

**MICHIGAN STRATEGIC FUND BOARD
MEETING PACKET
July 24, 2018**

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MICHIGAN STRATEGIC FUND BOARD
FINAL MEETING AGENDA
July 24, 2018
10:00 am

Public comment – Please limit public comment to three (3) minutes

Communications

Chief Compliance Officer Quarterly Report – *Information Only*

A. Consent Agenda

Proposed Meeting Minutes – June 26, 2018

American HAVAL Motor Technology LLC – Reauthorization and Amendment to MBDP Grant – Mike Gietzen

SpartanNash Company – Amendment to MBDP Grant – Mike Gietzen

Continental Dairy Facilities, LLC/Fairlife LLC – MBDP Grant Amendment – David Kurtycz

CDBG Funding Guide Excerpt – Christine Whitz

Free Press Holdings LLC – MBT Amendment – Rob Garza

Pyramid Development Co. – MBT Amendment and Brownfield TIF Amendment – Rob Garza

Selden Partners, LLC – MCRP Amendment – Lynda Franke

B. Business Investment

1. Business Growth

Pfizer Inc. – Good Jobs for Michigan and MBDP Grant – Mike Gietzen

SAPA Transmission Inc. – MBDP Grant – Mike Gietzen

Morley Company – MBDP Grant – David Kurtycz

International Trade Centers RFP Contractor Recommendations – Natalie Chmiko

2. Capital Access

Detroit Renewable Energy LLC / Detroit Renewable Power LLC / Detroit Thermal LLC – Reissuance Amendments – Chris Cook

United States Steel Corporation – Bond Inducement – Chris Cook

Southgate Properties/The Guidance Center/The Guidance Center Adult and Family Services – Refunding – Chris Cook

C. Community Vitality

Gemini Capital Management, LLC – MCRP Grant – Chelsea Rowley

D. Informational

CDBG Quarterly Report – Third Quarter

MSDF and SSBCI Quarterly Report – Third Quarter

MBDP and MCRP Quarterly Report – Third Quarter

Brownfield and SmartZone Quarterly Report – Third Quarter

21st CJF Portfolio Quarterly Report – Third Quarter

MSF Confidentiality Quarterly Report – Third Quarter

MEMORANDUM

July 9, 2018

TO: Honorable Richard D. Snyder
Governor and Chairperson of the State Administrative Board.

Jeff Mason
Chairperson
Michigan Strategic Fund Board

FROM: Kevin L. Francart
Chief Compliance Officer

RE: FY2018 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 2018 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 assisted the MSF with conflict of interest questions; Board delegation; Board member terms, questions regarding the International Trade Program; and the adoption of a new background check policy. As reported previously, because of staffing changes the site visit guidelines were modified. Because of the staffing changes the site visit guidelines were changed by the MEDC compliance section to no longer require a minimum number of site visits. Site visits are being performed pursuant to the site visit guidelines. The Chief Compliance Officer provided informal advice regarding various issues arising this quarter concerning such topics as the breadth of delegated Board authority, authorized use of 21st century job fund funds, and compliance with established Board policy and limitations.

MICHIGAN STRATEGIC FUND

RESOLUTION 2018-

**APPROVAL OF JULY 2018 CONSENT AGENDA
FOR THE MICHIGAN STRATEGIC FUND BOARD**

WHEREAS, the Michigan Strategic Fund (“MSF”), at its February 2014 board meeting, approved the use of consent agendas at future board meetings pursuant to defined guidelines.

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

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

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

Consent Agenda Items:

Proposed Meeting Minutes – June 26, 2018
American HAVAL Motor Technology LLC – Reauthorization and Amendment to MBDP Grant
SpartanNash Company – Amendment to MBDP Grant
Continental Dairy Facilities, LLC/Fairlife LLC– MBDP Grant Amendment
CDBG Funding Guide Excerpt
Free Press Holdings LLC – MBT Amendment
Pyramid Development Co. – MBT Amendment and Brownfield TIF Amendment
Selden Partners, LLC – MCRP Amendment

Ayes:

Nays:

Recused:

Lansing, Michigan
July 24, 2018

**MICHIGAN STRATEGIC FUND
FINAL MEETING MINUTES
June 26, 2018**

Members Present

Paul Gentilozzi
Larry Koops
Andrew Lockwood (on behalf of Treasurer Khouri)
Jeff Mason
Terrence J.L. Reeves
Shaun Wilson
Wayne Wood

Members Absent

Carl Camden
Roger Curtis
Stephen Hicks
Terri Jo Umlor

Mr. Mason called the meeting to order at 10:02 am.

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

Mr. Mason introduced the following legislative staff members: Bryanna McGarry and Shaquila Myers attending on behalf of Senator Jim Ananich in support of the Coolidge Park Limited Dividend Housing Association Limited Partnership and Communities First, Inc. project in Flint; and Julie Vogel speaking in support of the 400 Rose St. Development project in Kalamazoo on behalf of Representative Jon Hoadley.

Communications: Rhonda Bishop, Board Liaison, informed the Board that an amended term sheet for the Loc Performance Products, Inc. project under Business Growth on the agenda was provided to them at the table.

Shaun Wilson, recused from the next item, leaves the room; a recusal letter is attached to the minutes.

A. CONSENT AGENDA

Resolution 2018-082 Approval of Consent Agenda Items

Mr. Mason asked if there were any questions from the Board regarding the items under the Consent Agenda. There being none, Larry Koops motioned for the approval of the following:

Proposed Meeting Minutes – May 22, 2018

Evigia Systems, Inc. – Request to Extend Forbearance Period– **2018-083**

Everist Genomics, Inc. – Request to Extend Forbearance Period – **2018-084**

MSDF Capital Conduit Program – Appointments to Grow Michigan Board – **2018-085**

National Carbon Technologies, LLC – Renaissance Zone Subzone Amendment – **2018-086**

SkyPoint Ventures, LLC and Flint Ferris Building, LLC – MCRP Grant Agreement Amendment – **2018-087**

Original and Only Thompson Block, LLC and 3mission Redevelopment Corporation – MCRP Performance-Based Loan Participation Award Re-approval – **2018-088**
Veridea Group, LLC – MCRP Performance-Based Loan Participation Agreement Amendment and Reauthorization – **2018-089**

Terrence J.L. Reeves seconded the motion. **The motion carried: 6 ayes; 0 nays; 1 recused.**

Shaun Wilson rejoined the meeting.

B. BUSINESS INVESTMENT

B1. Business Growth

Resolution 2018-090 Loc Performance Products, Inc. – MBDP Grant

Julia Veale, Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Paul Gentilozzi motioned for the approval of Resolution 2018-090. Larry Koops seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolution 2018-091 Stryker Corporation – MBDP Grant

Mike Gietzen, Senior Business Development Project Manager, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2018-091. Paul Gentilozzi seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

B2. Access to Capital

Resolution 2018-092 Cathedral of St. Augustine’s – Bond Inducement

Chris Cook, Director Capital Access, provided the Board with information regarding this action item. Following brief discussion, Andrew Lockwood motioned for the approval of Resolution 2018-092. Paul Gentilozzi seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Shaun Wilson, recused from the next item, leaves the room; a recusal letter is attached to the minutes.

Resolution 2018-093 Detroit Renewable Energy LLC / Detroit Renewable Power LLC / Detroit Thermal LLC – Bond Reissuance

Chris Cook, Director Capital Access, provided the Board with information regarding this action item.

ROLL CALL VOTE: Ayes: Paul Gentilozzi, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Jeff Mason, Terrence J.L. Reeves, Wayne Wood; Nays: None; Recused: Shaun Wilson

Shaun Wilson rejoined the meeting.

Resolution 2018-094 Hilltop Properties, LLC – Request for Bond Extension

Chris Cook, Director Capital Access, provided the Board with information regarding this action item.

ROLL CALL VOTE: Ayes: Paul Gentilozzi, Larry Koops, Andrew Lockwood (on behalf of Treasurer Khouri, designation attached), Jeff Mason, Terrence J.L. Reeves, Shaun Wilson, Wayne Wood; Nays: None; Recused: None

C. COMMUNITY VITALITY

Resolution 2018-095 Coolidge Park Limited Dividend Housing Association Limited Partnership and Communities First, Inc. – MCRP Grant

Charles Donaldson, Community Assistance Team Specialist, provided the Board with information regarding this action item. Following brief discussion, Larry Koops motioned for the approval of Resolution 2018-095. Andrew Lockwood seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Resolutions 2018-096 & 2018-097 400 Rose, LLC and Park@Cedar II, LLC – MCRP Loan Participation Award and Act 381 Work Plan

Emily Petz, Community Assistance Team Specialist, provided the Board with information regarding these action items. Following brief discussion, Larry Koops motioned for the approval of Resolutions 2018-096 & 2018-097. Terrence J.L. Reeves seconded the motion. **The motion carried: 7 ayes; 0 nays; 0 recused.**

Mr. Mason adjourned the meeting at 10:53 am.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

January 18, 2018

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

Dear Ms. Tebedo:

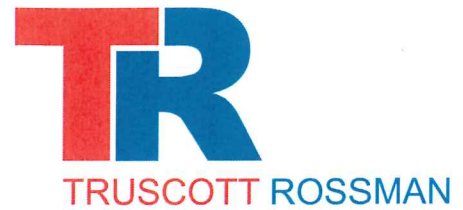
I hereby designate Andrew Lockwood to represent me at Michigan Strategic Fund Meeting, I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to be "N.A. Khouri", with a long horizontal stroke extending to the right.

N.A. Khouri
State Treasurer

Cc: Andrew Lockwood



Tuesday, June 26, 2018

Rhonda Bishop
Board Relations Liasion
And FOIA Coordinator
Michigan Economic Development Corporation
300 N. Washington Square
Lansing, MI 48913

Dear Rhonda,

Please consider this communication as a letter of recusal for the SkyPoint Ventures, LLC; Detroit Renewable Energy, Detroit Renewable Power LLC, Detroit Thermal LLC agenda items listed for the **Tuesday, June 26, 2018** Michigan Strategic Fund board meeting.

I will be recusing myself due to our firm's direct business dealings with listed companies.

Thank you,

A handwritten signature in black ink that reads 'Shaun W. Wilson'.

Shaun W. Wilson

MEMORANDUM

Date: July 24, 2018

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

From: Mike Gietzen, Senior Business Development Project Manager

Subject: American HAVAL Motor Technology, LLC (“Company”) Amendment and Reauthorization of Michigan Business Development Program Performance-based Grant

Request

The Company is requesting a reauthorization and amendment to adjust the Start Date for Measurement of Creation of Qualified New Jobs to its existing Michigan Business Development Program (MBDP) performance-based grant.

Background

On December 19, 2017, the Michigan Strategic Fund (MSF) approved a MBDP performance-based grant in the amount of \$1,500,000 for the Company. The MBDP approval required that an Agreement be entered into within 120 days of the date of the approval and was extended for an additional 60 days with approval from the MSF Fund Manager.

Due to required reviews from all parties, it has taken longer than expected to execute the agreement. Due to these administrative limitations, all parties have been unable to enter into the Agreement within the allowable 180 days. It is anticipated the Company will be in a position to execute the agreement within the next 30 days.

In addition, the Company had a verbal agreement with Staff that the Start Date for the Measurement of Qualified New Jobs would begin upon acceptance of the Offer. Due to an administrative error, the Term Sheet reflected the date of MSF approval instead of the date of offer acceptance. The Company is requesting to change the Start Date for the Measurement of Qualified New Jobs from December 19, 2017 to August 8, 2017.

Recommendation

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

- a) Reauthorization of the MBDP Agreement;
- b) Amend Start Date for Measurement of Creation of Qualified New Jobs .

MICHIGAN STRATEGIC FUND

RESOLUTION 2018-

RE-APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO AMERICAN HAVAL MOTOR TECHNOLOGY, LLC

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

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

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

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

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

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

WHEREAS, via MSF Resolution 2017-212, the MSF approved an \$1,500,000 Michigan Business Development Program Performance based grant on December 19, 2017 for American HAVAL Motor Technology, LLC (the “Company”);

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

WHEREAS, the Company has requested re-approval of the performance based MBDP grant of up to \$1,500,000 and that the terms be amended to reflect a Start Date of August 8, 2017 for Measurement of Creation of Qualified New Jobs (the “Reapproval and Amendment Request”); and

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

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
July 24, 2018

MEMORANDUM

Date: July 24, 2018

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

From: Mike Gietzen, Senior Business Development Project Manager

Subject: SpartanNash (f/k/a Spartan Stores, Inc.) (“Company”) Michigan Business Development Program Grant Agreement Amendment

Request

The Company is requesting an amendment to its existing Michigan Business Development Program (“MBDP”) Grant Agreement to add two Project Locations, extend the due date for Milestone Four from April 30, 2018 to December 31, 2018, eliminate Milestones Five, Six and Seven, and extend the Term of the Grant Agreement, as outlined in the attached Term Sheet (the “Request”).

Background

On November 20, 2013, the MSF approved a MBDP performance-based grant in the amount of \$2,750,000 for the Company. The project involved the creation of 372 Qualified New Jobs and a capital investment of up to \$18,300,000 in Byron Township, Kent County.

At the time of MSF approval, the Company was merging with Nash Finch and anticipated that most of the individuals located in Minnesota at the former Nash Finch locations would transfer to Byron Township, Michigan. Transferring the jobs to Michigan has proven to be difficult and low unemployment levels in West Michigan have presented a challenge in hiring qualified candidates. As such, the Company has determined it will not be able to meet all the job creation milestones and has reduced its projected headcount in Byron Township from 372 to 147 and has determined that it will not be able to meet all of the milestones listed in the original agreement. The Company has successfully met the first three Milestones of the Agreement and anticipates meeting the fourth Milestone by the end of 2018. As a result of the merger the company changed its name to SpartanNash Company.

The Company is also requesting the following two new locations be added to count toward base employment and Qualified New Jobs: 1550 Gezon Parkway Southwest, Wyoming, Michigan 49509 and 7614 Clyde Park Avenue Southwest, Byron Center, Michigan 49315. The Company is requesting these two locations be added as they have become a cost efficient alternative to the space constraints at the two original locations listed in the Grant Agreement: 850 76th Street Southwest, P.O. Box 8700, Grand Rapids, Michigan 49518 and 537 76th Street, Byron Center, Michigan 49315.

Recommendation

MEDC Staff recommends approval of the Request

MICHIGAN STRATEGIC FUND

RESOLUTION 2018-

APPROVAL OF AN AMENDMENT TO MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO SPARTANNASH (f/k/a SPARTAN STORES, INC.)

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

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

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

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

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

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

WHEREAS, on November 20, 2013, MSF approved a \$2,750,000 MBDP performance based grant to SpartanNash f/k/a Spartan Stores, Inc. (the “Company”) for the creation of 372 Qualified New Jobs and a capital investment of \$18,300,000 in Byron Township, Kent County, Michigan (the “MBDP Grant”);

WHEREAS, the Company requests that the MBDP Grant be amended in accordance with the Term Sheet attached to this Resolution (the “Amendment Request”); and

WHEREAS, the MEDC recommends that the MSF approve the Amendment Request, subject to execution of the Grant Agreement Amendment within 120 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 60 days (“Amendment Recommendation”).

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

WHEREAS, that the MSF Fund Manager is authorized negotiate all final terms and conditions and execute all documents necessary to effectuate the Amendment Recommendation.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 24, 2018

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

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

Date: 5/25/2018

- 1. Company Name:** Spartan Stores, Inc. ("Company" or "Applicant")

- 2. Company Address ("Project"):** 850 76th Street, SW
Post Office Box 8700
Grand Rapids, Michigan 49518-8700

- 3. MBDP Incentive Type:** Performance Based Grant

- 4. Maximum Amount of MBDP Incentive:** Up to \$2,750,000 ("MBDP Incentive Award"), as follows:
Phase 1: \$1,500,000 (Milestones 1 – 3)
Phase 2: \$1,250,000 (Milestones: 4 – 7)

- 5. Base Employment Level** 620 The number of jobs currently maintained at the Project and 537 76th Street, Byron Center, Michigan, by the Company based on data submitted by the Company to the MEDC reflecting the Company's employment level at the Project and 537 76th Street, Byron Center, Michigan, prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.

- 6. Total Qualified New Job Creation:** 372 The minimum number of total Qualified New Jobs the Company shall be required to create at the Project (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for
(above Base Employment Level)

consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum number of Qualified New Jobs that must be created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

- a. **Start Date for Measurement of Creation of Qualified New Jobs:** Date of Approval of MSF Award

7. **Company Investment:** \$18,271,496 for parking lot construction, building renovations, machinery and equipment, furniture and fixtures, and computers, *or any combination thereof, for the Project.*

8. **Municipality supporting the Project:** Byron Township

- a. **Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide the Applicant and/or Spartan Stores Distribution, LLC and/or Market Development, LLC: a property tax abatement for real and or personal property related to the project. The final terms and conditions demonstrating this support shall be included in the final Agreement.

