



HOMMEL-ETAMIC AMERICA CORPORATION

May 11, 2010

The Honorable Bryan K. Barnett  
Mayor of the City of Rochester Hills  
1000 Rochester Hills Drive  
Rochester Hills, MI 48309

Re: Tool & Die Recovery Zone

Dear Mayor Barnett:

We are requesting the support of City Council to establish Hommel-Etamic America Corporation as a Tool & Die Recovery Zone at an upcoming Council meeting in June 2010.

Our company was founded locally in 1945 as Detroit Precision Tool Company and later moved to Rochester Hills via Troy in the mid-1980's. Following a joint venture with Hommelwerke in 2002, the company was purchased in its entirety by Jenoptik AG in 2007 and simultaneously merged with Etamic-Movomatic, also acquired by Jenoptik. The Etamic side of the business, along with over forty (40) employees, was relocated from Plymouth, Michigan and consolidated in our Rochester Hills facility. Even though Jenoptik is a publicly held holding company based in Germany, we as Hommel-Etamic America are a Michigan corporation and are represented as a small business.

Hommel-Etamic manufactures and services precision gaging equipment and systems used primarily in the production of powertrain components and high-tolerance industrial products. Our biggest customers are the Big Three and their suppliers, plus Cummins, John Deere, Honda and others. The industry segment we represent is called industrial metrology, which is a niche specialty within tooling manufacturing. We are largely transportation-based in nature, but we also supply aerospace and medical manufacturers. Most of our revenue, over 80%, is generated by sales to businesses located outside of Michigan, but 99% stays in North America.

Hommel-Etamic currently occupies 100% of a 51,000 square foot building on four acres located on Hamlin Road. Our lease expires at the end of March 2012 and our building is owned by an entity controlled by John Sattmann, a Rochester Hills resident. We have eighty (80) employees, of which seventy (70) work on Hamlin Road. Eight (8) Rochester Hills families are supported out of the facility, along with 25 other Oakland County families. Hommel-Etamic has a highly skilled and experienced workforce. Our average hourly wage is almost \$31 per hour before benefits and taxes, with over \$500,000 in annual payroll remunerated to our Rochester Hills resident employees alone. The type of manufacturing we perform is not embedded into the infrastructure we occupy, as evidenced by the rapid transition of the Etamic operation from Plymouth, nor do we need the full amount of space we currently occupy.

## Tool &amp; Die Recovery Zone

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Our objective in requesting approval as a recovery zone is to provide the means to invest specifically in the future of our business. Since joining forces, first as a partner then as an owned entity, with Jenoptik, there has been no incentive to invest in new machinery or enhanced engineering software to improve our shop efficiency and our R&D proficiency given the tenuous nature of the domestic tooling business. We intend to use any funds generated by the recovery zone designation as a direct earmark for reinvestment in new machines and 3-D engineering programs to enhance our capabilities over the next decade. This commitment of funds will also be presented to our corporate parent with the same stipulations to ensure the money stays local, increases the local tax base post-recovery and is used to preserve and enhance local employment.

As mandated by the Tool & Die Renaissance Act, we will become part of a collaborative being organized by the Michigan Manufacturers Association with sixteen (16) other companies the eastern part of Michigan, including several from Macomb County. We are excited about participating actively in the collaborative because our position as a niche provider in the metrology segment means we can support our collaborative partners as our suppliers (vertically integrate) rather than be seen as a competitor, thus reaping benefits throughout the tool and die food chain. Our supply base has been severely decimated in the last three years and we have serious concerns about finding qualified resources to support any future surges in output.

Our inclusion into this state-sponsored program will help ensure our staying power in the Rochester Hills community and foster more investment in a business that most outsiders would consider not worth pursuing or move overseas. The reality is the lean shall survive and the prepared will grow. Remaining as domestic automotive supplier will be even more challenging for the survivors like Hommel-Etamic, but the dynamics are still in place to support new product programs of our now global customer base with the proper level of investment, which the recovery program will provide.

Thank you for your consideration of our request to appear before the City Council and we will follow up with your office regarding this matter.

Sincerely,



Andy Blind  
Vice President of Sales

Attachment – Tax Worksheet

# Hommel-Etamic America, Corp.

## Real Property 70-15-28-126-023

Taxing Entity	2009 Tax Liability	Reimb By State	Continued Tax Liability	Taxes Impacted
City of Rochester Hills	\$ 13,599.07	\$ -	\$ -	\$ 13,599.07
County General	5,870.60	-	-	5,870.60
County Parks	338.36	-	-	338.36
H.C.M.A. Oakland County	300.67	-	-	300.67
ISD Allocated	280.64	280.64	-	-
ISD Voted	4,439.66	4,439.66	-	-
Zoo Authority	140.11	-	-	140.11
Oakland Community College	2,219.90	2,219.90	-	-
State Education	8,406.60	8,406.60	-	-
School Operating	25,219.80	25,219.80	-	-
School Debt	7,257.68	-	7,257.68	-
<b>TOTALS:</b>	<b>\$ 68,073.09</b>	<b>\$ 40,566.60</b>	<b>\$ 7,257.68</b>	<b>\$ 20,248.81</b>

## Personal Property- 70-99-00-130-310

Taxing Entity	2009 Tax Liability	Reimb By State	Continued Tax Liability	Taxes Impacted
City of Rochester Hills	\$ 5,865.14	\$ -	\$ -	\$ 5,865.14
County General	2,531.93	-	-	2,531.93
County Parks	145.93	-	-	145.93
H.C.M.A. Oakland County	129.67	-	-	129.67
ISD Allocated	121.03	121.03	-	-
ISD Voted	1,914.78	1,914.78	-	-
Zoo Authority	60.42	-	-	60.42
Oakland Community College	957.42	957.42	-	-
State Education	-	-	-	-
School Operating	-	-	-	-
School Debt	3,130.16	-	3,130.16	-
<b>TOTALS:</b>	<b>\$ 14,856.48</b>	<b>\$ 2,993.23</b>	<b>\$ 3,130.16</b>	<b>\$ 8,733.09</b>

**Yellow column:**  
taxes reimbursed  
by the State of  
Michigan Gen'l  
Fund

**Green Column:**  
Taxes company will  
continue to pay

**Blue Column:**  
Taxes not paid by  
company, nor  
reimbursed by  
State