

There are Great Things Happening in Michigan

March 2009

MICHIGAN GIVES YOU THE UPPER HAND



Dear Friends,

It was another great month for economic diversification in Michigan as 12 companies ranging from automakers to brewers to military suppliers announced more than \$162 million in new expansion projects expected to create over 2,900 new jobs. Sticking with the diversification theme, our efforts to help Michigan companies grow into new, high-growth industries carried forward with Diversification Summits in Grand Rapids and Troy drawing several hundred attendees.

A recent University of Michigan study (michbio.org) released recently shows that bio-science is big business in Michigan, with private industry payrolls approaching \$2.5 billion in 2007 and nearly 99,000 direct and spin-off jobs. It brings in significant income from outside the state, has a highly paid workforce and favorable growth prospects. Case in point: the Southwest Michigan Innovation Center in Western Michigan University's Business Technology and Research Park recently dedicated an 11,000-square-foot expansion of the center built six years ago in response to the Pfizer corporate downsizing. The center has since become home to more than two dozen companies started up by scientists-turned-entrepreneurs after they lost their jobs in the upheaval. In Detroit, a new technology center is being established in the TechTown SmartZoneSM complex on Wayne State University's campus to be a resource for researchers and companies worldwide.

In February, General Motors and Ford were the first to be approved for incentives under the first-in-the-nation Michigan Advanced Battery Credits initiative. Ford, approved for \$55 million, is accelerating plans to produce next-generation hybrids, plug-in hybrid electric vehicles and battery electric vehicles. GM, which received \$167 million under the program, is considering building a \$43 million battery plant in Michigan, the first in the United States to be operated by a major automaker. Their presence and commitment make the state a strong competitor for a share of \$2 billion in U.S. Department of Energy Office of Energy Efficiency and Renewable Energy funds recently made available for the manufacture of advanced battery systems and components.

In these pages you can read about the battery plant under consideration by General Motors in connection with the Chevrolet Volt project; an expansion in Macomb Township by a leading aerospace supplier and another in Novi by a provider of engineering services in smart grid technologies; a new tech center for BAE Systems Land and Armaments in Sterling Heights, and much, much more.

Enjoy!

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

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

AWARDS AND ACHIEVEMENTS

NEW WHITE HOUSE SWING SET HAS MICHIGAN FLAVOR

From the Upper Peninsula comes word that the canopies over the **First Family's new swing and play set** on the south grounds of the White House were made at Jacquart Fabric Products in Ironwood.



TRAVEL MICHIGAN WINTER MEDIA FAMILIARIZATION TOUR

With the help of several of our travel industry partners, Travel Michigan conducted its **first-ever Winter media familiarization (fam) tour** in February. Twenty-eight travel writers from across the country took part in the tour, intended to highlight the leisure opportunities available during the Pure Michigan Winter season.

The writers participated in everything from ice climbing, snowmobiling and ice fishing to the more relaxing and quiet experiences available at the new Crystal Mountain spa. The tour was made possible in large part due to the generous assistance of numerous hotels, restaurants and attractions. Special thanks to the Marquette County CVB, Munising Area Partnership for Development Inc, Crystal Mountain Resort and to Brian Green of Arctic Cat.

MANUFACTURING DIVERSIFICATION SUMMITS DRAW STANDING ROOM ONLY CROWDS

Manufacturing Diversification summits co-sponsored by MEDC local partners are drawing sell-out crowds of manufacturers seeking to explore and break into new lines of business. Nearly 600 attended summits in Troy and Grand Rapids in February to hear about opportunities from experts in aerospace, defense, medical devices, and alternative energy. Parts for utility-grade wind turbines, including the massive blades, are a growing sector for Michigan companies, they were told.

