



**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

**MEMORANDUM**

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LANSING, MI 48213

CUSTOMER ASSISTANCE CENTER  
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**DATE:** December 18, 2007  
**TO:** Michigan Economic Growth Authority  
**FROM:** Val Hoag, Director <sup>UJD</sup>  
Portfolio Management & Packaging  
Steve Haakenson, Program Manager  
Portfolio Management & Packaging  
**SUBJECT:** Briefing Memo – Unified Brands, Inc.  
Standard Credit

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**ELIGIBLE BUSINESS:**

Unified Brands, Inc.  
525 S Coldwater Road  
Weidman, MI 48893

**HISTORY OF COMPANY:**

Unified Brands is a manufacturer of restaurant equipment under the Groen, CapKold, Randell and Avtec brand names. They have strong industry positions in steam technology, cook-chill production systems, custom fabrication, foodservice refrigeration, ventilation and air handling systems. Unified Brands operates three manufacturing facilities located in Arizona, Michigan and Mississippi.

The company is owned by Dover Corporation, a world-wide, diversified manufacturer of industrial products. Dover is comprised of over 40 individual businesses in various markets, including: Electronic Technologies, Fluid Management, Engineered Systems, Product ID Systems, Material Handling and Mobile Equipment.

**PROJECT DESCRIPTION:**

Unified Brands has decided to close their Arizona facility and are considering relocating to current operations in either Michigan or Mississippi. Unified Brands and Dover Corp. is headquartered in Mississippi. A third option is also being considered to consolidate all manufacturing to Jackson, Mississippi.

The relocated Arizona operation will produce approximately \$30 million in sales revenue and will require the transfer of \$2 million in equipment. Furthermore, the new location will need to purchase an additional \$4 million in new equipment and require building renovations estimated at \$750,000.

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Unified Brands expects the relocation of the Arizona operation will result in the creation of 158 new jobs within the first two years, with a starting average weekly wage of \$533. The majority of these new jobs will be semi-skilled operators, with approximately 20 jobs being professional/managerial positions.

**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 327 jobs in the state by the year 2014. We also estimate that the project would create total state government revenues through the year 2014, net of MEGA cost and adjusted for inflation, of \$5,815,000 (2007 dollars) due to the creation of these new jobs.

**BUT FOR:**

The company is also considering locating their Arizona operations to Jackson, Mississippi. Michigan has two disadvantages compared to Mississippi. The first is labor costs. Although Unified Brands just finalized a new contract with the local union that resulted in reduced wages, other fringe benefits and labor costs remain higher in Michigan. Furthermore, the negotiation resulted in an initial reduction in wages, but average wages ramp up quickly within 5 years. The second financial disadvantage for locating in Michigan is higher taxes compared to Mississippi.

**STATE AND OTHER LOCAL ASSISTANCE:**

Broomfield Township has proposed a PA 198 for the abatement on personal and real property for 12 years. The Township is scheduled to meet regarding this abatement on December 17, 2007. This abatement has an estimated value of \$283,000.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for seven years, for up to 158 net new employees.