Solar Firm That Got $26M In MS Loans Is Closing

Jeff Amy, Associated Press

JACKSON, Miss. (AP) — Mississippi taxpayers may have only an empty Senatobia building and solar panel equipment to show for $26 million in loans to Twin Creeks Technologies.

The California-based solar technology firm is liquidating and a company that bought Twin Creeks' assets won't take over its agreement with Mississippi. Twin Creeks had agreed to invest at least $132 million and create at least 500 jobs in exchange for loans, tax breaks and other aid.

The state sued Twin Creeks in Tate County Chancery Court and has had a temporary restraining order against the firm since Nov. 8, said officials in the Tate County chancery clerk's office. That lawsuit is being handled by Jack Wilson, a lawyer who works directly for Gov. Phil Bryant.

Twin Creeks, like many American solar firms, was swamped by a wave of cheap solar panels imported from China, said Kathy Gelston, chief financial officer for the Mississippi Development Authority.

Twin Creeks also struggled to make its equipment produce energy at a high-enough rate, said Janie Mortimer, executive director of the Tate County Economic Development Foundation. Mortimer said that the company never had more than 25 employees.

"We were very hopeful this would be a successful project and hire the number of people they anticipated," Mortimer said. "This was a little difficult to endure."

Gelston said Thursday officials are negotiating for Twin Creeks to repay aid above the value of the 85,000-square-foot building and equipment. The state loaned Senatobia $15 million to construct the building and $8.2 million to buy equipment. It also transferred $3.5 million to the city, mainly in a loan but partially in a grant, to prepare the site and build infrastructure.

Gelston said the state wants to get money back, beyond what the building and equipment might be worth.

"We are in the process right now, the attorney general, the governor's office and MDA in trying to come to some type of closure on this project," Gelston told The Associated Press.

Lenders sold Twin Creeks' technology for $10 million to GT Advanced Technologies of Nashua, N.H., in mid-November. Gelston said Twin Creeks received about $3 million from the sale, but there are creditors in addition to the state of Mississippi.

GT Advanced Technologies could not immediately be reached for comment Thursday.

Then-Gov. Haley Barbour announced the plant in April 2010 and cut the ribbon in May 2011, with the company saying it was in startup production. But Twin Creeks never sold solar panels commercially and announced a change in business strategy in early 2012, saying it would instead make equipment for solar panel manufacturers. Though Twin Creeks got a wave of favorable publicity at the time of the switch, it apparently wasn't any more successful.

The losses could be the biggest bath the state has taken on an economic development project since the Mississippi Beef Processors plant, 40 miles south in Oakland, collapsed. State local and federal governments lost something more than $50 million, creating a scandal that led to jail time for some people.

Twin Creeks got to help design the building, but it could be worth much less to a new user. Patrick Burke, a Memphis, Tenn., commercial real estate broker who's trying to sell a neighboring building in Senatobia, had a one-word answer when asked if the state could sell the building for $15 million: "No."

Burke's firm is offering the neighboring warehouse, which is older but still modern, for about $20 a square foot. He said the Twin Creeks building's heavy power supply could make it worth more to a manufacturer, but said other features, though attractive, were unlikely to add value in the general industrial market. He said industrial buildings around Memphis are selling for $20 to $25 a square foot, but that his company would probably take less for its 200,000-square-foot warehouse because it's distant from Memphis. At $25 a square foot, the Twin Creeks building would be worth $2.1 million.

Gelston said the state is trying to figure out how much the equipment is worth. She said some equipment might be usable by many glassmakers, but that some is specialized for solar panel makers and might have fewer potential buyers.

"The intent is to sell the equipment and remarket the building," Gelston said.

MDA Director Brent Christensen was in Germany and unavailable for comment Thursday, Gelston said. Gov. Phil Bryant planned to discuss the issue with AP on Friday, spokesman Mick Bullock said.

The state transferred the money to the city of Senatobia, which was supposed to collect lease payments and repay the state. Twin Creeks' first loan payment of $1.2 million to the city of Senatobia is due Dec. 31 and Senatobia is supposed to transfer that money to the state, in turn, by Jan. 5. The state said it's willing to work with Senatobia, but isn't ready to declare that the city is off the hook for the debt.

"We wouldn't expect Senatobia to pay us the amount of that first payment when it comes due, not that we wouldn't hold them liable, and that we would grant them an extension until a new tenant was found," Williams wrote in an email. "And the same holds true for the Development Infrastructure Program loan for infrastructure — we

would be granting them an extension."

Besides what it owes the state, Tate County says Twin Creeks owes as much as $320,000 in property taxes for 2012 on the building and equipment. The firm is appealing in Tate County Circuit Court.

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