



MEMORANDUM

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

FROM: Joshua Hundt, Senior Regional Project Manager

DATE: April 27, 2012

SUBJECT: Amendment to Michigan Business Development Approval for:
Magna Seating of America, Inc.
39600 Lewis Drive
Novi, Michigan 48377
www.magna.com

On March 5, 2012 the Michigan Strategic Fund approved a \$732,000 award for Magna Seating of America, Inc. under the Michigan Business Development Program ("MBDP"). The approval, attached to this memo, included a repayment provision found in the term sheet that required full repayment if the Applicant failed to maintain its base employment, or failed to maintain operations or substantially all of its employees at a specific project facility location within Michigan.

Since the approval, staff for the MBDP has revised the repayment provision included in the term sheet template to more accurately reflect industry standards while encouraging companies to continue operations and maintain its employees within the entire state of Michigan. The standard repayment provision language in the new term sheet template now reads:

"Repayment provisions are required by law. The repayment terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement. The final repayment provisions may require repayment of some or all of the disbursements made by the MSF, including if the Company moves 25% or more of their employees or operations for the Project out of Michigan, if the Company fails to maintain the Base Employment Level in Michigan, or if the Company fails to maintain the Qualified New Jobs incented by this Award."

RECOMMENDATIONS


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

- a. Amend the March 26, 2012 approval for the Applicant to allow final transaction documents to give effect to the updated repayment provision language written above.


Michigan Economic Development Corporation

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APPROVAL AUTHORITY – BDP SUPPORT MEMO
Michigan Economic Development Corporation



Amy Deprez, Manager, Project Management

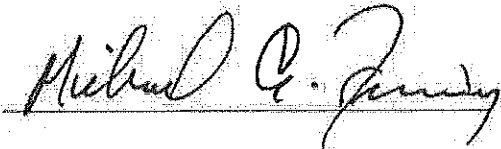


Mark Morante, Senior Vice President, Program Management

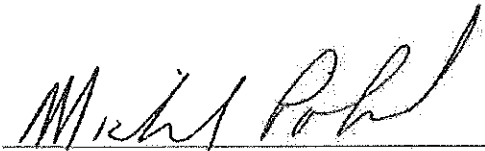
The Recommendation is approved subject to Available Funding and Completion of Due Diligence, and execution of all BDP transaction documents, all in accordance with the BDP and its guidelines:

Note: To utilize the delegation authority granted by the MSF Board, the approval of the Chairperson, and either the MSF Fund Manager or the MSF State Treasurer Director, are required for this commitment under the BDP:

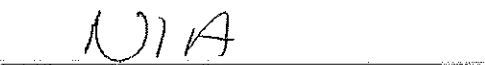
Michigan Strategic Fund



By: Michael A. Finney
Its: Chairman



By: Michael Pohnl
Its: Fund Manager



By: Andy Dillon, State Treasurer
Its: Director



MEMORANDUM

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

FROM: Joshua Hundt, Senior Regional Project Manager

DATE: March 26, 2012

SUBJECT: Approval of Michigan Business Development Request for \$732,000 Performance-based Grant to:

Magna Seating of America, Inc.
39600 Lewis Drive
Novi, Michigan 48377
www.magna.com

BDP PROGRAM AND ITS GUIDELINES

On December 21, 2011, the MSF Board approved the Michigan Business Development Program ("BDP") and its guidelines. The primary intended objective of the BDP 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 BDP 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

Magna Seating of America, Inc. ("Magna Seating") is a subsidiary of Magna International. Magna International and subsidiaries represents themselves as the most diversified global automotive supplier. Magna International designs, develops, and manufactures technologically advanced automotive systems, assemblies, and components, and engineers and assembles complete vehicles primarily for sale to original equipment manufacturers. Magna International and subsidiaries have over 7,500 employees in Michigan.

Magna Seating is a Delaware C Corporation and was incorporated in 1985. Magna Seating, a wholly-owned operating unit of Magna International, is an innovative leader in the development and manufacture of high quality complete seating systems, seat structure and

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mechanism solutions as well as foam & trim products for the global automotive industry. Magna Seating has 877 employees in Michigan.

Magna Seating was awarded a seven year Standard MEGA Tax for its Highland Park facility in 2009. The tax credit had a maximum qualified new jobs number of 420, which has been exceeded by the company.

