

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

**Date:** March 16, 2010  
**To:** Michigan Economic Growth Authority  
**From:** Amy Deprez, Manager  
Packaging Team  
Marcia Gebarowski, Project Specialist  
Packaging Team  
**Subject:** Briefing Memo - THE RENEWABLE AND SUSTAINABLE COMPANIES, LLC  
Standard MEGA Credit

300 N. WASHINGTON SQ.  
LANSING, MI 48913

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COMPANY NAME

THE RENEWABLE AND SUSTAINABLE COMPANIES, LLC (RASCO)  
2851 James P. Cole Boulevard  
Flint, Michigan 48505

HISTORY OF COMPANY

THE RENEWABLE AND SUSTAINABLE COMPANIES, LLC (RASCO) is a privately held company formed in 2009 by experienced leaders from the renewable energy, water and telecommunications industries. RASCO has developed a unique and powerful solution, the Integrated Distributive Solutions Network (IDUN), which integrates the essential utilities of electricity and water with information and communication technologies under a single network. This integrated service will provide developing countries and regions with a cost-effective, rapidly deployable and reliable solution that will not only improve living conditions but enhance their futures through accelerated, sustainable economic development.

RASCO currently has no employees in Michigan.

PROJECT DESCRIPTION

RASCO is proposing to establish a new headquarter operation in the City of Flint. In addition to headquarter functions, the proposed facility could also house research and development and engineering departments as well as an assembly operation where the IDUN product is assembled and modularized for export. The company also proposes to create a new IDUN demonstration facility at the project site.

RASCO anticipates a capital investment of approximately \$18.5 million and could create up 71 new jobs in the first year of the project. Assuming the construction of a new engineering, testing and R&D facility and the full ramp-up of assembly operations, the project could create up to 765 jobs over five years as a result of this project. The average weekly wage for the newly created jobs is projected to be \$559. The company will also offer healthcare benefits, and plans to pay a portion of the benefit cost.

There are not any other Michigan businesses known in the same industry.

### **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 1,813 jobs in the state by the year 2016. Total state government revenues through the year 2016, net of MEGA costs, would be increased by \$22,687,389 (current dollars) due to the presence of this facility.

### **BUSINESS CASE**

RASCO, by the nature of their client base, would be well situated if headquartered on the Eastern Seaboard in relative nearness to the various Embassies and Missions of the many developing nations in which they will work. RASCO's CEO and business partner currently live on the east coast and were not prepared to consider a Midwest location for their business.

RASCO will encounter additional logistics expense of approximately \$1,500 per shipping container when compared to the State of Delaware which has a deep water seaport. The State of Delaware prepared a significant incentive package including a free, fully furnished building.

The availability of both a manufacturing plant and office building in Delaware, as opposed to having to purchase or build them in Flint, is a large disadvantage to a Michigan location. Along these lines, an offer by New York to transfer available land (with an option to purchase an adjacent parcel) was considered preferable to having to affect either a purchase or lease here in Michigan.

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

The City of Flint supports this project and anticipates extension of an existing Renaissance Zone at the project site or tax abatements related to the project.

### **RECOMMENDATION**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for 7 years for up to 765 net new employees in excess of the company's established base of 0.

**THE RENEWABLE AND SUSTAINABLE COMPANIES, LLC (RASCO)**  
**Summary Estimates**

(All monetary estimates in current dollars)

|   |               |
|---|---------------|
| <b>TOTAL JOBS CREATED (as of 2016)</b>  | 1,813         |
| Direct  | 765           |
| Spin-off (includes Indirect Jobs)   | 1,048         |
| <b>NET POSITIVE STATE REVENUE IMPACT</b>  | \$22,687,389  |
| Revenue foregone  | \$9,135,611   |
| Revenue gain  | \$31,823,000  |
| Personal income generated over life of MEGA agreement                                     | \$413,282,000 |
| Statewide employment multiplier (average, 2015–16)  | 2.34          |
| Average Weekly Wage of Direct Jobs<br>(as reported by the company at time of application) | \$559         |



**MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA)  
MICHIGAN ECONOMIC DEVELOPMENT CORPORATION  
STANDARD CREDITS**

**Application Contents/Instructions**

**APPLICATION INFORMATION**

The application for Michigan Business Tax Credits through the Michigan Economic Growth Authority (MEGA) consists of two parts and several attachments. All portions of the application must be completed and the required attachments provided for MEGA consideration.

