MICHIGAN STRATEGIC FUND

MEMORANDUM

Date: September 18, 2026

To: The Honorable Gretchen Whitmer, Governor of Michigan
Members of the Michigan Legislature
Scott Starr, Clerk of the House of Representatives
Dan Oberlin, Secretary of the Senate
Mary Ann Cleary, Director, House Fiscal Agency
Kathryn Summers, Director, Senate Fiscal Agency

From: Quentin L. Messer, Jr., President, Michigan Strategic Fund

Subject: **Notification of Amendment Request for Critical Industry Program (CIP) Grant - Our Next Energy (ONE)**

Public Act 270 of 1984, Section 88(s)(5) (Act) (MCL 125.2088s) requires the Michigan Strategic Fund (MSF) to provide notice, and a copy, of a request received by the MSF to modify an existing written CIP grant agreement within five (5) business days of receiving that request. The Act also requires an explanation of the provisions of a CIP grant to be modified and notice of the proposed CIP grant amendments to be published on the MSF's website at least one (1) business day prior to the MSF public hearing on the proposed amendments. Finally, the Act requires that if the MSF approves and modifies a CIP grant, the MSF is required to provide you with a copy of the amended CIP grant agreement within one (1) business day of completion of the modification.

The MSF and ONE entered into a CIP grant agreement effective May 12, 2023, memorializing a CIP award to ONE in the total amount of $200 million for the construction of a new battery campus in Van Buren Township (Wayne County) and the renovation of ONE's existing facility in the City of Novi (Oakland County). The project was expected to create at least 2,112 new jobs and generate a projected $1.6 billion in capital investment.

On September 16, 2026, ONE submitted a request for MSF consideration of an amendment to the CIP agreement. The amendment request includes the following modifications:

1. Update the project scope to include lithium-ion cell manufacturing for defense, energy storage, locomotive, and other applications, from automotive.
2. Reduce the project's new job creation requirement from 2,112 to 1,606.
3. Increase the project's capital investment requirement from $1,624,845,244 to $1,672,495,944.
4. Allow for job creation and capital investment in the company's existing Novi facility to count towards the jobs and capital investment commitment.

5. Reduce the CIP award from $200 million to $150 million.
6. To extend the term of the grant agreement from June 30, 2030, to March 31, 2037.

Attached is an explanation of the provisions of the grant to be modified along with the rationale for consideration, and a copy of ONE's amendment request.

ONE's amendment request will be published on the MSF website as required by the Act prior to presentation to the MSF Board for consideration. Additionally, as required by the Act, if the modifications are approved by the MSF, the MSF will provide a copy of the amended grant agreement.

If you have any questions, please contact the MEDC Office of Legislative Affairs at medcgovrelations@michigan.org.

Attachments:
Copy of ONE's amendment request, which includes the summary of, and rationale, for the specific amendments

cc: Matt Casby, Michigan Strategic Fund Manager

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

MEMORANDUM

Date:	**September 22, 2026**
To:	**Michigan Strategic Fund ("MSF") Board Members**
From:	**Madison Sorsen, Business Development Manager** **Matt Chasnis, Strategic Projects Advisor**
Subject:	**Critical Industry Program Grant Amendment Request** **Michigan Business Development Program ("MBDP")** **Our Next Energy (ONE) ("Company" or "Applicant")**

Request Summary

The above-mentioned Company is requesting an amendment to the CIP grant that was approved to support the Company's new battery technology manufacturing facility in Van Buren Township. The project was expected to result in the creation of 2,112 new jobs and require $1.6 billion in capital investment.

The Company is requesting the following amended terms:

- Critical Industry Program (CIP)
  - Update the project's scope to include lithium-ion cell manufacturing for defense, energy storage, locomotive, and other applications, from automotive;
  - Reduce the project's job creation from 2,112 new jobs to 1,606 new jobs;
  - Increase the project's capital investment from $1,624,845,244 to $1,672,495,944;
  - Reduce the CIP award from $200 million to $150 million;
  - Allow for job creation and investment in the Company's Novi facility to count toward their jobs and investment commitment; and
  - Extend the term of the grant from June 30, 2030, to March 31, 2037.
- State Essential Services Assessment Exemption:
  - No amendment requested.
- Jobs for Michigan Investment Fund Loan:
  - No amendment requested.

