

*Maple Mold*  
TECHNOLOGIES

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To: Mayor Bryan K. Barnett  
Subject: Michigan Tool and Die Recovery Zone

May 23, 2007

Dear Mayor Barnett,

I am the owner of Maple Mold Technologies Inc., an injection mold manufacturer which has been operating in Rochester Hills since 1992. We have had many strong years of our Industry providing jobs and the related taxes for Real and Personal property. In the last 6 years, several conditions have changed this industry and now have it near extinction in the Southeast Michigan area. At one time we employed 40+ tool makers. We are now less than 15. The first blow was the exchange rate between Canada and the U.S. It allowed near a billion dollars of tooling moving across the border to the Windsor area for 5 years in a row. About 2 years ago, the exchange rate evened some and provided a playing field that was at least manageable.

On the heels of this, the O.E.M. Automotive manufacturers took a downturn which has put tremendous pressure on the Tier One and Two Companies that I do business with. They in turn have looked to Offshore Asian manufacturers as well as Canada to either reduce costs or in the Case of Canada to finance extremely slow payment terms. The Canadian Government provides a re-insurance program to their tool shops which allows them to receive 90% of their payment from the Government in a short time while the Government waits as long as 2 years to receive payment from American Tier One Suppliers. American lenders will not finance receivables longer than 90 days traditionally.

The Offshore suppliers can underbid American suppliers by as much as 60%. They have an unlimited supply of workers for minimal compensation and also receive government support for their industries.

I have had to adjust my business to contract tooling Offshore and import either semi finished or complete tools. This not only reduces the employment at my facility but at many of my local machining suppliers as well.

In terms of new capitol equipment, I cannot afford to invest any longer in the new technologies due to the high cost of the machines and associated personal property taxes. Without this investment, my company will become a broker without the need for a manufacturing facility. This High technology industry will leave our city and state.

Maple Mold has worked hard to diversify into non automotive industries which have more favorable payment terms but still faces the Offshore cost advantage where labor is not a factor. We have successfully garnered several housing industry Customers which are out of state, as well as several non automotive fluid mechanical customers which are also located out of state.

To stay in this industry we will need to invest in the type of equipment that promotes specialty high tolerance products with minimal labor on the shop floor and a higher ratio of engineering talent. We are also concentrating on prototype molds which do not have time to go overseas.

I as the owner of both the real estate and the company have depleted nearly all of my resources trying to survive this assault and return to profitability. I have been taking a reduced or no paycheck for 6 month's or longer.

This state has a total of 23 operating collaboratives with only two remaining. I am now at a disadvantage even against these other Michigan companies due to the tax relief they receive and the closed door interchange of work between each unit.

I am requesting you to consider approving my company for entry into one of these last available collaboratives so that I may resume investing in the people and equipment that is so desperately needed to survive and eventually flourish. Due to the final 3 years of the collaboratives exemption having a declining tax benefit, I would request that you consider 8 years in total.

I have supplied a tax schedule that will identify the impact on the city and My Company.

Sincerely,  
Douglas J. Bachan



President, Maple Mold Technologies Inc.