



MEMORANDUM

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

FROM: Marcia Gebarowski, Regional Project Manager

DATE: July 23, 2012

SUBJECT: Approval of Michigan Business Development Request for \$235,730 Performance-based Grant to:

Cooper-Standard Automotive FHS Inc.
180 E. Elmwood Street
Village of Leonard, Michigan 48367
www.CooperStandard.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 Project Management 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 staff.

HISTORY OF THE APPLICANT

Cooper-Standard Automotive FHS Inc. ("Applicant") is a subsidiary of Cooper-Standard Holdings Inc. ("Parent"), a publicly-traded company that manufactures fluid handling, body sealing and Anti-Vibration Systems components for the automotive industry. Approximately 80% of their sales in 2011 were sourced to automotive OEMs. Cooper-Standard Holdings' is headquartered in Novi, Michigan and employs approximately 21,500 people. The Parent owns and leases facilities throughout the domestic United States, as well as in the Americas, Europe and Asia. The Parent's annual revenue in 2011 was \$2.85 billion. Fluid handling products accounted for roughly one-third of Cooper-Standard Holdings' sales over the past three years.

The Applicant has received contracts for new work related to components for hybrid and electric vehicles. While currently sourced in Michigan, the Applicant plans to transfer the existing and

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ramp-up of this work to a facility in Mexico. By addressing a portion of the labor cost differential between the locations, the Applicant will invest and grow in Michigan.

The Applicant has not received any incentives from the MSF previously.

PROJECT DESCRIPTION

The Applicant plans to expand operations in Michigan, make investments and create jobs related to the manufacturing of automotive components.

- a) The Applicant is a "Qualified Business" as defined in MCL 125.2088(9)(b), that is located and operates in Michigan.
- b) The project will be located in Village of Leonard. The Village of Leonard has offered a "staff, financial, or economic commitment to the project" in the form of a property tax abatement. The length and estimated value of the incentive are currently unknown.
- c) The Applicant has demonstrated a need for the funding based on the Applicant's desire to invest and operate this project at their facility in El Jarudo, Mexico. The Applicant indicated that they could receive significant benefits due to the labor cost differential between the locations.
- d) The Applicant plans to create 55 Qualified New Jobs above a statewide base employment level of 1,032.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: the Applicant plans to begin their investment and hiring immediately, with continued growth through 2014; the project involved out-of-state competition; and has a positive return to Michigan.

INCENTIVE OPPORTUNITY

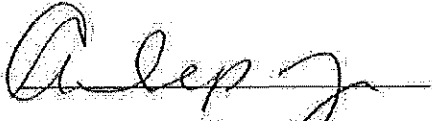
This project involves the creation of 55 Qualified New Jobs and a capital investment of up to \$3.5 million in the Village of Leonard. The requested incentive amount from the MSF is \$235,730 in the form of a performance-based grant. Please see below for more information on the recommended action.

RECOMMENDATIONS

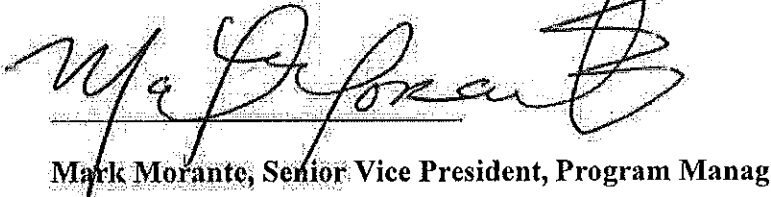
MEDC Staff recommends (the following, collectively, "Recommendation"):

- 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"), completion of due diligence, the results of which are satisfactory to the MEDC (collectively, "Due Diligence"), finalization of all MBDP transaction documents, and further subject to the following terms and conditions:
 - a. Commitment will remain valid for 90 days with approval for MSF Fund Manager to extend the commitment an additional 30 days.

APPROVAL AUTHORITY – MBDP SUPPORT MEMO
Michigan Economic Development Corporation



Amy Deprez, Manager, Project Management

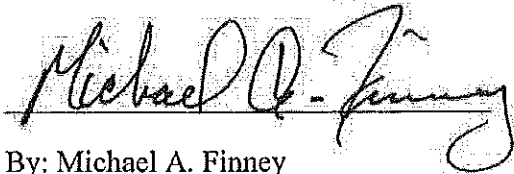


Mark Morante, Senior Vice President, Program Management

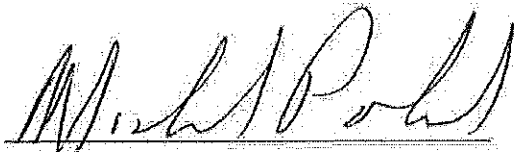
The Recommendation is approved subject to Available Funding and Completion of Due Diligence, and execution of all MBDP transaction documents, all in accordance with the MBDP and its guidelines:

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: Michael Pohnl
Its: Fund Manager

W/A

By: Andy Dillon, State Treasurer
Its: Director