

# FISCAL YEAR 2012

## Year-End Report to the Legislature

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Michigan Economic Development Corporation

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# EXECUTIVE SUMMARY

Michigan is undergoing a once-in-a-generation transformation. Bold reforms have made the state more business-friendly than ever. Business taxes are lower than at any time in decades. The state is getting rid of the outdated personal property tax, and burdensome regulatory processes are being streamlined and eliminated. A wide array of economic development tools is now available to all businesses. These reforms are fueling Michigan Economic Development Corporation (MEDC) efforts to market Michigan and provide the tools and environment to drive job creation and business investment.

MEDC is a very different economic development driver today than it has been in the past. A new focus on economic gardening, as opposed to offering extensive tax credits that have been historically utilized to attract businesses from outside Michigan, is producing new levels of support and never-before-seen opportunities for Michigan-based companies, small businesses and entrepreneurs. MEDC still looks for big new national and global business opportunities but the day-to-day focus is on making it easier for Michigan businesses, communities and workers to find new opportunities and new paths to prosperity.

New appropriation-based incentive programs and new tools have been developed, like the Pure Michigan Business Connect initiative (PMBC) that matches businesses with resources to fuel economic growth and increase access to capital. PMBC is quickly adding to the 1,500 Michigan businesses served and \$8 billion in commitments.

MEDC is working to open new markets for Michigan products through tools like Pure Michigan Export Now, a business-to-consumer e-commerce selling solution that offers consumer goods businesses a one-stop, online solution to make selling products to China's 1.3 billion customers easy.

The MEDC Capital Services team is increasing access to capital for Michigan businesses, including mezzanine and real estate development capital, and through consolidation of the state's Community Development Block Grant (CDBG) Revolving Loan Funds into larger regional funds that will promote greater capital deployment and a more effective and efficient program.

Michigan is one of the first states to focus on talent enhancement implementing a targeted, demand-driven system that works with Michigan employers to develop specific programs to train workers for in-demand positions.

The Pure Michigan brand continues to drive record results due to significant and stable funding established in 2011. In 2011, the tourism advertising campaign attracted 3.2 million summer visitors to Michigan from around the country, and those visitors spent \$1 billion at Michigan businesses resulting in \$70 million to the state's General Fund. Tourism continued to expand in 2012 with Michigan having the highest hotel occupancy rate since 2004. The successful tourism brand is being extended as a business brand and is being deployed regionally as a tool for all Michigan businesses and communities.

Early returns indicate Michigan is moving in the right direction. In 2011, the Michigan economy grew 2.3 percent, ranking as the sixth best growth rate of the 50 states and number one among Midwest states outpacing next best Illinois at 1.3 percent, according to the U.S. Bureau of Economic Analysis.

The pages that follow are a comprehensive review of the programs and services administered by MEDC and an overview of incentives and investments made during fiscal year (FY) 2012.

## MICHIGAN STRATEGIC FUND EXPENDITURES

MICHIGAN STRATEGIC FUND EXPENDITURES*				
Fiscal year 2012: 10/01/2011–09/30/2012				
Programs	State FTE	State expenditures	Corporate expenditures	Total expenditures
Business development and attraction	29.0	\$5,907,823	\$6,475,223	\$12,383,046
Business development support (includes CDBG, incentive programs and 21st Century Jobs Fund administration)	17.0	\$6,886,475	\$3,149,320	\$10,035,795
Talent enhancement	10.0	\$1,115,251	\$2,183,487	\$3,298,738
Workforce Development Agency	191.0	\$30,375,126		\$30,375,126
Energy Office	14.8	\$2,494,880		\$2,494,880
Land Bank	11.0	\$1,432,321		\$1,432,321
Film Office	5.0	\$649,378		\$649,378
Marketing and communications (includes Travel Michigan, 21st Century Jobs Fund and promotion programs)	20.0	\$31,426,354	\$6,131,324	\$37,557,678
Other (administration and non-program)	63.0	\$4,747,535	\$8,302,354	\$13,049,889
Sub-total programs	360.8	\$85,035,143	\$26,241,708	\$111,276,851
GRANTS AND OTHER PROGRAMS				
21st Century Jobs Investment program (includes loans and investments)		\$36,230,743		\$36,230,743
Alternative Energy Programs (Battery Alliance)			\$1,981,370	\$1,981,370
Business incubators		\$2,578,187		\$2,578,187
Centers for Energy Excellence		\$12,003,337		\$12,003,337
Closing Fund			\$1,494,193	\$1,494,193
Community Development Block Grants (CDBG)		\$32,750,966		\$32,750,966
Economic Development Contingency Fund			\$3,661,199	\$3,661,199
Economic Development Job Training		\$2,004,906		\$2,004,906
Energy		\$47,979,389	\$2,495,045	\$50,474,434
Federal grant—Flint Biogas and Biofuels			\$209,284	\$209,284
Follow-on Funds			\$600,000	\$600,000
Growth Business Fund			\$32,441,349	\$32,441,349
Land Bank		\$14,096,654		\$14,096,654
Michigan Business Incentive		\$2,512,698		\$2,512,698
Michigan Council for Arts & Cultural Affairs		\$2,279,964		\$2,279,964

MICHIGAN STRATEGIC FUND EXPENDITURES* <i>continued</i>				
Programs	State FTE	State expenditures	Corporate expenditures	Total expenditures
Michigan Manufacturing Technology Center **		\$692,494	\$1,200,000	\$1,892,494
National Center for MFG Sciences			\$682,500	\$682,500
Pre-college programs		\$680,100		\$680,100
Regional collaborative agreements			\$1,585,924	\$1,585,924
Research studies			\$994,201	\$994,201
SBA — Export program			\$1,992,852	\$1,992,852
SBTDC ( <i>Emerging technology company support</i> )			\$1,725,000	\$1,725,000
Urban and rural economic development projects			\$3,410,116	\$3,410,116
Workforce Development Agency		\$269,664,695		\$269,664,695
Sub-total grants		\$423,474,133	\$54,473,033	\$477,947,166
<b>Total programs and grants</b>		<b>\$508,509,276</b>	<b>\$80,714,741</b>	<b>\$589,224,017</b>
* Cash and accrued expenditures made during FY 2012, including payments against prior year encumbrances and work projects.				
** Grants made to leverage federal grants.				

## FOLLOW-ON FUND

To maximize the economic impact of the portfolio of investments the MEDC manages on behalf of dollars distributed through historical and current programs, including but not limited to the 21st Century Jobs Fund, Michigan Life Sciences Corridor, Michigan Technology Tri-Corridor and Pre-Seed Funds (portfolio companies), a \$6 million Follow-On Fund was created in 2009 to fill a critical gap currently existing in the marketplace.

These funds assist portfolio companies to move to a stage where commercial opportunities (e.g. licensing, seed or equity funds) can be secured. Funds can support further scientific and technical development of an idea as well as activity gauged towards improving an intellectual property position, market research, potential licensees, joint ventures and venture financing. The fund is intended to bridge the gap between traditional research grants, angel and pre-seed investments to commercial funding by supporting the very early stage of turning research outputs into a commercial proposition.

FOLLOW-ON FUND LOANS Fiscal year 2012: 10/01/2011 - 09/30/2012				
Company name	City	County	Loan amount	Project highlights
Limo Reid dba NRG Dynamix	Deerfield	Lenawee	\$250,000	NRG Dynamix is developing and commercializing a novel Hydraulic Hybrid Power Train (HHPT) targeting the light and medium truck markets. The NRG HHPT is an energy management system that decouples the demand for power from the generation of power, thereby providing the vehicle designer the opportunity to maximize overall vehicle performance. In so doing, it becomes possible to deliver a truck that improves fuel economy by upwards of 60 percent and reduces emissions by upwards of 90 percent while maintaining a platform that costs and weighs approximately the same, and has the same cargo capacity as existing trucks.
<b>Total</b>			<b>\$250,000</b>	

## ENTREPRENEURIAL SUPPORT SERVICES

In August 2012, the Michigan Strategic Fund (MSF) issued a request for proposals (RFP) for a program to aid Michigan entrepreneurs in commercializing competitive edge technologies in fields including alternative energy, life sciences, homeland security and defense, advanced manufacturing and materials, agricultural processing, information technology and other innovative sectors.

The RFP sought to enhance and sustain Michigan's entrepreneurial ecosystem through specialized support services to assist companies and institutions in commercializing competitive-edge technologies, building successful, innovative businesses with the potential for high growth and job retention and promoting a culture of entrepreneurship in Michigan. The MSF approved \$5.25 million in funding for this initiative.

Awards were made in three entrepreneurial service gap areas:

- **First Customer Award:** provide services and programs to assist new technology companies to identify and close deals with "first" customers
- **Industry Consortium Award:** develop and implement tools to catalog Michigan's capabilities and resources of companies in specific industries such as medical devices, clean tech, etc.
- **Federal Matching Award:** operate programs to provide commercialization matching funds to companies receiving technology research federal grants (i.e., SBIR/STTR, ARPA-E and DARPA)

Twenty-four applications were received and reviewed by a nine member Joint Evaluation Committee (JEC). In September 2012, a total of nine organizations received awards from the MSF (funding is for two to three years).

ENTREPRENEURIAL SUPPORT SERVICES AWARDS Fiscal year 2012: 10/01/2011-09/30/2012				
Organization	City	County	Description	Award amount
Michigan Tech Enterprise Corporation (MTEC)	Houghton	Houghton	First Customer Award	\$387,900
Michigan Medical Device Accelerator	Kalamazoo	Kalamazoo	Industry Consortium Award	\$75,000
Grand Valley State University—MI SBTDC	Grand Rapids	Kent	Federal Matching Award	\$1,750,000
Macomb—OU Oakland University	Sterling Heights	Macomb	Federal Matching Award	\$766,036
Mid-Michigan Innovation Center (MMIC)	Midland	Midland	First Customer Award	\$225,000
Institute for Research on Labor, Employment, and the Economy, University of Michigan (IRLEE)	Ann Arbor	Washtenaw	First Customer Award	\$999,376
Mi-Light—the Michigan Photonics Cluster	Ann Arbor	Washtenaw	Industry Consortium Award	\$89,000
NextEnergy Center	Detroit	Wayne	Federal Matching Award	\$700,000
Michigan Manufacturing Technology Center (MMTC)	Plymouth	Wayne	Industry Consortium Award	\$71,997
Total				\$5,064,309

## UNIVERSITY TECHNOLOGY ACCELERATION COMMERCIALIZATION PROGRAM

In July 2011, the MSF created the University Technology Acceleration and Commercialization (UTAC) program, as a result of a request for information (RFI) issued in April 2011. The objective of the UTAC program is to facilitate partnerships between universities and the private sector and accelerate the process whereby technology from universities is commercialized. The UTAC program was allocated \$6.8 million from the \$75 million appropriated to the 21st Century Jobs Fund by Public Act (PA) 191 of 2010

Nineteen responses were received from single universities, partnerships between universities and non-profits. The responses were reviewed by a JEC, and in October 2011, a total of three awards for university partnerships were approved by the MSF (funding is for two years).

<b>UTAC PROGRAM AWARDS</b> <b>Fiscal year 2012: 10/01/2011-09/30/2012</b>				
Organization	City	County	Description	Award amount
University of Michigan, MIIE/ MUCI	Ann Arbor	Washtenaw	Support the ongoing technology commercialization activities of the Michigan Initiative for Innovation and Entrepreneurship (MIIE) and the Michigan University Commercialization Program (MUCI).	\$2,400,000
University of Michigan, Business Engagement Center	Ann Arbor	Washtenaw	Establish a "Michigan—Corporate Relations Network" (M-CRN) among six public research universities representing over \$1.8 billion of research and over 160,000 students spread across the state.	\$1,845,000
University of Michigan, Office of Technology Transfer	Ann Arbor	Washtenaw	Creation of the Tech Transfer Talent Network, a program based on three talent-centric initiatives that require a 1:1 match from participating universities and can be tailored to meet the needs of the individual regions within the state.	\$2,430,000
<b>Total</b>				<b>\$6,675,000</b>



## SMARTZONES/BUSINESS ACCELERATORS

In 2000, the MEDC launched the Michigan SmartZone<sup>SM</sup> Network—an innovative, statewide, technology business acceleration strategy to build entrepreneurial talent and infrastructure. Today, Michigan is home to 15 SmartZones in distinct geographical locations, each anchored by an academic institution and supported by the local communities. In August 2012, the Michigan Legislature passed PA 290 of 2012, which allows for the designation of three additional SmartZones as well as extended tax capture of five to 15 years for existing SmartZones.

Michigan's designated SmartZones provide distinct geographical locations where technology-based firms, entrepreneurs, and researchers locate in close proximity to all of the community assets that assist in

their endeavors. Michigan's 15 SmartZones include technology business accelerators that provide various services to help facilitate the commercialization of technology emerging from universities and private companies. Accelerators mine technology from universities and private enterprises, assist companies and entrepreneurs in building business structures around technology, conduct product development, and help companies secure necessary start-up financing. The SmartZones also are home to incubation facilities providing office and wet lab space to technology companies. Results prove Michigan's SmartZone program successfully spurs entrepreneurship and economic growth. SmartZones have contributed over \$1.7 billion in public and private investment in the state.

Below is a list of the 15 SmartZones:

1. MTEC SmartZone: Michigan Technological University
2. Sault Ste. Marie: Lake Superior State University
3. Michigan Alternative and Renewable Center: Grand Valley State University
4. Western Michigan Science & Technology Center: Cook-DeVos Center for Health Sciences
5. CMU Research Corporation: Central Michigan University
- 5a. Mount Pleasant SmartZone Satellite: Mid-Michigan Innovation Center
6. Lansing Regional SmartZone: Cities of East Lansing and Lansing, Ingham County, Lansing Regional Chamber of Commerce, MBI International, Michigan State University, the Michigan State University Foundation and the University Corporate Research Park
7. Southwest Michigan Innovation Center: Western Michigan University
8. Battle Creek Unlimited: Western Michigan University and Kellogg Community College
9. Jackson Technology Park: Baker College, Jackson Community College and Spring Arbor University
10. Ann Arbor SPARK: University of Michigan and Eastern Michigan University
11. Pinnacle Aeropark: Detroit Metropolitan Airport, Wayne County Economic Development Growth Engine (EDGE)
12. TechTown: Wayne State University
13. OU INCubator: Oakland University—Rochester
14. Macomb INCubator: Oakland University—Macomb
15. Automation Alley: Lawrence Technological University and Oakland University

## BUSINESS INCUBATORS

In June 2011, the Michigan Legislature appropriated \$6 million to the business incubator program through the MSF. The enabling legislation (HB 4526/2011 PA 63) directs the MSF board to distribute the funds on a competitive basis to one business incubator program in each of the following counties and cities: Houghton, Kent, Macomb, Oakland, and Washtenaw counties, a city with a population greater than 650,000 (Detroit), and a Midland County satellite site of an incubator located in Isabella County.

