



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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To: Michigan Economic Growth Authority

From: Amy Deprez, Manager
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Subject: Briefing Memo – Ohio Module Manufacturing Co., LLC
Standard MEGA Credit

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COMPANY NAME

Ohio Module Manufacturing Co., LLC
3900 Stickney Ave.
Toledo, Ohio 43608

HISTORY OF COMPANY

Ohio Module Manufacturing Co., LLC (OMMC) is a manufacturer of complete chassis modules for the Jeep Wrangler. OMMC has a location in Toledo, Ohio and was formed in 2005. The parent company of OMMC is Hyundai Mobis of South Korea, which is the parts and service arm for Hyundai Motors and Kia Motors.

OMMC currently does not have any operations in Michigan.

PROJECT DESCRIPTION

The proposed project will be a new facility for OMMC to produce complete chassis modules for the Jeep Grand Cherokee and Dodge Durango for Chrysler's Jefferson plant. The project will be located in the City of Detroit, Wayne County.

OMMC will invest approximately \$21.4 million and create 200 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$842. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost. OMMC partnership to service Chrysler creates full time positions that would not exist by any other supplier if the OMMC and Chrysler partnership did not exist. OMMC will support the next generation Jeep Grand Cherokee and Dodge Durango with offerings including assembling the front suspension module, rear suspension module, front coil over shock module, rear spring module, and rear shock module.

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 673 jobs in the state by the year 2013. Total state government revenues through the year 2013, net of MEGA costs, would be increased by \$8.7 million (current dollars) due to the presence of this facility.

BUSINESS CASE

OMMC also considered Toledo, Ohio for this project. If the project were to take place in Toledo the company would have cost saving options through lower employment numbers due to opportunities to cross-service their current facility and this new facility. The overall tax and labor costs are also higher in Detroit when compared to the Toledo facility.

Michigan was able to win this project by using the MEGA Tax Credit to offset the labor cost disadvantage and using the Renaissance Zone extension to offset the higher tax rates in Detroit.

OTHER STATE AND LOCAL ASSISTANCE

The City of Detroit is supportive of this project and plans to approve a six year Renaissance Zone extension for this project. The MEDC is supportive of this extension, and plans to recommend its approval at a future Michigan Strategic Fund Board meeting.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent employment tax credit for five years for up to 200 net new employees in excess of the company's established base of 0.