



MEMORANDUM

Date: October 5, 2022

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

From: Jeremy Webb, Interim Managing Director, Business Development Projects

Subject: Incentives Request

Gotion, Inc. (“Company” or “Gotion”) - Critical Industry Program (“CIP”) Grant Request
The Right Place, Inc. (“RPI”) Request - Strategic Site Readiness Program (“SSRP”) Grant Request
Mecosta County (“County”) - MSF Designated Renaissance Zone (“MSFRZ”) Request (Collectively, the “Applicants”)

Request Summary

The Company is requesting the following (collectively, the “Incentives Request”), including a request from the County and RPI in support of the Company:

- **Gotion Request:** \$125 million CIP grant, as outlined in the attached term sheet (“CIP Request”)
- **RPI Request:** \$50 million SSRP grant to assist with the expansion in Mecosta County, as outlined in the attached term sheet (“SSRP Grant”); and
- **County Request:** An MSF Designated Renaissance Zone for a period of 30 years (“MSFRZ Request”).

Background

On December 20, 2021, Governor Gretchen Whitmer, in collaboration with the Legislature, labor leaders, economic development agencies and various business groups, signed a package of economic incentives that will allow Michigan to compete for, and win, transformational projects like this investment by Gotion that will bring long-term economic opportunity and security in the battery production industry.

Today’s request will enable up to \$2.364 billion investment in Michigan by Gotion creating up to 2,350 new jobs here in the state, to serve increasing demand in the battery production industry.

Project Description

Battery cell demand in the United States is high and are forecasted to continue to grow exponentially. Therefore, the demand for lithium iron phosphate cathode & anode materials has surged, accordingly. Anodes and cathodes are key elements that are included in the bill of material for battery cells that are ultimately used by electric vehicles, energy storage systems, as well as many other applications.

Cathode Project Scope

This cathode project at completion is planned for 150,000 tons of cathode material per year, covering an area estimated to be 260 acres with plans to build two 550,000 square foot production plants along with an electrical substation, sewage treatment station, testing center, warehouse, and other supporting facilities.

Plant 1: Estimated 550,000 square foot new construction building, for battery precursor material (cathode) production

Plant 2: Estimated 550,000 square foot new construction building for battery precursor material (cathode) production

Anode Project Scope

This anode project at completion is planned for 50,000 tons of anode material per year, spread across two production plants. Plant 3 will be the first stage of anode production, and Plant 4 will be the second stage, which together will result in the final anode product.

Plant 3: Estimated 460,695 square foot new construction building for battery precursor material (anode) production

Plant 4: Estimated 519,897 square foot new construction building for battery precursor material (anode) production

Project Impact

The automotive industry is in an accelerated, full-fledged transition to electrified propulsion, the impact of which will be transformative and far-reaching. In order to maintain automotive manufacturing relevance, let alone leadership, it is imperative for the State of Michigan to capture as much investment in the research, development, and production of advanced battery technologies as possible. Unlike traditional power train systems (e.g., engines and transmissions) EV battery packs must be produced in proximity to vehicle assembly. Shipping long distance is not an option. Therefore, to grow Michigan's vehicle assembly opportunities, one must either, through collective bargaining, negotiate future vehicle platforms into existing facilities, or ensure that there is a ready supply of nearby battery production. Further, the more the state grows its battery production capacity, the better positioned it will be to win future OEM vehicle assembly plants and related suppliers including potential chipmakers.

In addition to the direct benefits of this investment, there will also be positive supply chain impacts. Batteries require special materials to produce anodes, cathodes, and electrolyte. Michigan has a growing supply chain producing all of these components, but will also have the opportunity to attract new investment with increased demand. Battery production requires highly integrated and automated manufacturing processes, providing significant growth opportunities for Michigan's automation companies. Growth within Michigan's battery supply chain will provide pathways for workers currently employed in internal combustion engine (ICE)-related firms to transition into this new, growing sector.

It is anticipated the influx of jobs will result in spin-off investments and redevelopment opportunities. Over \$11.5 billion in new personal income is expected to be generated by the direct, indirect, and induced jobs that this opportunity will create over 20 years.

The shift to electrification is truly revolutionary, and investment decisions being made now will have positive or detrimental impacts on regions for decades to come. The importance of securing this investment to both the local and broader state economy cannot be overstated.

Employment Impact

The project will be significant by bringing a large number of well-paying jobs to the State. The average hourly wage for the project in Mecosta County is \$29.42 which is well above county ALICE target wage of \$17.99. The ALICE threshold is the average income that a household needs to afford the basic necessities

defined by the Household Survival Budget for each county in Michigan. The facility is located adjacent to a geographically disadvantaged area which will provide residents with employment opportunities and the Company with a talent pipeline. Based on an evaluation of the new job creation which included job codes, average hourly wages, training, healthcare coverage and minimum education and experience, it was determined that all new jobs created are designated as pathway jobs, a key strategic focus area for statewide economic growth.

Company History

Founded in 1998 and based in Hefei, China, Gotion High-tech Co., Ltd (the “Parent”) engages in the research and development, production, and sale of power lithium batteries in China and internationally. Its products include lithium iron phosphate materials and batteries, ternary materials and batteries, power battery packs, battery management systems, and energy storage battery packs for use in electric commercial vehicles, passenger vehicles, special vehicles, and hybrid vehicles. The Parent also offers high-voltage electrical appliances, switchgear equipment, electrical digital equipment, intelligent distribution network equipment, serialized transformers, transformers, circuit breakers, integrated charging piles, on-board chargers, and energy storage cabinets for use in thermal power, hydropower, nuclear power, wind power, metallurgy, railway, and other industries.

The Company was incorporated in California in 2014 and was focused on research and development activities in Fremont, California as well as Cleveland, Ohio. Now, future operations, including this project, will focus is on establishing production capacity for the United States.

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

Demonstrated Need

Gotion has been involved in a multi-state site selection to determine where to locate the new production facility and investment. Consideration on placement includes site availability and site readiness as well as costs of implementation and ongoing operations, availability of talent, utility and labor costs. Gotion has considered Michigan for previous battery cell manufacturing projects but ultimately chose locations in other key competitor states based on incentive assistance offered by those states. Incentive assistance is necessary to ensure this project moves forward in Michigan, particularly in a highly competitive environment.

In addition to MSF support, both Green Charter Township and Big Rapids Charter Township anticipate approval of a PA 198 real property tax abatement.