Part I will be provided to the Authority members and is also available to the public. Portions of Part II may be granted confidentiality if requested by the applicant, and determined by the chairperson of MEGA to meet the statutory standards for granting confidentiality. Requests should be accompanied by a Confidentiality Form, which can be provided by your MEGA Project Specialist.

**APPLICATION & ADMINISTRATIVE FEES**

- There is a nonrefundable application fee of \$5,000. **A check made payable to the "Michigan Strategic Fund" should be attached to the application. Personal checks are not accepted.**
- A one-time administrative fee of half a percent of the projected total cost of the MEGA credit will be payable by an applicant awarded a credit at the time its first MEGA Tax Credit Annual Certificate Application is due.

**REQUIRED ATTACHMENTS**

- An organization chart showing the relationship of the applicant to the parent and affiliated entities with operations in **Michigan**. This chart should show the company name, EIN, location, and percentage of ownership of the business entities, not the staff of the entities.
- Two (2) years of audited annual financial statements. If audited financial statements have not been prepared, contact your MEGA Project Specialist to discuss acceptable alternatives.
- If the proposed MEGA project is a joint venture, a copy of the joint venture and operating agreements.
- Application Fee payable to the Michigan Strategic Fund.

**APPLICATION CHECKLIST**

- Completed Application
- Application Attachments as required including:
  - Application Fee payable to the Michigan Strategic Fund
  - Business Entities Organization Chart
  - Audited Financial Statements (2 Years)
  - Joint Venture Agreement, where applicable

**APPLICATION SUBMISSION**

The completed application and the \$5,000 application fee payable to the "**Michigan Strategic Fund**" should be mailed to the address below. Incomplete applications will result in delays in processing. Unauthorized applications will be returned. The contents of the application must include the sections in sequential order with page numbers.

**Michigan Economic Development Corporation  
Michigan Economic Growth Authority  
300 North Washington Square, 3rd Floor  
Lansing, Michigan 48913**

**MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA)  
MICHIGAN ECONOMIC DEVELOPMENT CORPORATION  
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**Part I – Application Form**

|   |                                  |  |                |
|---|----------------------------------|--|----------------|
| Applicant Entity Legal Name (business entity to receive tax credit)   |                                  | Applicant Employer Tax Identification Number (EIN)   |                |
| THE RENEWABLE AND SUSTAINABLE COMPANIES, LLC (RASCO)  |                                  | [REDACTED]   |                |
| Address (Street/P.O. Box/City, State and Zip Code)  |                                  | Primary NAICS Code   |                |
| 2851 James P. Cole Boulevard<br>Flint, MI 48505   |                                  | 237130   |                |
|   |                                  | Company Website  |                |
|   |                                  | www.rascolc.com  |                |
| State Where Incorporated/Organized  |                                  | Type of Business (check one)   |                |
| MI  |                                  | <input type="checkbox"/> Corporation <input type="checkbox"/> Proprietorship<br><input type="checkbox"/> Partnership <input checked="" type="checkbox"/> LLC |                |
| Fiscal Year Begins  |                                  | and Ends   |                |
| 01 January  |                                  | 31 December  |                |
| U.S. Parent Company, where applicable (Company legal name, address, contact person and contact phone)   |                                  | Foreign Ownership—if greater than 50% (Company legal name, address, contact person and contact phone)  |                |
| Not Applicable  |                                  | Not Applicable   |                |
| <p>The applicant must file its own Michigan Business Tax return unless it is a member of a unitary business group that will be filing a combined return. If the applicant expects to be included as a member in a combined return, provide the full legal name and employer identification number (EIN) of the designated member with which it will file.</p> |                                  |  |                |
| Full Legal Name   |                                  | EIN  |                |
| Not Applicable  |                                  |  |                |
| <p>If the proposed MEGA project is a joint venture, enter the full legal names and employer identification numbers (EINs) of all participants in the joint venture and attach a copy of the joint venture and operating agreements. Attach additional pages if necessary.</p>   |                                  |  |                |
| JV Participant Company Legal Name   |                                  | JV Participant Company EIN   |                |
| Not Applicable  |                                  | Not Applicable   |                |
| <p>Applicant's Corporate or Partnership Directors, Officers, Partners and/or Members – All must be listed. Attach additional pages if necessary.</p>  |                                  |  |                |
| Name  |                                  | Title/Role   |                |
| Richard (Rick) Short  |                                  | Principal & Chief Executive Officer  |                |
| Kobina Atobrah, Ph.D.   |                                  | Principal & Chief Operating Officer  |                |
| Phil Van Womer  |                                  | Partner & E.V. P. / Chief Technology and Development Officer   |                |
|   |                                  |  |                |
|   |                                  |  |                |
|   |                                  |  |                |
|   |                                  |  |                |
| Project Contacts  |                                  |  |                |
| Name & Title  | Address                          | Telephone & Fax  | E Mail Address |
| Rick Short  | P.O. Box 321304, Flint, MI 48532 | 810-449-3963   | [REDACTED]     |
| Kobina Atobrah, Ph.D.   | P.O. Box 321304, Flint, MI 48532 | 703-965-0961   | [REDACTED]     |

**MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA)  
MICHIGAN ECONOMIC DEVELOPMENT CORPORATION  
STANDARD CREDITS**

**Part I – Application Form Continued**

Enter the municipality of each **Michigan** facility of the applicant, parent and affiliated companies, Employer Identification Number (EIN), and number of full time and part time employees for which income and Social Security taxes are withheld **as of the most recent pay period**. If there is more than one facility in a municipality, give the street address of each facility.

Full-time employees are those employees that work 35 hours per week or more and for which income and Social Security taxes are withheld by the company or Professional Employment Organization, as defined in the MEGA Act.

Attach additional pages if necessary.

To enter the following information using Excel, double click in any cell of the table below.

| Complete Address of All Facilities | EIN  | Full-Time Employees | Part-Time Employees |
|------------------------------------|------|---------------------|---------------------|
| Not Applicable                     | N.A. | N.A.                | N.A.                |
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| <b>Total</b>                       |      | <b>0</b>            | <b>0</b>            |

|                     |                  |                         |
|---------------------|------------------|-------------------------|
| FOR OFFICE USE ONLY | Date Received    | MEGA Project Specialist |
|                     | Feb 12, 2010     | Marcia Gebarowski       |
| Applicant Number    | Application Type | Application Number      |
| RAS2010             | Standard         |                         |

**MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA)**  
**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**  
**STANDARD CREDITS**

**Part I – Executive Summary Form**

**COMPANY HISTORY** – Type of business, principal product or service, and a brief history of the applicant and parent company, if any.

THE RENEWABLE AND SUSTAINABLE COMPANIES, LLC (RASCO) is a Michigan-based, privately held company founded by Rick Short and Kobina Atobrah to leverage their considerable experience in the renewable energy, water, and telecommunications industries for deployment in developing countries and regions. Telecommunications expertise and capabilities were recently augmented through the acquisition of a wireless operator, with experience in developing countries, whose key personnel and assets will be relocated to Michigan.

RASCO has developed a unique and powerful solution called IDUN™ (Integrated Distributive Utilities Network). IDUN™ integrates the essential utilities of electricity, water, and sanitation with information and communication technologies (ICT) together under a single network. This integrated network will provide developing countries and regions with the most cost-effective, rapidly deployable and reliable solution that will not only improve living conditions but enhance their futures through accelerated, sustainable economic development.

These utilities have never before been available in an integrated fashion from a single source. The integration allows the whole solution to create much greater value than the sum of the parts. Historically, providing a solar system for rural electrification or a water purification system for clean drinking water did improve a village's quality of life. However, the key to building a SUSTAINABLE future is to learn how to leverage those systems to provide income production and economic development for the population.

The key to the leveraging of these infrastructure investments, and achieving sustainable economic development, is the integration of ICT or digital connectivity. Access to voice, data, video and Internet services via wireless networks provides regular and real time access to business and government leaders, police, doctors, agronomists, educators, educational programming, service technicians, etc. These individuals and organizations would otherwise never have sufficient opportunity to provide leadership and/or support due to the challenges of travel and communication amongst the thousands of remote villages that exist in isolation today. It also provides a way for the people of the rural areas to interact with potential employers and customers regionally, nationally and internationally to expand markets for their goods and services.

