



There are Great Things Happening in Michigan

May 2008

MICHIGAN GIVES YOU THE UPPER HAND



Dear Friends,

There's never a shortage of Good News about economic development in Michigan—the trick is to dig it out from under the negative stuff that grabs the headlines. For openers, there's the MPI Research expansion in Mattawan and Kalamazoo—one of the largest life sciences investments in Michigan's history. The \$330-million project is expected to create 3,300 new jobs at the company and an additional 3,300 spin-off jobs throughout the state.

The new multi-million Michigan Marketing Program, a \$60 million marketing push for the state's tourism and business attraction efforts, with \$45 million allocated to the Pure Michigan tourism campaign and \$15 million to Upper Hand business marketing, gives

Tim Allen and Jeff Daniels, respectively, the wherewithal to broadcast even further afield the good word about Michigan's desirability as a venue, whether the objective is work or play.

Approval of the nation's most aggressive incentives to attract movie, television and digital media producers to Michigan has already inspired Clint Eastwood to shoot his next feature film about a small Minnesota town in Michigan, and is luring the creative types to exotic midwestern locales like Kalamazoo, Saginaw and Flint. They'll never be the same: the directors, I mean. The derelict Michigan Central Depot in southwest Detroit, much loved by producers of urban film fare, will have even greater value as a backdrop.

Improvements to the Michigan Economic Growth Authority Act (MEGA) now qualify tourist-type attractions for tax credits, ditto small high-tech businesses in "creative class" industries. Another forward-looking enhancement to the MEGA statute is the anchor zone incentives that reward companies for encouraging suppliers and customers to expand in Michigan. A high-tech supply sector modeled on the battery of firms that encircles our auto manufacturing and R&D sectors is the goal.

Another boost to new business development is the investment of \$10 million by the Michigan 21st Century Investment Fund in Midwest Mezzanine Fund IV focusing on manufacturing, distribution and service industries ripe for expansion. Mezzanine investment financing (also called third-stage capital) is a later stage investment in a company already producing and selling a product or service and ready for prime time.

MEDC and Saginaw Future Inc. shared a well-deserved bow thanks to an economic development and leadership award from *Site Selection* magazine, the site consultants' bible, for their efforts assisting the Hemlock Semiconductor expansion last year, the third for the alternative energy giant.

These and dozens of other Michigan business success stories follow.

Enjoy!

James C. Epolito, *President and CEO*
Michigan Economic Development CorporationSM

AWARDS AND ACHIEVEMENTS

PROMOTION PROGRAM IS HISTORIC INVESTMENT IN MARKETING MICHIGAN

The Michigan Promotion Program, an aggressive marketing push to boost the state's tourism and business attraction efforts, was signed into law by Governor Granholm in mid-April. The initiative will transfer \$60 million from the state's 21st Century Jobs Trust Fund to the Michigan Strategic Fund, which will oversee the MPP. The new program will direct \$45 million to the state's Pure Michigan tourism campaign and \$15 million to the Upper Hand business marketing campaign. Also signed as part of her economic stimulus plan was legislation that establishes the most aggressive film incentive program in the nation and authorizes "anchor zone" incentives designed to attract new business investment and jobs in fast-growing high-technology industries.

GRANHOLM SIGNS BILLS TO STRENGTHEN STATE IN COMPETITION FOR JOBS, INVESTMENT

Bills signed into law this week to amend the Michigan Economic Growth Authority (MEGA) program, the state's most powerful business attraction and retention tool, will give the state more flexibility in meeting interstate and international competition for business investment.

Under the reforms, a company that is retaining or creating a minimum of 50 jobs can qualify for a MEGA Michigan Business Tax credit. For the first time, tourism attraction projects including cultural, historical, or scenic sites can qualify for the tax credits. The amendments also pave the way for small, high-tech businesses in "creative class" industries like architectural design to qualify for the incentives. The new law removes a requirement that a company prove it had received competing, lower-cost offers from other states or countries to be eligible for the incentives. Individuals or groups that win procurement contracts with the U.S. Departments of Defense, Energy, or Homeland Security can receive MEGA tax credits based on creation of at least 25 qualified new jobs.