Request

In order to secure the project in Michigan, the Applicants are requesting the following incentives:

- A \$125 million CIP performance-based grant
- A \$50 million SSRP performance-based grant
- An MSF Designated Renaissance Zone estimated to be worth \$540 million

The project aligns with the MEDC’s strategic focus areas to **attract, retain and support businesses** and **foster high-wage skills growth** in the focus industry of **technology**. The proposed project will impact the regions around Mecosta County with near term job growth and significant investment by Gotion. In total, the project would result in the creation of up to 2,350 new jobs and a capital investment of up to \$2.364 billion in Mecosta County.

Appendix A-C address programmatic considerations.

Funding

The SSRP and CIP will be funded through the SOAR Fund, with initial funding currently appropriated at \$1 billion. Upon MSF approval of the recommendation for the SSRP Request and CIP Request, the process for legislative transfer of actual funds through the SOAR Fund will be initiated to the MSF to implement funding these incentives.

Recommendation

MEDC Staff recommends approval of the following:

- **Gotion Recommendation**
Approval of the CIP Request for a minimum of 2,350 new jobs, as outlined in the attached resolution;
- **RPI Recommendation**
Approval of the SSRP Request as outlined in the attached resolution; and
- **County Recommendation**
Approval of the MSFRZ Request for a period of 30 years as outlined in the attached resolution.

APPENDIX A – CIP Programmatic Considerations

Key Statutory Criteria

Per section 88s of Act 270, the MSF shall consider at a minimum all of the following criteria to the extent reasonably applicable as reasonably determined by the MSF to the type of project proposed before entering into a written agreement for a qualified investment:

- a) **The importance of the Project to the Community where it is located:**

The proposed project will impact the regions around Mecosta County with immediate job growth and significant investment. The project would result in the creation of up to 2,350 new jobs and a capital investment of up to \$2.364 billion in Mecosta County.
- b) **If the Project will act as a Catalyst for Additional Revitalization of the Community and in Michigan:**

The project will result in significant job creation and capital investment. It is anticipated the influx of jobs will result in spin-off investments and redevelopment opportunities. Over \$11.5 billion in new personal income is expected to be generated by the direct, indirect, and induced jobs that this opportunity will create over 20 years. This personal income will be utilized to not only support the many small businesses in the community that are still recovering from the COVID pandemic, but will spur demand to redevelop underutilized and blighted properties in the community and the state for commercial and residential purposes.
- c) **The amount of local financial and Community Support of the Project:**

Green Charter Township, Big Rapids Charter Township, and Mecosta County have authorized a 30-year Renaissance Zone. Green Charter Township and Big Rapids Charter Township anticipate approval of a PA 198 of 1974 (“PA 198”) tax abatement in support of the Gotion expansion, which amounts to a reduction in property taxes of approximately 50%, which will help reduce the overall cost of doing the project in Michigan.
- d) **The Applicant’s Financial Need for a Qualified Investment from the CIP:**

The Company has been involved in a multi-state site selection to determine where to locate the new facility and investment. Consideration on placement includes costs of implementation and ongoing operations, availability of talent, utility and labor costs. Incentive assistance is necessary to defray additional costs incurred in Michigan compared to other locations.
- e) **The extent of reuse of Public or Private Vacant Buildings, Reuse of Historic Resources, and Redevelopment of Blighted Property:**

There are no vacant buildings on the 324.62-acre site. One of the three residential units on the site is over 50 years old, and therefore, qualifies as being a historic structure. The only distressed area in Mecosta County is the City of Big Rapids, no doubt due to the age of its housing stock. Localized areas of blight may exist in older parts of the City.
- f) **The Creation or Retention of Qualified Jobs as a Result of a Technological Shift in Product or Production at the Project Location and Michigan:**

Due to the new manufacture of a new product, all new and retained jobs will be the result of a fundamental technological shift in production.
- g) **The level of other public funds, including but not limited to, the appropriation of federal or Michigan funds and any federal or Michigan tax credits:**

Additional incentive support includes the following: a Strategic Site Readiness Grant to RPI in the amount of \$50 million for infrastructure upgrades to support the Gotion development; a 30-year Renaissance Zone estimated to be worth \$540 million and a PA 198 property tax abatement estimated to be worth \$17.9 million to support the Gotion development.
- h) **The level of any private funds, investments, or contributions into the project, including but not limited to, the Qualified Business’s own investments in the project:**

Private capital investment is estimated to reach \$2.364 billion and will support new building construction, machinery and equipment and other personal property.

i) Whether and How the Project is Financially and Economically Sound:

A financial review of the Company was completed and confirmed the Company's ability to finance the project. Gotion is one of the ten largest battery manufacturers in the world, trading on Sweden's stock exchange and raising nearly \$700 million in July. Further, Volkswagen is the largest shareholder.

j) Whether and How the Project Promotes Sustainable Development:

This industrial development project provides for a long-term usage of the land. The land has been zoned for industrial use for decades, with Big Rapids Charter Township owning the southern portion for industrial park purposes, such as this project.

k) Whether and How the Project Involves the Rehabilitation of a Historic Resource:

Not applicable

l) Whether and How the Project Addresses Areawide Redevelopment and its Overall Economic Benefit to the Existing Supply Chain:

Based on an economic impact analysis of this project using REMI (Regional Economic Models Inc), this opportunity has an employment multiplier of 3.13. This means that an additional 2.13 jobs in Michigan's economy are anticipated to be created for every new direct job, due to the extensive supply chain that exists in Michigan that can support this opportunity. In addition, these new jobs are generating new income, much of which is spent at local small businesses throughout the community and the state. Over 20 years, the total direct, indirect, and induced jobs will generate over \$11.5 billion in new personal income in Michigan.

m) The Extent and Level of Environmental Contamination:

An environmental assessment of the site has been completed and shows soil conditions are suitable for construction of the planned facility. A geotechnical evaluation is currently underway, but based on the information available, including the construction of the facility, it is assumed geotechnical conditions will support the planned facility and Gotion is in compliance with all environmental permits and regulations.

n) Whether and How the Project will Compete with or effect Existing Michigan Businesses Within the Same Industry:

The closest advanced battery manufacturer is located in the City of Holland, Allegan County, Michigan. They may serve different markets.

o) Whether and How the Project's Proximity to Rail and Utility will Impact Performance of the Project and Maximize Energy and Logistics needs in Michigan and in the Community Where the Project is Located:

This site is well served by Michigan's highway system, being located between four-lane U.S. 131 and the Business Route 131 through the City of Big Rapids. An interchange with the Highway (Exit 142) is located at 19 Mile Road. There is a State-owned rail line traversing Mecosta County north/south generally following along the Muskegon River, which is located east of the 324.62-acre site. The site also sits near a Consumers Energy high voltage service area, providing quality reliable service. The Company does not anticipate a negative impact.

p) The Risk of Obsolescence of the Project, Products, and Investments in the Future:

The renewable energy industry is a growth industry. Research & development and innovation are central to a renewable energy facility. Gotion aims to innovate and create the next generation of battery technology. While Gotion cannot predict what will happen in the future, it is believed this project will create products that will deliver value to its customers into the foreseeable future.

q) The Overall Return on Investment to Michigan:

In total, the project will result in nearly \$780 million in state taxes generated for the state of Michigan over a period of 20 years. This calculation was completed using a Regional Economic Modeling Inc (REMI) model.

r) How the Project Addresses Food Supply Challenges:

Not applicable

s) Other Factors Considered:

It is good to see a major industrial prospect locate in a northern Michigan community where the company's investments & job creation can substantially raise the standard of living. And, in turn, the community & residents can support a highly valued project which provides them with identity in the State, nation and possibly the world.

APPENDIX B – SSRP Programmatic Considerations

Key Statutory Criteria

Per section 88t of the MSF Act, to the extent reasonably applicable as reasonably determined by the MSF board to the type of project proposed, the MSF shall consider and document at least all of the following criteria for all SSRP awards before entering into a written agreement:

- **The importance of the project or Eligible Activities to the community in which is located and Michigan;**
The proposed project will impact the regions around Mecosta County with immediate job growth and significant investment by a large battery manufacturer. The project would result in the creation of up to 2,350 new jobs and a capital investment of up to \$2.364 billion in Mecosta County.
- **If the project will act as a catalyst for additional revitalization of the community where it is located and Michigan;**
The project will result in significant job creation and capital investment. It is anticipated the influx of jobs will result in spin-off investments and redevelopment opportunities. Over \$11.5 billion in new personal income is expected to be generated by the direct, indirect, and induced jobs that this opportunity will create over 20 years. This personal income will be utilized to not only support the many small businesses in the community that are still recovering from the COVID pandemic, but will spur demand to redevelop underutilized and blighted properties in the community and the state for commercial and residential purposes.
- **The amount of local community and financial support for the project;**
Green Charter Township, Big Rapids Charter Township, and Mecosta County have authorized a 30-year Renaissance Zone. Green Charter Township and Big Rapids Charter Township anticipate approval of a PA 198 of 1974 (“PA 198”) tax abatement in support of the Gotion expansion, which amounts to a reduction in property taxes of approximately 50%, which will help reduce the overall cost of doing the project in Michigan.
- **The amount of any other economic assistance or support provided by Michigan for the project;**
Additional incentive support includes the following: a Critical Industry Grant of up to \$165 million; a 30-year Renaissance Zone estimated to be worth \$540 million, and a PA 198 property tax abatement estimated to be worth \$17.9 million to support the Gotion development.
- **The amount of any other economic assistance or support provided by the federal government for the project, including without limitation, federal appropriations or tax credits;**
Not applicable
- **The amount of any private funds or investments for the project, including the Eligible Applicant’s own investments in the project;**
Private capital investment is estimated to reach \$2.364 billion and will support new building construction, machinery and equipment and other personal property.
- **The Eligible Applicant’s financial need for a grant, loan, or other economic assistance under the SSRP;**
The Company has been involved in a multi-state site selection to determine where to locate the new facility and investment. Consideration on placement includes site availability and readiness along with costs of implementation and ongoing operations, availability of talent, utility and labor costs. The size and scope of the project will result in significant infrastructure upgrades to service the site. Incentive assistance is necessary to offset the public infrastructure costs ensuring the project locate in Michigan.
- **The extent of reuse of vacant buildings, public or private, reuse of historic resources and redevelopment of blighted property;**

There are no vacant buildings on the 324.62-acre site. One of the three residential structures on the site is over 50 years old, and therefore, qualifies as being historic. The only distressed area in Mecosta County is the City of Big Rapids, no doubt due to the age of its housing stock. Localized areas of blight may exist in the older portions of the City.

- **Creation or retention of Qualified Jobs as a result of a technological shift in product or production at the project location and within Michigan;**
Due to the new manufacture of a new product, all new and retained jobs will be the result of a fundamental technological shift in production.
- **Whether and how the project is financially and economically sound;**
A financial review of the Company was completed and confirmed the Company's ability to finance the project. Gotion is one of the ten largest battery manufacturers in the world, trading on Sweden's stock exchange and raising nearly \$700 million in July. Further, Volkswagen is the largest shareholder.
- **Whether and how the project converts abandoned public buildings to private use;**
Not applicable
- **Whether and how the project promotes sustainable development;**
In addition to providing products that will deliver clean transportation solutions, both parties involved have very aggressive corporate sustainability plans, with substantial targeted investments in the use of clean energy to power their plants and production lines. A continuous ramp up in the use of renewable energy over time is anticipated. Further, both parties are actively engaged in developing strategies and processes for the recycling and reuse of batteries and/or battery materials.
- **Whether and how the project involves the rehabilitation of a historic resource;**
Not applicable
- **Whether and how the project addresses areawide redevelopment;**
Based on an economic impact analysis of this project using REMI (Regional Economic Models Inc), this opportunity has an employment multiplier of 3.13. This means that an additional 2.13 jobs in Michigan's economy are anticipated to be created for every new direct job, due to the extensive supply chain that exists in Michigan that can support this opportunity. In addition, these new jobs are generating new income, much of which is spent at local small businesses throughout the community and the state. Over 20 years, the total direct, indirect, and induced jobs will generate over \$11.5 billion in new personal income in Michigan.
- **Whether and how the project addresses underserved markets of commerce;**
The proposed facility will produce a product for the Company which is not currently available. The automotive industry is transitioning from fossil fuel burning engines to electric motors powering vehicles. The market for battery packs will only increase over time.
- **The level and extent of environmental contamination;**
An environmental assessment of the site has been completed and shows soil conditions are suitable for construction of the planned facility. A geotechnical evaluation is currently underway, but based on the information available, including the construction of the facility, it is assumed geotechnical conditions will support the planned facility and Gotion is in compliance with all environmental permits and regulations.
- **Whether and how the project will compete with or affect existing Michigan businesses within the same industry;**
The closest competitor in the advanced battery technology industry is located in the City of Holland, Allegan County, Michigan. They may serve different markets.
- **Whether and how the project's proximity to rail and utility will impact the performance of the project and will maximize energy and logistics needs in the community in which it is located, and in Michigan;**

This site is well served by Michigan's highway system, being located between four-lane U.S. 131 and the Business Route 131 through the City of Big Rapids. An interchange with the Highway (Exit 142) is located at 19 Mile Road. There is a State-owned rail line traversing Mecosta County north/south generally following along the Muskegon River, which is located east of the 324.62-acre site. The site also sits near a Consumers Energy high voltage service area, providing quality reliable service. The Company does not anticipate a negative impact.