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

- a. **Disbursement Milestone 1:** Up to \$500,000 Upon demonstrated creation of 5 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than September 30, 2014.
- b. **Disbursement Milestone 2:** Up to \$500,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 31 additional Qualified New Jobs (for a total of 36 Qualified New Jobs) above the Base Employment Level, by no later than January 31, 2015.
- c. **Disbursement Milestone 3:** Up to \$500,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2,

and upon demonstrated creation of 36 additional Qualified New Jobs (for a total of 72 Qualified New Jobs) above the Base Employment Level, by no later than January 31, 2016.

- d. Disbursement Milestone 4:** Up to \$312,500 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, and Disbursement Milestone 3, and upon demonstrated creation of 75 additional Qualified New Jobs (for a total of 147 Qualified New Jobs) above the Base Employment Level, by no later than April 30, 2018.
- e. Disbursement Milestone 5:** Up to \$312,500 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, and Disbursement Milestone 4, and upon demonstrated creation of 75 additional Qualified New Jobs (for a total of 222 Qualified New Jobs) above the Base Employment Level, by no later than July 31, 2018.
- f. Disbursement Milestone 6:** \$312,500 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, Disbursement Milestone 4, and Disbursement Milestone 5, and upon demonstrated creation of 75 additional Qualified New Jobs (for a total of 297 Qualified New Jobs) above the Base Employment Level, by no later than October 31, 2018.
- g. Disbursement Milestone 7:** Up to \$312,500 Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, Disbursement Milestone 3, Disbursement Milestone 4, Disbursement Milestone 5, and Disbursement Milestone 6, and upon demonstrated creation of 75 additional Qualified New Jobs (for a total of 372 Qualified New Jobs) above the Base Employment Level, by no later than January 31, 2019.

10. Term of Agreement:

Execution of Agreement to January 31, 2021.

Proposed MBDP Incentive Amendment

Project Address:

850 76th Street, SW Post Office Box 8700 Grand Rapids,
Michigan 49518-8700

537 76th Street, Byron Center, Michigan 49315

1550 Gezon Parkway SW, Wyoming, Michigan 49509

7614 Clyde Park Avenue, SW, Byron Center, Michigan
49315

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

a. Disbursement Milestone 1:	Up to \$500,000	Upon demonstrated creation of 5 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than September 30, 2014.
b. Disbursement Milestone 2:	Up to \$500,000	Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 31 additional Qualified New Jobs (for a total of 36 Qualified New Jobs) above the Base Employment Level, by no later than January 31, 2015.
c. Disbursement Milestone 3:	Up to \$500,000	Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 36 additional Qualified New Jobs (for a total of 72 Qualified New Jobs) above the Base Employment Level, by no later than January 31, 2016.
d. Disbursement Milestone 4:	Up to \$312,500	Upon completion of Disbursement Milestone 1, Disbursement Milestone 2, and Disbursement Milestone 3, and upon demonstrated creation of 75 additional Qualified New Jobs (for a total of 147 Qualified New Jobs) above the Base Employment Level, by no later than December 31, 2018.
e. Disbursement Milestone 5, 6,7:		ELIMINATED

- **Term of Agreement:** Execution of Agreement to June 30, 2019.

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 28, 2018, the MEDC may not be able to proceed with any recommendation to the MSF.

Acknowledged as received by:

SpartanNash

By:

Printed Name:

Its:

Dated:



Eric B Turowski

Tax Manager

6/22/18

Michigan Economic Development Corporation

By:

Printed Name:

Its:

Dated:



Michael Gietzen

Sr. Business Development Project Manager

6/22/2018

MEMORANDUM

Date: July 24, 2018

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

From: David Kurtycz, Business Development Project Manager

Subject: Fairlife LLC and Continental Dairy Facilities, LLC
Amendment to Michigan Business Development Program Grant Agreement

Request

Fairlife LLC and Continental Dairy Facilities, LLC (collectively, the “Companies”) are requesting an amendment to the Michigan Business Development Program (“MBDP”) performance based grant Agreement to extend the due date of Disbursement Milestone Two from March 30, 2018 to July 31, 2019 and to extend the term of the Agreement from October 31, 2018 to January 31, 2020 (the “Request”).

Background

Fairlife and Continental Dairy Facilities (“CDF”) are two separate dairy processing companies that are located on the same 100-acre dairy processing plant site at the former GM/Delphi Mfg. plant within the City of Coopersville. On March 28, 2017, the MSF approved a \$2,407,000 MBDP award for the Companies. The Companies proposed to expand an existing facility in the City of Coopersville, which would result in the creation of 52 Qualified New Jobs and \$173 million in capital investment. The City of Coopersville committed to provide a \$1.1 million upgrade to the City’s own Waste Water Treatment Plant in support of the project. Though the Company successfully completed its disbursement Milestone One, the Company’s second and final milestone requires that the Company be in compliance with the City of Coopersville’s Nondomestic IPP User permit by no later than March 30, 2018. The City of Coopersville has not moved forward with updates to its wastewater system as soon as anticipated. The Companies are reviewing options with the City of Coopersville and independent options to bring them in compliance with the City of Coopersville’s Nondomestic IPP User permit.

CDF has been in operation since 2008. In 2012, CDF began production of Cream Condensed Milk and Non-fat Dried Milk at their Coopersville location. This is the fourth expansion for CDF, which has moved from being a milk balancing plant to a regional dairy ingredient facility that takes in milk from four other Dairy Cooperatives from 35 different counties and has 93 employees because of the rapid milk production in the State of Michigan. The Michigan plant produces over 300,000 pounds of dry, non-fat milk per day.

Fairlife, established in 2013, is a partnership between Select Milk Producers and The Coca-Cola Company with a goal to produce exceptional quality milk while changing the face of the dairy industry with cutting edge innovation, dedication to animal care and comfort, and a commitment to agricultural sustainability. Fairlife’s patented cold filtration process filters natural milk to increase protein and calcium and decrease lactose and sugars. Fairlife’s products include fairlife, Core Power, and Yup.

Recommendation

MEDC Staff recommends approval of the Request.

MICHIGAN STRATEGIC FUND

RESOLUTION 2018-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM
GRANT AMENDMENT TO
FAIRLIFE LLC and CONTINENTAL DAIRY FACILITIES, LLC**

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

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

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

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

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

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

WHEREAS, on March 28, 2017, the MSF Board approved a \$2,407,000 MBDP Performance based grant to Fairlife LLC and Continental Dairy Facilities, LLC (collectively, the “Company”) to expand a dairy processing facility in Coopersville, make investments and create jobs related to dairy processing (the “MBDP Grant”);

WHEREAS, the Company requests that the MBDP Grant be amended to extend to extend the due date of Disbursement Milestone Two from March 30, 2018 to July 31, 2019 and to extend the term of the Agreement from October 31, 2018 to January 31, 2020 (the “Amendment Request”); and

WHEREAS, the MEDC recommends that the MSF approve the Amendment Request, subject to execution of the Grant Agreement Amendment within 120 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 60 days (“Amendment Recommendation”).

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

Ayes:

Nays:

Recused:

Lansing, Michigan
July 24, 2018

MEMORANDUM

Date: July 24, 2018

To: Michigan Strategic Fund (MSF) Board Members

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

Subject: *Community Development Block Grant Program
2018 Funding Guide Excerpt*

Request

Michigan Economic Development Corporation (“MEDC”) Staff recommends the Michigan Strategic Fund (“MSF”) approval of the attached Funding Guide Excerpt for the Community Development Block Grant (“CDBG”) Program Year 2018. (Attachment A)

Background

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

The State’s responsibilities include ensuring the State’s and their Grantee’s compliance with the statute, HUD regulations, and the Consolidated Plan. The attached document is an excerpt from the CDBG Funding Guide for potential applicants based on the requirements within the Consolidated Plan, Federal regulations and policies developed by staff to ensure consistency with grantees.

While the Michigan State Housing and Development Authority (“MSHDA”) submits the Consolidated Plan to HUD, on the State’s behalf, the MSF has authority over the Consolidated Plan related to CDBG funds. This excerpt outlines the selection criteria for the various programs funded with the CDBG allocation. The document is updated at least annually to assure that we are adjusting to the changing needs of the communities that are eligible and the goals of the MSF and the MEDC. These updates are based on conversations with grantees and internal staff that work with the program.

Recommendation

The MEDC Staff recommends:

- The MSF approves the attached Funding Guide Excerpt for the CDBG Program Year 2018.

MICHIGAN STRATEGIC FUND

RESOLUTION 2018- _____

**APPROVAL OF THE SUBMISSION OF THE
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
2018 FUNDING GUIDE SELECTION CRITERIA**

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

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; and

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

WHEREAS, the CDBG program desires to adopt the policies, criteria, and parameters for the selection of projects which are enumerated in the attached 2018 Funding Guide Excerpt (the “Guide Excerpt”); and

WHEREAS, the CDBG program staff reviewed the Guide Excerpt and concluded that the policies meet the enabling legislation, federal regulations and the requirements of the Consolidated Plan; and

WHEREAS, the CDBG program staff recommends that the MSF adopt the attached Guide Excerpt to update the selection criteria in the current Application Guide adopted in 2017 n/k/a Funding Guide for the CDBG program.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board adopts the attached Funding Guide Excerpt as the policies, criteria, and parameters for projects being considered and funded with 2018 program Year funds; and

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

Ayes:

Nayes:

Recused:

Lansing, Michigan
July 24, 2018

FUNDING PLATFORM OVERVIEW

The MEDC has identified the following CDBG-funded projects consistent with Section 105(a) of Title I of the HCDA (Housing and Community Development Act) and utilizes the Business Development and Community Development units to provide guidance and assistance for CDBG Program Year 2018.

BUILDING REHABILITATION
CDBG LOAN PROGRAM
DIRECT ASSISTANCE TO BUSINESS
FAÇADE IMPROVEMENTS
PLANNING
PUBLIC FACILITIES
PUBLIC IMPROVEMENTS
RENTAL REHABILITATION
SMALL BUSINESS
UNIQUE

All projects will be evaluated on the following in addition to all other criteria set forth in this Funding Guide:

Economic Impact. Proposed projects are evaluated on their economic impact, including the diversification of the economic base of the local and State economies.

Financial Viability. All projects must be financially viable. Please refer to the Economic Development Underwriting (Financial Viability) section for guidance on that evaluation process.

Local Participation. Proposed projects are expected to demonstrate local government support.

In addition, Community Development (CD) projects should align with the current Community Development Guidance document.

BUILDING REHABILITATION	
Overview	Applies to projects that include interior building rehabilitation activities only, or <u>both</u> interior and exterior renovations.
National Objective	LMA Community: Blight, Job Creation, Limited Clientele Non-LMA Community: Blight, Job Creation, Limited Clientele
Eligible Activities	<input type="checkbox"/> Acquisition <input type="checkbox"/> Blight elimination <input type="checkbox"/> Building rehabilitation <input type="checkbox"/> Building stabilization <input type="checkbox"/> Historic preservation
Minimum Grant Amount	\$50,000
Maximum Grant Amount	N/A
Match Requirement	50%
Priority	Funding priority will be given to: <ul style="list-style-type: none"> ▪ Rehabilitation of vacant, deteriorated and abandoned buildings which are considered to be blighted and detrimental to public health and safety. ▪ Projects with the highest percentage of private matching funds. ▪ Projects when the leverage ratio of all other private and public funds to CDBG funds is greater than 1:1.
Funding Window	Open Application
Contact	BDM and CATeam

CDBG LOAN PROGRAM (CLP)

Overview	<p>The intended purpose of the CDBG Loan Program (CLP) is to provide loans to eligible small businesses, or UGLGs, to meet a National Objective by creating job opportunities for LMI individuals.</p> <p>Regionalized and Local fund managers administer the loan programs for select communities throughout the state.</p>
National Objective	<p>LMA Community: Area Benefit, Blight, Job Creation Non-LMA Community: Blight, Job Creation</p>
Eligible Activities	<ul style="list-style-type: none"> <input type="checkbox"/> Acquisition <input type="checkbox"/> Administration <input type="checkbox"/> Architecture / Engineering <input type="checkbox"/> Building Improvements <input type="checkbox"/> Demolition <input type="checkbox"/> Infrastructure Improvements <input type="checkbox"/> Machinery / Equipment <input type="checkbox"/> Planning <input type="checkbox"/> Working Capital
Minimum Loan Amount	\$20,000
Maximum Loan Amount	N/A
Match Requirement	N/A
Priority	N/A
Funding Window	Open Application
Contact	BDM, CATeam, CDBG Loan Program Specialist

DIRECT ASSISTANCE TO BUSINESS

Overview	Activities eligible under the Housing and Community Development Act (HCDA) provide assistance to private, for-profit entities. Proposed projects are expected to: <ul style="list-style-type: none"> ▪ Result in the creation of FTE jobs of which at least 51% will be held by LMI persons ▪ Create and/or retain the largest number of positions with the least amount of CDBG investment ▪ Leverage private investment funds
National Objective	LMA Community: Blight, Job Creation Non-LMA Community: Blight, Job Creation
Eligible Activities	<input type="checkbox"/> Building Construction or Expansion <input type="checkbox"/> Flood Drainage Improvements: Acquisition, construction, or rehabilitation of flood drainage facilities, such as retention ponds or catch basins. <input type="checkbox"/> Land Acquisition: CDBG funding can be utilized for property acquisition activities. Projects should be accompanied by a viable business plan, at least one appraisal completed within the past 12 months, along with the current SEV, documentation that all taxes are current, as well as verification that non-mortgage liens have not been placed on the property. Specific requirements for appraisals are outlined in <i>GAM Chapter 6 - Acquisition</i> . <input type="checkbox"/> Machinery and Equipment: These projects are generally supported by the CDBG Revolving Loan Program or other incentive programs available at the MEDC. <input type="checkbox"/> Sidewalks: Installation or repair of sidewalks or sidewalk improvements that include the installation of trash receptacles, lighting, benches, and trees. <input type="checkbox"/> Solid Waste Disposal Improvements: Acquisition, construction, or rehabilitation of solid waste disposal facilities. <input type="checkbox"/> Street Improvements: Installation or repair of streets, street drains, storm drains, curbs and gutters, and traffic lights/signs. <input type="checkbox"/> Tree Planting: Activities limited to tree planting (sometimes referred to as “beautification”). <input type="checkbox"/> Water/Sewer Improvements: Installation or replacement of water lines, sanitary sewers, storm sewers, and fire hydrants.
Minimum Grant Amount	\$100,000
Maximum Grant Amount	N/A
Match Requirement	50%
Priority	Funding priority will be given to: <ul style="list-style-type: none"> ▪ Job Creation projects creating 10 or more permanent FTE jobs that pay an average hourly rate of at least the current State of Michigan minimum wage or 75% of the average hourly wage rate for the applicable county. ▪ Projects with a higher percentage of matching funds (committed funds only). ▪ Projects when the leverage ratio of all other private and public funds to CDBG funds is greater than 1:1.
Funding Window	Open Application
Contact	BDM

FAÇADE IMPROVEMENT

Overview	<p>Façade Improvement is designed to add or improve multiple facades for businesses along a local commercial district that serves a LMI neighborhood or community.</p> <p>Participating property owners will be required to escrow contributing funds prior to MSF approval.</p> <p>Multiple Façade projects in a single community may be limited by capacity assessment of UGLG and/or Certified Grant Administrator.</p> <p>Projects that include both interior <u>and</u> exterior rehabilitation activities should seek funding under Building Rehabilitation.</p>
National Objective	<p>LMA Community: Area Benefit Non-LMA Community: N/A (see Building Rehabilitation and/or Small Business)</p> <p>Area Benefit. LMI communities with a population of:</p> <ul style="list-style-type: none"> ▪ <u>15,000 or less</u> must have at least 2, and no more than 5, participating properties ▪ <u>Over 15,000</u> must have at least 4, and no more than 7, participating properties
Eligible Activities	Improvements to the face of a building, especially the principal front that looks onto a street or open space.
Minimum Grant Amount	\$50,000
Maximum Grant Amount	N/A
Match Requirement	<p>50% per building, or</p> <p>25% if the building specific façade improvements meet the Secretary of Interior’s Standards for Rehabilitation.</p>
Priority	Funding priority will be given to projects when the leverage ratio of all other private and public funds to CDBG funds is greater than 1:1.
Funding Window	Open Application
Contact	CATEam

PLANNING

Overview	<p>The MEDC may award planning grants to an UGLG which performs planning-only activities. Planning-only grants or activities must comply with the requirements of the LMI National Objectives.</p> <p>Projects will only be considered that can demonstrate that the planning grant will likely lead to an eligible implementation project where at least 51% of persons are LMI. The planning study must be specific with identified goals and outcomes.</p> <p>Proposed projects are expected to:</p> <ul style="list-style-type: none"> ▪ result in the creation of FTE of which at least 51% of the created positions will be held by LMI persons ▪ create and/or retain the largest number of positions with the least amount of CDBG investment
National Objective	<p>LMA Community: Job Creation</p> <p>Non-LMA Community: Job Creation</p>
Eligible Activities	<p><input type="checkbox"/> Analysis</p> <p><input type="checkbox"/> Data Gathering</p> <p><input type="checkbox"/> Studies</p>
Minimum Grant Amount	\$25,000
Maximum Grant Amount	\$100,000
Match Requirement	50%
Priority	<p>Funding priority will be given to projects:</p> <ul style="list-style-type: none"> ▪ In which the resulting project creates 10 or more permanent FTE jobs that pay an average hourly rate of at least the current State of Michigan minimum wage or 75% of the average hourly wage rate for the applicable county. ▪ With a higher percentage of matching funds (committed funds only). ▪ When the leverage ratio of all other private and public funds to CDBG funds is greater than 1:1.
Funding Window	Open Application
Contact	BDM or CATeam

