



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: March 5, 2002
TO: Michigan Economic Growth Authority
FROM: James Donaldson, Vice President
Michigan Business Development
SUBJECT: High-Tech Briefing Memo – AW Technical Center U.S.A., Inc.

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COMPANY NAME AND ADDRESS:

AW Technical Center U.S.A., Inc.
1203 Woodridge
Ann Arbor, Michigan 48105

HISTORY OF COMPANY:

AW Technical Center U.S.A., Inc. (AW-TC) was incorporated in 1999 for the purpose of providing engineering research and development services to the AISIN network of related companies and its customers. AW-TC provides engineering research and development services specifically for automatic transmission systems and navigational systems for U.S. domestic customers, including General Motors. AW-TC is a wholly-owned subsidiary of Aisin AW Company, Ltd. of Japan. Aisin AW is 51% owned by Aisin Seiki Company, Ltd., Japan. AW-TC currently has 29 employees in its Ann Arbor Township location.

PROJECT DESCRIPTION:

AW-TC needs to expand its engineering research and development for automatic transmissions and navigational systems. The proposed expansion will be at its existing operations in Ann Arbor Township or in Durham County, North Carolina where an affiliate production facility, AW North Carolina, is located. The company would add 18 jobs in the first year and 45 jobs over five years paying an average weekly wage of \$833. Total capital investment for the project would be approximately \$4.1 million, all for new machinery and testing equipment. No additional infrastructure or build out of the existing facility would be needed to complete the expansion.



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BENEFIT TO STATE:

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, we estimate this facility will generate a total of 58 jobs in the state by the year 2011. Total state government revenues through the year 2011, net of MEGA costs and adjusted for inflation, would be increased by \$2.4 million (2002 dollars) due to the presence of this facility.

BUSINESS CASE:

AW-TC has the option of locating this expansion at its existing facility in Ann Arbor Township or an affiliate facility in Durham County, North Carolina. North Carolina has aggressively offered incentives for the project, including credits for new jobs created and new machinery and equipment invested. In addition, Durham County has offered substantial direct cash grants for the expansion. AW-TC has also indicated recruitment of skilled engineers and technicians would be easier in North Carolina due to the perception of a better quality of life, with a mild climate, lower tax burden and lower housing costs.

OTHER STATE AND LOCAL ASSISTANCE:

The State of Michigan will offer an abatement of 100 percent of the six-mill State Education Tax for a length of time to match the local property tax abatement. The value of this abatement is estimated at \$48,600.

Ann Arbor Township has proposed a 50 percent abatement of the company's new personal property for six years. The estimated value of this local abatement is \$151,700.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a high-technology employment credit of 100 percent for ten years for up to 45 net new employees.