Applicant History

Our Next Energy (ONE), which is headquartered in Novi, Michigan, was founded with the mission to double the distance electric vehicles can travel using safer, more sustainable materials. Founded in 2020, ONE's long-term vision involves vertical integration for American energy storage manufacturing by working to develop a robust and resilient domestic supply chain for critical minerals.

In 2022, as a direct result of federal policies associated with consumer subsidies, tax credits, and emission mandates, the automotive industry's demand for domestic batteries grew significantly. Across the board, the automotive industry announced investment strategies that shifted away from platforms based on internal combustion engines and into scaling electric vehicle production. Over the course of a few years, battery development and production became strategically important for the U.S., both as part of the transition to a clean energy economy and as a key element of the automotive industry's global competitiveness.

The US had a very limited battery production presence with only a few large players providing EV batteries domestically. The battery development and production that was happening was being executed by foreign companies rather than domestically owned companies. Recognizing the opportunity to meet the new and promising battery demand, ONE proposed a significant investment into ONE Circle, a battery production facility that would include material refinement, cell manufacturing, pack manufacturing, battery recycling, and utility-scale energy storage. The project relied heavily on guaranteed volume growth, heavy federal subsidies, and a market protected from cheaper foreign competitors.

Following record breaking growth in 2024, the automotive industry experienced a federal policy shift toward more flexible emissions timelines and restructured clean vehicle incentives. The policy shift ultimately triggered widespread adjustments across vehicle development, battery chemistry, and battery supply chains. As a result, Our Next Energy's planned production expansion was severely impacted and the Company's primary market, supplying the EV industry, declined significantly.

The Company continues to move toward the goal of supplying EVs, but macro-economic conditions have caused delays and hurdles. The Company will be unable to meet the milestones outlined in the agreement and has requested an amendment to the CIP grant agreement. The Company has taken steps to evolve with federal policies, and volatile market demands by stabilizing and protecting its core assets. The Company has focused development on supplying high-margin markets, including locomotive uses, defense applications, and utility-scale grid storage applications. Additionally, the Company has reduced its burn rate by eliminating excess warehousing space in its Van Buren Township facility and associated employment across all operations. Additionally, the Company has reduced its burn rate by decreasing excess warehousing space in its Van Buren Township facility and associated employment across all operations.

The Company is confident that an extended project timeline will result in a successful project. To support production scaling, capital-raising efforts are actively ongoing, alongside the evaluation of a potential Special Purpose Acquisition Company (SPAC) merger to secure additional financing for growth. The Company has a pipeline of prospects, with customers actively engaged with Department of Defense, where the Company stands as the sole provider of a specialized battery meeting these critical operational requirements.

If supported, the amendment will allow the Company to reach production at the scale imagined with the initial approval. ONE remains one of a very few U.S.-owned companies with proven, domestic large-format Lithium Iron Phosphate (LFP) manufacturing capacity. Additionally, the surge in data center related power requirements has created an immediate need for domestic grid batteries, which the Aries platform can meet. Lastly, approving the amendment request protects a Michigan industrial asset, secures American-owned battery IP, and maintains the industrial foundation necessary for automotive and industrial electrification when it inevitably accelerates.

Recommendation

MEDC Staff recommends approval of the Critical Industry Program Request, as outlined in the attached term sheet.

September 15, 2026

TO: Quentin L. Messer, Jr., President, Michigan Strategic Fund
FROM: Mujeeb Ijaz, Founder and CEO, Our Next Energy, Inc.
SUBJECT: Request to Amend Critical Industry Program Grant Agreement

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In October 2022, the Michigan Strategic Fund approved a $200 million Critical Industry Program grant to support ONE Circle, our battery cell manufacturing campus in Van Buren Township. That plan assumed a fast-growing U.S. market for electric-vehicle batteries. To date, $70.2 million of the grant has been disbursed, and ONE has built and certified an operating large-format LFP cell factory in Michigan, one of very few that are American-owned.

