

**Proposal: RFP-Doc-3873 Technical Proposal**

**Presented to: Michigan Economic Development Corporation**

**Date: October 18, 2011**

 **AngelouEconomics**

8121 Bee Cave Road, Suite 200 Austin, TX 78746 | phone: (512) 225-9322 | fax: (512) 225-9283

[www.angeloueconomics.com](http://www.angeloueconomics.com)

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## INTRODUCTION

AngelouEconomics (AE) is pleased to present the Michigan Economic Development Corporation (MEDC) the enclosed proposal for Incentives Study services.

Working with over 300 clients in the U.S. and abroad, AngelouEconomics has acquired a diverse range of experience since its founding in 1995. The AE team continuously works to drive economic development with innovative ideas and proactive approaches to planning and implementation. AE believes that the true measurement of a project plan's success lies in its implementation. Successful project applications have included: the State of Wisconsin, State of Delaware, and Greater Phoenix Economic Council.

Experts in both economic development and site selection, AE is able to bring advanced knowledge to clients with key insights into the minds of the businesses that communities are often seeking to attract. AE's two pronged approach provides clients with fresh ideas and forward thinking strategies built from the advantage of possessing multiple skill sets. The quality and inventiveness of our work, combined with the utmost dedication to each client, has driven AngelouEconomics to become one of the leading independent economic development and site selection firms in the nation.

If there is any part of this proposal that you have questions about, please do not hesitate to contact me, or Brooke Moore at (512) 225-9335 or [bmoore@angeloueconomics.com](mailto:bmoore@angeloueconomics.com), and we can further refine our services as needed. Our team greatly looks forward to the opportunity to compete for a partnership with MEDC.

Sincerely,



Angelos Angelou  
Principal Executive Officer  
(512)225-9320  
[Angelos@angeloueconomics.com](mailto:Angelos@angeloueconomics.com)

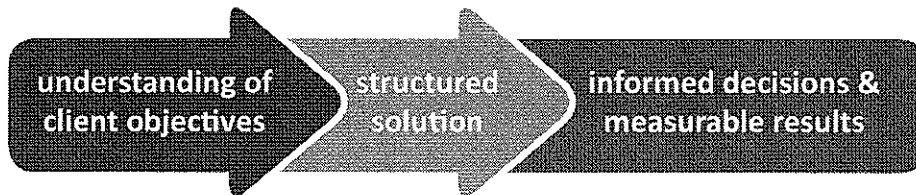


Esther Garza Angelou  
Principal Owner  
(512)225-9319  
[eangelou@angeloueconomics.com](mailto:eangelou@angeloueconomics.com)

## **BUSINESS ORGANIZATION AND HISTORY**

Over the past 16 years, since its founding in 1995, AngelouEconomics has assisted numerous cities, counties, regions, and states in developing highly effective economic strategies, organizational competitive assessments, and a diverse range of other projects that have created quality job growth, increased business investment, and improved lifestyles. AE's goal is to gain a complete understanding of our client's objectives in order to structure a solution that leads to informed decision-making and tangible results.

A certified "Minority-Owned Business", AE's unique combination of economic development and site selection services allows the team to provide clients with results which combine the interests and priorities of communities with those of the companies that they seek to attract.



Headquartered in Austin, Texas, AngelouEconomics is incorporated in the state of Texas, and is located at 8121 Bee Cave Road, Suite 200, Austin, Texas 78746 and can be reached at (512) 225-9322.

AngelouEconomics is a full service firm, providing the following in-house services:

### **STRATEGIC ECONOMIC DEVELOPMENT**

The AE team focuses on working closely with clients to assess their leverageable assets and mitigate challenges for economic growth and diversification. AE's work is positioned within the context of global competition and technological change. Much of the team's work involves economies in transition – regions seeking to diversify their economic base, expand job opportunities, foster entrepreneurial growth, attract 'new economy' companies, or conceptualize a new strategic direction for economic development.

Our services within the strategic economic development process include:

- Strategic planning for economic growth, development, and diversification
- Target industry identification and niche market segmentation, including cluster analysis and cost benchmarking
- Competitive organizational and incentive benchmarking
- Performance metric development measuring success and progress over time
- Research and development assessments
- Strategies to engage diverse stakeholders and gain broad support
- Labor studies and workforce analysis
- Entrepreneurial environment assessments
- Prospect identification and development
- Roll-out events to generate awareness and support
- Implementation support

## **SITE SELECTION**

AngelouEconomics' site selection group assists companies through all phases of the selection process, from preliminary site assessments through final negotiations. Many companies can locate virtually anywhere – AE helps to narrow and evaluate the possibilities to those sites that best meet their needs.

