

# MEMORANDUM

**Date:** November 17, 2009

**To:** Michigan Economic Growth Authority

**From:** Amy Deprez, Manager  
Packaging Team

Joshua Hundt, Project Specialist  
Packaging Team

**Subject:** Briefing Memo – Toda America, Incorporated  
High-Technology MEGA Credit

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## COMPANY NAME

Toda America, Incorporated  
1920 N. Thoreau Drive  
Suite 110  
Schaumburg, IL 60173

## HISTORY OF COMPANY

Toda America, Inc. (Toda) is a subsidiary of Toda Kogyo Corporation (Toda Kogyo). Toda Kogyo was founded in 1823 and is the world's leading manufacturer of iron oxide and mixed metal oxide particles. Toda Kogyo's mixed metal oxide materials are the core ingredients for cathodes used in rechargeable lithium-ion (Li-ion) batteries.

As the current supplier to the leading Li-ion battery manufacturers worldwide, Toda is poised to play an integral role in the rapid and successful development of the U.S.-based Li-ion battery manufacturing industry. Toda is planning to establish significant U.S. based manufacturing and research and development in collaboration with diverse stakeholders, including industry, university, and government entities, in order to become a strong and support strategic supply partner to the U.S. battery industry. Currently, Toda is the only cathode material supplier capable of producing large quantities of material while maintaining high quality and low cost. Further, there are no other Michigan businesses known in the same industry.

Toda America currently does not have any employees in Michigan.

## PROJECT DESCRIPTION

Toda is entering the U.S. market at the urging of its customers, which want a more integrated U.S. based supply chain. Toda anticipates an investment of approximately \$70.1 million to establish its first U.S. plant in Battle Creek, Michigan. This facility will develop and produce oxide materials for manufacturers such as Johnson Controls-Saft, EnerDel, and Altairnano. To support this effort, the United States Department of Energy has awarded Toda a \$35 million grant toward the construction of a new high volume advanced battery manufacturing facility in the U.S. Phases one and two of this project will each contain two production lines, for a total of four lines. Phase one will have a capacity of 1,800 tons per year determined by two continuous flow kilns, each with a capacity of 900 tons per year.

Phase two will involve the installation of two kilns with a total capacity of 2,000 tons per year. Toda expects that 100 percent of this output will be consumed by Toda's current U.S. battery original equipment manufacturers (OEM) customers.

When completed in 2012, Toda's production facility is expected to employ 57 people at an average weekly wage of \$893. The company also offers healthcare benefits, and plans to pay a portion of the benefit cost.

#### **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 148 jobs in the state by the year 2021. Total state government revenues through the year 2021, net of MEGA costs, would be increased by \$7.73 million (current dollars) due to the presence of this facility.

#### **BUSINESS CASE**

The primary competition for this project is a chemical industrial park located in Goose Creek, South Carolina. South Carolina is well suited for a project such as this because of competitive operating cost factors and coastal seaport access.

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

The City of Battle Creek is supportive of this project and anticipates approval of a real and personal property tax abatement under Public Act 198 of 1974 for 12 years and a cash grant of approximately \$5.5 million for infrastructure and site development.

In addition, the MEDC will recommend support for the following potential incentives: a 12.5% brownfield MBT, a MEDC closing fund grant in the amount of \$2 million, Federal Contracting Michigan Business Tax Credit (aka Defense MBT), and a \$53,000 training grant from the Department of Energy, Labor and Economic Growth.

#### **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% 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 100 percent high-technology employment tax credit for 12 years for up to 57 net new employees in excess of the company's established base of zero.

**Toda America, Incorporated**  
**Summary Estimates**  
(All monetary estimates in current dollars)

<b>TOTAL JOBS CREATED (as of 2021)</b>	148
Direct	57
Spin-off (includes Indirect Jobs)	91
<b>NET POSITIVE STATE REVENUE IMPACT</b>	\$7,738,452
Revenue foregone	\$1,629,548
Revenue gain	\$9,368,000
Personal income generated over life of MEGA agreement	\$121,670,000
Statewide employment multiplier (average, 2013–21)	2.40
Average Weekly Wage of Direct Jobs (as reported by the company at time of application)	\$897