

MEMORANDUM

Date: July 20, 2010
To: Michigan Economic Growth Authority
From: Greg West, Project Specialist
Packaging Team
Subject: Briefing Memo – Inteva Products, LLC
High Technology (High Wage) MEGA Credit

COMPANY NAME

Inteva Products, LLC
1401 Crooks Rd.
Troy, MI 48084

HISTORY OF COMPANY

Inteva Products, LLC, formerly Delphi Interiors & Closures, currently has its world headquarters in Troy. Inteva designs, engineers, manufactures and assembles interior systems, cockpits, latch and closure systems, door module and window lift systems, and advanced materials for leading OEMs around the globe. Inteva's integration capabilities allow the company to provide everything from small component parts to fully integrated vehicle subsystems.

The company currently has 462 employees in Michigan.

PROJECT DESCRIPTION

For the project, Inteva plans to renovate its existing World Headquarters & Technical Center in Troy. The renovation is necessary in order to accommodate the hiring of the additional employees needed in order to meet the needs of new contracts. Employees associated with the project include engineers and designers, along with management and support staff. Infrastructure upgrades to both the IT and electrical systems will be made in order to transition current cafeteria and lab areas into useable design space.

The company plans to invest approximately \$4.93 million and create 35 jobs over the next five years, with 12 jobs projected in year 1, as a result of this project. The average weekly wage for the newly created jobs is anticipated to be \$1,073. 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 generate a total of 67 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs, would be increased by \$852,945 (current dollars) due to the presence of this facility.

BUSINESS CASE

Inteva Products, LLC has indicated that placing the new employees in Troy instead at the company's Vandalia, Ohio facility will create significant travel and logistical costs, as the engineering and design team the new employees will be a part of is headquartered at the Vandalia site. Additionally, the facilities costs of locating the new employees in Troy is much greater than that in Ohio, as it will require the additional build-out of Inteva's current space, and potentially additional lease space, as the Vandalia facility has open workspace available.

OTHER STATE AND LOCAL ASSISTANCE

The City of Troy is supportive of the project and anticipates the approval of PA 198 tax abatement. The estimated value of this abatement is unknown at this time.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY

The company is a qualified high-technology business, under the qualified high wage activity, as defined in the Act.

The company has certified that at least 10 percent of its total operating expenses are related to research and development.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 75 percent high-technology (high wage) employment tax credit for 5 years for up to 35 net new employees in excess of the company's established base of 462.