

MICHIGAN BUSINESS DEVELOPMENT PROGRAM
Performance Based Grant
Term Sheet

The following is a summary of the highlights of the project and basic terms for which the Company desires grant support from the Michigan Strategic Fund ("MSF") under the Michigan Business Development Program ("MBD"). While the MBD is operated and funded through the MSF, recommendation for approval of an MBD incentive award is presented by the Michigan Economic Development Corporation ("MEDC") to the MSF.

Date: February 7, 2012

1. **Company Name:** "Applicant") -Magna Seating of America, Inc. ("Company" or "Applicant")
2. **Company Address:** 39600 Lewis Drive
Novi, Michigan 48377
3. **Company EIN:** XXXXXXXXXX
4. **Project Address: ("Project")**
(if different than above) 12250 Oakland Park Blvd.
Highland Park, Michigan
5. **MBD Incentive Type:** Performance Based Grant
6. **Maximum Amount of MBD Incentive:** Up to \$732,000 ("MBD Incentive Award")
7. **Base Employment Level:** 877 The number of jobs currently maintained by the Company based on data submitted by the Company to the MEDC reflecting the Company's statewide employment level in Michigan prior to the proposed project. The Base Employment Level, including identification of the Company data used to establish this level, shall be included in the final BDP Incentive Award

agreement ("Agreement") between the MSF and the Company.

8. **Total Qualified New Job Creation:
(above Base Employment Level)** 244

The minimum number of total qualified new jobs the Company shall be required to create (above the Base Employment Level) to be minimally eligible to receive the full amount of the MBD Incentive Award. Each qualified new job must be performed by a Michigan resident (whose Michigan income taxes are withheld as required), and each qualified new job must be in excess of the Base Employment Level. The final terms and conditions of the requirements for the minimum number of qualified new jobs that must be created, including provisions addressing disbursements of portions of the MBD Incentive Award, and the effects of short term layoffs, furloughs, or similar gaps in employment on the required minimum hours per week, shall be included in the final Agreement.

a. **Start Date for Measurement
of Creation of Qualified New Jobs:**

Date of acceptance of this term sheet

9. **Company Investment:** \$2,248,000

10. **Municipality supporting the Project:** City of Highland Park

a. **Municipality Support.** One of the conditions of execution of a final Agreement is the requirement that the municipality shall have committed to provide a property tax abatement under PA 198 of 1974 or PA 328 of 1998. The final terms and conditions demonstrating this support shall be included in the final Agreement.

11. **Disbursement Milestones:** The final terms and conditions of each of the disbursements of any portion of the MBD Incentive Award shall be included in the final Agreement, including that before any disbursement is made to the Company, the Company must have maintained: (i) the Base Employment Level (exclusive of the number of qualified new jobs then created) and (ii) any qualified new jobs created for which disbursements by the MSF have been made, and must have maintained the amount of then required amount of the Qualified Investment and]

otherwise be in compliance with all terms and conditions of the final Agreement, and further shall include:

- a. **Disbursement Milestone 1:** Up to \$300,000 upon demonstrated creation of 100 qualified new jobs above the Base Employment Level and verification of the final approval of the municipality support by no later than December 31, 2012.
- b. **Disbursement Milestone 2:** Up to \$432,000 upon completion of Disbursement Milestone 1, and upon the demonstrated creation of 144 additional qualified new jobs above the Base Employment Level, by no later than December 31, 2013.

12. Repayment Provisions:

- a. The Company shall be required to reimburse MBD Incentive Award amounts disbursed by the MSF to the Company, which repayment terms and conditions shall be included in the final Agreement, including the following:

