

## MEMORANDUM

**DATE:** February 3, 2009

**TO:** Michigan Economic Growth Authority

**FROM:** Amy Deprez, Packaging Team Manager  
Portfolio Management & Packaging

**SUBJECT:** Briefing Memo – Tribal Manufacturing, Inc.  
Standard MEGA Credit (Look-Back)

### COMPANY NAME:

Tribal Manufacturing, Inc.  
24110 S. Peculiar Drive  
Peculiar, MO 64078

### HISTORY OF COMPANY:

Tribal Manufacturing, Inc. is a new company that will serve the plumbing industry with brass machined fittings, as well as other parts in the future. Founders, Joseph and Dominic Ismert, serve as executives for Sioux Chief Manufacturing, Inc., a Missouri corporation, and will leverage their experience, relationships and knowledge to ensure that Tribal Manufacturing is a success. Sioux Chief is a 50+ year old family business with a strong brand, national and international distribution, and over 300,000 square feet of operating space. Borrowing from the model of the family business, the founders intend to grow the new company with new technologies, new materials, new products and ideas and with a strong brand. This strategic effort will drive plant and facility expansion as well as employment expansion with an eye towards both short term and long term profits.

The company currently has no associates in Michigan.

### PROJECT DESCRIPTION:

Tribal Manufacturing, Inc. will focus its production efforts, initially, on manufacturing brass machined parts for plumbing and mechanical markets, selling through OEM, retail and wholesale distribution. In time and with growth, Tribal will add products, capabilities, and facilities as it grows its brand and expands its intellectual property portfolio and the scope of markets it serves.

The company has identified a facility in Marshall that is ideal for this endeavor. As a result of this project, approximately 193 jobs will be created over the next five years, with an average weekly wage of \$568 and will include an investment of \$4.6 million. The company will also offer health care benefits and pay a portion of the benefit costs.

**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 335 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs, would be increased by \$4 million (current dollars) due to the presence of this expansion.

**BUSINESS CASE:**

Alternatively, the founders could locate this project in Missouri or Kansas. As previously stated, the founders live and work and have an established and successful business in Missouri. A facility closer to home would be beneficial in that the founders would save time and travel by managing both businesses in close proximity. Additionally, a Missouri or Kansas location would be more attractive in regards to the labor market and labor rates, as well as utility rates.

**OTHER STATE AND LOCAL ASSISTANCE:**

The City of Marshall is supportive of this project and anticipates transferring existing applicable property abatements to the company within the next 90 days. The approximate value of this incentive is not known at this time.

**RECOMMENDATION:**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent standard look-back employment tax credit for 7 years, for up to 193 net new employees, over an established employment base of 0.

- The look-back period will be established as of January 22, 2009, employees hired after the establishment of the look-back period will count as qualified new jobs provided that they meet all the requirements outlined in the MEGA Credit Agreement.