

**MICHIGAN STRATEGIC  
FUND BOARD MEMBERS**

**Carl Camden**  
*President (retired), Kelly Services*

**Paul Gentilozzi**  
*President, Gentilozzi Real Estate*

**Jeremy Hendges**  
*Michigan Department of Talent  
and Economic Development*

**Stephen Hicks**  
*President and CEO, JM Longyear*

**Rachael Eubanks**  
*State Treasurer,  
Michigan Department of Treasury*

**Larry Koops**  
*Retired Community President for  
Lakeshore Region, Fifth Third Bank*

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

**Terrence J.L. Reeves**  
*Attorney,  
Pepper Hamilton LLP*

**Terri Jo Umlor**  
*President,  
Springfield Commercial Roofing*

**Shaun W. Wilson**  
*Senior Vice President,  
Truscott Rossman*

**Wayne Wood**  
*President (retired),  
Michigan Farm Bureau*

**MICHIGAN STRATEGIC  
FUND (MSF) BOARD**  
Meeting Packet  
**JANUARY 2019**

**MICHIGAN STRATEGIC FUND BOARD  
FINAL MEETING AGENDA  
JANUARY 22, 2019  
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 – December 18, 2018  
The Kroger Co. of Michigan – MBDP Amendment – Erik Wilford  
Amazon.com Services Inc – MBDP Grant Assignment – Julia Veale  
Amazon.com Services Inc – MBDP Reauthorization – Julia Veale  
Alma Opera Block, LLC and Alma College – MCRP Re-Approval – Emanuel Odom  
Lofts on Michigan – MCRP Amendment – Katie Adkins  
Detroit Tigers – Partnership Request – Kelly Wolgamott  
Germany/Austria/Switzerland Tourism Marketing RFP – Award – Kelly Wolgamott  
United Kingdom/Ireland Tourism Marketing RFP – Award – Kelly Wolgamott

**B. Business Investment**

**a. Business Growth**

Magneti Marelli Holding USA LLC – MBDP Grant – Jeremy Webb  
Waymo LLC – MBDP Grant – Jeremy Webb

**b. Capital Access**

Quality Roasting, LLC – Bond Authorization – Chris Cook

**C. Community Vitality**

CDBG Infrastructure – Grant Approval – Greg West  
Kalamazoo Corridor Improvement Authority – TIF and Development Plan – Michelle Audette-Bauman

**D. Informational**

Quarterly Reports



STATE OF MICHIGAN  
OFFICE OF THE CHIEF COMPLIANCE OFFICER  
LANSING

GRETCHEN WHITMER  
GOVERNOR

KEVIN FRANCCART, ESQ.  
CHIEF COMPLIANCE OFFICER

MEMORANDUM

January 7, 2019

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

Jeff Mason  
Chairperson  
Michigan Strategic Fund Board

FROM: Kevin L. Francart  
Chief Compliance Officer

RE: FY2019 Q1 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 first quarter of the 2019 fiscal year were either successfully resolved, are being appropriately addressed, or are undergoing review and are currently being evaluated.

With respect to the Michigan Strategic Fund Board, the Michigan Strategic Fund Act requires the Chief Compliance Officer to review and evaluate compliance with internal policies and procedures along with applicable state and federal law. The Chief Compliance Officer assisted the MSF with a conflict of interest analysis for a concerned Board member; questions regarding the counting the same job as both a Qualified New Job and a Certified New Job in separate programs; and Board Member Appointments. 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  
FINAL MEETING MINUTES  
December 18, 2018**

**Members Present**

Paul Gentilozzi  
Jeremy Hedges  
Larry Koops  
Andrew Lockwood (on behalf of Treasurer Khouri)  
Jeff Mason

**Members joined by phone**

Carl Camden  
Terrence J.L. Reeves  
Terri Jo Umlor  
Shaun Wilson  
Wayne Wood

**Member Absent**

Stephen Hicks

Mr. Mason called the meeting to order at 10:00 am.

Mr. Mason introduced the following legislative staff in attendance: Marty Fittante on behalf of Senator Tom Casperson speaking in support of the Waupaca Foundry, Inc. project in Ironwood and Kristi Schmidt on behalf of Representative Sarah Anthony speaking in support of the Capital City Market project in Lansing.

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

**Communications:** Rhonda Bishop, Board Liaison, advised the Board that a signed term sheet for the MyLocker, LLC project under Business Growth was provided to them at the table.

**A. CONSENT AGENDA**

**Resolution 2018-206 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 – November 27, 2018

Thompson Block, LLC – MCRP Other Economic Assistance Loan Participation Amendment – **2018-207**

2015 Business Incubators – Gateway Grants Amendments – **2018-208**

2016 Business Incubators – Gateway Grants Amendments – **2018-209**

2017 Business Incubators – Gateway Grants Amendments – **2018-210**

Lawrence Technological University – Gateway Business Incubator Grant Amendment – **2018-211**

Lake Superior State University Business Incubator – Gateway Grant Reassignment and Amendment – **2018-212**

ZF North America, Inc. – MBDP Grant Amendment – **2018-213**

Dieomatic Incorporated dba Cosma Casting Michigan – MBDP Grant Amendment – **2018-214**

Tellurex Corporation – 2006 Convertible Loan Agreement Write-Off – **2018-215**

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

## **B. BUSINESS INVESTMENT**

### **B1. Business Growth**

#### **Resolution 2018-216 – Waupaca Foundry, Inc. – MBDP Grant**

*David Kurtycz, Business Development Project Manager, provided the Board with information regarding this action item.* Following brief discussion, Larry Koops motioned for the approval of Resolution 2018-216. Paul Gentilozzi seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

#### **Resolution 2018-217 Cooper-Standard Automotive Inc. – MBDP Grant**

*David Kurtycz, Business Development Project Manager, provided the Board with information regarding this action item.* Following brief discussion, Jeremy Hendges motioned for the approval of Resolution 2018-217. Larry Koops seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

#### **Resolution 2018-218 MyLocker.com, L.L.C. – MBDP Grant**

*Julia Veale, Business Development Project Manager, provided the Board with information regarding this action item.* Following brief discussion, Andrew Lockwood motioned for the approval of Resolution 2018-218. Larry Koops seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

### **B2. Access to Capital**

#### **Resolution 2018-219 MyLocker Properties, LLC – SSBCI Loan Participation Proposal**

*Aileen Cohen, Capital Project and Portfolio Manager, provided the Board with information regarding this action item.* Following brief discussion, Larry Koops motioned for the approval of Resolution 2018-219. Paul Gentilozzi seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

#### **Resolution 2018-220 Quality Roasting, LLC – Bond Inducement**

*Chris Cook, Director of Capital Access, provided the Board with information regarding this action item.* Following brief discussion, Paul Gentilozzi motioned for the approval of Resolution 2018-220. Andrew Lockwood seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

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

### **B3. Entrepreneurship**

#### **Resolution 2018-221 2019 Business Incubator Grant – Request for Proposals**

*Nadia Abunasser, Federal & Development Projects Director, provided the Board with information regarding this action item.* Following brief discussion, Larry Koops motioned for the approval of Resolution 2018-221. Andrew Lockwood seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

## **C. COMMUNITY VITALITY**

#### **Resolutions 2018-222 & 2018-223 600 E. Michigan-Lansing LLC / City of Lansing BRA (Capital City Market Project) – MCRP Grant and Act 381 Work Plan**

*Adam Cummins, Community Assistance Team Specialist, provided the Board with information regarding these action items.* Following brief discussion, Paul Gentilozzi motioned for the approval of Resolutions 2018-222 & 2018-223. Larry Koops seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

#### **Resolution 2018-224 City of Grand Rapids BRA (10 Ionia Avenue NW Project) – Act 381 Work Plan**

*Lindsay Viviano, Community Assistance Team Specialist, provided the Board with information regarding this action item.* Following brief discussion, Larry Koops motioned for the approval of Resolution 2018-224. Paul Gentilozzi seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

**Resolutions 2018-225 & 2018-226 City of Detroit / City of Detroit BRA (Joe Louis Arena  
Redevelopment Project) MSF Investment Fund Loan and Act 381 Work Plan**

*Brittney Hoszkiw, Senior Community Assistance Team Specialist, provided the Board with information regarding these action items.* Following brief discussion, Larry Koops motioned for the approval of Resolutions 2018-225 & 2018-226. Andrew Lockwood seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

Mr. Mason adjourned the meeting at 11:00 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

## MEMORANDUM

**Date:** January 22, 2019

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

**From:** Erik Wilford, Business Development Project Manager

**Subject:** The Kroger Co. of Michigan (“Company” or “Applicant”) Amendment to Approved Michigan Business Development Program Grant Agreement

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### Request

The Company is requesting an amendment to its existing Michigan Business Development Program (“MBDP”) performance-based grant Agreement to add the entity H&C Enterprise LLC (“H&C Enterprise”) for the purpose of counting Qualified New Jobs.

### Background

On January 23, 2018 the Michigan Strategic Fund approved a \$2,078,000 performance-based grant under the Michigan Business Development Program. The Company proposed to open a new dry-goods distribution center in Chesterfield Township which required investment and job creation related to general warehousing and storage. The Project involved the creation of 377 Qualified New Jobs and capital investment of up to \$24,911,584 in the Township of Chesterfield, Macomb County.

As of October 2018, the Company has reported creation of 358 Qualified New Jobs above the Base Employment Level and is in a position to collect on Milestone One.

The Company contracts certain services to staff and operate the facility in Chesterfield Township. Due to this, the previous MSF approval included additional entities that were able to be included to create Qualified New Jobs. These entities included Penske Logistics LLC, U. S. Security Associates, Inc., Jani-King of Michigan, Inc. Merit Logistics, LLC and FirstFleet, Inc. The Company is requesting to include the entity H&C Enterprise due to a franchise agreement it holds with Jani-King of Michigan, Inc. Only jobs physically located at the Chesterfield facility and hired after the qualified date will be eligible to be counted as a Qualified New Job.

### Recommendation

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

- a) Amend to allow H&C Enterprise LLC to be added for the purpose of counting Qualified New Jobs.
- b) All other aspects of the approval remain unchanged.



## MEMORANDUM

**Date:** January 22, 2019

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

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

**Subject:** *Amazon.com.dedc LLC (“Company” or “Applicant”)*  
*Reassign Approved Michigan Business Development Program Grants*

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### **Request**

Due to a merger, Amazon.com Services, Inc. (“ASI”) has requested to assign three Michigan Business Development Performance (MBDP) Based Grant Agreements that were originally awarded to the Company.

### **Background**

On December 20, 2016, the Company was awarded a \$7.5 million MBDP performance-based grant for the creation of 1,000 jobs and investment of \$89,870,145 to build a new fulfillment center in the City of Livonia, Wayne County. The Company received a second MBDP Grant award of \$5 million on June 27, 2017 for the creation of 1,600 jobs and investment of \$140 million to build a new fulfillment center in the City of Romulus, Wayne County. And, on September 26, 2017 the Company received a third MBDP performance-based grant of \$4.5 million for the creation of 1,025 jobs and investment of up to \$40 million for a new fulfillment center in the Charter Township of Shelby, Macomb County (collectively, “the Amazon Grants”).

Effective January 1, 2019, the Company merged into ASI. As a result of the merger, the Company is requesting to assign the Amazon Grants to ASI, its successor entity, which will require ASI to assume the terms of the existing MBDP Grant Agreements governing the awards.

The MSF awarded ASI its own MBDP grant on May 22, 2018 for up to \$4,000,000 for a project in Gaines Township, Kent County (the “ASI Grant”). At the January 22, 2019 MSF Board Meeting, a reauthorization of this award is being requested in order to allow a finalized agreement to be executed.

### **Recommendation**

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

- a) Reassign the Amazon Grants to Amazon.com Services, Inc., subject to ASI assuming the terms and conditions of the MBDP Grant Agreements governing the Amazon Grants;
- b) Authorize the modification of the MBDP Grant Agreements governing the Amazon Grants to take into account the ASI Grant to ensure proper accounting of job creation;
- c) All other aspects of the approval remain unchanged.

## MEMORANDUM

**Date:** January 22, 2019

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

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

**Subject:** Amazon.com Services, Inc. (“Company” or “Applicant”)  
Re-Authorization of Michigan Business Development Program Request for  
\$4,000,000 Performance-based Grant

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### **Background**

On May 22, 2018, the Michigan Strategic Fund (MSF) approved a MBDP performance-based grant in the amount of \$4,000,000 for the Company. The MBDP approval required that an Agreement be entered into within 120 days of the date of the approval, and may be extended for an additional 60 days with approval from the MSF Fund Manager.

Due to administrative limitations, all parties have been unable to enter into the Agreement within the allowable 180 days.

All other Terms of the agreement remain the same.

### **Recommendation**

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

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



## MICHIGAN BUSINESS DEVELOPMENT PROGRAM Performance Based Incentive - Term Sheet - Definitions

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

### Terms and Definitions:

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

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

**Company Investment:** The Company anticipates investment of up to \$150,000,000 for new construction and machinery and equipment or any combination thereof, for the Project.

**Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: "staff, financial, or economic commitment to the project" in the form of a tax abatement on eligible real and/or personal property. The final terms and conditions demonstrating this support shall be included in the final Agreement.

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

- a. Disbursement Milestone 1:** Up to \$1,900,000      Upon demonstrated creation of 475 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than August 31, 2019.
- b. Disbursement Milestone 2:** Up to \$200,000      Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of 525 Qualified New Jobs) above the Base Employment Level, by no later than August 31, 2020.
- c. Disbursement Milestone 3:** Up to \$1,900,000      Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 475 additional Qualified New Jobs (for a total of 1000 Qualified New Jobs) above the Base Employment Level, by no later than August 31, 2021.



