

MEMORANDUM

DATE: September 23, 2008

TO: Michigan Economic Growth Authority

FROM: Val Hoag, Director
Portfolio Management & Packaging

Amy Deprez, Project Manager
Portfolio Management & Packaging

SUBJECT: Briefing Memo – Plexus Systems, Inc.
High-Technology MEGA Credit

COMPANY NAME:

Plexus Systems, Inc.
1731 Harmon Road
Auburn Hills, Michigan 48326

HISTORY OF COMPANY:

Plexus Systems, Inc., located in Auburn Hills, offers an industry leading on-demand manufacturing performance system. The company's flagship product, web-hosted Plexus Online™, connects and manages the total manufacturing process. Plexus Online consists of over 350 functional modules allowing companies instant access of critical information using a simple web browser. Plexus Online includes shop floor control, traceability, quality management, EDI, accounting, lean manufacturing, and many other capabilities. The company's online customers are in various sectors, including: automotive, aerospace and defense, medical devices, discrete and complex manufacturing, stamping, forging, metal forming and machining, injection molding and plastics, fastening, steel processing, casting, tooling, assembling, engineering and machine building.

Currently, the company has 106 associates in Michigan.

PROJECT DESCRIPTION:

The company will be expanding its operations in support of current and future development of its web-hosted Plexus Online software. In order to accommodate the expanded growth, the Company proposes to relocate a portion of its current operations to an existing facility in Auburn Hills, while maintaining some portions at their current headquarters site. The realigning would allow for whole departments to be housed together making operations more efficient.

The company anticipates the creation of approximately 298 new jobs by the year 2013, paying an average weekly wage of \$1,511 and estimates that the total investment will be approximately \$3.9 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 786 jobs in the state by the year 2018. Total state government revenues through the year 2018, net of MEGA costs and adjusted for inflation, would be increased by \$17.7 million (2008 dollars) due to the presence of this facility.

BUSINESS CASE:

Alternatively, Plexus Systems is considering expanding in either North Carolina, in the Research Triangle, or in Seattle or Phoenix. The company indicated that these areas have larger populations of computer programmers, giving the company a larger talent pool to draw from. Additionally, the company finds that these locations are very cost competitive, both for labor and capital.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Auburn Hills supports this expansion and anticipates approval of a property tax abatement under PA198 of 1974. Approval of the tax abatement 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 advanced computing, as defined in the Act.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 10 years, for up to 298 net new employees.