



Rochester Hills

Minutes

Local Development Finance Authority

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*Brandy Boyd, Clarence Brantley, Michael Damone, Michael Ellis, Lois Golden, Lori Hartnell,
Darlene Janulis, Michael Kaszubski, Daniel Romzek, Stephan Slavik*

Thursday, April 25, 2013

7:30 AM

Conference Room 221

CALL TO ORDER

Chairperson Stephan Slavik called the Special Meeting to order at 7: 28 a.m. in Conference Room 221.

ROLL CALL

Present 6 - Michael Kaszubski, Michael Damone, Michael Ellis, Stephan Slavik, Darlene Janulis and Brandy Boyd

Absent 4 - Clarence Brantley, Lois Golden, Lori Hartnell and Daniel Romzek

Quorum present

Also present: Ed Anzek, Director of Planning and Economic Development
Pamela Valentik, Manager of Economic Development
Kurt Dawson, Director of Assessing/Treasury
Keith Sawdon, Director of Fiscal
Maureen Gentry, Recording Secretary

APPROVAL OF MINUTES

2013-0138 November 15, 2012 Special Meeting

A motion was made by Ellis, seconded by Boyd, that this matter be Approved as Presented. The motion carried by the following vote:

Aye 6 - Kaszubski, Damone, Ellis, Slavik, Janulis and Boyd

Absent 4 - Brantley, Golden, Hartnell and Romzek

COMMUNICATIONS

There were no Communications brought forward.

NEW BUSINESS

2013-0123 Request for Election of Officers - Chairperson, Vice Chairperson, Secretary and Treasurer for a one-year term to expire the first meeting in April 2014

Upon motion by Ellis, seconded by Janulis, Stephan Slavik was unanimously re-elected as Chairman for a one-year term to expire the first meeting in April 2014.

Upon motion by Slavik, seconded by Janulis, Mike Ellis was unanimously re-elected as Vice Chairperson for a one-year term to expire the first meeting in April 2014.

Upon motion by Ellis, seconded by Boyd, Maureen Gentry was unanimously elected as Secretary for a one-year term to expire the first meeting in April 2014.

Upon motion by Janulis, seconded by Ellis, Kurt Dawson was unanimously re-elected as Treasurer for a one-year term to expire the first meeting in April 2014.

Approved

2013-0139 Presentation on Redevelopment Resources identified by Strategic Communication Solutions - John Kerr, SCS

Ms. Valentik stated that she and Mr. Anzek were pleased to bring Mr. Kerr before the LDFA Board. She noted that in the past year, the City had contracted with Strategic Communication Solutions (SCS) to represent the City on a number of levels. They would be looking at what resources were available to help businesses within the LDFA and what programs were out there for development of the LDFA area in correlation with the City's Development Plan. She turned the discussion over to Mr. Kerr.

Mr. Kerr advised that SCS provided services to the City on a variety of levels, including government relations. He hoped that they would see from his skill set that he brought a different element to the table, and that he could be an active and resourceful support system to the LDFA team. He gave some background for SCS, and noted that they were a multi-client lobbying firm that had been around since 2002. They worked with many local units, but they also worked with other non-profits and private-sector companies. Traditionally, they helped communities build relationships in Lansing and Washington, D.C. navigating different departments and finding resources available to accomplish their goals.

They provided direct government relations and legislative tracking and research. They attended all City Council meetings in Rochester Hills and his colleague Bill Bullard, a former local County Commissioner and former State Senator, had been their eyes and ears in Lansing. They provided monthly reports to the City on pieces of legislation that could positively or negatively impact the community.

