



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

300 N. WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER
CONTACT CENTER
517 373 9808

WWW.MICHIGAN.ORG

DATE: September 14, 2004
TO: Michigan Economic Growth Authority
FROM: James Donaldson, Vice President
Michigan Business Development
SUBJECT: Briefing Memo – Atlantic Automotive Components, LLC
Standard Renaissance Zone Credit

EXECUTIVE COMMITTEE

- MATTHEW P. CULLEN
Chair
General Motors
- PHILIP H. POWER
Vice-Chair
HomeTown Communications
Network
- RICHARD E. BLOUSE JR., CCE
Detroit Regional Chamber
- JOHN W. BROWN
Stryker Corporation
- DR. DAVID E. COLE
Center for
Automotive Research
- JOANN CRARY
Saginaw Future Inc.
- DR. HAIFA FAKHOURI
Arab American and Chaldean
Council
- STEVEN K. HAMP
The Henry Ford
- HAYDEN H. HARRIS
EDF Ventures
- PAUL HILLEGONDS
Detroit Renaissance
- DAVID HOLLISTER
Michigan Department of
Labor & Economic Growth
- GEORGE JACKSON JR.
Detroit Economic Growth
Corporation
- MICHAEL J. JANDERNOA
Bridge Street Capital
Partners, L.L.C.
- MAYOR ROBERT B. JONES
City of Kalamazoo
- BIRGIT M. KLOHS
The Right Place, Inc.
- DR. IRVIN D. REID
Wayne State University
- RICHARD SHOEMAKER
UAW International
- S. MARTIN TAYLOR
DTE Energy Company
- GARY TORGOW
Sterling Group
- PETER S. WALTERS
Guardian Industries Corp.

COMPANY NAME AND ADDRESS:

Atlantic Automotive Components, LLC
1285 North Crystal Avenue
Benton Harbor, Michigan 49022


HISTORY OF COMPANY:

Atlantic Automotive Components, LLC began in 1993 and is a leading, plastic components and assembly automotive supplier that delivers consumer-driven interior product solutions to automotive manufacturers and suppliers throughout the United States. Atlantic is a Michigan LLC, 70 percent owned by Visteon and 30 percent owned by VIC Management. The company is based in Benton Harbor and currently has 383 employees at two Benton Harbor facilities.

PROJECT DESCRIPTION:

Atlantic Automotive Components needs to expand in order to accommodate future growth at the company. To achieve this growth, the company would lease an additional 50,000 square feet building that would be constructed and leased to the company by Cornerstone Alliance. The project would be an expansion of their current Ox Creek facility in Benton Harbor. The project would lead to the creation of 71 new jobs and the new positions would pay an average weekly wage of \$548. Typically, standard MEGA credits require 75 new jobs, however statute requires the creation of only 25 jobs if a project is located in a Renaissance Zone, This project is located in the North of Main Renaissance Zone in Benton Harbor.

The project would require a capital investment of \$21.8 million, including \$3.3 million for building lease costs and leasehold improvements and \$18.5 million for new machinery and equipment.



Atlantic Automotive Components, Inc.
Briefing Memo
September 14, 2004
Page Two

BENEFIT TO STATE:

According to the economic analysis done by the University of Michigan, we estimate this facility will generate a total of 162 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs and adjusted for inflation, would be increased by \$5.5 million (2004 dollars) due to the presence of this facility.

BUT FOR:

Atlantic Automotive also considered locating this facility in Indiana. The company received an aggressive incentive offer from Indiana which included the Indiana EDGE credit, the Hoosier Business Investment Credit and property tax abatements. In addition, the company found that wages and lease costs were also lower in Indiana saving the company over \$200,000 annually.

OTHER STATE AND LOCAL ASSISTANCE:

Cornerstone Alliance holds title to the property to which the expansion for Atlantic Automotive will occur. Owning the land will allow Cornerstone to lease the land to Atlantic Automotive for a rate of \$1. This land is currently valued at \$150,000. Cornerstone Alliance and the City of Benton Harbor will also build and lease the new building to Atlantic Automotive for the expansion. The lease rate will be 35 percent lower than a lease rate which would be offered by a for-profit developer. Finally, Cornerstone Alliance has provided direct staff support and financial underwriting necessary to determine the costs for the new building, environmental concerns and market analysis necessary to advance this project. These efforts are estimated to have saved the company \$20,000 to date.

In addition, Atlantic Automotive will receive Single Business Tax and property tax savings due to the location of this project in the North of Main Renaissance Zone. The property tax savings are estimated at \$2.3 million and the Single Business Tax savings are estimated at \$168,000 over the remaining eight years of the zone.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 10 years, for up to 71 net new employees.