

Michigan Renaissance Recovery Zone: Tool & Die Program

Blue Water Coalition

Avon Broach & Production Company
Rochester Hills, Michigan

July 2005

 RAYMOND & PROKOP, P.C.
ATTORNEYS AND COUNSELORS

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Current State of the Industry

“The tooling industry is the foundation of the manufacturing economy. Virtually all manufactured parts are formed with tools, dies or molds. Thus companies that produce them take on significance to the economy beyond their own contribution in employment and spending.”

Most tooling firms in Michigan are very small - 40% have less than ten employees, 63% employ fewer than twenty.

- In 2000, tooling accounted for 7% of Michigan's manufacturing, employing over 30,000 workers.
- The average Michigan manufacturing worker earns \$41,298 – exceeding U.S. average by 22%.

- Average Michigan tooling worker is paid \$50,000 – exceeding U.S. average of \$41,295 by 20%.
- The International Trade Commission (ITC) report states tooling products for the motor vehicle industry account for more than half of all tooling in the United States.
- In Michigan, between 1992 and 2001 the service sector grew by nearly 33% but manufacturing declined by 3%.

Michigan Economic Development Corporation (“MEDC”)
Michigan Profile: Tooling Industry.

The Tooling Industry is Under Siege

An ITC fact finding investigation of competition in tooling reported the following “challenges” to the domestic tooling industry.

1. The recent down turn in the economy.
2. A shrinking domestic market due to migration of manufacturing firms to foreign locations.
3. Excess capacity due to reduced domestic demand and new technologies.
4. Customer demands for lower prices.
5. Increasing foreign competition.

6. Rising costs, particularly labor costs.

Overcapacity: The Center for Automotive Research (“CAR”) estimates 30-50% domestic overcapacity in tooling, while developing countries continue to build new capacity to serve North American markets.

Increasing International Competition. The ITC reports increasing competition from Japan, China, Portugal, and Canada in particular.

Technology Improvements. New technology allows wide spread capacity to machine complex shapes with high precision: skilled labor is being replaced by complex business systems, frequently in foreign venues.

Decreasing Demand. Notably, the recent downturn in the automotive industry – the largest purchaser of tools and dies – fewer new vehicle launches and delays have dramatically affected tooling suppliers.

Increasing Pressure From Customers. Customers, especially automotive, are using online auctions to purchase dies and other bidding processes which push prices down. CAR recently reported that DaimlerChrysler is now purchasing dies at 30-40% below prices from a few years ago.

In fact, the tooling industry is shrinking: as of January 2005 there were 39,000 tooling workers in Michigan, down from 57,000 five years ago. The National Tooling & Machining Association estimates that 30% of the country's

toolmakers have shut their doors since 2000, eliminating 100,000 jobs.

Tooling Opportunities

CAR and the MEDC have published studies showing that forming collaborative relationships between small tooling shops and adopting new lean practices can assist tooling companies to compete in the global market.

The CAR study states firms can offer a broader range of services to customers while collaborative efforts can help to reduce tooling costs.

Michigan Renaissance Zone Act

PA 376

The Michigan Renaissance Zone Act of 1996, PA 376, was first enacted to encourage commercial, industrial and residential improvements in economically distressed areas of Michigan. The Act has been amended several times including in 2003 by PA 266 to introduce tool and die renaissance recovery zones of January of 2004.

The Act permits a total of 20 tool and die renaissance recovery zones in the state. A tool and die recovery zone has a duration of no more than 15 years. There are no statutory restrictions on the size of the zone, nor is there a

requirement that the zone be located in one contiguous area. Recently, the MEDC, which administers the Act, has issued guidelines stating that a zone should be no fewer than four companies and no more than twenty companies.

Unlike a geographic “renaissance zone” such as a city, or county, which is designated a renaissance zone, under the tooling industry amendment to the Act, tooling companies from various geographic areas are permitted to join together in a “collaborative agreement” to do business together, and each location where a company exists becomes a point of the renaissance zone.

For example, if a business located in Rochester Hills joins a collaborative, and the members of that collaborative meet the criteria to establish a renaissance recovery zone under the tooling amendment of the Act, the zone will consist

of only the one member company located in Rochester Hills, not all tooling companies located in Rochester Hills.

The Act is designed to encourage companies to create collaborative relationships to develop: lean practices, elimination of waste and promotion of efficiencies, sharing of best practices, joint development activities and the ability to, as a collaborative, attract new and different, larger, projects.

Tax Effect. The member companies of a collaborative seeking recovery zone status must each apply to their individual local government for a tax abatement from local taxes. The following taxes are abated:

- A. Property taxes.
 - Local real property taxes.
 - Local personal property taxes.

- Six mill state education tax (SET).

B. State and local taxes.

- Single business tax.
- Local income tax.
- Utility users tax (Detroit only).

Tax benefits are phased out at 25% increments during the final three years of a recovery zone existence.

State reimbursement to local government. The State of Michigan directly reimburses the local school district and intermediate school district revenue lost from general operating milage, special education operating milage and vocational education operating milage, also community colleges operating milage. The state reimburses local school districts and ISDs revised school code taxes. The

state reimburses community college districts and public libraries for revenues lost under the general property tax act. The State requires the school aid fund be reimbursed and that the foundation allowance not be affected by the result of any revenue loss.

Taxes not abated.

Federal tax, local bond obligations, school sinking fund or special assessments, and Michigan sales tax.

Current tooling recovery zones.

The following page lists the basic information on the eight tooling recovery zones currently approved by the State.

