



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: February 3, 2009
TO: Michigan Economic Growth Authority
FROM: Amy Deprez, Packaging Manager
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SUBJECT: Briefing Memo – Maverick Industries, LLC
High-Technology MEGA Credit

COMPANY NAME:

Maverick Industries, LLC
1106 Loeser
Jackson, MI 49201

HISTORY OF COMPANY:

Maverick Industries was established in 2008, and plans to acquire the former Kaneka plant along with the machinery and equipment in the plant. Kaneka Texas Corporation closed their manufacturing plant near Jackson in August of 2008. At this plant Kaneka made expanded polypropylene bumper reinforcements for the automotive industry. That product has been replaced by plastic injection molded components at a lower cost. The plant will begin to manufacture a new product under Maverick Industries.

Currently, Maverick Industries does not have any employees in Michigan.

PROJECT DESCRIPTION:

Maverick Industries will provide packaging support and manufacturing as well as logistical coordination for new and customer owned packaging at the former Kaneka plant. The company will manufacture packaging using advanced materials with many unique properties. The manufacturing of packaging using advanced materials is currently not found in the marketplace, giving this new company an advantage with their products.

In addition to the acquisition of the former Kaneka plant and machinery and equipment, Maverick Industries will purchase additional machinery and equipment for a total investment over five years of approximately \$11 million. This project will create 90 new jobs with an average weekly wage of \$806. The company will also offer health care benefits and pay a portion of the benefit costs.

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BENEFITS 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 208 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs, would be increased by \$3.6 million (current dollars) due to the presence of this expansion.

BUSINESS CASE:

Maverick Industries, LLC is competing with higher wage rates and health care costs by locating in Michigan. Additionally, their suppliers and primary customers are located in southern states giving Michigan a logistical disadvantage.

OTHER STATE AND LOCAL ASSISTANCE:

Blackman Township is supportive of this project and anticipates approval of a Property Tax Abatement for this project within the next 90 days. The estimated value of the abatement is not known at this time.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY:

The company is a qualified high-technology business, whose primary business activity is Advanced Materials Technology

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent seven year high technology employment tax credit for up to 90 net new employees, over an established employment base of 0.