- **The risk of obsolescence that the project, products, and investments in the future;**

The renewable energy industry is a growth industry. Research & development and innovation are central to a renewable energy facility. Gotion aims to innovate and create the next generation of battery technology. While Gotion cannot predict what will happen in the future, it is believed this project will create products that will deliver value to its customers into the foreseeable future.

- **The overall return on investment to Michigan;**

In total, the project will result in nearly \$780 million in state taxes generated for the state of Michigan over a period of 20 years. This calculation was completed using a Regional Economic Modeling Inc (REMI) model.

- **Whether the proposed Strategic Site is incorporated into a strategic plan of a political subdivision of Michigan;**

While the northern tier of sections in Big Rapids Charter Township includes an existing industrial area that has always been on the lookout to attract industrial tenants, no planning would have ever envisioned such a major prospect like Gotion to consider building a new facility of several hundred thousand square feet of manufacturing space in size and with creating a workforce of several thousand high-tech, high paying jobs.

Additionally, under Section 88t of the MSF Act, since the end user of the Strategic Site is identified, the MSF Board shall also consider:

- **The strategic economic importance of the project to the community where it is located and Michigan;**

The proposed project will impact the regions around Mecosta County with immediate job growth and significant and continued investment by a global automotive manufacturer. The project would result in the creation of up to 2,350 new jobs and a capital investment of up to \$2.364 billion in Mecosta County.

- **Whether the financial assistance is needed to secure the project in Michigan;**

The Company has been involved in a multi-state site selection to determine where to locate the new facility and investment. Consideration on placement includes site availability and readiness along with costs of implementation and ongoing operations, availability of talent, utility and labor costs. The size and scope of the project will result in significant infrastructure upgrades to service the site. Incentive assistance is necessary to offset the public infrastructure costs ensuring the project locate in Michigan.

- **The degree to which the project is a priority for the local governmental unit or local economic development corporation in the jurisdiction of which the site is located;**

Mecosta County and surrounding counties have not enjoyed the economic growth experienced in West Michigan. In fact, the most recent U.S. Census showed Mecosta County losing population. The need for economic growth is high. In addition, the site under consideration includes the Big Rapids Charter Township Industrial Park, which the community developed over 25 years ago in hopes of attracting new jobs and investment. In many ways, the community has been preparing for this opportunity for years.

- **The level of creation or retention of Qualified Jobs as a result of a technological shift in product;**

Due to the new manufacture of a new product, all new and retained jobs will be the result of a fundamental technological shift in production.

- **Whether the Qualified Jobs created or retained as a result of a technological shift in product or production equal or exceed the average wage for the county in which the project is located;**
The average wage of the Qualified Jobs created will exceed the average wage for the county. The average hourly wage for Mecosta County is \$21.33, the average hourly wage for the Qualified Jobs created will be \$29.42.
- **The level of capital investment;**
The Gotion development project is anticipated to result in up to \$2.364 billion in capital investment.
- **The evidence of the End User's commitment to the site;**
Gotion has committed to expanding at the site.

APPENDIX C – Renaissance Zone Programmatic Considerations

PROJECT EVALUATION

Job Creation

Up to 2,350 by December 31, 2031

Gotion Private Investment

Up to \$2.364 billion by December 31, 2031

Size

324.62 acres with 2,080,592 square feet of building and related site improvements

Tax Information

It is estimated that an average of \$16.6 million will be abated annually in property taxes.

Period of Designation

30-year designation

ADDITIONAL INFORMATION

Other Local Support

Big Rapids Charter Township and Green Charter Township anticipate approval of a PA 198 in support of the project. The estimated value of the abatement is \$17.9 million over 12 years for each year of investment.

Development Agreement

A development agreement will be entered into between Gotion and the Michigan Strategic Fund.

Legislative Information

Senator: Rick Outman - State Senate District 33

Representative: Michele Hoytenga - State House District 102

Strategic Site Readiness Program Grant

Summary of Terms

This document summarizes the key terms and conditions of the potential Strategic Site Readiness Program (“SSRP”) Award for The Right Place, Inc. (the “Applicant”). The proposed terms and conditions herein will not be construed as binding upon either party until the mutual execution of a written grant agreement. Any obligations that may be deemed to arise under this Term Sheet are contingent on the Applicant obtaining all necessary approvals, and the Michigan Economic Development Corporation (“MEDC”) obtaining all necessary Michigan Strategic Fund (“MSF”) Board and State of Michigan Legislature approvals.

SSRP Award: Up to \$50,000,000 to the Applicant for Eligible Activities, as defined in the SSRP Guidelines approved by the MSF Board on January 11, 2022, to support Gotion Inc.’s (the “Company”) plans to create a new battery campus at the industrial park in Big Rapids Charter Township and Green Charter Township, Mecosta County (the “Project Site”). The Eligible Activities, as defined below, are necessary to support the development of the Project Site (the “Project”). The Project will allow the Company to build and equip the facilities at the Project Site leading to the anticipated creation of 2,350 new jobs and private investment of \$2,364,000,000 by December 31, 2030.

Term of the Agreement: Effective Date through the earlier of: (i) June 30, 2028; (ii) the grant manager’s approval of the Project Completion Milestone; or (iii) when the Parties agree in writing.