The MSF board approved the following 12 proposals to receive awards under a business incubator RFP, contingent upon the execution of a contract with terms and conditions agreed to by the MSF and the awardee:

<b>BUSINESS INCUBATOR AWARDS</b> <b>Fiscal year 2012: 10/01/2011 - 09/30/2012</b>				
Incubator applicant	Incubator	City	County	Award amount
Kettering University	TechWorks	Flint	Genesee	\$150,000
Michigan Tech Enterprise Corporation	MTEC SmartZone	Houghton	Houghton	\$750,000
Lansing Economic Area Partnership	Lansing/East Lansing LDFA/SmartZone	Lansing/East Lansing	Ingham	\$150,000
Central Michigan University	CMU/Research Corporation	Mt. Pleasant	Isabella	\$350,000
Southwest Michigan Innovation Center	Southwest Michigan Innovation Center	Kalamazoo	Kalamazoo	\$600,000
City of Grand Rapids	Grand Rapids SmartZone	Grand Rapids	Kent	\$500,000
Oakland University	Macomb OU Incubator	Sterling Heights	Macomb	\$500,000
Mid-Michigan Innovation Center	Mid-Michigan Innovation Center	Midland	Midland	\$500,000
Newaygo County Economic Development Office (NCEDO)	NCEDO	Newaygo	Newaygo	\$500,000
Automation Alley	Automation Alley	Troy	Oakland	\$625,000
Ann Arbor SPARK	Spark Incubator	Ypsilanti	Washtenaw	\$500,000
TechTown	TechTown	Detroit	Wayne	\$875,000
<b>Total</b>				<b>\$6,000,000</b>

## CENTERS OF INNOVATION

The Centers of Innovation (COI) program was established by PA 221 of 2012 in June 2012. The program's goals are to accelerate the commercialization of innovative technologies in Michigan through the development of partnerships between private sector, university and national lab, non-profit and government entities. It is intended to help stimulate the development of innovative technology clusters in areas where the state has competitive advantages in natural resources, workforce, supply chain, intellectual capital and other assets. The program was formally approved at the July 25, 2012, meeting of the MSF board. The MSF board allocated \$7 million to the program and named the MEDC as the COI program centers manager.

In August 2012, the MSF began accepting applications for COI projects. The application process will remain open until all funding is committed. In September 2012, the MSF approved one grant award for a period of five years.

CENTERS OF INNOVATION AWARDS Fiscal year 2012: 10/01/2011-09/30/2012				
Organization	City	County	Description	Award amount
Stanford Research International (SRI)	Plymouth	Wayne	The grantee, with the participation of the Oakland University William Beaumont School of Medicine, will utilize the grant funding to promote the development, acceleration, and sustainability of competitive edge technology sectors in Michigan.	\$5,000,000
<b>Total</b>				<b>\$5,000,000</b>

## 21ST CENTURY INVESTMENT FUND PROGRAM

The 21st Century Investment Fund (21st CIF) program is essential to Michigan's ability to compete both nationally and internationally for new business and investments. This fund encourages the growth of emerging Michigan companies, diversifies the state's economy by creating and retaining knowledge-based jobs, and grows a community of investors to create a long-term, sustainable capital ecosystem within Michigan. Credit Suisse Bank, a fund management industry leader, manages the 21st CIF. Credit Suisse brings expertise in the selection of venture capital, private equity, and mezzanine funds to invest in Michigan companies that are creating jobs.

Since 2006, \$109 million has been committed to 13 funds. As of August 2012, the investment fund managers have invested \$104.9 million in 25 Michigan-based portfolio companies which together employ 809 employees within the state.

### FY 2012 Michigan investments include:

**Delphinus Medical Technologies** is a Plymouth-based developer, distributor, and service provider of breast cancer screening solutions to hospitals and imaging clinics in the United States and internationally. It commercializes SoftVue, a three-dimensional and tomographic ultrasound imaging and risk assessment device that detects the presence of benign and/or malignant masses, assesses breast cancer risks, diagnoses breast diseases, and monitors therapy.

**Molecular Systems Corporation**, an Ann Arbor-based company, is a developer of a highly automated molecular diagnostic processing platform and an associated diagnostic test menu.

**Tangent Medical Technologies** is an Ann Arbor-based company that is developing a novel peripheral intravenous catheter system designed to increase patient safety and comfort.

**Humanetics Innovative Solutions, Inc.** is a Plymouth-based designer and manufacturer of crash test and safety equipment and instruments.

### Previous Michigan investments include:

Accord Biomaterials, Ann Arbor  
 Accuri Cytometers, Ann Arbor  
 ArborMetrix, Ann Arbor  
 Arbor Photonics, Ann Arbor/San Jose, CA  
 CytoPherx, Inc., Ann Arbor  
 Eliason Corporation, Portage  
 Esperion Therapeutics, Ann Arbor  
 HandyLab, Ann Arbor  
 Histosonics, Inc., Ann Arbor

Incept Biosystems, Ann Arbor  
 Kabongo, Ann Arbor  
 Life Magnetix, Ann Arbor  
 Microposite, Auburn Hills  
 Mobius Microsystems, Detroit/Sunnyvale, CA  
 NanoBio, Ann Arbor  
 Outside Hub, Southfield  
 Tissue Regeneration Systems, Ann Arbor  
 Unitask, Inc., Bloomfield Hills

<b>VENTURE CAPITAL INVESTED</b> <b>Fiscal year 2012: 10/01/2011 - 09/30/2012</b>	
Venture capital invested in Michigan	\$186,000,000
Venture capital investments in Michigan	35
Venture capital invested in Midwest	\$1,201,300,000
Venture capital investments in Midwest	282
Michigan investments as a percentage of Midwest investments	15.48%

## SMALL BUSINESS INVESTMENT TAX CREDIT

The Small Business Investment Tax Credit (SBITC) program allows a taxpayer that makes a qualified investment after December 31, 2010, and before January 1, 2012, in a qualified business to claim a tax credit imposed by the Income Tax Act equal to 25 percent of the qualified investment made during the tax year, as described in MCL 206.278. The SBITC is intended to incentivize angel investors to invest in Michigan-based innovative seed and early-stage companies. The benefits of this program are shared by the small businesses, investors, employees, and the state's economy. Michigan businesses can more readily obtain the capital needed to grow, and investors are better able to manage the risk associated with investing in early stage businesses and novel technologies. The state benefits by the larger number of investments which support the growth of emerging businesses and ultimately create jobs. In 2011, the Michigan Legislature shortened the time frame in which to make qualified investments under the program from January 1, 2013, to January 1, 2012.

Since its inception, the program has generated the following aggregate results:

<b>SBITC AGGREGATE RESULTS</b> <b>Fiscal year 2012: 10/01/2011 - 09/30/2012</b>	
Registered investment groups*	38
Investors approved for tax credits	101
Qualified businesses that received investments	22
Total tax credits approved	\$1,273,016
Total qualified investments	\$5,973,969
Additional leverage on qualified investments	\$2,247,336
Leverage ratio**	6.5 : 1
<i>*Angel or venture capital groups that have registered with the MSF in order to utilize the program</i> <i>**Private investment to total tax credits</i>	

## ACCELERATOR FUNDS

The MSF has invested \$12 million from the 21st Century Jobs Fund into two early stage venture funds. Huron River Ventures in Ann Arbor and Michigan Accelerator Fund in Grand Rapids have pledged to invest 100 percent of their capital in Michigan businesses. To date, they have made a total of 17 investments into nine early stage companies totaling \$4.6 million and have attracted an additional \$11 million of private capital.

### **FY 2012 Michigan investments include:**

**Ablative Solutions, Inc.** is a Kalamazoo-based company that develops a non-surgical treatment for high blood pressure.

**FarmLogs** is an Ann Arbor-based company that develops software to help farmers increase productivity and reduce costs of operations on their farms.

**Metabolic Solutions Development** is an Ann Arbor-based company that develops therapeutics to treat metabolic diseases.

**nanoRETE, Inc.**, a Lansing-based company that provides real-time detection of pathogens using customized nanoparticle biosensors, developed a platform with the ability to test for numerous pathogens using a simple-to-use handheld device that generates results in one hour.

**SideCar** is an Ann Arbor-based smart transportation company that helps facilitate peer-to-peer ride-sharing services.

**Vestaron, Inc.**, a Kalamazoo-based company, develops a new generation of insecticides derived from peptides produced by spiders.

## MICHIGAN SUPPLIER DIVERSIFICATION FUND AND MICHIGAN BUSINESS GROWTH FUND

The Michigan Supplier Diversification Fund (MSDF) program operates two loan enhancement programs designed to help traditional manufacturers — especially auto manufacturers — transition and diversify into growing markets such as alternative energy. The first loan enhancement program, the Michigan Loan Participation Program (MSDF-MLPP), offsets a borrower's cash flow deficiency by purchasing a portion of a lender's credit facility and offers a grace period on the state's portion. A second program, the Michigan Collateral Support Program (MSDF-MCSP), balances a borrower's collateral shortfall by depositing cash collateral into a lending institution to insure against potential losses. The MSF board initially approved funding for MSDF totaling \$13.3 million in 2009. Strong demand absorbed the first round of funds within the first few months of operation. Consequently, the MSF board approved an additional \$13 million in January 2010.

Michigan was the first state that received federal funds through the State Small Business Credit Initiative (SSBCI), part of the Small Business Jobs Act signed into law in September 2010, and was awarded approximately \$79.1 million to back small business loans. The goal of the federal program is to help small businesses obtain loans of at least \$10 for every one dollar the state provides in support. In May 2011, the MSF board approved the SSBCI program, which is essentially a federal version of the MSDF program, named the Michigan Business Growth Fund (MBGF). The board also approved allocation of the SSBCI funds for the program. The MBGF is designed to be flexible and allow a majority of the funds provided by the SSBCI to adjust as the banking environment in Michigan changes. The fund was established to operate the Collateral Support Program (MBGF-CSP) and Loan Participation Program (MBGF-LPP). With this federal funding, the MSF supported \$15,241,133 in MBGF-CSP loans and \$8,821,968 in MBGF-LPP loans.

MSDF LOANS - STATE FUNDED Fiscal year 2012: 10/01/2011-09/30/2012			
Company	County	Total loan	MSF support
<b>MSDF-MCSP</b>			
Benore Logistic Systems, Inc.	Monroe	\$5,500,000	\$1,600,000
Mark One Corporation	Otsego	\$500,000	\$249,500
Mark One Corporation	Otsego	\$500,000	\$249,500
Mark One Corporation	Otsego	\$500,000	\$249,500
Michigan Pipe & Valve — Saginaw, Inc.	Saginaw	\$880,000	\$339,000
<b>Total</b>		<b>\$7,880,000</b>	<b>\$2,687,500</b>
<b>MSDF-MLPP</b>			
Cherry Growers, Inc.	Grand Traverse	\$1,650,000	\$823,350
Cherry Growers, Inc.	Grand Traverse	\$880,000	\$439,120
Thoroughbred Fulfillment, LLC	Ottawa	\$1,600,000	\$500,000
<b>Total</b>		<b>\$4,130,000</b>	<b>\$1,762,470</b>



## SMALL BUSINESS CAPITAL ACCESS PROGRAM LOANS

The Small Business Capital Access Program (SBCAP) is a loan enhancement program that helps small businesses to acquire financing through lending institutions that might otherwise be unavailable. SBCAP operates on a pooled reserve concept in which a reserve account at each participating bank protects each enrolled loan under the program. The reserve account is funded through one-time premium charges paid in equal parts by the borrower and the lender, plus the sum of those charges will be matched by the MSF. This reserve, which grows with each subsequent loan, will offset any future losses incurred by the lender. The success of Michigan's SBCAP program, which was the first of its kind in the nation, inspired other states to copy the program.

SBCAP LOANS Fiscal year 2012: 10/01/2011 - 09/30/2012						
Month	Loans enrolled	Total amount of loans enrolled	MSF reserve contribution: federal	MSF reserve contribution: state	Projected new jobs	Projected retained jobs
October	22	\$2,041,234	\$73,603	\$350	18	136
November	15	\$553,057	\$16,960	—	13	57
December	18	\$1,309,329	\$39,906	—	31	71
January	19	\$1,561,763	\$47,645	\$583	20	134
February	31	\$1,364,303	\$46,399	\$2,908	70	201
March	26	\$1,223,301	\$37,967	—	26	93
April	18	\$1,340,104	\$33,826	\$7,500	24	195
May	18	\$1,021,000	\$33,840	—	24	45
June	18	\$932,350	\$32,171	—	29	120
July	8	\$453,000	\$12,870	\$2,430	7	32
August	7	\$343,423	\$10,303	—	3	16
September	0	\$0	\$0	—	0	0
<b>Total</b>	<b>200</b>	<b>\$12,142,862</b>	<b>\$385,488</b>	<b>\$13,771</b>	<b>265</b>	<b>1,100</b>

SBCAP LOAN RECIPIENTS—STATE FUNDED Fiscal year 2012: 10/01/2011 - 09/30/2012		
Company name	City	County
GoLo, LLC	Traverse City	Grand Traverse
Broad Street Downtown Market	Hillsdale	Hillsdale
Timothy J. Baker	Hillsdale	Hillsdale
S.D. Powers Trucking	Litchfield	Hillsdale
Huco, Inc.	Jackson	Jackson
Steven B. Ray	Kalamazoo	Kalamazoo
Steve and Shelly Bussell	Wellston	Manistee
Fatboy's Gallery of Tattoo Art, LLC	Muskegon	Muskegon



## COMMUNITY ASSISTANCE AND DEVELOPMENT

The MEDC's Community Assistance Team (CATEam) is dedicated to helping all Michigan communities, both urban and rural. The CATEam strives to strengthen communities by ensuring access to economic and community development services and programs that cultivate sustainable projects through placemaking, a multi-faceted approach to the planning, design and management of public spaces. This is accomplished by:

- Serving the individual needs of communities seeking assistance with community development
- Working in partnership with other organizations to design programs that foster a sense of place
- Facilitating collaborative efforts with other state agencies around placemaking
- Managing a statewide Redevelopment Ready Communities® program

Contact with communities often occurs annually through in-person visits, while project scoping for additional financial and technical assistance visits are provided as requested. The CATEam services intake for all projects that are eligible for the Michigan Community Revitalization program and the Community Development Block Grant program. From a technical assistance standpoint, the CATEam tracks over 20 programs that can be implemented at the local level and has the ability to provide expertise upon implementation. In the past, requests have led to presentations for communities considering establishment of a Principal Shopping District or a Corridor Improvement Authority and even refresher presentations for existing/new Downtown Development Authority or Brownfield Redevelopment Authority boards. In FY 2012, the CATEam made 528 in-person visits, which include community visits, project scoping, presentations and other meetings.

