



MICHIGAN STRATEGIC FUND

MEMORANDUM

DATE: October 31, 2018

TO: The Honorable Dave Hildenbrand, Chair Senate Appropriations Committee The Honorable Laura Cox, Chair House Appropriations Committee

The Honorable Jim Stamas, Chair Senate Appropriations Subcommittee on General Government The Honorable Rob VerHeulen, Chair House Appropriations Subcommittee on General Government

FROM: Jeff Mason, President
Michigan Strategic Fund

SUBJECT: Fiscal Year 2018 Business Attraction and Community Revitalization
Section 1042 Quarterly Report

Section 1042 of Public Act 107 of 2017, the General Government Omnibus 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 fiscal year 2018 fourth quarter report.

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

Attachment

cc: John Walsh, State Budget Director
Ellen Jeffries, Director, Senate Fiscal Agency
Mary Ann Cleary, Director, House Fiscal Agency



**Michigan Strategic Fund
Section 1042 Report
Fiscal Year 2018 Fourth Quarter Report
July 1, 2018 – September 30, 2018**

Section 1042 of the General Government Omnibus Budget, Public Act 107 of 2017, 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 commitment 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.

In fiscal year 2018, the MSF was appropriated a total of \$115,500,000 for Business Attraction and Community Revitalization. The amounts that have been pre-encumbered, encumbered and expended as of September 30, 2018, including previous appropriations, are detailed in the following table.

Section 1042 also requires a list of appropriations for the Business Attraction and Community Revitalization that were considered appropriated, pre-encumbered, encumbered or expended that have lapsed back to the MSF for any purpose. To date, no funds have lapsed back.

Business Attraction and Community Revitalization through 9/30/18

| | Authorization | Expenditures | Encumbrances | PreEncumbrances | Lapsed | Remaining Balance |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---------------|--------------------------|
| Closed Appropriations* | \$200,000,000.00 | \$200,000,000.00 | - | - | - | - |
| Open Appropriations** | \$592,799,900.00 | \$258,323,836.74 | \$195,732,775.08 | \$124,541,720.00 | - | \$14,201,568.18 |
| | \$792,799,900.00 | \$458,323,836.74 | \$195,732,775.08 | \$124,541,720.00 | - | \$14,201,568.18 |

**Appropriation years 2013 and 2014*

***Appropriation years 2014 through 2018*