**Repayment Provisions:** Repayment provisions are required by law. The Repayment terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement. The final repayment provisions may require repayment of some or all of the disbursements made by the MSF, including if the Company moves 25% or more of their employees out of Michigan, if the Company fails to maintain the Base Employment Level in Michigan, if the Company fails to maintain the Qualified New Jobs incented by this Award.

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

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

This Term Sheet is intended to constitute a term sheet, only. The terms and conditions of this Term Sheet shall not bind either the parties hereto or their successors, assigns or agents unless or until the parties enter into a final agreement addressing the matters contained herein. There is no legally binding or enforceable contract between the parties pertaining to the subject matter of this Term Sheet, as of the date of the Term Sheet is signed, and statements of intent or understandings herein shall not be deemed to constitute any offer, acceptance, or legally binding agreement and do not create any rights or obligations for or on the part of any party hereto.



**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: May 2, 2018**

- Company Name:** Amazon.com Services, Inc. and/or its affiliates and subsidiaries.
- Project Location:** Gaines Township
- MBDP Incentive Type:** Performance Based Grant
- Maximum Amount of MBDP Incentive:** Up to \$4,000,000
- Base Employment Level:** At least 1,706
- Qualified New Jobs:** At least 1,000 at Project Address
- Municipality Supporting Project:** Gaines 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:** Date of MSF Board Approval
- Term of the Agreement:** February 28, 2022
- Milestone Based Incentive:** Disbursements will be made over a three year period and will be performance based on job creation as follows:  
Milestone 1: \$1,900,000 for the creation of 475 jobs.  
Milestone 2: \$200,000 for the creation of 50 jobs.  
Milestone 3: \$1,900,000 for the creation of 475 jobs.

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

**Acknowledged as received by:**

Amazon.com Services, Inc. DocuSigned by:  
 By: Braden Cox  
31293776662466...  
 Printed Name: Braden Cox  
 Its: vice President

Michigan Economic Development Corporation  
 By: Julia Veale  
 Printed Name: Julia Veale  
 Its: BDPM

May 15, 2018

## MEMORANDUM

**Date:** January 22, 2019

**To:** Michigan Strategic Fund Board

**From:** Emanuel Odom, Program and Investment Specialist, Community Development

**Subject:** Alma College and Alma Opera Block, LLC  
Michigan Community Revitalization Program  
Request for Re-Approval of a Performance-Based Grant

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### Request

Alma College and Alma Opera Block, LLC (“Company”) are requesting re-approval of a \$1,500,000 Michigan Community Revitalization Program (“MCRP”) Performance-Based Grant award in order to execute a MCRP agreement.

### Background

On September 26, 2017, the Michigan Strategic Fund Board approved a \$1,500,000 performance-based grant for the Company for the purpose of renovating vacant and historic buildings on a single parcel located in Downtown Alma. The upper two floors of the main building will be master leased by Alma College and utilized as Alma College student residences. The lower floors of the main building and the accessory building at the rear of the property known as the Boiler Plant will be rehabilitated into 10-12 retail rental units completed to a white box state. The basement of the buildings will be used for storage and support services.

The MCRP approval required that an agreement be entered within 180 days of the date of the approval but allowed for a 30-day extension with approval from the MSF Fund Manager.

The parties have been unable to enter into the agreement because of unexpected delays that prevented the project from moving forward on the schedule as originally planned. Also, there were changes to the scope of the project and financing sources. Investigation of site conditions, previously performed work and concerns regarding portions of the floorplans led to re-evaluation of necessary capital investment and additional fundraising by Alma College. Therefore, the requirement set forth in the original approval resolution that transaction documents be executed within 180 days of the date of the resolution was not achievable.

The scope of the project has been expanded to include Alma Opera Block, LLC’s entry into a long-term lease of the parking lot from the City of Alma and completion of certain improvements thereon at an estimated cost of \$500,000. While the project activities and anticipated jobs etc. remain unchanged the estimated cost to complete the project (inclusive of \$500,000 to be expended on parking improvements) has risen to approximately \$6.6 million (an increase of \$1.5 million as set forth in the original memo). The project team has worked with the architect to prepare and submit a further amendment to the Historic Preservation Application Part II reflecting necessary additional design reconfigurations on the interior of

the building which the State Historic Preservation Office recently approved and transmitted to the National Park Service for final approval. Additionally, in regard to project financing, Alma College has successfully completed a capital campaign in support of the project and received \$1.35 million in gifts along with pledges for additional funds of approximately \$4.84 million over the next six years. Chemical Bank has continued to maintain its commitment to participating as both a lender and historic tax credit investor in support of the project.

The most significant change to the financing sources is the elimination of the previously contemplated Senior Loan in the amount of \$2 million which will now be funded through additional owner equity. Additionally, the owner equity amount has also significantly increased from the originally contemplated amount to satisfy the larger gap created by cost increases. Finally, the anticipated historic tax credit equity has been increased to account for the additional qualified rehabilitation expenses that will be incurred for the project.

**Recommendation**

The MEDC staff recommends re-approval of the MCRP Performance-Based Grant in the amount of \$1,500,000.

# ORIGINAL APPROVAL

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MICHIGAN ECONOMIC  
DEVELOPMENT CORPORATION

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## MEMORANDUM

**Date:** September 26, 2017

**To:** Michigan Strategic Fund Board

**From:** Charles Donaldson, Community Assistance Team Specialist  
Julius Edwards, Manager, Underwriter and Incentive Structuring  
Emanuel Odom, Underwriting and Incentive Structuring Specialist  
Mary Kramer, Senior MCRP and Brownfield Programs Specialist

**Subject:** Alma College and Alma Opera Block, LLC - Request for Approval Michigan  
Community Revitalization Program Performance-Based Grant

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### Request

The proposed project will be undertaken by Alma College and Alma Opera Block, LLC to complete the redevelopment of 0.5 acres of property located at 101-113 Superior Street in the City of Alma. The project is located in a downtown and qualifies for a Michigan Community Revitalization Program (MCRP) award because it is functionally obsolete and a historic resource.

Alma College and Alma Opera Block, LLC (Applicants) are requesting approval of a MCRP incentive in the amount of up to \$1,500,000 in the form of a performance-based grant.

The request is for up to 50% of eligible investment, as this project is a historic preservation project. MCRP legislation allows that annually the MSF may consider support for up to three single projects that shall not exceed 50% of the eligible investment up to \$10,000,000 for the specific purpose of historic preservation. This project is the second project being considered for up to 50% of eligible investment in fiscal year 2017.

Alma College is proposing to complete redevelopment of the building and will master lease all of the residential units and make them available as residences for Alma College students. However, due to the very weak retail and commercial economic conditions in Alma, it is not possible to secure the necessary level of traditional financing to complete the project. The total cost to complete the proposed renovation is estimated at \$5.2 million which is more than double the appraised value for the building following completion (estimated at \$2.7 million). The low appraised value can be directly linked to the relatively low rental rates and weak commercial rental market in the area, which limits the level of traditional debt the project can secure. The development team is in the process of securing permanent term debt of approximately \$2 million from Chemical Bank, which is offering a maximum loan equal to 75% of the appraised value. To bridge the significant gap between the appraised value and the cost to develop the project, the development team is contributing private equity of over 18% of the total development cost and deferring 100% of its developer fees. The project is also utilizing Federal Historic Tax Credits (HTCs) which the developers will be monetizing through an investment by Chemical Bank. The

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## ORIGINAL APPROVAL

remaining gap would be filled by the proposed MCRP award. MCRP detailed structure is provided in Appendix A.

The Applicants anticipate that the project will result in total capital investment in the amount of \$5,218,035, along with the creation of approximately 42 permanent full-time equivalent jobs with an average hourly wage of \$9.00.

### Background

The Wright Opera Block encompasses a partial city block of downtown Alma and consists of three adjacent buildings located on a single parcel. The main buildings are two and three stories with a full basement and an adjacent single story building to the rear. In 2010, a fire occurred and caused major fire damage to the retail spaces and upper opera hall. The building also had significant structural damage and was scheduled for demolition in early 2011.

In June 2014, the MSF Board approved a MCRP grant for \$1 million and a Community Development Block Grant (CDBG) grant for approximately \$420,000, to support this project. The project failed to meet the necessary milestones and the awards were terminated in 2016 prior to any funding from the MSF being disbursed to the project. The prior developer expended approximately \$4.7 million on redeveloping the property prior to halting renovation activities. The current request is for a MCRP grant of \$1.5 million to allow for the acquisition of the property, clean up of any outstanding liens, and completion of the project's renovation and related public infrastructure activities by Alma College. It is not anticipated that the project will request any new CDBG funding and it is expected that all renovation activities will be completed with the MCRP award and other traditional financing.

The current applicant understands that the costs incurred and paid for by the prior developer will not be considered as part of "eligible investment" for the current applicant and are shown in this application as part of the acquisition costs. For purposes of the federal historic tax credit, the applicant will be allowed to count the vast majority of its \$1.37 million acquisition basis as qualified rehabilitation expenses. No "eligible investment" for purposes of the MCRP program has yet been incurred by the current applicants.

The project will historically renovate the buildings with the upper two floors of the main building being master leased by Alma College and utilized as Alma College student residences (totaling approximately 20,303 square feet with 16 units). The lower floors of the main building and the accessory building at the rear of the property known as the Boiler Plant will be rehabilitated into 10-12 retail rental units (totaling approximately 15,605 square feet) completed to a white-box state. The basement of the buildings will be used for storage (approximately 15,878 square feet) and support services.

The project is being undertaken by Alma College and Alma Opera Block, LLC. Alma Opera Block, LLC is a single purpose entity created for the purposes of carrying out the proposed renovation. Alma College is a private, liberal arts college located in Alma, Michigan, with an enrollment of approximately 1,400 students. Alma College has completed a large number of development projects in the last fifteen years including new dormitory construction, upgrades to athletic facilities, and a new recreation center. Alma College has not received incentives from the MSF.

# ORIGINAL APPROVAL

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

## Recommendation

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

- a) A MCRP performance-based grant for up to 50 percent of eligible investment but not more than \$1,500,000 for Alma College and Alma Opera Block, LLC.
- b) Approval for the allowance of up to 50% of eligible investment to advance to the project for the purpose of historic renovation. Legislation allows that annually the MSF may consider support for up to three single projects that shall not exceed 50% of the eligible investment for the specific purpose of historic preservation.

## MEMORANDUM

**Date:** January 22, 2019

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

**From:** Julius L. Edwards, Manager, Underwriting and Incentive Structuring

**Subject:** Request for Approval of an Amendment to a Michigan Community Revitalization Program Performance-Based Direct Loan, Lofts on Michigan, LLC or entity to be formed

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### Request

Lofts on Michigan, LLC (“Company”) and MEDC staff are requesting approval of an amendment to the Michigan Community Revitalization Program (MCRP) Performance-Based Direct Loan approved on November 27, 2018. The request does not change the previously approved award amount, but it does recognize a change in the borrowing entity. The amendment request will remove Lofts on Michigan, LLC as the borrowing entity to be replaced with a newly formed single member entity, 740 Lofts on Michigan, LLC or entity to be formed.

### Background

The Michigan Strategic Fund Board approved a \$1,950,000 MCRP Performance-Based Direct Loan to Lofts on Michigan, LLC on November 27, 2018, in place of the existing MCRP Other Economic Assistance Loan Participation originally approved on April 22, 2014 to the Company. That amendment also allowed the owners to partner with Ladder Capital to refinance the project’s senior financing from Horizon Bank. The project is a mixed-use redevelopment in the City of Grand Rapids.

Ladder Capital has requested the borrower be a single member entity, resulting in the formation of 740 Lofts on Michigan, LLC of which Lofts on Michigan, LLC will be the sole member. All other terms of the prior amendment approval to remain the same.

### Recommendation

The MEDC staff recommends approval of the above amendment request to replace the Lofts on Michigan, LLC as the borrowing entity with 740 Lofts on Michigan, LLC or related entity for the MCRP Performance-Based Direct Loan. All other terms of the prior amendment approval to remain the same.

“EXHIBIT A”

Prior Amendment Approval



**MEMORANDUM**

**Date:** November 27, 2018

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

**From:** Julius L. Edwards, Manager, Underwriting and Incentive Structuring

**Subject:** Request for Approval of a Michigan Community Revitalization Program Performance-Based Direct Loan, Lofts on Michigan, LLC

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**Request**

Lofts on Michigan, LLC (“Company”) and MEDC staff are requesting approval of an amendment to the Michigan Community Revitalization Program Other Economic Assistance – Loan Participation Agreement (“Agreement”) and any related ancillary agreements. The Company and MEDC staff are requesting to dissolve the existing Agreement with Horizon Bank and replace it with an MCRP Performance-Based Direct Loan in place of a Loan Participation Agreement. The request will not require the MSF to advance any additional monies, nor will it increase the loan term or amortization. However, the collateral will change from a shared first lien position, with the MSF portion subordinate to the senior lender, to an anticipated second lien position behind the new senior lender, Ladder Capital.

**Background**

The Michigan Strategic Fund Board approved a \$2,450,000 Other Economic Assistance-Loan Participation on April 22, 2014 to the Company. The approval was rescinded and replaced on August 26, 2014 with a new approval for the purpose of constructing upon real property owned by Borrower, a project consisting of an approximately 68,000 square foot four-story building containing approximately 11,130 square feet of first floor commercial/retail space, an estimated 54 market rate residential rental units on floors two (2) through four (4), and an approximately 29,000 square foot underground parking structure.

The following amendments have been approved for the project:

- On July 26, 2016, the MSF Board approved an amendment request to extend the interest only period, delay the Loan Conversion, Project Completion and Certification of Loan Completion deadlines and allow the release of a \$500,000 letter of credit from Comerica Bank.

