects being completed by Q4 2020. Fortunately, three of the jobs were synergistic as they are all separate parts of a much larger single campus automotive project in Alabama.

The Bank is asking for the MSF’s support through the MSDF Collateral Support Program for the increase in the working capital line of credit.
<table>
<thead>
<tr>
<th>Loan #</th>
<th>Purpose Type</th>
<th>Balance/Request Amt.</th>
<th>Accrued Interest</th>
<th>Commit.</th>
<th>Interest Rate</th>
<th>Payment Amt. P&amp;I</th>
<th># Pmts.</th>
<th>Term</th>
<th>Amort</th>
<th>Orig. Date</th>
<th>Mat. Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Working Capital Line of Credit</td>
<td>Revolving 11,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Total</td>
<td></td>
<td>11,000,000</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Collateral</th>
<th>Type</th>
<th>Value</th>
<th>Adv Rate</th>
<th>Disc. Value</th>
<th>Prior Lien</th>
<th>Coll. Amt.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Receivable</td>
<td>Eligible</td>
<td>9,572,000</td>
<td>80%</td>
<td>7,657,600</td>
<td>7,657,600</td>
<td></td>
</tr>
<tr>
<td>SSBCI-CSP Cash</td>
<td>Cash</td>
<td>1,996,000</td>
<td>100%</td>
<td>1,996,000</td>
<td>1,996,000</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>11,568,000</td>
<td></td>
<td>9,653,600</td>
<td>9,653,600</td>
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</table>

<table>
<thead>
<tr>
<th>Total Loan Amount</th>
<th>11,000,000</th>
<th>Margin of Collateral to Loan</th>
<th>0.88</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Collateral Amount</td>
<td>9,653,600</td>
<td>% Loan to Collateral</td>
<td>113.95%</td>
</tr>
</tbody>
</table>

**Summary**

<table>
<thead>
<tr>
<th>Total Loan Amount</th>
<th>11,000,000</th>
<th>Margin of Collateral to Loan</th>
<th>0.88</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Collateral Amount</td>
<td>9,653,600</td>
<td>% Loan to Collateral</td>
<td>113.95%</td>
</tr>
</tbody>
</table>

**Collateral**
The Bank is requesting collateral support on the proposed increase of the working capital line of credit of up to $1,996,000 or 18% of the $11,000,000 line of credit. Per the Bank's credit policy, the Bank is unable to lend on bonded accounts receivables. The MSF's enhancement will allow the bank to lend on these jobs. As shown in the above collateral chart, the eligible A/R is not valued high enough to support the proposed loan amount, therefore the Bank would not be able to provide the line without the assistance of the MSF's collateral support program.
## INDUSTRY COMPARISON

**Balance Sheet:** 12/31/2018  
Comparative Historical Data - current year (Based on RMA 2018 Data) - Median Quartile  
**Income/Expense:** 01/01/2018 to 12/31/2018  
**NAICS:** 238220 - Plumbing, Heating, and Air-Conditioning Contractors

Unqualified: 98, Reviewed: 303, Compiled: 80, Tax Return: 331, Other: 548, Total Number Stmts: 1360

### Assets

<table>
<thead>
<tr>
<th>Asset</th>
<th>Client</th>
<th>Industry</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Equivalents</td>
<td>0.3</td>
<td>18.2</td>
<td>-17.9</td>
</tr>
<tr>
<td>Trade Receivables (net)</td>
<td>72.4</td>
<td>41.8</td>
<td>30.6</td>
</tr>
<tr>
<td>Inventory</td>
<td>0.0</td>
<td>6.2</td>
<td>-6.2</td>
</tr>
<tr>
<td>All Other Current</td>
<td>15.0</td>
<td>5.8</td>
<td>9.2</td>
</tr>
<tr>
<td>Total Current</td>
<td>87.7</td>
<td>72.0</td>
<td>15.7</td>
</tr>
<tr>
<td>Fixed Assets (net)</td>
<td>8.8</td>
<td>18.1</td>
<td>-9.3</td>
</tr>
<tr>
<td>Intangibles (net)</td>
<td>1.6</td>
<td>3.7</td>
<td>-2.1</td>
</tr>
<tr>
<td>Other Non-Current</td>
<td>1.9</td>
<td>6.1</td>
<td>-4.2</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Liabilities

<table>
<thead>
<tr>
<th>Liability</th>
<th>Client</th>
<th>Industry</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes Payable</td>
<td>7.4</td>
<td>8.4</td>
<td>-1.0</td>
</tr>
<tr>
<td>Cur. Mat. L/T/D</td>
<td>0.0</td>
<td>3.1</td>
<td>-3.1</td>
</tr>
<tr>
<td>Trade Payables</td>
<td>27.5</td>
<td>19.2</td>
<td>8.3</td>
</tr>
<tr>
<td>All Other Current</td>
<td>10.2</td>
<td>16.5</td>
<td>-6.3</td>
</tr>
<tr>
<td>All Other Current</td>
<td>10.2</td>
<td>16.5</td>
<td>-6.3</td>
</tr>
<tr>
<td>Total Current</td>
<td>56.0</td>
<td>47.4</td>
<td>8.6</td>
</tr>
<tr>
<td>Long Term Debt</td>
<td>0.7</td>
<td>15.5</td>
<td>-14.8</td>
</tr>
<tr>
<td>Deferred Taxes</td>
<td>0.0</td>
<td>0.2</td>
<td>-0.2</td>
</tr>
<tr>
<td>Other Non-Current</td>
<td>0.0</td>
<td>3.6</td>
<td>-3.6</td>
</tr>
<tr>
<td>Net Worth</td>
<td>43.2</td>
<td>33.3</td>
<td>9.9</td>
</tr>
<tr>
<td><strong>Total Liab. &amp; Net Worth</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Income Data

<table>
<thead>
<tr>
<th>Income</th>
<th>Client</th>
<th>Industry</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>100.0</td>
<td>100.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>32.4</td>
<td>34.0</td>
<td>-1.6</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>26.0</td>
<td>28.4</td>
<td>-2.4</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>6.3</td>
<td>5.6</td>
<td>0.7</td>
</tr>
<tr>
<td>All Other Expenses (net)</td>
<td>0.2</td>
<td>0.2</td>
<td>0.0</td>
</tr>
<tr>
<td>Profit Before Taxes</td>
<td>6.1</td>
<td>5.3</td>
<td>0.8</td>
</tr>
</tbody>
</table>

### Liquidity Ratios

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Client</th>
<th>Industry</th>
<th>Variance</th>
<th>Quartile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Ratio</td>
<td>1.6</td>
<td>1.6</td>
<td>0.0</td>
<td>3</td>
</tr>
<tr>
<td>Quick Ratio (Acid Test)</td>
<td>1.3</td>
<td>1.3</td>
<td>0.0</td>
<td>3</td>
</tr>
<tr>
<td>Sales / Receivables</td>
<td>3.4</td>
<td>7.0</td>
<td>-3.6</td>
<td>4</td>
</tr>
<tr>
<td>Days' Receivables</td>
<td>108.4</td>
<td>52.0</td>
<td>56.4</td>
<td>4</td>
</tr>
<tr>
<td>Cost of Sales / Inventory</td>
<td>0.0</td>
<td>167.8</td>
<td>-167.8</td>
<td>4</td>
</tr>
<tr>
<td>Days' Inventory</td>
<td>0.0</td>
<td>2.0</td>
<td>-2.0</td>
<td>4</td>
</tr>
<tr>
<td>Cost of Sales / Payables</td>
<td>6.0</td>
<td>13.7</td>
<td>-7.7</td>
<td>4</td>
</tr>
<tr>
<td>Days' Payables</td>
<td>60.9</td>
<td>27.0</td>
<td>33.9</td>
<td>4</td>
</tr>
<tr>
<td>Sales / Working Capital</td>
<td>7.7</td>
<td>12.1</td>
<td>-4.4</td>
<td></td>
</tr>
</tbody>
</table>

### Coverage Ratio

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Client</th>
<th>Industry</th>
<th>Variance</th>
<th>Quartile</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT / Interest</td>
<td>14.3</td>
<td>14.4</td>
<td>-0.1</td>
<td>3</td>
</tr>
<tr>
<td>Net Prof. + Depr / Cur. Mat. L/T/D</td>
<td>0.0</td>
<td>4.7</td>
<td>-4.7</td>
<td>4</td>
</tr>
</tbody>
</table>

### Leverage Ratios

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Client</th>
<th>Industry</th>
<th>Variance</th>
<th>Quartile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed / Net Worth</td>
<td>0.2</td>
<td>0.3</td>
<td>-0.1</td>
<td></td>
</tr>
<tr>
<td>Debt / Net Worth</td>
<td>1.4</td>
<td>1.7</td>
<td>-0.3</td>
<td></td>
</tr>
</tbody>
</table>

### Operating Ratios

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Client</th>
<th>Industry</th>
<th>Variance</th>
<th>Quartile</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Prof. Bf. Taxes / Net Worth</td>
<td>36.0</td>
<td>35.6</td>
<td>0.4</td>
<td>2</td>
</tr>
<tr>
<td>% Prof. Bf. Taxes / Total Assets</td>
<td>15.0</td>
<td>12.4</td>
<td>2.6</td>
<td>2</td>
</tr>
<tr>
<td>Sales / Net Fixed Assets</td>
<td>27.6</td>
<td>27.3</td>
<td>0.3</td>
<td>2</td>
</tr>
<tr>
<td>Sales / Total Assets</td>
<td>2.4</td>
<td>3.2</td>
<td>-0.8</td>
<td>4</td>
</tr>
</tbody>
</table>

### Expense to Sales Ratio

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Client</th>
<th>Industry</th>
<th>Variance</th>
<th>Quartile</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Depreciation / Sales</td>
<td>0.6</td>
<td>1.0</td>
<td>-0.4</td>
<td>2</td>
</tr>
<tr>
<td>Officers' Compensation/Sales</td>
<td>2.5</td>
<td>3.7</td>
<td>-1.2</td>
<td>2</td>
</tr>
</tbody>
</table>
**OWNERSHIP / GUARANTORS**

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Relationship</th>
<th>% Own</th>
<th>Amt Guar.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Randy Hosler</td>
<td></td>
<td>Co-Owner</td>
<td></td>
<td>51</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Guarantor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charles Hosler</td>
<td></td>
<td>Co-Owner</td>
<td></td>
<td>49</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Guarantor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H2 Mechanical LLC</td>
<td></td>
<td>Guarantor</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSDF</td>
<td>CSP</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Committed Date</th>
<th>Loan Closing Date</th>
<th>Total Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$11,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MSF Share</th>
<th>Additional Leverage (at closing)</th>
<th>Additional Leverage (ongoing)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,996,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Leverage</th>
<th>Closing Fee</th>
<th>Annual Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.75% of MSF share</td>
<td>1% of MSF annual balance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FTE @ Closing (in State)</th>
<th>FTE @ Closing (out of state)</th>
<th>Projected FTE Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>151</td>
<td></td>
<td>15</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FTE @ Annual Review</th>
<th>FTE Net Increase/Decrease</th>
<th>Support $ per new job</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$133,067</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Associate</th>
<th># Co's</th>
<th>Loan Type</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>Revolving</td>
</tr>
</tbody>
</table>

**Employment**

Progressive Mechanical has 151 full-time equivalent employees. The company anticipates adding 5 fulltime employees within the next 6 months and an additional 10 within the next 2 years. The anticipated annual salary for employees of Progressive Mechanical is $60,300.

**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 $199 million to 268 companies, leveraged over $989 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 Progressive Mechanical:

- **Minimum Debt Service Coverage of 1.20x**
  - Measured annually beginning 12/31/2019
  - Defined as: \((\text{Net Income} + \text{Interest Expense} + \text{Depreciation} + \text{Amortization} - \text{Distributions})/(\text{Interest Expense} + \text{All Scheduled Principal Payments})\)
- **Debt to Tangible Net Worth not greater than 3.50:1**
  - Defined as: Total liabilities of Borrower and Related Party in accordance with GAAP. Divided by, the excess of the net book value of assets of Borrower and Related Party, excluding all amounts owing to Borrower and Related Party by officers, shareholders and other affiliates and any intangible assets, in accordance with GAAP.

These covenants are intended to require re-investment in the balance sheet of Progressive Mechanical 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.
- Unlimited, unsecured personal guaranty of Randy and Charles Hosler; unlimited, unsecured corporate guaranty of H2 Mechanical, LLC
  - *Guarantees are for the benefit of the MSF, subordinated to the senior lender and limited by senior lender's exposure at time of closing, but the subordination of the guarantees to the MSF in favor of the senior lender may not exceed a principal balance of $11,000,000, along with reasonable interest and fees.
- The proposed financing will be subject to a Minimum Debt Service Coverage Ratio, as calculated by the Bank. Required Debt Service coverage ratio will be set at a level acceptable to Bank and CST.
- The proposed financing will also be subject to a Debt to Tangible Net Worth covenant, as calculated by the Bank. Required Debt to Tangible Net Worth will be set at a level acceptable to Bank and CST.

