MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

300 N. WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER
CONTACT CENTER
517 373 9808

WWW.MICHIGAN.ORG

EXECUTIVE COMMITTEE
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Chair
General Motors

PHILIP H. POWER
Vice-Chair
HomeTown Communications Network

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MICHAEL J. JANDERNOA
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BIRGIT M. KLOHS
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DR. IRVIN D. REID
Wayne State University
RICHARD SHOEMAKER
UAW International
S. MARTIN TAYLOR
DTE Energy Company
GARY TORGOW
Sterling Group
PETER S. WALTERS
Guardian Industries Corp.

February 2, 2005

The Honorable Valde Garcia
Chair, Senate Appropriations Subcommittee on
Commerce, Labor and Economic Development
Post Office Box 30036
Lansing, Michigan 48909-7536

The Honorable Jack Brandenburg
Chair, House Appropriations Subcommittee
on Economic Development
Post Office Box 30014
Lansing, Michigan 48909-7514

Dear Senator Garcia and Representative Brandenburg:

Attached you will find the annual report as required in Section 507 of our Fiscal Year 2004-05 Appropriations Act, Public Act 354 of 2004, for the Michigan Strategic Fund and the Michigan Economic Development Corporation (MEDC). This report summarizes the activities and programmatic spending for Fiscal Year 2004.

Consistent with the boilerplate requirement, we have included expenditures using investment income and gaming revenues for the MEDC. Also included in the report is an individual list of grants and loans awarded from the Fund in Fiscal Year 2004.

Please feel free to contact Mr. James McBryde, Vice President of Governmental Affairs, at 517.335.1847, if we can be of any further assistance.

Sincerely,

Donald E. Jakeway

Donald E. Jakeway
President & CEO

Enclosure

cc: Ms. Mary Lannoye, State Budget Director
Mr. Gary S. Olson, Director, Senate Fiscal Agency
Mr. Mitchell Bean, Director, House Fiscal Agency

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

Year-end Report to the Legislature for Fiscal Year 2004

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION
300 N. WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER ASSISTANCE
517.373.9808

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Successful Project Results*
MEDC Assisted

[illegible]	[illegible]
[illegible]	
Business Development	34,473
International Development	7,560
Economic Development Job Training*	15,031
Community Assistance Team	2,379
Industrial Development Revenue Bonds	216
Technology Development	1,019
Total	**60,678**
[illegible]	
Business Development	6,130
International Development	1,981
Economic Development Job Training*	1,772
Community Assistance Team	1,569
Industrial Development Revenue Bonds	216
Technology Development	789
Total	**12,457**
[illegible]	
Business Development	15,995
International Development	77
Economic Development Job Training*	13,259
Community Assistance Team	810
Industrial Development Revenue Bonds	0
Technology Development	230
Total	**30,371**
[illegible]	
Business Development	12,348
International Development	5,502
Total	**17,850**
[illegible]	
Business Development	$19,733
International Development	$53,408
Economic Development Job Training*	$4,152
Community Assistance Team	$85,384
Industrial Development Revenue Bonds	$0
Technology Development	$26,005
Total	**$188,682**
[illegible]	
Business Development	$2,026,573
International Development	$239,082
Economic Development Job Training*	$563,898
Community Assistance Team	$271,736
Industrial Development Revenue Bonds	$178,710
Technology Development	$134,244
Total	**$3,414,243**
[illegible]	
Business Development	$572
International Development	$7,065
Economic Development Job Training*	$276
Community Assistance Team	$35,891
Industrial Development Revenue Bonds	$0
Technology Development	$25,520
Total	**$3,110**

*As reported by the company at the time of announcement.

