



# MICHIGAN STRATEGIC FUND

## BOARD MEETING AGENDA

July 27, 2021

9:00 a.m.

### I. CALL TO ORDER & ROLL CALL

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

### III. COMMUNICATIONS

- a. Chief Compliance Officer Quarterly Report ..... 3

### IV. CONSENT AGENDA

- a. Proposed Meeting Minutes: June 22, 2021..... 5
- b. Michigan Small Business Relief Program: Extension of Delegation of Authority ..... 15
- c. American Center for Mobility: Board Appointments..... 19
- d. Life is a Dreamtroit: MCRP Amendment..... 21
- e. U.S. Roof LLC: MBDP Amendment ..... 26
- f. SBA Award Acceptance and Adoption of MI-STEP and MI-PEP Guidelines ..... 32
- g. MSU Foundation Pre-Seed Fund: Grant Amendment..... 39
- h. Ford Motor Company: Transfer Request – MSF Designated Renaissance Zone ..... 42
- i. Acceptance of EDA Grant Award and Allocation of Matching Funds ..... 45

### V. COMMUNITY VITALITY

- a. North Flint Reinvestment Corporation and North Flint Ventures: A resolution to approve an MCRP performance-based grant in the amount of \$1,250,000. .... 49  
*Capital Investment: \$7,052,253; Location: City of Flint*
- b. Sawmill Lofts, LLC: A resolution to approve a MCRP Performance-Based Other Economic Assistance-Equity Investment award in the amount of \$4,400,000 and a Brownfield Act 381 Work Plan including state tax capture in the amount of \$527,123. .... 60  
*Capital Investment: \$11,197,143; Location: City of Grayling*
- c. Former Northland Mall Redevelopment: A resolution to approve a Brownfield Act 381 Work Plan including state tax capture in the amount of \$26,030,697..... 77  
*Capital Investment: \$402,513,050; Location: City of Southfield*
- d. GL Rentals, LLC: A resolution to approve an MCRP performance-based grant in the amount of \$500,000 and property qualification as “any of property” ..... 86  
*Capital Investment: \$1,964,551; Location: City of Zeeland*
- e. CDBG Broadband Infrastructure Mapping Project: A resolution to approve \$4,500,000 of CDBG Coronavirus Aid, Relief and Economic Security (CARES) funding to be allocated for the Broadband Infrastructure Mapping Project..... 95

### VI. CAPITAL ACCESS

- a. Chevron Corporation: A resolution to approve a Private Activity Bond Inducement for solid waste disposal facilities in the amount of \$150,000,000. .... 103
- b. Peninsula Prestress: A resolution to approve collateral support from the MSF in the amount of up to \$2,400,000 for a construction line of credit. .... 107  
*Location: City of Wyoming*

- c. Superior Foods: A resolution to approve collateral support from the MSF in the amount of up to \$2,500,000 for a working capital line of credit. .... 115  
*Location: City of Grand Rapids*

**VII. BUSINESS INVESTMENT**

- a. Means Logistics Park Redevelopment Project: A resolution to approve a Brownfield Act 381 Work Plan including state tax capture in the amount of \$5,797,404 and to designate 215 parcels included in the Act 381 Work Plan to be designated as a Targeted Redevelopment Area. .... 122  
*Capital Investment: \$38,000,000; Location: City of Highland Park*

**VIII. INFORMATIONAL**

- a. Delegation of Authority Report..... 130

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



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
OFFICE OF THE CHIEF COMPLIANCE OFFICER  
LANSING

KEVIN FRANCCART, ESQ.  
CHIEF COMPLIANCE OFFICER

## MEMORANDUM

July 8, 2021

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

Quentin L. Messer Jr.  
President  
Michigan Strategic Fund Board

FROM: Kevin L. Francart  
Chief Compliance Officer

RE: FY2021 Q3 Report of the 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 third quarter of the 2021 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. The Chief Compliance Officer (CCO) is assisting MSF and MEDC staff with creating a subcommittee procedure for future recommendation to the Board. The CCO, along with the AG, also gave advice regarding the use of emailed comment to the board as an option for public comments. The CCO, along with the AG, reviewed and offered comments on the STEM Internship Grant - Ann Arbor SPARK grant agreement. The CCO along with the AG reviewed the attempted designation by LEO of a LEO employee to act on behalf of the MSF when applying for Federal Assistance, in connection with EDA, SBA, and STEP Funding Opportunities. To avoid loss of the funding the recommended resolution was to have the MSF Board ratify the already submitted application. The CCO, along with the AG reviewed and made recommendations on the 7303 West McNichols LLC project. The CCO reviewed the conflict of interest disclosures for President Noel as related to the Whirlpool Corporation and a CRP grant to Harbor Shores Community Redevelopment, LLC. The CCO assisted MEDC and MSF staff with review of the MTRAC Program amendments and future competitive selections processes. As reported previously, 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 conflict of interest determination, breadth of delegated Board authority, authorized use of 21st century job fund funds, and compliance with established Board policy and limitations.

**MICHIGAN STRATEGIC FUND  
APPROVED MEETING MINUTES  
June 22, 2021**

**Members joined remotely**

Britany L. Affolter-Caine, participating from Ypsilanti, MI  
Paul Ajegba, participating from Lansing, MI  
Ronald W. Beebe, participating from Bay City, MI  
Susan Corbin, participating from Lansing, MI  
September Hargrove, participating from Los Angeles, CA  
Andrew Lockwood (on behalf of Treasurer Eubanks), participating from Grand Ledge, MI  
Quentin L. Messer, Jr., participating from Lansing, MI  
Charles P. Rothstein, participating from Farmington Hills, MI  
Susan Tellier, participating from Grand Rapids, MI  
Cindy Warner, participating from Traverse City, MI

**Member absent**

Paul Gentilozzi

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

Mr. Messer called the meeting to order at 10:00 a.m. The meeting was held virtually via Microsoft Teams.

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

**II. PUBLIC COMMENTS**

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

**III. COMMUNICATIONS**

Ms. Wilcox Surmann advised Board members that a letter was received from Senator Kim LaSata in support of the American Axle & Manufacturing, Inc. expansion project in Three Rivers and from Senator Erika Geiss in support of the Hollingsworth Logistics Group LLC expansion project in Brownstown Charter Township. In addition, letters were received from Senator Kim LaSata and Representative Pauline Wendzel in support of the Whirlpool Corporation and Harbor Shores Community Redevelopment LLC collaborative business development and community development project in St. Joseph and Benton Harbor. The letters are attached to the minutes.

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

**IV. CONSENT AGENDA**

**Resolution 2021-077 Approval of Consent Agenda Items**

Mr. Messer asked if there were any questions from Board members regarding items under the Consent Agenda. There being none, Ronald W. Beebe motioned for the approval of the following:

- a. Proposed Meeting Minutes: May 25, 2021
- b. MTRAC Program Guidelines Amendment: Administrative Update – **2021-078**
- c. MTRAC Advanced Materials, Advanced Computing, and Advanced Transportation Innovation Hubs: Funding Reallocation– **2021-079, 2021-080 & 2021-081**

- d. Technology Transfer Talent Network (T3N) Program: Funding Allocation – **2021-082**
- e. Connected Nation Michigan: Extension of Existing Contract – **2021-083**

September Hargrove seconded the motion. **The motion carried: 9 ayes; 0 nays; 1 recused.**

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

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

## V. COMMUNITY VITALITY

- a. **Resolutions 2021-084, 2021-085 & 2021-086 Whirlpool Corporation and Harbor Shores Community Redevelopment, LLC / County of Berrien Brownfield Redevelopment Authority: Michigan Community Revitalization Program Grant, Brownfield Act 381 Work Plan Approval, and 21<sup>st</sup> Century Jobs Fund Grant Agreement Amendment**

*Jeremy Webb, Senior Business Development Project Manager, and Michelle Audette-Bauman, Community Assistance Team Specialist, provided the Board with information regarding these action items. These actions involve approval of a \$750,000 Michigan Community Revitalization Program performance-based grant, state tax capture capped at \$1,894,405 for Act 381 eligible activities, and an amendment to the 21<sup>st</sup> Century Jobs Fund Grant Agreement with Cornerstone Alliance to support a collaborative business development and community development project in the City of Benton Harbor and City of St. Joseph, representing over \$80,000,000 in total capital investment.* Following discussion, Andrew Lockwood motioned for the approval of Resolution 2021-084. Britany L. Affolter-Caine seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

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

Charles P. Rothstein then motioned for the approval of Resolution 2021-085. Susan Corbin seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

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

Finally, Paul Ajegba motioned for the approval of Resolution 2021-086. Susan Corbin seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

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

- b. **Resolution 2021-087 City of Houghton: Community Development Block Grant Program Funds (Pier Placemaking Project)**

*Jennifer Tucker, Senior Community Assistance Team Specialist, provided the Board with information regarding this action item. This action involves approval of \$4,035,010 in Community Development Block Grant Program funds to support a community development project in the City of Houghton.* Following discussion, Ronald W. Beebe motioned for the approval of Resolution 2021-087. Cindy Warner seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

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

## **VI. BUSINESS INVESTMENT**

a. **Resolutions 2021-088 & 2021-089 American Axle & Manufacturing, Inc. / City of Three Rivers: Community Development Block Grant Program Funds and State Essential Services Assessment Exemption**

*Jeremy Webb, Senior Business Development Project Manager, provided the Board with information regarding these action items. These actions involve approval of up to \$2,000,000 in Community Development Block Grant Program funds and a 100% State Essential Services Exemption valued at up to \$468,888 for up to five years to support a business expansion project in the City of Three Rivers. The project is expected to result in the creation of 100 jobs and \$40,608,000 in total capital investment.* Following discussion, Charles P. Rothstein motioned for the approval of Resolution 2021-088. Ronald W. Beebe seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

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

Paul Ajegba then motioned for the approval of Resolution 2021-089. Susan Tellier seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

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

b. **Resolution 2021-090 Hollingsworth Logistics Group LLC: Michigan Business Development Program Grant**

*Jibran Ahmed, Business Development Project Manager, provided the Board with information regarding this action item. This action involves approval of a \$1,500,000 Michigan Business Development Program performance-based grant to support a business expansion project in Brownstown Charter Township. The project is expected to result in the creation of up to 250 jobs and \$17,075,000 in total capital investment.* Following discussion, Ronald W. Beebe motioned for the approval of Resolution 2021-090. September Hargrove seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

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

## **VII. INFORMATIONAL**

Mr. Messer noted the MSF delegated authority report for the period May 1 to May 31, 2021, was included in the meeting packet. He asked if there were any questions from Board members regarding the information; there were none.

Mr. Messer adjourned the meeting at 11:13 a.m.



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 8, 2021

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Surmann:

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

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

Sincerely,

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

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood





June 15, 2021

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

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the following items on the Michigan Strategic Fund Board Meeting Agenda on Tuesday, June 22, 2021.

- Consent Agenda

The reason for my recusal is that I have a potential conflict of interest with respect to the grantees of MTRAC and T3N associated with my employment – Michigan State University, the University of Michigan and Wayne State University.

Sincerely,

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

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



21ST DISTRICT  
 P.O. BOX 30036  
 LANSING, MI 48909-7536  
 PHONE: (517) 373-6960  
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 senklasata@senate.michigan.gov

**THE SENATE**  
**STATE OF MICHIGAN**  
**Kimberly LaSata**  
**Assistant Majority Floor Leader**

SERVING BERRIEN, CASS  
 AND ST. JOSEPH COUNTIES  
 StateSenatorKimLaSata.com

June 3, 2021

Mr. Jeff Noel  
 CEO  
 Michigan Strategic Fund Board  
 300 N. Washington Sq.  
 Lansing, MI, 48913

Mr. Noel,

I am writing to express my support for American Axle & Manufacturing's application for the Michigan Strategic Fund (MSF) grant. This grant will significantly improve the machinery and equipment needed for the company's expansion, which is serving a growing role in Michigan's automotive industry.

Replacement of aging machinery and equipment is vital for the State of Michigan. American Axle & Manufacturing has invested heavily to keep Michigan at the forefront of the automotive industry well into the future, and its efforts have significantly increased economic activity across the state. The project, funded by the grant, will involve expansion upgrades in Three Rivers, which would result in an estimated 100 additional jobs. Additionally, the city estimates that the project will attract private investments of up to \$38,608,000, bringing economic development opportunities for industries and communities back to southwest Michigan.

I hope you see fit to award funds to this project as it is an important, and growing, piece of automobile infrastructure critical to the long-term future and economic growth of rural Michigan. I strongly encourage you to approve American Axle and Manufacturing's request for the Michigan Strategic Fund grant.

Sincerely,

Kim LaSata  
 State Senator  
 21st District

Cc: American Axle & Manufacturing



201 TOWNSEND STREET  
BINSFELD OFFICE BUILDING  
SUITE 5500  
P.O. BOX 30036  
LANSING, MI 48909-7536  
PHONE: (517) 373-7800  
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senegeiss@senate.michigan.gov



**THE SENATE**  
**STATE OF MICHIGAN**  
**ERIKA GEISS**  
STATE SENATOR | 6TH DISTRICT  
DEMOCRATIC CAUCUS CHAIRPERSON

**COMMITTEES:**  
TRANSPORTATION  
AND INFRASTRUCTURE,  
DEMOCRATIC VICE CHAIR  
INSURANCE AND BANKING,  
DEMOCRATIC VICE CHAIR  
ECONOMIC AND SMALL  
BUSINESS DEVELOPMENT  
EDUCATION AND  
CAREER READINESS

June 21, 2021

Michigan Economic Development Corporation  
ATTN: Michigan Strategic Fund Board  
Quentin Messer, Jr., Chairperson  
300 N. Washington Square  
Lansing, MI 48913

RE: Hollingsworth Logistics Group LLC

This letter is in support of an incentive requested by Hollingsworth Logistics Group LLC for a project expansion in Senate District 6. They are only requesting \$1,500,000.00, which is less than 9% of their total capital investment. This expansion will create up to 250 new jobs that will be beneficial to the district and state of Michigan.

The Hollingsworth Logistics Group is 100% Native American owned and certified by the National Minority Supplier Development Council (NMSDC). It is important to note that they are as diverse or more as the communities in which they work. They have a long history of equitable hiring practices by employing a diverse workforce across the nation. Over 75% of their workforce identifies as minority or immigrant. The company utilizes organizational services to support employees with resources such as English as a Second Language (ESL) courses, workplace culture classes, and transportation services.

Their model for advancement is good for keeping existing residents in and attracting new residents to Michigan. Pathways for entry-level employees include advancement to positions such as area managers, supervisors, and team leaders. Training in soft skills, leadership, coaching, communication, and project management is provided to employees interested in these advanced positions. In addition, the company provides health care, dental, vision, 401k, and life insurance to employees. The company will retain its main operations in Dearborn.

Upon research, our office learned that The Hollingsworth Foundation encompasses corporate citizenship that we welcome in Michigan. Last year, they awarded \$37,500.00 in scholarships in 2020. Scholarships are available to employees, dependents of employees and members of the communities in which their businesses are located. Providing opportunities for employees to acquire a more extensive skill set not only adds to our business success rate as a state, but also makes employees active citizens in their communities.

I strongly encourage the Michigan Strategic Fund to grant Hollingsworth Logistics Group LLC the Michigan Business Development Program performance-based grant. This expansion project is what our state needs as we are coming off the heels of a pandemic crisis. Please contact our office if you have questions or concerns. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Erika Geiss". The signature is fluid and cursive, with a large initial "E".

State Senator Erika Geiss  
Sixth Senate District



THE SENATE  
STATE OF MICHIGAN  
**Kimberly LaSata**

21ST DISTRICT  
P.O. BOX 30036  
LANSING, MI 48909-7536  
PHONE: (517) 373-6960  
FAX: (517) 373-0897  
[senklasata@senate.michigan.gov](mailto:senklasata@senate.michigan.gov)

June 21, 2021

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

Dear Mr. Messer, Jr.,

As the State Senator representing the 21<sup>st</sup> district, I would like to voice my support for the requests before the Michigan Strategic Fund board concerning the Harbor Shores Apartments Project in Benton Harbor and the Global Laundry and Dishwasher Technical Center in St. Joseph.

The Harbor Shores Apartment Project, in conjunction with Whirlpool, aims to construct eighty new apartments and 120 parking spaces to compliment the building. This project will also provide the refurbishment of Riverview Drive, and the construction of public sidewalks across from the project site to further revitalize the area.

The Global Laundry and Dishwasher Technical Center, in the city of St. Joseph, will become office and research space for Whirlpool. This project will provide one of the world's largest, most reputable producers of home appliances with new office space and the ability to retain 400 jobs in Southwest Michigan.

Both of these projects reflect continued investment in Berrien County and are important in ensuring that Southwest Michigan remains a great place to live, work, and raise a family.

Thank you for your consideration of these requests. These projects are tremendously important for the continued success of Berrien County and all of Southwest Michigan. If you have any further questions, please do not hesitate to reach out to my office.

Sincerely,

Kim LaSata  
State Senator  
21<sup>st</sup> District



79TH DISTRICT  
STATE CAPITOL  
P.O. BOX 30014  
LANSING, MI 48909-7514

MICHIGAN HOUSE OF REPRESENTATIVES

**PAULINE WENDZEL**

STATE REPRESENTATIVE

PHONE: (517) 373-1403  
FAX: (517) 373-3652  
PaulineWendzel@house.mi.gov  
www.RepWendzel.com

June 21, 2021

Quentin L. Messer Jr.  
Chairperson of the Michigan Strategic Fund board  
300 N. Washington Square  
Lansing, MI 48913

Chairperson Messer,

On behalf of the people of Southwest Michigan, please accept this letter of strong support for a Michigan Community Revitalization Program grant requested by Harbor Shores Community Redevelopment LLC, in collaboration with Whirlpool Corporation, for the Harbor Shores Community Redevelopment project as well as a request from the Berrien County Brownfield Redevelopment Authority for approval of a brownfield work plan to support Whirlpool Corporation's Global Laundry and Dishwasher Technical Center.

Like so many other communities across our state, Southwest Michigan has not been spared from the crisis of lack of affordable housing. This lack of housing not only increases costs for our current residents who may be looking to move, but also makes it incredibly difficult for our local businesses to attract top-tier talent to live and work in our community.

If approved, these incentives will support a collaborative Community Development and Business Development project that will construct a new residential apartment building in the City of Benton Harbor as well as Whirlpool Corporation's technical center facility in the City of St. Joseph, representing over \$80 million in total capital investment in Berrien County.

Whirlpool Corporation has once again proven its commitment to our Southwest Michigan community and the 400 full-time jobs associated with their tech center when they announced this project. If you ask most of our residents, they'll beam with pride as they discuss the historic transformation of a previously toxic dumping ground into one of, if not the best, golf courses in the Midwest. This would not have been possible without the help, support, and leadership of Whirlpool.

As we continue to build on the momentum of the Harbor Shores project, I hope you see the value and potential in this collaborative development. I urge you to approve the requested incentives, which will ensure Whirlpool can remain on the cutting edge of creative and innovative appliance engineering as well as providing more affordable housing in Southwest Michigan.

Sincerely,

A handwritten signature in black ink that reads "Pauline Wendzel". The signature is written in a cursive, flowing style.

Pauline Wendzel  
State Representative



## MEMORANDUM

**Date:** July 27, 2021

**To:** Michigan Strategic Fund Board

**From:** Valerie Hoag, Fund Manager

**Subject:** Amendments to the Michigan Strategic Fund Compiled Delegation of Authority

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### **Request**

Michigan Economic Development Corporation (“MEDC”) staff requests that the Michigan Strategic Fund (“MSF”) Board modify the MSF Compiled Delegation of Authority to extend the delegation for the Michigan Small Business Relief Program (the “MSBRP”) and include a delegation of authority for the Michigan Project Exception Program (the “MI-PEP”) (the aforementioned, collectively, the “Request”).

### **Background**

#### ***Michigan Small Business Relief Program***

On March 19, 2020, the MSF Board created the MSBRP to provide grants and loans to companies that experienced significant financial hardship as a result of the COVID-19 pandemic. The MSF Board also approved a delegation of authority for the MSBRP under which the MSF President, the MSF Fund Manager and the State Treasurer were authorized to take certain actions under the program. The delegation of authority had a one year time limit and expired on March 19, 2021. There were approximately 140 loans issued under the MSBRP. These loans have a ten year repayment period. Given the volume and terms of the loans, MEDC staff requests that the MSF Board extend the delegation of authority to allow the authorized delegates to take appropriate action as needed to administer the loans over the life of the respective agreements. This would include the ability to extend grace periods, modify payments schedules, and execute forbearance agreements. The actions taken by the delegates would be reported to the MSF Board on a monthly basis. The delegation of authority that the MEDC is seeking to extend is included below:

#### **125.2088b-3 Michigan Small Business Relief Program**

(1) The MSF President or the MSF Fund Manager may make all decisions to develop, finalize, and revise a Michigan Small Business Relief Program application and overall process to operate the Michigan Small Business Relief Program, each in accordance with the Michigan Small Business Relief Program guidelines adopted by the MSF Board.

(2) The MSF President, the MSF Fund Manager, and the State Treasurer, with any two required to act, may approve loans of up to \$10,000,000 to Certified Development Financial Institutions or licensed Small Business Administration not-for-profit institutions in accordance with the Michigan Small Business Relief Program.

(3) The MSF President, the MSF Fund Manager, and the State Treasurer, with any two required to act, may approve loans of up to \$200,000 to Eligible Borrowers in accordance with the Michigan Small Business Relief Program.

(4) The MSF President, the MSF Fund Manager, and the State Treasurer, with any two required to act, may approve grants of up to \$10,000,000 to local economic development organizations or non-profit economic development organizations in accordance with the Michigan Small Business Relief Program.

(5) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the Michigan Small Business Relief Program.

(6) The MSF President or the MSF Fund Manager may make all decisions that are necessary and appropriate to administer the Michigan Small Business Relief Program in accordance with the Michigan Small Business Relief Program guidelines adopted by the MSF Board.

### ***Michigan Project Exception Program***

The MSF Board created MI-PEP as a sister program to the Michigan State Trade Expansion Program (the “MI-STEP”) in order support small businesses in Michigan that are unable to satisfy one or more of the SBA program eligibility requirements. The guidelines under the MI-PEP and MI-STEP are nearly identical, with MI-PEP allowing more flexibility on the age of a company. The MSF Board previously approved a delegation of authority for the MI-STEP and MEDC staff requests that the MSF Board adopt an identical delegation of authority for MI-PEP. The proposed delegation is included below:

#### **10.6-2 Michigan Project Exception Program**

(1) The MSF President, the MSF Fund Manager, and the State Treasurer, with any two required to act, may make all decisions with respect to awards under the Michigan Project Exception Program (“MI-PEP”) where the award amount is equal to or greater than \$15,001 and less than or equal to \$600,000.

(2) The MSF President or the MSF Fund Manager may make all decisions with respect to awards under MI-PEP where the award amount is less than or equal to \$15,000.

(3) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate awards or decisions approved under MI-PEP.

### **Recommendation**

MEDC Staff recommends the MSF Board approve the Request.



## **MICHIGAN STRATEGIC FUND**

### **RESOLUTION 2021-092**

#### **STRATEGIC FUND DELEGATION OF AUTHORITY**

**WHEREAS**, under Section 125.2005(7) of the Michigan Strategic Fund Act, the Michigan Strategic Fund (“MSF”) Board may delegate to its president, vice-president, staff or others those functions and authority the MSF Board deems necessary or appropriate;

**WHEREAS**, under Article II, Section 1 of the Amended and Restated Bylaws adopted by the MSF Board on April 22, 2014, the MSF Board may delegate by resolution those functions and authority it deems necessary or appropriate to the President, Vice-President, Staff, the MEDC, or others, unless otherwise prohibited by law;

**WHEREAS**, under Article III, Section 1 of the Bylaws, the MSF President will provide for compilations of all general delegated authority; standard processes; and standard policies, in force (the "Strategic Fund Compiled Resolutions" or "SFCR");

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

**WHEREAS**, the MEDC recommends that the MSF Board amend the Strategic Fund Compiled Resolutions to delegate authority to the MSF President, the MSF Fund Manager, and the State Treasurer, as set forth in this Resolution; and

**WHEREAS**, the MSF Board wishes to approve revisions to the Strategic Fund Compiled Resolutions in accordance with the terms and conditions of this Resolution.