SCORING & RATING

**SCORING & RATING : MBGF_CSP_2020**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Score</th>
<th>Wt %</th>
<th>Weighted Criteria Score</th>
<th>Review</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Debt / Tang Net Worth:</strong></td>
<td>1.36</td>
<td>1.00</td>
<td>20.00</td>
<td>0.200</td>
</tr>
<tr>
<td><strong>Debt Coverage Ratio:</strong></td>
<td>3.93</td>
<td>5.00</td>
<td>20.00</td>
<td>1.000</td>
</tr>
<tr>
<td><strong>MSF Leverage Ratio:</strong></td>
<td>2.00</td>
<td>2.00</td>
<td>20.00</td>
<td>0.400</td>
</tr>
<tr>
<td>Management / Borrower Character</td>
<td>4.00</td>
<td>20.00</td>
<td>0.800</td>
<td></td>
</tr>
<tr>
<td><strong>Business &amp; Industry Trends:</strong></td>
<td>4.00</td>
<td>20.00</td>
<td>0.800</td>
<td></td>
</tr>
</tbody>
</table>

Score = 3.20 | 3 Average

* Adjusted for Loan To/From Affiliates/Shareholders
MEMORANDUM
Date: October 22, 2019
To: MSF Board
From: Maggie McCammon, Portfolio Manager, Entrepreneurship and Innovation
Subject: Michigan Small Business Development Center Strategic Service Provider Technology Consulting Services and Core Services continued funding.

Michigan Economic Development Corporation (“MEDC”) Staff recommends the Michigan Strategic Fund (“MSF”) Board approve a grant of $3,855,000 to the Michigan Small Business Development Center (“SBDC”) to fund the Technology Consulting Services (“TCS”) and Core Services provided by SBDC for one year on a statewide basis (the “Request”), with the option to extend the contract up to five years.

BACKGROUND TO AWARD
The SBDC has operated as a non-profit entity in the State of Michigan since 1983. The statewide host of the organization has been Grand Valley State University (“GVSU”) since 2001, with 11 regional offices and more than 20 satellite offices across the state. The SBDC has a thorough Malcolm Baldrige model accreditation process every five years and is recognized as an exceptional program by the national accreditation team in 2006, 2011 and in 2016. The next accreditation will be in 2021, with the same expected outcome. Accreditation from the Association of Small Business Development Centers is in accordance with the specifications set forth by Congress and the U.S. Small Business Administration (“SBA”).

The SBDC also receives an extensive (three-day) financial and programmatic audit from the Office of Small Business Development Center (“OSBDC”) office in Washington, D.C. and has had no findings in either report (financial or programmatic). In addition, Plante Moran annually completes a single audit on federal programs at GVSU in which the SBDC program is selected as a major program every three years. The most recent audit was for fiscal year 2016-17 and the SBDC program had no findings and qualified as a low-risk auditee.

The Michigan SBDC is funded through federal, state, and local agreements. The MSF’s participation is crucial to Michigan SBDC’s funding structure. The (SBA Cooperative Agreement requires that the Michigan SBDC match federal funding on a 1:1 ratio. The MSF provides a significant portion of the match through its Core and Tech Services budget. As cash match to SBA funding, the MSF funding allows the Michigan SBDC to fund its small business programming throughout the state.
Technology Consulting Services (TSC) Program

The TCS program operates across the state to provide specialized assistance to early stage tech companies. These companies are commercializing advanced and innovative technologies that align with the strategic plan for technology growth across Michigan (see attached overview). Approximately 200 tech companies each year are served by the ten TCS business consultants, leveraging their own firsthand experience with early stage tech companies via expertise in areas such as federal contracts, advanced manufacturing and medical devices. The vast majority of TCS clients are very early stage companies, primarily pre-revenue and often pre proof-of-concept.

Examples of TSC services include business plan review, marketing strategies, management team development and providing connection to other statewide resources, including early stage capital. TCS team members also assist companies with funding pitches, provide mentorship for state business competitions, work closely with Michigan’s 21 SmartZones to regionally grow companies, and partner with the universities across the state to help commercialize products. In 2019 alone, this resulted in the creation of 206 high tech jobs, attracted over $28M in venture capital funds and led to almost $60M in increased revenue. Client testimonials are included below and more extensive feedback can be found in the attached overview:

‘We could not have achieved the successes to date without the help from folks such as Anna Bier’ – Homeland Security and Defense, West Michigan.

‘If it weren't for the MI-SBDC Tech Team we would not have captured our funding as we did. I am a lifelong fan.’ – Advanced IT, Northwest MI.

‘The MI ecosystem so needs resources like this to help companies get off the ground’ – Life Sciences, Southeast MI.

‘The SBDC group isn’t like a government agency. They think like Entrepreneurs and bring valuable insights and contacts’ – Advanced Manufacturing, Upper Peninsula.

Core Services Program

The Core Services program supports small businesses in non-high-tech industries, including main street businesses by providing expert assistance at no cost to entrepreneurs looking to start or grow a business. Through their eleven Regional Offices mostly housed in educational institutions throughout the State, SBDC business consultants provide one on one assistance to small business owners on topics such as writing a business plan, preparing financial statements, cash flow projections, lease negotiations and many others relevant small business topics. The Core services portion of the contract annually targets over 25,000 counseling hours and consulting to over 5,000 businesses.

In addition to one on one business counseling, the Michigan SBDC offers robust online and in person trainings. Approximately 10,000 participants access these trainings on an annual basis and include topics such as Marketing for Small Business, Cyber Security, and eCommerce. These trainings provide accessible education and best practices to non-tech businesses, many of
whom are located on main street and contribute to the overall vibrancy of our core downtown and neighborhood commercial districts.

Small business owners who move past the startup phase are able to access services from Michigan SBDC’s Growth Services team. With specialized counseling in the areas of marketing, human resources and organizational development, financial management, access to capital and operations, this team works with businesses on growth and resiliency. The vast majority of businesses that the Growth Team works with are non-tech and have between 10-100 employees.

Michigan SBDC will provide services to any resident or small business owner in Michigan regardless of location or industry type. In cooperation with the MEDC’s strategy, the Michigan SBDC will continue its partnership on services through international integration with the MEDC’s Community Development Technical Assistance Programs, including Michigan Main Street and Redevelopment Ready Communities.

The Michigan SBDC Core services has resulted in countless businesses starting and growing their business. As an example, a downtown retailer located in southeast Michigan was able to secure a CEED loan in the amount of $50,000 to increase their inventory and make additional improvements to their space. Through one on one counseling with a SBDC business consultant, the business owner prepared proper financial statements needed for the CEED loan application. This application resulted in a loan award that allowed the business to grow.

**RECOMMENDATION**

MEDC Staff recommends the MSF Board approve the Request.
The list below is a selection of client quotes from the 2019 national impact study completed by the Association of Small Business Development Centers. The company names have been omitted as this includes sensitive information.

<table>
<thead>
<tr>
<th>Location</th>
<th>Description</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Michigan</td>
<td>Manufacturing</td>
<td>Michigan SBDC is, by far, the most valuable public resource for our business.</td>
</tr>
<tr>
<td>Capital</td>
<td>Service - Accommodation and Food Service</td>
<td>The SBDC team has been one of the most educational and encouraging experiences in opening and growing the business. We are very grateful for all they continue to help us do.</td>
</tr>
<tr>
<td>Northwest Michigan</td>
<td>Automotive Repair Services</td>
<td>An excellent business essential!</td>
</tr>
<tr>
<td>Mid-Michigan</td>
<td>Accommodation and Food Service</td>
<td>Could not have started our business without the SBDC, forever thankful.</td>
</tr>
<tr>
<td>Upper Peninsula</td>
<td>Arts, Entertainment, and Recreation</td>
<td>Couldn’t do it without them, helping make dreams a reality for someone already working full time and trying to get their business off the ground.</td>
</tr>
<tr>
<td>Capital</td>
<td>Professional, Scientific, Technical Services</td>
<td>Every SBDC advisor I have worked with throughout the years has been passionate about helping small business. Expertise, commitment, integrity, and inclusion are a few of the qualities I have appreciated with my SBDC advisors.</td>
</tr>
<tr>
<td>Southwest Michigan</td>
<td>Educational Services</td>
<td>I am grateful for someone to call and consult with on such a wide range of topics, from packaging, to hiring, to valuing a business to get it ready to sell. I'm grateful to have my SBDC advisor!</td>
</tr>
<tr>
<td>Capital</td>
<td>Construction (all general and other contractors)</td>
<td>I can't say enough good about all the help I have received from the SBDC. I recommend them to anyone interested in starting or running their own business. I consider an SBDC adviser an essential tool for me as a business owner.</td>
</tr>
<tr>
<td>Greater Washtenaw</td>
<td>Service - Health Care and Social Assistance</td>
<td>I could not be where I am today without the guidance and support from my SBDC consultant. I look to her for all mentoring. I always recommend SBDC services.</td>
</tr>
<tr>
<td>Great Lakes Bay</td>
<td>Service - Arts, Entertainment, and Recreation</td>
<td>I recommend SBDC at least once every few weeks to the clients that I work with.</td>
</tr>
<tr>
<td>I-69 Trade Corridor</td>
<td>Retail Trade</td>
<td>I think this is the best thing for entrepreneurs and inventors to help them get their dreams realized! Thank you so much for all you do make this available.</td>
</tr>
<tr>
<td>Northwest Michigan</td>
<td>Educational Services</td>
<td>I've always had peace of mind after my visits. Very helpful, caring people.</td>
</tr>
<tr>
<td>Location</td>
<td>Description</td>
<td>Comments</td>
</tr>
<tr>
<td>--------------------------</td>
<td>------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>I-69 Trade Corridor</td>
<td>Manufacturing</td>
<td>It is very difficult to estimate the jobs and or sales saved by the assistance received, however, the assistance is helpful and appreciated. Don't know if I wouldn't have received the financing without the SBDC in 2016, but without it, our business would be substantially different or non-existent.</td>
</tr>
<tr>
<td>Northwest Michigan</td>
<td>Service - Health Care and Social Assistance</td>
<td>Met my various mentors from 2012 through 2016. They gave me business advice that would have never been taught in any college level class.</td>
</tr>
<tr>
<td>Capital</td>
<td>Service</td>
<td>My SBDC counselor has helped in so many ways, if she didn’t have an answer she either referred me to someone who would know or had an answer back to me in less than 12 hours. Business life would be so challenging without her guidance and listening ear.</td>
</tr>
<tr>
<td>Capital</td>
<td>Service - Professional, Scientific, Technical Services</td>
<td>SBDC services have been invaluable to our continued success.</td>
</tr>
<tr>
<td>Upper Peninsula</td>
<td>Health Care and Social Assistance</td>
<td>Starting a business is a scary, treacherous proposition. Not only is SBDC's professional experience helpful, but the moral support and enthusiasm is essential. Love it!</td>
</tr>
<tr>
<td>West Michigan</td>
<td>Manufacturing</td>
<td>We appreciate the SBDC and what we have learned and gained from working with them. They truly have a passion for helping small businesses succeed. Thank you.</td>
</tr>
<tr>
<td>Southeast Michigan</td>
<td>Wholesale (distribution, etc.)</td>
<td>We wouldn't be in business if it weren't for the staff and services of the SBDC.</td>
</tr>
<tr>
<td>West Michigan</td>
<td>Service - Arts, Entertainment, and Recreation</td>
<td>Without the SBDC help we never would have been able to pull enough of the appropriate information together to have made this all possible! Very worthy and beneficial help for any new or existing business! Grateful beyond words!!!!</td>
</tr>
</tbody>
</table>
SBDC Technology Consulting Services

The SBDC Technology Consulting Service (TCS) – more commonly known as the Tech Team - is a specialized, statewide program within the broader SBDC network. Their focus is to assist early stage companies commercializing advanced technology. The vast majority of the team’s clients are pre revenue and often pre proof-of-concept. The team typically serves about 200 companies each year.