The CATEam has built partnerships within MEDC, neighborhood organizations, and regional agencies to assist the development or redevelopment of Michigan's downtowns. The team also provides services to complement the placemaking efforts of Michigan State Housing Development Authority, Michigan

Department of Transportation, Michigan Department of Agriculture and Rural Development, Michigan Department of Natural Resources, and Michigan Department of Environmental Quality.

As part of the overall community development work, the MEDC's Redevelopment Ready Communities® (RRC) program is supporting communities statewide to be development ready and competitive in today's economy. By promoting the use of effective redevelopment strategies through a set of best practices, RRC challenges communities to proactively plan their future. The RRC best practices were developed with assistance from public and private sector experts to achieve a set of guidelines that all parties consider valuable. Each best practice addresses key elements of community and economic development. A community must demonstrate all best practice components in order to receive RRC certification. Communities in the program receive an in-depth assessment, report of findings, and recommended strategies for implementation. Evaluations are conducted through interviews, observations, and data analysis. RRC is assisting in the reinvention of government by formally recognizing a community for being efficient and predictable in its policies, processes and procedures, making it more attractive for investments to be made that create thriving places and attract and retain talent.

In FY 2012, the RRC program established an advisory board consisting of public partners at the local, county and state level as well as private sector representation including developers, statewide associations, financial institutions and planning consulting firms. Best practices were finalized in August 2012 and placed on the MEDC website for all communities to access. Seven presentations were given at events ranging from the Urban Land Institute (ULI) to the Michigan Economic Developers Association (MEDA), and two communities were engaged to start the RRC evaluation process.

COMMUNITY ASSISTANCE AND DEVELOPMENT *continued*

CATEam TRAININGS Fiscal year 2012: 10/01/2011–09/30/2012	
Community Development Block Grant program	
Brighton	18
Community Assistance Team	
Brighton (CRP roundtable)	20
Boyne City (placemaking tools)	36
Escanaba (placemaking tools)	42
Portland (placemaking tools)	43
<b>Total attendees</b>	<b>159</b>

CATEam FINANCIAL ASSISTANCE PROJECTS Fiscal year 2012: 10/01/2011–09/30/2012	
Act 381 Work Plans for Tax Increment Financing	23 projects
Brownfield MBT credits	28 projects
Michigan Community Revitalization Program (MCRP)	9 projects
Community Development Block Grants — community development projects	9 projects

## COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

The Community Development Block Grant (CDBG) program is a federal grant program utilizing funds received from the U.S. Department of Housing and Urban Development. Funds are used to provide grants to counties, cities, villages, and townships, usually with populations under 50,000, for economic development, community development, and housing projects. The MSF, in cooperation with the MEDC, administers the economic development and community development portions of the program. Listed below are the communities that have submitted a full application, been authorized by the MSF board and have executed a grant agreement.

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 program is directed toward revitalizing the economic base of cities experiencing economic distress and decline. The MEDC administers the ULA program. No new grants or loans were approved during FY 2012.

The Core Communities Fund (CCF) was established in 2000 to spur private development in Michigan's urban communities and traditional centers of commerce. The program's incentives target critical needs of older communities through new housing development, redevelopment of obsolete facilities and development of contaminated properties. No new grants or loans were approved in FY 2012.

CDBG GRANT AWARDS Fiscal year 2012: 10/01/2011–09/30/2012			
Pass-thru grantee	County	Project description	Approved award amount
Statewide	Various	Funding for the Housing County Allocation program and Downtown Rental Rehabilitation program	\$7,894,192
Plainwell	Allegan	Downtown Façade Improvements: multiple buildings	\$129,900
Albion	Calhoun	Downtown Infrastructure Improvements: streetscape	\$470,000
Boyne City	Charlevoix	Downtown Infrastructure Improvements: streetscape	\$503,440
Norway	Dickinson	Downtown Infrastructure Improvements: streetscape	\$225,752
Mt. Pleasant	Isabella	Downtown Infrastructure Improvements: park	\$583,000
Ishpeming	Marquette	Downtown Infrastructure Improvements: streetscape	\$399,043
Menominee	Menominee	Community Infrastructure Improvements (American Reinvestment and Recovery Act Funds): water tank	\$280,732
Hart	Oceana	Downtown Façade Improvements: multiple buildings	\$209,120
Carp Lake Township	Ontonagon	Community Infrastructure Improvements (American Reinvestment and Recovery Act Funds): sewer system	\$79,108
Manistique	Schoolcraft	Downtown Infrastructure Improvements: streetscape	\$231,170
Three Rivers	St. Joseph	Downtown Infrastructure Improvements: streetscape	\$750,000
<b>Total</b>			<b>\$11,755,457</b>

## MICHIGAN COMMUNITY REVITALIZATION PROGRAM

In December 2011, the Michigan Legislature enacted PA 252 of 2011 for the Michigan Community Revitalization Program (CRP). This program is designed to promote community revitalization through grants, loans, or other economic assistance for eligible investment in Michigan. The aim is to accelerate private investment in areas of historical declining values, contribute to Michigan's reinvention as a vital, job generating state, foster redevelopment of functionally obsolete or historic properties, reduce blight, and protect the natural resources of this state.

CRP replaces the brownfield and historic preservation tax credits that were eliminated under the business tax restructuring approved and signed into law by Governor Snyder in 2011. A total of \$100 million in state appropriations supported the incentives approved for this program and the Michigan Business Development program. Additional information about the program and projects below may be found [here](#).

APPROVED MCRP PROJECTS Fiscal year 2012: 10/01/2011-09/30/2012				
Company name	City	County	Approved incentive amount	Private investment
Blue Star 2, LLC	Benton Harbor	Berrien	\$595,000	\$2,775,800
Uptown RDA, LLC	Flint	Genesee	\$625,000	\$3,724,778
313 East Grand River, LLC	Lansing	Ingham	\$68,187	\$682,284
Arcadia Brewing Company	Kalamazoo	Kalamazoo	\$575,000	\$2,300,000
Enmar, LLC	Kalamazoo	Kalamazoo	\$425,000	\$3,165,000
Ionia Ventures, LLC	Grand Rapids	Kent	\$361,500	\$6,499,500
Woodward Theater, LLC	Detroit	Wayne	\$750,000	\$12,389,857
Whole Foods Market (Ellington WF, LLC)	Detroit	Wayne	\$1,000,000	\$14,847,904
Sherbrooke Land Company, LLC	Detroit	Wayne	\$599,412	\$3,509,615
<b>Total</b>			<b>\$4,999,099</b>	<b>\$49,894,738</b>

## MICHIGAN BUSINESS DEVELOPMENT PROGRAM

In December 2011, the Michigan Legislature enacted PA 250 of 2011 for the Michigan Business Development Program (MBDP). This program provides grants, loans, and other economic assistance to qualified businesses that make investments or create jobs in Michigan, with preference given to businesses that need additional assistance for deal-closing and for second stage gap financing.

A number of factors are considered when making these awards, including: out-of-state competition, private investment in the project, business diversification opportunities, near-term job creation, wage and benefit levels of the new jobs, and net-positive return to the state. Business retention and retail projects are not eligible for consideration of these incentives.

MBDP replaces the Michigan Economic Growth Authority (MEGA) program tax credits that were eliminated under the business tax restructuring approved and signed into law by Governor Snyder in 2011. A total of \$100 million in state appropriations supported the incentives approved for this program and the Michigan Community Revitalization program. Additional information about the program and projects below may be found [here](#).

APPROVED MBDP PROJECTS Fiscal year 2012: 10/01/2011-09/30/2012				
Company name	City	County	Approved incentive amount	Private investment amount
MERSEN USA Midland — MI Inc.	Freeland	Bay	\$320,000	\$21,310,000
Jason Incorporated dba Janesville Acoustics	Battle Creek	Calhoun	\$1,500,000	\$15,050,000
RSB Transmissions NA	Homer	Calhoun	\$350,000	\$14,284,000
Martin-Brower Company	St. Johns	Clinton	\$500,000	\$16,250,000
Cherry Growers, Incorporated	Grawn	Grand Traverse	\$2,500,000	\$12,499,760
Materne North America	Grawn	Grand Traverse	\$3,000,000	\$23,472,500
HCL America, Inc.	Jackson	Jackson	\$875,000	\$3,350,000
Hark Orchids, LP	Comstock Charter Twp	Kalamazoo	\$500,000	\$5,000,000
mophie	Kalamazoo	Kalamazoo	\$240,000	\$4,010,000
Access Business Group, LLC	Ada Township	Kent	\$1,600,000	\$80,950,000
Altronics Energy, LLC	Byron Township	Kent	\$450,000	\$2,560,000
Center Manufacturing, Inc.	Byron Township	Kent	\$300,000	\$1,017,976
Lacks Enterprises, Inc.	Cascade Charter Twp	Kent	\$350,000	\$31,900,000
Arctic Ax US, Ltd.	Grand Rapids	Kent	\$220,000	\$1,859,500
MedDirect, Inc.	Grand Rapids	Kent	\$750,000	\$2,109,524
Corium International, Inc.	Kentwood	Kent	\$360,000	\$8,435,000
Quality Edge, Inc.	Walker	Kent	\$310,000	\$10,478,300
Pinnacle Food Group	Imlay City	Lapeer	\$800,000	\$14,331,125
Ogihara America Corporation	Howell	Livingston	\$300,000	\$34,987,000

APPROVED MBDP PROJECTS <i>continued</i>				
Company name	City	County	Approved incentive amount	Private investment amount
A.G. Simpson (USA), Inc.	Sterling Heights	Macomb	\$900,000	\$21,200,000
Huntington Foam, LLC	Greenville	Montcalm	\$340,000	\$2,564,000
Muskegon Castings Corporation	Muskegon	Muskegon	\$540,000	\$10,362,200
Dieomatic, Inc.	Auburn Hills	Oakland	\$690,000	\$25,861,000
Teijin Advanced Composites America, Inc.	Auburn Hills	Oakland	\$375,000	\$7,952,000
Panasonic Automotive Systems Company of America	Farmington Hills	Oakland	\$500,000	\$8,166,794
Cooper Standard Automotive FHS, Inc.	Leonard	Oakland	\$235,730	\$3,546,940
Alternative Automotive Technologies, LLC	Troy	Oakland	\$500,000	\$5,708,000
Computerized Facility Integration, LLC	Southfield	Oakland	\$434,500	\$908,400
Credit Acceptance Corporation	Southfield	Oakland	\$1,750,000	\$10,218,177
Magna Sealing and Glass Systems	Holland	Ottawa	\$1,200,000	\$10,148,304
Marrone Michigan Manufacturing, LLC	Bangor	Van Buren	\$350,000	\$19,005,000
Barracuda Networks	Ann Arbor	Washtenaw	\$1,200,000	\$6,020,500
Gary D. Nelson Associates, Inc.	Ann Arbor	Washtenaw	\$400,000	\$1,207,329
Hyundai-Kia America Technical Center, Inc.	Superior Township	Washtenaw	\$2,500,000	\$15,000,000
Mayser Polymer USA, Inc.	Canton	Wayne	\$200,000	\$3,921,600
Sakthi Automotive Group USA, Inc.	Detroit	Wayne	\$1,500,000	\$18,600,000
ETS Development Group, LLC dba Sleuth Systems	Harper Woods	Wayne	\$300,000	\$25,000
Magna Seating of America, Inc.	Highland Park	Wayne	\$732,000	\$2,248,000
Brose New Boston, Inc.	New Boston	Wayne	\$3,500,000	\$61,773,500
FIAMM Technologies, LLC	Cadillac	Wexford	\$500,000	\$4,427,875
<b>Total</b>			<b>\$33,872,230</b>	<b>\$542,719,304</b>

## BROWNFIELD REDEVELOPMENT PROGRAM

The Brownfield Redevelopment program promotes the redevelopment of contaminated and under-utilized property in Michigan to bring that property back to productive use. The program, administered by the MEDC, commenced in 2000 under two major statutory elements—tax increment financing (TIF) under the Brownfield Redevelopment Act and a Michigan Brownfield Tax Credit program. Tax credits or TIF assistance is given to companies, developers, or businesses for the redevelopment of brownfield property. The MEDC and Michigan Department of Environmental Quality coordinate incentives to get challenged sites redeveloped.

On January 1, 2012, the Brownfield Tax Credit program was replaced with the implementation of the Corporate Income Tax (CIT). Although, the new CIT eliminates almost all tax credits, any taxpayer that had an existing tax credit (“certificated credit”) approved and executed before January 1, 2012, will be able to realize the full benefits of their credit. The new business tax system allows taxpayers to receive the benefits of their certificated credits by electing to continue to file the Michigan Business Tax (MBT) for the duration of their credits. TIF incentives will continue under the CIT.

