

# Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of P.A. 198 of 1974, as amended. Filing is mandatory.

**INSTRUCTIONS:** File the original and two copies of this form and the required attachments (three complete sets) with the clerk of the local government unit. The State Tax Commission (STC) requires two complete sets (one original and one copy). One copy is retained by the clerk. If you have any questions regarding the completion of this form or would like to request an informational packet, call (517) 373-3272.

<b>To be completed by Clerk of Local Government Unit</b>	
Signature of Clerk	Date received by Local Unit
<b>STC Use Only</b>	
Application Number	Date Received by STC

**APPLICANT INFORMATION**  
All boxes must be completed.

1a. Company Name (Applicant must be the occupant/operator of the facility) <b>Ovonix Technologies, Inc.</b>	1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (Four Digit Code) <b>3674</b>	
1c. Location of Facility (Street, City, State, ZIP Code) <b>2956 Waterview Drive, Rochester Hills, MI 48309</b>	1d. Name of City/Township/Village (Indicate which) <b>Rochester Hills</b>	1e. County <b>Oakand County</b>
2. Type of Approval Requested <input checked="" type="checkbox"/> New (Sec. 2(4)) <input type="checkbox"/> Transfer (1 copy to only) <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Rehabilitation (Sec. 3(1)) <input type="checkbox"/> Research and Development (Sec. 2(9))	3a. School District where facility is located <b>Avondale School District</b>	3b. School Code <b>63070</b>
4. Amount of years requested for exemption (1-12 Years) <b>8 years</b>		

5. Thoroughly describe the project for which exemption is sought: Real Property (Type of Improvements to Land, Building, Size of Addition); Personal Property (Explain New, Used, Transferred from Out-of-State, etc.) and Proposed Use of Facility. (Please attach additional page(s) if more room is needed).

**Research and development of a semiconductor manufacturing process module to enable licensing and manufacture of phase-change memory technology and enable high volume manufacturing of nonvolatile semiconductor memroy chips by existing and future industrial partners. Current partners and licensees of Ovonix' technology include: Intel, STMicroelectronics, Samsung Electronics, Elpida Memory, Qimonda AG, and BAE Systems.**

6a. Cost of land and building improvements (excluding cost of land) .....	<b>\$190,000.00</b>
* Attach list of improvements and associated costs. * Also attach a copy of building permit if project has already begun.	Real Property Costs
6b. Cost of machinery, equipment, furniture and fixtures .....	<b>\$3,853,500.00</b>
* Attach itemized listing with month, day and year of beginning of installation plus total costs	Personal Property Costs
6c. Total Project Costs .....	<b>\$4,043,500.00</b>
	Total of Real & Personal Costs

7. Indicate the time schedule for start and finish of construction and equipment installation. Projects must be completed within a two year period of the effective date of the certificate unless otherwise approved by the STC.

	<u>Begin Date (M/D/Y)</u>	<u>End Date (M/D/Y)</u>	
Real Property Improvements	<u>2/6/07</u>	<u>8/31/07</u>	<input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased
Personal Property Improvements	<u>7/27/07</u>	<u>7/31/09</u>	<input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased

8. Are State Education Taxes reduced or abated by the Michigan Economic Development Corporation (MEDC)? If yes, applicant must attach a signed MEDC Letter of Commitment to receive this exemption.     Yes     No

9. Number of existing jobs at this facility that will be retained as a result of this project. <b>22</b>	10. Number of new jobs at this facility expected to be created within two years of project completion. <b>10</b>
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11. Rehabilitation applications only: Complete a, b and c of this section. You must attach the assessor's statement of valuation for the entire plant rehabilitation district. The SEV data below must be as of December 31 of the year prior to the rehabilitation.

a. SEV of Real Property (excluding land) .....

b. SEV of Personal Property (excluding inventory) .....

c. Total SEV .....

12a. Check the type of District the facility is located in:

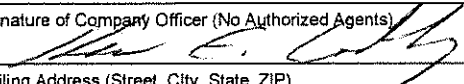
Industrial Development District       Plant Rehabilitation District

12b. Date district was established by local government unit	12c. Is this application for a speculative building (Sec. 3(8))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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**APPLICANT CERTIFICATION**

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all are truly descriptive of the industrial property for which this application is being submitted.

It is further certified that the undersigned is familiar with the provisions of P.A. 198 of 1974, as amended, being Sections 207.551 to 207.572, inclusive, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Industrial Facilities Exemption Certificate by the State Tax Commission.

13a. Preparer Name Karen Connolly	13b. Phone Number (248) 842-6096	13c. Fax Number (248) 659-1500	13d. E-mail Address kconnolly@ovonyx.com
14a. Name of Contact Person Karen Connolly	14b. Phone Number (248) 842-6096	14c. Fax Number (248) 659-1500	14d. E-mail Address kconnolly@ovonyx.com
15a. Name of Company Officer (No Authorized Agents) Karen Connolly			
15b. Signature of Company Officer (No Authorized Agents) 			15c. Date 7/19/07
15d. Mailing Address (Street, City, State, ZIP) 2956 Waterview Drive, Rochester Hills, MI 48309		15e. Phone Number (248) 842-6096	15f. E-mail Address kconnolly@ovonyx.com

**LOCAL GOVERNMENT ACTION & CERTIFICATION**

This section must be completed by the clerk of the local governing unit before submitting application to the State Tax Commission. Check items on file at the Local Unit and those included with the submittal.

