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MEMORANDUM

Date: October 26, 2010
To: Michigan Economic Growth Authority
From: Joe Quick, Project Specialist
Packaging Team
Subject: Briefing Memo -- P3 North America, Inc.
High Technology MEGA Credit

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COMPANY NAME

P3 North America, Inc.
23647 Woodward Avenue, Suite 1
Pleasant Ridge, Michigan 48069

HISTORY OF COMPANY

P3 Group, founded in 1996, currently consists of over 1,200 employees world-wide. Most of these employees are engineers, providing high tech engineering and consulting services internationally. P3 North America, Inc. is the North American subsidiary of P3 Group, and was founded in 2005 as a result of a hybrid technology optimization and consulting project in Troy, Michigan. Since 2005, P3 North America has diversified into several high tech industries. The company currently provides professional management services and engineering solutions in the automotive and aviation industries. Additionally, the company works closely with the Canadian P3 Group and its sister company in New Jersey, P3 Communications.

P3 North America's focus has been in the development and management of alternative power-trains, batteries, hybrids, fuel cells and electric vehicles. In 2008, for the purposes furthering their international growth strategy, P3 added infotainment testing and system validation to their scope of services. In 2010, P3 began diversifying into the aviation industry.

The company currently has 44 full-time employees in Michigan.

PROJECT DESCRIPTION

P3 North America, Inc. plans to expand in the areas of product development and services for electronic device technology, and product laboratory testing of advanced vehicle electronic devices. The devices will include a variety of advanced vehicle control systems in the area of vehicle propulsion technology, including hybrid, plug-in hybrid, batteries, electronic vehicles and fuel cell. The company plans to lease additional space at a facility in the City of Troy, Oakland County and invest in building improvements, machinery and equipment, and computers to address their expansion goals.

The company plans to invest approximately \$332,000 and create 65 jobs over the next five years, with 11 jobs projected in year one, as a result of this project. The average weekly wage for the newly created jobs is anticipated to be \$1,255. 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 129 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs, would be increased by \$1,346, 042 (current dollars) due to the presence of this facility.

BUSINESS CASE

Adding this expansion to P3 Group's New Jersey location is being strongly encouraged by the German parent company. The New Jersey facility has space available to house this project, and the company could save substantially on shared operating expenses if the project was located in New Jersey. Additionally, the company cites a high-potential talent pool with the core competencies needed in wireless and system technologies readily available along the east coast. P3 Group is an international company with frequent international travel needs. New Jersey's Newark and New York's JFK airports provide more direct international flight access.

OTHER STATE AND LOCAL ASSISTANCE

The City of Troy has proposed a P.A. 198 tax abatement on personal property for up to three years. The estimated value of this abatement is not known at this time

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.

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 5 years for up to 65 net new employees in excess of the company's established base of 44.