



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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Date: July 21, 2009
To: Michigan Economic Growth Authority
From: Amy Deprez, Manager
Packaging Team
Greg West, Project Specialist
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Subject: Briefing Memo – Molded Materials, Inc.
High-Technology MEGA Credit

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COMPANY NAME

Molded Materials, Inc.
44650 Helm Court
Plymouth, MI 48170

HISTORY OF COMPANY

Molded Materials, Inc. (MMI) has been in business in Michigan for over 40 years. It is an engineered solutions company that designs and manufactures tooling and molded composite components for various industries, including automotive material handling, railroad, automation, alternative energy, life sciences/health care, defense/aerospace, and heavy truck. The company's focus is on the design, engineering, and material selection for new parts using advanced CAD systems that include 3-D modeling, Finite Element Analysis, and MoldFlow Analysis. In addition, it also converts many existing metal parts to composites which allows for potential performance upgrades and overall cost savings.

MMI currently has 45 employees in Michigan.

PROJECT DESCRIPTION

MMI plans to consolidate two of its three existing Plymouth facilities into a new leased facility in Saline. MMI will then further diversify into new areas of growth including defense/aerospace, life sciences and alternative energy. The company will be making several infrastructure and machinery and equipment improvements to the new facility including electrical distribution, raw material handling systems, advanced molding equipment and computer system upgrades. The new jobs associated with the project will require different skill sets and experience in engineering, advanced materials, and manufacturing technologies, as MMI will be moving into the complex manufacturing of thermoset composites.

MMI will invest approximately \$2.9 million and create 29 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$1,047. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

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 69 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$1.2 million (current dollars) due to the presence of this facility.

BUSINESS CASE

MMI is also considering Lyons, Ohio as a location for this project. Locating in the proposed facility in Lyons would result in a large savings for the company due to lower property taxes and lower overall lease costs. In addition, moving to the Ohio facility would not have any personal property taxes associated with it.

OTHER STATE AND LOCAL ASSISTANCE

The City of Saline is supportive of this project and anticipates the approval local tax abatements. The estimated value of these incentives are not known at this time.

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

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 7 years for up to 29 net new employees in excess of the company's established base of 45, subject to the following:

- The company must make a minimum capital investment of \$1,000,000 in order to activate the credit.
- The company will only be allowed to take the credit for the Qualified New Jobs that are working on diversification.