## “EXHIBIT A”

### Prior Amendment Approval

- On August 23, 2016, the MSF Board approved an amendment request to allow Mercantile Bank to add a prepayment penalty to their portion of the permanent financing loan and preclude the MSF from sharing in said penalty or in any other fees related to the prepayment of the MSF MCRP incentive.
- On May 4, 2017, the MSF Fund Manager approved a consent request for the waiver of the conversion date requirements in the MCRP Other Economic Assistance Loan Participation and Servicing Agreement and any related ancillary agreements to extend the loan conversion date from April 20, 2017 to July 10, 2017.
- On July 26, 2017, the MSF Fund Manager approved a consent request allowing the Borrower to enter into a Forbearance Agreement with Mercantile Bank and allow a principal reduction payment to apply strictly to paying Mercantile’s portion of the financing. The financing Forbearance Agreement would allow time for the Borrower to get in compliance with the financial covenants in place from the Bank and secure alternative financing.
- On October 24, 2017, the MSF Board approved an amendment request to allow for the dissolution of the existing Agreement with Mercantile Bank and to replace it with a new Loan Participation Agreement with Horizon Bank. The requested change would allow for improved cash flow by extending the amortization on the project from 240 to 300 months. The loan closing with Horizon Bank was also considered a “loan conversion event” by the MSF and \$500,000 of the MSF’s original \$2,450,000 award was forgiven.

The above amendment requests were necessitated by residential lease up that was slower than anticipated, resulting in the development having to reduce the original proposed rental rates. The reduction in rental rates had multiple negative impacts on the project leading to a reduction in cash flow that resulted in the need for significant capital contributions from the owners in addition to the relief provided by the prior amendments above.

The owners are proposing to partner with Ladder Capital to refinance the project’s senior financing from Horizon Bank, which will increase the existing amortization of the senior debt from 25 years to 30 years and provide an interest only period for the first 48 months. The cash flow relief will allow for the amortization of the MSF note, which has not occurred to date due to the lack of available cash flow, while also allowing the project to repay subordinate debt currently owed to Comerica Bank and minimizing interest rate risk by locking in a 10-year term on the senior debt.

To allow the MSF to be in a second security position behind Ladder Capital, the owners of the project will refinance the Comerica Bank note into individual unsecured notes with Independent Bank based on ownership percentage. The new Ladder Capital loan will also result in a Return of Equity of \$286,610 used to pay down the Comerica note.

“EXHIBIT A”

Prior Amendment Approval

Below is the structure of the original Other Economic Assistance Loan Participation Award with the proposed changes to the business terms detailed with strikethrough and **BOLD CAPITALIZED** fonts:

**Loan Facility**

**MSF Facility** MCRP **PERFORMANCE-BASED DIRECT LOAN** Participation and Servicing Agreement Under “other economic assistance”

**Borrower:** Lofts on Michigan, LLC

**Lender:** Horizon Bank

**Total Loan Amount:** Currently estimated at \$11,150,000

**Lender Share:** Currently estimated at \$9,200,000

**MSF Share:** Up to \$1,950,000 (\$500,000 was forgiven at construction completion)

**Loan Amount:** **Up to \$1,950,000**

**Term:** To match that of the Lender, Not to exceed **120** months, with an interest only period of up to 24 months.

**Amortization:** On the MSF Share Up to **25** years following the interest only period.

**Interest Rate:** On the MSF Share 1.00% per annum

**Repayment Terms:** On the MSF Share up to 24 months of monthly interest only payments followed by Monthly principal and interest payments.  
Up to 500,000 of the MSF Share of the loan to be forgiven at issuance of a “Certificate of Occupancy” for the entire building.  
Subordination of Payments  
4) Payments to the MSF allowed to the extent that the Debt Service Coverage Ratio (DSCR) is always above 1.15x.  
2) Certain defaults under the **LADDER CAPITAL** loan agreement related to missed payments will trigger suspension of all payments to the MSF until the default has been cured.

**Collateral:** To match that of the Lender, currently Anticipated being a mortgage lien on the property, and assignments of leases/rents and Tax Increment Financing. MSF Share of **LIEN INTEREST IN THE** collateral will be subordinated to that of the **THIRD PARTY SENIOR** Lender.

“EXHIBIT A”

Prior Amendment Approval

**Guarantee:** To match that of the Lender, currently anticipated being the unsecured limited guarantees of the owners of Lofts on Michigan, LLC members during construction converting to limited proportional guarantees thereafter. The MSF Share of guarantee(s) will be subordinated to the Lender. **GUARANTEES ACCEPTABLE TO THE MSF FUND MANAGER.**

**Fees:** The **MEDC** shall be paid a one-time fee equal to **0.50%** of the MSF’s Share of the loan. The Borrower will be responsible for any third-party fees incurred by the MEDC/MSF in closing the loan.

**Recommendation**

The MEDC staff recommends:

- 1) Approval of the above amendment request to replace the existing MCRP Other Economic Assistance – Loan Participation Agreement and any related ancillary agreements with a MCRP Performance-Based Direct Loan.  
Waiver of the MCRP Parameter that limits the term of MCRP loans to 84 months.

## MEMORANDUM

**Date:** January 22, 2019  
**To:** MSF Board  
**From:** David Lorenz, Vice President Travel Michigan  
**Subject:** Detroit Tigers Advertising Partnership

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### REQUEST

This request is for the MSF Board to approve an advertising partnership with the Detroit Tigers for the period of March 1, 2019 to February 28, 2023. Further this request is for the MSF Board to approve FY2019 funding for year one in the amount of \$325,000.

### BACKGROUND

The partnership with the Detroit Tigers began in 2012, with a focus on attracting new visitors to Michigan by brand integration within Comerica Park targeting fans at the game, and out-of-state television viewers.

More than 1,800,000 fans attended a game at Comerica Park last year, with more than 23,000,000 television viewers (50% of which were out-of-state). Additionally, more than 300 visiting media come to Comerica Park each year to cover teams competing against the Tigers. In 2018, the media equivalency value of the partnership was assessed at \$3,392,309 by Repucom.

As part of FY2019 marketing efforts, Travel Michigan sought a marketing outreach that would build on the successes of the previous partnership with the Detroit Tigers. It was determined there was only one entity within the state – the Detroit Tigers – that could offer the level of exposure and benefits to align with the needs of Pure Michigan’s national marketing efforts.

Requirements for this sponsorship are:

- Must be a Major League Baseball team based in Michigan.
- Must offer the opportunity for Pure Michigan branding to be seen by out-state audiences in markets that align with the Pure Michigan advertising campaign.
- Must be able to provide prominent and high-visibility branding placement within stadium/arena.
- Must offer the opportunity for a game-specific promotion within the regular season.
- Must demonstrate ongoing collaboration within Michigan’s tourism industry and continued efforts to promote leisure-travel activities in Michigan.



## **PARTNERSHIP BACKGROUND**

The 2019 season will be year one of a five-year partnership agreement with the Detroit Tigers, at \$325,000 per year. The benefits during the regular season include:

- **Dugout Railings** – Every other position on the upper and lower railings in the Tigers and visiting team dugouts (existing positions).
- **Dugout Benches** – Eight (8) positions along each dugout bench (existing positions)
- **TigerVision advertising** which includes a minimum of ten (10) :30 spots (between innings), and thirty (30) :15 banner ads (during innings) at all regular season home games.
  - TigerVision is aired on over 300 TV monitors throughout Comerica Park including suites, concourses, and club spaces from the time the gates are open to the finish of the game.
- **Scoreboard Advertising** – one (1) :30 Pure Michigan spot to air on the scoreboard each pre-game, and a bonus spot to air when available during the game (i.e. pitching change, etc.)
- **Public Relations** opportunities including travel messaging and pre-game interviews.
- **Pure Michigan game**
- **Social Media** – Commitment to explore social media opportunities throughout the regular season.

## **RECOMMENDATION**

The MEDC recommends that the MSF Board enter into an advertising partnership with the Detroit Tigers for the period of March 1, 2019 to February 28, 2023, and allocate \$325,000 FY2019 Pure Michigan appropriations monies for year one of the partnership.

## MEMORANDUM

**Date:** January 22, 2019  
**To:** MSF Board  
**From:** David Lorenz, Vice President, Travel Michigan  
Michigan Economic Development Corporation  
**Subject:** Germany, Austria, Switzerland-Representation Recommendation

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### **REQUEST**

That the Michigan Strategic Fund (“MSF”) award and enter into a contract for international leisure travel marketing representation in Germany, Austria and Switzerland.

### **BACKGROUND**

On November 27, 2018, the MSF approved the release of a Request for Proposals (“RFP”) for leisure travel marketing representation in the Germanic speaking countries of Germany, Austria and Switzerland.

The JEC determined that the technical proposal received from TravelMarketing Romberg TMR GMBH demonstrated an exceptional understanding of the statement of work and showed appropriate prior experience and staffing.

The JEC believes that TravelMarketing Romberg TMR GMBH is best able to meet the goals and objectives of the RFP and to offer the best value to the MSF and the State of Michigan.

### **RECOMMENDATION**

Based upon the scoring and evaluation of the JEC, MEDC Staff recommends that the MSF Board award and enter into a contract for leisure travel marketing services in the Germanic speaking countries of Germany, Austria and Switzerland, with TravelMarketing Romberg TMR GMBH for the period of January 1, 2019 to December 31, 2021, with two additional one-year options. An allocation of \$200,000 is requested for the period of January 1, 2019 to December 31, 2019.

## MEMORANDUM

**Date:** January 22, 2019  
**To:** MSF Board  
**From:** David Lorenz, Vice President, Travel Michigan  
Michigan Economic Development Corporation  
**Subject:** United Kingdom, Ireland-Representation Recommendation

---

### **REQUEST**

That the Michigan Strategic Fund (“MSF”) award and enter into a contract for leisure travel marketing representation in the United Kingdom and Ireland.

### **BACKGROUND**

On November 27, 2018, the MSF approved the release of a Request for Proposals (“RFP”) for leisure travel marketing representation in the United Kingdom and Ireland.

The JEC determined that the technical proposal received from Cellet Marketing and Public Relations LTD demonstrated an exceptional understanding of the statement of work and showed appropriate prior experience and staffing.

The JEC believes that Cellet Marketing and Public Relations LTD is best able to meet the goals and objectives of the RFP and to offer the best value to the MSF and the State of Michigan.

### **RECOMMENDATION**

Based upon the scoring and evaluation of the JEC, MEDC Staff recommends that the MSF Board award and enter into a contract for leisure travel marketing services in the United Kingdom and Ireland, with Cellet Marketing and Public Relations LTD for the period of January 1, 2019 to December 31, 2021, with the option of two one-year agreements. An allocation of \$200,000 is requested for the period of January 1, 2019 to December 31, 2019.

**MEMORANDUM**

**Date:** January 22, 2019  
**To:** Michigan Strategic Fund (“MSF”) Board Members  
**From:** Jeremy Webb, Sr. Business Development Project Manager  
**Subject:** Magneti Marelli Holding USA LLC (“Company” or “Applicant”)  
Michigan Business Development Program (“MBDP”) Grant Request

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**Request**

This is a request from the Applicant for a \$1,590,000 MBDP Grant, as outlined in the attached Term Sheet (“MBDP Request”). This project involves the creation of 106 Qualified New Jobs and a capital investment of up to \$12,573,000 in the city of Auburn Hills, Oakland County.

**Background**

The Applicant is an international company founded in Italy in 1919, committed to the design and production of hi-tech systems and components for the automotive sector, based in Corbetta, Milan. The Company develops and manufactures high-tech components for the automotive industry and has 86 manufacturing plants, 12 R&D centers and 26 application centers in 19 countries. The Company supplies all the leading car makers in Europe, North and South America, and Asia.

The Company is looking to grow and invest in its NAFTA Headquarters human capital, as well as capital investment, to further strengthening its R&D, technology, and professional labor capabilities. The Company is hiring new employees, constructing new labs, and adding machinery to its Auburn Hills location(s). In connection to the anticipated growth, the Company anticipates exploring the opportunity for a larger facility to accommodate all employees under one roof.

Michigan is in competition with other states throughout the U.S. for this project. As the Company looks to grow, it is continuously looking at its return on investment as it relates to job creation and capital investment. With other states vying for the Company to focus its jobs and investment in their respective states, incentive assistance is needed to ensure the Company continues its growth in Michigan.

In addition to MSF support, the city of Auburn Hills has committed to provide staff time and/or billboard advertisement in support of the project.

**Recommendation**

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

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:** 1/9/2019

**Company Name:** Magneti Marelli Holding USA LLC and/or its affiliates and subsidiaries.

**Project Location:** Auburn Hills, Michigan

**MBDP Incentive Type:** Performance Based Grant

**Maximum Amount of MBDP Incentive:** Up to \$1,590,000

**Base Employment Level:** At least 290

**Qualified New Jobs:** At least 106 at the Project Location

**Municipality Supporting Project:** City of Auburn Hills has agreed to provide staff, financial or economic assistance in support of the project.

**Start Date for Measurement of Creation of Qualified New Jobs:** February 23, 2018 (date of accepted offer)

**Term of the Agreement:** December 31, 2022

**Milestone Based Incentive:** Disbursements will be made over a four year period and will be performance based on job creation as follows:  
Milestone 1: \$375,000 for the creation of 25 jobs.  
Milestone 2: \$375,000 for the creation of 25 jobs.  
Milestone 3: \$390,000 for the creation of 26 jobs.  
Milestone 4: \$450,000 for the creation of 30 jobs.

