



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

Date: May 19, 2009

To: Michigan Economic Growth Authority

From: Amy Deprez, Manager
Packaging Team

Ken Murdoch, Project Specialist
Packaging Team

Subject: Briefing Memo – GRW Technologies, Inc.
Standard MEGA Credit

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COMPANY NAME

GRW Technologies Inc.
4460 44th Street SE Suite B
Grand Rapids, Michigan 49512

HISTORY OF COMPANY

GRW Technologies Inc. is a provider of precision injection molding. The company develops, designs and manufactures components to the automotive industry and is a supplier for ABS, powertrain and sensor systems. The company also provides engineering consultant services for its industry. GRW Technologies, Inc. was formed in 1997, and is an arm of Walter Sohner GmbH & Co. of Schwaigern Germany. The company moved its previous based Winchester Virginia operations to the City of Kentwood in 2007.

GRW Technologies Inc. currently has 34 employees in Michigan.

PROJECT DESCRIPTION

GRW Technologies Inc. has entered into a contract with Continental Inc. to purchase their injection molding equipment for \$500,000 and take over their production of plastic automotive parts. The company is considering transferring this equipment and production to their facility in the City of Kentwood. To accommodate this additional work, the company would need to lease an additional 17,500 square foot of space at the Kentwood facility and invest an additional \$1,505,000 in new equipment.

Total investment for GRW Technologies Inc., over five years will be approximately \$2 million. This project would create 66 new jobs with an average weekly wage of \$504. The company offers health care benefits and pays a portion of the benefit costs.

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 149 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$3.2 million (current dollars) due to the presence of this facility.

BUSINESS CASE

Alternatively, the project could be located in San Louise Potosi, Mexico as currently about 65% of GRW Technologies Inc. current customers are located in Mexico. 100% of the new products will be shipped to Juarez Mexico, about 100 miles from the alternative location. Locating in Mexico would result in a cost savings for the company's customers as they are responsible for freight costs. The additional freight costs associated with a Michigan location puts GRW Technologies Inc., at a competitive disadvantage when quoting prices for new products.

OTHER STATE AND LOCAL ASSISTANCE

The City of Kentwood is supportive of this project and anticipates the approval of PA 328 and PA 198 property tax abatements within 90 days. The estimated value of this incentive is not known at this time.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent Standard employment tax credit for seven years, for up to 66 net new employees over the established employment base of 41.