



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: October 14, 2008
TO: Michigan Economic Growth Authority
FROM: Val Hoag, Director *JJD*
Portfolio Management & Packaging

Jeffery Mason
Senior Vice President & Chief Business Development Officer

SUBJECT: Briefing Memo – United Solar Ovonic, LLC
Standard MEGA Credit

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COMPANY NAME:

United Solar Ovonic, LLC
3800 Lapeer Road
Auburn Hills, MI 48326

HISTORY OF COMPANY:

United Solar Ovonic LLC ("United Solar") is the world leader in thin-film photovoltaics (PV). The Company has developed proprietary technology to reduce the material costs in a solar cell. They have pioneered the development of, and hold the fundamental patents on, a unique approach utilizing a proprietary continuous roll-to-roll solar cell deposition process. The products manufactured by United Solar are marketed under the brand name UNI-SOLAR®. United Solar Ovonic LLC is owned 100% by Energy Conversion Devices, Inc.

United Solar currently has 870 full-time employees in Michigan.

PROJECT DESCRIPTION:

The company proposed the establishment of two new manufacturing facilities that utilize their proprietary technology in Battle Creek's Fort Custer Industrial Park. This investment will add approximately 240 MW of manufacturing capacity, and require a capital investment of approximately \$440 million in real and personal property. The project is expected to create 700 new jobs earning an average weekly wage of \$540. The company will also offer healthcare benefits, and pay a portion of those healthcare costs.

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 3,762 jobs in the state by the year 2029. Total state government revenues through the year 2029, net of MEGA costs and adjusted for inflation, would be increased by \$267 million (2008 dollars) due to the presence of this expansion.

BUSINESS CASE:

Alternatively, the company is considering a site in Pembroke, New York. The company has estimated an operating cost advantage of \$28 million per year in New York, in addition to a generous incentive package offered by the state and local governments.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Battle Creek supports this project and has proposed approval of a 15 year Renaissance Zone, a 12-year property tax abatement under PA 198, and will provide up to \$2.6 million as a match of up to 30 percent of the state's CDBG funds.

As mentioned above, a 15-year Renaissance Zone is proposed for the site, and \$10 million in CDBG funds will be provided in support of the company's project needs.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation Recommends a 100 percent standard employment tax credit for twenty years, for up to 700 net new jobs in excess of the company's projected statewide employment of 1,352.