



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

Date: February 25, 2010
To: Michigan Economic Growth Authority
From: Amy Deprez, Manager
Packaging Team
Joshua Hundt, Project Specialist
Packaging Team
Subject: Briefing Memo - ALTe, LLC
High-Technology MEGA Credit

COMPANY NAME
ALTe, LLC
1408 Kirkway Road
Bloomfield, Michigan 48302

HISTORY OF COMPANY
ALTe, LLC (ALTe) is an automotive supplier engaged in the engineering, assembly, and integration of complete series plug in electric powertrain and pure battery electric vehicle powertrain systems.

The company was founded in 2008 and is initially based on the production of powertrain kits to be used in the retrofit of existing fleet and other high mileage vehicles. The company has secured progressive rounds of private investment, and is in the final stages of diligence for a \$100 million loan through the United States Department of Energy.

ALTe currently has 10 employees in Michigan.

PROJECT DESCRIPTION
ALTe plans to open an assembly factory that will manufacture and install all electric powertrains in existing and new fleet and other high mileage vehicles. The proposed location for this facility is the City of Auburn Hills, Oakland County.

ALTe plans to invest approximately \$51.3 million and create 305 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$1,248. 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.

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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 1,147 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$22.2 million (current dollars) due to the presence of this facility.

BUSINESS CASE

ALTe considered several other states for this manufacturing facility including North Carolina, South Carolina, Illinois, and Ohio. These states offered competing incentive packages with some incentive packages including upfront cash incentives and buildings for as low as \$1. The company also cited lower wages in the other states.

The MEGA Tax Credit and other state and local incentives offered to this project offset the above conditions.

OTHER STATE AND LOCAL ASSISTANCE

The City of Auburn Hills has approved a 4 year property tax abatement under PA 198 of 1974. The projected value of this abatement is \$242,500.

The Michigan Economic Development Corporation has designated ALTe as an eligible business for the Technology Collaboration Credit program.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY

The company is a qualified high-technology business, whose primary business activity is Advanced Vehicles Technology, as defined in the Act.

The company is not qualifying with the 10 percent research and development requirement.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 7 year high-technology employment tax credit at 200 percent for years one through three, followed by a 100 percent for years four through seven for up to 305 net new employees in excess of the company's established base of 10.