



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

Joshua Hundt, Project Specialist
Portfolio Management & Packaging

SUBJECT: Briefing Memo – Premier Tool & Die Cast Corp.
High-Technology MEGA Credit

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COMPANY NAME:

Premier Tool & Die Cast Corp.
9886 N. Tudor Road
Post Office Box 210
Berrien Springs, Michigan 49103

HISTORY OF COMPANY:

Premier Tool & Die Cast Corp. was founded in 1963 in Berrien Springs, Michigan. It began by producing zinc and aluminum die castings for a small customer base. The company has since grown to include three additional facilities in Michigan and one in New York. Premier Tool & Die Cast Corp.'s customer base has expanded to over 60 companies with worldwide distribution of products. The customer base includes companies such as General Motors, Toyota, Whirlpool, Steelcase, and Cisco.

The company currently has 229 full-time employees in Michigan.

PROJECT DESCRIPTION:

Premier Tool & Die Cast Corp. is considering locating a new facility in the City of Dowagiac, in Cass County. The facility will create aluminum die castings on high speed, highly flexible and high tolerance CNC machines.

The proposed project will create 19 jobs in the next year and 62 jobs over the next five years. These jobs will pay an average weekly wage of \$631. The company will also offer healthcare benefits, and pay a portion of the benefit costs.

Total capital investment for the project is expected to be \$5.375 million.

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 108 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 \$1.4 million (2008 dollars) due to the presence of this facility.

BUSINESS CASE:

Premier Tool & Die Cast Corp. also looked at Jamestown, New York for this project where the company currently has operations. There was a cost gap of \$1.5 million between the two sites. This gap was mainly due to higher wages and taxes in Michigan.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Dowagiac is supporting this project by extending additional power requirements to the building. The city also anticipates approval of a tax abatement under PA 198 of 1974.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY:

The company is a qualified high-technology business, whose primary business activity is Tool & Die Manufacturing, 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 seven years for up to 62 net new employees.