



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

600 N. WASHINGTON SQ.
ANN ARBOR, MI 48103

CUSTOMER
ASSISTANCE CENTER
17 373 9808

WWW.MICHIGAN.ORG

MEMORANDUM

DATE: November 13, 2007
TO: Michigan Economic Growth Authority
FROM: Mark Morante, Vice President
Development Finance *[Signature]*

Stephen Haakensen, Project Manager
Development Finance

SUBJECT: Briefing Memo – Inergy Automotive Systems, LLC
Standard Credit

EXECUTIVE COMMITTEE
MATTHEW P. CULLEN
Chair
General Motors

PHILIP H. POWER
Vice-Chair
The Center for Michigan, Inc.

AMES C. EPOLITO
President & CEO

RICHARD E. BLOUSE JR., CCE
Detroit Regional Chamber

JOHN W. BROWN
Stryker Corporation

DR. DAVID E. COLE
Center for
Automotive Research

KEITH W. COOLEY
Michigan Department of Labor &
Economic Growth

JOANN CAARY
Saginaw Future Inc.

DR. HAIFA FAKHOURI
Arab American and
Chaldean Council

STEVEN K. HAMP
Ford Motor Company

JAYDEN H. HARRIS
EDF Ventures

PAUL HILLEGONDS
DTE Energy Company

GEORGE JACKSON JR.
Detroit Economic Growth
Corporation

MICHAEL J. JANDERONDA
Bridge Street Capital
Partners, LLC.

BIRGIT M. KLOHS
The Right Place, Inc.

THOMAS LEWAND
Bodman LLP

DR. IRVIN D. REID
Wayne State University

MICHAEL B. STAEBLER
Pepper Hamilton LLP

DENNIS R. TOFFOLO
Oakland County

PETER S. WALTERS
Guardian Industries Corp.

COMPANY NAME AND ADDRESS:

Inergy Automotive Systems, LLC
1549 W. Beecher
Adrian, MI 49221

HISTORY OF COMPANY:

Solvay Group and Plastic Omnium Company signed an agreement to merge their worldwide fuel systems activities in 2000 and formed Inergy Automotive Systems, LLC. The joint venture develops, manufactures, and markets fuel systems consisting of blow molded plastic fuel tanks, filler pipes, modules, and pumps for the automotive industry.

Inergy operates 28 facilities in 17 countries with global headquarters in Paris, France and is the world's largest fuel systems supplier, producing 12 million tanks annually. Principal North American customers are Chrysler, General Motors, BMW, and Nissan.

PROJECT DESCRIPTION:

The company is considering moving operations currently located at their Blenheim Ontario, Canada plant to their facility in Adrian. They anticipate an initial investment of \$5.1 million with an additional \$3.1 million invested over the next five years as they close the Ontario operations. This will include the purchase of new equipment and significant leasehold improvements.

The Adrian, MI facility currently has 174 full time employees. Through this expansion, the company anticipates the creation of 189 full time jobs through 2013, with an average weekly wage of \$559.

Briefing Memo
Inergy Automotive Systems, LLC
November 13, 2007
Page Two

BENEFITS 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 create a total of 427 jobs in the state by the year 2015. It is also estimated that the project would increase total state government revenues through the year 2015, net of MEGA cost and adjusted for inflation, by \$7.1 million (2007 dollars) due to the location of this operation.

BUT FOR:

The company is considering relocating their Ontario manufacturing to either Anderson, South Carolina or Adrian, Michigan. The Anderson facility currently has available capacity, and will require approximately \$4.5 million less in investment, and also benefits from a significantly lower cost of energy. Furthermore, Inergy has an adaptable facility in Ramos Arizpe, Mexico that may be considered for this project due to lower wage costs.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Adrian is prepared, based on further action by the Michigan Economic Growth Authority, to support a P. A. 198 Industrial Facilities Tax Abatement for 12 years with an estimated value of \$1,874,000. In addition, South Central Michigan Works and the Lenawee Chamber of Economic Development, using multiple resources, are providing recruiting, screening, and job training assistance in an amount as yet undetermined.

The MEDC is also considering support for job training for a maximum of \$55,000 for up to 110 employees.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for seven years, for up to 189 net new employees.