Disbursement of Grant Funds: Grant funds will be disbursed based on the Applicant’s achievement of the following key milestones and, except as to Key Milestone One, only after the Applicant has actually expended at least ninety percent (90%) of the grant funds disbursed under the immediately preceding Key Milestone in accordance with the project budget:

- **Key Milestone One: Not to exceed \$25,000,000**
 - Disbursement request in the form determined by the MEDC;
 - Copies of currently executed written agreements between the Applicant and any contractor engaged to perform the Eligible Activities for the Project;
 - Copies of all purchase agreements necessary for the Applicant to facilitate the transfer of all parcels related to the Project;
 - Memorandum of understanding or other written agreement with Big Rapids Charter Township, Green Charter Township, and Mecosta County which, to the extent applicable, must reference the plan to transfer lands to facilitate the Project; and
 - A copy of the development agreement between the Applicant and the Company and a copy of the development agreement between the Company and other local or state governmental agencies.

- **Key Milestone Two: Not to exceed \$25,000,000**
 - Disbursement request in the form determined by the MEDC;
 - A spreadsheet describing and itemizing the actual expenditure for Eligible Activities of grant disbursements received under Key Milestone Number One. The spreadsheet shall include the corresponding category of the budget, identify the name of actual vendor or recipient of each expenditure, and be accompanied by supporting documentation;
 - Copies of currently executed written agreements between the Applicant and any contractor engaged to perform the Eligible Activities for the Project not previously submitted in Key Milestone One;
 - Demonstrated verification that all parcels from any source associated with the Project have been acquired and/or transferred to the Company; and

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- A narrative describing in detail the Eligible Activities to be completed with the grant disbursement received under Key Milestone Two.
- Project Completion Milestone, due on or before December 31, 2027:
 - A final milestone certificate in the form determined by the MEDC;
 - A spreadsheet describing and itemizing the actual expenditure of grant disbursements for all Eligible Activities completed during the Term. The spreadsheet shall include the corresponding reference category of the budget, identify the name of actual vendor or recipient of each expenditure, and be accompanied by supporting documentation;
 - Copies of currently executed written agreements between the Applicant and any contractor engaged to perform the Eligible Activities for the Project not previously submitted in Key Milestone One and Key Milestone Two;
 - Demonstrated verification that 100 percent of the funds disbursed in have been expended for Eligible Activities; and
 - Documentation satisfactory to the grant manager that the Project is complete.

Eligible Activities: activities related to include, but are not limited to, related public infrastructure improvements (including the purchase of real property, rights-of-way and easements and legal expenses necessary to support the public infrastructure improvements), site development, land acquisition, and any activities outlined in the SSRP Guidelines necessary to support the development of the Project Site incurred after September 1, 2022 related to the Project. The Applicant and the MSF will develop a detailed budget for the Project that includes budget categories for the Eligible Activities. The budget will be incorporated into the written agreement signed by the parties.

Security Interest: Security interests in favor of the MSF must comply with Section 88(s)(4) of the MSF Act, MCL 125.2088s(4). Notwithstanding anything to the contrary, the Applicant shall maintain a separate account (the "Project Funds Account") into which the grant funds will be disbursed, and the Applicant shall grant the MSF a security interest in the Project Funds Account. MSF security interests may also include security in the real and/or personal property at the Project Site, such as a mortgage, right of first offer, reverter rights, equipment, intangibles, inventory or other such personal property interests. The Applicant shall facilitate granting of such real and/or personal property interests in favor of the MSF as part of the transfer of Parcels necessary at the Project Site. Such security interests will be used to secure repayment, as applicable of any amounts owed to the MSF under the SSRP grant agreement with the Applicant, and under the Critical Industry Program grant to the Company.

Suspension of Disbursements: The MSF may immediately suspend making disbursements of the SSRP Award upon the occurrence of: (i) an event resulting in a Repayment Amount, (ii) an event of default, which shall be defined in the grant agreement, but shall include, without limitation, material noncompliance with the terms of the grant agreement, (iii) default in any other agreement with the State of Michigan or (iv) the occurrence of an event which, with the giving notice or the passage of time, or both, would constitute an event of default

Clawback Provisions: The Applicant will be required to repay all or a portion of the grant disbursements made under the SSRP Award upon the occurrence of one or more of the following events (each resulting in a "Repayment Amount"), and repayment is subject to the highest applicable Repayment Amount if one or more of the same circumstances give rise to such events. The Applicant and the MSF agree to collaborate on any defaults by third parties under any of the Applicant's contracts for the Project for the purpose of recovery of SSRP Award funds, including without limitation, any of the Applicant's agreements with the Company, and such may include assignments in favor of the MSF. All Repayment Amounts must be paid within 90 days of written

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notification by the MSF. Any Repayment Amount not paid within 90 days is subject to a penalty of 1% per month, prorated on a daily basis:

- **Land Acquisition:** If the Applicant fails to provide the Company with funding necessary for the Applicant to facilitate the transfer, and the Company's acquisition of the parcels necessary for the Project Site, it will be required to repay up to 100% of grant disbursements made under the SSRP Award.
- **Project Abandonment:** if the Applicant voluntarily abandons the project after the SSRP Award is disbursed and on or before the end of the Term it will be required to repay 100% of grant disbursements made under the SSRP Award.
- **Bankruptcy or Insolvency** – If the Applicant files for bankruptcy or otherwise becomes insolvent on or before the end of the Term, with any such proceedings against the Applicant not being set aside within sixty (60) calendar days from the date of institution thereof and results in the material reduction to the Applicant's operations for the Project, it will be required to repay 100% of grant disbursements made under the SSRP Award. The MSF would be entitled to foreclose on any security interest and, in the case of bankruptcy, submit a proof of claim in any such bankruptcy proceedings and seek recovery of the SSRP Award.
- **Material Misrepresentation.** If the Applicant makes a material misrepresentation under the grant agreement, any required submissions thereunder, or any reimbursement request to the MSF on or before the end of the Term it will be required to repay 100% of grant disbursements made under the SSRP Award.
- **Misuse of Funds:** if the Applicant uses the SSRP Award for a prohibited purpose during the Term it will be required to repay 100% of grant disbursements made under the SSRP Award.
- **Default of Project Contracts:** The fully executed written agreement will include repayment language for events of default, which shall include but not limited to the Company's failure to comply with any contracts arising out of the Project.
- **Material Failure to Comply.** If the Applicant fails to materially comply with its obligations under the grant agreement, including the failure submit materials required under the (i) Key Milestones, (ii) annual progress reports, or (iii) annual compliance certificates under the grant agreement, it may be required to repay up to 100% of grant disbursements made under the SSRP Award.
- **Project Funds Account Balance.** In the event there is any remaining balance in the Project Funds Account upon the earlier of: (i) the Applicant's submission of the Final Milestone Certificate or (ii) December 31, 2027, the Applicant shall pay the MSF the balance of funds in the Project Funds Account.