Through assisting companies and institutions in their location decisions, the AE team is able to acquire and maintain a firm grasp on the ever changing business landscape. Working closely with numerous businesses continually uncovers fresh insights into the needs and motivations behind the business activities that many regions continually work to attract. AE sees firsthand how communities and regions not only compete, but, more importantly, how they win.

The AngelouEconomics team has performed site selection assignments for companies engaged in a wide variety of fields including technology research and development; microelectronics; computer manufacturing; information technology; life science; biotechnology; aerospace; clean energy; oil and gas; and telecommunications.

## **ECONOMIC RESEARCH AND ANALYSIS**

AngelouEconomics believes that in order to construct effective economic development strategies, possessing timely and pertinent information is key. AE's experience in conducting dozens of economic research assignments has allowed the team to provide an analytic context for decision-making, as well as answer specific client focused questions (e.g., "What gaps exist in supply chains?", "What impact will this development have on my region?", "What area skills are transferable to emerging industries?" and "What clusters show strongest potential for growth?").

## **MARKETING AND BRANDING**

AE's research takes the team into the minds of target industries and audiences. The team knows the difference between what get attention (good), and what builds true rapport (best); what's fresh and what's cliché. All of this is essential to creating marketing strategies and messages that position communities, regions, and states in terms of their most captivating advantages. A critical review of collateral and website(s) utilized is conducted by the AE team, from which a marketing strategy to best leverage internal and external communications is assembled.

## ANGELOUECONOMICS | WHAT SETS US APART

AE's extensive experience in economic development has led our team to develop a process that results in successful and effective project planning, strategy development, and implementation.

**GLOBAL TECHNOLOGY INSIGHT** Angelos Angelou secured his credentials by leading Austin's quest for technology preeminence for over a decade. Today he is widely regarded as the chief architect of Austin's development success. Our firm has worked with dozens of clients on the leading edge of technology to help chart their futures. When it comes to technology, we think like futurists and perform like realists.

**INNOVATION** We approach every assignment as a unique challenge to provide best practice thinking for success. Our desire to lead the way in the economic development practice has contributed to our successful track record of client success and satisfaction.

**IMPLEMENTABLE PLANS** We work in lockstep with clients to assure that our recommendations work for them. While our strategic roadmaps are clear and realistic, we also work hard to see that implementation begins right away, often before our planning work is even finished.

**LONG-TERM SUPPORT** We stay in touch with clients for years after our final project is delivered as they bring plans to reality. A number of clients continually call on us to assist in keeping the momentum working and the vision in sync with evolving global competition. We readily assist with phone consultations and responses to media inquiries after our formal assignments end.

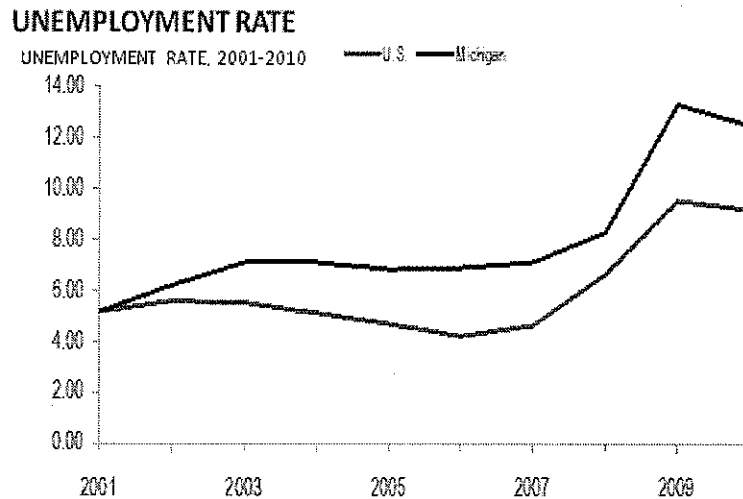
**ENERGETIC HANDS-ON APPROACH** Our senior staff thrives on immersing themselves in your community, your concerns and your dreams. This dedication to project success results in work that is infused with energy. This energetic enthusiasm has also enabled us to maintain a wide network of connections which allows us to assist clients in establishing valuable connections.

**STAKEHOLDER INVOLVEMENT** Our plans are presented in clear and understandable language because that is what our clients need in order to gain broad support in their communities. As our work takes hold, clients may see news media take an interest in the process, bloggers blogging and the language of plans becoming the language of a community.