Craig Wolff of the Michigan Aerospace Manufacturers Association said Michigan has 7,420 jobs in aerospace with sales of \$434 million, with room to grow. Major General Bradley Lott, a retired Marine now directing the MEDC's Defense Contract Coordination Center (DC3), the nation's only such program, urged manufacturers to go for military contracts. "We have \$100 billion in maintenance and repair programs for the next seven years," he said, adding that his target for 2010 is \$3 billion in defense business for Michigan. Participants who demonstrate the potential to diversify are eligible to receive a \$10,000 matching grant to assist in the diversification process. For a schedule of future summits, visit MichiganAdvantage.org/diversification.

BUSINESS PUBLICATION HONORS MEDC FOR ROLE IN SEQUENOM EXPANSION

The MEDC has been **honored in Trade & Industry Development's fourth annual Corporate Investment & Community Impact (CiCi) awards competition** for its role in attracting San Diego-based Sequenom Inc., a genetics and molecular diagnostic company, to West Michigan. The project includes a capital investment of approximately \$20.25 million over five years and the creation of up to 523 jobs by 2013 and 618 spin-off jobs.

A total of 30 winners were chosen from approximately 1,000 entrants in the two categories. The Community Impact award for the Sequenom expansion takes into consideration the number of new jobs created and retained, and how the project affected the community.

Sequenom opened a second research location when it purchased lab space in Grand Rapids along the Medical Mile. The facility will be used to further develop the company's non-invasive prenatal tests, which will provide new abilities to test for genetic disorders as early as the first trimester of pregnancy. With additional growth, the company plans to build its own lab in Grand Rapids in the next few years.

To facilitate the expansion, The Right Place, a nonprofit economic development organization based in Grand Rapids, worked with the company, supplying site review services and coordinating the company's discussions with the city of Grand Rapids and the MEDC. These discussions led to an incentive package valued at \$20 million over 12 years, winning the company's investment over competing sites in Tennessee and Indiana.

COMPANY SUCCESSES

TWELVE PROJECTS GENERATING \$162 MILLION INVESTMENT, 2,900-PLUS NEW JOBS

The MEDC is helping **eight companies grow in Michigan and backing four brownfield redevelopment projects**. Combined, the projects are expected to create and retain 2,979 jobs and generate over \$162 million in new investment.

AUTO ENGINEERING FIRM EXPANDING IN LIVONIA

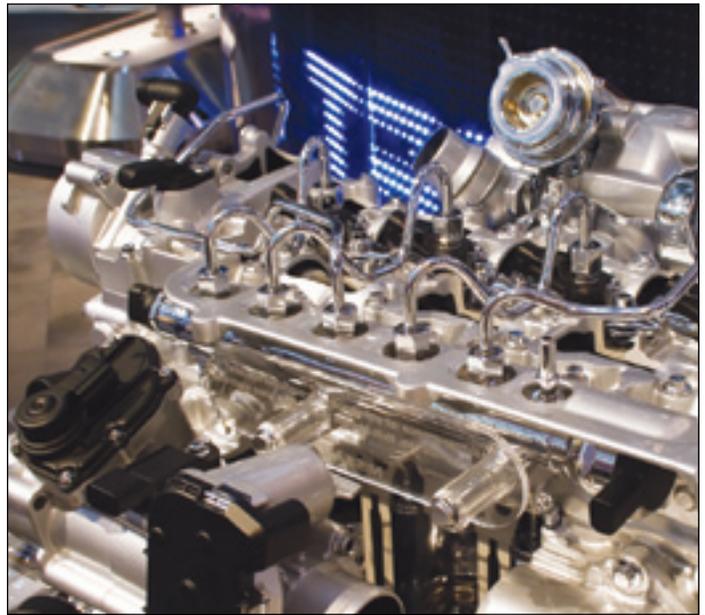
McLaren Performance Technologies, the automotive engineering firm, plans to **invest \$8.9 million to expand operations in Livonia** and support its new power-transfer unit business to capitalize on fuel efficiency improvements in the automotive industry. The project is expected to create 74 new jobs, including 34 directly by the company. Based on the MEDC's recommendation, the Michigan Economic Growth Authority (MEGA) board approved a state tax credit valued at \$1.1 million over 10 years to help convince the company to expand in Michigan over a competing site in Ontario. The city of Livonia has approved a tax abatement to support the project.

