

**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

**MEMORANDUM**

100 N. WASHINGTON SQ.  
ANN ARBOR, MI 48103

CUSTOMER  
CONTACT CENTER  
313 373 9808

WWW.MICHIGAN.ORG

**DATE:** October 17, 2006  
**TO:** Michigan Economic Growth Authority  
**FROM:** James Donaldson, Vice President  
Michigan Business Development  
**SUBJECT:** Briefing Memo – PureFlex, Inc.  
Standard Credit

**EXECUTIVE COMMITTEE**

MATTHEW P. CULLEN  
Chair  
General Motors

HILIP H. POWER  
Vice-Chair  
HCN, Inc.

AMES C. EPOLITO  
President & CEO

RICHARD E. BLOUSE JR., CCE  
Detroit Regional Chamber

JOHN W. BROWN  
Stryker Corporation

DR. DAVID E. COLE  
for  
Genetic Research

JOANN CRARY  
Saginaw Future Inc.

R. HAIFA FAKHOURI  
Arab American and  
Chaldean Council

STEVEN K. HAMP  
Ford Motor Company

RYDEN H. HARRIS  
EDF Ventures

AUL HILLEGONDS  
DTE Energy Company

GEORGE JACKSON JR.  
Detroit Economic Growth  
Corporation

MICHAEL J. JANDERNOA  
Bridge Street Capital  
Partners, LLC.

ROBERT B. JONES  
City of Kalamazoo

BRIGIT M. KLOHS  
The Right Place, Inc.

THOMAS LEWAND  
Bodman LLP

R. IRVIN D. REID  
Wayne State University

MICHAEL B. STAEBLER  
Pepper Hamilton LLP

ROBERT W. SWANSON  
Michigan Department of Labor  
& Economic Growth

ENNIS R. TOFFOLO  
Oakland County

DEBRA WALTERS  
Walters Industries Corp.

**COMPANY NAME AND ADDRESS:**

PureFlex, Inc.  
4855 Broadmoor Ave.  
Kentwood, MI 49512

**HISTORY OF COMPANY:**

PureFlex is a manufacturer producing high purity hose and fittings to biopharmaceutical, chemical, steel, power and mining industries.

PureFlex was founded October 1994 with 3 employees and has grown to 80+ employees in 3 states (Michigan, Ohio and NJ). The Company has grown sales organically and thru acquisitions to \$18M in just 12 years. The company currently has 33 full time Michigan employees at its facility in Kentwood.

**PROJECT DESCRIPTION:**

PureFlex plans to continue its growth through acquisitions and through the consolidation and expansion of its Michigan facility. The company is considering closing its two out-of-state facilities and consolidating them in Michigan. In order to do so, it will need to develop a new Michigan facility, large enough to house all three operations under one roof.

If the company proceeds with its consolidation, an investment of \$6.5 million for the lease on a new facility, and an additional \$800,000 in new machinery and equipment will be required. The company anticipates the creation of 60 new employees in the first year and up to 225 new jobs over five years. The new positions are expected to pay an average weekly wage of \$680.



PureFlex, Inc.  
Briefing Memo  
October 17, 2006  
Page Two

**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 366 jobs in the state by the year 2022. We also estimate that the project would increase total state government revenues through the year 2022, net of MEGA cost and adjusted for inflation, of \$16 million (2006 dollars) due to the location of this facility.

**BUT FOR:**

The company has considered moving the entire operation to Williamsburg, South Carolina. In South Carolina the wages are not only lower but the taxes and utility costs are also considerably lower than they are in Michigan.

**OTHER STATE AND LOCAL ASSISTANCE:**

The State of Michigan has offered the 100% SBT Credit for Personal Property Related to Transferred Jobs. Based on the company's estimate in equipment value related to the transferred jobs, an SBT credit of up to \$50,000 could be available in 2007.

The MEDC has offered up to \$112,500 in training assistance through the Economic Development Job Training program; up to \$500 per employee for up to 225 new employees.

The City of Kentwood has proposed a PA 198 property tax abatement for 8 years on personal property and 12 years on real property related to this project. The estimated value of this abatement is \$955,139. The city commission will take up this proposal at their October 17, 2006 meeting.

The State of Michigan will provide a 100 percent abatement of the six-mill State Education Tax for a period of time to match the local real property tax abatement. The value of this abatement is estimated at \$127,419.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 15 years, for up to 225 net new jobs.