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

**Acknowledged as received by:**

Magneti Marelli Holding USA LLC

By:

Printed Name: LUCA BOVALINO  
VP STRATEGY/BUSINESS DEVELOPMENT

Its:

1/9/2019

Michigan Economic Development Corporation

By:

Printed Name: Jeremy J. Webb

Its:

Sr. Business Development Project Manager

**MEMORANDUM**

**Date:** January 22, 2019  
**To:** Michigan Strategic Fund (“MSF”) Board Members  
**From:** Jeremy Webb, Business Development Project Manager  
**Subject:** Waymo LLC (“Company” or “Applicant”)  
Michigan Business Development Program (“MBDP”) Grant Request

---

**Request**

This is a request from the Applicant for an up to \$8,000,000 MBDP Grant, as outlined in the attached Term Sheet (“MBDP Request”). This project involves the creation of at least 100 Qualified New Jobs, with the potential for up to 400 total jobs as a result of the project, and a capital investment of up to \$13,600,000 at a location yet to be determined in Prosperity Region 10.

**Background**

The Company, established in 2016, is a rapidly growing self-driving technology company that is a subsidiary of Alphabet Inc. The Company currently has an operation in the city of Novi with approximately 20 employees.

The Company is looking to locate its vehicle integration operations in Michigan. In this operation, the Company will be integrating its self-driving systems into the vehicle platforms of its OEM partners. The Company is looking for up to 200,000 square feet of ready-to-go, light manufacturing facility space to support its capacity expansion plans. The project will result in approximately \$13,600,000 in private investment and the creation of 100 new jobs, with the potential for up to 400 total jobs.

In a competitive marketplace and during a period of rapid expansion, the Company is exploring all options when choosing its next location. More than assistance, the Company is looking for incentives that would help Michigan distinguish itself from other locations under consideration. In addition to conversations with the MEDC about potential sites in Michigan, the Company was approached by, and had discussions with, a number of other states as potential locations for the project. There was a high level of interest throughout the Midwest, South, and Southwest for the Company’s presence.

In addition to MSF support, MICHauto, an economic development initiative of the Detroit Regional Chamber, has offered to grant the Company a one year, \$25,000 investor membership in the MICHauto Community.

**Recommendation**

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

**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: 11/13/2018**

<b>Company Name:</b>	Waymo LLC and/or its affiliates and subsidiaries.
<b>Project Location:</b>	Prosperity Region 10
<b>MBDP Incentive Type:</b>	Performance Based Grant
<b>Maximum Amount of MBDP Incentive:</b>	Up to \$8,000,000
<b>Base Employment Level:</b>	At least 20
<b>Qualified New Jobs:</b>	At least 100, up to 400
<b>Municipality Supporting Project:</b>	MICHauto has agreed to provide staff, financial or economic assistance in support of the project.
<b>Start Date for Measurement of Creation of Qualified New Jobs:</b>	October 9, 2018 (date of accepted offer)
<b>Term of the Agreement:</b>	December 31, 2024
<b>Milestone Based Incentive:</b>	Disbursements will be made over a 7 year period and will be performance based on job creation as follows: Milestone 1: \$2,000,000 upon execution of a lease agreement, of no less than 3 years, for a building in Prosperity Region 10. Milestone 2: \$0 for the creation of 100 jobs. After achievement of Disbursement Milestone 1 and 2, the Company may, at its election, on 6/30 of each year of the Term, request disbursement equal to \$20,000 for each Qualified New Job created for which disbursements have not been previously made (up to 400 total Qualified New Jobs and not to exceed the total grant amount of \$8,000,000), provided that: 1) the Company Group has created no less than 10 QNJs since its last disbursement, and 2) the Company has not received disbursement in the past 12 months.

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



**Acknowledged as received by:**

Waymo LLC

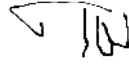
By:

 \_\_\_\_\_

Printed Name:

Tim Willis \_\_\_\_\_

Its:

 \_\_\_\_\_

Michigan Economic Development Corporation

By:

 \_\_\_\_\_

Printed Name:

Jeremy J. Webb \_\_\_\_\_

Its:

Sr. Business Development Project Manager \_\_\_\_\_





**MEMORANDUM**

**Date:** January 22, 2019

**To:** Michigan Strategic Fund Board

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

**Subject:** *Private Activity Bond – Bond Authorizing  
Quality Roasting, LLC  
\$10,000,000 - New*

---

**Request:**

Quality Roasting, LLC is requesting private activity bond financing for the purpose of assisting in the acquisition of land, the construction of a manufacturing facility and the acquisition and installation of machinery and equipment.

**Background:**

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

**Description of Project:**

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

Projected cost estimated for construction is \$8,100,000, while the projected cost of equipment is estimated to be \$2,800,000.

It is estimated that approximately 8 new jobs will be created as a result of this project.

On June 29, 2018, the MSF approved an \$80,000 Michigan Business Development Program performance-based grant for the creation of eight new jobs and a capital investment of up to \$10,000,000.

**Plans of Finance:**

Bank First National will purchase the bonds directly in a private placement transaction.

**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 tax-exempt financing, staff recommends the adoption of a Bond Authorizing Resolution in an amount not to exceed \$10,000,000.

## MEMORANDUM

**Date:** January 22, 2019

**To:** Michigan Strategic Fund Board

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

**Subject:** *Community Development Block Grant Program  
2019 Infrastructure Grants*

---

### **Request**

Eleven (11) units of general local government (UGLG) are requesting a total of \$16,527,318 in Community Development Block Grant (CDBG) funds for infrastructure improvements in their communities. In addition, MEDC staff is requesting \$330,000 in CDBG funds to provide CDBG Certified Grant Administrators (CGA) to assist these communities with the compliance and administrative requirements of the awards.

### **Background**

On September 26, 2017, the Michigan Strategic Fund (MSF) approved \$23,515,601 in CDBG funds for a competitive round of Infrastructure Capacity Enhancement (ICE) grants to fourteen (14) communities. Activities eligible for funding included upgrades or replacement of existing public infrastructure related to water, sewer and wastewater systems. These activities included: water lines and related facilities; sanitary and storm sewer lines and related facilities; and wastewater treatment plants and related activities, with only road replacement activities related to these activities being eligible. The MSF received forty-eight (48) infrastructure applications requesting a total of \$72,478,670.

In the summer of 2018, MEDC staff went back to the 2017 ICE grant request list of eligible community applications that were not funded. In order to determine project status of those applications, MEDC staff reached out to those communities.

MEDC staff is recommending the eleven (11) communities listed on Appendix B receive CDBG funds for their existing infrastructure projects previously submitted.

Program specific requirements and screening guidelines are addressed in **Appendix A**.

A list of the eleven (11) recommended projects is attached as **Appendix B** to this resolution and totals \$16,527,318 with the additional \$330,000 in administrative cost. The list includes the CDBG applicants, project description, percentage of low- and moderate-income people living in the community, grant amount requested, grant administration amount requested and local match commitment.

### **Recommendation**

MEDC Staff recommends the MSF to authorize:

- A total of \$16,857,318 for the eleven projects listed in **Appendix B** of this resolution.

## APPENDIX A – Programmatic Requirements & Screening Guidelines

### **Program Requirements**

The projects were evaluated utilizing the CDBG requirements. It has been determined that the projects meet the following requirements to qualify as an eligible project under the CDBG program:

- **National Objective:**  
The projects qualify for CBDG funding as the project’s activities will benefit all residents of the project area and at least 51 percent of the residents of the community are low- and moderate-income persons as determined by census data provided by the U.S. Department of Housing and Urban Development or an income survey previously approved by staff. The projects meet a national objective by providing benefit to at least 51 percent low- and moderate-income persons.
- **Eligible Activity:**  
The projects involve eligible activities identified in Section 105(a)(2) of Title I of the Housing and Community Development Act of 1974, as amended.

### **Screening Guidelines**

All recommended projects have met the following criteria:

1. Located in a Community listed on the CDBG Low-Moderate Income Community Customer list and the project benefits the entire community.
2. Shall be for an existing system capital replacement or upgrade, not system expansion or maintenance.
3. Community has a locally approved Capital Improvements Plan (CIP) and the proposed project is specifically identified within the CIP as a non-maintenance capital expenditure.
4. Includes only eligible CDBG activities and Community owns or can acquire easement to the property encompassing the project.
5. Community is contributing a minimum cash match equal to 10% of total project costs.
6. Communities demonstrate a management/maintenance plan for the proposed project for its useful life.
7. Timeline of project to be completed by December 31, 2020.
8. Grant request between \$500,000 and \$2,000,000. (One grant request per community)
9. Community had a set of project plans and specifications.

The MEDC staff has concluded that the projects meet the minimum program requirements and screening guidelines to be eligible under the CDBG program.

**Appendix B**  
**CDBG Infrastructure Grants**  
**Recommended Projects**  
Program Year 2018

<b>Applicant/Communities</b>	<b>Project Description</b>	<b>Percent Low/Mod</b>	<b>CDBG Request</b>	<b>Admin Cost Request</b>	<b>Total Local Match</b>
City of Albion	Irwin Avenue Improvements Project	55.1	\$2,000,000	\$30,000	\$223,000
City of Big Rapids	Big Rapids Water System Improvement Project	66.3	\$1,815,600	\$30,000	\$296,600
City of Durand	Infrastructure Capacity Enhancement For Water & Wastewater Facilities	68.9	\$1,516,500	\$30,000	\$168,500
City of East Jordan	Infrastructure Capacity Enhancement Project	55.3	\$2,000,000	\$30,000	\$394,065
City of Gaylord	Water & Sewer Replacement & Facility Upgrade Project	67.1	\$1,427,300	\$30,000	\$500,000
City of Gladwin	Gladwin Iron Removal Facility Project	57.9	\$1,000,000	\$30,000	\$1,548,728
City of Howell	State Street Area Reconstruction	54.9	\$1,729,179	\$30,000	\$320,000
City of Laingsburg	Storm Water System & Sanitary Outlet Improvements	56.7	\$1,235,800	\$30,000	\$137,311
Village of Calumet	Elm Street ICE Grant Improvements	66.9	\$1,074,600	\$30,000	\$119,400
Village of Howard City	Howard City Utility Upgrade Project	73.1	\$1,637,500	\$30,000	\$181,950
Village of North Branch	Banker Street Improvement	76.8	\$1,090,839	\$30,000	\$121,204
<b>TOTALS</b>			<b>\$16,527,318</b>	<b>\$330,000</b>	<b>\$4,010,758</b>

## MEMORANDUM

**Date:** January 22, 2019

**To:** Michigan Strategic Fund Board

**From:** Michelle Audette-Bauman, Community Assistance Team Specialist  
Rob Garza, Brownfield and MCRP Senior Program Specialist

**Subject:** Request to Authorize Capture of State Mills from New Tax Increment in Qualified Development Area of the Kalamazoo Corridor Improvement Authority

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### Summary

The City of Kalamazoo has created a Corridor Improvement Authority (CIA), henceforth known as The Downtown Economic Growth Authority, (DEGA) and designated a Qualified Development Area (QDA) in accordance with Part 6 of Act 57 of 2018. DEGA has requested that the Michigan Strategic Fund (MSF) authorize capture of approved State Mills from the new tax increment generated within the district. This request is limited to capture of up to \$11,000,000 of future tax revenue, or a maximum of 15 years, whichever is reached first. State tax capture is requested for reimbursement of the cost of public infrastructure improvements as identified in the Development and Tax Increment Financing Plan (Plan) approved by DEGA and the City of Kalamazoo.

### Corridor Improvement Authority Background

Corridor Improvement Authorities (CIA) were first authorized in 2005 with the enactment of Public Act 280, the Corridor Improvement Authority Act. Since that time, over 30 Corridor Improvement Authorities have been created in communities across Michigan. The act has been amended multiple times, most notably in June of 2007 (PA 44 of 2007) and in December of 2010 (PA 242 of 2010). The 2007 amendment allowed a QDA to be created under the Corridor Improvement Act which an improvement authority would have expanded powers including the ability to capture and use state and local education taxes for projects within a defined QDA, if approved by the Michigan Strategic Fund. The 2010 amendment was part of a group of bills intended to promote, facilitate, and finance investment in public transit-oriented development. The amendment expanded the definition of a QDA and made capture of state taxes available to any CIA that contains a transit-oriented development or a transit-oriented facility. In 2018, the Recodified Tax Increment Financing Act, Public Act 57 of 2018, was adopted replacing the former Corridor Improvement Authority Act and requiring new reporting requirements.

Commercial corridors have significant potential to promote economic growth and drive private investment, leading to increased tax revenue for state and local governments. Supporting the redevelopment of commercial corridors often requires upfront investment in public and private infrastructure to improve accessibility, address outdated property or utilities, makes sites suitable for infill development, encourage alternative means of transportation and other potentially costly projects. Without the ability to leverage Tax Increment Financing to support these types of

redevelopment projects, the upfront investment required by both the public and private sector would make projects financially infeasible. Establishing a Corridor Improvement Authority allows communities to invest in infrastructure and other projects that are necessary to reduce unemployment, encourage private investment and promote economic growth in commercial corridors.

### **Tax Increment Financing Plan Summary**

The DEGA plan as approved by the Kalamazoo Corridor Improvement Authority and the City of Kalamazoo proposes use of state tax capture to support infrastructure improvements identified in the Plan. The major infrastructure improvement categories include mobility improvements, streetscape improvements, public space investment & maintenance, and development and project support. The Plan also identifies that future requests may include additional capture to support specific private real estate redevelopment projects within the QDA. These projects would capture future tax revenue to reimburse eligible activities in a similar way to brownfield projects. The use of state tax revenue for private redevelopment projects is not part of this request and any future requests for additional capture will be considered an amendment request and will be brought to the MSF Board for consideration.