**NOW, THEREFORE, BE IT HEREBY RESOLVED**, that the MSF Board delegates the following authority effective July 27, 2021:

#### **125.2088b-3 Michigan Small Business Relief Program**

(1) The MSF President or the MSF Fund Manager may make all decisions to develop, finalize, and revise a Michigan Small Business Relief Program application and overall process to operate the Michigan Small Business Relief Program, each in accordance with the Michigan Small Business Relief Program guidelines adopted by the MSF Board.

(2) The MSF President, the MSF Fund Manager, and the State Treasurer, with any two required to act, may approve loans of up to \$10,000,000 to Certified Development Financial Institutions or licensed Small Business Administration not-for-profit institutions in accordance with the Michigan Small Business Relief Program.

(3) The MSF President, the MSF Fund Manager, and the State Treasurer, with any two required to act, may approve loans of up to \$200,000 to Eligible Borrowers in accordance with the Michigan Small Business Relief Program.

(4) The MSF President, the MSF Fund Manager, and the State Treasurer, with any two required to act, may approve grants of up to \$10,000,000 to local economic development organizations or non-profit economic development organizations in accordance with the Michigan Small Business Relief Program.

(5) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate awards and decisions approved under the Michigan Small Business Relief Program.

(6) The MSF President or the MSF Fund Manager may make all decisions that are necessary and appropriate to administer the Michigan Small Business Relief Program in accordance with the Michigan Small Business Relief Program guidelines adopted by the MSF Board.

#### **10.6-2 Michigan Project Exception Program**

(1) The MSF President, the MSF Fund Manager, and the State Treasurer, with any two required to act, may make all decisions with respect to awards under the Michigan Project Exception Program (“MI-PEP”) where the award amount is equal to or greater than \$15,001 and less than or equal to \$600,000.

(2) The MSF President or the MSF Fund Manager may make all decisions with respect to awards under MI-PEP where the award amount is less than or equal to \$15,000.

(3) The MSF President or the MSF Fund Manager may negotiate the terms and conditions and execute all final documents necessary to effectuate awards or decisions approved under MI-PEP.

**BE IT FURTHER RESOLVED**, the MSF President shall compile and publish the above delegated authority as required under Article III of the Bylaws.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, September Hargrove, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
July 27, 2021



**MEMORANDUM**

**Date:** July 27, 2021  
**To:** Michigan Strategic Fund Board  
**From:** Ryan Hundt, Regional Director, MEDC  
**Subject:** MSF Designees to the American Center for Mobility’s Board of Directors

---

**Request**

This is a request for the MSF Board to designate Quentin L. Messer, Jr., and Trevor Pawl to the American Center for Mobility’s (“ACM”) Board of Directors.

**Background**

In 2016, the Willow Run Arsenal of Democracy Landholdings Limited Partnership (“LP”) purchased the former Willow Run Powertrain Plant real estate parcels in Ypsilanti, Michigan to facilitate the ultimate re-development and operation of the connected and automated vehicle technology, research, validation, and testing facilities located thereon by ACM (collectively, the “Project”). The MSF’s investment in the Project is \$35 million.

As provided by the by-laws of ACM, the MSF is entitled to designate two individuals to serve as directors on the ACM Board of Directors.

**Recommendation**

The MEDC recommends the MSF Board designate Quentin L. Messer, Jr., and Trevor Pawl to the ACM Board of Directors.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2021-093**

**APPROVAL OF MSF DESIGNEES TO THE  
AMERICAN CENTER FOR MOBILITY BOARD OF DIRECTORS**

**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;

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

**WHEREAS**, on March 22, 2016, by Resolution 2016-026, the MSF approved the MSF’s participation as a senior Class A limited partner in the Willow Run Arsenal of Democracy Landholdings Limited Partnership (“LP”);

**WHEREAS**, in 2016, the LP purchased of the former Willow Run Powertrain Plant real estate parcels in Ypsilanti, Michigan to facilitate the ultimate re-development and operation of the connected and automated vehicle technology, research, validation and testing facilities located thereon by the American Center for Mobility, a Michigan non-profit corporation (“ACM”) (collectively, the “Project”);

**WHEREAS**, the MSF has invested an aggregate of \$35 million into the LP for the Project (by Resolution 2016-026 on March 22, 2016, Resolution 2016-122 on July 26, 2016, and Resolution 2017-058 on April 25, 2017, collectively);

**WHEREAS**, pursuant to the By-laws of ACM, the MSF Board has the right to designate two directors to the ACM Board of Directors; and

**WHEREAS**, the MEDC recommends the MSF designate Quentin L. Messer, Jr. and Trevor Pawl to the ACM Board of Directors.

**NOW, THEREFORE, BE IT RESOLVED**, the MSF designates Quentin L. Messer, Jr. and Trevor Pawl to the ACM Board of Directors.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, September Hargrove, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
July 27, 2021



## MEMORANDUM

**Date:** July 27, 2021

**To:** Michigan Strategic Fund Board

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

**Subject:** Request for Approval of a Michigan Community Revitalization Program Performance Based Direct Loan Agreement Amendment #1  
Life is a Dreamtroit Development

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### Request

Life is Dreamtroit, LLC (“Company”) is requesting approval of an amendment to the Michigan Community Revitalization Program Performance Based Direct Loan Agreement and any related ancillary agreements (“Agreement”). The amendment request dated May 17, 2021 includes a request to amend the Agreement to conform with the New Market Tax Credit (NMTC) Program, allowing the Company to add NMTC equity to the project. The change will require the Michigan Strategic Fund (MSF) to direct its funding to a newly created related entity anticipated to be the Bottom One Percent, LLC and agree to standstill on any foreclosure action for a period of 7 years. All other terms of the current Agreement will remain materially the same, including the repayment structure. Appendix A includes the original structure of the loan along with the requested changes identified in strikethrough and bolded capitalized font.

### Background

The MSF Board approved a \$2,493,900 Michigan Community Revitalization Program (MCRP) Direct Loan Award on August 25, 2020 to the Company for the purpose of redeveloping the former Lincoln Motor Company headquarters which sits on 3.8 acres in the Northwest Goldberg neighborhood of Detroit into a mixed-use, mixed-income development.

The Company has received no other amendments.

The Company has received a commitment from Michigan Community Capital (MCC) for a NMTC allocation that is anticipated to generate approximately \$1 million of additional capital for the project. The project has experienced challenges during construction and the additional capital would be used to assist in covering unforeseen costs associated with historic renovation of the property. The exact cost of these overruns is currently being determined. Staff is recommending moving forward this request as to not potentially jeopardize the NMTC allocation.

The requested amendment to the MCRP Agreement is needed in order to help facilitate the inclusion of NMTC funding to the project. The anticipated changes will not have any material financial impacts on the MSF’s original award aside from a requirement of a 7-year standstill on any foreclosure on the property. The 7-year standstill period relates to the 7-year compliance period for the New Market Tax credits and is required in order to attract an investor. Staff considers this risk acceptable given the significant positive impact of the NMTC equity to the project.

The Company closed on its original financing structure in February 2021 and construction is well underway. They are current with all reporting requirements.

**Recommendation**

The MEDC staff recommends approval to amend the MCRP Performance Based Direct Loan Agreement to help facilitate the inclusion of NMTC's into the project, direct funding to a newly created entity anticipated to be Bottom One Percent, LLC or another related entity, and agreeing to a standstill on any foreclosure action for a period of 7 years, per the Company's request dated May 17, 2021.

## APPENDIX A

### MSF Award Terms

<b>MSF Award Amount:</b>	Lesser of 25% of “Eligible Investment” or \$2,493,900
<b>Borrower:</b>	<del>Life is a Dreamtroit, LLC</del> <b>BOTTOM ONE PERCENT, LLC</b> or a Related Entity
<b>MSF Loan #1:</b>	
MSF Loan Amount:	\$1,246,950
Interest Rate:	1.00% per annum
MSF Fee(s):	Equal to 1.00% of the loan amount
Term:	Anticipated to be 144 months
Amortization:	Anticipated to be 420 months
Repayment Terms:	Monthly interest only for up to 27 months, followed by monthly principal and interest payments with principal due at maturity.
Collateral:	Anticipated to be a security interest in the real estate and TIF reimbursements, and assignment of leases and rents. Priority of security position to be determined by MSF Fund Manager, anticipated to be a 2 <sup>nd</sup> or 3 <sup>rd</sup> priority interest. <b>REQUIRES A 7 YEAR STANDSTILL PERIOD</b>
Guarantee(s):	Anticipated to be the full and unconditional joint and several construction completion and payment and performance guarantees of Matthew Al-Naimi and Oren Goldenberg, and any related trusts. Priority of interest to be determined by MSF Fund Manager, anticipated to be a 2 <sup>nd</sup> or 3 <sup>rd</sup> priority interest.
<b>MSF Loan #2:</b>	
MSF Loan Amount:	Up to \$1,246,950
Interest Rate:	1.00% per annum
MSF Fee(s):	Equal to 1.00% of the loan amount
Term:	Anticipated to be 144 months
Repayment Terms:	Monthly interest only payment for 144 months, remaining principal due at maturity.

Collateral: Anticipated to be a security interest in the real estate and TIF reimbursements, and assignment of leases and rents. Priority of security position to be determined by MSF Fund Manager, anticipated to be a 2<sup>nd</sup> or 3<sup>rd</sup> priority interest. **REQUIRES A 7 YEAR STANDSTILL PERIOD**

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



**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2021-094**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION PROGRAM  
DIRECT LOAN AWARD FOR  
LIFE IS A DREAMTROI, LLC  
(DREAMTROI 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 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 2020-109 on August 25, 2020, the MSF Board awarded a MCRP Performance-Based Direct Loan equal to the lesser of 25% of “Eligible Investment” or \$2,493,900 (“Award”), along with other general terms and conditions, to Life is a Dreamtroi, LLC (“Borrower”) in the furtherance of the Dreamtroi Project (“Project”);

**WHEREAS**, the MEDC recommends that the MSF approve amendments to the MSF Transaction Documents to meet the requirements of the New Market Tax Credit Program, including but not limited to changing the Borrower from Life is a Dreamtroi, LLC to Bottom One Percent, LLC or another related entity and agree to standstill on any foreclosure action for a period of 7 years, with all other requirements remaining materially unchanged from the original approval. Execution of the Transaction Documents for the requested amendment must be completed within 240 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 120 days (“MCRP Amendment Recommendation”).

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

**BE IT FURTHER RESOLVED**, the MSF Board authorizes the MSF Fund Manager to negotiate the final terms and conditions and execute all final documents necessary to effectuate the MCRP Amendment Recommendation.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, September Hargrove, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
July 27, 2021



## MEMORANDUM

**Date:** July 27, 2021

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

**From:** Jeremy Webb, Sr. Business Development Project Manager

**Subject:** Grant Amendment Request  
Michigan Business Development Program (“MBDP”)  
US Roof, LLC (“Company”)

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### Request

This is a request from the Company to amend the MBDP Grant Agreement (“Agreement”), as outlined in the attached Term Sheet, to change the name of the Company from US Roof, LLC to Golde Auburn Hills, LLC, extend the Term of the Grant from August 31, 2024 to December 31, 2024 and restructure the disbursement milestones (collectively, the “MBDP Amendment Request”).

### Background

On February 26, 2019 the MSF approved a \$3,340,000 award for the Company under the MBDP. The Company proposed to lease a 70,000 to 100,000 square foot facility in Oakland or Wayne County that will encompass an office, a tech center with lab space, production and warehousing which would result in the creation of 334 QNJs and \$13,885,000 in capital investment.

Since approval, the Company has created 70 new jobs above its base of 41 and invested \$15.7 million in the project which is above the anticipated investment of \$13.9 million. The Company is delayed in its hiring projections. This is driven by the announcement of one of the Company's key customers to delay the launch of a major program the Company was supporting due to COVID-19. Furthermore, the COVID-19 pandemic created additional delays and uncertainties regarding production volumes and program requirements.

The Company is requesting the MBDP Amendment Request as a result of the delays it has experienced in addition to the name change from US Roof, LLC to Golde Auburn Hills, LLC. The Company has created 70 new jobs above the base of 41 and invested \$1,815,000 more than they anticipated for the entire project. Additionally, the Company anticipates its investment will end up around \$23 million which is over \$9.1 million above the project projections. In order to continue on the project path, the Company is requesting an alteration to the jobs ramp-up and associated disbursements. The proposed facility encompasses office, a tech center with lab space and production/warehousing. Supporting this amendment follows the MEDC's Strategic Plan of supporting a project in the focus industry of mobility and automotive manufacturing as well as engineering, design, and development. What is more, the project supports the focus area of attracting, retaining, and supporting businesses in target industries.

### Company Background

The Company was created in 2018 as a subsidiary of Inteva Products, LLC for the Roof Systems business which was founded in 1872 as Traugott Golde. This supplier of carriage components began the supply of sunroof components in 1904 and automotive sunroofs in 1927. In 1950, its successor company, Golde GmbH, became the first supplier of sliding sunroofs, and in 1973, developed the world's first slide and tilt

module. In 1973, Golde was purchased by Rockwell Automotive, the predecessor to ArvinMeritor after which it would create the first integrated, multi-panel sunroof module to become a leader in large opening sunroof systems. Mass production of glass sunroofs as a complete system began in 1985 and major innovations have since followed. In May of 2019, the Company was acquired by CIE Automotive (“CIE Automotive”), a Spanish automotive supplier.

**Recommendation**

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

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2021-095**

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

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

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

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

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

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

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

**WHEREAS**, the MSF Board approved a \$3,340,000 MBDP performance-based grant on February 26, 2019, for the Company’s new facility to expand its operations in Michigan;

**WHEREAS**, the Company requests that the MSF Board approve an amendment to the MBDP performance-based grant to change the company name from US Roof, LLC to Golde Auburn Hills, LLC and restructuring of the milestones as outlined in the Term Sheet (the “MBDP Amendment Request”);

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

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

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

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, September Hargrove, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
July 27, 2021



**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:** June 17, 2021

**Company Name:** US Roof, LLC (“Company”)  
**Project Address (“Project”):** Auburn Hills or Livonia  
**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 \$3,340,000 (“MBDP Incentive Award”)
- **Base Employment Level:** 41
- **Total Qualified New Job Creation:** 334  
*(above Base Employment Level)*
- **Company Investment:** \$13,885,000 in annual lease cost, leasehold improvements, machinery & equipment, furniture & fixtures, or any combination thereof, for the Project.
- **Municipality supporting the Project:** The city of Auburn Hills OR the city of Livonia
- **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 \$500,000 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 April 30, 2020.
  - **Disbursement Milestone 2:** Up to \$1,000,000 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 February 28, 2021.
  - **Disbursement Milestone 3:** Up to \$360,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 36 additional Qualified New Jobs (for a total of 186 Qualified New Jobs) above the Base Employment Level, by no later than February 28, 2022.



- **Disbursement Milestone 4:**                      Up to \$750,000      Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, and upon demonstrated creation of 75 additional Qualified New Jobs (for a total of 261 Qualified New Jobs) above the Base Employment Level, by no later than February 28, 2023.
  
- **Disbursement Milestone 5:**                      Up to \$730,000      Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, Disbursement Milestone 4, and upon demonstrated creation of 73 additional Qualified New Jobs (for a total of 334 Qualified New Jobs) above the Base Employment Level, by no later than February 28, 2024.
  
- **Term of Agreement:**    Execution of Agreement to August 31, 2024.

**Proposed MBDP Incentive Amendment**

- **Company Name:**    Golde Auburn Hills, LLC (“Company”)
  
- **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 \$1,070,000      Upon demonstrated creation of 107 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than November 30, 2021.
  
  - **Disbursement Milestone 2:**      Up to \$930,000      Upon completion of Disbursement Milestone 1 and upon demonstrated creation of 93 additional Qualified New Jobs (for a total of 200 Qualified New Jobs) above the Base Employment Level, by no later than June 30, 2023.
  
  - **Disbursement Milestone 3:**      Up to \$1,340,000      Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, and upon demonstrated creation of 134 additional Qualified New Jobs (for a total of 334 Qualified New Jobs) above the Base Employment Level, by no later than June 30, 2024.
  
- **Term of Agreement:**    Execution of Agreement to December 31, 2024

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 June 18, 2021, the MEDC may not be able to proceed with any recommendation to the MSF.

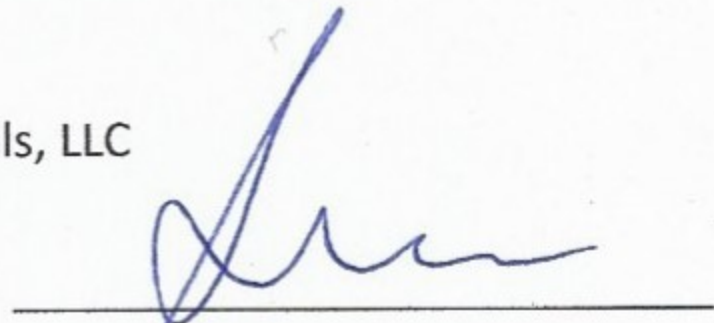
Golde Auburn Hills, LLC

By:

Printed Name:

Its:

Dated:

  
\_\_\_\_\_  
Andres Keve  
\_\_\_\_\_  
President  
\_\_\_\_\_  
22nd June, 2021  
\_\_\_\_\_

**Acknowledged as received by:**


Michigan Economic Development Corporation

By:

Printed Name:

Its:

Dated:

  
\_\_\_\_\_  
Jeremy J. Webb  
\_\_\_\_\_  
Sr. Business Development Project Mgr  
\_\_\_\_\_  
June 23, 2021  
\_\_\_\_\_



## MEMORANDUM

**Date:** July 27, 2021

**To:** Michigan Strategic Fund Board

**From:** Alyssa Tracey, Director, International Trade

**Subject:** International Trade Program – State Trade Expansion Program Award Acceptance and MI-STEP/MI-PEP Eligibility Guidelines Update

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### Request

The Michigan Economic Development Corporation (MEDC) requests the Michigan Strategic Fund (MSF) Board approve the authorization of the MSF Fund Manager to accept an award of up to \$2,000,000 from the U.S. Small Business Administration (SBA) to support the Michigan State Trade Expansion Program (MI-STEP) and to approve required match funds of 25% of the total award, up to \$667,000. MEDC also requests that MSF approve new updated program guidelines for both the MI-STEP and the Michigan Project Exception Program (MI-PEP).

### Background

MI-STEP and MI-PEP incentivize small businesses in Michigan to begin exporting or expand their current exports by supporting allowable export development activities into international markets. The programs provide reimbursement of up to 75% of expenses for eligible export related activities for a maximum of \$15,000 per business per award year. Eligible export activities include: participation in foreign trade missions; subscription to services provided by U.S. Department of Commerce; international website development; design of marketing media; trade show exhibition; participation in export training workshops; reverse trade missions; sample product shipping; and other export activities approved by the SBA State Trade Expansion Program (SBA-STEP).

On May 25, 2021, the MSF Board ratified the submission of an application to the SBA to receive funds for MI-STEP for FY 2022. MEDC Staff expects to receive the notice of award from SBA by August 31, 2021 for STEP funding of up to the maximum state award of \$2,000,000 (the “SBA Award”) for the next fiscal year, out of an award pool of \$19.5 million. To accept the award, MSF must commit to matching 25% of the SBA Award, up to \$667,000 (the “Match”). Authorizing the MSF Fund Manager to accept the SBA Award and approve the Match will ensure that these actions occur within the 30-day deadline provided after the SBA Award is announced. The SBA Award combined with the Match will make up to \$2,667,000 in funds available to support MI-STEP beginning Oct. 1, 2021.

MI-PEP mirrors MI-STEP except that MI-PEP does not receive federal funds and is available to companies that do not meet SBA requirements on business size and duration of business operations. Otherwise, both MI-STEP and MI-PEP adhere to guidance provided by the SBA for STEP, which is updated from time to time. For example, the SBA recently modified annual caps on several eligible use categories for the STEP grant program (ex: increasing annual limits on shipping sample products from \$2,000/year to \$4,000/year) and added new eligible uses (ex: eCommerce platform expenses). To ensure automatic alignment with the SBA STEP promulgations, updates to the MI-STEP and MI-PEP program guidelines are needed to add language to match SBA STEP guidance.



**Recommendation**

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

- 1) Authorize the MSF Fund Manager to: (i) accept the SBA Award for MI-STEP, and (ii) approve the required Match funding.
- 2) Adopt the updated program guidelines for MI-STEP and MI-PEP as outlined in Exhibit A to the accompanying resolution.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2021-096**

**INTERNATIONAL TRADE PROGRAM FUNDING ALLOCATION  
STATE TRADE EXPANSION PROGRAM SBA AWARD AUTHORIZATION**

**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 (“International Trade Program”);

**WHEREAS**, under the Michigan Strategic Fund Act, MCL 125.2001 et seq. (“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 2 of the Act provides that the purposes of the Act and of the MSF is to, among other things, foster export activity and promote and develop export markets and export activities;

**WHEREAS**, on October 23, 2013, via MSF Resolution 2013-165, the MSF created the Pure Michigan Export Program, now called the Michigan State Trade Expansion Program (the “MI-STEP”), for the purpose of disbursing funds provided by the federal Small Business Administration (“SBA”) State Trade Expansion Program in conjunction with MSF matching funds;

**WHEREAS**, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF for a variety of programs overseen by the MSF, including the MI-STEP in accordance with the MI-STEP program guidelines previously adopted by the MSF (the “MI-STEP Program Guidelines”);

**WHEREAS**, on May 25, 2021, via MSF Resolution 2021-070, the MSF ratified the submission of an application to receive funding from the SBA State Trade Expansion Program for the MI-STEP;

**WHEREAS**, the SBA State Trade Expansion Program is expected to offer an award of up to \$2,000,000 for fiscal year 2022 to the MSF for the MI-STEP (the “SBA Award”), provided the MSF commits to a funding match of 25% of the SBA Award (the “SBA Match”);

**WHEREAS**, from time to time, it is necessary for the MSF to adopt modified MI-STEP Program Guidelines to ensure the MI-STEP is compliant with SBA guidance and enable efficient program administration, among other reasons; and

**WHEREAS**, the MEDC recommends the MSF authorize the MSF Fund Manager to accept the SBA Award and approve the SBA Match on behalf of the MSF for fiscal year 2022, and adopt the updated MI-STEP Program Guidelines attached as Exhibit A to this resolution to be utilized for the operation of the MI-STEP.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF hereby: (i) authorizes the MSF Fund Manager to accept the SBA Award and approve the SBA Match on behalf of the MSF for fiscal year 2022, and (ii) approves the adoption of the updated MI-STEP Program Guidelines attached as Exhibit A to replace those previously approved by the MSF;

**BE IT FURTHER RESOLVED**, the MSF authorizes the MSF Fund Manager to approve any modifications to the MI-STEP program application in accordance with the updated MI-STEP Program Guidelines; and

**BE IT FURTHER RESOLVED**, that the MSF Fund Manager is authorized to negotiate the final terms and conditions of and to execute any documents necessary to effectuate the terms of this Resolution on behalf of the MSF.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, September Hargrove, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
July 27, 2021

# EXHIBIT A

## Michigan's State Trade Expansion Program (MI-STEP)

### Program Guidelines

#### GENERAL INFORMATION

The MI-STEP grant program is designed to spur job creation by empowering Michigan small businesses to export their products by leveraging funding from the federal Small Business Administration State Trade Expansion Program (STEP). MI-STEP has three primary objectives:

- Increase the number of Michigan small businesses that export
- Increase the dollar value of Michigan exports
- Increase the number of Michigan small businesses exploring significant new trade opportunities

#### ELIGIBILITY

Up to \$15,000 in assistance to offset 75 percent of approved expenses per fiscal year, or the maximum allowable under SBA STEP guidance. Michigan companies must meet the following eligibility criteria to qualify for MI-STEP program funds:

1. Be in accordance with the SBA guidelines and size standards: [www.sba.gov/content/smallbusiness-size-standards](http://www.sba.gov/content/smallbusiness-size-standards)
2. Demonstrate an understanding of the costs associated with exporting and doing business with foreign purchasers, including the costs of freight forwarding, customs brokers, packing, and shipping, per SBA guidance
3. Demonstrate potential for export success and positive impact on the regional economy
4. Provide an EIN linked to a Michigan address
5. Be in good standing with the Michigan Department of Treasury and other regulatory agencies
6. Must be an export-ready U.S. company seeking to export goods or services of U.S. origin or have at least 51 percent U.S. content

#### ALLOWABLE USES OF MI-STEP PROGRAM FUNDS

MI-STEP funds may be approved for expenses related to export marketing-related activities, as authorized by SBA STEP guidance, which may include:

1. Participation in foreign trade missions
2. U.S. Department of Commerce services
3. International website design, development, and translation; search engine optimization and localization maintenance and monitoring; e-commerce fees including hosting and maintenance

4. Design and translation of international marketing media, including social media and digital ad placements
5. International trade show participation
6. Foreign sales trips
7. U.S.-based international trade show participation
8. Participation in export training workshops
9. Reverse foreign buyer missions (meeting space/audio visual)
10. Cost of compliance testing and/or international certifications for an existing product for entry into an export market
11. Sample product shipping
12. Any additional uses as may be promulgated by SBA STEP guidance

#### EXPENSE/REIMBURSEMENT LIMITATIONS

Certain expenses eligible for funding under MI-STEP may be subject to annual maximum reimbursement limits or other limitations as required by SBA STEP guidance.

