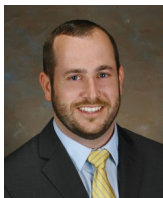


In this issue...

- President's Desk
- FCIP News
- Battle Creek's FTZ
- Workforce Update
- Company Spotlight: Sakae Seiko
- Attraction Update
- Out and About

From the President's Desk

By Joe Sobieralski
President & CEO



Welcome to BCU's new quarterly newsletter. This is part of our ongoing effort to improve communications and keep people informed about what is happening in the Fort Custer Industrial Park (FCIP) and the local business community as a whole.

BCU has been tremendously busy over the last 18 months. We completed the site preparation on Shiga Drive in the industrial park, which gave us 65 acres of prime shovel-ready real estate. This involved clearing the timber, leveling the terrain, installing drainage and retention ponds, and putting in a new access road. (We named the road Shiga Drive, in honor of Michigan's sister state in Japan.) As soon as the road was in, we sold 25 acres to a local businessman who is building a new metal finishing facility. This company will bring almost 100 new jobs to Battle Creek over the next 3 years. Our team is working hard to find companies interested in the remaining 40 acres. At the same time, work has begun to prepare other parcels in the FCIP for future development.

BCU has also made some big changes internally over the past year and a half. In April 2017, Robert Corder joined the team and leads our attraction efforts. Adam Reid came on board in May 2017 and is responsible for the Foreign-Trade Zone and Special Projects. We added Shabaka Gibson in September 2017 to lead our retention and workforce efforts. Around the same time, Bridgette Jones transitioned into a new role as our Vice President of Operations. BCU is almost fully staffed, and we hope to add a marketing person this summer.

Perhaps the biggest project we have been working on lately is the redevelopment of downtown. In the fall, BCU assumed ownership of three buildings downtown: 15 Carlyle Street; 64 W. Michigan Avenue; and 119 W. Michigan Avenue. In December, BCU put out a request

See "President's Desk" on page 4

Attraction Update

By Robert Corder
Vice President, Attraction



I moved to Battle Creek a little more than a year ago to start my new job at BCU. I lived in Chicago for almost 10 years, where I worked for JETRO,

the Japanese government's economic development agency. When I started at JETRO in 2007, I read *Small Town, Giant Corporation*, by Jim Hettinger and Stanley Tooley. Hettinger was the long-time president of BCU while Tooley spent more than 20 years at DENSO. The book details how Battle Creek built relationships with Japanese companies like DENSO, Hi-Lex and I I Stanley.

BCU has been incredibly successful in attracting companies to the region. Today, Battle Creek is home to 18 Japanese companies, as well as companies from Austria, Canada,

Denmark and Germany. All told, the international companies employ more than 8,000 people in the Fort Custer Industrial Park, which equals a little more than 60% of the park's 13,000 employees. DENSO, the Tier-1 automotive parts company, has become Battle Creek's largest employer, with more than 3,400 team members and over 1 million square feet of manufacturing space.

My job is to build on this success. Over the next five years, BCU's goal is the creation of 750 new jobs paying \$17 per hour. To hit this target, BCU will ramp up our retention and attraction activities. My colleague Shabaka Gibson heads up our effort to keep companies in Battle Creek and support their growth. I am responsible for reaching out to new companies and getting them to set up in Battle Creek.

Since taking over as BCU President in late 2016, Joe Sobieralski has made

See "Attraction Update" on page 4

FCIP News

By Bridgette Jones
Vice President, Operations



Battle Creek HR Group Meeting

Are you looking for an opportunity to connect and network with other HR

professionals? The Battle Creek HR Group was revived in 2017 to create a sense of community for HR professionals; to share best practices; to address common challenges related to workforce and training; and to engage community entities that they may not have exposure to. The common misperception is that this group is only for Fort Custer manufacturers. In fact, the group is open to any HR professional representing a business in Battle Creek.

The Battle Creek HR Group meets on the fourth Thursday of the month from 10:30 am to noon. For more information on how to join this group or to give a presentation at one of the HR meetings, please contact Bridgette Jones at jones@bcunlimited.org.

