



## MEMORANDUM

**DATE:** September 17, 2001  
**TO:** Michigan Economic Growth Authority  
**FROM:** Tino Briethaupt, Managing Director  
Global Business Development *TB*  
**SUBJECT:** High Tech Briefing Memo – Grunewald New Technologies, Inc.

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### COMPANY NAME AND ADDRESS:

Grunewald New Technologies, Inc.  
3150 Livernois, Suite 115  
Troy, Michigan 48099

### HISTORY OF COMPANY:

Grunewald New Technologies, Inc., is currently the North American sales office for Grunewald GmbH & Co KG of Germany. Grunewald has 85 employees in Germany and two in its sales office located in Waterford, Michigan. The company has a proprietary Rapid Casting Technology (high content in production of prototypes and components for fuel cell vehicle development) and produces high technology machining of complex automotive components and design, engineering and production of tooling for soft interior automotive components.

### PROJECT DESCRIPTION:

Grunewald New Technologies is going to be expanded to directly produce and supply the products and services of the parent company in North America. Grunewald in Germany is currently serving American-based German companies in North Carolina, South Carolina and Alabama.

The company would build a 10,800 square foot facility and would employ up to 42 within 5 years. Capital investment would total \$6.9 million over the same five-year period, including \$2.5 million in land and building and \$4.4 million in machinery and equipment. Average weekly wages at the facility will total \$1,106 and a benefit package worth up to

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twelve percent of wages will be offered. Construction of the new facility would begin in late September 2001 and be complete by July 2002 at which time operations at the building would begin.

**BENEFIT TO STATE:**

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, we estimate this facility will generate a total of 126 jobs in the state by the year 2011. Total state government revenues through the year 2011, net of MEGA costs and adjusted for inflation, would be increased by \$4.8 million (2001 dollars) due to the presence of this facility.

**BUSINESS CASE:**

Grunewald New Technologies realizes that due to its involvement in the development of fuel cell vehicle technology, Michigan is an excellent location for its prototype facility. In addition to its proximity to major automotive OEMs and Tier One suppliers, Michigan is fast becoming a center for fuel cell technology development.

Since this is the first North American venture of the Germany-based firm, and because the company's current customers are all located in North Carolina, South Carolina and Alabama, Grunewald is considering Spartanburg, South Carolina and Waterford Township, Michigan for the location of this facility.

The cost differential between Michigan and South Carolina to operate this facility averages \$200,000 per year over the life of the MEGA credit. This differential is primarily due to lower wages in South Carolina. A MEGA credit is needed to attract this high technology company to Michigan.

**OTHER STATE AND LOCAL ASSISTANCE:**

The State of Michigan will offer an abatement of 100 percent of the 6-mill State Education Tax for a length of time to match the local.

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property tax abatement. The value of this abatement is estimated at \$76,444.

Waterford Township has proposed a 50 percent abatement of the company's personal real and property taxes for twelve years. The estimated value of this local abatement is \$498,741.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a high-technology employment credit of 100 percent for five years followed by a credit of 50 percent for 5 years for up to 42 net new jobs.