Business Development

Locations by Source of Information

Source	[illegible]
[illegible]	
Business Development Manager	2
Local	25
Real Estate Firm	1
Retention	11
Site Consultant	3
Other Referral	2
[illegible]	
Company Visit - Global Business Development	1
Industry Exhibition	1
Informal Contact	4
Networking Event	1
Retention Visit - Michigan Business Development	45
[illegible]	
Company Initiated	22
Other	3
Totals	**121**

Locations by Industry

[illegible]	[illegible]
[illegible]	
Advanced Manufacturing	11
Automotive	35
Biotechnology	0
Electronics	2
Food Processing	10
Furniture	4
Information Technology	4
Instruments & Controls	1
Life Sciences	0
Machinery/Mach. Tools	4
Plastics	4
Printing & Publishing	6
R&D/Engineering Service.	2
Wood Products	3
Total Target Industries	**86**
[illegible]	
Business Services	2
Call Center - Inbound	0
Chemicals	4
Financial Services	2
Manufacturing Services	7
Metal Stamping & Fabric	5
Mining	0
Steel & Steel Products	2
Warehouse & Dist.	1
Other	12
Total Other Than Target Industries	**35**
Total All Industries	**121**

Successful Project Details in Michigan

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ASC, Incorporated	75	8	$15,000		Wayne	PA 198, utility assistance,
Apollo Plating	55		$4,650		Wayne	Local referral to Ed in Taylor. Discussion (via voice mail) with Ed explaining Apollo's position. PA 198 assistance.
Atlantic Automotive	71	236	$21,750		Berrien	MEGA
Bell Forest Products	30	5	$60	$200	Ishpeming	CDBG for building renovations
Cerdyne, Inc.	52	1	$2,688		Oakland	Worked with company and Mark Adams of Oakland City to review sites, assisted with high tech MEGA;
Cherry Growers	30		$6,815		Grand Traverse	Assisted project by providing 3 mills tax abatement. Attended several township board meetings to explain tax abatement.
Country Fresh, LLC	0	300	$7,300		Wayne	6 mills SET, local agency coordination
D & K Investments	34		$695	$301	Crawford	Assisted with CDBG for road, sewer and water improvements
Double JJ Resort	100	150	$40,000		Oceana	CDBG
FNT Industries	6	18	$1,100	$180	Menominee	CDBG
Grand Northern Products	15	48	$5,100		Kent	Assisted with IDRB application & process
Grand River Printing & Imaging	25	85	$11,198		Wayne	PA 198; assistance with Permit to Occupy (local coordination)
Guardian Industries	5	500	$2,000		Monroe	PA 198 & local coordination
Halquist Stone Company	12	2	$450	$214	Delta	CDBG
Heartwood Timber Frames	10		$800		Adrian	local coordination
International Paper Company		530	$55,000		Dickson	PA 198 assistance, testified at township board meeting and received 12 year abatement instead of 8 years as proposed
Kellogg's Snacks	300		$3,200		Calhoun	MEGA, Ag Ren Zone, PA 198,
Lear Corporation	200		$48,911		Oakland	Brownfield TIF and SBT Credits
Lear Corporation	150		$10,000		Wayne	PA 198 and local coordination
Metaltec Steel Abrasive	7	32	$1,378		Wayne	Local agency coordination
Michigan Autodeposition Coatings, Inc.	30		$2,000	$600	Roscommon	Assisted with CDBG for road, sewer and water improvements
Packaging Corporation of America			$5,000		Manistee	Assisted with 6 mills SET abatement
Pioneer Metal Finishing Corporation	10	110	$1,000		Monroe	PA198 Assistance and local coordination
Roth Fabricating	5	20	$500		Lenawee	Site search, RZ, cost comparison report, economic development consulting, local coordination
Saturn Electronics & Engineering	124		$16,695	$62	Ottawa	MEGA, EDJT,PA 198, 6mills.
Southview, Inc.	50	70	$9,215		Wayne	Site Selection, AP 198,SBA assistance, IDRB

