



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

300 N. WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER
ASSISTANCE CENTER
517 373 9808

WWW.THEMEDC.ORG

Date: June 16, 2009
To: Michigan Economic Growth Authority
From: Amy Deprez, Manager
Packaging Team

Marcia Gebarowski, Project Specialist
Packaging Team

Subject: Briefing Memo – Webasto Roof Systems Inc.
Retention/Standard MEGA Credit

EXECUTIVE COMMITTEE

MATTHEW P. CULLEN
Chair
Rock Ventures

PHILIP H. POWER
Vice-Chair
The Center for Michigan

D. GREGORY MAIN
President and 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
Hamp Advisors, LLC

PAUL HILLEGONDS
DTE Energy Company

GEORGE W. JACKSON JR.
Detroit Economic
Growth Corporation

BIRGIT M. KLOHS
The Right Place, Inc.

F. THOMAS LEWAND
Bodman LLP

STANLEY "SKIP" PRUSS
Michigan Department of Energy,
Labor & Economic Growth

DR. IRVIN D. REID
Wayne State University

SANFORD "SANDY" RING
Hino Motors
Manufacturing U.S.A., Inc.

MICHAEL B. STAEBLER
Pepper Hamilton LLP

PETER S. WALTERS
Guardian Industries Corp.

TODD A. WYETT
Versa Development, LLC

COMPANY NAME

Webasto Roof Systems Inc.
1757 Northfield Drive
Rochester Hills, MI 48309

HISTORY OF COMPANY

Webasto Roof Systems Inc. (WRSI), a subsidiary of Webasto AG, is the largest North American supplier of sunroof and panorama roof systems to automotive Original Equipment Manufacturers. WRSI has been located in Michigan since 1974, and currently has three buildings in Rochester Hills as well as locations in Livonia and Fenton.

WRSI currently has 490 employees in Michigan.

PROJECT DESCRIPTION

WRSI currently has three sunroof assembly locations; one in Rochester Hills and two facilities in Lexington, Kentucky. Due to economic conditions, demand is only sufficient to keep one plant operational. The company anticipates closing one facility in Kentucky and bringing two assembly lines to Rochester Hills. The Rochester Hills facility will also get one new assembly line for a new contract.

WRSI will invest approximately \$3.6 million and create 61 qualified new jobs as well as retain 153 jobs over the next five years as a result of this project. The average weekly wage for the new jobs will be \$460, with the average weekly wage of the retained jobs being \$736. 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 generate a total of 208 jobs and retain a total of 525 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$18.8 million (current dollars) due to the presence of this facility.

BUSINESS CASE

Webasto's two Kentucky facilities neighbor each other which create additional efficiencies such as shared employees and lower shipping costs due to their close proximity.

OTHER STATE AND LOCAL ASSISTANCE

The City of Rochester Hills supports this project and will consider a PA 198 property tax abatement for the company. The value of the abatement is not known at this time.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 50 percent retention employment tax credit for seven years for the 153 retained employees, depending on the amount of the investment, at the Rochester Hills facility and a 100 percent new jobs employment tax credit for seven years for up to 61 net new employees in excess of the company's established statewide employment threshold of 490 subject to the following:

The company must make a minimum capital investment of \$2.5 million associated with the project to receive a 50 percent credit.