**LEGACY** We provide the groundwork for our clients to build legacies – not just bulky reports that get filed. Our process results in real redirection for economic development efforts that will lift and carry communities forward for the future.

## STATEMENT OF THE PROBLEM

While the recession has brought unemployment problems to the forefront of almost every state's economic agenda, there are few places where the problem is as acute as it is in Michigan. The disparity between national and statewide unemployment levels became apparent even before the recession, as manufacturing plant closures left workers jobless and unable to compete in a global knowledge economy. As the chart below shows, unemployment in the U.S. and Michigan was at the same level in 2001, but began to diverge rapidly soon after. In 2010, Michigan's unemployment rate was a full 3.3% higher than the U.S. average of 9.2%. Michigan has become known for its persistent employment troubles, and despite numerous efforts on the part of federal, state and local governments at tackling the crisis, the issue remains the most critical one on Michigan's agenda to this day.



The recession has also caused a shift in the site selection decisions of companies. Whereas before 2008, labor costs and the availability of skilled labor were cited as major site selection factors, the recession and subsequent squeeze on resources has made companies more interested in places that can help them cut costs. Tax incentives, corporate/property tax rates, and the availability of incentives beyond simple tax abatement have become more important. This has created a highly competitive environment for economic developers that is increasingly taking the form of a "race to the bottom" in giveaways of foregone tax revenue and other incentives that investors have come to expect. Economic policymakers must thus now create a delicate balance between attracting companies through incentives while also ensuring that incentives and foregone income are minimized and will be paid off in job creation and economic activity. While this competitive climate gives Michigan the opportunity to increase its competitiveness in terms of tax climate and incentives, policymakers must also not forget the long-run benefits of investing in workforce training,



educational attainment, and quality of life as these are likely to become increasingly important as the global economic stabilizes once again.

In light of this understanding, it becomes evident that it is crucial for Michigan to complete a thorough investigation, leading to the creation of an optimum corporate tax structure and tax incentive strategy that will allow it to recruit employers while still allowing for investment in other areas crucial for long-term growth in a globalized economy. AngelouEconomics is committed to aiding Michigan in this study by comparing incentive and tax structure against 16 states and determining best practices; determining the number of direct and indirect jobs that will solve the current unemployment crisis; calculating the dollar amount of incentives that each job will cost; and determining the optimum mix of tax and other incentives for Michigan.

## **NARRATIVE**

In order to assist the State of Michigan in conducting an evaluation of its own use of incentives and the impact of current tax rates on the competitiveness of the state as a destination for relocating businesses, AngelouEconomics proposes a two-phased project consisting of an in-depth benchmarking analysis and an analysis of the State's current approach to incentive review and incentive utilization. The components of these two phases are outlined below.

### **PHASE 1: BENCHMARKING ANALYSIS**

- 16-state review and analysis focused on state-level economic development activity benchmarked to the State of Michigan
- Determine the structure and organization of state-level ED activities among the benchmarks studied
- Inventory major incentives provided by state ED departments or state ED programs
- Compare corporate tax rates between benchmarks
- Compare policy applicable to property tax abatements, sales tax rebates and corporate income tax reductions used to incentivize job creation
  - Compare the value of uncollected taxes that resulted from these programs by state

### **PHASE 2: ANALYSIS OF MICHIGAN'S APPROACH TO INCENTIVE REVIEW AND INCENTIVE UTILIZATION**

- Evaluate Michigan's present methodology for defining an optimal level of investment in an incentive program and offer recommendations for its improvement
- Offer recommendations relating to the adjustment (if deemed necessary) to the level of investment contributed by the State in order to ensure that Michigan is competitive with the benchmark states
- Recommend job creation targets that are competitive with the benchmark states
- Evaluate impact of potential business tax rate changes on new development and resulting impacts on tax revenue in order to assist the State of Michigan in identifying optimal levels of business taxation
- Assess the role of near-term versus long-term incentives in shaping site selection decisions

# TECHNICAL WORK PLAN

The following is a Technical Work Plan, assuming a tentative start date of November 1, 2011.

