

COUNCIL ACTION FORM

SUBJECT: ENDORSEMENT OF IOWA ECONOMIC DEVELOPMENT AUTHORITY APPLICATION FOR FINANCIAL ASSISTANCE FOR AMCOR RIGID PLASTICS USA INC WITH LOCAL MATCH IN THE FORM OF A FORGIVABLE LOAN

BACKGROUND:

AMCOR is a large, multi-national company with several business lines including operation of a plastic beverage container manufacturing plant in Ames (the former Ball Plastics plant). The company is reviewing options for retooling plants to modern equipment to improve efficiency, including the Ames plant. AMCOR has applied for economic development assistance from the Iowa Economic Development Authority (IEDA) with a local match provided by the City of Ames and the Ames Economic Development Commission (AEDC).

The project will include improvements to the existing building as well as new production equipment and is expected to retain 150 full-time jobs in Ames. Total investment expected for the project is over \$25 million, including a \$175,000 forgivable loan from IEDA. The company will also be applying for a grant under the Iowa DNR Solid Waste Alternative Program (SWAP) since the project will include assessment of using post-consumer materials (currently disposed of in Iowa landfills) to be processed into new containers. The addition of new equipment may also improve the efficiency of electric power, and the company may qualify for rebates under the Ames Electric Services demand side management program.

IEDA will review AMCOR's application for assistance later this month. The local match from the City will be contingent upon approval of the final agreement by the City Council. For the IEDA to continue consideration of this project, the City Council must adopt a resolution supporting the submittal of the AMCOR application for IEDA assistance.

If Council supports the application for assistance, the local match for the project will be a \$35,000 forgivable loan to be funded with \$17,500 from the City of Ames (from the available balance in the Economic Development Fund) and \$17,500 from the Ames Economic Development Commission (AEDC). The AEDC Board has already authorized their commitment to the local match.

ALTERNATIVES:

1. Adopt a resolution supporting the submittal of an application from AMCOR Rigid Plastics USA, Inc. requesting economic development assistance from IEDA with local match to be provided in the form of a forgivable loan in the amount of \$35,000 (\$17,500

from the City of Ames from available balance in the Economic Development Fund and \$17,500 from the Ames Economic Development Commission).

2. Do not adopt a resolution of support for AMCOR's application.

MANAGER'S RECOMMENDED ACTION:

AMCOR is a well-established manufacturing company in Ames that is making a significant investment of capital to make improvements to continue to provide high paying jobs without the cost of additional City infrastructure. In keeping with the Council's goal to promote economic development, this project will expand the number of quality jobs within our city.

In addition, an analysis of their proposal utilizing our evaluation matrix for industrial/manufacturing companies indicates that they would qualify for our "best terms." This high score is influenced by high wages, large number of jobs, and no requirement for investment in City infrastructure.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, adopting a resolution supporting the submittal of an application from AMCOR Rigid Plastics USA, Inc. requesting economic development assistance from IEDA with local match to be provided in the form of a forgivable loan in the amount of \$35,000 (\$17,500 from the City of Ames from available balance in the Economic Development Fund and \$17,500 from the Ames Economic Development Commission).



ECONOMIC DEVELOPMENT LOAN APPLICATION
Instructions For Financial Assistance

The application packet for financial assistance from a City of Ames Economic Development Loan program includes the following:

- Application Form (*This form must be filled out completely for all applications.*)
- Supporting Information (*Each listed item must be addressed.*)
- Checklist (*This is a list of all required submittals and attachments.*)

Be sure to complete and submit all the required materials that are part of this packet. Applications must be typed.

Your completed application, including attachments, must be filed with:

City of Ames
Attn: Duane Pitcher, Director of Finance
Finance Department
515 Clark Avenue
P. O. Box 811
Ames, IA 50010

If you have any questions while completing this application, please contact Duane Pitcher.
Phone: 515-239-5114
FAX: 515-239-5320
E-mail: dpitcher@city.ames.ia.us



ECONOMIC DEVELOPMENT LOAN APPLICATION
Application For Financial Assistance

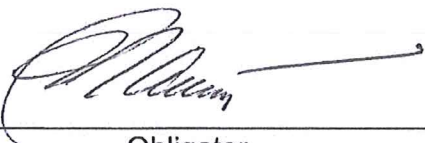
PLEASE TYPE THE FOLLOWING INFORMATION:

Business Name: Amcor Rigid Plastics USA, Inc.		
Street Address: 10521 S. Highway M-52		
City: Manchester	State: MI	Zip Code: 48158
Phone #: 734-428-4510	FAX #: 734-428-4523	
Business Federal ID #: 36-4126680		
Internet Site: www.amcor.com/businesses/rigid_plastics		

Company Officer Authorized to Obligate Business: Sheridan Attig, Director of Purchasing Svcs		
Home Street Address: (use business address information above)		
Home City:	Home State:	Home Zip Code:
Home Phone #:		
Business Phone #: 734-428-4510	FAX #: 734-428-4523	
E-mail Address: sheridan.attig@amcor.com		

Amount of Funds Requested: \$70,000
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I certify that I have submitted all the required information to apply for the City of Ames economic development loan and that the information is factual.

Signed by: 
Obligator

Date: 5-29-12



ECONOMIC DEVELOPMENT LOAN APPLICATION
Supporting Information For Financial Assistance

Description of Business: Include history; if new, proposed markets; products or services provided; and management structure. (If sufficient space is not provided, you may attach a separate sheet.)

Amcor Rigid Plastics delivers packaging solutions that provide shelf differentiation, unique features, advanced technology, and cost competitiveness. We are uniquely positioned to help develop innovative packages that are practical to manufacture, fill and use.

