



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

DATE: March 15, 2005
TO: Michigan Economic Growth Authority
FROM: James Donaldson, Vice President
Michigan Business Development
SUBJECT: Briefing Memo – Kennedy Acquisition, Inc.
d/b/a Emerald Graphics Corporation
Standard MEGA Credit

COMPANY NAME AND ADDRESS:

Kennedy Acquisition, Inc. d/b/a Emerald Graphics Corporation
4070 East Paris, SE
Kentwood, MI 49512

HISTORY OF COMPANY:

Kennedy Acquisition, Inc. d/b/a Emerald Graphics Corporation is a privately owned international manufacturer with a world-class product portfolio making it a leading supplier to the automotive and appliance markets. The company was purchased in September 2003. Emerald Graphics manufactures a variety of plastic molded and painted products for the automotive and appliance markets.

PROJECT DESCRIPTION:

Emerald Graphics is considering an expansion in Michigan or McAllen, Texas, to add paint capacity to handle large plastic parts in the appliance market. The company has proposed a two phase expansion of Michigan operations that could take place at sites in Cascade Township and in the City of Kentwood.

The first phase of the project will require a \$4 million investment in machinery and equipment. The company is considering the lease of a 64,000 square foot existing facility in Cascade Township. If the company also undertakes the second phase of their expansion, they will invest an additional \$5 million to expand into 70,000 square feet of leased space in the City of Kentwood.

If both expansions take place, the company anticipates the creation of 347 new full time jobs paying \$517 per week.

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BENEFIT TO STATE:

According to the economic analysis done by the MEDC, we estimate that this facility will create a total of 719 jobs in the state by the year 2015. We also estimate that the project would create total state government revenues through the year 2015, net of MEGA cost and adjusted for inflation, of \$23.2 million (2005 dollars) due to the location of this facility.

BUT FOR:

Emerald Graphics is considering locations in Cascade Township, the City of Kentwood and McAllen, Texas, for their project. When comparing the Michigan and Texas locations, the company estimates that wage rates in McAllen are significantly lower than Cascade Township and City of Kentwood. When this project is fully staffed, that wage differential would save the company up to \$1.7 million per year in wage and benefit costs, if the expansion were to take place in Texas.

OTHER STATE AND LOCAL ASSISTANCE:

The company will be eligible for job training assistance of \$500 per worker for 347 new workers, or up to \$173,500, under the Economic Development Job Training program.

Cascade Township has proposed 50 percent abatement of the company's new personal property for six years. The estimated value of the local property tax abatement is \$30,500. The abatement is expected to be finalized on March 9, 2005.

The City of Kentwood has proposed 50 percent abatement of the company's new personal property for eight years. The estimated value of the local property tax abatement is \$172,000. The abatement is expected to be finalized on March 15, 2005.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 10 years, for up to 347 net new employees.