	November	December
<b>PHASE ONE: BENCHMARKING ANALYSIS</b>		
TASK ONE: Review remaining business activities on Michigan Economic Development Authority website and to the State of Michigan	TASK ONE	
TASK TWO: Determine the Allocation and organization of available tasks, including the Michigan market	TASK TWO	
TASK THREE: Researching and analyzing the Michigan market	TASK THREE	
TASK FOUR: Conduct research and data for Michigan market	TASK FOUR	
TASK FIVE: Conduct research and data for Michigan market	TASK FIVE	
<b>PHASE TWO: MICHIGAN INCENTIVE ANALYSIS</b>		
TASK ONE: Review and identify recent Michigan tax and other economic development incentives and programs and their impact on Michigan		TASK ONE
TASK TWO: Conduct research and data for Michigan market in order to ensure that Michigan is competitive with the national market		TASK TWO
TASK THREE: Research and analyze Michigan's impact on Michigan market		TASK THREE
TASK FOUR: Analyze impact of potential business factors and other new development incentives in Michigan in order to ensure the State of Michigan is leading in overall level of business taxation		TASK FOUR
TASK FIVE: Analyze impact of new business development incentives on Michigan market		TASK FIVE

## PRIOR EXPERIENCE

The AngelouEconomics team has completed a mélange of projects that have generated great successes for our clients. Drawing upon our multifaceted background and experience, the following case studies have been selected to demonstrate AE's mastery of subject matter and best practices that will lead to a successful Incentive Study for MEDC.

### STATE OF DELAWARE

The Delaware Economic Development Office (DEDO) began its strategic planning process in July of 2010 with the intention of changing the foundation of economic development in the State of Delaware. No longer content with the status quo, believing it to be insufficient to maintain the economic health of the state, DEDO engaged AngelouEconomics and Development Counsellors International to identify the appropriate strategies to enhance Delaware's economy and position it for the future through the creation of an Economic Development Strategic Plan.

Through the planning process, it became clear that DEDO had some success at attracting new employers and growing existing companies. However, like all states, Delaware experienced significant employment losses during the recession. In spite of several successes at recruiting new employers to fill these gaps, DEDO saw an opportunity to enhance and refine what it already does well, strengthening entrepreneurship and support to existing businesses and simultaneously capturing new economic development opportunities that have not been core focuses for the state until now.

Through the Market Assessment phase of the project, the AE team evaluated business cost of competitiveness in Delaware through elements such as state budget revenue sources, including incorporation revenue, personal income tax, and corporate income tax. Incentives such as loan programs, corporate income tax credits, green incentives, and emerging technology funds were compared against four benchmarked states to guide the team's final strategic recommendations and plan development. Noteworthy incentive programs offered by the benchmarked states were also highlighted.

Start/End: July 2010/January 2011

Cost: \$346,000

Reference: Jeff Stone

Director – Delaware Economic Development Office

99 Kings Highway

Dover, DE 19901

(302) 672-6849

jeff.stone@state.de.us

## STATE OF WISCONSIN

In a proprietary study, AngelouEconomics compared the organizational size, structure, and results of ten leading state economic development organizations selected through AE consultation with the client organization. AE benchmarked performance metrics including, but not limited to, number of companies located, number of jobs created, average wage, amount of projected capital investment, and target industry data.

AE additionally reviewed organizational structure and scope as well as available incentives in order to help provide a complete competitive assessment to the client. The importance of incentives to business locate decisions and the most valued/important incentives were measured including bond financing; refundable and non-refundable tax credits; angel investor tax credits; use specific grants; and loans. Summary performance results were shared with organizations who participated in interviews with the additional research proprietary to the client organization.

The following 10 state organizations were used in the analysis:

- Georgia Department of Economic Development
- Illinois Department of Commerce and Economic Opportunity
- Indiana Economic Development Corporation
- Iowa Department of Economic Development
- Louisiana Economic Development
- Michigan Economic Development Corporation
- Minnesota Department of Employment and Economic Development
- Ohio Department of Development
- Oklahoma Department of Commerce
- Wisconsin Department of Commerce

Start/End: July 2010/December 2010

Cost: \$50,000

Reference: Mark Richardson

Vice President of Economic and Workforce Development – Urban League of Greater Madison

(former Deputy Director – Wisconsin Department of Commerce)

2222 S. Park St., Suite 200

Madison, WI 53713

(608) 729-1265

mrichardson@ulgm.org

## GREATER PHOENIX ECONOMIC COUNCIL

The Greater Phoenix Economic Council (GPEC) engaged AngelouEconomics in 2008 with the objective of comparing GPEC results to 8-10 other leading economic development organizations. Industry targets and regional competitive advantages and disadvantages were also reviewed in order to provide a competitive assessment.

