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MEMORANDUM

Date: June 15, 2010

To: Michigan Economic Growth Authority

From: Valerie Hoag, Director
Packaging Team

Phil Santer, Project Specialist
Packaging Team

Subject: Briefing Memo – Fisher & Company, Inc.
Standard MEGA Credit
Retention MEGA Credit

COMPANY NAME

Fisher & Company, Inc.
33180 Fisher Drive
St. Clair Shores, Michigan 48082

www.fisherco.com

HISTORY OF COMPANY

Fisher & Company, Inc. ("Fisher & Company") manufactures, assembles and sells automotive seat systems and components. Fisher & Company traces its corporate history to 1908 when the Fisher Body Company was founded in Detroit and was later sold to General Motors. Following the transfer of ownership and the creation of their subsidiary Fisher Dynamics, the company's name changed to Fisher & Company in 1995. Fisher & Company operates facilities in St. Clair Shores and Sterling Heights, and also owns facilities in Tennessee and Mexico.

Fisher & Company currently has 286 full-time employees in Michigan.

PROJECT DESCRIPTION

Declining work in the automotive sector has forced Fisher & Company to consolidate their manufacturing facilities. As a result, the company's Michigan-based facilities are under-utilized and in need of renovations. Recently, the company has been awarded new seat structure manufacturing contracts for many of General Motors' small-size cars, including the Chevy Volt. If Fisher & Company chooses to locate this work in Michigan, it would serve to retain employees and add additional new jobs to their facilities in St. Clair Shores and Sterling Heights.

Fisher & Company will invest up to \$14.85 million, retain 52 jobs and create up to 138 new jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$538. The average wage for the retained jobs will be \$514. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

The effect on other Michigan businesses in the same industry was taken into consideration when recommending the amount and length of this tax credit.

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 489 jobs and retain 189 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$14.4 million (current dollars) due to the presence of this facility.

BUSINESS CASE

The company is evaluating this work relative to their existing facilities in Matamoros, Mexico, where they have two facilities with the capacity to undertake this work. Fisher & Company calculated the costs associated with the two locations and determined that the labor rate in Michigan would prove more expensive than Mexico, including the additional transportation cost required in Mexico. While the company finds that there are attractive elements of a Michigan location, a MEGA tax credit for this work would assist the company in reducing the cost difference between the locations.

OTHER STATE AND LOCAL ASSISTANCE

The City of St. Clair Shores is supportive of this project and will recommend to their mayor and council that they approve a personal property tax abatement on the company's new personal property. The City anticipates that this request will be considered within the next month. The value of this incentive is currently unknown.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 50 percent standard employment tax credit for 7 years for up to 138 net new in St. Clair Shores and Sterling Heights (33200 Fisher Dr., 33101 Harper Ave., and 33140 Fisher Dr. in the City of St. Clair Shores and 6550 Progress Drive, Sterling Heights) employees in excess of the company's established base of 338 and on 52 retained employees in St. Clair Shores (33200 Fisher Dr., 33101 Harper Ave., and 33140 Fisher Dr. in the City of St. Clair Shores).

The company has agreed to forego its existing MEGA, approved by the Board on August 26, 2003.

Fisher & Company, Inc.
Economic and Fiscal Effects on Michigan - Net Benefits with the Incentive Package

Economic/Fiscal Indicator	2010	2011	2012	2013	2014	2015	2016	Total
Total Employment	159	172	176	181	184	186	189	
Manufacturing	68	67	67	66	65	65	65	
Non-Manufacturing	91	105	109	115	119	121	124	
Retail Trade	16	18	19	20	20	20	21	
Services	46	51	52	54	56	57	58	
Other	29	36	38	41	43	44	45	
In Current Dollars (Thousands):								
Personal Income	\$5,463	\$7,599	\$8,545	\$9,308	\$10,160	\$10,740	\$11,350	\$63,165
Gross State Revenue	421	585	658	717	782	827	874	4,864
Mega Cost	11	38	37	36	35	36	37	231
State Revenue Net of MEGA Cost*	\$410	\$547	\$621	\$681	\$747	\$791	\$837	\$4,633

* These estimates do not include any state government revenue losses due to the Investment Tax Credit, the Renaissance Zone Credit or the property tax abatement.

Fisher & Company, Inc.
Summary Estimates
(All monetary estimates in current dollars)

TOTAL JOBS RETAINED (as of 2016)	189
Direct	52
Spin-off (includes Indirect Jobs)	137
NET POSITIVE STATE REVENUE IMPACT	\$4,633,300
Revenue foregone	\$230,700
Revenue gain	\$4,864,000
Personal income generated over life of MEGA agreement	\$63,165,000
Statewide employment multiplier (average, 2013–16)	3.56
Average Weekly Wage of Direct Jobs (as reported by the company at time of application)	\$514