

ADOPTED MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA), board was held at the Michigan Economic Development Corporation, 300 N. Washington Square, on March 22, 2006, at 8:30 a.m.

Members Present

Jim Epolito
Bo Garcia
Sande-Bain MacLeod
Scott Schrager (acting for and on behalf of Julie Croll, authorization attached)
Jackie Shinn (acting for and on behalf of Kirk Steudle, authorization attached)
Robert Swanson

Others Present

Karen Ammarman, MEDC
Peter Anastor, MEDC
Greg Burkart, Squire Sanders
Bryan Gruesbeck, City of Greenville
Carol Knobloch Johns, MEDC
Mark Morante, MEDC
John Morgan, V.P., United Solar Ovonic, LLC
Susan Novakoski, MEDC
Mike Pohnl, MEDC
Matthew Rick, Attorney General's Office

Call to Order

Robert Swanson called the meeting to order at 9:05 a.m.

Approval of Minutes from March 14, 2006

After review, a motion was made, supported and carried that board meeting minutes from the March 14, 2006 meeting be adopted

Public Comment

There was no public comment.

ACTION ITEM

*United Solar Ovonix, LLC
3800 Lapeer Road
Auburn Hills, Michigan 48326*

United Solar Ovonix, LLC is the world leader in thin-film photovoltaics (PV). PV systems provide a clean and simple solid-state method for direct conversion of sunlight into electrical energy. United Solar products are marketed under the brand name UNI-SOLAR® and include a complete line of flexible solar power panels, and a new line of roofing tile products. The company is currently owned by Energy Conversion Devices and United Solar Ovonix Corporation and currently has 259 employees in Auburn Hills and Troy.

Mark Morante introduced John Morgan with United Solar Ovonix, along with Greg Burkart with Squire Sanders and Bryan Gruesbeck from the City of Greenville. Mr. Morgan presented the project to the board. United Solar has continued to gain market share in the growing market of photovoltaic energy systems and it needs to add approximately 50 megawatt (MW) of manufacturing capacity for photovoltaic cells in order to meet future growth demands. The company is considering acquiring 90 acres of available property in Greenville for this new facility. If Greenville is selected, the company would construct a new 205,000 square foot facility. The project would lead to the creation of 200 new jobs, paying an average starting weekly wage of \$560.

Total capital investment for the initial project would be approximately \$129.2 million, including \$1.1 million for land, \$23.9 million for the building and building modifications, and \$104.2 million for new machinery and equipment.

Mr. Morgan explained that there is a swiftly growing market for their product in Europe, as well as in the U.S. If market conditions remain favorable, the company will continue to add additional facilities in Greenville. Potentially, the company could add five additional facilities, creating a total of 300 MW of manufacturing capacity. Each new facility would be 200,000 square feet and would create 200 additional jobs, potentially creating 1,000 additional jobs over the next eight years if all five facilities are constructed.

Total capital investment for the additional five facilities would be approximately \$640.7 million, including \$94.7 million for the buildings and building modifications, and \$546 million for new machinery and equipment.

Due to the nature of this project, two REMI analyses were completed for this project. For the initial 200 jobs phase, it is estimated that this facility will generate a total of 563 jobs in the state by the year 2027. Total state government revenues through the year 2027, would be increased by \$22.9 million due to the presence of this facility. When all phases are considered, it is estimated that this facility will generate a total of

3,276 jobs in the state by the year 2027. Total state government revenues through the year 2027, would be increased by \$117.6 million due to the presence of this facility.

In addition to Greenville, United Solar is considering Orangeburg, South Carolina for their growth. The State of South Carolina is aggressively recruiting United Solar and has offered a substantial incentive package to the company in excess of \$100 million. Incentives offered include free land, jobs creation tax credits, investment tax credits, training support, and infrastructure support. In addition, South Carolina has lower building construction and electrical utility costs. Building construction costs are estimated to be about eight percent lower in South Carolina, saving the company an estimated \$1.5 million for each building constructed. Electrical costs are estimated to be nearly 50 percent lower in South Carolina, potentially saving the company \$4.7 million per year.

The State of Michigan will provide the company with an Economic Development Job Training (EDJT) grant of \$500 for each of the first 200 new hires; up to \$100,000. In addition, the Department of Labor and Economic Growth, through the Central Area Michigan Works! Consortium is willing to provide up to \$1.5 million for tuition, books and fees for classroom training or reimbursement of a portion of employee's wages during on-the-job training for eligible workers.

The City of Greenville will support approval of a tax-free Renaissance Zone for 15 years for the site. The Renaissance Zone designation will allow United Solar Ovonic, LLC to receive tax-free status for Single Business Taxes (SBT) and property taxes within the zone. For the initial phase of the project, the zone is expected to provide property tax savings of \$18.9 million and SBT savings of \$1.5 million. When considering all phases of the project, the zone is expected to provide property tax savings of \$98.2 million and SBT savings of \$7.1 million.