The MSE, with administrative assistance from the MEDC, now operates under the new appropriation-based Michigan Business Development Program (MBDP) and Michigan Community Revitalization Program (MCRP) which will provide a total of \$100 million in incentives for highly competitive projects in Michigan.

APPROVED BROWNFIELD MBT CREDITS Fiscal year 2012: 10/01/2011–09/30/2012			
Company	City	County	Estimated credit amount
Historic Arlington Hotel, LLC	Bay City	Bay	\$200,000
Lind Studio, LLC	Bay City	Bay	\$35,000
SSP Development LLC	Bay City	Bay	\$5,100,000
SSP Development LLC	Bay City	Bay	\$1,200,000
SSP Development LLC	Bay City	Bay	\$1,200,000
SSP Development LLC	Bay City	Bay	\$1,250,000
Virgin Olives LLC	Traverse City	Grand Traverse	\$1,500,000
MJLB Land, LLC	Traverse City	Grand Traverse	\$228,712
Y Site, LLC	Lansing	Ingham	\$1,250,000
W. Michigan and Rose Development, LLC	Kalamazoo	Kalamazoo	\$3,183,746
205 South Division Avenue LDHA, LP and 26 Cherry LDHA, LP	Grand Rapids	Kent	\$1,792,117
253 Prospect, LLC	Grand Rapids	Kent	\$250,000
Midland Downtown Partners, LLC	Midland	Midland	\$3,500,000
Ford Motor Company	Wixom	Oakland	\$10,000,000
Ford Motor Company	Wixom	Oakland	\$10,000,000
Ford Motor Company	Ypsilanti	Washtenaw	\$625,000
Landmark Port Huron, LLC	Port Huron	St. Clair	\$149,888
Landmark Port Huron, LLC	Port Huron	St. Clair	\$277,198
Landmark Port Huron, LLC	Port Huron	St. Clair	\$95,527



**APPROVED BROWNFIELD MBT CREDITS** *continued*

Company	City	County	Estimated credit amount
Landmark Port Huron, LLC	Port Huron	St. Clair	\$146,538
1520 Webward Avenue, LLC	Detroit	Wayne	\$820,974
1528 Webward Avenue, LLC	Detroit	Wayne	\$849,476
4265 Woodward, LLC	Detroit	Wayne	\$102,031
660 Woodward Associates, LLC	Detroit	Wayne	\$1,250,000
76 East Forest, LLC	Detroit	Wayne	\$109,804
Avalon International, LLC	Detroit	Wayne	\$189,405
DDVI Holdings II, LLC	Detroit	Wayne	\$1,338,750
DDVI Holdings II, LLC	Detroit	Wayne	\$3,033,473
DDVI Holdings II, LLC	Detroit	Wayne	\$2,619,461
DDVI Holdings II, LLC	Detroit	Wayne	\$2,002,523
Detroit Gateway Park Outlet Mall, LLC	Detroit	Wayne	\$6,134,368
Detroit Renewable Power, LLC	Detroit	Wayne	\$4,105,500
Ellington WF, LLC	Detroit	Wayne	\$1,402,440
Lormax Stern LLC	Detroit	Wayne	\$3,300,000
Whitney Partners, LLC	Detroit	Wayne	\$9,795,000
<b>Total</b>			<b>\$79,036,931</b>

**APPROVED BROWNFIELD MBT CREDIT AMENDMENTS**  
**Fiscal year 2012: 10/01/2011-09/30/2012**

Integrity Land Company	Boyne City	Charlevoix	\$1,152,142
Boardman West, LLC	Traverse City	Grand Traverse	\$771,288
68 Commerce, LLC	Grand Rapids	Kent	\$87,692
205 South Division Avenue LDHA, LP and 26 Cherry LDHA, LP	Grand Rapids	Kent	\$518,431
Ashley Grand Rapids, LLC	Grand Rapids	Kent	\$5,027,965
Grand Rapids Urban Market Holdings, LLC	Grand Rapids	Kent	\$5,200,000
Centurion Place on Ferry Street, LLC	Detroit	Wayne	\$187,918
Charlotte Apartments, LLC	Detroit	Wayne	\$415,868
DCC Community Development, LLC	Detroit	Wayne	\$46,176
DDVI Holdings II, LLC	Detroit	Wayne	\$3,724,500
DDVI Holdings II, LLC	Detroit	Wayne	\$3,216,177
DDVI Holdings II, LLC	Detroit	Wayne	\$2,458,699
D&H Medical Plaza, LLC	Detroit	Wayne	\$448,160
Paradise Valley Estates, LLC	Detroit	Wayne	\$81,938
<b>Amendment total</b>			<b>\$23,336,954</b>

*\*Please note that amendments are only reported when credit increased or decreased.*



## APPROVED BROWNFIELD TAX INCREMENT FINANCING PROJECTS

APPROVED BROWNFIELD TAX INCREMENT FINANCING PROJECTS Fiscal year 2012: 10/01/2011 - 09/30/2012				
Brownfield Authority	Name of project	City	County	TIF amount
City of Bay City	Uptown/Rivers Edge site redevelopment project	Bay City	Bay	\$30,271,716
County of Branch	Culver's Restaurant redevelopment	Coldwater	Branch	\$166,422
County of Grand Traverse	Cherry Republic Center project	Traverse City	Grand Traverse	\$2,264,085
County of Grand Traverse	626 West Front Street redevelopment	Traverse City	Grand Traverse	\$349,255
City of East Lansing	514 Michigan Avenue Redevelopment aka Wolf River Development Company 514, LLC	East Lansing	Ingham	\$266,228
City of Lansing	Emergent BioDefense redevelopment project	Lansing	Ingham	\$4,618,369
City of Lansing	Reutter Park Place	Lansing	Ingham	\$1,400,500
City of Grand Rapids	Former Miller Products redevelopment/ 601 First Street, NW	Grand Rapids	Kent	\$935,400
City of Grand Rapids	Grand Rapids Urban Market Holdings, LLC project	Grand Rapids	Kent	\$4,720,882
City of Grand Rapids	GR School Lofts LLC — Lexington School Workforce Housing	Grand Rapids	Kent	\$630,655
City of Grand Rapids	GR School Lofts LLC — Eastern School Workforce Housing	Grand Rapids	Kent	\$1,275,971
City of Grand Rapids	Ralph's Market redevelopment	Grand Rapids	Kent	\$161,000
City of Grand Rapids	Rylee's Ace Hardware redevelopment	Grand Rapids	Kent	\$118,450
County of Manistee	Former Benchley Auto	Manistee Township	Manistee	\$114,400
City of Oak Park	Eaton Steel Brownfield redevelopment	Oak Park	Oakland	\$366,273
City of Saginaw	Michigan Works! redevelopment	Saginaw	Saginaw	\$778,140
City of Port Huron	2021–2025 Water Street redevelopment	Port Huron	St. Clair	\$646,410
County of Washtenaw	618 South Main	Ann Arbor	Washtenaw	\$2,887,923
County of Washtenaw	Arbor Hills Crossing redevelopment	Ann Arbor	Washtenaw	\$2,578,553

APPROVED BROWNFIELD TAX INCREMENT FINANCING PROJECTS <i>continued</i>				
Brownfield Authority	Name of project	City	County	TIF amount
County of Washtenaw	2810 Baker Road redevelopment project	Dexter	Washtenaw	\$240,000
Eight Mile/ Woodward Corridor Improvement Authority	Act 280 TIF of Gateway Marketplace	Detroit	Wayne	\$10,750,000
City of Detroit	Meijer, Inc. — Redford High School Redevelopment project	Detroit	Wayne	\$6,568,525
City of Detroit	Queen Lillian medical office building	Detroit	Wayne	\$408,647
City of Wyandotte	MJC Templin, LLC medical/professional office development project	Wyandotte	Wayne	\$527,906
<b>Total</b>				<b>\$73,045,710</b>

## MICHIGAN ECONOMIC GROWTH AUTHORITY PROGRAM

The Michigan Economic Growth Authority (MEGA) offers a refundable tax credit against the Michigan Business Tax (MBT) to companies expanding or relocating their operations in Michigan. MEGA addresses the cost differentials between Michigan and competing states to provide companies with a strong business case to choose Michigan.

On January 1, 2012, the MBT was eliminated and replaced by the Corporate Income Tax (CIT). The new CIT eliminates almost all tax credits, including MEGA credits; however, any taxpayer that had an existing tax credit ("certificated credit") approved and executed before January 1, 2012, will be able to realize the full benefits of their credit. The new tax system allows taxpayers to receive the benefits of their certificated credits by electing to continue to file the MBT for the duration of their credits.

The MSF and MEDC now administer a new appropriation-based Michigan Business Development Program and Michigan Community Revitalization Program which will provide a total of \$100 million in incentives for highly competitive projects in Michigan.

The MEGA board executed five agreements in FY 2012. Of those agreements, four were standard MEGA credits, zero were high-tech/high-wage credits, zero were retention credits, and one was a rural credit.

APPROVED MBT CREDITS						
Fiscal year 2012: 10/01/2011-09/30/2012 (not including Brownfields)						
Meeting date	Company	Project city	Project county	Projected direct jobs created	Projected capital investment	Estimated credit amount
10/18/11	Quad/Graphics	Midland	Midland	152	\$1,100,000	\$435,000
10/18/11	priceline.com	Wyoming	Kent	562	\$300,000	\$938,000
12/13/11	Detroit Manufacturing Systems, LLC	Detroit	Wayne	572	\$29,290,000	\$4,056,000
12/13/11	Townsend Energy Solutions, LLC	Wixom	Oakland	875	\$237,850,000	\$6,301,000
12/13/11	Suniva, Inc.	Thomas	Saginaw	500	\$250,000,000	\$8,185,000
<b>Total</b>				<b>2,661</b>	<b>\$518,540,000</b>	<b>\$19,915,000</b>

## MICHIGAN RENAISSANCE RECOVERY ZONE PROGRAM

The Michigan Renaissance Zone Initiative was established in 1996 to foster economic development; industrial, commercial, and residential improvements; prevent physical and infrastructure deterioration of defined areas; and provide for the reuse of unproductive or abandoned industrial properties. Originally, the program created nearly tax-free zones within regions for any business or resident presently in or moving into a zone for a period up to 15 years, known as geographic renaissance zones. Today, renaissance zones consist of various types of renaissance zone designations, including MSF Designated Renaissance Zones that specifically address project-driven designation requests, agricultural processing renaissance zones, forest products processing renaissance zones, and renewable energy renaissance zones. In all cases, the tax relief is phased out in 25 percent increments over the last three years of the zone designation.

Many of the original geographic renaissance zones have begun to phase out. In 2008, a legislative amendment allowed a portion of an already designated geographic zone to receive a time extension or new subzone under certain conditions. These zones are required to have a job creation or capital investment to be eligible. The MSF board had the authority to grant these new subzones and time extensions only through December 31, 2011.

In 2010, a package of bills was signed into law to provide incentives that encourage economic development and investment, job creation and job retention, and ancillary economic growth delivered by a new renaissance zone designation of Next Michigan Development Corporation for businesses engaged in various aspects of multimodal commerce, including movement of products, information, and services via air, roads, rail, or water. The first Next Michigan Development Corporation was designated by the MSF board in February 2011.

MICHIGAN RENAISSANCE ZONE ACTIVITY Fiscal year 2012: 10/01/2011–09/30/2012				
Meeting date	Company or renaissance zone	Location	County	MSF board action
10/26/11	City of Detroit Renaissance Zone/ Southwest/DelRay subzone— Waterfront Petroleum Terminal Co. project	City of Detroit	Wayne	Geographic Renaissance Zone: Seven-year extension to begin 01/01/2012 and end 12/31/2018
11/30/11	Sunrise Aquaculture, LLC	Village of Hillman	Montmorency	Agricultural Renaissance Zone Revocation: failure to meet benchmarks and no project occurring on the designated property
11/30/11	City of Lansing Next Michigan Development Corporation: city of Lansing and Dewitt Charter Township	Various	Ingham	New Next Michigan Development Corporation, effective immediately
12/21/11	Woodward Avenue Renaissance Zone/Wayne County Renaissance subzone—1208 Woodward project	City of Detroit	Wayne	Geographic Renaissance Zone: Nine-year extension to begin 01/01/2012 and end 12/31/2026
12/21/11	City of Detroit Renaissance Zone/ Southwest/DelRay subzone— James Group International, Inc. project	City of Detroit	Wayne	Geographic Renaissance Zone: Seven-year extension to begin 01/01/2012 and end 12/31/2018

MICHIGAN RENAISSANCE ZONE ACTIVITY *continued*

Meeting date	Company or renaissance zone	Location	County	MSF board action
12/21/11	City of Detroit Renaissance Zone/ Southwest/DelRay subzone — Peerless Metal Powders and Abrasive, LLC project	City of Detroit	Wayne	Geographic Renaissance Zone: Seven-year extension to begin 01/01/2012 and end 12/31/2018
12/21/11	ChemQuest, Inc.	Village of Middleville	Barry	Border Crossing Renaissance Zone: Five-year extension to begin 01/01/2012 and end 12/31/2016
02/22/12	I-69 International Trade Corridor: Counties of Shiawassee, Genesee, Lapeer and St. Clair	Various	Various	New Next Michigan Development Corporation, effective immediately
02/22/12	Grand Traverse Region Next Michigan Development Corporation: Grand Traverse County, city of Traverse City, Blair Township, charter townships of Garfield and East Bay	Various	Various	New Next Michigan Development Corporation, effective immediately
08/22/12	Energy Components Group, LLC	City of St. Clair	St. Clair	Renewable Energy Renaissance Zone Revocation: noncompliance
08/22/12	West Michigan Economic Partnership: cities of Grand Rapids, Kentwood, Muskegon, and Wyoming, Cascade Charter Township, counties of Kent and Muskegon	Various	Various	New Next Michigan Development Corporation, effective immediately
09/27/12	City of Detroit Renaissance Zone/ Southwest/DelRay subzone — James Group International, Inc. project	City of Detroit	Wayne	Geographic Renaissance Zone: Transfer of real property from Ford Motor Land Development to James Group International

## MICHIGAN TOOL & DIE RENAISSANCE RECOVERY ZONE PROGRAM

Michigan tool and die companies wrestle with economic challenges ranging from foreign competition to decreased ordering and cash flow problems as the automotive industry adjusts to its new 21st century realities. Without assistance, many of those companies would struggle to stay in business. The Tool and Die Renaissance Recovery Zone program helps Michigan's tool and die industry to reinvent and innovate. The program provides tax free status to companies willing to work collaboratively with other in-state tool and die businesses. The Tool and Die Renaissance Recovery Zone is unique because it is an industry-based and company-specific collaborative of numerous companies sharing resources to receive the renaissance zone benefit. A recovery zone may have a duration of a renaissance zone status for a period of not less than five years and not more than 15 years. Tax relief is phased out in 25 percent increments over the last three years of the zone designation.

