



There are Great Things Happening in Michigan

September 2008

MICHIGAN GIVES YOU THE UPPER HAND



Dear Friends,

One of the best parts of my job is presiding over the monthly meetings of the Michigan Economic Growth Authority (MEGA), where we put the final stamp of approval on the latest batch of business expansions and brownfield redevelopments recommended for state business tax credits. It's getting to be even more enjoyable lately, with the total number of deals for each month topping the previous month's. In August, we set a new record with 20 projects creating and retaining 9,495 jobs and generating more than \$658 million in capital investment. We're on track to set a new record in September.

Let's step back and look at the impact of just one of those deals. In June 2007, General Mills announced plans to expand production at its Yoplait yogurt plant in Reed City (pop. 2,430), Osceola County. The Minneapolis-based food products giant, the nation's No. 2 cereal maker with annual sales of \$13.6 billion, considered sites in three states before deciding to expand here. We fought hard for this one. At the beginning of this month, ground was broken for the \$32 million expansion expected to create more than 50 new jobs.

The project was brought to perfection through a partnership between the city, General Mills and the MEDC, which recommended MEGA approval for a state tax credit of \$166,000 over seven years as an incentive. As a further inducement to expand in Reed City, General Mills was approved for a 12-year tax abatement worth \$5 million. The city also committed to a \$3.1 million wastewater treatment plant improvement project to accommodate Yoplait's stepped-up activity. MEDC assisted with \$500,000 for the improvements through a federal Community Development Block Grant. In addition to about 380 current employees, the plant upon completion in 2010 will employ over 400 and will become the largest yogurt production facility in the United States. The Michigan Milk Producers Association (MMPA) will be one primary supplier of milk and nonfat dry milk to the Yoplait plant, which will purchase more Michigan food products totaling over \$50 million annually from state farmers and agri-businesses. Multiply the impact of one business expansion on one regional economy by the dozens of projects we are approving each year and you can measure the MEDC's impact. The stakes are high in today's global economy, and the MEDC is committed to working with our local partners to win the fight for new jobs and investment.

Industries represented by the 14 business locations and expansions approved in August include: heavy welding, logistics, staffing services; auto-related technical centers; medical products; data storage and services; custom food products and the manufacture of furniture; wind turbine technologies; and aerospace components and assemblies. Brownfield tax credits are supporting the expansion of Eberspaecher North America in Brighton, Orchard Park (Wyoming) anchored by a Cabela's outdoor store, redevelopment of a historic block in Ypsilanti's Depot Town, replacement of a former Lansing hotel with a NuUnion Credit Union branch, a new retail and commercial banking building in downtown Cadillac, and in Dearborn, the transformation of a former Montgomery Ward store into a medical, retail and senior residential development.

Enjoy!

A handwritten signature in black ink that reads "James C. Epolito". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

AWARDS AND ACHIEVEMENTS



CENTERS OF ENERGY EXCELLENCE LAUNCHED TO SPUR ALTERNATIVE ENERGY INNOVATION

The Michigan Economic Development CorporationSM (MEDC) is accepting applications from energy technology development companies for grants from the new **Centers of Energy Excellence** (COEE) program financed by \$45 million from the 21st Century Jobs Fund over three years—\$18.7 million this fiscal year. The initiative provides grants to for-profit companies that are commercializing innovative energy technologies with support from a university. Details can be found at michiganadvantage.org/21CJF/.

MEDC HOSTING NATIONAL VENTURE FUND CONFERENCE IN DETROIT

The **National Association of Seed and Venture Funds** (NASVF), holding its annual conference in Detroit Sept. 10–12, is expected to attract more than 300 seed and early-stage investors. The event is hosted by the MEDC, which won hosting rights with a competitive national bid. NASVF is a U.S.-based association of private, public and non-profit organizations formed in 1993.

