



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

DATE: June 15, 2004

TO: Michigan Economic Growth Authority

FROM: Jim Donaldson, Vice President
Business Development

SUBJECT: Briefing Memo – MSC Walbridge Coatings, Inc.
High-Technology Credit

COMPANY NAME AND ADDRESS:

MSC Walbridge Coatings, Inc.
2200 East Pratt Boulevard
Elk Grove Village, Illinois 60007

HISTORY OF COMPANY:

MSC Walbridge Coatings is a subsidiary of Material Sciences Corporation, a leading provider of material-based solutions for electronic, acoustical/thermal and coated metal applications. In Michigan, the Engineered Materials and Solutions Group is in the business of solving noise and heat problems for customers in automotive, appliance, office furniture, heating and cooling and electronics. These scientists are developing new innovative products like Quiet Steel® and Quiet Aluminum®. Currently, Material Sciences has 24 employees in Michigan.

PROJECT DESCRIPTION:

This project will lead to the creation of a state of the art Noise, Vibration, and Harness (NVH) Technical Center which will allow Material Sciences to identify noise levels in full vehicles, brake systems, engine and driveline components, and individual components and parts, including non-automotive components. To accomplish this, the company will lease a 54,000 square foot speculative building in Plymouth Township, which will be fully developed to provide the design and testing features needed for a technical center. The project will lead to the creation of 6 new jobs the first year of the project and a total of 27 jobs over five years. In addition, the company will relocate 24 existing workers from Farmington Hills to the new facility. The new positions are well compensated, with an average weekly wage of \$1,383.

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Total capital investment for the project would be approximately \$17.4 million, including \$7.3 million for capitalized lease costs and leasehold improvements, and \$10.1 million for new machinery, test equipment and computers.

BENEFIT TO STATE:

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, we estimate this facility will generate a total of 17 jobs in the state by the year 2014. Total state government revenues through the year 2014, net of MEGA costs and adjusted for inflation, would be increased by \$314,000 (2004 dollars) due to the presence of this facility.

BUSINESS CASE:

In addition to Plymouth Township, Material Sciences is also considering Walbridge (Toledo), Ohio for this technical center. MSC currently has a manufacturing plant located on the site, allowing the company access to available land, property tax abatements and low cost electric and gas, due to the use of these utilities by the plant. These benefits would save the company nearly \$1 million in the first year of the project, due to land costs, and nearly \$30,000 per year in utility savings.

OTHER STATE AND LOCAL ASSISTANCE:

The State of Michigan will provide 50 percent abatement of the six-mill State Education Tax for a period of time to match the local property tax abatement. The estimated value of this abatement is \$231,900.

Plymouth Township has proposed 50 percent abatement of the company's new real and personal property for 12 years. The estimated value of the local property tax abatement is \$1,488,700. The abatement is expected to be finalized on June 22, 2004.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for ten years, for up to 27 net new employees.