

# MEMORANDUM

**Date:** May 19, 2009

**To:** Michigan Economic Growth Authority

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

Marcia Gebarowski, Project Specialist  
Packaging Team

**Subject:** Briefing Memo – Windtronics, LLC  
Standard MEGA Credit

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## COMPANY NAME

Windtronics, LLC  
380 W. Western Ave.  
Muskegon, MI 49440

## HISTORY OF COMPANY

Windtronics, LLC is a start-up company that will manufacture small-scale wind turbines for commercial and residential use. The Windtronics product is a gearless turbine that creates power at the blade tip, not the gearbox like a traditional wind turbine. This application reduces mechanical resistance which results in greater energy production at low wind speeds.

The company currently has 0 full-time employees in Michigan.

## PROJECT DESCRIPTION

The company intends to locate a manufacturing facility in Muskegon, Muskegon County that will produce their new product which will be distributed through a retail network for the consumer market.

Windtronics, LLC will invest approximately \$4.4 million and create 219 jobs over the next five years as a result of this project. The average weekly wage for the newly created jobs will be \$626. 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 462 jobs in the state by the year 2018. Total state government revenues through the year 2018, net of MEGA costs, would be increased by \$12.2 million (current dollars) due to the presence of this facility.

## BUSINESS CASE

This company has received incentive offers from other states and countries to locate their wind turbine manufacturing facility elsewhere. The State of Oregon has offered \$2 Million in up front cash grants over three years which the company has carefully considered.

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

**Choose Michigan:** The Michigan Economic Development Corporation anticipates Michigan Strategic Fund (MSF) approval of a \$500,000 Choose Michigan loan. Funds made available by this loan will be made available to the company through a series of negotiated milestones.

**Brownfield Redevelopment MBT Credit:** As part of the overall incentives offered to this project, we anticipate requesting approval of a Brownfield Redevelopment MBT Credit of up to 12.5 percent for the eligible investment made by Windtronics, LLC in site improvements and purchase of machinery and equipment on an eligible brownfield property. At this time we estimate the 12.5 percent credit to be up to \$400,000. This request for approval will be brought to the MEGA Board at a later date.

The City of Muskegon is supportive of this project and anticipates approval of property tax abatement within the next 90 days. The estimated value of this abatement is not known at this time.

### **RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends an 100 percent standard employment tax credit for 10 years for up to 219 net new employees in excess of the company's established base of 0.