



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: December 15, 2008
TO: Michigan Economic Growth Authority
FROM: Amy Deprez, Packaging Team Manager
Portfolio Management & Packaging

Joshua Hundt, Project Specialist
Portfolio Management & Packaging

SUBJECT: Briefing Memo – Northern United Brewing, LLC
Standard MEGA Credit

COMPANY NAME:

Northern United Brewing, LLC
116 W. Washington Street, Suite F
Ann Arbor, Michigan 48104

HISTORY OF COMPANY:

Northern United Brewing, LLC, formed as a Microbrewery and manufacturing company, intends to manufacture and bottle beer, distilled spirits, and wine. It has not manufactured to date, but has secured contracts to manufacture the brands of three different companies: Grizzly Peak Brewing Company, North Peak Brewing Company, and Jolly Pumpkin Brewery. Grizzly Peak Brewing Company, located in Ann Arbor, and North Peak Brewing Company, located in Traverse City, are the top selling brewpubs in Michigan.

Northern United Brewing, LLC currently does not have any employees related to the manufacturing in Michigan.

PROJECT DESCRIPTION:

Northern United Brewing, LLC plans to locate manufacturing and office facilities for its multiple brands of beer, wine, and distilled spirits at locations in the City of Ann Arbor, City of Dexter, and Peninsula Township.

The company anticipates hiring 158 full-time employees over the next five years that pay an average weekly wage of \$707. The company will also offer healthcare benefits and pay a portion of the benefit costs. Total capital investment related to this project is expected to be approximately \$5.8 million.

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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 398 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs and adjusted for inflation, would be increased by \$7 million (2008 dollars) due to the presence of this expansion.

BUSINESS CASE:

Northern United Brewing, LLC is also considering Toledo, Ohio and South Bend, Indiana for this project. To stay in Michigan the company will have to restructure their business and organization as they own the limit of three Michigan brewpubs. More importantly, self distribution is not allowed in Michigan where both Indiana and Ohio allow self distribution. If the Northern United Brewing, LLC does not have to go through a distributor they increase their revenue by 33% on every sale.

OTHER STATE AND LOCAL ASSISTANCE:

Ann Arbor Spark and Traverse City Economic Development Corporation plan to support this project by paying the \$5,000 application fee.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation Recommends a 70 percent standard employment tax credit for seven years, for up to 158 new jobs, in addition to the statewide employment base of 0.