Infrastructure improvements in the Fort Custer Industrial Park: LED Lighting Project

Energy efficiency is important. The City of Battle Creek and BCU has teamed up with Consumers Energy to light up the FCIP with new LED street lights. This technology will save in energy costs and reduce electricity consumption. The LED streetlight upgrades are scheduled to begin in late May 2018.

See "FCIP News" on page 4

Workforce Update

By Shabaka Gibson

Vice President, Retention and Workforce Development



Workforce (talent) development is a process that begs the case for continuous improvement through a robust and ever fresh strategy. The foundation of any workforce development strategy should be based on what I call "The Basics." The Basics consist of four elements: (1) Engaging and optimizing the productivity of the current local population; (2)

Strengthening (and continuously improving) the talent pipeline and retaining a reasonable percentage of that output; (3) Recruiting talent from within the region – for this purpose, I consider the region to be a six-hour drive radius; and (4) Recruiting nationally and internationally.

No matter where you are, domestically or elsewhere in the world, The Basics do not change. In future newsletters, we will explore two or three of those elements and deliver highlights, announcements, progress reports, requests, and other useful information that showcase our efforts toward achieving and maintaining The Basics as demonstrated below.

Local Engagement and Optimization

High School Equivalency Certification – Many companies have policies which require full-time hires to have a high school diploma or G.E.D. certification. Often, this limits the pool of FTE candidates.

The G.E.D. is a brand of high school equivalency certification. Similar to Kleenex, its brand is so successful that it has become synonymous with the actual product. However, there are alternatives to G.E.D. tests, and in 2018, the Michigan Department of Talent and Economic Development, acting under legislative approval from 2016, approved HiSET and TASC as state approved high school equivalency certification tests. Both tests are also federally approved. This is important because HiSET and TASC have less restrictive physical space requirements for test sites. Whereas there are very few G.E.D. test slots available in Battle Creek, there will soon be numerous HiSET and TASC test sites. We request you review your requirements to ensure that your company accepts each of the tests approved by the state.

For the Michigan High School Equivalency (HSE) Testing Program Fact Sheet, click [here](#).

Contact Us

Battle Creek Unlimited (BCU) is focused on investment generation and job creation in Battle Creek, Michigan. BCU works closely with community partners to attract new companies to the Battle Creek region while also supporting the growth of existing companies. BCU was established in 1972 to develop the Fort Custer Industrial Park (FCIP), the largest industrial park in Michigan. Today the FCIP is home to over 80 companies, including 25 international organizations, which collectively employ more than 13,000 people. FCIP covers more than 3,000 acres, with over 1,000 acres available for development, and offers convenient access to rail, air cargo, interstate and international trade highways, as well as an international port of entry and a Foreign-Trade Zone.

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Out and About

The BCU Board of Directors at their March meeting after they voted to award 64 W. Michigan Avenue to New Holland Brewing.



Following the special BCTIFA Board Meeting in May, a farewell reception was held honoring the retirement of three longtime members. Betty Tuggle served on the TIFA Board of 25 years; Albert Bobrofsky was on the Board for 28 years; and Nelson Karre was a member for 37 years. Due to new term limits, TIFA Board Members are now limited to four consecutive 4-year terms. From left, BCU President Joe Sobieralski; Albert Bobrofsky; Betty Tuggle; and Nelson Karre.



On May 16, BCU's Vice President of Operations Bridgette Jones was recognized by the Battle Creek Area Chamber of Commerce as an "Outstanding Women in Business."

This was part of the Chamber's Annual Business Excellence Awards.



Company Spotlight: Sakae Seiko

Every quarter, BCU will spotlight a local company located in Battle Creek. For our first newsletter, we will focus on Sakae Seiko International America Inc.

Sakae Seiko Co. Ltd. is a Japanese manufacturer of precision tool and die parts. The company caters to automotive companies that make products like air conditioners, radiators, and compressors. In June 2016 Sakae Seiko established their first and only North American sales office in Battle Creek.

Sakae Seiko was founded in 1965 in the city of Obu, about 15 miles south of Nagoya. Today the company has approximately 60 employees and sells its products all over the world.

With assistance from BCU, Sakae Seiko was able to incorporate in Michigan and get up and running within five months. Sam Masumoto, who was born in Japan and raised in Battle Creek, joined Sakae Seiko as their North American Sales Manager. The company utilizes low-cost incubator space in BCU's facility in the FCIP.