Areas of assistance to companies include:

- Access to capital including angel, venture capital, strategic partner, and federal R&D funding
- Intellectual property research and strategy
- Financial modeling
- Marketing strategies and execution
- Commercialization strategies and technology roadmapping
- Management team development
- Introductions to private and public sector resources

The Tech Team consists of 10 business consultants. They have a broad range of expertise including marketing, finance, product development, legal/regulatory, intellectual property, and team building. Most importantly, they have firsthand experience with early stage tech companies or other relevant experience. The team includes:

- Anna Bier – co-founded company which secured 30 SBIR/STTR awards
- Melanie de Vries – the first VP of Marketing for ForeSee Results
- Dave Grossman – former Director of Global Technology Planning for General Motors
- Robert Honeyman – former CFO for $30 million DataCore Software Corporation
- Lindsay Klee – former consultant at PWC Healthcare and Life Science Divisions
- Clay Phillips – former Director of Technology Commercialization at General Motors
- Alain Piette – past CEO of Delphi spinout Spaceform as well as vast M&A experience
- Jason Pliml – founder of successful startup Mock Draft Central
- Kayo Ramirez – led multiple startups including Do It Sport, early VC backed Internet company
- Scott Taylor – co-founder of Soloshot which he grew to international sales

As a statewide team, the SBDC Tech Team works closely with the Smart Zones, University Tech Transfer offices, early stage funds, venture forums, and other entrepreneur support organization throughout the state. They know these resources well and help clients navigate them. Examples of how they collaborate include:

- SBDC Tech Team members serve on MTRAC Committees for AgBio (MSU), Advanced Materials (MTU), Transportation (UM), and Advanced Computing (WSU)
- Midwest Growth Capital Symposium and Accelerator Michigan Innovation Competition require all presenting companies to receive SBDC coaching
- Most Smart Zones/Tech Transfer offices have regularly scheduled meetings to review client list and ensure they are getting needs met. Several of these organizations require that their companies seek support from the SBDC Tech Team
Serve on boards of directors of the New Enterprise Forum, BBC Entrepreneurial Training Corporation, and Ann Arbor/Ypsilanti Smart Zone LDFA

Serve on the Planet M Kinetic Program review team and Pilot Program Grant review committee

Serve as coaches/mentors for TechStars, University of Michigan iCorps, and Ann Arbor SPARK Boot Camp

Below are the SBDC Tech Team Fiscal Year 2019 client metrics as submitted as part of the MEDC progress reports:

<table>
<thead>
<tr>
<th>Jobs Created</th>
<th>206</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs Retained</td>
<td>1,330</td>
</tr>
<tr>
<td>MEDC Funds Awarded to Companies</td>
<td>1,015,340</td>
</tr>
<tr>
<td>SBIR, STTR, &amp; Other Federal Funding</td>
<td>8,951,725</td>
</tr>
<tr>
<td>Venture Capital</td>
<td>28,335,000</td>
</tr>
<tr>
<td>Angel Funds</td>
<td>15,550,000</td>
</tr>
<tr>
<td>Bank/Loan</td>
<td>4,794,500</td>
</tr>
<tr>
<td>Owner Investment</td>
<td>2,333,750</td>
</tr>
<tr>
<td>New Sales (Increase in Revenue)</td>
<td>57,430,168</td>
</tr>
<tr>
<td>Other Capital</td>
<td>12,150,001</td>
</tr>
</tbody>
</table>

| Patent Applied     | 95 |
| Patent Issued      | 34 |
| Commercialized Products | 95 |

The list below is a selection from the most recent client survey the SBDC Tech Team conducts every 6 months to gather client feedback and economic impact metrics to report to the MEDC. The company names have been omitted as this includes sensitive information.

<table>
<thead>
<tr>
<th>Company Location</th>
<th>Tech Sector</th>
<th>Capital Raised since 4/1/2019</th>
<th>Increased Sales since 4/1/2019</th>
<th>Current FTEs - 9/30/2019</th>
<th>New hires since 4/1/2019</th>
<th>Company Comments re: SBDC Tech Team</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southeast Michigan</td>
<td>Advanced Manufacturing</td>
<td>7,500,000</td>
<td>2,203,222</td>
<td>8</td>
<td></td>
<td>Dave and Melanie were great and appreciated their support in the pre-Series A launch.</td>
</tr>
<tr>
<td>Region</td>
<td>Industry</td>
<td>Total Funding</td>
<td>Federal Funding</td>
<td>Rating</td>
<td>Comments</td>
<td></td>
</tr>
<tr>
<td>-----------------</td>
<td>------------------------</td>
<td>---------------</td>
<td>-----------------</td>
<td>--------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Southeast Michigan</td>
<td>Life Sciences</td>
<td>18</td>
<td></td>
<td></td>
<td>Thank you for all the support we have been given throughout the years. You are a fantastic resource for small businesses in Michigan!</td>
<td></td>
</tr>
<tr>
<td>Mid-Michigan</td>
<td>Advanced Automotive</td>
<td>10</td>
<td>3</td>
<td></td>
<td>Fantastic team that is very enthusiastic and helpful. They are extremely helpful in preparing business plans, strategy, and navigating funding opportunities inside and outside of MEDC programs.</td>
<td></td>
</tr>
<tr>
<td>West Michigan</td>
<td>Advanced Materials</td>
<td>15</td>
<td>0</td>
<td></td>
<td>SBDC has provided substantial and meaningful support for our business. Each SBDC consultant has been a true expert, willing to spend time and effort to provide critical professional assistance that we would not otherwise have been able to afford</td>
<td></td>
</tr>
<tr>
<td>Southeast Michigan</td>
<td>Advanced Information Technology</td>
<td>45</td>
<td>6</td>
<td></td>
<td>Very Satisfied. Look forward to working more closely together in the next 6 months</td>
<td></td>
</tr>
<tr>
<td>West Michigan</td>
<td>Homeland Security and Defense</td>
<td>7</td>
<td></td>
<td></td>
<td>We could not have achieved the successes to date without the help from folks such as Anna Bier... good job</td>
<td></td>
</tr>
<tr>
<td>Southeast Michigan</td>
<td>Advanced Information Technology</td>
<td>5</td>
<td>1</td>
<td></td>
<td>We would have been hard-pressed to be where we are today without both Scott and Melanie. Both are amazing talents that always struck the right balance of giving options, opinions, ideas</td>
<td></td>
</tr>
<tr>
<td>Southeast Michigan</td>
<td>Life Sciences</td>
<td>64</td>
<td></td>
<td></td>
<td>Keep up the great work! The MI ecosystem so needs resources like this to help companies get off the ground</td>
<td></td>
</tr>
<tr>
<td>Region</td>
<td>Industry</td>
<td>SBDC Investment</td>
<td>Company Investment</td>
<td>Staff Contact</td>
<td>Notes</td>
<td></td>
</tr>
<tr>
<td>-----------------------</td>
<td>-----------------------------------</td>
<td>----------------</td>
<td>-------------------</td>
<td>--------------</td>
<td>-------</td>
<td></td>
</tr>
<tr>
<td>Southeast Michigan</td>
<td>Advanced Materials</td>
<td>309,000</td>
<td></td>
<td></td>
<td>SBDC teams have been a pillar of our company's growth and acceptance.</td>
<td></td>
</tr>
<tr>
<td>Southwest Michigan</td>
<td>Advanced Manufacturing</td>
<td>3,470,000</td>
<td>1,500,000</td>
<td>17</td>
<td>Excellent job! This has been a highly beneficial program for our company and will prove to assist us in its future endeavors and success.</td>
<td></td>
</tr>
<tr>
<td>Southwest Michigan</td>
<td>Advanced Agricultural Processing</td>
<td>126,000</td>
<td></td>
<td>1.25</td>
<td>I would like to point out that it was the assistance provided in the past that enabled the Company to achieve the success it now enjoys.</td>
<td></td>
</tr>
<tr>
<td>Southeast Michigan</td>
<td>Homeland Security and Defense</td>
<td>3,000,000</td>
<td>1,000,000</td>
<td>540</td>
<td>The MI-SBDC team played a significant role to help us initiate the growth it’s been on since 2014. One of our main growth products began with an SBIR project that is now in full rate production in support of over 7,000 combat vehicles worldwide. Our company has grown by a factor of 5 since 2014 in part due to the success of this SBIR.</td>
<td></td>
</tr>
<tr>
<td>Southwest Michigan</td>
<td>Life Sciences</td>
<td></td>
<td></td>
<td>10</td>
<td>This has always been an awesome resource for the past 15 years for our company, thank you all!</td>
<td></td>
</tr>
<tr>
<td>Mid-Michigan</td>
<td>Advanced Information Technology</td>
<td>10,000</td>
<td></td>
<td>13</td>
<td>Melanie has been a great resource for our team; her knowledge in PR and Marketing/Sales has been just the right addition to helping us grow.</td>
<td></td>
</tr>
<tr>
<td>Southeast Michigan</td>
<td>Advanced Materials</td>
<td>10,000</td>
<td>10,000</td>
<td>11</td>
<td>Melanie has been fantastic to work with. Strategically she's really helped us grow our company but has also tactically sound advice. And</td>
<td></td>
</tr>
<tr>
<td>Region</td>
<td>Industry</td>
<td>Revenue</td>
<td>Profit</td>
<td>Ref.</td>
<td>Comments</td>
<td></td>
</tr>
<tr>
<td>---------------------</td>
<td>---------------------------------</td>
<td>-----------</td>
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<td>------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>West Michigan</td>
<td>Alternative Energy</td>
<td>554,924</td>
<td>235,725</td>
<td>13</td>
<td>The team helped us focus on the development of the entire business; reminding us of things that startups often fail to complete.</td>
<td></td>
</tr>
<tr>
<td>Southeast Michigan</td>
<td>Life Sciences</td>
<td>200,000</td>
<td></td>
<td>4</td>
<td>Bob Honeyman and Melanie are great people to work with. We made a lot of progress with them.</td>
<td></td>
</tr>
<tr>
<td>Southeast Michigan</td>
<td>Advanced Information Technology</td>
<td>445,000</td>
<td></td>
<td>1</td>
<td>Scott’s been an integral part of our progress. Personally as CEO, he’s one of my primary advisors with every major decision. Scott has been a vital sounding board, and as someone new to startup, every week I’ve processed with Scott and shifted actions based on his experience and wisdom. He’s initiated and pursued the health of our company, on a regular basis. I’m very thankful.</td>
<td></td>
</tr>
<tr>
<td>Northwest Michigan</td>
<td>Advanced Information Technology</td>
<td>4,000,000</td>
<td>1,000,000</td>
<td>24</td>
<td>If it weren’t for the MI-SBDC Tech Team we would not have captured our funding as we did. I am a lifelong fan.</td>
<td></td>
</tr>
<tr>
<td>Upper Peninsula</td>
<td>Advanced Manufacturing</td>
<td>2,150,000</td>
<td></td>
<td>25</td>
<td>The SBDC group isn’t like a government agency. They think like entrepreneurs and bring valuable insights and contacts.</td>
<td></td>
</tr>
</tbody>
</table>
It is my pleasure to share our 2018 Annual Report. The accomplishments found in this report highlight the positive and lasting impact that the network made on Michigan business owners and our state’s economy.

With 11 offices that cover all of Michigan’s 83 counties, the Michigan SBDC again exceeded statewide impact goals, a testament to strong partnerships, mission-driven employees, and collaborative relationships. The coalition behind the SBDC includes our statewide program stakeholders, the SBA, the MEDC, Grand Valley State University Seidman College of Business, and a network of supporting hosts and partners.

Michigan went beyond the impact numbers in 2018 by honoring several specialty programs including Small Business, Big Threat, and establishing expertise in transformational technologies in automation and autonomous mobility. We also focused on outreach services in economically distressed areas with a strong, pioneering economic inclusion program that will continue to be a cornerstone of our 2019 strategy.

Most significantly, we continued to listen to our most important constituency, the small businesses community, to adapt our services accordingly. The Michigan SBDC will continue to innovate small business programs and entrepreneurship services to ensure that every entrepreneur has access to our services. These achievements also reflect the work of an incredible team of SBDC consultants who are dedicated to keeping Michigan a great place to start and grow a business. With a successful 2018 behind us, we look forward to 2019.

“It is a great pleasure for the SBDC to partner with the Small Business Development Center to support Michigan’s small businesses. The SBDC plays an essential role in the transformation of Michigan’s small businesses and the growth of our economy, and the SBDC is accessible to all small businesses through their consulting, training, and more. We look forward to creating continued positive impact.”

“When we created the Michigan Economic Development Corporation, we partnered with the Michigan SBDC to support Michigan’s small businesses. Through our partnership with the SBDC and support various entrepreneurs across the state, we are pleased to have a business that is making a significant impact.”

“The Michigan Economic Development Corporation is pleased to support Michigan’s small businesses. Through our partnership with the Michigan SBDC, we can support various entrepreneurs across the state, we are pleased to have a business that is making a significant impact.”

“My pleasure to share our 2018 Annual Report. The accomplishments found in this report highlight the positive and lasting impact that the network made on Michigan business owners and our state’s economy.”