8 APPROVED RECOVERY ZONES - BASIC INFORMATION

Collaborative Name/Company Names	Location	Resolution by City/Twp/Village	County	# Co. Eligible	Yrs	Ends	# Co. in Coll
<u>Coopersville Tooling Coalition</u>				4	7	2011	4
1. Philips Machining Company	Coopersville	City of Coopersville	Ottawa				
2. SelfLube	Coopersville	City of Coopersville	Ottawa				
3. Superior Machine Company	Coopersville	City of Coopersville	Ottawa				
4. Superior Press & Automation	Coopersville	City of Coopersville	Ottawa				
<u>Great Lakes Tool & Die Collaborative</u>				11	15	2019	12
1. Air-Hydraulics, Inc.	Jackson	City of Jackson	Jackson				
2. Albion Machine & Tool Company	Albion	City of Albion	Calhoun				
3. Classic Die, Inc.	Grand Rapids	City of Grand Rapids	Kent				
4. EPIC Machine, Inc.	Fenton	City of Fenton	Genesee				
5. J.S. Die & Mold, Inc.	Byron Center	Byron Township	Kent				
6. Marton Tool, Inc.	Grand Rapids	City of Grand Rapids	Kent				
7. Mesick Precision Co., Inc.	Mesick	Village of Mesick	Wexford				
8. Mid-America Machining, Inc.	Brooklyn	Columbia Twp.	Jackson				
9. Paramount Tool & Die, Inc.	Kent City	Village of Kent City	Kent				
10. Sturgis Tool & Die, Inc.	Sturgis	City of Sturgis	St. Joseph				
11. T.M. Smith Tool International Corp.	Mount Clemens	City of Mount Clemens	Macomb				
<u>Lansing Tool & Engineering, Inc. (1)*</u>	Lansing	Lansing Twp.	Ingham	1	10	2014	17
<u>LS Mold, Inc. (1)**</u>	Holland	City of Holland	Allegan	1	6	2010	12
<u>Precision Tooling Coalition</u>				3	10	2014	5
1. CNC Precision Machining, Inc.	Comstock Park	Alpine Twp.	Kent				
2. Preferred Tool & Die, Inc.	Comstock Park	Plainfield Twp.	Kent				
3. Trademark Die & Engineering, Inc.	Belmont	Plainfield Twp.	Kent				
<u>Tooling Systems Group (TSG)</u>				3	15	2019	5
1. Engineered Tooling Systems, Inc.	Walker	City of Walker	Kent				
2. Mold Tooling Systems, Inc.	Walker	City of Walker	Kent				
3. Specialty Tooling Systems, Inc.	Walker	City of Walker	Kent				
<u>United Tooling Coalition (UTC)</u>				7	15	2019	17
1. Accu-Mold, Inc.	Portage	City of Portage	Kalamazoo				
2. Master Precision Mold Technology	Greenville	City of Greenville	Montcalm				
3. Miller Tool & Die, Inc.	Jackson	City of Jackson	Jackson				
4. Peterson Jig & Fixture, Inc.	Rockford	City of Rockford	Kent				
5. PME-Precision Mold & Engineering	Benton Harbor	Benton Twp.	Berrien				
6. Precise Engineering	Lowell	Vergennes Twp.	Kent				
7. Trimline Tool, Inc.	Grandville	City of Grandville	Ottawa				
<u>West Michigan Tooling Coalition</u>				3	10	2014	7
1. Eclipse Tool & Die	Wayland	Leighton Twp.	Allegan				
2. Wiesen, Inc.	Belding	Otisco Twp.	Ionia				
3. Wolverine Tool & Engineering	Belmont	Plainfield Twp.	Kent				

*Lansing Tool belongs to UTC

**LS Mold belongs to Great Lakes T&D

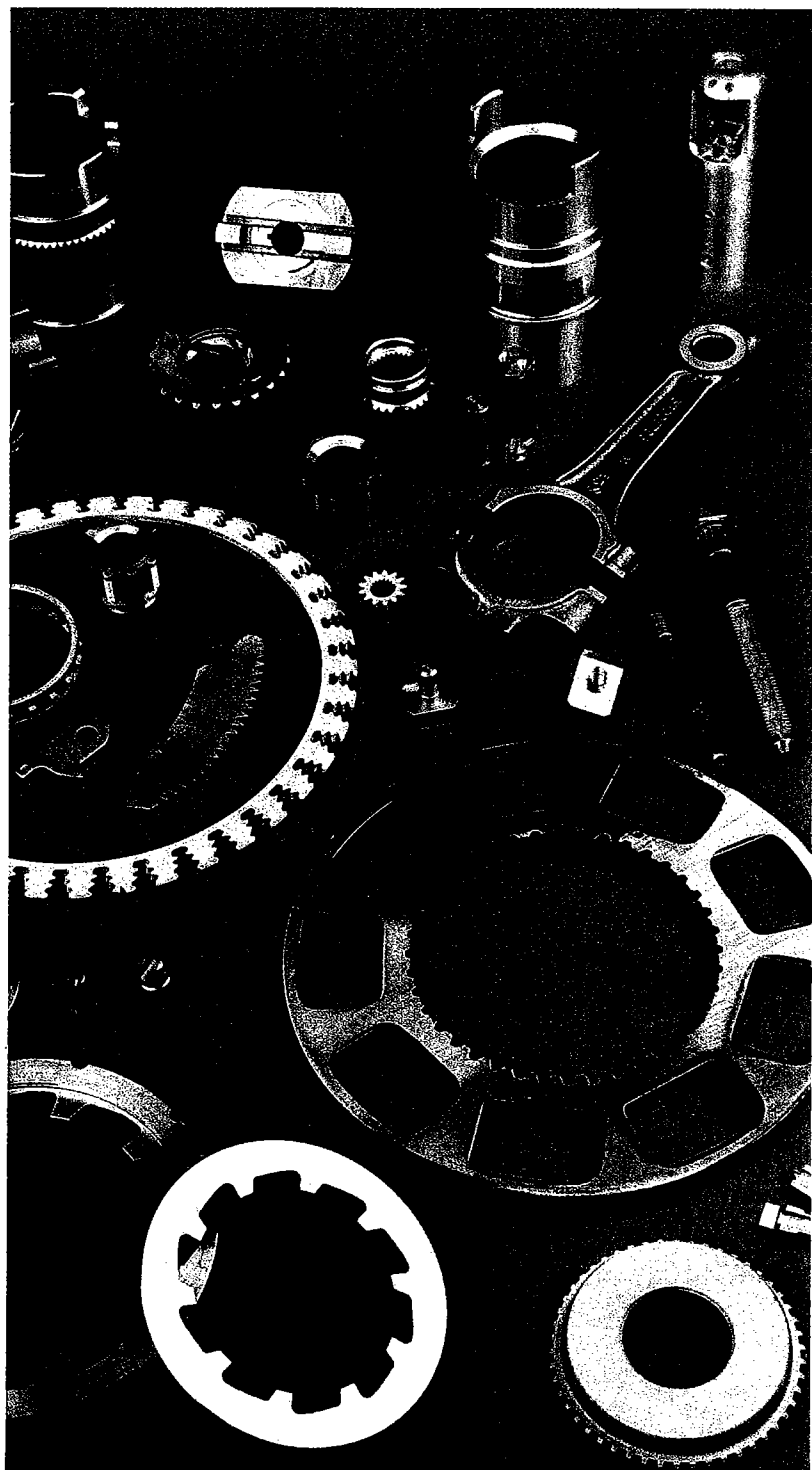
Blue Water Coalition

The Blue Water Coalition consists of nine members located in different communities in Southeastern Michigan who have joined into a collaborative agreement because they believe they have complimentary strengths in the manufacturing of tools, dies, jigs and fixtures, special machines, molds, cutting tools, stampings, plastic injection molding, and extruded rubber products, as well as precision machining, heat treating, pattern making, CAD/CAM castings and foundries.

