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## MEMORANDUM

**DATE:** May 15, 2001

**TO:** Michigan Economic Growth Authority

**FROM:** David Jeup, Vice President  
Global Business Development

**SUBJECT:** High Tech Briefing Memo – The POM Group, Inc.

### COMPANY NAME AND ADDRESS:

The POM Group, Inc.  
44696 Helm Street  
Plymouth, Michigan 48170

### HISTORY OF COMPANY:

The POM Group was created in 1998 to incubate and refine technology for the commercial application of a process for fabricating fully dense, three-dimensional metal objects directly from powder using an industrial laser. This patented technology, called Direct Metal Deposition (DMD), was originally developed at the Center for Laser-Aided Intelligent Manufacturing at the University of Michigan. The DMD technology has many diverse applications ranging from the production of intricate metal devices to the repair or modification of molding, forming and die casting tools. The POM Group serves customers in a wide range of industries, including tool and die, aerospace, defense, electronics and medical. Currently, The POM Group has 14 employees in Michigan.

### PROJECT DESCRIPTION:

This project would enable The POM Group to open a new Advanced Product Development Center in Auburn Hills. The new center will allow POM to develop advanced manufacturing solutions using its patented DMD process. The company would invest over \$17.1 million in the project, including \$6.7 million in capitalized lease and building improvement costs and \$10.4 million in machinery and equipment. The project will add an additional 75 new jobs over a three-year period at an average weekly wage of \$1,017. Research and development expenditures are estimated to total 40 percent of the company's total operating budget with this expansion.

The POM Group anticipates the completion of facility improvements by the end of June, 2001. Limited operations would begin in May of this year, with the facility being fully operational by June.

**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 220 jobs in the state by the year 2006. Total state government revenues through the year 2006, net of MEGA costs and adjusted for inflation, would be increased by \$4.7 million (2001 dollars) due to the presence of this facility.

**BUSINESS CASE:**

As part of its decision making process, the company completed an extensive cost comparison between Auburn Hills, Michigan and Toledo, Ohio. This analysis found that a cost gap averaging over \$300,000 per year exists between the two locations. This cost gap is largely due to tax incentives being offered in Ohio and lower wage and lease costs in Toledo. The company is entitled to enhanced tax incentives in Ohio due to their selection of a potential building in a distressed area of Toledo.

The POM Group is considering Michigan because the company was started here and it has been able to develop, patent and commercialize the Direct Metal Deposition process at its current Plymouth location. The company also has good relations with the University of Michigan, where this process was developed. The company would like to remain in Michigan, but they need the high-technology MEGA credit to help offset the incentive package they are receiving from Ohio.

**OTHER STATE AND LOCAL ASSISTANCE:**

The State of Michigan will provide an Economic Development Job Training grant of up to \$1,000 for each of the 75 new workers, or a total grant of \$75,000. In addition, 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 property tax abatement. The value of this abatement is estimated at \$164,343.

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The City of Auburn Hills will provide an abatement of 50 percent of the real and personal property taxes for a period of six years. The estimated value of this abatement is \$559,839.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a high-technology employment credit of 100 percent for up to 75 net new jobs and a business activity credit of 75 percent, both for a period of six years.