



ORIGINAL

MEMORANDUM

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DATE: April 17, 2007
TO: Michigan Economic Growth Authority
FROM: Jim Donaldson, Vice President
Business Development
SUBJECT: Briefing Memo – Microposite, Inc.
High Technology Credit

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COMPANY NAME AND ADDRESS:

Microposite, Inc.
40000 Grand River Avenue, Suite 103
Novi, Michigan 48735-2121

HISTORY OF COMPANY:

Microposite, Inc.'s ("Microposite") predecessor entity, Moldite, Inc. was founded by two inventors in 1997. In 1998, the composite material upon which Microposite's products are based was discovered and later patented. In 2006 the company was recapitalized into Microposite, Inc. with assistance from two venture capital firms—Nth Power and DFJ Element.

Microposite develops and manufactures advanced composite materials. Several applications have been investigated for commercialization, with the company focusing on a next generation residential siding product with significant "green" advantages. In addition to manufacturing this new siding product, Microposite continues its research and development efforts focused on resins and core substances for other building product applications and in the oil exploration/transmission industry.

PROJECT DESCRIPTION:

Microposite is proposing to relocate its current headquarters operation from Novi, Michigan and expand into an existing facility in Auburn Hills. This new facility will house all aspects of the company, including manufacturing. The anticipated capital investment for this project is approximately \$7 million.

Over a five-year period, Microposite would add up to 62 new jobs with an average weekly wage of \$986.

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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 create a total of 101 jobs in the state by the year 2011. It is also estimated that the project would create total state government revenues through the year 2011, net of MEGA cost and adjusted for inflation, of \$1 million (2007 dollars) due to the location of this facility.

BUSINESS CASE:

The company is considering relocating their operation to Auburn Hills, Michigan, or Meridian, Mississippi. When comparing the Michigan and Mississippi locations, the company estimates that wage rates and transportation costs in Mississippi are significantly lower. Lower wage and benefits costs in Mississippi could save the company up to \$750,000 per year. Because the raw materials will be shipped from the South, lower transportation costs for the Mississippi location could save the company up to \$300,000 per year.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Auburn Hills has proposed a 50 percent abatement of the company's taxes on new personal for 3 years. The estimated value of the local property tax abatement is approximately \$129,000. The City of Auburn Hills is prepared to place this abatement on the April 16, 2007, City Council agenda for approval.

QUALIFYING HIGH TECHNOLOGY ACTIVITY:

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

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent high technology employment tax credit for 5 years, for up to 62 net new employees.