



# There are Great Things Happening in Michigan

March 2008



# MICHIGAN GIVES YOU THE UPPER HAND

Ten of America's most admired businesses call Michigan home. As it turns out, Michigan state government is one of the most admired, or more perhaps accurately, judged to be among the best in our country. From Sterling Heights to Grand Rapids and Kalamazoo to Hematite

Township in Iron County, companies are investing millions and creating hundreds of new jobs.

Every month we find new signs that express what seems so obvious to us. Michigan is a great place to do business, to work, to study and to live one's life.

## AWARDS AND ACHIEVEMENTS

### MICHIGAN AMONG BEST-MANAGED STATES; BEST IN GREAT LAKES

Michigan has been recognized as an outstanding leader in the Pew Center on the States Government Performance Project report, "Grading the States 2008."

Michigan's B+ score is highest of all Great Lakes states, surpassed only by three states: Utah, Virginia, and Washington, which scored an A- grade. Delaware, Georgia, Missouri, and Texas also won a B+ rating.

"Michigan is a very good example of a state that has been well managed in the toughest of economic circumstances," said Susan Urahn, managing director of the Pew Center on the States. Pew and *Governing* magazine found that Michigan demonstrated improvements in strategic workforce planning, project monitoring, performance auditing and evaluation, as well as its online service and information.

### TEN FORTUNE "MOST ADMIRABLE" COMPANIES MAKE MICHIGAN A TOP 10 HOME STATE

Ten Michigan companies across a range of industries have won *Fortune* magazine's designation as America's most admired companies. Together they give Michigan a 10th place ranking among all states as home to the coveted honor, published in its March 17 edition.

Michigan companies on the list are: ArvinMeritor, Troy; Autoliv, Auburn Hills; Dow Chemical, Midland; Herman Miller, Zeeland; Kellogg, Battle Creek; Penske Automotive Group, Bloomfield Hills; Steelcase, Grand Rapids; Stryker, Kalamazoo; TRW Automotive, Livonia; and Universal Forest Products, Grand Rapids.

In addition, *Fortune* lists another 12 Michigan companies as contenders for the honor based on their industry standing. The biweekly business magazine has a worldwide circulation of more than one million and worldwide readership of nearly five million.

### SAGINAW FUTURE AND MEDC EFFORTS WIN TRADE & INDUSTRY DEVELOPMENT AWARD

The Michigan Economic Development Corporation<sup>SM</sup> (MEDC) and Saginaw Future Inc., its local partner, have been honored in *Trade & Industry Development's* third annual Corporate Investment & Community Impact Awards for their work in securing the \$1 billion expansion last year by Hemlock Semiconductor Corp.(HSC) in Saginaw County. The HSC investment ranks third largest among



## AWARDS AND ACHIEVEMENTS

corporate investments in the U.S. in 2007 by the business publication. The \$1 billion project is expected to create 589 new jobs, including 270 directly by the company.

HSC's expanded facility, due to start coming online in 2010, will nearly double the company's total annual output of polycrystalline silicon. It is the third expansion in Hemlock in the past three years. HSC's operations are expected to total 1,174 new jobs and as much as \$1.5 billion in capital investment when the latest expansion is completed.

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

A \$600,000 grant to Hematite Township in Iron County will be used to extend a public water line for a new sawmill to be operated by **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 funds provided by the federal Community Development Block Grant program. An MEDC official presented a ceremonial check to township officials at the announcement on February 1.

Pine River Hardwood LLC is a new company formed by the merger of Nicolet Hardwoods and Pine River Lumber, both in business since the 1800s.

Hematite Township will contribute \$240,000 to support the project 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.

### AUTO INDUSTRY INNOVATION FUELS INCREASED MICHIGAN PATENT ACTIVITY

Michigan's leadership as the nation's number one state for **vehicle-related research and development expenditure** is paying off. A total of 26,173 patents were granted to Michigan inventors from 2000 to 2006, a 20 percent increase over the number for the previous seven years, much of it due to auto-related innovation. In 2007 the U.S. Patent and Trademark Office granted Michigan an additional 3,797 patents.

### MICHIGAN IS NO. 9 STATE IN NUMBER OF JOBS "INSOURCED" BY FOREIGN-OWNED FIRMS

Michigan-based subsidiaries of companies based abroad employ more than 202,300 workers in the state, representing 5.3 percent of the state's private-sector workforce, according to 2007 U.S. Department of Commerce data released by the Organization for International Investment. U.S. subsidiaries of foreign-owned businesses support a total of 5.1 million American jobs.

