



MEMORANDUM

300 N. WASHINGTON SQ  
LANSING, MI 48913  
CUSTOMER ASSISTANCE  
517.375.5888  
WWW.MICHIGAN.ORG

DATE: September 11, 2002  
TO: Michigan Economic Growth Authority  
FROM: Harry Whalen, Vice President *HW*  
Global Business Development  
SUBJECT: Briefing Memo –  
Universal Forest Products Eastern Division, Inc.  
Standard Credit

COMPANY NAME AND ADDRESS:

Universal Forest Products Eastern Division, Inc.  
2801 East Beltline Avenue, NE  
Grand Rapids, Michigan 49525

HISTORY OF COMPANY:


Universal Forest Products Eastern Division is a producer and supplier of premium wood products and structural lumber to the do-it-yourself retail home center, site-build construction, manufactured housing and industrial/agricultural markets. The company was incorporated in 1996 and handles much of the manufacturing production located east of the Mississippi River for its parent company, Universal Forest Products. Universal Forest Products is headquartered in Grand Rapids, but currently has no manufacturing in Michigan. Currently, Universal Forest Products has 132 employees at the Grand Rapids headquarters.

PROJECT DESCRIPTION:

Universal Forest Products intends to relocate two manufacturing operations located in Indiana to White Pigeon, Michigan (Mottville Township). The location will be responsible for the manufacturing of premier wood products and structural lumber. The company would purchase an existing facility consisting of four buildings, totaling 204,500 square feet, on 88 acres. The expansion is expected to generate 105 new jobs that will pay an average weekly wage of \$482.

Total capital investment for the project would be approximately \$3.0 million, including \$2.3 million for building costs and \$640,000 for new machinery and equipment.

- EXECUTIVE COMMITTEE  
GOVERNOR JOHN ENGLER  
General Chair  
MATTHEW P. CULLEN  
Chair  
General Motors  
PHILIP H. BOWER  
Vice Chair  
HomeTown Communications  
Network  
FACUNDO BRAVO  
Uni Barine Co., Inc.  
JOHN W. BROWN  
Stryker Corporation  
DR. DAVID E. COLE  
Center for  
Automotive Research  
JOANN GRABY  
Saginaw Future Inc.  
STEVEN K. HAMB  
Henry Ford Museum &  
Greenfield Village  
HAYDEN H. HARRIS  
EDF Ventures  
DEWITT J. HENRY  
Wayne County  
PAUL HILLEGONDS  
Detroit Renaissance  
MAYOR DAVID HOLLISTER  
City of Lansing  
MICHAEL J. JANDERNOA  
Perrigo Company  
BIRGIT M. KLOHS  
The Right Place Program  
DR. IRVIN D. REID  
Wayne State University  
S. MARTIN TAYLOR  
DTE Energy Company  
PETER S. WALTERS  
Guardian Industries  
Corporation  
PRESIDENT & CEO  
DOUG ROTHWELL



Briefing Memo  
Universal Forest Products Eastern Division, Inc.  
September 11, 2002  
Page Two

**BENEFIT TO STATE:**

According to the economic analysis done by the University of Michigan, we estimate this facility will generate a total of 159 jobs in the state by the year 2012. Total state government revenues through the year 2012, net of MEGA costs and adjusted for inflation, would be increased by \$4.6 million (2002 dollars) due to the presence of this facility.

**BUT FOR:**

Universal Forest Products would prefer to consolidate facilities located in Indiana and move to property being considered in Mottville Township. The company, however, also has the option of continuing operations at the current Indiana sites. Remaining in Indiana would save the company \$2.3 million needed for building costs and improvements, and some equipment purchases. The company would also have to spend about \$30,000 per year more in Michigan due to higher property tax and unemployment insurance costs.

**OTHER STATE AND LOCAL ASSISTANCE:**

The State of Michigan will provide the company with an Economic Development Job Training (EDJT) grant of \$300 for the 105 new employees or up to \$31,500. The company will also be eligible, based on the private investment numbers it provided, for an Investment Tax Credit worth up to \$16,200. In addition, the state of Michigan will provide 50 percent abatement of the six-mill State Education Tax for a period of time to match the local property tax abatement. This abatement is estimated to be worth \$5,500.

Mottville Township approved a 50 percent abatement of the company's new real and personal property for twelve years on August 8, 2002. The estimated value of the local abatement is \$28,000.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for ten years, for up to 105 net new employees.