

**There Are Great Things Happening in Michigan.
November 2007**

MICHIGAN CAN GIVE YOU THE UPPER HAND

There are many new beginnings to point to this month. New accords between automobile company labor and management are paving the way for regeneration of our foundation industry. In Metro Detroit, the opening of the \$800 million MGM Grand Detroit hotel complex seems to have inspired a round of renovations. They include the Southfield Westin, \$14 million; Detroit Marriott at the Renaissance Center, \$12 million; Hotel St. Regis, a \$9 million upgrade and the Troy Marriott, \$7.5 million. The Dearborn Inn is investing \$5 million and the Dearborn Ritz-Carlton, \$3 million. The Townsend Hotel in Birmingham is spending \$1 million on upgrades, as it does every year. The state's capital city is also taking on a new look and acquiring new real estate. The Accident Fund Insurance Company of America and Blue Cross Blue Shield of

Michigan announced plans for the Accident Fund's new national headquarters in downtown Lansing. The fast-growing company, a subsidiary of BCBSM, will create up to 500 new jobs and has chosen the Board of Water & Light's historic Ottawa Street power station to accommodate the growth. Next phase in downtown Lansing's revival: a new, \$24 million City Market complex and Ball Park North and a \$25 million residential, retail and office complex north of Oldsmobile Park. Details are still to be worked out, but city and state officials are supportive. Additional multimillion-dollar projects have been announced, including a \$22.4 million proposed condominium high-rise on Grand Avenue and a proposed \$12 million residential and commercial building at Cedar and Kalamazoo streets. Onward and upward!

CITY AND STATE RANKINGS, AWARDS AND ACHIEVEMENTS

MICHIGAN AGAIN IN TOP 10 BEST STATES FOR SMALL BUSINESS

Michigan has advanced to No. 6 on the Small Business & Entrepreneurship Council's annual ranking of states by their public policy climate for entrepreneurship, up from 10th place a year ago. The top five are South Dakota, Nevada, Wyoming, Washington and Florida.

The Virginia-based organization's annual report ranks the 50 states and District of Columbia according to 31 major government-imposed or government-related costs affecting small businesses and entrepreneurs across a broad spectrum of industries and business types. Details of the rankings are available at sbecouncil.org.

MEDC LAUNCHES NEW APPROACH TO eMARKETING

The Michigan Economic Development CorporationSM (MEDC) launched three new interactive Web sites on October 23 that built off the award-winning Upper Hand and Pure Michigan campaigns and boost economic growth and tourism in the state. TheMEDC.org is the one-stop corporate shop for doing business with the MEDC, including connecting with staff, the media center and an overview of MEDC programs and



services. TheMEDC.org also serves as the gateway to michigan.org and MichiganAdvantage.org. Continuing as the state's travel and tourism site, michigan.org provides travelers with information on all of the diverse recreational opportunities the state has to offer. New features will allow travelers to post and share their Pure Michigan experiences. MichiganAdvantage.org will target C-level executives and companies looking to start, grow and expand, or relocate a business to Michigan. The site will provide unique features, including regularly updated success stories and previews of programs and services that can give businesses the Upper Hand.

CITY AND STATE RANKINGS, AWARDS AND ACHIEVEMENTS

MICHIGAN HOSTS NATIONAL MEDIA FAM TOUR, CONTINUES TO SET WEB SITE RECORD

Travel Michigan, in conjunction with local convention and visitors bureaus, is currently hosting more than two dozen travel journalists as part of a familiarization (fam) tour, designed to build interest in and publicity about Michigan travel.

It's been another Pure Michigan year for michigan.org, the official State of Michigan tourism Web site. On the weekend of October 20–21, the site broke the user session record set during the 2006 calendar year, with more than 10 million sessions on the site—more than two months earlier than last year. So far this year consumers have visited the site at an average daily rate of 35,375, up from 28,460 visits per day in 2006. Michigan's tourism Web site also dominated the summer season (April through September), taking the title as the No. 1 State Tourism Web Site, according to Hitwise United States (hitwise.com), an international company which tracks traffic to major Web sites.

Travel Michigan is a division of the MEDC and the state of Michigan's official tourism promotion agency.



ST. CLAIR COUNTY EDA, SOUTHFIELD WELCOMED AS NEW MEDC CORPORATE PARTNERS

The city of Southfield and the Economic Development Alliance of St. Clair County have signed official cooperation agreements with the MEDC. The MEDC now has signed partnerships with 134 economic development organizations and communities across the state, with the goal of encouraging collaboration to promote economic development and create jobs.

