



MEMORANDUM

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

FROM: Joshua Hundt, Senior Regional Project Manager

DATE: May 14, 2012

SUBJECT: Approval of Michigan Business Development Request for \$300,000 Performance-based Grant to:

Center Manufacturing, Inc.
990 84th Street SW
Byron Center, Michigan 49315
www.centermfg.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 MEDC staff.

HISTORY OF THE APPLICANT

Center Manufacturing, Inc. ("Center Manufacturing") was formed in 1969 as a metal stamping company serving the automotive and consumer electronics. Center Manufacturing also established relationships with industry-leading manufacturers of ATV's, motorcycles, and automobiles to produce complex welded assemblies and components.

In 2006 Center Manufacturing was acquired by Industrial Opportunity Partners, L.P. and immediately refocused its growth strategy toward the commercial vehicle, power sports, agricultural, and industrial markets.

Center Manufacturing currently has 488 employees in Michigan.

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

PROJECT DESCRIPTION

The Applicant plans to expand an existing operation in Michigan, make investments and create jobs related to a transfer of the Company's Honda Power Sports contracts from South Carolina to Michigan. Center Manufacturing will primarily supply frame components for several Honda ATV's.

- 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 Byron Township. Byron Township has offered a "staff, financial, or economic commitment to the project" in the form of a property tax abatement under PA 198 of 1974. The estimated value of the abatement is not known at this time.
- c) The Applicant has demonstrated a need for the funding based on competition from other Honda suppliers located in North Carolina, South Carolina, and Georgia. These competitors have a geographical advantage because the products will be shipped to Honda's plant in Timmonsville, South Carolina.
- d) The Applicant plans to create 80 Qualified New Jobs above a statewide base employment level of 488.
- e) Pursuant to the program guidelines, the following was taken into consideration for the proposed project: The Company indicates that investment and job creation will both begin in 2012 if this project locates in Michigan. This project also results in a positive return-on-investment for Michigan.

INCENTIVE OPPORTUNITY

This project involves the creation of 80 Qualified New Jobs, though the applicant anticipates the opportunity can create up to 100 jobs, and a capital investment of up to \$1.02 million in Byron Township. The requested incentive amount from the MSF is \$300,000 in the form of a performance-based grant. Please see below for more information on the recommended action.

RECOMMENDATIONS

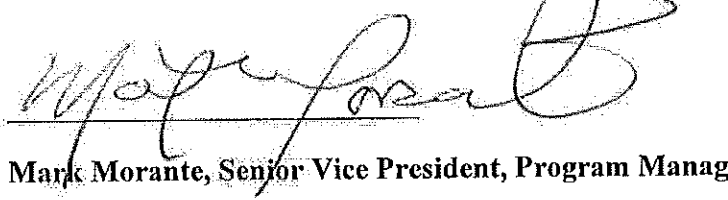
MEDC Staff recommends (the following, collectively, "Recommendation"):

- a) Approval of the 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"), satisfactory completion of due diligence, (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

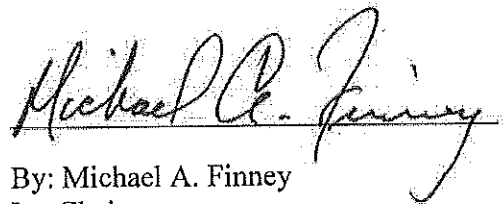


Mark Morante, Senior Vice President, Program Management

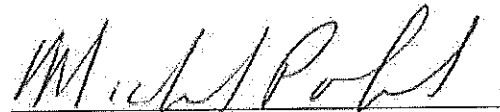
The Recommendation is approved subject to Available Funding and Completion of Due Diligence, and execution of all MBDP transaction documents, all in accordance with the MBDP and its guidelines:

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:

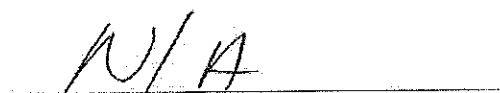
Michigan Strategic Fund



By: Michael A. Finney
Its: Chairman



By: Michael Pohnl
Its: Fund Manager



By: Andy Dillon, State Treasurer
Its: Director