

MICHIGAN BUSINESS DEVELOPMENT PROGRAM

OVERVIEW

The Michigan Business Development Program is a new incentive program available from the Michigan Strategic Fund (MSF), in cooperation with the Michigan Economic Development Corporation (MEDC). The program is designed to provide grants, loans or other economic assistance to businesses for highly competitive projects in Michigan that create jobs and/or provide investment.

ELIGIBILITY

The Michigan Business Development Program (MBDP) is available to eligible businesses that create qualified new jobs and/or make qualified new investment in Michigan. The qualified new jobs must be held by Michigan residents and be in addition to those maintained in Michigan prior to the project. Eligible investment includes investment made by the business in Michigan in support of the project and approved by the MSF. Preference may be given to businesses in need of additional assistance for deal-closing and second stage company gap financing.

Any business seeking to qualify for MSF support on the basis of job creation must create a minimum of 50 qualified new jobs. If a project is in a rural county (a county with a population of 90,000 or less) or qualifies as a high-technology activity, in which case the business must create a minimum of 25 qualified new jobs. High-technology activities are defined in the Michigan Economic Growth Authority Act, Public Act 24 of 1995, although it does not include tool and die unless the eligible business meets a different high-technology definition.

PROGRAM PROVISIONS AND GUIDELINES

MSF support in the form of a grant will be performance based, with preference given to eligible businesses seeking to locate or expand in Michigan rather than in another state. Grants will include flexible terms and conditions, and will include repayment provisions under circumstances approved by the MSF.

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, including below market interest rates, extended grace and repayment provisions, forgivable terms and flexible security requirements. Loans will also include provisions requiring repayment of loan funds under circumstances approved by the MSF.

A commitment of staff, financial, or economic support by the local municipality is required for all projects.

The MSF may consider the following factors when considering a project for MSF Support:

- Out-of-state competition
- Net-positive return to Michigan
- Level of eligible investment in the project
- Near-term projects with identified financial support
- Business diversification
- Re-use of existing facilities
- Near-term job creation
- Level of wages for new jobs
- Employer provided benefits
- Strong links to Michigan suppliers
- Whether the project is in a distressed or targeted community

The MSF will not provide support under this program for retail or retention projects. MSF support for any project may not exceed \$10,000,000.

FEES

For incentive assistance using loans – reasonable closing fees will apply and be determined on a project by project basis.

PROCESS

All projects are subject to an application and due diligence process conducted by the MEDC. Projects that receive MEDC support will require MSF approval and an agreement between the MSF and the qualified business.

Note: The following steps are offered as general guidelines to provide guidance on the typical approval process.

- Application
- Due diligence
- MSF approval
- Agreement between the MSF and Qualified Business
- Milestones and disbursements
- Reporting and compliance

To receive consideration for funding under the Michigan Business Development Program, initial contact should be made with your Local Economic Development Office or the MEDC Business Development Manager assigned to your territory. You may also contact the MEDC Customer Assistance Center at 517.373.9808 or visit our website at www.michiganadvantage.org.