With more than 5,800 people in 75 manufacturing operations in 13 countries, we are the world's largest PET container supplier. And, with the integration of the acquired Alcan Packaging business, we are now a leading supplier of plastic packaging to the global pharmaceutical industry. Amcor Rigid Plastics USA, Inc employees approximately 3150 employees in 25 manufacturing sites.

Project Description: Explain the need for the Economic Development assistance being requested. (If sufficient space is not provided, you may attach a separate sheet.)

While the infrastructure of the Ames facility looks good, new technical advancements have occurred in our business. It is imperative that Amcor stay on top of these advancements if we are going to remain a player in this market. We must drive our cost to produce down. If our customer base does not see that we remain state of the art, they will begin to question why they are doing business with us. That is why we intend to immobilize \$5M worth of outdated machinery while we make this investment.

Has any part of this project been started? ___ Yes X No

Does the project involve relocation of economic activity from elsewhere? X Yes
___ No

If yes, please explain. (If sufficient space is not provided, you may attach a separate sheet.)

[\(See next page\)](#)



ECONOMIC DEVELOPMENT LOAN APPLICATION
Supporting Information For Financial Assistance, continued

Over the past number of months Amcor which is in an extremely cost sensitive business has been investigating where to make capital investments based on a number of cost structure factors, with the goal of optimizing the overall system cost. The decision making process entails looking at the company's assets and determining which plants should receive a technology upgrade and which ones may be obsolete with future operation questionable.

The Ames plant, originally a Ball asset, has been part of this project investigation.

Currently Amcor is in the decision making phase to allocate capital funding for a new technology upgrade to the Ames plant versus the plant in Lenexa, KS and other plants. The plant not receiving the upgrade will end up being at a technological disadvantage and operational costs over time will not meet the company's "cost sensitivity" goals for operation.

Capital investment dollars are planned to be allocated as soon as a decision is made as to which plant will receive the funding. Amcor plans to start construction activities and the required equipment upgrade during the summer, 2012 with completion by year-end 2012.



ECONOMIC DEVELOPMENT LOAN APPLICATION
Supporting Information For Financial Assistance, continued

Job Creation/Retention (Full-Time Equivalents):

- _____ Number of permanent jobs to be created as a result of this project
- _____ Number of permanent jobs to be created within 12 months of loan award
- _____ Number of permanent jobs to be created within 24 months of loan award
(This number is cumulative – includes 12 month figure.)
- _150 Number of permanent jobs to be retained as a result of the project
- _150 Number of permanent jobs with average wages of _\$ (see Wage Summary Attachment)

What percentage of sales will be outside the State of Iowa? 94% (estimated)

What percentage of sales will be within the City of Ames? 0.004%

Description of the Proposed Financial Package:

	Amount	Type (Loan, Grant or Equity)	Interest Rate	Term
Business Contribution	\$24,890,000	Working Capital - corporation		
State Assistance	\$175,000	Forgivable Grant		
Conventional Assistance				
Local Participation				
Other – City of Ames	\$17,500	Forgivable Grant		
Other – Ames Economic Development Commission (AEDC)	\$17,500	Forgivable Grant		

List the names of the principal business owners and the percent of ownership held by each:

Amcor LTD (100%)

In what form is the business contribution to the project? Please explain clearly (i.e. sale of stock, equity investments, subordinated debt, etc.).

Cash – internal corporation working capital.



ECONOMIC DEVELOPMENT LOAN APPLICATION
Checklist For Financial Assistance

Required submittals and attachments:

- X Business Plan (Refer to State of Iowa IEDA Application – Attachment A1 which is attached)
- X Profit and Loss Statements – 3-year historical and 2-year projections (Refer to Amcor LTD online financials at http://www.amcor.com/investor-relations/reports/results/hy_fy_results.html)
- X Balance Sheets – 3-year historical and 2-year projections. Refer to http://www.amcor.com/investor-relations/reports/results/hy_fy_results.html)
- Letter from business committing to project and job creation (Will be provided by signature on Agreement for the funds)
- X Commitment letter and letter of credit from lender (Will provide document the same as State application at contract time)
- Business federal tax returns (past three years) (Not required)
- Individual federal tax returns of principal owners, if required (Not required)
- Resumes of principal owners and key management personnel (Not required)
- X Verification of loans or grants from private lenders, federal, and state programs (Refer to Amcor LTD online financials at http://www.amcor.com/investor-relations/reports/results/hy_fy_results.html)
- Letter of commitment indicating amount of owner equity in project and documentation (Not required)
- X Corporate resolution authorizing the application for economic development loan funds (Will provide copy of State Letter at time of contract)
- Corporate signatory authorization naming an officer to execute the application and loan documents, if approved. (If loan is approved and Amcor moves ahead with it, Amcor requests the ability to provide what is needed at that time)

City of Ames Chamber
ECONOMIC DEVELOPMENT LOAN APPLICATION
Average Wage Summary

Full-Time RETAINED Jobs	<i>(Add additional rows as needed)</i>	
Job Title	Number of RETAINED Jobs	Current Hourly Wage
Management	22	\$36.12
Tech Services	37	\$27.05
Machine Operators (all above \$19.12)	38	\$20.94
Machine Operators	53	\$18.49
Total RETAINED Jobs	150	

Amcor Business Plan – Attachment A1

Amcor LTD Corporate Background

As the world's leading packaging manufacturer, Amcor offers customers the highest quality in innovative and sustainable packaging solutions, and partnerships built on service, reliability and excellence.

Amcor offers a broad range of plastic, fibre, metal and glass packaging related products and services, including packaging for beverages, food, healthcare, personal and homecare, tobacco, and industrial applications; as well as recycling services in Australia and distribution services in North America.

