



MEMORANDUM

TO: Michigan Strategic Fund ("MSF") Board Members
FROM: Michael Gietzen, Development Finance Manager
DATE: March 27, 2013
SUBJECT: Approval of Michigan Business Development Request for \$2,000,000 Performance-based Grant to:
Newell Rubbermaid Inc. ("Applicant" or "Company")
Western Michigan University Business Technology and Research Park
Kalamazoo, Michigan 49009
www.newellrubbermaid.com

MBDP PROGRAM AND ITS GUIDELINES

On December 21, 2011, the MSF Board approved the Michigan Business Development Program ("MBDP") and its guidelines. The primary intended objective of the MBDP is to provide incentives to businesses that create qualified jobs, make qualified investments, or a combination of both, in Michigan.

SOURCE OF INFORMATION

It is the role of the Development Finance staff ("MEDC Staff") to review for eligibility, completeness, and adherence to MBDP guidelines, the information provided by the applicant and to manage the MSF's investment. Explanatory and background information is supplied in summary form to provide context for the request and is drawn exclusively from materials submitted by the applicant, and, as applicable, from other relevant third party sources utilized by MEDC staff.

HISTORY OF THE APPLICANT

Newell Rubbermaid Inc. (Newell Rubbermaid) is a global marketer of consumer and commercial products. The Company's products are marketed under a portfolio of brands, including Rubbermaid®, Graco®, Aprica®, Levolor®, Calphalon®, Goody®, Sharpie®, Paper Mate®, Dymo®, Parker®, Waterman®, Irwin® and Lenox®. The Company's multi-product offering consists of well-known, name-brand consumer and commercial products in three business segments: Home & Family; Office Products; and Tools, Hardware & Commercial Products.

The Applicant has not received any incentives from the MSF previously.

Michigan Economic Development Corporation

300 North Washington Square | Lansing, MI 48913 | 888.522.0103 | MichiganAdvantage.org | michigan.org

PROJECT DESCRIPTION

The Applicant plans to move into a newly constructed product design and testing facility, staffed by approximately 100 professionals dedicated to world-class creative design for the Corporation's brands. Presently the Company has design and test facilities in Illinois, Virginia, Massachusetts, Georgia, North Carolina and California that they would like to consolidate into one facility. Within three years of implementing the project, they expect to relocate into a 35,000 sq. ft. facility to house these professionals.

- a) The Applicant is a "Qualified Business", as defined in MCL 125.2088r(9)(b), that will locate and operate in Michigan.
- b) The project will be located in City of Kalamazoo. The City of Kalamazoo has offered a "staff, financial, or economic commitment to the project" in the form of property tax abatement under Public Act 198 of 1974 for the period of 12 years, which is an estimated value of \$164,000. Local economic development partner Southwest Michigan First Corporation is also offering a commitment of no-cost land estimated valued at \$265,000, temporary office space estimated value of \$94,500 and 5 years no cost on a triple-net design building facility estimated value up to \$4,000,000.
- c) The Applicant has demonstrated a need for the funding based on other locations being offer equal labor and occupancy costs. Other locations competing for this project have offered significant incentive assistance to attract the Company to their location. Michigan's personal property tax compares unfavorably to other states being considered for the project.
- d) The Applicant plans to create 100 Qualified New Jobs above a statewide base employment level of 0.
- e) The project meets the program guidelines as follows: out-of-state competition; shovel-ready project with the support of the MSF; diversification; prospect of near-term job creation; project is located in a distressed or targeted community.

INCENTIVE OPPORTUNITY

This project involves the creation of 100 Qualified New Jobs and a capital investment of up to \$2,300,000 in the City of Kalamazoo. The requested incentive amount from the MSF is \$2,000,000 in the form of a performance-based grant. Please see below for more information on the recommended action.

RECOMMENDATIONS

MEDC Staff recommends (the following, collectively, "Recommendation"):

- a) Approval of the MBDP Proposal as outlined in the term sheet attached to the proposed Resolution (collectively, "MBDP Proposal");
- b) Closing the MBDP Proposal, subject to available funding under the MBDP at the time of closing ("Available Funding"), satisfactory completion of due diligence, (collectively, "Due Diligence"), finalization of all MBDP transaction documents, and further subject to the following terms and conditions:
 - a. Commitment will remain valid for 120 days with approval for MSF Fund Manager to extend the commitment an additional 60 days.