

AWARD CLOSEOUT ASSESSMENT



Date:	October 9, 2015	Prepared By:	Shelly Braun
Contract:	DOZ FY10-20167	Recipient:	W.W. Grainger, Inc.
Award Type:	Tax Credit		
Award Amount:	\$500,000	Program:	DOZ
Contract Date:	07/20/2011	Project Site:	401 South Wright Road, Janesville, Wisconsin

Section I – Project Description

The Recipient will invest approximately \$2,874,000 to consolidate operations from various branches into a centralized facility at the Project Location. The Recipient has committed to create 130 New Full-Time Positions with an average starting wage of \$15.76 per hour, in addition to retaining 1,169 Existing Full-Time Positions in Wisconsin.

Section II – Award Rationale

IX. RECOMMENDATION / ALLOCATION RATIONALE

Grainger has the ability to earn allocated Development Opportunity Zone tax credits according to the company's projections in the following table:

# of Eligible Positions Created	130
Eligible Capital Expenditures	\$1,824,391
Eligible Environmental Remediation Expenditures	\$0

	TOTAL
Capital Investment (3%)	\$54,731
Tier 1 Jobs: \$10.88 - \$14.50 = up to \$3,000 per job	115 = \$345,000
Tier 2 Jobs: \$14.51 - \$18.13 = up to \$5,000 per job	
Tier 3 Jobs: \$18.14 - above = up to \$7,000 per job	15 = \$105,000
Environmental Remediation (50%)	\$0
POSSIBLE ALLOCATION	\$504,731
COMMITTED ALLOCATION	\$500,000



Section III – Performance Analysis

Performance Outcomes (not all contractually required)	Expected	Actual
Job Retention	1169	808
Job Creation	130	0
Existing Jobs Trained	na	na
New Jobs Trained	na	na
Capital Investment	\$1,824,391	\$6,556,997

Section IV – Project Summary

W.W. Grainger, Inc.(Grainger) proposed a \$2.8MM investment to consolidate operations from various branches into a centralized facility in Janesville, Wisconsin. Grainger further projected to create 130 new full-time positions at the project location: 401 South Wright Road, Janesville, WI. W.W. Grainger, Inc. contracted with The Wisconsin Department of Commerce on June 20, 2011 to create 130 new full time positions, maintain 1169 existing positions and invest approximately \$2.874MM in capital investments. The Department of Commerce awarded a \$500,000 Development Opportunity Zone Tax Credit. Grainger was eligible to receive up to \$450,000 for new job creation and \$50,000 for capital investment.

W.W. Grainger, Inc. did not create the 130 positions or maintain the 1,169 positions required contractually. Grainger has received no credits to date for job creation. The company confirmed, via its annual performance reports, a total capital investment of \$6,556,997. WEDC issued the full credit awarded of \$50,000 for the capital investment on September 16, 2011. Grainger has certified in its latest performance report that the capital investment still exists in Wisconsin.

Section V – VP-Credit & Risk Recommendation

While Grainger has far exceeded their capital investment expectations, they did not create any of the expected 130 jobs, and have had a significant reduction in their workforce. Because Grainger has not met the deliverable of creating 130 new full time positions, and additionally had a significant reduction in workforce, I recommend the revocation of the \$50,000 in tax credits verified for capital investment. Because WEDC does not receive information on the amount of credits the company actually claimed on their tax return, I recommend notifying DOR of the revocation and allowing them to determine the appropriate penalties. Grainger has fulfilled all other compliance requirements of this award, so I recommend final closeout of this award in our system upon acknowledgement of the revocation from DOR.

Recommendation Review

Reviewed by Division Vice President:

Signature

Date

 _____ 10/14/15

Approved by Vice President, Credit & Risk:

 _____ 10/14/15

Approved by Office of the CEO/Secretary:

 _____ 10/14/15



Award Closeout Worksheet

Utilization History

Award Amount	Credits Issued	Remaining	Date Issued	Period Ending
\$500,000	\$50,000	\$450,000	09/16/2011	12/31/2010

Transaction Date	Effective	Amount	Funding Source
09/16/2011	12/31/2010	\$50,000	Commerce/WEDC Pre FY2014

Performance

Measurements

Measurement	Period Ending	Name	Type	Due Date	Baseline	Goal	Reported
378478	2013	Job Creation	Contractual Explicit	03/01/2013	1169	130	0
378480	2015	Job Maintenance	Contractual Explicit	03/01/2015	1169	1299	808
378482	2015	Capital Investment	Contractual Explicit	03/01/2013	0	1824391	6556997
378484	2015	Leverage - Total	Result	03/01/2015	0	2873891	2501593
381053		Job Retention	Contractual Explicit	03/01/2015	1169	1169	808
381055		Capital Investment Maintenance	Contractual Explicit	03/01/2015	0	1	1

Milestones

No Milestones History

Reporting History

Report Desc	Status	Submitted	Period End	Due	Approved	Comment
Performance	Rec'd	09/16/2011	12/31/2010	03/01/11	YES	
Performance	Rec'd	03/14/2012	12/31/2011	03/01/12	YES	
Performance	Rec'd	08/12/2013	12/31/2012	03/01/13	YES	
Performance	Rec'd	03/05/2014	12/31/2013	03/01/14	YES	
Performance	Rec'd	06/04/2015	12/31/2014	04/29/15	YES	

Loan - NA

Loan	Status	Received Amount	Balance Due	Principal	Interest