MI-STEP funds are not permitted to be used for certain ineligible expenses as determined by SBA, which may include:

- Meals, entertainment, cell phone charges, gifts, and personal expenses
- Passport and visa fees
- Immunization expenses
- Only economy flights are eligible for reimbursement
- Travel expenses for distributors or sales representatives not employed by the Michigan company
- Fees for shipping products to be sold in market
- Mileage is reimbursable at the federal per diem rate—no gas receipts, unless used with a rental car
- Printing materials/services
- Any additional limitations as determined by SBA STEP guidance

To get started, complete the online intake form at <http://michiganbusiness.org/export> or contact your regional International Trade Manager.

Questions may be sent to [export@michigan.org](mailto:export@michigan.org)

## MICHIGAN STRATEGIC FUND

### RESOLUTION 2021-097

#### MICHIGAN PROJECT EXCEPTION PROGRAM GUIDELINES UPDATE

**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 (“International Trade Program”);

**WHEREAS**, under the Michigan Strategic Fund Act, MCL 125.2001 et seq. (“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**, on July 28, 2015, via MSF Resolution 2015-094, the MSF Board approved an amendment to the International Trade Program’s State Trade Expansion Program (“MI-STEP”) guidelines to create the Pilot Exception Program to assist businesses that do not meet the Small Business Administration eligibility guidelines, using state funds previously allocated to the MI-STEP program budget (the “Pilot Program”);

**WHEREAS**, on December 20, 2016, via MSF Resolution 2016-246, the MSF Board approved a renewal of the Pilot Program and authorized the use of uncommitted state funds approved for the previous fiscal year for MI-STEP to be carried over for use for the Pilot Program;

**WHEREAS**, on August 22, 2017, via MSF Resolution 2017-131, the MSF Board converted the Pilot Program into a permanent program named the “Project Exception Program” (the “PEP”) and approved the continuation of the funding mechanism for future years;

**WHEREAS**, the Michigan Economic Development Corporation (“MEDC”) provides administrative services to the MSF for a variety of programs overseen by the MSF, including the PEP within the boundaries of the PEP program guidelines previously adopted by the MSF;

**WHEREAS**, from time to time, it is necessary for the MSF to adopt modified PEP program guidelines to enable efficient program administration, among other reasons; and

**WHEREAS**, the MEDC recommends the approval of the updated PEP program guidelines attached as Exhibit A to this resolution to be utilized for the operation of the PEP (the “PEP Program Guidelines”).

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF hereby approves the PEP Program Guidelines to replace all those previously approved by the MSF; and

**BE IT FURTHER RESOLVED**, the MSF authorizes the MSF Fund Manager to approve any modifications to the PEP program application in accordance with the PEP Program Guidelines.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, September Hargrove, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
July 27, 2021

# EXHIBIT A

## Michigan's Project Exception Program (MI-PEP)

### Program Guidelines

#### GENERAL INFORMATION

The MI-PEP grant program is designed to spur job creation by empowering Michigan small businesses to export their products. The program has three primary objectives:

- Increase the number of Michigan small businesses that export
- Increase the dollar value of Michigan exports
- Increase the number of Michigan small businesses exploring significant new trade opportunities

#### ELIGIBILITY

Up to \$15,000 in assistance to offset 75 percent of approved expenses per fiscal year, or the maximum allowable under the Small Business Administration (SBA) State Trade Expansion Program (STEP) guidance. Michigan companies must meet the following eligibility criteria to qualify for MI-PEP program funds:

1. Demonstrate an understanding of the costs associated with exporting and doing business with foreign purchasers, including the costs of freight forwarding, customs brokers, packing, and shipping, per SBA guidelines
2. Demonstrate potential for export success and positive impact on the regional economy
3. Provide an EIN linked to a Michigan address
4. Be in good standing with the Michigan Department of Treasury and other regulatory agencies

#### ALLOWABLE USES OF MI-PEP PROGRAM FUNDS

MI-PEP funds may be approved for expenses related to export marketing-related activities, as authorized by SBA STEP guidance, which may include:

1. Participation in foreign trade missions
2. U.S. Department of Commerce services
3. International website design, development, and translation; search engine optimization and localization maintenance and monitoring; e-commerce fees including hosting and maintenance

4. Design and translation of international marketing media, including social media and digital ad placements
5. International trade show participation
6. Foreign sales trips
7. U.S.-based international trade show participation
8. Participation in export training workshops
9. Reverse foreign buyer missions (meeting space/audio visual)
10. Cost of compliance testing and/or international certifications for an existing product for entry into an export market
11. Sample product shipping
12. Any additional uses as may be promulgated by SBA STEP guidance

#### EXPENSE/REIMBURSEMENT LIMITATIONS

Certain expenses eligible for funding under MI-PEP may be subject to annual maximum reimbursement limits or other limitations as determined by SBA STEP guidance.

MI-PEP funds are not permitted to be used for certain ineligible expenses as determined by SBA, which may include:

- Meals, entertainment, cell phone charges, gifts, and personal expenses
- Passport and visa fees
- Immunization expenses
- Only economy flights are eligible for reimbursement
- Travel expenses for distributors or sales representatives not employed by the Michigan company
- Fees for shipping products to be sold in market
- Mileage is reimbursable at the federal per diem rate—no gas receipts, unless used with a rental car
- Printing materials/services
- Any additional limitations as determined by SBA STEP guidance

To get started, complete the online intake form at <http://michiganbusiness.org/export> or contact your regional International Trade Manager.

Questions may be sent to [export@michigan.org](mailto:export@michigan.org)



## MEMORANDUM

**Date:** July 27, 2021

**To:** Michigan Strategic Fund Board

**From:** Nataliya Stasiw, Portfolio Manager, Entrepreneurship & Innovation

**Subject:** Pre-Seed Fund Amendment One

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### **Request**

The Michigan Economic Development Corporation (“MEDC”) requests that the Michigan Strategic Fund (“MSF”) Board approve a grant amendment in the amount of \$6,500,000 to Michigan State University Foundation (MSUF), to fund the continuation of investments in the form of loans and equity financing for the Pre-Seed Fund (or “Fund”).

### **Background**

On April 14, 2020, the MSF selected MSUF to manage the Pre-Seed Fund (or “Fund”) and awarded it a grant in the amount of \$3,000,000. On July 29, 2020, the MSF entered into a Grant Agreement with MSUF, delineated the milestones, deliverables and budget to be followed by the grantee. The initial term of this grant is May 1, 2020 through April 30, 2025, with the option to extend up to an additional five years, with the option to allocate additional funding throughout the term at the sole discretion of the MSF Board and subject to available funds. In order to continue making investments into new opportunities and expand the company portfolio the Fund requests an additional \$6,500,000 for new investment activity, including equity financing and loans. This amount is projected to cover investment needs through the end of July 2022.

### **Results**

The purpose of the Pre-Seed Fund is to provide early-stage funding to help Michigan high-tech start-ups achieve commercial and technical milestones that will position them for future scaleup through capital, talent, and customer acquisition. To date, the MSUF Team has developed relationships throughout the state, including university technology transfer offices and MEDC SmartZones, to cultivate the best pipeline and implemented a thorough due diligence and investment strategy that maximizes long-term opportunity for the Fund. Investments through the Fund provide additional value beyond capital through mentorship by its investment team, programmatic support, grant funding and the extensive network of MSUF which has an overarching goal to support innovation, entrepreneurship, and economic development in the State of Michigan.

As of June 30<sup>th</sup>, 2021, the Fund has assessed 227 applications, committing investment of \$3,600,000 in 23 of the most promising companies to build a diverse and high-quality portfolio. 35% of the Fund’s portfolio companies are university spinouts, which are bringing to market disruptive research being done at Michigan universities. As a result, the Fund has created over 60 new jobs and attracted almost \$100,000,000 in follow on funding, including new sales. Almost 80% of the Fund’s 23 portfolio companies are led by diverse and underserved founders. 65% of the Fund’s portfolio companies are located in SBA HubZones and 35% are located in Michigan Opportunity Zones. The Fund has a strong and diverse investment pipeline over the next

few months. It is anticipated the Fund will need over \$2,500,000 for investments in 15 companies in the next three months.

Below is a testimonial by Zachariah Booker, CEO of ADHD Online, a Pre-Seed Fund portfolio company based in Grand Rapids whose proprietary logic-based asynchronous e-visit assessment allows licensed psychologists and board-certified psychiatrists to complete ADHD assessment and treatment for adults and children remotely:

*“The Michigan Rise team have been value-added partners from the outset, after investing in our first round of institutional capital. In addition to much needed capital, our relationship with Michigan Rise has benefited our company explore clinical collaborations within the Michigan State University healthcare ecosystem, which will help advance our mission to democratize timely and affordable assessment and treatment for ADHD. We are also exploring several non-dilutive funding opportunities with the Michigan Rise team, which is a value-add not commonly found with investors.”*

### **Recommendation**

MEDC staff recommends that the MSF Board approve the Request for additional funding in the amount of \$6,500,000 to cover Pre-Seed investment needs through the end of July 2022.

MEDC staff also recommends that the MSF Board delegate authority to the MSF Fund Manager, with the assistance of MEDC staff, to negotiate and execute the final terms and conditions and all necessary agreements with MSU Foundation.



**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2021-098**

**MICHIGAN STATE UNIVERSITY FOUNDATION  
PRE-SEED FUND GRANT AMENDMENT RECOMMENDATION**

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

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

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

**WHEREAS**, on December 17, 2019, the MSF issued a request for proposals for awarding grants to non-profit organizations that operate early-stage funding programs (the “Pre-Seed Fund RFP”), appointed a joint evaluation committee (“JEC”) to evaluate the proposals received in response to the Pre-Seed Fund RFP, and adopted scoring and evaluation criteria to be used by the JEC;

**WHEREAS**, on April 14, 2021, the MSF Board authorized a grant to the Michigan State University Foundation (“MSU Foundation”) with an initial term of May 1, 2020 through April 30, 2025 (the “Initial Term”), with the option to extend up to an additional five years and an initial allocation of \$3,000,000 for the first year of the Initial Term, with the option to allocate additional funding throughout the term at the sole discretion of the MSF Board and subject to available funds (the “Pre-Seed Fund Grant Award”)

**WHEREAS**, the MEDC recommends that the MSF Board allocate \$6,500,000 for the second year of the initial term to support a continuation of the Pre-Seed Fund Grant activities (the “Amendment Request”); and

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

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

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, September Hargrove, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
July 27, 2021



**MEMORANDUM**

**Date:** July 27, 2021  
**To:** Michigan Strategic Fund (“MSF”) Board Members  
**From:** Jeremy Webb, Sr. Business Development Project Manager  
**Subject:** Transfer Request  
MSF Designated Renaissance Zone  
Ford Motor Company (“Company” or “Applicant”)

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**Request**

This is a request from the Applicant to transfer a portion of the MSF Designated Renaissance Zone (the “Zone”) from A123 Systems, Inc. (“A123”) to the Company as outlined in the attached resolution (the “RenZone Transfer Request”).

**Background**

On May 26, 2010, as amended, the MSF approved the Zone for a period of 15 years for A123 in the city of Romulus, Wayne County. The Zone has been in effect since January 1, 2011 and is set to expire December 31, 2025.

The Company was founded in Michigan in 1903 and incorporated in Delaware in 1919. Based in Dearborn, Michigan, the Company is among the world’s largest producer of cars and trucks. Its core business includes designing, manufacturing, marketing, financing, and servicing a full line of Ford cars, trucks, and SUVs, as well as Lincoln luxury vehicles. The Company continues to pursue emerging opportunities through investments in mobility, electrification and autonomous vehicles.

In 2021, A123 ceased operation at the facility and the Company is negotiating the purchase of land and facility located within the Zone. The Company proposes to invest approximately \$100 million to create a state-of-the-art battery research facility in the city of Romulus. For its initial phase, the Company proposes to purchase and renovate the existing building on this Romulus site to support its product development and manufacturing process research related to vehicle battery applications. To support Phase One, approximately 200 full time engineers are expected to be located at the facility on or within 18 months of completion of renovation.

**Recommendation**

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

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2021-099**

**TRANSFER OF MSF DESIGNATED RENAISSANCE ZONE  
A123 SYSTEMS, INC. TO FORD MOTOR COMPANY**

**WHEREAS**, Section 8a(2) of the Michigan Renaissance Zone Act (the “Act”), 1996 PA 376, as amended, authorizes the Michigan Strategic Fund (“MSF”) to designate up to 27 renaissance zones (a “Renaissance Zone”) in one or more cities, villages, or townships if consented by the local unit of government in which the zone is located;

**WHEREAS**, on May 26, 2010, via MSF Resolution 2010-084, the Michigan Strategic Fund (“MSF”) Board approved a Renaissance Zone for A123 Systems, Inc. (“A123”) in the City of Romulus for parcels 80-024-99-0001-702, 80-024-99-0001-703, 80-024-99-0004-701, 80-024-99-0004-702, 80-024-99-0004-703 and 80-024-99-0001-704 for a term of 15 years (the “Romulus Zone”);

**WHEREAS**, as a condition of the Romulus Zone, a development agreement was entered into between A123 and the MSF governing the terms and conditions of the Romulus Zone (the “A123 Agreement”);

**WHEREAS**, the MSF initiated the start of the Romulus Zone for parcel 80-024-99-0001-702 to begin on December 31, 2010, for property tax purposes and January 1, 2011, for all other purposes, but, pursuant to MCL 125.2686(5), conditioned the start of the Renaissance Zone for the remaining parcels of the Romulus Zone on conditions contained in the A123 Agreement;

**WHEREAS**, the conditions in the A123 Agreement for starting the Renaissance Zone for the remaining parcels of the Romulus Zone were not met, and therefore, that portion of the Romulus Zone did not start by the January 1, 2015, deadline required by MSF Resolution 2010-084 and is not an active portion of the Romulus Zone;

**WHEREAS**, in 2021, A123 vacated the facility and land associated with the Romulus Zone;

**WHEREAS**, the Michigan Economic Development Corporation (the “MEDC”) provides administrative services for the Renaissance Zone program and received an application from Ford Motor Company (the “Company”) for a transfer of the Renaissance Zone designation for the active parcel within the Romulus Zone (the “Application”); and

**WHEREAS**, the MEDC recommends that the MSF approve the Application for the transfer of the Renaissance Zone designation of the active portion of the Romulus Zone, parcel 80-024-99-0001-702, from A123 to the Company for the remainder of the term of the Renaissance Zone designation, effective July 1, 2021, provided that a development agreement is entered into between the Company and the MSF by October 31, 2021.

**NOW, THEREFORE, BE IT RESOLVED**, effective July 1, 2021, the MSF Board approves the Application for the transfer of the Renaissance Zone designation of the active portion of the Romulus Zone, parcel 80-024-99-0001-702, from A123 to the Company for the remainder of the term of the Renaissance Zone designation, provided that a development agreement is entered into between the Company and the MSF by October 31, 2021; and

**BE IT FURTHER RESOLVED**, that the MSF Board authorizes the Fund Manager to negotiate the final terms and conditions of and to execute the development agreement and any other related documents necessary to effectuate the terms of this Resolution.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, September Hargrove, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

July 27, 2021  
Lansing, Michigan



## MEMORANDUM

**Date:** July 27, 2021

**To:** Michigan Strategic Fund Board

**From:** Kelly Wolgamott, Director - Travel Advertising

**Subject:** Acceptance of Federal Grant Award from Economic Development Administration and Allocation of Matching Funds

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### Request

The Michigan Economic Development Corporation (“MEDC”) requests that the Michigan Strategic Fund (“MSF”) Board ratify actions taken by the MSF Fund Manager to accept a federal grant award of \$418,320 from the Economic Development Administration (“EDA”) and allocate \$104,480 in matching funds (the “Request”).

### Background

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

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

Under Section 125.2007-2 of the MSF Compiled Resolutions, the MSF President or the MSF Fund Manager may accept on behalf of the MSF gifts, grants, and other aids not to exceed \$1,000,000 from any person or the federal, state or a local government or any agency of the federal, state, or local government. The MSF Fund Manager accepted the EDA grant award in July 2021. MEDC staff recommends that the MSF Board ratify actions taken to date by the MSF Fund Manager to accept the EDA Grant on behalf of the MSF. MEDC staff further recommends that the MSF Board allocate \$104,480 as the required match for the EDA Grant.

### Recommendation

The MEDC recommends that the MSF Board approve the Request.

## **MICHIGAN STRATEGIC FUND**

### **RESOLUTION 2021-100**

#### **ACCEPTANCE OF FEDERAL GRANT AWARD AND ALLOCATION OF MATCHING FUNDS**

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

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

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

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

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

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

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

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

**WHEREAS**, the EDA Grant includes a matching requirement under which the MSF must allocate \$104,480 in order to receive the federal funds (the “Federal Match Requirement”)

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

**WHEREAS**, the MEDC recommends that the MSF Board ratify the actions taken by the MSF Fund Manager to accept the EDA Grant and allocate \$104,480 in funding to satisfy the Federal Match Requirement (collectively, the “EDA Grant Request and Funding Allocation”); and

**WHEREAS**, the MSF Board desires to approve the EDA Grant Request and Funding Allocation.

**NOW, THEREFORE, BE IT HEREBY RESOLVED**, that the MSF Board approves the EDA Grant Request and Funding Allocation.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, September Hargrove, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
July 27, 2021

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2021-091**

**APPROVAL OF THE JULY 27, 2021 CONSENT AGENDA  
FOR THE MICHIGAN STRATEGIC FUND BOARD**

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

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

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

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

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

Consent Agenda Items:

Proposed Meeting Minutes: June 22, 2021  
Michigan Small Business Relief Program: Extension of Delegation of Authority  
American Center for Mobility: Board Appointments  
Life is a Dreamtroit: MCRP Amendment  
U.S. Roof LLC: MBDP Amendment  
SBA Award Acceptance and Adoption of MI-STEP and MI-PEP Guidelines  
MSU Foundation Pre-Seed Fund: Grant Amendment  
Ford Motor Company: Transfer Request – MSF Designated Renaissance Zone  
Acceptance of EDA Grant Award and Allocation of Matching Funds

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin,  
Rachael Eubanks, September Hargrove, Quentin L. Messer, Jr., Charles P. Rothstein,  
Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
July 27, 2021





## MEMORANDUM

**Date:** July 27, 2021

**To:** Michigan Strategic Fund Board

**From:** Charles Donaldson, Senior Community Assistance Team Specialist  
Julius L. Edwards, Senior Commercial Real Estate Investment Manager  
Jake Winder, Senior MCRP and Brownfield Program Specialist

**Subject:** Request for Approval Michigan Community Revitalization Program (MCRP) Grant  
North Flint Reinvestment  
North Flint Food Market

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### Project Summary

The request will support a community development project located in the City of Flint that will redevelop a vacant 21,225 square foot building into a new co-op urban grocery store development, representing \$7,052,253 in total capital investment. The building was originally constructed in 1957 as a retail building and has been converted a number of times for different uses, the most recent being its use as a church, however, the building has been vacant for at least 4 years.

The North Flint Reinvestment Corporation (NFRC) is a non-profit entity that started working on this project in 2016, on the heels of the Flint water crisis and the closure of a grocery store in the neighborhood in 2014 in an effort to address this food desert on the north side of Flint. NFRC has received broad support of investment partners in the public, non-profit and private sectors, including 836 member owners, who agree on the need for this project in the community which will be a benefit for decades to come. The grocery store will be paying rent estimated at \$9.52 per square foot for an estimated 18,908 square feet of leasable space. Construction costs are estimated at \$187.49 per square foot, which is higher than typically seen in the city. However, the higher-than-normal costs are generally attributed to necessary grocery store elements such as freezers, coolers, and other items integral to store operations.

The proposed project involves the renovation of a roughly 21,225 square foot single story vacant, dilapidated and functionally obsolete building on the north side of the City of Flint. The project will involve the selective interior demolition of the building and facade followed by a full renovation and installation of fixtures and equipment which will return the building to functional use. In direct response to resident demands for a community-owned grocery store and local jobs, North Flint Reinvestment and its partners are developing the North Flint Food Market, a full-service grocery store just off the corner of Pierson and Clio Roads. Establishing a grocery store at this location meets the need for reliable access to fresh foods for people in this community — specifically, as produce has been shown to mitigate health consequences of high-lead levels in the water supply. A cooperative ownership model gives residents and supporters an opportunity to invest in their neighborhood, a documented food desert.

In the spring of 2016, the MEDC provided funds to the Flint and Genesee Chamber of Commerce (now the Flint & Genesee Group) to commission retail market & grocery store industry expert Streetsense to study the best method to improve access to full-service grocery stores on the north end while also reinforcing

residents' sense of pride, hope, and community. Through the study, it was determined that in Flint's north end there was market demand significant enough to create two new smaller-scale grocery stores (~20,000 square feet per store), while upgrading and sustaining existing solvent grocery stores operating in the north Flint market.

To assist in implementing the recommendations of the Streetsense study, in December of 2016, the MSF awarded a \$550,000 Michigan Community Revitalization Program (MCRP) performance-based Grant to the Flint & Genesee Chamber of Commerce for the Flint Grocer Improvement Program. The MCRP grant funds were used to assist existing grocery stores on the north side of Flint to implement capital and operational improvements ensuring a higher quality of food offerings and the sustainability of grocery store functions in this underserved area.

A financing gap exists due to the high costs of construction when compared to the low property values, the non-profit nature of the development and traditional limited revenues generated by grocery stores. This constrains the total debt the project can support. Additionally, the development team is looking to keep the debt on the project low to help ensure the store will be a long-term valued asset to the community. The project has received a commitment for senior financing from ELGA Credit Union totaling \$600,000 and has worked with LISC to access an additional \$400,000. The project is also receiving an allocation of New Market Tax Credits (NMTC's) that are estimated to generate approximately \$1,500,000 of proceeds for the project. Approximately, \$460,000 or 6.5% of the total development cost is equity being contributed to the project in the form of cash and the value of the property. This is below the typical 10% that is required for projects of this nature. Staff is comfortable with this deviation due to the not-for-profit nature of the development team and the excellent job the team has done of securing local resources to support the development and operations of the grocery store. The project has received significant financial contributions from many local partners including; City of Flint CDBG Grant (\$200,000); Ruth Mott Foundation Grant (\$480,000); Community Foundation of Greater Flint Grant (\$550,000); CS Mott Foundation Grant (\$500,000); and Healthy Food Financing Initiative (HFFI) Grant (\$200,000). The project is projected to achieve a modest owner rate of return of 4.9%. An MCRP grant of \$1,250,000 will fill the financing gap and allow the project to remain financially feasible while creating a new urban grocery store and redeveloping a vacant, functionally obsolete property.

### **Request**

North Flint Reinvestment ("Applicant") is requesting a MCRP performance-based grant in the amount of \$1,250,000. The Applicant anticipates that the project will result in a total capital investment in the amount of \$7,052,253.

### **Program Summary**

The request for MCRP support is consistent with program requirements to encourage and promote structural renovations and redevelopment of brownfield properties. The project qualifies for the MCRP program because the site is functionally obsolete. The project also meets the CRP eligibility requirements for a Neighborhood and Commercial Corridor Food Initiative ("Urban Grocery"); meaning that the property will be primarily used as a retail grocery store. The project is consistent with the MEDC Strategic Plan and Community Development objectives by developing attractive places to attract talent. The project also meets local objectives by providing a new grocery store, and redeveloping vacant, functionally obsolete buildings. It should also be noted that access to fresh foods is a way to potentially mitigate some impacts of lead poisoning.

**Local Support**

Local support for the project includes \$200,000 Community Development Block Grant (CDBG) funds from the City of Flint. The City of Flint is engaged with the MEDC’s Redevelopment Ready Communities (RRC) program and the project is also located in a Michigan Geographically Disadvantaged Business Location.

