

MICHIGAN




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MEMORANDUM

DATE: May 15, 2001
TO: Michigan Economic Growth Authority
FROM: James Donaldson, Vice President
Michigan Business Development 
SUBJECT: Briefing Memo – Mold Masters Company

COMPANY NAME AND ADDRESS:

Mold Masters Company
301 East First Street
Imlay City, Michigan 48444

HISTORY OF COMPANY:

Mold Masters Company was established in 1974 and is a privately owned automotive supplier of plastic injected molded parts. The company offers their customers "value added" parts, which include secondary operations such as flocking and assembly. The company is recognized by the automotive industry as the leader in flocking. Over the past ten years, part of Mold Master's continuous growth can be attributed to the addition of product design, project management, patented products, and an exclusive closed loop flocking system. Currently, Mold Masters employs 160 people in Michigan.

PROJECT DESCRIPTION:

Mold Masters needs to add capacity to their operations in order to handle additional sales opportunities available to company. Current operations no longer allow them to handle the additional requests and unless the company increases production they will have to turn down additional contracts. To handle the additional business, the company is proposing to purchase a 236,000 square foot building in Lapeer, Michigan to expand and consolidate their operations. The company will make an investment totaling \$6.3 million, including \$4.4 million for the purchase and renovation of the building and \$1.9 million for new machinery and equipment. The company will hire up to 300 new workers and these workers will have an average wage of \$485 per week with a benefit package approximating 25 percent of wages.

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BENEFIT TO STATE:

According to the economic analysis done by the University of Michigan, we estimate this facility will generate a total of 435 jobs in the state by the year 2011. Total state government revenues through the year 2011, net of MEGA costs and adjustment for inflation, would be increased by \$10,726,000 (2001 dollars) due to the presence of this facility.

BUT FOR:

As part of the company decision-making process, Mold Masters conducted a comprehensive analysis between Lapeer, Michigan and Mayfield, Kentucky. The company had been offered a very attractive package by Kentucky including state income tax credits due to job creation, property tax abatements and relocation assistance. In addition, the company would enjoy lower wages in Kentucky as well as significantly lower electrical rates. Over the ten year period of the MEGA the total operational cost gap between Kentucky and Michigan would total approximately \$12.2 million.

The company would like to remain in Michigan as it has been built here over the last 26 years. Additionally, the company would be able to maintain their existing workforce, helping to minimize the disruption caused by moving a company to Kentucky. Kentucky, however, is aggressively recruiting this company and without the added financial benefits of a MEGA tax credit, the company would relocate to Kentucky.

OTHER STATE AND LOCAL ASSISTANCE:

The State of Michigan will provide the company with an Economic Development Job Training (EDJT) grant of \$500 for each of the 300 new employees, totaling \$150,000. In addition, the state will provide a 100% abatement of the 6-mill State Education Tax for a length of time to match the local property tax abatement. The estimated value of this state tax abatement is \$41,400. The Michigan Strategic Fund is also prepared to work with the company to issue tax exempt, industrial revenue bonds for eligible capital costs.

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The City of Lapeer has proposed 50 percent property tax abatement for the project, including a twelve (12) year abatement on any new real property improvements and a 6 year abatement on any new personal property. The estimated value of this local abatement is \$127,100.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a MEGA employment credit of 50 percent for up to 300 net new jobs and a business activity credit of 100 percent, both for ten years.