



## MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

### MEMORANDUM

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**DATE:** December 15, 2008

**TO:** Michigan Economic Growth Authority

**FROM:** Amy Deprez, Packaging Team Manager  
Portfolio Management & Packaging

**SUBJECT:** Briefing Memo – ZF Group North American Operations, Inc.  
Standard MEGA Credit

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#### COMPANY NAME:

ZF Group North American Operations, Inc.  
15811 Centennial Drive  
Northville, Michigan 48168

#### HISTORY OF COMPANY:

ZF Group North American Operations, Inc. (ZFG), owned by ZF Friedrichshafen AG of Germany, owns ZF Industries, Inc., ZF Lemforder Corporation, and ZF Sachs Automotive of America, Inc. ZFG and its subsidiaries manufacture and assemble automotive components and systems sold to various OEMs. The company currently has operations in Lapeer and Northville and has approximately 459 associates in Michigan.

#### PROJECT DESCRIPTION:

ZFG proposes leasing part of the facility that Chrysler has under construction in Marysville to manufacture axles and axle components for Chrysler and other manufacturers. In addition, the company has indicated that an expansion at their Lapeer facility may be necessary to accommodate increased production.

Overall, the project will create an additional 475 jobs over the next five years, paying an average weekly wage of \$500 and will include a capital investment of \$143.4 million.

The company will also offer health care benefits and pay a portion of the benefit costs.

#### 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 1657 jobs in the state by the year 2018. Total state government revenues through the year 2018, net of MEGA costs and adjusted for inflation, would be increased by \$49.2 million (2008 dollars) due to the presence of this facility.

**BUSINESS CASE:**

ZFG needs to make a business case for this project to happen in Michigan over a current facility in Gainesville, Georgia – which has available capacity to accommodate the new production. The incentives under consideration will allow for a positive business case in favor of Michigan.

**OTHER STATE AND LOCAL ASSISTANCE:**

The City of Marysville is supportive of this project and plans on transferring all applicable tax abatements to the company within the next 90 days

**RECOMMENDATION:**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for 10 years, for up to 475 net new employees, over a statewide employment base of 459.

- Provided that ZF has a minimum of 325 qualified new jobs at the Marysville facility by the end of 2011, failure to do so will result in the credit being forfeited.