



MEMORANDUM

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

FROM: Joshua Hundt, Senior Regional Project Manager

DATE: July 25, 2012

SUBJECT: Approval of Michigan Business Development Request for \$3,000,000
Performance-based Grant to:

Materne North America, Corp. (“Applicant” or “Company”)
20 West 22nd Street, Suite 1604
New York, New York 10010
www.gogosqueez.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

Materne North America, Corp. is the North American subsidiary of Materne Mont Blanc, which is headquartered in Paris France. Materne Mont Blanc and its subsidiaries provide many brands with leading positions in the healthy snacking and ambient desserts markets. Materne North America, Corp. was created in 2008 to launch its GoGosqueez product line in the United States.

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

PROJECT DESCRIPTION

The Applicant plans to open a new operation in Michigan, make investments and create jobs related to the manufacturing of its GoGosqueez product line. The Company plans to enter into a fifteen year supply agreement for infrastructure, services, and apples with Cherry Growers, Inc. for the manufacture of its GoGosqueez product line.

Michigan Economic Development Corporation

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that will locate and operate in Michigan.
- b) The project will be located in Green Lake Township. Green Lake Township has offered a “staff, financial, or economic commitment to the project” in the form of a property tax abatement under PA 198 of 1974. The estimated value of this abatement is not known at this time.
- c) The Applicant has demonstrated a need for the funding based on the need to partially offset the less competitive market conditions for apple sourcing in Michigan compared to Washington.
- d) The Applicant plans to create 65 Qualified New Jobs above a statewide base employment level of 68.
- e) The project meets the program guidelines as follows: the proposed project involves The company plans to make capital investment and create jobs in 2012. Additionally, the project results in a projected positive return-on-investment for the State of Michigan.

INCENTIVE OPPORTUNITY

This project involves the creation of 65 Qualified New Jobs and a capital investment of up to \$23,472,500 in Green Lake Township. The requested incentive amount from the MSF is \$3,000,000 in the form of a performance-based grant. In addition to the performance based grant, there will be a profit participation agreement equal to at least 1% of the Company’s net income per year attributable to the sale of the GoGosqueeZ product, which is produced at the project site, based on an acceptable net income formula beginning with the year ending December 31, 2014 and ending December 31, 2027. At such time the Company has repaid all disbursement made by the MSF to the Company, the Profit Sharing Payments due will be no more than \$10,000 per year through December 31, 2027. 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 Incentive Subcommittee has indicated its support of the Recommendation.