



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

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MEMORANDUM

Date: June 15, 2010

To: Michigan Economic Growth Authority

From: Valerie Hoag, Director
Packaging Team

Josh Hundt, Project Specialist
Packaging Team

Subject: Briefing Memo – SPX Corporation
High Technology MEGA Credit

COMPANY NAME

SPX Corporation
28635 Mound Road
Warren, Michigan 48092

HISTORY OF COMPANY

SPX started in 1911 to supply parts to the growing automotive industry. Through a series of acquisitions and an increased focus on specific end markets, the company has grown into a Fortune 500 company. SPX develops and markets technologies, tools and components that help generate many forms of power, including geothermal, solar, wind, coal-fired, oil- and gas-fueled and others. They also develop products and processes integral to the manufacturing of food, beverages and pharmaceuticals, as well as producing, storing and transporting oil and gas and other resources, equipment and components that help power processes and transport people and products.

SPX Corporation currently has 492 employees in Michigan.

PROJECT DESCRIPTION

SPX Service Solutions, a business unit of SPX Corporation, is forming a dedicated team to provide turnkey deployment support for Electric Vehicle Supply Equipment (EVSE) and other Electric Vehicle (EV) support solutions in partnership with the SPX's global automotive customer base as they launch Plug-in EV's (such as the Chevrolet Volt) into the market place. SPX will utilize its capabilities in product development, manufacturing, distribution, installation, training and customer service, to provide EVSE solutions for vehicle manufacturers and their customers. SPX Corporation anticipates this effort will be the start of the larger goal to manufacture the products in the future. They expect this project team would be initiated in third quarter of 2010 to support the deployment needs of Original Equipment Manufacturers.

SPX Corporation will invest approximately \$402,000 and create up to 34 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$1,211. 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 70 jobs in the state by the year 2015. Total state government revenues through the year 2015, net of MEGA costs, would be increased by \$898,328 (current dollars) due to the presence of this facility.

BUSINESS CASE

According to their application, SPX Corporation evaluated the proposed investment relative to sites in Exton, PA, Nashville, TN, and Foundation Valley, CA. The company identified Foundation Valley, CA as the most likely alternative due to its proximity to key Original Equipment Manufacturer customers, existing electric vehicle talent, and the focus of California on becoming a center of advanced transportation technology.

OTHER STATE AND LOCAL ASSISTANCE

The City of Warren is supportive of this project and plans to support it with a property tax abatement. Staff estimates the value of this abatement to be \$10,000.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY

The company is a qualified high-technology business, whose primary business activity is Advanced Vehicle Technology, as defined in the Act.

The company will not qualify under the 10% research and development requirement.

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 34 net new employees in excess of the company's established base of 493.