PUBLIC FACILITIES	
Overview	<p>Public Facility means a building or structure (vertical construction) that is publicly owned, or owned by a non-profit, and open to the general public for access to services provided by, or available at, the facility.</p> <p>Community Development Requirements:</p> <ul style="list-style-type: none"> ▪ Project must be supported by a local plan (CIP, DDA, MP or Rec Plan). ▪ Communities will have identified potential funding sources, and the amount of local funding it has allocated in the plan. ▪ Community has a maintenance and sustainability plan related to the new project and has identified sources for related funding.
National Objectives	<p>LMA Community: Area Benefit, Blight, Job Creation, Limited Clientele, Urgent Need</p> <p>Non-LMA Community: Blight, Job Creation, Limited Clientele, Urgent Need</p>
Eligible Activities	<p>Public Facilities Examples:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Neighborhood Facilities: Acquisition, construction, or rehabilitation of facilities that are principally designed to serve a neighborhood and that will be used for social services or for multiple purposes (including recreation). Such facilities may include libraries and community centers. <input type="checkbox"/> Parks, Recreational Facilities: Development of open space areas or facilities intended primarily for recreational use. <input type="checkbox"/> Public Centers: Acquisition, construction, or rehabilitation of facilities intended primarily for disabled, seniors or young people age 13-19, including playground and recreational facilities that are part of a youth center.
Associated Eligible Activities	<p>The Public Improvements Examples listed below are <u>only eligible to be funded as a part of a specific funding round</u>, or if their inclusion is necessary to complete a Public Facility project (listed above).</p> <ul style="list-style-type: none"> <input type="checkbox"/> Flood Drainage Improvements: Acquisition, construction, or rehabilitation of flood drainage facilities, such as retention ponds or catch basins. <input type="checkbox"/> Sidewalks: Installation or repair of sidewalks or sidewalk improvements that include the installation of trash receptacles, lighting, benches, and trees. <input type="checkbox"/> Solid Waste Disposal Improvements: Acquisition, construction, or rehabilitation of solid waste disposal facilities. <input type="checkbox"/> Street Improvements: Installation or repair of streets, street drains, storm drains, curbs and gutters, and traffic lights/signs. <input type="checkbox"/> Tree Planting: Activities limited to tree planting (sometimes referred to as “beautification”). <input type="checkbox"/> Water/Sewer Improvements: Installation or replacement of water lines, sanitary sewers, storm sewers, and fire hydrants.
Minimum Grant Amount	\$50,000
Maximum Grant Amount	N/A
Match Requirement	10% of CDBG-funded activity

Priority	<ul style="list-style-type: none">▪ Leverage of existing infrastructure with adjacent communities▪ Incorporation of Green Infrastructure▪ Improving access to community amenities through at least one of the following mobility measures: transit, bicycling, shared ridership
Funding Window	Open Application or Funding Round
Contact	CATeam

PUBLIC IMPROVEMENTS	
Overview	<p>Public Improvements are infrastructure elements located at street level or below grade (horizontal construction), which benefit the residents of a defined service area.</p> <p>The State CDBG Program limits the acceptance of applications for public improvement projects to funding rounds, however will allow public improvement elements to be an eligible activity if it is deemed necessary to complete a Public Facility or Direct Assistance to Business project.</p>
National Objectives	<p>LMA Community: Area Benefit Non-LMA Community: N/A</p>
Eligible Activities	<ul style="list-style-type: none"> <input type="checkbox"/> Flood Drainage Improvements: Acquisition, construction, or rehabilitation of flood drainage facilities, such as retention ponds or catch basins. <input type="checkbox"/> Sidewalks: Installation or repair of sidewalks or sidewalk improvements that include the installation of trash receptacles, lighting, benches, and trees. <input type="checkbox"/> Solid Waste Disposal Improvements: Acquisition, construction, or rehabilitation of solid waste disposal facilities. <input type="checkbox"/> Street Improvements: Installation or repair of streets, street drains, storm drains, curbs and gutters, and traffic lights/signs. <input type="checkbox"/> Tree Planting: Activities limited to tree planting (sometimes referred to as “beautification”). <input type="checkbox"/> Water/Sewer Improvements: Installation or replacement of water lines, sanitary sewers, storm sewers, and fire hydrants.
Minimum Grant Amount	To be identified at time of funding round posting
Maximum Grant Amount	To be identified at time of funding round posting
Match Requirement	To be identified at time of funding round posting
Priority	To be identified at time of funding round posting
Funding Window	Funding Round
Contact	BDM or CATeam

RENTAL REHABILITATION

Overview	<p>An LMI Housing activity is carried out for the purpose of providing or improving permanent, residential structures for LMI households for at least 51% of the completed CDBG-assisted rental units.</p> <p>All <u>interior</u> residential rehabilitation must be in accordance with all locally adopted building and housing codes, standards and ordinances. If locally adopted and enforced building and housing codes do not exist, refer to the Housing Quality Standards (HQS) as set forth in 24 CFR 982.401. If the project includes exterior or commercial improvements, see Building Rehabilitation.</p> <p>Communities are encouraged to bundle projects/applications to make the most impact on its housing needs and projects will be evaluated based on financial need.</p> <p>New leases require a minimum duration of 1 year and household income eligibility requirements must be met.</p>		
National Objective	<p>LMA Community: Housing Non-LMA Community: Housing</p>		
Eligible Activities	<p><input type="checkbox"/> Acquisition of property for residential use <input type="checkbox"/> Conversion of nonresidential property to residential <input type="checkbox"/> Rehabilitation of multi-family residential property</p>		
Minimum Grant Amount	\$50,000	Minimum CDBG Assistance per Unit	N/A
Maximum Grant Amount	N/A	Maximum CDBG Assistance per Unit	\$60,000
Match Requirement	25%		
Priority	Funding priority will be given to projects when the leverage ratio of all other private and public funds to CDBG funds is greater than 1:1.		
Funding Window	Open Application		
Contact	CATeam		

SMALL BUSINESS

Overview	<p>Small Business grants enable communities to formulate an economic development strategy to support locally owned and operated businesses, may provide funding to jumpstart growth of existing, create new jobs, or retain existing jobs, and enhance the entrepreneurial environment in the community.</p> <p>May be used to assist for façade <u>and</u> interior improvements when job creation will be realized.</p> <p>Small Business Development Center (SBDC) review required.</p>
National Objective	<p>LMA Community: Area Benefit, Job Creation Non-LMA Community: Job Creation</p>
Eligible Activities	<ul style="list-style-type: none"> <input type="checkbox"/> Acquisition <input type="checkbox"/> Construction <input type="checkbox"/> Site-specific Furniture and Fixtures <input type="checkbox"/> Site-specific Machinery and Equipment
Minimum Grant Amount	\$25,000
Maximum Grant Amount	\$500,000
Match Requirement	50%
Priority	Funding priority will be given to projects when the leverage ratio of all other private and public funds to CDBG funds is greater than 1:1.
Funding Window	Open Application
Contact	CATeam

UNIQUE/INNOVATIVE	
Overview	Funding requests may be considered by the MEDC, based on special and/or unique needs, or situations requiring innovative program approaches not specifically provided for in identified programs.
National Objective	LMA Community: Area Benefit, Blight, Job Creation, Limited Clientele, Urgent Need Non-LMA Community: Blight, Job Creation, Limited Clientele, Urgent Need
Eligible Activities	This may include, but is not limited to: <ul style="list-style-type: none"> <input type="checkbox"/> Agricultural business (farm-to-food grants) <input type="checkbox"/> Brownfield site redevelopment <input type="checkbox"/> Building and building rehabilitation activities <input type="checkbox"/> Demolition of blight <input type="checkbox"/> Environmental remediation <input type="checkbox"/> Activities and services listed in the above categories which do not meet identified screening or selection criteria and/or projects associated with other State or Federally funded projects.
Minimum Grant Amount	\$50,000
Maximum Grant Amount	N/A
Match Requirement	10–50% as determined by project activities
Priority	Funding priority will be given to: <ul style="list-style-type: none"> ▪ Job Creation projects creating 10 or more permanent FTE jobs that pay an average hourly rate of at least the current State of Michigan minimum wage or 75% of the average hourly wage rate for the applicable county. ▪ Projects with a higher percentage of matching funds (committed funds only). ▪ Projects when the leverage ratio of all other private and public funds to CDBG funds is greater than 1:1.
Funding Window	Open Application
Contact	BDM or CATeam

MEMORANDUM

Date: July 24, 2018

To: Michigan Strategic Fund Board

From: Rob Garza, Brownfield and MCRP Senior Program Specialist

Subject: Free Press Holdings, LLC - Request for Approval of MBT Brownfield Credit Amendment #1
Free Press Plaza and Apartments Project

Request

Free Press Holdings, LLC requests the following amendment be made to the Brownfield Michigan Business Tax (“MBT”) credit for the Free Press Plaza and Apartments Project, originally approved by the MEGA Board on December 14, 2010: the addition of Pyramid Development Company, LLC as a qualified taxpayer and removal of Free Press Holdings, LLC as a qualified taxpayer (the “Request”).

Background

The project will redevelop two parcels of property located at 321 West Lafayette and 300 West Fort Street in the City of Detroit. The project is located in a downtown and qualifies for an MBT Amendment because it is functionally obsolete. This amendment request only includes the addition of a qualified taxpayer and removal of the original qualified taxpayer. A scope change amendment will be requested separately.

Neither Free Press Holdings, nor its principals, have been awarded additional incentives by the MEGA or MSF Boards. The principals of Pyramid Development Company, LLC have received MCRP awards for the Brush Park Parcels A & B Project and 1215 Griswold Redevelopment Project, as well as a Transformational Brownfield Plan for the Hudson’s Site, Monroe Blocks, One Campus Martius Expansion, and Book Building and Book Tower Redevelopment Projects. The MEDC has completed civil and criminal background checks in accordance with the MSF Background Review Policy. No issues were identified.

Appendix A addresses the Brownfield MBT tax credit structure.

Recommendation

MEDC staff recommends approval of the Request.

APPENDIX A - Brownfield MBT Tax Credit Structure

Brownfield MBT Credit Amendment Request By:

Free Press Holdings, LLC
700 Northwest 57th Place, Suite 8
Fort Lauderdale, Florida 33309

Contact: Lynn Kassotis, Manager

	Previous Approval	Amendment
Project Eligible Investment:	\$50,000,000	\$50,000,000
Requested Credit Amount:	\$10,000,000	\$10,000,000
Requested Credit Percentage:	20%	20%

ELIGIBLE INVESTMENT BREAKDOWN

Building Renovation	+	<u>50,000,000</u>
Total	\$	50,000,000

MICHIGAN STRATEGIC FUND

RESOLUTION 2018 -

**FREE PRESS PLAZA & APARTMENTS PROJECT
FREE PRESS HOLDINGS, LLC
BROWNFIELD REDEVELOPMENT MBT CREDIT – AMENDMENT #1
CITY OF DETROIT**

At the meeting of the Michigan Strategic Fund (“MSF”) held on July 24, 2018 in Lansing, Michigan;

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

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

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

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

WHEREAS, a request has been submitted to amend the Project by adding Pyramid Development Company, LLC as a qualified taxpayer and removing Free Press Holdings, LLC as a qualified taxpayer; and

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

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends the Project by adding Pyramid Development Company, LLC as a qualified taxpayer.

BE IT FURTHER RESOLVED, that Free Press Holdings, LLC is hereby removed as a qualified taxpayer.

BE IT FURTHER RESOLVED, that the Project is required to submit a Certificate of Completion request for the final phase within one year of project completion. The 10-year statutory limit for this MBT credit expires on March 8, 2021.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 24, 2018

MEMORANDUM

Date: July 24, 2018

To: Michigan Strategic Fund Board

From: Rob Garza, Brownfield and MCRP Senior Program Specialist

Subject: City of Detroit Brownfield Redevelopment Authority
Request for Approval of an Act 381 Work Plan Amendment #1
Pyramid Development Company, LLC - Request for Approval of MBT
Brownfield Credit Amendment #2
Former Free Press Building Redevelopment Project

Request

The proposed project will be undertaken by Pyramid Development Company, LLC. The project will redevelop one parcel of property located at 321 West Lafayette in the city of Detroit. The project is located in a downtown and qualifies for an MBT Amendment and Act 381 Work Plan amendment because it is functionally obsolete.

The City of Detroit Brownfield Redevelopment Authority (BRA) is seeking an amended approval of local and school tax capture for MSF eligible activities in the amount of \$7,989,347. This is an increase from the original request of \$442,989 which was approved by the Michigan Economic Growth Authority (MEGA) Board on December 14, 2010.

Pyramid Development Company, LLC requests the following amendment be made to the Brownfield MBT credit for the Free Press Plaza and Apartments Project, originally approved by the MEGA Board on December 14, 2010: a change in project scope and an additional five years to complete the project.

Pyramid Development Company, LLC anticipates that the project will result in total capital investment of \$78,878,098, along with the creation of approximately 335 permanent full-time equivalent jobs with an average hourly wage of \$24.

Background

The project will rehabilitate the existing Free Press Building into a 14-story, 248,684 square foot mixed-use building containing approximately 8,242 square feet of first floor and mezzanine level commercial space, approximately 52,588 square feet of second and third floor office space, and approximately 147 residential units occupying approximately 76,464 square feet on floors four through fourteen. The remaining square footage will be dedicated to parking, green space, mechanical areas, and back of house space. Approximately 13,857 square feet will be revitalized public space in the form of sidewalk and alley improvements. Act 381 Work Plan cost increases are attributed to the significant amount of required

asbestos abatement not identified in the original approval and demolition specific to the new scope of the project. The removal of one parcel of land is included in the project scope change that is a part of both the Work Plan and MBT amendment request.

The developer's capital stack includes federal historic tax credits, state historic tax credits, senior debt, and cash equity of over 29% of project costs. The developer return is acceptable and less than 12%. The eligible activities will alleviate Brownfield conditions across the site and make it suitable for redevelopment, and protect human health and the environment. Without Brownfield tax increment reimbursement, the cost burden related to Brownfield conditions would make the project financially unfeasible.

The principals of Pyramid Development Company, LLC were previously awarded MCRP funds for the Brush Park Parcels A & B Project and 1215 Griswold Redevelopment Project as well as a Transformational Brownfield Plan for The Hudson's Site, Monroe Blocks, One Campus Martius Expansion, and Book Building and Book Tower Redevelopment Projects. The MEDC has completed civil and criminal background checks in accordance with the MSF Background Review Policy. No issues were identified.

Appendix A addresses the programmatic requirements **Appendix B** addresses the Brownfield MBT tax credit structure.

Recommendation

MEDC staff recommends approval of the following (the "Recommendation"):

- a) Amended local and school tax capture for the Act 381 eligible activities totaling \$7,989,347. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$7,989,347.
- b) The Brownfield MBT credit amendment requests to change the project scope and add an additional five years to the project. The project must now be completed by March 8, 2021.

APPENDIX A – Programmatic Requirements & Screening Guidelines

Property Eligibility

The project is located within the boundaries of the City of Detroit, which is a Qualified Local Governmental Unit, and qualified as functionally obsolete under the Work Plan’s original approval.

The property is the subject of a Brownfield Plan, duly approved by the City of Detroit on July 29, 2010 and amended on June 12, 2018.

Key Statutory Criteria

Act 381 requires the following information to understand and explain the benefits of the project.

a) Overall Benefit to the Public:

The project will reactivate an iconic, 14-story mixed use building that will increase density in the area through the creation of a significant number of jobs and addition of residents.

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

This project is expected to create approximately 10 new, full-time equivalent jobs in building management and 325 full-time equivalent jobs through future tenants.

c) Area of High Unemployment:

The City of Detroit unadjusted jobless rate was 7.9% in May 2018.

d) Level and Extent of Contamination Alleviated:

The property is not qualifying as a facility, but the building does contain a significant amount of asbestos that must be abated.

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

This project will reactivate a currently vacant, functionally obsolete building.

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:

The property is within the boundaries of the Downtown Development Authority (DDA) and as a result, the majority of local millages will be captured by the DDA. Available local millages will be captured by the city of Detroit BRA and allocated for administrative costs. The city of Detroit is supporting the project with a Neighborhood Enterprise Zone (NEZ) and Commercial Rehabilitation Act tax abatement (PA 210), which further impacts available capture.