Mr. Kerr added that SCS also had a public relations communications strategy component to what they did. If it was a program that the City was attempting to implement or an initiative that required some communication with constituents and the citizens, they also assisted the City in providing messaging. A new aspect of the firm was finding Federal and State grants and mixing that with government affairs. His background was in economic development. He related that resources had dwindled at the State level, and he found that it was very important not only to have the ability to identify where the resources were and to be able to leverage an incentive, but they had to know the congressional delegation and legislators to understand how to best access things. He found that mixing government affairs and economic development had been quite productive from where he came, and he hoped to bring that to Rochester Hills. He mentioned that Robert Law was the principal of the company. He was a former State Legislator and Chief of Staff for Governor Milliken. Mr. Kerr also worked with Dan Pero, Governor Engler's former Chief of Staff. Rhonda Cook was the former Director of Government Affairs for MDOT, and combined, they brought a lot to the table in all aspects of government. He was an urban and regional planner by trade, and he graduated from Michigan State. He spent the last 13 years working for the Detroit Wayne County Port Authority as the Director of Economic Development. During his time there, he developed some of their first programs. Their Brownfield programs were quite active, and they provided remediation opportunities for non-profits and the private sector to leverage new developments. He was the fiduciary agent for the Port Security Grant Program, and he also had experience working with the Federal Highway Department of Commerce. He spent a lot of time studying the Federal "alphabet soup" and figuring out ways to bring resources back to Detroit and Wayne County to help develop the waterfront and preserve the Authority.

Mr. Kerr advised that the biggest project he worked on at the Authority was a \$22 million public dock and terminal trade building next to the Renaissance Center. He claimed that it was not easy. His Director at the time said that there was \$7.5 million to build it, and that basically bought about 85 steel piles. They pieced together additional sources of funds,

predominately all discretionary grants. It was important for them to write a good grant and also to work closely with their congressional delegations. Sander Levin was a big supporter of the riverfront redevelopment efforts, and they forged a close relationship with him. Mr. Kerr said that hopefully, the relationships with Federal departments were things he could continue to bring to Rochester Hills.

Mr. Kerr noted that he also helped negotiate the Port Authority's first bond deal. The Port Authority, like the LDFA, had the ability to issue revenue bonds. They financed a project for General Motors. It was a creative, out of the box-type of effort that was not a traditional Port project. He was not suggesting that the LDFA should get into the same types of businesses, but he thought it was an interesting project, and he wanted to share it because he learned a lot. He was also the Government Affairs Director for the Port Authority. He was before the Detroit City Council a lot providing budget updates. The Board was constructed with an appointee by the Mayor, two appointees by the Wayne County Commission, and the Governor also appointed a member. MDOT provided funding. He stated that he had a lot of experience working with local units of government.

Mr. Kerr advised that Port Authorities had been used as conduit issuers throughout the regional United States. While he was there, General Motors was interested in bringing some of its employees downtown. There was a 1,200-space parking facility on the waterfront today. General Motors maintained ownership of the property, and they entered into a ground lease, financed the improvements, and leased it back to GM. By using the Port Authority, they were able to finance 100% of the transaction, rather than GM having to put equity into the deal. Because of the way they structured it with a ground lease and operating lease above, they were able to capture depreciation and use that as equity, and GM maintained long-term control of the asset. It was probably a project that could have been done on its own, but they were able to assist GM and save them money in the process. He said that in a sense, that was what LDFAs did in terms of lending abilities to the private sector to help them accomplish what they needed within the boundaries of the district.

Mr. Kerr related that in August of 2012, which was before his time, the City spelled out what they wanted SCS to accomplish for them. They were to support Ms. Valentik and Mr. Anzek in economic development and business attraction. They were asked to use efforts to enhance the Museum. He commented that parks and recreation was a big reason residents were so thrilled with Rochester Hills. SCS would continue to help enhance that area. They were to assist police and fire, identify

government efficiencies; sustain types of alternative energy projects; and work on site clean-up and opportunities for habitat restoration. In the last three months, they had assisted the City with its trust fund grant, which was collaboration with other communities, and they would continue to assist the City in working with other cities. There was a grant announced a few weeks ago that the City won \$51,000.00 because DPS would start working with the Road Commission. Mr. Kerr added that SCS was starting to develop some support strategy for the LDFA to help further its goals.

Mr. Kerr gave some background on how LDFAs established what they did. In 1986, LDFAs started to allow the use of Tax Increment Financing to fund public infrastructure improvements. The purpose was to promote economic growth and job creation. Within an LDFA, a project had to be a public facility for eligible property. Eligible property could mean land improvements, building structures, machinery and equipment and furniture and fixtures, as long as it went to support one of the four primary purposes of the LDFA. Those were to support manufacturing of processing of goods and materials; agricultural processes; hi-tech activity for research and product development (engineering, lab testing, development of technology); and transit-oriented development. LDFAs had about five main financing options: Using tax increment revenues from eligible properties to contribute towards investment; accepting contributions from local units of government; receiving revenues from ownership of property; issuing revenue bonds; and getting loans from the Michigan Strategic Fund or the MEDC (Michigan Economic Development Corporation).

