



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: December 15, 2008
TO: Michigan Economic Growth Authority
FROM: Val Hoag, Director
Portfolio Management & Packaging
Amy Deprez, Packaging Team Manager
Portfolio Management & Packaging
SUBJECT: Briefing Memo – VWG, LLC
Standard MEGA Credit

COMPANY NAME:

VWG, LLC (d/b/a White & Green Motors)
402 East Haven Street
Eaton Rapids, Michigan 48827

HISTORY OF COMPANY:

In August, Von Weise announced that it would cease all operations in Eaton Rapids as of December 2008. Earlier this year Von Weise received approval for a MEGA tax credit in which the project folded prior to activation. The project included in this memo is in partial response to that closure.

VWG, LLC was established in September to acquire the starter and recoil division of Von Weise and as part of the acquisition all of the real property and facilities located in Eaton Rapids and the starter and recoil division assets were acquired by VWG. Pursuant to a transition agreement, VWG has been operating the starter and recoil division, utilizing Von Wiese employees, while making a business case to locate the work in Eaton Rapids or elsewhere.

The company currently has no associates in Michigan.

PROJECT DESCRIPTION:

VWG is proposing to keep the starter and recoil division in Eaton Rapids, over alternative locations, and anticipates creating approximately 122 new jobs over the next five years, paying an average weekly wage of \$561. The project would require a capital investment of \$3.5 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 279 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs and adjusted for inflation, would be increased by \$4 million (2008 dollars) due to the presence of this facility.

BUSINESS CASE:

VWG is considering the most advantageous location for this project, either Eaton Rapids or Juarez, Mexico – where Von Weise has established operations that they have indicated will be discontinued shortly. There is a significant difference in labor and benefit rates between the two sites, in addition to an Eaton Rapids decision would require VWG to move equipment to Michigan at an additional cost.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Eaton Rapids is supportive of this project and has approved a property tax abatement for the company for a period of twelve years on November 24, 2008. The approximate value of this incentive is not known at this time.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for 7 years, for up to 122 net new employees, over a statewide employment base of 0.