BUSINESS PUBLICATION HONORS MEDC, INGHAM COUNTY EDC, SAGINAW FUTURE

Hemlock Semiconductor's \$1 billion expansion, backed by Michigan Economic Development CorporationSM (MEDC) assistance, was named one of 2007 Top 10 Deals on *Site Selection's* annual ranking of North America's major economic development projects. Two local organizations, Saginaw Future Inc., Saginaw and Ingham County Economic Development Corp., based in Mason, won Honorable Mention in the Top Economic Development Groups category. *Site Selection* provides expansion planning information to 44,000 managers and decision makers of fast-growing firms around the world. A listing of the 2007 Top Deals and Top Economic Development Groups is available in the May issue of the magazine and online at siteselection.com.

2008 STATE TOURISM CONFERENCE DRAWS RECORD CROWD

About 500 tourism industry professionals attended April's "Driving Tourism 2008" state tourism conference in Grand Rapids, up from 325 last year. The conference is a co-production of Travel Michigan, the Michigan Lodging and Tourism Association (MLTA) and the hospitality and tourism program at Michigan State University. Conference highlights included announcement by the governor of near-unanimous legislative support for her proposed \$60 million funding boost for MEDC marketing programs for tourism and business development, since signed into law. In other highlights, Travel Michigan Director George Zimmermann was awarded the first-ever "President's Award" by MLTA. Travel Michigan is a division of the MEDC and the state of Michigan's official agency for promotion of tourism, an industry generating \$18.8 billion annually in spending by visitors, \$1.1 billion in state taxes and accounting for 200,000 jobs statewide.



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MASSIVE BIOTECH EXPANSION BRINGING THOUSANDS OF JOBS TO WEST MICHIGAN

MPI Research Inc. is undertaking a multi-million-dollar lab expansion in Mattawan and Kalamazoo expected to create 3,300 new jobs and spin off 3,300 more. The provider of comprehensive preclinical R&D services will invest \$300 million to expand its facility in Mattawan and \$30 million to launch new operations in Kalamazoo at two buildings donated by Pfizer, contingent upon final agreements between Pfizer, the city of Kalamazoo and MPI. Based on the MEDC's recommendation, the MEGA approved a state tax credit valued at \$86 million over 15 years to secure the company's investment. In addition, MEDC supports a Renaissance Zone designation as well as a \$2 million, 21st Century Jobs Fund grant to Western Michigan for redevelopment activities at the Kalamazoo site. Through the transportation economic development fund, the Michigan Department of Transportation will provide funding for improvements at or near the I-94 interchange needed to accommodate traffic generated by the expansion. Local match requirements will be provided by the village of Mattawan, and the city of Kalamazoo will contribute \$150,000 toward environmental due diligence and infrastructure analysis.

DEFENSE CONTRACTOR BAE EXPANDING IN MACOMB COUNTY, ADDING 1,000+ JOBS

Global defense and aerospace company **BAE Systems** is launching a \$58.4 million expansion of its Land & Armaments operating group in Sterling Heights. The project is expected to create 460 new engineering and high-tech jobs and result in an additional 559 indirect jobs. BAE plans to convert an existing large industrial property into a state-of-the-art prototyping and test facility. Based on the MEDC's recommendation, the MEGA approved a state tax credit valued at \$22.1 million over 14 years to secure the company's investment. In addition, the MEDC has approved a \$460,000 Economic Development Job Training grant to train new hires. The city of Sterling Heights has proposed a 12-year abatement worth \$4.6 million to support the project.



