

**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

**MEMORANDUM**

00 N. WASHINGTON SQ.  
ANSING, MI 48913

CUSTOMER  
CONTACT CENTER  
17 373 9808

WWW.MICHIGAN.ORG

**DATE:** February 13, 2007

**TO:** Michigan Economic Growth Authority

**FROM:** James Donaldson, Vice President  
Michigan Business Development

**SUBJECT:** Briefing Memo – FEV Engine Technology, Inc.  
High-Technology MEGA Credit

**COMPANY NAME AND ADDRESS:**

FEV Engine Technology, Inc.  
4554 Glenmeade Lane  
Auburn Hills, MI 48326

**HISTORY OF COMPANY:**

FEV Engine Technology, Inc. ("FEV") a California corporation, was formed in 1985 and moved its headquarters to Auburn Hills in 1988. FEV is a recognized leader in the design and development of internal combustion engines and supplier of advanced test and instrumentation systems. FEV offers a complete range of engineering services, including the design, prototyping and development of advanced gasoline, diesel and alternative propulsion systems. In addition, FEV provides engine integration and vehicle calibration services.

FEV employs 227 employees at their Auburn Hills facility and has annual U.S. revenues of about \$46 million. Approximately 65% of revenues are from commercial customers and 35% from government agencies.

**PROJECT DESCRIPTION:**

FEV is very active in hybrid, fuel cells, alternative fuels and other new technologies and requires additional space to accommodate the growth of their business and support high technology engine and powertrain development.

The company expects to invest approximately \$4.3 million to lease and equip a 50,000 square foot built-to-suit building adjacent to their existing operations. The company anticipates the creation of up to 180 new jobs over the next five years, with an average weekly wage of \$1,125.

**EXECUTIVE COMMITTEE**

MATTHEW P. CULLEN  
Chair  
General Motors

HILIP H. POWER  
Vice-Chair  
HCN, Inc.

AMES C. EPOLITO  
President & CEO

RICHARD E. BLOUSE JR., CCE  
Detroit Regional Chamber

JOHN W. BROWN  
Stryker Corporation

DR. DAVID E. COLE  
Center for  
Automotive Research

JOANN CRARY  
Saginaw Future Inc.

DR. HAIFA FAKHOURI  
Arab American and  
Chaldean Council

STEVEN K. HAMP  
Ann Arbor

HAYDEN H. HARRIS  
EDF Ventures

PAUL HILLEGONDS  
DTE Energy Company

GEORGE JACKSON JR.  
Detroit Economic Growth  
Corporation

MICHAEL J. JANDERNOA  
Bridge Street Capital  
Partners, LLC.

ROBERT B. JONES  
City of Kalamazoo

BIRGIT M. KLOHS  
The Right Place, Inc.

THOMAS LEWAND  
Bodman LLP

DR. IRVIN D. REID  
Wayne State University

MICHAEL B. STAEBLER  
Pepper Hamilton LLP

ROBERT W. SWANSON  
Michigan Department of Labor  
& Economic Growth

DENNIS R. TOFFOLO  
Oakland County

PETER S. WALTERS  
Guardian Industries Corp.

Briefing Memo  
FEV Engine Technology, Inc.  
February 13, 2007  
Page Two

**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 178 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 \$2.3 million (2007 dollars) due to the presence of this facility.

**BUSINESS CASE:**

FEV is being strongly courted by Clemson University to build a facility at the Clemson University International Center for Automotive Research (ICAR). The company has several major customers in South Carolina, and FEV feels compelled to establish a presence in that area. The company is deciding how large their presence in South Carolina will be. FEV anticipates that they will establish a small satellite facility at ICAR, but would also like to maximize their presence in Michigan. Costs in South Carolina are considerably lower than in southeast Michigan, so incentives to reduce the comparative cost of the expansion are required.

**OTHER STATE AND LOCAL ASSISTANCE:**

The City of Auburn Hills has approved a twelve year real and personal property tax abatement under PA198. This abatement is valued at \$238,000.

**QUALIFYING HIGH TECHNOLOGY ACTIVITY:**

The company is a qualified high-technology business, whose primary business activity is advanced vehicle technology, as defined in the Act.

**RECOMMENDATION:**

The Michigan Economic Development Corporation recommends a 50 percent high-technology employment tax credit for 7 years, for up to 180 net new employees.