



MEMORANDUM

300 N. WASHINGTON SQ.  
LANSING, MI 48913

CUSTOMER  
ASSISTANCE CENTER  
517 373 9808

WWW.MICHIGAN.ORG

DATE: March 18, 2008  
TO: Michigan Economic Growth Authority  
FROM: Val Hoag, Director  
Portfolio Management & Packaging  
Steve Haakenson, Project Manager SJA  
Portfolio Management & Packaging

SUBJECT: Briefing Memo – Boar’s Head Provisions Co., Inc.  
Standard MEGA Tax Credit

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COMPANY NAME AND ADDRESS:

Boar’s Head Provisions Co., Inc.  
284 Roost Road  
Holland, MI 49424

HISTORY OF COMPANY:

Boar’s Head Provisions Co., Inc. processes premium meats, cheeses and related condiments under the Boar’s Head Brand name throughout the United States. The company’s origins date back to 1905 when the first delicatessen products were distributed under the Boar’s Head Brand name in Brooklyn, New York. In 1933 the company began manufacturing its own products. To meet the continuing increase in demand the company purchased the former Henry House facility located in Holland, Michigan in 1999. The facility has undergone several major renovations to keep up with production requirements. The Holland facility is currently at capacity.

Boar’s Head Provisions is headquartered in Sarasota, Florida and has manufacturing facilities in Virginia, New Jersey, Arkansas, and Michigan.

PROJECT DESCRIPTION:

Boar’s Head Provisions must expand its processing and related distribution capabilities and is analyzing its alternatives for expansion through its existing facilities. The only Michigan location in Holland Township has 496 employees.

The total investment estimated by Boar’s Head is approximately \$24 million. This includes \$14.5 million for land and building purchases as well as new construction and renovations to the existing facility. The remaining \$9.5 million is estimated costs for processing machinery and equipment. The proposed expansion will add approximately 208 jobs over 5 years paying an average weekly wage of \$662.

**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 447 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs and adjusted for inflation, would be increased by \$7.1 million (2008 dollars) due to the presence of this facility.

**BUSINESS CASE:**

The existing Michigan facility is competing with another existing facility the company has in Forrest City, Arkansas. The Michigan site is currently at capacity. Acquisition of land parcels next to the current facility, purchasing the adjoining leased building and land, building additions to the existing owned and leased facilities, and additional waste water treatment capacity are all necessary components of the expansion plan.

There is no need to acquire additional land for the Arkansas facility as the parcel has ample room for expansion. The physical plant currently has excess capacity so the need to add additional square footage for manufacturing is minimal. Additional square footage will be required to meet distribution needs and would be built on the existing parcel. The facility currently has ample capacity for waste water so no additional investment would be required for that.

The upfront construction and equipment costs results in a difference of approximately \$7 million in favor of the Arkansas location.

**OTHER STATE AND LOCAL ASSISTANCE:**

In addition to the MEGA tax credit, the MEDC is recommending approval for CDBG funds to support the construction of a wastewater treatment system up to \$500,000.

Holland Township is supporting this project for Boar's Head Provisions and anticipates approval of a real and personal property tax abatement for twelve years under PA198 of 1974. Approval of the tax abatement is expected to take place on March 20, 2008. This abatement has an estimated value of over \$748,000, while Michigan Business Tax reforms provide an additional \$1 million in personal property tax relief.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for seven years, for up to 208 net new employees.