



**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

**MEMORANDUM**

0 ... WASHINGTON SQ.  
NSING, MI 48913

STOMER  
NTACT CENTER  
7 373 9808

WWW.MICHIGAN.ORG

**DATE:** March 13, 2007  
**TO:** Michigan Economic Growth Authority  
**FROM:** James Donaldson, Vice President  
Michigan Business Development  
**SUBJECT:** Briefing Memo – Delphi Automotive Systems LLC  
Retention Credit

**COMPANY NAME AND ADDRESS:**

Delphi Automotive Systems LLC  
5725 Delphi Drive  
Troy, Michigan 48098

**HISTORY OF COMPANY:**

Delphi is one of the largest global suppliers of vehicle electronics, transportation components, integrated systems and modules and other electronic technology. Delphi supplies products to nearly every major global automotive equipment manufacturer. Delphi has diversified its customer base through its technological and manufacturing core competencies and is making increasingly significant contributions in communications (including telematics), computers, automotive aftermarkets, consumer electronics, energy and the medical devices industry. Delphi has established an expansive global presence, with a network of manufacturing centers, sales offices and joint ventures located in every major region of the world.

**PROJECT DESCRIPTION:**

Delphi Automotive Systems proposes to house research and development, engineering and business functions associated with automotive and non-automotive products in Auburn Hills, Michigan to consolidate several leased and owned facilities into a single location. Up to 1,077 jobs will be retained in the State of Michigan and an additional 40 jobs will be relocated to the State. The average wage of these jobs is approximately \$39.75 per hour.

The project involves about \$42M of total spending including about \$22M of capital. Building and site improvements are planned, as well as relocation of engineering process equipment and significant investment in new Information Technology.

Other sites that are being considered include our Tech Centers in Mexico, China and Poland.

**EXECUTIVE COMMITTEE**

ATTHEW P. CULLEN  
Chair  
General Motors

PHILIP H. POWER  
Vice-Chair  
HCN, Inc.

MES C. EPOLITO  
President & CEO

CHARL E. BLOUSE JR., CCE  
Detroit Regional Chamber

JOHN W. BROWN  
Stryker Corporation

DAVID E. COLE  
Center for  
itive Research

LIBRARY  
Saginaw Future Inc.

HAIFA FAKHOURI  
Arab American and  
Chaldean Council

STEVEN K. HAMP  
Ann Arbor

RYDEN H. HARRIS  
EDF Ventures

AUL HILLEGONDS  
DTE Energy Company

GEORGE JACKSON JR.  
Detroit Economic Growth  
Corporation

MICHAEL J. JANDERNOA  
Bridge Street Capital  
Partners, LLC.

ROBERT B. JONES  
City of Kalamazoo

IRGIT M. KLOHS  
The Right Place, Inc.

THOMAS LEWAND  
Bodman LLP

IRVIN D. REID  
Wayne State University

MICHAEL B. STAEBLER  
Pepper Hamilton LLP

ROBERT W. SWANSON  
Michigan Department of Labor  
& Economic Growth

ENNIS R. TOFFOLO  
Oakland County

ETER S. WALTERS  
ian Industries Corp.

Delphi Automotive Systems LLC  
Briefing Memo  
March 13, 2007  
Page Two

**BENEFIT TO STATE:**

According to the economic analysis done by the University of Michigan utilizing Regional Economic Models, Inc. software, it is estimated that retention of the company's manufacturing facilities will retain a total of 2004 jobs in the state by the year 2015. We also estimate that the project would maintain total state government revenues through the year 2015, net of MEGA cost and adjusted for inflation, of \$83.8 million (2007 dollars) due to the retention of this facility.

**BUSINESS CASE:**

The company must achieve cost savings and efficiencies in every facet of its operations and is looking at every possibility to identify and pursue operational efficiencies and savings. Delphi must choose whether to locate engineering talent in Michigan or at lower cost facilities in Central Europe, Asia or Mexico.

**OTHER STATE AND LOCAL ASSISTANCE:**

The company has met with local officials. Auburn Hills has expressed full support for the project and expects to transfer an existing real property tax abatement to Delphi and proposes a 50% abatement of personal property taxes for 8 years for equipment new to Michigan tax rolls.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a seven year employment credit with a 100 percent credit for the first year and a 35 percent credit for years two through seven for the retention of up to 1077 jobs in Michigan.

As required by the MEGA statute, this credit is subject to a clawback should the company not meet certain contractual requirements.