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MEMORANDUM

DATE: September 18, 2007
TO: Michigan Economic Growth Authority
FROM: Mark Morante, Vice President
Development Finance

Toni Brownfield, Project Manager
Development Finance

SUBJECT: Briefing Memo – SYSCO Food Services of Detroit, LLC
Standard Credit

COMPANY NAME AND ADDRESS:

SYSCO Food Services of Detroit, LLC
41600 Van Born Road
Canton, Michigan 48188

HISTORY OF COMPANY:

SYSCO Food Services of Detroit, LLC, is a wholly-owned subsidiary of SYSCO Corporation (NYSE: SYY). SYSCO Corporation also operates a sister facility in Grand Rapids. Collectively, these two locations employ 1,101 in the state, with 650 employees located in Canton Township.

SYSCO Food Services of Detroit, LLC, provides over 10,000 products and multiple services to the Food Service Industry from its facility in Canton Township. Certain products (cut seafood and produce) are processed in its facility while the majority of products are purchased, warehoused and distributed to its 5,000 customers.

PROJECT DESCRIPTION:

SYSCO Food Services of Detroit, LLC needs a larger facility due to its continuing growth. The company is proposing a 90,000 square foot expansion to its existing facility which requires the acquisition of 8 acres west of its existing facility.

This expansion will require capital investment of at least \$18 million and will lead to the addition of 130 jobs over the next five years, paying an average weekly wage of \$1,095.

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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 create a total of 199 jobs in the state by the year 2017. It is also estimated that the project would increase total state government revenues through the year 2017, net of MEGA cost and adjusted for inflation, by \$4 million (2007 dollars) due to the expansion of this operation.

BUT FOR:

SYSCO Food Services of Detroit, LLC is considering relocating its entire Canton operation to Ashley, Indiana. A move to Indiana would require the construction of a new automated, efficient facility. Efficiencies gained through the new automated facility, coupled with lower wage rates, would save the company significant costs over the life of the project. In addition, the State of Indiana, has offered up to \$7 million in incentives.

OTHER STATE AND LOCAL ASSISTANCE:

Wayne County's TURBO program, "Transforming Underdeveloped Residential & Business Opportunities" is offering a one hundred percent reimbursement of SYSCO's property taxes during the first year of construction of their expansion followed by a fifty percent reimbursement of SYSCO's property taxes for a period of five years. Wayne County estimates the value of the reimbursements at approximately \$452,603. Wayne County will execute a development agreement within a two-day period once the application is received from SYSCO.

Additionally, Wayne County's Land Bank Corporation provided a Phase II baseline environmental assessment (BEA) valued at \$6,855, for the property SYSCO is proposing to purchase for its expansion. The BEA found that the site is not a contaminated facility; therefore, the property does not qualify for brownfield incentives.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for nine years, for up to 130 net new employees.