



MEMORANDUM

DATE: February 17, 2015

TO: The Honorable Rick Snyder
Governor of Michigan

Members of the Michigan Legislature

SUBJECT: FY 2014 MSF/MEDC Annual Report

Attached you will find the annual report for the Michigan Strategic Fund and Michigan Economic Development Corporation as required in the Michigan Strategic Fund Act, 1984 PA 270, and budget boilerplate. This report summarizes the activities and programmatic spending for fiscal year 2014.

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

- A revised Michigan Business Development Program annual report (pages 6-11) – PA 270 of 1984, the Michigan Strategic Fund Act, Section 88r (MCL 125.2088r)
- Business Incubators and Accelerators annual report (pages 28-29) – PA 252 of 2014, the General Government Omnibus Budget, Section 1034
- A revised Michigan Community Revitalization Program annual report (pages 57-61) – PA 270 of 1984, Section 90d (MCL 125.2090d)
- Core Community Fund annual report (page 66) – PA 252 of 2014, Section 1014(2)
- Urban Land Assembly annual report (page 67) – PA 171 of 1981, the Urban Land Assembly Act, Section 9 (MCL 125.1859)
- Michigan Film Incentives and Tax Credits annual report (pages 74-75) – PA 252 of 2014, Section 1032 and PA 36 of 2007, the Michigan Business Tax Act, Section 455 (MCL 208.1455)
- Skilled Trades Training Program annual report (pages 82-89) – PA 252 of 2014, Section 1039
- Workforce Training Programs annual report (page 94) – PA 252 of 2014, Section 1068
- Michigan Community Colleges Awards Conferred annual report (pages 95-96) – PA 252 of 2014, Section 1050(3)
- North American Indian Tuition Waivers annual report (pages 97-100) – PA 252 of 2014, Section 1050(2)
- Jobs for Michigan Investment Fund annual report (page 111) – PA 252 of 2014, Section 1010
- Business Development, Community Revitalization, and Film Incentives Performance Metrics annual report (pages 12, 62 and 76) – PA 252 of 2014, Section 1007(2)

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

Attachment

cc: John Roberts, State Budget Director
Ellen Jeffries, Director, Senate Fiscal Agency
Mary Ann Cleary, Director, House Fiscal Agency

URBAN LAND ASSEMBLY

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

As of September 30, 2014, the fund's available balance was \$4,162,785. No new grants or loans

were approved during FY 2014. MEDC continues to collect on outstanding loans. During the fiscal year, MEDC collected receivables and interest revenue in the amount of \$125,801. Since the inception of the ULA program, 32 projects have been approved. Three projects were open at the end of FY 2014.

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

ULA LOANS Fiscal year 2014: 10/01/2013-9/30/2014							
MSF approval date	Borrower	Loan amount	Loan balance	Loan terms	Loan status	Use of funds	Jobs created to date
07/09/01	Detroit ¹	\$2,000,000	\$2,000,000	—	Not current	Being used to assemble 183 acres for the I-94 Industrial Park	0
08/27/04	Sturgis	\$200,000	\$0	10 years 0% int	Paid	Used to assemble three acres of land for Americraft Carton	110
04/07/05	White Cloud	\$160,000	\$0	10 years 0% int	Paid	Used to assemble commercial property in DDA for medical facility	0
10/10/05	Corunna	\$450,000	\$120,000	10 years 0% int	Current	Being used to acquire property in DDA for Chemical Bank and county development	3
11/04/10	Cornerstone Alliance, Benton Harbor	\$3,000,000	\$2,999,973	10 years 1% int	Current	Being used to acquire approximately 12 acres by DDA for Whirlpool office project	0
Total:		\$5,810,000	\$5,119,973				113

¹ The city of Detroit filed for bankruptcy in July 2013. Due to the bankruptcy, accuracy of job creation cannot be determined. In light of this filing, MEDC has recorded loss provisions for the full loan amount.