J.D. COLLINS, STATE DIRECTOR

2018 STATEWIDE IMPACT

- 5,644 BUSINESSES CONSULTED
- 6,823 INDIVIDUALS ATTENDED TRAINING

BUSINESS OWNERSHIP

- 26% MINORITY
- 47% WOMEN
- 7% VETERANS

IN CAPITAL FORMATION

- $2.3B

10 YEARS OF TRANSFORMING MICHIGAN

50,208 JOBS CREATED & RETAINED

WE PROVIDED CONSULTING TO:

- 2,320 STARTUPS
- 3,324 ESTABLISHED BUSINESSES
- 394 NEW BUSINESSES WERE OPENED

IN STATEWIDE CAPITAL FORMATION

- $205,277,934

2018 BUSINESS SERVICES

- 473 TRAININGS OFFERED
- 12,651 TRAINING SEAT HOURS

ONE ON ONE CONSULTING

- 68,688,148 SH/T/Y FUNDING
- $6,152,989 CAPITAL RAISED

MARKET RESEARCH

- 82 CONSULTANTS STATEWIDE
- 37,255 CONSULTING HOURS

Small Business, Big Threat

- Small Business, Big Threat is a program designed to identify the top small businesses and top entrepreneurs in the nation. The program is designed to identify the top small businesses and top entrepreneurs in the nation. The Michigan SBDC is the managing partner of the annual Small Business, Big Threat event and the Small Business, Big Threat awards.

Partnership Events

- Great Lakes Venture Conference
- Michigan Celebrate is a collaboration with statewide representatives who often collective resources to support small businesses.

Economic Inclusion

- The Michigan SBDC is dedicated to improving entrepreneurship and accessibility of SBDC services in underserved communities throughout the state. We continue to partner with local SBDCs and our partners toward our mission.

Jamaal Ewing

We are pleased to have a business that is making a significant impact.
2018 STATEWIDE IMPACT

5,644 businesses consulted & 6,823 individuals attended training

We provided consulting to:

2,320 startups
3,324 established businesses

New businesses were opened:
394

Jobs were created and retained:
4,634

$205,277,934 generated

The Michigan SBDC is a powerful resource in shaping the dream of entrepreneurship and small businesses. The Michigan SBDC’s role is to support and grow Michigan’s small businesses, and its network of consultants and programs is designed to empower entrepreneurs. The SBDC is accessible to all small businesses through its consulting, training, and more. We look forward to creating continued positive impact.

Our Stakeholders

Business Ownership

26% Minority
47% Women
7% Veterans

Top Industries Served

Retail
Manufacturing
Professional
Hospitality
Other

10 Years of Transforming Michigan

$2.3B in capital formation
50,208 jobs created & retained

Business Services

Small Business, Big Threat

Small Business Big Threat is a program designed by the Michigan SBDC to help microentrepreneurs around the United States understand cybersecurity. In 2018, the program reached 750 microentrepreneurs online and launched a Cybersecurity Academy.

Partnership Events

Michigan Celebrate is a collaboration with 226 statewide partners who offer collective resources to support small business. The Michigan SBDC is the managing partner of the annual MSU Small Business Competition held in East Lansing.

Economic Inclusion

The Michigan SBDC is dedicated to eliminating barriers to accessibility of SBDC services in underserved communities throughout the state. Various programs and initiatives help us achieve this goal.

Our progress toward our mission of helping all entrepreneurs in Michigan is measured by the impact our services have on underrepresented entrepreneurs in Michigan.
J.D. Collins, State Director

In this introductory sentence, the author highlights the positive impact of the Small Business Development Center on Michigan’s small businesses.

The Michigan SBDC is a powerful resource in shaping and strengthening the economy. The Michigan SBDC’s resources to grow, start and prosper is a critical component of Michigan’s success.

Most significantly, we continued to listen to our most important constituency, the small businesses community, of our 2019 strategy.

In 2018, we continued to listen to our most important constituency, the small businesses community, of our 2019 strategy.

The Michigan SBDC was a partner in the fifth annual Michigan Cybersecurity Conference that took over 68K in attendance.

Small Business, Big Threat is a program designed by the Michigan SBDC to educate entrepreneurs in Michigan about cybersecurity.

The Michigan SBDC is dedicated to expanding the accessibility of SBDC services in underserved communities and throughout the state. Various strategies and initiatives have been used to reach underserved communities, including partnerships with the Small Business Administration and the Michigan Economic Development Corporation.

The Michigan SBDC is dedicated to expanding the accessibility of SBDC services in underserved communities and throughout the state. Various strategies and initiatives have been used to reach underserved communities, including partnerships with the Small Business Administration and the Michigan Economic Development Corporation.
STORIES OF IMPACT

AGHELP
Grand Rapids, MI

Market Research
Needs Assessment
Financial Review

SBIR/STTR Proposal Assistance
Strategic Business Plan
Investment Roadmap

New Jobs Created
Raised Capital
Increased Sales
Grew Team

SBDC Assistance

K-TEC SYSTEMS
Forsake, MI

Financial Projections
Website Analysis

Launched Capital
Established Business Model

SBDC Upper Peninsula
906-280-5434
SBDC Michigan
SBDC Capital
517-483-1921
@MichiganSBDC

Facebook.com/MichiganSBDC
@MichiganSBDC

STORIES OF IMPACT
SBDCMichigan.org
ANNUAL REPORT
CONTACT US
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@MichiganSBDC

Download our Guide to Starting a Small Business available in English, Spanish, and Arabic at: www.SBDCMichigan.org/GuideToStarting

MICHIGAN SMALL BUSINESS DEVELOPMENT CENTER

2018 ANNUAL REPORT
MEMORANDUM

Date: October 22, 2019

To: Michigan Strategic Fund Board

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

Subject: Request for Approval Michigan Community Revitalization Program (MCRP) Other Economic Assistance and a Request for Approval of an Act 381 Work Plan Development on Troy Project

REQUEST

Versa Wanda, LLC and the City of Ferndale (“Co-Applicants”) are requesting a MCRP Other Economic Assistance Loan Participation Award in the amount of $3,000,000 and the City of Ferndale Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including local and school tax capture for MSF eligible activities in the amount of $24,487,746, to support a public/private community development project that will consist of the construction of a mixed use building containing retail space, office space, and integrated parking. The City will finance and own the parking portion of the project. The Applicant anticipates that the project will result in a total capital investment in the amount of $29,388,046 along with the creation of approximately 190 permanent full-time equivalent jobs with an average hourly wage of $26.73.

FINANCING OPPORTUNITY – MCRP OTHER ECONOMIC ASSISTANCE LOAN PARTICIPATION

The Lender, CIBC, along with the Applicants have requested the MSF participate in up to $3,000,000 of a total $7,500,000 in construction to permanent loan financing. The City of Ferndale is an unproven market for Class A office space, of which approximately 20,000 square feet of the project is targeted. The remaining commercial space is targeted for retail use. It is anticipated that disbursements to the project on the loan will be made on a pro-rata basis, with the MSF’s security position subordinated to that of CIBC. Development finance sources and the proposed structure of the loan participation are summarized below. With the financing structure as described, it is anticipated that the investors will achieve a return of just under two percent based on operations.
**Loan Terms**

**MSF Facility:** MCRP Oth Economic Assistance Loan Participation

**Borrower:** Versa Wanda, LLC

**Lender:** CIBC

**Total Amount of Loans:** Currently estimated at $7,500,000

**Lender Share:** Currently estimated at $4,500,000

**Total Capital Investment:** Currently estimated at $29,388,046

**MSF Eligible Investment:** Currently estimated at $28,033,031

**Minimum Eligible Investment:** Currently estimated at $22,430,000

**MSF Share:** Up to the lesser of 20% of “Eligible Investment” or $3,000,000.

**Term:** To match that of the Lender, anticipated to be 84 months, including a 24-month interest only period.

**Amortization:** To match that of the Lender, anticipated to be 300 months, following the 24-month interest only period.

**Interest Rate:** 1.00% per annum

**Repayment Terms:** Monthly interest only payments for up to 24 months, followed by principal and interest payments until maturity, with balance due at maturity. MSF repayment during the Principal & Interest period will be based on the project maintaining a debt service coverage ratio of 1.20 to 1.00. Payments during this period, full or partial, would be set at a level to maintain the ratio. During any period of full or partial payment suspension the MSF loan would continue to accrue interest.

**Collateral:** To reasonably match that of the Lender, currently anticipated to be a security interest in the property, assignment of leases and rents, and a pledge of Tax Increment Financing (TIF) reimbursements. MSF Share of collateral will be subordinated to that of the Lender.

**Guarantee:** To reasonably match that of the Lender, currently anticipated to be the joint and several guarantees of the principals of Versa Development limited to 50% of the outstanding loan balance. MSF Share of collateral will be subordinated to that of the Lender.

**MSF Fees:** The MSF shall be paid a one-time fee equal to one percent of the MSF’s share of the loan. The Lender may charge the borrower for this fee.
Deferred Developer Fees: The developer and related party fees equal to $437,864 of the $712,864 of total fees will be deferred until such time that the project is producing cash flow in excess of that required for priority debt and other operating obligations.

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

Reserves: Estimated to be $345,000 in Construction Interest and Rent Up reserves.

Other Conditions: The MSF’s investment will be contingent upon the following:
- Executed Construction Documents (includes “Guaranteed Maximum Price” construction contract).
- Final Development Budget
- Executed Developer Reimbursement Agreement with City and BRA
- Minimum Owner Equity Investment of $1,450,000

**SUMMARY OF DEVELOPMENT SOURCES:**

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Share</td>
<td>$4,500,000</td>
<td>15.31%</td>
</tr>
<tr>
<td>MSF Share</td>
<td>$3,000,000</td>
<td>10.21%</td>
</tr>
<tr>
<td>City Financing - Parking Structure</td>
<td>$20,000,000</td>
<td>68.05%</td>
</tr>
<tr>
<td>Deferred Developer Fees</td>
<td>$437,864</td>
<td>1.49%</td>
</tr>
<tr>
<td>Developer Equity</td>
<td>$1,450,182</td>
<td>4.94%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$29,388,046</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

**SUMMARY OF DEVELOPMENT USES:**

<table>
<thead>
<tr>
<th>Use</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition</td>
<td>$1</td>
</tr>
<tr>
<td>Hard Construction Costs</td>
<td>$27,583,930</td>
</tr>
<tr>
<td>Eligible Soft Costs</td>
<td>$413,601</td>
</tr>
<tr>
<td>Other</td>
<td>$1,390,514</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$29,388,046</strong></td>
</tr>
</tbody>
</table>

**LOCAL SUPPORT**
Local support for the project includes issuance of municipal bonds, which are valued at approximately $21,000,000, a portion of which will be repaid with brownfield tax increment revenue. The local portion of the Act 381 Work Plan includes approximately $11,653,718. The City of Ferndale is certified with the MEDC’s Redevelopment Ready Communities (RRC) program.

**MCRP PROGRAM AND GUIDELINES**
On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on July 23, 2019, the MSF Board approved its restated program guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan. It is the role of the MEDC staff to review for eligibility, completeness, and adherence to the program, the information provided by the applicant and to manage the MSF’s investment. As required under the MCRP, all statutory criteria for the project have been considered when
making the recommendations in this memo. The project is unique in that the City’s investment in the parking structure portion of the project is included in the MSF eligible investment. Their public/private partnership is allowing the project to request a greater MCRP award amount than the private portion of the project could receive and is helping the City to achieve their community development goals of adding retail, office and parking downtown. The developer equity of $1,450,182 is 4.94% of the total project cost, however it is 15.45% of the total cost of the private portion of the project. The project meets the MCRP Guidelines and a financial review has been completed.

**TAX CAPTURE SUMMARY**
In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Ferndale, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on January 9, 2019. The property has been deemed blighted by the City of Ferndale on September 18, 2019.

There are 57.7124 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (41.59%) and local millage equaling 33.7124 mills (58.41%). The City of Ferndale BRA has entered into an Interlocal Agreement with the City of Ferndale Downtown Development Authority (DDA) which stipulates the DDA will forego 100% of its tax capture until 2029 and then gradually reduce the amount it will forego until 2049, at which point the DDA will no longer forego any capture to the BRA. This results in a blended ratio of 52.41% to 47.59%, school to local, respectively. Tax increment capture will begin in 2021 and is estimated to continue for 30 years. The requested blended tax capture for MSF eligible activities breaks down as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State tax capture</td>
<td>(52.41%)</td>
<td>$12,834,028</td>
</tr>
<tr>
<td>Local tax capture</td>
<td>(47.59%)</td>
<td>$11,653,718</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$24,487,746</strong></td>
</tr>
</tbody>
</table>

**COST OF MSF ELIGIBLE ACTIVITIES**
Demolition                          | $185,710   |
Infrastructure Improvements          | 16,466,818 |
Site Preparation                     | + 4,615,077|
  Sub-Total                          | $21,267,605|
Contingency (15%)                    | + 3,190,141|
  Sub-Total                          | $24,457,746|
Brownfield/Work Plan Preparation     | 15,000     |
Brownfield/Work Plan Implementation  | + 15,000   |
**TOTAL**                            | $24,487,746|

**PROJECT BACKGROUND**
The project will consist of new construction of a 40,920 square foot, five-story, mixed-use building containing approximately 15,900 square feet of first floor retail space, approximately 168,000 square feet of integrated parking occupying the basement level and floors 2, 3, and a portion of 4, and approximately 20,000 square feet of office space on the remainder of the 4th floor as well as the entire 5th floor. The project also includes the redevelopment of the public alley, a public plaza, a special events plaza and redevelopment of Troy Street adjacent to the project. The City of Ferndale will incur all costs for the integrated parking portion of the project.
The City of Ferndale has a strategy of attracting and retaining local business interests to the area, and as part of this strategy and a requirement of its’ support, the City is placing rental rate restrictions on the proposed development. In addition, Ferndale is an unproven market for Class A office space, which comprises approximately 20,000 square feet of the project. The unproven market for the office space along with the rental restrictions on the property and rising construction costs are driving the financing gap. As part of the City’s support for the project, it is diverting a portion of the Act 381 Work Plan reimbursements to the development team. The proposed $3,000,000 MCRP award is being utilized to fill the financing gap and allow the development team to achieve return of just under two percent on the project.

