



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

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300 N. WASHINGTON SQ.  
LANSING, MI 48913

CUSTOMER  
ASSISTANCE CENTER  
517 373 9808

WWW.MICHIGAN.ORG

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DATE: July 15, 2008  
TO: Michigan Economic Growth Authority  
FROM: Val Hoag, Director *WH*  
Portfolio Management & Packaging  
Stephen Haakenson, Project Manager  
Portfolio Management & Packaging  
SUBJECT: Briefing Memo – Attwood Corporation  
High-Technology MEGA Credit

COMPANY NAME:  
Attwood Corporation  
1061 North Monroe  
Lowell, Michigan 49331

HISTORY OF COMPANY:

Attwood Corporation was acquired by the Brunswick Corporation in August 2003 from Steelcase Incorporated. Prior to Brunswick, Attwood Brass Works was founded in 1893 in Grand Rapids. In 1962, the company moved to Lowell to accommodate an expansion and two years later was purchased by Steelcase Incorporated. In 1994, the company again expanded with the purchase of the Swivl-Eze Company, located in Lancaster, Texas and a similar company located in Forest Park, Georgia.

Attwood Corporation is a marine parts and accessories producer and developer, with one of the most advanced engineering and test facilities in the marine industry. This engineering expertise is driving innovation through the research, design and development of the next generation fuel and vapor emissions technology used in their industry. Attwood's advanced laboratory testing facility is helping drive new materials and processes that allow components to withstand the harsh marine environment. Capabilities have grown to include Rapid Prototype Modeling for advanced product designs, one of the most complete and capable in-house quality labs in the business, and automated bar-code systems to ship over 56,000 LTL (less than truckload) shipments a year.

Attwood currently has operations in Lowell, Michigan; Forest Park, Georgia; and Lancaster, Texas. Currently the company has 114 associates in Lowell, Michigan. Brunswick Corporation has 300 additional Michigan employees in unrelated entities in Muskegon (Brunswick Bowling & Billiards) and Mt. Clemens (Land N Sea).

**PROJECT DESCRIPTION:**

Attwood is considering expanding its parts portfolio by consolidating its Lancaster, Texas facility into the Lowell facility. The Lancaster facility manufactures seat mounts, pedestals, ski tows, and other similar items. Manufacturing equipment and inventory will be transferred from Texas to the Lowell facility, which has existing space to accommodate the project. The project will require a capital investment of over \$1.8 million, including the transferred and new equipment, lease costs, and leasehold improvements. 50 jobs will be created paying an average weekly wage of \$571. 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 87 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 \$1.3 million (2008 dollars) due to the presence of this facility.

**BUSINESS CASE:**

Alternatively, Attwood Corporation is considering consolidating the Lancaster operation to Forest Park, Georgia, where the company's canvas and seat manufacturing takes place. The Forest Park facility has a lower wage base than Lowell. Attwood has been offered significant tax incentives by Georgia to compete for this operation.

Though the company headquarters is located in Michigan, along with its engineering, development and quality lab departments, and the company has a strong employee pool in Michigan, the lower wages and tax incentives offered by Georgia, from a financial principle, makes for a strong argument.

**OTHER STATE AND LOCAL ASSISTANCE:**

The City of Lowell supports this expansion and anticipates approval of a property tax abatement for a period of up to 12 years under PA198 of 1974. Approval of the tax abatement is expected to take place on July 7, 2008.

**QUALIFYING HIGH-TECHNOLOGY ACTIVITY:**

The company is a qualified high-technology business, whose primary business activity is Advanced Manufacturing, as defined in the Act.

**RECOMMENDATION:**

Based on the factors described above, the Michigan Economic Development Corporation recommends an 80 percent high-technology employment tax credit for seven years, for up to 50 net new employees.