COMPANY OPTS FOR MICHIGAN OVER MEXICO FOR EXPANSION

Von Weise Inc., the global manufacturer of gear motors, linear actuators, blowers, starters and other industrial applications, plans to relocate its Indiana and Missouri operations, transferring \$4 million worth of equipment to its facility in Eaton Rapids and investing \$3.3 million in new equipment over the next five years. The expansion will create 364 new Michigan jobs, including 159 directly by the company. Based on the MEDC's recommendation, the MEGA board approved a state tax credit valued at more than \$1.1 million over seven years to win the company's investment. In addition, the MEDC is expected to approve an \$800,000 Community Development Block Grant for machinery and equipment purchase. Eaton Rapids has approved a 12-year abatement valued at approximately \$139,000 to support the project.

STATE ASSISTS PLAN FOR \$72-MILLION PINNACLE RACETRACK NEAR DETROIT METRO AIRPORT

State and local tax capture of \$41.6 million will be used by **Wayne County Brownfield Redevelopment Authority** to support development of the \$72 million Pinnacle Race Course on 240 acres at Interstate 275 near Sibley Road in Huron Township. Ground was broken April 4

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for Phase 1 of what will be Michigan's only thoroughbred racetrack when it begins racing July 18. When completed, Pinnacle will feature two tracks, grandstands, picnic area, clubhouse, horse barns and grooms' quarters. Total capacity is estimated at 8,000, with 1,200 horse stalls located on site. Future growth on the remaining 80 acres of the site will consist of retail and/or commercial development. The project is expected to create over 1,000 jobs.

SPECTRUM HEALTH CHILD CARE CENTER GETS STATE OKAY

State and local tax capture valued at \$207,277 will assist **ThirdCoast Development Partners LLC** in the construction of a single-story, 22,000-square-foot structure at the former Bishop's Furniture site at 1697 Michigan Street in Grand Rapids. It will be leased to Spectrum Health for a child care and development center, allowing the hospital to merge current child development activities from two separate locations in the metro area. The new center is expected to generate \$4.6 million private investment and retain 30 jobs.



21ST CENTURY INVESTMENT FUND INVESTS IN MIDWEST MEZZANINE FUND IV

The Michigan Strategic Fund board approved a \$10 million investment through the Michigan 21st Century Investment Fund to **Midwest Mezzanine Fund IV, LP**. The fund will focus on investments in Michigan-based businesses in the manufacturing, distribution and service industries. 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. To date, the MSF has authorized up to \$68.75 million of investments in venture capital, mezzanine, and private equity funds through the 21st Century Investment Fund. The Michigan Strategic Fund contracts with Credit Suisse to develop and administer investment programs under the Michigan 21st Century Investment Fund. More information is available at michigan21stcenturyinvestmentfund.com.

KENT COUNTY TOOLING FIRM JOINS TOOL & DIE RECOVERY ZONE COLLABORATIVE

Dietool Engineering Co. Inc. in Walker has been admitted to the Tool Makers Alliance Tool & Die Recovery Zone. Admission to the 10-company alliance permits Dietool to operate virtually free of all state and local taxes. To date, the MEDC has designated 24 tool and die recovery zones in 31 counties benefiting 218 companies. To receive consideration for recovery zone designation, tool and die companies must have a collaborative agreement that demonstrates synergistic opportunities. Dietool Engineering, founded in 1970, has 22 employees and builds sheet metal tooling for the automotive, furniture and appliance industries, specializing in small to medium-size progressive sheet metal stamping dies.

MICHIGAN 50 COMPANIES TO WATCH IN THE SPOTLIGHT AT LANSING CELEBRATION

More than 600 of Michigan's leading entrepreneurs and small business leaders, along with the 50 companies listed below, were honored at the fourth annual "Michigan Celebrates Small Business" on April 24 in Lansing. These are second-stage companies, the category accounting for most new job creation. All are based in Michigan, privately

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held, past the start-up stage and growing with between six and 99 employees and from \$750,000 and \$50 million in annual revenue or working capital in place.

The event was hosted by the Edward Lowe Foundation, MEDC, Michigan Small Business & Technology Development Center, Small Business Association of Michigan and U.S. Small Business Administration—Michigan, with support from National City.

