

MICHIGAN COMMUNITY REVITALIZATION PROGRAM PROCESS OVERVIEW

Background: On December 21, 2011, the Michigan Strategic Fund (MSF) Board approved the Michigan Community Revitalization Program (MCRP) and guidelines. The MCRP Guidelines were amended by the MSF Board on September 22, 2015, by Resolution 2015-140. The MCRP is a 21st Century Jobs program, created under Section 90b of the MSF Act and is designed to provide community revitalization incentives for eligible investments on eligible property in this State.

The process below is a high level overview of a possible incentive from identification through execution and performance of a final agreement, and does not necessarily mean that a project will continue through each stage.

Project Identification and Initial Review Stage:

- Local partners, consultants, developers, or companies contact the MEDC Community Assistance Team to discuss project
- MEDC Staff scope the project along with local partners to determine specifics for State approved incentives using guidelines.
- Intake evaluation information is completed and provided by development team to MEDC Program staff.
- Content and financial review of project is conducted by MEDC Program staff to determine whether the applicants has financial capacity to undertake project, and validate funding need.
- A recommendation or denial of support is made to MEDC leadership for next steps.
- If support is warranted, a letter of interest outlining details of possible incentive is sent by MEDC Staff to the applicant.
- Letter of interest is to be executed by applicant and returned to MEDC Program staff.

Project Application Stage:

- MEDC Staff conducts a conference call or meeting with applicant to introduce MEDC Program staff and to discuss expectations on timing and documentation requirements.
- The applicant gathers and submits a MCRP application package
- MEDC Program staff reviews submitted application package for adherence to guidelines, economic development benefit to the State, and support from local community.
- MEDC Legal staff conducts any required civil and criminal background checks in coordination with the Chief Compliance Officer.
- Any application fees are due prior to MSF consideration.

MSF Board Preparation and Approval Stage:

- The term sheet outlining business terms of a proposed incentive, including milestones and amount of incentive that MEDC Program staff intends to recommend to the MSF Board or its authorized delegates for approval, is drafted ("Incentive Terms").
- The Incentive Terms are sent to applicant for review and acknowledgment.
- MEDC Program staff ensures applicant submits all legal due diligence materials as may be required by the MSF and/or MEDC Legal staff.

- MEDC Program staff prepares a Briefing Memo with description of project and Incentive Terms and recommendation to the MSF Board or its authorized delegates for approval in accordance with the following thresholds:
 - Delegates of MSF Board if proposed incentive amount is \$1,000,000 or less
 - MSF Board if proposed incentive amount is more than \$1,000,000
- If proposed incentive amount is over \$1,000,000:
 - Proposed MSF Resolution is drafted
 - Briefing Memo and proposed MSF Resolution are submitted to the appropriate individuals, including the Office of the Attorney General, the Chief Compliance Officer, and MEDC Legal staff for review.
 - Briefing Memo and proposed Resolution are presented to the MSF Board for consideration and action.
- If proposed amount of incentive is \$1,000,000 or under:
 - Briefing Memo is presented by MEDC Program staff to the MSF delegates for consideration and action.

Preparation and Execution of Agreement Stage:

- MEDC Legal staff reviews applicant's submitted legal due diligence materials.
- MEDC Legal staff prepares final agreement.
- Agreement is processed for signatures by MEDC Legal staff.

Compliance and Disbursement Stage:

- MEDC Compliance staff reviews milestone information and requests for disbursement to determine milestone completion against requirements in the Agreement and documents findings.
- MEDC Compliance staff sends request to MEDC Finance staff for disbursement of funds.
- MEDC Finance staff processes disbursement request.
- This process is repeated for each milestone due under the agreement.
- MEDC Compliance staff monitors compliance with periodic reporting and any other requirements of the agreement.
- Additional audit and verification, including site visits, may be conducted to ensure ongoing compliance with the agreement.

Reporting

- The MEDC prepares and submits an annual legislative report beginning due April 10 of each year. The legislative report includes program activities and metrics as required by the MSF Act for the immediately preceding fiscal year ending on September 30.
- The MEDC posts on a monthly basis a list of projects approved by the MSF Board or its authorized delegates.