

MEMORANDUM

Date: March 16, 2010

To: Michigan Economic Growth Authority

From: Amy Deprez, Manager
Packaging Team

Phil Santer, Project Specialist
Packaging Team

Subject: Briefing Memo – ADCO Products, Inc.
Standard MEGA Credit

COMPANY NAME

ADCO Products, Inc.
4401 Page Avenue
Michigan Center, Michigan 49254
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.