

Detroit's Best in **Banking and Finance**

Capital for All

Grow Michigan II, LLC brings a wealth of knowledge and funding to Michigan-owned businesses seeking financial support and valuable advice.



FROM LEFT TO RIGHT: Patrick O'Keefe, CEO; Kenneth Kelly, Executive Chairperson; Russell Long, COO; and Derron Sanders, Board Member and Strategic Advisor.

Established in 2021, Grow Michigan II, LLC closes the economic divide for all by offering mezzanine growth capital to regional entrepreneurs lacking the necessary funds to grow their businesses. Since then, “the organization has provided vital funding to emerging and midmarket entrepreneurs who were previously unable to obtain financing from local, regional, and national institutions,” says Patrick O’Keefe, CEO.

Grow Michigan, Grow Michigan II’s predecessor, made 33 investments aggregating \$61.7 million, which created over 3,200 Michigan jobs. Since the program’s inception, its capital has leveraged \$320 million in senior debt at 5.5:1 and served as a means to obtain CRA credits while providing a mezzanine solution to lower middle-market companies that is virtually unavailable elsewhere. Grow Michigan II has approximately \$27 million to lend to all Michigan-based companies or their subsidiaries in the manufacturing, distribution, transportation, life sciences, and enabling technology sectors earning between \$3 million and \$50 million in revenue. The program can lend between \$250,000 and \$2.7 million to qualified borrowers with flexible payments and five-year maturities.

“If a business requires \$100 for a new employee or production line, they can secure \$80 through bank loans, \$15 through

equity, and the remaining \$5 through the fund’s assistance,” explains Kenneth Kelly, Executive Chairperson of Grow Michigan II and Chairman and CEO of First Independence Bank. When applying, businesses are encouraged to tell a clear story, such as overcoming challenges like those posed by the COVID-19 pandemic while exhibiting a clear direction for the future.

“The program aims not to set a ceiling but rather a floor for minority-owned businesses, with Michigan banks investing 50% of total fund dollars,” continues Derron Sanders, a Grow Michigan II Board Member and Strategic Advisor who enjoys aiding those lacking access to capital and advisories. “If applicants aren’t accepted upon their first debt funding attempt, but the advisory board perceives long-term potential, we urge them to further their goals and reapply.”

Bridging the Economic Gap

Supporting the cause are prominent program supporters, including the Michigan Strategic Fund, the Michigan Economic Development Corporation, and various private and public partnerships promoting inclusivity. Besides supplying funding and guidance, Grow Michigan II has also assembled a seasoned advisory board that has weathered multiple economic downturns. “Entrepreneurs benefit immensely from the program’s advice while

senior lenders profit from Community Reinvestment Act credits and a potentially lucrative investment return based on the average invested capital at fair market value,” says O’Keefe. “We are filling the gap by leveraging investments ownership to meet their growth goals.”

Although there is some risk, loan recipients have a strong business plan, compelling narrative, and clear growth strategy, even if hard assets may not suffice to support their credit. Funded during the first round of the program, a circuit board assembler catering to the medical and hospitality industries started with \$35 million in revenue annually and experienced a 300% growth in just two years with the help of Grow Michigan.

Ultimately, the organization is committed to the state of Michigan, and according to Sanders, “A preliminary conversation is an effective investment, since entering the Grow Michigan II network offers access to valuable resources, including senior debt lending sources.”



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