The individual members of the Blue Water Tooling Coalition are: Automatic Tooling Corporation, Detroit, Michigan; Avon Broach and Production Company, Rochester

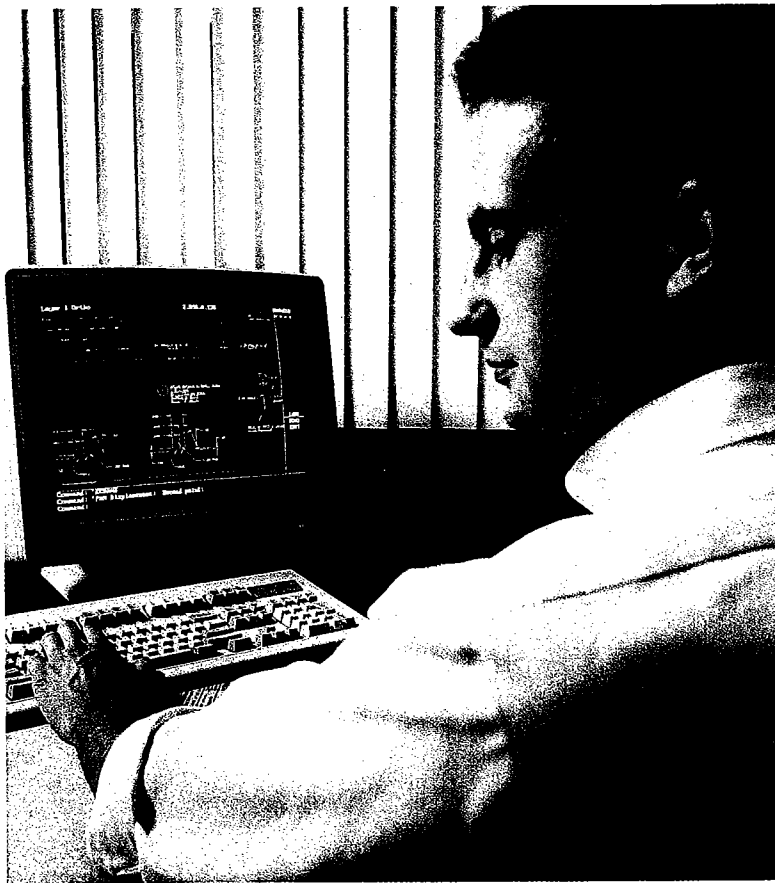
Hills, Michigan; Hillside Tool & Die, LLC, Roseville, Michigan; Joint Production Technology, Macomb Township, Michigan; L&L Machine Tool, Inc., Grand Blanc, Michigan; Leonard Machine Tool Systems, Warren, Michigan; Paramount Boring & Machine, Oak Park, Michigan; T&W Tool & Die Corporation, Oak Park, Michigan; and Premier Industries Corporation, Monroe, Michigan.

The following pages contain representative data sheets of five members of Blue Water Tooling Coalition.



**AVON
BROACH AND
PRODUCTION
COMPANY**

**PRECISION BROACHING
AND EDM SERVICE FOR
INDUSTRY**



QUALITY PRODUCTION BROACHING AND WIRE EDM MACHINING IS OUR BUSINESS

AVON BROACH AND PRODUCTION COMPANY has been at the forefront of quality broaching for over 45 years. From the usual to the unusual, AVON has been broaching components in many sizes and shapes, from tiny 1/4-inch diameter carburetor pins to mammoth turbine wheels over four feet in diameter and weighing 2600 pounds.

AVON has the capability to produce one or one million pieces of any one part, and have done both many times! With an inventory of more than 5000 broaching tools and more than 80 pieces of production broaching equipment, small or large production runs are processed with equal ease and with on time delivery. With many machines having the same capabilities, this redundancy allows AVON to take on a number of similar jobs at one time.

AVON has over 30,000 square feet of manufacturing area. The machinery list includes more than 80 horizontal, and vertical machines, as well as specialized machines for pot broaching, continuous chain broaching, and horizontal surface broaching. Power capacities vary from 3 to 80 tons of force and up to 120 inches of stroke.

AVON'S wire electrical discharge (WEDM) department provides efficient machining and precision manufacturing of plastic injection molds, extrusion, progressive and transfer dies, templates, punches, cutting tools and prototype and production machining. Our commitment to providing the highest quality wire-EDM service is evidenced by our use of statistical process controls.

AVON, privately owned and operated, has an innovative engineering department, skilled toolmakers and dedicated machinists, working together to provide cost effective quality broaching and wire EDM services.



AVON is wired...

With the best, **CHARMILLES TECHNOLOGIES**,
high speed wire EDM equipment.

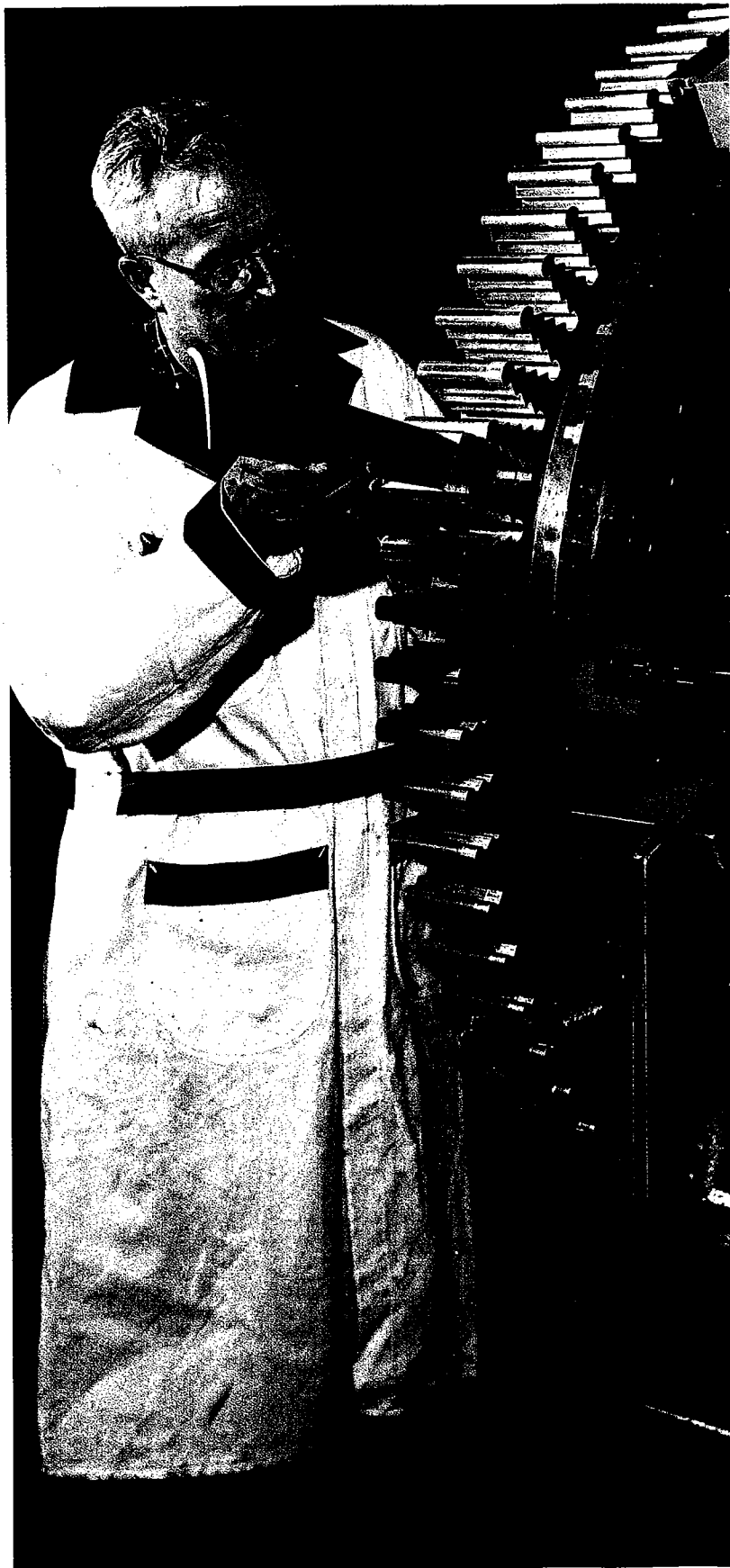


- Over forty-five years of tooling experience
- Fully automatic CNC Wire-EDM machining
- Modern climate controlled EDM department
- Prototype and production precision wire EDM machining
- Quality assurance using statistical process controls
- On-time delivery - expertly done

Whatever your wire EDM machining requirements, AVON is there to answer your call.

