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ANN ARBOR NEWS

BIZ WEEK IN REVIEW

Sunday, July 16, 2006

- On the heels of major legislation approved by Gov. Jennifer Granholm last week to encourage alternative energy use and production, state Rep. Pam Byrnes is holding a town hall meeting Wednesday to promote Michigan's role in alternative fuels.

Joining the Lyndon Township Democrat will be Mitch Irwin, director of the Michigan Department of Agriculture, and Kim Mahrle of Manchester-based Wacker Oil & Propane - Michigan's largest distributor of biodiesel fuel.

Byrnes said her constituency, which includes farmers and erudite professors, has an intense interest in alternative fuel development.

"With all the talk about higher fuel costs and dependence on foreign oil, we have a chance to turn that around and do something positive," Byrnes said.

- Although last week it withdrew its bid with the U.S. Securities and Exchange Commission to go public, QuatRx Pharmaceuticals Co. says it hasn't shut the door entirely on becoming a publicly traded firm in the future.

"The market has been choppy," said Gary Onn, chief financial officer, noting that QuatRx will monitor the markets and seek to refile its petition to seek an initial public offering (IPO) if conditions improve.

Onn cited two stock indexes the company has been carefully watching - the Nasdaq Biotechnology Index and the AMEX Biotechnology Index - as indicators of how the QuatRx IPO might fare.

- Summer is usually boom time for Michigan home builders and contractors, as the weather warms and consumers look to move before school gets under way again and winter arrives.

Not this year.

In a trend that builders say started in the second half of 2005, home building has slowed considerably in Michigan, especially in Washtenaw and Livingston counties.

The number of permits pulled to build new single-family homes dropped about 50 percent between January and May this year compared to the same period in 2005 in the two counties, according to the Southeast Michigan Council of Governments.

It means some local construction workers have been laid off. Builders say they're diversifying to stay afloat, taking jobs they would otherwise farm out - like landscaping and small-scale remodeling work. An untold number of contractors, from electricians to roofers to plumbers, are bracing for double-digit sales drops.

Vacant jobs aren't being filled. Fewer speculative homes are being built as builders wait to get orders instead.

- In five years, Ann Arbor could be a different place - one that is recognized as the center of the new economy in Michigan.

Michigan officials did as expected Tuesday and granted a tax relief package to Google Inc. to make way for a new facility in the Ann Arbor area, an investment that will mean thousands of new jobs in the state.

But the impact goes way beyond the actual jobs. Business owners, politicians, start-up financiers, economists, educators, real estate brokers and Average Joes see the announcement as evidence that all the good things they see in Ann Arbor, and in Michigan, are true.

"The way I view it is that it validates what we know from working here," said Diane Durance, president of the high-tech development organization, Ann Arbor IT Zone. "We have incredibly talented people here. Psychologically, it makes us realize that we do not have to leave here to have an opportunity."

Gov. Jennifer Granholm, flanked by 50 teens and college students wearing Google T-shirts, gave the official announcement in Lansing on Tuesday following the meeting of the Michigan Economic Development Corp. board, which granted Google a \$38 million, 20-year tax credit.

- Ann Arbor-based Borders Group Inc. is close to naming retail veteran George Jones as its chief executive, according to people familiar with the company, the Wall Street Journal has reported.

The bookstore chain's board may approve the selection of the 55-year-old Jones as early

as this week, the newspaper said, attributing that statement to a "person with knowledge of the matter."

Borders spokeswoman Anne Roman declined comment.

In September, Jones left his post as chief executive of Saks Inc.'s department-store group - which included most of the company's stores, but not its luxury Saks Fifth Avenue unit - resigning after a four-year stint. Jones spent seven years at Time Warner Inc.'s Warner Bros., where he served as president of worldwide licensing and studio stores.

Borders had been expected to name a new chief executive since January, when current president and chief executive officer Greg Josefowicz announced he planned to retire by the end of 2007. Borders said at the time that Josefowicz would stay as needed to ensure an orderly transition.

- Rich Sheridan thinks a new age of innovation has dawned, and he wants his fast-growing software development company to be a leader.

The five-year-old Menlo Innovations is moving into the third floor of Kerrytown Market and Shops, quadrupling its space in anticipation of more growth, Sheridan announced Wednesday at a reception with clients, city officials and company employees.

The company will move into the space in September.

"Our base business has been expanding. We've seen a fairly sizable expansion year over year," said Sheridan, whose company has revenues between \$2 million and \$3 million. "We're very crowded in right now. This will give us room to expand our existing business as well as a sizable presence to expand."

The company has 15 full-time and 30 contract employees working out of an office at 212 N. Fourth St.