



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: June 17, 2008
TO: Michigan Economic Growth Authority
FROM: Val Hoag, Director
Portfolio Management & Packaging *WH*

Amy Deprez, Project Manager
Portfolio Management & Packaging

SUBJECT: Briefing Memo – Azentek, LLC
High-Technology MEGA Credit

COMPANY NAME:

Azentek, LLC
6070 South Saginaw Road
Grand Blanc, Michigan 48439

HISTORY OF COMPANY:

Azentek, LLC, organized in 2006, is located in Grand Blanc and is owned by Johnny Cooper. The company is in the business of designing and developing in-vehicle infotainment systems. The functionality of the systems include all normal computing functionality as well as GPS, music, videos, and several other features. The customers of Azentek include aftermarket dealers as well as automobile OEM's and Tier 1 suppliers. For Azentek's OEM customers, the company works directly with the customer to develop a completely unique infotainment system, with a customized human machine interface (HMI) and functionality of the system. The end result is a customer specific infotainment system designed to give the end consumer an excellent in-vehicle experience.

Currently the company has 12 associates in Michigan.

PROJECT DESCRIPTION:

To accommodate existing operations as well as continued growth of the company, Azentek needs to expand its operations. The company has identified an existing light industrial facility in Grand Blanc, in which it plans to relocate, renovate, equip and consolidate all current operations to. As a result of this project, Azentek is expecting to create 78 new jobs, paying an average weekly wage of \$961 and will invest more than \$3 million. The company will also offer health care benefits and pay a portion of the benefit costs.

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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 198 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 \$4.9 million (2008 dollars) due to the presence of this facility.

BUSINESS CASE:

Alternatively the company is considering China for manufacturing the products. The cost of labor is a substantial cost differential that the company must address. The tax credit under consideration would allow the company to operate the business in Michigan and manufacture the product here as well. Having everything in one place is the optimal choice for the company.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Grand Blanc supports this expansion and anticipates approval of a property tax abatement for a minimum of six years under PA198 of 1974. Approval of the tax abatement is expected to take place on July 10, 2008. This abatement is valued at \$36,065 over six years.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY:

The company is a qualified high-technology business, whose primary business activity is advanced computing, as defined in the Act.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 10 years, for up to 78 net new employees.