AVON BROACH AND PRODUCTION COMPANY

1089 John R. RD. • Rochester Hills MI 48307-3207
P.O. Box 310 • Rochester MI 48308-0310
Tel 248-689-0800 • Fax 248-651-7250
URL: <http://www.thomasregister.com/avonbroach>
E-Mail: avonbrch@ix.netcom.com

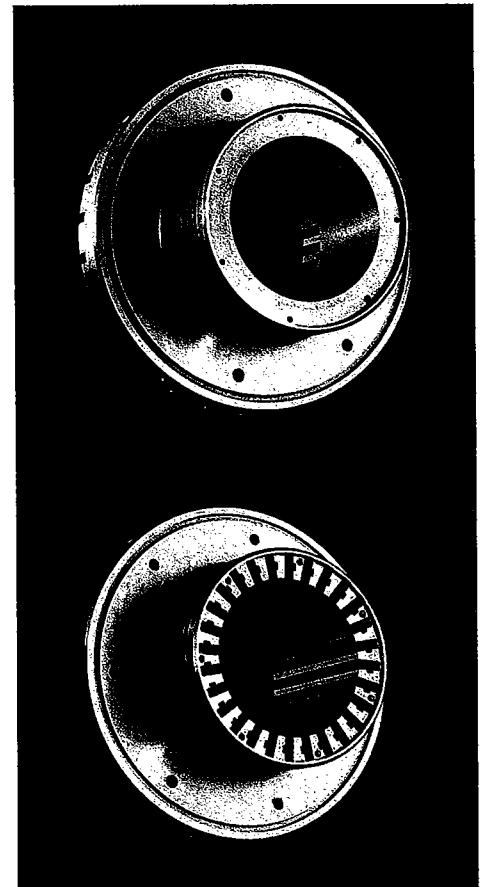


TOUGH JOB YIELDS TO AVON BROACH

Tough job? Look at those "fir-tree" contoured slots. Imagine making 75 of them in a 55-in. dia., 3-5/8 in. thick stainless steel forging, weighing 2600 pounds. And doing it within $\pm .001$ inches radial tolerance. That's what Avon did for a manufacturer of power recovery turbines. *Photo to the left. Turbine wheel broached to hold blades.*

ENERGY EXPLORATION HELPED BY BROACHING

Pipe wedge housing, used in oil-well operations, are shown before and after broaching. The complex gripper slots on the ID of this part are broached to a depth of .656 inches in four passes. Parts varied in overall diameter from 3-3/8 to 11-3/8 inches. *Photo below.*





One of the smallest parts Avon has broached is this valve poppet. Formerly produced on an index milling machine at approximately 60 pieces per hour, Avon developed a way to produce the 3 flats simultaneously, on one of our pot broaching machines, at a rate of 800 pieces per hour. *Photo top left.*

The splines on both the ID and OD of this complex automatic transmission part, are broached at Avon. The pitch diameter of the ID spline is held concentric with the pitch diameter of the OD spline to within .003 inch of the indicator reading. Both are produced on our vertical machines. *Photo middle left.*



Splines inside and out-broached

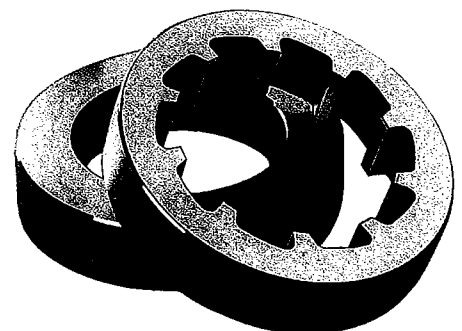
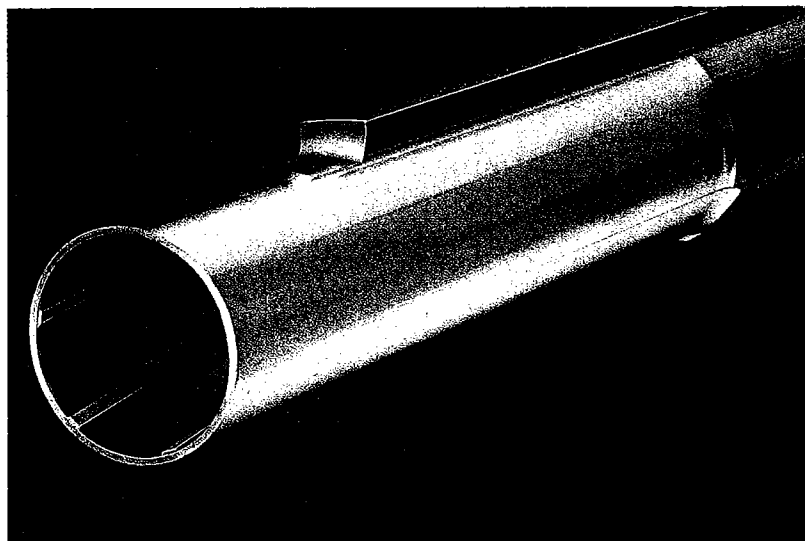
One of Avon's specialties is broaching internal helical splines. The rifling in this army grenade launching tube proved a tough challenge. The workpiece is an extruded aluminum tube, 12 inches long, with a wall thickness of only .071 inches. The job required that Avon produce a 12-degree internal helix of six starts, with the spline timed to the centerline of the gunsight (the raised area on the OD). The broach used was a 78 inch tool that incorporates a 6-inch broach shell at the end, for finishing.

