



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

1000 N. WASHINGTON SQ.
ANN ARBOR, MI 48103

CUSTOMER
CONTACT CENTER
734 373 9808

WWW.MICHIGAN.ORG

DATE: May 17, 2005
TO: Michigan Economic Growth Authority
FROM: James Donaldson, Vice President
Michigan Business Development
SUBJECT: Briefing Memo – Universal Am-Can, Ltd.
Standard Credit

- EXECUTIVE COMMITTEE
MATTHEW P. CULLEN
Chair
General Motors
PHILIP H. POWER
Vice-Chair
HomeTown Communications
Network
RICHARD E. BLOUSE JR., CCE
Detroit Regional Chamber
JOHN W. BROWN
Stryker Corporation
R. DAVID E. COLE
Center for
Automotive Research
JOANN CRABY
Saginaw Future Inc.
R. HAIFA FAKHOURI
Arab American and Chaldean
Council
STEVEN K. HAMP
The Henry Ford
ADYEN H. HARRIS
EDF Ventures
PAUL HILLEGONDS
Detroit Renaissance
DAVID HOLLISTER
Michigan Department of
Labor & Economic Growth
GEORGE JACKSON JR.
Detroit Economic Growth
Corporation
MICHAEL J. JANDERNOA
Bridge Street Capital
Partners, L.L.C.
MAYOR ROBERT B. JONES
City of Kalamazoo
MARGIT M. KLOHS
The Right Place, Inc.
R. IRVIN D. REID
Wayne State University
RICHARD SHOEMAKER
UAW International
MARTIN TAYLOR
DTE Energy Company
DAVID TORGOW
Sterling Group
ETER S. WALTERS
Guardian Industries Corp.

COMPANY NAME AND ADDRESS:

Universal Am-Can, Ltd.
11355 Stephens Road
Warren, Michigan 48098

HISTORY OF COMPANY:

Universal Am-Can, Ltd. (UAC) is a wholly owned subsidiary of Universal Truckload Services, Inc. (UTSI), a publicly traded company since February 11, 2005. UTSI employs approximately 550 people at its operations in five states, including 139 in Michigan.

UAC is a non-asset based provider of transportation services to shippers throughout the United States and Ontario and Quebec, Canada. Based upon its unique business model of brokering transportation services and its planned expansion through acquisition, UAC has experienced and anticipates continued growth of its operations, which will include the consolidation of its current administrative operations.

PROJECT DESCRIPTION:

UAC is proposing the consolidation of their administrative operations into a vacant facility in Warren. The facility will be remediated to remove contaminants and renovated to accommodate the needs of UAC. As a corporate headquarters facility, the operations will include UAC's executive offices, accounting and finance, human resources and information systems.

The company expects to invest more than \$8.6 million initially with a total investment of more than \$16 million by the fifth year of operation. The proposed project is expected to create 594 new jobs over five years with an average weekly wage of \$571.

Universal Am-Can, Ltd.
Briefing Memo
May 17, 2005
Page Two

BENEFIT TO STATE:

According to the economic analysis done by MEDC staff utilizing Regional Economic Models, Inc. software, we estimate that this facility will create a total of 848 jobs in the state through the year 2017. We also estimate that the project would maintain total state government revenues through the year 2017, net of MEGA cost and adjusted for inflation, of \$15.7 million (2005 dollars) due to the retention of this facility.

BUT FOR:

UAC is considering locating their headquarters in Warren, Michigan, or Tampa, Florida, where it has an existing support operation. In Tampa, UAC owns a building with excess capacity and also has room to expand its operations via an adjacent parcel of land. When comparing these locations, the company estimates that wage rates in Tampa are significantly lower than in Michigan. When this project is fully staffed, that wage differential would save the company up to \$1.6 million per year in wage and benefit costs, if the expansion were to take place in Florida.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Warren has proposed an Obsolete Property Rehabilitation abatement of the company's real property for 12 years at their June 14, 2005 city council meeting. This tax abatement has an estimated value of \$2 million, based on investment of approximately \$8 million.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 10 years, for up to 594 new employees.