<b>TOOL &amp; DIE RECOVERY ZONE ACTIVITY</b> <b>Fiscal year 2012: 10/01/2011-09/30/2012</b>				
Meeting date	Company or renaissance zone	Location	County	MSF board action
10/26/11	Baker Aerospace Tooling & Machining, Inc.	Macomb Township	Macomb	Add five additional years for a total of 10 years — end date is now 12/31/2019; member of Third Coast Tooling Alliance, LLC
10/26/11	Exacto Tool Company, LLC	Shelby Charter Township	Macomb	Add five additional years for a total of 10 years — end date is now 12/31/2019; member of Third Coast Tooling Alliance, LLC
10/26/11	Franchino Mold & Engineering Company	Watertown Township	Clinton	Add five additional years for a total of 12 years — end date is now 12/31/2019; member of Capital Area Tooling Partnership
10/26/11	Ideal Technology Corporation	Shelby Charter Township	Macomb	Add five additional years for a total of 10 years — end date is now 12/31/2019; member of Third Coast Tooling Alliance, LLC
11/30/11	AccuBilt, Inc.	City of Jackson	Jackson	Add five additional years for a total of 13 years — end date is now 12/31/2019; member of Michigan Coast to Coast Tool & Die Collaborative
11/30/11	Eckhart & Associates, Inc.	Watertown Township	Clinton	Add five additional years for a total of 13 years — end date is now 12/31/2019; member of Capital Area Tooling Partnership
11/30/11	Precision Tool Company, Inc.	City of Roosevelt Park	Muskegon	Add three additional years for a total of nine years — end date is now 12/31/2016; member of First Choice Machining Solutions

**TOOL & DIE RECOVERY ZONE ACTIVITY** *continued*

Meeting date	Company or renaissance zone	Location	County	MSF board action
11/30/11	Premier Industries Corporation	City of Monroe	Monroe	Add five additional years for a total of 13 years — end date is now 12/31/2019; member of Michigan Coast to Coast Tool & Die Collaborative
12/21/11	Midwest Machining, Inc. (dba SelfLube)	City of Coopersville	Ottawa	Add five additional years for a total of 15 years — end date is now 12/31/2019; member of Coopersville Tooling Coalition
12/21/11	Mistequay Group Ltd.	City of Standish	Arenac	Add three additional years for a total of eight years — end date is now 12/31/2017; member of Third Coast Tooling Alliance
12/21/11	Philips Machining Company, Inc.	City of Coopersville	Ottawa	Add five additional years for a total of 15 years — end date is now 12/31/2019; member of Coopersville Tooling Coalition
12/21/11	TransNav, Inc.	City of New Baltimore	Macomb	Add five additional years for a total of 10 years — end date is now 12/31/2019; member of Third Coast Tooling Alliance
12/21/11	Pi Optima, Inc.	City of Walker	Kent	Transfer of Recovery Zone benefit from DieTool Engineering to Pi Optima, Inc. — end date is 12/31/2021
12/21/11	CNC Precision Machining, LLC	Alpine Township	Kent	Transfer of Recovery Zone benefit from CNC Precision Machining, Inc. to CNC Precision Machining, LLC — end date is 12/31/2019
03/28/12	Advanced Integrated Tooling Solutions, LLC	Chesterfield Charter Township	Macomb	Add three additional years for a total of eight years — end date is now 12/31/2018; member of Third Coast Tooling Alliance
04/25/12	TG Manufacturing, LLC	Grand Haven Township	Ottawa	Transfer of Recovery Zone benefit from AIM Tool & Die to TG Manufacturing, LLC
04/25/12	The Paslin Company	City of Warren	Macomb	Participation in Eastern Michigan Tool & Die Collaborative to begin 01/01/2013 and end 12/31/2017
05/23/12	PCS Company	City of Fraser	Macomb	Amendment for existing Recovery Zone to include real property for PCS Company for remaining duration of Agreement



**TOOL & DIE RECOVERY ZONE ACTIVITY** *continued*

Meeting date	Company or renaissance zone	Location	County	MSF board action
07/25/12	LaGrow Corporation	Coloma Township	Berrien	Revocation of existing Tool & Die Recovery Zone property due to company closure; former member of Berrien Tooling Coalition
07/25/12	R&G Mold and Engineering	City of Grandville	Kent	Revocation of existing Tool & Die Recovery Zone property due to company closure; former member of Michigan Tooling Group
09/27/12	Mach Mold, Inc.	Benton Charter Township	Berrien	Add five additional years for a total of 10 years — end date is now 12/31/2019; member of Berrien Tooling Coalition
09/27/12	Mac—Mold Base, Inc.	Village of Romeo	Macomb	Amendment for existing Recovery Zone to add new contiguous property for the remaining duration of agreement



## BUSINESS RETENTION AND GROWTH

In FY 2012, the MEDC implemented a regional collaborative model to serve Michigan companies. Ten regions were formed and defined by local partners in an effort to align state service providers. Local and regional economic development agencies had already been working in concert with others in multi-county areas and had long been requesting state support for regional efforts and activities.

The Michigan Retention and Growth team consists of 19 business development managers (BDMs) assigned to the 10 regions. Agreements have been put in place to hotel the BDMs at the MEDC regional partners' offices. While the MEDC retains supervision of the BDM, the region determines their book of business and the approach to serving companies in the region. Contact with companies occurs through in-person visits in partnership with local economic development partners. In general, BDMs meet with a company once a year. Additional meetings happen through the year when a company is expanding.

BDMs participate in three types of company visits:

- **Retention** — a yearly “check-up” meeting designed to learn how the company is doing and to provide information on any new state programs;
- **Project** — related to a specific retention or expansion that may result in the MEDC offering the company an incentive package to secure its investment or retain the company; and
- **Customer support** — providing support to a very large corporation where an ongoing relationship is required or visits with other companies when there is a concern or issue that is not related to a project.

The MEDC provides services to complement the state's business retention efforts. Some of these services include workers' compensation cost control that provides employers with assistance in designing and implementing strategies to reduce workers' compensation costs; Michigan Business Ombudsman office that provides impartial, independent, and confidential assistance in resolving disputes and investigating business complaints against state government agencies; Pure Michigan Business Connect program which helps companies procure contracts with other Michigan companies; economic gardening assistance for second stage growing companies; site location services; and a suite of talent enhancement services to firms that need to find the right people for their business.

VISIT AND BUSINESS SERVICE ACTIVITIES Fiscal year 2012: 10/01/2011 – 09/30/2012	
Visit activities	Number of occurrences
Michigan retention visits	2,574
Michigan customer support visits	255
Michigan project visits	631
International visits	42
Visits (other)	328
<b>Total visits</b>	<b>3,830</b>

## BUSINESS ATTRACTION

In addition to a comprehensive retention and growth strategy, the MEDC continues to work aggressively to cultivate and maintain relationships with international and domestic companies seeking to establish or strengthen their presence in the state. Michigan is home to 5,320 foreign business establishments representing 58 countries that employ 227,000 workers. Leading countries for foreign direct investment in Michigan include Germany, Japan, the United Kingdom, France, and Canada.

In FY 2012, the MEDC established one foreign trade office through the combined resources of the Council of Great Lakes Governors, further leveraging Governor Snyder's upcoming leadership role in the organization. Plans for establishing additional offices will be data-driven and focus on markets with the most potential return on investment.

The MEDC realigned its national and international business attraction staff to develop a more strategic, results-driven approach to business outreach that leverages Michigan's assets. Modeling the retention team's regional approach, two regional director

positions were established to provide a single point of contact for local economic developers. This structure encourages a collaborative, customer-focused approach that makes the best use of state and local resources.

To support the new strategic sales planning model, the MEDC also has established a sales operations team to support both business retention and attraction efforts. The team is charged with improving the non-customer facing aspects of the sales process, including preparing proposals, marketing collateral, and event coordination. Realigning these activities will allow MEDC business attraction staff more sales time with clients, resulting in better quality leads that convert to more and better jobs.

The MEDC also has ramped up its outreach to national and international site consultants. In collaboration with local economic development partners, the MEDC attraction team met with 70 key site selectors in four key regional markets to help tell the "Why Michigan" story and gather valuable feedback on how the state is perceived as a business location.

## PURE MICHIGAN BUSINESS CONNECT

Pure Michigan Business Connect (PMBC) is a more than \$8 billion, multi-year initiative to help Michigan companies grow. The multi-faceted program helps companies find new ways to raise capital, get access to various business services, and connect with each other with business-to-business procurement opportunities. More than 1,500 Michigan businesses have been served in FY 2012.

PMBC was initiated under the new economic gardening strategy, which fosters entrepreneurship and the growth of in-state businesses rather than “hunting” for business investment by offering credits to out-of-state companies.

Launched in September 2012, the Business-to-Business (B2B) Network is a web-based system that links Michigan companies together to find collaborators, suppliers, and new business opportunities. The network includes a directory of Michigan businesses and an online procurement marketplace where Michigan businesses may post procurement opportunities available for other Michigan businesses and the participating businesses may search for opportunities posted by other companies.

Separate programs focused on services and procurement also have been developed for the PMBC initiative. The PMBC business services component connects professionals with small Michigan companies in need of business assistance. In partnership with the Small Business and Technology Development Center (SBTDC), the program assists entrepreneurs, business start-ups, and first and second stage companies by connecting them to participating partners who are giving back to Michigan by providing pro bono

professional services. These services include legal, accounting, web development, human resources, operations and planning, and much more.

The procurement initiative focuses on growing procurement dollars sourced within the state to Michigan businesses. The program works to attract procurement leads from both in and out of Michigan, utilizing a strong network of MEDC partner organizations to match these needs with potential Michigan suppliers. PMBC can help open the door to competitive suppliers previously unidentified by current procurement processes. The MEDC and its affiliated organizations have developed programs and processes to facilitate supplier identification for individual items or broader needs across an entire product line.

The Pure Michigan Business Connect’s economic gardening pilot program for second-stage growth companies was tested in 2012 to provide unique, highly customized business growth assistance. Fifty Michigan companies identified as second-stage growth companies — from a cross-section of industries and representing all regions of the state — participated in the pilot. Each participating company’s CEO was paired with a strategic research team comprised of specialists in 1) business strategy and management; 2) market research and competitive intelligence; 3) Internet and social media strategy; and 4) geographical information systems. In working with the CEO to identify specific growth issues, the strategic research team was able to provide highly customized, actionable information to help the company begin to attain identified goals and to reach the next higher levels of growth and employment.

## PRIVATE ACTIVITY BONDS

Private Activity Bonds (PABs) provide companies with capital cost savings stemming from the difference between taxable and tax-exempt interest rates. The MSF has the authority to provide tax-exempt federal bonds. These bonds finance manufacturing projects, not-for-profit corporation projects, and solid or hazardous waste disposal facilities. PABs lower the cost of capital for mature firms and help address a critical gap in project financing throughout the state.

TAX-EXEMPT BONDS Fiscal year 2012: 10/01/2011-09/30/2012				
Company	City	County	Approved amount	Type
MANS/Moeller Aerospace Technology, Inc.	Little Traverse Twp.	Emmet	\$6,300,000	Manufacturing new and refinancing
Centerline Engineering, Inc./CEI Properties LLC	Grand Rapids	Kent	\$2,770,000	Manufacturing refunding
International Master Products Corporation	Montague	Muskegon	\$4,700,000	Manufacturing reissuance
Apogee Enterprises, Inc.	Richmond Twp.	Osceola	\$10,000,000	New manufacturing
Sintel, Inc.	Spring Lake Twp.	Ottawa	\$2,215,000	Manufacturing refinancing
<b>Total</b>			<b>\$25,985,000</b>	

NON-PROFIT, SOLID WASTE, REFUNDING/REFINANCING Fiscal year 2012: 10/01/2011-09/30/2012				
Company	City	County	Approved amount	Type
Christian Care	Muskegon	Muskegon	\$8,435,000	Non-profit
Red Arrow Dairy	Hartford Twp.	Van Buren	\$4,000,000	Solid waste
The Gilbert Residence	Ypsilanti	Washtenaw	\$8,000,000	Non-profit
<b>Total</b>			<b>\$20,435,000</b>	

## EXPORT PROGRAM

MEDC's export program is committed to increasing Michigan's exporting opportunities by helping businesses identify and enter key emerging foreign markets. The goals of the export program are to:

- Provide strategic business growth solutions to small Michigan companies, helping them reach an international customer base
- Increase the number of small business exporters in Michigan
- Increase the value and volume of exports from Michigan
- Expand Michigan exports to new foreign markets
- Help strengthen Michigan's economy by increasing export-driven job growth

These goals are accomplished through the State Trade Export Promotion (STEP) program which is administered by the export team to assist companies with their exporting needs. The STEP program was launched in October 2011 to give Michigan companies a stronger competitive edge in the global marketplace. Federally funded by the U.S. Small Business Administration (SBA), the program connects companies with resources to reach foreign markets. Eligible companies are provided a direct reimbursement of up to \$12,000 or 50 percent of costs from allowable export-related activities. Activities may include trade missions, international or domestic trade shows, foreign market sales trips, and website or marketing material translation services. The program aims to increase the number of Michigan small businesses that export and increase the value of exports for small businesses that are currently exporting. In its first year, the STEP program assisted over 400 Michigan businesses, with 132 businesses entering 62 new foreign markets and generating over \$38,224,725 in export sales.