FEDERAL CONTRACTING SEMINARS SCHEDULED FOR U.P. IN NOVEMBER

Gen. Bradley M. Lott, director of Michigan's Defense Contract Coordination Center, will conduct seminars on doing business with state and federal agencies. The sessions, sponsored by state and local economic development organizations, will be held in Iron River on November 7 and in Houghton on November 8. For further information, call (231) 929.5076 or e-mail ddonovan@nwm.cog.mi.us.

NASCAR AT JACKSON COUNTY RACETRACK BRINGS \$400 MILLION TO MICHIGAN

A study found that Michigan International Speedway in Brooklyn (Jackson County) generates \$400 million annually from its two summer weekends of NASCAR races. That's more than the estimated \$302 million spinoff from Detroit's Super Bowl XL in February 2006. The two-mile track, built in 1968 with seating for 137,000, is scheduled for \$10 million in track improvements next year.

INNOVATION MICHIGAN HONOREES INCLUDE 21ST CENTURY JOBS FUND AWARD WINNERS

The 15 top innovators honored at the second annual Business Review Innovation Michigan 2007 celebration October 4 at The Henry Ford in Dearborn include six 21st Century Jobs Fund 2006 competition winners: Adaptive Materials, Compendia Bioscience and NanoBio, all of Ann Arbor, ElectroJet (Whitmore Lake), Lawrence Technological University (Southfield) and Codespear (Birmingham). Two others, Cobasys (Orion Township) and Xoran Technologies (Ann Arbor), expanded in Michigan with the assistance of incentives offered by the MEDC.

Other Innovation Michigan honorees: NeuroNexus Technologies, Quantum Signal, Regulatory Affairs Associates and Optimization Group, all of Ann Arbor, Medical Network One (Rochester Hills), FTS Technologies (Flint) and Artisan/NLM Enterprise (Detroit). Ann Arbor resident Thomas Knoll was named Lifetime Innovator for his role as lead developer of Adobe Photoshop image editing software.

The innovative businesses were selected by Michigan Business Review editors and reporters in the categories of process, products and business strategies. The MEDC was a co-sponsor of the celebration event.

CITY AND STATE RANKINGS, AWARDS AND ACHIEVEMENTS

MICHIGAN UNIVERSITIES FORM WIND ENERGY CONSORTIUM

The Consortium for Advanced Manufacturing of Alternative and Renewable Energy Technologies has been formed to explore ideas for manufacturing research associated with wind energy systems. Members are University of Michigan and Michigan State, Michigan Technological, Wayne State and Western Michigan universities.



INVENTIONS ORIGINATING IN U-M LABS SET A RECORD

The University of Michigan set a record in 2007, filing a total of 329 invention disclosures representing a 14 percent increase over the previous year. U-M also made 144 U.S. patent applications and was issued 87 patents. Royalty revenues were up 19 percent to nearly \$13 million, providing a source of continued reinvestment. The university negotiated 91 technology agreements, including seven with new business startups. That brings the total of U-M startups over the last seven years to 62, more than 60 percent of them located in Michigan, primarily the Ann Arbor area.

SELFRIDGE AIR NATIONAL GUARD BASE MAY BE SECURITY SITE

The Department of Homeland Security has selected Selfridge Air National Guard Base as the location for a Northern Border Air Wing, the nation's fifth, pending approval by the U.S. Air Force. A Michigan wing would bring new aircraft and about 100 new employees to the Macomb County (Harrison Township) base. Wings have already been established in Bellingham, Wash.; Plattsburg, N.Y.; Great Falls, Mont. and Grand Forks International Airport, N.D. The Selfridge base was spared closure in the 2005 federal base realignment. Redevelopment projects for the shutdown Army Garrison site of nearly 670 acres include an active-adult military retirement community, office and R&D facilities and light industrial.

DOW MOVES PROJECT TEAMS TO NEW OFFICES IN SAGINAW TOWNSHIP

The Dow Chemical Company is moving approximately 175 employees and third-party supplier employees from Midland, Southfield and other areas to new offices in the Horizons Conference Center in Saginaw Township. The move, expected to be completed in December, furthers Dow's commitment to invest in the Tri-Cities (Bay City, Saginaw and Midland). Dow has annual sales of \$49 billion and employs 43,000 people worldwide.

