



MEMORANDUM

Date: March 28, 2023

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

From: Terri Fitzpatrick, EVP | Chief Real Estate & Global Attraction Officer

Subject: Incentive Request

**Marshall Area Economic Development Alliance (“MAEDA” or the “Applicant”))
Applicant– Strategic Site Readiness Program (SSRP) Grant Request**

Request Summary

This is a request from the Applicant for incentive assistance for site readiness activities to support land acquisition and site and infrastructure development activities required for the Marshall site and Ford Motor Company’s BlueOval Battery Park Michigan located in Marshall, Calhoun County. The BlueOval Battery Park Michigan has the potential to result in the creation of up to 2,500 direct new jobs and a private capital investment of up to \$3.5 billion.

To support this project, the Applicant is requesting a SSRP Performance-based Grant in the amount of \$120.3 million that will support land acquisition, site preparation, water and wastewater upgrades, professional fees, administration and other necessary public infrastructure improvements (“SSRP Request”).

Background

On December 20, 2021, Governor Gretchen Whitmer, in collaboration with bi-partisan leadership of the Michigan Legislature, labor leaders, economic development agencies and various business groups, signed a package of economic incentives that will allow Michigan to compete for, and win, transformational projects that will bring long-term economic opportunity and security to regions and communities across the state. This package, the Strategic Outreach and Attraction Reserve Fund (the “SOAR Fund”), has been deployed to secure transformative investment in the battery manufacturing and battery storage sectors.

On February 13, 2023, the MSF approved a \$210 million Critical Industry Program Grant for Ford Motor Company and a \$36 million Michigan Investment Fund MSF Loan (the “MSF Loan”) as the initial step to secure a once in a generation investment in Michigan. The additional funding was necessary to ultimately secure Ford Motor Company’s BlueOval Battery Park Michigan.

On March 8, 2023, the Governor signed Public Act 5 of 2023 into law, which authorized \$170.3M be deposited in the Strategic Outreach and Attraction Reserve Fund, which is the source for this SSRP Request. Upon approval of the SSRP Request by the MSF Board and MSF receipt of SOAR funds, the MSF Loan will be repaid before other disbursements can be made to the Applicant.

Project Description

Ford, through a wholly owned subsidiary, will be building a battery manufacturing plant to support its goal of producing two million electric vehicles annually by 2026. Ford will invest \$3.5 billion to construct and equip a new 2.5 million square foot facility in Marshall to manufacture batteries that will go into several of the company's key electric vehicles. The Company anticipates the creation of 2,500 quality direct jobs over the next several years.

To support the development, MAEDA will undertake site readiness activities at the project site in Marshall that are necessary to complete time sensitive activities – including land acquisition and site improvements. In an effort to further bolster Michigan’s competitiveness, MAEDA will also acquire additional property at the Marshall site which may be used to provide an incentive to support business expansion opportunities or development of sites to attract future, not identified projects.

Applicant History

MAEDA is a non-profit economic development alliance in the city of Marshall, Michigan that is responsible for attracting new business and industry, retaining businesses, and promoting tourism in the Marshall area.

A background check has been completed in accordance with the MSF Background Review Policy, and the project may proceed for MSF consideration.

Demonstrated Need

Ford has been involved in a multi-state, multi-country site selection process to determine where to locate the new battery manufacturing facility and investment. Ford is focused on the ability to meet project timelines and the most cost competitive locations when making decisions. Considerations include availability of shovel ready sites, incentives, property taxes, utility rates on renewable energy sources, and labor costs. Ford has selected competitor states for previous projects based on availability of shovel-ready sites and incentive assistance offered by those states. Incentive assistance is necessary to ensure this project moves forward in Michigan, particularly in a highly competitive environment.

As the State pursues business attraction and expansion opportunities, there continues to be a need for large, project ready sites. Prospective companies and consultants select sites based on availability of shovel ready sites, among other factors. The ability to undertake land acquisition and site and infrastructure development activities is critical to stay competitive and ultimately secure Ford’s expansion project and other new developments.

Funding

The SSRP Request will be funded through the SOAR Fund. Upon MSF Board approval of the SSRP Request, the process for legislative transfer of actual funds through the SOAR Fund will be initiated to the MSF to implement funding these incentives.

Appendix A addresses programmatic considerations.

Recommendation

MEDC Staff recommends MSF Board approval of the SSRP Request.