



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

DATE: October 16, 2007
TO: Michigan Economic Growth Authority
FROM: Mark Morante, Vice President Development Finance
Amy Banninga, Project Team Manager Development Finance
SUBJECT: Briefing Memo - NEAPCO Driveline LLC Standard Credit

COMPANY NAME AND ADDRESS:

NEAPCO Driveline LLC
740 Queen Street
Pottstown, Pennsylvania 19464

HISTORY OF COMPANY:

NEAPCO Driveline LLC is a wholly-owned subsidiary of NEAPCO, LLC. The company was formed to purchase a portion of the assets owned by Automotive Component Holdings, LLC (ACH). ACH was formed to market former Ford Motor Company/Visteon Corporation facilities.

The New England Auto Products Corporation (NEAPCO) of Hartford, Connecticut was acquired and moved to Pottstown, Pennsylvania in 1928. NEAPCO produces both original equipment and aftermarket parts for the automotive, farm, off-road, truck and lawn and garden industries. NEAPCO currently has approximately 525 employees located in Pennsylvania, Nebraska, California, and Mexico. The company also has one employee who resides in Michigan.

PROJECT DESCRIPTION:

The ACH Monroe facility has approximately 1,200 employees who produce several disparate automotive product lines. ACH has announced that this facility will close and has marketed the facility's operations with the anticipation that each product line will be sold separately and will be dispersed to multiple facilities by the purchasers.

NEAPCO is proposing to purchase the drivetrain components business line, and move the related assets and operations to an existing building in

00 N. WASHINGTON SQ.
ANSING, MI 48913

USTOMER
ONTACT CENTER
17 373 9808

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Van Buren Charter Township. The company will invest approximately \$29.4 million initially to purchase the ACH business, update the equipment, and lease the facility. NEAPCO anticipates that it will create up to 285 new jobs with an average weekly wage of \$917.

**BENEFITS 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 create a total of 1,007 jobs in the state by the year 2014. It is also estimated that the project would increase total state government revenues through the year 2014, net of MEGA cost and adjusted for inflation, by \$23.2 million (2007 dollars) due to the location of this operation.

**BUT FOR:**

Currently, NEAPCO Driveline is evaluating moving this operation to Van Buren Charter Township or expanding their existing facility in Beatrice, Nebraska, where wage and benefits costs are considerably lower.

**OTHER STATE AND LOCAL ASSISTANCE:**

Van Buren Charter Township has proposed a 50 percent, 11-year abatement of the company's property taxes related to investments in new personal property. This abatement has an estimated value of \$244,000.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for seven years, for up to 285 net new employees, should at least 200 new jobs be created.