



MEMORANDUM

TO: Delegates of the Michigan Strategic Fund ("MSF") Board for the Michigan Business Development Program

FROM: Marcia Gebarowski, Regional Project Manager

DATE: April 30, 2012

SUBJECT: Approval of Michigan Business Development Request for \$875,000 Performance-based Grant to:

HCL America, Inc.
330 Potrero
Sunnyvale, California 94085
www.hcl.com

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

HCL America, Inc. is a wholly-owned subsidiary of HCL Technologies headquartered in India. Established in 1976, HCL Technologies is a leading provider in business transformation, enterprise and custom applications, infrastructure management, business process outsourcing and engineering services. HCL Technologies provides services for a wide range of industries including financial services, manufacturing, consumer services, public services and healthcare.

HCL America, Inc. has locations in many states including Michigan, New York, North Carolina and California that serve various customers including Xerox, Paragon Networks, Advoco Software, CISCO, Ericsson Qualcomm, and many others. HCL Technologies has a worldwide presence with locations throughout Asia, Europe, Australia and the Americas.

Michigan Economic Development Corporation

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

PROJECT DESCRIPTION

HCL America, Inc. plans to expand their footprint in Michigan by locating a Development Center in the City of Jackson, make investments and create new jobs related to computer programming services.

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088(9)(b), that will locate and operate in Michigan.
- b) The project will be located in the City of Jackson. The City has offered a “staff, financial, or economic commitment to the project” in the form of a property tax abatement. The abatement is anticipated to be a 12 year PA 328 personal property abatement. The value is estimated to be \$1.5 million.
- c) The Applicant has demonstrated a need for the funding based on creating a business case strong enough for their Board of Directors to invest in a larger Development Center operation in Michigan.
- d) The Applicant plans to create 200 Qualified New Jobs above a statewide base employment level of 91.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: the company indicates that investment and job creation will begin in the Spring of 2012, the company had competing incentive offers from other states including New York and Ohio and the project will result in a positive ROI for the State of Michigan.

INCENTIVE OPPORTUNITY

This project involves the creation of 200 Qualified New Jobs, though the Applicant anticipates this opportunity can create up to 300 new jobs and estimates a capital investment of up to \$3.35 million in the City of Jackson. The requested incentive amount from the MSF is \$875,000 in the form of a performance-based grant. Please see below for more information on the recommended action.

RECOMMENDATIONS

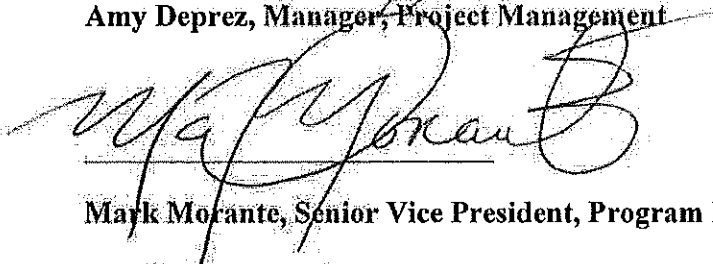
MEDC Staff recommends (the following, collectively, “Recommendation”):

- a) Approval of the MBDP Proposal as outlined in the attached term sheet (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.

APPROVAL AUTHORITY – MBDP SUPPORT MEMO
Michigan Economic Development Corporation



Amy Deprez, Manager, Project Management

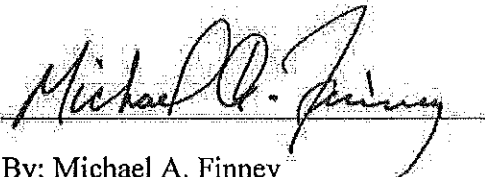


Mark Morante, Senior Vice President, Program Management

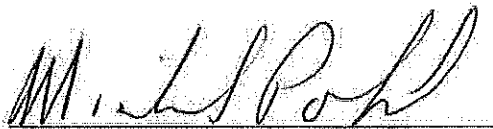
The Recommendation is approved subject to Available Funding and Completion of Due Diligence, and execution of all MBDP transaction documents, all in accordance with the MBDP and its guidelines:

Note: To utilize the delegation authority granted by the MSF Board, the approval of the Chairperson, and either the MSF Fund Manager of the MSF State Treasurer Director, are required for this commitment under the MBDP:

Michigan Strategic Fund



By: Michael A. Finney
Its: Chairman



By: Michael Pohnl
Its: Fund Manager



By: Andy Dillon, State Treasurer
Its: Director