- i. All amounts disbursed shall be reimbursed, if the Company ceases to have substantially all of its employees (exclusive of sales staff) or operations located within the State of Michigan;
- ii. All amounts disbursed shall be reimbursed, if proceeds of the MBD Incentive Award are used toward development of a stadium or arena for use by a professional sports team or development of a casino or property associated or affiliated with the operation of a casino as prohibited by the MSF Act (see MCL 125.2088(c)(3)(c), or to induce the Company, a qualified business, or small business to leave the State of Michigan, or to contribute to the violation of internationally recognized workers' rights, of workers in a country other than the US, as prohibited by the MSF Act (see MCL 125.2088(c)(4)(c) and (d));
- iii. All amounts disbursed shall be reimbursed, if at any time after the date of execution of the final Agreement through a period of 2 years following the date of the last MSF disbursement, the Company transfers out of state, eliminates, does not provide consideration for, or otherwise fails to maintain, for any reason, the Base Employment Level in the State of Michigan (exclusive of the number of qualified new jobs then created); and
- iv. If at any time after the date of execution of the final Agreement and through a 2 year period following the date of the last disbursement by the MSF, the Company transfers out of state, eliminates, does not provide consideration for, or otherwise fails to maintain, for any reason, any portion of the qualified new jobs created for which any part of any disbursement by the MSF was made, the Company shall be required to reimburse up to the total amount then disbursed by the MSF, as determined by the MSF Fund Manager.

13. Reporting Requirements: The Company shall be required to submit periodic reports to the MSF, the final terms and conditions of which shall be included in the final Agreement, including the following:

a. Submission of all data required for the MSF to comply with its general annual reporting requirements to the Michigan legislature under the MSF Act (see MCL 125.2088n(5)); including reporting:

- i. the number of new patents, copyrights, or trademarks applied for and issued to the Company;
- ii. the number of new jobs and projected new job growth by the Company;
- iii. the amounts of other funds leveraged by the Company;
- iv. the number of new licensing agreements by the Company and the number of such licensing agreements entered into by the Company with Michigan based firms;
- v. and any products commercialized by the Company.

b. Submission of all data required for the MSF to comply with its specific MBD annual reporting requirements to the Michigan legislature under the MSF Act (see MCL 125.2088r(6)), including reporting on:

- i. the total proposed amount, and the actual amount, of qualified investment attracted by the Company to the Project;
- ii. the total committed, and the actual number of, qualified new jobs created by the Company;
- iii. the individuals hired by the Company, including the number and their educational attainment (including whether high school diploma or equivalent, higher education certificate or degree, or advanced degree or training), and the number of individuals hired by the Company who relocated to Michigan.

14. Public Announcements: The Company shall not make, or cause, any announcement of the proposed MBD Incentive Award parameters outlined in this letter before the date of approval by the MSF of the MBD Incentive Award, unless prior authorized and coordinated with the MEDC.

Any final MBD Incentive Award is contingent upon several factors, including: (i) submission by the Company of a completed application and all other documentation required under the MBD (ii) satisfactory municipality support (iii) available MSF funding (iv) completion of financial review, business integrity review, required background checks, and other business and legal review and due diligence as required, and the results of which must be satisfactory the MEDC, the MSF, and as applicable, the Chief Compliance Officer, (v) approval of an award by the MSF, and (vi) execution of a final Agreement containing the established milestones, repayment terms, reporting requirements, and all other detailed terms and conditions, required by the MSF.

If the Company is interested in the MEDC pursuing a recommendation to the MSF for a possible MBD Incentive Award for the Company along the above parameters, please sign and date this Term Sheet and return as indicated below. If the MEDC does not receive the signed Term Sheet from the Company by February 9, 2012, the MEDC may not be able to proceed with any recommendation to the MSF.

PURE MICHIGAN®

Magna Seating of America, Inc.

By:

Mark W. Smith

Its:

DIRECTOR, GOVERNMENT AFFAIRS

Dated:

2-8-2012

Acknowledged as received by:

Michigan Economic Development Corporation

By:

Joshua E. Hunt

Its:

Sr. Regional Project Manager

Dated:

2-9-2012

Project Name	
Discount Rate	3.25%
Payments + Repayment Period	4

	1	2	3	4	5	6	7	8	9	10
NPV										
Benefits from Project (REMI)	\$1,240,000	\$2,234,000	\$3,234,000	\$3,456,000						
Cost of Project (Grant/Loan)	\$300,000	\$432,000	\$0	\$0						
Net	\$940,000	\$1,802,000	\$3,234,000	\$3,456,000	\$0	\$0	\$0	\$0	\$0	\$0

ROI	13.3
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If ROI > 1	Positive Benefit to State
If ROI < 1	Negative Benefit to State