The DEGA boundary will overlay the City of Kalamazoo's Downtown Development Authority (DDA). The DDA TIF plan will be dissolved and will make local capture available for use by the DEGA. The CIA TIF and Development Plan includes 30 years of local capture, but limits state participation to \$11,000,000, or a maximum of 15 years, whichever is reached first.

### **Statutory and Programmatic Considerations**

According to the Act, the Michigan Strategic Fund may only allow the capture of state taxes by a Corridor Improvement Authority if it determines that the revenues are necessary to reduce unemployment, promote economic growth and increase capital investment in the QDA. The City of Kalamazoo, Kalamazoo Downtown Partnership and other local stakeholders have collaborated on studies, plans and analysis that indicate that infrastructure investment will play an important role in future capital investment, economic growth and reduced unemployment within the QDA. The attached letter from the Kalamazoo Downtown Partnership highlights the plans and studies that identify needed infrastructure investments and the importance of these investments to reduced unemployment, economic growth and future capital investment. Based on the infrastructure needs identified in the DEGA Development and TIF plan, as well as the supporting studies and analysis that link these investments to required economic outcomes, staff recommends authorization to capture state mills from new tax increment in the Qualified Development Area of the Kalamazoo Corridor Improvement Authority.

### **Applicant History**

The Downtown Kalamazoo Economic Growth Authority (DEGA) was authorized by the City of Kalamazoo Commission in October of 2018 with the Development Plan and Tax Increment Financing Plan approved in December 2018. The creation of the DEGA is a joint effort of the City of Kalamazoo and Downtown Kalamazoo Partnership (DKP), an organization with 30 years of experience managing downtown programming and development in Kalamazoo. Created in 1989, DKP works with both the public and private sectors to preserve and enhance the economic

health of Kalamazoo’s downtown area and, in turn, the Kalamazoo community. In conjunction with its affiliate organizations, DKP manages a full range of activities that include capital improvement projects, business development and recruitment programs, image marketing and event planning in order to establish downtown Kalamazoo as an accessible, diverse, green, progressive and vibrant urban center. Creation of the DEGA is intended to support ongoing implementation of these priorities through strategic investments in downtown infrastructure and development, while leveraging the existing programming and management capacity provided by Downtown Kalamazoo Partnership.

**Recommendation**

Based on the public benefit of the improvements proposed in the development plan and the completion of the statutory requirements of the TIF and Development Plans, staff recommends the following: Authorization to capture of 100% of the new tax increment for use on infrastructure projects as detailed in the Development and TIF Plans, while maintaining the distribution of the base tax amounts from the last tax year for the amounts levied by the State pursuant to the State Education Tax Act, Public Act 331 of 1993, being MCL 211.901 et seq., and by local and intermediate school districts for the lesser of up to 15 years or until \$11,000,000 has been captured.

Attachments:

Corridor Improvement Authority Fact Sheet

Letter from Downtown Kalamazoo Partnership





January 8, 2019

Michelle Audette-Bowman  
Michigan Economic Development Corporation  
300 N. Washington Square  
Lansing, MI 48913

Dear Ms. Audette-Bowman,

Public Act 280 of 2005 MCL 125.2899 (Corridor Improvement Authority Act) provides the opportunity for the Michigan Strategic Fund to authorize capture of the growth of tax revenues from the State Education Tax, and local school taxes in cases where it has been determined that the inclusion is necessary to reduce unemployment, promote economic growth, and increase capital investment in a qualified development area (QDA).

Beginning in 2016, and stretching through early 2018, the City of Kalamazoo undertook efforts to better understand how to foster economic growth in the community. As the largest employment center in the region, it was clear that much of the effort should be focused on Downtown Kalamazoo. As such, during the *Imagine Kalamazoo 2025* master planning process, over 4000 community members provided input on how to drive our community and downtown forward. Additionally, the City of Kalamazoo, in partnership with the Kalamazoo Downtown Partnership, local anchor institutions, philanthropy, major employers, and other assorted community stakeholders, contracted with the W.E. Upjohn Institute for Employment Research to develop a strategy for growing the economy in the urban core of Kalamazoo, ultimately producing the *Urban Growth Initiative Plan*.

In 2018, it was determined that the goals and strategies outlined in the above plans were not attainable under the current economic development structure. As such, the City of Kalamazoo and Kalamazoo Downtown Partnership, working with the community and consulting with the Michigan Economic Development Corporation created a new Corridor Improvement Authority (Downtown Economic Growth Authority) to fund improvements and investments within the Qualified Development Area. The authority was officially launched on October 15, 2018, and the attached TIF and Development Plan on December 3, 2018. Concurrent with this effort, and in support of long-established community goals and a vision for a better connected, more economically vibrant community, the City of Kalamazoo and the Michigan Department of Transportation began to negotiate a transfer of four state trunkline highways to local control and responsibility. This transfer was completed on January 7, 2019. This transfer will allow for major investments to improve downtown and neighborhood streets, neighborhood and institutional connectivity, walkability, and other improvements. With the transfer, comes local responsibility for maintenance and improvements.

Please see below for information on how contribution of growth in the State Education Tax, and local school taxes within the QDA will result in the reduced unemployment, increased capital investment, and additional economic growth so critical to the realization of the plans outlined in the TIF and Development Plan, *Imagine Kalamazoo 2025*, and the *Urban Growth Initiative*.



- **Reduced unemployment** – In association with the *Urban Growth Initiative*, a retail market analysis outlining market potential was conducted by Gibbs Planning Group. This analysis identified the potential to support an additional \$50 million spending annually, and 15,000 additional square feet of retail space. The report also identified key impediments to this growth, chief among them, the one-way downtown street network. MSF support for the Downtown Economic Growth Authority’s efforts will lead to an increased retail footprint, and additional job opportunities in the retail and service sector for local populations, as well in the trades, as these projects are constructed.
- **Increased capital investment** – MSF funds will be focused on infrastructure investment within the Qualified Development Area, in support of the projects that will flow from the jurisdictional transfer of State trunklines to the City of Kalamazoo. These investments will include nonmotorized infrastructure, street and intersection reconfigurations, conversion to two-way traffic, streetscape investments, wayfinding, and public space improvements. Based on extensive feedback from the development community, as downtown conditions improve due to public infrastructure improvements, additional private investment in residential and other sectors is anticipated follow.
- **Economic growth** – The infrastructure improvements and investments planned by the Downtown Economic Growth Authority will lead to increased walkability for the entire Qualified Development Area, and connectivity between Kalamazoo College and Western Michigan University with downtown. These plans, and the jurisdictional transfer of streets have been strongly supported by the schools, as they believe that they will lead to increased student and talent attraction, and thereby additional economic growth. Additionally, the jurisdictional transfer and reconfiguration of streets affords the potential for newly-developable land, on which additional investment and growth could occur.

The above outlines a handful of ways in which Michigan Strategic Funds contribution will allow Kalamazoo to further community goals, advance the vision, reduce unemployment, increase capital investment, and drive economic growth. Please let me know if there is further information I can provide, and thank you for your consideration.

Best regards,

Andrew Haan

## CORRIDOR IMPROVEMENT AUTHORITY

The Corridor Improvement Authority (CIA) act, Public Act 57 of 2018, Part 6, is designed to assist communities with funding improvements in commercial corridors. The act provides for capture and use of state and local education taxes for projects within defined “qualified development areas” (QDA) upon approval from the Michigan Strategic Fund (MSF).

*Note: This document is offered as a general guide only and the legislation should be reviewed by local officials.*

### WHO IS ELIGIBLE?

Any city, village or township may establish an authority.

### HOW DOES IT WORK?

The authority would be created and operated in a similar manner to a Downtown Development Authority (DDA). Once created, a Corridor Improvement Authority may hire a director, establish a tax increment financing plan, levy special assessments and issue revenue bonds and notes. A corridor, as defined as a development area, must comply with the following criteria:

1. The corridor must have at least 51 percent of existing first-floor space classified as commercial.
2. The corridor must have been in existence for the past 30 years.
3. The corridor must be adjacent or is within 500 feet of a road classified as an arterial or collector according to the Federal Highway Administration.
4. The corridor must contain at least 10 contiguous parcels or at least five contiguous acres.
5. The corridor must be zoned to allow for mixed-use and high density residential.
6. The corridor must presently be served by municipal water or sewer.
7. The municipality must also agree to expedite the local permitting and inspection process in the development area and to modify its master plan to provide for walkable nonmotorized connections, including sidewalks and streetscapes throughout the area.

### WHAT IS A QDA?

A qualified development area (QDA) is defined by specific criteria in the Act. It can be summarized to be a development area within the Corridor Improvement Authority that contains transit-oriented development or a transit-oriented facility. Within 60 days of local approval of the QDA development plan, the authority may request Michigan Strategic Fund authorization to capture taxes levied under the State Education Tax act and taxes levied

by local or intermediate school districts under the revised school code. The Michigan Strategic Fund may only allow the capture of these state taxes if it determines that the revenues are necessary to reduce unemployment, promote economic growth and increase capital investment in the QDA.

### WHAT IS THE PROCESS?

1. Municipalities may have multiple authorities and an authority may contain multiple municipalities.
2. The governing body determines that it is necessary in the best interests of the public to redevelop its commercial corridors and to promote economic growth.
3. The governing body sets a public hearing, based upon its resolution of intent, to create a CIA.
4. Notice must be given of a public hearing by public posting, publication and mail to taxpayers within a proposed district and to the governing body of each taxing jurisdiction levying taxes that would be subject to capture of tax increment revenues.
5. Public hearing is held.
6. Not less than 60 days following the public hearing, the governing body may adopt by resolution the creation of the CIA and designate the boundaries of the development area. If a QDA has been designated, the authority may also request Michigan Strategic fund support in writing.
7. The resolution must be published at least once in the local newspaper and filed with the Secretary of State.
8. The governing body of the municipality that has created an authority may enter into an agreement with an adjoining municipality that also has created an authority to jointly operate and administer those authorities under an interlocal agreement.

### OTHER IMPORTANT NOTES

While this program is similar in nature to a Downtown Development Authority, differences between a DDA and Corridor Improvement Authority include:

- More than one authority is permitted within a municipality.
- A Corridor Improvement Authority cannot levy an ad valorem tax.

### SUPPORTING STATUTE

*Public Act 57 of 2018: Recodified Tax Increment Financing Act*

### CONTACT INFORMATION

For more information on Corridor Improvement Authorities, contact the Community Assistance Team (CAT) specialist assigned to your territory or visit [www.miplace.org](http://www.miplace.org).

## MEMORANDUM

**DATE:** January 22, 2019  
**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. Listed below is a synopsis of the delegated work plans that were approved during the first quarter of the 2019 fiscal year.

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

Project Name	Approval Date	Location	Approved TIF Amount	Jobs	Investment
Pigeon Hill Brewing Company, LLC	11/8/2018	Muskegon	\$329,732	5	\$1,313,187
<b>Total</b>			<b>\$329,732</b>	<b>5</b>	<b>\$1,313,187</b>

**MEMORANDUM**

**Date:** January 22, 2019  
**To:** Michigan Strategic Fund Board  
**From:** Christine Whitz, Director, Community Development Block Grant Program  
**Subject:** *Community Development Block Grant Program  
Quarterly Report of Delegated Approvals (October - December 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.

<b>Grantee</b>	<b>Approval Date</b>	<b>CDBG Funds</b>	<b>Brief Summary of Project</b>
CDBG Program	10/15/18	\$20,000	CDBG program staff requested up to \$20,000 in CDBG funds for expert consulting, training and technical assistance services pertaining to the administration of the CDBG program.
City of Sault Sainte Marie	10/16/18	\$485,505	The City of Sault Sainte Marie requested \$485,505 in CDBG funds for façade improvements to three historic buildings in their downtown. The City expects that this project could result in private investment of at least \$485,505.
City of Grayling	10/17/18	\$328,372	The City of Grayling requested \$328,372 in CDBG funds for public infrastructure improvements for their public river access and canoe launch project. The City expects that this project could result in additional local public investment of \$124,500 to support this effort.
City of Sandusky	11/19/18	\$800,859	The City of Sandusky requested \$800,859 in CDBG funds for infrastructure improvements needed for the Sandusky-Pedestrian Walkway project. The scope of the project includes the pedestrian walkway, benches, ADA accessible ramps, drain enclosure and landscaping.

