



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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Date: March 16, 2010  
To: Michigan Economic Growth Authority  
From: Amy Deprez, Manager  
Packaging Team  
Phil Santer, Project Specialist  
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Subject: Briefing Memo – ADCO Products, Inc.  
Standard MEGA Credit

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COMPANY NAME

ADCO Products, Inc.  
4401 Page Avenue  
Michigan Center, Michigan 49254  
[www.adcocorp.com](http://www.adcocorp.com)

HISTORY OF COMPANY

ADCO Products, Inc. ("ADCO") is a subsidiary of ADCO Global, Inc., which is headquartered in Lincolnshire, Illinois, and produces sealants and adhesives for the roofing, transportation, construction, and solar markets. ADCO Global, Inc. operates in markets that require advanced adhesives, sealants and structural tapes to produce end-products. The company has locations in Indiana, Ohio, and Michigan. ADCO's Michigan presence has been focused on producing products for the automotive, maritime and architectural industries.

ADCO currently has 158 employees in Michigan.

PROJECT DESCRIPTION

ADCO is planning to further establish itself in the solar panel industry by making an investment into the photovoltaic panel adhesive market through the consolidation of existing facilities into Michigan. ADCO began to pursue the solar panel market in 2007; however, this project would represent a strategic investment in the growing solar industry. ADCO currently produces over 50 products with applications in the solar market.

ADCO proposes to invest up to \$17.3 million and create up to 212 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs is expected to be \$577. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

The effect on other Michigan businesses in the same industry was taken into consideration when recommending the amount and length of this tax credit.

**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 673 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs, would be increased by \$9.7 million (current dollars) due to the presence of this facility.

**BUSINESS CASE**

ADCO is evaluating a Michigan investment relative to an investment in Evansville, Indiana. Their decision factors include the sourcing of input materials for the project, the tax structure, and the cost of labor in each location.

**OTHER STATE AND LOCAL ASSISTANCE**

Leoni Township is supportive of this project and plans to approve a property tax abatement. The value, terms and expected approval date for this abatement are not known at this time.

**RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for 5 years for up to 212 net new employees in excess of the company's established base of 158.

**ADCO Products, Inc.**  
**Economic and Fiscal Effects on Michigan - Net Benefits with the Incentive Package**

Economic/Fiscal Indicator	2010	2011	2012	2013	2014	2015	Total
Total Employment							
Manufacturing	13	271	417	620	662	673	
Non-Manufacturing	1	103	156	227	240	239	
Retail Trade	12	168	261	393	422	434	
Services	2	21	32	49	51	52	
Other	5	94	145	215	228	231	
	5	53	84	129	143	151	
In Current Dollars (Thousands):							
Personal Income	\$702	\$12,270	\$20,480	\$31,950	\$36,800	\$40,100	\$142,302
Gross State Revenue	54	945	1,577	2,460	2,834	3,088	10,958
Mega Cost	0	140	208	295	322	333	1,300
State Revenue Net of MEGA Cost*	\$54	\$805	\$1,369	\$2,165	\$2,512	\$2,755	\$9,658

\* These estimates do not include any state government revenue losses due to the Investment Tax Credit, the Renaissance Zone Credit or the property tax abatement.

**ADCO Products, Inc.**  
**Summary Estimates**  
(All monetary estimates in current dollars)

<b>TOTAL JOBS CREATED (as of 2015)</b>	
Direct	673
Spin-off (includes Indirect Jobs)	212
	461
<b>NET POSITIVE STATE REVENUE IMPACT</b>	
Revenue foregone	\$9,658,496
Revenue gain	\$1,299,504
	\$10,958,000
Personal income generated over life of MEGA agreement	\$142,302,000
Statewide employment multiplier (average, 2014-15)	3.15
Average Weekly Wage of Direct Jobs (as reported by the company at time of application)	\$577