



# There are Great Things Happening in Michigan

February 2008



# MICHIGAN GIVES YOU THE UPPER HAND

**F**ortune Magazine, an exciting, new federal Energy Department commitment and the governor's State of the State address all highlight the good news that arrived to bring fresh smiles in recent days. Fortune's "Top 100 Places to Work" in the U.S. names three Michigan-based companies along with another half dozen that maintain a significant business and employee presence in our state. One of them, Plante & Moran, is also notable for its role in a new agreement that brings scientists from the Oak Ridge National Laboratory to create an alternative energy research and development center in Macomb County in an alliance with auto suppliers and the state of Michigan. Gov. Granholm's commitment to this collaboration came just days ahead of new State of the State initiatives that promise a host of new tools to diversify Michigan's economy and increase our job creation opportunities.

Our successful **Business Marketing and Tourism Promotion campaigns** are projected to see new levels of funding, as much as \$50 million, to reach job-growing business leaders and economy-boosting tourists. The investment would be the largest promotion in Michigan's history, allowing outreach to more than 600,000 CEOs and making Michigan one of the ten most aggressive states in business marketing and tourism promotion. Film production would become a new growth industry here through a new, most aggressive in the nation, incentive plan that offers tax rebates and no-cost use of state and local government facilities.

A new **Michigan Job Creation Incentive** would mean a substantial cut in a company's Michigan Business Tax for a high-growth sector business that creates new jobs. New businesses in

high-growth sectors will pay no taxes in the first year under the governor's proposal; existing cutting-edge businesses will get a tax credit on their MBT. The state will take advantage of the recent cut in interest rates to refinance some state bonds to pay for this innovative plan. The governor also proposed Flexible MEGA Credits, changes to existing Michigan Economic Growth Authority law, to make it more competitive with other states and add tourism as an eligible business to attract new capital investment.

**Anchor Zones** and **Anchor MEGA** are proposed as new incentives for companies that attract or expand their own supplier base in Michigan. If adopted, the anchor company could receive tax credits based on the value of personal income taxes captured from new jobs created in the state by its supply chain or customer base.

**Alternative energy** drew much of the governor's discussion, including goals to produce 10 percent of the state's electrical energy from renewable sources by 2015 and reaching 25 percent by 2025. **Centers of Excellence** will partner job-creating alternative energy companies, universities and the state to co-locate to conduct research, commercialize alternative energy products and create new jobs. Funding for the centers will be set aside in the 21st Century Jobs Fund. Also proposed: Michigan will create **Tax Credits for Wind Power Generators** to spur the locating of wind farms in the state by reducing the property tax on wind towers by 50 percent.

These initiatives will enable us to grow new successes in coming years. From today's leading employers to leading-edge tech ventures to new tools for aggressive economic development, there is a good deal of good news to report.

## AWARDS AND ACHIEVEMENTS

### MICHIGAN HOSTS NINE OF FORTUNE'S 100 BEST COMPANIES TO WORK FOR

Livonia, Southfield and Zeeland are different than most places in the United States. The Michigan cities are headquarters to three of America's most highly regarded workplaces, Quicken Loans, Plante & Moran and Herman Miller, respectively. Quicken, the internet mortgage powerhouse, ranks second behind only Google as a great company to work for. The accounting firm, Plante & Moran, ranks 44th while the furniture design pioneer, Herman Miller, ranks 96th. Other great companies with a strong Michigan presence include Google (1st), Edward Jones (4th), Ernst & Young (57th), KMPG (71st), PricewaterhouseCoopers (90th) and Deloitte & Touche USA (95th).

### BUSINESS FACILITIES BRONZE AWARD TO MEDC FOR CHRYSLER TRENTON/MARYSVILLE PROJECTS

The MEDC's efforts to help secure Chrysler's investment of \$1.73 billion in automotive plants in Trenton, Marysville and Sterling Heights won a top award in the *Business Facilities* magazine 2007 Economic Development Deal of the Year competition.