**Financing Opportunity – MCRP Performance-Based Grant**

The Applicant has requested a MCRP Performance-Based Grant to assist with the redevelopment of a vacant building into a full-service grocery store. The development team has secured \$1,000,000 in debt financing and secured approximately \$2,800,000 or 40.3% of the total development cost in grant funding from a number of local and other state resources. Additionally, they have secured NMTC’s that are expected to generate approximately \$1,500,000 in proceeds for the project. The proposed MCRP grant of \$1,250,000 will be used to fill the remaining financing gap to help ensure the successful performance of the grocery store.

**Grant Terms**

- MSF Facility:** MCRP Performance Based Grant
- Grantee:** North Flint Reinvestment Corporation or a Related Entity
- Total Capital Investment:** Currently estimated at \$7,052,253
- MSF Eligible Investment:** Currently estimated at \$5,191,438
- Minimum Eligible Investment:** Currently estimated at \$4,153,150
- MSF Grant Amount:** Up to the lesser of 25% of “Eligible Investment” or \$1,250,000.
- Other Conditions:** The MSF’s investment will be contingent upon the following:
- Receipt of a Financial Project Budget
  - Receipt of Construction Documents, including “Guaranteed Maximum Price” Construction Contract
  - Final Projections
  - MSF Fund Manager signoff on the Disbursing Agent and the Development Team’s Project Manager

**Summary of Development Sources:**

Bank Share	\$	600,000	8.51%
LISC Share	\$	400,000	5.67%
MSF Grant	\$	1,250,000	17.72%
NMTC “B Note”	\$	1,522,500	21.59%
Deferred Developer Fees	\$	241,742	3.43%
Ruth Mott Foundation + CDBG	\$	680,000	9.64%
Various Other Grants	\$	1,898,011	26.91%
Developer Equity	\$	460,000	6.53%
<b>TOTAL</b>	<b>\$</b>	<b>7,052,253</b>	<b>100.00%</b>

**Summary of Development Uses:**

Acquisition	\$	295,000
Hard Construction Costs	\$	3,979,500
Eligible Soft Costs	\$	1,211,938
Other	\$	1,565,815
<b>TOTAL</b>	<b>\$</b>	<b>7,052,253</b>

**Applicant History**

The North Flint Reinvestment Corporation (NFRC) was founded and is led by Dr. Reginald Flynn, President and Chief Executive Officer. Dr. Flynn is founder of Eagle's Nest Academy, a K-6 public charter school in North Flint. NFRC led a \$1,500,000 building renovation of Eagle's Nest Academy in 2015. NFRC also oversees and manages operations and facilities at Eagle's Nest Early Learning Center, Great Lakes Baptist Technology Center, and the Foss Avenue Baptist Church Education Center. NFRC served as the owner's representative during all three building renovations totaling \$2,500,000. Currently, NFRC acts as the project manager and real estate developer of the proposed North Flint Food Market, a 21,225 square foot, full-service retail grocery store structured as a resident-driven, community-owned food cooperative in North Flint, an area designated by the USDA as a food desert. NFRC has not received previous incentives from the Michigan Strategic Fund (MSF). A background check has been completed in accordance with the MSF Background Review Policy, and the project may proceed for MSF consideration.

**Appendix A** includes a project map and renderings and **Appendix B** addresses the programmatic requirements.

**Recommendation**

MEDC staff recommends approval of a MCRP performance-based grant in the amount of up to \$1,250,000 for North Flint Reinvestment or a Related Entity.

**APPENDIX A – Project Map and Renderings**





## APPENDIX B – Programmatic Requirements

### MCRP Program and Guidelines

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on October 27, 2020, the MSF Board approved its restated program guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan. It is the role of the MEDC staff to review for eligibility, completeness, and adherence to the program, the information provided by the applicant and to manage the MSF's investment. As required under the MCRP, all statutory criteria for the project have been considered when making the recommendations in this memo. The project meets the MCRP Guidelines, and a financial review has been completed.

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

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

This project is a priority for the City of Flint because it is reactivating a vacant functionally obsolete building and creating a much-needed grocery store that is otherwise not available in the vicinity. As noted by the development team, the City of Flint has suffered greatly over the past years from chronic disinvestment, to the departure of living-wage employers and regional supermarket operators, to the devastating effects of the Flint Water Crisis, greatly impacting children and families who continue to confront long-term health issues after sustained lead exposure. Establishing a grocery store at this location meets the need for reliable access to fresh foods for people in this community, specifically, as produce has been shown to mitigate health consequences of high-lead levels in the water supply. A cooperative ownership model gives residents and supporters an opportunity to invest in their neighborhood while reducing the risk of past regional chain departures that have perpetuated the health crisis in the documented food desert of North Flint.

The project aligns with a number of the City's priorities and goals noted in their Master Plan [Imagine Flint *Master Plan for a Sustainable Flint* • Adopted October 28, 2013].

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

Flint and Genesee County residents and surrounding businesses will all be greatly impacted by the project that will renovate and reactivate the vacant, functionally obsolete building. The project has the potential to catalyze additional revitalization efforts throughout the commercial corridor and beyond.

The addition of the grocery store will add a much-needed commodity and create more jobs and foot traffic in the area. The project will increase confidence in the local economy, eliminate the "food desert" status and will encourage other property investors and owners to undertake renovation projects.

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

The City of Flint has approved \$200,000 in Community Development Block Grant (CDBG) funds for the project.

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

A financing gap exists due to the high costs of construction when compared to the low property values, the non-profit nature of the development and traditional limited revenues generated by grocery stores. This constrains the total debt the project can support. Additionally, the development team is looking to keep the debt on the project low to help ensure the store will be a long-term valued asset to the community. The project has received a commitment for senior financing from ELGA Credit Union totaling \$600,000 and has worked with LISC to access an additional \$400,000. The project is also receiving an allocation of New Market Tax Credits (NMTC's) that are estimated to generate approximately \$1,500,000 of proceeds for the project. Approximately, \$460,000 or 6.5% of the total development cost is equity being contributed to the project in the form of cash and the value of the property. This is below the typical 10% that is required for projects of this nature. Staff is comfortable with this deviation due to the not-for-profit nature of the development team and the excellent job the team has done of securing local resources to support the development and operations of the grocery store. The project has received significant financial contributions from many local partners including; City of Flint CDBG Grant (\$200,000); Ruth Mott Foundation Grant (\$480,000); Community Foundation of Greater Flint Grant (\$550,000); CS Mott Foundation Grant (\$500,000); and Healthy Food Financing Initiative (HFFI) Grant (\$200,000). The project is projected to achieve a modest owner rate of return of 4.9%.

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

The North Flint Food Market development project reuses and repurposes a large functionally obsolete, and vacant building. The project will transform the building property into a newly rehabilitated grocery store development.

**F. Creation of jobs:**

The project is expected to create an estimated 27 permanent full-time equivalent jobs from retail and office tenants with an average hourly wage of \$13.52. These new jobs will also provide new customers to multiple area businesses.

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

The project has received significant local community contributions and financial support for the project. These include senior financing from ELGA Credit Union totaling \$600,000, and with Local Initiatives Support Corporation (LISC) to access an additional \$400,000 in financing. The project is also receiving an allocation of NMTC with an estimated investment of \$500,000. The project has also received significant financial contributions from many local partners including: City of Flint CDBG Grant (\$200,000); Ruth Mott Foundation Grant (\$680,000); Community Foundation of Greater Flint Grant (\$550,000); CS Mott Foundation Grant (\$500,000); and Healthy Food Financing Initiative (HFFI) Grant (\$200,000).

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

The project will carry limited amount of debt. Additionally, the development team has raised significant amount of funding to support the operations of the grocery store. Staff believes the project to be financially viable due the limited debt and other funding raised to support operations.



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

This is a rehabilitation project of an existing building. There will be no physical change in density. However, the reuse of the existing building will increase foot traffic to the area, and the number of people working in the area.

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

The North Flint Food Market project will add a new co-op grocery store to the commercial corridor. It promotes walkable communities by filling in long-vacant space, which will drive additional foot-traffic to the area. The project will address the food desert currently being experienced on the north end of Flint.

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

This project does not include an abandoned public building.

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

The project includes adaptive reuse of a vacant, functionally obsolete building. The grocery store will be furnished with energy efficient lighting and equipment that seeks to minimize use of electricity and water.

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

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

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

The project addresses the community's area-wide redevelopment goals by providing a grocery store, at the north end of Flint. The addition of the grocery store will add a much-needed commodity for Flint residents and create more jobs and foot traffic in the area. This project will increase confidence in the local economy, eliminate the "food desert" status, and will encourage other property investors and owners to undertake renovation projects.

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

There are no grocery stores located in the vicinity of the project, and the area is currently classified as a "food desert". Convenience stores and fast-food outlets have become the most accessible retail options for North Flint residents, as opposed to freshly prepared meats and produce from a grocery store. This imbalance is a dire situation for Flint residents, as studies show that nutritious food, especially those containing iron, calcium and Vitamin C can mitigate the detrimental effects of lead poisoning.

The addition of a grocery store will eliminate the "food desert" status and add a much-needed commodity to the community. The grocery store will make a significant economic and health difference in the lives of residents by eradicating the food desert in northern Flint. The grocery store will provide a walkable, central location for the residential population to access fresh vegetables, meat and packaged foods.

The City of Flint Master Plan notes the City should work to ensure that all neighborhoods are served by quality retailers, particularly as it relates to grocery stores (Ch 9. Economic Development & Education Implementation). The Master Plan also notes the challenges of understanding the grocery store market conditions and makes recommendations about working with grocery store developers to educate them on the importance of siting new stores.

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

A Phase I environmental investigation report was completed for the property and found no Recognized Environmental Concerns.

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

The project does not include a historic resource.

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

The project will add a new urban grocery store to the area and is not anticipated to compete with or affect existing Michigan businesses within the same industry.

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

No additional criterial needs to be considered.

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2021-101**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM  
GRANT AWARD TO NORTH FLINT REINVESTMENT CORPORATION OR A RELATED ENTITY  
(NORTH FLINT FOOD MARKET 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 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**, North Flint Reinvestment Corporation (“Company”) has requested a Michigan Community Revitalization Program Performance-Based Grant of up to \$1,250,000 (“Award Request”), along with other general terms and conditions;

**WHEREAS**, the MEDC has recommended that the MSF approve the Company’s Award Request subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 120 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 30 days (“MCRP Award Recommendation”); and

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

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, September Hargrove, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
July 27, 2021



## MEMORANDUM

**Date:** July 27, 2021

**To:** Michigan Strategic Fund Board

**From:** Daniel Leonard, Senior Community Assistance Specialist  
Julius L. Edwards, Senior Commercial Real Estate Investment Manager  
Jake Winder, Senior Program Specialist

**Subject:** Request for Approval of a Michigan Community Revitalization Program (MCRP)  
Other Economic Assistance-Equity Investment and a Request for Approval of an Act  
381 Work Plan  
Sawmill Lofts, LLC and County of Crawford Brownfield Redevelopment  
Authority (BRA) – Sawmill Lofts Project

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### Project Summary

The request will support a community development project located in the City of Grayling that will demolish two vacant buildings and construct a new five-story mixed-use development. The new building will be approximately 38,623 square feet and will include 42 residential rental apartments and approximately 3,112 square feet of commercial space on the first floor, representing \$11,197,143 in total capital investment.

In 2016, the MSF financially supported a new particle board manufacturing plant for Arauco North America. This corporation committed to creating over 150 new jobs for the area. Even prior to 2016, no new housing construction had taken place to accommodate the increased market demand that Munson Health Systems, Springs Manufacturing, and Warehouse Manufacturing had brought to the region. The effort to assemble multiple properties, seek out private development teams and financially support new construction in downtown Grayling was initially put in motion to accommodate the business community and attract and retain talent.

In 2017, the City of Grayling earned its certification through the MEDC's Redevelopment Ready Community Program and was able to access assistance from the MEDC's Redevelopment Services Team, who work closely with local staff to identify and prioritize potential redevelopment sites throughout their traditional downtown. After significant public input and community buy-in, individual property owners were sought out proactively to understand their needs and to determine if the city's selected top redevelopment site should be marketed as the location for a new high-density, mixed-use development project. After initial due diligence with the landowners, field staff assisted the community in promoting the financial potential of the site and the positive impacts a new project could have on the City of Grayling and Crawford County in general.

In total the new building will encompass approximately 38,623 square feet with a mix of residential unit sizes ranging from studios, one- and two-bedroom units. Overall, the project will create units targeting 80% area median income residents with rents at \$820 for a one-bedroom and \$1,000 for a two-bedroom unit with an average of \$1.43 per square foot. Commercial rents are projected at approximately \$12.45 per square foot. Tenants for the commercial space have yet to be secured. Surrounding the site, the development

team will also improve roughly 4,825 square feet of public space through proposed new sidewalks and improved streetscape features. General project costs for the entirety of the development are roughly \$290 per square foot, which is consistent with other deals supported by the MEDC in northern Michigan.

A financing gap exists due to the cost of construction relative to anticipated rents that can be achieved in the market. The community is leveraging every resource possible, (local brownfield TIF, a neighborhood enterprise zone tax exemption) and the development team is bringing roughly 16% in equity. Additionally, the project has secured an EGLE grant of \$1,000,000. Despite this, the project is not projected to be able achieve a positive return from operations. It is anticipated that returns on the project and repayment of the MSF investment will be heavily dependent upon a sale or refinancing of the project. Without the inclusion of MCC and significant MSF support, it is doubtful that this project would be possible.

### **Request**

Sawmill Lofts, LLC (“Applicant”) is requesting a MCRP Performance-Based Other Economic Assistance-Equity Investment award in the amount of \$4,400,000 and the Crawford County Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including state tax capture in the amount of \$527,123 to reimburse for MSF eligible activities. The Applicant anticipates that the project will result in a total capital investment in the amount of \$11,197,143.

### **Program Summary**

The request for MCRP and Brownfield support is consistent with program requirements as the property’s construction plan will create a new mixed-use, zero lot-line building which will add residential density and new taxable value to the City of Grayling. The project qualifies for the MCRP and Brownfield Act 381 programs because the properties are facilities. The project is consistent with the MEDC strategic plan through the creation of attractive space as well as promoting the attraction of new talent to the region. With this site being identified locally as the top redevelopment priority for the community, this project aligns with the goals of not only the RRC program, but also the objectives of the community development department within the MEDC. Overall, this type of proactive redevelopment effort is exactly what the redevelopment service team strives toward accomplishing. This project will serve rural communities and the northern Michigan regions as an example of how to transform challenging underutilized real estate into an asset that accommodates the needs of its business and social environment’s needs.

### **Local Support**

Local support for the project includes the local portion of the Brownfield TIF estimated at \$756,266, as well as a Neighborhood Enterprise Zone tax abatement for 15 years with an estimated value of \$955,027. Additionally, the city donated an adjacent parcel of property to accommodate the parking needs of future residential and commercial tenants. The City of Grayling is certified with the MEDC’s Redevelopment Ready Communities (RRC) program. The project is located in a Michigan Geographically Disadvantaged Business Location.

### **Financing Opportunity**

The Applicant has requested an MCRP Performance-Based Other Economic Assistance Equity Investment Award of up to \$4,400,000 to complete the redevelopment of the property. The development has secured a \$3,700,000 loan from IFF with a favorable amortization period of 35 years. MCC will provide all construction completion and loan guarantees. Additionally, they have secured a \$1,000,000 grant from EGLE. Lastly, the development team is contributing over 16% of the total development cost in equity. It is anticipated that disbursements to the project will follow contribution of 100% of the equity being provided by the Applicant. Below outlines a summary of the development sources and the proposed structure of the MSF equity investment. The award is being proposed as an equity investment in order to provide financial

flexibility and sustainability to the project. The proposed award for the project will allow the developer to bring this difficult to develop but economically critical site back to active use to further the prosperity of the region and support significant business activity that has recently taken place.

### **EQUITY INVESTMENT AWARD TERMS**

<b>MSF Facility:</b>	MCRP Performance-Based Other Economic Assistance-Equity Investment
<b>Applicant:</b>	Sawmill Lofts, LLC or a Related Entity (“Investor”)
<b>Investor’s Equity Amount:</b>	Owner equity contributions of not less than \$1,797,143 (“Investor Equity”)
<b>MSF Investment Amount:</b>	Up to the lesser of \$4,400,000 or 46% of “Eligible Investment” (“MSF Equity”). Staff is requesting the MSF Fund Manager be given authority to negotiate the final terms of the equity investment. All terms may be subject to senior lender consent.
<b>MSF Fees:</b>	The MSF shall be paid a one-time fee equal to one percent of the MSF’s Award amount. Additionally, the development team will be responsible for all third-party costs incurred by the MEDC/MSF in closing the transaction.
<b>Interest Purchased:</b>	MSF will acquire an equity interest in Sawmill Lofts, LLC or a Related Entity to be determined. The MSF will provide no guarantees on debt or accept any recourse obligation.
<b>“Put” Rights:</b>	The MSF will receive a “Put” right for among other things failure to adhere to MSF statutory requirements. If exercised, Sawmill Lofts, LLC or a Related Entity to be determined shall repay in full the entire contribution provided to the LLC or Related Entity to be determined and any earned but unpaid profits available at the time of the notice to exercise the “Put” on terms and conditions acceptable to the MSF. The owners of the project will be required to guarantee the “Put” right obligation.
<b>MSF “Exit” Option:</b>	MSF will have the option to exit the project after 360 months following disbursement of its proceeds. At time of exit the MSF would be due any remaining unpaid returns and principal.
<b>Investors “Call” Option:</b>	Following construction completion the Investors will have the option to call the MSF’s ownership interest for 240 months at a value equal to the greater of any accrued and unpaid returns plus the MSF’s original principal investment or an amount necessary to assure a 5% IRR to the MSF.
<b>Net Cash Flows:</b>	To be determined at a later date, that will include the following considerations: <ol style="list-style-type: none"><li>1. Senior debt service requirements.</li><li>2. Annual escrowed replacement reserves.</li></ol>

3. Capital expenditures above and beyond what has been escrowed for replacement reserves.
4. Repayment of deferred developer fees.
5. Other restrictions placed on the property by the Senior Lender.

**Split of Net Cash Flows:** A 50/50 split of remaining net cash flow with 50% going to the MSF and 50% going to the Investor.

**Split of Proceeds from Sale or Refinance:** A 50/50 split of remaining net cash flow with 50% going to the MSF and 50% going to the Investor.

**Membership Change:** The MSF will have certain rights to block or consent to any material change in the membership of the project owner entity, except with respect to changes made for estate planning purposes.

**Sale/Liquidation:** The MSF will have certain rights to block or consent to any material liquidation or sale event (e.g., sale to a non-qualified third party).

**Timing of Funding:** The MSF investment would be made after (a) all of the Investors' Equity has been contributed to and used to fund approved and budgeted for Project expenses and (b) the Senior Lender has either approved or waived all conditions precedent to funding (but for any conditions or obligations required of the Fund to make the Investment). For the avoidance of doubt, the MSF investment will be funded prior to the Senior Lender advancing any amounts under its loan.

**Deferred Developer Fees:** The developer fees of \$300,000 will be deferred until such time that the project is producing cash flow in excess of that required for priority debt and other operating obligations.

**Reserves:** It is anticipated that the project will have approximately \$1,000,000 in operating, replacement, interest, and lease up reserves, and contingencies.

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

- Receipt of final construction documents, including a "Guaranteed Maximum Price" construction contract
- Minimum \$1,797,000 owner equity investment
- Receipt of final development budget

**Summary of Development Sources:**

IFF Loan	\$	3,700,000	33.04%
MSF Share	\$	4,400,000	39.30%
EGL Grant	\$	1,000,000	8.93%
Deferred Development Fees	\$	300,000	2.68%
Developer Equity	\$	1,797,143	16.05%
<b>TOTAL</b>	<b>\$</b>	<b>11,197,143</b>	<b>100.00%</b>

**Summary of Development Uses:**

Acquisition	\$	389,011
Hard Construction Costs	\$	9,231,220
Eligible Soft Costs	\$	505,000
Other	\$	1,071,912
<b>TOTAL</b>	<b>\$</b>	<b>11,197,143</b>

**Tax Capture Summary**

In order to alleviate brownfield conditions and prepare the site for redevelopment, the County of Crawford approved a Brownfield Plan on January 8, 2018, and approved an amendment to that Brownfield Plan on July 8, 2020 and the City of Grayling, a Qualified Local Governmental Unit, concurred on August 10, 2020. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on May 14, 2021.

There are 57.7707 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24.0000 mills (41.54%) and local millage equaling 33.7707 mills (58.46%). Tax increment capture will begin in 2022 and is estimated to continue for 21 years. The state tax capture is recommended to be capped at \$527,123, which is the amount of tax increment revenue anticipated to be generated in 21 years. Total MSF eligible activities are estimated at \$1,283,389. The MSF ratio breaks down as follows and takes into account the impact of the Neighborhood Enterprise Zone tax abatement:

State tax capture	(41.07%)	\$	527,123
Local tax capture	(58.93%)	\$	756,266
<b>TOTAL</b>		<b>\$</b>	<b>1,283,389</b>

**Cost of MSF Eligible Activities**

Lead, Asbestos, or Mold Abatement	\$	3,000
Infrastructure Improvements		142,140
Site Preparation	+	571,168
Sub-Total	\$	716,308
Contingency (15%)	+	106,996
Sub-Total	\$	823,304
Interest (5%)	+	425,305
Sub-Total	\$	1,248,609
Brownfield/Work Plan Preparation	+	20,680
Brownfield/Work Plan Implementation	+	14,100
<b>TOTAL</b>	<b>\$</b>	<b>1,283,389</b>

In addition, the project is requesting \$9,463 in TIF from EGLE to assist with environmental eligible activities.

**Applicant History**

Sawmill Lofts, LLC is a single purpose entity formed for this project and led by Michigan Community Capital, (MCC). MCC is a private non-profit corporation, a public charity (501c3), and gets its non-profit status because it is a supporting organization to the MEDC and MSHDA. It was founded as the Michigan Magnet Fund in 2004-2005 to attract federal New Market Tax Credits (“NMTC”). MCC has secured a total of \$255 million in New Market Tax Credit (NMTC) authority that have been used to support projects exclusively in Michigan, many in conjunction with the MEDC. Some of these projects include: the Book Cadillac in Detroit, Lofts on Ludington in Escanaba, Verso Paper in Quinnesec and the Allen Neighborhood



Center in Lansing. MCC has also been awarded \$22,500,000 in a MSF Activity 1% interest Workforce Housing Loan. This has been used across 7 projects in Detroit, Cadillac, Mount Pleasant, Grand Rapids, Lansing and Traverse City to create 300 housing rental units, of which 218 will be income restricted to 80% AMI households. In addition, MCC has partnered with the MEDC and MSF on several important catalytic downtown projects which included, Bridge Street Lofts in Grand Rapids, Cadillac Lofts in Cadillac and the Temple Redevelopment in Lansing. MCC has provided capital to projects totaling \$742,508,172 in combined investment, 100% within the state of Michigan. MCC has supported no less than 672 units of multi-family housing, nearly all in a mixed-use, mixed-income context. MCC has also redeveloped or constructed over 161,000 square feet of retail, commercial, and light industrial space across the state. A background check has been completed in accordance with the MSF Background Review Policy, and the project may proceed for MSF consideration.

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

### **Recommendation**

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

- a) State tax capture for the Act 381 eligible activities capped at \$527,123, utilizing the current state to local capture ratio.
- b) A MCRP Performance-Based Other Economic Assistance Equity Investment Award in the amount of up to \$4,400,000 for Sawmill Lofts, LLC on terms and conditions outlined in Exhibit A found in the resolution.

### APPENDIX A – Project Map and Renderings





## APPENDIX B – Programmatic Requirements

### MCRP Program and Guidelines

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on October 27, 2020, the MSF Board approved its restated program guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan. It is the role of the MEDC staff to review for eligibility, completeness, and adherence to the program, the information provided by the applicant and to manage the MSF's investment. As required under the MCRP, all statutory criteria for the project have been considered when making the recommendations in this memo. The project meets the MCRP Guidelines, and a financial review has been completed.

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

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

The project is in alignment with the goals and objectives of the City of Grayling's master plan and DDA plan given the increased taxable value of the site and introduction of new residential rental units to downtown.

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

This project will act as a catalyst for additional revitalization as Grayling's residential rental market is significantly suppressed and once this asset financially stabilizes it will serve as a commercially viable property allowing further confidence in the market for traditional lenders.

