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MEMORANDUM

DATE: June 17, 2008
TO: Michigan Economic Growth Authority
FROM: Val Hoag, Director
Portfolio Management & Packaging
Ken Murdoch, Project Manager
Portfolio Management & Packaging

UFA

SUBJECT: Briefing Memo – Unique Instruments, Inc. (d/b/a Orchid Unique)
High-Technology MEGA Credit

COMPANY NAME:

Unique Instruments, Inc. (d/b/a Orchid Unique)
6688 Dixie Highway.
Bridgeport, Michigan 48722

HISTORY OF COMPANY:

Unique Instruments, Inc (d/b/a Orchid Unique) is a single source manufacturer of surgical cutting accessories, instruments and implants. The company specializes in surgical drill bits and reamers, surgical cutting burs, surgical blades and implants.

The company was founded in 1977 and currently owns a 41,000 square foot facility in Bridgeport Township and leases a 30,000 square foot facility in Buena Vista Township. Employment at these two facilities is 320 people. The company has 632 employees statewide.

PROJECT DESCRIPTION:

Orchid Unique plans to consolidate operations and expand its existing facility in Bridgeport Township. The company expects to create 60 new jobs over the next five years of operations, paying an average weekly wage of \$894 and investing a total of approximately \$3.5 million in building improvements and high precision CNC equipment. 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 142 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs and adjusted for inflation, would be increased by \$3.5 million (2008 dollars) due to the presence of this facility.

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BUSINESS CASE:

The company is considering locations in Memphis Tennessee and Southern California as alternatives for this project. The company has indicated that locating the project in Michigan leads to challenges in attracting trained machinists. Memphis, Tennessee is an orthopedic industry center and many Orchid Unique customers are located in Memphis. Proximity to these customers is a competitive advantage of Tennessee.

OTHER STATE AND LOCAL ASSISTANCE:

Bridgeport Township supports this expansion and anticipates approval of a property tax abatement for 12 years under PA198 of 1974. Approval of the tax abatement is expected to take place on August 12, 2008 and is valued at \$183,258.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY:

The company is a qualified high-technology business, whose primary business activity is advanced medical device technology manufacturing as defined in the Act.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for seven years, for up to 60 net new employees.