Our business is headquartered in Melbourne, Australia and consists of:

Flexible Packaging

Amcor Flexibles is the world's largest supplier of flexible packaging, operating across 30 countries and 89 plants. Products include packaging for fresh foods such as meat, fish, bread, produce and dairy; processed foods such as confectionary, snack foods, coffee and ready meals; as well as high value-added resin and aluminium based medical applications, hospital supplies, pharmaceuticals, personal & home care products and specialty packaging.

Amcor Flexibles operates as two independent business groups across two regions – Flexibles Europe and America's and Flexibles Asia Pacific.

Amcor Flexibles Europe & America's delivers outstanding customer solutions to the food, home & personal care, hospital, medical, pharmaceutical and industrial markets, as well servicing the wine industry with Stelvin® closures.

Amcor Flexibles Asia Pacific produces innovative packaging solutions to service customers across food and healthcare markets, including for pharmaceuticals, medical devices, and personal & homecare.

Tobacco and Specialty Packaging

Focused exclusively on the tobacco and specialty packaging markets with 20 plants across Europe, the Americas and Asia, Amcor Tobacco and Specialty Packaging offers customers a diverse production network, along with leading edge research and development services and technology.

Rigid Plastics

With 75 plants across 13 countries, Amcor Rigid Plastics is the world's largest manufacturer of PET (polyethylene terephthalate) containers, supplying consumer product and FMCG companies, big and small.

Amcor Rigid Plastics range of containers and capabilities includes packaging for hot and cold, and alcoholic beverages, blow molded and extrusion molded plastic containers for food, and an array of PET, HDPE and PP containers for pharmaceutical, personal and home care products.

Amcor Australasia and Packaging Distribution

Amcor Australasia and Packaging Distribution is a diverse packaging business which includes the fibre, glass and aluminium beverage can businesses in Australia and New Zealand and the packaging material, and equipment distribution and manufacturing business in North America, Europe and Asia. The Australasian business' core products include custom printed, die cut and stock corrugated boxes, folding cartons, paper and recycling services, cartonboard, aluminium cans for beverages, plastic and metal closures, glass wine and beer bottles and multiwall sacks. Amcor Packaging Distribution uniquely supplies packaging products for the full supply chain; from primary and secondary packaging, to line automation and logistics support services.

Joint Venture: AMVIG

Amcor holds 47.939% of AMVIG, which currently has a 12% share of the tobacco packaging market in the People's Republic of China. With manufacturing plants across Asia, AMVIG is a leading supplier of packaging and printing for packaging in the region. Although AMVIG is not a wholly owned company of Amcor, there exists significant opportunities for Amcor and AMVIG to mutually benefit from the experience and participation in the specialty packaging for tobacco markets.

Amcor Rigid Plastics USA, Inc. Background

In the United States the Amcor entity is Amcor Rigid Plastics USA, Inc. with corporate offices in Manchester, MI. The Ames Amcor plant is part of this organization.

Amcor Rigid Plastics delivers packaging solutions that provide shelf differentiation, unique features, advanced technology, and cost competitiveness. We are uniquely positioned to help develop innovative packages that are practical to manufacture, fill and use.

Amcor Ltd, with more than 5,800 people in 75 manufacturing operations in 13 countries, is the world's largest PET container supplier. And, with the integration of the acquired Alcan Packaging business, is now a leading supplier of plastic packaging to the global pharmaceutical industry. Amcor Rigid Plastics USA, Inc. represents approximately 3150 of those employees in 25 manufacturing Operations.

On June 15, 2010 Ball Corporation announced that it has entered into an agreement to sell its plastic packaging, Americas, business to Amcor Limited. The sale of Ball's plastic packaging business included five U.S. plants that manufacture polyethylene terephthalate (PET) bottles and preforms and polypropylene bottles, as well as associated customer contracts and other related assets. These manufacturing plants are located in Ames, IA; Batavia, IL.; Bellevue, OH; Chino, CA. and Delran, NJ.

Project Summary

Over the past number of months Amcor which is in an extremely cost sensitive business has been investigating where to make capital investments based on a number of cost structure factors, with the goal of optimizing the overall system cost. The decision making process entails looking at the company's assets and determining which plants should receive a technology upgrade and which ones may be obsolete with future operation questionable.

The Ames plant, originally a Ball asset, has been part of this project investigation.

Currently Amcor is in the decision making phase to allocate capital funding for a new technology upgrade to the Ames plant versus the plant in Lenexa, KS or to other plants. The plant not receiving the upgrade will end up being at a technological disadvantage and operational costs over time will not meet the company's "cost sensitivity" goals for operation.

Capital investment dollars are planned to be allocated as soon as a decision is made as to which plants will receive the funding. Amcor plans to start construction activities and the required equipment upgrade during the summer, 2012 with completion by year-end 2012.

In addition to applying for State of Iowa financial assistance, the local Ames plant management with the Regional Sr. Plant Engineer has been in discussions with the Ames Electric Utility department to determine what actions could be taken in tandem to State aid to make the Ames plant more desirable to operate. The following areas are being investigated:

1. City program to reduce electrical demand (i.e. interruptible rate)
2. New compressed air system which would yield a rebate, and
3. New "effective electric rate" based on a recent cost-of-service study.

The operational savings are not yet quantified, but conversations are ongoing to help identify the potential savings.

The Ames plant management team has also applied for a grant application under the Solid Waste Alternative Program (SWAP). Amcor plans to assess the quantity and availability of post-consumer #1 PET beverage containers (including #1 PET collected through recycling programs and #1 PET disposed) in the State of Iowa. The study will work to identify large generators, collectors, processors/recyclers, and transporters of postconsumer #1 PET beverage containers.

The study will also evaluate the potential for capturing additional #1 PET beverage containers that are currently being disposed of in Iowa landfills. The study will work to:

- Determine how post-consumer #1 PET beverage containers are managed across the state (i.e. bailed with other plastics, separated, etc.),
- Determine the availability of material to be re-directed to a viable local market, and
- Evaluate the economics associated with the current recycling system for post-consumer #1 PET beverage containers.

