



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: February 17, 2009
TO: Michigan Economic Growth Authority
FROM: Amy Deprez, Packaging Team Manager
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SUBJECT: Briefing Memo – Global Tooling Systems
Standard MEGA Credit

COMPANY NAME:

Global Tooling Systems
51400 Bellestri Court
Utica, Michigan 48315

HISTORY OF COMPANY:

Global Tooling Systems is one of the world's leading suppliers of large, close tolerance tooling systems and services for the commercial and military aerospace industries. The company specializes in the design and manufacture of complex, integrated tooling solutions for carbon composite component manufacture and high level airframe assemblies.

Global Tooling Systems supplies to a number of the latest generation of commercial and military aircraft platforms, including the Boeing 787 and F-35 Joint Strike Fighter.

The company currently has 253 full-time employees in the Michigan.

PROJECT DESCRIPTION:

The proposed project will be a relocation of all Global Tooling Systems' operations to Macomb Township in Macomb County. The move is being made in order to fulfill customer requirements with Boeing, Gulfstream, and Lockheed Martin.

The project will create 184 jobs in the state over the next five years paying an average weekly wage of \$971. The company will also offer healthcare benefits, and pay a portion of the benefit costs. The company plans to make a total capital investment of \$17.2 million related to this project.

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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 400 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$7.7 million (current dollars) due to the presence of this expansion.

BUSINESS CASE:

Global Tooling Systems is also considering Texas for this project, where their parent company has space available. The company's primary customer base is located in Texas, followed by California, Washington and Georgia, making shipping costs a disadvantage for a Michigan location. In addition, the availability of technically skilled labor is also more readily available in Texas, due to the industry presence.

OTHER STATE AND LOCAL ASSISTANCE:

The Township of Macomb supports this project and plans to approve a property tax abatement under PA 198 of 1974. The estimated value of this incentive is not known at this time.

The Michigan Economic Development Corporation has approved job training funds for this project through the Economic Development Job Training program. Assuming that at least 60 people are trained the company can receive a training grant of up to \$90,000.

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 184 net new jobs in excess of the company's established employment base of 253.