

MICHIGAN BUSINESS DEVELOPMENT PROGRAM GUIDELINES

IN GENERAL

1. The program may provide support in the form of a grant, loan, other economic assistance, or any combination, to a qualified business that makes qualified investment(s), creates qualified new jobs, or a combination of both, to a project in Michigan (MSF support), with a preference given to businesses that need additional assistance for deal-closing and for second stage company gap financing.
2. MSF support in the form of a grant shall be performance based, with preference given to qualified businesses seeking to locate or expand in Michigan rather than in another state which is competing to locate or expand the qualified business within its state. Grants shall include flexible terms and conditions, and shall include provisions requiring grant funds to be paid back under circumstances required by the MSF.
3. MSF Support in the form of a loan shall also be performance based, with preference given to qualified businesses needing assistance to expand in Michigan. Loans may include flexible terms and conditions, all of which must be acceptable to the MSF, including without limitation, below market interest rates, extended grace and repayment provisions, forgivable terms and no security, or some security (which also may be subordinated). Loans shall also include provisions requiring loan funds not otherwise due the MSF to be paid back under circumstances required by the MSF.
4. MSF support in the form of economic assistance (other than loans or grants) may include MSF participation (or other support vehicles) to enhance the making of loans by other lenders.
5. When considering a project for MSF support, consideration may include the following and any other considerations satisfactory to the MSF:
 - MSF support shall not include support for any retail projects;
 - MSF support shall not include support for any retention projects;
 - Out-of-state competition;
 - Net-positive return to Michigan;
 - Level of investment made by business;
 - Shovel-ready projects with funding support;
 - Business diversification;
 - Re-use of existing facilities;
 - Near-terms job creation;
 - Level of wages for new jobs;
 - Employer provided benefits;
 - Strong links to Michigan suppliers; and
 - Whether the project is in a distressed or targeted community.
6. The municipality in which the project is located must make a staff, financial or economic commitment to the project, in each case on terms acceptable to the MSF, and the project must otherwise be a project the MSF desires to support under the program.
7. MSF support for any project shall not exceed \$10,000,000.
8. The MEDC shall provide administrative services to the MSF for the program, including conducting due diligence and compliance processes, and coordinating pre-closing background checks as may be required by the chief compliance officer.
9. The program may require applicants to pay reasonable application fees, and any other expenses incurred in administering the program, to the MEDC.
10. All MSF support shall be memorialized by final written grant, loan or other economic assistance agreements, with terms and conditions in accordance with these guidelines and otherwise satisfactory to the MSF, including without limitation, requiring performance based milestones which shall govern disbursements; and requiring periodic reporting of data, financial information, and any other information required to facilitate reporting to the MSF board and the Michigan legislature, including periodic reporting after completion of a project.
11. All decisions for MSF support, including any exceptions to these guidelines, are subject to approval of the full MSF board, however (except as to any exceptions to these guidelines), all decisions for MSF support in an amount of \$1,000,000 or less may be authorized by the following delegates of the MSF board: the MSF chairperson together with either the MSF state treasurer director or the MSF fund manager. A summary of the MSF support authorized by the delegates shall be reported to the MSF board on a quarterly basis.

QUALIFIED BUSINESS

A qualified business means a business that demonstrates to the MSF that it is physically located in, will physically locate to, physically operates in, or will physically operate in, Michigan; and

1. Which submits a completed application to the MSF for MSF support; and
2. Which provides a business plan to the MSF or demonstrates the need for the MSF support; and
3. Which demonstrates to the MSF that it is a financially viable business; and
4. All of the above must be completed to the satisfaction of the MSF.

QUALIFIED INVESTMENT

A qualified investment means an investment to a project in Michigan, and the investment, and its terms and conditions, must be acceptable to the MSF.

QUALIFIED NEW JOB

A qualified new job means a job performed for the qualified business for consideration by an individual who is a resident of Michigan, and whose Michigan income taxes are withheld by an employer (or an employee leasing company or a professional employer organization on behalf of the employer); and

1. To count as a qualified new job, the qualified new job must be in excess of the number of jobs maintained by the qualified business in Michigan prior to the proposed project, as determined by, and acceptable to the MSF; and
2. The MSF may also consider full time equivalent or hours worked as a method to count a job as a qualified new job, and may impose other terms and conditions, including without limitation that the qualified new job may not count if it includes a job transferred from any qualified business facility in Michigan to another qualified business facility located, or to be located, in Michigan.

MINIMUM NUMBER OF QUALIFIED NEW JOBS

(including in rural counties or high technology activity projects)

If the qualified business is seeking to qualify for MSF support on the basis of creation of qualified new jobs: (a) in the event the project is located in a rural county, or is a high technology activity project, the creation of a minimum of 25 qualified new jobs shall be required, otherwise; (b) the creation of a minimum of 50 qualified new jobs shall be required. A rural county is a Michigan county with a population of 90,000 or less based on the 2010 census. High technology activity as defined in Section 3(1) of the Michigan Economic Growth Authority Act, 1995 PA 24, MCL 207.803(1), as may be amended from time to time.

Guidelines approved by MSF board on December 21, 2011.