PROJECT DESCRIPTION

The Applicant plans to expand its present facility from 150,000 square feet to 200,000 square feet in Michigan, make investments and create jobs related to two new automotive seating contracts to two major automotive original equipment manufacturers.

- a) The Applicant is a "Qualified Business" that is located and operates in Michigan.
- b) The project will be located in the City of Highland Park. The municipality has offered a commitment to the project in the form of an existing property tax abatement under PA 328 of 1998 as well as proposing a new Property tax abatement under PA 198 of 1974. The PA 328 abatement has five years remaining and has an estimated value of \$215,602. The estimated value of the PA 198 abatement is not known at this time.
- c) The Applicant has demonstrated a need for the funding based on the company's ability to locate this project at its sites in Kentucky, Missouri, or Tennessee, or at a new facility in South Carolina.
- d) The Applicant plans to create 244 Qualified New Jobs above a statewide base employment level of 877.
- e) The project meets the program guidelines as follows: the proposed project involves out of state competition from sites in Kentucky, Missouri, Tennessee, and South Carolina. Additionally, the project is shovel-ready with support from the MSF with potential to create up to 144 jobs in 2012.

INCENTIVE OPPORTUNITY

This project involves the creation of 244 Qualified New Jobs and a capital investment of up to \$2.2 million in the City of Highland Park. The requested incentive amount from the MSF is \$732,000 in the form of a performance-based grant. Please see below for more information on the recommended action.

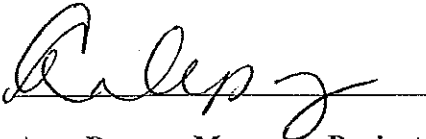
RECOMMENDATIONS

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

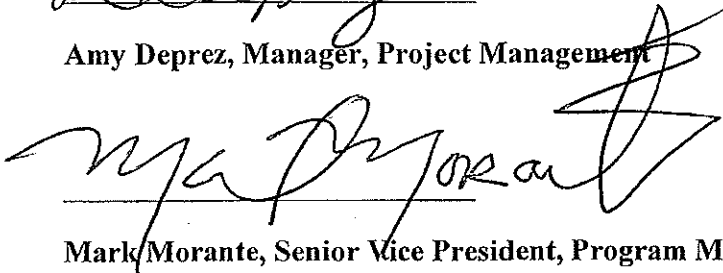
- a) Approval of the BDP Proposal as outlined in the attached term sheet (collectively, "BDP Proposal");
- b) Closing the BDP Proposal, subject to available funding under the BDP at the time of closing ("Available Funding"), completion of due diligence, the results of which are satisfactory to the MEDC (collectively, "Due Diligence"), finalization of all BDP 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 – BDP SUPPORT MEMO
Michigan Economic Development Corporation



Amy Deprez, Manager, Project Management

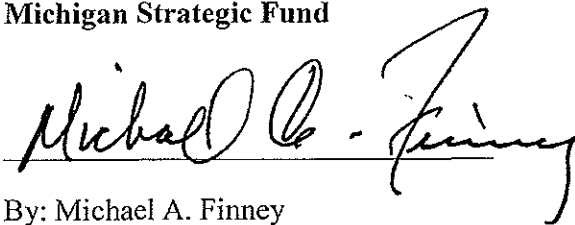


Mark Morante, Senior Vice President, Program Management

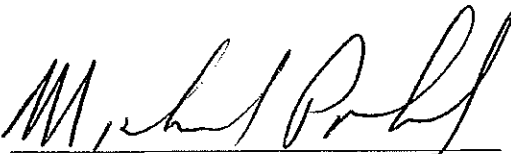
The Recommendation is approved subject to Available Funding and Completion of Due Diligence, and execution of all BDP transaction documents, all in accordance with the BDP and its guidelines:

Note: To utilize the delegation authority granted by the MSF Board, the approval of the Chairperson, and either the MSF Fund Manager or the MSF State Treasurer Director, are required for this commitment under the BDP:

Michigan Strategic Fund



By: Michael A. Finney
Its: Chairman



By: Michael Pohnl
Its: Fund Manager

N/A

By: Andy Dillon, State Treasurer
Its: Director