If this project is successful in identifying adequate PCR markets, Amcor hopes to purchase approximately 100,000 pounds of processed PCR per day (or approximately 18,250 tons per year) to incorporate into their manufacturing process. This would help create a new viable local market for post-consumer #1 PET beverage containers and help close the recycling loop for the material.

The collaboration of Amcor and the City of Ames Electric Department and the submission of the SWAP grant are additional activities to demonstrate local projects to support keeping the Ames plant a viable facility in the Amcor fleet of facilities.



Debi V. Durham, Director
Iowa Economic Development Authority

Business Financial Assistance Application

Business Finance
Business Development Division
Iowa Economic Development Authority
200 East Grand Avenue
Des Moines, Iowa 50309-1819

lowaeconomicdevelopment.com
Telephone: 515.725.3133
businessfinance@iowa.gov

Application Instructions

To Complete Electronic Form: Click on TEXT BOX to add text. Double click on YES/NO boxes and select "Checked".

1. All applicants must complete the Business Financial Assistance Application and attach only those additional sections for the components to which the applicant is applying.

<u>Direct Financial Assistance – STATE of IOWA</u>	
<input checked="" type="checkbox"/> 130% Component <i>(no supplement)</i>	<input type="checkbox"/> Infrastructure Component <i>(no supplement)</i>
<input type="checkbox"/> 100% Component <i>(no supplement)</i>	<input type="checkbox"/> Value-Added Agriculture Component <i>Supplemental information required</i>
<input type="checkbox"/> Entrepreneurial Component (and Supplement) <i>Supplemental information required</i>	<input type="checkbox"/> Disaster Relief Component <i>Supplemental information required</i>
<u>Tax Credits – STATE of IOWA</u>	
<input type="checkbox"/> Enterprise Zone Program (EZ) <i>Supplemental information required</i>	<input checked="" type="checkbox"/> High Quality Jobs Program (HQ) <i>(no supplement)</i>
<u>Direct Financial Assistance – FEDERAL</u>	
<input type="checkbox"/> Economic Development Set-Aside Program (EDSA) Program (PFSA) <i>Supplemental information required</i>	<input type="checkbox"/> Public Facilities Set-Aside <i>Supplemental information required</i>

2. Please visit the IDED Web site at www.iowalifechanging.com or contact IDED at 515.725.3133 to confirm that this is the most current application version.
3. Before filling out this application form, please read all applicable sections of the 2009 Iowa Code and Iowa Administrative Code (rules). www.legis.state.ia.us/IowaLaw.html
4. Only typed or computer-generated applications will be accepted and reviewed. Any material change to the format, questions, or wording of questions presented in this application will render the application invalid and it will not be accepted.
5. Complete the applicable sections of the application fully. If questions are left unanswered or required attachments are not submitted, an explanation must be included.
6. Use clear and concise language. Attachments should only be used when requested or as supporting documentation.
7. Any inaccurate information of a significant nature may disqualify the application from consideration.
8. The following must be submitted to Business Finance at IDED in order to initiate the review process:
 - One **original**, signed application form and all required attachments
 - One **electronic** copy of the application form and all required attachments

Facsimile copies will not be accepted.

Business Finance
Iowa Department of Economic Development
200 East Grand Avenue
Des Moines, IA 50309-1819

Telephone: 515.725.3133
businessfinance@iowa.gov

Applications are must be submitted to IDED Business Finance before 4:00pm on the fourth Monday of the month.

Applications will be reviewed by the IDED Board on the third Thursday of the following month.

Public Records Policies

Information Submitted to IDED. The Iowa Department of Economic Development (IDED) is subject to the Open Records law (Iowa Code, Chapter 22). Treatment of information submitted to IDED in this application is governed by the provisions of the Open Records law. All public records are available for public inspection. Some public records are considered confidential and will not be disclosed to the public unless ordered by a court, the lawful custodian of the record, or by another person duly authorized to release the information.

Confidential Records. IDED automatically treats the following records as confidential and they are withheld from public disclosure:

- Tax Records
- *Quarterly Iowa Employer's Contribution and Payroll Report* prepared for the Iowa Workforce Development Department
- Payroll Registers
- Business Financial Statements and Projections
- Personal Financial Statements

Other information supplied to IDED as part of this application may be treated as confidential under Iowa Code section 22.7. Following are the classifications of records which are recognized as confidential under Iowa law and which are most frequently applicable to business information submitted to IDED:

- Trade secrets [Iowa Code §22.7(3)]
- Reports to governmental agencies which, if released, would give advantage to competitors and serve no public purpose. [Iowa Code §22.7(6)]
- Information on an industrial prospect with which the IDED is currently negotiating. [Iowa Code §22.7(8)]
- Communications not required by law, rule or regulation made to IDED by persons outside the government to the extent that IDED could reasonably believe that those persons would be discouraged from making them to the Department if they were made available for general public examination. [Iowa Code §22.7(18)]

Information supplied to IDED as part of this application that is material to the application and/or the state program to which the applicant is applying including, but not limited to the number and type of jobs to be created or retained, wages for those jobs, employee benefit information, and project budget, are considered open records and will not be treated as confidential.

Additional Information Available. Copies of Iowa's Open Record law and IDED's administrative rules relating to public records are available from the IDED upon request.

Applicant Information

Name of Business: Amcor Rigid Plastics USA, Inc.

Address: 10521 S. Highway M-52

City, State & Zip Code: Manchester, MI 48158

Contact Person: Sheridan Attig

Title: Director of Purchasing Svcs

Phone: 734-428-4510

Fax: 734-428-4523

Email: sheridan.attig@amcor.com

Federal ID Number: 36-4126680

NAICS Code for primary business operations: 326100

US DOT Number: NA

Does the Business file a consolidated tax return under a different tax ID number?