In collaboration with GPEC staff, 12 top organizations were identified to benchmark across performance metrics including, but not limited to, number of companies located, number of jobs created, average wage, amount of projected capital investment, and targeted industry data, to name a few. The project team reviewed selection criteria including location, size, population, and competitiveness to GPEC.

While the focus of the study was to uncover GPEC's competitive stature, it also possessed a key facet of regional incentives reviews. Key incentive programs in each region were evaluated based on their monetary value, frequency of utilization, and targeting of specific industries. Programs of most value in enabling the regional economic development groups to successfully attract targeted industries included research and development tax credits, high wage job performance incentives, renewable energy project tax credits, and state project "closing funds."

Start/End: December 2008/February 2009

Cost: \$15,000

Reference: Barry Broome  
President & CEO  
2 N. Central Ave, Suite 2500  
Phoenix, AZ 85004  
(602) 262-8614  
bbroome@gpec.org

## PROJECT STAFFING

The project team will work closely with MEDC to ensure smooth project coordination and communication between the project team and client. AngelouEconomics' strong performance is the result of selecting qualified individuals to manage and staff each assignment, as well as utilizing select practices for quality control and assignment management.

- **Advance planning of all management and staff resources**

Prior to project kickoff, the project manager will develop a detailed project schedule identifying end goals and milestones.

- **Clear and frequent communication will be maintained at all times**

The project team will provide biweekly reports to the client to share findings and outline next project steps.

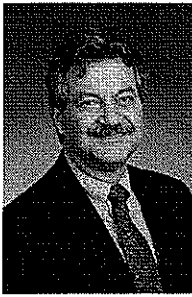
While key members of the team will interface directly with the client, the project will move through a series of internal progress meetings to provide a forum for group review and input. AE's combination of internal and external communication fosters the ability to harness the expertise of the entire AngelouEconomics multi-disciplinary team. This continuous interaction between the entire firm and project brings a deeper understanding to the region's competitive advantages

Angelos Angelou will serve as Chief Strategist, leading the visionary direction of the project, while Steve Vierck will serve as Senior Project Manager, ensuring smooth project progression and overseeing the daily work of Project Managers Michael Hennig and Kamilla Khabibrakhmanova.

The project team will be located in AngelouEconomics' Austin, Texas office. Presently, staff turnover has been a rate of 20% over a year's time. The amount of dedicated time for the management team and other key individuals is:

KEY PERSONNEL	% TIME
Angelos Angelou	15
Steve Vierck	25
Michael Hennig	65
Kamilla K.	20

Key Personnel biographies can be found on the following pages.



## ANGELOS ANGELOU

**Founder & Principal Executive Officer  
Chief Strategist**

**Education:** Ph.D. coursework in Economics, Southern Methodist University, Dallas, Texas  
M.A. Economics and Management, St. Mary's University, San Antonio, Texas  
B.A. Economics and Political Science, University of Texas, San Antonio, Texas

**Professional Memberships:** International Economic Development Council, Board Member  
World Congress on Information Technology, Board Member

**Biography:** Angelos Angelou is the Founder and Principal Executive Officer of AngelouEconomics, an economic development and site selection consultancy based in Austin, Texas, with an office in Dubai. A highly visible leader in the field of economic development for 25 years, Angelos is widely regarded as an expert on technology based economic development, public policy, investment attraction and marketing. National and international media alike regularly seek his comments and insights.

In its 16 year history, AngelouEconomics has become one of the leading independent economic development consulting firms in the United States. The firm has developed economic development strategies for more than 300 regions in the United States and abroad. In its site selection practice, AngelouEconomics has sited over \$164 billion worth of capital investment projects from high tech corporate clients around the world. Major corporate clients include Fortune 500 companies such as, HP, Dell, GE, Intel, Oracle, Sun Microsystems, AMD, The Cleveland Clinic, SEMATECH, CITGO, and ConocoPhillips. In addition, AE has been engaged by many of the world's premier renewable energy companies involved in solar panel and wind turbine manufacturing, biomass, and solar farm development. AngelouEconomics has particular expertise in working with corporate clients involved in data centers, IT, electronics, semiconductors, renewable energy, and life sciences.

Prior to forming AngelouEconomics, Angelos was Vice President of Economic Development at the Greater Austin Chamber of Commerce where he served for nearly 12 years. During his tenure the chamber attracted over 800 new companies employing 70,000 people and representing a capital investment of over \$20 billion. He is widely regarded as the chief architect in the establishment of Austin as another Silicon Valley.