A recent example is **IAV Automotive Engineering Inc.** which broke ground on February 26 for a new 40,000-square-foot technical center in Northville Township. The subsidiary of German-based IAV GmbH is relocating and expanding engineering operations from Ann Arbor, representing an investment of \$23 million. The MEDC approved IAV for a business tax credit last year valued at more than \$3 million over 12 years. The expansion is expected to create 198 new jobs, including 107 directly by the company.

### JACKSON STATE PRISON EVOLVES TO RENAISSANCE ZONE TO ARTISTIC HUB

One of the state's most successful community redevelopments, **Armory Arts Village**, celebrated its grand opening last week. The 19-acre site four blocks from the center of downtown Jackson, designated as a Michigan tax-free Renaissance zone, comprises Jackson's historic state prison, dating from 1839, which later served as National Guard Armory; a 25-foot-high granite wall surrounding the property, and a vacant industrial complex to the south. All that has been transformed



Armory Court Studio of painter and jeweler, Ave Veneklasen

## AWARDS AND ACHIEVEMENTS

into a creativity-focused neighborhood with art galleries, classrooms, studios for local artists and 62 affordable Armory Artswalk Apartments set aside for musicians, designers, crafts specialists and other creative types.

### MEDC BACKS KELLOGG EXPANSION IN BATTLE CREEK

State and local tax capture valued at \$1.3 million will support the expansion of the **W. K. Kellogg Institute for Food & Nutrition Research** in Battle Creek by nearly 160,000 square feet. In January the facility was granted a 10-year Agricultural Processing Renaissance Zone as part of an incentive package approved for Kellogg by the city of Battle Creek and the MEDC. The benefits of the Zone include a 10 year (seven year full and three year partial) exemption from property taxes on building and equipment located within the Zone. The \$54 million expansion—

\$40 million for the facility expansion and \$14 million for equipment—will include additional office space, additional pilot plant space for testing new food products prior to full-scale production, and additional parking.

### NEW MIXED-USE DEVELOPMENT PLANNED FOR GRAND RAPIDS

State and local tax capture valued at \$333,750 will back developer **Stratus Properties LLC** \$4.5 million investment to strip out, completely renovate and build two stories of residential space on top of the 52-year-old Park Professional Building at 345 State Street S.E. in Grand Rapids' Heritage Hill district. In addition, the existing parking deck will be updated. The mixed-use project, now called Heritage View Place, will house 20,000 square feet of office space and 14 condominiums and is expected to create up to 40 new jobs.

## COMPANY SUCCESSES

### GENERAL DYNAMICS EXPANSION IN MACOMB COUNTY SUPPORTS ARMORED VEHICLE PRODUCTION, 1,149 NEW JOBS

Sterling Heights-based **General Dynamics Land Systems (GDLS)** is investing \$10 million to expand its operations in Sterling Heights and Shelby Township. The project is expected to create 500 new jobs at the company and an additional 649 spin-off jobs over the next 12 years. Assistance provided by MEDC helped convince the company to choose Michigan for the expansion over competing sites in Virginia, Florida and Ontario.

Based on the MEDC's recommendation, the Michigan Economic Growth Authority board approved a state tax credit valued at \$19.8 million over 12 years to secure the military contractor's investment. To support the project, the city of Sterling Heights has approved a nine-year abatement worth \$185,000. Shelby Township has approved a five-year abatement worth \$70,000.

"Almost four years ago, General Dynamics Land Systems established a 325-person engineering development center for the Army's Future Combat System after receiving MEDC Assistance," company President David K. Heebner said. "[This project] will result in the immediate creation of new jobs and laboratory facilities and the possibility



exists for continued growth. After comparing Michigan's state tax credit both nationally and internationally, it made the most business sense for General Dynamics to continue our commitment in Michigan."

### KAISER ALUMINUM, FABRI-KAL EXPANDING IN KALAMAZOO, 877 NEW JOBS

**Kaiser Aluminum Corporation** and **Fabri-Kal Corporation** are investing a total of \$118.7 million to locate or expand operations in Comstock Township and

## COMPANY SUCCESSES

Kalamazoo. Combined, the projects are expected to create 877 new Michigan jobs.

Kaiser Aluminum Corporation, a Foothill Ranch, CA-based producer of high-quality fabricated aluminum products for aerospace and high-strength, general engineering, and custom automotive and industrial applications, plans to locate a new \$80 million state-of-the-art billet casting and extrusion facility in the Midlink Business Park in Comstock Township. The project is expected to create 717 jobs, with an initial 150 directly by the company.

