



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

300 N. WASHINGTON SQ.  
LANSING, MI 48913

CUSTOMER  
CONTACT CENTER  
517 373 9808

WWW.MICHIGAN.ORG

DATE: September 18, 2007

TO: Michigan Economic Growth Authority

FROM: Mark Morante, Vice President  
Development Finance

Amy Deprez, Project Manager  
Development Finance

SUBJECT: Briefing Memo – Azure Dynamics Corporation of America  
High-Technology MEGA Credit

COMPANY NAME AND ADDRESS:

Azure Dynamics Corporation of America  
350 Bay Street, Suite 400  
Toronto, Ontario M5H 256

HISTORY OF COMPANY:

Azure Dynamics has developed proprietary hybrid vehicle technology for the light to heavy duty commercial vehicle category and has expertise in the areas of vehicle controls software, power electronics, electric machine design, vehicle systems engineering and vehicle integration. Azure's principal business is the supply of hybrid electric vehicle and electric vehicle control and powertrain systems for commercial and military vehicles, a target market that includes urban delivery, postal, courier, taxi and shuttle bus applications.

Azure's growth in operations has been supported by fund raising initiatives that have raised approximately \$100 million in new equity funds (net of costs) over a three year period.

PROJECT DESCRIPTION:

During 2006, Azure concluded arrangements with Ford Motor Company and the StarTrans division of Supreme Corporation that will focus their efforts around core programs for delivery vans and shuttle busses. The company will maintain engineering, sales and service operations in Boston, Vancouver and Toronto, while consolidating headquarters and development operations from several locations into offices in Oak Park.

The company proposes to lease existing space in Oak Park, requiring an initial investment of \$2.3 million, including \$1.5 million in lease costs. Through this consolidation, the company proposes to create up to 125 new positions over the first five years of operations with average weekly wage of \$1,320.

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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 251 jobs in the state by the year 2014. Total state government revenues through the year 2014, net of MEGA costs and adjusted for inflation, would be increased by \$4.5 million (2007 dollars) due to the presence of this facility.

**BUSINESS CASE:**

The company has identified a facility in Oak Park, Michigan for this expansion but is also considering locations in Pennsylvania, Ohio, Illinois, and Ontario. Pennsylvania has offered a comprehensive package that proposes grant funding of up to \$1 million through the Pennsylvania Energy Development Authority (PEDA), a \$1,000 per job tax credit, the Opportunity Grant Program which provides direct grants to new businesses that establish a national or regional headquarters in Pennsylvania, the Guaranteed Free Training Program, and a saleable Research and Development Tax Credit.

**OTHER STATE AND LOCAL ASSISTANCE:**

The City of Oak Park has proposed an eleven year personal property tax abatement under PA198 of 1974. This abatement has an estimated value of \$55,400.

**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.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for seven years, for up to 125 net new employees.