This is a stand alone company with no known affiliated or associated companies in the State of Michigan or elsewhere.

**PROJECT DESCRIPTION** – Provide a descriptive summary of the project, including the following information:

1. A description of the product or services to be provided;
2. The location of the proposed project, include street address, municipality (city, village or township), AND county;
3. Whether the operation will be new or an expansion of an existing operation;
4. The total number of jobs to be added as a result of the project;
5. The average weekly wage of the new jobs at the project;
6. The total capital investment anticipated;
7. A description of the positive and negative effects this project will have on other Michigan businesses within the same industry; and
8. Locations in other states that are being considered for this project, including alternative sites and project configurations.

It is RASCO's vision that our IDUN solution will have a profound effect on the efforts of developing countries around the world to achieve sustainable economic development and a healthier environment. Just as Flint is known as the birthplace of General Motors and the Community School Concept, RASCO is openly passionate about their interest in establishing Flint as the birthplace of IDUN. We would also like to see RASCO become a Center of Energy Excellence (COEE), as it will become a major employer in support of Michigan's goal of becoming a global leader in the green economy. Technology development collaborations are already being explored with leading Universities and Think Tanks, including those in Michigan, for advancing power storage and micro-grid control solutions.

Our Flint facilities will house the Administrative Headquarters, Research & Development and Engineering Departments. It will also include a Manufacturing and Modularization Plant to procure, assemble, integrate, modularize and export its IDUN solution. These IDUN's will utilize readily available technologies, that can be assembled and shipped as modular systems, which are easily erected and connected for rapid deployment in even the most remote locations. Total direct capital expenditures in Michigan are expected to exceed \$18.5MM over the next five years.

RASCO plans to grow into our site at 2851 James P. Cole Blvd. in the following manner. Our initial manufacturing operation will entail one assembly line staffed on a single shift for five days a week. As volumes ramp up, we will begin the installation of a second assembly line, in order to obtain present day costing on the specialized tooling required. That second line will then be staffed for one shift daily, as well. Volume increases will be answered by line shift additions until such time as we have a full three shift, two line output that employs 690 skilled and semi-skilled Assembly Associates. Also on the 29 acre site, we will begin to augment the 5,000 sq. ft. of available office space to meet our needs on a going forward basis. Within the first eighteen months, we will begin construction of an Engineering Building to house our Product Engineering, Testing, Research & Development and Site Engineering staffs. This will be located next to the initial deployment of our Product Testing Facility. Near the end of our second full year of operation, and extending into our third year, we will construct our Global Headquarters on-site to complete the planned campus. This Global Headquarters will house the Executive Offices, Administration, Remote Operations and Monitoring, Finance and Development staffs on a permanent basis. Our current plans allow for additional square footage to be added to the Headquarters building in the fifth year of operation to afford the 24/7/365 Remote Operations staff their own wing of the building for operational effectiveness and secured ingress and egress concerns.

**MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA)**  
**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**  
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We are also very excited about our plans to erect an IDUN demonstration center at our headquarters. Not only will the IDUN facility provide necessary utilities for the headquarters, but it will become an important destination for visitations by hundreds of United States and International decision makers from government, academia, venture capitalists and potential suppliers. The demonstration center will consist of solar arrays and vertical axis wind turbines to provide for the full power requirements of the executive offices. Back-up power will, initially, be provided by standard glass mat lead acid batteries. Water, dependent on site suitability, will be pumped to an above ground holding tank from either an aquifer well or the municipal water system. In either case, the IDUN "scrubbing" system will be installed and the water will be gravity fed to meet the needs of the office facility. As we will be locating in a metropolitan area, sanitation systems demonstration will be accomplished with standard pre-fabricated equipment which will use food and animal waste obtained from local sources. The resultant combined heat and power (CHP) output from this unit will be used to power some of the ancillary devices we will put into use in the client countries to support sustainable economic development.

