



## MEMORANDUM

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

**FROM:** Phil Santer, Regional Project Manager

**DATE:** March 26, 2012

**SUBJECT:** Amendment to Michigan Business Development Approval for:  
Teijin Advanced Composites America Inc.  
101 West Big Beaver Road  
Suite 1411  
Troy, Michigan 48084  
[www.teijin.com](http://www.teijin.com)

---

On March 15, 2012 the Michigan Strategic Fund approved a \$375,000 award for Teijin Advanced Composites America Inc. under the Michigan Business Development Program ("MBDP"). The approval, attached to this memo, included a repayment provision found in the term sheet that required full repayment if the Applicant failed to maintain its base employment, or failed to maintain operations or substantially all of its employees at a specific project facility location within Michigan.

Since the approval, staff for the MBDP has revised the repayment provision included in the term sheet template to more accurately reflect industry standards while encouraging companies to continue operations and maintain its employees within the entire state of Michigan. The standard repayment provision language in the new term sheet template now reads:

"Repayment provisions are required by law. The repayment terms and conditions will be effective through the Term of the Agreement and shall be defined in the final Agreement. The final repayment provisions may require repayment of some or all of the disbursements made by the MSF, including if the Company moves 25% or more of their employees or operations for the Project out of Michigan, if the Company fails to maintain the Base Employment Level in Michigan, or if the Company fails to maintain the Qualified New Jobs incented by this Award."

### RECOMMENDATIONS

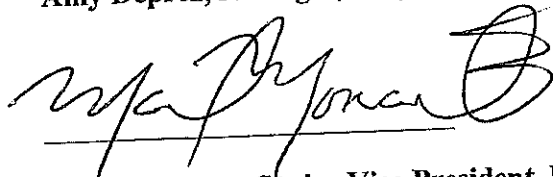
Staff recommends (the following, collectively, "Recommendation"):

- a. Amend the March 15, 2012 approval for the Applicant to allow final transaction documents to give effect to the updated repayment provision language written above.

**APPROVAL AUTHORITY – BDP SUPPORT MEMO**  
**Michigan Economic Development Corporation**



**Amy Deprez, Manager, Project Management**

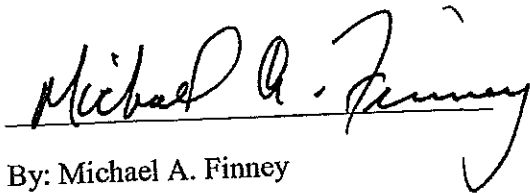


**Mark Morante, Senior Vice President, Program Management**

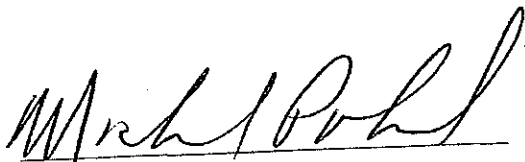
The Recommendation is approved subject to Available Funding and Completion of Due Diligence, and execution of all BDP transaction documents, all in accordance with the BDP and its guidelines:

Note: To utilize the delegation authority granted by the MSF Board, the approval of the Chairperson, and either the MSF Fund Manager of the MSF State Treasurer Director, are required for this commitment under the BDP:

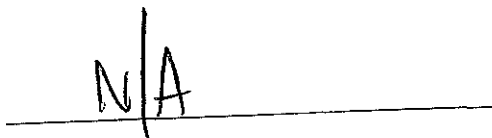
**Michigan Strategic Fund**



By: Michael A. Finney  
Its: Chairman



By: Michael Pohnl  
Its: Fund Manager



By: Andy Dillon, State Treasurer  
Its: Director

# PURE MICHIGAN<sup>®</sup>

## MEMORANDUM

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

**FROM:** Phil Santer, Regional Project Manager

**DATE:** March 15, 2012

**SUBJECT:** Approval of Michigan Business Development Request for \$375,000 to:

Teijin Advanced Composites America Inc.  
101 West Big Beaver Road  
Suite 1411  
Troy, Michigan 48084  
[www.teijin.com](http://www.teijin.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

Teijin Advanced Composites America Inc. ("Applicant") engages in the research, development and prototyping of carbon fiber reinforced thermoplastic composites for automotive and other large-volume applications. The Applicant is a subsidiary of Teijin Holdings USA Inc., a holding company for Teijin Limited's North and Latin American subsidiaries, which was incorporated in the United States in 1993.

