



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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STATE CENTER
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WWW.MICHIGAN.ORG

DATE: September 19, 2006
TO: Michigan Economic Growth Authority
FROM: James Donaldson, Vice President
Michigan Business Development
SUBJECT: Briefing Memo - Hi-Lex Controls, Inc.
Standard Credit

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Michigan Industries Corp.

COMPANY NAME AND ADDRESS:

Hi-Lex Controls, Inc.
152 Simpson Drive
Litchfield, Michigan 48252

HISTORY OF COMPANY:

Hi-Lex Controls has been manufacturing window regulators in Litchfield since 1990 and in Hudson since 2002. The Litchfield facility employs approximately 500 full time employees in a 242,000 square foot building. The Hudson facility employs approximately 160 employees in a 142,500 square foot building. The company also employs over 80 engineers and sales staff at our technical center in Troy, which will be moved to a facility in Rochester Hills in the near future.

Hi-Lex Controls is owned 100% by TSK of America. TSK of America is in turn owned 100% by Hi-Lex Corporation, a global company based in Takarazuka City, Japan. Hi-Lex Corporation is a publicly traded company on the Tokyo stock exchange

PROJECT DESCRIPTION:

Hi-Lex Controls has recently been awarded a significant contract with Daimler Chrysler and one with Ford Motor Company. In excess of 200 total jobs will be added as a result. Approximately 160 jobs would be at Hudson and about 45 jobs at Litchfield. Average weekly wage would be \$502. Employees are offered health and dental insurance and company match up to 6% of the employees pay in a 401K plan. The company offers a profit sharing program. The total capital investment is currently estimated to be \$26.8 million. Hi-Lex Controls is also considering purchasing an existing facility in Archbold, Ohio.



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BENEFIT TO STATE:

According to the economic analysis done by MEDC staff utilizing Regional Economic Models, Inc. software, it is estimated that this facility will create a total of 395 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 \$8.15 million (2006 dollars) due to the location of this facility.

BUT FOR:

The company has considered locating these expansions in an existing facility in Archbold, Ohio. Wages would be lower in Archbold and personal property taxes would be eliminated. While the annual cost differential is not large at \$450,000 annually, it is significant. In addition, the products are not subject to just-in-time requirements because of their commodity nature.

OTHER STATE AND LOCAL ASSISTANCE:

The MEDC has offered up to \$120,000 in training assistance through the Economic Development Job Training program; up to \$1,000 per employee for up to 120 new or existing employees at the company's headquarters that will be located in Rochester Hills.

In addition, The MEDC has offered up to \$1,000,000 in infrastructure development financing through the CDBG program for the Hudson operation.

The Villages of Litchfield and Hudson have both approved 12-year PA 198 property tax abatements for all new real and personal property related to these projects. The total estimated value of the PA 198 abatements is approximately \$2.2 million over 12 years.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for seven years, for up to 208 net new jobs at Litchfield and Hudson.