Company	Jobs Created	Jobs Retained	Private Investment ($ x 1000)	Public Investment ($ x 1000)	County	Tool Used
Systems Control	53	260	$32,000	$2,915	Dickinson	CDBG
TG Fluid Systems USA Corporation	165	85	$7,400		Livingston	PA 198 and local coordination
Williams-Bayer Industries LLC	7	31	$4,492		Wayne	Local agency coordination
Subtotal for BD	**1,621**	**2,491**	**$316,397**	**$4,472**		
Subtotal for EDJT	**0**	**0**	**$0**	**$0**		
City of Muskegon					Muskegon	Michigan Main Street Program 2004
Subtotal for CAT	**0**	**0**	**$0**	**$0**		
Sintel, Inc.	6		$1,375		Ottawa	IDRB
Subtotal for IDRB	**6**	**0**	**$1,375**	**$0**		
Core Technology Alliance, **Michigan Animal Model Consortium**				$262	Kent	TTC Funding
Core Technology Alliance, **Michigan Center for Biological Information**				$451	Washtenaw	TTC Funding
Core Technology Alliance, **Michigan Center for Genomic Technologies**				$278	Wayne	TTC Funding
Core Technology Alliance, **Michigan Center for Structural Biology**				$1,608	Ingham	TTC Funding
Core Technology Alliance, **Michigan Proteome Consortium**				$581	Washtenaw	TTC Funding
Core Technology Corporation	1	2		$250	Kent	TTC Funding
EnCel	8		$1,329	$544	Washtenaw	TTC Funding
Hot Metal Gas Forming	2		$3,160	$790	Kent	TTC Funding
Subtotal for TD	**11**	**2**	**$4,489**	**$4,764**		
Grand Total	**1,638**	**2,493**	**$322,261**	**$9,236**		

Michigan Visit Activities

[illegible]	FY2004
[illegible]	
Companies visited with over 100 employees	1,417
Companies visited with 51-99 employees	736
Companies visited with less than 50 employees	2,767
Total Business Retention Visits	**4,920**
Fastest Growing Companies	**282**
[illegible]	[illegible]

Customer Satisfaction

[illegible]	FY2004
[illegible]	
Business Development	97%
International Development	100%
Total Business and International Development	97%
[illegible]	
Business Development	98%
International Development	100%
Total Business and International Development	98%

(1) Results lag 30 days due to customer surveying.
(2) BD service guarantees: a. Phone calls returned within 24 hours; b. Information requests processed in 5 days; c. On-site consultation within 5 days; d. Follow-up services put in writing. ID service guarantees: Timely follow-up.

* International Development became a separate business unit with unique information collectors during FY2004. This data does not reflect an entire fiscal of activity.

International Development
Visits, Leads and Projects

Visits	
National HQ Companies with Michigan Presence	2
International HQ Companies with Michigan Presence	43
National Site Consultants	49
International Site Consultants	9
Total Visits	**103**
Leads	
National Companies	60
International Companies	7
National Site Consultants	19
International Site Consultants	2
Total Leads	**88**
Projects	
National Companies	17
International Companies	2
National Site Consultants	8
International Site Consultants	1
Total Projects	**28**

* International Development became a separate business unit with unique information collectors during FY2004. This data does not reflect an entire fiscal of activity.