Tax Capture Breakdown

There are 56.2207 non-homestead mills available for capture, with school millage equaling 24 mills (42.69%) and local millage equaling 32.2207 mills (57.31%). Because of the NEZ and PA 210 tax abatements, as well as the property's inclusion in the DDA, the blended ratio is represented below. Tax increment capture was identified to begin in 2015 under the original 2010 approval, although no actual capture has occurred to date. Actual capture is anticipated to begin in 2019 and is estimated to continue for 27 years. The requested tax capture for MSF eligible activities breaks down as follows:

School tax capture	(100%)	\$	7,989,347
Local tax capture	(0%)	\$	<u>0</u>
TOTAL		\$	<u>7,989,347</u>

Cost of MSF Eligible Activities

Demolition	\$	3,579,477
Asbestos Abatement		<u>4,384,870</u>
Sub-Total	\$	7,964,347
Brownfield/Work Plan Preparation	+	<u>25,000</u>
TOTAL	\$	<u>7,989,347</u>

APPENDIX A - Brownfield MBT Tax Credit Structure

Brownfield MBT Credit Amendment Request By:

Pyramid Development Company, LLC
1074 Woodward Avenue
Detroit, Michigan 48226

Contact: James Ketai, Authorized Agent

	Previous Approval	Amendment
Project Eligible Investment:	\$50,000,000	\$60,000,000
Requested Credit Amount:	\$10,000,000	\$10,000,000 (capped)
Requested Credit Percentage:	20%	20%

ELIGIBLE INVESTMENT BREAKDOWN

Building Renovation	+	<u>60,000,000</u>
Total	\$	60,000,000

MICHIGAN STRATEGIC FUND

RESOLUTION 2018 -

**FREE PRESS APARTMENTS AND PLAZA PROJECT
PYRAMID DEVELOPMENT COMPANY, LLC
BROWNFIELD REDEVELOPMENT MBT CREDIT – AMENDMENT #2
CITY OF DETROIT**

At the meeting of the Michigan Strategic Fund (“MSF”) held on July 24, 2018, in Lansing, Michigan;

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

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

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

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

WHEREAS, a request has been submitted to amend the Project to amend the project scope and add five (5) years to complete the project; and

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

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

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board amends the Project by modifying the scope of the Project reflect the rehabilitation of a 14-story mixed-use building containing approximately 8,242 square feet of first floor and mezzanine level commercial space, approximately 52,588 square feet of second and third floor office space, and approximately 76,464 square feet of residential space on floors four through fourteen.

BE IT FURTHER RESOLVED, that the Project is amended to extend the date of completion by five years to March 8, 2021.

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

Ayes:

Nays:

Recused:

Lansing, Michigan
July 24, 2018

MICHIGAN STRATEGIC FUND

RESOLUTION 2018 -

**APPROVAL OF A BROWNFIELD ACT 381 WORK PLAN
CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
FORMER FREE PRESS BUILDING REDEVELOPMENT PROJECT
AMENDMENT #1**

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 MSF;

WHEREAS, the MEGA Board approved a Work Plan request for Free Press Plaza and Apartments Project (the “Project”), by Resolution 2010-216 on December 14, 2010, authorizing the Authority to capture taxes levied for school operating purposes based on a maximum of \$442,989 in eligible activities;

WHEREAS, the City of Detroit Brownfield Redevelopment Authority (the “Authority”) wishes to amend the scope of the Project by increasing the amount of demolition and asbestos abatement required to reactivate the building and increasing the maximum amount for eligible costs;

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 amended Brownfield Work Plan by the MSF Board.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as 100% to 0% ratio currently existing between school and local taxes for non-homestead properties, to reimburse the cost of demolition and asbestos abatement as presented in the revised Work Plan dated June 26, 2018. 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 \$7,964,347 for the principal activity costs of non-environmental activities and a contingency, a maximum of \$25,000 for Brownfield/Work Plan preparation, and with the capture of taxes levied for school operating purposes being limited to a maximum of \$7,989,347.

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. The time allowed for the completion of eligible activities authorized by Resolution 2010-210 are extended an additional five (7) years. The new completion date is December 14, 2020.

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.

BE IT FURTHER RESOLVED, that all other provisions of Resolution 2010-216 are reaffirmed and the MSF authorizes the MSF Fund Manager to implement the terms of this resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 24, 2018

MEMORANDUM

Date: July 24, 2018

To: Michigan Strategic Fund Board

From: Lynda Franke, Underwriting and Incentive Structuring Specialist

Subject: Selden Partners, LLC
Michigan Community Revitalization Program
Request for Approval of a Loan Participation Agreement Amendment #1

Request

Selden Partners, LLC (“Borrower”) is requesting approval of an amendment request to the Michigan Community Revitalization Program Loan Participation and Servicing Agreement (“Agreement”) and any related ancillary agreements to allow for an extension to the Construction Loan Maturity Date, the Milestone Two Project Completion deadline, and the Certification of Conversion of the Construction Loan deadline, per the Borrower’s request dated June 22, 2018. These changes will result in a delay in the start of principal and interest repayments to the MSF and impact connected dates described below.

Background

The Michigan Strategic Fund Board approved a \$1,000,000 Other Economic Assistance Loan Participation on March 28, 2017 to the Borrower for the redevelopment of a .23-acre parcel of property located at 644 Selden in the City of Detroit, commonly known as the Casket Company building. The Casket Company building will be rehabilitated and a two-floor addition of residential space will be added over a portion of the building, creating a mixed-use development with a destination restaurant, creative innovation work space and approximately eight residential units.

Construction completion has been negatively impacted by a delay in the availability of electricity on-site, and a lack of available sub-contractors to perform the work. At the time of the amendment application, the building was 92% complete with a projected completion date of July 15, 2018 (estimated by The Concord Group-Capital Impact Partners construction inspector). After completing construction, the Borrower will market the eight residential units to the public. The commercial space has been pre-leased. Capital Impact Partners is hoping the project will reach stabilized occupancy by September 30, 2018. The borrower is current with reporting requirements except for the content of this amendment request.

Recommendation

The MEDC staff recommends approval of amendment #1 to the MCRP Loan Participation and Servicing Agreement and any related ancillary agreements to allow for an extension of the Construction Loan Maturity Date, the Conversion Date, the interest only period expiration date, the start of principal and interest repayments to the MSF, which will occur the first of the month following the new Conversion Date, the Milestone Two Project Completion deadline, and the Certification of the Construction Loan

deadline. The new deadline for each of the impacted due dates other than the start of principal and interest repayments will be no later than February 28, 2019, per the Borrower's request dated June 22, 2018.

MICHIGAN STRATEGIC FUND

RESOLUTION 2018 -

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION PROGRAM
OTHER ECONOMIC ASSISTANCE
LOAN PARTICIPATION AWARD FOR
SELDEN PARTNERS, LLC**

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

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

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

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

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

WHEREAS, by Resolution 2017-044 on March 28, 2017, the MSF Board awarded an MCRP Other Economic Assistance Loan Participation Award to Selden Partners, LLC (the “Company”) in furtherance of the Project of up to \$1,000,000 (“MCRP Award”);

WHEREAS, the Company is requesting approval of an amendment to the MCRP Award to allow for an extension of the Construction Loan Maturity Date, the Conversion Date, the interest only period expiration date, the start of principal and interest repayments to the MSF, which will occur the first of the month following the new Conversion Date, the Milestone Two Project Completion deadline and the Certification of the Construction Loan deadline. The new deadline for each of the impacted due dates other than the start of principal and interest repayments will be no later than February 28, 2019, with all other requirements remaining in place from prior approvals (the “Amendment Request”); and

WHEREAS, the MEDC recommends approval of the Amendment Request.

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
July 24, 2018

MEMORANDUM

Date: July 24, 2018

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

From: Mike Gietzen, Senior Business Development Project Manager

Subject: Pfizer Inc. (“Company” or “Applicant”)
Michigan Business Development Program Performance-based Grant Request
Good Jobs for Michigan (“GJFM”) Program Request

Summary

This is a request from the Applicant for a 100 percent GJFM Withholding Tax Capture for up to 10 years valued at \$10,500,000 for the creation of 354 Certified New Jobs as well as a \$1,000,000 Michigan Business Development Program Performance-based grant for the creation of 450 Qualified New Jobs. The project will also result in a capital investment of up to \$465,000,000 in the City of Portage within Kalamazoo County.

The Applicant has demonstrated a need for the funding. As a result of new FDA regulations pharmaceutical companies will need to start manufacturing injectable drugs in a sterile self-contained production rooms so that no cross contamination can occur. As a result, the Company is evaluating where to make investment in a new sterile drug manufacturing facility. The Company currently has 13 facilities throughout the world where injectable drugs are being manufactured. In order for the facility in Portage, Michigan to remain cost competitive it must remain financially viable compared to other Pfizer sites, contracted manufacturing sites and must importantly its competitors.

Background

The Company is an American pharmaceutical corporation headquartered in New York, New York, with its research headquarters in Groton, Connecticut. The Applicant, one of the world's largest pharmaceutical companies, develops and produces medicines and vaccines for a wide range of medical disciplines, including immunology, oncology, cardiology, diabetology/endocrinology, and neurology. Its products include the blockbuster drug Lipitor (atorvastatin), used to lower LDL blood cholesterol; Lyrica (pregabalin) for neuropathic pain/fibromyalgia; Diflucan (fluconazole), an oral antifungal medication; Zithromax (azithromycin), an antibiotic; Viagra (sildenafil) for erectile dysfunction; and Celebrex/Celebra (celecoxib), an anti-inflammatory drug.

The Applicant has not received any incentives from the MSF in the past. However, in 2001, the Company receive EDJT Workforce Training dollars that has been successfully closed out.

The Company is planning to construct a new 400,000 square foot sterile drug manufacturing facility as a result of new FDA regulations. This project would be the first of its kind for the Company and is critical to the continued growth of the life science sector in Michigan. This project is a long term project that will take 8 years to be completed and will lead to the creation of 450 new jobs and approximately \$465 million of

private investment. Without this investment, the Company's Portage site expects to see flat or declining production volume and loss of jobs. This advanced, state-of-the-art facility will be used as a showcase facility in the pharmaceutical industry, which will enhance the position of the Company in Michigan and establish the Company as a leading manufacturer.

The MEDC has completed civil and criminal background checks in accordance with the MSF Background Review Policy. No issues were identified.

Considerations

1. BDP Considerations:

- a) The Applicant is a "Qualified Business", as defined in MCL 125.2088r(7)(b), that is located and operates in Michigan.
- b) The project will be located in City of Portage. The City of Portage has offered a "staff, financial, or economic commitment to the project" in the form of a tax abatement, which amounts to a reduction in property taxes of approximately 50%, which will help reduce the overall cost of doing the project in Michigan.
- c) The Applicant has demonstrated a need for the funding. Without this investment, the Pfizer Portage site expects to see flat or declining production volume and loss of jobs. This advanced facility will enhance the position of the Kalamazoo Site, and Pfizer, as a leading manufacturer and will be a state of the art facility that Pfizer will use be a showcase facility in the pharmaceutical industry.
- d) The Applicant plans to create 450 Qualified New Jobs above a statewide base employment level of 756.

2. GJFM Considerations

- a) The Applicant is a "Eligible Business", as defined in MCL 125.2090g(d), that is located and operates in Michigan.
- b) The Eligible Business has committed to creating and maintaining a minimum of 250 Certified New Jobs with an average wage of equal to or greater than 125 percent of the regional prosperity average wage of \$58,225 annually.
 - a. The Applicant plans to create 354 Certified New Jobs above a statewide base employment level of 756 paying an average wage of \$70,106. The Certified New Jobs will be created within five years of entering into the written agreement.
- c) The maximum amount of withholding tax capture revenues captured related to the project is \$10,500,000.
- d) The City of Portage has approved the Eligible Businesses new location OR expansions by resolution.
- e) The plans for the expansion are economically sound.
- f) The expansion or location of the Eligible Business will increase employment opportunities and strengthen Michigan's economy.
- g) Assistance under this program is an incentive to expand or locate the Eligible Business in Michigan and address the competitive disadvantages with sites outside the state.
- h) The expansion or location of the Applicant will result in a positive fiscal impact to the state. The following was taken into consideration when determining the term of the withholding tax capture revenues: the number of new Certified New Jobs to be created, the level in which the average annual wage exceeds the prosperity regional average wage, the potential impact of the expansion on the City of Portage and the state of Michigan's economy.

Additional Considerations:

- i) Pursuant to the MBDP and GJFM program guidelines, the following was taken into consideration for the proposed project: involves out-of-state competition, shovel-ready project with the support of the MSF; diversification of Michigan economy, prospect of near-term job creation, high wage level for new jobs, strong links to Michigan suppliers, and is projected to result in a net positive return for the State of Michigan.

Recommendation

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

- a) Approval of the MBDP Proposal as outlined in the attached term sheet (collectively, “MBDP Proposal”);
- b) Approval of the GJFM for up to 100 percent for 10 years up to \$10.5 million;
- c) Closing the MBDP Proposal and GJFM Proposal, subject to available funding under the MBDP and GJFM at the time of closing (“Available Funding”), satisfactory completion of due diligence (collectively, “Due Diligence”), finalization of all MBDP transaction documents; and
- d) Commitment will remain valid for 120 days with approval for the MSF Fund Manager to extend the commitment an additional 60 days.

MICHIGAN STRATEGIC FUND

RESOLUTION 2018-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
PFIZER INC.**

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

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

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

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

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

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

WHEREAS, Pfizer Inc. (“Company”) has requested a performance based MBDP grant of up to \$1,000,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
July 24, 2018

MICHIGAN STRATEGIC FUND

**RESOLUTION
2018-**

GOOD JOBS FOR MICHIGAN AWARD

PFIZER, INC.

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

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

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

WHEREAS, Pfizer, Inc. (the “Company”) proposes to make capital investment of \$465,000,000 and create 354 Certified New Jobs as it constructs and operates a new sterile drug manufacturing facility in the City of Portage (the “Project”) and applied for a GJFM incentive in connection with the Project;

WHEREAS, MEDC staff has reviewed the Company’s request for a GJFM incentive and determined that the following statutory requirements have been or will be met by the Company:

- (a) The Company is an Eligible Business as defined in MCL 125.2090g(d);
- (b) The Company will create and maintain a minimum of 250 Certified New Jobs with an average wage equal to or greater than 125 percent of the regional prosperity average wage of \$58,225 annually;
- (c) The Company will maintain a statewide base employment level of 756;
- (d) The plans for the expansion are economically sound;
- (e) The expansion of the Eligible Business will increase employment opportunities and strengthen Michigan’s economy;
- (f) The assistance provided under GJFM is an incentive to expand in Michigan and address the competitive disadvantages with sites outside the State;
- (g) An industry-recognized regional economic model cost-benefit analysis has indicated that the payment of withholding tax capture revenues under the GJFM Program will result in an overall positive fiscal impact to the State;
- (h) The Company will create the Certified New Jobs not more than five years after execution of a written agreement with the MSF;
- (i) The Company will maintain the requisite number of Certified New Jobs for the duration of the period of time that the Company receives withholding tax capture revenues under the GJFM Program; and
- (j) The City of Portage approved the Company’s the expansion by resolution.

WHEREAS, the MEDC recommends that the MSF authorize the Company to receive withholding tax capture revenues for the Project of up to 100 percent for ten years, not to exceed \$10,500,000 (the “GJFM Award Recommendation”); and

WHEREAS, the MSF wishes to approve the GJFM Award Recommendation.

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

BE IT FURTHER RESOLVED, that the MSF Fund Manager is authorized to negotiate all final terms and conditions and execute all documents necessary to effectuate the GJFM Award Recommendation

Ayes:

Nays:

Recused:

Lansing, Michigan
July 24, 2018

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

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

Date: July 3, 2018

Company Name:	Pfizer Inc. and/or its affiliates and subsidiaries.
Project Location:	7000 Portage Road Kalamazoo, Michigan 49001 7171 Portage Road Kalamazoo, Michigan 49001
MBDP Incentive Type:	Performance Based Grant
Maximum Amount of MBDP Incentive:	Up to \$1,000,000
Base Employment Level:	At least 756
Qualified New Jobs:	At least 450
Municipality Supporting Project:	The City of Portage has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs:	April 16, 2018 (Date of Accepted Offer Letter)
Term of the Agreement:	January 31, 2025
Milestone Based Incentive:	Disbursements will be made over a 6 year period and will be performance based on job creation as follows: Milestone 1: \$165,000 for the creation of 75 jobs. Milestone 2: \$165,000 for the creation of 75 jobs. Milestone 3: \$165,000 for the creation of 75 jobs. Milestone 4: \$165,000 for the creation of 75 jobs. Milestone 5: \$165,000 for the creation of 75 jobs. Milestone 6: \$175,000 for the creation of 75 jobs.

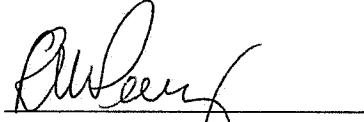
The detailed numbers, and statutorily required repayment and reporting provisions, will be reflected in the subsequent transaction documents.

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

Acknowledged as received by:

Pfizer Inc.

By:



Printed Name:

RONALD M. PERRY

Its:

VP, SITE LEADER

Michigan Economic Development Corporation

By:



Printed Name:

Michael Gietzen

Its:

Sr. Business Development Projects Manager

MEMORANDUM

Date: July 24, 2018

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

From: Mike Gietzen, Senior Business Development Project Manager

Subject: SAPA Transmission Inc. (“Company” or “Applicant”)
Michigan Business Development Program Performance-based Grant Request

Summary

This is a request from the Applicant for \$2,676,000 performance-based grant. This project involves the creation of 223 Qualified New Jobs and capital investment of up to \$40,100,000 in Shelby Township within Macomb County.

