



## MEMORANDUM

**TO:** Michigan Strategic Fund (“MSF”) Board Members

**FROM:** Joshua Hundt, Senior Regional Project Manager

**DATE:** May 23, 2012

**SUBJECT:** Approval of Michigan Business Development Request for \$1,600,000  
Performance-based Grant to:

Access Business Group LLC  
7575 Fulton Street East  
Ada, Michigan 49355  
[www.accessbusinessgroup.com](http://www.accessbusinessgroup.com)

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### **MBDP PROGRAM AND ITS GUIDELINES**

On December 21, 2011, the MSF Board approved the Michigan Business Development Program (“MBDP”) and its guidelines. The primary intended objective of the MBDP is to provide incentives to businesses that create qualified jobs, make qualified investments, or a combination of both, in Michigan.

### **SOURCE OF INFORMATION**

It is the role of the Project Management staff (“MEDC Staff”) to review for eligibility, completeness, and adherence to MBDP guidelines, the information provided by the applicant and to manage the MSF’s investment. Explanatory and background information is supplied in summary form to provide context for the request and is drawn exclusively from materials submitted by the applicant, and, as applicable, from other relevant third party sources utilized by MEDC staff.

### **HISTORY OF THE APPLICANT**

Access Business Group LLC (“Access Business Group” or “Applicant”) is the supply chain entity for Alticor and its affiliated companies, including Amway Corp, a large multi-level marketing company.

Access Business Group was formed in 2001 to focus on providing and executing global supply chain for the family of companies to distribute finished products throughout the world.

Access Business Group currently has 1,631 employees in Michigan.

The Applicant has not received any incentives from the MSF previously.

Michigan Economic Development Corporation

## **PROJECT DESCRIPTION**

The Applicant plans to open a new operation in Michigan, make investments and create jobs related to the manufacture of nutritional products in the Township of Ada. The operation is planned to produce compressed tablets, hard shell tablets, and softgel capsules. Approximately 75% to 80% of the volume will be exported to foreign markets.

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that is located and operates in Michigan.
- b) The project will be located in Ada Township. Ada Township has offered a “staff, financial, or economic commitment to the project” in the form of property tax abatement under PA 198 of 1974 for twelve years. The estimated value of this abatement is \$6.18 million.
- c) The Applicant has demonstrated a need for the funding based on competitive economic development packages from several competing states. The main competition for this project was Georgia and South Carolina.
- d) The Applicant plans to create 180 Qualified New Jobs above a statewide base employment level of 1,631.
- e) The project meets the program guidelines as follows: This project is a shovel ready project with support from the MSF. The company plans to begin preliminary engineering in the summer of 2012 and construction prior to the end of 2012. This project involves significant out-of-state competition from at least eleven other states, including Georgia and South Carolina. Additionally, this project results in a positive return on investment for the State of Michigan.

## **INCENTIVE OPPORTUNITY**

This project involves the creation of 180 Qualified New Jobs, though the Applicant anticipates this opportunity can create up to 200 jobs, and a capital investment of up to \$80.95 million in the Township of Ada. The requested incentive amount from the MSF is \$1,600,000 in the form of a performance-based grant. Please see below for more information on the recommended action.

## **RECOMMENDATIONS**

MEDC Staff recommends (the following, collectively, “Recommendation”):

- a) Approval of the MBDP Proposal as outlined in the term sheet attached to the proposed Resolution (collectively, “MBDP Proposal”);
- b) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing (“Available Funding”), satisfactory completion of due diligence, (collectively, “Due Diligence”), finalization of all MBDP transaction documents, and further subject to the following terms and conditions:
  - a. Commitment will remain valid for 90 days with approval for MSF Fund Manager to extend the commitment an additional 30 days.

The MSF Incentives Subcommittee has indicated its support of the recommendation.