Payments on the MCRP loan have been set to adjust in order for the project to maintain a 1.20 to 1.00 DSCR. It is currently projected that the project should be able to achieve cash flow healthy enough for the MSF to receive full payments on its loan for a majority of the years for the term of the loan.

Brownfield eligible activities will alleviate Brownfield conditions across the site making it suitable for redevelopment, while protecting human health and the environment. Without Brownfield tax increment reimbursement, the cost burden related to Brownfield conditions would make the project financially unfeasible.

**APPLICANT HISTORY**
Versa Wanda, LLC has experience completing multiple commercial and mixed-use developments, most notably in Royal Oak. Versa Wanda, LLC has not previously been awarded incentives by the MSF. The principals of Versa Wanda, LLC were awarded a Michigan Community Revitalization Program Award for the Trailhead RO, LLC project in July of 2015. Following approval, it was determined that MSF assistance was not needed, and the transaction never closed. The City of Ferndale was granted a background check waiver by the MSF Chairperson and MSF Fund Manager because it is a municipality. MEDC has completed the background check on the development team in accordance with the MSF policy, and the project may proceed for MSF consideration.

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

a) Local and school tax capture for the Act 381 eligible activities totaling $24,487,746. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at $12,834,028.

b) A MCRP performance-based other economic assistance-loan participation in the amount of up to $3,000,000 for Versa Wanda, LLC and the City of Ferndale with terms and conditions outlined in Exhibit A found in the resolution.
APPENDIX A – Project Map and Rendering
MEMORANDUM

DATE: October 22, 2019

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

FROM: Mary Kramer, Manager, MCRP, Brownfield and SmartZone Programs


On April 5, 2017, the Brownfield Redevelopment Financing Act (Act 381) was amended to allow the chairperson of the Michigan Strategic Fund delegated approval of work plans that consist of tax capture of less than $1,000,000. Listed below is a synopsis of the delegated work plans that were approved during the fourth quarter of the 2019 fiscal year.

If you would like additional information on a project, please let us know.

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approval Date</th>
<th>Location</th>
<th>Approved TIF Amount</th>
<th>Jobs</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>7505 M-71 Redevelopment</td>
<td>7/16/2019</td>
<td>Durand</td>
<td>$988,500</td>
<td>40</td>
<td>$7,500,000</td>
</tr>
<tr>
<td>WB Vacation Properties</td>
<td>7/29/2019</td>
<td>Cheboygan</td>
<td>$320,128</td>
<td>8</td>
<td>$1,029,842</td>
</tr>
<tr>
<td>231 West Patisserie</td>
<td>9/11/2019</td>
<td>Marquette</td>
<td>$271,608</td>
<td>15</td>
<td>$2,784,425</td>
</tr>
<tr>
<td>Project Growth-Peninsula Plastics</td>
<td>9/21/2019</td>
<td>Pontiac</td>
<td>$269,832</td>
<td>40</td>
<td>$14,450,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,850,068</strong></td>
<td><strong>103</strong></td>
<td></td>
<td></td>
<td><strong>$25,764,267</strong></td>
</tr>
</tbody>
</table>


MEMORANDUM

DATE: October 22, 2019

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

FROM: Trevor Friedeberg, Director, Business Development Projects
Mary Kramer, Manager, MCRP, Brownfield and SmartZone Programs


On December 21, 2011, the MSF Board approved the Michigan Business Development Program (“MBDP”) and the Michigan Community Revitalization Program (“MCRP”). Both programs allow for delegated approval of projects that have incentives of $1 million or less. Listed below is a synopsis of the delegated deals that were approved during the fourth quarter of the 2019 fiscal year.

If you would like additional information on a project, please let us know.

### MBDP APPROVALS

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Approval Date</th>
<th>Location</th>
<th>Incentive Approved</th>
<th>Jobs</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production Tool Supply Company</td>
<td>7/9/2019</td>
<td>Novi</td>
<td>$1,000,000</td>
<td>85</td>
<td>$69,737,750</td>
</tr>
<tr>
<td>BizStream</td>
<td>7/17/2019</td>
<td>Allendale</td>
<td>$60,000</td>
<td>12</td>
<td>$500,000</td>
</tr>
<tr>
<td>Knauf Insulation</td>
<td>7/23/2019</td>
<td>Albion</td>
<td>$204,000</td>
<td>34</td>
<td>$32,485,000</td>
</tr>
<tr>
<td>R &amp; E Automated Systems</td>
<td>7/24/2019</td>
<td>Port Huron</td>
<td>$750,000</td>
<td>176</td>
<td>$14,475,000</td>
</tr>
<tr>
<td>ITB Packaging, LLC</td>
<td>8/9/2019</td>
<td>Holland</td>
<td>$325,000</td>
<td>65</td>
<td>$3,505,000</td>
</tr>
<tr>
<td>Beet Analytics Technology</td>
<td>8/28/2019</td>
<td>Plymouth</td>
<td>$384,000</td>
<td>48</td>
<td>$1,303,000</td>
</tr>
<tr>
<td>R2 Space</td>
<td>9/10/2019</td>
<td>Ann Arbor</td>
<td>$250,000</td>
<td>30</td>
<td>$1,405,000</td>
</tr>
<tr>
<td>Arlington Industries</td>
<td>9/11/2019</td>
<td>Romeo</td>
<td>$450,000</td>
<td>70</td>
<td>$4,595,000</td>
</tr>
<tr>
<td>MMI Engineered Solutions, Inc.</td>
<td>9/11/2019</td>
<td>Warren</td>
<td>$580,000</td>
<td>111</td>
<td>$14,979,000</td>
</tr>
<tr>
<td>Michigan Software Labs</td>
<td>9/19/2019</td>
<td>Ada</td>
<td>$108,000</td>
<td>27</td>
<td>$840,535</td>
</tr>
<tr>
<td>Covenant Eyes, Inc</td>
<td>9/24/2019</td>
<td>Owosso</td>
<td>$490,000</td>
<td>65</td>
<td>$1,960,000</td>
</tr>
<tr>
<td>Project Name</td>
<td>Approval Date</td>
<td>Location</td>
<td>Incentive Approved</td>
<td>Jobs</td>
<td>Investment</td>
</tr>
<tr>
<td>------------------------------</td>
<td>---------------</td>
<td>-----------</td>
<td>--------------------</td>
<td>------</td>
<td>-------------</td>
</tr>
<tr>
<td>Gemini Capital Management V, LLC</td>
<td>7/15/2019</td>
<td>Alma</td>
<td>$316,534</td>
<td>0</td>
<td>$421,664</td>
</tr>
<tr>
<td>WB Vacation Properties, LLC</td>
<td>7/29/2019</td>
<td>Cheboygan</td>
<td>$490,538</td>
<td>8</td>
<td>$1,029,842</td>
</tr>
<tr>
<td>Houghton Holdings, LLC-The Vault Hotel</td>
<td>9/23/2019</td>
<td>Houghton</td>
<td>$646,713</td>
<td>8</td>
<td>$2,783,000</td>
</tr>
</tbody>
</table>
## Approvals by Authorized Delegates

Between July 1 and September 30, 2019 the following actions were approved by the MSF Chairperson and MSF Fund Manager, subject to due diligence, and available funding:

<table>
<thead>
<tr>
<th>Organization</th>
<th>Request Type</th>
<th>Loan Amount</th>
<th>MSF Support</th>
<th>Action by</th>
<th>Date Approved</th>
<th>Closed</th>
</tr>
</thead>
<tbody>
<tr>
<td>The F.P. Horak Company, LLC</td>
<td>MBGF-CSP</td>
<td>$2,500,000</td>
<td>$650,000</td>
<td>Approved by Chair and Fund Manager</td>
<td>August 5, 2019</td>
<td>Y</td>
</tr>
<tr>
<td>18th Street Deli, Inc.</td>
<td>MBGF-CSP</td>
<td>$2,372,010</td>
<td>$1,183,000</td>
<td>Approved by Chair and Fund Manager</td>
<td>September 11, 2019</td>
<td>N</td>
</tr>
<tr>
<td>Miller Consultations &amp; Elections, Inc.</td>
<td>MBGF-CSP</td>
<td>$400,000</td>
<td>$199,600</td>
<td>Approved by Chair and Fund Manager</td>
<td>September 11, 2019</td>
<td>N</td>
</tr>
<tr>
<td>Ground Test Solutions, LLC</td>
<td>MBGF-CSP</td>
<td>$1,000,000</td>
<td>$499,000</td>
<td>Approved by Chair and Fund Manager</td>
<td>September 18, 2019</td>
<td>N</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$6,272,010</strong></td>
<td><strong>$2,531,600</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
BACKGROUND
As a part of the process for negotiating with companies seeking to invest in Michigan, the Michigan Strategic Fund (MSF) receives information of a financial and/or proprietary nature from applicant companies. Avoiding the public disclosure of this information is desirable in order to protect against the potential for significant competitive harm to the applicant companies.

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

APPROVALS BY AUTHORIZED DELEGATE
During the period between July 1, 2019 and September 30, 2019, the following confidentiality memos were approved by the MSF Fund Manager:

<table>
<thead>
<tr>
<th>Company Name and Location</th>
<th>Overview of Confidential Information</th>
</tr>
</thead>
</table>
| **Ground Test Solutions LLC (and/or related borrower(s))**  
5943 N. Michigan Rd.  
Dimondale, Michigan 48821 | Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information. |

| **18th Street Deli (and/or related borrower(s))**  
8800 Conant Street | Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the |
<table>
<thead>
<tr>
<th>Location</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hamtramck, Michigan 48211</td>
<td>Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.</td>
</tr>
<tr>
<td>Wayfair LLC</td>
<td>Wayfair LLC’s Organization Chart; Wayfair LLC’s Operating Agreement; Wayfair LLC’s Application information related to employee wages, excluding totals; Wayfair LLC’s Application information related to private investments, excluding totals</td>
</tr>
<tr>
<td>Polytek Development Corp.</td>
<td>Polytek Development Corp.’s Financial Statements for 2016, 2017, 2018</td>
</tr>
<tr>
<td>Guardiantrac LLC</td>
<td>Guardiantrac, LLC’s Financial Statements for 2016, 2017, 2018</td>
</tr>
<tr>
<td>Miller Consultations &amp; Elections Inc (and/or related borrower(s))</td>
<td>Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.</td>
</tr>
<tr>
<td>City of Grand Rapids SmartZone Local Development Finance Authority</td>
<td>Employment information (including but not limited to numbers of employees and compensation); Private sector financing (including but not limited to banks, investors, venture capital, owner-founder investments); Intellectual property (patent, trademark, copyright, trade secret, and licensing agreements); Revenue; Employment projections</td>
</tr>
<tr>
<td>Company Name</td>
<td>Description</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>The F.P. Horak Company LLC</td>
<td>Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.</td>
</tr>
<tr>
<td>Redall Industries Inc</td>
<td>Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.</td>
</tr>
<tr>
<td>Knauf Insulation Inc</td>
<td>Knauf Insulation, Inc. Financial Statements for 2016, 2017, 2018</td>
</tr>
<tr>
<td>Tissue Regeneration Systems Inc</td>
<td>All financial documents: Balance Sheet, Income Statement, Profit and Loss Statement; All documents related to the licensing of technology to Medtronic: License Agreements, IP transfer documents; All documents related to the licensing of technology to Warsaw Orthopedic, Inc: License Agreements, IP transfer documents; All documents related to the sale of technology to DePuy Synthes: License Agreements, IP transfer documents</td>
</tr>
</tbody>
</table>
MEMORANDUM

Date: October 22, 2019

To: Michigan Strategic Fund Board

From: Christine Whitz, Director, Community Development Block Grant Program

Subject: Community Development Block Grant Program
Quarterly Report of Delegated Approvals (July – September 2019)

On October 23, 2013, the MSF Board approved the Community Development Block Grant (CDBG) program delegated approval of projects that have incentives of $1 million or less. Listed below is a synopsis of the delegated deals that were approved during the previous quarter. If you would like additional information on a project, please feel free to contact me.