16. Action taken by local government unit <input type="checkbox"/> Abatement Approved for _____ Years (1-12) After Completion <input type="checkbox"/> Yes <input type="checkbox"/> No  <input type="checkbox"/> Denied (Include Resolution Denying)	16b. The State Tax Commission Requires the following documents be filed for an administratively complete application: <b>Indicate N/A if Not Applicable</b> <input type="checkbox"/> 1. Original Application plus attachments, and one complete copy <input type="checkbox"/> 2. Resolution establishing district <input type="checkbox"/> 3. Resolution approving/denying application. <input type="checkbox"/> 4. Letter of Agreement (Signed by local unit and applicant) <input type="checkbox"/> 5. Affidavit of Fees (Signed by local unit and applicant) <input type="checkbox"/> 6. Building Permit for real improvements if project has already begun <input type="checkbox"/> 7. Equipment List with dates of beginning of installation <input type="checkbox"/> 8. Form 3222 (if applicable) <input type="checkbox"/> 9. Speculative building resolution and affidavits (if applicable)
16a. Documents Required to be on file with the Local Unit <b>Indicate N/A if Not Applicable</b> <input type="checkbox"/> 1. Notice to the public prior to hearing establishing a district. <input type="checkbox"/> 2. Notice to taxing authorities of opportunity for a hearing. <input type="checkbox"/> 3. List of taxing authorities notified for district and application action. <input type="checkbox"/> 4. Lease Agreement showing applicants tax liability.	
17. Name of Local Government Body	18. Date of Resolution Approving/Denying this Application

Attached hereto is an original and one copy of the application and all documents listed in 16b. I also certify that all documents listed in 16a are on file at the local unit for inspection at any time.

19a. Signature of Clerk	19b. Name of Clerk	19c. E-mail Address
19d. Clerk's Mailing Address (Street, City, State, ZIP)	19e. Phone Number	19f. Fax Number

State Tax Commission Rule Number 57: Complete applications approved by the local unit and received by the State Tax Commission by October 31 each year will be acted upon by December 31. Applications received after October 31 may be acted upon in the following year.

Local Unit: Mail one original and one copy of the completed application and all required attachments to:

**State Tax Commission**  
**Michigan Department of Treasury**  
 P.O. Box 30471  
 Lansing, MI 48909-7971

STC USE ONLY			
LUCI Code	Begin Date	End Date	End Date2

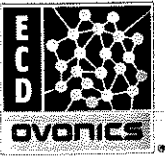
**Ovonyx - Rochester Hills Site  
Planned Capital Purchases  
July07-July09**

**6a. Building Improvements:**

Description Type	Projected Install Date	Expected Cost
Interior construction:		
* Clean Room Expansion	Aug. 31, 2007	\$ 190,000
	<b>Total - Real Property</b>	<u>\$ 190,000</u>

**6b. Machinery & Equipment:**

Description Type	Projected Install Date	Expected Cost
<b>R&amp;D Test Lab/Analytical Equipment</b>		
* FIB/SEM tool (NovaNanolab 600i system)	Jul. 27, 2007	\$ 1,110,500
<b>Wafer Processing Equipment</b>		
* Deposition tool (KDF Ci Cluster)	Aug. 31, 2007	\$ 1,750,000
* Etch tool (vendor TBD)	Aug. 31, 2008	\$ 825,000
* Photo Resist Remover tool (vendor TBD)	Dec. 31, 2008	\$ 100,000
* Cee Spinner Hotplate (vendor TBD)	Dec. 31, 2008	\$ 28,000
	subtotal	<u>\$ 2,703,000</u>
<b>Computers</b>		
* PC for new hires/site support 1500 10 Jul07-Jul09	Jul07-Jul09	\$ 15,000
* Servers/UPS/Generator/Routers Jul07-Jul09	Jul07-Jul09	\$ 25,000
	subtotal	<u>\$ 40,000</u>
	<b>Total - Personal Property</b>	<u>\$ 3,853,500</u>
	<b>TOTAL Project Costs</b>	<u><u>\$ 4,043,500</u></u>



July 11, 2007

Mr. Bryan Barnett, Mayor  
City of Rochester Hills  
1000 Rochester Hills Dr.  
Rochester Hills, MI 48309

Dear Mr. Barnett:

This letter is to confirm that Ovonyx, Inc. and its wholly-owned subsidiary Ovonyx Technologies, Inc. ("Ovonyx") are sub-leasing space from Energy Conversion Devices, Inc. ("ECD") at 2956 Waterview Drive, Rochester Hills, Michigan. There is no formal sub-lease agreement between the parties, but ECD charges Ovonyx a monthly rent based on an agreed upon rate per square footage occupied.