- **Accuri Cytometers Inc.**, Ann Arbor, Analytical Laboratory Instruments
- **Adams Building Contractors Inc.**, Jackson, General Contractor
- **Alliance Technology Solutions LLC**, Orion, IT Consulting and Implementation
- **Allis Information Management Inc.**, Midland, Business Intelligence Research
- **Altus Systems Inc.**, Commerce Township, IT Consulting and Implementation
- **Amherst Partners LLC**, Birmingham, Management and Financial Consulting
- **Ash Stevens Inc.**, Detroit, Pharmaceutical Preparations
- **Autoweb**, Rochester Hills, Engineering Software
- **BaabaaZuzu**, Lake Leelanau, Wholesale Woolen Apparel
- **Baseline Tennis**, Birmingham, Sports Management
- **Certified Restoration Drycleaning Network**, Berkley, Textile Restoration
- **Compendia Bioscience**, Ann Arbor, Online Bioinformatics
- **D&D Logistics LLC**, Muskegon Heights, Freight Transportation Logistics
- **Dexter Research Center Inc.**, Dexter, Infrared Instruments
- **Emcor Inc.**, Bay City, Precision Mechanical Devices
- **Encore Automation LLC**, Auburn Hills, Automated Manufacturing Systems
- **Extreme Tool and Engineering Inc.**, Wakefield, Plastic Product Development
- **Falcon Road Maintenance Equipment Inc.**, Midland, Road Maintenance Eqpt.
- **Food For Thought Inc.**, Honor, Specialty Foods
- **Grand Traverse Pie Co.**, Traverse City, Retail Bakery and Franchisor
- **Halo Group LLC**, Novi, IT Consulting and Staffing
- **Icon Creative Technologies Group**, Ann Arbor, Interactive Marketing
- **iDashboards**, Troy, Business Intelligence Software
- **ImageSoft Inc.**, Southfield, Content-Management Software
- **Jacobsen/Daniels Associates LLC**, Ypsilanti, Airport Consulting and Planning
- **JB Cutting Inc.**, Mt. Clemens, Furniture Components
- **K & F Electronics Inc.**, Fraser, Printed Circuit Boards
- **K-Space Associates Inc.**, Ann Arbor, Semiconductor Devices
- **LLamasoft Inc.**, Ann Arbor, Supply Chain Software
- **MachineTools.com**, West Bloomfield, Web Search Portal
- **Mavcon Inc.**, Portage, General Contractor
- **MIST Innovations Inc.**, Detroit, Surveillance Systems
- **Modern Fire & Security Systems Inc.**, Grand Rapids, Electrical Contractor
- **Molecular Imaging Research**, Ann Arbor, Pharmaceutical and Biotech Research
- **Motawi Tileworks Inc.**, Ann Arbor, Ceramic Tile Products
- **New-Tech, a division of Zeigler Enterprises**, Midland, Laboratory Equipment
- **Omni Tech International Ltd.**, Midland, Renewable Resource Product Dev.
- **Patriot Services Corp.**, Walled Lake, Disaster, Emergency Preparedness Consult.
- **PMV Technologies LLC**, Troy, IT Outsourcing
- **Portable Church Industries Inc.**, Troy, Event Planning Services
- **Pro Services Inc.**, Portage, Specialty Trade Contractor
- **ProNAi Therapeutics Inc.**, Kalamazoo, Biopharmaceutical Products
- **RTI Laboratories Inc.**, Livonia, Testing Laboratory
- **Secure-24 Inc.**, Southfield, IT Security Services
- **StelterPartners LLC**, Grand Rapids, Furniture for Commercial Spaces
- **Teoma Systems Inc.**, Troy, IT Systems Integrator
- **The DECC Co. Inc.**, Grand Rapids, Industrial Coating Application
- **TreeHouse Toys & Books Inc.**, Lansing, Retail Store and Franchisor
- **Workforce Strategies Inc. (WSI)**, Kalamazoo, Staffing Services
- **Zoup! Fresh Soup Co. LLC**, Southfield, Restaurant and Franchisor