

## MEMORANDUM

**Date:** February 15, 2011

**To:** Michigan Economic Growth Authority

**From:** Robert Wilson, Project Specialist  
Packaging Team

**Subject:** Briefing Memo – Patriot Solar Group LLC  
Standard MEGA Credit

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### COMPANY NAME

Patriot Solar Group LLC  
1007 Industrial Avenue  
Albion, Michigan 49224

### HISTORY OF COMPANY

Patriot Solar Group LLC (Patriot) was created in 2009 when COBHAM Satcom (COBHAM) decided to divest themselves of their solar division.

The concept for a solar business model was formulated by executive management at Patriot Antenna Systems, Inc. in the spring of 2007 as a complementary business division of Patriot Antenna Systems. Patriot Antenna Systems is a company started by Jeff Mathie in June of 1993 under the name Satellite Export & Engineering Inc. In September of 2007, Patriot Antenna Systems (including the solar division) was targeted and acquired by COBHAM; a UK based airspace and telecommunications corporation.

In October of 2009 COBHAM decided to divest themselves of the solar division. Mr. Mathie acquired the name and assets of the solar division and formed this new company – Patriot Solar Group LLC in December 2009. In the fall of 2010, COBHAM, closed the Albion facility.

The company currently has 10 employees in Michigan.

### PROJECT DESCRIPTION

Patriot will open a solar mounts, solar systems, and antenna mount manufacturing facility in Sheridan Township. The company will purchase the COBHAM's closed facility, machinery and equipment, tooling, office equipment, furniture, and fixtures. The purchase of these assets will allow Patriot to offer fixed mounts, single axis tracking mounts, dual axis tracking mounts, complete solar systems, and solar accessories. Not only will this project provide the production facility that Patriot needs, but it will also provide them with most of the equipment necessary to produce its products. Additionally, the new

facility will add an additional revenue stream of some turnkey antenna products and the possibility of an OEM manufacturing relationship with COBHAM in the future.

The company plans to invest approximately \$3,954,000 and create 193 jobs over the next five years, with 68 jobs projected in year 1, as a result of this project. The average weekly wage for the newly created jobs is anticipated to be \$701. 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 343 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs, would be increased by \$3,100,000 (current dollars) due to the presence of this facility.

#### **BUSINESS CASE**

Patriot evaluated the proposed investment relative to sites in Nevada and Canada where they identified a cost gap and competitive disadvantage that includes higher transportation costs for finished products, higher corporate tax rates and missed opportunities related to feed in tariffs currently available in Canada. The MEGA tax credit will help in part to offset the disadvantages associated with a Sheridan Township, Michigan location.

#### **OTHER STATE AND LOCAL ASSISTANCE**

Sheridan Township is supportive of this project and anticipates approval of an extension of tax abatement under PA 328 of 1998 currently on the property. The estimated value of this incentive is not known at this time.

#### **RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for 5 years for up to 193 net new employees in excess of the company's established base of 10. The company must create and maintain at least 90 Qualified New Jobs above the statewide employment base by the end of year 3 of the credit. Failure to do so will result in the forfeiture of remaining years.