

PROJECT DESCRIPTION

The Applicant plans to complete the installation of a 75-foot reactor and the installation of additional process, energy recovery and emission control equipment to produce carbon products from biomass. The company plans to install a second reactor in 2013 and have the capacity to produce over 200,000 tons of biomass per year. The project is expected to result in private investment of \$16 million and the creation of 27 jobs over the next three years.

- 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 Forsyth Township. The township has offered a financial commitment to the project in the form of transferring the existing Renaissance Zone to MRC. The Renaissance Zone would expire in 2023 and has an estimated value of \$1.7 million.
- c) The Applicant has demonstrated a need for financing assistance as they are in a pre-revenue stage and have a \$2 million dollar note that is due December 31, 2012. They have indicated that without this additional funding they are projected to have a cash shortfall in the fourth quarter of 2012 and that the project could be at risk.
- d) The Applicant plans to create 27 Qualified New Jobs above a statewide base employment level of 14.
- e) The project meets the program guidelines as follows: the company has indicated they will be making capital investment and creating jobs in 2012 and 2013 and this project has a positive projected return-on-investment for the State of Michigan.

MBDP INCENTIVE OPPORTUNITY

This project involves the creation of 27 Qualified New Jobs, as a result of the Project, and a capital investment of up to \$16 million in Forsyth Township. The requested incentive amount from the MSF is \$2 million in the form of a performance-based grant. In addition there will be a revenue participation agreement in which the company agrees to repay 112% of the total MBDP grant (\$2,240,000) provided the amount is repaid by the fifth year of the agreement, or 126% of the total MBDP grant (\$2,520,000) if repaid during years 6-10 of the agreement. Any outstanding balance of the grant repayment shall be due by the end of the 10th year of the agreement. The company shall make annual payments to the MSF in an amount equal to at least 1.5% of annual gross revenues, as indicated on the Company's audited financial statements, generated at the Forsyth Township facility until the balance is paid in full. Please see below for more information on the recommended action.

RENAISSANCE ZONE HISTORY AND REQUEST

On January 1, 2000 a 15 year Renaissance Zone was approved for Marquette County (the "K.I. Sawyer Renaissance Zone"). On November 28, 2008, the Renaissance Zone benefit for 7.7 acres occupied by Renewafuel LLC (the "Zone") was extended for 9 years.

On January 4, 2012, RNL Acquisition, LLC purchased 5.76 acres of the site within the Zone owned by Renewafuel LLC. The company is currently converting the facility for production of its carbonized biomass products.