

## MEMORANDUM

**Date:** February 15, 2011

**To:** Michigan Economic Growth Authority

**From:** Greg West, Project Specialist  
Packaging Team

**Subject:** Briefing Memo – Gemini Group, Inc.  
Standard and Retention MEGA Credits

---

### COMPANY NAME

Gemini Group, Inc.  
175 Thompson Road  
Bad Axe, Michigan 48413

### HISTORY OF COMPANY

Gemini Group, Inc. (“Gemini”) is headquartered in Bad Axe, Michigan and has been operating under its current ownership configuration since 1996. The company is currently the largest employer in Huron County, operating four plastics and three metal plants in the county. It also owns a facility in El Paso, Texas, and in 2010 opened its first location outside of the United States in Saltillo, Mexico. Gemini manufactures aluminum extrusion dies and provides metal machining, blow molding, die cutting, injection molding and stamping services to the automotive, defense, aerospace, transportation, energy and heavy equipment industries.

The company currently has 901 employees in Michigan.

### PROJECT DESCRIPTION

Gemini Group, Inc. is currently analyzing all options related to the future growth of the company and is in the process of deciding where to locate the substantial financial investment related to this effort. If the project moves forward in Michigan all investment, job creation and retention will occur within the City of Bad Axe, Village of Uby, Bingham Township and Verona Township, Huron County. In order to make the existing facilities viable locations for future contracts and new work infrastructure upgrades, operational improvements, new machinery and equipment and facility renovations would be required. This includes a 75,000 square foot expansion of Gemini’s Valley Enterprises facility in the Village of Uby, with additional facility renovations, infrastructure upgrades and the purchase of various types of machinery and equipment to be located at the other existing facilities. Machinery and equipment related to the project include presses, grinders, gages, forklifts and industrial cleaning equipment.

Gemini Group, Inc. plans to invest approximately \$53 million, retain 555 jobs and create up to 290 new jobs over the next five years. The average weekly wage for the retained jobs is anticipated to be \$605, while the average weekly wage for the newly created jobs is anticipated to be \$464. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost. The effect on other Michigan businesses in the same industry was taken into consideration when recommending the amount and length of this tax credit.

### **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 retain a total of 1,041 jobs in the state by the year 2019, and create a total of 509 jobs in the state by the year 2016. It is also estimated that the project would maintain \$29.5 million (current dollars) in total state government revenues, net of MEGA costs, by the year 2019. In addition, this project would add \$5.3 million (current dollars) in revenue due to the proposed growth of this company in Michigan, by the year 2016.

### **BUSINESS CASE**

Alternatively, the Gemini Group, Inc. is considering locating the jobs and investment related to this project in El Paso, Texas and Saltillo, Mexico. The company states that by locating this project at either the El Paso, Texas, or Saltillo, Mexico facilities it would experience lower logistical costs, as a large portion of its client base is located closer to those facilities. In addition, the company states it would also experience lower wages in El Paso, as the annual wages of the employees at the current El Paso facility are approximately 72% of comparable positions in Michigan. A MEGA Tax Credit would allow the company to mitigate some of the benefits found in Texas and Mexico.

### **OTHER STATE AND LOCAL ASSISTANCE**

The City of Bad Axe, Village of Ubly, Bingham Township and Verona Township are all supportive of the project and willing to consider the approval of property tax abatements under P.A. 198 of 1974. The estimated value of the abatements is unknown at this time.

In addition to the MEGA Tax Credit, The Michigan Economic Development Corporation supports a full 6-mill State Education Tax abatement on all real property improvements located at the project sites in the City of Bad Axe, Village of Ubly, Bingham Township and Verona Township for the duration of an approved property tax abatement under PA 198 of 1974.

### **RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends approval of a 75 percent standard employment tax credit for five years for up to 290 new employees, above the established employment base of 901.

In addition, the Michigan Economic Development Corporation recommends approval of up to a 75 percent retention employment tax credit for eight years for up to 555 retained employees in Michigan, provided that:

- The company maintains at least 762 employees at its facilities in Huron County, Michigan. Failure to do so would make the applicant ineligible to collect the MEGA tax credit for that year.