### MICHIGAN.ORG MOST-VISITED STATE TOURISM WEB SITE IN 2007

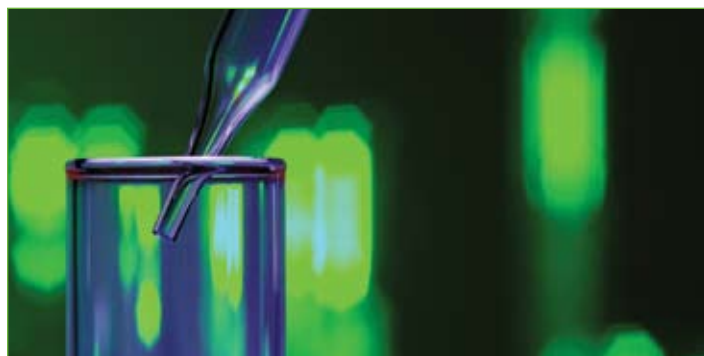
Michigan's tourism Web site, [michigan.org](http://michigan.org), was the year's most popular state tourism Web site in America for 2007, according to Hitwise, an online measurement company. Web surfers turned to the site more than 12 million times during the year, increasing annual traffic by nearly 23 percent. Travel Michigan, a division of the MEDC and the state's official agency for tourism promotion, reports that visitors spend \$18.8 billion annually traveling in the state, generating \$1.1 billion in state taxes and supporting 200,000 jobs statewide.



## COMPANY SUCCESSES

### GR R&D OPERATION SPURS \$66 MILLION VC INVESTMENT

**Avalon Labs**, an important and growing player in the Grand Rapids life science community, received \$66 million in new investment funding from the nation's largest publicly traded private equity fund. Avalon's global R&D team, based in the Cook-DeVos Center for Health Sciences at Grand Valley State University, includes eight employees, primarily product engineers and designers, and works closely with West Michigan's medical community in product design and development. Avalon



is one of the world's leading suppliers of cardiopulmonary vascular cannulae—medical devices that provide connections between patients and life support machines. American Capital Strategies Ltd., with some \$20 billion in capital resources under management, made the investment.

### IRON COUNTY TO GET NEW \$11 MILLION SAWMILL, 30 JOBS

A \$600,000 grant to Hematite Township in Iron County will be used to extend a public water line for a new sawmill of **Pine River Hardwood LLC**. The project is expected to generate \$9.8 million in capital investment and create 30 new jobs. The grant is being made available by the MEDC with federal Community Development Block Grant funds. Pine River Hardwood LLC is a new company resulting from the merger of Nicolet Hardwoods and Pine River Lumber, both in business since the 1800s. Hematite Township will contribute \$240,000 and the Michigan Department of Transportation \$273,500 to assist with road and rail improvements. In addition, the U.S. Dept. of Agriculture provided a \$200,000 low-interest loan to the township.

## COMPANY SUCCESSES

### METRO AIRPORT VITAL TO NATION'S AIR TRAVEL

Major improvements of recent years at Michigan's largest international airport make it a vital part of the nation's air travel network as the airline industry appears to move closer to consolidation. In September, **Metro Airport's** new North Terminal will replace the old Smith and Berry terminals, just six years after the opening of the McNamara terminal. The McNamara shot the airport into national prominence, moving DTW from the bottom to No. 2 in national consumer satisfaction surveys by J.D. Power in 2006.

"Nothing on the horizon is going to hurt Detroit Metropolitan Airport," said Michael Boyd, an industry analyst in Evergreen, Co. "There is no scenario where Detroit is going to hurt." The airport serves 160 non-stop destinations, including 26 in Europe, Mexico, Canada and Japan. Daily non-stop, round-trip service to Beijing and Shanghai starts in 2009.

### REAL WORLD FIXES FOR SMALL MANUFACTURERS

The **Michigan Manufacturing Technology Center**, an MEDC partner, brings leading-edge solutions to small manufacturers that typically are available only to much larger-scale enterprises. For Rives Manufacturing in Rives Junction, MMTC training helped the company's 50 employees adopt "lean manufacturing" practices that have cut lead times by 66 percent, to eight days, resolved customer quality issues and shown initial savings of \$20,000. "MMTC's training was very realistic," said Becki Job, a quality engineer and MMTC-trained Lean Champion. "Unlike other seminars, the training took very little effort to apply to real life issues on the job."

