

CIP Considerations for Project Elephant (the Q & As here are similar to those in the MBRS & SSRP Applications)

The fund shall consider and document at a minimum all of the following criteria to the extent reasonably applicable as reasonably determined by the fund board to the type of project proposed before entering into a written agreement for a qualified investment:

- *The importance of the project to the community in which it is located.*
Along with Ferris State University, this proposed renewable energy facility project of Gotion, Inc. because of the size of its anticipated private investments in land, buildings and machinery & equipment and the large number high-tech, high paying jobs to be created would be the base of the local (as well as regional) economy.
- *If the project will act as a catalyst for additional revitalization of the community in which it is located and this state.*
This project will provide indirect benefits to the area in the form of creating new businesses and job creation in other economic sectors like construction, services, retail & wholesale trades and FIRE. Further, several stalled housing projects will get a jumpstart and additional housing projects are anticipated.
- *The amount of local community and financial support for the project.*
Mecosta County and the two Townships will provide real property tax exemptions for 30 years through the RERZ.
- *The applicant's financial need for a qualified investment from the critical industry program.*
The Company demonstrated its need for assistance prior to the MEDC's Offer Letter dated August 5, 2022. (A new Offer Letter has been provided to the Company reflecting the reduction in private sector investment from \$ 3.806B to \$ 2.364B.) Big Rapids Charter Township and Green Charter Township are similar sized communities with 2020 populations of 3,917 and 3,219 respectively. They have limited financial resources. Mecosta County's 2020 population was 39,714. Between 2010 and 2020, the County recorded a population loss of 7.21 percent. The City of Big Rapids is the county seat with a 2020 population of 8,948.
- *The extent of reuse of vacant buildings, public or private, reuse of historic resources, and redevelopment of blighted property.*
There are no vacant buildings on the 523.38-acre site. One of the three residential units on the site is over 50 years old, and therefore, qualifies as being a historic structure. The only distressed area in Mecosta County is the City of Big Rapids, no doubt due to the age of its housing stock. Localized areas of blight may exist in older parts of the City.
- *Creation or retention of qualified jobs as a result of a technological shift in product or production at the project location and within this state.*

There are presently no jobs on the “greenfield” site. Up to 2,350 new jobs are pledged to be created by the end of the 4th phase of development of the new facility. Gotion, Inc. anticipates the hiring to start in June 2023, and be completed by the end of 2031.

- *The level of other public funds including, but not limited to, the appropriation of federal or state funds and any federal or state tax credits.*

No federal assistance is supporting this proposed new renewable energy facility.

- *The level of any private funds, investments, or contributions into the project including, but not limited to, the qualified business’s own investments in the project.*

Gotion, Inc. will be investing up to \$ 2.364B in this new venture over four phases of development during the span of six years.

- *Whether and how the project is financially and economically sound.*

Due diligence is required on the part of Gotion, Inc. moving forward with this venture as well as on the part of the State of Michigan in investing public funds into the project. Gotion is one of the ten largest battery manufacturers in the world, trading on Sweden’s stock exchange and raising nearly \$700M USD in July. Further, Volkswagen is the largest shareholder.

- *Whether and how the project promotes sustainable development.*

This proposed industrial development project provides for a long-term usage of the land. The land south of 18 Mile Road has been zoned for industrial use for decades. Big Rapids Charter Township owns the Big Rapids Airport Industrial Park. Most of the industrial park falls within the Renaissance Zone.

- *Whether and how the project involves the rehabilitation of a historic resource.*

On three of the 19 parcels of land which comprise the site are located residential structures. According the BS & A Property Record Information, one of these houses was built in 1892.

- *Whether and how the project addresses areawide redevelopment and the overall economic benefit to the existing supply chain.*

The large investment of public funds into infrastructure (approximately \$ 14 million), the large private investment in the new facility (\$ 2.364 B) and the high wages paid by Gotion, Inc. will spur areawide redevelopment as well as new private sector development. The average annual wage of the overall operation is expected to be \$ 61,995.

- *The level and extent of environmental contamination.*

All development changes the nature of the land. Through planning, monitoring and the enforcement of regulations, hopefully, environmental contamination can be kept to a minimum or none at all.

- *Whether and how the project will compete with or affect existing Michigan businesses within the same industry.*

The closest advanced battery manufacturer is located in the City of Holland, Allegan County, Michigan. They may serve different markets.

- *Whether and how the project's proximity to rail and utility will impact performance of the project and maximize energy and logistics needs in the community in which it is located and in this state.*

This site is well served by Michigan's highway system, being located between four-lane U.S. 131 and the Business Route 131 through the City of Big Rapids. An interchange with the Highway (Exit 142) is located at 19 Mile Road. There is a State-owned rail line traversing Mecosta County north/south generally following along the Muskegon River, which is located east of the 523.38-acre site. The site also sits near a Consumers Energy high voltage service area, providing quality reliable service. Below the southeast corner of the Ren Zone accessed from 18 Mile Road is the general aviation Roben-Hood Airport.

- *The risk of obsolescence of the project, products, and investments in the future.*

The renewable energy industry is a growth industry. Research & development and innovation are central to a renewable energy facility. Gotion, Inc. aims to innovate and create the next generation of battery technology.

- *The overall return on investment to this state.*

The return on investment to Michigan will include indirect investments & job creation in other economic sectors. In addition, this will spark growth and prosperity in a subregion of the State that has suffered sustained economic losses for two decades.

- *Whether and how the project addresses food supply challenges.*

There are none.

- *Any other additional criteria approved by the board that are specific to each individual project and are consistent with the purpose of this program.*

It is good to see a major industrial prospect locate in a northern Michigan community where the company's investments & job creation can substantially raise the standard of living. And, in turn, the community & residents can support a highly valued project which provides them with identity in the State, nation and possibly the world.

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