



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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Date: October 27, 2009

To: Michigan Economic Growth Authority

From: Amy Deprez, Manager
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Subject: Briefing Memo – Williams International Co., L.L.C.
Retention MEGA Credit

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COMPANY NAME

Williams International Co., L.L.C.
2280 E. West Maple Road
Commerce Township, MI 48390

HISTORY OF COMPANY

Williams International Co., L.L.C., founded in 1955, is a privately owned company headquartered in Commerce Township, Michigan. Williams is a leader in the development, manufacture and support of small gas turbine engines used in military, industrial and commercial aircraft applications. Their unique approach to gas turbine engines characterizes the engineering, manufacturing, and strategic focus of the company. Williams International has transitioned from being a defense contractor to a successful commercial company and is currently branching out into alternative energy technology applications.

Williams International Co., L.L.C. currently has 374 employees in Michigan.

PROJECT DESCRIPTION

For the project, Williams International will be making renovations and upgrades to their facility in Commerce Township that will allow them to retain the 72 design- to -production engineering positions currently being considered for relocation to a Williams' manufacturing facility in Utah. Williams is considering this move as a part of implementation of lean manufacturing processes whereby the consolidation of engineering most closely associated with manufacturing is a factor to consider.

The company's Utah facility has excess capacity and would not require additional capital expenditures. A Michigan location decision would require upgrading of the facility to allow for state-of-the-art testing of new designs and review of new manufacturing processes. The upgrades will strengthen the electronic links between the Michigan and Utah facilities, which would lessen or eliminate time lapses and other inefficiencies that occur when engineering, testing and manufacturing are not located together. As a result, the project will improve the long-term productivity, profitability and viability of the company by improving their designs and technology before they are transferred to other manufacturing facilities. Williams International is not aware of any competitors within the State of Michigan.

Williams International will invest approximately \$12 million and retain 72 jobs over the next five years as a result of this project. The average weekly wage of the qualified retained jobs is \$1,709. 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 150 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 \$3.2 million (current dollars) due to the retention of this facility.

BUSINESS CASE

As mentioned previously, Williams International is considering moving 72 design-to-production engineers from Commerce Township to Utah. The move to Utah will result in cost savings realized by moving engineering and design work closer to manufacturing processes and utilizing excess space currently available.

Williams is committed to retaining the employees in Michigan provided incentives are approved to help offset the cost disparity. Additionally, retaining the engineering jobs in Michigan would alleviate concerns regarding the potential displacement of valued team members. Williams International also recognizes the added benefit of having many institutions of higher education in close proximity, as they provided an available pool of motivated engineering talent.

OTHER STATE AND LOCAL ASSISTANCE

Commerce Township is supportive of this project and anticipates approval of local tax abatements. The estimated value of this incentive is not known at this time.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends up to a 100 percent retention employment tax credit for five years for the 72 qualified retained employees at the Commerce Township location, subject to the following:

- Provided that the company maintains a total statewide employment threshold of 374 full-time employees, including the 72 qualified retained employees for this project. Failure to do so will result in the remaining years to be forfeited.