Yes

No

If yes, please also provide that tax ID number:

Is the contact person listed above authorized to obligate the Business?

Yes

No

If no, please provide the name and title of a company officer authorized to obligate the Business:

If the application was prepared by someone other than the contact person listed above, please complete the following:

Name of Business: Amcor Rigid Plastics USA, Inc.

Address: 10521 S. Highway M-52

City, State & Zip Code: Manchester, MI 48158

Contact Person: Adriene Haygood

Title: Procurement Analyst

Phone: 734-428-4634

Fax:

Email: adriene.haygood@amcor.com

Sponsor Information

Sponsor Organization: City of Ames

Official Contact (e.g. Mayor, Chairperson, etc.): Duane Pitcher

Title: Director of Finance

Address: 515 Clark St.

City, State & Zip Code: Ames, IA 50010

Phone: 515-239-5113

Fax: 515-239-5320

Email: dpitcher@city.ames.ia.us

If IDED needs to contact the sponsor organization with questions, should we contact the person listed above?

Yes

No, please contact the following person:

Name: Ron Hallenbeck

Title: Vice President, Existing Business & Industry, Ames EDC

Address: 1601 Golden Aspen Dr., Suite #110

City, State & Zip Code: Ames, IA 50010

Phone: 515-232-2310

Fax: 515-232-6716

Email: ron@ameschamber.com

If necessary, please list information on additional sponsors in an attachment.

Certification & Release of Information

I hereby give permission to the Iowa Department of Economic Development (IDED) to research the Business' history, make credit checks, contact the Business' financial institutions, insurance carriers, and perform other related activities necessary for reasonable evaluation of this application. I also hereby authorize the Iowa Department of Revenue to provide to IDED state tax information pertinent to the Business' state income tax, sales and use tax, and state tax credits claimed.

I understand that all information submitted to IDED related to this application is subject to Iowa's Open Record Law (Iowa Code, Chapter 22).

I understand this application is subject to final approval by IDED and the Project may not be initiated until final approval is secured.

I understand that IDED reserves the right to negotiate the financial assistance. Furthermore, I am aware that financial assistance is not available until an agreement is executed within a reasonable time period following approval.

I hereby certify that all representations, warranties, or statements made or furnished to IDED in connection with this application are true and correct in all material respect. I understand that it is a criminal violation under Iowa law to engage in deception and knowingly make, or cause to be made, directly or indirectly, a false statement in writing for the purpose of procuring economic development assistance from a state agency or subdivision.

For the Business:

Signature


SHERIDAN ATTIG
DIRECTOR OF PURCHASING SVCS.
Name and Title (typed or printed)

Date

5-25-12

For the Sponsor(s):

Signature

Name and Title (typed or printed)

Date

Please use the following if more than one sponsor is required. (For example, use this if a signature from the local Enterprise Zone Commission is required in addition to the signature from the Mayor of the sponsoring city.)

Signature

Name and Title (typed or printed)

Date

IDED will not provide assistance in situations where it is determined that any representation, warranty, or statement made in connection with this application is incorrect, false, misleading or erroneous in any material respect. If assistance has already been provided prior to discovery of the incorrect, false, or misleading representation, IDED may initiate legal action to recover incentives and assistance awarded to the Business.

Business Information

Provide a brief description and history of the Business. Include information about the Business' products or services and its markets and/or customers.

Amcor Rigid Plastics USA, Inc. is a global leader in responsible packaging solutions supplying a broad range of plastic (rigid & flexible) packaging products to enhance the products consumers use in everyday life. Amcor also provides packaging related services that help customers succeed through collaboration and innovation driven by art and science. The Amcor companies have \$12.2 billion in proforma sales, employ 35,000 people worldwide and have 300+ sites in 43 countries. Amcor North America is comprised of four business groups. The main products include PET plastic containers for beverage applications of which Amcor Rigid Plastics USA, Inc is a part, flexible packaging for the food and healthcare markets, tobacco packaging, and a North America packaging distribution business.

Business Structure:

- Cooperative Corporation Limited Liability Company Not for Profit
 Partnership S-Corporation Sole Proprietorship

State of Incorporation: Delaware

Identify the Business' owners and percent ownership: Amcor LTD (100%)

Does a woman, minority, or person with a disability own the Business?

Yes No

If yes, is the Business certified as a Targeted Small Business?

Yes No

List the Business' Iowa locations and the current number of employees at each location.

Amcor Rigid Plastics USA, Inc., 520 Bell Avenue, Ames, Iowa 50010

163 Employees

What is the Business' worldwide employment? Please include employees of parent company, subsidiaries, and other affiliated entities in this figure. Amcor LTD employs 35,000 people worldwide in over 300+ sites in 43 countries.

Project Information

Project Street Address: 520 Bell Avenue

Project City: Ames

Project County: Story

Type of Business Project:

- Startup Expansion of Iowa Company
 New Location in Iowa Relocation from another State

Briefly describe the proposed project for which assistance is being sought. (Include project timeline with dates, facility size, infrastructure improvements, proposed products/services, any new markets, etc.)

While the infrastructure of the Ames facility looks good, new technical advancements have occurred in our business. It is imperative that Amcor stay on top of these advancements if we are going to remain a player in this market. We must drive our cost to produce down. If our customer base does not see that we remain state of the art, they will begin to question why they are doing business with us. That is why we intend to immobilize \$5M worth of outdated machinery while we make this investment.

Project Timeline (add additional rows as needed)	Activity Completion Date
Refresh on Injection Machines (Presses)	12/31/2012
Refresh on Injection Equipment (Resin Handling, Dryers)	12/31/2012
Refresh on Injection Molds (Molds)	12/31/2012
Infrastructure (raising roof on existing plant building)	12/31/2012
Asset Redistribution	12/31/2012
Buyout of Lease Option (586K sf to 300K sf)	12/31/2012

Please identify the project management for the project location and experience.