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

The City of Grayling is supporting the project with a Neighborhood Enterprise Zone tax abatement for 15 years with an estimated value of \$955,027, as well as through their donation of an adjacent property to support on-site parking demands of the site. The Crawford County BRA is also supporting the project through the local portion of the Brownfield Act 381 work plan estimated at \$756,266.

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

A financing gap exists due to the cost of construction relative to anticipated rents that can be achieved in the market. The community is leveraging every resource possible, (local brownfield TIF, a Neighborhood Enterprise Zone tax exemption) and the development team is bringing roughly 16% in equity. Additionally, the project has secured an EGLE grant of \$1,000,000. Despite this, the project is not projected to be able achieve a positive return from operations. It is anticipated that returns on the project and repayment of the MSF investment will be heavily dependent upon a sale or refinancing of the project. Without the inclusion of MCC and significant MSF support, it is doubtful that this project would be possible.

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

The current single-story buildings located on-site will be demolished, contaminated elements of the soils remediated, and overall blighted conditions of the site will be eliminated to prep for the new five-story mixed-use building to be constructed.

**F. Creation of jobs:**

The project is anticipated to result in the creation of three full-time equivalent jobs with an average wage of \$15.00/hour.

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

The project is being financed in part by a senior loan from IFF for \$3,700,000 or 33% of total development costs. The development team has also secured a \$1,000,000 EGLE grant or approximately 9% of total development costs. They have also deferred the \$300,000 in developer fees which accounts for almost 3% of total development costs. Staff is proposing to fill the remaining \$4,400,000 gap with an MSF Equity Investment.

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

It is anticipated that upon reaching stabilized occupancy the project will be able to achieve an average debt service coverage ratio of above 1.50 to 1.00. Additionally, the MSF investment has been structured as an equity investment in order to provide more financial flexibility to the project.

The residential rental rate structure is above what is currently being achieved in the market, but there are no comparable developments in the area as there has been no new residential rental stock constructed in the past 10 years. Staff is comfortable with the rental structure due to the demand for housing in the area and anticipate there may be some upside potential above what has been projected.

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

This project will add both residential and commercial density to the area with approximately 3,112 square feet of new commercial space and 42 new residential rental units to downtown Grayling.

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

This project is a mixed-use, multi-story building to be located strategically in the heart of downtown Grayling. This building will add walkability to local merchants and restaurants for residents and commercial tenants alike.

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

The properties were privately held, however, the public parking lot will be converted to a private lot to accommodate the parking needs of the tenants of the building.

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

The proposed new building is a sustainable development as it will be constructed of primarily brick and steel components and with interior mechanical components that incorporate energy efficiency building materials, heating, and cooling elements to maintain a long-standing quality asset for the City of Grayling.

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

This project does not include a historic resource.

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

The Sawmill Lofts project will provide a new set of housing options to both existing and new residents to the area. The design of the development will increase the walkability of the area by including almost 5,000 square feet of sidewalk and streetscape improvements. This project will

also benefit the need for housing that has been present since before the Arauco North America project.

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

This project is located in a geographically disadvantaged area in the state. The City of Grayling has not had a new mixed-use building built within the downtown for over twenty years. The addition of over 3,000 square feet of whitebox commercial space will also increase retail activity in this area of the downtown. Construction of a five-story building in a generally vacant area of downtown with new residential rental units in an area that has limited housing, will directly accommodate the community and business needs of the region, which has a significant demand for housing.

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

A Phase II ESA was completed in May 2017 which identified the presence of tetrachloroethylene in soils and groundwater in concentrations above the GCC for drinking water protection and vapor intrusion screening levels, Xylene and naphthalen in soils above VISL and mercury in soils above Groundwater Surface Water Interface Protection. There is a suspected underground storage tank on the property which was used for heating oil and is not regulated under part 211. The conditions will be addressed through proper disposal of soils at a licensed waste facility as well as the design and implementation of a vapor mitigation system to maintain acceptable levels of air quality for residents of the building. Groundwater will be treated prior to disposal.

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

This project does not involve a historic resource.

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

This project will not compete with any existing business or development project within the City of Grayling or region.

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

There are no additional criteria associated with the project.

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

**A. Area of High Unemployment:**

The Crawford County unadjusted jobless rate was 6.3% in April 2021. This compares to the statewide seasonally adjusted average of 5.0% in April 2021.

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

The implementation of this project will eliminate three underutilized properties of which are considered a facility per EGLE and improve the site with a new five-story mixed-use building. The project is not qualifying as functionally obsolete or blighted.

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

No new Brownfields will be created by this project.

### APPENDIX C - Organizational Chart

**Sawmill Lofts, LLC Organizational Structure**

**Sawmill Lofts, LLC EIN: 83-2743933**

Sawmill Lofts, LLC Manager: Eric Christopher Hanna

<b>Member</b>		<b>Ownership Interest</b>	<b>EIN</b>	<b>State of Organization</b>
<b>Member/Company name and manager</b>		<b>100.00%</b>	xx-xxxxx	Michigan
Michigan Community Capital	100.00%	<b>100%</b>	33-1068719	Michigan

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2021-102**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM  
OTHER ECONOMIC ASSISTANCE - EQUITY INVESTMENT AWARD TO  
SAWMILL LOFTS, LLC  
(SAWMILL LOFTS 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 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**, Sawmill Lofts, LLC (“Company”) has requested an Other Economic Assistance Equity Investment Award of up to \$4,400,000 (“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 Company’s Award Request in accordance with the Term Sheet, subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 240 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 120 days (“MCRP Award Recommendation”); and

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

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, September Hargrove, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
July 27, 2021



## EXHIBIT A

### “Term Sheet”

#### EQUITY INVESTMENT AWARD TERMS

<b>MSF Facility:</b>	MCRP Performance-Based Other Economic Assistance Equity Investment
<b>Applicant:</b>	Sawmill Lofts, LLC or a Related Entity (“Investor”)
<b>Investor’s Equity Amount:</b>	Owner equity contributions of not less than \$1,797,143 (“Investor Equity”)
<b>MSF Investment Amount:</b>	Up to the lesser of \$4,400,000 or 46% of “Eligible Investment” (“MSF Equity”). Staff is requesting the MSF Fund Manager be given authority to negotiate the final terms of the equity investment. All terms may be subject to senior lender consent.
<b>MSF Fees:</b>	The MSF shall be paid a one-time fee equal to one percent of the MSF’s Award amount. Additionally, the development team will be responsible for all third-party costs incurred by the MEDC/MSF in closing the transaction.
<b>Interest Purchased:</b>	MSF will acquire an equity interest in Sawmill Lofts, LLC or an entity to be determined. The MSF will provide no guarantees on debt or accept any recourse obligation.
<b>“Put” Rights:</b>	The MSF will receive a “Put” right for among other things failure to adhere to MSF statutory requirements. If exercised, Sawmill Lofts, LLC or another entity to be determined shall repay in full the entire contribution provided to the partnership and any earned but unpaid profits available at the time of the notice to exercise the “Put” on terms and conditions acceptable to the MSF. The owners of the project will be required to guarantee the “Put” right obligation.
<b>MSF “Exit” Option:</b>	MSF will have the option to exit the project after 360 months following disbursement of its proceeds. At time of exit the MSF would be due any remaining unpaid returns and principal.
<b>Investors “Call” Option:</b>	Following construction completion the Investors will have the option to call the MSF’s ownership interest for 240 months at a value equal to the greater of any accrued and unpaid returns plus the MSF’s original principal investment or an amount necessary to assure a 5% IRR to the MSF.
<b>Net Cash Flows:</b>	To be determined at a later date, that will include the following considerations: <ol style="list-style-type: none"><li>1. Senior debt service requirements.</li><li>2. Annual escrowed replacement reserves.</li><li>3. Capital expenditures above and beyond what has been escrowed for replacement reserves.</li><li>4. Repayment of deferred developer fees.</li><li>5. Other restrictions placed on the property by the Senior Lender.</li></ol>
<b>Split of Net Cash Flows:</b>	A 50/50 split of remaining net cash flow with 50% going to the MSF and 50% going to the Investor.

**Split of Proceeds from Sale or Refinance:**

A 50/50 split of remaining net cash flow with 50% going to the MSF and 50% going to the Investor.

**Membership Change:**

The MSF will have certain rights to block or consent to any material change in the membership of the project owner entity, except with respect to changes made for estate planning purposes.

**Sale/Liquidation:**

The MSF will have certain rights to block or consent to any material liquidation or sale event (e.g., sale to a non-qualified third party).

**Timing of Funding:**

The MSF investment would be made after (a) all of the Investors' Equity has been contributed to and used to fund approved and budgeted for Project expenses and (b) the Senior Lender has either approved or waived all conditions precedent to funding (but for any conditions or obligations required of the Fund to make the Investment). For the avoidance of doubt, the MSF investment will be funded prior to the Senior Lender advancing any amounts under its loan.

**Other Conditions:**

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

- Receipt of final construction documents, including a "Guaranteed Maximum Price" construction contract
- Minimum \$1,797,000 owner equity investment
- Receipt of final development budget

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2021-103**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN  
COUNTY OF CRAWFORD BROWNFIELD REDEVELOPMENT AUTHORITY  
SAWMILL LOFTS**

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

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

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

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

**WHEREAS**, the County of Crawford Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 102 & 104 E. Michigan Avenue and 112 Burton Court, within the City of Grayling, known as Sawmill Lofts (the “Project”);

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

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

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

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 41.07% to 58.93% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, lead, asbestos, or mold abatement and infrastructure improvements as presented in the Work Plan dated June 8, 2021. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of

taxes levied for school operating purposes is based on costs of MSF eligible activities with a maximum \$823,304 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$425,305 in interest, a maximum of \$20,680 for Brownfield/Work Plan preparation, and a maximum of \$14,100 for Brownfield/Work Plan implementation, and with the total capture of state school taxes capped at a maximum of \$527,123.

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

**BE IT FURTHER RESOLVED**, that the MSF Board is authorizing the capture of taxes levied for school operating purposes for the payment of interest, up to a maximum of \$425,305 related to the eligible activities for the Project.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, September Hargrove, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
July 27, 2021



## MEMORANDUM

**Date:** July 27, 2021

**To:** Michigan Strategic Fund Board

**From:** Dominic Romano, Community Assistance Team Specialist  
Julius Edwards, Senior Commercial Real Estate Investment Manager  
Rob Garza, Manager, Statutory Analysis

**Subject:** Request for Approval of an Act 381 Work Plan  
City of Southfield Brownfield Redevelopment Authority (BRA)  
The Former Northland Mall Redevelopment Project

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### Project Summary

The request will support a community development project located in the City of Southfield that will partially demolish a retail mall site for redevelopment with additional new construction of a city market and new mixed-use buildings, representing \$402,513,050 in total capital investment. The project includes the rehabilitation and reactivation of a portion of Northland Mall and new construction of 14 additional buildings throughout the 115-acre site which will fill in much of the former massive parking lot and bring the concentrated development closer to Greenfield Road. The project will provide workforce housing throughout the development and nine of these buildings will have a commercial component on the ground floor, giving Northland residents convenience of nearby necessities like coffee, a meal, or other goods and services.

The J.L. Hudson Co. store, once the largest branch department store in the world, will be returned to use as the Hudson City Market, a 530,406 square foot vibrant food-and-goods marketplace, filled with dining and entertainment options oriented around a central atrium. The project's total square footage is 3,062,532 which includes residential, commercial and common space as follows:

- 1,546 total residential units over approximately 1,950,357 square feet including 254 loft-style apartments adjacent to the market and 1,292 units in the 14 new buildings. One-bedroom units will range from 720-1200 square feet at \$1.75-\$1.86 per square foot rental rates, while two-bedroom units will range from 1,260-1,440 square feet at \$1.49-\$1.58 rates. These units fall naturally within the 80-100% AMI range for Oakland County.
- commercial uses including the market will span over 674,928 square feet across the site with rental rates ranging from \$22.00 - \$24.00 per square foot.
- 437,247 square feet of common space.

The total construction cost per square foot is anticipated to be at \$176.21 which is less than current pricing in the surrounding market.

The project will also include 1,369,867 square feet of public improvements, which consist of sidewalks, drives, curbs & gutters, streetlights, water main, sanitary mains, stormwater pipes and the improvement of JL Hudson Drive as appropriate for the project.

A financing challenge exists as private lending has been maximized and the owner equity contribution into the deal to complete construction is approximately 18.0%. Without the tax increment financing reimbursement for eligible activities, returns would decrease, and the project would no longer be feasible. Although the debt service coverage ratio sits at 1.90 to 1.00 and the internal rate of return at 14.3% (8.8% without brownfield TIF), staff is comfortable with the anticipated returns due to the risk associated with a transaction of this size and scope of the proposed redevelopment. The project will convert a significant amount of vacant, functionally obsolete or contaminated properties into a dense, residential & mixed-use development, strengthening the DDA district and promoting more walkability in the community. Activating the space will return the currently vacant properties to tax-generating assets that will ultimately strengthen the resiliency of the community.

### **Request**

The City of Southfield Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including state tax capture in the amount of \$26,030,697 to reimburse for MSF eligible activities. The Applicant anticipates that the project will result in a total capital investment in the amount of \$402,513,050.

### **Program Summary**

The request for Brownfield support is consistent with program requirements because it redevelops a vacant brownfield property, has multiple public benefits and is not financially feasible without the requested support. The project qualifies for the Brownfield Act 381 program because the property qualifies as both functionally obsolete and as a facility. The project is consistent with the MEDC Strategic Plan because the project will attract talent through innovative placemaking and it supports Community Development objectives by creating more residential and commercial density in the city's downtown development authority district. Southfield is a certified Redevelopment Ready Community whose priority Redevelopment Ready Site is the Northland Mall location. The project also meets local objectives by providing needed residential and commercial space, walkability to the site, public infrastructure improvements, and the activation of underperforming city-owned property into a tax generating, newly improved place.

### **Local Support**

Local support for the project includes a total commitment by the City of Southfield of approximately \$49,300,000 in direct support to the project. This consists of predevelopment activities totaling \$22,800,000 (acquisition costs, on-site related repairs, site security, planning activities, and infrastructure improvements surrounding the subject property); previously completed eligible activities totaling \$4,100,000; agreement to provide future funding for eligible activities completed by the Developer estimated at approximately \$20,100,000; and \$2,300,000 in future City eligible activity costs. In addition to the previously identified direct support, the City of Southfield is also contributing the local portion of the Work Plan valued at \$35,427,338. The City of Southfield is certified with the MEDC's Redevelopment Ready Communities (RRC) program. The project is also located in a Michigan Geographically Disadvantaged Business Location.

### **Tax Capture Summary**

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Southfield, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on June 14, 2021. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on June 3, 2021 or deemed functionally obsolete as verified by a Michigan Master Assessing Officer (MMAO) assessor on November 6, 2020.

There are 60.9087 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (39.40%) and local millage equaling 36.9087 mills (60.60%). Tax increment capture will begin in 2022 and is estimated to continue for 13 years. The state tax capture is recommended to be capped at \$26,030,697, which is the amount of tax increment revenue anticipated to be generated in 13 years. The DDA entered into an interlocal agreement with the BRA to allow capture of 85% of the increment on 28.3007 of the local millages and, as a result, the tax capture ratio is impacted and represented below. Staff is satisfied that the City of Southfield’s investment in infrastructure improvements not being reimbursed by TIF exceeds the amount of local capture retained by the DDA. Total MSF eligible activities are estimated at \$61,458,035. With the pass through of 15% of the local tax increment revenue to the DDA, the percentages of capture for MSF eligible activities breaks down as follows:

State tax capture	(42.36%)	\$ 26,030,697
Local tax capture	(57.64%)	\$ 35,427,338
<b>TOTAL</b>		<b>\$ 61,458,035</b>

**Cost of MSF Eligible Activities**

Demolition	\$	14,766,326
Lead and Asbestos Abatement		4,889,495
Infrastructure Improvements		24,968,169
Site Preparation	+	9,326,475
Sub-Total	\$	53,950,465
Contingency (15%)	+	7,477,570
Sub-Total	\$	61,428,035
Brownfield/Work Plan Preparation	+	15,000
Brownfield/Work Plan Implementation	+	15,000
<b>TOTAL</b>	<b>\$</b>	<b>61,458,035</b>

In addition, the project is requesting \$2,320,730 in TIF from EGLE to assist with environmental eligible activities.

**Applicant History**

Northland City Center, LLC (Contour Companies) is a Michigan-based multi-family and mixed-use developer with a complete suite of services inhouse which has constructed, renovated, managed, and maintained over 100,000 residential units within the Eastern United States. Neither the company nor its principals have received previous incentives from the Michigan Strategic Fund (MSF). A background check has been completed in accordance with the MSF Background Review Policy, and the project may proceed for MSF consideration.

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

**Recommendation**

MEDC staff recommends approval of state tax capture for the Act 381 eligible activities capped at \$26,030,697 utilizing the current state to local capture ratio.

### APPENDIX A – Project Map and Renderings







## APPENDIX B – Programmatic Requirements

### **Key Statutory Criteria**

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

**a) Overall Benefit to the Public:**

This development will increase urban density and address the demand for high quality commercial and residential space that the area currently lacks. In addition, it will create a high-quality area for the public to enjoy. The subject property has underperformed as a taxable interest in the City of Southfield for several years, and this will assist with restoring its productivity. Completion of this Project will bring additional investment and stabilization to the neighborhood and will promote a walkable community in Southfield. The project incorporates significant public infrastructure benefits that include construction of J.L. Hudson Drive, relocation of public utilities, installation of new public utilities, new street lighting, signage, hardscape, and traffic signalization. It is anticipated that the completion of the project will be a catalyst for additional redevelopment.

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

This project is expected to create approximately 500 new, full-time equivalent jobs in the multi-family property management and retail sectors with an average hourly wage of \$20.00.

**c) Area of High Unemployment:**

The City of Southfield unadjusted jobless rate was 5.1% in March 2021.

**d) Level and Extent of Contamination Alleviated:**

Selenium, Tetrachloroethylene, and Trichloroethylene among others were measured in the soil analysis as well as multiple contaminants in the groundwater, totaling 32 different agents at various levels. The subject property will be prepared to make it suitable for development, and appropriate environmental remediation activities will be performed to prevent exposure to materials hazardous to human health, safety, and the environment.

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

The functionally obsolete former J.L. Hudson department store will be reused. The project is not qualifying as blighted.

**f) Whether Project will Create a New Brownfield Property in the State:**

No new Brownfields will be created by this project.

**g) Whether the Project is Financially and Economically Sound:**

From the materials received, the MEDC infers that the project is financially and economically sound. The proposed rental structure is achievable based on the market information that is available. It is anticipated that offerings on this site will positively impact the project's ability to fill the commercial space. Additionally, the project is being developed by a team with significant development experience.

**h) Other Factors Considered:**

No additional factors need to be considered for this project.

### APPENDIX C - Organizational Chart

Northland City Center LLC Organizational Structure					
Northland City Center LLC EIN: 85-4183162					
Northland City Center LLC Manager: David Dedvukaj					
Member			Ownership Interest	EIN	State of Organization
<b>Member/Company name and manager</b>					
David Dedvukaj			80%		
Nora Prekelezaj			20%		
<b>Key Principals/Guarantors:</b>					
		<b>Amount of Guarantee</b>			
David Dedvukaj - Principal					
Nora Prekelezaj - Principal					
Contour Development - Guarantor		100%			

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2021-104**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN  
CITY OF SOUTHFIELD BROWNFIELD REDEVELOPMENT AUTHORITY  
THE FORMER NORTHLAND MALL REDEVELOPMENT PROJECT**

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

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

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

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

**WHEREAS**, the City of Southfield Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property located at 21500 and 21662 Northwestern Highway; J L Hudson Drive; 21500 and 21125 Greenfield Road within the City of Southfield, known as The Former Northland Mall Redevelopment (the “Project”);

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

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

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

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 42.36% to 57.64% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, lead, and asbestos abatement and infrastructure improvements as presented in the Work Plan dated June 4, 2021. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority

capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on costs of MSF eligible activities with a maximum of \$61,428,035 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 total capture of state school taxes capped at a maximum of \$26,030,697.

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

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, September Hargrove, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
July 27, 2021



## MEMORANDUM

**Date:** July 27, 2021

**To:** Michigan Strategic Fund Board

**From:** Dana Kollewehr, Community Assistance Team Specialist  
Lynda Franke, Underwriting and Incentive Structuring Specialist  
Lori LaPerriere, MCRP/Brownfield Program Specialist

**Subject:** Request for Approval of a Michigan Community Revitalization Program (MCRP)  
Grant  
GL Rentals, LLC – 238 E. Main

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### Project Summary

The request will support a community development project located in the City of Zeeland that will construct a new two-story, mixed-use building as an addition onto an existing building, essentially doubling the footprint and representing \$1,964,551 in total capital investment. The project is located on a .124-acre parcel in the core of downtown within walking distance to community amenities, schools and shopping and dining. Upon completion the 8,590 square foot new building will include 3,476 square feet of ground floor commercial office space (allowing for the expansion of an existing long-standing small business), 3,458 square feet of residential apartment space on the second floor and 1,656 square feet of common space. There will be six, market-rate, one-bedroom, one-bath units and the apartments will be marketed for \$875 per month which annually averages to \$1.52 per square foot. The total construction cost is approximately \$201 per square foot, which is similar to other construction projects in the region.

This project is the second phase of a two-phase project to redevelop two underutilized and vacant lots in downtown Zeeland. The first phase was successfully completed and has resulted in ground floor office space and three residential units on the second floor. The earlier phase of the project originally started in 2018 when a blighted property was demolished and cleared to make way for future development. The intent was to redevelop the property following the demolition, but the project experienced a series of delays outside of the applicant's control. In the interim the site was modestly improved with grass to ensure it was not an eyesore and, as a result, no longer qualified as blighted. The project is eligible for MCRP as "any other property" that will promote community revitalization.

A financing gap exists due to the limited revenue generated by the ground floor commercial space and market rate rents for downtown Zeeland versus the high cost of construction. As a result, projected cash flow available to cover the traditional debt is limited. With the proposed MSF grant award, the project will produce a break-even return on the second phase of less than 1% over 20 years and a DSCR of 1.18. The DSCR is below our preferred minimum of 1.2, however, MEDC staff is comfortable with this because the owner has been successful with the first phase and is adding phase two partially due to the expansion opportunities for their owner-occupied financial services company.

**Request**

GL Rentals, LLC (“Applicant”) is requesting a MCRP performance-based grant in the amount of \$500,000. The Applicant anticipates that the project will result in a total capital investment in the amount of \$1,964,551.

**Program Summary**

The request for MCRP support is consistent with program requirements because the site is currently vacant and private investment on the site will promote community revitalization. The project qualifies for the MCRP as “any other property” as determined by the fund board, because development of the property will promote community revitalization consistent with the findings and declarations in Section 90 of the Act.

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

The proposed development is consistent with Section 90 of the Act, because it is accelerating private investment by enabling new development and business expansion on an important downtown property. The project is consistent with the MEDC strategic plan because it involves transforming an underutilized, vacant site into a vibrant, mixed-use building that contributes to walkability, vibrancy and density in the area; thus, developing attractive places. The project also meets local objectives by supporting a long-standing, locally owned business, creating new residential units, promoting infill development and increasing vibrancy in the downtown. Also, the addition of new residential units will support nearby small businesses.

**Local Support**

Local support for the project includes a Commercial Rehabilitation Act tax abatement in the amount of approximately \$102,267 over a ten-year period. The City of Zeeland is engaged with the MEDC’s Redevelopment Ready Communities (RRC) program.

**Financing Opportunity – MCRP GRANT**

The Applicant has requested a MCRP Performance Based Grant. The cost of construction is prohibitive for developments in this area, as the achievable rents do not provide adequate return on investment. This project will essentially double the footprint of this building on Zeeland’s main corridor, triple the number of residential units currently available in the existing building, and expand the variety of units available. There is not enough cash-flow projected to support additional debt.

**Grant Terms**

**MSF Facility:** MCRP Performance Based Grant

**Grantee:** GL Rentals, LLC

**Senior Lender:** Commercial Bank

**Total Amount of Loans:** Currently estimated at \$1,016,150

**Total Capital Investment:** Currently estimated at \$1,964,551  
**MSF Eligible Investment:** Currently estimated at \$1,801,583  
**Minimum Eligible Investment:** Currently estimated at \$1,441,266

**MSF Share:** Up to the lesser of 28% of “Eligible Investment” or \$500,000. The project is eligible for an award of up to 50% of eligible investment because the population of the City of Zeeland is less than 15,000.