City of Wayland	12/05/18	\$115,034	The City of Wayland requested \$115,034 in CDBG funds for spot blight remediation needed for a downtown building rehabilitation project. The City expects that this project could result in private investment of \$180,206.
City of Owosso	12/16/18	\$355,472	The City of Owosso requested \$355,472 for façade improvements to three buildings in the heart of Owosso’s downtown. The City expects that there will be \$330,472 in private investment and a local DDA contribution of \$19,800 for pre-development design services for this project.
<b>Total CDBG Funds for Quarter</b>		<b>\$2,105,242</b>	

## MEMORANDUM

**DATE:** January 22, 2019

**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 first quarter of the 2019 fiscal year.

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

### **MBDP APPROVALS**

<b>Project Name</b>	<b>Approval Date</b>	<b>Location</b>	<b>Incentive Approved</b>	<b>Jobs</b>	<b>Investment</b>
Grand River Aseptic Manufacturing, Inc.	10/5/2018	City of Grand Rapids	\$1,000,000.00	107	\$48,000,000.00
HTI Cybernetics, Inc.	10/10/2018	City of Sterling Heights	\$600,000.00	100	\$20,616,600.00
Pacific Industrial Development Corporation	10/15/2018	City of Ann Arbor	\$400,000.00	50	\$15,600,000.00
Sugar Free Specialties LLC, dba Dr. John's Candy Company	10/17/2018	Comstock Park	\$590,000.00	50	\$2,309,000.00
Schupan and Sons Incorporated	10/23/2018	City of Kalamazoo	\$500,000.00	80	\$10,120,000.00
Truck-Lite Co.	10/23/2018	City of Southfield	\$855,000.00	95	\$3,160,000.00
Cayman Chemical	10/30/2018	City of Ann Arbor	\$720,000.00	80	\$10,040,000.00
Andronaco Industries	11/5/2018	City of Kentwood	\$320,000.00	64	\$3,300,000.00

Drive System Design, Inc.	11/19/2018	City of Farmington Hills	\$175,000.00	25	\$1,700,000.00
Sherloq Revenue Solutions	11/26/2018	Traverse City	\$980,000.00	210	\$5,125,000.00
Technosoft Corporation	11/30/2018	City of Southfield	\$800,000.00	104	\$878,000.00
Allegiant Air	12/7/2018	City of Grand Rapids	\$200,000.00	66	\$42,835,000.00
Shannon Precision Fastener, LLC	12/10/2018	City of Holly	\$700,000.00	100	\$30,500,000.00
Dongguan Wellmei Mold Manufacturing Co. Ltd.	12/14/2018	City of Troy	\$355,000.00	71	\$1,892,000.00
DealerOn	10/1/2018	City of Grand Rapids	\$300,000.00	44	\$1,662,583.00

**MCRP APPROVALS**

<b>Project Name</b>	<b>Approval Date</b>	<b>Location</b>	<b>Incentive Approved</b>	<b>Jobs</b>	<b>Investment</b>
Corlin Builders, Inc./111 Leroy Place	12/12/2018	Fenton	\$750,000	50	\$6,346,883



**MSF DELEGATED AUTHORITY QUARTERLY UPDATE  
MSDF AND SSBCI PROGRAMS  
CAPITAL ACCESS TEAM  
October 1 – December 31, 2018**

**APPROVALS BY AUTHORIZED DELEGATES**

Between October 1 and December 31, 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
Neuvokas Corporation	MBGF-LPP	\$ 250,000	\$ 74,850	Approved by Chair and Fund Manager	October 15, 2018	Y
SeaLandAire Technologies, Inc.	MBGF-CSP	\$ 3,000,000	\$ 1,000,000	Approved by Chair and Fund Manager	November 29, 2018	Y
RWC, Inc. & RWC Spare Parts, Inc.	MBGF-CSP	\$ 3,500,000	\$ 1,746,500	Approved by Chair and Fund Manager	December 5, 2018	N
Burton Industries, Inc.	MBGF-CSP	\$ 350,000	\$ 174,650	Approved by Chair and Fund Manager	December 24, 2018	N
Total		\$ 7,100,000	\$ 2,996,000			

**MSF DELEGATED AUTHORITY QUARTERLY UPDATE  
MSF CONFIDENTIALITY MEMOS  
Board Meeting January 22, 2019**

**FOR QUARTER ENDED DECEMBER 31, 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 October 1, 2018 and December 31, 2018, the following confidentiality memos were approved by the MSF Fund Manager:

Company Name and Location	Overview of Confidential Information
<b>Burton Industries, Inc.</b> 1260 Wall Street, Ironwood, Michigan 49938	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.
<b>UP Paper, LLC</b> West Elk Street Manistique, MI 49854	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.
<b>The Platform, LLC</b> 3011 W. Grand Blvd., Suite 215 Detroit, MI 48202	<ul style="list-style-type: none"> <li>• Multi-tab Excel Document: All Components TIF Tables for each potential TBP sites, including tabs for Assumptions, Total Capture, Capture by site, Reimbursement Allocation Table, Tax Abatement Benefit Estimates, Property Tax Projections by site, Benefits of Brownfield by site (TIF TABL.CASS.New Center TBP.xlsx)</li> <li>• Baseline Environmental Assessment, Conducted Pursuant to Section 20126(1)(c) of 1994 PA 451, Part 201, as amended, for 6001 Cass, LLC, prepared by ASTI Environmental, dated June 18, 2018, and any updated versions thereto</li> <li>• All draft versions of the Company’s Transformational Brownfield Plan</li> <li>• Site Plan Drawings and Schematics Document entitled “6001 Cass C+S Improvements,” prepared by FARR Associates, dated August 3, 2018, and any updated versions thereto</li> </ul>
<b>Quality Roasting, LLC</b> PO Box 552 Clinton, WI 53525	The following portions of the Company’s Private Activity Bond Application: <ul style="list-style-type: none"> <li>• Exhibit B – Manufacturing Process and Equipment</li> <li>• Exhibit C – Bank offer Sheet</li> <li>• Exhibit D – Projected Financials</li> <li>• Exhibit E – Audited Financials</li> </ul>
<b>BioDiscovery, LLC</b> 5692 Plymouth Rd. Ann Arbor, MI 48105	<ul style="list-style-type: none"> <li>• All financial statements</li> <li>• Purchase price of any potential acquisition of the Company</li> <li>• Identity of any potential acquirer of the Company</li> </ul>
<b>RWC, Inc. and RWC Spare Parts, Inc.</b> 2105 S. Euclid Bay City, MI 48706	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
<b>Sparks Holdings, LLC (SeaLandAire Technologies, Inc.)</b> 1623 Wildwood Avenue, Suite A Jackson, Michigan 49202	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
<b>Gallagher-Kaiser Corporation</b> 777 Chicago Road Troy, MI 48083	Letter from Comerica Bank to the MEDC regarding the Company, dated October 16, 2018 (ProjectSystems_Comerica_Financial_Info.pdf)
<b>Neuvokas Corporation</b> 3206 #6 Rd. Ahmeek, MI 49901	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
<b>Coyote Logistics, LLC</b> 2545 W. Diversey Ave., 3rd Floor Chicago, IL 60647	Coyote Logistics, LLC's Financial Statements for 2015, 2016, 2017
<b>The Platform, LLC</b> 3011 W. Grand Blvd., Suite 215 Detroit, MI 48202	<ul style="list-style-type: none"> <li>Eligibility Maps for Fisher Building &amp; Lot 1 and Cass &amp; York, created by: MAW, ASTi Environmental</li> </ul>

	<ul style="list-style-type: none"><li>• Platform Transformational Brownfield Plan Net Benefit Analysis Spreadsheets for Cass York Integrated and Fisher Building/Lot 1</li><li>• The Platform, LLC Cass &amp; York Project Summary document, prepared by ASTi Environmental, dated December 15, 2017, and any updated versions thereto</li><li>• All proformas (combined or otherwise) for all potential TBP sites, except for details regarding sources and amounts of tax capture</li><li>• Cass &amp; York Project Renderings, created by: MAW, ASTi Environmental</li><li>• Block &amp; Stack Diagram for Lot 1, prepared by Smithgroup JJR (pages 20-26 in Feasibility Study)</li></ul>
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# **RESOLUTIONS**

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2019-001**

**APPROVAL OF JANUARY 2019 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 – December 18, 2018  
The Kroger Co. of Michigan – MBDP Amendment  
Amazon.com Services Inc – MBDP Grant Assignment  
Amazon.com Services Inc – MBDP Reauthorization  
Alma Opera Block, LLC and Alma College – MCRP Re-Approval  
Lofts on Michigan – MCRP Amendment  
Detroit Tigers – Partnership Request  
Germany/Austria/Switzerland Tourism Marketing RFP – Award  
United Kingdom/Ireland Tourism Marketing RFP – Award

Ayes: Carl Camden, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan  
January 22, 2019



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 15, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Tebedo:

I am hereby writing to inform the Board that I have designated Andrew Lockwood to represent me at the Michigan Strategic Fund meeting of January 22, 2019.

Sincerely,

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

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood



**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2019-002**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM  
GRANT AMENDMENT TO  
THE KROGER CO. OF MICHIGAN**

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

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

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

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

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

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

**WHEREAS**, the MSF Board approved a \$2,078,000 Michigan Business Development Program performance-based grant on January 23, 2018 for the opening of a new facility in the Township of Chesterfield (the “Project”);

**WHEREAS**, the Company requests that the MSF Board approve an amendment to the Michigan Business Development Program performance-based grant by adding the entity H&C Enterprise LLC (“H&C Enterprise”) for the purpose of counting Qualified New Jobs (the “Grant Amendment Request”);

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

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

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

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

Ayes: Carl Camden, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Shaun Wilson, Wayne Wood

Nays: None

Recused: None



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 15, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Tebedo:

I am hereby writing to inform the Board that I have designated Andrew Lockwood to represent me at the Michigan Strategic Fund meeting of January 22, 2019.

Sincerely,

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Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2019-003**

**APPROVAL OF ASSIGNMENT OF MICHIGAN BUSINESS  
DEVELOPMENT PROGRAM GRANTS TO AMAZON.COM  
SERVICES, INC.**

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

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

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

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

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

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

**WHEREAS**, the MSF Board approved three MBDP performance based grants for Amazon.com.dedc, LLC (the “Company”) on December 20, 2016, June 27, 2017, September 26, 2017 for projects located in the City of Livonia, City of Romulus, and the Charter Township of Shelby, respectively (the “Amazon Grants”);

**WHEREAS**, subsequent to the approval of the Amazon Grants, a grant agreement governing each of the Amazon Grants was executed between the MSF and the Company (the “MBDP Amazon Grant Agreements”);

**WHEREAS**, on January 1, 2019, Amazon.com.dedc, LLC merged into Amazon.com Services, Inc. and due to that merger, Amazon.com Services, Inc. (“ASI”), the surviving entity, requests the MSF Board approve a reassignment of the Amazon Grants to ASI (the “Amazon Grant Reassignment Request”);

**WHEREAS**, the MEDC has completed the background check in accordance with the MSF policy on ASI, and the request may proceed for MSF consideration;

**WHEREAS**, the MEDC recommends approval of the Amazon Grant Reassignment Request;  
and

**WHEREAS**, the MSF Board wishes to approve the Amazon Grant Reassignment Request.

**NOW, THEREFORE, BE IT RESOLVED**, the MSF Board approves the Amazon Grant Reassignment Request, subject to the requirement that ASI assume the terms and conditions of the MBDP Amazon Grant Agreements governing the Amazon Grants; 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 Amazon Grant Reassignment Request.

Ayes: Carl Camden, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan  
January 22, 2019



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 15, 2019

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

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Sincerely,

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

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2019-004**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO  
AMAZON.COM SERVICES, INC.**

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

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

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

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

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

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

**WHEREAS**, Amazon.com Services, Inc. (“Company”) has requested reapproval for a performance based MBDP grant of up to \$4,000,000 (“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: Carl Camden, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan  
January 22, 2019



## MICHIGAN BUSINESS DEVELOPMENT PROGRAM Performance Based Incentive - Term Sheet - Definitions

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

### Terms and Definitions:

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

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

**Company Investment:** The Company anticipates investment of up to \$150,000,000 for new construction and machinery and equipment or any combination thereof, for the Project.

**Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: "staff, financial, or economic commitment to the project" in the form of a tax abatement on eligible real and/or personal property. The final terms and conditions demonstrating this support shall be included in the final Agreement.

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

- a. Disbursement Milestone 1:** Up to \$1,900,000      Upon demonstrated creation of 475 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than August 31, 2019.
- b. Disbursement Milestone 2:** Up to \$200,000      Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 50 additional Qualified New Jobs (for a total of 525 Qualified New Jobs) above the Base Employment Level, by no later than August 31, 2020.
- c. Disbursement Milestone 3:** Up to \$1,900,000      Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 475 additional Qualified New Jobs (for a total of 1000 Qualified New Jobs) above the Base Employment Level, by no later than August 31, 2021.

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MICHIGAN ECONOMIC  
DEVELOPMENT CORPORATION

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**Repayment Provisions:** Repayment provisions are required by law. The Repayment terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement. The final repayment provisions may require repayment of some or all of the disbursements made by the MSF, including if the Company moves 25% or more of their employees out of Michigan, if the Company fails to maintain the Base Employment Level in Michigan, if the Company fails to maintain the Qualified New Jobs incented by this Award.

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

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

This Term Sheet is intended to constitute a term sheet, only. The terms and conditions of this Term Sheet shall not bind either the parties hereto or their successors, assigns or agents unless or until the parties enter into a final agreement addressing the matters contained herein. There is no legally binding or enforceable contract between the parties pertaining to the subject matter of this Term Sheet, as of the date of the Term Sheet is signed, and statements of intent or understandings herein shall not be deemed to constitute any offer, acceptance, or legally binding agreement and do not create any rights or obligations for or on the part of any party hereto.





**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: May 2, 2018**

**Company Name:** Amazon.com Services, Inc. and/or its affiliates and subsidiaries.

**Project Location:** Gaines Township

**MBDP Incentive Type:** Performance Based Grant

**Maximum Amount of MBDP Incentive:** Up to \$4,000,000

**Base Employment Level:** At least 1,706

**Qualified New Jobs:** At least 1,000 at Project Address

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

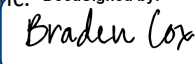
**Start Date for Measurement of Creation of Qualified New Jobs:** Date of MSF Board Approval


**Term of the Agreement:** February 28, 2022

**Milestone Based Incentive:** Disbursements will be made over a three year period and will be performance based on job creation as follows:  
Milestone 1: \$1,900,000 for the creation of 475 jobs.  
Milestone 2: \$200,000 for the creation of 50 jobs.  
Milestone 3: \$1,900,000 for the creation of 475 jobs.

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

**Acknowledged as received by:**

Amazon.com Services, Inc. DocuSigned by:  
  
By: \_\_\_\_\_  
31293776662466...  
Printed Name: Braden Cox  
Its: vice President

Michigan Economic Development Corporation  
  
By: \_\_\_\_\_  
Printed Name: Julia Veale  
Its: BDPM

May 15, 2018



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 15, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Tebedo:

I am hereby writing to inform the Board that I have designated Andrew Lockwood to represent me at the Michigan Strategic Fund meeting of January 22, 2019.

