



MEMORANDUM

TO: Michigan Strategic Fund (“MSF”) Board Members

FROM: Joshua Hundt, Manager – Development Finance

DATE: August 22, 2012

SUBJECT: Approval of Michigan Business Development Request for \$1,500,000
Performance-based Grant to:

Jason Incorporated DBA Janesville Acoustics (“Applicant” or “Company”)
29200 Northwestern Highway, Suite 400
Southfield, Michigan 48034
www.Janesvilleacoustics.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

Jason Incorporated DBA Janesville Acoustics (“Janesville Acoustics”) is one of the world’s largest producers of acoustical and thermal fiber insulation, and a leading producer of fiber products. The company operates as a tier I and tier II supplier for acoustical products for the transportation and automotive industry worldwide.

Janesville Acoustics is headquartered in Southfield, Michigan and has operations in Ohio, Mississippi, North Carolina, Mexico, and Germany. The Company currently has 234 employees in Michigan, including 28 Janesville Acoustics employees.

Janesville Acoustics operates under Jason Incorporated, a global family of manufacturing companies that are connected by a single parent company.

Michigan Economic Development Corporation

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

PROJECT DESCRIPTION

The Applicant plans to open a new 250,000 square foot facility in Battle Creek, make investments and create jobs related to the manufacture of felt trunk parts for mid-size cars, molded felt carpet under pads for cars and trucks, molded felt dash inner insulators, molded felt IP close out panels for cars and trucks, die cut insulation for carpets, headliners, and door trim.

- 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 the City of Battle Creek. The city has offered a “staff, financial, or economic commitment to the project” in the form of a property tax abatement under PA 328 1998 for ten years. The estimated value of this abatement is \$1,920,000.
- c) The Applicant has demonstrated a need for the funding based on the overall cost of doing business for the project in Michigan versus sites in Indiana and Ohio. Indiana and Ohio both offered competitive economic development incentive packages in support of this project.
- d) The Applicant plans to create 225 Qualified New Jobs above a statewide base employment level of 28.
- e) The project meets the program guidelines as follows: the proposed project involves out-of-state competition, the prospect of near term job creation, and the project provides a net positive return for the State of Michigan.

INCENTIVE OPPORTUNITY

This project involves the creation of 225 Qualified New Jobs, with the potential for up to 256 total jobs as a result of the Project, and a capital investment of up to \$10.05 million in the City of Battle Creek. The requested incentive amount from the MSF is \$1,500,000 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 term sheet attached to the proposed Resolution (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.

The MSF Incentives Subcommittee has indicated its support of the Recommendation.