For over 30 years, Sakae Seiko has enjoyed a strong relationship with DENSO, their main customer in Japan. Locating in Battle Creek allows them to interact closely and build relationships not only with DENSO, but also with the 80 plus companies in the FCIP, which includes 18 Japanese manufacturers.

"We can establish good business partnerships by locating within the vicinity of DENSO's central manufacturing operation in North America," Masumoto remarked.

"BCU has been an integral part of Sakae Seiko being able to establish its office here since the very beginning," said Masumoto.

He added, "[Sakae Seiko] would not have been able to accomplish this without assistance from BCU. We are appreciative of everything and hope to have a long-lasting relationship with BCU into the future."



Sam Masumoto of Sakae Seiko in his office in FCIP

When asked about the company's future, Masumoto explained "business is going well and there is the future prospect of building a small facility beyond our current office in the industrial park" as they continue improving "contents of work for further improvements and growth."

BCU congratulates Sakae Seiko on their second anniversary in Battle Creek. We look forward to celebrating many more years of success.

Battle Creek's Foreign-Trade Zone

By Adam Reid
Manager, Special Projects & BC CAL KAL Inland Port Development Corporation



A Foreign-Trade Zone (FTZ) is a site in or adjacent to a port of entry which, for Customs purposes only, is considered outside Commerce. The FTZ program – a public utility – is a flexible economic tool designed by Congress to incentivize domestic manufacturing and job growth.

Although activity levels vary, there are shy of several hundred FTZs across the country. Some are in conjunction with coastal ports; others are by inland ports of entry. All Zones report to the Foreign-Trade Zones Board, which is housed in the Commerce Department.

Companies with FTZ designation at their facilities can defer, reduce, or even eliminate duties paid on imported goods – including raw materials, components or finished product. The FTZ program can be uniquely tailored to fit seemingly any operation; it does not require companies, known as Users, to change the way they do business.

Because the FTZ is outside of Commerce, companies admit goods into the Zone (i.e. company facilities). After value is added, goods enter the country upon leaving the facility, and a User incurs the lesser duty under its new tariff classification. Sometimes, the new classification is zero duty, and nothing is paid.

Users acting as a pass-through can warehouse product indefinitely, thus realizing a cash flow benefit. Companies reexporting can avoid respective duties altogether – because those goods, on paper, never entered the country. Users can also dramatically reduce paperwork and merchandise-processing fees.

The FTZ program has been around since the 1930s, with FTZ #43 granted to Battle Creek in 1978. As the local economic development organization, BCU became the de facto grantee on the City's behalf.

Today, the landscape has changed. Applying for and implementing a FTZ site has been frontloaded, making for an easier, simpler process. What once required years now only takes months.

Under a new framework, FTZ #43 has expanded beyond Battle Creek; 14 counties in Southwest Michigan are preapproved for Zone projects. To serve the region's collective needs, the BC CAL KAL Inland Port Development Corp. (BC CAL KAL) was established.

FTZ #43 is primed for growth. Currently, BC CAL KAL, in partnership with BCU, is several months into a yearlong outreach campaign. BC CAL KAL has also retained a FTZ specialist to help identify candidates with significant Zone potential.

The outreach involves a thorough cost-benefit analysis for FTZ candidates. By taking a potential User's activity over the previous 12 months – and overlaying the FTZ program – the decision to proceed is data driven. A company can clearly see what it would have saved in the last year had it been a FTZ site.

Payback is immediate. New FTZ Users typically see a return on investment within six or eight months. Continued savings are realized annually. Oftentimes companies find the FTZ program allows them to source and compete in new ways. With fewer duty constraints, firms can source from other countries or suppliers, or vie for new projects.

To learn more about the FTZ, contact Adam Reid at reid@bcunlimited.org.

President's Desk...cont'd

for proposals for the redevelopment of the properties. At the same time, we put out a request for proposals (RFP) for a brewery/distillery/restaurant in downtown, providing \$200,000 in economic incentives. A vibrant downtown needs space to live, work and play. With the Heritage Tower and McCamly Plaza Hotel projects well underway, BCU recognized the need for some new food and beverage options in downtown. As companies work to attract talent to Battle Creek, it is crucial that we have the kinds of places young people desire in a community. This is especially true in Michigan, where there are so many microbreweries and pubs.

