



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 \$350,000 Performance-based Grant to:

Lacks Enterprises, Inc.
5460 Cascade Road
Grand Rapids, Michigan 49546
www.lacksenterprises.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

Lacks Enterprises, Inc. ("Lacks") is a Michigan S Corporation. The company was incorporated in 1961. Lacks is a privately held business headquartered in Grand Rapids, Michigan. Lacks has annual sales of \$360,000,000. At the time of application the company had 2,221 employees in Michigan.

Lacks is an automotive supplier that specializes in trim systems, wheel trim systems, and plastic plating. The company has long-term relationships with global partners such as Audi, Mercedes-Benz, Toyota, Nissan, Ford, Chrysler, and General Motors.

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

Michigan Economic Development Corporation

10 North Washington Square | Lansing, MI 48913 | 888.522.0103 | MichiganAdvantage.org | michigan.org

PROJECT DESCRIPTION

The Applicant plans to construct a new plant in Michigan, make investments and create jobs related to manufacturing and warehousing plastic plating for the automotive industry.

- a) The Applicant is a "Qualified Business" that is located and operates in Michigan.
- b) The project will be located in Cascade Charter Township. The 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 property tax abatement is for twelve years and has an estimated value of \$1.38 million.
- c) The Applicant has demonstrated a need for the funding based on competitive economic development packages from Indiana, Kentucky, South Carolina, and Virginia.
- d) The Applicant plans to create 120 Qualified New Jobs above a statewide base employment level of 2,221.
- e) The project meets the program guidelines as follows: the proposed project involves out of state competition from Kentucky, South Carolina, and Virginia. Additionally, this project is shove-ready if located in Michigan, as capital investment is expected to begin May of 2012. This project is expected to result in total capital investment of \$31.9 million.

INCENTIVE OPPORTUNITY

This project involves the creation of 120 Qualified New Jobs and a capital investment of up to \$31.9 million in the Charter Township of Cascade. The requested incentive amount from the MSF is \$350,000 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"):

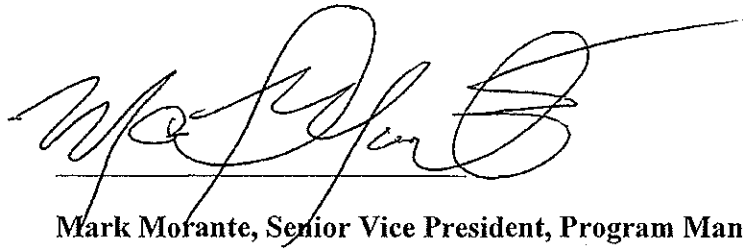
- a) Approval of the BDP Proposal as outlined in the attached term sheet (collectively, "BDP Proposal");
- b) Closing the BDP Proposal, subject to available funding under the BDP at the time of closing ("Available Funding"), completion of due diligence, the results of which are satisfactory to the MEDC (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

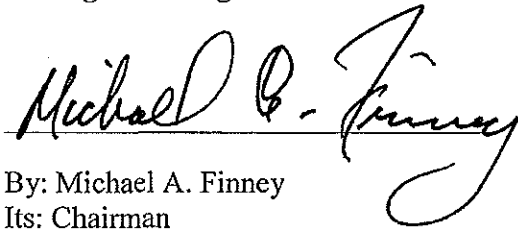


Mark Morante, Senior Vice President, Program Management

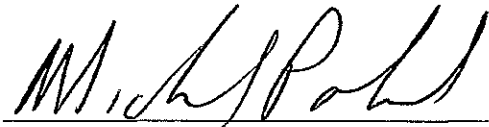
The Recommendation is approved subject to Available Funding and Completion of Due Diligence, and execution of all BDP transaction documents, all in accordance with the BDP and its guidelines:

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:

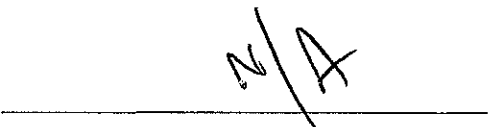
Michigan Strategic Fund



By: Michael A. Finney
Its: Chairman



By: Michael Pohnl
Its: Fund Manager



By: Andy Dillon, State Treasurer
Its: Director