We have plans to immediately relocate the personnel from a recently acquired broadband company located in Texas to our Headquarters. As well, we will begin the initial recruitment of the management, technical, professional and skilled trades people necessary to both operate the Research & Development, Engineering, and Demonstration facilities and properly manage the global enterprise. Headquarters and engineering employment will be twenty-six (26) people initially, while recruitment continues. Current plans for the Plant call for the gradual employment, over a period of thirty-six to forty-four (36-44) months, of an estimated five hundred forty-five (545) skilled and semi-skilled associates to work on the manufacturing and assembly lines. These positions will be overseen by a Supervisory staff of trained Engineers. Our full employment level, after only the first five (5) years of operations is forecast to be seven hundred sixty-five (765) people with an average weekly wage of \$559.00.

While the States of New York, Virginia and Delaware continue to actively court RASCO, it is the desire of RASCO's founding members to become a significant presence and contributor in the recovery of the Flint, MI area and to create a legacy of economic success and humanitarian benefit of which we can all be proud for decades to come.

There are no current Michigan businesses that will directly compete with RASCO in this market. Additionally, RASCO will call upon the experience of its founders, in conjunction with appropriate local Economic Development professionals, to attempt to fully optimize the utilization of Michigan based manufacturers for such items as Solar Panels, Storage Batteries, Wind Turbine Components, Solar Pumps, Switches, Routers, WiMax Base Stations, Steel Tower Components, HVAC Equipment, Customer Premise Equipment (Modems and Handsets) and RF Antennas. Additionally, we will solicit non-Michigan based firms in the supply chain to consider locating here when our order volumes begin to stretch their available capacity. This will allow us to exercise both cost control and a more effective system of Supplier Quality Management.

**COMPETITIVE DISADVANTAGE** - Provide a description of the competitive disadvantages of locating the project in Michigan as well as any quantitative analysis that has been conducted related to the competitive disadvantage(s). Tax credits under the MEGA Act are an incentive to locate in Michigan and should address any competitive disadvantages of locating in Michigan instead of another state.

RASCO, by the nature of their client base, would be well situated if headquartered on the Eastern Seaboard in relative nearness to the various Embassies and Missions of the many developing nations in which they will work. For this reason, any of the three competing locations would be preferable without additional MI incentives.

As well, by locating in MI, RASCO will encounter additional logistics expense of approximately \$1,500.00 per shipping container when compared to the State of DE which has a deep water seaport. This is only our outbound logistics cost disadvantage. The added costs for inbound logistics is still under evaluation and analysis by RASCO.

The relative tax expense, after expiration of incentives, is less in DE than in MI but more in NY. However, given the similarity of the incentives offered, RASCO considered it to be somewhat equal. However, the additional benefit related costs associated with operating in MI (UC, WC, etc.) are much higher than they are in DE.

The availability of both a manufacturing plant and office building in DE, as opposed to having to purchase or build them in MI, is a large disadvantage to our locating either facility in MI. Along these lines, the offer by NY to transfer available land (with an option to purchase an adjacent parcel) was considered preferable to having to effect either a purchase or lease in MI.



**MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA)  
MICHIGAN ECONOMIC DEVELOPMENT CORPORATION  
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**Part II – Project Description**

