

MICHIGAN STRATEGIC FUND ACT (EXCERPT)
Act 270 of 1984

125.2090o Demand for repayment; conditions; growth investments; notification.

Sec. 90o.

(1) The fund shall demand immediate repayment of the grants, loans, or other types of economic assistance issued under this chapter if any of the following occurs with respect to the rural jobs and capital investment fund before it is certified to exit the program as provided in this chapter:

(a) The rural jobs and capital investment fund does not invest all its investment authority in growth investments in this state within 3 years of the closing date with 100% of its investment authority invested in growth investments in qualified businesses with principal business operations located in qualified rural local governmental units.

(b) The rural jobs and capital investment fund, after satisfying subdivision (a), fails to maintain growth investments at the levels required by subdivision (a) until the sixth anniversary of the closing date. For the purposes of this subdivision, an investment is maintained even if the investment is sold or repaid so long as the rural jobs and capital investment fund reinvests an amount equal to the capital returned or recovered by the rural jobs and capital investment fund from the original investment, exclusive of any profits realized, in other growth investments in this state within 12 months of the receipt of that capital. Amounts received by a rural jobs and capital investment fund pursuant to periodic repayments shall be treated as continually invested in growth investments if the amounts are reinvested in 1 or more growth investments by the end of the following calendar year. A rural jobs and capital investment fund is not required to reinvest capital returned from growth investments after the fifth anniversary of the closing date, and those growth investments shall be considered held continuously by the rural jobs and capital investment fund through the sixth anniversary of the closing date.

(c) The rural jobs and capital investment fund, before exiting the program in accordance with this chapter, makes a distribution or payment that results in the rural jobs and capital investment fund having less than 100% of its investment authority invested in growth investments in this state or available for investment in growth investments and held in cash and other marketable securities.

(d) The rural jobs and capital investment fund makes a growth investment in a qualified business that directly or indirectly through an affiliate owns, has the right to acquire an ownership interest, makes a loan to, or makes an investment in the rural jobs and capital investment fund, an affiliate of the rural jobs and capital investment fund, or an investor in the rural jobs and capital investment fund. This section does not apply to investments in public-traded securities. For purposes of this subdivision, a rural jobs and capital investment fund will not be considered an affiliate of a business solely because of its growth investment.

(e) The rural jobs and capital investment fund invests in any industry assigned a North American Industry Classification System code within sector 51.

(2) No more than \$5,000,000.00 in growth investments in a qualified business, including growth investments in affiliates of the qualified business, shall count toward the requirements of subsection (1)(a) and (b).

(3) Before demanding repayment under this section, the fund shall notify the rural jobs and capital investment fund of the reasons for the pending repayment. The rural jobs and capital investment fund shall have 90 days from the date the notice was dispatched to correct any violation outlined in the notice to the satisfaction of the fund and avoid repayment of the grants, loans, or other types of economic assistance.

History: Add. 2018, Act 423, Imd. Eff. Dec. 20, 2018

Popular Name: Strategic Fund