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MEMORANDUM

Date: December 14, 2010
To: Michigan Economic Growth Authority
From: Robert Wilson, Project Specialist
Packaging Team
Subject: Briefing Memo – Plasan Carbon Composites, Inc.
High Technology MEGA Credit

COMPANY NAME

Plasan Carbon Composites, Inc.
139 Shields Drive
Bennington, Vermont 05201

HISTORY OF COMPANY

Plasan Carbon Composites, Inc. is a manufacturer of carbon composite automotive Class A components currently located in Bennington, VT. It was established in 2006 when their parent company, Plasan Sasa, purchased the automotive division from Vermont Composites. The company began operating under the name Plasan USA, Inc. and manufactured both automotive and armor components. In 2008, the automotive and armor divisions were separated and the automotive division became Plasan Carbon Composites, Inc.

Plasan Carbon Composites, Inc. currently manufactures carbon composite automotive components such as hoods, roofs and fenders for low volume, niche vehicles. It has current business with both General Motors and Chrysler and is developing relationships with other OEMs.

The company currently has five (5) employees in Michigan.

PROJECT DESCRIPTION

Plasan Carbon Composites, Inc. plans to open a Customer and Technical Development Center in Wixom, Michigan. The company will relocate its research and development center that is currently located in Bennington, Vermont. The facility will house several functions including Research and Development, Product Development Engineering, Applications Engineering, Program Management, Business Development and Sales.

The proximity of this location to key customers will allow a more integrated development approach which should also shorten the development and implementation timelines.

The company plans to invest approximately \$3.2 million and create 36 jobs over the next five years, with 25 jobs projected in year one (1), as a result of this project. The average weekly wage for the newly created jobs is anticipated to be \$1,657. 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 78 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs, would be increased by \$1,271,993 (current dollars) due to the presence of this facility.

BUSINESS CASE

Plasan Carbon Composites, Inc. evaluated the proposed investment relative to a site in Blount County, Tennessee. The site in Tennessee's close proximity to Oak Ridge National Laboratory, who heavily invests in carbon fiber research and who the company has a strong partnership with, would create an advantage for the company. The MEGA tax credit will help in part to overcome the advantages associated with a Blount County, Tennessee location.

OTHER STATE AND LOCAL ASSISTANCE

The city of Wixom is supportive of this project and plans to consider property tax abatement through P.A. 328 of 1998. The 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 Automotive, Manufacturing, and Materials Technology, as defined in the Act.

The company is not qualifying with the 10 percent research and development requirement.

RECOMMENDATION

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent High Technology employment tax credit for seven (7) years for up to 36 net new employees in excess of the company's established base of five (5).