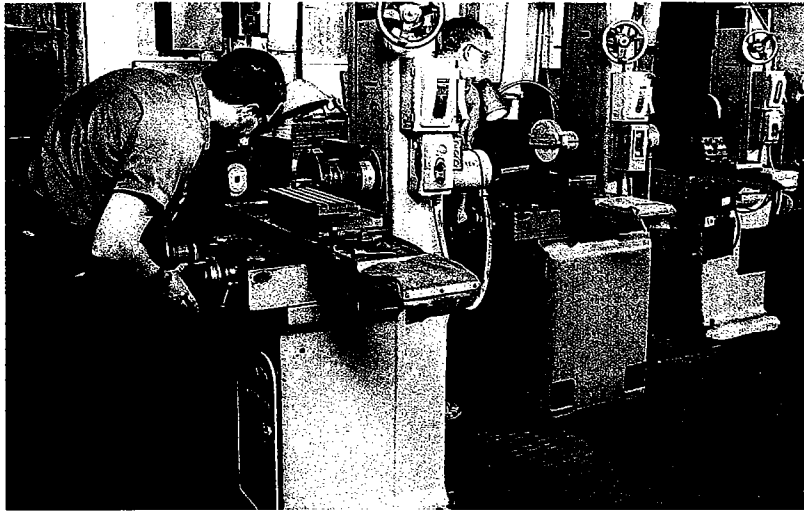
Photo bottom left.

BROACHING ONLY WAY FOR A POLISHED FINISH

On the configuration of these critical cam pocket pads of 5160H steel. A polishing operation was completely eliminated by Avon broaching.

Photo below.





Tool maintenance gets top priority at Avon Broach. This 3000-square foot area in the plant houses both wet and dry grinders, sharpeners, lathes, mills, saws, and other machines that maintain our broach tools in peak condition.

Photo top left.

Avon's new Charmilles high-speed wire EDM machine offers the industries highest wire taper capability (30° over 7.88" part height), which allows Avon to produce tough parts productively and cost effectively for their customers.

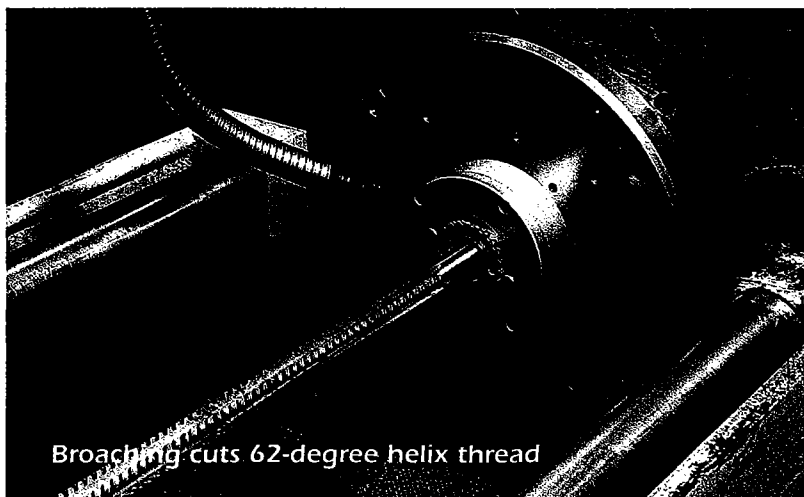
Photo Middle left.

Avon specializes in tasks not normally performed by broaching, and can often machine parts faster and less expensively (without sacrificing quality) through the imaginative application of broaching.

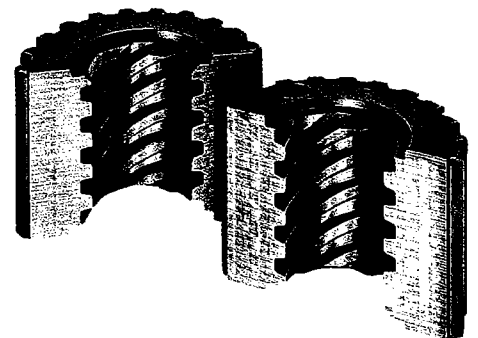
This hybrid broach-tap tool, shown in action, is a good example. The tool was developed in conjunction with a local tap and tool company, and is used to broach an internal helical acme thread of six starts on a brake system part.

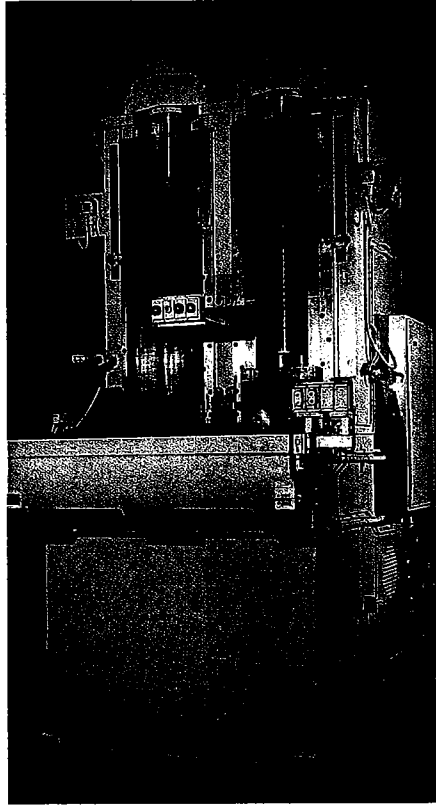
This innovative tool produces an incredible 62-degree thread helix angle (measured from axial centerline). To our knowledge this is the highest helix angle ever broached.

The part is run on one of our standard 72-inch, 15-ton horizontal broaching machines with special helical attachment. In the past the job was done on a single-point NC turning machine which made four passes on each of the starts and required 41 minutes to process a single part. Avon accomplished the machining in just under two minutes by broaching. *Photo bottom left and right.*



Broaching cuts 62-degree helix thread





An additional building expansion was required to house this 80 ton 90 inch, 6 station vertical internal pull-down broaching machine. This machine offers new capabilities and production capacity to our existing extensive list of broaching equipment. *Photo top left.*

Many of our broaching machines are units that we have rebuilt or modified, in our own shop, to suit our special purposes. This dual-ram surface broaching machine was purchased as a used machine. We stripped it to the basic frame, then fitted it with new electric and hydraulic systems, as well as new fixturing and tooling. *Photo top right.*



Avon Broach and Production Company

Location: 1089 John R. Road,
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L&L Machine Tool, Inc.

100 Quality Way • Grand Blanc, MI 48439
Tel: 810-695-3970 • Fax: 810-695-5928

ISO-9001 Supplement Corporation

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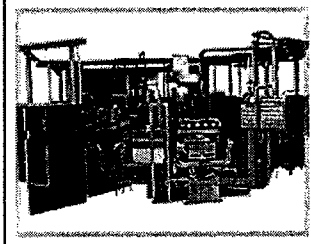
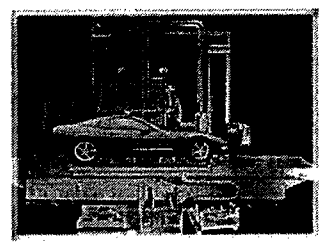
Designers & Builders - Metal Removal and Assembly Machines - Ringtransfer™ Production Machined Products
Large Capacity Boring Mills & Jig Mills

Information Center
Call Us: 810-695-3970 • Fax Us: 810-695-5928
Email Us:
Sales: leel@landlmachinetool.com
Service: deanl@landlmachinetool.com

We can read your CAD files... UG, UGII, Solidworks, IGES, Step, ACIS, Catia, Pro-E, Inventor, Solid Edge, Auto-CAD, CAD Key, and SMIRT

