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MEMORANDUM

DATE: September 18, 2007

TO: Michigan Economic Growth Authority

FROM: Mark Morante, Vice President
Development Finance

Steve Haakenson, Program Specialist
Development Finance

SUBJECT: Briefing Memo – Granvic Investments, LLC
Rural MEGA Tax Credit

COMPANY NAME AND ADDRESS:

Granvic Investments, LLC
1415 W Cedar Dr
Standish, MI 48658

HISTORY OF COMPANY:

Granvic Investments is a newly created wholly owned subsidiary of PRA Company. PRA Company operates as Vantage Plastics, which is a custom plastics thermoformer specializing in durable plastic packaging through both single and twin sheet forming. A large part of their current business is the manufacture of custom-fit plastic containers for auto parts. With a complete engineering staff, Vantage offers full design, prototype and tooling services in house.

Vantage began operations in 1996 with four thermoforming machines and six employees. In 2006 the company expanded to add much needed warehouse and office space. The company has 66 full time employees at their Standish facility.

PROJECT DESCRIPTION:

The company is considering an equipment purchase from a Canadian company, along with an exclusivity agreement for the production of all of their thermoformed products. This project would create a new extrusion operation and an expansion of Vantage's current business in Standish. A large part of Vantage's current product line is automotive related, so this expansion would diversify their product line into consumer goods, such as pools, sleds, pedal boats, and kayaks. The project will require investment and job creation at both Granvic and Vantage.

The total project is estimated to create 75 jobs over the first 5 years, with an average weekly wage of \$477. The anticipated capital investment of this expansion is \$2.7 million.

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BENEFIT TO STATE:

According to the economic analysis done by the MEDC utilizing Regional Economic Models, Inc. software, it is estimated that this facility will create a total of 136 jobs in the state by the year 2014. Total state government revenues through the year 2014, net of MEGA costs and adjusted for inflation, would be increased by \$1.98 million (2007 dollars) due to the expansion of this facility.

BUT FOR:

If the company is not able to acquire the equipment from the Canadian company, the business and jobs will remain in Montreal, Quebec. A MEGA tax credit will reduce the company's Michigan operating costs and assist with the growth of this small manufacturer.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Standish is in support of the project and plans to assist with a local property tax abatement under Public Act 198 of 1974 for 10 years on new real and personal property. This abatement has an estimated value of \$117,000.

The MEDC is also in the process of reviewing a request by the company and the City of Standish for CDBG funds to assist with the construction of a road between the company's current facility and their proposed location for the new extrusion operation.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent Rural employment tax credit for seven years, for up to 75 net new jobs.