Sincerely,

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

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2019-005**

**RE-APPROVAL OF A MICHIGAN COMMUNITY REVITALIZATION  
PROGRAM PERFORMANCE BASED GRANT AWARD TO  
ALMA COLLEGE AND ALMA OPERA BLOCK, LLC  
(WRIGHT OPERA BLOCK)**

**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 2017-171 on September 26, 2017 the MSF Board awarded a MCRP Performance-Based Grant award to Alma College and Alma Opera Block, LLC (“Applicant”) of up to \$1,500,000 (“Award”);

**WHEREAS**, the Award was for up to 50% of eligible investment costs, as this project is a historic preservation project. MCRP legislation allows that annually the MSF may consider support for up to three single projects that shall not exceed 50% of the eligible investment up to \$10,000,000 for the specific purpose of historic preservation. This project was the second project in 2017 to be approved under this set-aside.

**WHEREAS**, the Applicant is requesting re-approval of the Award with all other general terms and conditions to remain the same;

**WHEREAS**, the MEDC is recommending that the MSF re-approve the Applicant’s Award subject to: (i) available funding, (ii) final due diligence performed to the satisfaction of the MEDC; and (iii) execution of the Transaction Documents for the Award Request within 180 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 90 days (“MCRP Award Recommendation”);

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

**ADOPTED**

Ayes: Carl Camden, Jeremy Hedges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan  
January 22, 2019



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 15, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Tebedo:

I am hereby writing to inform the Board that I have designated Andrew Lockwood to represent me at the Michigan Strategic Fund meeting of January 22, 2019.

Sincerely,

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

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2019-006**

**APPROVAL OF AN AMENDMENT TO A MICHIGAN COMMUNITY REVITALIZATION  
PROGRAM DIRECT LOAN AWARD FOR  
740 LOFTS ON MICHIGAN, 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 2014-054 on April 22, 2014 the MSF Board awarded a MCRP Other Economic Assistance Loan Participation Award to Lofts on Michigan, LLC, in furtherance of the Project of up to \$2,450,000 (“Award”);

**WHEREAS**, by Resolution 2014-133 on August 26, 2014 the MSF Board rescinded Resolution 2014-054 due to a change in the senior lender, and re-awarded a MCRP Grant/Loan/Other Economic Assistance Award to Applicant, in furtherance of the Project of up to \$2,450,000 (“Award”);

**WHEREAS**, by Resolution 2016-115 on July 26, 2016, the MSF Board approved an amendment request to extend the loan conversion, certification of loan conversion and project completion deadlines, and to allow the release of a letter of credit as collateral;

**WHEREAS**, by Resolution 2016-134 on August 23, 2016, the MSF Board approved an amendment request to allow Mercantile Bank to add a prepayment penalty to their portion of the permanent financing loan, and preclude the MSF from sharing in said penalty or other associated fees collected by Mercantile Bank related to the prepayment of the MSF MCRP incentive;

**WHEREAS**, on May 4, 2017, the MSF Fund Manager approved a consent request for the waiver of the conversion date requirements in the MCRP Other Economic Assistance Loan Participation and Servicing Agreement and any related ancillary agreements, extending the loan conversion date from April 20, 2017 to July 10, 2017;

**WHEREAS**, on July 26, 2017, the MSF Fund Manager approved a consent request allowing the Borrower to enter into a Forbearance Agreement with Mercantile Bank and allow a principal reduction payment to apply strictly to paying down Mercantile Bank’s portion of the financing; and

**WHEREAS**, on October 24, 2017, the MSF Board approved an amendment request to terminate the existing Agreement with Mercantile Bank and replace it with a new Loan Participation Agreement with Horizon Bank; and

**WHEREAS**, on November 27, 2018, the MSF Board approved an amendment request to terminate the existing Agreement with Horizon Bank and replace it with a new Direct Loan with Lofts on Michigan, LLC in the amount of \$1,950,000; and

**WHEREAS**, the MEDC recommends that the MSF approve an amendment to change the borrowing entity in the new MCRP Performance Based Direct Loan from Lofts on Michigan, LLC to 740 Lofts on Michigan, LLC, or other newly formed entity, in accordance with the Term Sheet and Guidelines, subject to: (i) final due diligence performed to the satisfaction of the MEDC; and (ii) execution of the Transaction Documents for the Award Request within 120 days of the date of this Resolution (“Time Period”), or this Resolution shall have no effect; provided however, at the sole discretion of the MSF Fund Manager, the Time Period may be extended for up to an additional 120 days (“MCRP Amendment Recommendation”).

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

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

Ayes: Carl Camden, Jeremy Hedges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan  
January 22, 2019

EXHIBIT A "TERM

SHEET"

**LOAN FACILITY**

**MSF Facility** MCRP **PERFORMANCE-BASED DIRECT LOAN** Participation and Servicing Agreement Under "~~other economic assistance~~"

**Borrower:** **740** Lofts on Michigan, LLC **or entity to be determined**

**Lender:** ~~Horizon Bank~~

**Total Loan Amount:** ~~Currently estimated at \$11,150,000~~

**Lender Share:** ~~Currently estimated at \$9,200,000~~

**MSF Share:** ~~Up to \$1,950,000 (\$500,000 was forgiven at construction completion)~~

**Loan Amount:** **Up to \$1,950,000**

**Term:** ~~To match that of the Lender, Not to exceed 120 months, with an interest only period of up to 24 months.~~

**Amortization:** ~~On the MSF Share Up to 25 years following the interest only period.~~

**Interest Rate:** ~~On the MSF Share 1.00% per annum~~

**Repayment Terms:** ~~On the MSF Share up to 24 months of monthly interest only payments followed by Monthly principal and interest payments.~~

~~Up to 500,000 of the MSF Share of the loan to be forgiven at issuance of a "Certificate of Occupancy" for the entire building.~~

~~Subordination of Payments~~

~~1) Payments to the MSF allowed to the extent that the Debt Service Coverage Ratio (DSCR) is always above 1.15x.~~

~~2) Certain defaults under the **LADDER CAPITAL** loan agreement related to missed payments will trigger suspension of all payments to the MSF until the default has been cured.~~

**Collateral:** ~~To match that of the Lender, currently~~ Anticipated being a mortgage lien on the property, and assignments of leases/rents and Tax Increment Financing. ~~MSF Share of~~ **LIEN INTEREST IN THE collateral will be subordinated to that of the **THIRD PARTY SENIOR** Lender.**

**Guarantee:** ~~To match that of the Lender, currently anticipated being the unsecured limited guarantees of the owners of Lofts on Michigan, LLC members during construction converting to limited proportional guarantees thereafter. The MSF Share of guarantee(s) will be subordinated to the Lender.~~ **GUARANTEES ACCEPTABLE TO THE MSF FUND MANAGER.**

**Fee:** The **MSF** shall be paid a one-time fee equal to **0.50%** of the MSF's loan. The Borrower will be responsible for any third-party fees incurred by the MSF in closing the loan.





STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
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Sincerely,

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Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2019-007**

**DETROIT TIGERS PARTNERSHIP ALLOCATION**

**WHEREAS**, Public Act 489 of 2000, MCL 12.251 to 12.262, (the “Act”) created the Michigan Trust Fund Act, of which the 21<sup>st</sup> Century Jobs Trust Fund (“Trust Fund”) is established;

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

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

**WHEREAS**, the MSF desires to attract new visitors to Michigan by brand integration within Comerica Park targeting fans attending the Detroit Tigers game and out-of-state television viewers through a sponsorship of advertising, social media promotion, and public relations activities;

**WHEREAS**, as an alternative competitive process, the MSF has considered whether any other vendors can meet the qualifications of a Major League Baseball ballpark with a Major League Baseball professional team located in Michigan, and has determined that the Detroit Tigers is uniquely capable of meeting those guidelines and offers one-of-a-kind value to the MSF and the State of Michigan;

**WHEREAS**, the MEDC recommends, and the MSF desires, to enter into a sponsorship agreement with the Detroit Tigers for the promotion of tourism through an integrated travel marketing and promotional campaign for a five-year term beginning March 1, 2019 through February 28, 2023 (the “Sponsorship Agreement”); and

**WHEREAS**, the MSF allocates \$325,000 in funding for the period of March 1, 2019 through February 29, 2020 under the Sponsorship Agreement.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF authorizes the execution of the Sponsorship Agreement with the Detroit Tigers for the promotion of tourism through an integrated travel marketing and promotional campaign for the period of March 1, 2019 to February 28, 2023 and allocates \$325,000 for tourism marketing and promotion purposes for the period of March 1, 2019 to February 29, 2020, with the option to allocate additional funding for the remaining term, at the sole discretion of the MSF Board.

**BE IT FURTHER RESOLVED**, that the MSF Fund Manager is authorized to execute the Sponsorship Agreement consistent with the terms of this resolution.

Ayes: Carl Camden, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan  
January 22, 2019



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 15, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Tebedo:

I am hereby writing to inform the Board that I have designated Andrew Lockwood to represent me at the Michigan Strategic Fund meeting of January 22, 2019.

Sincerely,

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

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2019-008**

**SELECTION OF VENDOR FOR TOURISM IN GERMANY, AUSTRIA, and SWITZERLAND**

**WHEREAS**, Public Acts 215 and 225 of 2005 established the 21st Century Jobs Trust Fund initiative within the Michigan Strategic Fund Act, Public Act 27 of 1984, as amended (the “Act”);

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

**WHEREAS**, under Section 88b(6) of the Act, the MSF may select all vendors for expenditures by issuing a request for proposals;

**WHEREAS**, at its November 27, 2018 meeting, the MSF Board authorized a Request for Proposals to invite proposals from vendors to promote tourism of Michigan in Germany, Austria, and Switzerland (the “Germany Tourism RFP”);

**WHEREAS**, a Joint Evaluation Committee (“JEC”) evaluated all proposals and determined that the proposal from Travel Marketing Romberg TMR GMBH was the most qualified applicant based on the requirements of the Germany Tourism RFP; and

**WHEREAS**, the MEDC recommends, and the MSF Board desires to, adopt the recommendation of the JEC and select Travel Marketing Romberg TMR GMBH as the vendor to promote tourism of Michigan in Germany, Austria, and Switzerland.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF Board approves the selection of Travel Marketing Romberg TMR GMBH as the vendor to promote tourism of Michigan in Germany, Austria, and Switzerland for an initial term of three years with an initial allocation of up to \$200,000 for the period January 1, 2019 through December 31, 2019, with the option to renew the agreement for two additional one year terms and allocate additional funding at the sole discretion of the MSF Board; and

**BE IT FURTHER RESOLVED**, the MSF Board authorizes the MSF Fund Manager to negotiate the final terms and conditions and to execute an agreement with Travel Marketing Romberg TMR GMBH so long as the final terms and conditions are not materially adverse to the interests of the MSF.

Ayes: Carl Camden, Jeremy Hedges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan  
January 22, 2019



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 15, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Tebedo:

I am hereby writing to inform the Board that I have designated Andrew Lockwood to represent me at the Michigan Strategic Fund meeting of January 22, 2019.

Sincerely,

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

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2019-009**

**SELECTION OF VENDOR FOR TOURISM IN UNITED KINGDOM REGION**

**WHEREAS**, Public Acts 215 and 225 of 2005 established the 21st Century Jobs Trust Fund initiative within the Michigan Strategic Fund Act, Public Act 27 of 1984, as amended (the “Act”);

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

**WHEREAS**, under Section 88b(6) of the Act, the MSF may select all vendors for expenditures by issuing a request for proposals;

**WHEREAS**, at its November 27, 2018 meeting, the MSF Board authorized a Request for Proposals to invite proposals from vendors to promote tourism of Michigan in the United Kingdom, including Ireland (the “United Kingdom Tourism RFP”);

**WHEREAS**, a Joint Evaluation Committee (“JEC”) evaluated all proposals and determined that the proposal from Cellet Marketing and Public Relations LTD was the most qualified applicant based on the requirements of the United Kingdom Tourism RFP; and

**WHEREAS**, the MEDC recommends, and the MSF Board desires to, adopt the recommendation of the JEC and select Cellet Marketing and Public Relations LTD as the vendor to promote tourism of Michigan in the United Kingdom, including Ireland.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF Board approves the selection of Cellet Marketing and Public Relations LTD as the vendor to promote tourism of Michigan in the United Kingdom, including Ireland for an initial term of three years with an initial allocation of up to \$200,000 for the period January 1, 2019 through December 31, 2019, and with the option to renew the agreement for two additional one year terms and allocate additional funding at the sole discretion of the MSF Board; and

**BE IT FURTHER RESOLVED**, the MSF Board authorizes the MSF Fund Manager to negotiate the final terms and conditions and to execute an agreement with Cellet Marketing and Public Relations LTD so long as the final terms and conditions are not materially adverse to the interests of the MSF.

Ayes: Carl Camden, Jeremy Hedges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan  
January 22, 2019



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 15, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Tebedo:

I am hereby writing to inform the Board that I have designated Andrew Lockwood to represent me at the Michigan Strategic Fund meeting of January 22, 2019.

Sincerely,

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

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2019-010**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO  
MAGNETI MARELLI HOLDING USA LLC**

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

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

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

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

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

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

**WHEREAS**, the MEDC has completed the background check in accordance with the MSF policy, and the project may proceed for MSF consideration;

**WHEREAS**, Magneti Marelli Holding USA LLC (“Company”) has requested a performance based MBDP Grant of up to \$1,590,000 (“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: Carl Camden, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan  
January 22, 2019



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:** 1/9/2019

**Company Name:** Magneti Marelli Holding USA LLC and/or its affiliates and subsidiaries.

**Project Location:** Auburn Hills, Michigan

**MBDP Incentive Type:** Performance Based Grant

**Maximum Amount of MBDP Incentive:** Up to \$1,590,000

**Base Employment Level:** At least 290

**Qualified New Jobs:** At least 106 at the Project Location

**Municipality Supporting Project:** City of Auburn Hills has agreed to provide staff, financial or economic assistance in support of the project.

