

MEMORANDUM

Date: April 15, 2013

To: Advisory Committee

From: Jeremy Webb, Program Specialist
Joshua Hundt, Development Finance Manager

Subject: Briefing Memo – Magna US Holding, Inc.
Addition of Subsidiary Businesses for Base Employment Level and Qualified New Jobs

COMPANY NAME

Magna US Holding, Inc.
600 Wilshire Drive
Troy, MI 48084

BACKGROUND

A 100 percent Standard MEGA Credit for seven years was awarded to Magna Holding of America, Inc. on April 20, 2010 (Resolution 2010-057), as amended July 20, 2010 (Resolution 2010-112). The MEGA later approved a transfer of the credit from Magna Holding of America, Inc. to Magna US Holding, Inc., effective December 21, 2011. The Credit was awarded for up to 508 Qualified New Jobs, with an average weekly wage of \$669, above the Base Employment Level of 774 full-time employees in Michigan. The project location was set for the City of Troy, City of Auburn Hills, City of Lansing, and the Charter Township of Shelby. The City of Troy and the City of Auburn Hills have approved a P.A. 198 tax abatement for Magna US Holding, Inc.

Soon after this credit was approved, it was discovered that two project related entities, Magna Powertrain USA, Inc. and Magna E-Car Systems of America, Inc., were not included in the board resolution for the purpose of Base Employment Level and Qualified New Jobs as related to this project. Both Magna Powertrain USA, Inc. and Magna E-Car Systems of America, Inc. are Subsidiary Businesses of Magna US Holding, Inc. In 2010, the MEDC was in support of making a recommendation to the MEGA Board to have these entities added. However, a formal amendment request was not brought to the MEGA Board for approval at that time. The addition of these two entities does not change the overall structure of the project nor modify any other aspects of the current MEGA.

STATUS OF PROJECT

Magna US Holding, Inc. and its subsidiaries created approximately 267 Qualified New Jobs above the Base Employment Level of 774 for the 2011 tax year. They have greatly exceeded the required 150% federal minimum wage of \$10.88 an hour by paying their employees an average \$31.33 an hour. They have also exceeded their Average Weekly Wage requirement of \$669 with a wage of \$1,253.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends that Magna Powertrain USA, Inc. and Magna E-Car Systems of America, Inc. be added as Subsidiary Businesses of Magna US Holding, Inc. for the purpose of Base Employment Level and Qualified New Jobs. All other aspects of the original MEGA, as amended, remain as is.