The Applicant has developed a proprietary method of producing carbon fiber parts which significantly reduces the product's cycle time and makes use of these fibers in high volume production. The Applicant has announced a co-development program with General Motors to use the technology for their vehicles.

The Applicant has not previously received incentives from the MSF.

### **PROJECT DESCRIPTION**

The Applicant plans to open a new operation in Michigan, make investments and create jobs related to the research, development and prototyping of carbon fiber reinforced thermoplastic composites.

- a) The Applicant is a “Qualified Business” that will locate and operate in Michigan.
- b) The project will be located in the City of Auburn Hills. The City of Auburn Hills has offered a “staff, financial, or economic commitment to the project” in the form of a property tax abatement for eight years.
- c) The Applicant has demonstrated a need for the funding based on a higher personal property tax burden in Michigan and a larger economic development incentive package from other states.
- d) The Applicant plans to create 25 Qualified New Jobs above a statewide base employment level of zero.
- e) The project meets the program guidelines as follows: the proposed project involves out-of-state competition, a net-positive return to Michigan, near-term job creation, and high wages, among other benefits to the state.

### **INCENTIVE OPPORTUNITY**

This project involves the creation of 25 Qualified New Jobs and a capital investment of up to \$7.9 million in the City of Auburn Hills. The requested incentive amount from the MSF is \$375,000. Please see below for more information on the recommended action.

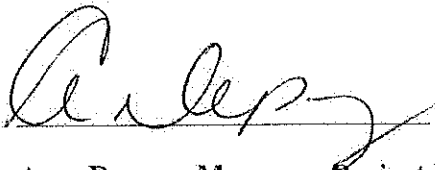
### **RECOMMENDATIONS**

MEDC Staff recommends (the following, collectively, “Recommendation”):

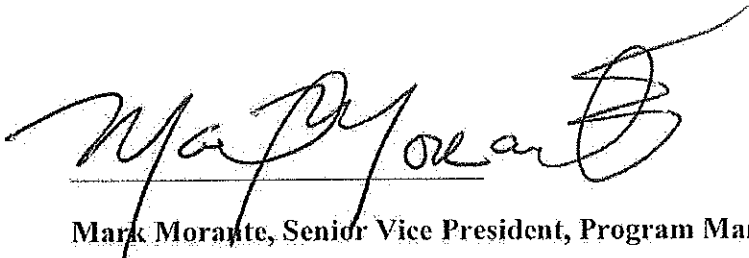
- a) Approval of the BDP Proposal as outlined in the attached term sheet (collectively, “BDP Proposal”);
- b) Closing the BDP Proposal, subject to available funding under the BDP at the time of closing (“Available Funding”), completion of due diligence, the results of which are satisfactory to the MEDC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

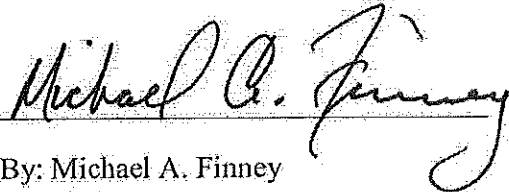


Mark Morante, Senior Vice President, Program Management

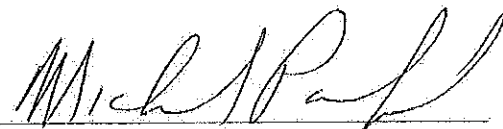
The Recommendation is approved subject to Available Funding and Completion of Due Diligence, and execution of all BDP transaction documents, all in accordance with the BDP and its guidelines:

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

Not Applicable

By: Andy Dillon, State Treasurer  
Its: Director