



MEMORANDUM

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

FROM: Trevor Friedeberg, Development Finance Analyst

DATE: January 9, 2013

SUBJECT: Approval of Michigan Business Development Request for \$350,000 Performance-based Grant to:

Two Men and a Truck/International, Inc. ("Applicant" or "Company")
3400 Belle Chase Way
Lansing, Michigan 48911
www.twomenandatruck.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 Development Finance 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

Two Men and a Truck/International, Inc. (TMTI) started in Okemos, Michigan by two brothers looking to earn extra money while in high school. After they left for college calls kept coming in. Mary Ellen Sheets, their mother, took the company to the next level and began franchising. TMTI is the first and largest local moving franchise system in the United States and offers a full range of home and business moving services. It also sells moving boxes and supplies at franchise locations.

TMTI has over 225 locations in the United States, 20 in Canada, 1 in the United Kingdom, and 1 in Ireland. There are 17 locations in Michigan that are independently owned and operated. There are over 400 open territories in the United States alone that will need to be trained and supported in coming years as the organization expands.

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Expansion plans exist due to strategies to continue this growth trend, investment in automation of systems (over \$3.5 million per year in 2011-12 in partnership with Michigan companies), and the opportunity to expand the number of franchise locations. Rights to expand have been purchased in Washington D.C., Maryland and Virginia that were previously not available. The Applicant will be able to enter these territories in 2013.

The Applicant has not received any incentives from the MSF in the past.

PROJECT DESCRIPTION

The Applicant plans to expand their corporate headquarters in Delhi Township, make investments and create jobs related to servicing their local moving franchises.

- 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 Delhi Charter Township. Delhi Charter Township has offered a "staff, financial, or economic commitment to the project" in the form of \$5,000 under the Commercial Rehabilitation Rebate Program through its Downtown Development Authority for eligible improvements..
- c) The Applicant has demonstrated a need for the funding. The Applicant is exploring the option of an expansion of regional offices across the nation to best meet franchise and customer need. Providing this incentive would secure a centrally located expansion in Michigan.
- d) The Applicant plans to create 70 Qualified New Jobs above a statewide base employment level of 75.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: the project involves out-of-state competition from North Carolina, South Carolina, Tennessee, and Nevada, the project has a net positive return to Michigan, the company plans to create jobs beginning immediately, and the project has strong links to Michigan and all vendor partners in this project will be Michigan based.

INCENTIVE OPPORTUNITY

This project involves the creation of 70 Qualified New Jobs, with the potential for up to 95 total jobs as a result of the Project, and a capital investment of up to \$3,951,900 in the Delhi Charter Township. The requested incentive amount from the MSF is \$350,000 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,

Two Men and a Truck/International, Inc.

“Due Diligence”), finalization of all MBDP transaction documents, and further subject to the following terms and conditions:

- a. Commitment will remain valid for 120 days with approval for MSF Fund Manager to extend the commitment an additional 60 days.

APPROVAL AUTHORITY – MBDP SUPPORT MEMO
Michigan Economic Development Corporation

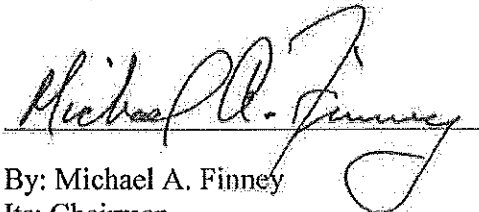

Amy Deprez, Director, Development Finance

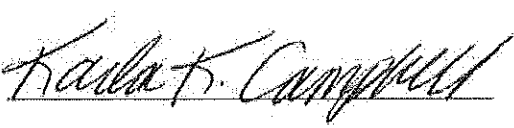

Mark Morante, Senior Vice President, Program Management

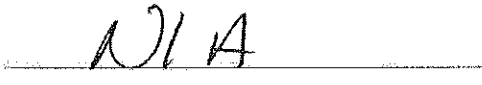
The Recommendation is approved subject to Available Funding and Completion of Due Diligence, and execution of all MBDP transaction documents, all in accordance with the MBDP and its guidelines:

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: Karla K. Campbell
Its: Fund Manager


By: Andy Dillon, State Treasurer
Its: Director

Two Men and a Truck/International, Inc.



**MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant - Term Sheet**

The following is a summary of the highlights of the project and basic terms for which the Company desires grant support from the Michigan Strategic Fund ("MSF") under the Michigan Business Development Program ("MBDP"). While the MBDP is operated and funded through the MSF, recommendation for approval of a MBDP incentive award is presented by the Michigan Economic Development Corporation ("MEDC") to the MSF.