COMPANY SUCCESSES

TAX CREDIT OK'D FOR NEW CHRYSLER EXPANSION IN DETROIT

Chrysler LLC is considering investing approximately \$366 million to expand its Jefferson North Assembly Plant in Detroit. Additional investments are also under consideration. If approved by the company, the project will create and retain up to 1,419 jobs, including a minimum of 400 directly by the company. The MEDC is working closely with the company as it considers Michigan against competing national and international sites. Based on the MEDC's recommendation, the Michigan Economic Growth Authority board approved a state tax credit valued at more than \$6 million over seven years to win the company's investment. The city of Detroit is considering a 12-year abatement worth \$27.4 million to support the project. The MEDC estimates that increased economic activity created by the expansion will create and retain up to 1,019 indirect Michigan jobs in addition to the 400 created and retained directly by the company. The project is expected to generate more than \$569 million in personal income for Michigan workers over the life of the tax credit. Chrysler has announced several recent investments in its Michigan operations including: \$730 million for a new Trenton engine program, \$700 million for a new axle program in Marysville, \$300 million for new Sterling Heights Assembly Paint Shop and \$50 million for upgrades to Warren Truck Assembly Plant and Warren Stamping.

HERBRUCK POULTRY RANCH TO EXPAND IN IONIA COUNTY

A \$400,000 grant to Ionia County has been approved for road improvements needed to support an expansion of Herbruck Poultry Ranch. The project is expected to create 40 new jobs with private investment of \$12 million. The grant is being made available by the MEDC with funds provided by the federal Community Development Block Grant program. Operating in Michigan for the past 50 years, Herbruck is the largest producer of organic eggs in the United States. The company is planning a new cage-free housing facility for 300,000 laying hens and in-line egg processing plant to be located on Grand River Ave. between Jordan Lake and Nash roads. The Ionia County Board of Commissioners, Ionia County Rural Task Force, Ionia County Road Commission and Berlin and Boston townships will combine to contribute more than \$2.4 million to support the project.

MEDC SUPPORTS BMT AEROSPACE EXPANSION IN FRASER

A \$6.5 million allocation has been approved through the use of the Private Activity Bond program to help finance the expansion of BMT Aerospace USA Inc. in Fraser. The bonds will be used to finance acquisition of a 56,638 square-foot existing manufacturing plant, acquisition and installation of machinery and equipment and renovation of the facility at 18559 Malyn Road. The project will be owned and operated by the company for the manufacture of gears and gearbox assemblies, primarily for the aerospace industry.

BUSINESS JET RETROFIT TAKES OFF WITH HELP OF 21ST CENTURY JOBS FUND AWARD

Portage-based Clifford Development has conducted a first flight of a Cessna II modified with a new, more powerful high-tech engine developed and manufactured by Williams International of Walled Lake. Clifford Development was awarded \$3.5 million by the 21st Century Jobs Fund last October to accelerate commercialization of competitive-edge aviation technology. The aeronautical product development firm is currently working to bring emerging innovative jet engine technologies to existing aircraft in collaboration with Hov-Aire, the Vicksburg-based aircraft modification company.



COMPANY SUCCESSES

GS ENGINEERING IS GRADUATING FROM MICHIGAN TECH INCUBATOR

A \$150,000 grant to the city of Houghton will support the expansion of GS Engineering, a high-tech firm spun out of Michigan Technological University. The company is currently housed in the Michigan Tech Enterprise Corporation SmartZone's business incubator at the Powerhouse building. The city will use the funding for roadwork and water and sewer extensions to support a new office facility for the growing company. The project is expected to create 12 new jobs and involve nearly \$1.5 million in private investment. The grant is being made available by the MEDC with funds provided by the federal Community Development Block Grant (CDBG) program. In May 2007, the city of Houghton received a \$1 million CDBG to expand the incubator. The city of Houghton contributed an additional \$10,000 to support the expansion project.

CAMSHAFT MACHINE COMPANY EXPANDING IN COLDWATER

The manufacturer of camshafts primarily for the automotive market plans to invest \$10.9 million in a two phase expansion in Coldwater. The project is expected to create 427 new jobs, including 180 directly by the company. A state tax credit valued at more than \$1.4 million over seven years helped convince the company to choose Michigan over a competing site in Indiana. The city of Coldwater is considering local abatements worth \$182,000 over nine years to support the project.



TIGER STADIUM BEING CONVERTED TO MIXED RESIDENTIAL AND COMMERCIAL

The venerable baseball stadium will be transformed into a proposed \$20 million mixed-use development expected to create approximately 70 jobs. Early plans for the 9.5 acre site call for

construction of 90 to 100 lofts and condominiums and up to 40,000 square-feet of commercial space. State and local tax capture valued at \$2.9 million will help finance removal of the abandoned structure and site cleanup.