The Applicant has demonstrated a need for the funding. The Company is currently reviewing locations in Michigan, North Carolina, South Carolina and Pennsylvania for its North American headquarters and manufacturing operation to grow its transmission business for the United States Army within the defense sector. The Company has identified upfront capital costs, logistical costs and access to skilled workforce as potential concerns in located in Michigan. Incentive assistance is necessary to offset the cost disadvantage of locating in Michigan.

Background

The Company is a subsidiary of SAPA PLACENCIA, a Spanish-based company that has a long history in defense dating back to 1573. SAPA PLACENCIA presently provides high efficiency solutions in the fields of anti-aircraft artillery, as well as in mobility and power generation and power management. The Applicant has developed a family of transmissions for tracked and wheeled vehicles. The outcome is the first transmission in the market to be fully automatic, multi-gear and totally mechanical, as it is based on gears (not a torque converter or hydrostatic steering).

The Applicant has not received any incentives from the MSF in the past.

The Company plans to locate its North American headquarters and manufacturing facility to grow its transmission sales within the defense sector. The Company intends on commencing its headquarters and research and development functions by leasing a 50,000 square foot facility followed by the construction of a 100,000 square foot facility in year three of the project. The project will lead to the creation of 223 jobs by the end of 2022. The Company also anticipates investing approximately \$40 million in machinery & equipment, furniture & fixtures, and facility costs by the end of 2022.

The MEDC has completed civil and criminal background checks in accordance with the MSF Background Review Policy. No issues were identified.

Considerations

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(7)(b), that will locate and operate in Michigan.
- b) The project will be located in Shelby Township. Shelby Township has offered a “staff, financial, or economic commitment to the project” in the form of a tax abatement, which amounts to a reduction in property taxes of approximately 50%, which will help reduce the overall cost of doing the project in Michigan.
- c) The Applicant has demonstrated a need for the funding. The Company has not found a suitable existing building in Michigan for the project and therefore, anticipates constructing a new facility. The cost to construct a new facility is nearly double the cost of the facilities that have been identified outside of Michigan. The Company also identified transportation costs as a disadvantage of locating in Michigan. The Company’s transmissions will be shipped to the Eastern United States making the alternative sites more cost effective. In addition to the cost disadvantages, the Company is also concerned with potential workforce challenges. SAPA intends to hire a skilled workforce consisting of engineers and technicians who will need to become highly specialized in its equipment and processes. They are anticipating hiring delays due to the recent growth in similar industries in Michigan. Incentive assistance was necessary to ensure the Company locate in Michigan.
- d) The Applicant plans to create 223 Qualified New Jobs above a statewide base employment level of 0.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: involves out-of-state competition from other states that the Company has facilities located at, the project is shovel ready with the support of the MSF, the project diversifies Michigan economy, and is projected to result in a net positive return for the State of Michigan.

Recommendation

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

- a) Approval of the MBDP Proposal as outlined in the attached term sheet (collectively, “MBDP Proposal”);
- b) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing (“Available Funding”), satisfactory completion of due diligence (collectively, “Due Diligence”), finalization of all MBDP transaction documents; and
- c) Commitment will remain valid for 120 days with approval for the MSF Fund Manager to extend the commitment an additional 60 days.

MICHIGAN STRATEGIC FUND

RESOLUTION 2018-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
SAPA TRANSMISSION INC.**

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

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

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

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

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

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

WHEREAS, SAPA Transmission Inc. (“Company”) has requested a performance based MBDP grant of up to \$2,676,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
July 24, 2018

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

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

Date: June 1, 2018

Company Name: SAPA TRANSMISSION INC. and/or its affiliates and subsidiaries.

Project Location: Shelby Township

MBDP Incentive Type: Performance Based Grant

Maximum Amount of MBDP Incentive: Up to \$2,676,000

Base Employment Level: At least 0

Qualified New Jobs: At least 223

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

Start Date for Measurement of Creation of Qualified New Jobs: April 27, 2018 (Date of Accepted Offer Letter)

Term of the Agreement: November 30, 2023

Milestone Based Incentive: Disbursements will be made over a 6 year period and will be performance based on job creation as follows:
Milestone 1: \$60,000 for the creation of 5 jobs.
Milestone 2: \$120,000 for the creation of 10 jobs.
Milestone 3: \$420,000 for the creation of 35 jobs.
Milestone 4: \$600,000 for the creation of 50 jobs.
Milestone 5: \$1,476,000 for the creation of 123 jobs.

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

Acknowledged as received by:

SAPA TRANSMISSION INC.

By:



Printed Name:

Deniz Balta

Its:

VP

Michigan Economic Development Corporation

By:



Printed Name:

Michael Gietzen

Its:

Sr. Business Development Project Manager

SAPA TRANSMISSION INC.

MEMORANDUM

Date: July 24, 2018

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

From: David Kurtycz, Business Development Project Manager

Subject: Morley Companies, Incorporated (“Company” or “Applicant”)
Michigan Business Development Program Performance-based Grant Request

Summary

This is a request from the Applicant for a \$2,000,000 performance-based grant. This project involves the creation of 525 Qualified New Jobs and a capital investment of up to \$5,175,000 in Saginaw County.

The Applicant has demonstrated a need for the funding. The Company is considering expanding in Greenville, South Carolina or Saginaw County, Michigan. The Company currently leases a site in South Carolina that has adequate space to locate this project and has an agreement in place that provides job development credits for every new job added in South Carolina. Incentive assistance is necessary to offset training expenses and the cost of operating in Michigan compared to South Carolina.

Background

Founded in 1863, the Company has been in operation for more than 150 years. The Company is a diversified organization that has three business lines: Business Process, Meeting and Incentive Travel, and Exhibits and Displays. The Company is headquartered in Saginaw, Michigan with additional locations in Detroit, Michigan; Wilton, Connecticut; Greenville, South Carolina and Fountain Valley, South Carolina. The Company currently employs around 2,300 employees with 1,835 of them employed in Michigan.

The project will create 525 Qualified New Jobs, have an investment of \$5,175,000, and require the Company to lease between 50,000 square feet and 65,000 square feet of space to accommodate projected growth.

The Applicant has received incentives from the MSF in the past. The Company was awarded a High Tech Michigan Economic Growth Authority (MEGA) Tax Credit in 2008 for the creation of 350 new jobs; the tax credit was completed and closed. In 2010, the Company was awarded a 10-year MEGA Tax Credit for the creation of 700 new jobs. The Company created 432 new jobs by the end of year five and forfeited the remaining years. In 2010 the Company also received three Collateral Support Program awards that totaled \$2.3 million. The awards were successfully completed on September 22, 2014.

The MEDC has completed civil and criminal background checks in accordance with the MSF Background Review Policy. No issues were identified.

Considerations

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(7)(b), that is located and operates in Michigan.
- b) The project will be located in Saginaw County. Since this project is primarily job creation, a tax abatement is not a suitable tool for this project. In lieu of a tax abatement, Saginaw Future is prepared to assist the Company in the form of staff time and talent resources.
- c) The Applicant has demonstrated a need for the funding. The Company is considering expanding in Greenville, South Carolina or Saginaw County, Michigan. The Company currently leases a site in South Carolina that has adequate space to locate this project and has an agreement in place that provides job development credits for every new job added in South Carolina. Incentive assistance is necessary to offset training expenses and the cost of operating in Michigan compared to South Carolina.
- d) The Applicant plans to create 525 Qualified New Jobs above a statewide base employment level of 1,835.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: project is not a retail project; project is not a retention project; involves out-of-state competition with South Carolina; has a net positive return to Michigan; level of investment; prospect of near-term job creation with 525 Qualified New Jobs created in less than 16 months.

Recommendation

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

- a) Approval of the MBDP Proposal as outlined in the attached term sheet (collectively, “MBDP Proposal”);
- b) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing (“Available Funding”), satisfactory completion of due diligence (collectively, “Due Diligence”), finalization of all MBDP transaction documents; and
- c) Commitment will remain valid for 120 days with approval for the MSF Fund Manager to extend the commitment an additional 60 days.

MICHIGAN STRATEGIC FUND

RESOLUTION 2018-

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO
MORLEY COMPANIES, INCORPORATED**

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

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

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

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

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

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

WHEREAS, Morley Companies, Incorporated (“Company”) has requested a performance based MBDP grant of up to \$2,000,000 (“Grant Request”), along with other general terms and conditions which are outlined in the term sheet attached as Exhibit A (“Term Sheet”); and

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

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

Ayes:

Nays:

Recused:

Lansing, Michigan
July 24, 2018

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

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

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

Date: June 22, 2018

Company Name:	Morley Companies, Incorporated
Project Location:	Saginaw County
MBDP Incentive Type:	Performance Based Grant
Maximum Amount of MBDP Incentive:	Up to \$2,000,000
Base Employment Level:	At least 1,835
Qualified New Jobs:	At least 525 at the Project Location
Municipality Supporting Project:	Saginaw Future Inc. has agreed to provide staff, financial or economic assistance in support of the project.
Start Date for Measurement of Creation of Qualified New Jobs:	Signing Date of Term Sheet
Term of the Agreement:	January 31, 2020
Milestone Based Incentive:	Disbursements will be made over a 2 year period and will be performance based on job creation as follows: Milestone 1: \$1,523,000 for the creation of 400 jobs. Milestone 2: \$477,000 for the creation of 125 jobs.

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

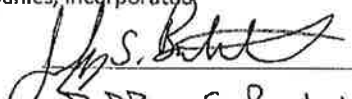
Acknowledged as received by:

Morley Companies, Incorporated

By:

Printed Name:

Its:



Jeffrey S Bertulcich
Controller 6/22/18

Michigan Economic Development Corporation

By:

Printed Name:

Its:


David Kurtycz
Business Development Project Manager

June 22, 2018-Morley Companies, Incorporated

MEMORANDUM

Date: July 24, 2018
To: Michigan Strategic Fund Board
From: Natalie Chmiko, Director, International Trade
Subject: *International Trade Centers Request for Approval of Joint Evaluation Committee Recommendation for International Trade Centers*

Action

The MEDC requests that the MSF Board approve the Joint Evaluation Committee (“JEC”) recommendation for the FY2019 International Trade Centers contractor, the Great Lakes St. Lawrence Governors and Premiers (“GSGP”).

Background

On April 24, 2018 the MSF Board approved the release of the FY2019 International Trade Centers Request for Proposals, via Resolution 2018-056. The JEC was approved by delegated authority on May 25, 2018. Five organizations submitted proposals, see Exhibit A. The JEC met on June 25, 2018 to discuss written reviews and agreed to a consensus score for each contractor. After reviewing the price proposals, the JEC recommended funding the highest scoring proposal. GSGP’s model combined all six markets identified in the RFP (China, Canada, Brazil, Europe, Mexico and the Middle East), allowing for significant cost savings with the group pricing model.

Chaired by Gov. Rick Snyder, the Great Lakes St. Lawrence Governors & Premiers unites the chief executives from Illinois, Indiana, Michigan, Minnesota, New York, Ohio, Ontario, Pennsylvania, Québec and Wisconsin. The governors and premiers work as equal partners to grow the region’s \$6 trillion economy and protect the world’s largest system of surface fresh water.

MSF has contracted with GSGP since 2012, successfully managing the network of International Trade Centers. Last fiscal year GSGP contractors completed 218 projects for Michigan companies and facilitated a total of 696 meetings with prospective agents, distributors, partners and/or customers. As a result of the trade center assistance, Michigan companies reported a total of \$177.5 million in export sales, equivalent to 845 jobs created.

Success Story

[Xoran Technologies, LLC](#), Ann Arbor (Washtenaw County) – The MSF and MEDC have been assisting Xoran Technologies, an Ann Arbor based X-Ray manufacturer, with their export efforts in France. Xoran worked with the Europe Trade Center (hosted through Great Lakes St. Lawrence Governors and Premiers) to help them identify a potential distributor for the market. The Europe Center identified and screened potential distributors, ultimately leading to an exclusive distribution agreement between Xoran and one of the candidates, Imagerie Médicale and Development (“IMD”). IMD is a French leader in distribution of imaging solutions for medical and veterinarian applications and the new partnership between IMD and Xoran has already proven fruitful. A first xCAT mobile Xoran scanner was installed in the French hospital of Besancon, France and their leading maxillofacial and otolaryngology surgical teams are using xCAT for intra-operative imaging. This contract is vitally important to their business as it will allow other potential

European customers to see the product demonstrated in a live test environment. Since then, Xoran has made additional sales in France and Portugal and is exploring opportunities in Central and South America with the Mexico and Brazil Centers.

“We are very pleased to have partnered with IMD for distribution of xCAT in France. The MEDC provided its regional expertise to identify IMD as a potential candidate. Without MEDC, we would have not been able to screen and select possible companies. In addition, MEDC funding has allowed us to introduce our innovative scanner in France, resulting in a first purchase by a major academic hospital.”

– Dr. David Sarment, President of Xoran Technologies LLC

Recommendation

MEDC staff recommends that the MSF Board approve the contractor Great Lakes St. Lawrence Governors and Premiers to serve as an authorized representative for the State of Michigan to provide trade promotion services to Michigan based companies seeking export sales in the following target markets and regions: Brazil, China, Canada, Europe, Mexico and the Middle East.

Exhibit A

Scores of Proposals (Sorted in Descending Order)

Organization	Target Market	Requested Amount	Final Score*	Recommended Award**
International Strategic Management	Middle East	Pricing withheld - did not meet minimum score	41	0
Tractus	China	\$243,030	96	0
OCO Global	Europe and Middle East	\$270,000	88	0
Great Lakes St. Lawrence Governors & Premiers	Brazil, Canada, China, Europe, Mexico, and Middle East	\$825,000	100	\$825,000**
PM & P Marketing Consulting GmbH	Europe	\$240,000	95	\$0
TOTAL		\$1,578,030	N/A	\$825,000**

*Overall JEC consensus score, out of 100.

**Award amount subject to subsequent approval of an allocation of funds by the MSF Board

MICHIGAN STRATEGIC FUND

RESOLUTION 2018-

APPROVAL OF JEC RECOMMENDATION INTERNATIONAL TRADE PROGRAM INTERNATIONAL TRADE CENTERS

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

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

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

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

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

WHEREAS, on April 24, 2018, the MSF Board authorized via Resolution 2018-056 the issuance of the International Trade Centers RFP and approved the International Trade Centers RFP Scoring and Evaluation Criteria;

WHEREAS, the MSF Fund Manager via delegated authority appointed a Joint Evaluation Committee to review the submissions (the “JEC”);

WHEREAS, the JEC has evaluated all five (5) proposals received in accordance with the requirements of the RFP, including all statutory requirements, and the scoring and evaluation criteria previously adopted by the MSF Board; and

WHEREAS, the JEC recommends that the Great Lakes St. Lawrence Governors & Premiers be awarded the contract for services described in the International Trade Centers RFP (the “International Trade Centers Award”), subject to an allocation of funding by MSF Board for fiscal year 2019 expected to be in the amount of \$825,000.

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the International Trade Centers Award, subject to subsequent MSF Board approval of an allocation of funding;

BE IT FURTHER RESOLVED, the MSF Board may, at its sole discretion, extend the grant period of the International Trade Centers Award for up to an additional four (4) years and may modify the amount of the International Trade Centers Award, subject to available funds; and

BE IT FURTHER RESOLVED, that MSF Fund Manager or the MSF Chairperson, with only one required to act and in coordination with MEDC Staff, is authorized to the negotiate final terms and conditions of the International Trade Centers Award and to execute all documents necessary to effectuate the International Trade Centers Award.

Ayes:

Nays:

Recused:

Lansing, Michigan
July 24, 2018

MEMORANDUM

Date: July 24, 2018

To: Michigan Strategic Fund Board

From: Christopher Cook, Director, Capital Access

Subject: *Private Activity Bond -- Authorizing Amendments to Bond Documents relating to Limited Obligation Bonds (Detroit Renewable Power Project Issue) Series 2013, Series 2014 and Series 2016 And (Detroit Thermal Issue) Series 2013*

Request:

On July 25, 2013, the MSF issued its \$27,535,000 Limited Obligation Revenue Bonds (Detroit Renewable Power Project), Series 2013 (the “2013 DRP Bonds”) for the purpose of renovating, improving and equipping an approximately 3,300 ton per day waste-to-energy plant (the “Energy Facility”) and related facilities located at 5700 Russell Street, Detroit, Wayne County, Michigan. The MSF also issued its \$27,430,000 Limited Obligation Revenue Bonds (Detroit Thermal Project), Series 2013 (the “2013 DT Bonds”) to finance costs of constructing, reconstructing, renovating, improving, expanding, and equipping an existing approximately 39 mile steam distribution pipeline (the “Thermal Facilities”) and related facilities located in Detroit, Wayne County, Michigan, within an area bordered by the Detroit River on the south, the John C. Lodge Freeway (MI-10) on the west, the Davison Freeway (MI-8) on the north and Conant Street and Mount Elliot Street (to the Detroit River) on the east, including buildings located at the following addresses in Detroit, Wayne County, Michigan: 541 Madison Avenue, 475 Baltimore Street, 42 Willis West Street; 2401 Fourth Street; and 3575 East Palmer Street, to supply thermal energy for heating or cooling mainly to buildings in downtown and midtown Detroit. The 2013 DRP Bonds and the 2013 DT Bonds were issued pursuant to a Trust Indenture, dated as of July 1, 2013, as amended and restated by an Amended and Restated Trust Indenture, dated as of June 1, 2016 (the “Original Indenture”), each between the MSF and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

On December 31, 2014, the MSF issued its \$6,760,000 Limited Obligation Revenue Facility Bonds (Detroit Renewable Power Project), Series 2014 (the “2014 Bonds”) to finance costs of renovating, improving and equipping the Energy Facility. The 2014 Bonds were issued pursuant to the Original Indenture, as supplemented by a First Supplemental Trust Indenture, dated as of December 1, 2014 (the “First Supplemental Indenture”), as amended, each between the MSF and the Trustee.