Additional State Required Terms:

- **Amendments** – As required under Section 88t(8) of the MSF Act, MCL 125.2088t(8) ("Section 88t"), the MSF will provide written notice to the Legislature of any requests to modify the fully executed written grant agreement and will otherwise comply with requirements of Section 88t(8) prior to taking any action on such amendment request.
- **Annual Compliance Certificate** – During the Term, the Applicant will be required to sign and submit an annual compliance certificate certifying that the Applicant is in compliance with the terms and conditions of the grant agreement.
- **Annual Progress Report** – During the Term, the Applicant will be required to submit annual progress reports. This information will be transmitted by the MSF to the Legislature as required under Section 9 of the MSF Act, MCL 125.2009.
- **Access to Records & Audit Rights** – During the Term, and for a period of three years after the expiration of the Term, and upon reasonable advance notice, the Applicant is

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required to permit the MSF, MEDC, the Office of the Auditor General, the Department of Technology, Management and Budget, and the MSF Chief Compliance Officer to visit the Applicant, and any other location where books and records of the Applicant are normally kept, to inspect the books and records, including financial records and all other information and data relevant to the terms of the grant, all at times and locations mutually agreed upon by the parties.

- **Other provisions.** The grant agreement will include standard representations, covenants, and other provisions required by the MSF, including without limitation, non-discrimination and unfair labor practices, termination of funding, any other requirements of the SSRP Guidelines, as approved by the MSF, and any requirements of the Michigan Strategic Fund Act, including without limitation, cross default, and any other provisions of Section 88t.

Critical Industry Program (“CIP”) Grant Term Sheet

This term sheet (“Term Sheet”) sets forth key terms of a potential grant by the Michigan Strategic Fund (the “MSF”) in favor of Gotion, Inc. (“Company”). The proposed terms and conditions herein will not be construed as binding upon either party until the mutual execution of a written grant agreement. Any obligations that may be deemed to arise under this Term Sheet are contingent on Company obtaining all necessary corporate approvals, and the MEDC obtaining all necessary Michigan Strategic Fund Board and State of Michigan Legislature approvals.

PROJECT SUMMARY

Scope of the Project: The Company intends to create a new battery campus that will produce cathode and anode components for battery cells at the industrial park in Big Rapids Charter Township and Green Township, Mecosta County (the “Project Site”). The Company expects to ramp up over the course of the next seven (7) years resulting in an expected creation of at least 2,350 new jobs and a projected investment of \$2,364,000,000 by December 31, 2030, to build and equip the battery facilities at the Project Site (collectively, the “Project”).

CIP Award Amount: A maximum grant of \$125,000,000 (the “CIP Award” or “Grant”)

Term of the Agreement: Effective Date through September 30, 2032 (the “Term”).

Overall Investment Commitment: Investment by the Company of no less than a total of \$2,364,000,000 in Eligible Expenses for the Project by December 31, 2031 (the “Investment Performance Deadline”), which the Company shall invest at the Project Site (collectively, the “Investment Commitment”).

Overall Jobs Commitment: Creation of a minimum of 2,350 Qualified Jobs (the “Overall Jobs Minimum”) at the Project Site, above a Statewide Base of zero (0) employees (the “Overall Base”), on December 31, 2031, which QJ’s must have been maintained for previous 12 months, (the “Jobs Performance Deadline”) (collectively, the “Overall Jobs Commitment”).

- A “Qualified Job” or “QJ” is defined as a job that the Company creates at the Project Site, on or after August 9, 2022 (date of accepted offer), and is performed by either: (i) a Michigan resident whose state income taxes are withheld by the Company, or by an employee leasing company or professional employer organization on behalf of the qualified business; or (ii) a nonresident who is employed by the Company at the Project Site, as determined and verified by the MSF.

Security Interest: Security interests in favor of the MSF must comply with the requirements of Section 88s(4) of the MSF Act, MCL 125.2088s(4), and notwithstanding anything to contrary, and may include, but is not limited to, real and/or personal property at Project Site, such as a mortgage, right of first offer, reverter rights, equipment, fixture, deposit account control, intangibles, inventory, or other personal property interests. Such security interests will be used to secure repayment of any amounts owed to the MSF under the grant agreement through the end of the Term.

GRANT DISBURSEMENTS

Grant funds will be disbursed for Eligible Expenses (defined below) and in accordance with the requirements set forth below. Requests for reimbursement will be verified by the MEDC Business Compliance of the Legal and Compliance division of the MEDC prior to release of any funds. "Eligible Expenses" means hard costs for site preparation, construction, infrastructure, development, machinery, equipment, tooling, computers, furniture, fixtures, and other such capital expenditures for the Project at the Project Sites beginning on or after the MSF approval. Certain costs, to be more particularly described in the grant agreement, such as administrative costs, debt and lease payments, meals and entertainment expense, are not eligible for reimbursement.

- **Phase One Pre-Disbursement Milestone – Due on or before December 31, 2023**

- Demonstrate verification of an executed Development Agreement between the Company and The Right Place, Inc. (the "Development Agreement");
- Demonstrate verification of an executed Development Agreement between the applicable local unit of government and the Company; and
- Demonstrate the purchase and/or transfer of land to the Company for all necessary parcels at the Project Site.

Failure to meet Phase One Pre-Disbursement Milestone will result in no Grant disbursements and termination of the Grant.

- **Phase One Disbursements – up to \$95,000,000**

- Upon verification that the Company has completed the Phase One Pre-Disbursement Milestone, the Company may request disbursements on a reimbursement basis for 50 percent of Eligible Expenses, incurred at the Project Site and paid by the Company, up to \$95,000,000. The Company shall submit one or more reimbursement requests, at its discretion, but no more frequently than quarterly together with a certification of the Company's compliance with the grant agreement.

- **Phase Two Pre-Disbursement Milestone – Due on or before March 30, 2028**

- Completion of Phase One Pre-Disbursement Milestone
- Investment by the Company of no less than an additional \$1,975,000,000 in Eligible Expenses in connection with the Project
- Creation of 1,500 Qualified Jobs

Failure to meet the Phase Two Pre-Disbursement Milestone may result in termination of the Grant and repayment of all or a portion of Grant funds disbursed under Phases One.