**Start Date for Measurement of Creation of Qualified New Jobs:** February 23, 2018 (date of accepted offer)

**Term of the Agreement:** December 31, 2022

**Milestone Based Incentive:** Disbursements will be made over a four year period and will be performance based on job creation as follows:  
Milestone 1: \$375,000 for the creation of 25 jobs.  
Milestone 2: \$375,000 for the creation of 25 jobs.  
Milestone 3: \$390,000 for the creation of 26 jobs.  
Milestone 4: \$450,000 for the creation of 30 jobs.

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

**Acknowledged as received by:**

Magneti Marelli Holding USA LLC

By: 

Printed Name: LUCA BOUALINO  
VP STRATEGY/BUSINESS DEVELOPMENT

Its: 1/9/2019

Michigan Economic Development Corporation

By: 

Printed Name: Jeremy J. Webb

Its: Sr. Business Development Project Manager



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 15, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Tebedo:

I am hereby writing to inform the Board that I have designated Andrew Lockwood to represent me at the Michigan Strategic Fund meeting of January 22, 2019.

Sincerely,

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

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2019-011**

**APPROVAL OF A MICHIGAN BUSINESS DEVELOPMENT PROGRAM GRANT TO  
WAYMO LLC**

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

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

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

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

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

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

**WHEREAS**, the MEDC has completed the background check in accordance with the MSF policy, and the project may proceed for MSF consideration;

**WHEREAS**, Waymo LLC (“Company”) has requested a performance based MBDP Grant of up to \$8,000,000 (“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: Carl Camden, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan  
January 22, 2019

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

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

**Date: 11/13/2018**

<b>Company Name:</b>	Waymo LLC and/or its affiliates and subsidiaries.
<b>Project Location:</b>	Prosperity Region 10
<b>MBDP Incentive Type:</b>	Performance Based Grant
<b>Maximum Amount of MBDP Incentive:</b>	Up to \$8,000,000
<b>Base Employment Level:</b>	At least 20
<b>Qualified New Jobs:</b>	At least 100, up to 400
<b>Municipality Supporting Project:</b>	MICHauto has agreed to provide staff, financial or economic assistance in support of the project.
<b>Start Date for Measurement of Creation of Qualified New Jobs:</b>	October 9, 2018 (date of accepted offer)
<b>Term of the Agreement:</b>	December 31, 2024
<b>Milestone Based Incentive:</b>	Disbursements will be made over a 7 year period and will be performance based on job creation as follows: Milestone 1: \$2,000,000 upon execution of a lease agreement, of no less than 3 years, for a building in Prosperity Region 10. Milestone 2: \$0 for the creation of 100 jobs. After achievement of Disbursement Milestone 1 and 2, the Company may, at its election, on 6/30 of each year of the Term, request disbursement equal to \$20,000 for each Qualified New Job created for which disbursements have not been previously made (up to 400 total Qualified New Jobs and not to exceed the total grant amount of \$8,000,000), provided that: 1) the Company Group has created no less than 10 QNJs since its last disbursement, and 2) the Company has not received disbursement in the past 12 months.

*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:**

Waymo LLC

By:

 \_\_\_\_\_

Printed Name:

Tim Willis \_\_\_\_\_

Its:

 \_\_\_\_\_

Michigan Economic Development Corporation

By:

 \_\_\_\_\_

Printed Name:

Jeremy J. Webb \_\_\_\_\_

Its:

Sr. Business Development Project Manager \_\_\_\_\_





STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 15, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Tebedo:

I am hereby writing to inform the Board that I have designated Andrew Lockwood to represent me at the Michigan Strategic Fund meeting of January 22, 2019.

Sincerely,

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

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

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

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Resolution 2019-012

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. Quality Roasting, LLC, a Michigan limited liability company (the "Borrower"), has requested a loan from the Fund to: (i) fund the costs of acquiring a parcel of land in the Village of Reese, Tuscola County, Michigan; (ii) fund the costs of constructing, furnishing and equipping an approximately 16,000 square foot soybean processing facility thereon (collectively, the "Project"); and (iii) pay costs of issuance of the Bonds.

C. The Borrower has requested the Fund to issue the Bonds in a principal amount of not to exceed \$10,000,000 pursuant to this resolution (the "Resolution") and an indenture and loan agreement (the "Indenture and Loan Agreement"), between the Fund, the Borrower and Bank First, N.A., as purchaser (the "Purchaser") dated as of January 1, 2019, relating to the Bonds, pursuant to which the Purchaser agrees to purchase the Bonds with proceeds to be loaned to the Borrower to pay costs of the Project and issuance costs.

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 and Loan Agreement, with the changes permitted or required by action of the Fund or the Indenture and Loan Agreement. 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 and as provided in the Indenture and Loan Agreement.

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

Any Member and Authorized Officer are authorized to execute and deliver the Indenture and Loan Agreement 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. The following terms of the Bond shall be approved by the Member or Authorized Officer executing the Indenture and Loan Agreement:

- a. The maximum principal amount of the Bonds shall not exceed \$10,000,000;
- b. The final maturity of the Bonds, which shall be not later than thirty (30) years from the date of issuance of the Bonds; and
- c. The initial interest rate for the Bonds, which shall not be more than 6.00% per annum.

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

Upon receipt, the proceeds of the Bonds shall be paid over and credited in accordance with the Indenture and Loan Agreement.



SECTION 5. Designation of Certain Parties. Bank First, N.A.'s acceptance of duties as Purchaser shall be evidenced by its execution of the Indenture and Loan Agreement.

SECTION 6. 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 and Loan Agreement, or as may be necessary to effectuate the valid issuance, sale and delivery of the Bonds as tax-exempt bonds and otherwise as contemplated by those documents.

SECTION 7. Election Under Internal Revenue Code. The Fund elects, in accordance with Section 1.103-10(b)(2)(vi) of the Income Tax Regulations, to have the provisions of the \$10,000,000 limit of Section 144(a)(4) of the Internal Revenue Code of 1986, as amended, apply to the Bonds.

SECTION 8. 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 their original purchaser on or before February 22, 2019, the authority granted by this Resolution shall lapse.

Adopted.

Ayes: Carl Camden, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

January 22, 2019  
Lansing, Michigan



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 15, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Tebedo:

I am hereby writing to inform the Board that I have designated Andrew Lockwood to represent me at the Michigan Strategic Fund meeting of January 22, 2019.

Sincerely,

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

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

## MICHIGAN STRATEGIC FUND

### RESOLUTION 2019-013

#### APPROVAL OF INFRASTRUCTURE CAPACITY ENHANCEMENT (ICE) GRANTS

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

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

**WHEREAS**, the CDBG program has policies, criteria, and parameters that are enumerated in the Program Guidelines, as amended (the "Criteria"). The MSF, by Resolution 2015-039, authorized and approved the Consolidated Plan and the Criteria and the MSF, by Resolution 2018-102, authorized and approved the 2018 Program Year Funding Guide which includes guidelines for area benefit grants;

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

**WHEREAS**, the Communities listed in **Appendix B** (the "Community") have submitted a complete application for approval requesting funding to be used to fund their Infrastructure Project (the "Project");

**WHEREAS**, the CDBG program staff reviewed the proposed Project considering the Criteria, Funding Guide and HUD regulations and concluded the Project is eligible for funding, is not speculative in nature, is economically sound, is ready to proceed, and at least 51% of the project beneficiaries are low and moderate income persons.

**WHEREAS**, staff recommends the MSF approve \$16,857,318 to fund Infrastructure projects and, that a grant agreement be authorized and entered into with the Communities identified in **Appendix B** for funds from the CDBG program for the reasons set forth in this Resolution.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF authorizes grants to the Communities identified in **Appendix B** not to exceed \$16,857,318 for the payment or reimbursement of costs associated with their Project contingent upon the MSF's continued receipt of CDBG funds, and availability of adequate funds; and

**BE IT FURTHER RESOLVED**, the MSF Fund Manager, in coordination with MEDC staff is directed to negotiate the terms of the grant agreements for the projects consistent with this Resolution.

Ayes: Carl Camden, Jeremy Hedges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan  
January 22, 2019

**Appendix B**  
**CDBG Infrastructure Grants**  
**Recommended Projects**  
Program Year 2018

<b>Applicant/Communities</b>	<b>Project Description</b>	<b>Percent Low/Mod</b>	<b>CDBG Request</b>	<b>Admin Cost Request</b>	<b>Total Local Match</b>
City of Albion	Irwin Avenue Improvements Project	55.1	\$2,000,000	\$30,000	\$223,000
City of Big Rapids	Big Rapids Water System Improvement Project	66.3	\$1,815,600	\$30,000	\$296,600
City of Durand	Infrastructure Capacity Enhancement For Water & Wastewater Facilities	68.9	\$1,516,500	\$30,000	\$168,500
City of East Jordan	Infrastructure Capacity Enhancement Project	55.3	\$2,000,000	\$30,000	\$394,065
City of Gaylord	Water & Sewer Replacement & Facility Upgrade Project	67.1	\$1,427,300	\$30,000	\$500,000
City of Gladwin	Gladwin Iron Removal Facility Project	57.9	\$1,000,000	\$30,000	\$1,548,728
City of Howell	State Street Area Reconstruction	54.9	\$1,729,179	\$30,000	\$320,000
City of Laingsburg	Storm Water System & Sanitary Outlet Improvements	56.7	\$1,235,800	\$30,000	\$137,311
Village of Calumet	Elm Street ICE Grant Improvements	66.9	\$1,074,600	\$30,000	\$119,400
Village of Howard City	Howard City Utility Upgrade Project	73.1	\$1,637,500	\$30,000	\$181,950
Village of North Branch	Banker Street Improvement	76.8	\$1,090,839	\$30,000	\$121,204
<b>TOTALS</b>			<b>\$16,527,318</b>	<b>\$330,000</b>	<b>\$4,010,758</b>



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 15, 2019

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

Re: Michigan Strategic Fund Board Meeting Designee for Treasurer Eubanks

Dear Ms. Tebedo:

I am hereby writing to inform the Board that I have designated Andrew Lockwood to represent me at the Michigan Strategic Fund meeting of January 22, 2019.

Sincerely,

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

Rachael Eubanks  
State Treasurer

Cc: Eric Bussis  
Andrew Lockwood

**MICHIGAN STRATEGIC FUND**

**RESOLUTION  
2019-014**

**CITY OF KALAMAZOO CORRIDOR IMPROVEMENT AUTHORITY  
AKA DOWNTOWN ECONOMIC GROWTH AUTHORITY (DEGA)  
CITY OF KALAMAZOO**

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

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

**WHEREAS**, 2005 PA 280, MCL 125.2871 et seq (the “Corridor Improvement Authority Act”) as amended, empowers corridor improvement authorities to request the MEGA Board to approve the capture of taxes levied for school operating purposes;

**WHEREAS**, 2005 PA 280 was repealed by 2018 PA 57 (the “Recodified Tax Increment Financing Act”) and added new reporting requirements;

**WHEREAS**, captured school operating tax revenues may be used under the Recodified Tax Increment Financing Act, for implementing the development plan adopted by the Corridor Improvement Authority for improvements identified within the development plan;

**WHEREAS**, the City of Kalamazoo Downtown Economic Growth Authority (the “Authority”) has submitted a request to capture taxes levied for school operating purposes for a development and tax increment financing plan (the “Plan”) adopted by the Authority and the City of Kalamazoo that includes approximately 422 acres of property located primarily within the City of Kalamazoo downtown that will initially be primarily composed of public infrastructure projects, (the “Project”);

**WHEREAS**, the Project is located in a Qualified Development Area as defined in the Recodified Tax Increment Financing Act;

**WHEREAS**, the inclusion of captured taxes levied for school operating purposes is necessary to reduce unemployment, promote economic growth, and increase capital investment in a Qualified Development Area;

**WHEREAS**, the Authority is requesting MSF approval to capture additional taxes levied for school operating purposes for the Project; and

**WHEREAS**, the Michigan Economic Development Corporation provides administrative services to the MSF and has reviewed the application and recommends approval of inclusion of taxes levied for school operating purposes by the MSF Board.

**NOW, THEREFORE, BE IT RESOLVED**, that the MSF Board authorizes the Authority to capture taxes levied for school operating purposes to reimburse the cost of eligible improvements as presented in the Development Plan approved by the City of Kalamazoo on December 3, 2018. The authorization is based on the Authority capturing all available and identified local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is limited to a maximum of \$11,000,000, or a maximum capture period of 15 years, whichever is achieved first, for the purpose of public infrastructure improvements identified within the Plan.

**BE IT FURTHER RESOLVED**, that State tax capture shall not be used to reimburse any party for current or previous costs incurred by the City of Kalamazoo Downtown Development Authority (DDA).

**BE IT FURTHER RESOLVED**, that State tax capture shall not be used to directly or indirectly fund a grant program created and operated by the Authority.

**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 Recodified Tax Increment Financing Act, and that this approval is further conditioned upon the Authority, or the City of Kalamazoo 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 improvements. The records shall be made available for review upon request by MSF or MEDC staff.

Ayes: Carl Camden, Jeremy Hendges, Larry Koops, Andrew Lockwood (on behalf of Treasurer Eubanks, designation attached), Jeff Mason, Terrence J.L. Reeves, Shaun Wilson, Wayne Wood

Nays: None

Recused: None

Lansing, Michigan  
January 22, 2019



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

January 15, 2019

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

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