Placemaking Summit
“Attracting Investment”

May 21, 2012
20 – 30 Years Ago

• People seeking companies and moving to the jobs
• Roads, water, sewer, rail – Access to Shipping key
• Business costs
• Taxes
• Industrial Parks were developed based on “build it and they will come” mentality
• Incentives were created based on geography (Renaissance Zones and Tax Credits)
Today

• Companies seeking to expand/move/establish a location were people are living and locating
• High-speed/Wireless Internet
• Total Energy Costs
• Vibrant Downtowns
• Walkable Communities
• Talent
Highlighting Regional Assets

*Fewer incentives requires emphasis on regional strengths*

### MEGA Credits

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Approved Job Creation MEGAS</th>
<th>Approved Credit Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>109</td>
<td>$341.7 million</td>
</tr>
<tr>
<td>2011</td>
<td>50</td>
<td>$70.0 million</td>
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</tbody>
</table>

### Brownfield MBT Credits

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Approved Brownfield Projects</th>
<th>Approved Credit Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>79</td>
<td>$175.1 million</td>
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<tr>
<td>2011</td>
<td>90</td>
<td>$125.6 million</td>
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<table>
<thead>
<tr>
<th>YEAR</th>
<th>Total Approved Value</th>
</tr>
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<tbody>
<tr>
<td>2010</td>
<td>$516.8 million</td>
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<tr>
<td>2011</td>
<td>$195.6 million</td>
</tr>
<tr>
<td>2012</td>
<td>$100 million</td>
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</table>
New Approach

Regional Economic Development Collaboratives

- Asset based economic development
- Development of a regional strategic plan
- Defining regional advantages
- Proactive vs. Reactive
MEDC Defined Regions

REGIONS

1. Upper Peninsula Region
   Cathie Cole
   906.458.0251

2. Northwest Region
   Tino Brethaupt
   906.458.0251

3. Northeast Region
   Lydia Murray
   906.458.0251

4. West Central Region
   Karen Hinkde
   Bill Kratz
   906.458.0251

5. Bay Region
   Brenda Flory
   Tom Young
   906.458.0251

6. Southwest Region
   Susan Novakoski
   906.458.0251

7. Central Region
   Kathleen White
   906.458.0251

8. East Central Region
   Bruce Seymour
   Khalfani Stephens
   Tom Young
   906.458.0251

9. South Central Region
   David Kurtz
   Tom Tolstos
   Aaron Young
   906.458.0251

10. Southeast Region/Macomb County
    Christine Boeder
    248.229.0230

11. Southeast Region/Oakland County
    Clarinda Barnett-Harrison
    Cythia Grabba
    Khalfani Stephens
    906.458.0251

12. South Central Region
    Jerome Katz
    Jeff Sand
    Camille Walker
    906.458.0251
Region 2 Resource Team

- Business Development – Tino Breithaupt and Lydia Murray
- Community Assistance Team – Kathy Adair
- Regional Project Manager – Ken Murdoch
- International Trade Specialist – Chris Bosio
- MDOT – Matt Opsommer
- MDARD – James Padden
- SBTDC - Mary Rogers
- PTAC – Anne Helbig
- MMTC – Rich Wolin
- Michigan Works – Jaclyn Sanborn
Economic Development Incentive Fund

- $100 Million Fund for Economic Development
  - Michigan Business Development Program
    - Replaces MEGA Tax Credit
    - Performance Based Grants and Loans
  - Community Revitalization Program
    - Replaces Brownfield and Historic Tax Credits
    - Grants and Loans
Michigan Business Development Program

**Requirements**
- Job Creation Projects
  - 50 new jobs, except 25 new jobs for Rural or High-Tech Projects
- Local Support
- No Retention Projects
- No Retail Projects
- Project is Financially Viable

*Exceptions to requirements would require MSF Board authorization*

**Evaluation Criteria**
- Out-of State Competition
- Net Positive Return to the State
- Level of Investment
- Shovel Ready Projects with Funding Support
- Business Diversification
- Re-Use of Existing Facilities
- Near Terms Job Creation
- Level of Wages for New Workers
- Employer Provided Benefits
- Strong Links to Michigan Suppliers
- Distressed or Targeted Community
Community Revitalization Program

Requirements
- Focus on Regional Urban Areas
- No Business Development Projects
- Local Support
- Project is Financially Viable

Evaluation Criteria
- Infill and Reuse Projects
- Catalyst for Additional Revitalization
- Extent of Environmental Cleanup
- Job Creation
- Promotes Area wide Redevelopment
- Increases Urban Density
- Mixed-Use Development
- Sustainable Development
- Historic Resource
- Underserved Market

* Exceptions to requirements would require MSF Board authorization
Benefits of Cash vs. Tax Credits

Why cash is king?

• Cash offers more near term benefit than tax credits
• Cash offers flexible payout terms and milestones
• Cash benefit is not estimated or inflated
• Easier application process with no application fee
• More streamlined reporting process
• Efficient grant disbursements are not tied to tax filing
You Must be Focused on Continuous Improvements to your Community’s Infrastructure in Order to be an Attractive Community
Other Programs and Tools

• Community Development Block Grant
  • Roads, Water, Sewer, Electric, Gas, High Speed Internet
• CDBG—Downtown
  • Façade Improvement Grants
  • Planning Grants
  • Public Infrastructure
  • Signature Building Acquisition Grants
• Competitive Programs
  • Infrastructure Capacity Enhancement (ICE) Grants
  • Downtown Infrastructure (DIG) Grants
Saying Yes to Michigan and your region

Identify regional and state assets and advantages (non cash)

What are the features of your region?

Why are they important to business?
Preliminary Project Screening Questions

Local skin in the game?
The local unit of government should be aware of project before engaging MEDC support.
  • Project must be a demonstrated high priority for the community.
  • Local support in the form of cash, in-kind, or a local incentive (e.g. PA 198, TIF, PILOT)

Where’s the gap?
We want our limited funding to be a small piece in many projects instead of a large piece in just a few projects.
  • All incentives are now calculated by the demonstrated financial need of a project
  • A project will only receive funding up to the level of demonstrated gap, not to exceed MEDC program guidelines.
Project Example – Elk Rapids

• Need to Expand WWTP to support Growing Businesses
• Received $20,000 NWM-COG Community Growth Grant to conduct Feasibility Study in 2010
• $5,000 Match of local funds
• Received $25,000 CDBG Grant from MEDC
• Study completed in 2011 ($50,000 total grant)
• Next Steps are to move forward with project in 2013