EXPORT PROGRAM ACTIVITIES Fiscal year 2012: 10/01/2011-09/30/2012			
Date(s)	Type of activity	Country/state	Details
April 15–24, 2012	Trade mission	Brazil, Chile, Colombia	Four companies participated; led by Council of Great Lakes Governors (CGLG)
May 16–26, 2012	Trade mission	Brazil	Nine companies participated; led by Automation Alley
July 11–Sept. 26, 2012	Foster Swift Export webinar series	Michigan	Professional development for MEDC's export team
August 7–Sept. 20, 2012	International Traffic in Arms Regulations training seminar	Michigan	Professional development for MEDC staff and regional partners; led by Van Andel Global Trade Center
September 5–7, 2012	NASBITE training	Michigan	Led by Michigan State University
September 17–28, 2012	Trade mission	China	20 companies participated; led by Governor Snyder and MEDC
September 24–28, 2012	Trade mission	Canada	Four companies participated; led by Van Andel Global Trade Center

## TALENT ENHANCEMENT

Since early 2011, the MEDC talent enhancement team has worked to attract, retain and develop talent to support business attraction, economic gardening and entrepreneurship in Michigan. They develop and implement key statewide programs, support local talent partners with a variety of tools and resources and help employers find talent. By partnering with key entities, such as Michigan Works! agencies, community colleges and local economic development organizations, the team helps to reinvent Michigan's talent system. Their key values include customer responsiveness, creativity, efficiency, teamwork, collaboration and an action orientation.

The following programs and activities were supported in FY 2012:

- **Pure Michigan Talent Connect** was launched in December 2011 to meet the labor needs of Michigan employers and address the governor's goal of providing more and better jobs to Michigan citizens. The website features an improved labor exchange system for employers and job seekers as a one-stop for online services and resources. Tools include the virtual career counselor, career matchmaker and career curriculum investment calculator.
- **LiveWorkDetroit!** showcases Detroit as a destination for soon-to-be college graduates and young professionals by bringing them to the city in a day-long event experience. Activities include meeting industry and community leaders, networking with potential employers and touring places to live, work and play. Four events were held in Detroit with 1,486 participants, of which 40 percent have located or gained employment in Detroit because of the program.

Due to LiveWorkDetroit's popularity, the **Pure Michigan Opportunities** program was created to showcase other Michigan cities with similar day-long events. Successful events in FY 2012 included Midland, Holland, and Muskegon.

- **MichAGAIN** engages talent from around the country with ties to Michigan to stay, return or invest in Michigan. Networking events are held in targeted areas where a large number of graduates from Michigan's public universities have relocated.

Twenty-one individuals have relocated back to Michigan for employment opportunities because of the program and the MichAGAIN website received over 48,000 visits.

- **Michigan Shifting Gears** is a three-month program that helps highly experienced and educated people undergoing a career transition find opportunities with small innovative companies. Professionals learn new ways to frame their value in the workplace and develop networks. The program offers executive classroom sessions, an 80-hour pro bono internship and a one-on-one mentorship. Four cohorts were launched this year with 144 participants, of which 72 have received new positions. Within three months of completing the program, 49 percent of participants have found new jobs.
- **Michigan Shifting Heroes** is designed to integrate returning veterans into the Shifting Gears experience by reframing the skills they acquired in their service for jobs in the private sector.
- **Michigan Shifting Code** is a career transition program designed to address critical workforce shortages in computer programming and other high demand occupations in the IT industry. Each Shifting Code program has customized training solutions designed to respond to the staffing needs of regional employers. Six cohorts were launched in FY 2012 with a total of 43 participants.
- **The Global Michigan Initiative** is a statewide effort to retain highly educated and skilled foreign-born talent, catalyze foreign business investment efforts and encourage communities to welcome immigrants. Governor Snyder's first State of the State message made a compelling case for Michigan to look beyond its borders and open itself to the opportunities of a global marketplace.
- **K-Careers** is an initiative to ensure Michigan has a skilled and education pipeline for the high demand jobs of tomorrow. The talent enhancement team works to increase awareness and participation in science, technology, engineering and mathematics (STEM) classes and industries, encourages youth to apply entrepreneurship concepts to their career endeavors and provide tools for youth to explore in-demand jobs of the future and today.



## TALENT ENHANCEMENT *continued*

- **Community Ventures** is an interdepartmental initiative designed to assist the structurally unemployed find gainful employment. The program is a resource for local communities and businesses looking to establish worksites that will provide assistance and employment to Michigan's low-skilled population. The MEDC, Workforce Development Agency, local Michigan Works! agencies and Department of Human Services are working together to address the structurally unemployed's barriers to employment by providing services like mentoring, literacy support and financial literacy assistance, help people improve professionally and develop an employment history, and provide safer communities.
- **A Virtual Career Fair** was held February 15, 2012, involving 122 IT and high tech employers and vendors with 2,626 participants. Three other career fairs focused on healthcare, business, and general employment.
- **Regional Talent Summits** brought together 91 individuals from partner organizations, Workforce Development Agency, and MEDC to identify best practices relevant to their regions, including youth programs, low-skilled adults, career readiness and college graduation retention.

## TRAVEL MICHIGAN

### Pure Michigan tourism marketing campaign

Launched in 2006 as a regional tourism brand for Michigan, Pure Michigan has expanded both to a national brand for the promotion of Michigan tourism and the brand for all marketing activity for business development, entrepreneurship, talent attraction and retention. Pure Michigan is on a path to become one of America's most powerful and recognizable state brands.

In 2012, the Pure Michigan tourism marketing campaign attracted visitors to the state via three major seasonal campaigns: spring/summer, fall and winter. The vast majority of this advertising was out of state, both regionally and nationally. There also were separate niche campaigns promoting activities such as hunting and fishing.

The campaign continues to be recognized by peers and others. In the annual marketing competition between state tourism offices around the country, Pure Michigan took home five of the 12 Mercury Awards in 2012. No other state won more than one.

Co-branding relationships were dramatically expanded, with new marketing partnerships launched with the Detroit Tigers, the Chevrolet Belle Isle Grand Prix, Cocoa Cola, Kroger and many more. This year was the second year of the Pure Michigan 400, a collaboration between Travel Michigan and Michigan International Speedway, NASCAR and ESPN.

There were 19 new commercials produced in FY 2012, including partner ads (three television, 16 radio), shown on 25 national cable networks during the fourth year of the spring/summer Pure Michigan advertising campaign.

Regional markets for FY 2012 (Travel Michigan and partner) included:

Battle Creek, MI	Green Bay, WI
Bay City, MI	Indianapolis, IN
Chicago, IL	Kalamazoo, MI
Cincinnati, OH	Lansing, MI
Cleveland, OH	Milwaukee, WI
Columbus, OH	Saginaw, MI
Dayton, OH	South Bend, IN
Detroit, MI	Southern Ontario, Canada
Flint, MI	St. Louis, MO
Ft. Wayne, IN	Toledo, OH
Grand Rapids, MI	Traverse City, MI

Since its launch in 2006, the award-winning Pure Michigan campaign has attracted 10.4 million new, out-of-state visitors to the Great Lakes state, visitors who spend \$3 billion at Michigan businesses and paid \$208 million in Michigan taxes, primarily sales tax. The campaign generates \$3.70 in tax revenue for the state for each dollar spent on Pure Michigan advertising.

### Travel web activity on michigan.org and e-newsletters

There were 8.7 million web visits in FY 2012. External clicks to Michigan tourism properties numbered 5.5 million. There were 496,135 subscribers to the Pure Michigan consumer e-newsletter; 293,778 subscribers to the featured deals e-newsletter; and 195,219 subscribers for the fall color reports.

### Social media channels

Total fans/followers on the following channels at the end of September 2012 were as follows:

- Facebook: 427,131 likes
- Twitter: 37,373 followers
- Google+: 93,617 have Pure Michigan in their circle
- Instagram: 7,636 fans
- Pinterest: 2,874 followers
- YouTube: 2,400 subscribers

### Media familiarization media tours

#### Domestic Familiarization Media Tours

Five group press trips with a total of 41 writers were hosted in FY 2012:

- February 22–26: Seven writers visited the Upper Peninsula to attend the World Ice and Snow Sailing Competition in St. Ignace. The group also spent time in Sault Ste. Marie and Gaylord. Key media outlets included AOL Travel, Matador Networks and Public Radio International.
- May 3–6: Thirteen writers experienced a three-day Detroit immersion. Key media included *New York Post*, *Toronto Star*, *ShermansTravel.com*, *Chicago Tribune*, *FOXNews.com* and the *Dallas Morning News*.
- June 27–July 1: Ten writers traveled to Traverse City and Leelanau Peninsula for “Made in Michigan Day” with Mario Batali and visited some of Batali’s favorite culinary gems in the area. Key media outlets included *Newsweek*, *Taste & Travel*, *Ultra Travel*, *TravelChannel.com*, *Zagat.com*, *TheDailyMeal.com* and *HotelChatter.com*.



## TRAVEL MICHIGAN *continued*

- July 11–15: Five writers visited Mackinac Island to celebrate the Grand Hotel's 125th anniversary as well as Petoskey, Harbor Springs, Indian River and Charlevoix. Key media outlets included Jaunted.com, Gayot.com, McClatchy Tribune Syndicate and Fodors.com.
- October 4–7: Six writers experienced “Ernest Hemingway’s Michigan,” visiting Petoskey, Horton Bay, Walloon Lake and Charlevoix. Key media included *Savueur*, *Field & Stream* and *Men’s Fitness*.

### ***Golf Writer Familiarization Tour***

Five group press trips and five individual visits were held with 30 visiting journalists. Numerous courses were highlighted, including Shanty Creek, Treetops, Shepherds Hollow, Pine Trace, Tullymore, Thousand Oaks, Black Forest, Bay Harbor and Grand Traverse Resort. Key media outlets included *Midwest Golfing Magazine*, *Golf.com*, *Forbes.com*, *USA Today*, *Golf Chicago Magazine*, *U.S. Airways* and *Texas Golfer Magazine*.

### ***Individual Familiarization Tour***

Four individual press trips were held, which included reporters, contributors and editors on assignment for International Public Radio, New York Daily News, NYLON (Detroit) and SAVEUR (Upper Peninsula).

### **Partnership programs**

The partnership program is intended to extend the marketing reach of Pure Michigan by leveraging private sector marketing dollars to promote Michigan and participating communities and businesses. All partnership advertising includes the Travel Michigan brand identity and creative strategy to keep the messages consistent. Program participants also receive value added benefits of featured web presence and public relations support.

In FY 2012, 42 advertising partners committed \$3.687 million in private sector funds for television, radio, billboard and online advertising. Travel Michigan matched the private sector partnership dollars for a total partnership advertising budget of \$7.374 million. Interest in the program has grown since this program’s launch in 2002 with three partners. This is a win-win program for the partners, MEDC, Travel Michigan and the state of Michigan.

### ***2012 partnerships included:***

#### **National cable TV advertising partners — \$500,000 from each**

Traverse City Convention & Visitors Bureau (CVB)  
Mackinac Island CVB  
The Henry Ford  
Ann Arbor CVB/Ann Arbor SPARK: 2012 pilot  
“Sense of Place” partnership

#### **Out-of-state advertising partners**

Air Zoo (Kalamazoo)  
Big Rapids/Mecosta County CVB  
Blue Water Area CVB (Port Huron and eight Thumb area communities)  
Cadillac CVB  
Coldwater/Branch County CVB  
Detroit CVB (note: one of the first three partners in 2002)  
Frankenmuth CVB  
Holland CVB  
Gaylord CVB  
Grand Rapids CVB  
Great Lakes Bay Region CVB  
Greater Lansing CVB  
Jackson CVB  
Kalamazoo CVB  
Michigan Wine Council  
Michigan Snowsports Association  
Monroe City/Chamber/CVB  
Muskegon CVB  
Mt. Pleasant CVB  
Sault Ste. Marie CVB  
Silver Lake Sand Dunes CVB  
St. Ignace CVB  
The Wilds of Michigan (Gogebic and Ontonagon counties — western Upper Peninsula)  
Tullymore Golf Resort (Stanwood)

**TRAVEL MICHIGAN** *continued***In-state advertising partners**

Alpena  
Beachtowns\* (nine communities/CVBs along  
Lake Michigan coastline)  
Charlevoix CVB  
Flint CVB  
Great Waters (eight communities in the  
eastern Upper Peninsula)  
Harbor Springs Chamber of Commerce  
Ludington CVB  
Michigan Adventure (Muskegon)  
Michigan Ag Council  
Michigan DNR  
Marquette CVB  
Sunrise Coast (seven communities along  
Lake Huron coastline)  
Thunder Bay Resort (Hillman)

**Pay-per-click partners**

Manistee CVB

\* One of the first three partners in 2002

## BUSINESS MARKETING

In January 2011, the MEDC consolidated its marketing and communication programs under the Pure Michigan brand. The Pure Michigan brand has been expanded from strictly tourism to business, talent and to other state departments. The brand is now used as the MEDC corporate identity, in addition to targeting tourist, business, talent and urban audiences. A branding kit and branding guidelines have been developed for use by other state agencies, partners and Michigan businesses. Pure Michigan is extending its reach with partnerships that include companies and organizations like Coca-Cola, Hudsonville Ice Cream, Kroger, La-Z-Boy, Michigan Apple Committee, Meijer, Michigan Asparagus Advisory Board and many more. The Pure Michigan brand has the unique challenge of reaching multiple audiences with differing tactics to be successful.

The business marketing campaign seeks to improve the positive perception of Michigan to business leaders, promoting Michigan as a desirable place to do business and also to increase national and in-state business development leads. Using the full spectrum of communication vehicles — earned media, broadcast and print advertising, MichiganAdvantage.org website, social media, trade shows, job fairs and others — MEDC is engaging business decision makers, innovators, entrepreneurs, professionals and students to send the message that Michigan is offering low costs, resources and talent to foster growth.