## **STEVE VIERCK, CEcD**

**President of Economic Development**

**Senior Project Manager**

**Education:** M.A. Geography, University of Arizona, Tucson, Arizona  
B.A. Business Administration with a specialization in Regional Development,  
University of Arizona, Tucson, Arizona

**Awards and Certifications:** Certified Economic Developer designation  
William W. Lampkin Award for Long-Term Excellence in Economic Development

**Biography:** Steve Vierck is President of the Economic Development Division for AngelouEconomics. He provides oversight and direct engagement on a wide range of projects including, economic development strategies, workforce assessments, industry targeting, organizational benchmarking, marketing plans, facility reuse studies and site selection analysis.

Steve combines the skills and understanding of an experienced economic development consultant with a consistent record of achievement at the community, regional and state levels. His extensive business development, marketing and workforce development experience includes, serving as National Marketing Director for the Arizona Department of Commerce and as Senior Vice President of the Greater Phoenix Economic Council where he led business recruitment and expansion efforts.

Over his 26 year tenure in economic development, Steve also served as President and CEO of the Mesilla Valley Economic Development Alliance in southern New Mexico, Executive Director of the Chandler (AZ) Chamber of Commerce, and Vice President of Economic Development for the Tucson Metropolitan Chamber of Commerce. Steve is widely regarded as a national leader in the design and implementation of business attraction marketing programs. He, and his directed teams, successfully attracted and expanded over 350 industries generating over 25,000 jobs and \$6 billion in investment from companies ranging from Intel to Allstate.

In addition to Steve's management and supervisory role of project management staff, he maintains an active project load.

**AE Project Experience:** Scranton, Pennsylvania: Northeastern Pennsylvania Bioscience Cluster Analysis  
Wilkes-Barre, Pennsylvania: Asset Mapping and SWOT Analysis of the Biomedical Industry  
Harrison and Stone Counties, Mississippi: Economic Development Strategic Plan  
Santa Clarita Valley, California: Target Industry Analysis and Marketing Strategy  
State of Delaware: Statewide Economic Development Strategic Plan  
Republic of Malta: Economic Development Strategic Plan  
City of Moraine, Ohio: Economic Development Diversification Strategy  
Greater Colorado Springs EDC: Economic Development Strategic Plan  
Commerce City, Colorado: Comprehensive Economic Development Strategy



## **MICHAEL HENNIG**

**Project Manager**

**Education:** M.P.A. School of Urban and Public Affairs, The University of Texas at Arlington, Arlington, Texas  
B.B.A. Entrepreneurship, Texas Christian University, Fort Worth, Texas

**Biography:** As a Project Manager for AngelouEconomics, Michael leads advanced research and strategic analysis for AngelouEconomics' clients across the U.S. and abroad.

Prior to his work at AE, Michael served as Principal of Civtech Solutions, a municipal consulting firm he founded to assist small communities with complex economic development projects. Previously, Michael served as Director of Research & Strategic Development for Orasi, an economic development consulting firm in Fort Worth, Texas. In that time, Michael was involved in the creation of multiple TIFs, crafted incentive policies for numerous cities and EDCs, and played a senior role in the business attraction activities for communities throughout Texas.

An avid and extensive traveler, Michael has journeyed to 32 nations on five continents, has circumnavigated the globe, and lived in Florence, Italy studying Renaissance Art & Architecture.

**AE Project Experience:** Winter Haven, Florida: Comprehensive Economic Development Strategy  
Western North Carolina (Land-of-Sky Regional Council): Clean Energy Cluster Analysis & Economic Development Strategy  
Northeastern Pennsylvania Regional Bioscience Initiative: Bioscience Cluster Analysis & Economic Development Strategy  
Northeastern Pennsylvania Biomedical Research Institute Feasibility Consortium: Biomedical Research Institute Study & Business Plan  
Santa Clarita Valley, California: Target Industry Analysis  
State of Delaware: Target Industry Analysis  
City of Cincinnati, Ohio: Cost of Operations Analysis  
Site Selection for Renewable Energy/Data Center Colocation Facility  
Texas Retailers Association: Economic Impact Study of Untaxed E-Commerce Sales in Texas  
City of San Antonio, Texas: Data Center Competitive Analysis



## **KAMILLA KHABIBRAKHMANOVA**

**Project Manager**

**Education:** M.Sc. Local Economic Development, London School of Economics, United Kingdom  
B.S.F.S. International Affairs, Georgetown University, Washington, DC

**Biography:** Kamilla Khabibrakhmanova is a Project Manager at AngelouEconomics where she is responsible for conducting both quantitative and qualitative research and demographic analysis for economic strategic plans. Kamilla is a recent graduate of the London School of Economics, where she obtained a global perspective on the best development strategies. She also holds an undergraduate degree in Internal Affairs, specializing in Culture and Politics, from Georgetown University. As part of her educations, Kamilla has studied in Egypt, France and Morocco and can speak five languages.

