



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

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MEMORANDUM

DATE: September 14, 2004
TO: Michigan Economic Growth Authority
FROM: James Donaldson, Vice President
Michigan Business Development
SUBJECT: Briefing Memo – Meridian Automotive Systems, Inc.
Standard MEGA Credit

COMPANY NAME AND ADDRESS:

Meridian Automotive Systems, Inc.
3196 Kraft Avenue SE, Suite 200
Grand Rapids, Michigan 49512

HISTORY OF COMPANY:


Meridian Automotive Systems, Inc. is a Tier 1 supplier of front and rear end modules, bumper systems, exterior composite plastic modules, exterior structural components, interior components and modules and exterior lighting components to the North American automotive industry. The company operates twenty principal manufacturing facilities in the United States, Canada, Mexico and Brazil. The company was founded in 1978 as American Bumper & Mfg. Co. In 1997, investors led by Windward Capital acquired approximately 74% of the outstanding capital stock of American Bumper through a leveraged recapitalization. Since 1997, the company has completed the acquisition and integration of four businesses that are suppliers to the North American automotive industry. The company currently employs 2,947 in the state.

PROJECT DESCRIPTION:

The company is considering development of a new facility that will mold, paint, assemble in sequence, and ship front and rear bumper systems (fascias) to the North American automotive industry. The company is considering a site of in the Village of Fowlerville for the construction of a 250,000 square foot facility that the company will lease from a third party. The project will require company investment of \$28 million for machinery and equipment. The company anticipates the creation of up to 250 net new jobs with an average weekly wage of \$563.

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Meridian Automotive Systems, Inc.
Briefing Memo
September 14, 2004
Page Two

BENEFIT TO STATE:

According to the economic analysis done by the University of Michigan, utilizing Regional Economic Models, Inc. software, we estimate that this facility will create a total of 681 jobs in the state by the year 2015. We also estimate that the project would create total state government revenues through the year 2015, net of MEGA cost and adjusted for inflation, of \$24.8 million (2004 dollars) due to the location of this facility.

BUT FOR:

The company has investigated sites for this project in Michigan, Ohio, and Indiana. When comparing the Fowlerville location to a site in Warren, Ohio, the company estimated that higher lease costs and tax expenditures would increase operating costs up to \$1.5 million per year.

OTHER STATE AND LOCAL ASSISTANCE:

The State of Michigan has approved funding of up to \$760,000 for public infrastructure improvements under the Community Development Block Grant (CDBG) program. The Village of Fowlerville will provide a match to these funds to support the upgrades required for the project.

The company will also be eligible for job training assistance of \$500 per worker for 250 new workers, or up to \$125,000, under the Economic Development Job Training program.

The Village of Fowlerville approved 50 percent abatement of the company's new real and personal property for 12 years at their September 13, 2004 meeting. The estimated value of the local property tax abatement is \$7.4 million.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 10 years, for up to 250 net new employees.