Mr. Kerr talked in more detail about the abilities of the LDFA. He stated that the LDFA could study and analyze underemployment and growth opportunities, and he referred to the M-59 Corridor Plan prepared by McKenna Associates. The LDFA could plan and propose construction, renovation and repair of public facilities; develop long range plans; implement any plan of development, consistent with the Act; make and enter into contracts separate from the City of Rochester Hills; acquire, own, lease, demolish or rehab real or personal property to achieve the purpose of the Act; improve land; prepare sites for buildings, including demolishing, constructing, rehabbing, equipping and improving; maintain or operate a building for the use of a public or private person or corporation; charge and collect fees or rent for the use of a building or property under the Board's control and pledge those fees or rent for the repayment of revenue bonds that might be issued; lease a building or property that was under the Board's control; accept grants and donations

from public or private sources; acquire and construct public facilities - roads, water, sewer, etc.; incur soft costs in connection with those powers (architects, engineers, legal fees); and plan and implement barrier-free improvements to the public facilities that were financed and constructed. He commented that the LDFA had a wide range of powers and capabilities.

Mr. Kerr referred to the next few slides, and said that the reason he put them together was that he wanted the Board to see what Oakland County offered as far as financing and grants, noting that the environment had changed a little regarding that. The County and State were really focused on economic gardening and early stage development - venture capital and entrepreneurial efforts could be seen through some of the offerings. SBA 504 and 708 loans had been around for a number of years, and they could compliment investment within the LDFA for manufacturing purposes. He believed that bonds up to \$20 million could be issued for a wider variety of uses other than manufacturing. Those were ways they could lure and leverage investment within the boundaries of the LDFA. They were things the LDFA could offer companies seeking to locate within the LDFA. Microloans and SBIR grants were for high tech, early stage companies to encourage growth. They saw that in INCubators a lot. There were grant programs, consistent with the MEDC that were very much focused on job training and job retention efforts. There was a heavy emphasis at the State level, and if a company was looking to relocate from out of state, they would come into play. If a company was looking to expand, it was harder to find grant programs from the MEDC to offset that. They were also focused on downtowns, city centers and commercial corridors.

Mr. Kerr mentioned the slide he had prepared from the MEDC website. There were eight or nine programs focused on angel investors, venture capital and early stage growth. He pointed out some of the more traditional financing programs that would be attractive for companies looking to invest within the LDFA, such as the Community Development Block Grants. He felt that it was important for the members to understand the "lay of the land." A lot of their clients were asking for grants so they could get companies to locate, and it was important to see that the focus from the State level had trickled down to the County to help find new companies for tomorrow - small business, early stage and entrepreneurial growth. There was a real focus by the MEDC to attract new business growth and early stage growth. The MEDC had divided its offerings into three opportunities: equity, debt markets and grant programs. There were also programs being offered for foreign investment

coming into the LDFA district. There was a lot of investment for Chinese companies coming into the State, and it was a creative way to provide visas for investors looking to come to the United States.

Mr. Kerr noted the Federal financing opportunities, which were not grants. He mentioned the opportunities for recreational enhancement, and said that there was quite a bit of opportunity for habitat restoration. That was good for Rochester Hills, but a little more of a challenge for the LDFA, because it was not necessarily what its charge was. He highlighted a Federal program called the Foreign Trade Zone Program, which was a program administered by the Port Authority. The Foreign Trade Zone was put in place for a lot of LDFAs, with warehouse opportunities and manufacturing facilities. It was created to level the playing field with the auto companies back in the day. It was an opportunity for people to import multiple components to manufacture a single product and be taxed once. It eliminated duties on the different pieces brought in. The auto companies found that helpful back before NAFTA, because they could bring in products and not have to pay a tax on every single component. When NAFTA came into play, and things were happening between Mexico and Canada, it became less of an opportunity, but there was now a lot of Chinese investment within the U.S., including Michigan, and that program had become more popular for companies coming into the States that still had business relationships overseas. He indicated that a Foreign Trade Zone was something to consider to lure investment into the LDFA. He suggested that they could set up Suburban Softball as a Foreign Trade Zone and use it as a marketing tool.

