

## MEMORANDUM

**Date:** July 23, 2010

**To:** Robert J. Kleine  
Chairperson, Michigan Economic Growth Authority

**From:** Marcia Gebarowski, MEDC  
Amy Deprez, MEDC

**Subject:** Small Brownfield MBT Credit Approval  
Wacker Chemical Corporation  
Wacker Chemical Corporation Expansion Project  
Raisin Charter Township, County of Lenawee

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### APPLICANT

Wacker Chemical Corporation  
3301 Sutton Road  
Adrian, Michigan 49221

**Contact:** Craig Fitzpatrick, Chief Financial Officer

Project Eligible Investment:	\$10,000,000
Requested Credit Amount:	\$1,250,000
Requested Credit Percentage:	12.5%

### PROJECT DESCRIPTION

This project will expand the North American headquarters facility of Wacker Chemical Corporation (WCC) located in Raisin Township. WCC will be closing a facility in Duncan, South Carolina and consolidating those manufacturing operations into the WCC facility in Raisin Township. The project site is on approximately 240 acres of property located at 3301 Sutton Road in Raisin Charter Township. This consolidation project will include a large investment in new automated machinery and equipment. However, as part of the larger project, other eligible investments, such as site improvements, new construction and building renovation were already completed with the approval of a retention MEGA credit.

The Duncan facility produced fluids exclusively; therefore, consolidating to Michigan will create a broader range of product lines and make the Michigan site more

**ADDITIONAL CRITERIA**

- a) **Supports Cool Cities/Downtowns/Existing Manufacturing:**  
Not Applicable
  
- b) **Need for Incentive:**  
WCC needs the Brownfield MBT credit to make the financial case to the parent company, Wacker Chemie AG, in Germany that it is economically feasible to make such a large investment to upgrade the Michigan facility to accommodate the expanded operations from the Duncan consolidation.
  
- c) **Improvement of Brownfield Conditions:**  
WCC signed a corrective action consent order in 2005, significant investigations and actions have been conducted through 2008. The company continues to operate the AS/SVE unit and conducts groundwater sampling and monitoring with progress reports filed quarterly.
  
- d) **National or Global Competition:**  
Wacker Chemie AG has manufacturing plants across the world, including two in China and one in Germany that currently have the automated manufacturing machinery and equipment and have capacity to take the additional volume of the Duncan, South Carolina facility.
  
- e) **Responsible Party Benefiting:**  
Wacker Chemical Corporation is the responsible party benefiting from this credit.

**ELIGIBLE INVESTMENT BREAKDOWN**

Addition of Machinery & Equipment	\$ 10,000,000
<b>TOTAL</b>	<b>\$ 10,000,000</b>

**RECOMMENDATION**

The MEDC recommends approval of a 12.5% Brownfield MBT Credit, not to exceed \$1,250,000. However, at the time a Certificate of Completion for the project is requested to receive the Credit, the applicant shall: certify that it has 156 qualified retained jobs identified in the MEGA credit agreement.

competitive in the market place. If the consolidation did not occur at the project site, the small batch fluid production that currently exists will be jeopardized due to inefficient manufacturing processes and low utilization.

Approximately 13 permanent full-time jobs are anticipated to be created and 156 jobs retained by the manufacturing portion of the project at an average hourly wage of \$26.38. The total capital investment will be approximately \$23.7 million while the total eligible investment will be approximately \$10 million.

#### **QUALIFYING CRITERIA**

The project is located within the boundaries of the Raisin Charter Township, which is not a Qualified Local Governmental Unit, and has been deemed a facility as verified by Michigan Department of Natural Resources and Environment (DNRE). The property is the subject of a Brownfield Plan, duly approved by the County of Lenawee on April 14, 2010 and concurred with by Raisin Charter Township on April 12, 2010.

#### **KEY STATUTORY CRITERIA**

**a) Benefit to the Public:**

The project site does not currently have the more modern automated production lines to accommodate the Duncan consolidation, where the more modern WCC facilities in Germany and China do. If the Duncan consolidation were to be moved to a different facility, the entire fluids division in Michigan will be in jeopardy due to the lack of economies of scale to compete with other WCC locations and market competitors. The upgrade in automated production lines ensures that the fluids production division remains in Michigan, retaining 156 jobs.

**b) Jobs Created:**

The company expects to create up to 13 new jobs paying approximately \$26.38 per hour. This project will also result in the retention of 156 existing jobs to the project site paying approximately \$26.38 per hour.

**c) Area of High Unemployment/Core Community:**

Lenawee County's unadjusted unemployment rate was 15% in May, 2010. This compares to the statewide seasonally adjusted average of 13.6% in May, 2010.

**d) Federal, State, and Local incentives:**

The MEGA Board approved a 10 year retention MEGA credit at its meeting on December 15, 2009. Raisin Charter Township has approved property tax abatements under PA 198 for 12 years for real and personal property improvements.

**e) Other Factors Considered:**

Not Applicable