Prior to joining AE, Kamilla worked with a student-run NGO, Compass Partners, helping to promote sustainable entrepreneurship amongst college students. She has also worked as a research assistant at the Woodrow Wilson Center for International Scholars, where she assisted in comparative research on electoral systems, and as a Russian Specialist at Social Technologies, a futurist consulting firm, where she worked on providing the latest research on Russian consumer market trends.

**AE Project Experience:** Pflugerville, Texas: Comprehensive Economic Development Strategy  
Scranton Pennsylvania: Northeastern Pennsylvania Bioscience Cluster Analysis  
Wilkes-Barre, Pennsylvania: Asset Mapping and SWOT Analysis of the Biomedical Industry

**AUTHORIZED EXPEDITER**

**PRIMARY CONTACT:**

Brooke Moore

Business Development Manager

(512) 225-9335

bmoore@angeloeconomics.com

AngelouEconomics

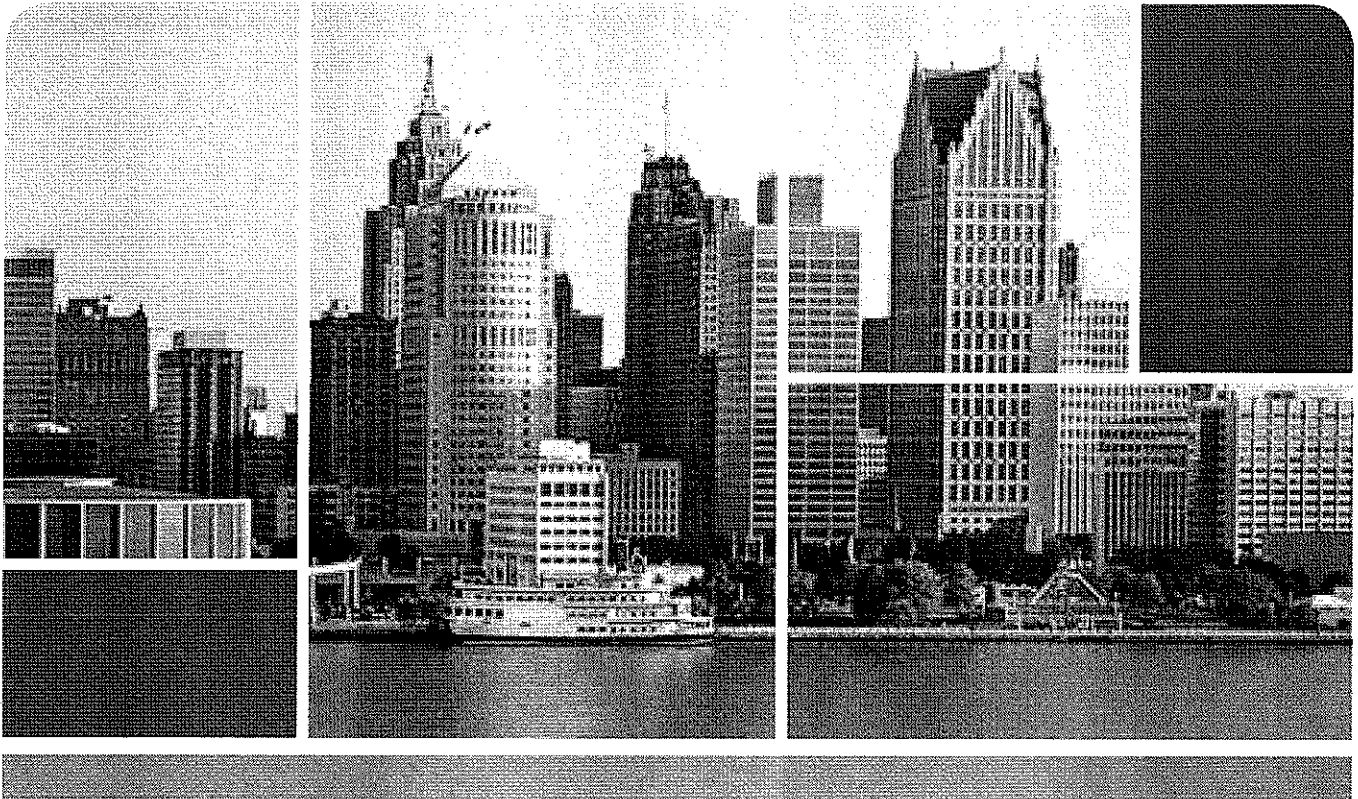
8121 Bee Cave Road, Suite 200

Austin, TX 78746

This offer and all services proposed are firm for 90 days, as of October 18, 2011.