Date: 1/3/2013

1. **Company Name:** Two Men and a Truck/International, Inc. ("Company" or "Applicant")
2. **Company Address:** 3400 Belle Chase Way
Lansing, MI 48911
3. **Project Address ("Project"):** 3400 Belle Chase Way
if different than above Lansing, MI 48911
4. **MBDP Incentive Type:** Performance Based Grant
5. **Maximum Amount of MBDP Incentive:** Up to \$350,000 ("MBDP Incentive Award")
6. **Base Employment Level** 75 The number of jobs currently maintained in Michigan by the Company based on data submitted by the Company to the MEDC reflecting the Company's statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final MBDP Incentive Award agreement ("Agreement") between the MSF and the Company.
7. **Total Qualified New Job Creation:** 70 The minimum number of total Qualified New
(above Base Employment Level) Jobs the Company shall be required to create in Michigan (above the Base Employment Level), in addition to satisfying other milestones if applicable, to be minimally eligible to receive the full amount of the MBDP Incentive Award. Each Qualified New Job must be performed for consideration by a Michigan resident (whose Michigan income taxes are withheld as required), and each Qualified New Job must be in excess of

the Base Employment Level. The final terms and conditions of the requirements for the minimum number of Qualified New Jobs that must be created, including provisions addressing disbursements of portions of the MBDP Incentive Award, shall be included in the final Agreement.

a. **Start Date for Measurement of Creation of Qualified New Jobs:** December 3, 2012 (Date of Accepted Offer Letter)

8. **Company Investment:** \$3,951,900 related to land costs, new building construction and renovations, machinery and equipment, furniture and fixtures, computers, or any combination thereof, for the Project.

9. **Municipality supporting the Project:** Delhi Township

a. **Municipality Support.** One of the conditions of execution of the final Agreement is the requirement that the municipality shall have committed to provide: \$5,000 under the Commercial Rehabilitation Rebate Program through its Downtown Development Authority for eligible improvements. The final terms and conditions demonstrating this support shall be included in the final Agreement.

10. **Disbursement Milestones:** The final terms and conditions of each of the disbursements of any portion of the MBDP Incentive Award shall be included in the final Agreement, including that before any disbursement is made to the Company, the Company must have maintained: (i) the Base Employment Level (exclusive of the number of Qualified New Jobs then created) and (ii) any Qualified New Jobs created for which disbursements by the MSF have been made, and must otherwise be in compliance with all terms and conditions of the final Agreement, and further shall include:

a. **Disbursement Milestone 1:** Up to \$115,000 Upon demonstrated creation of 15 Qualified New Jobs above the Base Employment Level and verification of final approval of municipality support by no later than December 31, 2013.

b. **Disbursement Milestone 2:** Up to \$120,000 Upon completion of Disbursement Milestone 1, and upon demonstrated creation of 35 additional Qualified New Jobs above the Base Employment Level, by no later than December 31, 2014.

c. **Disbursement Milestone 3:** Up to \$115,000 Upon completion of Disbursement Milestone 1 and Disbursement Milestone 2, and upon demonstrated creation of 20 additional Qualified New Jobs above the Base Employment Level, by no later than December 31, 2015.

11. Term of Agreement:

Execution of Agreement to December 31, 2017.

12. Repayment Provisions:

Repayment provisions are required by law. The Repayment terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement. The final repayment provisions may require repayment of some or all of the disbursements made by the MSF, including if the Company moves 25% or more of their employees out of Michigan, if the Company fails to maintain the Base Employment Level in Michigan, if the Company fails to maintain the Qualified New Jobs incented by this Award.

13. Reporting Requirements:

Periodic reporting will be required with this program. The detailed information needed from the Company will be included in the final Agreement, but will include Project reporting for such things as: amount of proposed incentive, amount of actual incentive received by Company; amount of proposed and actual investment made by Company for Project; the committed number of new jobs and the actual number of new jobs created as a result of the Project; the educational attainment of the employees hired; the number of new patents, copyrights, or trademarks applied for and issued to the Company; the number of licensing agreements by the Company and the number of such licensing agreements entered into by the Company with Michigan based firms; and any products commercialized by the Company.

14. Public Announcements:

The Company shall not make, or cause, any announcement of the proposed MBDP Incentive Award parameters outlined in this letter before the date of approval by the MSF of the MBDP Incentive Award, unless prior authorized and coordinated with the MEDC.

Any final MBDP Incentive Award is contingent upon several factors, including: (i) submission by the Company of a completed application and all other documentation required under the MBDP (ii) satisfactory municipality support (iii) available MSF funding (iv) completion of financial review, business integrity review, required background checks, and other business and legal review and due diligence as required, and the results of which must be satisfactory the MEDC, the MSF, and as applicable, the Chief Compliance Officer, (v) approval of an award by the MSF, and (vi) execution of a final Agreement containing the established milestones, repayment terms, reporting requirements, and all other detailed terms and conditions, required by the MSF.

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBDP Incentive Award for the Company along the above parameters, please sign and date this Term Sheet. If the MEDC does not receive the signed Term Sheet from the Company by [Click here to enter text.](#), the MEDC may not be able to proceed with any recommendation to the MSF.

Two Men and a Truck/International, Inc.

By: 

Printed Name: JEFFERY A. WESLEY

Its: CFO

Dated: 1-9-13

Acknowledged as received by:

Michigan Economic Development Corporation

By: Trevor Friedeberg

Printed Name: Trevor Friedeberg

Its: Development Finance Analyst

Dated: 1/9/2012