PURE MICHIGAN CAMPAIGN WINS AWARD

The **Travel Industry Association of American** honored the Travel Michigan division of the MEDC for the Pure Michigan campaign again this year with a Mercury award for best state tourism radio advertising. Last year, the Pure Michigan campaign received a Mercury award for best

state tourism advertising campaign. Pure Michigan ads continue to drive record volume to Michigan's official travel Web site, michigan.org, which maintains the title as No. 1 state tourism Web site. Pure Michigan commercials can be viewed/listened to online at michigan.org/travelads.

MICHIGAN-CANADA BILATERAL TRADE CONTINUES UPWARD TREND

Two-way trade with Canada, **Michigan's largest trading partner**, reached \$77.9 billion overall last year, a healthy nine percent increase over the previous year. Michigan sent almost \$25 billion in merchandise to Canada, with transportation equipment accounting for 66 percent of the total. Canada-U.S. trade supports 221,500 Michigan jobs, and 1,410,900 tourist visits by our northern neighbors resulted in \$467 million spent here.

MICHIGAN BUSINESS SUCCESS STORIES FEATURED IN 2008 OLYMPICS PROMOTION

The MEDC invested \$300,000 to **promote Michigan as a business destination** to Detroit-area viewers of the 2008 Olympic Games. The MEDC sponsorship package included 155 30-second spots for the state's Upper Hand campaign. The ads, running on Detroit NBC affiliate WDIV-TV Channel 4, featured Michigan business success stories. One new spot, featuring MEDC president and CEO Jim Epolito, aired during Sunday evening coverage of the Olympics. The package also included promotion on the station's Web site.

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PGA CHAMPIONSHIP AT OAKLAND HILLS HAS \$41 MILLION ECONOMIC IMPACT

The first PGA Championship held in Michigan since the U.S. Open in 1996 turned out to be a very a successful corporate hospitality event, attracting attendance of 40,000 a day. All 44 private hospitality spaces (priced from \$100,000 to \$500,000) and all 3,200 Executive Club VIP tickets (\$700 for the week) were sold. Overall, Michigan, U.S. and global firms were projected to spend \$12 million for on-course private hospitality at Oakland Hills Country Club during the week-long event in August. Not only did the premier golf event leave behind \$41 million in local economic impact, it gave Michigan the benefit of lush green vistas being beamed to half a billion television viewers worldwide.

GLOBAL BUSINESS PUBLICATION RECOMMENDS COMPANIES TAKE A LOOK AT SAGINAW

As reported on CFO.com at “How to Find America’s Tax Havens,” accounting giant KPMG has created a national ranking system based on the different types of taxes that companies face in various U.S. cities, based on income, capital, sales, property and local business taxes. Of U.S. cities with metro-area populations of more than 2 million, the most favorable venue is San Juan, Puerto Rico, followed by Baltimore, Atlanta and Tampa. Least favorable are: San Diego, New York City and San Jose. The publication advises that companies “may find much cheaper pastures in some of America’s very own tax havens, such as San Juan or Saginaw, Michigan.”

TRAVEL MICHIGAN UNVEILS DETROIT MEXICANTOWN INTERNATIONAL WELCOME CENTER

The state of Michigan, city of Detroit and the Mexicantown community celebrated the opening of the new Detroit Mexicantown International Welcome Center on August 22. Located in southwest Detroit near the Ambassador Bridge, this new facility is the state’s 14th welcome center. Operated through a partnership of Michigan Department of Transportation (MDOT) and MEDC, the new center will welcome millions of visitors and tourists who contribute more than \$17 billion annually to the state’s economy. The new center will be dedicated in honor of Detroit native Gloria J. Jeff, who served as state transportation director from January 2003 through January 2006. She was the first female and the first African American MDOT director.

