



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: November 13, 2007
TO: Michigan Economic Growth Authority
FROM: Mark Morante, Vice President
Development Finance

Amy Deprez, Project Manager
Development Finance

SUBJECT: Briefing Memo – Dearborn Group, Inc.
High-Technology MEGA Credit

COMPANY NAME AND ADDRESS:

Dearborn Group, Inc.
27007 Hills Tech Court
Farmington Hills, Michigan 48331

HISTORY OF COMPANY:

Dearborn Group, Inc., headquartered in Farmington Hills, is a leading developer of In-Vehicle Multiplexing and Controller Area Network (CAN) protocol solutions. The company provides multiplexing hardware and software technology for In-Vehicle and Controller Area Networks. Dearborn Group's customers are development engineers from automotive, trucking, industrial control, robotics, mass transportation vehicles, agriculture, and construction equipment. The company has a satellite office in Indianapolis, Indiana that is dedicated to major truck and bus manufacturers.

The company currently employs 41 associates in Michigan.

PROJECT DESCRIPTION:

Dearborn Group, Inc. has a need for a larger facility in order to expand its operations and allow for growth from a multi-part Army contract for a Wireless Combustion Engine (WICE) system. The current location is a leased facility without adequate space to support expanded operations.

The company has identified an existing building in the City of Farmington Hills and will invest approximately \$1,170,000 to rehabilitate and equip this facility. The company anticipates the creation of up to 61 new positions in the next five years, with an average weekly wage of \$1,074.

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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 145 jobs in the state by the year 2012. Total state government revenues through the year 2012, net of MEGA costs and adjusted for inflation, would be increased by \$1.3 million (2007 dollars) due to the presence of this facility.

BUSINESS CASE:

Dearborn Group is also considering an expansion of their Indianapolis, Indiana satellite facility. The company's recruiting and retention costs are higher in Michigan, as well as, their corporate taxes and workers compensation costs.

OTHER STATE AND LOCAL ASSISTANCE:

The Economic Development Corporation (EDC) of the City of Farmington Hills approved a training grant to the company in the amount of \$15,000 on August 8, 2007.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY:

The company is a qualified high-technology business, whose primary business activity is advanced automotive, manufacturing and materials technology, as defined in the Act.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for five years, for up to 61 net new employees.