- **Phase Two Disbursements – up to \$30,000,000**

- Upon verification that the Company has completed the Phase Two Pre-Disbursement Milestone, the Company may request disbursements on a reimbursement basis for 50 percent of Eligible Expenses, incurred at the Project Site and paid by the Company, up to \$30,000,000. The Company shall submit one or more reimbursement requests, at its discretion, but no more frequently than quarterly together with a certification of the Company's compliance with the grant agreement.

Failure to meet the Project Completion Milestone will result in repayment of all or a portion of Grant funds disbursed under Phases One and Two.

- **Project Completion Milestone – Due March 30, 2032**
 - o Completion of Phase One Pre-Disbursement Milestone and Phase Two Pre-Disbursement Milestone;
 - o Achievement of the Investment Commitment; and
 - o Achievement of Overall Jobs Commitment.

Failure to meet the Project Completion Milestone will result in repayment of all or a portion of Grant funds disbursed under Phases One and Two.

CLAWBACK PROVISIONS AND REPAYMENT EVENTS

The Company will be required to repay all or a portion of the Grant disbursements made under the CIP Award upon the occurrence of one or more of the following events (each resulting in a “Repayment Amount”), and repayment is subject to the highest applicable Repayment Amount if one or more of the same circumstances give rise to such events. All Repayment Amounts must be paid within 90 days of written notification by the MSF. Any Repayment Amount not paid within 90 days is subject to a penalty of 1% per month, prorated on a daily basis.

- **Failure to Meet Phase Two Pre-Disbursement Milestone** – The Company’s failure to meet the requirements of the Phase Two Pre-Disbursement Milestone will result in termination of the CIP Award and require the Company to repay up to 100% of the Grant funds received by the Company.
- **Failure to Meet Investment Commitment** – The Company’s failure to satisfy the Investment Commitment will result in the Company’s obligations to repay a portion of the Grant funds received by the Company to the MSF, which will be calculated by dividing: (A) the actual amount of demonstrated investment by the Company for the Project by (B) the Investment Commitment (the “Investment Performance Percentage”). Company shall repay the difference between (A) the amount of Grant funds received by the Company and (B) the amount of Grant funds received by the Company multiplied by the Investment Performance Percentage.
- **Failure to Meet Overall Jobs Commitment** – The Company’s failure to satisfy the Overall Jobs Commitment on the Jobs Performance Deadline will result in Company’s obligation to repay to the MSF a portion of the Grant funds received by Company (or the remainder of which following any repayment required by the Investment Deadline). The Repayment Amount shall be calculated by the dividing (A) the Peak Overall Jobs Attained by (B) the Overall Jobs Minimum (the “Jobs Performance Percentage”). Company shall repay the difference between (A) the amount of Grant funds received by the Company and (B) the amount of Grant funds received by the Company multiplied by the Jobs Performance Percentage (the “Eligible CIP Award”). “Peak Overall Jobs Attained” is the peak number of Qualified Jobs above the Overall Base within one year prior to the Performance Requirement Deadline.
- **Sale or Transfer of Land** – The fully executed written agreement will include security interests and repayment language in the event land purchased by or transferred to the Company utilizing the Strategic Site Readiness Grant proceeds as outlined in the Development Agreement is sold or transferred.

- **Mass Relocation** – If the Company transfers to another State more than 50% of the total number of jobs at the Project on or before the end of the Term, it will be required to repay all or a portion of Grant disbursements made under the CIP Award.
- **Project Abandonment** – If the Company abandons Eligible Expense activities or production at the Project at one or more of the Project Sites for a period of one hundred twenty (120) consecutive days after the CIP Award is disbursed and on or before the end of the Term it will be required to repay a proportionate amount of Grant disbursements made under the CIP Award.
- **Company Bankruptcy or Insolvency** – If the Company files for bankruptcy or otherwise becomes insolvent on or before the end of the Term, with any such proceedings against the Company not being set aside within sixty (60) calendar days from the date of institution thereof and results in the material reduction to the Company's operations at the Project, it will be required to repay 100% of grant disbursements made under the CIP Award. The MSF would be entitled to foreclose on any security interest and, in the case of bankruptcy, submit a proof of claim in any such bankruptcy proceedings and seek recovery of the CIP Award.
- **Material Misrepresentation** – If the Company makes any material misrepresentation under the grant agreement, any required submissions thereunder, or any reimbursement request to the MSF on or before the end of the Term, it will be required to repay 100% of Grant disbursements made under the CIP Award.
- **Misuse of Funds** – If the Company uses the CIP Award for a prohibited purpose during the Term it will be required to repay 100% of grant disbursements made under the CIP Award.

Suspension of Disbursements: The MSF may immediately suspend making disbursements of the CIP Award upon the occurrence of: (i) an event resulting in a Repayment Amount, or (ii) an event of default, which shall be defined in the grant agreement, but shall include, without limitation, material noncompliance with the terms of the grant agreement, etc., (iii) default in any other agreement with the State of Michigan or (iv) the occurrence of an event which, with the giving notice or the passage of time, or both, would constitute an event of default.

ADDITIONAL STATE REQUIRED TERMS

- **Amendments** – As required under Section 88s(5) of the MSF Act, MCL 125.2088s(5), the MSF will provide written notice to the Legislature of any requests to modify the fully executed written grant agreement and will otherwise comply with requirements of Section 88s(5) prior to taking any action on such amendment request.
- **Annual Compliance Certificate** – During the Term the Company will be required to sign and submit an Annual Compliance Certificate certifying that the Company is in compliance with the terms and conditions of the grant agreement.
- **Annual Progress Report** – During the Term the Company will be required to submit annual progress reports, which shall include the total number of Qualified Jobs created at the Project, the average annual salary of both the Base Jobs and the new Qualified Jobs, and the total investment into the Project. This information will be transmitted to the Legislature as required under Section 9 of the MSF Act, MCL 125.2009.
- **Access to Records & Audit Rights** – During the Term and for a period of three years after the Term, and upon reasonable advance notice, the Company is required to permit the MSF, MEDC, the Office of the Auditor General, the Department of Technology, Management and Budget, and the MSF Chief Compliance Officer to visit the Company, and any other location where books and records of the Company are normally kept, to inspect the books and records, including financial

September 29, 2022

records and all other information and data relevant to the terms of the Grant, all at times and locations mutually agreed upon by the parties.

- **Other provisions.** The grant agreement will include standard representations, covenants, and other provisions required by the MSF, including without limitation, indemnification, non-discrimination and unfair labor practices, termination of funding, any other requirements of the Critical Industry Program Guidelines, as approved by the MSF, and any requirements of the Michigan Strategic Fund Act, including without limitation, cross default, and any other provisions of Section 88s.

