

MEMORANDUM

DATE: July 19, 2006
TO: Michigan Economic Growth Authority
FROM: James Donaldson, Vice President
Michigan Business Development
SUBJECT: Briefing Memo – SKD L.P.
Standard Credit

COMPANY NAME AND ADDRESS:

SKD L.P.
260 Gaige Street
Jonesville, Michigan 49250

HISTORY OF COMPANY:

SKD L.P. operates as SKD Automotive Group. It was founded in 1993 as a manufacturer of metal stampings, components, and weldments to the automotive industry in North America. The company is a Tier I supplier to DaimlerChrysler, General Motors, Ford, Honda, and Mitsubishi. SKD has affiliate locations Canada, Mexico, and China. The company is also an affiliate of National Materials Limited Partnership. The company currently has 421 full time Michigan employees at its Jonesville and Troy locations.

PROJECT DESCRIPTION:

SKD is considering a phased expansion of its Jonesville facility to support sales growth within the United States automotive market. In the first phase, up to 120 jobs will be created, with a required investment of \$8.2 million to modernize the pressroom and purchase a larger tonnage press. Two subsequent expansions under discussion could require similar additional investment to further upgrade the press room and ancillary areas of the plant. The presses that will be acquired are large, and will serve to further anchor the business in Michigan. If all phases of the project are undertaken, the company could add up to 400 new jobs, paying an average weekly wage of \$554.

300 N. WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER
CONTACT CENTER
517 373 9808

WWW.MICHIGAN.ORG

EXECUTIVE COMMITTEE

MATTHEW P. CULLEN
Chair
General Motors

PHILIP H. POWER
Vice-Chair
HCN, Inc.

JAMES C. EPOLITO
President & CEO

RICHARD E. BLOUSE JR., CCE
Detroit Regional Chamber

JOHN W. BROWN
Stryker Corporation

DR. DAVID E. COLE
Center for
Automotive Research

JOANN CRARY
Saginaw Future Inc.

DR. HAIFA FAKHOURI
Arab American and
Chaldean Council

STEVEN K. HAMP
Ford Motor Company

HAYDEN H. HARRIS
EDF Ventures

PAUL HILLEGONDS
DTE Energy Company

DAVID C. HOLLISTER
Prima Civitas Foundation

GEORGE JACKSON JR.
Detroit Economic Growth
Corporation

MICHAEL J. JANDERNOA
Bridge Street Capital
Partners, LLC.

ROBERT B. JONES
City of Kalamazoo

BIRGIT M. KLOHS
The Right Place, Inc.

F. THOMAS LEWAND
Bodman LLP

DR. IRVIN D. REID
Wayne State University

DENNIS R. TOFFOLO
Oakland County

PETER S. WALTERS
Guardian Industries Corp.



SKD L.P.
Briefing Memo
July 19, 2006
Page Two

BENEFIT TO STATE:

According to the economic analysis done by the University of Michigan utilizing Regional Economic Models, Inc. software, it is estimated that this facility will create a total of 847 jobs in the state by the year 2017. We also estimate that the project would increase total state government revenues through the year 2017, net of MEGA cost and adjusted for inflation, of \$13.9 million (2006 dollars) due to the location of this facility.

BUT FOR:

Because of the number of southern automotive assembly plants, SKD Automotive has also considered a location in Scottsdale Alabama, where a building shell is available and could be finished to suit their specific needs. The local community has offered this property at an extremely low lease rate. Lower taxes and labor costs could save the company up to \$1.5 million per year once the expansion is fully staffed.

OTHER STATE AND LOCAL ASSISTANCE:

The Michigan Department of Transportation (MDOT) is working with local officials to review the configuration of streets in the vicinity of the facility. If improvements are identified through this review, MDOT may provide Transportation Economic Development funds in support of the project.

The Village of Jonesville will vote on a proposed a 12-year PA 198 property tax abatement for all new real and personal property related to this project at their August 16 village meeting. The estimated value of the PA 198 abatement is \$736,000.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 10 years, for up to 400 net new jobs.