



**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

**MEMORANDUM**

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**Date:** July 21, 2009  
**To:** Michigan Economic Growth Authority  
**From:** Amy Deprez, Manager  
Packaging Team  
**Subject:** Briefing Memo – Ventra Ionia Main, LLC  
Retention MEGA Credit

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**COMPANY NAME**

Ventra Ionia Main, LLC  
14 N. Beardsley Road  
Ionia, Michigan 48846-9734

**HISTORY OF COMPANY**

In 2003 Flex N Gate purchased Ventra Group, consisting of 22 facilities located in North America, South America, and Europe. This acquisition not only doubled Flex N Gate's size, it diversified the portfolio of companies, and complimented Flex N Gate's presence in the automotive industry. Ventra Greenwich Holdings Corp. was established in June 2009 to acquire four facilities of Meridian Automotive, the basis of this project and further added to its Michigan presence.

Ventra produces the highest quality products and systems for the automotive industry. They have extensive experience in plastics, metals, and mechanical assemblies. The Flex N Gate group of companies, which includes Ventra, employs over 8,500 people at 43 manufacturing and six product development and engineering facilities throughout the US, Canada, Mexico, Argentina, Brazil, and Spain. Primary product lines include: large body chassis structural assemblies, full bumper and fascia systems, brackets, receiver hitches, exterior trim components, running board systems, scissor and screw jacks, tool, spare tire hoists, hinges, and latch systems.

Currently, the company has approximately 733 employees in Michigan, not including the recently acquired facilities of Meridian Automotive.

**PROJECT DESCRIPTION**

Ventra Greenwich Holding Corp., the parent company of Ventra Ionia Main, LLC, has acquired four Meridian Automotive facilities located in Ionia, Fowlerville and two in Grand Rapids (Kentwood). Ventra now needs to make the decision to keep the existing Meridian work at the existing facilities or locate the work outside of Michigan at existing Flex N Gate facilities. The facilities provide front and rear end modules, exterior composite modules and structural components, under-the-hood composite components, interior components, and exterior lighting for the automotive industry.

The retention project will require a capital investment of \$42 million and will allow for the retention of 934 employees, paying an average weekly wage of \$563. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

### **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 retain a total of 3,126 jobs in the state by the year 2015. It is also estimated that the project would maintain total state government revenues through the year 2015, net of MEGA costs, of \$66 million (current dollars) due to the retention of this facility.

### **BUSINESS CASE**

Meridian Automotive has suffered unprofitability due to the economic downturn in 2008 and 2009 and was at imminent risk of closure and loss of the Michigan employment when they requested that Ventra look at purchasing them. At that time, Ventra Greenwich Holdings Corp acquired the four Michigan facilities in an effort to retain the existing work and workforce. Though no alternative locations are under consideration, without the tax credits being requested Ventra would relocate the existing Meridian work to alternate Flex N Gate locations outside of Michigan, as the existing Michigan sites do not have the capacity to retain the business on their own.

### **OTHER STATE AND LOCAL ASSISTANCE**

Currently, staff is working with the taxing jurisdictions of Ionia and Kentwood to identify existing Meridian Automotive tax abatements for transfer to the new company.

### **RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 50 percent retention employment tax credit for six years for the 934 retained employees at the four locations in Ionia, Fowlerville and Grand Rapids, subject to the following:

- The company agrees to the following two employment thresholds for the duration of the MEGA tax credit. If the thresholds are not met for a particular year, the credit will be forfeited for that tax year:
  - A minimum of 733 employees will be retained and maintained at any combination of the following locations, as identified in the final application: Chrome Craft; Flex N Gate Battle Creek; FNG Formingtech; Flex N Gate Royal Oak; Flex N Gate MTC; Ventra Evart; and FNG SPD Warren.
  - A minimum of 600 employees will be retained and maintained at any combination of the following four entities: Ventra Fowlerville, LLC; Ventra Ionia Main, LLC; Ventra Grand Rapids 5, LLC; and Ventra Grand Rapids 29, LLC.