This spring, we announced two of the three RFP winners. New Holland Brewing Company will assume ownership of the property at 64 W. Michigan Avenue, with Restore (269) taking over the building at 15 Carlyle Street. New Holland's plans for the building include a restaurant, brewery and distillery, a seasonal beer garden and retail space. Preliminary project estimates put the renovation at over \$1 million, with the facility expected to open in spring 2019. Restore (269) is owned by Cody and Caitlynn Newman, a young couple who

both grew up in Battle Creek. The pair purchased the Ratti Building on Michigan Avenue in July and have been renovating that property. They plan to convert the three-story building into a brewery on the first floor, flexible office space on the second floor and a multipurpose event space on the third floor.

The response to our downtown RFPs was very encouraging. People from all over the state expressed an interest in Battle Creek. Like us, they see a lot of potential in downtown. Considering the strong response, we convinced the BCU Board of Directors to approve a second \$200,000 incentive for the start-up brewery which will go into the property on Carlyle Street. That brewery expects to be operational by the fall of 2019. Look for an announcement about the property at 119 W. Michigan Avenue to come in early summer.

BCU has a lot going on and we want to make certain that we are keeping the community abreast of our progress. This newsletter is a big part of that and we hope that you will find this information useful. This is a work in progress and we would love to hear your feedback. Let us know what you liked or disliked about the format and content of this newsletter. Send your comments to BCUNewsletter@bcunlimited.org.

Attraction Update...cont'd

investment attraction one of his top priorities. BCU has recently been formulating a new 5-year strategic plan which will be unveiled later this spring. In it, BCU has identified five key growth sectors which we are concentrating resources on. These include Automotive/OEM Supply Chain; Aviation and Defense; Food and Beverage; Logistics and Business Services; and Energy Storage. The strategy calls for BCU to pursue both domestic and international companies, with an emphasis on high-tech, next-generation outfits.

Battle Creek has several strategic advantages which make it an ideal location to do business. The city is well situated along I-94 between Detroit and Chicago. The Fort Custer Industrial Park provides easy access to the highways and has a robust infrastructure, complete with water, sewer, electricity, natural gas and advanced high-speed fiber connectivity. Battle Creek's cost of living is affordable and we have a competitive unemployment rate. Kellogg Community College offers flexible training programs through the Regional Manufacturing Technology Center. The W.K. Kellogg Airport can land almost any plane and has almost 200 acres of developable land inside the fence, perfect for an aviation company which wants runway access. Plus, the city has an inland port of entry and a U.S. Customs and Border Protection branch office, meaning goods can be brought in directly to Battle Creek, bypassing congested ports on the east and west coasts.

There is no secret sauce to economic development. Getting companies to come to Battle Creek means going out, networking, meeting companies, building relationships, being responsive, and following up. It requires time, work, and careful consideration. The good news is that Battle Creek is positioned for

FCIP News...cont'd

Hill Brady Multi-Purpose Trail

The City of Battle Creek was recently awarded a grant from the Michigan Department of Transportation for a walking path which will run along Hill Brady Road from Dickman Road to Skyline Drive. The new walkway will be two miles long and provide pedestrians a safe path through the industrial park. Preparation will begin in late summer as the utilities companies relocate their infrastructure; installation of the path is slated for spring of 2019.

Road Construction

It's that time of year for road construction projects to commence. Denso Road and Armstrong Road will be repaved in late summer. Construction bids have been sent out and work is expected to begin soon. Impact on businesses should be minimal. Look for more details in our summer newsletter.

Other Issues

Our goal is to be responsive to the needs and wants of the companies in FCIP. One issue we are considering is the possibility of bringing food trucks to the park. Staff is working on this question and we hope to get some options for early summer. If there are any other issues or challenges you would like for BCU to look in to, please let us know. We are committed to ensuring that FCIP remains the preeminent industrial park in Michigan.

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Email comments, questions or suggestions to BCUNewsletter@bcunlimited.org