

MEMORANDUM

Date: March 16, 2010

To: Michigan Economic Growth Authority

From: Amy Deprez, Manager
Packaging Team

Stacy Bowerman, Project Specialist
Packaging Team

Subject: Briefing Memo – Oasis Advanced Engineering, Inc.
High-Technology MEGA Credit

COMPANY NAME

Oasis Advanced Engineering, Inc.
3200 Cross Creek Parkway
Auburn Hills, Michigan 48236

HISTORY OF COMPANY

Oasis Advanced Engineering, Inc. (“Oasis”) was founded in Michigan in 1993. The company’s primary focus was software development for ground combat vehicle training devices. Since then, Oasis has expanded to include the development of software for nuclear power plants as well as the development of training software for Abrams Tanks and Bradley Infantry Fighting Vehicles. In addition to software development, the company has developed, and continues to produce, simulated military vehicle displays for use in ground combat vehicle training devices. Oasis is also in the engineering development phase of switchable vision blocks for use in ground combat vehicles.

Oasis currently has 27 employees in Michigan.

PROJECT DESCRIPTION

Oasis was recently awarded a contract for mobile, institutional and classroom gunnery trainers for the Bradley-SA vehicle, which involves the design and production of over 100 trainers for use at Army and National Guard bases throughout the United States. The company will need to expand its current operations in order to meet the requirements of the contract. The company is considering its existing facility located in Auburn Hills, Michigan for this expansion.

Oasis anticipates the investment of approximately \$7.5 million and the creation of 100 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$1,220. 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.

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 204 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$4 million (current dollars) due to the presence of this facility.

BUSINESS CASE

Oasis is also considering Orlando, Florida for this project. The company indicated that the majority of its competitors' research and development and production facilities are located in the Orlando Research Park, which is also where the Army and Navy's acquisition centers for training devices are located. The Army's research and development center for simulation and training is also in Orlando. In order to stay competitive, Oasis must provide superior products at significantly lower costs. The MEGA tax credit will help Oasis to reduce costs allowing them to compete with companies in the Orlando area.

OTHER STATE AND LOCAL ASSISTANCE

The City of Auburn Hills is supportive of this project and anticipates approval of a property tax abatement under PA 198 within 90 days of the board meeting. The estimated value is not known at this time. The community will also work to expedite permitting through its Community Development Department.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY

The company is a qualified high-technology business, whose primary business activity is Product Research and Development, as defined in the Act.

The company has certified that at least 10 percent of its total operating expenses are related to research and development.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 75 percent high-technology employment tax credit for seven years for up to 100 net new employees in excess of the company's established base of 27.