NOVI EXPANSION PLANNED BY PATRICK ENERGY SERVICES

The provider of engineering, program and construction management services for high-voltage electric infrastructure and smart grid technologies plans to **invest \$2.2 million to expand operations in Novi**. The project is expected to create 185 new jobs, including 90 directly by the company. Based on the MEDC's recommendation, MEGA approved a state tax credit valued at \$1.5 million to help convince the company to expand in Michigan. The city of Novi has approved additional administrative assistance to support the project.

SOFTWARE FIRM EYES OAKLAND COUNTY SITE FOR HQ EXPANSION

RIIS LLC plans to expand its headquarters in Oakland County at a site to be determined by the company. The project is **expected to generate \$946,000 in new investment and create 95 new jobs**, including 40 directly by the company. Based on the MEDC's recommendation, MEGA approved a state tax credit



valued at \$1.1 million over seven years to help convince the company to expand in Michigan over competing sites in North Carolina and Ohio. Oakland County will provide training funds to support the project.

COMMERCIAL AND MILITARY AEROSPACE SUPPLIER RELOCATING TO MACOMB

Global Tooling Systems plans to **invest \$17.2 million to relocate operations to Macomb Township**. The project is expected to create 400 new jobs, including 184 directly by the company. Based on the MEDC's recommendation, MEGA approved a state tax credit valued at \$2.2 million over seven years to help convince the company to expand in Michigan over competing sites in Texas, Washington, California and Georgia. Macomb Township has approved an abatement to support the project. In addition, the MEDC has proposed up to \$90,000 through the Economic Development Job Training program.

K&S WIRE PRODUCTS LLC PURCHASING MANUFACTURING EQUIPMENT

The Hudson-based venture, which will focus on manufacturing wire products and eventually plastic shopping carts, plans to **invest \$1.2 million to purchase shopping cart manufacturing equipment**. The project is expected to create 356 new Michigan jobs, including 157 directly by the company. Based on the MEDC's

COMPANY SUCCESSES

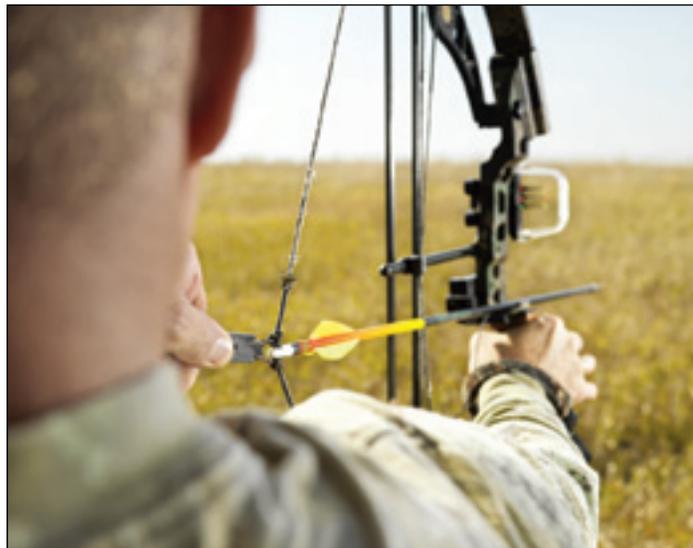
recommendation, MEGA approved a state tax credit valued at \$917,028 over seven years to convince the company to choose Michigan over a competing site in Ohio. The city of Hudson is considering an abatement to support the project.

BREWER TO PRODUCE CRAFT BEER FOR MUSICIAN KID ROCK

Michigan Brewing Company, the Webberville-based brewer of craft beers, is competing to secure a new addition to its product line: a **craft beer for musician Kid Rock**. The company plans to invest \$7 million in the project, which is expected to create 394 new Michigan jobs, including 161 directly by the company. Based on the MEDC's recommendation, MEGA approved a state tax credit valued at \$722,957 over seven years to help win the project for Michigan over competing sites in Minnesota and Pennsylvania. The village of Webberville is considering an abatement to support the project.