“This new state-of-the-art extrusion facility is a key component of our \$244 million growth initiative,” company, CEO and Chairman Jack Hockema said. “Kalamazoo provides a strategic location to best serve our customers and pursue new opportunities for growth. The governor and her team clearly demonstrated that Michigan was the right place to locate and we look forward to working together toward a prosperous future.”

A state tax credit valued at \$3.7 million over 10 years helped convince the company to choose Michigan for the new facility. To support the project, Kalamazoo-St. Joseph Michigan Works! has pledged up to \$280,000 in employee recruitment and job training assistance. The company currently employs 14 associates in Michigan primarily in sales and engineering positions.

Fabri-Kal Corporation, a Kalamazoo-based manufacturer of thermo-formed products for the foodservice and consumer goods packaging markets, will invest up to \$38.7 million to expand and relocate its current manufacturing operations to the former Mead Paper facility in Kalamazoo. The project is expected to create up to 160 new jobs over the next five years and retain 42. A state brownfield tax credit valued at \$3.5 million will help the company return the vacant, functionally obsolete facility to manufacturing use.

“Fabri-Kal has experienced continued growth over the past several years,” company President Mike Roeder said. “The location of this new facility in Kalamazoo allows us to capitalize on this growth while taking advantage of the manufacturing and tooling expertise that exists in this state. Fabri-Kal is proud to revitalize a brownfield site in Kalamazoo while adding to the employment base of the community in which we were founded.”

## BEHR-HELLA THERMOCONTROL TO LOCATE NEW MANUFACTURING FACILITY IN WIXOM

The subsidiary of Germany-based **Behr-Hella Thermocontrol GmbH**, a designer and manufacturer of automotive and truck HVAC electronic controls, will invest up to \$7.9 million to establish a new manufacturing facility in Wixom. Last August, the governor met with company officials in Lippstadt, Germany, to encourage the company to grow their presence in Michigan. The state projects up to 159 Michigan related new jobs, including between 32 and 70 directly by the company. A seven-year state tax credit, valued at \$825,000, helped win the company’s investment over a competing site in Ohio. The city of Wixom has approved an abatement worth \$315,000 over five years to support the project.

## DOW SET TO LAUNCH NEW SOLAR ENERGY INITIATIVE

A \$1.7 million state brownfield tax credit will support **Dow’s** new solar energy initiative announced by the governor in her 2008 State of the State address. The company plans to invest approximately \$50 million in the project, which is geared to enable solar energy generation materials to be incorporated directly into the design of commercial and residential building materials (Building Integrated Photovoltaic—BIPV). Plans include a 7,500-square-foot addition and the installation of new machinery and equipment in Midland.



## COMPANY SUCCESSES



### \$1.4 MILLION EMERGING TECHNOLOGIES FUND SUPPORTS HIGH-TECH BUSINESSES

Governor Granholm announced this week that \$1.4 million in state matching funds is available for competitive-edge companies that receive certain federal research grants. The MEDC is partnering with the Michigan Small Business and Technology Development Center (MI-SBTDC) to administer the **Michigan Emerging Technologies Fund (ETF)**, a new program endowed by the 21st Century Jobs Fund.

The program is available to businesses receiving federal Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) research grants and must advance at least one of Michigan's four competitive-edge technology areas under the 21st Century Jobs Fund: life sciences, alternative energy, homeland security/defense and advanced automotive, manufacturing and materials. The ETF is now taking applications and will continue until funds are exhausted.

### 21ST CENTURY INVESTMENT FUND INVESTS IN RPM VENTURES FUND TO SPUR JOB GROWTH

The Michigan Strategic Fund board approved investment of up to \$3.75 million through the Michigan 21st Century Investment Fund in the new **RPM Ventures II, LP venture capital fund**. The fund will focus on investments in information technology, alternative energy and other technology-based companies in the Midwest as well as high-tech firms spun out from universities.

Managed by Marc Weiser and Tony Grover, Ann Arbor-based RPM, formerly known as Waypoint Ventures, has operated in Michigan since 2000. To date, the pair has invested \$2.4 million in eight Michigan-based companies and RPM has yielded the only University of Michigan venture-backed IT spin out in the last three years.

The 21st Century Investment Fund is a major component of Governor Granholm's 21st Century Jobs Fund, a \$2-billion, 10-year initiative to diversify the state's economy and grow high-tech companies and jobs. Including this investment, the MSF has authorized up to \$58.75 million of investments in venture capital, mezzanine and private equity funds through the 21st Century Investment Fund.