



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

1000 N. WASHINGTON SQ.
ANN ARBOR, MI 48103

CUSTOMER
CONTACT CENTER
313 373 9808

WWW.MICHIGAN.ORG

DATE: May 17, 2005
TO: Michigan Economic Growth Authority
FROM: Jim Donaldson, Vice President
Business Development
SUBJECT: Briefing Memo – United Solar Ovonic, LLC
Standard MEGA Credit

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COMPANY NAME AND ADDRESS:

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


HISTORY OF COMPANY:

United Solar Ovonic, LLC is the world leader in thin-film photovoltaics (PV). PV systems provide a clean and simple solid-state method for direct conversion of sunlight into electrical energy. United Solar products are marketed under the brand name UNI-SOLAR® and include a complete line of flexible solar power panels, and a new line of roofing tile products. The company is currently owned by Energy Conversion Devices and United Solar Ovonic Corp and currently has 178 employees in Auburn Hills and Troy.

PROJECT DESCRIPTION:

United Solar has gained market share in the growing market of photovoltaic energy systems and it needs to establish a new production facility for photovoltaic cells in order to meet future growth demands. The company is considering a stand alone site in Auburn Hills or a site in Salem Township, Ohio for this new facility. If Auburn Hills is selected, the company would lease a newly constructed 160,000 square foot facility. The project would lead to the creation of 230 new jobs, paying an average starting weekly wage of \$560.

Total capital investment for the project would be approximately \$80.2 million, including \$12.2 million for capitalized lease costs and \$68.0 million for new machinery and equipment, office furniture and computers.



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BENEFIT TO STATE:

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, we estimate this facility will generate a total of 625 jobs in the state by the year 2026. Total state government revenues through the year 2026, net of MEGA costs and adjusted for inflation, would be increased by \$41.8 million (2005 dollars) due to the presence of this facility.

BUT FOR:

In addition to Auburn Hills, United Solar is also considering a new location in Salem Township, Ohio for this project. The State of Ohio is aggressively recruiting this company and has offered a substantial incentive package to the company. Incentives offered include jobs creation tax credits, research and development investment tax credits, machinery and equipment investment tax credits, real and personal property tax abatements, training, cash grants and low-interest loans from the state and port authority. In total, this package could provide up to \$25 million of incentives.

OTHER STATE AND LOCAL ASSISTANCE:

The state of Michigan will provide the company with an Economic Development Job Training (EDJT) grant of \$500 for each of the first 200 new hires, up to \$100,000. In addition, the state will support the transfer of a \$1 million brownfield SBT credit to United Solar if they locate on a specific eligible parcel in Auburn Hills.

The City of Auburn Hills has proposed a 50 percent PA 198 real property tax abatement for one year. The estimated cost of this abatement is \$109,100.

In addition, the City of Auburn Hills is willing to support Next Energy personal property tax exemptions of 100 percent for investments made in 2005 and 2006. The estimated value of this exemption support is \$6.9 million over the next eight years, including \$902,100 in State Education Tax exemption.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 20 years and a 100 percent business activity credit for nine years, for up to 230 net new employees.