



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

300 N. WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER
ASSISTANCE CENTER
517 373 9808

WWW.THEMEDC.ORG

DATE: December 15, 2008

TO: Michigan Economic Growth Authority

FROM: Amy Deprez, Packaging Team Manager
Portfolio Management & Packaging

SUBJECT: Briefing Memo – Hart & Cooley, Inc.
High-Technology (High-Wage) MEGA Credit

COMPANY NAME:

Hart & Cooley, Inc.
5030 Corporate Exchange Boulevard SE
Grand Rapids (Cascade Township), Michigan 49512

HISTORY OF COMPANY:

Hart & Cooley, Inc., a subsidiary of Tomkins plc, was acquired in 2000 by Tomkins to compliment the company's existing airflow product business. The company originated in 1892 in Chicago as the first cold-rolled steel plant west of Pittsburgh. The company moved to Holland, Michigan in 1928 and became the world's leading manufacturer of warm air registers. The company's product line has expanded greatly since then and includes vents, grilles, duct systems, dampers and much more.

Hart & Cooley, with corporate headquarters in Grand Rapids (Cascade Township), has manufacturing and distribution sites strategically located across the US, Canada and Mexico.

Currently, the company has 111 associates in Michigan.

PROJECT DESCRIPTION:

Hart & Cooley will be consolidating US operations to more centrally locate sales management, finance, accounting, research and development, customer service, advanced engineering and other technical functions. To support the restructured business, the company proposes expanding its Grand Rapids (Cascade Township) operations. The project will result in the creation of approximately 48 new jobs over the next five years, paying an average weekly base wage of \$1,257, and will include a capital investment of \$3.9 million. The company will also offer health care benefits and pay a portion of the benefit costs.

EXECUTIVE COMMITTEE

MATTHEW P. CULLEN

Chair
Rock Enterprises

PHILIP H. POWER

Vice-Chair
The Center for Michigan

JAMES C. EPOLITO

President and CEO

RICHARD E. BLOUSE JR., CCE

Detroit Regional Chamber

JOHN W. BROWN

Stryker Corporation

DR. DAVID E. COLE

Center for
Automotive Research

KEITH W. COOLEY

Michigan Department of
Labor & Economic Growth

JOANN CRARY

Saginaw Future Inc.

DR. HAIFA FAKHOURI

Arab American and
Chaldean Council

STEVEN K. HAMP

Hamp Advisors, LLC

PAUL HILLEGONDS

DTE Energy Company

FREDERICK W. HOFFMAN

Chrysler, LLC

GEORGE W. JACKSON JR.

Detroit Economic
Growth Corporation

MICHAEL J. JANDERNOA

Bridge Street Capital
Partners, LLC

BIRGIT M. KLOHS

The Right Place, Inc.

F. THOMAS LEWAND

Bodman LLP

DR. IRVIN D. REID

Wayne State University

MICHAEL B. STAEBLER

Pepper Hamilton LLP

DENNIS R. TOFFOLO

Oakland County

PETER S. WALTERS

Guardian Industries Corp.

TODD A. WYETT

Versa Development, LLC

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 98 jobs in the state by the year 2018. Total state government revenues through the year 2018, net of MEGA costs and adjusted for inflation, would be increased by \$2.4 million (2008 dollars) due to the presence of this facility.

BUSINESS CASE:

Alternatively, the company is considering existing facilities in Texas, Colorado, Illinois and Ohio. The other states under consideration have offered tax credits related to employment, real and personal property and job training assistance.

OTHER STATE AND LOCAL ASSISTANCE:

Cascade Charter Township is supportive of this project and anticipates approval of a Property Tax Abatement (P.A. 198) for a period of up to 12 years. The estimated value of the abatement is not known at this time.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY:

The company is a qualified high-wage business, with wages that meet or exceed 300% of Federal Minimum Wage, as defined in the Act.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent 10 year high-wage technology employment tax credit for up to 48 net new employees, in addition to the statewide employment base of 111.