



ORIGINAL

MEMORANDUM

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DATE: June 19, 2007
TO: Michigan Economic Growth Authority
FROM: Mark Morante, Vice President
Development Finance

Steve Haakenson, Program Specialist
Development Finance

SUBJECT: Briefing Memo – Signa Group, Inc.
Rural Credit

ELIGIBLE BUSINESS:

Signa Group, Inc.
801 South Madison Street
Ludington, Michigan 49431

HISTORY OF COMPANY:

Signa Group, Inc. d/b/a Whitehall Industries, Inc. began operations in 1974 out of their original facility in Whitehall, Michigan. They provide precision machined and fabricated aluminum extrusions to various markets. In the late 70's the company opened a second plant in Ludington, Michigan. In 1992 the Whitehall location was closed and all operations were consolidated to the Ludington location.

Nihon Anodizing Co., Ltd, a Japanese corporation whose principle activity is aluminum anodizing, purchased the business in 1988 as an investment in related business sectors. The company has since begun supplying to automotive markets, primarily automotive sunroof tracks. They added the extrusion capabilities in 2001 by purchasing an extrusion press and constructing an additional plant in Pere Marquette Township. They currently market their capabilities to automotive, furniture, and medical industries. Major customers include Webasto Roof Systems, Inalfa Roof Systems & Haworth, Inc. The company currently employs 291 people at both Michigan plants with net sales of \$43M last year.

PROJECT DESCRIPTION:

On March 26, 2007, Whitehall industries took over operations of a competitor company in Aynor, South Carolina. Whitehall Industries is

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Guardian Industries Corp.

evaluating whether to continue operations in South Carolina or to move the work to their Michigan plants in the City of Ludington and Pere Marquette Township. MEGA tax credits would help alleviate some of these cost differences. A move would require an expansion of one or both Michigan facilities and the purchase of new and used equipment at an estimated cost of at least \$6,300,000. This will add approximately 70,000 sq. feet to the existing 150,000 sq. feet of manufacturing space. Additional office space will also be required. Both new and used equipment will be purchased. If this operation is moved, the company anticipates the creation of up to 100 new positions in the next five years, with an average weekly wage of \$508.

BENEFITS 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 create a total of 180 jobs in the state by the year 2014. We also estimate that the project would create total state government revenues through the year 2014, net of MEGA cost and adjusted for inflation, of \$2,898,000 (2007 dollars) due to the creation of these new jobs.

BUT FOR:

Signa Group is considering a move to Ludington or maintaining the operations in South Carolina. Signa Group indicated the construction costs would be approximately \$1M more in Michigan to expand and renovate versus purchasing the existing buildings in South Carolina. Furthermore, labor and benefit costs differences results in a 4-5% premium over South Carolina although some efficiencies in supervision, indirect labor and administration can be realized by moving the operation to Michigan. This does not include expected incentives from South Carolina.

STATE AND OTHER LOCAL ASSISTANCE:

The City of Ludington and Pere Marquette Township have both indicated commitment to approving a PA 198 for the abatement on personal for 12 years and on real property for 6 years in support to the project. It is estimated these abatements will save the company \$413,000 over 12 years.

RECOMMENDATION:

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