**Other Conditions:** The MSF’s investment will be contingent upon the following: Receipt of executed GMP construction contract deemed acceptable to the MSF prior to grant execution.

**Summary of Development Sources:**

Bank Loan	\$	1,016,150	51.72%
MSF Grant	\$	500,000	25.45%
Developer Equity	\$	448,401	22.83%
<b>TOTAL</b>	<b>\$</b>	<b>1,964,551</b>	<b>100.00%</b>

**Summary of Development Uses:**

Acquisition	\$	105,218
Hard Construction Costs	\$	1,731,583
Eligible Soft Costs	\$	70,000
Other	\$	57,750
<b>TOTAL</b>	<b>\$</b>	<b>1,964,551</b>

**Applicant History**

The applicant, GL Rentals, LLC, is owned and managed by David and Laura Wilson who previously received support from the MSF Board in the form of an MCRP grant for the adjacent property, 244 E Main. The building was successfully constructed and is fully occupied. A background check has been completed in accordance with the MSF Background Review Policy, and the project may proceed for MSF consideration.

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

**Recommendation**

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

- a) Property qualification as “any other property” because development of the property will promote community revitalization consistent with the findings and declarations in Section 90 of the Act; and
- b) A MCRP performance-based grant in the amount of up to \$500,000 for GL Rentals, LLC.



### APPENDIX A – Project Map and Renderings





## APPENDIX B – Programmatic Requirements

### MCRP Program and Guidelines

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on October 27, 2020, the MSF Board approved its restated program guidelines. The primary intended objective of the MCRP is to provide incentives to persons that make eligible investments on eligible property in Michigan. It is the role of the MEDC staff to review for eligibility, completeness, and adherence to the program, the information provided by the applicant and to manage the MSF's investment. As required under the MCRP, all statutory criteria for the project have been considered when making the recommendations in this memo. The project meets the MCRP Guidelines, and a financial review has been completed.

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

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

This incremental development project will allow a locally owned small business the opportunity to expand, add much-needed rental housing units that will support small businesses and nearby employers and increase vibrancy in downtown Zeeland.

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

The project will act as a catalyst for additional revitalization by adding residents to the downtown who will support local small businesses and also allow an existing business to expand on the first floor of the building.

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

The community will be contributing to the project through a Commercial Rehabilitation Abatement for ten years in the amount of approximately \$102,267.

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

The cost of construction is prohibitive for developments in this area, as the achievable rents do not provide adequate return on investment. The project would not be completed without an incentive.

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

The project will be new construction on a formerly blighted property that was cleaned up in anticipation of the project.

**F. Creation of jobs:**

The project construction will allow the financial services firm to add 4 investment advisors and 8 support team members to their staff and it is anticipated that those positions will be filled within 2-3 years with an average hourly wage of \$24.

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

Total private investment is estimated at \$1,464,551.

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

The project shows a DSCR of 1.18. There is strong demand for residential housing downtown and the owner is occupying the new commercial space.

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

The project will result in an increase in density with the addition of a new two-story mixed-use building, adding new residents to the area, where there is currently a vacant site.

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

The project will promote a mixed-use development with residential and commercial office uses and will contribute to the walkability of downtown Zeeland.

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

The project will not convert an abandoned public building to private use.

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

The project will utilize energy efficient building materials, mechanicals, windows, insulation and appliances.

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

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

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

The project addresses area-wide redevelopment of the downtown by adding a new mixed-use building to one of the gateways into downtown Zeeland and by increasing housing units in a region where there is unmet demand.

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

The project does not address underserved markets of commerce.

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

There is no contamination on the site.

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

The project will not rehabilitate a historic resource.

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

The project will not compete with or affect existing Michigan businesses within the same industry as the expanding business already exists in downtown Zeeland.

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

There are no other additional criteria.

### APPENDIX C - Organizational Chart

GL Rentals, LLC Organizational Structure				
GL Rentals, LLC EIN: 20-0802937				
GL Rentals, LLC Manager: Laura A. Wilson				
Member	Ownership Interest	EIN	State of Organization	
Laura A. Wilson	100.00%	20-0802937	Michigan	
	100%			

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2021-105**

**APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION PROGRAM  
PERFORMANCE-BASED GRANT AWARD TO GL RENTALS, LLC**

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

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

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

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

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

**WHEREAS**, GL Rentals, LLC (“Company”) has requested a performance-based grant of up to \$500,000 (“Award Request”), along with other general terms and conditions;

**WHEREAS**, the MEDC has recommended that the MSF approve the Property Qualification and the Company’s Award Request subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents within 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 Fund Manager, the Time Period may be extended for up to an additional 120 days (“MCRP Award Recommendation”); and

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

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, September Hargrove, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
July 27, 2021



## MEMORANDUM

**Date:** July 27, 2021

**To:** Michigan Strategic Fund Board

**From:** Christine Whitz, Director, Community Development Block Grant Program  
Sarah Tennant, Sector Development Director & Cyber Initiatives

**Subject:** *Community Development Block Grant Program  
Broadband Infrastructure Mapping Project*

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### **Request**

Michigan Economic Development Corporation (“MEDC”) staff recommends the Michigan Strategic Fund (“MSF”) allocate \$4,500,000 of Community Development Block Grant (“CDBG”) Coronavirus Aid, Relief and Economic Security (“CARES”) funds for the Broadband Infrastructure Mapping Project (“Project”).

MEDC staff also recommends the MSF approve the Project’s Request for Proposal factors and the members of the Joint Evaluation Committee (JEC).

### **Background**

As the state and nation work through the multiple issues created by the COVID-19 pandemic, broadband connectivity is critical in accessing telework opportunities, telehealth, and distance learning. Communities need collaborative support and coordination to address the myriad of connectivity issues that have been exacerbated by the COVID-19 emergency with a goal of creating digital equality.

The location of existing broadband infrastructure assets must be known to facilitate the efficient and swift deployment and/or upgrades of broadband service to Michigan households, businesses, and institutions. This Project will identify the precise location of existing broadband assets, and more importantly, the areas without such assets available.

MEDC will publicly post a Request for Proposals to assist the CDBG program accomplish this Project as soon as MSF approval and hold open no longer than 14 days.

Non-profit organizations currently operating with staff located in Michigan, and broadband mapping experience will be eligible to apply.

The Project will create a field validated map(s) of broadband infrastructure assets located in public easements and availability capable of delivering 100/100 Mbps connections. The map(s) will be useable by communities, regions, the State, and internet service providers to make informed decisions regarding the efficient expansion of broadband service throughout the state.

The Project will require an estimated 65,000 road miles in areas of the state that are estimated to have 100/20 Mbps service available that will be outlined by MEDC to validate, document, and ultimately map all infrastructure assets capable of delivering high-capacity broadband service.

Factors considered for the selection of a contractor will include, but are not limited to:

- Potential contractors able to cover Michigan Prosperity Regions 1-9
- Has staffing and ability to begin project within 30 days of signing agreement
- Concluding mapping within 6 months
- Knowledge and experience with CDBG programs
- History and experience with grant program management

Applications will be reviewed by a Joint Evaluation Committee consisting of:

- Christine Whitz, Director, Community Development Block Grant Program
- Sarah Tennant, Sector Development Director & Cyber Initiatives
- Eric Shreffler, Vice President, Market Development

MEDC staff believes that this work will result in an analysis of the state's broadband needs therefore the CDBG program will be able to better target its grant funding in a way that will result in productive broadband expansion and support for Michigan.

This Project involves eligible activities under the CDBG Program as identified in Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended.

### **Recommendation**

The MEDC Staff recommends the MSF approve:

- \$4,500,000 of CDBG CARES funding be allocated for the Broadband Infrastructure Mapping Project.
- The Request for Proposal factors, and
- The members of the Joint Evaluation Committee.



## **MICHIGAN STRATEGIC FUND**

### **RESOLUTION 2021-106**

#### **APPROVAL OF THE BROADBAND INFRASTRUCTURE MAPPING PROJECT REQUEST FOR PROPOSALS**

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

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

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

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

**WHEREAS**, the CDBG program staff has reviewed a scope of work as set forth in Exhibit A seeking proposals from qualified entities to identify existing broadband infrastructure assets in the State of Michigan (the "Broadband Infrastructure Mapping Project") under the Criteria and HUD regulations and concluded the activities are eligible;

**WHEREAS**, the MEDC recommends and the MSF desires to initiate the competitive proposal process to solicit proposals from non-profit entities by issuing the Broadband Infrastructure Mapping Project Request for Proposals (the "Broadband Mapping RFP Issuance");

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

Christine Whitz, Director, CDBG Program  
Sarah Tennant, MEDC Sector Development Director & Cyber Initiatives  
Eric Shreffler, MEDC Vice President, Market Development

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

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF Board approves 1) the Broadband Mapping RFP Issuance; 2) the JEC as set forth above; and 3) the Scoring and Evaluation Criteria; and

**BE IT FURTHER RESOLVED**, that the MSF Board authorizes the MSF Fund Manager to modify the Broadband Mapping RFP as may be necessary or appropriate, so long as the modifications are not material or adverse to the interests of the MSF.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, September Hargrove, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
July 27, 2021



## **Exhibit A**

### **CDBG – Broadband Infrastructure Mapping Project RFP Scope of work, timeline, and eligibility requirements**

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#### **Purpose of the contract**

The intent of the proposals in response to this RFP should be to obtain the locations of existing broadband infrastructure assets to help to facilitate swift and efficient deployment and/or upgrades for broadband service to Michigan households, businesses, and institutions. The project will create field validated maps of broadband infrastructure assets located in public easements and availability capable of delivering 100/10 Mbps connections. The map(s) will be useable by communities, regions in the State, and internet service providers to make informed decisions regarding the efficient expansion of broadband service throughout the state.

#### **CDBG Activities supported under the contract**

Proposals submitted MUST be to assist the Community Development Block Grant (CDBG) program with planning and technical assistance to inform future policy and decisions related to broadband infrastructure support and activities. This project involves eligible activities under the CDBG Program as identified in Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended.

#### **Eligibility**

Non-Profit organizations currently operating in and with staff located in Michigan are eligible to receive funding through this RFP. The Applicant must also fulfill the following criteria:

- Cover areas in Michigan Prosperity Regions 1-9.
- Staffing and ability to begin project within 30 days of signing agreement and concluding work within 6 months.
- Knowledge and experience with CDBG program and requirements.
- History and experience with grant program management including coordination activities with multiple state agencies.

## **Timeline**

Issue RFP to the Public: July 27, 2021

Q & A: August 1, 2021

Answers posted to the MEDC web page: August 3, 2021

Applications Deadline: August 10, 2021

## CDBG Broadband Infrastructure Mapping Project –RFP

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

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

Criteria	Reviewer’s Comments	Points
<p><b>Eligibility:</b></p> <ul style="list-style-type: none"> <li>○ Non-Profit organization currently operating and with staff located in Michigan</li> </ul>		Y/N
<p><b>Executive Summary:</b></p> <p>Overview</p> <ul style="list-style-type: none"> <li>• NAME OF THE APPLICANT ORGANIZATION</li> <li>• ELIGIBILITY CRITERIA</li> <li>• AMOUNT OF FUNDS REQUESTED</li> <li>• TERM</li> <li>• PURPOSE</li> <li>• The TARGETED NUMBERS FOR:               <ul style="list-style-type: none"> <li>○ Regions covered</li> <li>○ Miles covered</li> <li>○ Tools to be utilized</li> <li>○ Projected hours of work</li> </ul> </li> </ul>		Max. Possible Points: 5  <b>Score:</b> _____
<p><b>Purpose:</b></p> <ul style="list-style-type: none"> <li>• The Applicant must clearly indicate that the organization is a non-profit with a Michigan presence</li> <li>• The Applicant must clearly describe how the proposed use of funds will:               <ul style="list-style-type: none"> <li>○ Cover areas in Michigan Prosperity Regions 1-9</li> <li>○ Create field validated map(s) of broadband infrastructure assets located in public easements that will be useable by communities, regions of the State and internet service providers</li> </ul> </li> </ul>		Max. Possible Points: 10  <b>Score:</b> _____
<p><b>Past Experience:</b></p> <ul style="list-style-type: none"> <li>• The Applicant should indicate past experience with providing assistance to state agencies, communities, regions or equivalent, including but not limited to the process of providing comprehensive field validated mapping services. This should include an overview of past and current field validation mapping projects and collaborative projects.</li> <li>• Demonstrate knowledge and experience with CDBG program and requirements</li> </ul>		Max. Possible Points: 20  <b>Score:</b> _____
<p><b>Team:</b></p> <ul style="list-style-type: none"> <li>• Identified key players</li> <li>• Identified collaborators</li> </ul>		Max. Possible Points: 15  <b>Score:</b> _____
<p><b>Milestones/Deliverables:</b></p> <ul style="list-style-type: none"> <li>• Identified meaningful milestones/deliverables</li> <li>• Achievable and leading to economic impact</li> </ul>		Max. Possible Points: 20  <b>Score:</b> _____

<p><b>Budget:</b></p> <ul style="list-style-type: none"> <li>• Identified meaningful budget for proposal</li> <li>• Organization budget clearly indicates need for funding</li> </ul>		<p>Max. Possible Points: 10</p> <p><b>Score:</b> _____</p>
<p><b>Economic Impact:</b></p> <ul style="list-style-type: none"> <li>• Realistic assumptions on need for detailed infrastructure mapping and coordination</li> <li>• Identified targeted metrics: <ul style="list-style-type: none"> <li>○ Regions covered</li> <li>○ Infrastructure identified</li> <li>○ Community, State Regional Collaborations</li> </ul> </li> </ul>		<p>Max. Possible Points: 20</p> <p><b>Score:</b> _____</p>
<p><b>Total Score:</b></p>		<p>Max. Possible Points: 100</p> <p><b>Score:</b> _____</p>



## MEMORANDUM

**Date:** July 27, 2021

**To:** Michigan Strategic Fund Board

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

**Subject:** *Private Activity Bond – Inducement  
Chevron Corporation  
Solid Waste - \$150,000,000 - New*

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### Request

Chevron Corporation (“Chevron”) is requesting private activity bond financing for the purpose of issuing bonds to finance solid waste disposal facilities related to the production of renewable natural gas.

### Background

Chevron is primarily in the business of petroleum refining, operating as an integrated energy company with exploration, production and refining operations worldwide. Chevron is the second largest oil company in the United States with production of approximately 3.2 million barrels of oil equivalent per day. Chevron is incorporated in the state of Delaware. Chevron was originally incorporated under the name Standard Oil Company of California. The date of filing of its original Certificate of Incorporation was January 27, 1926. Chevron is a publicly traded company on the New York Stock Exchange. Chevron U.S.A. Inc. is a wholly owned subsidiary of Chevron and provides fuels, motor oil, fuel additives, chemicals natural gas, lubricants and other related services.

### Description of Project

The project will produce renewable natural gas (“RNG”) for transportation fuel sourced from biomethane from dairy farms. The project will use anaerobic digesters at the farms to capture raw biogas and then clean, upgrade, and compress it. RNG from the project will be used to power trucks, buses, and other vehicles operating on compressed natural gas. The RNG will be transported through local, state, and/or interstate pipelines.

The project will consist of the acquisition, construction, rehabilitation, installation, development and equipping of solid waste disposal facilities related to the production of renewable natural gas, including, but not limited to handling and sorting systems, conveyance systems, anaerobic digesters, purification and refinement systems, collection systems, pumps, pipes, monitoring control systems, site improvements, digestate handling and treatment systems and all other assets (including land) necessary to support the foregoing improvements and to place them into service in one or more locations in Michigan.

It is currently anticipated that Chevron, or its wholly owned subsidiary Chevron U.S.A Inc., will be the borrower in connection with the bonds. The project is expected to be owned and/or operated by a joint venture to be formed between Chevron U.S.A. Inc. and Brightmark LLC, a global waste solutions company.

Chevron indicates the project will benefit the local community and state environmentally and economically. Anaerobic digestion of manure reduces local pollution and greenhouse gas emissions. The process recovers elements from the manure so that it does not escape into the air or waterways through run off. It prevents methane from entering the atmosphere, reducing greenhouse gases.

Chevron indicates the project will help local farms continue to be environmentally friendly to the community and exceed environmental regulations and responsibilities.

Chevron currently employs one individual in the State of Michigan. Chevron estimates approximately 6 new full-time positions will be created. Also, an estimated 100 new construction positions will be created to build each component of the facilities, including construction of any necessary biogas systems related to the facilities.

#### **Plans of Finance**

BofA Securities has indicated an interest in providing underwriting services for this bond issue.

#### **Recommendation**

After reviewing the Private Activity Bond application of Chevron, staff finds this project meets the requirements for an Inducement Resolution in the amount of \$150,000,000.



## MICHIGAN STRATEGIC FUND

### INDUCEMENT RESOLUTION 2021-107

#### **Chevron Corporation**

**WHEREAS**, Chevron Corporation, a Delaware limited liability company, its subsidiaries and related parties (collectively, the “Borrower”);

**WHEREAS**, the Borrower desires to finance the costs of the acquisition, construction, rehabilitation, installation, development and equipping of certain solid waste disposal and/or wastewater treatment facilities related to the production of renewable natural gas, including but not limited to, anaerobic digesters; handling, processing, sorting, pumping, piping and conveyance systems; treatment systems; refinement systems; site improvements and all other assets (including land) necessary to support the foregoing improvements and to place them into service in one or more locations in Michigan; (the “Project”), and pay certain expenses incurred in connection with the issuance of the Bonds;

**WHEREAS**, the Borrower has applied to the MSF for a loan (the "Loan") to finance the Project as defined in 1984 PA 270 (the "Act");

**WHEREAS**, the Borrower has advised the MSF that the cost of the Project will not exceed One Hundred Fifty Million Dollars (\$150,000,000);

**WHEREAS**, the Act authorizes the MSF to loan moneys to business enterprises for the purpose of financing projects and to obtain the moneys for such loans by the issuance of bonds pursuant to the Act; and

**WHEREAS**, this Resolution has the purpose of providing the necessary official intent of the MSF to meet the requirements of Sections 141 and 144 of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated in connection therewith and, in particular, Section 1.150-2 of the Income Tax Regulations.

**NOW, THEREFORE, BE IT RESOLVED**, by the Michigan Strategic Fund that:

1. The MSF intends to provide the Loan to the Borrower subject to the conditions of this Resolution.
2. The Loan shall be designated for the Project in accordance with the Borrower's Tax-Exempt Application Form dated May 20, 2021.
3. The maximum principal amount of the bonds (the "Bonds") expected to be issued to provide the Loan to finance the Project shall not exceed One Hundred Fifty Million Dollars (\$150,000,000). The Borrower shall be obligated to make loan repayments in an amount sufficient to assure full repayment of the Bonds, establish appropriate reserves and pay costs and expenses relating to the issuance of the Bonds and the making of the Loan.
4. The MSF's obligation to issue the Bonds and make the Loan shall be conditioned upon a) the ability of the MSF to issue, sell and deliver the bonds under applicable federal and state laws, and b) any prioritization, fee schedules or other requirements or limitations implemented by the MSF or the State Treasurer.
5. The MSF's obligation to make the Loan and issue the Bonds contemplated by this Resolution shall expire two years after the date of this Resolution.
6. The Loan may be evidenced by a promissory note and secured by such instruments as are in form and substance satisfactory to the MSF, the Attorney General of the State of Michigan (the “Attorney General”) and bond counsel to the MSF, including a loan agreement, indenture, first mortgage, security agreement and such additional security as may be required by the MSF or purchaser of the Bonds.

7. Subject to compliance with this Resolution, the MSF will authorize a bond resolution approving the issuance of the Bonds (the “Bond Resolution”) for the purpose of making the Loan and funding the reserves and costs associated with the issuance and administration of the Bonds, and enter into a loan agreement and related documents with the Borrower and a bond purchase agreement with a bond purchaser, which documents shall be subject to the approval of the Attorney General and bond counsel to the MSF.

8. The Bonds shall not be general obligations of the MSF but shall be payable as to principal and interest solely from the proceeds of the payments to be made by the Borrower to the MSF (or to a trustee appointed by the MSF pursuant to the Bond Resolution), as provided in the Bond Resolution. The agreements relating to the Loan and the issuance of the Bonds shall contain such provisions as will be necessary to make absolutely certain that under no circumstances will the Bonds or this Resolution be a debt or obligation of the State of Michigan or a general obligation of the Michigan Strategic Fund, nor will the State of Michigan be liable on the Bonds.

9. All costs and expenses involved in the authorization, issuance, sale, and delivery of the Bonds and in the making of the Loan shall be paid from the Bond proceeds or, if they are insufficient, by the Borrower.

10. The staff of the MSF is authorized and directed to initiate the proceedings described in this Resolution and to enter into negotiations, subject to the approval of the MSF, with a bond purchaser for the sale of the Bonds. Any authorized signatory is authorized to prepare and file with the Michigan Department of Treasury a request for allocation as it relates to the State limitations on the issuance of private activity bonds.

11. Bond counsel to the MSF and the Attorney General are authorized and directed to prepare and submit to the appropriate parties all proceedings, agreements and other documents as shall be necessary or appropriate in connection with the issuance of the Bonds and to make applications on behalf of the MSF to the United States Internal Revenue Service and to other governmental agencies for such income tax and other rulings and approvals as may be necessary in relation to the issuance of the Bonds. Any authorized signatory is authorized to execute such powers of attorney and other documents as may be appropriate in connection with the foregoing. All costs and expenses pertaining to the above matter shall be paid from the bond proceeds or by the Borrower.

12. A preliminary official statement or other offering materials may be used in connection with the sale of the Bonds; provided, however, that no preliminary official statement or other offering materials shall be circulated unless any description of the MSF, the Bonds and documents to which the MSF is a party shall have been approved by bond counsel to the MSF and the Attorney General.

13. All resolutions and parts of resolutions insofar as they conflict with this Resolution are rescinded.

## **ADOPTED**

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, September Hargrove, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
July 27, 2021



**MEMORANDUM**

**To:** Michigan Strategic Fund Board  
**From:** Aileen Cohen, Capital Project & Portfolio Manager  
**Date:** July 27, 2021  
**Subject:** PPD, LLC dba Peninsula Prestress Company (and/or related borrower(s))  
 SSBCI Collateral Support Proposal

**Request**

PPD dba Peninsula Prestress Company ("PPD", "Peninsula Prestress", or "Company") is a manufacturer of prestressed concrete bridge beams located in Wyoming, MI. The Company serves all of Michigan and Northern Indiana with services including the manufacture of prestressed concrete bridge beams. The Company has been in operation since 2012 and is working with Oxford Bank to construct a new facility, increase its working capital availability and refinance existing term debt. Peninsula Prestress is co-owned by David Marsh (45%), Paul Marsh (45%), and Fernando Roldan (10%).

Oxford Bank ("Bank") has proposed financing of a construction line of credit, term loan, and working capital line of credit to Peninsula Prestress to construct a new facility, pay off its existing notes and increase its working capital availability. Oxford Bank will be utilizing the SBA 504 program to finance the construction loan, however, due to collateral shortfall on the loan, the Bank is requesting collateral support until closing of SBA 504 debenture, at which point the funds will be returned to the MSF. The Bank has requested support from the MSF for the following:

**Bank Facility and MSF Support**

The Bank has proposed the following credit facilities:

Draw to Term = Construction Line of Credit	\$5,099,000
Term = Real Estate Mortgage	\$2,659,400
Revolving = Line of Credit	\$500,000
<b>Total Loans Leveraged</b>	<b>\$8,258,400</b>

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

Draw to Term = Construction Line of Credit	\$2,400,000
<b>Total MSF Contribution</b>	<b>\$2,400,000</b>

In addition to the financing being proposed, the borrower will be injecting \$1,000,000 in equity towards the transaction. Under definitions provided by the US Department of Treasury related to the calculation of leverage, the reported leveraged lending as compared to MSF exposure is 3.86:1.

**Borrower History**

Peninsula Prestress is a manufacturer of prestressed concrete bridge beams located in Wyoming, Michigan. The Borrower has grown its operations to over \$7 million in revenue, even in the midst of a global pandemic, and has supply relationships with the only four general contractors approved by the Michigan Department of Transportation to do bridge work in the State of Michigan. 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 - PPD, LLC dba Peninsula Prestress Company**

Borrower:	PPD, LLC dba Peninsula Prestress Company	
Lender:	Oxford Bank	
Loan Amount:	up to \$5,099,000	
MSF Cash Collateral:	up to \$2,400,000	
Loan Type:	18 month Draw to Term Construction Line of Credit, monthly payments of interest only	
Fees:	Tier II:	1.00% at Closing
		1.00% annually thereafter on the MSF Share Balance.



