MEMORANDUM

DATE:    April 22, 2020

TO:      The Honorable Jim Stamas, Chair
          Senate Appropriations Committee
          The Honorable Shane Hernandez, Chair
          House Appropriations Committee

          The Honorable Curtis Hertel, Jr.
          Minority Vice Chair
          Senate Appropriations Committee
          The Honorable Jon Hoadley
          Minority Vice Chair
          House Appropriations Committee

          The Honorable Roger Victory, Chair
          Senate Appropriations Subcommittee on
          General Government
          The Honorable Mark Huizenga, Chair
          House Appropriations Subcommittee on
          General Government

          The Honorable Ken Horn, Chair
          Senate Appropriations Subcommittee on
          Labor and Economic Opportunity/MEDC
          The Honorable Terry Sabo
          Minority Vice Chair
          House Appropriations Subcommittee on
          General Government

FROM:    Mark Burton, President
          Michigan Strategic Fund

SUBJECT: FY 2020 Business Attraction and Community Revitalization
          Section 1042 Second Quarter Report

Section 1042 of Public Act 56 of 2019, the General Government Budget, requires the Michigan Strategic Fund to report quarterly on the amount of funds for Business Attraction and Community Revitalization considered appropriated, pre-encumbered, encumbered and expended. Pursuant to this requirement, attached is the FY 2020 second quarter report.

If you have any questions, please contact our Office of Government Relations at 517.335.1847.

Attachment

cc:      Chris Kolb, State Budget Director
         Chris Harkins, Director, Senate Fiscal Agency
         Mary Ann Cleary, Director, House Fiscal Agency
Michigan Strategic Fund
Section 1042 Report
Fiscal Year 2020 Second Quarter Report
January 1, 2020 – March 31, 2020

Section 1042 of the General Government Budget, Public Act 56 of 2019, requires the Michigan Strategic Fund (MSF) to report quarterly on the amount of funds for Business Attraction and Community Revitalization considered appropriated, pre-encumbered, encumbered and expended, including all previous appropriations for Business Attraction and Community Revitalization, or a predecessor, that were considered appropriated, pre-encumbered or expended.

Funds are pre-encumbered when the MSF enters into negotiations with a company regarding an incentive. This category also includes those instances where offer letters have been issued or the MSF has approved an incentive but has not yet executed an agreement. Funds are encumbered after a formal written agreement between the MSF and a company has been fully executed. Funds are expended when the MSF determines that a company has met all requirements of a project, as set forth in the formal written agreement, and funds have been disbursed.

For fiscal year 2020, the MSF was appropriated a total of $79,379,900 for Business Attraction and Community Revitalization. The amounts that have been pre-encumbered, encumbered and expended as of March 31, 2020, including previous appropriations, are detailed in the following table.

Section 1042 also requires a list of appropriations for Business Attraction and Community Revitalization appropriated, pre-encumbered, encumbered or expended that have lapsed back to the MSF for any purpose. To date, no funds have lapsed back.
Michigan Strategic Fund
Business Attraction and Community Revitalization through 3/31/2020

<table>
<thead>
<tr>
<th></th>
<th>Authorization</th>
<th>Expenditures</th>
<th>Encumbrances</th>
<th>Pre-Encumbrances</th>
<th>Lapsed</th>
<th>Remaining Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closed Appropriations*</td>
<td>$ 447,800,000.00</td>
<td>$ 447,800,000.00</td>
<td>-</td>
<td>$ -</td>
<td>-</td>
<td>$ -</td>
</tr>
<tr>
<td>Open Appropriations**</td>
<td>$ 549,759,700.00</td>
<td>$ 247,413,529.00</td>
<td>$ 189,596,429.00</td>
<td>$ 67,503,334.00</td>
<td>-</td>
<td>$ 45,246,408.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 997,559,700.00</td>
<td>$ 695,213,529.00</td>
<td>$ 189,596,429.00</td>
<td>$ 67,503,334.00</td>
<td>-</td>
<td>$ 45,246,408.00</td>
</tr>
</tbody>
</table>

* Appropriation years 2012 through 2015
** Appropriation years 2016 through 2020