On June 2, 2016, the MSF issued its \$13,275,000 Limited Obligation Revenue Bonds (Detroit Renewable Power Project), Series 2016 (the “2016 Bonds” together with the 2013 DRP Bonds, the 2013 DT Bonds and the 2014 Bonds, the “Bonds”) to finance costs of renovating, improving and equipping the Energy Facility. The 2016 Bonds were issued pursuant to the Original Indenture, as supplemented by a Second Supplemental Trust Indenture, dated as of June 1, 2016 (the “Second Supplemental Indenture”), each between the MSF and the Trustee. The Original Indenture as supplemented and amended by the First Supplemental Indenture and the Second Supplemental Indenture, are referred to as the “Indenture”).

The MSF loaned the proceeds of the Bonds to Detroit Renewable Energy LLC, a Delaware limited liability company; Detroit Renewable Power LLC, a Delaware limited liability company; Detroit Thermal LLC, an Ohio limited liability company; Resource Recovery Business Trust 1991-A, a Delaware business trust; and Resource Recovery Business Trust 1991-B, a Delaware business trust (collectively, the “Borrowers”).

Proceeds of the Bonds were loaned to the Borrowers pursuant to a Loan Agreement, dated as of July 1, 2013, as amended and restated by an Amended and Restated Loan Agreement, dated as of June 1, 2016, as supplemented by a First Supplemental Loan Agreement, dated as of December 1, 2014 (as amended by an Amendment to First Supplemental Loan Agreement, dated as of June 1, 2016), and by a Second Supplemental Loan Agreement, dated as of June 1, 2016 (the “Loan Agreement”), each between the MSF and the Borrowers.

The request is for authorization to execute documents amending the Indenture, the Loan Agreement, and the Bonds. The amendments to the Indenture and the Bonds will result in a reissuance for federal income tax purposes. It has been indicated that neither the Energy Facility nor the Thermal Facilities will be substantially changed in size or appearance as a result of the costs financed with the proceeds of the Bonds.

Under the Indenture, the Bonds are subject to tender for purchase in accordance with the terms and provisions of the Indenture, upon the occurrence of a Change of Control (as defined in the Loan Agreement). A Change of Control occurred in 2017 following the purchase of an equity interest in one of more of the entities comprising the Borrowers. A dispute, resulting in litigation, arose between the Borrowers and the holders of the Bonds as to whether each holder had given the Trustee its tender notice election and, as a result, the Bonds were subject to a mandatory tender to the Trustee.

The parties have agreed to settle the litigation by executing amendments to the Indenture, each series of Bonds and the Loan Agreement. The Indenture amendments will reduce the interest rate per annum by 150 basis points on each series of Bonds and provide for the deposit of a credit facility into the debt service reserve fund in lieu of cash to satisfy all or a portion of the debt service reserve fund requirement for a series of Bonds. The amendments to the Loan Agreement will modify certain financial covenants of the Borrowers, permit the Borrowers to incur indebtedness related to obtaining a line of credit for working capital and capital expenditure purposes (“Line of Credit) that is senior in security and payment to each series of outstanding Bonds, and add as an Event of Default, the occurrence of an event of default under the Line of Credit. Additional amendments to the Indenture

are being made to add terms and conditions for the redemption or tender of Bonds when there is an outstanding Line of Credit and modify the security and priority of payment of Bonds from Revenues (as defined in the Indenture) and proceeds under the Mortgage and other security agreements if obligations are outstanding under the Line of Credit.

The holders of 100% of each series of Bonds have, or will have, consented by the closing date to the amendments to the Indenture, the Bonds and the Loan Agreement in accordance with section 8.02 of the Indenture and section 12.5 of the Loan Agreement.

Recommendation:

Based upon a determination by Lewis & Munday, a Professional Corporation and the State of Michigan Attorney General's office that the amendments to the Indenture and change in the terms of the Bonds will be made in accordance with section 8.02 of the Indenture, and the amendments to the Loan Agreement will be made in accordance with section 12.5 of the Loan Agreement, staff recommends the adoption of a resolution authorizing the execution of documents amending the Indenture, the Bonds and the Loan Agreement which will result in the reissuance the 2013 Bonds, the 2014 Bonds and the 2016 Bonds.

MICHIGAN STRATEGIC FUND

RESOLUTION

2018-

At a meeting of the Michigan Strategic Fund (the “MSF”) held on June 26, 2018, in Lansing, Michigan, the following motion was moved and supported:

WHEREAS, the MSF and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), executed and delivered a Trust Indenture, dated as of July 1, 2013, as amended and restated by an Amended and Restated Trust Indenture, dated as of June 1, 2016, as supplemented by a First Supplemental Trust Indenture, dated as of December 1, 2014, as amended, and a Second Supplemental Trust Indenture, dated as of June 1, 2016 (the “Indenture”) to provide for issuance by the MSF of its \$27,535,000 Limited Obligation Revenue Bonds (Detroit Renewable Power Project), Series 2013, its \$27,430,000 Limited Obligation Revenue Bonds (Detroit Thermal Project), Series 2013, its \$6,760,000 Limited Obligation Revenue Bonds (Detroit Renewable Power Project), Series 2014 and its \$13,275,000 Limited Obligation Revenue Bonds (Detroit Renewable Power Project), Series 2016 (collectively, the “Bonds”);

WHEREAS, the MSF loaned the proceeds of the Bonds to Detroit Renewable Energy LLC, a Delaware limited liability company; Detroit Renewable Power LLC, a Delaware limited liability company; Detroit Thermal LLC, an Ohio limited liability company; Resource Recovery Business Trust 1991-A, a Delaware business trust; and Resource Recovery Business Trust 1991-B, a Delaware business trust (collectively, the “Obligor”);

WHEREAS, the MSF and the Obligor executed and delivered a Loan Agreement, dated as of July 1, 2013, as amended and restated by an Amended and Restated Loan Agreement, dated as of June 1, 2016, as supplemented by a First Supplemental Loan Agreement, dated as of December 1, 2014, as amended, and by a Second Supplemental Loan Agreement, dated as of June 1, 2016 (the “Loan Agreement”) to provide for the loan of the proceeds of the Bonds to the Obligor;

WHEREAS, a dispute arose between the Obligor and the holders of the Bonds concerning the exercise of a tender notice election by the bondholders under the Indenture that resulted in litigation and the parties have agreed as a part of the litigation settlement to make certain amendments to the Indenture, the Bonds and the Loan Agreement;

WHEREAS, the holders of all the Bonds outstanding of each series have agreed, with the consent of the Obligor, to amend the Indenture to reduce the interest rate per annum on each series of Bonds by 150 basis points and to provide for the deposit of a credit facility into the debt service reserve fund in lieu of cash

to satisfy all or a portion of the debt service reserve fund requirement for any series of Bonds;

WHEREAS, the holders of all the Bonds outstanding of each series and the Obligor have agreed to amend the Loan Agreement to modify certain financial covenants of the Obligor and permit the Obligor to incur indebtedness related to obtaining a line of credit for working capital and capital expenditure purposes that is senior in security and payment to each series of outstanding Bonds;

WHEREAS, the amendment to the Indenture to reduce the interest rate per annum on each series of Bonds by 150 basis points will cause a “reissuance” of such Bonds, resulting in a refunding of the outstanding Bonds of each series for federal income tax purposes; and

WHEREAS, the amendments to the Indenture, including the bond form included in the Indenture, to reduce the interest rate per annum on each series of Bonds and to provide for the deposit of a credit facility into the debt service reserve fund and the amendments to the Loan Agreement to modify certain financial covenants and other provisions in the Loan Agreement require the execution by the parties of a Third Supplemental Trust Indenture (the “Indenture Amendments”) and a Third Supplemental Loan Agreement (the “Loan Agreement Amendments”), respectively.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF THE MSF:

1. The MSF consents to the amendment of the Indenture and the Bonds in substantially the form of the Indenture Amendments on file with the MSF, subject to the condition that the Borrower and the holders of each series of the Bonds consent to the execution of the Indenture Amendments and the Indenture Amendments are made in compliance the requirements of section 8.02 of the Indenture.

2. The MSF consents to the amendment of the Loan Agreement in substantially the form of the Loan Agreement Amendment on file with the MSF, subject to the condition that the holders of each series of the Bonds consent to the execution of the Loan Agreement Amendments and the Loan Agreement Amendments are made in compliance the requirements of section 12.5 of the Loan Agreement.

3. Upon receipt by staff of the MSF of the documentation required by this resolution, any authorized officer is authorized to execute and deliver the Indenture Amendments, the Loan Agreement Amendments and any other documents as may be necessary or desirable to carry out the matters approved by this resolution.

4. This resolution shall become effective upon adoption. If the documents set forth in Section 3 above are not executed and delivered by August 24, 2018, together with all other documentation executed pursuant to this resolution, the authority granted by this resolution shall lapse.

Adopted.

Ayes:

Nays:

Recusals:

July 24, 2018 Meeting
Lansing, Michigan

MEMORANDUM

Date: July 24, 2018

TO: Michigan Strategic Fund Board

From: Christopher Cook, Director of Capital Access

Subject: *Private Activity Bond – Inducement
United States Steel Corporation
Solid Waste - \$55,000,000 – New*

Request:

United States Steel Corporation (U. S. Steel) is requesting private activity bond financing for solid waste disposal improvements at its Ecorse and River Rouge facilities located in Wayne County.

Background:

U. S. Steel was established in 1901 and is a Delaware Corporation. U. S. Steel is a public company that trades on the New York Stock Exchange.

U. S. Steel is an integrated steel producer of flat-rolled and tubular products with major production operations in the United States and Europe. U. S. Steel indicates it has annual raw steel production capability of 22.0 million net tons (17.0 million tons in the United States and 5.0 million tons in Europe). U. S. Steel also indicates in 2016 it was the third largest steel producer in the United States and the twenty-fourth largest steel producer in the world.

Description of Project:

The project will be located at two facilities: Great Lake Works, Ecorse, Wayne County, and the Zug Island Facilities, River Rouge, Wayne County.

The project includes the installation of approximately \$55 million in solid waste disposal improvements at both of the above facilities, including without limitation dust catchers, skimming operations, and pellet screening and desulfurization equipment.

Estimated costs for each component are:

- (1) B2 Blast Furnace Precon Scrubber Placement - \$20M
- (2) Blast Furnace Recycling System – filter press - \$3.5M
- (3) Electrostatic precipitator – \$ 24M
- (4) Ductwork replacement - \$1M
- (5) Addition skimmer / desulphurization on west end of Charge Aisle - \$11M
- (6) D4 Baghouse Replacement – \$3M
- (7) 2018 Blast Furnace Dust Catcher Improvements and related components - \$5M

The current facilities of U. S. Steel Corporation employ approximately 2031 at its four locations in Michigan. It is anticipated that there will be temporary hires related to construction at the project sites.

Plans of Finance:

Morgan Stanley has indicated an interest in underwriting the proposed bonds.

If the project size remains at \$55,000,000 the MSF issuance fee will be \$81,250.00.

Recommendation:

After reviewing the Private Activity Bond application for the Borrower, staff recommends the adoption of an Inducement Resolution in the amount of \$55,000,000.

MICHIGAN STRATEGIC FUND

**INDUCEMENT RESOLUTION
2018-**

United States Steel Corporation

WHEREAS, United States Steel Corporation (the “Borrower”) is a Delaware limited liability company;

WHEREAS, the Borrower desires to finance the costs of the installation of solid waste disposal improvements at the Borrower’s Ecorse and River Rouge facilities located in Wayne County, including without limitation, dust catchers, skimming operations, and pellet screening and desulfurization equipment (the “Project”);

WHEREAS, the Michigan Strategic Fund (the “MSF”) is authorized by 1984 PA 270, as amended (the “Act”), to issue bonds for the purpose of making loans to pay the costs of a project (as defined in the Act) and to obtain the moneys for such loans by the issuance of bonds pursuant to the Act;

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

WHEREAS, the Borrower has advised the MSF that the cost of the Project will not exceed Fifty Five Million Dollars (\$55,000,000); and

WHEREAS, this Resolution has the purpose of providing the necessary official intent of the MSF to meet the requirements of Sections 141 and 142(a)(6) 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 June 28, 2018.
3. The maximum principal amount of the bonds expected to be issued to provide the Loan to finance the Project (the "Bonds") shall not exceed Fifty Five Million Dollars (\$55,000,000). 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 (the "State") or a general obligation of the MSF, nor will the State 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:

Nays:

Recused:

Lansing, Michigan

July 24, 2018

MEMORANDUM

Date: July 24, 2018

To: Michigan Strategic Fund Board

From: Christopher Cook, Director, Capital Access

Subject: *Private Activity Bond – Bond Authorizing – \$2,300,000 - Refunding Southgate Properties/The Guidance Center/The Guidance Center Adult and Family Services*

Request:

Southgate Properties/The Guidance Center/The Guidance Center Adult and Family Services is requesting to refund outstanding bonds originally described below:

On August 14, 2002, the MSF issued its \$7,500,000 Michigan Strategic Fund Variable Rate Demand Limited Obligation Revenue and Revenue Refunding Bonds (Southgate Properties Project), Series 2002 (the “Series 2002 Bonds”) for the benefit of Southgate Properties, a Michigan nonprofit corporation (the “Obligor”), to finance a portion of the cost of (1) refunding of the outstanding principal balance of the \$2,500,000 The Economic Development Corporation of the City of Southgate Limited Obligation Revenue Bonds (Downriver Guidance Clinic Project), Series 1994, which bonds were initially issued to finance the acquisition of land, the construction of an approximately 38,000 square foot facility and the equipping of the facility located in the City of Southgate, Wayne County, Michigan, for use as administrative offices and a clinical facility owned by the Obligor and used by The Guidance Center, a Michigan non-profit corporation and the Obligor; (2) the acquisition of land and an approximately 8,500 square foot building, the improvement, furnishing and equipping of the building located in the City of Southgate, Wayne County, Michigan, to be owned by the Obligor and used by The Guidance Center for the purpose of providing adult mental health and substance abuse services; (3) the acquisition of land and an approximately 6,400 square foot building, the improvement, furnishing and equipping of the building all to be located in the City of Southgate, Wayne County, Michigan which will be owned by the Obligor and used by The Guidance Center Adult and Family Services to provide substance abuse treatment services and mental health services to families; (4) the acquisition of land and an existing approximately 13,000 square foot building located in the City of Southgate, Wayne County, Michigan which will be owned by the Obligor and used by The Guidance Center as a general administrative office building; (5) the acquisition, construction, furnishing and equipping of an approximately 9,500 square foot “Center of Excellence” building on currently vacant land located on Allen Road in front of an existing building of the Obligor located in the City of Southgate, Wayne County, Michigan which will be owned by the Obligor and used by The Guidance Center for a state of the art teaching and research facility; (6) the

construction of parking lots, sidewalks and other site improvements serving the entire campus of the Obligor in the City of Southgate; and (7) the issuance costs for the Bonds.

Plan of Finance:

The 2002 Bonds were secured by a letter of credit issued by Fifth Third Bank which expires on August 15, 2018.

Fifth Third Bank has indicated it will not extend the Letter of Credit securing the Series 2002 Bonds, so its letter of credit will be drawn upon to redeem the Series 2002 Bonds on August 1, 2018. The proceeds of the new bonds proposed to be issued by the Fund will be used to reimburse Fifth Third Bank for the draw on its Letter of Credit.

The Bonds proposed to be issued by the Fund will be purchased directly by PNC Bank, National Association.

The MSF issuance fee for the refunding issue will be \$2,875.00.

Background:

Southgate Properties is a non-profit, 501(c)(3) corporation established in 1994. It owns commercial property that it leases to related not-for-profit, tax-exempt 501(c)(3) organizations that provide outpatient mental health and substance abuse treatment for all of Wayne County, with a concentration in the downriver communities.

Southgate Properties is a “membership” corporation, the sole member of which is Guidance Center System, a not-for-profit, federal tax-exempt 501(c)(4) organization. Southgate Properties is also related to two entities (whose sole member is also Guidance Center System), The Guidance Center and the Guidance Center Adult and Family Services, both of which are 501(c)(3) organizations. All organizations are located in Southgate, Wayne County, Michigan. The organizations employ 512 full-time and 20 part-time positions. The related organizations have approximately 39 positions.