That market has changed. Federal EV incentives and emissions timelines were rolled back in 2025, and automotive demand for domestic cells fell sharply. In January 2026, we paused passenger-EV investment and refocused the company on three markets that are buying today: defense, rail, and grid-scale energy storage. We reduced our workforce and footprint to match, kept the Van Buren cell line and the Novi pack plant in production, and announced $35 million in new purchase orders from rail and defense customers.

The grant agreement still describes the automotive plan. We are asking that it be aligned with the business as it exists today. Specifically, ONE requests that the agreement be amended to:

1. **Broaden the project scope** to lithium-ion cell manufacturing for defense, energy storage, locomotive, automotive, and other applications.
2. **Reduce the job commitment** from 2,112 to 1,606 new jobs, and allow jobs and investment at our Novi headquarters and pack facility to count alongside Van Buren Township.
3. **Increase the investment commitment** from $1.62 billion to $1.67 billion.
4. **Reduce the total award** from $200 million to $150 million, inclusive of the $70.2 million already disbursed.
5. **Extend the term** from June 30, 2030 to March 31, 2037.

No change is requested to the State Essential Services Assessment exemption or to the Jobs for Michigan Investment Fund loan.

What this means for the State. The amendment lowers the State's total commitment by $50 million. No further grant funds are disbursed until ONE has demonstrated $570 million in eligible project spending and 750 qualified jobs, and then $560 million in private financing and $500 million in cumulative revenue. The MSF's security interest and clawback protections remain in place. In return, Michigan keeps an operating, American-owned LFP cell plant and its jobs here, positioned for the defense and infrastructure demand that exists now and for automotive when it returns.

We appreciate the partnership of the MSF and MEDC over the past four years and would welcome the opportunity to answer any questions.

Sincerely,

Mujeeb Ijaz
Founder and Chief Executive Officer
Our Next Energy, Inc.

Key Terms at a Glance

Critical Industry Program grant — current agreement versus requested amendment

Term	Current agreement (Oct. 2022)	Requested amendment	Change
Project scope	Lithium-ion cells for automotive (EV) applications	Lithium-ion cells for defense, energy storage, locomotive, automotive, and other applications	**Broadened**
Project site	Van Buren Township cell facility	Van Buren Township cell facility and Novi headquarters / pack facility	**Novi added**
CIP award (maximum)	$200.0 million	$150.0 million	**–$50.0 million**
Disbursed to date	$70.2 million	$70.2 million	**No change**
Remaining award available	$129.8 million	$79.8 million	**–$50.0 million**
Reimbursement cost share (State : Company)	60 : 40 of eligible expenses	50 : 50 of eligible expenses	**State share reduced**
Job commitment	2,112 new jobs	1,606 new jobs	**–506 jobs**
Investment commitment	$1.625 billion	$1.672 billion	**+$47.7 million**
Term ends	June 30, 2030	March 31, 2037	**+6 years, 9 months**
State Essential Services Assessment exemption	In place	In place	**No change**
Jobs for Michigan Investment Fund loan	In place	In place	**No change**

Before any further disbursement. Under the amended terms, ONE must first demonstrate $570 million in eligible project spending and 750 qualified jobs (by December 31, 2031), and then $560 million in private financing, $500 million in cumulative revenue, and three cell lines in production (by March 31, 2032). The next disbursement is capped at $50 million, paid on a 50 : 50 reimbursement basis (down from 60 : 40), so ONE funds at least half of every eligible dollar. The final $29.8 million is released only at project completion.

Protections retained. MSF security interest in disbursed funds; clawback for jobs or investment shortfall, relocation, abandonment, insolvency, misrepresentation, or misuse of funds; annual compliance certificate and progress reports; semi-annual dashboard reporting; 30-day notice of material changes.