MEMORANDUM

DATE: February 18, 2014

TO: The Honorable Rick Snyder
    Governor of Michigan
    Members of the Michigan Legislature

FROM: Michael A. Finney
    President and CEO


Attached you will find the annual report for the Michigan Strategic Fund (MSF) and Michigan Economic Development Corporation (MEDC) as required under the MSF Act, 1984 PA 270, and budget boilerplate. This report summarizes the activities and programmatic spending for fiscal year 2013.

In an effort to consolidate legislative reporting, the attachment also includes the following reports:

- Business Incubators and Accelerators annual report (pages 8-9) – PA 59 of 2013, General Government Omnibus Budget Act, Section 1034
- A revised Michigan Business Development Program annual report (pages 16-19) – MSF Act, Section 88r (MCL 125.2088r)
- A revised Michigan Community Revitalization Program annual report (pages 41-44) – MSF Act, Section 90d (MCL 125.2090d)
- Urban Land Assembly annual report (page 46) – Urban Land Assembly Act, 1981 PA 171, Section 9 (MCL 125.1859)
- Skilled Trades Training Program annual report (page 54) – PA 59 of 2013, General Government Omnibus Budget Act, Section 1039
- Workforce Training Programs annual report (page 55) – PA 59 of 2013, General Government Omnibus Budget Act, Section 1068
- North American Indian Tuition Waivers annual report (pages 56-59) – PA 59 of 2013, General Government Omnibus Budget Act, Section 1050(2)
- Michigan Community Colleges Awards Conferred annual report (pages 60-61) – PA 59 of 2013, General Government Omnibus Budget Act, Section 1050(3)
- Michigan Film Incentives and Tax Credits annual report (pages 75-76) – PA 59 of 2013, General Government Omnibus Budget Act, Section 1032 and the Michigan Business Tax Act, 2007 PA 36, Section 455 (MCL 208.1455)

If you have any questions regarding this report or need additional information, please contact James McBryde in our Office of Governmental Affairs at 517.335.1847.

Attachment

cc: John Nixon, State Budget Director
    Ellen Jeffries, Director, Senate Fiscal Agency
    Mary Ann Cleary, Director, House Fiscal Agency
URBAN LAND ASSEMBLY

The Michigan Urban Land Assembly (ULA) program provides financial assistance in the form of loans to eligible municipalities for the acquisition of certain real property for economic development purposes, including industrial and commercial projects. The MEDC has administrative responsibility for the ULA program. The program is directed toward revitalizing the economic base of cities experiencing economic distress and decline. The program is used to assemble land for the strategic uses of these communities. Sometimes this results in jobs in the short term, but sometimes the time period for job creation is much longer, especially on larger projects.

Preference is given to proposals which identify one or more immediate user(s), leverage non-state financial contributions, maximize the creation of permanent full-time employment per dollar investment, increase the local tax base, and constitute a major element in a city-wide strategy for economic development. There are eight criteria used to evaluate projects.

Section 9 of the Urban Land Assembly Act of 1981 requires that the MEDC report to the Legislature on an annual basis regarding the use of the ULA fund, including:

- A list and description of approved projects
- The number of jobs created by approved projects
- Other accomplishments of the fund
- The MEDC’s recommendations on the continuation or cessation of the fund, as well as other recommendations for changes in the fund

As of September 30, 2013, the fund’s available balance was $4,036,984. No new grants or loans were approved during FY 2013. MEDC continues to collect on outstanding loans. During the fiscal year, MEDC collected receivables in the amount of $92,724. Since the inception of the ULA program, 32 projects have been approved. The five open projects are listed below.

The ULA program continues to provide important support for projects that contribute to the revitalization of urban centers. The financial situations many communities found themselves in due to the recent Michigan recession likely prevented them from incurring any additional obligations. The MEDC recommends continuation of the ULA program.

### ULA LOANS

**Fiscal year 2013: 10/01/2012 - 09/30/2013**

<table>
<thead>
<tr>
<th>Approval date</th>
<th>Borrower</th>
<th>Loan amount</th>
<th>Loan balance</th>
<th>Loan terms</th>
<th>Loan status</th>
<th>Use of funds</th>
<th>Jobs created to date</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/9/01</td>
<td>Detroit</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>—</td>
<td>Not current</td>
<td>Being used to assemble 183 acres for the I-94 industrial park</td>
<td>0</td>
</tr>
<tr>
<td>8/27/04</td>
<td>Sturgis</td>
<td>$200,000</td>
<td>$18,504</td>
<td>10 years 0% int</td>
<td>Current</td>
<td>Being used to assemble three acres of land for Americraft Carton</td>
<td>110</td>
</tr>
<tr>
<td>4/7/05</td>
<td>White Cloud</td>
<td>$160,000</td>
<td>$14,672</td>
<td>10 years 0% int</td>
<td>Current</td>
<td>Being used to assemble commercial property in DDA for medical facility</td>
<td>0</td>
</tr>
<tr>
<td>10/10/05</td>
<td>Corunna</td>
<td>$450,000</td>
<td>$177,500</td>
<td>10 years 0% int</td>
<td>Current</td>
<td>Being used to acquire property in DDA for Chemical Bank and county development</td>
<td>3</td>
</tr>
<tr>
<td>11/4/10</td>
<td>Cornerstone Alliance—Benton Harbor</td>
<td>$3,000,000</td>
<td>$2,938,252</td>
<td>10 years 1% int</td>
<td>Current</td>
<td>Being used to acquire approximately 12 acres by DDA for Whirlpool office project</td>
<td>0</td>
</tr>
</tbody>
</table>

**Total**

$5,810,000 $5,148,928 113

1 Loans for Muskegon, Jackson, Bay City and Detroit were previously paid off and are no longer reported.

2 The city of Detroit filed for bankruptcy in July 2013. Due to the bankruptcy, accuracy of job creation cannot be determined. In light of this filing, MEDC has recorded loss provisions for the full loan amount.