Recommendation:

Based upon a determination by Dickinson Wright PLLC and the State of Michigan Attorney General’s office that this transaction complies with state and federal law requirements for bond reissuance, staff recommends the adoption of a resolution authorizing the issuance of bonds to refund not more than \$2,300,000 in principal amount of the Series 2002 Bonds.

RESOLUTION TO AUTHORIZE THE ISSUANCE OF THE MICHIGAN STRATEGIC FUND LIMITED OBLIGATION REVENUE REFUNDING BONDS (SOUTHGATE PROPERTIES), SERIES 2018 (THE "BONDS")

Resolution 2018-_____

Background

A. The Michigan Strategic Fund (the "Fund") is authorized by 1984 PA 270, as amended (the "Act"), to issue bonds for the purpose of making loans to pay the costs of a project (as defined in the Act).

B. Southgate Properties, a Michigan nonprofit corporation (the "Borrower"), has requested a loan from the Fund for the purpose of refunding all of the outstanding principal amount of the Michigan Strategic Fund Variable Rate Demand Limited Obligation Revenue and Revenue Refunding Bonds, Series 2002 (Southgate Properties Project) (the "Prior Bonds").

C. The Borrower has requested the Fund to issue the Bonds in a principal amount not to exceed \$2,300,000 pursuant to this resolution (the "Resolution") and an indenture and loan agreement (the "Indenture"), among the Fund, the Borrower, and PNC Bank, National Association (the "Bank") dated as of August 1, 2018, to obtain funds which will be loaned to the Borrower pursuant to the Indenture to pay costs of refunding the Prior Bonds.

D. The Bonds will be purchased by the Bank, a sophisticated investor, pursuant to the Indenture.

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

SECTION 1. Issuance of Bonds; Limited Obligation. For the purpose of making the loan requested by the Borrower, the issuance of the Bonds is authorized.

The terms of the Bonds shall be substantially in the form contained in the Indenture, with the changes permitted or required by action of the Fund or the Indenture. The Bonds shall bear the manual or facsimile signature of a member of the Fund's Board of Directors (a "Member") or of a person authorized by Board Resolution to sign Bond documents on behalf of the Fund (an "Authorized Officer"), and the official seal of the Fund (or a facsimile of the seal) shall be impressed or imprinted on the Bonds.

The Bonds and the interest and any premium on the Bonds are not a debt or obligation of the State of Michigan or a general obligation of the Fund within the meaning of any constitutional or statutory limitation and do not constitute a charge against the credit or taxing powers of the State of Michigan or the general funds or assets of the Fund (including funds relating to other Fund loans or activities), but shall be limited obligations of the Fund payable solely from the revenues derived from the Indenture and otherwise as provided in the Indenture.

SECTION 2. Approval, Execution and Delivery of Documents. The form of the following document, on file with the staff of the Fund and on which has been endorsed by the staff of the Fund the date of adoption of this Resolution, is approved:

a. Indenture

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

SECTION 3. Completion of Document Terms. Any Member may approve the initial interest rate applicable to the Bonds, which shall not be more than 5% per annum, and the principal amount of the Bonds, which shall not be greater than \$2,300,000. Approval of those terms shall be evidenced by the Member's execution of the Indenture.

SECTION 4. Sale and Delivery of the Bonds. A Member or an Authorized Officer shall execute, seal, and deliver the Bonds upon receipt of the following documents and payment of the purchase price for the Bonds:

- a. an opinion of bond counsel to the Fund acceptable to the Fund and the Attorney General of the State of Michigan (the "Attorney General"),
- b. an opinion of counsel to the Borrower and necessary certificates and representations of the Borrower acceptable to the Fund, the Attorney General, and bond counsel,
- c. an approving opinion of the Attorney General, and
- d. an investor letter in form and substance acceptable to the Attorney General from the Bank.

Upon receipt, the proceeds of the Bonds shall be paid over to the holder of the Prior Bonds to be credited in accordance with the Indenture.

SECTION 5. Authorization of Filings, Submissions and Other Documents. Any Member or Authorized Officer, as well as counsel to the Fund, is authorized to apply for or submit, execute, and deliver the other certificates, documents, opinions, and papers to any party or governmental agency as may be required by the Indenture or as may be necessary to effectuate the valid issuance, sale, and delivery of the Bond as a tax-exempt bond and otherwise as contemplated by the Indenture.

SECTION 6. Conflict and Effectiveness. All resolutions or other proceedings of the Fund in conflict with this Resolution are repealed to the extent of the conflict. This Resolution shall become effective upon adoption. If the Bonds are not delivered to the Bank on or before August 15, 2018, the authority granted by this Resolution shall lapse.

Adopted.

Ayes:

Nays:

July 24, 2018 Meeting
Lansing, Michigan

MEMORANDUM

Date: July 24, 2018

To: Michigan Strategic Fund Board

From: Chelsea Rowley, Community Assistance Specialist
Rob Garza, Brownfield and MCRP Senior Program Specialist

Subject: Gemini Capital Management, LLC - Request for Approval Michigan Community Revitalization Program Grant
Alma Brewery Apartments Project

Request

Gemini Capital Management, LLC is requesting a MCRP performance-based grant in the amount of \$109,172 to support a community development project that will convert the functionally obsolete second floor of a historic building into three residential apartments. The proposed project will be located at 210 East Superior Street in the City of Alma. It is in a downtown and qualifies for a Michigan Community Revitalization Program (MCRP) award because it is functionally obsolete and a historic resource. This request, which is an award of up to 44% of eligible investment, will be one of three MCRP projects this year that can be allocated an award of up to 50% of eligible investment for the specific purpose of historic preservation.

Project Description

The development team anticipates that the project will result in total capital investment in the amount of \$415,872. The project will involve the rehabilitation of the second floor of a historic building in downtown Alma into approximately three apartments occupying approximately 2,900 square feet. These apartments will be located directly above the recently expanded Alma Brewing Company, located on the ground floor of the building.

The project's financial gap is driven by the low residential rental rates commanded in Alma, and the maximization of other financing sources including the Isabella Bank loan and the owner's equity contribution of 16% of project costs. In addition, the City of Alma is contributing to the project with an Obsolete Property Rehabilitation Act (OPRA) valued at approximately \$88,800. MCRP detailed structure is provided in **Appendix A**.

Gemini Capital Management, LLC has an extensive history of property management throughout Isabella and Gratiot Counties and currently manages 100 different commercial and residential properties. Neither Gemini Capital Management, LLC, nor its principals have received previous incentives from the Michigan Strategic Fund (MSF). The MEDC has completed civil and criminal background checks in accordance with the MSF Background Review Policy. No issues were identified. The City of Alma is engaged with the MEDC's Redevelopment Ready Communities (RRC) program.

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

Recommendation

MEDC staff recommends approval of a MCRP performance-based grant in the amount of up to \$109,172 for Gemini Capital Management, LLC.

APPENDIX A – MCRP Summary of Terms

Summary of Terms

1. **Company Name:** Gemini Capital Management, LLC (“Company” or “Applicant”)
2. **Company Address:** 325 Enterprise Drive
Breckenridge, Michigan 48615
3. **MCRP Incentive Type:** Performance Based Grant
4. **Maximum Amount of MCRP Incentive:** Lesser of 44% of the Eligible Investment, as defined by the Program Guidelines, or \$109,172 (“MCRP Incentive Award”)
5. **Project Description (“Project”):** The project will include the rehabilitation of the second story of an existing building into approximately three residential units totaling approximately 2,900 square feet.
6. **Anticipated Minimum Eligible Investment:** \$209,778 The minimum is based on 80% of the total Eligible Investment amount requested on the MCRP incentive application. The Eligible Investment on the Project is anticipated to include:
 - Building Alteration/Rehabilitation/Improvement
 - Professional Fees
7. **Start Date for Measurement of Eligible Investment:** April 1, 2018
8. **Project Qualifying As:**
 - Functionally Obsolete
 - Historic Resource
9. **Progress and Milestones & Disbursement:** The final terms and conditions of each of the Progress Milestones shall be included in the final Agreement, including that before any disbursement is made to the Applicant, the Applicant must demonstrate timely completion of all Progress Milestones, as required, and otherwise be in full compliance with all terms and conditions of the final Agreement. The MSF Fund Manager, in coordination with Michigan Economic Development Corporation (MEDC) Staff, is authorized to negotiate the final terms and conditions of the final Agreement to be used to memorialize MCRP awards on the MSF’s behalf in accordance with the Guidelines and are anticipated to include:
 - a. Pre-improvement Progress Milestone: Written certification from Isabella State Bank, or a copy of the executed loan agreement, note and mortgage, evidencing that the applicant has closed on financing in the amount of \$120,000, plus or minus five percent; and final approval by the State of Michigan of a 12 year Obsolete Property Rehabilitation Act (OPRA) tax abatement with an estimated value of \$88,800.
 - b. Completion of the Project Progress Milestone: Issuance of a certificate of occupancy on terms and conditions satisfactory to the MSF Fund Manager, and if applicable, demonstration that the Project complies with the federal secretary of interior’s standards for rehabilitation and guidelines for rehabilitating historic buildings, 36 CRF 67.

- 10. Municipality supporting the Project (“Municipal Support”):** The municipality has committed to provide: a property tax abatement via the Obsolete Property Rehabilitation Act (OPRA) for a period of 12 years with an approximate value of \$88,800.
- 11. Term of Agreement:** From execution of the final Agreement until the date three (3) years after the completion of the final Progress Milestone.
- 12. Repayment and Penalty Terms:** Some repayment and penalty provisions are required by law. The repayment and penalty terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement, and may include any or all of the following: a penalty, reduction of all or a portion of the MCRP Incentive Award, repayment of any portion of any disbursement of the MCRP Incentive Award, or ineligibility of the Applicant and its sponsors for any support or economic assistance from the MSF, as the case may be, if the Applicant fails to comply with the Agreement, any reporting requirements defined in the final Agreement, or otherwise violates the MSF Act.
- 13. Final Terms and Conditions:** The MSF Fund Manager, in coordination with MEDC Staff, is authorized to negotiate the final terms and conditions of the final Agreement to be used to memorialize MCRP awards on the MSF’s behalf in accordance with the Guidelines and is anticipated to include the terms described above.

APPENDIX B – Programmatic Requirements & Screening Guidelines

MCRP Program and its Guidelines

On December 21, 2011, the MSF Board approved the Michigan Community Revitalization Program (MCRP) and on September 22, 2015, 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. The total eligible investment for this project is estimated to be \$262,223.

Source of Information

It is the role of the Project Management staff (MEDC Staff) to review for eligibility, completeness, and adherence to MCRP guidelines, the information provided by the applicant and to manage the MSF's investment.

Explanatory and background information is supplied in summary form to provide context for the request and is drawn exclusively from materials submitted by the applicant, and, as applicable, from other relevant third party sources utilized by staff.

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 City of Alma has identified market-rate rental housing in downtown as a top priority due to limited supply and high demand from residents. Also, the city has been working in conjunction with the Downtown Development Authority to encourage property owners to activate the upper floors of their buildings.

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

The project is expected to spur additional revitalization efforts in the downtown and the developer has already identified another project in downtown Alma that it would like to redevelop in partnership with the Michigan Economic Development Corporation.

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

The City of Alma will be providing a 12-year Obsolete Property Tax Exemption for the new residential portion of the building with an approximate value of \$88,800.

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

Without the Michigan Community Revitalization Program grant, this project is not financially feasible. The developer has maximized senior debt and is contributing 16% of equity into the project. Developer return is acceptable at just over 12%.

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

This development will convert the second floor of a historic building from a functionally obsolete space into three residential apartments.

F. Creation of jobs:

This is a residential rehabilitation and no new jobs are anticipated.

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

The development team is contributing approximately 73.75% of total development costs in the form of cash equity, land contribution, and bank financing. There are no federal funds or federal tax credits being applied to this project.

H. Whether the project is financially and economically sound:

Upon reaching stabilization, it is anticipated the project will have sufficient cash flow to meet its debt service requirements and provide the owner with an acceptable rate of return.

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

This project contributes to increasing the density of downtown Alma by providing three additional residential units.

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

With the creation of residential units on the upper floor and the recent expansion of the Alma Brewery on the ground floor, the 210 E. Superior Street property is a mixed-use development within a traditional downtown that promotes walkability.

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

The project does not involve an abandoned public building.

L. Whether the project promotes sustainable development:

The development team is implementing several sustainable best practices including energy star appliances, LED light fixtures, and energy star vinyl windows.

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

This project will rehabilitate the second floor of a historic building into three market rate residential apartments.

N. Whether the project addresses area-wide redevelopment:

The project contributes to area-wide redevelopment by creating three additional residential units in downtown and adding density.

O. Whether the project addresses underserved markets of commerce:

This project addresses underserved markets of commerce by providing three additional residential units in downtown Alma. The need to increase residential options in downtown has been identified by the city as a top priority.

P. The level and extent of environmental contamination:

There is no environmental remediation that is required as a result of this rehabilitation.

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 rehabilitation of the historic resource will be consistent with local historic district standards; however, it will not specifically adhere to the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings. The architectural plans for the residential units have been reviewed by the State Historic Preservation Office and deemed to have no adverse effect on this historic character of the building.

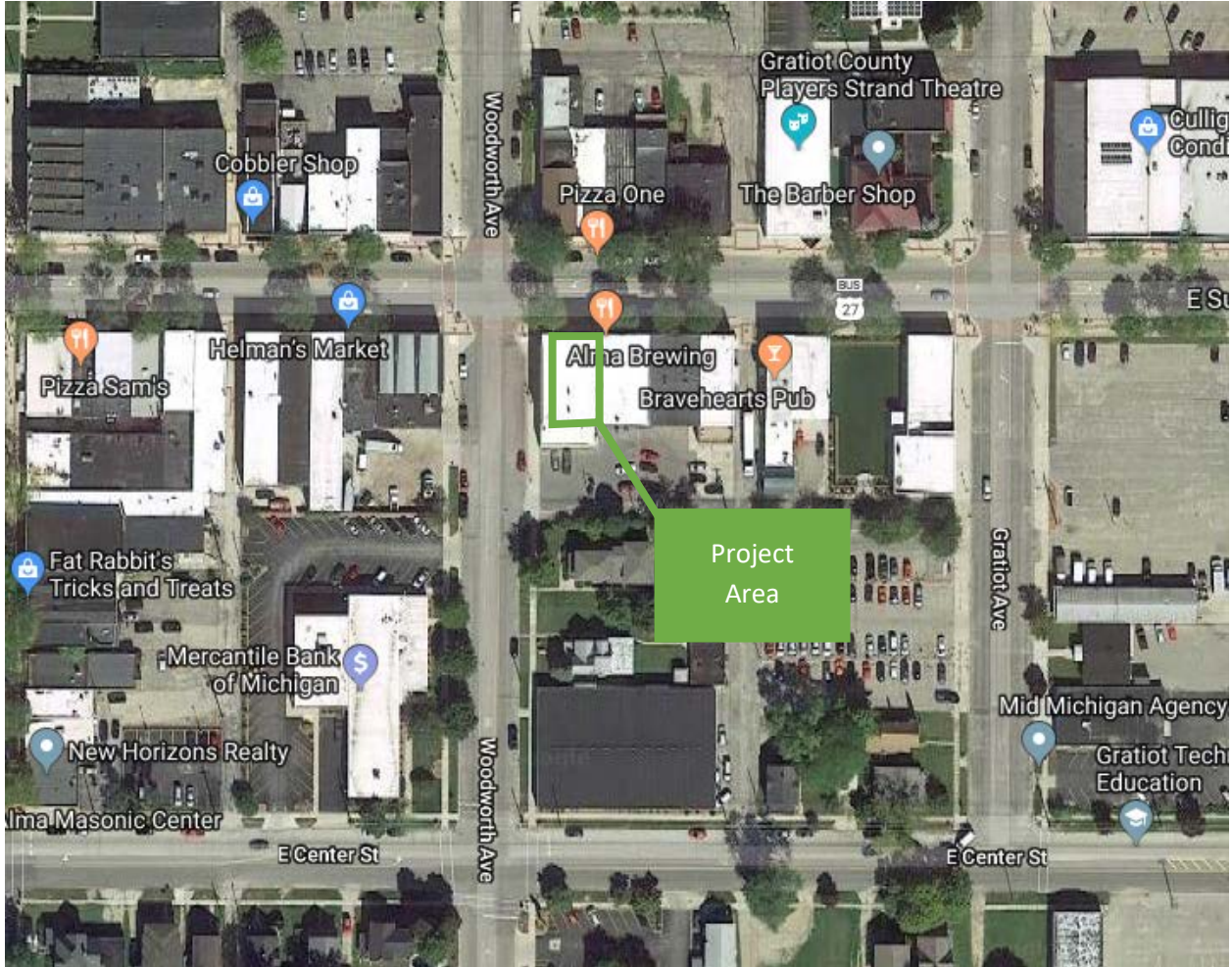
R. Whether the project will compete with or affect existing Michigan businesses within the same industry:

This project contains no commercial component and will not affect existing Michigan businesses.