Ovonyx was formed in 1999 with a charter to commercialize the proprietary phase-change semiconductor memory technology originally developed by ECD. As a co-founder of Ovonyx, ECD exclusively licensed all of its intellectual property in the area of phase-change memory to Ovonyx in exchange for ownership in the company. ECD owns 39.5% of Ovonyx and is its largest shareholder.

Please let us know if you need further information regarding Ovonyx conducting business at 2956 Waterview Drive. A copy of the lease agreement is enclosed for your reference.

Sincerely,

A handwritten signature in cursive script that reads "Joseph J. Pietrangeli".

Joseph J Pietrangeli  
Energy Conversion Devices, Inc.  
Director of Purchasing and Corporate Services

Enclosure

OVONIC@WORK

Energy Conversion Devices, Inc.



# City of Rochester Hills

1000 Rochester Hills Dr.  
Rochester Hills, MI 48309

Building

Permit No:

**PB-2006-0715**

Phone: 248-656-4615 Fax: 248-656-4623

Office Hours: Monday-Friday 8 am - 5:00 pm

24 Hour Inspection Line 248-656-4619

Issued: 02/06/07

COPY

<b>Location</b> 2956 WATERVIEW DR <b>Subdivision</b> ROCH HILLS CORP CE <b>Sidwell #</b> 70-15-30-376-022		<b>Work Description:</b> Project #: JCI2006-0091 ALTER INTERIOR MBC 2003 ENERGY CONVERSION DEVICES (CLEAN AREA EXPANSION) USE GROUPS = B/F-1 OCCUPANT LOAD = EXISTING	
Lot # 4EXC S27' & 5		<b>Const value</b> 169,000.00 Size of structure width 17 length 26 height Total square footage of improvement 442 floors 1	
<b>Owner</b> NOSANCHUK JOEL PO BOX 668 BLOOMFIELD HILLS MI 48303-0668 Ph #		Sec. No. Zoning I-1 Use Group F-1 Construction Type II-B Occupancy Load 0 Number of Dwelling Units 0	
<b>Applicant</b> ENERGY CONVERSION DEVICES Lic # 2956 WATERVIEW Ph # 248 293 0440 ROCHESTER HILLS MI 48309-3484			

**Special Stipulations:**  
 1. ALL APPROVALS SUBJECT TO FIELD INSPECTIONS. SECTION 109 OF MICHIGAN BUILDING CODE - 2003 (MBC-2003)  
 2. SEE ATTACHED PERMIT CONDITIONS, DATED 2-3-07. (1 PAGE)

Paid	Permit Item	Work Type	Fee Basis	Item Total
Before Issue	App Fee, Non-Res, Add/Alter	Application Fee	1.00	-\$100.00
At Issue	VALUE OVER \$10,000	New Const.	169,000.00	\$989.00
At Issue	PR COMM LESS 1,250,000.00	Plan Review	169,000.00	\$298.00
At Issue	PR ELECTRIC	Plan Review	1.00	\$55.00
At Issue	PR MECHANICAL	Plan Review	1.00	\$100.00
At Issue	PR PLUMBING	Plan Review	1.00	\$100.00
At Issue	Bond, Other Use Groups	Standard Item	169,000.00	\$2,000.00

Fee Total: \$3,442.00  
 Amount Paid: \$3,442.00  
**Balance Due: \$0.00**

This permit is issued under the State of Michigan Construction Code-Commercial: Michigan Building Code 2003  
 Residential: Michigan Residential Code 2003, and is subject to the Building Code, Zoning Ordinance and all other ordinances of Rochester Hills, and shall become void once work is abandoned for a period of six (6) months. Separate permits must also be obtained for signs and any electrical, plumbing, mechanical, sewer or lot disposal work. This permit conveys no right to occupy any street or public right-of-way, temporarily or permanently. OCCUPANCY PRIOR TO ISSUANCE OF A WRITTEN CERTIFICATE OF OCCUPANCY BY THIS DEPARTMENT IS A VIOLATION OF STATE AND LOCAL LAW.

THIS PERMIT MUST BE POSTED IN A PLACE READILY VISIBLE FROM THE STREET AND MUST NOT BE REMOVED UNTIL FINAL INSPECTIONS HAVE BEEN MADE. PLANS APPROVED BY THE BUILDING DEPARTMENT MUST BE AVAILABLE ON THE JOB AT ALL TIMES UNTIL FINAL INSPECTION HAS BEEN MADE. SUNDAY & HOLIDAY WORK NOT PERMITTED R.H. ORD.5-02.02.05  
 DEBRIS CONTAINMENT MEASURES REQUIRED R.H.ORD.5-01.04.09

The City shall pay no interest on cash bonds submitted to the City. The City shall not return any interest accrued on cash bonds.

( ) Department Copy      (X) Contractor/Owner Copy      ( ) Inspector's Copy