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Approval Date</th>
<th>CDBG Funds</th>
<th>Brief Summary of Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Township of Baraga</td>
<td>7/9/19</td>
<td>$73,000</td>
<td>The Township of Baraga requested up to $73,000 CDBG funds for machinery and equipment needed for Selkey Fabricators, LLC. The Township expects that this project could result in private investment of up to $146,000 and the creation of six jobs.</td>
</tr>
<tr>
<td>City of Newago</td>
<td>7/25/19</td>
<td>$76,075</td>
<td>The City of Newaygo requested an increase of $76,075 in CDBG funds for lead and asbestos abatement needed for their Newaygo Downtown Facades project.</td>
</tr>
<tr>
<td>Village of Middleville</td>
<td>8/5/19</td>
<td>$40,850</td>
<td>The Village of Middleville requested an increase of $40,850 in CDBG funds for lead and asbestos abatement needed for their Lofts of Middleville’s Building Rehabilitation project.</td>
</tr>
<tr>
<td>City of Gaylord</td>
<td>8/13/19</td>
<td>$140,180</td>
<td>The City of Gaylord requested $140,180 in CDBG funds for façade improvements for the Gaylord Façade project. The City expects that this project could result in private investment of $121,500 along with $4,000 of local support.</td>
</tr>
</tbody>
</table>
The City of South Haven requested $871,000 in CDBG funds for streetscape improvements for the Center Street Placemaking project. The City is also requesting an additional $30,000 in CDBG funds for a Certified Grant Administrator to assist the City in administering and managing the CDBG project.

<table>
<thead>
<tr>
<th>City of South Haven</th>
<th>8/23/19</th>
<th>$901,000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total CDBG Funds for Quarter</strong></td>
<td></td>
<td><strong>$1,231,105</strong></td>
</tr>
</tbody>
</table>
RESOLUTIONS
WHEREAS, the Michigan Strategic Fund ("MSF"), at its February 2014 board meeting, approved the use of consent agendas at future board meetings pursuant to defined guidelines.

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

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

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

Consent Agenda Items:

- Proposed Meeting Minutes – September 24, 2019
- FY20 Funding Allocations
- FY20 Small Business Services – Budget Recommendation
- FY20 Council of Great Lakes Governors, Inc. – Budget Recommendation
- MyLocker – MBDP Amendment
- Autoliv/Veoneer – MBDP Amendment
- Coyote Logistics – MBDP Amendment
- Detroit Entrepreneur Development, LLC – MCRP Amendment
- McCann Advertising Travel – Marketing Amendment
- Weber Public Relations Travel – Amendment
- 2020 MSF Board Meeting Dates

Ayes: Britany L. Affolter-Caine, Amanda Bright-McClanahan (on behalf of Chairman Mason, designation attached), Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
October 22, 2019
July 18, 2019

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,

Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC
August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

[Signature]

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file
February 26, 2019

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 2019.

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

Sincerely,

[Signature]

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood
MICHIGAN STRATEGIC FUND

RESOLUTION
2019-150

ALLOCATION OF FUNDING FOR FISCAL YEAR 2020

WHEREAS, the Michigan legislature passed legislation establishing the 21st Century Jobs Trust Fund initiative;

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

WHEREAS, 2019 PA 56 appropriated $44,000,000 from the 21st Century Jobs Trust Fund and $51,779,900 from the State General Fund for business attraction and community development, and the entrepreneurship ecosystem for the 2019-2020 fiscal year;

WHEREAS, 2011 PA 252 places funds appropriated for business attraction and community development in the 21st Century Jobs Trust Fund;

WHEREAS, MCL 12.258 provides that the state treasurer shall transfer to the MSF appropriated funds from the 21st Century Jobs Trust Fund upon the request of the MSF Board in the amounts designated by the MSF Board to fund disbursements or reserves for programs or activities under Chapter 8A and Chapter 8C of the MSF Act, MCL 125.2088 et. seq.;

WHEREAS, the MSF received $33,892,168 from the U.S Department of Housing and Urban Development ("HUD") for the federal Community Development Block Grant ("CDBG") Program for fiscal year 2020;

WHEREAS, the MSF received $900,000 from the U.S. Small Business Administration ("SBA") for the State Trade Expansion Program ("STEP") for fiscal year 2020;

WHEREAS, the MEDC recommends that the MSF allocate funding from the 21st Century Jobs Trust Fund, the CDBG Program and STEP to the programs and activities for fiscal year 2020 as described in Exhibit A to this resolution (the “FY2020 Funding Allocations”); and

WHEREAS, after consideration of that recommendation, the MSF Board desires to approve the FY2020 Funding Allocations.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the FY2020 Funding Allocations and requests the State Treasurer to transfer $95,779,900 from the 21st Century Jobs Trust Fund to the MSF, provided that no more than 60 percent of the funds used for business attraction and community revitalization are transferred before April 1, 2020; and

BE IT FURTHER RESOLVED, the MSF Board approves the FY2020 Funding Allocations.

Ayes: Brittany L. Affolter-Caine, Amanda Bright-McClanahan (on behalf of Chairman Mason, designation attached), Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
October 22, 2019
<table>
<thead>
<tr>
<th>Allocations for Approval</th>
<th>21st Century Jobs Trust Fund Allocation</th>
<th>Other Funding Sources</th>
<th>Total Allocations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration Allocation - 4% of Appropriated Funds</td>
<td>$3,831,196</td>
<td></td>
<td>$3,831,196</td>
</tr>
<tr>
<td>Business Development and Marketing Allocation - 5% of Appropriated Funds</td>
<td>$4,788,995</td>
<td></td>
<td>$4,788,995</td>
</tr>
<tr>
<td>Business and Community Development Programs and Activities</td>
<td>$56,359,729</td>
<td></td>
<td>$56,359,729</td>
</tr>
<tr>
<td>Community Revitalization Program</td>
<td>$15,875,980</td>
<td></td>
<td>$15,875,980</td>
</tr>
<tr>
<td>Entrepreneurial Programs and Grants</td>
<td>$14,924,000</td>
<td></td>
<td>$14,924,000</td>
</tr>
<tr>
<td>Federal-Community Development Block Grant Allocations (1):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To Community Development</td>
<td>$10,000,000</td>
<td></td>
<td>$10,000,000</td>
</tr>
<tr>
<td>To Business Development</td>
<td>$8,000,000</td>
<td></td>
<td>$8,000,000</td>
</tr>
<tr>
<td>To Infrastructure Funding Round</td>
<td>$10,778,400</td>
<td></td>
<td>$10,778,400</td>
</tr>
<tr>
<td>To MEDC Strategic Projects</td>
<td>$4,000,000</td>
<td></td>
<td>$4,000,000</td>
</tr>
<tr>
<td>To Administration and Technical Assistance</td>
<td>$1,113,768</td>
<td></td>
<td>$1,113,768</td>
</tr>
<tr>
<td>Federal- Export Services grant (2)</td>
<td>$900,000</td>
<td></td>
<td>$900,000</td>
</tr>
<tr>
<td><strong>TOTAL ALLOCATIONS BY FUNDING SOURCE</strong></td>
<td><strong>$95,779,900</strong></td>
<td><strong>$34,792,168</strong></td>
<td><strong>$130,572,068</strong></td>
</tr>
</tbody>
</table>

* Allocations do not include any prior year funding.
(1) Based on the July 1, 2019 CDBG Grant Award Amount
July 18, 2019

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,

Jeff Mason  
President & Chairman, MSF  
Chief Executive Officer, MEDC
August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

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

cc: M. Kapp
    Executive file
February 26, 2019

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 2019.

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

Sincerely,

[Signature]

Rachael Eubanks
State Treasurer

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

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

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

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

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

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

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

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

WHEREAS, on September 24, 2019, the MSF approved an extension of the Small Business Services Awards to September 30, 2020;

WHEREAS, MEDC Staff recommends that the MSF Board increase the Small Business Services Awards by the following amounts:

<table>
<thead>
<tr>
<th>Company</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foster Swift</td>
<td>$50,600</td>
</tr>
<tr>
<td>IBT Online</td>
<td>$54,000</td>
</tr>
<tr>
<td>MSU-IBC</td>
<td>$59,175</td>
</tr>
<tr>
<td>SBDC</td>
<td>$106,225</td>
</tr>
</tbody>
</table>

(collectively, the “Amendment Request”); and

WHEREAS, the MSF wishes to approve the Amendment Request.

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

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

Ayes: Britany L. Affolter-Caine, Amanda Bright-McClanahan (on behalf of Chairman Mason, designation attached), Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
October 22, 2019
<table>
<thead>
<tr>
<th>Entity</th>
<th>Funding Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michigan – Small Business Development Center (MI-SBDC)</td>
<td>$106,225</td>
</tr>
<tr>
<td>Foster Swift Collins &amp; Smith PC</td>
<td>$50,600</td>
</tr>
<tr>
<td>Michigan State University – International Business Center (MSU-IBC)</td>
<td>$59,175</td>
</tr>
<tr>
<td>IBT Online</td>
<td>$54,000</td>
</tr>
</tbody>
</table>
July 18, 2019

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,

Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC
August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

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

cc: M. Kapp
Executive file
February 26, 2019

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 2019.

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

Sincerely,

Rachael Eubanks  
State Treasurer

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

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

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

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

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

WHEREAS, on September 24, 2019, the MSF extended the term of the CGLG Award to September 30, 2020;

WHEREAS, MEDC staff recommends that the MSF allocate $1,150,000 in additional funding to the CGLG Award (the “Amendment Request”); and

WHEREAS, the MSF wishes to approve the Amendment Request.

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

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

Ayes: Britany L. Affolter-Caine, Amanda Bright-McClanahan (on behalf of Chairman Mason, designation attached), Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
October 22, 2019
July 18, 2019

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,

Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC
August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

[Signature]

Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive file
February 26, 2019

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 2019.

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

Sincerely,

[Signature]
Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
    Andrew Lockwood
WHEREAS, the Michigan legislature passed legislation establishing the 21st Century Jobs Trust Fund initiative that was signed into law;

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

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

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

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

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

WHEREAS, the MSF Board approved a $2,500,000 Michigan Business Development Program Performance based grant on December 18, 2018 for the expansion of the Company’s headquarters resulting in $18,064,375 investment and the creation of 452 Qualified New Jobs in the city of Detroit, Wayne County.

WHEREAS, the Company requests that the MSF Board approve a reapproval to the Michigan Business Development Program performance-based grant to reauthorize the MBDP proposal (the “Grant Reparoval Request”);

WHEREAS, the MEDC recommends approval of the Grant Reapproval Request; and

WHEREAS, the MSF Board wishes to approve the Grant Reapproval Request.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board approves the Grant Reapproval 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 Grant Reapproval Request.

Ayes: Britany L. Affolter-Caine, Amanda Bright-McClanahan (on behalf of Chairman Mason, designation attached), Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
October 22, 2019
EXHIBIT A
MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Incentive - Term Sheet - Summary

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

Date: December 4, 2018

Company Name: My Locker, LLC and/or its affiliates and subsidiaries.

Project Location: 1641 Porter Street
Detroit, Michigan 48216

MBDP Incentive Type: Performance Based Grant

Maximum Amount of MBDP Incentive: Up to $2,500,000

Base Employment Level: At least 269

Qualified New Jobs: At least 452

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

Start Date for Measurement of Creation of Qualified New Jobs: November 29, 2018

Term of the Agreement: June 1, 2022

Milestone Based Incentive: Disbursements will be made over a 3 year period and will be performance based on job creation as follows:
Milestone 1: $1,000,000 for the creation of 198 jobs.
Milestone 2: $750,000 for the creation of 124 jobs.
Milestone 3: $750,000 for the creation of 130 jobs.

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

Acknowledged as received by:

My Locker, LLC
By: [Signature]
Printed Name: ROBERT HAKE
Its: CEO

Michigan Economic Development Corporation
By: [Signature] Julia Veale
Printed Name: Julia Veale
Its: BDP M

December 4, 2018 My Locker, LLC
July 18, 2019

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,

Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC
August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

[Signature]

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file
February 26, 2019

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 2019.

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

Sincerely,

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
    Andrew Lockwood
MICHIGAN STRATEGIC FUND

RESOLUTION
2019-154

APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT AMENDMENT TO AUTOLIV ASP, INC.

