



February 28, 2012

Morning Update

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Search

Go

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The Flagship Enterprise Center where Bright Automotive is located.
John P. Cleary

Company runs out of money amid changing federal demands

By Stuart Hirsch

[The Herald Bulletin \(http://heraldbulletin.com\)](http://heraldbulletin.com)

ANDERSON, Ind. — After failing to secure a federal loan to finance its operation and production costs to build a hybrid delivery vehicle, Bright Automotive said Tuesday that it will cease operations.

The startup company, which also has facilities in Rochester Hills, Mich., and Mishawaka, was seeking a \$450 million low-interest loan from the U.S. Department of Energy to finance production of the IDEA, its plug-in hybrid service van.

“Bright has not been explicitly rejected by the DOE; rather we have been forced to say ‘uncle.’ As a result, we are winding down our operations,” Bright CEO Reuban Munger and Chief Operating Officer Mike Donoughe said in a scathing letter to Energy Secretary Steven Chu.

The company spent three years and \$15 million negotiating with the DOE for the loan, said Michael Brylawski, vice president of corporate strategy. Each time the company submitted a proposal, he said, the government responded with more onerous requirements.

Executives stopped taking salaries last fall and were contributing their own money to keep the company alive.

“We couldn’t meet payroll and ran out of cash,” Brylawski said. “We couldn’t feed the beast anymore.”

“Last week, we received the fourth ‘near final’ Conditional Commitment Letter since September 2010. Each new letter arrived with more onerous terms than the last,” Munger and Donoughe wrote. “The

first three were workable for us, but the last was so outlandish that the most rational and objective persons would likely conclude that your team was negotiating in bad faith.”

Bright was launched in January 2008 at the Colorado-based Rocky Mountain Institute and soon afterward opened an engineering facility at Anderson’s Flagship Enterprise Center. In November 2010, Bright officials announced the opening of a research plant in Rochester Hills and, a year later, a production facility in Mishawaka.

Neither choice was in Bright’s original loan application, Brylawski said. The company’s original plan was to locate all its facilities at the Flagship Business Center.

“We were told by the DOE in August 2010 that Bright would get the ATVM loan ‘within weeks, not months’ after we formed a strategic partnership with General Motors (Corp.) as the DOE had urged us to do,” the two executives wrote.

“We lined up and agreed to private capital commitments exceeding \$200 million — a far greater percentage than previous DOE loan applicants. Finally, we signed definitive agreements with state-of-the-art manufacturer AM General that would have employed more than 400 union workers in a facility that recently laid-off 350 workers.”

And then the company waited.

“We continued to play by the rules, even as you and your team were changing those rules constantly — seemingly on a whim,” the letter said.

Bright officials hoped to employ about 200 people at the Michigan facility and 1,000 more at the production site and had touted the IDEA as a potential replacement for gas-guzzling delivery-fleet vans.

It all seemed so different when Bright executives unveiled the company’s 100-mpg hybrid-electric prototype at EVS-24, the world’s largest electric vehicle symposium and exhibition in June 2009.

It was a heady time for startups like Bright. Passed by Congress with bipartisan support, the Energy Independence Act of 2007 established the Advanced Technology Vehicles Manufacturing Loan Program designed to reduce the country’s dependence on foreign oil and promote clean automotive technologies.

Later, President Barack Obama pledged to put 1 million hybrid or fully electric cars on the road by 2015.

By last September, however, only six loans totaling \$9.1 billion had been approved under the ATVM program, although 18 applications — including Bright’s — were pending.

Then came the collapse and bankruptcy of solar panel maker Solyndra LLC, which borrowed \$527 million from the government. After the company folded, scrutiny of the program intensified.

The Obama administration ordered a review of DOE’s handling of the program, while companies like Bright struggled to secure funding to begin production.

“Support from the community of Anderson was wonderful and help from Flagship was critical, too,” Brylawski said.

“To me it’s tragic that this has happened. I personally came to know and respect the people and admired their capabilities. We were on the path to create a very profitable enterprise, and the DOE did not negotiate in good faith,”

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