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:

Not applicable.

APPENDIX C – Project Map



MICHIGAN STRATEGIC FUND

RESOLUTION 2018 -

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

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

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

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

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

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

WHEREAS, Gemini Capital Management, LLC (“Company”) has requested a performance based grant of up to \$109,172 (“Award Request”), along with other general terms and conditions;

WHEREAS, the project will be one of three MCRP projects this year that can be allocated an award of up to 50% of eligible investment for the specific purpose of historic preservation;

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;

Ayes:

Nays:

Recused:

Lansing, Michigan
July 24, 2018

MEMORANDUM

Date: July 24, 2018

To: Michigan Strategic Fund Board

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

Subject: *Community Development Block Grant Program
Quarterly Report of Delegated Approvals (April - June, 2018)*

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

Grantee	Approval Date	CDBG Funds	Brief Summary of Project
City of Chelsea	4/20/18	\$180,000	The City of Chelsea requested an additional \$180,000 in CDBG funds for the Mack building blight elimination project. The amendment was to offset the increased cost of the project that were identified through the bidding process.
Village of Central Lake	4/20/18	\$261,350	The Village of Central Lake requested \$261,350 in CDBG funds for infrastructure improvements needed for the Project Rising Tide initiative. The Village expects that this project will provide users of the farmer's market a safe location to do business as well as visitors of the local Thurston Park a place to access the Village from either boat, kayak or paddle sport.
Emmet County	4/30/18	\$29,000	Emmet County requested up to an additional \$29,000 in CDBG funds for CDBG Housing Grant #MSC-2015-0737-HOA. Additional funds are needed to complete the housing rehabilitation project at 7317 Chicago Street.
Village of Buckley	5/26/18	\$90,000	The Village of Buckley requested an additional \$90,000.00 in CDBG funds for their 2017 Water Main and Well Project. The Village's construction bid on the project came back higher than estimated.

City of Greenville	6/13/18	\$353,388	After demolition and during the renovation of façades, structural and existing material deterioration was discovered. The City requested an increase of \$353,388 in CDBG funds for façade improvements needed for the City of Greenville's Façade Improvements Project. The City expects that the amended increase will result in an additional private investment of \$117,796.
City of South Haven	6/15/18	\$185,850	The City of South Haven requested \$184,850 in CDBG funds for façade improvements for their Downtown Façade Project. The City expects that this project could result in private investment of \$185,000.
City of Grayling	6/22/18	\$431,044	The City of Grayling requested an additional \$431,044.00 in CDBG funds for their 2017 Sanitary Sewer Force Main Project. The City's construction bid on the project came back higher than estimated.
Total CDBG Funds for Quarter		\$1,530,632	

**MSF DELEGATED AUTHORITY QUARTERLY UPDATE
MSDF AND SSBCI PROGRAMS
CAPITAL ACCESS TEAM
April 1 – June 30, 2018**

APPROVALS BY AUTHORIZED DELEGATES

Between April 1 and June 30, 2018 the following actions were approved by the MSF Chairperson and MSF Fund Manager, subject to due diligence, and available funding:

SSBCI-MBGF						
Organization	Request Type	Loan Amount	MSF Support	Action	Date Approved	Closed
Merrifield Machinery Solutions Inc.	MBGF-CSP	\$ 1,500,000	\$ 500,000	Approved by Chair and Fund Manager	June 1, 2018	Y
Total		\$ 1,500,000	\$ 500,000			
MSDF						
Organization	Request Type	Loan Amount	MSF Support	Action	Date Approved	Closed
Mull-It-Over Products, LLC	MSDF-CSP	\$ 2,100,000	\$ 1,045,000	Approved by Chair and Fund Manager	June 12, 2018	Y
Diversified Engineering & Plastics LLC	MSDF-CSP	\$ 1,950,000	\$ 937,050	Approved by Chair and Fund Manager	June 19, 2018	N
Diversified Engineering & Plastics LLC	MSDF-CSP	\$ 1,750,000	\$ 437,050	Approved by Chair and Fund Manager	June 19, 2018	N
Total		\$ 5,800,000	\$ 2,419,100			

MEMORANDUM

DATE: July 24, 2018

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

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

SUBJECT: Quarterly Report of Delegated Approvals on Michigan Business Development Program & Michigan Community Revitalization Program

On December 21, 2011, the MSF Board approved the Michigan Business Development Program (“MBDP”) and the Michigan Community Revitalization Program (“MCRP”). Both programs allow for delegated approval of projects that have incentives of \$1 million or less. Listed below is a synopsis of the delegated deals that were approved during the third quarter of the 2018 fiscal year.

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

MBDP APPROVALS

Project Name	Approval Date	Location	Incentive Approved	Jobs	Investment
Saint-Gobain Performance Plastics Corporation	4/4/2018	City of Beaverton	\$396,000	88	\$10,540,000.00
Manthei, Inc.	4/11/2018	City of Petoskey	\$280,000	35	\$9,100,000.00
Performance Fabrics, Inc. d/b/a HexArmor	4/13/2018	City of Grand Rapids	\$350,000	50	\$8,750,000.00
Open Dealer Exchange, LLC	4/19/2018	City of Farmington Hills	\$350,000	50	\$3,908,000.00
SMFS, Inc., dba GRIMM	4/24/2018	City of Sparta	\$216,000	27	\$621,312.00
PlaneWave Instruments	4/27/2018	City of Adrian	\$400,000	54	\$9,470,000.00
HNTB Corporation	5/7/2018	City of Detroit	\$112,000	28	\$483,000.00
Syncreon America Inc.	5/9/2018	Bedford Township	\$430,000	100	\$300,000.00
Almond Products	5/10/2018	Spring Lake Township	\$850,000	72	\$5,300,000.00

Midland Credit Management	5/11/2018	City of Troy	\$450,000	150	\$2,200,000.00
Bordrin Motor Corporation, Inc.	5/14/2018	City of Novi	\$496,000	62	\$3,458,085.00
Ventra Ionia Main, LLC	5/17/2018	City of Ionia	\$600,000	109	\$4,850,000.00
Repair Center LLC, dba Tech Defenders	5/29/2018	City of Grand Rapids	\$172,500	115	\$2,707,000.00
Stone Fox Ventures, LLC	5/30/2018	City of Grand Rapids	\$400,000	52	\$3,760,000.00
Midwest Glass Fabricators Inc	5/30/2018	Highland Township	\$186,000	62	\$4,700,000.00
International Wheel & Tire	6/5/2018	City of Farmington Hills	\$270,000	30	\$4,275,000.00
Howmet Corporation - dba Arconic	6/7/2018	City of Whitehall	\$495,000	45	\$104,000,000.00
Actia Corporation	6/13/2018	City of Romulus	\$750,000	151	\$18,500,000.00
Guangzhou Automobile Group Co., Ltd. (GAC)	6/19/2018	City of Farmington Hills	\$500,000	62	\$10,453,000.00
Home Point Financial Corporation	6/22/2018	City of Ann Arbor	\$360,000	50	\$4,050,000.00
JR Automation Technologies, LLC	6/28/2018	City of Holland	\$800,000	100	\$4,000,000.00
Quality Roasting, LLC	6/29/2018	Indianfields Township	\$80,000	15	\$10,000,000.00
Sequris Group, LLC	6/29/2018	City of Plymouth	\$500,000	67	\$5,580,000.00

MCRP APPROVALS

Project Name	Approval Date	Location	Incentive Approved	Jobs	Investment
Holden Block, LLC	5/15/2018	Detroit	\$400,000	60	\$2,914,714

MEMORANDUM

DATE: July 24, 2018
TO: Michigan Strategic Fund (“MSF”) Board Members
FROM: Mary Kramer, Manager, MCRP, Brownfield and SmartZone Programs
SUBJECT: Quarterly Report of Delegated Approvals of Brownfield Act 381 Work Plans

On April 5, 2017, the Brownfield Redevelopment Financing Act (Act 381) was amended to allow the chairperson of the Michigan Strategic Fund delegated approval of work plans that consist of tax capture of less than \$1,000,000.

There were no Brownfield Act 381 Work Plans approved by the delegates during the third quarter of the 2018 fiscal year.

**MSF DELEGATED AUTHORITY QUARTERLY UPDATE
FOR 21CJF LOAN PORTFOLIO
BOARD MEETING – JULY 24, 2018**

FOR QUARTER ENDED JUNE 30, 2018

BACKGROUND

Pursuant to Section 125.2088k-3 of the Michigan Strategic Fund Compiled Resolutions, the Michigan Strategic Fund (MSF) Board approved a delegation of authority for decisions with regard to awards under the (i) Company Formation and Growth Fund (“CFGF”), (ii) 21st Century Jobs Fund 2006 and 2008 business plan competition rounds, as well as its predecessor programs, Michigan Technology Tri-Corridor (“MTTC”) Fund program and Michigan Life Sciences Corridor Fund program, and (iii) those loans awarded under the Choose Michigan program, including the authority to approve loan restructure requests (the “Delegation of Authority”). Under the Delegation of Authority, actions related to awards with an original amount of \$1,000,000 or less may be approved by the MSF Chairperson, the MSF Fund Manager and the MSF State Treasurer Director, with only one required to act. Actions related to awards with an original amount of \$1,000,001 to \$3,000,000 may be reviewed by the MSF Advisory Subcommittee before presentation to the delegates for final approval. Actions related to awards with an original amount of \$3,000,001 are presented to the full MSF Board.

APPROVALS BY AUTHORIZED DELEGATE

Between April 1, 2018 and June 30, 2018, the following actions were approved pursuant to the Delegation of Authority:

Company	Action(s)	Award Amount	Disbursed Amount	Date
XB TransMed Solutions, LLC	Forbearance	\$508,263	\$385,000	04/26/18

**MSF DELEGATED AUTHORITY QUARTERLY UPDATE
MSF CONFIDENTIALITY MEMOS**

Board Meeting – July 24, 2018

FOR QUARTER ENDED JUNE 30, 2018

BACKGROUND

As a part of the process for negotiating with companies seeking to invest in Michigan, the Michigan Strategic Fund (MSF) receives information of a financial and/or proprietary nature from applicant companies. Avoiding the public disclosure of this information is desirable in order to protect against the potential for significant competitive harm to the applicant companies.

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

APPROVALS BY AUTHORIZED DELEGATE

During the period between April 1 and June 30, 2018, the following confidentiality memos were approved by the MSF Fund Manager:

Company Name and Location	Overview of Confidential Information
<p>Nachi Robotics Systems, Inc. 46200 West Twelve Mile Road Novi, Michigan 48377</p>	<p>Company Bylaws</p>
<p>Bedrock Management Services, LLC 630 Woodward Ave Detroit, MI 48226</p>	<ul style="list-style-type: none"> • Pages 32-39 of the Bedrock Transformational Sites - Underwriting Analysis provided by SB Friedman Development Advisors, dated May 4, 2018 • Letter from Turner Construction Company to Bedrock Management Services, LLC, dated January 2, 2018, Re: Monroe Blocks Development 100% Schematic Estimate – Revision No.1, and all attachments thereto (79 pages total) • Memos prepared by Barton Malow, Re: Construction Costs for the Hudson’s site Redevelopment Project • Bedrock Presentation Slides, Re: Hudson’s Core & Shell Cost Benchmarking • Memos prepared by Walbridge, Re: Construction Costs for the Book Building & Book Tower Redevelopment Project

	<ul style="list-style-type: none"> • Area Summary: Tower, prepared by SHoP Architects; Bedrock Detroit JLL Summary One Pager sourced from JLL (Bedrock One Pager – JLL Data.pdf) • Pages 43 and 44 of Hudson’s Site Concept Design Narrative Addendum, prepared by SHoP Architects, PC • Hudson’s Residential Fit Out Excel Spreadsheet; Memo from Turner Company, Re: Construction Costs for the Monroe Blocks Project
<p>Flint Eco-industrial Park LP and FEIP Land Management Services, its General Partner 3948 Hunters Ridge Drive, Unit #4 Lansing, Michigan 48911 and FEIP Land Management Service</p>	<p>All of the following related to the acquisition, construction, development, improvement, maintenance, operation and lease of all or portion of the former GMC Buick City Industrial Brownfield site located in Flint, Genesee County, Michigan, and certain of its surrounding real estate parcels (“Development Project”): documentation, studies, reports, assessments, appraisals, recommendations, conclusions, results, findings, analysis, surveys, maps, notices and other materials, together with any terms and conditions contained or disclosed therein or obtained in connection therewith, and any analysis, overviews, digests and other summaries thereof, including without limitation:</p> <ul style="list-style-type: none"> • Miller, Canfield, Paddock and Stone, P.L.C. engagement letter with FEIP relative to the Development Project, and all invoices, reports, studies, checklists and any other ancillary documents resulting therefrom; • Miller, Canfield, Paddock and Stone, P.L.C. engagement letter with NTH Consultants, Ltd, related in any way to the Development Project and all invoices, reports, studies, checklists, and any other ancillary documents resulting therefrom; • Miller, Canfield Paddock and Stone, P.L.C. engagement letter with David C. Adams and Son related in any way to the Development Project and all invoices, reports, studies, checklists and any other ancillary documents resulting therefrom; • Miller, Canfield Paddock and Stone, P.L.C. engagement letter with Cinnaire Title Services, related in any way to the Development Project and all invoices, reports, studies, checklists and any other ancillary documents resulting therefrom;

	<ul style="list-style-type: none"> • Sentinel Law Group, P.C. engagement letter with the General Partner related in any way to the Development Project and all invoices, reports, studies, checklists and any other ancillary documents resulting therefrom; • Bodman PLC engagement letter or agreement with Mott Foundation and/or B.C Leasing, LLC (and any affiliates thereof) related in any way to the Development Project and all invoices, reports, studies, checklists and any other ancillary documents resulting therefrom; • Ghafari Associates, LLC (and any affiliates thereof) engagement materials with Mott Foundation and/or B.C Leasing, LLC or FEIP or the GP, and any affiliates thereof, related in any way to the Development Project, and all invoices, master planning or site development materials reports, studies, checklists and any other ancillary documents resulting therefrom; • Other business or consulting materials with Mott Foundation and/or B.C Leasing, LLC or FEIP or the GP, and any affiliates thereof, related in any way to the Development Project, and all invoices, reports, studies, checklists and any other ancillary documents resulting therefrom; • All engineering, design, planning, construction contracts, transaction documentation, change orders, and any other ancillary documents resulting therefrom related in any way to the Development Project; • Documentation or other related in any way to the identification of sources of private investment related in any way to the Development Project; • All drawings, specifications, designs, renderings, and any other ancillary documents resulting therefrom related in any way to the Development Project; • All letters of intent, purchase and sale agreements, access agreements, sales criteria summaries, and any other ancillary documents resulting therefrom related in any way to the Development Project; • Any documentation, studies, reports, assessments, appraisals, recommendations, conclusions, results,
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	<p>findings, analysis, surveys, maps, notices and other materials related in any way to the Development Project, together with any terms and conditions contained or disclosed therein or obtained in connection therewith, and any analysis, overviews, digests and other summaries thereof, directed to RACER Trust and/or its affiliates (“RACER Trust”) and/or its attorneys, consultants or other providers, from FEIP and/or the GP and/or its attorneys, consultants or other providers;</p> <ul style="list-style-type: none"> • Any documentation, studies, reports, assessments, appraisals, recommendations, conclusions, results, findings, analysis, surveys, maps, notices and other materials related in any way to the Development Project, together with any terms and conditions contained or disclosed therein or obtained in connection therewith, and any analysis, overviews, digests and other summaries thereof, received from RACER Trust and/or its attorneys, consultants or other providers by FEIP and/or the GP and/or its attorneys, consultants or other providers.
<p>Ilitch Holdings, Inc. and Olympia Development of Michigan, LLC 2211 Woodward Ave. Fox Office Center Detroit, Michigan 48201</p>	<p>Draft & Executed Leases; Letter(s) of Intent / Interest; Financing Documents; Third Party Contract(s); CBRE Market Rent Study; Plante Moran TIF Assumptions Report; PGAV Net Economic Benefit Study</p>
<p>Merrifield Machinery Solutions, Inc. 1651 E Highwood Pontiac, MI 48340</p>	<p>Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.</p>
<p>Mull-It-Over Products, LLC 4275 White St. SW Grand Rapids, MI 49418</p>	<p>Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the</p>

	<p>Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.</p>
<p>Diversified Engineering & Plastics, LLC 1801 Wildwood Ave. Jackson, MI 40202</p>	<p>Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.</p>
<p>Trickl-EEZ Irrigation, Inc.* 4266 Hollywood Rd. St. Joseph, MI 49085</p>	<p>Any portion of any documents or record of any kind containing any of the following business or personal information pertaining to any of the Interested Parties to the Proposed Transaction: Financial statements (including without limitation, income statements, balance sheets, statements of cash flow and profit and loss statements), ratio analysis, appraisals and other appraisal reporting, collateral analysis, accounts receivable aging reports, customer names and lists, tax returns, credit reports, social security or other tax identification numbers, and any analysis, report or record of any kind by or on behalf of any of the Interested Parties to the Proposed Transaction containing any of the foregoing information.</p>

*Approved in Q2 2018