  
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Brooke Moore, Business Development Manager



**Proposal: RFP-Doc-3873 Price Proposal**

**Presented to: Michigan Economic Development Corporation**

**Date: October 18, 2011**

 **AngelouEconomics**

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## PROJECT FEES

PHASE ONE: BENCHMARKING ANALYSIS (trip #1)	PRICE
<p><b>TASK ONE:</b> 16-state review and analysis focused on state-level economic development activity benchmarked to State of Michigan</p> <p><b>TASK TWO:</b> Determine the structure and organization of state-level ED activities among the benchmarks studied</p> <p><b>TASK THREE:</b> Inventory major incentives provided by state ED departments or state ED programs</p> <p><b>TASK FOUR:</b> Compare corporate tax rates between benchmarks</p> <p><b>TASK FIVE:</b> Compare policy applicable to property tax abatements, sales tax rebates and corporate income tax reductions used to incentivize job creation</p>	<p><b>\$45,000</b></p>
PHASE TWO: MICHIGAN INCENTIVE ANALYSIS (trip #2)	
<p><b>TASK ONE:</b> Evaluate Michigan's present methodology for defining an optimal level of investment in an incentive program and offer recommendations for its improvement</p> <p><b>TASK TWO:</b> Offer recommendations relating to the adjustment (if deemed necessary) to the level of investment contributed by the State in order to ensure that Michigan is competitive with the benchmark states</p> <p><b>TASK THREE:</b> Recommend job creation targets that are competitive with the benchmark states</p> <p><b>TASK FOUR:</b> Evaluate impact of potential business tax rate changes on new development and resulting impacts on tax revenue in order to assist the State of Michigan in identifying optimal levels of business taxation</p> <p><b>TASK FIVE:</b> Assess the role of near-term versus long-term incentives in shaping site selection decisions</p> <p>Presentation of Findings (trip #2)</p>	<p><b>\$35,000</b></p>
<p><b>TOTAL FEE EXCLUDING TRAVEL EXPENSES</b> (Travel expenses not to exceed \$10,000)</p>	<p><b>\$80,000</b></p>

ATTACHMENT B

INDEPENDENT PRICE DETERMINATION AND  
PRICES HELD FIRM CERTIFICATION

INDEPENDENT PRICE DETERMINATION

By submission of a proposal, the Bidder certifies, and in the case of a joint proposal, each party thereto certifies as to its own organization, that in connection with this proposal:

1. The prices in the proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition as to any matter relating to such prices with any other Bidder or with any competitor; and
2. Unless otherwise required by law, the prices which have been quoted in the proposal have not been knowingly disclosed by the Bidder and will not knowingly be disclosed by the Bidder prior to award directly or indirectly to any other Bidder or to any competitor; and
3. No attempt has been made or will be made by the Bidder to induce any other person or firm to submit or not submit a proposal for the purpose of restricting competition.

Each person signing the proposal certifies that she/he:

- A) Is the person in the Bidder's organization responsible within that organization for the decision as to the prices being offered in the proposal and has not participated (and will not participate) in any action contrary to 1, 2, and 3 above; or
- B) Is not the person in the Bidder's organization responsible within that organization for the decision as to the prices being offered in the proposal but has been authorized, in writing, to act as agent for the persons responsible for such decision in certifying that such persons have not participated (and will not participate) in any action contrary to 1, 2, and 3 above.

A proposal will not be considered for award if this Attachment B has been altered so as to delete or modify 1 or 3, above. If 2, above, has been modified or deleted, the proposal will not be considered for award unless the Bidder provides, with this Attachment B, a signed statement which sets forth, in detail, the circumstances of the disclosure and the MEDC determines that such disclosure was not made for the purpose of restricting competition.

PRICES HELD FIRM

LENGTH OF TIME PRICES ARE TO BE HELD FIRM: All rates quoted in bidder's response to this RFP will be firm for the duration of the Contract. No price changes will be permitted.

Signed *[Signature]*

Date 10-14-11