International Development

FY2003-2004 Successful Locations

Company	Opportunity/Project	County	New Investment	New Employees	Profile Industry	Foreign Parent Country
Magna Donnelly	consolidation from KY	Ottawa	$3,000,000	100	Automotive	Canada
North American Pavers	consolidation from Canada	Wayne	$2,000,000	8	Automotive	Canada
Benteler	PA 198	Kent	$2,200,000		Automotive	Germany
DAA Draexlmaier Automotive	office expansion & relocation	Oakland	$1,000,000	20	Automotive	Germany
Daimler Chrysler - Jefferson North Assembly Plant	investment in existing facility	Wayne	$240,000,000		Automotive	Germany
Daimler Chrysler - Warren Truck Assembly Plant	investment in existing facility	Macomb	$100,000,000	900	Automotive	Germany
Dr Schneider Automotive Systems Manufacturing	NA production facility	Livingston	$11,622,000	200	Automotive	Germany
Eberspaecher North America	Brighton facility expansion	Livingston	$10,000,000	40	Automotive	Germany
Infineon Technologies North America Corp.	2004 Hamer project	Wayne	$4,830,000	73	Automotive	Germany
Karmann USA, Inc.	NA production facility	Wayne	$13,000,000	251	Automotive	Germany
Kunststoff-Technik Scherer & Trier USA	Saline facility	Washtenaw	$6,000,000	35	Automotive	Germany
Mahle Technology, Inc.	expansion of F. Hills facility	Oakland	$1,809,551		Automotive	Germany
Mapal Aero	Consolidation of 2 facilities	St. Clair	$3,000,000	30	Automotive	Germany
Peiseler GmbH	Michigan subsidiary	Kent	$300,000	3	Automotive	Germany
Thierry Prazisionslackiertechnik GmbH	US office/paint laboratory facility	Oakland	$4,200,000	20	Automotive	Germany
Witzenmann USA	expansion	Macomb	$1,500,000	14	Automotive	Germany
ZF Lemforder Corporation	expansion of production facility	Lapeer	$38,300,000	90	Automotive	Germany
Global Engine Alliance	Phase II of production facility	Monroe	$323,200,000	300	Automotive	Germany/Japan/ Korea
Asama Coldwater Manufacturing	PA 198	Branch	$6,857,000		Automotive	Japan
Espec NA	relocation & expansion	Kent	$5,265,000	15	Automotive	Japan
Hi-Lex Controls, Inc.	PA 198	Hillsdale	$1,082,650	10	Automotive	Japan
Jatco USA	new expansion	Oakland	$22,900,000	212	Automotive	Japan
Mitsubishi Heavy Industries	new expansion	Macomb	$9,159,000	75	Automotive	Japan
Musashi Auto	R&D center expansion	Calhoun	$26,000,000	346	Automotive	Japan
TG Fluid Systems	new expansion	Livingston	$7,400,000	165	Automotive	Japan
TG North America Corp.	new expansion	Oakland	$3,500,000	200	Automotive	Japan
Toyota Tsusho America, Inc.	Toyota T slitting machine operation	Calhoun	$2,000,000	20	Automotive	Japan
Hyundai R&D	relocation & expansion	Washtenaw	$117,000,000	751	Automotive	Korea
ENA Industries Company LTD.	new sales office	Macomb	$150,000	6	Automotive	Korea
Inalfa Roof Systems	satellite manufacturing facility	Genesee	$8,424,000	161	Automotive	Netherlands
GKN Sinter Metals	new expansion	Ottawa	$2,200,000	25	Automotive	UK
Pilkington North America, Inc.	new expansion	Berrien	$10,000,000	137	Automotive	UK

International Development

Foreign Office & Referral Activity

Activity	[illegible]
Referrals to Foreign Offices	
Referrals Initiated by MEDC	57
Foreign Office Activity	
Export Counseling	81
Company Visits (in Michigan)	31
Market Analysis Completed by FO	63
ADS Searches Completed by FO	39
In-Country Direct Support	107

Renaissance Zones

The Michigan Renaissance Zone Act (Act 376 of 1996) established the Michigan Renaissance Zone initiative to foster economic opportunities in the state; facilitate economic development; stimulate industrial commercial and residential improvements; prevent physical and infrastructure deterioration of defined areas; state; facilitate economic development; stimulate industrial, commercial and residential improvements; and provide for the reuse of unproductive or abandoned industrial properties.

Since the law was established, a total of 35 Renaissance Zones have been designated. The zones encompass 166 geographic locations of the state designated as tax-free (for 10 to 15 years) for any business or resident located within the zone. The zones provide communities with a powerful market-based incentive, virtually no state or local taxes, to encourage new jobs and investment.

As a result of the program, 344 projects have been announced, which will result in the creation of 7,574 jobs and the investment of $2.1 billion. While a number of the developments were by large firms, the majority of the investments were undertaken by small businesses.

During the period of October 1, 2003 through September 30, 2004, the MSF Board, acting in the capacity as the Renaissance Zone Review Board, approved one timeline extension of an existing MSF Designated Renaissance Zone, two timeline extensions for two existing Agricultural Processing Renaissance Zones, and recommended designation of a new Agricultural Processing Renaissance Zone to the State Administrative Board.