The City of Greenville has also proposed a 50 percent PA 198 real and personal property tax abatement for 12 years. For the initial investment, this abatement would mainly apply to the debt mills, which are not exempt under the Renaissance Zone. However, for subsequent investments, this abatement will apply to all mills as the Renaissance Zone begins to phase-out in year 13 and is completed in year 15. The estimated value of this abatement for the initial phase of the project is \$3.6 million. When considering all phases of the project, the estimated value of this abatement is \$21 million.

In addition, the Renaissance Zone Act allows this type of MSF-designated zone to have a payment in lieu of taxes (PILOT) between the community and the company. An agreement between the community and United Solar Ovonic will provide a PILOT equal to 50 percent of the City of Greenville mills. This agreement will allow the community to receive funding while providing an estimated savings of \$8.8 million to United Solar Ovonic.

The State of Michigan will also provide the City of Greenville up to \$30 million from state, local, private and federal resources for needed site development and public infrastructure improvements. For the initial phase of the project, up to \$5 million will be provided for these activities, with additional funds to be made available as additional facilities are added.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 20 years for up to 1,200 net new employees.

Board Discussion

Bo Garcia gave the Executive Committee report. The Executive Committee has recommended approval of the MEGA employment tax credit.

Hearing no further discussion, a motion was made and passed and Resolution 2006-16, authorizing a standard MEGA tax credit for United Solar Ovonic, LLC, was adopted

ACTION ITEM

*Bekaert ECD Solar Systems, LLC
1100 W. Maple Road
Troy, Michigan 48084*

Mark Morante discussed this company's request for an amendment to extend their anniversary date. The MEGA awarded a tax credit to Bekaert ECD Solar Systems, LLC, a joint venture of Bekaert Corporation and Energy Conversion Devices, Inc. The Project was to renovate and equip a manufacturing facility in Auburn Hills, Oakland County, to produce solar electric cells, modules and packaged solar systems. The company and the MEGA entered into a tax credit agreement on October 20, 2000 that described the project and set forth the terms of the tax credit, including a requirement that the company create a minimum of 75 Qualified New Jobs at the Project, maintain its base employment level of 456, and pay a minimum average weekly wage to those employees performing qualified new jobs of \$809, no later than December 31, 2002.

On May 14, 2003, all Bekaert assets in the joint venture were acquired by Energy Conversion Devices. The company was subsequently renamed United Solar Ovonic LLC, while retaining the original EIN of 38-2529885.

Ramp-up of the project was slowed because of use of extensive new technology. The company (now United Solar Ovonic, LLC) has completed the project investment and has hired at least 75 new employees as of December 31, 2003.

Recommendation

Staff recommends extension of the anniversary date to December 31, 2003. As is normal in these types of amendments, the final year of the credit will not be extended and will remain 2016.

Board Discussion

Bo Garcia gave the report from the Executive Committee. The Executive Committee recommended support of the request for anniversary date extension.

Hearing no further discussion, a motion was made and supported, and Resolution 2006-17, authorizing the extension of Bekaert ECD Solar Systems, LLC's anniversary date to December 31, 2003, was adopted.

The meeting was adjourned at 9:30 a.m.

The next meeting of the MEGA board is scheduled for Tuesday, April 18, 2006.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

March 9, 2006

Michigan Economic Growth Authority
300 North Washington Square
Lansing, MI 48913

To Whom It May Concern:

I hereby designate Scott Schrager, to represent the State Treasurer at meetings of the Michigan Economic Growth Authority Board, which I am unable to attend.

Sincerely,

A handwritten signature in cursive script that reads "Julie Croll".

Julie Croll,
Chief Deputy Treasurer



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

KIRK T. STEUDLE
DIRECTOR

March 10, 2006

Ms. Karen Ammarman
Michigan Economic Growth Authority Board
Michigan Economic Development Corporation
300 North Washington Square
Lansing, Michigan 48913

Dear Ms. Ammarman:

As of March 3, 2006, I am appointing Jacqueline G. Shinn, Acting Chief Deputy Director, to attend and act on my behalf at the Michigan Economic Growth Authority Board meetings as an alternate representative.

In the case when Ms. Shinn is unable to attend a particular board meeting due to scheduling conflicts. I am appointing Michael Kapp, Acting Administrator, Transportation Economic Development and Enhancement, as my alternate representative to attend and act on my behalf.

If you have any question regarding these appointments, please call me at 373-0718.

Sincerely,

A handwritten signature in black ink, appearing to read "Kirk T. Steudle".

Kirk T. Steudle, P.E.
Director