



**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

**MEMORANDUM**

00 N. WASHINGTON SQ.  
ANSING, MI 48913

CUSTOMER  
CONTACT CENTER  
17 373 9808

WWW.MICHIGAN.ORG

**DATE:** February 13, 2007  
**TO:** Michigan Economic Growth Authority  
**FROM:** James Donaldson, Vice President  
Michigan Business Development  
**SUBJECT:** Briefing Memo – Gentz Aerospace Production, LLC  
Standard Look Back Credit

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**COMPANY NAME AND ADDRESS:**

Gentz Aerospace Production, LLC  
25250 Easy Street  
Warren, Michigan 48089

**HISTORY OF COMPANY:**

Gentz Industries was founded in 1949, but was acquired by the current owners in 1995. The company manufactures and repairs complex, high-precision, safety-sensitive components and fabrications for power generation, prop and jet aircraft, and helicopters. The products manufactured generally require exotic alloy materials, and precision manufacture and machining. Gentz holds an FAA Air Agency Certificate and is ISO 9001 and AS9100 compliant. As a FAR 145 Repair Station, Gentz employs certified repairmen and inspectors. Gentz's customers are the engine builders, certified aerospace parts distributors, airlines and certified engines repair stations, with 75% of the company's revenue drawn from customers outside the U.S. Gentz currently employs 178 full time employees at its Warren facility.

**PROJECT DESCRIPTION:**

The company is considering an expansion of its Warren location, which will require acquisition of adjacent real property, a building expansion, and new machinery and equipment. The company anticipates investment of \$3.7 million in new real and personal property in the first phase, with additional investment anticipated as the company expands. The company is growing based on its reputation for quality and engineering expertise, and expects to add up to 130 new jobs over the next five years. These new positions will pay an average weekly wage of \$737.

Briefing Memo  
Gentz Aerospace Production, LLC  
February 13, 2007  
Page Two

**BENEFIT TO STATE:**

According to the economic analysis done by the MEDC utilizing Regional Economic Models, Inc. software, it is estimated that this facility will create a total of 282 jobs in the state by the year 2013. We also estimate that the project would increase total state government revenues through the year 2013, net of MEGA cost and adjusted for inflation, of \$6.9 million (2007 dollars) due to the location of this facility.

**BUSINESS CASE:**

Due to difficulties in recruiting skilled workers, the company has considered several locations where the labor and customer pool are more favorable. Wichita, Kansas offers favorable facility lease rates, tax incentives, training funds and a ready pool of aerospace-savvy labor. The area also has a concentrated source of potential new aerospace customers that would find the company's capabilities and proximity very attractive and advantageous. The company could realize savings of up to \$1 million per year in Kansas.

**OTHER STATE AND LOCAL ASSISTANCE:**

The City of Warren has proposed local property tax abatement under Public Act 198 of 1974 for 12 years for new real property and 11 years for new personal property. This abatement has an estimated value of \$413,000.

**LOOK BACK AGREEMENT REQUEST:**

The Board gave contingent approval for a MEGA credit for this company on January 16, 2007. The approval was contingent on the company securing local property tax abatement, with an anticipated approval date of February 27. This date has been delayed until March 13. Under the credit approved in January, the company cannot begin hiring employees until local approval has been secured. The company has repeatedly stated that the greatest hurdle to their success is finding and hiring qualified workers, so a delay in hiring could make it difficult to meet the minimum job creation requirements of the MEGA program.

MEDC staff is recommending that the Board authorize a Look-Back credit so that the company can begin hiring new employees as of January 15, 2007.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent look back employment tax credit for seven years, for up to 130 net new jobs.