Electric Car Firm Never Applied For VA Incentives

Bob Lewis, AP Political Writer

RICHMOND, Va. (AP) — An electric car firm headed by Democratic gubernatorial candidate Terry McAuliffe never provided Virginia officials enough details to obtain economic development incentives, according to an Associated Press review of state records.

McAuliffe claimed in a Dec. 5 news conference that the Virginia Economic Development Partnership didn't want to bid on GreenTech Automotive's proposed plant to manufacture tiny, low-speed, all-electric two-seaters, so the project went to Mississippi.

"That's their choice. Other states — I think Alabama, South Carolina, Mississippi — have a very aggressive (effort) to bring manufacturing in. Obviously, Virginia was my first choice," he said after a tour of a Richmond-area office building.

More than 600 pages of emails and other correspondence The Associated Press obtained under the Freedom of Information Act show the state was dubious of the project from its beginning in 2009. But they also show the company exacerbated VEDP's misgivings by failing to satisfy questions about its financing and viability from senior officials under two governors — Democrat Tim Kaine and Republican Bob McDonnell.

McAuliffe, who is chairman of GreenTech Automotive, acquired the company from China shortly after losing the 2009 Democratic primary for governor. By August of that year, GreenTech had approached VEDP for help locating a plant in Virginia, where the effort took on a secretive code name suggested by McAuliffe: Project GCG, or Go Clean Green.

A major strategy for enticing large overseas investments, principally from China, was a federal program known as EB-5 that grants permanent U.S. residency for every $1 million of foreign capital, or $500,000 in economically struggling areas. From the start, GreenTech officials urged Virginia officials — including Kaine — to implement the program. Just as quickly, VEDP officials became wary.

"This company is a complete start-up venture and it appears the management team has no previous experience in automotive manufacturing," VEDP's Mike Lehmkuhler wrote in a Sept. 10 email to Patrick Gottschalk, then Kaine's secretary of commerce.

In October, GreenTech announced plans for a plant in Tunica County, Miss., best known for its nine casino resorts about half an hour south of Memphis, Tenn. That surprised VEDP officials who had scheduled site visits the next two days for GreenTech executives near Waverly, Danville and Martinsville, a city with persistent double-digit unemployment rates.

Later in October 2009, Lehmkuhler wrote in an email to GreenTech executive Gary Tang that after a second review of the company's business plan, "we still do not see a unique value proposition that explains how GreenTech will reach forecasted sales." He noted GreenTech lacked brand recognition; had not demonstrated vehicle performance; had no federal safety and fuel-economy certification; no emissions approval from the Environmental Protection Agency; no distribution network; and "no demonstrated automotive industry experience within the executive management team."

In the heavily redacted email, Lehmkuhler noted market dominance by high-mileage hybrid cars from established automakers such as Toyota, Honda, Ford and Nissan, and pressed Tang about the competitiveness of its MyCar vehicle, the efficiency of its production models and its financial backing.

Lehmkuhler said the documents speak for themselves and declined to comment for this story.

On repeated occasions, the records show, VEDP was unable to get critical questions answered, and by 2012, there was scant discussion of building in Virginia.

Before their release to the AP, the documents were censored to avoid disclosing proprietary or trade secret information, and other documents were withheld entirely, said Sandra Jones McNinch, the agency's general counsel. Therefore, some basic information was not available, including: how many people GreenTech proposed hiring; economic impact projections; salary ranges; details of the vehicle's manufacture; and estimates about its performance.

McAuliffe spokesman Josh Schwerin said Friday that although "GreenTech supplied extensive documentation to support their project, VEDP repeatedly made clear in meetings and correspondence that they did not want to pursue this project."

Marianne McInerney, GreenTech's sales and marketing vice president, said Friday that Virginia had its mind made up not to do business with the company.

"We've found a home in Mississippi, but that doesn't mean that as we continue to expand our business that we would not like to reconsider Virginia. We absolutely would," she said.

GreenTech opened a factory in Horn Lake, Miss., a suburb of Memphis, Tenn., earlier this year. The company set up an assembly line in a former elevator factory, unveiling the operation at an event attended by McAuliffe, former Democratic President Bill Clinton and former Republican Gov. Haley Barbour. There, the company showed off a handful of its vehicles.

Although the assembly line is modest compared to the large plants built in Mississippi by Nissan and Toyota, the event cooled some of the skepticism that had surrounded GreenTech. McAuliffe extolled the importance of manufacturing at the grand opening and pledged, under a giant American flag, that GreenTech would make the innards of its vehicles in the U.S., even those destined to be assembled in

a Chinese factory for that market.

Neighborhood electric vehicles are limited to streets with speed limits of no more than 35 mph in the U.S. A top-of-the-line MyCar made by GreenTech is supposed to cost $18,000. The company has said it plans to sell a year's output to a Danish firm, and also says it has a deal to sell some to Domino's Pizza franchisees.

The company says it still plans to build a 300,000 square-foot factory in Tunica County, Miss., but work there has never progressed beyond site preparation work.

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