



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: February 3, 2009
TO: Michigan Economic Growth Authority
FROM: Amy Deprez, Packaging Team Manager *AD*
Portfolio Management & Packaging
SUBJECT: Briefing Memo – MT Acquisitions, LLC d/b/a Models & Tools
Standard MEGA Credit

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COMPANY NAME:

MT Acquisitions, LLC d/b/a Models & Tools
1880 East Maple
Troy, MI 48083

HISTORY OF COMPANY:

Models & Tools, founded in 1974, began as an automotive fixture and gage builder. In the mid-1980s, the company expanded its product offering to include aerospace assembly tooling, which consists of models, fixtures and various types of assembly tooling. The company recently separated from its automotive customers to focus on the aerospace tooling market. Currently, the company participates in all aerospace market segments, which include commercial, military and defense as well as missiles & space.

Models & Tools currently has 81 associates in Michigan.

PROJECT DESCRIPTION:

Models & Tools was an active participant in the development phase of the tooling required for Lockheed-Martin's (L-M Aero) F-35 Joint Strike Fighter aircraft. The company will soon be involved with the bidding process for the assembly tooling, overhead rail systems and platforms and work stands required to allow the L-M Aero to reach full rate production by 2016.

In order to accommodate the increased business model, the company will need to relocate to a larger facility, allowing for more overall space and to accommodate the additional height requirements.

The company has identified a facility in Shelby Charter Township, Macomb County, for this expansion. As a result of this project, approximately 72 jobs will be created over the next five years, with an average weekly wage of \$1,029 and will include an investment of approximately \$6.2 million. The company will also offer health care benefits and pay a portion of the benefit costs.

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 164 jobs in the state by the year 2019. Total state government revenues through the year 2019, net of MEGA costs, would be increased by \$5.3 million (current dollars) due to the presence of this expansion.

BUSINESS CASE:

Alternatively, Models & Tools could also locate this project in Texas. The company's customers have encouraged them to relocate their facility to Texas, which would allow them to have better visibility of their project, as well as, be more competitive with other Texas companies they currently utilize. Additionally, the company has indicated that wages paid in Texas are significantly lower.

OTHER STATE AND LOCAL ASSISTANCE:

Shelby Charter Township is supportive of this project and has approved a five year property tax abatement (PA 198) on January 20, 2009. The approximate value of this incentive is not known at this time.

Additionally, the Michigan Economic Development Corporation has approved \$50,000 of Economic Development Job Training (EDJT) funds for the development of new and existing employees.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for 10 years, for up to 72 net new employees, over an established employment base of 81.