

CRITICAL INDUSTRY PROGRAM GUIDELINES

Program Overview

The Critical Industry Program (CIP) provides Qualified Investments to Qualified Businesses for deal-closing, gap financing, or other economic assistance to create or retain Qualified Jobs as a result of a technological shift in product or production or make capital investments, or both, in Michigan as determined by the MSF Board. Administered by the Michigan Economic Development Corporation (MEDC) on behalf of the Michigan Strategic Fund (MSF), this tool provides access to grants, loans, or other economic assistance.

Applicant/Qualified Business

An applicant for a CIP award must be a Qualified Business. A Qualified Business means a business that is located in or operates in Michigan or will locate or will operate in Michigan. A Qualified Business may include more than one business as determined by the MSF Board.

Qualified Investment

A Qualified Investment means a grant, loan, or other economic assistance for a project in Michigan subject to a written agreement between the MSF and a Qualified Business under the CIP, including for one or more of the following:

- Creation or retention of Qualified Jobs as a result of a technological shift in product or production;
- Infrastructure improvements;
- Other capital investments;
- The purchase or acquisition of heavy machinery;
- Job training opportunities, or workforce development and education, or both;
- Other assistance, including but not limited to, an agreement providing for assistance through the Transportation Economic Development Fund (TEDF), created under MCL 247.902.

Qualified Job

Qualified Job” means a job performed by an individual who is a resident of this state whose Michigan income taxes are withheld by an employer, or an employee leasing company or professional employer organization on behalf of the employer, or by an individual who is not a resident of this state and is employed by a business at a project location that is located in this state, as determined and verified by the MSF.

Application for CIP award

The CIP shall have an application, approval, and compliance processes in a form and manner determined by the MSF, and which shall be published and available on the MSF website.

Criteria for Consideration of a CIP award

To the extent reasonably applicable as reasonably determined by the MSF Board to the type of project proposed, the MSF shall consider and document at least all of the following criteria before entering into a written agreement for a Qualified Investment:

- The importance of the project to the community where it is located;
- If the project will act as a catalyst for additional revitalization of the community where it is located and in Michigan;
- The amount of local financial and community support for the project;
- The applicant’s financial need for a Qualified Investment from the CIP;
- The extent of reuse of vacant buildings, public or private, reuse of historic resources, and redevelopment of blighted property;

- The creation or retention of Qualified Jobs as a result of a technological shift in product or production at the project location and within this state;
- The level of other public funds, including but not limited to, the appropriation of federal or Michigan funds and any federal or Michigan tax credits;
- The level of any private funds, investments, or contributions into the project, including but not limited to, the Qualified Business's own investments in the project;
- Whether and how the project is financially and economically sound;
- Whether and how the project promotes sustainable development;
- Whether and how the project involves the rehabilitation of a historic resource;
- Whether and how the project addresses areawide redevelopment and its overall economic benefit to the existing supply chain;
- The extent and level of environmental contamination;
- Whether and how the project will compete with or affect existing Michigan businesses within the same industry;
- Whether and how the project's proximity to rail and utility will impact performance of the project and maximize energy and logistics needs in Michigan and in the community where the project is located and in Michigan;
- The risk of obsolescence of the project, products, and investments in the future;
- The overall return on investment to Michigan;
- How the project addresses food supply challenges; and
- Any other criteria approved by the MSF Board that are specific to each individual project, and consistent with the purpose of the CIP.

If the MSF Board seeks to make a determination as to whether an approved CIP Qualified Investment represents a fair exchange of value for value, the MSF may consider the total value to Michigan of the Qualified Investment and the best interests of Michigan, including without limitation, any positive economic impact to Michigan likely to be generated by the Qualified Business pursuant to the written agreement for a Qualified Investment, especially economic impact resulting in the location of a high-economic-impact business facility in Michigan, increased capital investment in this state, and the creation or retention of Qualified Jobs as a result of a technological shift in product or production in this state.

Written Agreements

All MSF support is subject to available funding, completion of due diligence the results of which are satisfactory to the MEDC, and shall be memorialized by a final written agreement, with terms and conditions relating to the Qualified Investment as determined by the MSF Board, in accordance with state law, these guidelines and otherwise satisfactory to the MSF, including, without limitation:

- Specific time frames and benchmarks to be met before the Qualified Business receives a disbursement from the CIP in installments; provided that disbursements are not permitted to a Qualified Business that has not fully repaid all money subject to clawback required to be repaid under a specific repayment provision in a written agreement under the CIP or if the Qualified Business is in default on any grant, loan, investment, or other economic assistance made or guaranteed by Michigan;
- Specific terms relating to the required creation or retention of Qualified Jobs as a result of a technological shift in product or production at the project location and within Michigan, including measurable outcomes, proration of payments for partial performance, clawback and specific repayment provisions for breach of the agreement, or for failure to meet measurable outcomes;
- Specific penalties for noncompliance with the written agreement as determined by the MSF;
- A provision that all money that is subject to a clawback or required to be repaid under a specific repayment provision must be paid within 90 days of notification by the MSF; Any amounts not paid within 90 days are subject to a penalty of 1% per month, prorated on a daily basis;

- A provision that Michigan shall have a security interest as defined in section 1201(2)(ii) of the uniform commercial code, 1962 PA 174, MCL 440.1201, to the extent of the Qualified Investment. This provision does not apply if it conflicts with any contractual obligation of the Qualified Business or any federal or state bankruptcy or insolvency laws.
- A provision that the Qualified Business will provide the data described in the written agreement that is necessary for the MSF to report to the legislature as required under CIP;
- A provision that the business may enter into direct agreements with workforce training providers, as determined by the MSF to meet the workforce requirements of a Qualified Investment; and
- Other periodic reporting of data, and any other information required to facilitate reporting to the MSF and the Michigan legislature, including periodic reporting after completion of a project.