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

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

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

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

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

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

WHEREAS, the MSF Board approved a $2,600,000 Michigan Business Development Program Performance based grant on June 27, 2017 for the expansion of headquarters resulting in investment of $22,900,000 and the creation of 384 Qualified New Jobs (the "Project");

WHEREAS, the Company requests that the MSF Board approve an amendment to the Michigan Business Development Program performance-based grant to transfer the Michigan Business Development Program (MBDP) Grant Agreement from Autoliv ASP, Inc. to newly created entity, Veoneer US, Inc. As a result of the spinoff the Company is requesting to reduce base employment from 1,180 to 613, reduce Qualified New Jobs from 384 to 199 and extend milestone due dates. Because of the reduction in Qualified New Jobs, the MBDP grant will be reduced from $2,600,000 to $1,347,395 (the "Grant Amendment Request");

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

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

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

Ayes: Britany L. Affolter-Caine, Amanda Bright-McClanahan (on behalf of Chairman Mason, designation attached), Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
October 22, 2019
MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant Amendment - Term Sheet

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

Date: August 9, 2019

Company Name: Autoliv ASP, Inc. ("Company" or "Applicant") City of Southfield

MBDP Incentive Type: Performance Based Grant

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

- **Maximum Amount of MBDP Incentive:** Up to $2,600,000 ("MBDP Incentive Award")
- **Base Employment Level:** 1,180
- **Total Qualified New Job Creation:** At least 384 in the city of Southfield (above Base Employment Level)
- **Company Investment:** The Company anticipates investment of up to $22,672,080 for annual lease costs, renovations, furniture and fixtures, computers, machinery and equipment, or any combination thereof, for the Project.
- **Municipality supporting the Project:** Southfield committed to provide a property tax abatement related to the project.
- **Disbursement Milestones:** The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award are outlined in Exhibit B of the Agreement, and include:
  - **Disbursement Milestone 1:** Up to $600,000
    Upon demonstrated creation of 100 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than April 16, 2018.
  - **Disbursement Milestone 2:** Up to $600,000
    Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 200 Qualified New Jobs) above the Base Employment Level, by no later than April 16, 2019.
  - **Disbursement Milestone 3:** Up to $1,400,000
    Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 184 additional Qualified New Jobs (for a total of...
384 Qualified New Jobs) above the Base Employment Level, by no later than March 30, 2020.

• Term of Agreement:
  Execution of Agreement to October 30, 2020.

Proposed MBDP Incentive Amendment:

Company Name: Veoneer, US, Inc.

Project Address: 26360 American Drive
    Southfield, MI 48034

• Maximum Amount of MBDP Incentive: Up to $1,347,395 ("MBDP Incentive Award")

• Base Employment Level 613 Amend the Base Employment Level from 1,180 to
    613 as a result of the spinoff of the electronics
    division

• Total Qualified New Job Creation: 199 Decrease the Qualified New Job Creation from
    (above Base Employment Level) 384 to 199

• Disbursement Milestones: The terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award will be amended as follows:
  
  o Disbursement Milestone 1: Up to $673,698 Upon demonstrated creation of 100 Qualified New Jobs
    above the Base Employment Level and verification of final
    approval of municipality support by no later than March 31,
    2020.

  o Disbursement Milestone 2: Up to $673,697 Upon completion of Disbursement Milestone 1, and upon
    demonstrated creation of 99 additional Qualified New Jobs
    (for a total of 199 Qualified New Jobs) above the Base
    Employment Level, by no later than March 31, 2021.

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

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

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award Amendment for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by August 16, 2019, the MEDC may not be able to proceed with any recommendation to the MSF.

Veoneer US, Inc.
July 18, 2019

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,

Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC
August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

[Signature]

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file
February 26, 2019

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 2019.

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

Sincerely,

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood
MICHIGAN STRATEGIC FUND
RESOLUTION
2019-155

APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO COYOTE LOGISTICS, LLC

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

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

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

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

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

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

WHEREAS, the MSF approved an $1,500,000 Michigan Business Development Program Performance based grant on October 23, 2018 for the relocation and expansion in the City of Detroit (the "Project");

WHEREAS, due to administrative limitations, the Company and MEDC have not been able to come to a formal agreement within the allotted approval timeframe;

WHEREAS, Coyote Logistics, LLC ("Company") has requested reapproval of the performance based MBDP grant of up to $1,500,000 ("Grant Request"), along with other general terms and conditions which are outlined in the term sheet attached ("Term Sheet"); and

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

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

Ayes: Britany L. Affolter-Caine, Amanda Bright-McClanahan (on behalf of Chairman Mason, designation attached), Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
October 22, 2019
MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant Amendment - Term Sheet

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

Date: October 2, 2019

Company Name: Coyote Logistics, LLC ("Company" or "Applicant")

Project Address ("Project"): 1700 W Fort Street
Detroit, Michigan 48216

MBDP Incentive Type: Performance Based Grant

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

- **Maximum Amount of MBDP Incentive:** Up to $1,500,000 ("MBDP Incentive Award")
- **Base Employment Level**
  200
- **Total Qualified New Job Creation:**
  At least 300

- **Company Investment:**
  $3,000,000 for leasehold improvements, furniture and fixtures, or any combination thereof, for the Project.

- **Municipality supporting the Project:**
  City of Detroit committed to provide a personal property tax abatement in support of the project

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

  **Disbursement Milestone 1:** Up to $250,000
  Upon demonstrated creation of 50 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than November 30, 2020.

  **Disbursement Milestone 2:** Up to $500,000
  Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 150 Qualified New Jobs) above the Base Employment Level, by no later than November 30, 2021.

  **Disbursement Milestone 3:** Up to $750,000
  Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 150 additional Qualified New Jobs (for a total of

*PURE MICHIGAN*

300 North Washington Square  |  Lansing, MI 48913  |  888.522.0103  |  michiganbusiness.org  |  michigan.org
300 Qualified New Jobs) above the Base Employment Level, by no later than November 20, 2022.

- Term of Agreement: May 31, 2023

Proposed MBDP Incentive Amendment:

Project Address ("Project"): 1702 W Fort Street
Detroit, Michigan 48216

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

- Disbursement Milestone 1: Up to $375,000 Upon demonstrated creation of 75 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than March 31, 2021.

- Disbursement Milestone 2: Up to $509,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 100 additional Qualified New Jobs (for a total of 175 Qualified New Jobs) above the Base Employment Level, by no later than March 31, 2022.

- Disbursement Milestone 3: Up to $625,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 125 additional Qualified New Jobs (for a total of 300 Qualified New Jobs) above the Base Employment Level, by no later than March 31, 2023.

- Term of Agreement: September 30, 2023

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

Acknowledged as received by:

Coyote Logistics, LLC
By: [Signature]
Printed Name: [Signature]
Its: CFO

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

October 3, 2019 – Coyote Logistics, LLC
July 18, 2019

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,

[Signature]

Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC
August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

[Signature]

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file
February 26, 2019

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 2019.

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

Sincerely,

[Signature]

Rachael Eubanks  
State Treasurer

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

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

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

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

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

WHEREAS, by Resolution 2016-216 on October 25, 2016 the MSF Board awarded a MCRP Other Economic Assistance Loan Participation Award to Detroit Entrepreneur Development, LLC, in furtherance of the Lofts on Louis Project for up to $1,300,000 (“Award”);

WHEREAS, by Resolution 2019-074 on May 21, 2019 the MSF Board approved an amendment to the MCRP Transaction Documents to: 1) reduce the “Minimum Eligible Investment” requirement to $5,132,000; and 2) extend the “Project Completion” and “Certification of Conversion” milestones to June 30, 2019;

WHEREAS, by Resolution 2019-110 on July 23, 2019 the MSF Board approved an amendment to the MCRP Transaction Documents to extend the “Project Completion” and “Certification of Conversion” milestones to September 30, 2019;

WHEREAS, the MEDC is recommending that the MSF approve an amendment authorizing the following: 1) to extend the “Project Completion” and “Certification of Conversion” milestones to March 31, 2020; 2) to extend the maturity to date on the MSF Share of the financing to match that of the senior lender Dart Bank; 3) consent to the senior lender Dart Bank to extend the maturity date on its share of the financing; and 4) consent to allow Dart Bank to advance an additional financing on the not exceed $150,000. All other requirements will remain in place from the original approval and previous amendment (“MCRP Amendment Recommendation”).

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

Ayes: Britany L. Affölter-Caine, Amanda Bright-McClanahan (on behalf of Chairman Mason, designation attached), Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
October 22, 2019
July 18, 2019

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,

Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC
August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

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
February 26, 2019

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 2019.

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

Sincerely,

[Signature]
Rachael Eubanks
State Treasurer

Cc: Eric Bussis
    Andrew Lockwood
WHEREAS, Public Act 489 of 2000, MCL 12.251 to 12.260, created the Michigan Trust Fund Act, of which the 21st Century Jobs Trust Fund (“Trust Fund”) is established;

WHEREAS, Public Act 270 of 1984, MCL 125.2088b(2)(d), provided for annual appropriations as provided by law from the Trust Fund may be used for promotion of tourism in this state;

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

WHEREAS, on August 28, 2018, the MSF allocated $25,515,445 in funding from the fiscal year 2019 appropriation to McCann-Erickson USA, Inc. to provide services for the promotion of tourism through an integrated travel marketing and promotional campaign;

WHEREAS, the MSF and McCann-Erickson USA, Inc. desires to amend the agreement to allocate $667,500 in funding from the fiscal year 2019 work project funds to provide additional services for the promotion of tourism through an integrated travel marketing and promotional campaign through December 31, 2019;

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

WHEREAS, the MEDC recommends that the MSF amend the agreement to allocate $667,500 in funding from the fiscal year 2019 work project funds to McCann-Erickson USA, Inc. to provide additional services for the promotion of tourism through an integrated travel marketing and promotional campaign through December 31, 2019.

NOW, THEREFORE, BE IT RESOLVED, that the MSF authorizes an amendment to the agreement to allocate $667,500 in funding from the fiscal year 2019 work project funds to McCann-Erickson USA, Inc. to provide additional services for the promotion of tourism through an integrated travel marketing and promotional campaign through December 31, 2019.

BE IT FURTHER RESOLVED, that the MSF Fund Manager is authorized to negotiate and execute the amendment to the McCann-Erickson USA, Inc. agreement consistent with the terms of this resolution in consultation with the Offices of the Chief Compliance Officer and Attorney General.

Ayes: Brittany L. Affolter-Caine, Amanda Bright-McClanahan (on behalf of Chairman Mason, designation attached), Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
October 22, 2019
July 18, 2019

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,

Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC
August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

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

cc: M. Kapp
Executive file
February 26, 2019

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 2019.

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

Sincerely,

[Signature]

Rachael Eubanks
State Treasurer

Cc:  Eric Bussis
     Andrew Lockwood
MICHIGAN STRATEGIC FUND

RESOLUTION
2019-158

WEBER SHANDWICK CONTRACT FOR PUBLIC RELATIONS (Amendment #3)

WHEREAS, Public Act 489 of 2000, MCL 12.251 to 12.260, created the Michigan Trust Fund Act, of which the 21st 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 Weber Shandwick as the vendor for the public relations and digital marketing program for a period of one year, with the option for four additional one-year extensions;

WHEREAS, on August 28, 2018, the MSF allocated $3,652,280 in funding for the fiscal year 2019 appropriation to provide services for the public relations activities and promotional events in the targeted geographic, industry, and audience markets;

WHEREAS, the MSF and Weber Shandwick desire to amend the agreement to allocate $219,300 in funding from the fiscal year 2019 work project funds to provide additional services for the public relations activities and promotional events in the targeted geographic, industry, and audience markets through December 31, 2019;

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

WHEREAS, the MEDC recommends that the MSF amend the agreement and allocate $219,300 in funding from the fiscal year 2019 work project funds to provide additional services for the public relation activities and promotional events in the targeted geographic, industry, and audience markets through December 31, 2019.

NOW, THEREFORE, BE IT RESOLVED, that the MSF authorizes an amendment to the agreement to allocate $219,300 in funding from the fiscal year 2019 work project funds to Weber Shandwick to provide additional services for the public relations and promotional events in the targeted geographic, industry, and audience markets through December 31, 2019.

BE IT FURTHER RESOLVED, that the MSF Fund Manager is authorized to negotiate and execute the amendment to the Weber Shandwick agreement consistent with the terms of this resolution in consultation with the Offices of the Chief Compliance Officer and Attorney General.

Ayes: Britany L. Affolter-Caine, Amanda Bright-McClanahan (on behalf of Chairman Mason, designation attached), Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
October 22, 2019
July 18, 2019

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,

[Signature]

Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC
August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

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

cc: M. Kapp
Executive file
February 26, 2019

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 2019.