## Exhibit A

### Credit Presentation

#### GENERAL INFORMATION

Company Name <b>PPD, LLC</b>	Address <b>2675 Chicago Dr. S.W.</b>	City, State Zip <b>Wyoming, Michigan 49519</b>
Entity Type <b>Limited Liability Co.</b>	Type of Operation - Primary <b>Highway, Street, and Bridge Construction NAICS: 237310</b>	
Lender <b>Bradley Kirkland</b>	Lender Contact <b>bkirkland@oxfordbank.com</b>	

#### Bank Facility and MSF Support

The Bank has proposed to provide the following credit facilities:

#### Bank Facility and MSF Support

The Bank has proposed the following credit facilities:

Draw to Term = Construction Line of Credit	\$5,099,000
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In addition to the financing being proposed, the borrower will be injecting \$1,000,000 in equity towards the transaction. Under definitions provided by the US Department of Treasury related to the calculation of leverage, the reported leveraged lending as compared to MSF exposure is 3.86:1.

#### Background

PPD, LLC was founded in 2012, Peninsula Prestress Company, LLC is a manufacturer of prestressed concrete bridge beams. Located in Wyoming, Michigan, the Company serves all of Michigan and Northern Indiana. Services include the manufacture of prestressed concrete bridge beams, project management, and the delivery of prestressed concrete bridge beams for other suppliers. The Company has been pre-approved and has been pre-qualified by the Michigan Department of Transportation (MDOT) to be a supplier of prestressed beams to the prime contractors doing bridge work. It is estimated that there is \$8 billion of bridge work that needs to be done in Michigan to have all the bridges brought up to current MDOT standards. Currently there are only four general contractors doing bridge work in the State of Michigan and Peninsula Prestress has a relationship with all of them.

PPD, LLC has been consistently experiencing year over year growth in annual revenue. This growth has necessitated the construction of a new facility to continue it's growth. This need has been perpetuated by the award to PPD of a contract to supply the concrete beams for the entrance and exit ramps, as well as the abutments leading up to the Gordie Howe Bridge. Additionally, with a focus on infrastructure spending from the federal government, the Company is likely to see continued growth in the years to come.

PPD, LLC has not received any MSF incentives previously.

## Financing Opportunity

Oxford Bank is working with PPD, LLC to provide new financing for the draw to term construction loan in order to construct a new facility, a term loan to support the end loan real estate mortgage, and a revolving line of credit to support short term working capital needs. Oxford Bank will be utilizing the SBA 504 program to finance the construction loan, however, due to collateral shortfall on the loan, the Bank is requesting collateral support until closing of the SBA 504 debenture, at which point the funds will be returned to the MSF\*.

The Company has demonstrated strong financial performance with steady increase year over year revenues. The Debt Service Coverage Ratio for PPD, LLC in 2020 was 3.33.

\*The only way SBA closing would not occur is if there is a 'material adverse change'.

Loan #	Purpose	Type	Balance/ Request Amt.	Accrued Interest	Commit.	Interest Rate	Payment Amt. P&I	# Pmts.	Term	Amort	Orig. Date	Mat. Date
		CLOC	5,099,000									
<b>Total</b>			<b>5,099,000</b>									
Collateral	Type	Value	Adv Rate	Disc. Value	Prior Lien	Coll. Amt.						
A/R	Eligible	178,000	80%	142,400		142,400						
Inventory - Raw Materials	Eligible	536,000	50%	268,000		268,000						
Inventory - Finished Goods	Eligible	2,567,000	50%	1,283,500		1,283,500						
M&E	Used	1,694,000	80%	1,355,200		1,355,200						
M&E	New	1,864,000	90%	1,677,600		1,677,600						
Real Estate	Eligible	300,000	85%	255,000		255,000						
SSBCI-CSP	Cash	2,400,000	100%	2,400,000		2,400,000						
<b>Total</b>		<b>9,539,000</b>		<b>7,381,700</b>		<b>7,381,700</b>						
<b>Total Loan Amount</b>		<b>5,099,000</b>						<b>Margin of Collateral to Loan</b>				<b>1.45</b>
<b>Total Collateral Amount</b>		<b>7,381,700</b>						<b>% Loan to Collateral</b>				<b>69.08%</b>

### Summary

<b>Total Loan Amount</b>	<b>5,099,000</b>	<b>Margin of Collateral to Loan</b>	<b>1.45</b>
<b>Total Collateral Amount</b>	<b>7,381,700</b>	<b>% Loan to Collateral</b>	<b>69.08%</b>

## Collateral

The Bank is requesting collateral support on the proposed construction draw to term loan of up to \$2,400,000 or 47.07% of the \$5,099,000 loan. The Construction loan will allow the Company to construct a new facility as the Company has outgrown its current space. Due to the structure of the SBA 504 loan, the Bank is supporting 90% of the construction loan until the project receives its certification of occupancy. All of the assets supporting this loan are cross-collateralized, so this structure does not support the proposed loan amount, therefore the Bank would not be able to provide the loan without the assistance of the MSF's Collateral Support Program.

**INDUSTRY COMPARISON**

Balance Sheet: 12/31/2020

Comparative Historical Data - current year (Based on RMA 2020 Data) - Median Quartile

Income/Expense: 01/01/2020 to 12/31/2020

NAICS: 237310 - Highway, Street, and Bridge Construction

Unqualified: 183, Reviewed: 129, Compiled: 23, Tax Return: 60, Other: 317, Total Number Stmt: 712

	Client	Industry	Variance		Client	Industry	Variance	Quartile
<b>Assets</b>				<b>Liquidity Ratios</b>				
Cash & Equivalents	0.1	18.4	-18.3	Current Ratio	1.3	1.7	-0.4	4
Trade Receivables (net)	3.3	27.8	-24.5	Quick Ratio (Acid Test)	0.1	1.4	-1.3	4
Inventory	46.5	3.6	42.9	Sales / Receivables	76.5	7.5	69.0	1
All Other Current	0.0	6.2	-6.2	Cost of Sales / Inventory	2.7	620.8	-618.1	4
Total Current	49.9	55.9	-6.0	Cost of Sales / Payables	5.2	13.6	-8.4	4
Fixed Assets (net)	48.5	35.7	12.8	Sales / Working Capital	21.2	9.1	12.1	
Intangibles (net)	0.0	2.4	-2.4	<b>Coverage Ratio</b>				
Other Non-Current	1.7	6.0	-4.3	EBIT / Interest	0.0	8.9	-8.9	4
<b>Total Assets</b>	<b>100.0</b>	<b>100.0</b>		Net Prof. + Depr / Cur. Mat. L/T/D	0.0	3.3	-3.3	4
<b>Liabilities</b>				<b>Leverage Ratios</b>				
Notes Payable	4.3	4.1	0.2	Fixed / Net Worth	1.0	0.7	0.3	
Cur. Mat. L/T/D	0.0	4.8	-4.8	Debt / Net Worth	1.1	1.1	0.0	
Trade Payables	23.8	13.6	10.2	<b>Operating Ratios</b>				
Income Tax Payable	0.0	0.2	-0.2	% Prof. Bf. Taxes / Net Worth	71.0	20.8	50.2	1
All Other Current	10.0	10.1	-0.1	% Prof. Bf. Taxes / Total Assets	34.7	9.6	25.1	1
Total Current	38.0	32.9	5.1	Sales / Net Fixed Assets	5.2	6.0	-0.8	3
Long Term Debt	13.1	15.5	-2.4	Sales / Total Assets	2.5	1.9	0.6	2
Deferred Taxes	0.0	0.8	-0.8	<b>Expense to Sales Ratio</b>				
Other Non-Current	0.0	2.9	-2.9	% Depreciation / Sales	2.1	3.7	-1.6	1
Net Worth	48.9	47.9	1.0	Officers' Compensation/Sales	0.0	1.8	-1.8	1
<b>Total Liab. &amp; Net Worth</b>	<b>100.0</b>	<b>100.0</b>						
<b>Income Data</b>								
Net Sales	100.0	100.0	0.0					
Gross Profit	50.4	21.0	29.4					
Operating Expenses	38.2	15.1	23.1					
Operating Profit	12.2	5.9	6.3					
All Other Expenses (net)	-1.6	0.1	-1.7					
Profit Before Taxes	13.8	5.8	8.0					

Last Updated 06/29/2021 10:31:19 AM From RMA 2020 Data

## OWNERSHIP / GUARANTORS

Name	Address	Relationship	% Own	Amt Guar.
David Marsh		Co-Owner Guarantor	45.00	
Paul Marsh		Co-Owner Guarantor	45.00	
Fernando Roldan		Co-Owner	10.00	

Source <b>SSBCI</b>	Program <b>CSP</b>	
Committed Date	Loan Closing Date	Total Loan <b>\$5,099,000</b>
MSF Share <b>\$2,400,000</b>	Additional Leverage (at closing) <b>\$4,159,400</b>	Additional Leverage (ongoing)
Leverage <b>3.86</b>	Closing Fee <b>1% of MSF Share</b>	Annual Fee <b>1% of MSF Annual Balance</b>
FTE @ Closing (in State) <b>42</b>	FTE @ Closing (out of state)	Projected FTE Increase <b>10</b>
FTE @ Annual Review	FTE Net Increase/Decrease	Support \$ per new job <b>\$240,000</b>
Associate	# Co's <b>1</b>	Loan Type <b>Draw to Term</b>

### Employment

PPD, LLC has 42 full-time equivalent employees. The company anticipates adding 5 fulltime employees within the next 6 months and an additional 5 within the next 2 years. The anticipated annual salary for employees of PPD, LLC is \$50,600.

### 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 \$192 million to 252 companies, leveraged over \$904 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 PPD, LLC

- Minimum Debt Service Coverage of 1.20x
  - Measured annually beginning 12/31/2021
  - Defined as:  $(\text{Net Income} + \text{Depreciation} + \text{Amortization} + \text{Interest Expense} - \text{Distributions}) / (\text{Interest Expense} + \text{All Scheduled Principal Payments})$
- This covenant is intended to require re-investment in the balance sheet of PPD, LLC 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's of Paul Marsh and David Marsh
  - \*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 \$8,258,400, 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 minimum debt service coverage ratio will be set at a level acceptable to Bank and CST.

## **SCORING & RATING**

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

Score = <b>3.40</b>	<b>3 Average</b>
---------------------	------------------

**Model Used:** MEDC CRE Model - Board

**Last Scored:** 06/29/2021 1:51 PM Aileen Cohen

**Financial Statements and Forms calculated from:**

Balance Sheet: 12/31/2020      Inc. / Exp.: 12/31/2020

Criteria		Criteria Score	Wt %	Weighted Criteria Score	Review
Debt / Tang Net Worth:	1.05	1.00	20.00	0.200	
Debt Coverage Ratio:	3.33	5.00	20.00	1.000	
MSF Leverage Ratio	3.86	2.00	20.00	0.400	
Management / Borrower Character	Good team/Depth in key ar	4.00	20.00	0.800	
Business & Industry Trends	Not Vulnerable to sudden	5.00	20.00	1.000	
				<b>3.400</b>	

\* Adjusted for Loan To/From Affiliates/Shareholders



**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2021-108**

**SSBCI MBGF-CSP  
APPROVAL OF CASH COLLATERAL DEPOSIT AGREEMENT FOR  
PPD, LLC AND RELATED BORROWERS**

**WHEREAS**, under the State Small Business Credit Initiative Act of 2010 (title III of the Small Business Jobs Act of 2010, Public Law 111-240, 124 Stat. 2568, 2582 (the “SSBCI”), the United States Congress appropriated funds to the United States Department of Treasury (“US Treasury”) to be allocated and disbursed to states that have applied for and created programs in accordance with the SSBCI to increase the amount of capital made available by private lenders to small businesses (“SSBCI Programs”);

**WHEREAS**, at its May 25, 2011 meeting, the MSF Board approved: (i) the creation of the Michigan Business Growth Fund (the “MBGF”), an SSBCI Program created by the MSF to disburse SSBCI funds in accordance with the SSBCI, and (ii) as part of the MBGF, the creation of a collateral support program designed to facilitate financing of projects for commercial borrowers (the “MBGF-CSP”), and (iii) the guidelines for the MBGF-CSP (“MBGF-CSP Guidelines”) and MBGF-CSP Cash Collateral Deposit Agreement (“MBGF-CSP Agreement”), each to be utilized for the operation of the MBGF-CSP, and (iv) the MSF Fund Manager or Chairperson to negotiate and sign the terms and conditions of the MBGF-CSP Agreement as authorized by the MSF Board;

**WHEREAS**, on June 21, 2011, the US Department of Treasury approved the State of Michigan, through the MSF, to receive and disburse SSBCI funds within the SSBCI Programs created by the MSF;

**WHEREAS**, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the Michigan Strategic Fund (“MSF”) for SSBCI Programs, including the MBGF-CSP;

**WHEREAS**, Oxford Bank (“Lender”) has proposed a new credit facility to PPD, LLC (and/or related borrowers (the “Proposed Borrower”)) of \$5,099,000 for a construction line of credit;

**WHEREAS**, Proposed Borrower has requested collateral support from the MSF under the MBGF-CSP in an amount not to exceed the lesser of (i) \$2,400,000 or (ii) up to 47.07% of the total amount of the Bank loan (“MBGF-CSP Support”);

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

**NOW, THEREFORE, BE IT RESOLVED**, the MSF approves the MBGF-CSP Support Award:

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, September Hargrove, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
July 27, 2021



**MEMORANDUM**

**To:**  
Michigan Strategic Fund Board

**From:**  
Amber Westendorp, Debt Programs Specialist

**Date:**  
07/27/2021

**Subject:**  
Superior Foods Company (and/or related borrower(s)) - Collateral Support Proposal

**Request**  
Superior Foods Company ("Superior Foods" or "Company") is a full service wholesale food processor and distributor serving retail grocery stores and the food service industry located in Grand Rapids, MI. The Company is best known for its seafood and meat products, but now also offers a large variety of fresh products that are privately labeled and distributed through retail grocery chains. The Company has been in operation over 67 years and is working with Macatawa Bank to establish a working capital line of credit. Superior Foods was founded by the Osterhaven family, and is co-owned by James and Melissa Osterhaven.

Macatawa Bank ("Bank") has proposed financing of a working capital line of credit to Superior Foods Company to increase its availability. 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:

Revolving $\equiv$ Line of Credit	\$10,000,000
Total Loans Leveraged	\$10,000,000

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

Revolving $\equiv$ Line of Credit	\$2,500,000
Total MSF Contribution	\$2,500,000

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 4:1.

**Borrower History**

Superior Foods Company was founded in Grand Rapids in 1954 by the Osterhaven family, and the family continues to own and operate the company. The company's early focus was on the food service industry, and particularly with the distribution of seafood and beef products, and remained so for much of their history. The company has progressively expanded their relationships with retail grocery store chains to such a degree that this industry segment is now 60% of their sales and growing. Superior Foods remains best known for its meat and seafood products, but now offers a large variety of fresh products as well. Annual revenues exceed over \$70MM and they employ over 200 people. A background check has been completed for the company. 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 - Superior Foods Company**

Borrower: Superior Foods Company  
 Lender: Macatawa Bank  
 Loan Amount: up to \$10,000,000  
 MSF Cash Collateral: up to \$2,500,000  
 Loan Type: 12 month Line of Credit, monthly payments of interest only  
 Fees: Tier II: 1.00% at Closing  
 1.00% annually thereafter on the MSF Share Balance.



**Exhibit A**

**Credit Presentation**

**GENERAL INFORMATION**

<b>Company Name</b> Superior Foods Company	<b>Address</b> 4243 Broadmoor Ave, SE	<b>City, State Zip</b> Grand Rapids, Michigan 49512
<b>Entity Type</b> C Corporation	<b>Type of Operation - Primary</b> Fish and Seafood Merchant Wholesalers NAICS: 424460	
<b>Lender</b> Macatawa Bank	<b>Lender Contact</b> aschmidt@macatawabank.com	

**Bank Facility and MSF Support**

The Bank has proposed the following credit facilities:

Revolving = Line of Credit	\$10,000,000
Total Loans Leveraged	\$10,000,000

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

Revolving = Line of Credit	\$2,500,000
Total MSF Contribution	\$2,500,000

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 4 :1.

**Background**

Superior Foods Company is a wholesale processor and distributor of meat, seafood, and related food products to restaurants and grocery chains throughout the Eastern U.S. They've been in operation since 1954 and are located in Grand Rapids, Michigan. The Osterhaven family founded the company, and it continues to be owned and operated by them. Jim Osterhaven (the son of the founder) continues to serve as president and CEO of the company - a position that he has held since 1997. Jim began working for the company in 1975 and has comprehensive knowledge of the business and industry.

The company began with a focus on the food service industry, and particularly with the distribution of seafood and beef products. However, they have progressively expanded their relationships to retail grocery store chains to such a degree that now this industry segment makes up 60% of their sales and is growing. Superior Foods remains best known for seafood and meat products, but they now offer many fresh products such as salsa, beer cheese and other specialty dips and pre-packaged meals.

Although the restaurant industry was hit hard in 2020, Superior didn't experience as much of a downturn as expected. A shortage of labor in the retail and restaurant industry have made them reach out to suppliers like Superior to have products processed and prepared prior delivery in order to operate kitchens with less staffing.

The company currently has a 33 state service area and are continually stretching those boundaries and reaching new areas. Expansion opportunities for the retail grocer segment along the Eastern seaboard and down to Florida are currently under discussion. Superior Foods largest customers are currently Meijer, Kroger and Spartan.

Superior foods is committed to sourcing from local suppliers and farmers, supporting agribusiness throughout the State of Michigan. The company sources with Country Dairy located in New Era, Prairie Farms which is comprised of more than 800 farm families throughout the Midwest, Great Lakes Bee Company located in Newaygo County, and more.

The volume of business that Superior Foods has done with grocery store chains is expected to increase in the forms of organic growth within their existing customer base and in the expansion of the number of chains they supply. Grocery chains are requesting more value-added products in the form of meals ready to eat, pre-packaged meats, and processed meat products (such as pre-assembled shish kabobs, stuffed chicken breasts, and a variety of higher end cuts of beef).

Labor shortages, especially for skilled butchers and seafood processors, is a challenge throughout the industry. Retail chains are moving away from full service counters in favor of pre-packaged meal solutions both in order to save labor costs and to better meet customer demands for partially prepared foods. Superior Foods is well positioned to meet those demands with its long service experience in both the grocery and food service industries.

Annual revenues for the company now exceed over \$70 million and the company currently has 205 employees.

Since 2019, Superior Foods net income has increased by 53%. The borrower demonstrates a solid balance sheet and acceptable working capital ratio. Historically, cash flows on a three year weighted average have been strong, at over 1.50x. In 2020 the company demonstrated a strong cash flow, despite the pandemic, and revenues and profitability are trending upward in 2021.

**Financing Opportunity**

Macatawa Bank is working with Superior Foods Company to provide additional financing to increase its working capital availability. The Borrower has been in business for over 67 years, and is owned by James and Melissa Osterhaven. Superior Foods has continued to steadily grow and currently employees over 200 people.

Loan #	Purpose	Type	Balance/ Request Amt.	Accrued Interest	Commit.	Interest Rate	Payment Amt. P&I	# Pmts.	Term	Amort	Orig. Date	Mat. Date
Working Capital LOC		LOC	10,000,000									
<b>Total</b>			<b>10,000,000</b>									
<b>Collateral</b>			<b>Type</b>	<b>Value</b>	<b>Adv Rate</b>	<b>Disc. Value</b>	<b>Prior Lien</b>	<b>Coll. Amt.</b>				
A/R - 31-60 Days		Eligible	207,000	80%	165,600			165,600				
A/R - 61-90 Days		Eligible	16,000	80%	12,800			12,800				
A/R - Current		Eligible	2,981,000	80%	2,384,800			2,384,800				
A/R - Over 90 Days		Eligible	26,000									
CVLI		Eligible	248,000	80%	198,400			198,400				
Inventory		Eligible	10,111,000	35%	3,538,850			3,538,850				
SSBCI-CSP		Cash	2,500,000	100%	2,500,000			2,500,000				
<b>Total</b>			<b>16,089,000</b>		<b>8,800,450</b>			<b>8,800,450</b>				
<b>Total Loan Amount</b>			<b>10,000,000</b>					<b>Margin of Collateral to Loan</b>	<b>0.88</b>			
<b>Total Collateral Amount</b>			<b>8,800,450</b>					<b>% Loan to Collateral</b>	<b>113.63%</b>			
<b>Summary</b>												
<b>Total Loan Amount</b>			<b>10,000,000</b>					<b>Margin of Collateral to Loan</b>	<b>0.88</b>			
<b>Total Collateral Amount</b>			<b>8,800,450</b>					<b>% Loan to Collateral</b>	<b>113.63%</b>			

### Collateral

The Bank is requesting collateral support on the proposed line of credit up to \$2,500,000 or 25% of the line amount of \$10,000,000. As shown above by the collateral chart, the accounts receivables and inventory are not valued high enough to support the proposed line amount due to significant reliance on partially perishable inventory and receivables from the restaurant industry. The bank would not be able to provide this line without the assistance of the MSF's collateral support program.

Income/Expense: 01/01/2020 to 12/31/2020

NAICS: 424460 - Fish and Seafood Merchant Wholesalers

Unqualified: 19, Reviewed: 14, Compiled: 14, Tax Return: 15, Other: 93, Total Number Stmt: 155

	Client	Industry	Variance		Client	Industry	Variance	Quartile
<b>Assets</b>				<b>Liquidity Ratios</b>				
Cash & Equivalents	5.9	6.9	-1.0	Current Ratio	1.2	1.4	-0.2	4
Trade Receivables (net)	29.8	28.8	1.0	Quick Ratio (Acid Test)	0.6	0.6	0.0	3
Inventory	28.2	40.7	-12.5	Sales / Receivables	11.1	11.6	-0.5	3
All Other Current	12.9	3.3	9.6	Cost of Sales / Inventory	8.5	6.4	2.1	2
Total Current	76.9	79.6	-2.7	Cost of Sales / Payables	13.2	16.1	-2.9	3
Fixed Assets (net)	23.1	10.7	12.4	Sales / Working Capital	30.2	15.1	15.1	
Intangibles (net)	0.0	2.1	-2.1					
Other Non-Current	0.0	7.6	-7.6	<b>Coverage Ratio</b>				
<b>Total Assets</b>	<b>100.0</b>	<b>100.0</b>		EBIT / Interest	3.2	3.3	-0.1	3
				Net Prof. + Depr / Cur. Mat. L/T/D	2.3	3.0	-0.7	3
<b>Liabilities</b>				<b>Leverage Ratios</b>				
Notes Payable	35.7	25.5	10.2	Fixed / Net Worth	1.1	0.1	1.0	
Cur. Mat. L/T/D	1.9	2.0	-0.1	Debt / Net Worth	3.7	2.5	1.2	
Trade Payables	18.1	20.9	-2.8					
Income Tax Payable	0.0	0.1	-0.1	<b>Operating Ratios</b>				
All Other Current	10.2	6.0	4.2	% Prof. Bf. Taxes / Net Worth	20.3	14.0	6.3	2
Total Current	65.9	54.6	11.3	% Prof. Bf. Taxes / Total Assets	4.4	3.8	0.6	2
Long Term Debt	1.8	6.2	-4.4	Sales / Net Fixed Assets	14.3	118.2	-103.9	4
Deferred Taxes	0.0	0.3	-0.3	Sales / Total Assets	3.3	3.2	0.1	2
Other Non-Current	10.7	5.3	5.4					
Net Worth	21.5	33.7	-12.2	<b>Expense to Sales Ratio</b>				
<b>Total Liab. &amp; Net Worth</b>	<b>100.0</b>	<b>100.0</b>		% Depreciation / Sales	0.0	0.3	-0.3	1
				Officers' Compensation/Sales	0.0	1.1	-1.1	1
<b>Income Data</b>								
Net Sales	100.0	100.0	0.0					
Gross Profit	27.8	12.8	15.0					
Operating Expenses	25.9	10.6	15.3					
Operating Profit	1.9	2.2	-0.3					
All Other Expenses (net)	0.6	0.3	0.3					
Profit Before Taxes	1.3	1.8	-0.5					

Last Updated 06/21/2021 8:03:45 AM From RMA 2020 Data

**OWNERSHIP / GUARANTORS**

Name	Address	Relationship	% Own	Amt Guar.
James B. Osterhaven Trust		Guarantor	0.00	
Melissa A. Osterhaven Trust		Guarantor	0.00	
James Osterhaven		Co-Owner	50.00	
		Guarantor		
Melissa Osterhaven		Co-Owner	50.00	
		Guarantor		

Source	Program
SSBCI	CSP
<b>Committed Date</b>	<b>Loan Closing Date</b>
	<b>Total Loan</b>
	\$10,000,000
<b>MSF Share</b>	<b>Additional Leverage (at closing)</b>
\$2,500,000	
	<b>Additional Leverage (ongoing)</b>
<b>Leverage</b>	<b>Closing Fee</b>
4.00	1% of MSF Share
	<b>Annual Fee</b>
	1% of MSF Share
<b>FTE @ Closing (in State)</b>	<b>FTE @ Closing (out of state)</b>
205	
	<b>Projected FTE Increase</b>
	77
<b>FTE @ Annual Review</b>	<b>FTE Net Increase/Decrease</b>
	<b>Support \$ per new job</b>
	\$32,468
<b>Associate</b>	<b># Co's</b>
	1
	<b>Loan Type</b>
	Revolving

**Employment**

Superior Foods has 205 full-time equivalent employees. The company anticipates adding 27 fulltime employees within the next 6 months and an additional 50 within the next 2 years. The annual salary for employees of Superior Foods is \$58,000.