|   |        |  |                             |  |        |
|---|--------|--|-----------------------------|--|--------|
| An answer to each of the items below is required. Attach additional pages if necessary.   |        |  |                             |  |        |
| <b>1. MICHIGAN SITE INFORMATION</b>   |        |  |                             |  |        |
| Project Site<br>City <input checked="" type="checkbox"/> Village <input type="checkbox"/> Township <input type="checkbox"/> Flint   |        |  | Project Site County Genesee |  |        |
| Michigan site under consideration is a:   |        | <input checked="" type="checkbox"/> Reuse or Expansion of Existing Development |                             | <input type="checkbox"/> Greenfield, New Development |        |
| If a greenfield site is being considered, why is reuse of an existing site not feasible?<br>N.A.  |        |  |                             |  |        |
| <b>2. MICHIGAN PROPERTY DETAILS</b>   |        |  |                             |  |        |
| <input checked="" type="checkbox"/> Owned   |        | <input type="checkbox"/> Leased  |                             | Property Acreage 29 Acres                            |        |
| Building Square Footage 105,000   |        |  |                             |  |        |
| Address of Site: 2851 James P. Cole Blvd., Flint, MI 48505  |        |  |                             |  |        |
| Describe the type of equipment to be purchased, type of building to be constructed or purchased and any necessary infrastructure improvements, etc.<br>RASCO will purchase material handling and storage equipment, tooling unique to their product, laboratory equipment, various solar and wind turbine generation units, assorted electronics (switches, routers, controllers, etc.) and a WiMax 3.8 meter dish antenna. RASCO will construct a product evaluation site for their R&D purposes, a Global Headquarters building and an Engineering building on site.  |        |  |                             |  |        |
| <b>3. PROJECT IMPACT ON MICHIGAN OPERATIONS</b>   |        |  |                             |  |        |
| Is the project a relocation of an existing Michigan facility?   |        | <input checked="" type="checkbox"/> No   |                             | <input type="checkbox"/> Yes                         |        |
| If yes, indicate the current address and the number of employees that will be impacted by either transfer or layoff in the space provided below.<br>N.A.  |        |  |                             |  |        |
| How will this project relate to the operations of other company facilities and/or affiliates located in Michigan?<br>N.A.   |        |  |                             |  |        |
| <b>4. PROJECT TIMELINE</b>  |        |  |                             |  |        |
| Planned Construction Start (month/year) 04/2010   |        | Planned Construction Complete (month/year) 07/2010                             |                             | Planned Start of Operations (month/year) 05/2010     |        |
| <b>RAMP UP OF OPERATIONS/PRODUCTION</b>   |        |  |                             |  |        |
|   | Year 1 | Year 2   | Year 3                      | Year 4   | Year 5 |
| Calendar Year   | 2010   | 2011   | 2012                        | 2013   | 2014   |
| Cumulative New Full Time Jobs   | 71     | 206  | 342                         | 600  | 765    |
| <b>5. OTHER PROJECT CONSIDERATIONS</b>  |        |  |                             |  |        |
| Explain other factors that should be considered in evaluating this project, i.e. impact on Michigan suppliers, national/international sales, and other prospects for future expansion.<br>RASCO intends to require their supply chain to locate either manufacturing or distribution centers near their own facility as soon as volumes begin to indicate a need to expand on the part of the individual supplier. The potential for location of these centers can mean as many as 2,000 additional full time jobs. MI will also enjoy an enhanced global image in the renewable energy industry because of the construction and operation of RASCO's Customer Demonstration Center which will attract Ambassadors, NGO's, Heads of State and other leaders from the areas of academia and industry in both the developed and developing world. |        |  |                             |  |        |
| <b>6. LOCAL COMMUNITY SUPPORT</b>   |        |  |                             |  |        |
| Support from local units of government is a significant consideration when applying for a MEGA Tax Credit. List the type, amount, and source of all local governmental and community assistance and/or contributions being considered for this project.<br>City of Flint: Extension of the term of the Renaissance Zone where the project is located.   |        |  |                             |  |        |

**MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA)  
MICHIGAN ECONOMIC DEVELOPMENT CORPORATION  
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**Part II – Estimated Employment Creation**

Complete all items on the **Estimated Employment Creation Form** as follows:

- **Year Ending Date** for requested years of operation should be entered at the top of each of the jobs and wages columns.
- **Jobs Created** – list the cumulative number of new **full-time** jobs, by Employment Category, for each year of operation at the project. Full-time employees are those employees that work 35 hours per week or more and for which income and Social Security taxes are withheld, as defined in the MEGA Act.
- **Average Weekly Wage** –estimate the projected BOX 1 W-2 wages which will be paid to Qualified Employees. Please note **GROSS WAGES ARE NOT USED TO CALCULATE THE CREDIT AMOUNT**. When providing projections of average weekly wages, the applicant should remove projected potential deferred compensation including employee contributions to health care, retirement, and other forms of deferred compensation. The applicant should omit overtime and bonus pay from this estimate. Enter the projected BOX 1 W-2 wages below.
- **Average Weekly Health Care Benefits**- all costs paid for a self-funded health care benefit plan or for an expense-incurred hospital, medical, or surgical policy or certificate, nonprofit health care corporation certificate, or health maintenance organization contract. Health care benefit does not include accident-only, credit, dental, or disability income insurance, long term care insurance; coverage issued as a supplement to liability insurance; coverage only for a specific disease or illness; worker's compensation or similar insurance; or automobile medical payment insurance. These are benefits paid on Qualified New Jobs only, not on all employees. These are only expenses paid by the company. **If benefits are paid bi-weekly, please divide by two to obtain the Health Care Benefits for one week.**

**NOTE:** The Total Average Wages and Employer-Paid Health Care Benefits, as a minimum, must equal 150 percent of the Federal Minimum Wage.