### CHEMICO HONORED FOR ENVIRONMENTAL EXCELLENCE AT NORTH AMERICAN INTERNATIONAL AUTO SHOW

**Chemico**, the Pontiac-based specialty chemicals company, was honored with an Environmental Excellence Award by General Motors at the North American International Auto Show in Detroit. A certified minority-owned chemical manufacturer, Chemico markets a wide variety of products for building maintenance, vehicle maintenance, and industrial applications as well as products for use in water-treatment, industrial production, solvent management and metal finishing.



### ANN ARBOR, MANISTEE AND WIXOM PROJECTS TO MEAN 261 JOBS

High-tech companies in Ann Arbor and Wixom and a brownfield redevelopment in Manistee with assistance offered through the MEDC are expected to create and retain a total of 261 jobs and generate more than \$30 million in capital investment. **Arbor Networks**, a global computer network security provider plans a \$14 million investment to expand its Ann Arbor R&D operations and create 139 new Michigan jobs. **NxtGen Emission Controls**, the Canada-based developer of clean diesel technology, is considering a new administration and manufacturing operation in Wixom with an investment of \$1.2 million that would create 106 new jobs. **American Materials** will relocate a material depot and transfer station for construction materials to an abandoned and contaminated site in Manistee to make its current lakefront site available for new multi-use development. It will create and retain 16 jobs and generate at least \$15 million in private investment.

### KALAMAZOO LIFE SCIENCE COMPANIES SHOWING STRONG VITAL SIGNS

A Kalamazoo biotech company started in 2006 by two former Pfizer Inc. scientists, **Metabolic Solutions Development**, is heading into the second phase of human trials for a new diabetes treatment with an investment from the \$50 million Southwest

## COMPANY SUCCESSES

Michigan First Life Science Fund. CEO Mark Olesnavage said Southwest Michigan First was the lead investor for the clinical study phase to test the diabetes treatment for safety, efficacy and appropriate dose on human subjects. It is expected to conclude at the end of this year.

Not far away, **NephRx**, a startup that is developing new treatments for kidney failure and side effects from chemotherapy, has won a \$500,000 investment by the Fund. The company, located in the Southwest Michigan Innovation Center in Western Michigan University's Business Technology and Research Park, has also been approved for \$200,000 from Michigan's Company Formation and Growth Fund to hire four Pfizer employees.

### COMPANY FORMATION AND GROWTH FUND AIDS 12 MORE NEW VENTURES

The initiative to retain Pfizer talent and assets in Michigan, the **Company Formation and Growth Fund**, now has twelve new companies with an anticipated creation of 49 jobs in Ann Arbor, Chelsea, Livonia and Kalamazoo in its loan portfolio. Last November, the first loans from CFG were awarded to 22 companies to create a minimum of 101 new jobs in Ann Arbor, Jackson, Kalamazoo and Portage. More than \$7 million in loans have been awarded to assist the 34 companies now being created by former Pfizer employees in Michigan.

### NEW ALTERNATIVE ENERGY INITIATIVE BY STATE, FEDS, AUTO SUPPLIERS

**USAUTOPARTs**, the U.S. Automotive Partnership for Advancing Research and Technologies is a newly formed collaboration in alternative energy research of the U.S. Department of Energy, the state of Michigan and major companies in the automotive supply industry. Governor Granholm announced the public-private partnership which includes scientists from the federal Oak Ridge National Laboratory moving to Michigan to lead research and development work at the 56,000-square-foot vehicle research center vacated by Delphi Corp.

"Michigan suppliers will be at the center of this partnership to develop advanced automotive and alternative energy technologies," Granholm said. "As this center evolves, we are determined to see that their cutting edge research results in innovative products designed and produced right here in Michigan."

### MICHIGAN #1 FOR AUTO-RELATED R&D, #2 FOR OVERALL INDUSTRIAL R&D

The latest **automotive R&D spending** figure for Michigan reported by the National Science Foundation is \$12.4 billion in 2005, or 78 percent of total U.S. automotive R&D expenditure. That's up from \$10.3 billion in 2003. Michigan is No. 2 in overall industrial R&D at \$16.7 billion for 2004.