SPORTING GOODS SUPPLIER LOCATING IN GRAND TRAVERSE COUNTY

Altus Brands LLC, the veteran-owned small business specializing in manufacturing products for hunters, shooters and sportsmen, including Pro-Ears, a leader in hearing-protection for shooters; Benchmaster, a leader in shooting rests; and Crossfire slings for guns and bows, will **invest \$710,000 to relocate and expand existing operations** in Garfield Charter Township. The project is expected to create 57 new jobs, including 25 directly



by the company. Based on the MEDC's recommendation, MEGA approved a state tax credit valued at approximately \$68,619 over five years to help convince the company to expand in Michigan over competing sites in Pennsylvania and Colorado. Garfield Township is considering a tax abatement to support the project.

GM LOOKING AT SOUTHEAST MICHIGAN FOR CHEVY VOLT BATTERY ASSEMBLY

Pending final approval by the company, General Motors is considering a facility in Southeast Michigan to produce battery modules and assemble packs to provide lithium ion batteries for the Chevrolet Volt. The project would involve an **investment of approximately \$43 million** and is expected to create 571 new Michigan jobs, including 140 directly by the company. Based on the MEDC's recommendation, MEGA approved a state tax credit valued at \$6.8 million to encourage GM to locate the project in Michigan over other North American locations.

NEW MIXED-USE BUILDING SLATED FOR TRAVERSE CITY

State and local tax capture valued at \$1.8 million will support a new, five-story, mixed-use commercial/retail/residential building in Traverse City with private parking in the alley-level basement. The building will replace the former Firestone property and the former Annie's properties. The project is expected to generate up to \$20 million in investment and create up to 60 new jobs.

SAV-A-LOT GROCERY COMING TO HAZEL PARK

State and local tax capture valued at \$1 million will support redevelopment of 7.4 acres of vacant land across five parcels situated along the Eight-Mile corridor in Hazel Park (Oakland County). The project will include the construction of a Sav-A-Lot grocery store. The project is expected to generate \$11.9 million in new investment and create approximately 250 jobs.

BAE SYSTEMS BUILDING TECH CENTER IN STERLING HEIGHTS

State and local tax capture valued at more than \$1.4 million will support a modern, state-of-the-art

COMPANY SUCCESSES

business development and technology center for BAE Systems Land and Armaments. The project will initially consist of 175,000 square feet on approximately 81 acres. The project is expected to generate \$44 million in new investment and will create 460 new jobs. BAE was approved for a MEGA tax credit in April 2008.

BAY CITY BROWNFIELD SLATED FOR REDEVELOPMENT

State and local tax capture valued at \$2 million will support the redevelopment of 11.32 acres of former residential and commercial property in Bay City vacant since 1979. The project is expected to retain 77 jobs and generate investment of \$5 million.

SOUTHWEST MICHIGAN INNOVATION CENTER DEDICATES EXPANSION

The Innovation Center in Western Michigan University's Business Technology and Research Park celebrated its anniversary in early March by dedicating an **11,000-square-foot expansion of the facility.**

It was built in 2003 after 1,200 Kalamazoo-area Pfizer employees lost their jobs in a corporate downsizing and has since become home to more than two dozen biotech-related businesses started by scientists who became entrepreneurs after becoming unemployed.

TECHTOWN STARTS STEM CELL COMMERCIALIZATION CENTER, SEEKING FIRMS WORLDWIDE

University stem cell researchers and for-profit companies from around the world are being invited to **establish a presence in a new Stem Cell Commercialization Center** to be located in the TechTown SmartZoneSM on the campus of Wayne State University in Detroit. It is the outgrowth of approval by voters last year of Proposal 2 allowing embryonic stem cell research in Michigan. Wayne County will offer tax incentives for companies that move to Detroit, and the center could provide seed capital for start-ups. In addition, the county will provide up to \$10 million in funding and try to raise funds from foundations and nonprofits

