

MEMORANDUM

Date: February 27, 2018

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

From: Julia Veale, Business Development Project Manager

Subject: Antolin Shelby, Inc. (“Company”)
Approved Michigan Business Development Program Grant Agreement Amendment

Request

The Company is requesting amendment to increase its MBDP performance-based grant from \$3,600,000 for 430 Qualified New Jobs (“QNJ”) to \$5,364,000 for 640 QNJ and an increase in capital investment from \$61,200,000 to \$63.7 million in Shelby Township, Macomb County. The Milestones will be restructured as outlined in the attached Term Sheet.

Background

On February 28, 2017 the MSF approved a \$3.6 million MBDP grant for the creation of 430 Qualified New Jobs and a capital investment of up to \$61.2 million. The Company was awarded a contract to increase its supply of headliners for an OEM contract. To accommodate the new work, the Company entered into a 10 year lease for a 350,000 square foot build-to-suit manufacturing facility in the Cherry Creek Industrial Park in Shelby Township.

As of the Company’s last Progress Report there is a headcount of 110 QNJ and the Qualified Investment of \$1,000,000 was met on June 1, 2017. Business Compliance has completed review of Milestone 1 and has approved disbursement of \$1.8 million.

The Company has recently been notified of a project pull ahead from their OEM for the Dodge truck program manufactured at the Shelby Township facility. The OEM feels that they will be at a competitive disadvantage unless production is ramped up to accommodate economic demand due to the natural catastrophes and vehicle losses over the last year. In order to accommodate the ramp up in production, the Company is proposing to expand its Shelby Township location to create an additional 210 jobs and \$2,500,000 in private investment for machinery and equipment and building updates.

Grupo Antolin has also considered its Nashville, Illinois site for this expansion. The Nashville site is approximately 215,000 square feet with room for immediate on-site expansion. The total site of 24.39 acres would provide ample floor space for the programs being considered for this project. The current lease rate is well below market and would bode well for future extensions or expansion. Grupo Antolin has expanded at this facility twice in the past. Washington County in Illinois has proven to be business friendly through its low real estate taxes.

Recommendation

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

- a) Amend the MBDP Agreement to increase grant amount from \$3,600,000 to \$5,634,000, increase number of QNJs from 430 to 640 and restructure Milestones as outlined in the attached Term Sheet.
- b) All other aspects of the approval remain unchanged.