

MICHIGAN BUSINESS DEVELOPMENT PROGRAM PROCESS OVERVIEW

Background: On December 21, 2011, the Michigan Strategic Fund (MSF) Board approved the Michigan Business Development Program (MBDP) and guidelines. The MBDP is a 21st Century Jobs program, created under Section 88r of the MSF Act, designed to provide grants, loans or other economic assistance to businesses for highly competitive projects in Michigan that create jobs or provide investment.

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, or companies contact the local economic development agency, MEDC Business staff to discuss project.
- MEDC Business staff or local economic development agency identify the need for state approved incentives using guidelines based on information submitted by company, consultant, or local partner.
- Initial review of company background is conducted by MEDC Business staff to determine whether company has financial capability to undertake project, and any other relevant information.
- Financial, staffing, or economic support from local community is determined by MEDC Business staff.
- MEDC Business staff, with input from local economic development partner, determines level of state incentives to be offered.
- If necessary, commitment letter outlining details of possible incentive is sent by MEDC business staff to applicant.

Project Application Stage:

- MEDC Business staff requests completion of appropriate application package by applicant.
- MEDC Business staff reviews submitted application package.
- Project is vetted by MEDC Business staff for adherence to guidelines, economic development benefit to state, support from local community, and whether company is in good standing with other agencies.
- MEDC Legal staff conducts any required civil and criminal background checks in coordination with the Chief Compliance Officer.

MSF Board Preparation and Approval Stage:

- The term sheet outlining business terms of a proposed incentive, including milestones and amount of incentive that MEDC Business staff intends to recommend to the MSF or its authorized delegated for approval, is drafted (“Incentive Business Terms”).
- The term sheet is sent to applicant for review and acknowledgment.
- MEDC Business staff prepares a Briefing Memo with description of project and Incentive Business 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 by MEDC Business staff.
 - 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 Business 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:

- Upon completion of a milestone as set forth in the agreement, applicant submits request for disbursement to MEDC Compliance staff.
- MEDC Compliance staff reviews request 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 business staff monitors compliance with periodic reporting and any other requirements of the Agreement
- Additional audit and verification, including site visits, may be conducted by MEDC Compliance staff 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.