



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: July 15, 2008
TO: Michigan Economic Growth Authority
FROM: Val Hoag, Director
Portfolio Management & Packaging *WH*
Stephen Haakenson, Project Manager
Portfolio Management & Packaging
SUBJECT: Briefing Memo – Gibbs Technologies, Inc.
High-Technology MEGA Credit

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COMPANY NAME:

Gibbs Technologies, Inc.
45355 Helm Street, Suite A
Plymouth, Michigan 48170

HISTORY OF COMPANY:

Gibbs Technologies was founded by Alan Gibbs in 1996 to develop the technology for high-speed amphibian (HSA) vehicles. Soon after, Neil Jenkins, a leading automotive / aerospace engineer with specialized expertise in lightweight vehicle technology, joined Gibbs as an investor and shareholder, merging his own company, Krafthaus, into Gibbs Technologies in 1999. Over the past decade, Gibbs Technologies has invested more than \$100 million in research and development in HSA technology, at research locations in England, New Zealand and the USA.

Gibbs Technologies, Inc., a Delaware corporation, was organized in 2007 for the purpose of conducting further product development, planning the commercialization and distribution of HSA vehicles for the US market, and serving as a USA quarters.

Currently the company has 5 associates in Michigan.

PROJECT DESCRIPTION:

Gibbs Technologies is considering locating a planning and research & development facility, related to the high speed amphibian vehicles, in Auburn Hills. They have identified an existing building which they plan to lease for this operation and will invest over \$13.4 million in lease costs, leasehold improvements, computers and IT, and machinery and equipment. Over the next five years the company plans to hire an additional 250 employees, paying an average weekly wage of \$1,545. The company will also offer health care benefits and pay a portion of the benefit costs.

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 521 jobs in the state by the year 2018. Total state government revenues through the year 2018, net of MEGA costs and adjusted for inflation, would be increased by \$12.2 million (2008 dollars) due to the presence of this facility.

BUSINESS CASE:

Alternatively, the company is considering other locations in Huntsville, Alabama, because of its proximity to a major research university, automotive supplier and design consultant base, and year-round water access.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Auburn Hills supports this expansion and has approved a property tax abatement for a period of eight years under PA198 of 1974. The abatement was approved June 16, 2008 and is valued at \$575,000.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY:

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

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 10 years, for up to 250 net new employees, provided the following:

- By the end of the seventh year the company creates a minimum of 250 jobs over the statewide base of 5 or the remaining three years of the credit will be forfeited.