To enter the following information using Excel, double click in any cell of the table below.

| Job Category:<br>(Add Categories that reflect your company's structure) | First Year of Operation    |                 |                                 | Third Year of Operation    |                 |                                 | Fifth Year of Operation    |                 |                                 |
|---|----------------------------|-----------------|---------------------------------|----------------------------|-----------------|---------------------------------|----------------------------|-----------------|---------------------------------|
|   | Year Ending: 12/31/2010    |                 |                                 | Year Ending: 12/31/2012    |                 |                                 | Year Ending: 12/31/2014    |                 |                                 |
|   | New Full Time Jobs Created | Avg Weekly Wage | Avg Weekly Health Care Benefits | New Full Time Jobs Created | Avg Weekly Wage | Avg Weekly Health Care Benefits | New Full Time Jobs Created | Avg Weekly Wage | Avg Weekly Health Care Benefits |
| Mgmt/Prof   | 4                          | \$1,400         | \$210                           | 14                         | \$2,010         | \$300                           | 17                         | \$2,196         | \$400                           |
| Technical/Sales   | 10                         | \$923           | \$210                           | 27                         | \$1,075         | \$300                           | 50                         | \$1,274         | \$400                           |
| Clerical/Service  | 3                          | \$400           | \$210                           | 8                          | \$500           | \$300                           | 8                          | \$550           | \$400                           |
| Skilled/Unskilled   | 54                         | \$438           | \$210                           | 293                        | \$742           | \$300                           | 690                        | \$789           | \$400                           |
|   |                            |                 |                                 |                            |                 |                                 |                            |                 |                                 |
| <b>Total</b>  | <b>71</b>                  | <b>\$559</b>    |                                 | <b>342</b>                 | <b>\$815</b>    |                                 | <b>765</b>                 | <b>\$849</b>    |                                 |

NOTES:

**MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA)  
MICHIGAN ECONOMIC DEVELOPMENT CORPORATION  
STANDARD CREDITS**

**Part II – Employment History**

Enter the number of full time employees for which you withheld income and Social Security taxes at the company and Michigan affiliates of the company as of the last day of each of the four calendar quarters immediately preceding the date of the application.

Full time employees are defined as those who worked 35 hours or more per week and for which income and Social Security taxes were withheld by the Company or a Professional Employment Organization, as defined in the MEGA Act.

To enter the following information using Excel, double click in any cell of the table below

| Employment in the Preceding Calendar Quarters |     |                 |                 |                 |                 |                  |
|---|-----|-----------------|-----------------|-----------------|-----------------|------------------|
| Location Name                                 | EIN | Quarter Ending: | Quarter Ending: | Quarter Ending: | Quarter Ending: | Four Qtr Average |
|   |     | mm/dd/yy        | mm/dd/yy        | mm/dd/yy        | mm/dd/yy        |                  |
|   |     | Full Time       | Full Time       | Full Time       | Full Time       | Full Time        |
| Not Applicable                                |     |                 |                 |                 |                 |                  |
|   |     |                 |                 |                 |                 |                  |
|   |     |                 |                 |                 |                 |                  |
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|   |     |                 |                 |                 |                 |                  |
| <b>Total</b>                                  |     |                 |                 |                 |                 |                  |

NOTES:

**MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA)  
MICHIGAN ECONOMIC DEVELOPMENT CORPORATION  
STANDARD CREDITS**

**Part II – Project Budget, Financial Information & Other Disclosures**

**1. PROJECT BUDGET**

Enter the estimated dollar cost of items listed on the Project Budget Form below, show actual dollars rounded to the nearest thousand.

