

MEMORANDUM

Date: August 17, 2010

To: Michigan Economic Growth Authority

From: Stacy Bowerman, Project Specialist
Packaging Team

Subject: Briefing Memo – Link Manufacturing, Inc. d/b/a Link Engineering Company
High-Technology MEGA Credit

COMPANY NAME

Link Manufacturing, Inc. d/b/a Link Engineering Company
43855 Plymouth Oaks Boulevard
Plymouth, Michigan 48170

HISTORY OF COMPANY

Link Engineering Company (“Link”), headquartered in Plymouth, Michigan, designs and manufactures precision test equipment and provides comprehensive testing services for a wide variety of vehicle components. Over the years, Link has become a multinational company serving various segments of the transportation industry. The company’s primary focus is on behind the engine components, including transmissions, brakes, clutches, wet and dry friction materials, and wheels and tires. The company also provides a range of motor tests systems, including alternators, starter motors, and steering system tests.

The company currently has 197 employees in Michigan.

PROJECT DESCRIPTION

Link plans to consolidate some of its Allen Park and Detroit operations into a single location in the City of Dearborn (Wayne County). The Allen Park and Detroit facilities will remain open to accommodate other operations. In addition to the consolidation, the company will be expanding its testing services at the Dearborn facility, which include both dynamometers and in-vehicle testing.

Link plans to invest approximately \$9.8 million and create 59 jobs over the next five years as a result of the expansion of its testing services. The average weekly wage for the newly created jobs is anticipated to be \$800. 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 112 jobs in the state by the year 2017. Total state government revenues through the year 2017, net of MEGA costs, would be increased by \$2 million (current dollars) due to the presence of this facility.

BUSINESS CASE

Link is also considering Ohio for this project. The company has a facility in East Liberty, Ohio that has excess capacity that could accommodate their consolidation and expansion efforts. The company indicated that in addition to real estate costs, it would also be more efficient to ramp-up employees and operations at the Ohio facility, due to the nature of the work that is currently performed at the facility.

OTHER STATE AND LOCAL ASSISTANCE

The City of Dearborn is supportive of this project and anticipates approval of property tax abatements associated with the purchase of new equipments and eligible improvements to the building. The estimated value is not known at this time.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY

The company is a qualified high-technology business, whose primary business activity is Engineering or Laboratory Testing, 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 100 percent high-technology employment tax credit for 7 years for up to 59 net new employees in excess of the company's established base of 202, subject to the follow:

- The company must create and maintain a minimum of 55 employees by the end of the fifth year. Failure to do so will result in the forfeiture of years six and seven.