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MEMORANDUM

DATE: October 18, 2005
TO: Michigan Economic Growth Authority
FROM: James Donaldson, Vice President
Michigan Business Development
SUBJECT: Briefing Memo – Michigan Rubber Products, Inc.
Rural MEGA Credit

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Guardian Industries Corp.

COMPANY NAME AND ADDRESS:

Michigan Rubber Products, Inc.
1200 Eighth Avenue
Cadillac, Michigan 49601


HISTORY OF COMPANY:

Located in Cadillac, Michigan, Michigan Rubber Products (MRP) has been producing high quality custom molded rubber products for the automotive industry for over 30 years. MRP is a recognized leader in custom molding applications and a well entrenched, preferred automotive supplier employing 400 people. The company was privately held until 1998 when it was sold to Applied Tech Products, an equity management group. Subsequently, MRP was acquired by Myers Industries in March of 2004.

Myers Industries, Inc., is an international manufacturer of polymer products for industrial, agricultural, automotive, commercial, and consumer markets. Headquartered in Akron, Ohio, Myers owns 31 manufacturing facilities in North America and Europe, producing more than 20,000 products and employing more than 5,300 worldwide.

PROJECT DESCRIPTION:

MRP has an opportunity to expand its operations by attracting two new product lines to its Cadillac manufacturing facility. These two new product lines include rubber products for the heavy truck industry, as well as durable rubber mats that meet the Americans with Disabilities Act requirements for newly constructed sidewalk corners.



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The project will be implemented in phases, with an initial investment of \$80,000 that will allow MRP to begin operations of this new project. Over a five year period, MRP will make capital investments of \$595,000.

If MRP can attract the capital investment from their parent company. MRP anticipates adding 73 new full time jobs paying \$400 per week.

BENEFIT TO STATE:

According to the economic analysis done by the MEDC, we estimate that this facility will create a total of 103 jobs in the state by the year 2015. We also estimate that the project would create total state government revenues through the year 2015, net of MEGA cost and adjusted for inflation, of \$513,000 (2005 dollars) due to the location of this facility.

BUT FOR:

MRP is competing for two new product lines with another Myers Industries company, Buckhorn Rubber Products, Inc., located in Hannibal, Missouri. When comparing the Michigan and Missouri locations, the company estimates that transportation costs in Hannibal are significantly lower than Cadillac. When this project is fully staffed, transportation costs in Michigan are expected to be \$500,000 higher per year than if the expansion were to take place in Missouri.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Cadillac has proposed 50 percent abatement of the company's new personal property taxes for twelve years. The estimated value of the local property tax abatement is \$25,000. The abatement is expected to be finalized on October 17, 2005.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 10 years, for up to 73 net new employees.