MICHIGAN STILL A LEADING STATE FOR INDUSTRIAL R&D

According to 2006 data released by the National Science Foundation last week, Michigan retains 2nd place among the states for overall industrial R&D spending at \$16.5 billion. It is also No. 2 for industrial R&D intensity, which is the ratio of industry-based R&D to gross state product. Massive investment by industry in Michigan supports North America’s largest research apparatus, more than 330 auto-related tech and R&D centers here representing the world’s most innovative manufacturers and suppliers



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CHRYSLER INVESTING \$1.8 BILLION IN DETROIT ASSEMBLY PLANT EXPANSION

Chrysler LLC announced it will invest \$1.8 billion in new vehicle programs, including a major expansion and upgrade of its Jefferson North Assembly Plant in Detroit for future production starting in 2010. Last October, the Michigan Economic Growth Authority (MEGA) approved a tax credit valued at more than \$6 million over seven years to encourage Chrysler to invest \$366 million in Jefferson North with the potential to retain and create up to 1,419 jobs, including 400 directly by the company. Chrysler currently has seven facilities in Detroit in addition to North Jefferson: Detroit Axle, Mack Engine I, Mack Engine II, Mt. Elliott Tool & Die, Plymouth Road Office Complex, Conner Avenue Assembly, and Chrysler Transport.

\$300 MILLION TAX CREDIT ENCOURAGES EXPANSION OF HEMLOCK SEMICONDUCTOR

Governor Granholm signed bipartisan legislation designed to encourage the continued growth and expansion of Dow Corning's Hemlock Semiconductor Corporation (HSC) in Michigan, underscoring the state's commitment to growing the alternative energy sector and the potential it has for creating tens of thousands of jobs. Hemlock Semiconductor is the world's largest producer of hyper-pure polycrystalline silicon for the semiconductor and solar industries. Under the bills signed by the governor, HSC is assured competitive energy costs for a 12-year period, beginning in January 2012 and ending in December 2023, should the company choose Michigan for its next major expansion. That expansion could mean an investment of more than \$1 billion and 500 new jobs. The legislation provides a Michigan Business Tax credit

based on the difference between a guaranteed cost per kilowatt hour and the projected cost of electricity estimated by the Public Service Commission staff for up to 1.445 million megawatt hours annually.

WORLDWIDE STAFFING-SERVICE LEADER PLANS TROY CONSOLIDATION

Kelly Services Inc., the second-largest staffing company in the U.S. and the fourth-largest in the world, plans to invest \$7.8 million to consolidate several business units into a central location in Troy. The company is also launching a new staffing program to allow employees to work from home. Combined, the projects are expected to create 572 new jobs at the company over the next seven years. Based on the MEDC's recommendation, MEGA approved a state tax credit valued at \$4.7 million over seven years to win the company's investment over competing sites in other states. The city of Troy has proposed a combination of services worth \$20,000 to support the company's growth.

AUTOMOTIVE PARTS DESIGN FIRM HEADING TO \$5.2 MILLION RELOCATION IN LIVONIA

Testek Inc., the designer and builder of custom and production test equipment for the aerospace, automotive, and industrial markets, is planning to invest \$5.2 million to relocate from Livonia to a larger facility in Lyon Township. The project is expected to create 160 new jobs, including 27 at the company. Based on the MEDC's recommendation, MEGA approved a state tax credit valued at \$452,000 over 10 years to win the project over competing sites in other states. Lyon Township is considering a local tax abatement to support the project.

GENZINK STEEL AND WELDING HAMMERS TOGETHER \$7.9 MILLION EXPANSION

Genzink Steel Supply and Welding Company, the full-service provider of products and services in industries such as mining, alternative energy, gas/oil exploration, rail maintenance, defense and specialty-machine building, plans to invest \$7.9 million in a two-phase expansion at its operations in Holland. The project is expected to create

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193 new jobs, including 104 directly by the company. An economic analysis conducted by the MEDC estimates the project will generate an additional 89 indirect jobs. Based on the MEDC's recommendation, MEGA approved a state tax credit valued at \$1.1 million over seven years to help convince the company to invest in Michigan over a competing site in Texas. In addition, the MEDC has approved up to \$150,000 in economic development job training funds. The city of Holland is considering abatements worth an estimated \$1.08 million to support the expansion.

