



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

600 N. WASHINGTON SQ.  
ANN ARBOR, MI 48103

CUSTOMER  
CONTACT CENTER  
734 373 9808

WWW.MICHIGAN.ORG

DATE: May 15, 2007  
TO: Michigan Economic Growth Authority  
FROM: Jim Donaldson, Vice President  
Business Development  
SUBJECT: Briefing Memo – Ventra Evert, LLC  
Rural Retention Credit

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COMPANY NAME AND ADDRESS:

Ventra Evert, LLC  
502 East Anthony Drive  
Urbana, Illinois 61802

HISTORY OF COMPANY:

The Flex-N-Gate Group of companies, which includes Ventra Evert LLC, is considering the acquisition of the Evert, Michigan operation of Collins & Aikman.

Flex-N-Gate employs over 12,000 people at facilities throughout the U.S., Canada, Mexico, Argentina, Brazil, and Spain. Primary product lines include large body and chassis structural assemblies, full bumper and fascia systems, brackets, receiver hitches, exterior trim components, running board systems, scissor and screw jacks, tools, spare tie hoists, hinges, and latch systems. Flex-N-Gate currently operates six facilities in Michigan, employing 1,027 workers.

PROJECT DESCRIPTION:

The company is considering the acquisition of Collins & Aikman's Evert facility, which encompasses 455,000 square feet and employs 488 workers. Flex-N-Gate is proposing to continue to manufacture the existing product lines and may add additional programs. Flex-N-Gate anticipates investing \$3 million to purchase 30 molding machines and upgrade the existing paint line.

It is Flex-N-Gate's intent to retain virtually all of the plant's employment, but some redundant administrative positions may be eliminated. Flex-N-Gate and the United Auto Workers have discussed terms for a new collective bargaining agreement should the company acquire the facility. It is anticipated that the company will retain up to 488 employees with an average weekly wage of \$571.

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**BENEFITS TO STATE:**

According to the economic analysis done by the University of Michigan utilizing Regional Economic Models, Inc. software, we estimate that this facility will retain a total of 1,138 jobs in the state by the year 2013. We also estimate that the project would maintain total state government revenues through the year 2013, net of MEGA cost and adjusted for inflation, of \$21 million (2007 dollars) due to the retention of this facility.

**BUT FOR:**

If Flex-N-Gate does not purchase this facility, the company plans to aggressively bid for the programs currently handled by the Evert plant and will likely place them in facilities in southwestern Ontario, Kentucky, or Indiana. Labor and benefits costs at these facilities are considerably lower, and are geographically better situated for serving multiple customers.

**OTHER STATE AND LOCAL ASSISTANCE:**

The City of Evert is prepared to support a 50 percent, 12-year abatement of the company's property taxes related to investments in new real and personal property. The abatement on the company's initial new investment has an estimated value of \$9,600. Abatement is available on investments in new real and personal property only, so the company's investment in the existing property cannot be included.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent rural retention employment tax credit for seven years, for up to 488 retained employees, if at least 400 employees are retained. Credits are subject to a repayment provision should the terms of the credit agreement not be met.