Amendments to the Michigan Renaissance Zone Act

During the period of October 1, 2003 through September 30, 2004, the Michigan Renaissance Zone Act (MCL 125.2688) was amended to allow:

— A qualified local governmental unit, before July 1, 2004, to modify the boundaries of a rural renaissance zone to include a contiguous parcel of property as determined by the local unit. The parcel of property could only include property less than one-half acre in size that the local unit had previously sought to have included in the zone. The additional contiguous parcel would become part of the original zone on the same terms and conditions as the rest of the zone's property and would not constitute an additional distinct geographical area under the act (SB 275/PA 16, 3/4/04).

— The MSF Board to designate up to 20 Tool and Die Renaissance Recovery Zones in the state, to be located in cities, townships, and villages that consent to the creation of a Recovery Zone. A Recovery Zone would have a duration of Renaissance Zone status for up to 15 years as determined by the MSF Board. To qualify for a Recovery Zone designation, a parcel of property must be leased or owned by a qualified tool and die business and used primarily for tool and die business operations. Tool and die businesses must have fewer than 50 employees, have the proper classification in the North American Industrial Classification System (NAICS), and have entered into a qualified collaborative agreement as approved by the MSF with other business entities in the appropriate NAICS classifications. Work began on implementation of the newly created legislation (SB 825/PA 266, 1/5/04; HB 5243/PA 202, 7/13/04).

Community Development

Community Development Block Grant (CDBG)
Fund Balance

	FY2004
CDBG Funds Available (Grant Years 1998-2003)	$230,024,576
Grants Awarded	($182,517,277)
Applications Authorized by MSF Board	($9,289,184)
Grant Increases Authorized by MSF Board	($934,000)
Notices of Intent Received	($414,000)
Notices of Intent Authorized by Sales	($14,381,990)
Balance of Funds Available for Commitment	$22,488,125

Industrial Development Revenue Bonds (IDRB)
Allocation Balance

IDRB Management	[illegible]	[illegible]	[illegible]
Total Allocation for Calendar Year*	$225,000	$25,700	$250,700
Allocation Used	$21,650	$24,990	$46,640
Allocation Available	$203,350	$710	$204,060
Value of Finalized Projects (including Nonprofit & Taxable Bond Issues)			

*Amount changed by Michigan Department of Treasury

Economic Development Job Training (EDJT)
Fund Balance

	FY2004
2004 Allocation	$10,048,000
Total Business Responses Program	$6,315,880
	$3,363,181
Administration	$367,716
Approved EDJT Grants	$9,679,061
Total Funds Uncommitted	$1,223

Business Retention Services

	FY2004
Services Assigned	6,358
Services Due	5,993
Services Completed	6,153
Services Overdue	210

Services Provided to Customers

	FY2004
Advanced Manufacturing	79
Alternative Energy	23
Automotive	6
Business Operating Cost Estimating	161
Community Assistance	57
Company Research	258
Consultation, Education and Training	535
Customer/Supplier Information	1,219
Economic/Labor Market Information	36
Employee Stock Ownership Programs	2
Environmental Technical Assistance	27
Export Assistance	309
Governmental Procurement Assistance	149
Great Lakes Technology Center	37
Homeland Security	16
Information Technology	13
Job Creation Tax Credits	14
Job Training Programs	406
Joint Venture Assistance	1
Life Sciences	18
Local Development Agencies Coordination	162
Michigan Industry Roundtables	0
Michigan Recruitment Alliance	4
Ombudsman Service/MIOSHA	30
Ombudsman Service/DLEG Other	57
Ombudsman Service/DEQ	191
Ombudsman Service/Other Depts.	98
Ombudsman Service/Treasury	102
Ombudsman Service/UA	165
Public Financing Programs	230
Recruitment Service	88
Recycling/Waste Reduction	41
Retraining Programs	68
SBTDC	97
School-To-Work Programs	6
Site Development & Infrastructure Improvement	9
Site Location Services	149
Small Tech	1
Strategic Planning Assistance	4
Tax Abatement Services	287
Technology Consulting Services	242
Trade/Profess. Assn. Referral	11
Utility Services Coordination	1
Venture Capital	64
Voice of the Customer	72
Workers' Compensation Cost Management	608
Total	**6,153**

Business Development

Small Business Advocacy

Activity	[illegible]
Advocacy Organization Visits	208
Advocacy Organization Meetings & Project Planning	113
Presentations to Organizations	47
Events	
Conference Participation	26

