



STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

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Granholt, MEDC Announce New Fund to Help Auto Suppliers Diversify
Program will help companies expand into emerging markets

LANSING – Governor Jennifer M. Granholm and Michigan Economic Development Corporation (MEDC) President and CEO Greg Main today announced the Michigan Supplier Diversification Fund, a multi-faceted initiative designed to help Michigan manufacturers and auto suppliers diversify into new emerging sectors such as alternative energy, homeland security/defense, medical instruments and aerospace.

“No state is working harder to diversify its economy, help businesses grow, and create and retain jobs,” Granholm said. “Despite these challenging economic times, especially in the automotive industry, there are many opportunities available in high-growth economic sectors such as alternative energy, and we are committed to helping those in the automotive industry succeed in new areas.”

The Michigan Strategic Fund (MSF) board today established the initiative to assist with the MEDC’s ongoing diversification strategy. The first program launched under the Michigan Supplier Diversification Fund, the Michigan Loan Participation Program, will address the current lack of bank financing available to companies that are attempting to diversify. Under the loan program, the MEDC will partner with private lenders to offer loan participations with little or no interest payments for a specific period of time.

The MSF board approved allocation of \$12 million to purchase a portion of a loan from a lender and offer a grace period to suppliers initiating diversification projects for up to 36 months. The participating lending institution will be considered the “lead bank” and will retain no less than 50 percent of the total loan balance at all times. The maximum participation by the state will be \$500,000, except in the case where it’s determined that the project provides unique and high-level economic development or job-creation benefits to the state.

To be eligible for the program, a company must fall under the definition of a firm eligible to receive a MEGA tax credit. A business must also be engaged with a private lender for the purpose of acquiring a commercial loan for a diversification project and must exhibit a cash-flow shortage according to the lender’s analysis.

“Stabilizing suppliers in Michigan is paramount to our economic diversification strategy,” MEDC President and CEO Greg Main said. “Using these funds to loosen credit markets will allow many potential diversification projects to proceed, which will in turn bring jobs and investment to our state.”

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The MEDC is now accepting applications for the Michigan Loan Participation Program. Interested borrowers and lenders should contact the MEDC customer service center at (517) 373-9808 for more information about how to apply.

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