



MEMORANDUM

Date: February 25, 2010

To: Michigan Economic Growth Authority

From: Amy Deprez, Manager
Packaging Team

Marcia Gebarowski, Project Specialist
Packaging Team

Subject: Briefing Memo – Four Winns, LLC.
Standard (Look-Back) MEGA Credit

COMPANY NAME

Four Winns, LLC
925 Frisbie Street
Cadillac, Michigan 49601

HISTORY OF COMPANY

Four Winns, LLC is 100 percent owned by Project Boat Holdings, LLC, a single member limited liability company of Platinum Equity. The company manufactures recreational fiberglass boats ranging in size from 18 to 49 feet. The company was formed in 2009 as a result of Platinum Equity acquiring assets of Genmar Corporation out of bankruptcy. Assets included were Cadillac, Michigan's Four Winns and Wellcraft brands, as well as Little Falls, Minnesota's Glastron and Larson brands.

Currently the company has 173 full-time employees in Michigan.

PROJECT DESCRIPTION

Four Winns proposes to expand its operations at their various Cadillac facilities by restarting the production of multiple Four Winns boat models that were halted in 2009. The company is also contemplating consolidating the manufacturing of the Glastron brand from Little Falls to Cadillac. The project scope would also allow the company the ability to consider future brand acquisitions to be manufactured at the Cadillac facilities. The company plans to make physical improvements and warehouse expansions to a number of the existing facilities, infrastructure improvements, renovate the Test Center facility, transfer equipment from Minnesota, as well as purchase additional machinery and equipment and special tooling to accommodate the ramped-up manufacturing operations in Cadillac.

Four Winns proposes to invest approximately \$63 million and anticipates the creation of up to 100 new jobs through 2010 and if manufacturing operations reach back to historical peaks for each brand and future brands acquired, the company could see the creation of up to 2,320 jobs as a result of this project. The average weekly wage for the newly created jobs will be \$543. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

The effect on other Michigan businesses in the same industry was taken into consideration when recommending the amount and length of this tax credit.

BENEFIT TO STATE

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will generate a total of 5,255 jobs in the state by the year 2017. Total state government revenues through the year 2017, net of MEGA costs, would be increased by \$200.3 million (current dollars) due to the presence of this facility.

BUSINESS CASE

Platinum Equity has acquired assets in both Michigan and Minnesota. Both facilities are of equal size and under-utilized and the talent pool exists in both locations. Little Falls, Minnesota is in closer proximity to the company's corporate headquarters and located closer to mass transportation which allows for better interaction with dealers and suppliers. The company cites the location of Cadillac as a difficulty to overcome.

Currently, the Glastron brand is being produced utilizing a proprietary closed mold VEC technology. The move of this brand to Michigan requires the development of an open mold and new designs which increases production cost and time and enhances the risk of meeting the timing needed to begin production in June 2010 for the 2011 selling season.

OTHER STATE AND LOCAL ASSISTANCE

The City of Cadillac is supportive of this project and will transfer existing tax abatements to the new company as well as support a PA 198 application for the new investment on behalf of the new company. The value of the additional incentives is not known at this time.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for 8 years for up to 2,320 net new employees in excess of the company's established base of 153 including the look-back period as described below.

- The look-back period is defined as the date of acquisition (expected to be January 29, 2010) or 90 days prior to signing of credit agreement, whichever is shorter.