Ken Strapan- Pet Terra
Steve Sahl – Amcor Director of Engineering
Mike Simpson – Plant Manager
William Miller –Director Global Injection Systems
Matt Birzer- Sr Plant Engineer

In Excess of 100 years Experience.

Has any part of the project started? Yes No
If yes, please explain.

Identify the Business' competitors. If any of these competitors have Iowa locations, please explain the nature of the competition (e.g. competitive business segment, estimated market share, etc.) and explain what impact the proposed project may have on the Iowa competitor. Amcor's main competitors in Iowa include Alpha, Rexam. We don't expect that our expansion will affect either as our target customers are serviced from other out of state suppliers.

Will any of the current Iowa employees lose their jobs if this project does not proceed in Iowa?
 Yes No,

If yes, please explain why and identify those jobs as "retained jobs" in the Project Jobs section.

One aspect of this business which we must always be monitoring is technology. As newer technology proliferates the market and if we do not adapt it seriously impacts our ability to compete. A review of the Ames asset base purchased from the Ball Corporation would indicate that local technology is in the lower third of Amcor's overall fleet.

Should this investment be made to the Ames plant the technology upgrade would allow the plant to perform well within the Amcor system scale as well as effectively compete within the company's market space for the foreseeable future. What Amcor is intending to do is to operate as efficiently as possible and retain as many jobs for the current needed production. It is our intent to have the Ames plant be the low cost leader within the Amcor family of plants.

If there is no technology upgrade, the Ames plant will fall further behind in its cost effectiveness to produce product and be on a path of obsolescence, with our customer base leaving us long before there is full obsolescence. As customers begin to leave, this will translate into a loss of employees. Such loss of customers could begin to happen in as few as three years. Should this occur the current work force will need to be minimized with potential plant closure not out of the question. This is not a preferable action, but feasible.

Project Budget

Use of Funds	AMOUNT BUDGETED							
	Cost	Source A	Source B	Source C	Source D	Source E	Source F	Source G
Land Acquisition								
Site Preparation								
Building Acquisition								
Building Construction								
Building Remodeling	\$2,500,000	\$350,000		\$70,000	\$2,080,000			
Mfg. Machinery & Equip.	\$21,560,000				\$21,560,000			
Other Machinery & Equip.								
Racking, Shelving, etc. ¹								
Computer Hardware								
Computer Software								
Furniture & Fixtures								
Working Capital	\$1,040,000				\$1,040,000			
Research & Development								
Job Training								
TOTAL	\$25,100,000	\$350,000	\$	\$70,000	\$24,680,000	\$	\$	\$

¹ Racking, shelving and conveyor equipment used in distribution center projects only

Does the Business plan to lease the facility? Yes, Warehouse Only No If yes, please provide the Annual Base Rent Payment (lease payment minus property taxes, insurance, and operating/maintenance expenses) and the length of the lease agreement. 2013-\$1,346,010 2014-2020 -\$1,175,755 (8 years)

PROPOSED FINANCING					
Source of Funds (List tax benefits separately below, not as a source of direct financing)	Amount	Form of Funds (Loan, Grant, In-Kind, Donation, etc.)	Rate and Term	Commitment Status	Conditions/Additional Information Include when funds will be disbursed; if loan, whether payments are a level term, balloon, etc
Source A: IDED*	\$350,000	50:50 Loan/Grant	0% 36 mo.		Level Term
Source B: Other State (Community College, IDOT, etc.)					
Source C: Local Government	\$70,000	50:50 Loan/Grant	0% 36 mo.		Level Term
Source D: Business Amcor	\$24,680,000	Company Working Capital			Company Self Financing
Source E: Other Private Sources	\$				
Source F:	\$				
Source G:	\$				
TOTAL	\$25,100,000				

*** Identify the collateral used to secure IDED funds:**

TAX CREDITS AND INDIRECT FINANCING		
Source of Funds	Amount	Description
Investment Tax Credit	\$1,200,000	Credit on IA Corporation Taxes (carryover)
Sales, Service & Use Tax Refund	\$75,000	(\$2.5M construction cost *.5*6% sales tax)
Research Activities Credit (3%/10%)		
Withholding		
Local Property Tax Exemption		
Tax Increment Financing		
260E Job Training Funds		
In-kind Contribution		
Other		
TOTAL	\$1,275,000	

What measures were analyzed to determine the amount and form of assistance needed? Wages, size of facility and proximity to major customers and Target customers should we move the operations to Ames.

Is the Business actively considering locations outside of Iowa? Yes No

If yes, where and what assistance is being offered? Kansas, The business, while still waiting to hear what Kansas will provide by way of an incentive package, would prefer to remain in Iowa due to the aging facility in Kansas.

There are three general justifiable reasons for assistance. Check the box next to the reason why assistance is needed to complete this project.

Financing Gap - The Business can only raise a portion of the debt and equity necessary to complete the project. A gap between sources and uses exists and state and/or federal funds are needed to fill the gap.

Rate of Return Gap – The Business can raise sufficient debt and equity to complete the project, but the returns are inadequate to motivate an “economic person” to proceed with the project. Project risks outweigh the rewards.

Location Disadvantage (Incentive) – The Business is deciding between a site in Iowa (site A) and a site in another state (site B) for its project. The Business argues that the project will cost less at site B and will require a subsidy to equalize costs in order to locate at site A. The objective here is to quantify the cost differential between site A and site B.

Project Jobs

List the jobs that will be created and/or retained as the result of this project. (A retained job is an existing job that would be eliminated or moved to another state if the project does not proceed in Iowa.) For jobs to be created, include the starting and final hourly wage rate. For retained jobs, include the current hourly wage rate.