REQUEST FOODS TO SERVE UP 437 NEW JOBS IN NEW \$26.1 MILLION HOLLAND TWP. EXPANSION

Request Foods Inc., the co-packer of custom entrees, side dishes and specialty items, plans to **invest \$26.1 million to expand its facility in Holland Township.** The project is expected to create 437 new jobs, including up to 202 jobs directly by the company. Based on MEDC's recommendation, MEGA approved a state tax credit valued at \$2.5 million over 10 years to help win the project over competing national sites. Holland Township is considering a local tax abatement and additional infrastructure assistance in support of the project.

LEANLOGISTICS INC. CHOOSES TO GROW IN MICHIGAN INSTEAD OF FLORIDA

LeanLogistics Inc., the leading provider of Web-native transportation management systems and services, was purchased by Australian-based Brambles in March 2008 and operates as a division of Orlando-based CHEP USA (a Brambles company). LeanLogistics will move its operations from Holland to Zeeland and expects to **create 1,141 new Michigan jobs**, including 581 directly by the company. An economic analysis conducted by the MEDC estimates LeanLogistics' growth will generate an additional 560 indirect jobs. Based on the MEDC's recommendation, MEGA approved a state tax credit valued at \$11.8 million to win the project over a competing site in Florida. The city of Zeeland is considering a 12-year abatement to support the project.

RICARDO INC. GATHERS SPEED IN PROJECT TO INNOVATE FUEL-EFFICIENT AUTO PARTS

Ricardo Inc., the eco-innovation technology company and a leading independent provider of technology, product innovation, engineering solutions and strategic consulting to the world's automotive, transport and new energy industries with a skill base representing the state-of-the-art in low emissions and fuel-efficient powertrain technology, is planning to **invest \$12.3 million to establish a rolling chassis dynamometer facility at its site in Van Buren Township.** The project is expected to create 106 new jobs, including 45 directly by the company. Based on the MEDC's recommendation, MEGA approved a state tax credit valued at \$2.2 million over 13 years to help convince the company to invest in Michigan over a competing site in Germany. Van Buren Township is considering an abatement worth approximately \$182,400 to support the project. This is the company's second MEGA credit in five months. Last March, the company was approved for a credit valued at \$991,000 over 10 years to support the establishment of a battery systems development center for hybrid and electric vehicle battery pack development.

MICHIGAN BLOWS INDIANA AWAY IN LURING DANOTEK'S WIND TURBINE-PARTS PROJECT

Danotek Motion Technologies LLC, the technology developer and manufacturer of permanent magnet generators, power control electronics and brushless motors for power generation industries and advance



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automotive applications plans to **expand its operation and relocate to Plymouth Township**. The new expanded facility would accommodate the manufacture of up to three mega watt variable speed PM generators for use with wind turbines. The project is expected to create 353 new jobs, including 141 directly by the company. Based on the MEDC's recommendation, MEGA approved a state tax credit valued at \$2.5 million over 10 years to help convince the company to invest in Michigan over a competing site in Indiana. Plymouth Township is considering a local tax abatement to support the project.



MAJOR AUTOMOTIVE SUPPLIER GETS GREEN LIGHT TO EXPAND, CREATE 301 NEW JOBS

The Aisin Group, the **sixth largest automotive supplier in the world**, is considering expanding its Plymouth Township technical center. Pending company approval, the proposed \$8.6 million project could create up to 301 new jobs, including 82 at the company. Based on the MEDC's recommendation, MEGA approved a state tax credit valued at \$1.3 million over seven years to help convince the company to invest in Michigan over competing sites in other states. Plymouth Township is considering a local abatement to support the project.