Procurement Technical Assistance Center

Activity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Firms Counseled/Provided Technical Assistance	813	785	786	687	3,071
New Firms Added to PTAC Database	191	240	223	202	856
Firms Trained	371	217	400	313	1,301
Value of Federal Contracts Won ($ x 1,000)	$70,018	$60,312	$61,230	$34,033	$225,593
Value of Export Contracts Won ($ x 1,000)	$68,105	$410	$160	$3,441	$72,116

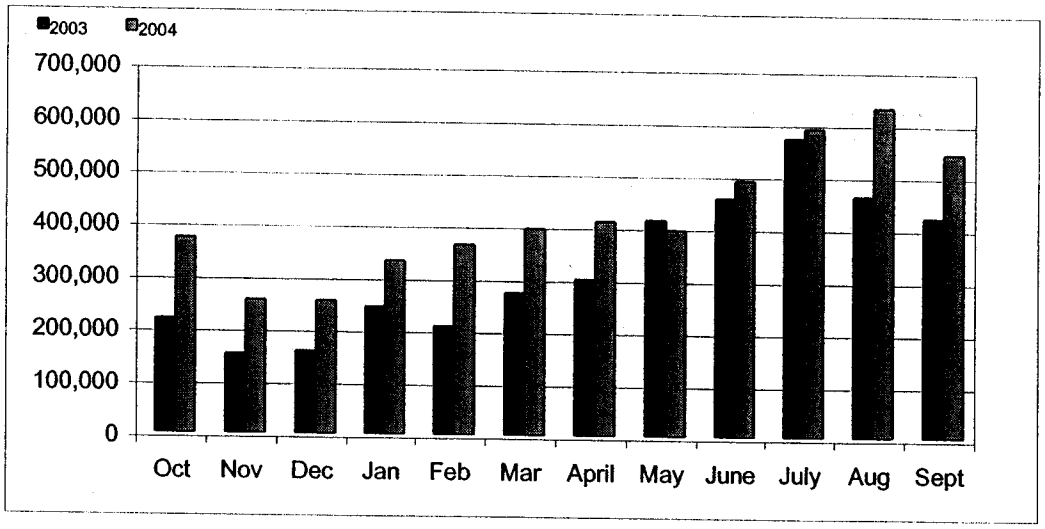
Technology Development

Venture Capital	[illegible]
Number of Business Plans/Concepts Reviewed	18
Number of Businesses Referred to VCs	33
Number of VC related Company Meetings	24
VC Funds Received by Michigan Companies ($ x 1,000)	$49,010
Sciences Business Development	
Total Company Meetings	76
Joint Company Meetings with BD	3
Total Number of Businesses Contacted	319
Advanced Manufacturing Business Development	
Total Company Meetings	110
Joint Company Meetings with BD	25
Total Number of Businesses Contacted	290
Homeland Security Business Development	
Total Company Meetings	73
Joint Company Meetings with BD	3
Total Number of Businesses Contacted	96
University Relations	
Referrals between Universities and Companies	28
Number of Successful Tech Transfer Start-ups	1
SmartZones/Business Accelerators	[illegible]
New Company Locations in SmartZones	110
Jobs Created in SmartZones	3,379
Jobs Retained in SmartZones	3,194
Private Investment ($ x 1000)	$230,000
Business Serviced by Accelerators	301

Technology Tri-Corridor	[illegible]	[illegible]	[illegible]	[illegible]
Category I--Basic Research	42	24	3	$2,682,176
Category II--Applied Research	54	31	4	$4,025,182
Category III-Commercialization	310	100	16	$13,867,908
Core Technology Alliance--Basic & Applied Research	0	0	6	$3,429,845
Totals	**406**	**155**	**29**	**$24,005,111**

Travel Michigan

Total Routine Inquiries



[illegible]	[illegible]
E-Newsletter	53,718
Mail*	69,753
Telephone	18,865
Web User Sessions	4,853,416
Total Routine Inquiries	**4,995,752**
Welcome Center Visitors	9,281,595