



MEMORANDUM

TO: Michigan Strategic Fund ("MSF") Board Members
FROM: Joshua Hundt, Manager – Development Finance
DATE: January 23, 2012
SUBJECT: Approval of Michigan Business Development Request for \$2,000,000
Performance-based Grant to:

Norplas Industries, Inc. ("Applicant" or "Company")
7825 Caple Boulevard
Northwood, Ohio 43619
www.magna.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 Development Finance 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

Norplas Industries, Inc. ("Norplas") is a subsidiary Magna International, Inc. which represents itself as the world's most diversified automotive supplier. Magna International, Inc. designs, develops, and manufactures automotive systems, assemblies, modules and components, and engineers and assembles complete vehicles, primarily for sale to the car and light truck OEMs.

Magna International, Inc. and its subsidiaries currently have approximately 8,000 employees in Michigan. Norplas doesn't have any employees in Michigan.

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

PROJECT DESCRIPTION

The Applicant plans to open a new operation in Michigan, make investments and create jobs related to growing its manufacturing capacity. In Delta Township the company plans to establish a new state of the art robotic paint line and injection molding process. In Brownstown Township the company intends to establish a new operation for light assembly and sequencing for Ford Fusion front end modules.

- a) The Applicant is a “Qualified Business”, as defined in MCL 125.2088r(9)(b), that will locate and operate in Michigan.
- b) The project will be located in Delta Township and Brownstown Township. The municipalities have offered a “staff, financial, or economic commitment to the project” in the form of property tax abatements.
- c) The Applicant has demonstrated a need for the funding based on competitive economic development packages from sites in Northwood, Ohio; Nashville, Illinois; and Toledo, Ohio.
- d) The Applicant plans to create 620 Qualified New Jobs above a statewide base employment level of 0.
- e) The project meets the program guidelines as follows: the proposed project involves the prospect of near-term job creation with support from the MSF and a significant level of capital investment. Additionally, this project involves out-of-state competition and is projected to result in a net positive return on investment for the State of Michigan.

INCENTIVE OPPORTUNITY

This project involves the creation of 620 Qualified New Jobs, with the potential for total job creation of 658, and a capital investment of up to \$81,750,900 in Delta Township and Brownstown Township. The requested incentive amount from the MSF is \$2,000,000 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 120 days with approval for MSF Fund Manager to extend the commitment an additional 60 days.

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