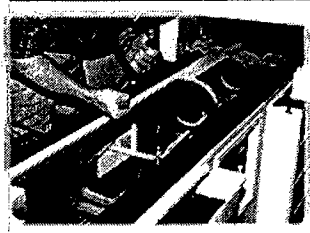
Boring & Jig Mill

L&L has a wide range of Boring & Jig Mills to handle all your needs from the smallest to the largest, which is backed by a complete Fabrication Department.
[Learn More](#)



Special Machines - RINGTRANSFER™ System

L&L Machine Tool, Inc's RINGTRANSFER™ System can save you time and money. Work can be performed on three sides of the part and in some cases even five sides can be obtained.
[Learn More](#)



Machine Rebuild & Repair

Have an old machine that needs to be rebuilt? L&L will take your old machine and completely re-manufacture to the original or to your new machine specifications. We will design and build, fixtures, slide units, drill units, and multiple spindle heads for your product.
[Learn More](#)

Production Machining - Assembly Welding

Whether it is in supplying high volume production parts, including CNC machining of volumes ranging from 10 to 1,000,000 pieces, or building production machines for ourselves or others, we meet your demand.
[Learn More](#)



L&L Machine Tool, Inc.
100 Quality Way • Grand Blanc, MI 48439
Tel: 810-695-3970 • Fax: 810-695-5928

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Developed by [Miller Media Inc](#) (248) 528-3600



Joint Production Technology, Inc.

15381 Hallmark Ct, Macomb, Michigan 48042-4016

Website: www.jptonline.com

Joint Production Technology (JPT) established in 1971 in Warren, Michigan.

Relocated to Macomb Township, Michigan on February 15, 1994.

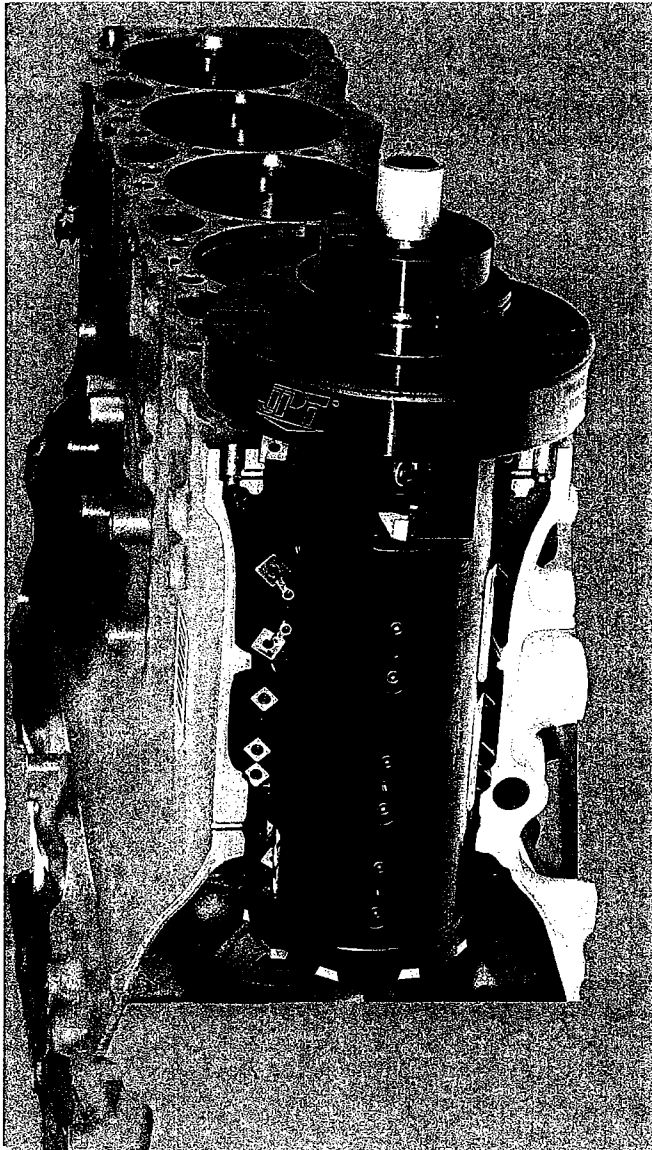
Member of the Michigan Tooling Association (MTA) since 1973.

Member of the Blue Water Tooling Coalition

Collaboration of Eleven Synergistic Tooling and Machining Companies located in Southeastern Michigan.

Designers and Manufacturers of Specialized Cutting Tools.

North American Industrial Classification System (NAICS) Number 333515



Indexable Insert Designed Tools.

Motion Tools. (Actuation)

Gages.

Fixtures.

Chucks.

Part Processing.

Broaches (Indexable)

CNC Machining & Inspection Services.

CNC Turning. (4 Axis)

CNC Milling. (4 & 5 Axis)

CNC Grinding. (I.D. & O.D.)

CNC Wire EDM Machining. (5 Axis)

CNC Sinker Ram EDM. (Orbital with Rotating "C" Axis w/ Tool change)

CNC Coordinate Measuring Machine. (700 x 1000 Zeiss Contura Scanner)

Computer Aided Design (CAD) 3-D Design Services.

Prototype Small Lot Size Part Machining.

Picture Above: Machining of various Cylinder Bores, Grooves and Chamfers of Diesel Engine.



Joint Production Technology, Inc.

15381 Hallmark Ct, Macomb, Michigan 48042-4016

Website: www.jptonline.com

Current employment is 27 Associates down from 37 in 1998.

- 4 Engineering Associates.
- 3 Managerial Associates.
- 3 Sales & Service Associates.
- 17 Skilled Machinist Associates.
- Wages Range from \$40,000 +

Customers

- Big Three - GM, Ford, DaimlerChrysler.
- OEM Parts Makers - Dana, TRW, Bosch, American Axle, Visteon, etc.
- Various Machine Tool Builders – Lamb, Ex-Cell-O, Okuma, etc..
- Commodity Managers – Ewie, Sterling Supply, Mahar, IDG, etc.

Revenue Recap (Fiscal Year Ended July 31,)

Overall loss of (20.5 %) for the period 2000 to 2005.

2005 Projected	+ 21 %
2004	- 9 %
2003	+ 7 %
2002	- 32 %
2001	+ 36 %
2000	+ 18 %

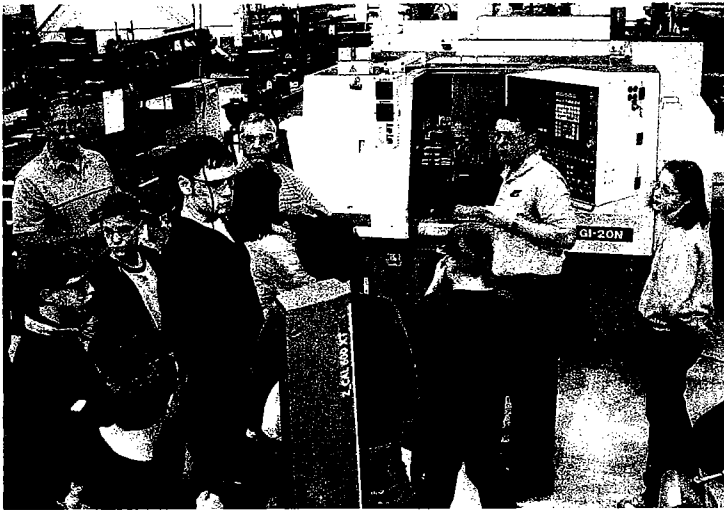
What is going on in the manufacturing business?