NEW YORK-BASED DATA COMPANY LAUNCHES NEW KALAMAZOO OPERATION

Business Intelligence Associates Inc., the New-York-based company that helps organizations manage the collection, transfer and preservation of digital evidence and data, plans to **launch new operations in Kalamazoo**. The company plans to invest approximately \$8 million in the project that is expected to create up to 599 Michigan jobs, including 251 directly by the company, specifically including the hiring of attorneys and paralegals. An economic analysis conducted by the MEDC estimates the project has the potential to generate an additional 348 indirect jobs. Based on the MEDC's recommendation, MEGA approved a state tax credit valued at \$2.7 million over seven years to help convince the company to invest in Michigan over competing sites in New York, California,

Washington and Missouri. To support the project, the city of Kalamazoo will provide assistance with recruitment, job placement and job training.

PRECISION AEROSPACE'S WINNING PROJECT BID LEADS TO \$10 MILLION GRAND RAPIDS EXPANSION

Precision Aerospace Corporation (PAC), the Grand Rapids-based aerospace and defense manufacturer is launching a \$10.1 million expansion project at its operations in Grand Rapids and Wyoming. The project is expected to create 190 new jobs at the company and an additional 159 spin-off jobs over the next 10 years. Assistance provided by MEDC helped PAC secure new a contract from its largest customer against competing bids from other companies. Based on the MEDC's recommendation, MEGA approved a state tax credit valued at \$2.5 million over 10 years to secure the company's investment. To support the expansion, the cities of Grand Rapids and Wyoming have proposed 12-year abatements to support the project.

JAPANESE CARDIOVASCULAR SUPPLY COMPANY RELOCATES TO HEART OF WASHTENAW COUNTY

Terumo Cardiovascular Systems (CVS), the subsidiary of Tokyo-based Terumo Corporation, manufactures and markets products for cardiac and vascular surgery to hospitals worldwide. Terumo CVS will **invest \$3.57 million in relocation and expansion of its research**

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and development and manufacturing operations from Tustin, California to Ann Arbor (Scio Township). The project, adding 14,000 square feet and a new chemistry lab, is expected to create 157 new jobs, including 65 directly by the company. Based on the MEDC's recommendation, MEGA approved a state tax credit valued at \$855,000 over seven years to win the project over an alternate company site in Maryland. Scio Township anticipates approval of an eight-year tax abatement to support the project.

INFO SERVICES FIRM SKIPS OVER NORTH CAROLINA TO OPEN NEW ANN ARBOR DIVISION

The Ann Arbor-based GDI Infotech Inc., an information integration services and solutions firm, has launched a new solutions division. This division is offering new solutions and products for breaking down information silos, building solid data foundations and providing Business Intelligence reports. The project is expected to create 233 new jobs, including 121 directly by GDI. Based on the MEDC's recommendation, MEGA approved a state tax credit valued at \$1.5 million over seven years to win the project over a competing site in North Carolina. The city of Ann Arbor anticipates approval of a property tax abatement in support of the project.

AMERIWOOD TO REOPEN MANUFACTURING PLANT IN DOWAGIAC

Ameriwood Industries, the ready-to-assemble furniture manufacturer, plans to increase operations at its plant in Dowagiac that were suspended in July 2007. With assistance offered through MEDC, the company plans to

invest approximately \$3.45 million in the project expected to create up to 182 Michigan jobs, including 100 directly by the company. Based on the MEDC's recommendation, MEGA approved a state tax credit valued at \$695,000 over seven years to win the company's expansion. Sites in Ohio and Ontario, Canada, were also considered for the project. The city of Dowagiac anticipates approval of a 12-year tax abatement to support the project.

HOO-RAH! WOLVERINE TO MAKE COMBAT BOOTS IN BIG RAPIDS FOR THE MARINES

Wolverine World Wide Inc., will produce combat boots for the U.S. Marine Corps at its facility in Big Rapids. The footwear manufacturer won the military contract in competition with companies in Georgia, Illinois, North Carolina, Ohio and Oregon. Over the next several years, Wolverine plans an expansion which is expected to create additional Michigan jobs, 115 direct jobs at the company, and 97 additional job opportunities with material suppliers and service providers. Based on the MEDC's recommendation, MEGA approved a defense contract state tax credit valued at \$693,000 over seven years to support the project. In addition, the MEDC will provide \$100,000 in Economic Development Job Training funds.

