



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

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MEMORANDUM

DATE: September 23, 2008  
TO: Michigan Economic Growth Authority  
FROM: Val Hoag, Director *VH*  
Portfolio Management & Packaging  
Amy Deprez, Project Manager  
Portfolio Management & Packaging

SUBJECT: Briefing Memo – Mando America Corporation  
High-Technology MEGA Credit

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COMPANY NAME:

Mando America Corporation  
4201 Northpark  
Opelika, Alabama 39801

HISTORY OF COMPANY:

Mando America Corporation, incorporated in 2003, is a manufacturer of brake, steering and suspension systems for the automobile and truck industries in North America. The company was originally a wholly-owned subsidiary of Mando Corporation, based in Seoul, South Korea. In 2008, Mando Corporation was purchased by Halla Construction and Engineering Corporation, also based in Seoul. Mando America's headquarters is in Opelika, Alabama, close to its primary manufacturing facility. Primarily, Mando America Corporation supplies Korean automotive manufacturers, such as Hyundai and Kia, and to a lesser degree the Big Three domestic manufacturers and their suppliers.

Currently, the company has 51 associates in Michigan.

PROJECT DESCRIPTION:

Mando America is planning to expand its R&D and testing operations over the next five years and is considering Michigan for that expansion. The company proposes to build an 85,000 square foot R&D and testing facility in Novi. The company currently has a R&D facility in Plymouth, which will be closed. The Plymouth facility is at capacity and will not accommodate the expansion. All employees will be moved to the new location.

Total capital investment associated with this expansion will be approximately \$17.5 million, of which \$7.5 million will be for the land and building and approximately \$10 million for machinery and equipment. The expansion will create approximately 101 new jobs, paying an average weekly wage of \$1,544. 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 207 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs and adjusted for inflation, would be increased by \$3.3 million (2008 dollars) due to the presence of this facility.

**BUSINESS CASE:**

Mando America is also considering a location close to its US headquarters in OIipeka, Alabama. An Alabama location would offer the company reduced land costs, infrastructure improvements at no cost to Mando and a lower square footage cost on the building. In addition, labor costs would be approximately \$7.5 million less than in Michigan over the next five years.

**OTHER STATE AND LOCAL ASSISTANCE:**

The City of Novi supports this expansion and anticipates approval of a \$20,000 grant to assist the company with infrastructure improvements. Approval of the support is expected to take place within 90 days of the MEGA Board meeting.

**QUALIFYING HIGH-TECHNOLOGY ACTIVITY:**

The company is a qualified high-technology business, whose primary business activity is engineering and laboratory testing, as defined in the Act.

**RECOMMENDATION:**

Based on the factors described above, the Michigan Economic Development Corporation recommends a seven-year high technology employment tax credit, consisting of a 200 percent credit for the first three years and 100 percent for the remaining four years, for up to 101 net new employees.