The FY 2012 business marketing campaign focused on integrating the Michigan business message with the high awareness and proven perceptual equities of the Pure Michigan campaign to build awareness of key qualities and enhancements in Michigan's business climate. These include a new ground-breaking business tax structure, highly skilled talent pool, research and development expertise, and initiatives and partnerships that create an attractive environment for business growth. The FY 2012 business marketing media plan included:

### Print

- Full page print ads in *Site Selection*, *Businessweek*, *Fast Company* and *Inc.* ("How I Did It" print adjacency)
- Advertorials focused in Detroit, Kalamazoo and Ann Arbor (*Fast Company*)

### Digital

- Flash banner ads featuring "Tax and Incentives," "Connecting Companies," "Abundant Talent" on FastCompany.com, Inc.com, WallStreetJournal.com, Bloomberg.com, SiteSelection.com and several others
- Flash banner ads featuring "HomeGrown" on LinkedIn.com
- Sliding pencil banner ad featuring "Taxes and Incentives" on Inc.com
- E-newsletter banner ads featuring "Empowering Business" on FastCompany.com and SiteSelection.com
- iPad banner ads featuring "Tax and Incentives" on IBTimes.com
- Mobile banner ad featuring "Empowering Business" on WSJ mobile app
- :15 pre-roll video featuring "Success Stories" on Businessweek.com and WallStreetJournal.com

### Digital, pre-roll video, and mobile results

- Generated awareness: over 90 million impressions
- Proven creative engagement: over 190,000 clicks to the website exposed content users who likely had not seen the information before and drove users to specific landing pages highlighting talent, taxes, Pure Michigan Business Connect and how to grow your business in Michigan; banner ads accounted for an average of 25 percent of traffic to those pages with an above average click-through-rate
- Created editorial/PR opportunities: "How I Did it" digital sponsorships led to "Why Warrior Sports Manufactures in Detroit" editorial content on Inc.com

### Paid search results

- Generated awareness: Over 29 million impressions
- Proven creative engagement: Over 176,000 clicks to the website and above average click-through-rate

### Print results:

- Generated awareness: over seven million impressions; "Why Start a Company In" advertorials with print ad adjacencies in *Fast Company* (over 2.2 million readers)
- Created editorial/PR opportunities: "Why Start a Company In" advertorial discussions led to "Why Start a Company in Grand Rapids" editorial content on FastCompany.com

## BUSINESS MARKETING *continued*

Along with advertising, the business marketing program funds events and trade shows in targeted industries in which Michigan has unique strengths. These complement the MEDC's business attraction and retention efforts.

Some of the major shows, events and sponsorships that MEDC participated in during FY 2012 include:

- **AWEA (American Wind Energy Association Conference):** WINDPOWER is the focal point for wind professionals to network with and learn from industry leaders and experts and to discover the latest in industry products and services
- **Battery show:** Premier showcase of the latest advanced battery technology attended by technical leaders, scientists, engineers, project leaders, buyers and senior executives concerned with advanced energy storage
- **BIO International 2012:** Global event for biotechnology that brings together more than 16,000 industry leaders for partnering discussions and deal-making activities
- **CAR Management briefing seminars:** Largest management conference in the North American automotive industry
- **Detroit Regional Chamber Mackinac Policy Conference:** Brings together Michigan's top business professionals, government leaders, corporate CEOs, entrepreneurs and veteran regional champions and features national experts and innovative change-makers
- **MEDICA:** World-leading medical marketing, information and communication platform
- **Michigan Growth Capital Symposium:** Midwest's leading event for attracting the best investors from across the U.S. that showcases high-quality investable companies
- **Michigan Celebrates Small Business:** Annual awards program to recognize the importance of successful Michigan small businesses
- **North American International Auto Show (NAIAS):** International event that is among the most prestigious auto shows in the world
- **Rural Partners of Michigan Annual Spring Conference:** Member-driven forum that links individuals, businesses, organizations and communities with public and private resources to maximize the potential of rural Michigan

Pure Michigan, in its simplest form, is "pure." Since its launch in 2006, that notion of "pure" has evolved and been translated across multiple initiatives for the entire state. For business, Pure Michigan means growth. A pro-business approach to creating an attractive and re-invigorated environment for business, coupled with the brand's proven strength and resonance, allows Pure Michigan to be leveraged to a broader constituency that includes employers, entrepreneurs and talent, in addition to tourists and residents.

The commitment of the MEDC to support the brand across all consumer touch points, along with the brand implementation on the public sector and private sector level, make a Pure Michigan business case that will boost awareness and drive business activity to Michigan — which is good for everyone.

## MICHIGAN BUSINESS OMBUDSMAN

The Michigan Business Ombudsman office serves as a liaison between state government and the business community. The office provides impartial and independent assistance in resolving disputes and investigating complaints against state government agencies. In addition to traditional, reactive problem solving, the Ombudsman office proactively works to help Michigan businesses succeed and grow. Staff strive to improve the business climate by fostering collaboration and improving processes across state government.

Ombudsman staff have built a contact network across both state and federal government by cultivating and maintaining critical relationships with directors and key staff of state departments, economic development partners, statewide service providers, and federal government agencies. Through this network, they can rapidly connect with experts, gain an understanding of issues, and actively solve problems. The staff serve as information and communication agents who can educate the business community on departmental regulations, processes and procedures, as well as areas of opportunity. Their expert guidance on issues helps to solve problems that cannot be resolved via traditional departmental administrative procedures.

The Ombudsman office moderates and coordinates the Interdepartmental Collaboration Committee (ICC), which was formed in response to Governor Snyder's special message of March 21, 2011. This committee harnesses collective intelligence across state government for better, more balanced approaches to economic development and placemaking. The ICC's goal is that these activities will produce jobs, spur regional economies, and elevate the quality of life for all Michigan's citizens.

The ICC is overseen by state department directors and high level champions who meet to build relationships, surface opportunities and needs, and provide oversight of subcommittee and workgroup activities. Five standing subcommittees and four targeted work groups are working together to make Michigan more competitive, transform state and local government, and promote cooperation and regionalism across the state. Many state departments are participating in work group activities, with these departments providing oversight at the steering committee level:

- Department of Agriculture and Rural Development (MDARD)
- Department of Environmental Quality (DEQ)
- Department of Licensing and Regulatory Affairs (LARA)
- Department of Natural Resources (DNR)
- Department of Technology, Management and Budget (DTMB)
- Department of Treasury
- Department of Transportation (MDOT)
- Michigan Economic Development Corporation
- Michigan Land Bank Fast Track Authority
- Michigan State Housing Development Authority (MSHDA)

## MICHIGAN COUNCIL FOR ARTS AND CULTURAL AFFAIRS

The Michigan Council for Arts and Cultural Affairs (MCACA) serves as the state agency that administers matching grants and appropriations, facilitates communication networks and develops funding resources for arts and cultural activities. The 2012 grantees of MCACA grants reported over 10 million individuals—including over three million youth—benefitted from MCACA grants. The grantees also report contracting with 38,669 Michigan artists.

The direct numbers summarized below do not reflect the grants made with MCACA funding through regranting agencies, the touring arts program administered for MCACA by the Michigan Humanities Council, and the Bus Grant program administered for MCACA by Michigan Youth Arts Association:

Regional regranting: 141 awards totaling \$371,451

Touring arts: 116 grants awarded totaling \$45,000

Bus grants: 140 grants awarded totaling \$33,811

Funds appropriated for MCACA in FY 2012 resulted in a total of 628 grants being made across the state for arts and cultural activities.

MCACA GRANTS*				
Fiscal year 2012: 10/01/2011 - 09/30/2012				
Grant type	Number of awards	Individuals benefiting	Grant amount	Overall match
New Leaders program	9	21,995	\$20,000	\$31,560
Operational and project support	177	9,226,578	\$1,357,600	\$395,697,896
Regional Regranting Mini-grant program	38	243,789	\$491,336	\$1,014,455
Services to the field	7	974,185	\$281,714	\$9,263,131
<b>Total</b>	<b>231</b>	<b>10,466,547</b>	<b>\$2,150,650</b>	<b>\$406,007,042</b>
* Includes all grants awarded in FY 2012 and financial activity through January 2013.				



## TRIBAL BUSINESS DEVELOPMENT

The MEDC tribal business development unit, formed in 2010, is a resource to Michigan's 12 federally recognized tribes to achieve sustainable tribal economies through business diversification and building state-tribal relationships that foster business development beyond gaming. Specific initiatives within the strategy are designed to create greater awareness and leveraging of resources, generate contracting opportunities, facilitate tribal participation in emerging/growth sectors of Michigan's economy, promote entrepreneurship in Indian country, and develop strategic partnerships with the overarching goal of creating and retaining jobs in Michigan.

The tribal business development team meets with tribes, oftentimes on their reservations, to provide business services and resource awareness. In FY 2012, the team held 42 site visits and meetings, with 27 of those meetings on tribal reservations. Grant funding and technical expertise is provided to fill project gaps using a customized approach unique to each tribe and specific need.

In May 2012, the MEDC hosted a two-day tribal economic forum. The forum included several panels with subject matter experts addressing topics ranging

from project financing to contract procurement to energy efficiency measures. The MEDC also coordinated the 2012 State/Tribal Summit, an annual meeting between the governor and tribe leaders to discuss issues of common concern. At the summit, the governor signed Executive Directive 2012-2, which addresses state-tribal relations and requires a tribal liaison be designated in each executive department. The MEDC has the lead in coordinating these liaisons and works closely with the governor's tribal liaison on a variety of matters.

Through MEDC corporate funding, a total of nine grants were awarded to six tribes with one grant contributing toward a statewide tribal project. Business development related to this funding included three new tribal businesses, 26 jobs created, 23 jobs retained, and \$3.6 million in private investment leveraged. In addition, three tribes adopted non-gaming business charters necessary for enterprise development.



## MICHIGAN DEFENSE CENTER

The mission of the Michigan Defense Center (MDC) is to assist Michigan companies to identify and secure federal contract opportunities in the defense and homeland security sectors. The MDC works in close partnership with Michigan defense companies, economic development partners, Procurement Technical Assistance Centers (PTACs), and federal agencies to analyze defense sector budgets, attract defense and homeland security opportunities for Michigan, and assure that the contract pipeline remains continuous.

PTACs are a valuable partner of the MDC. They match the capabilities of Michigan companies with government contract opportunities by preparing them to compete for government contracts and educating them regarding the opportunities, requirements, and process of becoming successful government contractors. PTACs provide pre- and post- award assistance, helping companies through the entire procurement process from registering as a government contractor and finding bid opportunities through proposal preparation and post-award modifications. The MDC works closely with the PTACs on specific contracting opportunities and helps the PTAC offices assemble Michigan companies to meet the supply chain needs of prime contractors and federal agencies. The MDC team assists large defense programs at the federal and prime contractor levels, while the PTACs aid supply chain companies who benefit from awards at the subcontracting level.

The PTACs of Michigan are not-for-profit organizations funded by the Defense Logistics Agency (DLA), the MEDC, and local funding partners. In FY 2012, the MEDC provided \$1.25 million to support 11 PTAC offices, an average of 39 percent of their annual operation budgets.

In FY 2012, the MDC and PTACs assisted Michigan companies to obtain federal, state and local contracts for a combined total of \$1.653 billion (MDC: \$295 million; PTACs: \$1.358 billion).

PTAC ANNUAL ACTIVITY REPORT Fiscal year 2012: 10/01/2011–09/30/2012			
Center	New firms	Value of contracts (federal, state, local)	*Number of documented jobs
Northwest Michigan Council of Governments (Traverse City)	43	\$183,790,713	3,676
Northeast Michigan Consortium (Onaway)	36	\$69,427,404	1,389
Muskegon Area First (Muskegon)	124	\$84,519,083	1,690
Grand Rapids Procurement Office/MDC affiliate***	8	\$585,606	12
Macomb Regional PTAC (Warren)	128	\$360,187,809	7,204
Saginaw Future, Inc. (Saginaw)	61	\$22,825,390	457
Genesee Regional Chamber of Commerce (Flint)	103	\$64,565,348	1,291
Southwest Michigan Technical Assistance Center (Kalamazoo)	96	\$68,574,974	1,371
Technical Assistance Center of South Central Michigan (Jackson)	112	\$66,811,117	1,336
Downriver Community Conference (Southgate)	50	\$29,736,833	595
PTAC of Schoolcraft College (Livonia)	176	\$219,842,787	4,397
Wayne State University PTAC (Detroit)	82	\$186,921,645	3,738
<b>Total**</b>	<b>1019</b>	<b>\$1,357,788,709</b>	<b>27,156</b>
<p>*Each PTAC office sends surveys to its active clients on a quarterly basis. The companies are asked to return their surveys reporting the dollar values and number of federal, state and local contracts awarded during the quarter. Under-reporting of contract activity is shown on the next page; not all company surveys were returned to PTACs in FY 2012. This has been resolved starting with the last quarter of 2012; required reporting on contract dollars awarded will enhance and improve on previous reporting.</p> <p>**As a result of federal/state/local funding</p> <p>***First quarter data only; transferred to Muskegon PTAC in second quarter</p>			

**PTAC METRICS REPORT**  
**Fiscal year 2012: 10/01/2011-09/30/2012**

Center	Company surveys sent	Surveys returned	% survey return	Clients awarded first time contracts of all types	Clients awarded first time defense contracts	Clients awarded contracts	Clients awarded defense contracts
Northwest Michigan Council of Governments	402	198	49%	2	2	100	63
Northeast Michigan Consortium	495	354	72%	1	1	40	29
Muskegon Area First	1,289	448	35%	0	0	111	93
Grand Rapids Procurement Office/ MDC affiliate	211	50	24%	1	1	9	2
Macomb Regional PTAC	1,869	908	49%	10	7	180	160
Saginaw Future, Inc.	415	166	40%	16	4	43	18
Genesee Regional Chamber of Commerce	415	249	60%	4	0	112	49
Southwest Michigan Technical Assistance Center	841	601	71%	17	6	93	43
Technical Assistance Center of South Central Michigan	774	474	61%	30	7	143	53
Downriver Community Conference	657	266	40%	2	0	38	20
PTAC of Schoolcraft College	2,410	797	33%	10	1	79	62
Wayne State University PTAC	724	262	36%	16	12	46	31
<b>Total</b>	<b>10,502</b>	<b>4,773</b>	<b>45%</b>	<b>109</b>	<b>41</b>	<b>994</b>	<b>623</b>

**PTACS OF MICHIGAN**  
**Fiscal year 2012: 10/01/2011-09/30/2012**

Grantee	Grant amount	Percent of total budget
Northwest Michigan Council of Governments	\$160,600	41%
Northeast Michigan Consortium	\$75,000	43%
Muskegon Area First	\$85,000	28%
Macomb Regional PTAC	\$190,000	38%
Saginaw Future, Inc.	\$104,000	55%
Genesee Regional Chamber of Commerce	\$85,000	33%
Southwest Michigan TAC	\$120,000	34%
TAC of South Central Michigan	\$105,000	39%
Downriver Community Conference	\$95,000	50%
PTAC of Schoolcraft College	\$150,000	28%
Wayne State University PTAC	\$83,000	40%
<b>Total</b>	<b>\$1,252,600</b>	<b>39%</b>

## MICHIGAN FILM INCENTIVES

The Michigan Film and Digital Media Production Incentive, which expired December 31, 2011, provided qualified production companies up to a 40 percent tax credit refund across the board for Michigan expenditures with the opportunity to earn an additional two percent offered for filming in one of Michigan's core communities.

