

MEMORANDUM

DATE: September 23, 2008

TO: Michigan Economic Growth Authority

FROM: Val Hoag, Director
Portfolio Management & Packaging

Joshua Hundt, Project Specialist
Portfolio Management & Packaging

SUBJECT: Briefing Memo – Leggett & Platt Incorporated
d/b/a Genesis Seating, Inc.
Standard MEGA Credit

COMPANY NAME:

Leggett & Platt Incorporated d/b/a Genesis Seating, Inc.
5505 33rd Street SE
Grand Rapids, Michigan 49512

HISTORY OF COMPANY:

Genesis Seating, Inc., a division of Leggett & Platt, Inc., was established in 1994 to fit a growing need in the furniture marketplace: a product complete supplier where high-end products are designed, developed, assembled and shipped directly to the distributor or end user. Genesis Seating and its manufacturing partner Davidson Plyform, also a division of Leggett & Platt, Inc., are both wholly-owned subsidiaries of Leggett & Platt.

Genesis Seating is currently located in Cascade Township and employs 90 people in Michigan. Davidson Plyform is also located in Cascade Township and employs 162 people in Michigan. Leggett & Platt also recently purchased another location in Spring Lake Township, Grand River Polishing, which employs 30 people in Michigan.

PROJECT DESCRIPTION:

The proposed project will be a multi-site expansion of the Genesis Seating, and Davidson Plyform's operations in Michigan. Genesis Seating is currently at capacity at its current location in Cascade Township, where it shares a facility with Davidson Plyform. The company plans to move to the City of Kentwood in Kent County. The expansion will result in the creation of 131 new jobs, and a capital investment of \$3,053,000.

Davidson Plyform plans to fully utilize the space vacated by Genesis Seating. The expansion will result in the creation of 45 new jobs and a capital investment of \$5.6 million.

Grand River Polishing, recently purchased by Leggett & Platt in Spring Lake Township will remain at its current location and will create 57 jobs while making a capital investment of \$620,000.

In total the project will result in the creation of 233 net new jobs and a total capital investment of \$9.1 million. The company will pay an average weekly wage of \$465 for this project. The company will offer healthcare benefits, and pay a portion of the benefit cost.

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 439 jobs in the state by the year 2019. Total state government revenues through the year 2019, net of MEGA costs and adjusted for inflation, would be increased by \$8.1 million (2008 dollars) due to the presence of this expansion.

BUSINESS CASE:

The major competing location for this project was Indiana. The Indiana location is more central to the company's customer base, and the company would pay lower wages in Indiana. Indiana also offered EDGE and Hoosier Business Investment Tax Credits and training grants to Genesis Seating, Inc.

STATE AND LOCAL ASSISTANCE:

The City of Kentwood, Cascade Township, and Spring Lake Township support this project and each community anticipates approval of property tax abatements under PA198 of 1974.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation Recommends a 100 percent standard employment tax credit for 10 years, for up to 233 net new jobs above the company's current statewide base of 282.