MICHIGAN SAYS 'WILKOMMEN' TO EBERSPACHER EXPANSION IN BRIGHTON

A state brownfield tax credit valued at \$7.4 million will support the expansion of Eberspaecher North America's manufacturing facility in Brighton. The \$59.8 million project will create 105 new jobs and retain 171 jobs at the company. Governor Granholm met with Eberspaecher Group CEO Gunter Baumann at the parent company's headquarters in Esslinger in 2004 during her five-day investment mission to Germany to help convince German companies to invest and create new jobs in Michigan. At that time, the company announced plans to proceed with Phase 2 of its manufacturing facility in Brighton.



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CABELA'S OUTDOOR STORE TO ANCHOR NEW MALL, CREATING THOUSANDS OF JOBS

Cabela's outdoor store will anchor the Orchard Park in Wyoming thanks to \$39.2 million in local and school tax capture approved for developer Walker Orchard Land Partners LLC. The site is a former apple orchard at I-96 and Walker Avenue NW. Upon completion, the \$400-million, two-phase project, starting with construction of a 125,000-square foot Cabela's store, will comprise 1.4 million square feet of retail and 77,600 square feet of restaurant space, 135,000 square of office space, 325 apartments, 114 town homes and condos, a 150-room hotel and water park/resort hotel with 160 rooms. Creation of 3,668 jobs is anticipated.

FORMER DEPARTMENT STORE SITE IN DEARBORN GETS A \$14.2M FACELIFT

In Dearborn, developer REDICO Holdings LLC will use a state brownfield tax credit valued at \$9.6 million and state and local tax capture totaling \$14.2 million for redevelopment of the Montgomery Ward Store at the corner of Michigan Avenue and Schaefer Road. The three-story former department store, vacant since 2001, will be demolished and replaced by a mixed-use development, including three new structures totaling 275,000 square feet with a medical office building, a retail/office building, 96 senior apartments and a six-level parking deck. The \$68 million project is expected to create 206 new jobs.

YPSILANTI RENOVATES HISTORIC THOMPSON BLOCK

State tax capture valued at \$185,264 combined with a local OPRA (Obsolete Properties Rehabilitation Act) tax abatement will assist with the historic Thompson Block redevelopment in Ypsilanti. The project has support from both the city of Ypsilanti and the Washtenaw County Brownfield Redevelopment Authority. The \$4 million renovation of a three-story building consisting of a mix of commercial and retail space is expected to support creation of 100 new jobs. Maintenance of the historic architecture and design of the 34,000-square-foot structure, vacant for more than 20 years, is another step forward in the revival of the historic depot town area of the city.

LANSING'S FORMER REGENT INN MAKES WAY FOR NUUNION BRANCH OFFICE

The city of Lansing Brownfield Redevelopment Authority will use \$392,922 in state and local tax capture to demolish and redevelop the former Regent Inn hotel on South Pennsylvania Avenue in Lansing. Demolition of existing structures consisting of 35,000 square feet will make way for construction of a 5,000-square-foot office, which will be used to relocate the nearby NuUnion Credit Union branch office. The \$3.4 million project will create five new jobs.

NEW BANKING AND RETAIL BUILDING REPLACES VACANT PROPERTY IN DOWNTOWN CADILLAC

State and local tax capture valued at \$255,750 will be used by developer Chemical Bank to support demolition of a vacant structure in downtown Cadillac (Wexford County) and construction of a new 5,000-square-foot building for retail and commercial banking operations. The \$1.2 million project located on the former YMCA, Harris Milling and Brasseur sites is expected to create two new jobs.