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 \$192 million to 252 companies, leveraged over \$904 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 Superior Foods Company:

Minimum Debt Service Coverage of 1.20x

- o Defined as (a) the sum of the Borrower's net income before depreciation, amortization and interest expense, less distributions, dividends and any extraordinary items for the twelve month period then ending to (b) the sum of (i) Borrower's interest expense and (ii) all principal payments with respect to term debt that were paid or were due and payable during the period.
- o Measured quarterly beginning 12/31/2021

Minimum Effective Tangible Net Worth of \$4,500,000

- Defined as the total of Tangible Assets less Liabilities plus Subordinated Debt.
- Measured quarterly beginning 12/31/2021

Minimum Debt (less employee savings) to Effective Tangible Net Worth of 3.00x

- Defined as Liabilities less Subordinated Debt less employee savings divided by Effective Tangible Net Worth
- Measured quarterly beginning 12/31/2021

Minimum Current Ratio of 1.15x

- Defined as Borrower's total Current Assets divided by Borrower's total Current Liabilities
- Measured quarterly beginning 12/31/2021

These covenants are intended to require re-investment in the balance sheet of Superior Foods Company 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 James and Melissa Osterhaven and applicable Trust(s).
  - o \*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 \$10,000,000, along with reasonable interest and fees.
- The proposed financing will be subject to a Minimum Debt Service Coverage covenant, Effective Tangible Net Worth covenant, Debt to Effective Tangible Net Worth covenant and a Current Ratio covenant, as calculated by the Bank. These covenants will be set at a level acceptable to Bank and CST.

**SCORING & RATING**

**SCORING & RATING : SUPERIOR FOODS\_MBGF CSP 2021**

Score = <b>3.20</b>	<b>3 Average</b>
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Model Used: MEDC CRE Model - Board

Last Scored: 06/21/2021 9:35 AM Amber Westendorp

Financial Statements and Forms calculated from:

Balance Sheet: Inc. / Exp.:  
12/31/2020 12/31/2020

Criteria	Criteria Score	Wt %	Weighted Criteria Score	Review
Debt / Tang Net Worth:	3.65	1.00	20.00	0.200
Debt Coverage Ratio:	1.43	4.00	20.00	0.800
MSF Leverage Ratio	4.00	2.00	20.00	0.400
Management / Borrower Character	Excellent team/Well exper	5.00	20.00	1.000
Business & Industry Trends	Ltd vulnerability to sudd	4.00	20.00	0.800
			<b>3.200</b>	

<<<Insert Photos and Maps Here>>>

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2021-109**

**SSBCI MBGF-CSP  
APPROVAL OF CASH COLLATERAL DEPOSIT AGREEMENT FOR  
SUPERIOR FOODS COMPANY (AND/OR RELATED BORROWER(S))**

**WHEREAS**, under the State Small Business Credit Initiative Act of 2010 (title III of the Small Business Jobs Act of 2010, Public Law 111-240, 124 Stat. 2568, 2582 (the “SSBCI”), the United States Congress appropriated funds to the United States Department of Treasury (“US Treasury”) to be allocated and disbursed to states that have applied for and created programs in accordance with the SSBCI to increase the amount of capital made available by private lenders to small businesses (“SSBCI Programs”);

**WHEREAS**, at its May 25, 2011 meeting, the MSF Board approved: (i) the creation of the Michigan Business Growth Fund (the “MBGF”), an SSBCI Program created by the MSF to disburse SSBCI funds in accordance with the SSBCI, and (ii) as part of the MBGF, the creation of a collateral support program designed to facilitate financing of projects for commercial borrowers (the “MBGF-CSP”), and (iii) the guidelines for the MBGF-CSP (“MBGF-CSP Guidelines”) and MBGF-CSP Cash Collateral Deposit Agreement (“MBGF-CSP Agreement”), each to be utilized for the operation of the MBGF-CSP, and (iv) the MSF Fund Manager or Chairperson to negotiate and sign the terms and conditions of the MBGF-CSP Agreement as authorized by the MSF Board;

**WHEREAS**, on June 21, 2011, the US Department of Treasury approved the State of Michigan, through the MSF, to receive and disburse SSBCI funds within the SSBCI Programs created by the MSF;

**WHEREAS**, the Michigan Economic Development Corporation (“MEDC”) provides administrative services for the Michigan Strategic Fund (“MSF”) for SSBCI Programs, including the MBGF-CSP;

**WHEREAS**, Macatawa Bank (“Lender”) has proposed a credit facility to Superior Foods Company (and/or related borrowers (the “Proposed Borrower”)) of \$10,000,000 for a working capital line of credit;

**WHEREAS**, Proposed Borrower has requested collateral support from the MSF under the MBGF-CSP in an amount not to exceed the lesser of (i) \$2,500,000 or (ii) up to 25% of the total amount of the Bank loan (“MBGF-CSP Support”);

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



**NOW, THEREFORE, BE IT RESOLVED**, the MSF approves the MBGF-CSP Support Award;

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

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, September Hargrove, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
July 27, 2021



## MEMORANDUM

**Date:** July 27, 2021

**To:** Michigan Strategic Fund Board

**From:** Erik Wilford, Senior Business Development Project Manager  
Rob Garza, Manager, Statutory Analysis

**Subject:** Request for Approval of an Act 381 Work Plan  
City of Highland Park Brownfield Redevelopment Authority (BRA)  
Means Logistics Park Redevelopment Project

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### Project Summary

The request will support a business development project located in the City of Highland Park that will redevelop an underutilized 20-acre site and construct a new 446,500 square foot light industrial/warehouse distribution facility, representing \$38,000,000 in total capital investment. The project will include the demolition of 34 existing structures and various infrastructure improvements. EJM Highland Park, LLC (“Developer”) anticipates contaminated soil management throughout the site and appropriate site preparation activities to ready the site for development. The project will include approximately 49,091 square feet of public improvements consisting of sidewalk improvements, curbing, paving, utility improvements and landscaping.

A financing gap exists due to both environmental remediation costs and non-environmental eligible activity costs that make this project cost-prohibitive and not market-viable without state incentives. The redevelopment of the site will alleviate significant brownfield conditions and, include controls to eliminate public exposures to contaminants protecting human health and environment, making it suitable for active reuse. Once complete, the project will make use of land that is currently underutilized and a nuisance to nearby residential neighbors ultimately improving surrounding property values and generating additional tax revenues to the city and state.

### Request

The City of Highland Park Brownfield Redevelopment Authority is requesting approval of a Brownfield Act 381 Work Plan including state tax capture in the amount of \$5,797,404 to reimburse for MSF eligible activities and also requesting that 215 parcels included in the Act 381 Work Plan are designated as a Targeted Redevelopment Area. The Applicant anticipates that the project will result in a total capital investment in the amount of \$38,000,000.

### Program Summary

The request for Brownfield support is consistent with program requirements by reactivating a Brownfield site in order to attract businesses and talent. The project qualifies for the Brownfield Act 381 program because the site is a facility and it also will be designated as a targeted redevelopment area upon approval by the MSF. The project is consistent with the MEDC Strategic Plan by transforming underutilized

properties into attractive places where businesses and talent can locate. The project also meets local objectives by providing redevelopment of underutilized and contaminated land, which will increase the taxable value of the property and surrounding area. The redevelopment will also result in 446,500 square feet of warehouse and light industrial space which can be used to attract businesses to the region.

**Local Support**

Local support for the project includes the local portion of the Brownfield Act 381 Work Plan valued at \$8,983,557. The City of Highland Park is engaged with the MEDC’s Redevelopment Ready Communities (RRC) program. The project is located in a Michigan Geographically Disadvantaged Business Location.

**Tax Capture Summary**

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Highland Park, a Qualified Local Governmental Unit, has duly approved a brownfield plan for this property on May 17, 2021. The property has been determined to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on June 16, 2021, and deemed a targeted redevelopment area (TRA) by the City of Highland Park on May 17, 2021.

In order for eligible property to qualify as a TRA under Act 381, the eligible property must consist of between 40-500 contiguous parcels and be designated by resolution of the governing body and by the MSF. Furthermore, the plan must demonstrate that significant brownfield conditions will be alleviated within the TRA. The Work Plan contains 230 parcels of property, while the TRA identified in this Work Plan consists of 215 contiguous parcels of eligible property. The Work Plan states that this eligible property represents the majority of the physical footprint this project will occur on. Staff is satisfied that significant brownfield conditions will be alleviated through completion of the eligible activities and the construction of this distribution facility. A qualified local governmental unit is limited to designating no more than two targeted redevelopment areas in a calendar year and this would be the first TRA designation for the City of Highland Park during the current calendar year.

There are 60.5016 non-homestead mills available for capture, with state mills from school operating and SET millages equaling 23.7300 mills (39.22%) and local millage equaling 36.7716 mills (60.78%). Tax increment capture will begin in 2023 and is estimated to continue for 30 years. The state tax capture is recommended to be capped at \$5,797,404, which is the amount of tax increment revenue anticipated to be generated in 30 years. Total MSF eligible activities are estimated at \$14,780,961. MSF eligible activities breaks down as follows:

State tax capture	(39.22%)	\$ 5,797,404
Local tax capture	(60.78%)	\$ <u>8,983,557</u>
<b>TOTAL</b>		<b>\$ 14,780,961</b>

**Cost of MSF Eligible Activities**

Demolition	\$	2,073,461
Lead and Asbestos Abatement		125,000
Infrastructure Improvements		1,895,190
Site Preparation	+	4,764,131
Sub-Total	\$	8,857,782
Contingency (15%)	+	1,206,599
Sub-Total	\$	10,064,381
Interest (3%)	+	4,686,580
Sub-Total	\$	14,750,961
Brownfield/Work Plan Preparation	+	15,000
Brownfield/Work Plan Implementation	+	15,000
<b>TOTAL</b>	<b>\$</b>	<b>14,780,961</b>

In addition, the project is requesting \$217,016 in TIF from EGLE to assist with environmental eligible activities.

**Applicant History**

EJM Highland Park, LLC is the project developer and agent of Ashley Capital. Founded in 1984, Ashley Capital is one of the largest privately held real estate investment companies in the United States. Based in New York, the firm has offices in Atlanta, Chicago, Detroit, Grand Rapids and Norfolk, Virginia. The company's current portfolio contains approximately 25 million square feet, with properties concentrated throughout the eastern half of the United States. The EJM Highland Park, LLC entity is specific to this site and has not received previous incentives from the Michigan Strategic Fund; however, Ashley Capital has received Act 381 Work Plan support for the Tri County Commerce Phase 1 and Tri County Commerce Phase 2 projects in Hazel Park. A background check has been completed in accordance with the MSF Background Review Policy, and the project may proceed for MSF consideration.

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

**Recommendation**

MEDC staff recommends approval of the following:

- a. The designation of 215 contiguous parcels included the Act 381 Work Plan as a Targeted Redevelopment Area.
- b. State tax capture for the Act 381 eligible activities capped at \$5,797,404, utilizing the current state to local capture ratio.

### APPENDIX A – Project Map and Renderings



## APPENDIX B – Programmatic Requirements

### **Key Statutory Criteria**

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

- a) **Overall Benefit to the Public:**  
Completion of this project will bring additional investment, additional tax revenue for all taxing jurisdictions, and stabilization to the neighborhood and the city.
- b) **Jobs Created (Excluding Construction and other Indirect Jobs):**  
This project is expected to create approximately 300 new, full-time equivalent jobs in industrial/warehouse distribution with an average hourly wage of \$17.
- c) **Area of High Unemployment:**  
The City of Highland Park unadjusted jobless rate was 12.0% in March 2021. This compares to the statewide seasonally adjusted average of 5.2% in March 2021.
- d) **Level and Extent of Contamination Alleviated:**  
The property will be prepared to make it suitable for development, and appropriate department specific activities will be performed to prevent exposure to materials hazardous to human health, safety, and the environment.
- e) **Reuse of Functionally Obsolete Buildings and/or Redevelopment of Blighted Property:**  
The project is not qualifying as functionally obsolete or blighted.
- f) **Whether Project will Create a New Brownfield Property in the State:**  
No new Brownfields will be created by this project.
- g) **Whether the Project is Financially and Economically Sound:**  
From the materials received, the MEDC infers that the project is financially and economically sound.
- h) **Other Factors Considered:**  
No additional factors need to be considered for this project.

### APPENDIX C - Organizational Chart

<b>EJM Highland Park, LLC Organizational Structure</b>				
<b>EJM Highland Park, LLC EIN: 86-1375493</b>				
EJM Highland Park, LLC Manager: Member Managed - Ashley Equities II, LLC - 100% owner				
<b>Member</b>	<b>Ownership Interest</b>	<b>EIN</b>	<b>State of Organization</b>	
<b>Member/Ashley Equities II, LLC - Richard Ashley Morton Controlling Member</b>	<b>100.00%</b>	83-2786715	Florida	
Richard Ashley Morton	<b>10% Equity</b>			
Kyle Torrey Morton	<b>1% Equity</b>			
Tar Heel Trust	<b>89% Equity</b>			
*Kyle T. Morton is 100% owner/sole beneficiary of Tar Heel Trust				
<b>Key Principals:</b>				
Richard Ashley Morton				
Kyle Torrey Morton				

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2021-110**

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN  
CITY OF HIGHLAND PARK BROWNFIELD REDEVELOPMENT AUTHORITY  
MEANS LOGISTICS PARK REDEVELOPMENT PROJECT**

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

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

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

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

**WHEREAS**, the City of Highland Park Brownfield Redevelopment Authority (the “Authority”) has submitted a work plan for property that includes 230 parcels, each individually listed with corresponding addresses in the associated Brownfield Plan within the City of Highland Park, known as Means Logistics Park Redevelopment Project (the “Project”);

**WHEREAS**, the City of Highland Park 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 Authority is requesting MSF concurrence to designate 215 parcels of eligible property identified in the Brownfield Plan and Work Plan as a Targeted Redevelopment Area; and

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

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board approves the Brownfield Work Plan and authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 39.22% to 60.78% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of site preparation, demolition, lead and asbestos



abatement, and infrastructure improvements as presented in the Work Plan dated June 9, 2021. Any change in millage that increases the capture percentage of school taxes in the ratio above by more than 5 percentage points must be approved by the MSF Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on costs of MSF eligible activities with a maximum of \$10,064,381 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$4,686,580 in interest, a maximum of \$15,000 for Brownfield/Work Plan preparation, and a maximum of \$15,000 for Brownfield/Work Plan implementation, and with the total capture of state school taxes capped at a maximum of \$5,797,404.

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

**BE IT FURTHER RESOLVED**, that the MSF Board is designating 215 parcels of eligible property identified in the Brownfield Plan and Work Plan as a Targeted Redevelopment Area.

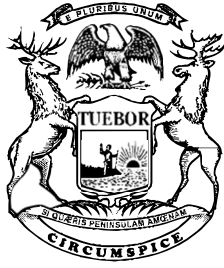
**BE IT FURTHER RESOLVED**, that the MSF Board is authorizing the capture of taxes levied for school operating purposes for the payment of interest, up to a maximum of \$4,686,580 related to the eligible activities for the Project.

Ayes: Britany L. Affolter-Caine, Paul Ajegba, Ronald W. Beebe, Susan Corbin, Rachael Eubanks, September Hargrove, Quentin L. Messer, Jr., Charles P. Rothstein, Susan Tellier

Nays: None

Recused: None

Lansing, Michigan  
July 27, 2021



## MICHIGAN STRATEGIC FUND

### MEMORANDUM

**Date:** July 27, 2021  
**To:** Michigan Strategic Fund ("MSF") Board Members  
**From:** Quentin L. Messer, Jr., Chief Executive Officer  
**Subject:** Quarterly MSF Delegated Authority and Activities Report

We are pleased to present our monthly report to the MSF Board, featuring a review of our delegated authority activity over the previous month. The following pages provide a narrative centered around the types of projects supported through delegated approval from June 1, 2021 to June 30, 2021, as well as information about the impact that those projects have had on communities across the state.

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

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

# Monthly Impacts



To continue providing transparent, intentional and impactful reporting to the MSF Board members on delegated project approvals and activities, the following report details delegated approval updates from June 1, 2021 to June 30, 2021.

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

## MONTHLY IMPACTS

We are pleased to share the June delegate-approved projects continue to represent our emphasis on supporting underserved populations in geographically disadvantaged areas. Throughout June 2021, 29% of the projects approved through delegated authority are in geographically disadvantaged areas. Additionally, all June approved projects through delegated authority have committed to create over 240 jobs and nearly \$46 million in private investment.

# MSF Quarterly Report

## Delegate Approvals



Under the authority delegated by the MSF Board, the MSF delegates approved the following projects during June 2021, which satisfy Board-approved guidelines for each program and have been vetted and approved through the same safeguards as those projects that come before the Board for consideration.

### Capital Access

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

#### Michigan Supplier Diversification Fund – Collateral Support Participation

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Sterling on Oakland, LLC	6/8/2021	Portage	\$227,500	Sterling on Oakland is working with Honor Credit Union to refinance CREM currently held at another bank. Due to collateral shortfall, the credit union is seeking collateral support from the MEDC.

### Michigan Business Development Program (MBDP)

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

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Midwest Fastener Corporation	6/7/2021	Portage	\$500,000	Founded in 1966 and headquartered in Portage, Midwest Fastener Corp. is a leading manufacturer and distributor of nuts, bolts, anchors, deck and drywall screws and specialty fasteners. The company recently purchased Hy-ko Products in Northfield, Ohio resulting in the need for Midwest Fastener to expand its office space and distribution operation. To secure the company's \$10.8 million investment in its headquarters and distribution center expansion in Portage and Decatur and creation of up to 90 jobs, the company has been awarded a \$500,000 Michigan Business Development Program performance-based grant.

## Michigan Business Development Program (MBDP) Continued

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Pace Industries	6/8/2021	Novi	\$250,000	Pace Industries, a leading provider of die casting solutions, is relocating its headquarters from Arkansas to Novi, signaling continued economic recovery in Michigan. The project is expected to initially create more than 60 new jobs in Novi and generate a total private investment of \$1.9 million with the support of a \$250,000 Michigan Business Development Program performance-based grant approved by the Michigan Strategic Fund. Michigan was chosen for the project after considering Philadelphia, Chicago, Atlanta, or remaining in Fayetteville.
XL Fleet	6/8/2021	Wixom	\$400,000	XL Fleet, founded in 2009 in Boston as XL Hybrids, is a high-growth commercial vehicle technology company focusing on developing and producing cutting-edge technology to convert conventional vehicles into hybrids. XL Fleet is a leading provider of vehicle electrification solutions for commercial and municipal fleets in North America with customers in a wide range of industries. The company is experiencing significant growth and plans to establish an R&D and prototyping tech center in the city of Wixom, a project that is expected to generate a total private investment of \$1.2 million and create up to 49 well-paying jobs. Michigan was chosen over a competing site in Boston. The project has been awarded a \$400,000 Michigan Business Development Program performance-based grant from the Michigan Strategic Fund.

## Jobs Ready Michigan Program

The Jobs Ready Michigan Program is available from the MSF, in cooperation with MEDC. The program is designed to meet the talent needs of companies that are expanding or relocating to Michigan.

Project Name	Approval Date	Location	Incentive Amount	Project Highlights
Ash Stevens, LLC	6/29/2021	Riverview	\$200,000	Ash Stevens is experiencing continued growth and has reached capacity at its existing site in Riverview. The company plans to establish a new facility on adjacent property that will house manufacturing, warehousing and laboratory operations. The project is expected to generate a total private investment of \$34.9 million and create 31 high-wage jobs, resulting in a \$200,000 Jobs Ready Michigan Program performance-based grant. Michigan was chosen for the project over a competing site in Europe.

## Michigan State Trade Expansion Program (MI-STEP)

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

Project Name	Approval Date	Location	Incentive Amount
Automatic Spring Products Corporation - Queretaro Automotive Meetings	6/4/2021	Grand Haven	\$2,775
GCH Tool Group - Mexico Sales Trip	6/4/2021	Warren	\$3,840
Lane Automotive - SEMA Detroit 2021	6/4/2021	Watervliet	\$3,324
Munro & Associates, Inc. - Target Japan - Michigan Mobility & Automotive Software Showcase	6/4/2021	Auburn Hills	\$300
Atlas Space Operations, Inc. - Space Tech Expo Europe Booth Space Pre-Payment	6/7/2021	Traverse City	\$15,000
Black Lake Research and Development - SEMA Detroit	6/7/2021	Flint	\$11,100
Down, Inc. - High Point Market Trade Show	6/7/2021	Grand Rapids	\$11,446
Gildform, Inc. - International Web Development, SEO, Domain Address Security	6/7/2021	Detroit	\$522
Harvest & Harmony - UK & UAE Sample Product Shipping and Marketing Part 2	6/7/2021	Grand Haven	\$2,775
National Research Company - World of Concrete	6/15/2021	Chesterfield	\$4,268
Celcius Corp - Sample Product Shipping - India	6/23/2021	Bloomfield hills	\$825
Live Your Song LLC - Spanish Language Translation	6/23/2021	Kalamazoo	\$15,000
Safe n Simple - Arab Health	6/23/2021	Clarkston	\$15,000
Ultimation Industries LLC - Spanish SEO and Advertising Campaign	6/23/2021	Roseville	\$12,000
Argonics, Incorporated - MINExpo	6/24/2021	Gwinn	\$15,000
SimuQuest - Target Japan - Michigan Mobility Showcase	6/24/2021	Ann Arbor	\$300
Boride Engineered Abrasives - International Marketing Catalog Redesign	6/28/2021	Traverse City	\$4,161
Grip Studios Inc. - UK Web Development	6/29/2021	Plymouth	\$1,800

# Program Amendments



For a variety of reasons, projects may return to the MSF requesting an amendment to their previous approvals, at which point the Business Development and Community Development teams evaluate whether those projects would qualify for those amendments. These amendments include, but are not limited to, changes of scope for projects; adjusted milestones; extended or contracted timelines; redefined project sites; and modified award amounts. See below for a list of program amendments that received delegated approval in June 2021.

## Michigan Business Development Program (MBDP)

Project Name	MSF Delegate Amended Date	Project Location	Type of Request
Construction Helicopters, Inc. dba CHI Aviation	6/25/2021	Howell	Extend Milestones One, Two, and Three, as well as the Term of the Grant by 18 months.

# Financial Data Overview and Terminations



## **Michigan Business Development Program – Terminations**

From June 1, 2021 to June 30, 2021, there were no Michigan Business Development Program terminations.



# MSF Awardee Relief Report Grants and Loans



From June 1, 2021 to June 30, 2021, there were no MSF Awardee Relief Grants and Loans awarded. The MSF Awardee Relief program demonstrates the impact this program has continued to have on providing flexibility, accountability and transparency for those projects previously approved by the MSF Board but are now facing challenges due to COVID-19.

# MSF Confidentiality Memos



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

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

## Approvals by Authorized Delegate

During the period between June 1, 2021 and June 30, 2021, the following confidentiality memos were approved by the MSF Fund Manager:

Company Name and Location	Overview of Confidential Information
MCPc, Inc. 1575 Gezon Pkwy. SW, Ste. F Wyoming, MI 49509	Company's financial statements.