Is the hourly wage rate based on a 40 hour work week, 52 weeks per year? Yes No
 If no please explain: NA

Full-Time CREATED Jobs	(Add additional rows as needed)		
Job Title	Number of CREATED Jobs	Starting Hourly Wage	Hourly Wage at End of Year Three
Total CREATED Jobs	0	0	0

Full-Time RETAINED Jobs	(Add additional rows as needed)	
Job Title	Number of RETAINED Jobs	Current Hourly Wage
Management	22	\$36.12
Tech Services	37	\$27.05
Machine Operators	91	\$19.00
Total RETAINED Jobs	150	

Employee Benefits

Please identify all employee benefits provided by and paid for (in full or in part) by the Business.

Employee Benefits Provided by Business	Total Annual Cost (show on a per employee basis)		Portion of Total Annual Cost Paid by the Business		Plan Provisions	
	Employee	Family	Employee	Family	Deductible	
Medical Insurance	\$1,188	\$3,600	70%	70%	Employee \$450/ \$900 Family \$900/ \$1800	(Include coinsurance %, office visit co-payments, annual out-of-pocket maximums, face amounts, etc.) Coinsurance 90%, co-pay of \$20/\$30, annual out of pocket \$2,950 / \$5,900 max.
Dental Insurance	\$132	\$384	70%	70%	Employee \$50 Family \$150	\$1,500 max annual benefit, various deductibles dependent on service.
Vision Insurance	\$48	\$156	70%	70%	Employee n/a Family n/a	\$10 / \$25 co-pays, lenses / frames reimbursed up to \$120
Life Insurance		Spouse / children	1.5x salary			Employee covered by employer, available for spouse (50%) and children \$10k at employee expense.
Short-term Disability			26 weeks			Based on employee's wages
Long-term Disability			6 months			Based on employee's wages at 60% after Short term complete
Health Savings Account	n/a	n/a	n/a	n/a		Flex spending accounts available for dependent care / health care

Does the Business offer a pension plan, 401(k) plan, and/or retirement-plan? Yes No

If yes, please indicate the amount contributed on a per employee basis by the Business to the plan for the last three years. For 401(k) plans, please provide information on the company match and indicate the average annual match per employee (show average as a percentage of salary).

Year Ending	Average Actual Match per Employee (%)
2009	n/a
2010	n/a
2011	3%
Three-year Average:	

Does the Business offer a profit-sharing plan? Yes No

If yes, please indicate total amount paid out each year for the past three years and then, determine the average annual bonus or contribution per employee for that three year period.

Year Ending	Average Actual Share per Employee (\$)
2009	n/a
2010	n/a
2011	\$101k Hourly \$188k Salaried
Three-year Average:	\$289 combined

Attachments

Please attach the following documents:

A1 Business Plan

At a minimum, include:

- Marketing study
- Feasibility study
- Projected profit and loss statements for three years into the future
- Project budget
- Production operations
- Management structure
- Personnel needs
- Descriptions of product or process
- Status of product/process development
- Patent status (if applicable)

(Any information outlined above not included in the business plan should be submitted as supplemental information via a separate attachment.)

(Attached)

A2 Copies of the Business' Quarterly Iowa Employer's Contribution and Payroll Report Summary Page (Page 1) for the past year and a copy of the most recent payroll report for one pay period. The copy of the most recent payroll report for one pay period must be in Excel format and include the following information:

- Company name, date of payroll and source of payroll information
- Employee name and/or employee identification number
- Current hourly wage - do not include bonuses or other benefit values
- Indicate if the employee is full time (40 hours per week, 52 weeks per year) or part time.

A sample Excel spreadsheet can be found at

http://www.iowalifechanging.com/applications/bus_dev/payroll_template.xls

(Attached)

A3 Affidavit that states the Business has not, within the last five years, violated state or federal statutes, rules, and regulations, including environmental and worker safety regulations, or, if such violations have occurred, that there were mitigating circumstances or such violations did not seriously affect public health or safety or the environment. A sample affidavit can be found at

http://www.iowalifechanging.com/applications/bus_dev/sampleaffidavit.doc.

(Attached)

A4 Financial Information (Existing Businesses Only)

- Profit and loss statements and balance sheets for past three year-ends;
- Current YTD profit and loss statement and balance sheet;
- Schedule of aged accounts receivable;
- Schedule of aged accounts payable; and
- Schedule of other debts.

Amcor Ltd. Financials at http://www.amcor.com/investor-relations/reports/results/hy_fy_results.html

Attachment A1

Amcor Rigid Plastics Application

May 25, 2012

Amcor Business Plan – Attachment A1

Amcor LTD Corporate Background

As the world's leading packaging manufacturer, Amcor offers customers the highest quality in innovative and sustainable packaging solutions, and partnerships built on service, reliability and excellence.

Amcor offers a broad range of plastic, fibre, metal and glass packaging related products and services, including packaging for beverages, food, healthcare, personal and homecare, tobacco, and industrial applications; as well as recycling services in Australia and distribution services in North America.

Our business is headquartered in Melbourne, Australia and consists of:

Flexible Packaging

Amcor Flexibles is the world's largest supplier of flexible packaging, operating across 30 countries and 89 plants. Products include packaging for fresh foods such as meat, fish, bread, produce and dairy; processed foods such as confectionary, snack foods, coffee and ready meals; as well as high value-added resin and aluminium based medical applications, hospital supplies, pharmaceuticals, personal & home care products and specialty packaging.

Amcor Flexibles operates as two independent business groups across two regions – Flexibles Europe and America's and Flexibles Asia Pacific.

Amcor Flexibles Europe & America's delivers outstanding customer solutions to the food, home & personal care, hospital, medical, pharmaceutical and industrial markets, as well servicing the wine industry with Stelvin® closures.