**MICHIGAN STRATEGIC FUND
RESOLUTION 2022-**

**APPROVAL OF MICHIGAN STRATEGIC SITE READINESS PROGRAM
GRANT TO THE RIGHT PLACE, INC.**

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

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

WHEREAS, pursuant to Section 88t of the MSF Act, MCL 125.2088t, the MSF shall create and operate the Michigan strategic site readiness program to provide grants, loans, and other economic assistance for eligible applicants to conduct eligible activities for the purpose of creating investment-ready sites to attract and promote investment in this state for eligible activities on, or related to, strategic sites and mega-strategic sites (the “Strategic Site Readiness Program”);

WHEREAS, the Strategic Site Readiness Program will be funded through the Strategic Outreach and Attraction Reserve (“SOAR”) Fund created by Public Act 137 of 2021, upon transfer of SOAR funds to the MSF;

WHEREAS, on January 11, 2022, the MSF Board created the Strategic Site Readiness Program and approved the guidelines for the implementation and operation of the Strategic Site Readiness Program (the “Strategic Site Readiness Program Guidelines”);

WHEREAS, The Right Place, Inc. (“RPI”) submitted an application on September 29, 2022 seeking a Strategic Site Readiness Program grant in the amount of \$50,000,000 and in accordance with the terms and conditions outlined in the term sheet attached as Exhibit A to this Resolution (the “Grant Request”);

WHEREAS, subject to transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MEDC recommends the MSF approve the Grant Request; and

WHEREAS, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MSF Board wishes to approve the Grant Request.

NOW THEREFORE, BE IT RESOLVED, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MSF Board approves the Grant Request;

BE IT FURTHER RESOLVED, the MSF President and the MSF Financial Officer are authorized to take all actions necessary to request transfer of SOAR funds to the MSF to fund the Grant Request; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 5, 2022

**MICHIGAN STRATEGIC FUND
RESOLUTION 2022-**

**APPROVAL OF THE
CRITICAL INDUSTRY PROGRAM GRANT TO
GOTION, INC.**

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

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

WHEREAS, pursuant to Section 88s of the MSF Act, MCL 125.2088s, the MSF shall create and operate the critical industry program to provide qualified investments to qualified businesses for deal-closing, gap financing, or other economic assistance to create or retain qualified jobs as a result of a technological shift in product or production or make capital investments (the “Critical Industry Program”);

WHEREAS, the Critical Industry Program will be funded through the Strategic Outreach and Attraction Reserve (“SOAR”) Fund created by Public Act 137 of 2021, upon transfer of SOAR funds to the MSF;

WHEREAS, on January 11, 2022, the MSF Board created the Critical Industry Program and approved the guidelines for the implementation and operation of the Critical Industry Program;

WHEREAS, Gotion, Inc. (the “Company”) submitted an application on September 29, 2022 seeking a Critical Industry Program grant in the amount of \$125,000,000, to support capital investment of \$2,364,000,000 and a minimum of 2,350 Qualified Jobs in the Big Rapids Township and Green Township, Mecosta County, Michigan in accordance with the terms and conditions outlined in the term sheet attached as Exhibit A to this Resolution (the “Grant Request”);

WHEREAS, the MEDC recommends the MSF approve the Grant Request, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request;

WHEREAS, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MSF wishes to approve the Grant Request.

NOW THEREFORE, BE IT RESOLVED, subject to the transfer of SOAR funds to the MSF necessary to fund the Grant Request, the MSF Board approves the Grant Request;

BE IT FURTHER RESOLVED, the MSF President and the MSF Financial Officer are authorized to take all actions necessary to request transfer of SOAR funds to the MSF to fund the Grant Request; and

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

Ayes:

Nays:

Recused:

Lansing, Michigan
October 5, 2022

**MICHIGAN STRATEGIC FUND
RESOLUTION
2022-**

**MICHIGAN STRATEGIC FUND DESIGNATED RENAISSANCE ZONE:
GOTION, INC.**

WHEREAS, Section 8a(2) of the Michigan Renaissance Zone Act (the “Act”), 1996 PA 376, as amended, authorizes the Michigan Strategic Fund (the “MSF”) to designate up to twenty seven (27) renaissance zones (an “MSF-Designated Renaissance Zone”) at the application of a qualified local governmental unit and with the consent of the city, village, or township within which the boundaries of the MSF-Designated Renaissance Zone reside;

WHEREAS, the MSF has designated twenty-three (23) of the twenty-seven (27) MSF-Designated Renaissance Zones available under the Act;

WHEREAS, on June 28, 2016, via MSF Resolution 2016-091, the MSF adopted guidelines for MSF-Designated Renaissance Zones (the “Guidelines”), which require, among other things, that the term of any MSF-Designated Renaissance Zone be limited to a maximum of fifteen (15) years (the “Term Limit”);

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

WHEREAS, the MEDC received an application from Mecosta County (the “Application”) for a thirty (30) year MSF-Designated Renaissance Zone for Gotion, Inc. (the “Company”) under Section 8a(2) of the Act for a total of nineteen parcels totaling 523.38 acres in Mecosta County, including eight parcels totaling 115.33 acres in Big Rapids Charter Township and eleven parcels totaling 408.05 acres in Green Charter Township (the “Property”);

WHEREAS, the Company is requesting approval to make a payment in lieu of taxes to Big Rapids Charter Township, Green Charter Township, or Mecosta County, or any combination thereof, for reimbursement of the real property taxes abated by the renaissance zone designation for their respective jurisdictions (the “PILOT”);

WHEREAS, the MEDC recommends that the MSF Board 1) waive the Time Limit; 2) approve the Application for designation of an MSF-Designated Renaissance Zone for the Company for a period of thirty (30) years at the Property, to begin on December 31, 2022 for property tax purposes and January 1, 2023 for all other purposes; and 3) approve the PILOT (collectively, the “Renaissance Zone Recommendation”).

NOW, THEREFORE, BE IT RESOLVED, that the MSF Board approves the Renaissance Zone Recommendation; and

BE IT FURTHER RESOLVED, that the MSF Board authorizes the Fund Manager to negotiate the final terms and conditions of and to execute all documents necessary to effectuate the Renaissance Zone Recommendation, consistent with the terms of this Resolution.

Ayes:

Nays:

Recused:

Lansing, Michigan

October 5, 2022