### MICHIGAN COMPANY WINS AWARD FOR IN-CAR MULTIMEDIA PC

Grand Blanc-based **Azentek** won an award at the 2008 International Consumer Electronics Show (CES) in Las Vegas on January 9 for its in-car multimedia PC. The Atlas CPC-1200 was chosen by the editors at CNET, a consumer electronics Web site, as "Best of CES" in the car tech and GPS category. The Grand Blanc-based company also landed a contract with a European auto manufacturer to have its systems installed on its high-end vehicles. The firm recently opened a sales office in the Netherlands.



## COMPANY SUCCESSES

### U-M-CREATED “PLASTIC STEEL” ONE OF 2007 12 BIG STORIES BY THOMASNET.COM

Thomasnet.com’s Industrial Market Trends includes a University of Michigan research discovery in “**The 12 Big Stories of 2007**,” commenting: “In a particularly impressive scientific breakthrough of 2007, engineering researchers at the University of Michigan created a composite plastic that is as strong as steel but lighter and transparent.” The material is made of layers of clay nano-sheets and a water-soluble polymer that shares chemistry with white glue.

### AUTO R&D CENTERS EXPANDING

Three major overseas based automakers are enlarging research and development footprint in southeast Michigan. **Hyundai Kia America Technical Center** in Superior Township, east of Ann Arbor, is undergoing an expansion of its 210,000-square-foot facility as it grows its 145 employees to 400. “You cannot find anyplace like this in the U.S.,” said Chung Kook Park, the unit president. “People are most important. All the talented people are in this area.” Nearby, **Toyota** is building its second North American technical center in York Township. The 700-acre campus will include its first safety crash test facility on the continent. **Nissan** also plans to add to its U.S. R&D capabilities at its Farmington Hills technical center. Michigan, home to more than 330 R&D and tech centers, accounts for nearly 80 percent of the \$12.4 billion spent annually on vehicle-related R&D in the United States. The new investments here are fueled by the efforts of foreign and domestic automakers and suppliers to innovate environmentally friendly alternatives to the gasoline-powered engine.



### REDEVELOPMENT OF ANN ARBOR’S LOWER TOWN UNDERWAY AT BROADWAY VILLAGE

Ground was broken January 10 in Ann Arbor for **Broadway Village** at Lower Town. The \$172-million mixed-used commercial and residential development is being assisted with more than \$100 million in brownfield incentives and is expected to generate \$92.2 million in capital investment and create nearly 600 new jobs.

### 21 FIRMS RECEIVE TAX-FREE STATUS IN TOOL & DIE RECOVERY ZONES

A new Tool & Die Recovery Zone, the **Global Tooling Alliance LLC**, is being established to enable 16 companies throughout Michigan to operate free of most state and local taxes for up to 15 years to foster collaboration and make them more competitive in today’s global market. The designations were approved by the Michigan Strategic Fund Board chaired by James Epolito, president and CEO of the MEDC. In addition, five other tool and die companies in Clinton, Genesee, Grand Traverse, Muskegon and Wayne counties were approved to join existing Tool & Die Recovery Zones: **Alltech Tool** (Kingsley) will join the Northwest Michigan Tooling Coalition Recovery Zone; **Franchino Mold & Engineering** (Lansing) and **Future Tool & Machine** (Romulus) to the Capital Area Tooling Partnership Recovery Zone; **Muskegon Tool Industries** (Muskegon) to First Choice Machining Solutions Recovery Zone; and **Schmalz Tool & Die** (Burton) to the United Tooling Coalition Recovery Zone. Details on the new 16-member Global Tooling Alliance are available at [globaltoolingalliance.com](http://globaltoolingalliance.com). Michigan is home to 19 percent of the entire tool & die industry in the U.S. with some 1,780 establishments and 35,831 employees.

### FROM VACANT FACTORY TO FULLY OCCUPIED APARTMENTS, THANKS TO BROWNFIELD CREDITS

The *Lansing State Journal* reports that **Motor Wheel Lofts** in downtown Lansing, formerly the home of Prudden Motor Wheel, is fully occupied with a waiting list and about 70 percent of residents signing lease renewals. Prudden Place Partners used brownfield tax credits worth \$654,750 approved by the MEDC in 2004 for the \$6.5 million transformation of the vacant and contaminated factory into 119 apartments.