1. Industry Collaboration.
2. Rapid Equipment Obsolescence.
3. Customer / Vendor Bankruptcies.
4. Pricing Pressure.
 - Customer Rebate Demands – Year End Discounts.
 - Customer Demands for Lower Pricing.
 - Customer Commodity Management Philosophy.
5. Customer Plants relocating offshore.
 - Strength of the U.S. Dollar & Wages.
6. Hyper Competition in U.S. from Foreign Suppliers.
 - Strength of the U.S. Dollar & Wages.
7. Insurance Costs.
 - Year over year Increases.
 - Double Digit Increases for Health Care. (JPT's highest expense)



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Community Contributions



Integration 2000

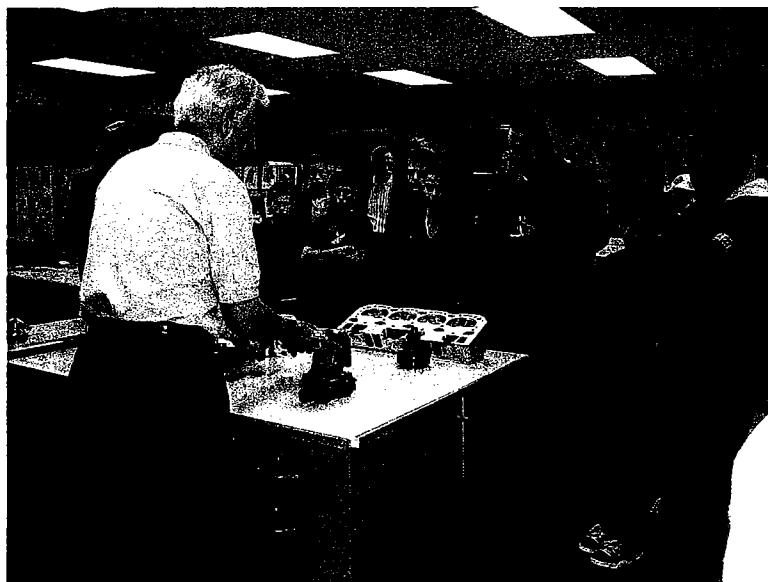
with Mr. Harry Istok, Utica Schools Malow Jr. High School Drafting Instructor

JPT has hosted for the last 5 years a manufacturing open house to the students, parents and faculty of Utica Community Schools Malow Junior High. The student's projects come to life utilizing the various CAD design and CAM manufacturing processes within Joint Production Technology.

The objective is to provide students and more importantly Parents and school administration a real life introduction into the actual manufacturing world of today.

JPT President, Mr. Robert Peuterbaugh is a Judge for the Michigan Industrial and Technology Education Society (MITES). Robert has Judged Regional projects at Dakota High School and also the Open Division at the State Grand Awards the last 5 years.

JPT Vice President, Mr. David Gifford explains to students and their parents the machining processes of certain Customer's parts.



AUTOMATIC TOOLING CORPORATION/ACRO-FEED

IV. COMPANY DEMOGRAPHICS

Length of time in community: 50 Years {1955}

Number of employees: Twenty

Company Products: Screw Machine Precision Replacement Parts.
Screw Machine Tooling.
Automatic Bar Feeding Systems.
Automatic Loading/Unloading Systems.
Energy Control & Power Lock-out Systems.

Size of Company: 3,5M Revenue

Facilities Well Kept: 40,000 Sq. Ft., Old but well maintained and clean.

Taxes paid: All current and up to date.

Financial Info.: 2000 Revenue-\$ 3,500,000 {Margin Loss}
2005 Revenue-\$ 3,500,000 {Break-even}
2006 Revenue-\$ 4,500,000 {Profitable w/cost Reductions.}

Many internal cost reduction efforts have been undertaken. Additional cost reductions are necessary to preserve capitol generated by increasing revenues. A number of additional expense reducing initiatives are being investigated including, but not limited to those available through this Renaissance Zone Legislation.

The acquisition of five new domestic patents and one foreign patent will allow us to develop new products for the screw machine industry, thus generating the increased revenues projected for the balance of FY 2005 and beyond.

Our membership in the Blue Water Coalition will offer our company access to a wealth of information and experience in modern sophisticated machine tool systems, designs and procedures.

Employee : The majority of our employees live in the Detroit city limits or in surrounding communities within 15 miles of our Detroit facility.

Employees of the company are very active in local and regional community organizations including churches, the Salvation Army, the Michigan Tooling Association, the Macomb Technical Training Center, and others.



PARAMOUNT
PRECISION PRODUCTS

PARAMOUNT

Paramount Precision Products has formulated a new image to reflect the developing technology and expanding capabilities of this evolving company.

We represent an ever expanding range of capabilities, experience and resources. We are not just another machine shop.

We are the solution to your project and we will give it the attention it deserves, from initial design through implementation.

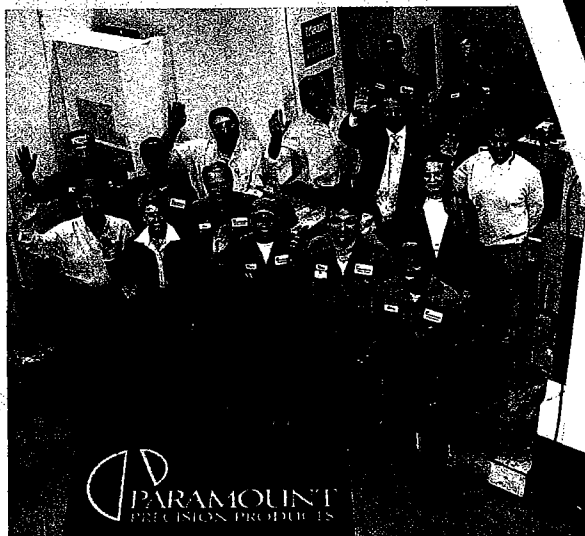
Supported by sophisticated processes and quality control systems, Paramount Precision Products has all the equipment and services to meet the toughest standards and the closest tolerances in the industry. For the performance and quality that today's industries demand, Paramount Precision Products is your best choice.

We have the technology.

We have the capability.

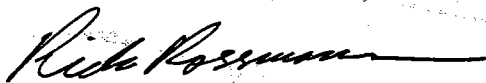
We have the resources.

We have the talent.
We have the know how.
We have the commitment.



