



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

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MEMORANDUM

DATE: December 18, 2007
TO: Michigan Economic Growth Authority
FROM: Val Hoag, Director *VH*
Portfolio Management & Packaging
Toni Brownfield, Project Manager
Portfolio Management & Packaging
SUBJECT: Briefing Memo – MS Automotive, LLC
Standard Credit

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COMPANY NAME AND ADDRESS:

MS Automotive, LLC
895 Garden Lane
Ann Arbor, Michigan 48836

HISTORY OF COMPANY:

MS Plastic Welders, Inc. was incorporated in 1997. It is 100% owned by Maschinenfabrik Spaichingen GmbH of Spaichingen, Germany. In 2007, MS Plastic Welders, Inc. changed its official name to MS Industries, Inc. Three more entities were created to complete the organizational structure: MS Plastic Welders, LLC, an operational entity specializing in the ultrasonic machine building upon which the original entity was founded; MS Automotive, LLC, an operational entity specializing in the machining of the diesel parts; and MS Property & Equipment, LLC, a holding company which owns the property, plant, and equipment for all of the companies. MS Industries, Inc. is the sole member of the three subsidiary LLCs. MS Plastic Welders, LLC currently employs 14 associates in Michigan.

PROJECT DESCRIPTION:

MS Automotive, LLC is experiencing significant growth and will soon require significantly more space than currently exists in the company's original North American headquarters in Fowlerville, Michigan. Given its current space constraints, the company set out to custom-build a combination headquarters and manufacturing facility that would accommodate its unique and growing needs.

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MS Automotive, LLC is proposing the construction of a new facility, slated to begin in April 2008, on a tract of undeveloped land also in the Village of Fowlerville, Livingston County, Michigan. The initial investment required to construct and equip this proposed new facility is approximately \$21.8 million. Over the next five years, the company anticipates adding 106 new jobs with an average weekly wage of \$641.

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 244 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 \$4.5 million (2007 dollars) due to the expansion of this operation.

BUT FOR:

MS Automotive, LLC is considering relocating its entire Fowlerville operation to the Nashville, Tennessee area. When comparing the Michigan and Tennessee locations, the company estimates that wage rates in Tennessee are significantly lower.

OTHER STATE AND LOCAL ASSISTANCE:

The Village of Fowlerville has proposed a 50% abatement of the company's new real and personal property taxes under PA 198 for twelve years. The property tax abatement application is scheduled to be presented to village council at its January meeting. The estimated value of this abatement is \$1.3 million.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for seven years, for up to 106 net new employees.