Amcor Flexibles Asia Pacific produces innovative packaging solutions to service customers across food and healthcare markets, including for pharmaceuticals, medical devices, and personal & homecare.

Tobacco and Specialty Packaging

Focused exclusively on the tobacco and specialty packaging markets with 20 plants across Europe, the Americas and Asia, Amcor Tobacco and Specialty Packaging offers customers a diverse production network, along with leading edge research and development services and technology.

Rigid Plastics

With 75 plants across 13 countries, Amcor Rigid Plastics is the world's largest manufacturer of PET (polyethylene terephthalate) containers, supplying consumer product and FMCG companies, big and small.

Amcor Rigid Plastics range of containers and capabilities includes packaging for hot and cold, and alcoholic beverages, blow molded and extrusion molded plastic containers for food, and an array of PET, HDPE and PP containers for pharmaceutical, personal and home care products.

Amcor Australasia and Packaging Distribution

Amcor Australasia and Packaging Distribution is a diverse packaging business which includes the fibre, glass and aluminium beverage can businesses in Australia and New Zealand and the packaging material, and equipment distribution and manufacturing business in North America, Europe and Asia. The Australasian business' core products include custom printed, die cut and stock corrugated boxes, folding cartons, paper and recycling services, cartonboard, aluminium cans for beverages, plastic and metal closures, glass wine and beer bottles and multiwall sacks. Amcor Packaging Distribution uniquely supplies packaging products for the full supply chain; from primary and secondary packaging, to line automation and logistics support services.

Joint Venture: AMVIG

Amcor holds 47.939% of AMVIG, which currently has a 12% share of the tobacco packaging market in the People's Republic of China. With manufacturing plants across Asia, AMVIG is a leading supplier of packaging and printing for packaging in the region. Although AMVIG is not a wholly owned company of Amcor, there exists significant opportunities for Amcor and AMVIG to mutually benefit from the experience and participation in the specialty packaging for tobacco markets.

Amcor Rigid Plastics USA, Inc. Background

In the United States the Amcor entity is Amcor Rigid Plastics USA, Inc. with corporate offices in Manchester, MI. The Ames Amcor plant is part of this organization.

Amcor Rigid Plastics delivers packaging solutions that provide shelf differentiation, unique features, advanced technology, and cost competitiveness. We are uniquely positioned to help develop innovative packages that are practical to manufacture, fill and use.

Amcor Ltd, with more than 5,800 people in 75 manufacturing operations in 13 countries, is the world's largest PET container supplier. And, with the integration of the acquired Alcan Packaging business, is now a leading supplier of plastic packaging to the global pharmaceutical industry. Amcor Rigid Plastics USA, Inc. represents approximately 3150 of those employees in 25 manufacturing Operations.

On June 15, 2010 Ball Corporation announced that it has entered into an agreement to sell its plastic packaging, Americas, business to Amcor Limited. The sale of Ball's plastic packaging business included five U.S. plants that manufacture polyethylene terephthalate (PET) bottles and preforms and polypropylene bottles, as well as associated customer contracts and other related assets. These manufacturing plants are located in Ames, IA; Batavia, IL.; Bellevue, OH; Chino, CA. and Delran, NJ.

Project Summary

Over the past number of months Amcor which is in an extremely cost sensitive business has been investigating where to make capital investments based on a number of cost structure factors, with the goal of optimizing the overall system cost. The decision making process entails looking at the company's assets and determining which plants should receive a technology upgrade and which ones may be obsolete with future operation questionable.

The Ames plant, originally a Ball asset, has been part of this project investigation.

Currently Amcor is in the decision making phase to allocate capital funding for a new technology upgrade to the Ames plant versus the plant in Lenexa, KS or to other plants. The plant not receiving the upgrade will end up being at a technological disadvantage and operational costs over time will not meet the company's "cost sensitivity" goals for operation.

Capital investment dollars are planned to be allocated as soon as a decision is made as to which plants will receive the funding. Amcor plans to start construction activities and the required equipment upgrade during the summer, 2012 with completion by year-end 2012.

In addition to applying for State of Iowa financial assistance, the local Ames plant management with the Regional Sr. Plant Engineer has been in discussions with the Ames Electric Utility department to determine what actions could be taken in tandem to State aid to make the Ames plant more desirable to operate. The following areas are being investigated:

1. City program to reduce electrical demand (i.e. interruptible rate)
2. New compressed air system which would yield a rebate, and
3. New "effective electric rate" based on a recent cost-of-service study.

The operational savings are not yet quantified, but conversations are ongoing to help identify the potential savings.

The Ames plant management team has also applied for a grant application under the Solid Waste Alternative Program (SWAP). Amcor plans to assess the quantity and availability of post-consumer #1 PET beverage containers (including #1 PET collected through recycling programs and #1 PET disposed) in the State of Iowa. The study will work to identify large generators, collectors, processors/recyclers, and transporters of postconsumer #1 PET beverage containers.

The study will also evaluate the potential for capturing additional #1 PET beverage containers that are currently being disposed of in Iowa landfills. The study will work to:

- Determine how post-consumer #1 PET beverage containers are managed across the state (i.e. bailed with other plastics, separated, etc.),
- Determine the availability of material to be re-directed to a viable local market, and
- Evaluate the economics associated with the current recycling system for post-consumer #1 PET beverage containers.

If this project is successful in identifying adequate PCR markets, Amcor hopes to purchase approximately 100,000 pounds of processed PCR per day (or approximately 18,250 tons per year) to incorporate into their manufacturing process. This would help create a new viable local market for post-consumer #1 PET beverage containers and help close the recycling loop for the material.

The collaboration of Amcor and the City of Ames Electric Department and the submission of the SWAP grant are additional activities to demonstrate local projects to support keeping the Ames plant a viable facility in the Amcor fleet of facilities.