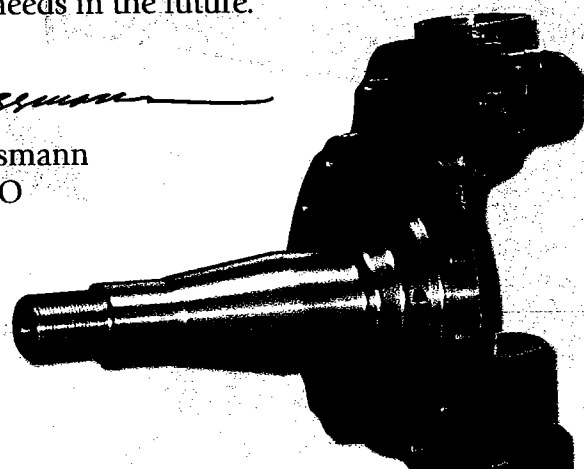
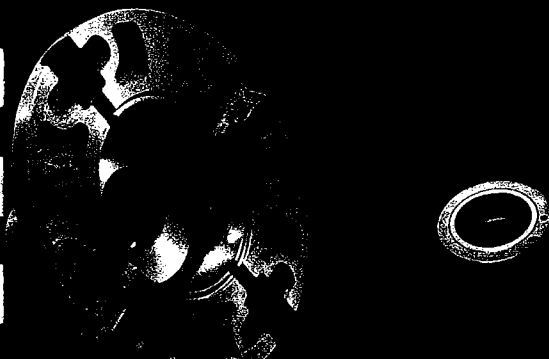
Paramount Precision Products has come a long way since 1948. From a small prototype shop known as Paramount Boring & Machine to a full production automotive Tier I/II ISO/QS9000 approved supplier. The operations have expanded to include a short run production/prototype facility, a dedicated high volume production facility, general manufacturing operations with a large warehouse and distribution facility, all located in Southeastern Michigan. Paramount has invested heavily in expanding our customer base, diversifying our product portfolio and increasing our manufacturing capacity and capability. We have focused on training and education for our associates with a commitment to continuous improvement of our technology, systems and equipment. With more than 200 years of automotive manufacturing experience in our management team, we ensure our customers' requirements for on-time delivery with the highest quality at the most competitive pricing.

We welcome your interest in Paramount Precision Products and look forward to servicing your needs in the future.



Richard H. Rossmann

Richard H. Rossmann
President & CEO



Tax Effect on Rochester Hills on Granting Abatement

Attached are copies of recent tax bills for Avon Broach and as can be seen, Rochester Hills, if its grants an abatement of local taxes under the Act to Avon Broach, will be abating approximately \$5,100.00 each year in city taxes.

AVON BROACH & PRODUCTION CO.

Specialists in
BROACHING TOOLS, PRODUCTION BROACHING, AND WIRE EDM
ISO 9001:2000 Registered

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June 10, 2005

Tax Summary for Avon Broach & Production Company..

Personal Property Tax.

- 2002 : \$ 6,909.82			
- Oak Interm. Sch.	: \$ 489.84	- City Tax	: \$ 1,340.85
- Comm. College	: 230.29	- County Tax	: 665.88
- School Debt	: 747.84		
- School Operating	: 2,576.34		
- State Education	: 858.78		
- 2003 : \$ 6,178.51			
- Oak Interm. Sch.	: \$ 444.56	- City Tax	: \$ 1,225.25
- Comm. College	: 209.04	- County Tax	: 608.13
- School Debt	: 683.36		
- School Operating	: 2,354.22		
- State Education	: 653.95		
- 2004 : \$ 6,338.28			
- Oak Interm. Sch.	: \$ 444.66	- City Tax	: \$ 1,232.84
- Comm. College	: 209.09	- County Oper. Tax	: 551.40
- School Debt	: 681.68	- County Parks	: 31.87
- School Operating	: 2,368.80	- Huron Clinton Parks	: 28.34
- State Education	: 789.60		

Property Tax.

- 2002 : \$ 19,395.77		
- Oak Interm. Sch.	: \$1,374.98	- City Tax : \$ 3,763.72
- Comm. College	: 646.43	- County Tax : 1,869.10
- School Debt	: 2,099.18	
- School Operating	: 7,231.68	
- State Education	: 2,410.56	
- 2003 : \$ 19,263.84		
- Oak Interm. Sch.	: \$1,386.08	- City Tax : \$ 3,820.12
- Comm. College	: 651.75	- County Tax : 1,896.05
- School Debt	: 2,130.64	
- School Operating	: 7,340.04	
- State Education	: 2,038.90	
- 2004 : \$ 20,091.35		
- Oak Interm. Sch.	: \$1,409.50	- City Tax : \$ 3,907.90
- Comm. College	: 662.80	- County Oper. Tax : 1,747.85
- School Debt	: 2,160.82	- County Parks : 101.03
- School Operating	: 7,508.70	- Huron Clinton Parks : 89.85
- State Education	: 2,502.90	

Michigan Single Business Tax

- 2002 : \$ 9,827.00
- 2003 : \$ 12,780.00
- 2004 : \$ 11,880.00

Annual City Tax

- 2002 : \$ 5,104.57
- 2003 : \$ 5,045.37
- 2004 : \$ 5,140.74

Summary

(written by George Buhaj; President)

Avon Broach & Production Company was established in 1950 at 1089 John R Road in Avon Township, which is now Rochester Hills. The original building size was approximately 10,000 square feet. We have grown considerably in the last 55 years requiring several additions, to the now present 30,000 square foot facility.

We serve a variety of industry including automotive OEM's, tier 1, and tier 2 (50%), heavy truck and equipment manufacturers (30%), aerospace (10%), and defense (10%).

Avon is a family owned and operated business, currently employing 18 people of various skill levels. From machine operators to shop floor management, skilled tool & die makers, engineers and an office manager. Currently (4) employees are long-term residents of Rochester Hills. As recently as 2001, we employed 28 people. Wages and benefits range from 12.50 per hour for entry-level positions and for positions requiring lower skill levels up to \$ 38.00 per hour for managers and engineers.

Sales revenue for the preceding 5 years is as follows:

- 2000	: \$	1,989,584.00
- 2001	:	1,921,111.00
- 2002	:	1,646,260.00
- 2003	:	1,485,043.00
- 2004	:	1,702,014.00
- 2005 (estimate)...	:	1,500,000.00 to 1,650,000.00

Attempting to improve productivity and remain competitive, we have purchased several pieces of equipment over the last several years. Most notably was the purchase of a Charmilles wire-EDM machine in 1997 for a cost of approximately \$ 180,000.00. We are continually looking for opportunities to purchase newer more productive equipment as it becomes available on both the new and used markets.

Beginning in 2002, we began to experience significant losses due to the globalization of our competitive market, and losses directly related to customer bankruptcy.

- 2002: \$61,101.58; Exemplar Manufacturing
- 2003.....: 21,267.54; American Production Machining
- 2004.....: 134,348.47; Ultimate Precision
- 2005.....: 10,100.00; Sterling Supply Company

Total : \$ 233,817.59

Despite these bankruptcies, Avon remains healthy. We are persevering to position the company to remain competitive and ensure future success in these changing times.