In October 2011, the Michigan Film Office began operating within a \$25 million appropriation for new projects. Projects were approved under the guidelines set in Public Act 291 of 2011. This new structure provides qualified production companies up to a 32 percent incentive for qualifying Michigan expenditures with the opportunity to earn an additional three percent for filming in one of Michigan's qualified production or post-production facilities.

In FY 2012, 13 projects were approved under the guidelines set in Public Act 291 of 2011. Two projects were approved as tax credits after October 1, 2011, but prior to December 31, 2011.

The MEDC Film Review Committee, comprised of senior MEDC staff including the Michigan Film Commissioner, reviews all completed applications using the statute to guide approval decisions and makes recommendations on whether to approve or deny a project. Michigan has a rigorous approval process requiring projects to provide, among other things, proof of financing, budgets, Michigan hires, Michigan expenditures and proposed Michigan locations to be used.

In partnership with Travel Michigan, the film office created film location tour maps for Detroit and Ann Arbor to highlight notable filming locations throughout those cities. The maps also highlight other notable film locations not featured on the tour as well as other tour opportunities available in Detroit and Ann Arbor. Work also began on a West Michigan film location tour map. The Film Office has also established a film festival outreach effort to support and promote film festivals of all sizes held in communities throughout Michigan.

APPROVED MICHIGAN FILM AND DIGITAL MEDIA PRODUCTION INCENTIVES—GRANTS Fiscal year 2012: 10/01/2011–09/30/2012				
Project title	Total Michigan spend	Incentive amount	Description	Locations
Beside Still Waters	\$276,281	\$79,324	Feature film	Traverse City, metro Detroit
Freaky Deaky Mobile Video Game	\$286,000	\$78,470	Video game	East Lansing
Ask Dr. Nandi	\$919,349	\$257,994	Television series	Wixom
Black Sky	\$40,730,908	\$12,105,139	Feature film	Pontiac, metro Detroit
AKA Jimmy Picard	\$6,929,375	\$1,964,810	Feature film	Monroe, metro Detroit
Blue Goji Boxing	\$171,000	\$51,300	Video game	Southfield
The Bully Chronicles	\$404,914	\$132,688	Feature film	Birmingham, metro Detroit
Low Winter Sun	\$4,767,936	\$1,344,412	Television pilot	Metro Detroit
Only Lovers Left Alive	\$1,304,605	\$365,904	Feature film	Detroit
Fractured	\$109,141	\$31,613	Feature film	Metro Detroit
Needlestick	\$245,333	\$71,529	Feature film	Metro Detroit
Keystone Studios 100th Anniversary Collection	\$507,983	\$154,595	Post-production	Southfield
Golden Shoes	\$1,140,737	\$362,204	Feature film	Keego Harbor, Sylvan Lake, Commerce Twp., Rochester Hills
<b>Total</b>	<b>\$57,793,562</b>	<b>\$16,999,982</b>		

MICHIGAN FILM INCENTIVES *continued*

APPROVED MICHIGAN FILM AND DIGITAL MEDIA PRODUCTION INCENTIVES – TAX CREDITS Fiscal year 2012: 10/01/2011–09/30/2012				
Project title	Total Michigan spend	Incentive amount	Description	Locations
The Rusty Bucket Kids: Thomas Edison	\$80,010	\$33,604	Television episode	Crossroads Village
Cadillac High (expired)	\$27,107,484	\$8,284,061	Feature film	Cadillac, Pontiac, metro Detroit
<b>Total</b>	<b>\$27,187,494</b>	<b>\$8,317,665</b>		

## MICHIGAN ENERGY OFFICE

The Michigan Energy Office (MEO) is a U.S. Department of Energy (U.S. DOE) designated state energy office that operates under the umbrella of the MSF. MEO receives annual funding from U.S. DOE to promote energy efficiency and renewable energy resource development to Michigan residents, businesses and public institutions. These objectives are advanced through a variety of services, including education and outreach, technical and financial assistance and demonstration projects. Assisting businesses and communities to reduce their energy consumption is an important economic development activity of MEO. These energy savings can then be used to hire or retain employees or invest in education and services.

Other services provided by MEO include feasibility studies of renewable energy projects, demonstrations of energy efficient technologies and audit services.

Through the American Recovery and Reinvestment Act (ARRA) of 2009, MEO was awarded several federal grants to help reduce energy consumption by state and municipal owned buildings and assist companies that are manufacturing components for the clean energy industry. Two programs funded by these grants include:

- **Energy Efficiency and Conservation Block Grant (EECBG) program:** Competitive grants were awarded to local jurisdictions through the state, including the Advanced Lighting Technology Demonstration program which targets LED and other alternative lighting projects in order to leverage private investment and create demand for the manufacturing of energy efficient lighting products in Michigan.
- **State Energy Program ARRA formula grant:** The program works to reduce energy consumption in state-owned properties, promote energy efficiency in the private sector and drive supply chain diversification in renewable energy sectors. Nearly \$27 million was provided to state agencies for various projects, impacting nearly 14.5 million square feet and saving the state nearly \$7.7 million in energy costs per year.

Other programs promoted energy efficiency projects to small industrial operations, assisted expansion efforts in high-growth energy sectors like wind, solar, geothermal and biomass, and provided access to capital for manufacturing renewable and efficient energy systems and components. Access to capital programs were developed to address deficiencies and gaps in the market for financing new generation technologies, thus spurring innovation and providing support for better residential and commercial buildings.

MEO, in collaboration with MEDC's Capital Markets team, helped establish three programs utilizing these federal funds. The Energy Efficiency and Renewable Energy (EERE) Revolving Loan program helps small businesses with little equity or credit history purchase and implement energy conservation measures resulting from energy efficiency audits, manufacturing equipment and other underserved sustainable activities such as retooling. The Loan Loss Reserve program helps fund energy efficient building improvements in multi-family rental properties. Michigan Saves, a non-profit organization which works with private lenders throughout the state to provide affordable financing to help homes and businesses save energy and money, was a sub-recipient of U.S. DOE funds to grow its programs that support small businesses like grocers and convenience stores.

## MICHIGAN LAND BANK FAST TRACK AUTHORITY

The Michigan Land Bank Fast Track Authority (MLB) is an autonomous state agency created by Public Act 258 of 2003, the Land Bank Fast Track Authority Act. The MLB performs its prescribed statutory powers, duties and functions independent of the MSF. The MLB's mission is to promote economic growth in this state through the acquisition, assembly and disposal of public property, including tax reverted property, in a coordinated manner to foster the development of that property, and to promote and support land bank operations at the county and local levels.

The MLB is governed by a seven member board of directors which includes four state residents appointed by the governor for staggered four year terms, the director of the Department of Treasury, the chief executive officer of the MEDC and the executive director of MSHDA.

The MLB focused on two major projects in FY 2012. One project is redevelopment of the former Michigan State Fairgrounds. On April 9, 2012, Governor Snyder signed legislation allowing the transfer of the fairgrounds to the MLB to return the land to productive use. The property was officially transferred to the MLB on April 24, 2012, and an RFP for the purchase and development of the property was issued on May 18, 2012. A vendor has been selected by the MLB board and the project is under review.

The MLB is also a key partner with other state agencies in a blight elimination program. In March 2012, 49 states' attorneys general entered into a

settlement with five of the nation's largest mortgage servicers, following a lawsuit regarding mortgage foreclosure practices. Among other things, the settlement resulted in payments to states. Of Michigan's \$97.2 million share, state law allocated \$25 million for the creation of a blight elimination program to demolish vacant and abandoned properties and promote public safety, stabilize property values and enhance economic development opportunities. Of the \$25 million, the legislation allocated \$10 million to demolition in Detroit and \$15 million for demolition projects elsewhere in Michigan. The Department of Human Services (DHS), MSHDA and the MLB were charged with selecting project areas, administering the funds, and facilitating demolition of blighted structures.

The MLB has continued to support the creation of local land banks through the state of Michigan. Thirty-seven local land bank authorities have been created as of the end of FY 2012. These local land banks operate autonomously, but MLB has the authority to terminate them, inspect their books and records, and receive audits and annual reports.

The MLB has continued to grow and adapt to changing market and economic conditions in the real estate arena. Over the last few years, the MLB has continued to become more streamlined in its processes and procedures and has taken on larger projects that will significantly benefit local communities and the state of Michigan.



## WORKFORCE DEVELOPMENT AGENCY

The Workforce Development Agency (WDA), formerly the Bureau of Workforce Transformation, was established by executive order in February 2011 to align Michigan's talent and economic development activities. This alignment supports Governor Snyder's strategic plan for the reinvention of Michigan and includes job strategies to ensure current and future generations obtain the education and training necessary to successfully compete for meaningful careers. It serves to strengthen regional economic relationships, leveraging Michigan's assets and improving the flow of communication between the state, Michigan Works! agencies and local partners.

The MSE, a recipient of U.S. Department of Labor Title I, II and III funds, provides oversight of WDA. In partnership with the MEDC, WDA is responsible for activities to ensure a skilled workforce and meet Michigan's talent needs, including developing, retaining, attracting and matching existing talent with guidance based on the needs of Michigan's employers.

The shift to a demand-driven employment strategy is organized around support for major industry groups including manufacturing, energy, health care, information technology, and agriculture. Michigan's workforce system includes:

- Twenty-five Michigan Works! Agencies (MWAs) with more than 100 local service centers, helping employers find skilled workers and provide training and education services to meet employer demand.
- Pure Michigan Talent Connect, the state's new on-line recruitment and career resource, helping employers attract and hire the best employees and allowing better matching of skills with existing jobs.
- Michigan's cluster strategy, assisting in the development of industry-based partnerships to promote the economic health of regional businesses and workers. The Michigan Industry Cluster Approach (MICA) team engages local employers to provide information on in-demand skills and jobs, training program requirements and candidate assessment factors to help job seekers transition from training to long-term employment.

In addition to Workforce Investment Act (WIA), which served 58,827 participants in FY 2012, and Wagner-Peyser programs, WDA administers the following programs and initiatives:

- **Partnership. Accountability. Training. Hope.** (PATH) provides job assistance and training to parents receiving cash assistance. PATH is a re-design of the jobs, education, and training program to better meet federal work participation requirements and streamline and automate interdepartmental exercises. PATH shifts the state's focus to identifying and removing barriers to employment prior to approval into the program.
- **Trade Act** provides training for workers who lost jobs due to imports or jobs moving to foreign countries.
- **Migrant and Seasonal Farm Worker** program provides services to migrant and seasonal farm workers through the state's agricultural employment specialists.
- **Prisoner Re-Entry Initiative** is a partnership between the departments of Corrections, Community Health, and Human Services to coordinate prisoner re-entry into the workforce system.
- **Foreign Labor Certification** assists employers to fill personnel needs that cannot be met with U.S. workers, while protecting U.S. workers from competition from low-wage foreign workers.
- **Fidelity Bonding** assists high-risk job seekers in obtaining employment by providing an incentive for employers to hire qualified job seekers who may be considered high-risk.
- **Supplemental Nutrition Assistance** program provides employment-related services to able-bodied individuals without dependents who receive food assistance.
- **Adult Education** provides an opportunity for mature students to receive education levels equivalent to high school graduates and prepare for jobs, career advancement and additional education and training. There are five main



## WORKFORCE DEVELOPMENT AGENCY *continued*

components of the program: high school completion, GED test preparation, Adult Basic Education (ABE), English as a Second Language (ESL) and workplace literacy. In FY 2012, 28,614 adults received adult education services. Michigan tested 19,738 adults with 10,421 adults receiving their GED diploma. Michigan is participating in the GED 21st Century Initiative™ to empower adults without a high school diploma to obtain higher-level skills.

- **Veterans' Services Division (VSD)** provides specialized services to promote employment and training for veterans. In 2012, WDA increased awareness of VSD services through an aggressive statewide media relations campaign, as well as engaging veterans through social media and launching a bi-weekly newsletter distributed to more than 42,000 Michigan veterans. WDA also formed an ICC subgroup to focus on veteran employment and begin building connections and identifying resources. This subgroup is being refined to include veteran liaisons from state departments to serve as workgroup leads in priority areas such as engagement and communication, and education, training and credentialing.

In addition to the strategic partnerships formed with Michigan Works! agencies, local communities and other state agencies, WDA participates in partnerships with Michigan Rehabilitation Services for vocational training and other services to assist disabled and visually impaired individuals to obtain and retain employment, and the Unemployment Insurance Agency to provide unemployment insurance benefits to eligible workers.

WDA initiated the Urban Strategy Project to address the need for a statewide strategic urban workforce development system to respond to the challenges that confront core cities. The strategy aligns with and supports the demand-driven industry cluster approach to meeting employers' needs. It is sustainable, driven by partnerships to leverage existing resources, comprehensive in design, flexible, inclusive, and replicable across the state.