

MEMORANDUM

Date: October 26, 2010

To: Michigan Economic Growth Authority

From: Marcia Gebarowski, Project Specialist
Packaging Team

Subject: Briefing Memo – Dokka Fasteners, Inc.
High Technology MEGA Credit (Look-Back)

COMPANY NAME

Dokka Fasteners, Inc.
2800 Superior Court
Auburn Hills, Michigan 48326

HISTORY OF COMPANY

Dokka Fasteners, Inc. is a newly established manufacturer of hot-formed bolts, which are coated with a specialized coating to ensure the integrity of the fastener once it is installed. These bolts are sold primarily to the wind industry and are currently manufactured at a facility in Norway. Dokka Fasteners is a wholly-owned subsidiary of the Wurth Group of North America, a subsidiary of the Wurth Group, a privately-held company headquartered in Germany.

The company currently has no presence in the State of Michigan.

PROJECT DESCRIPTION

Dokka Fasteners proposes a new location in Auburn Hills to establish a manufacturing, coating and distribution operation of hot-formed bolts. The company plans to locate in an existing facility within the city and add the machinery and equipment necessary for the fully automated manufacturing process. The company plans to hire key personnel by the first week of October 2010 to ensure the proposed project moves forward in Michigan.

The company plans to invest approximately \$21 million and create 90 jobs over the next five years, with 30 jobs projected in year 1, as a result of this project. The average weekly wage for the newly created jobs is anticipated to be \$889. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

The company represents there are no other businesses in Michigan in the same industry.

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 168 jobs in the state by the year 2018. Total state Government revenues through the year 2018, net of MEGA costs, would be increased by \$2,673,103 (current dollars) due to the presence of this facility.

BUSINESS CASE

Initially, Wurth Group leadership targeted Rockford, Illinois for this project and Michigan was not seriously considered. Rockford is home to a number of fastener manufacturers which provided easy access to sub-supplier processes as well as a pool of skilled workforce in this particular industry. Also highly considered by the company was Missouri because of its favorable tax climate, lower lease rates and a lower business operating cost. In addition, a Missouri location would allow for close proximity to wind OEM's.

OTHER STATE AND LOCAL ASSISTANCE

The City of Auburn Hills is supportive of a PA 198 for five years with an estimated value of \$220,000, as well as, a PA 328 for up to 6 years valued at \$967,000.

The MEDC is also supportive of EDJT funding in the amount of \$60,500 and a State Education Tax ("SET") abatement on the real property for the duration of the PA 198, estimated value is \$28,000.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY

The company is a qualified high-technology business, whose primary business activity is Alternative Energy Technology, as defined in the Act.

The company is not qualifying with the 10 percent research and development requirement.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 7 year high-technology employment tax credit for this project. The credit percentage will be 200% for years 1-3 and 100% for years 4-7 for up to 90 net new employees in excess of the company's established base of 0, including a look-back period as defined below.

- The Look-Back period is defined as up to 90 days prior to the execution of the credit agreement.