



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

300 N. WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER
ASSISTANCE CENTER
517 373 9808

WWW.MICHIGAN.ORG

MEMORANDUM

DATE: March 18, 2008
TO: Michigan Economic Growth Authority
FROM: Val Hoag, Director
Portfolio Management & Packaging
Steve Haakenson, Project Manager *SH*
Portfolio Management & Packaging
SUBJECT: Briefing Memo – ArvinMeritor OE, LLC.
Standard MEGA Tax Credit

EXECUTIVE COMMITTEE

MATTHEW P. CULLEN
Chair
General Motors Corporation

PHILIP H. POWER
Vice-Chair
The Center for Michigan

JAMES C. EPOLITO
President and CEO

RICHARD E. BLOUSE JR., CCE
Detroit Regional Chamber

JOHN W. BROWN
Stryker Corporation

DR. DAVID E. COLE
Center for
Automotive Research

KEITH W. COOLEY
Michigan Department of
Labor & Economic Growth

JOANN CRARY
Saginaw Future Inc.

DR. HAIFA FAKHOURI
Arab American and
Chaldean Council

STEVEN K. HAMP
Hamp Advisors, LLC

HAYDEN H. HARRIS
EDF Ventures

PAUL HILLEGONDS
DTE Energy Company

FREDERICK W. HOFFMAN
Chrysler, LLC

GEORGE W. JACKSON JR.
Detroit Economic
Growth Corporation

MICHAEL J. JANDERNOA
Bridge Street Capital
Partners, LLC.

BIRGIT M. KLOHS
The Right Place, Inc.

F. THOMAS LEWAND
Bodman LLP

DR. IRVIN D. REID
Wayne State University

MICHAEL B. STAEBLER
Pepper Hamilton LLP

DENNIS R. TOFFOLO
Oakland County

PETER S. WALTERS
Guardian Industries Corp.

COMPANY NAME AND ADDRESS:

ArvinMeritor OE, LLC
6401 West Fort Street
Detroit, MI 48209

HISTORY OF COMPANY:

Through its predecessor company, Timken-Detroit Axle Company (later Rockwell International), ArvinMeritor was founded as a Detroit, Michigan company in 1909 in southwest Detroit. Today ArvinMeritor's Michigan presence has grown to 1,229 people in five separate facilities in the state and employs approximately 18,000 people in 25 countries.

ArvinMeritor, Inc. is a global supplier of a broad range of integrated systems, modules and components to the motor vehicle industry. The company serves light vehicle, commercial truck, trailer and specialty original equipment manufacturers and certain aftermarkets.

ArvinMeritor's Light Vehicle Systems (LVS) business group supplies integrated systems and modules to the world's leading passenger car and light truck OEMs. With advanced technology and systems design expertise in apertures, chassis and wheels, LVS combines high-quality components into cost effective, performance-based solutions for virtually every car and light truck on the road today.

PROJECT DESCRIPTION:

ArvinMeritor's LVS business group has been awarded a multi-year contract to supply front and rear cross-car suspension modules, front coil-over-shock modules, and rear spring assemblies for a major OEM. ArvinMeritor has chosen its facility at 6401 West Fort Street in southwest Detroit (Wayne County) as a possible location for the new business.

Briefing Memo
ArvinMeritor OE, LLC.
March 18, 2008
Page Two

A \$15.9M capital investment is anticipated for the equipment. This new manufacturing activity taking place at the West Fort Street location is a significant growth in business and would result in the employment of an additional 119 jobs. The estimated weekly wage for the jobs is \$623. An employment base has been set at 1,289. This was calculated using the average Michigan employee base over the past 4 quarters at ArvinMeritor OE as well as its associated and affiliated companies.

BENEFIT TO STATE:

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will generate a total of 404 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs and adjusted for inflation, would be increased by \$8.8 million (2008 dollars) due to the presence of this facility.

BUSINESS CASE:

ArvinMeritor is also considering Toledo, Ohio for the manufacturing of the suspension models and sequence in Detroit. The financial gap between Detroit and Toledo is largely due to tax benefits received in Ohio. ArvinMeritor estimates a tax differential between \$1.5 million to \$2 million per year.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Detroit supports this expansion and anticipates approval of a personal property tax abatement for ten years under PA328 of 1998. Approval of the tax abatement is expected to take place prior to May 1, 2008. This abatement, including Michigan Business Tax reforms, has an estimated value of over \$3.8 million.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for seven years, for up to 119 net new employees.



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

300 N. WASHINGTON SQ.
LANSING, MI 48213

CUSTOMER
ASSISTANCE CENTER
517 373 9808

WWW.MICHIGAN.ORG

DATE: June 17, 2008

TO: Michigan Economic Growth Authority

FROM: Val Hoag, Director
Portfolio Management & Packaging *WH*

Steve Haakenson, Project Manager
Portfolio Management & Packaging

SUBJECT: Briefing Memo – ArvinMeritor OE, LLC.
Amendment to Extend Time to Sign Tax Credit Agreement

COMPANY NAME AND ADDRESS:

ArvinMeritor OE, LLC
6401 West Fort Street
Detroit, MI 48209

HISTORY:

At the March 18, 2008 MEGA Board meeting, ArvinMeritor OE, LLC received approval for a 100 percent employment tax credit for seven years from the Michigan Economic Growth Authority. As part of the resolution, the City of Detroit provided a letter of support for the project and anticipated approval on May 1st for a personal property tax abatement under PA 328 of 1998.

The City of Detroit has postponed the approval process several times and now anticipates approval on June 17th, one day beyond the legislative limit of 90 days from MEGA Board approval. ArvinMeritor has indicated a loss of the PA 328 or the MEGA tax credit would jeopardize the project and location. This was \$15.9 million project, creating 119 new jobs as an estimated weekly wage of \$632.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 30 day extension to allow the City of Detroit to complete their final approval process for a PA 328 on ArvinMeritor's proposed MEGA project.

EXECUTIVE COMMITTEE

MATTHEW P. CULLEN
Chair
General Motors Corporation

PHILIP H. POWER
Vice-Chair
The Center for Michigan

JAMES C. EPOLITO
President and CEO

RICHARD E. BLOUSE JR., CCE
Detroit Regional Chamber

JOHN W. BROWN
Stryker Corporation

DR. DAVID E. COLE
Center for
Automotive Research

KEITH W. COOLEY
Michigan Department of
Labor & Economic Growth

JOANN CRARY
Saginaw Future Inc.

DR. HAIFA FAKHOURI
Arab American and
Chaldean Council

STEVEN K. HAMP
Hamp Advisors, LLC

HAYDEN H. HARRIS
EDF Ventures

PAUL HILLEGONDS
DTE Energy Company

FREDERICK W. HOFFMAN
Chrysler, LLC

GEORGE W. JACKSON JR.
Detroit Economic
Growth Corporation

MICHAEL J. JANDERNOA
Bridge Street Capital
Partners, LLC.

BIRGIT M. KLOHS
The Right Place, Inc.

F. THOMAS LEWAND
Bodman LLP

DR. IRVIN D. REID
Wayne State University

MICHAEL B. STAEBLER
Pepper Hamilton LLP

DENNIS R. TOFFOLO
Oakland County

PETER S. WALTERS
Guardian Industries Corp.