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

Sincerely,

[Signature]

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood
MICHIGAN STRATEGIC FUND

RESOLUTION
2019-159

APPROVAL TO ENTER INTO A FORBEARANCE AGREEMENT WITH
RECOVERYPARK AND RECOVERYPARK FARMS, INC.
(RECOVERYPARK PROJECT)

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

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

WHEREAS, pursuant to MCL 125.2088b(2)(c), funds appropriated to the MSF for purposes of carrying out the MSF act shall be expended or invested for activities authorized under the 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 MCL 125.2007(c), the MSF has, among other things, the power to make grants;

WHEREAS, pursuant to, 2015 PA 84, Article VIII, Part 1 Section 109, Subsection 3, the legislature appropriated funds for business attraction and community revitalization;

WHEREAS, by resolution 2015-124, the MSF Board allocated the annual appropriation from the 21st Century Job Fund to the Community Revitalization Program (CRP) and Business Development Program (BDP);

WHEREAS, by resolution 2016-031 the MSF awarded to RecoveryPark and RecoveryPark Farms (“Borrower”) under MCL 125.2088b(2)(c) a $400,000 Performance Based Grant to assist in the redevelopment of indoor and climate controlled greenhouse facilities (“Grant”);

WHEREAS, by resolution 2016-217 the MSF awarded to RecoveryPark and RecoveryPark Farms (“Borrower”) under MCL 125.2088b(2)(c) a $1,000,000 Performance Based Loan for developing, financing, building, owning and operating an urban agriculture farm for specialty produce, consisting of “high tunnel” and greenhouse facilities in Detroit, MI (“Loan”);

WHEREAS, by resolution 2016-224 on November 22, 2016 the MSF Board approved an amendment request to remove the requirement that additional support for the project come exclusively from the Kresge Foundation, and lowered the number of new jobs created;

WHEREAS, by resolution 2017-028 on February 28, 2017 the MSF Board approved an amendment request to amend various milestone requirements in order to effectuate the MSF’s security position;

WHEREAS, by resolution 2017-141 on August 22, 2017 the MSF Board approved an amendment request to remove certain milestone requirements of the MSF Grant and Loan Awards;
WHEREAS, the MEDC staff is recommending the MSF authorize the MSF Fund Manager to negotiate and enter into a Forbearance Agreement with the Borrower for a period of 240 days following execution. The Forbearance Agreement would include forgiveness of the loan and elimination of grant requirements, upon successful achievement of the terms of the agreement. MSF will require annual performance reporting for a period of three years;

NOW THEREFORE, BE IT RESOLVED, the MSF Board authorizes the MSF Fund Manager to negotiate the final terms and enter into a Forbearance Agreement with the Borrower.

ADOPTED

Ayes: Britany L. Affolter-Caine, Amanda Bright-McClanahan (on behalf of Chairman Mason, designation attached), Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
October 22, 2019
July 18, 2019

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,

[Signature]

Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC
August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

[Signature]

Paul C. Ajegba, P.E.
Director

cc: M. Kapp
Executive file
February 26, 2019

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 2019.

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

Sincerely,

[Signature]

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
    Andrew Lockwood
WHEREAS, the Michigan legislature passed legislation establishing the 21st Century Jobs Trust Fund initiative that was signed into law;

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

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

WHEREAS, pursuant to MCL 125.2088(h)(5)(b), the Investment Fund consists of, among other things, return on investments, return on principal, payments made, or other money received by or payable to the MSF under agreements related to grants, loans or investments made by the MSF under Chapter 8A or Chapter 8C;

WHEREAS, pursuant to MCL 125.2088(h)(3), the Investment Fund shall be invested as authorized under Chapter 8A for the purpose of creating incentives for activities arising out of retaining or creating jobs, or increasing capital investment activity, or increasing commercial lending activity or encouraging the development and commercialization of competitive edge technologies, or revitalizing Michigan communities;

WHEREAS, pursuant to Chapter 8A, specifically, MCL 125.2088(b)(2)(c), Investment Fund monies are authorized to be invested for programs or activities authorized under the MSF Act as long as the programs or activities provide for repayment for breach of the written agreement or the failure to meet measurable outcomes;

WHEREAS, pursuant to the MSF Act, specifically, MCL 125.2007(c), the MSF has, among other things, the power to make loans;

WHEREAS, by resolution 2017-027, on February 28, 2017, the MSF Board approved up to a $10,000,000 Investment Fund loan award to Michigan Community Capital (“Company”) for investment into the development of Attainable Housing projects (“Loan One”);

WHEREAS, by resolution 2017-218, on December 19, 2017, the MSF Board approved an increase to loan amount of Loan One in the amount of up to $3,500,000, for a total Loan One award of up to $13,500,000;

WHEREAS, by resolution 2017-219, on December 19, 2017, the MSF Board approved up to a $3,000,000 Investment Fund loan award to the Company for investment into real estate development projects to be undertaken by small or emerging developers (“Loan Two”);

WHEREAS, as required to date under Loan Two, the Company paid the MSF closing fees totaling $20,000 (Loan Two Paid Fee Carryover”);

WHEREAS, by resolution 2019-060, on April 23, 2019, the MSF Board approved to be accomplished within 180 days, with the ability to extend for 60 additional days (“April 2019 Approvals”):
1. Termination of Loan Two (as no funds were paid out to the Company under Loan Two);
2. Increase of Loan One amount to up to the total amount of $22,500,000, by adding additional total amount of $9 million funded by (the following, collectively the “Funding”):
   a. reallocating the up to $3 million previously awarded under Loan Two to Loan One; and
   b. awarding up to an additional $6 million from the Investment Fund;
3. Increasing the amount of the Company’s total closing fee under Loan One from $100,000 to $120,000, and credit the Company with the Loan Two Paid Fee Carryover;
4. Amending Loan One to require a draw termination date of June 30, 2022
5. Amending Loan One to require interest accrual at 1% per annum to begin on July 1, 2022 and to continue until Loan One is paid in full; and
6. Amending Loan One to require interest only payments to begin on August 1, 2022;

WHEREAS, the Company has been working with the MSF toward memorializing the April 2019 Approvals, and in the course thereof, the Company has requested the MSF approve additional amendments to its credit facility under Loan One with the MSF (the following, collectively the “Additional Company Requests”):

1. Memorialize the April 2019 Approvals with the following additional considerations:
   a. Amend Loan One:
      i. to add co-borrower, Magnet Development Company, LLC, a limited liability company owned by the Company (“MDC”);
      ii. delete the requirement of the necessity of a special purpose entity in addition to a project entity within which the Company and/or MDC is to invest in development projects; thus, only requiring the project entity interest structure within which the Company and/or MDC is to invest in development projects; and
   b. Finalize necessary assignments, pledges and other documents arising out of the April 2019 Approvals and the Additional Company Requests.

WHEREAS, the MEDC recommends that the MSF approve the Additional Company Requests, subject to: (i) available Funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of transaction documents within 180 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 President or MSF Chief Financial Officer, the Time Period may be extended for up to an additional 180 days (the foregoing, collectively, the “Amendment Recommendation for the MCC Investment”); and

WHEREAS, the MEDC recommends that the MSF Board delegate to the MSF President, and the MSF Financial Officer, with only one required to act, the authority to negotiate the final terms and conditions of, and sign, all documents necessary to effectuate the Amendment Recommendation for the MCC Investment.

NOW THEREFORE BE IT FURTHER RESOLVED, the MSF approves the Amendment Recommendation for the MCC Investment.

Ayes: Britany L. Affolter-Caine, Amanda Bright-McClanahan (on behalf of Chairman Mason, designation attached), Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
October 22, 2019
July 18, 2019

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,

Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC
August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

[Signature]

Paul C. Ajegba, P.E.  
Director

cc: M. Kapp  
Executive file
February 26, 2019

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 2019.

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

Sincerely,

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
    Andrew Lockwood
WHEREAS, the 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, Amanda Bright-McClanahan (on behalf of Chairman Mason, designation attached), Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
October 22, 2019
July 18, 2019

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,

Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC
August 12, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee

Dear Ms. Bishop:

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

Sincerely,

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

cc: M. Kapp
Executive file
February 26, 2019

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 2019.

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

Sincerely,

[Signature]

Rachael Eubanks
State Treasurer

Cc: Eric Bussis
Andrew Lockwood
WHEREAS, the Michigan Legislature 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 (the “SBDC Services”);

WHEREAS, the Small Business Development Center (“SBDC”) provides small business support services to companies throughout the State of Michigan, including business counseling, market education, grant writing assistance, talent development, access to business capital, and acceleration of innovative technologies;

WHEREAS, the MEDC recommends that the MSF Board approve a grant of $3,855,000 to support the SBDC Services with an initial term of January 1, 2020 to December 31, 2022, 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 “SBDC Grant Request”); and

WHEREAS, the MSF Board wishes to approve the SBDC Grant Request.

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

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

Ayes: Britany L. Affolter-Caine, Amanda Bright-McClanahan (on behalf of Chairman Mason, designation attached), Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
October 22, 2019
July 18, 2019

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

RE: Designation of Amanda Bright McClanahan

To Whom It May Concern:

Pursuant to MCLA 16.51, I hereby confirm my designation of Amanda Bright McClanahan as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund board for scheduled meetings I am not unable to attend.

Sincerely,

Jeff Mason
President & Chairman, MSF
Chief Executive Officer, MEDC
August 12, 2019

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

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Sincerely,

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Director

cc: M. Kapp
    Executive file
February 26, 2019

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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 2019.

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

Sincerely,

Rachael Eubanks  
State Treasurer

Cc:  Eric Bussis  
Andrew Lockwood
MICHIGAN STRATEGIC FUND

RESOLUTION
2019-163

APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM OTHER ECONOMIC ASSISTANCE LOAN PARTICIPATION AWARD TO VERSA WANDA, LLC
(DEVELOPMENT ON TROY PROJECT)

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

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

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

WHEREAS, pursuant to SFCR 2090-1(3), the MSF approved the MSF Fund Manager or the MSF President to negotiate the terms and conditions and execute all final documents necessary to effectuate awards 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, it is anticipated CIBC (“Lender”) will be providing financing to Versa Wanda, LLC or related entity (“Proposed Borrower”) of up to $7,500,000 toward the construction activities and infrastructure improvements to real property (“Project”);

WHEREAS, the Lender and the Proposed Borrower have requested an Other Economic Assistance Performance Based Loan Participation award from the MSF under the MCRP for the Project in an amount not to exceed $3,000,000 (“Award Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”);

WHEREAS, the MEDC has recommended that the MSF approve the Award Request in accordance with the Term Sheet and Guidelines, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents for the Award Request within 120 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 90 days (“MCRP Award Recommendation”);

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

ADOPTED

Ayes: Britany L. Affolter-Caine, Amanda Bright-McClanahan (on behalf of Chairman Mason, designation attached), Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
October 22, 2019
Exhibit A

MSF Facility: MCRP Other Economic Assistance Loan Participation

Borrower: Versa Wanda, LLC

Lender: CIBC

Total Amount of Loans: Currently estimated at $7,500,000

Lender Share: Currently estimated at $4,500,000

Total Capital Investment: Currently estimated at $29,388,046

MSF Eligible Investment: Currently estimated at $28,033,031

Minimum Eligible Investment: Currently estimated at $22,430,000

MSF Share: Up to the lesser of 20% of “Eligible Investment” or $3,000,000.

Term: To match that of the Lender, anticipated to be 84 months, including a 24-month interest only period.

Amortization: To match that of the Lender, anticipated to be 300 months, following the 24-month interest only period.

Interest Rate: 1.00% per annum

Repayment Terms: Monthly interest only payments for up to 24 months, followed by principal and interest payments until maturity, with balance due at maturity. MSF repayment during the Principal & Interest period will be based on the project maintaining a debt service coverage ratio of 1.20 to 1.00. Payments during this period, full or partial, would be set at a level to maintain the ratio. During any period of full or partial payment suspension the MSF loan would continue to accrue interest.

Collateral: To reasonably match that of the Lender, currently anticipated to be a security interest in the property, assignment of leases and rents, and a pledge of Tax Increment Financing (TIF) reimbursements. MSF Share of collateral will be subordinated to that of the Lender.

Guarantee: To reasonably match that of the Lender, currently anticipated to be the joint and several guarantees of the principals of Versa Development limited to 50% of the outstanding loan balance. MSF Share of collateral will be subordinated to that of the Lender.

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

Funding: The MSF will fund up to $3,000,000 to be disbursed following closing of the financing and other performance criteria.
Other Conditions: The MSF’s investment will be contingent upon the following:

- Executed Construction Documents (includes “Guaranteed Maximum Price” construction contract).
- Final Development Budget
- Executed Developer Reimbursement Agreement with City and BRA
- Minimum Owner Equity Investment of $1,450,000
July 18, 2019

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

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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 2019.

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

Sincerely,

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
    Andrew Lockwood
WHEREAS, the Michigan 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 Ferndale Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 221 West Troy Street within the City of Ferndale, known as Development on Troy Project (the “Project”);

WHEREAS, the City of Ferndale 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 52.41% to 47.59% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, and infrastructure improvements as presented in the Work Plan dated August 26, 2019. 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 $24,457,746 for the principal activity costs of non-environmental activities and a contingency, a maximum of $15,000 for Brownfield/Work Plan preparation, and a maximum of $15,000 for Brownfield/Work Plan implementation, and with the capture of taxes levied for school operating purposes being limited to a maximum of $12,834,028.

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, Amanda Bright-McClanahan (on behalf of Chairman Mason, designation attached), Jeff Donofrio, Paul Gentilozzi, September Hargrove, Michael B. Kapp (on behalf of Director Ajegba, designation attached), Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Charles P. Rothstein, Susan Tellier, Cindy Warner

Nays: None

Recused: None

Lansing, Michigan
October 22, 2019
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