MARATHON PETROLEUM EXPANDING SOUTHWEST DETROIT REFINERY

A \$10 million brownfield state tax credit will support a \$1.5 billion expansion of the Marathon Petroleum Company LLC refinery in southwest Detroit. MPC, based in Findlay, Ohio, will construct the expansion on a 22 acre site adjacent to the existing refinery. The site was formerly the location of a steel plant. The project will include the addition of new processing units that will enable the refining of more crude oil from Canada, while increasing the refinery's capacity by 15 percent. In addition, current employment of 480 at the refinery would be expanded by 135 new jobs. The city of Detroit has approved a 23-year abatement valued at an estimated \$174 million to support the project.

NEAPCO DRIVELINE BUILDING NEW PLANT IN WAYNE COUNTY

The Pennsylvania-based drivetrain developer and manufacturer will invest \$29.4 million in a new operations facility in Van Buren Township. The project is expected to create 1,007 new jobs, including 285 directly by the company. A state tax credit valued at more than \$4.5 million over seven years helped win the new facility over a competing site in Nebraska. Van Buren Township has proposed an 11-year abatement worth an estimated \$244,000 to support the project.

DETROIT LIFE BUILDING IN CITY'S SPORTS-ENTERTAINMENT DISTRICT BEING RESTORED

A state tax credit worth \$750,000 will be used by developer Ilitch Holdings to rehabilitate the 10-story Detroit Life Building at Park Avenue and Columbia Street in Detroit southeast of the Fox Theatre, part of the ongoing sports-entertainment district development. Redevelopment will restore the exterior and lobby of the 40,000 square-foot structure to their original condition. The first floor will be renovated for retail/commercial use while the upper nine floors will be converted to office space. The project is expected to involve \$7.5 million in investment and create 250 jobs.

COMPANY SUCCESSES

NEW DEVELOPMENT PLANNED ON SITE OF HIGHLAND PARK SEARS STORE

In the Detroit enclave city of Highland Park, a state tax credit of \$527,000 will be used by developer Michael Curis of Curis Enterprises to develop the new Woodward Place on Woodward Avenue. The 3.97 acre site was formerly occupied by a Sears Roebuck store razed in 2002. The project includes construction of a 40,000 square-foot shopping center anchored by Aldi Foods. Tenants may include a bank, pizza shop, retail stores, restaurant and police mini-station. The project is expected to involve \$7.45 million in investment and create 120 jobs.

SENIOR HOUSING COMING TO EATON RAPIDS

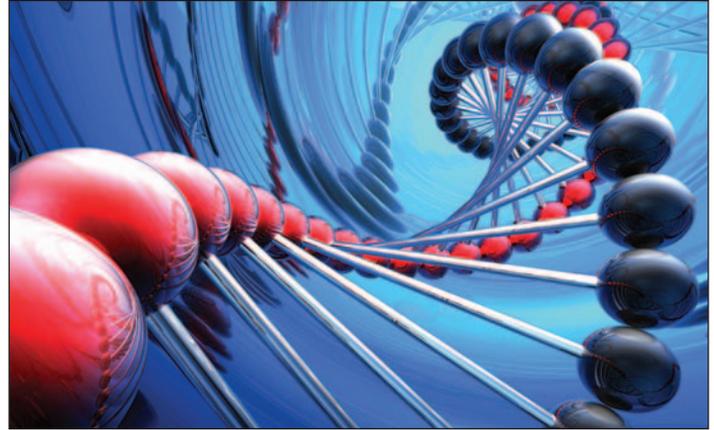
A tax credit of \$80,000 will be used by Kingston Place Limited Dividend Housing Association for construction of 40 one- and two-bedroom senior housing apartments in downtown Eaton Rapids. The project, located on a 3.75 acre former school bus garage and maintenance site, requires demolition of existing structures and site cleanup. The project is expected to involve \$4.3 million in investment and create two jobs.

LANSING'S OLD TOWN GAINS NEW COMMERCIAL OFFICE SPACE

Cleanup and build out of 3,000 square-feet of contaminated space in a 13,000 square-foot former industrial property in the Old Town area of north Lansing will be supported by a state tax credit of \$28,750 and local tax capture valued at \$147,000. The \$1.3 million project will convert the property into high-quality commercial office space featuring landscaping and 24-hour lighting. It is expected to create 10 new jobs.

AUTO SUPPLIER OPENS NEW R&D CENTER IN NOVI

Automotive interiors supplier Toyota Boshoku America moved into a new 75,000 square-foot research and development center in Novi and plans to expand total employment from 160 to 200 by next year. A statement issued by the company commended Michigan's 'experienced, talented and highly technical workforce with a deep understanding of the automotive industry.'