To enter the following information using Excel, double click in any cell of the table below

| Cost                | Project Item                               | Additional Information |
|---------------------|--|------------------------|
|                     | Land (including Site Devel & Improvement)  |                        |
| \$2,200,000         | Building (purchase of existing)            |                        |
| \$6,900,000         | Building (new construction)                |                        |
| \$790,000           | Building (renovation)                      |                        |
|                     | Building (leasehold improvements)          |                        |
|                     | Building Lease (include at 5x annual cost) |                        |
| \$319,000           | Furniture & Fixtures                       |                        |
| \$98,000            | Computers & IT Equipment                   |                        |
| \$7,565,000         | Machinery & Equipment                      |                        |
| \$775,000           | Special Tooling (tax exempt)               |                        |
|                     | Pollution Control Equipment (tax exempt)   |                        |
|                     | Other Personal Property                    |                        |
|                     | Other (explain)                            |                        |
| <b>\$18,647,000</b> | <b>TOTAL PROJECT COSTS</b>                 |                        |

**2. FINANCIAL INFORMATION**

The MEGA Board cannot authorize a credit if financial viability of the project has not been established. In preparation for this requirement, the Authority must perform a review of historic financial statements. If review of historic financial information does not conclusively show sufficient financial capacity, a review of pro forma financial statements, including sources of financing, may also be required. The Authority reserves the right to request three (3) years of pro forma financial statements for the project.

**Attach two (2) years of audited annual financial statements.** If audited financial statements have not been prepared, contact your MEGA Project Specialist to discuss acceptable alternatives.

Contact person with whom financial information can be discussed.

| Contact Name | Contact Phone |
|--------------|---------------|
| Rick Short   | 810-449-3963  |

**3. OTHER DISCLOSURES**

List any lawsuits or proceedings pending against the applicant or, to the applicant's knowledge, filed against the applicant or any of its affiliates by the State of Michigan or a Michigan local unit of government. Enter NONE if not applicable.

None

MEGA is required to report the amount of any fee, donation, or other payment to the Michigan Economic Development Corporation, or a foundation or fund associated with the Michigan Economic Development Corporation, paid or made by the authorized business in the preceding three calendar years.

List any qualified payments below. Attach additional pages as necessary or enter NONE if not applicable.

| Organization Payment Submitted To | Date of Payment | Amount of Payment |
|-----------------------------------|-----------------|-------------------|
| None                              |                 |                   |
|                                   |                 |                   |

**MICHIGAN ECONOMIC GROWTH AUTHORITY (MEGA)  
MICHIGAN ECONOMIC DEVELOPMENT CORPORATION  
STANDARD CREDITS**

**Part II – Certification Form**

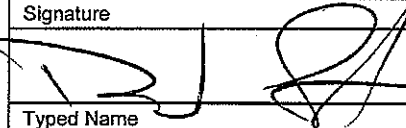
I authorize the Michigan Economic Growth Authority to review information provided to the State of Michigan Department of Energy, Labor and Economic Growth or any other State of Michigan Department or Agency for purposes of verifying information provided in support of the applicant's qualification for a MEGA credit.

I hereby certify that the information contained in this application and in the exhibits or attachments submitted are true and correct to the best knowledge of the applicant and the undersigned, and are submitted to the Michigan Economic Development Corporation as a basis for determining whether the Michigan Economic Growth Authority should authorize tax credits.

I hereby certify that no construction related to this project has begun.

I understand that:

- MEGA tax credits are earned based on the creation of Qualified New Jobs. Qualified New Jobs are full-time jobs located at the project; held by Michigan residents employed by the company; in excess of the statewide employment base; and created by the company on or after the date of execution of the MEGA Tax Credit Agreement.
- The wage information supplied in this form will be used to establish an average weekly wage for the project. Additionally, each position must pay at least 150% of the Federal Minimum Wage.
- The company must meet all of the program criteria outlined in the proposed Tax Credit Agreement including, but not limited to, the payment of a one-time Administrative Fee and compliance with all proposed deadlines to be identified in the agreement.
- If the MEGA credit is awarded, the wages used to calculate the credit are from employees' Box 1, W-2 forms.
- I understand that the company must be able to transact business in Michigan before they can enter into the credit agreement and become an authorized business.

|  |  |
|--|--|
| Signature<br> | Date<br><br>19 February 2010                 |
| Typed Name<br>Richard Short  | Title<br>Principal & Chief Executive Officer |

***Final Applications must be submitted electronically and a complete signed original must be submitted by mail as described on page one.***

Eligibility for business tax credits through MEGA is determined by the information presented in the completed application. Failure to notify MEGA of any changes in the status of the proposed project from the facts presented herein could disqualify the project.