CALIFORNIA BIOTECH FIRM RELOCATES R&D CENTER TO KALAMAZOO

Oncology drug developer Emiliem Inc. has relocated its research and development center from Emeryville, California to the Southwest Michigan Innovation Center in Western Michigan University's Business Technology and Research Park. The privately held biotechnology company expects to hire up to 10 new R&D employees in the Kalamazoo area over the next two years. The Innovation Center is a 58,000 square-foot incubator/accelerator providing wet-lab space, access to venture funding and business support services to emerging life science companies.

PRECISION PROTOTYPE TO EXPAND IN EATON RAPIDS

A grant in the amount of \$52,040 has been awarded to the city of Eaton Rapids for public electrical upgrades needed to support the expansion of Precision Prototype and Manufacturing. The project is expected to double the company's current workforce creating 25 new jobs and more than \$5.3 million in private investment. The grant is being made available by the MEDC with funds provided by the federal Community Development Block Grant program. Precision Prototype specializes in precision production of high-quality metal and composite parts. The company's nationwide customer base is diverse including the furniture industry and the U.S. military. The city of Eaton Rapids will support the project with a \$13,010 contribution to the project through its Local Development Finance Authority.

COMPANY SUCCESSES

\$8 MILLION FUND AVAILABLE TO RETAIN PFIZER ASSETS, TALENT

Governor Jennifer M. Granholm announced additional support for the Company Formation and Growth Fund and the Michigan Innovation Equipment Depot, two initiatives designed to retain life sciences equipment and talent now available in Michigan as a result of the global downsizing of Pfizer's workforce and facilities.

Pfizer announced in January that it would close several of its facilities throughout the state as a cost-cutting measure. The subsequent state initiatives are part of a concerted effort to reutilize those facilities and motivate Pfizer scientists to continue working and living in Michigan.

The Company Formation and Growth Fund was created by the Michigan Strategic Fund board in June 2007 with capitalization of \$8 million. Its purpose is to identify and fund opportunities based on employees, technologies and high-tech equipment connected with closed Pfizer facilities in Holland, Kalamazoo, Plymouth Township and Portage.

The MSF board has appointed Ann Arbor SPARK, Southwest Michigan First, Lakeshore Advantage and the MEDC to the Company Formation and Growth Fund committee to make loan recommendations for the \$8 million available through the Fund. The committee will make recommendations to the MSF board, which can award loan amounts of \$50,000 for every job created by the project, up to a maximum of \$500,000.

The board has also approved a \$550,000 grant to Ann Arbor SPARK and Southwest Michigan First to continue and enhance the efforts of the Michigan Innovation Equipment Depot created in 2006 to distribute Pfizer-donated equipment

to companies throughout the state of Michigan. In June, the MSF also awarded a \$3,423,339 grant from the 21st Century Jobs Fund to transform the former Pfizer research facility in Holland into a bioeconomy research and commercialization center that will support life science based technologies in Michigan.

\$18 MILLION TENNECO AUTOMOTIVE EXPANSION IN MARSHALL CREATING 147 JOBS

A \$196,315 grant to the city of Marshall for road improvements will support the expansion of Tenneco Automotive. The project is expected to create 147 new jobs and will involve \$15.3 million in private investment. The grant is being made available by the MEDC with funds provided by the federal Community Development Block Grant program.

The Marshall facility makes exhaust products primarily for Chrysler LLC, Ford and General Motors. Expansion plans include warehousing space, more loading dock doors and increased parking. The city of Marshall is contributing an additional \$34,644 through its Local Development Finance Authority to support the project.

TWO WEST MICHIGAN COMPANIES JOIN EXISTING TOOL & DIE COLLABORATIVES

Two tool and die shops, one each in Kent and Muskegon counties, have been admitted to existing Tool & Die Recovery Zones. As members, they will be able to operate virtually free of all state and local taxes.

Grand Die Engravers Inc., Grand Rapids, will join the nine-member Tool Makers Alliance Recovery Zone while Precision Tool Company Inc. in Muskegon will become part of the seven-member First Choice Machining Solutions Recovery Zone.

The zones allow companies to operate free of virtually all state and local taxes for up to 15 years, thus assisting their efforts to withstand the pressures of global competition. To receive consideration for Recovery Zone designation, tool and die companies must have a collaborative agreement that demonstrates synergistic opportunities among the companies.

According to the most recently available information from the U.S. Bureau of Labor Statistics, Michigan has some 1,780 tool and die establishments with 35,831 employees, representing 19 percent of the U.S. total in that industry.