Mr. Kerr brought up the challenges for LDFAs. When times were good and the economy was booming, taxes were collected, and they could set themselves up for a lot of investment opportunity. When the economy was slow, it made things very challenging. It would be even more challenging with the elimination of the Personal Property Tax (PPT). He said that SCS made its clients aware of legislative efforts and if possible, lobbied on behalf of a city to advocate or not. The climate in Michigan was to eliminate taxes to lure investment. Michigan had the seventh most competitive tax structure in the country. It was good on one hand, and it was appealing to companies and corporations, but for LDFAs, DDAs and others, it was more difficult, because it was one less tax capture. It was one less opportunity for LDFAs to raise money. He mentioned the Detroit Zoo issue, where entities were not paying their share of that tax capture. The truth was that legally, they probably had a case. It was not the intent of the voters for that to happen, and legislation was coming from Lansing to clarify the issue. It would open Pandora's

Box as far as how LDFAs were spending money. One community was suing its DDA because they were getting tax capture but services were being cut. He advised that a representative in Lansing, Jeff Farrington, was interested in doing complete economic development reform. In Mr. Kerr's opinion, the whole Detroit Zoo issue was going to open a big conversation about how local units of government were funded and how LDFAs and TIFs really operated within communities, and it could have future impact. He advised that SCS would come back down the road and provide updates so the City was familiar with what was happening in Lansing.

Mr. Kerr concluded his presentation by asking the LDFA members what they envisioned as its role, and how his company could offer support. They provided broader support to Mr. Anzek and Ms. Valentik by looking for resources to leverage within the district, and they were also trying to offer opportunities to make site locators - consultants who assisted the private sector in finding locations - aware of the opportunities in Rochester Hills. They were trying to think outside the box with limited resources. He hoped the presentation was informative and it would be one of several he would give down the road as Lansing or economic development updates came up. He stated that he looked forward to working with everyone in the future.

Ms. Valentik advised that Mr. Kerr had been very helpful working with her and Mr. Anzek in the last month. They had conversations about strategizing and how they could market properties in Rochester Hills, such as the City's property on Hamlin or the Suburban Softball site. Mr. Kerr had also been helpful in trying to come up with options of how they would offer financing for the Hamlin Rd. property. As they were starting to get more calls and interest, the question always came up about what the price was. They tried to turn the conversation more towards what project it was that someone planned to bring to the property, the long term plans and the jobs created.

Mr. Anzek recapped that with the decline of the economy, the City had not generated any revenue for the SmartZone. They put some away several years ago but had to hold it until tax appeals were done. There was a question from companies about the value of their properties. The City made a partial payment to Oakland University last year from those funds. They also put the University on notice that it was highly unlikely that they would see any new revenue captured for the SmartZone.

Mr. Anzek mentioned discussing creative financing and the possibility of

the LDFA matching a grant. He said that they might have to call a special meeting if that opportunity arose. He noted that the LDFA partially funded SCS's efforts, and that he and Ms. Valentik wanted the Board to hear from SCS directly.

Mr. Damone asked Ms. Valentik who the City's biggest competitors were. Ms. Valentik responded that it depended upon which industry, and that where a company was from could be important. She mentioned that so far this year, she had been on two business development trips. She went to Automate in Chicago, which was a trade show specifically targeted towards robotics and automation. It was one of the biggest shows in North America. Staff targeted that show because of FANUC Robotics and Motoman in Rochester Hills. There were other OEMs in the area. She felt that the competition within that supply chain tended to be a little more in the Midwest. She noted that she also went to Germany at the end of February for a business development trip. While she was there, she met with two of the City's companies that also had locations in Germany - Hommel Etamic and BOS Automotive. Because of what was going on in Europe right now, they were looking to bring some of their German operations to North America. The City's competition with both of those projects was down south, because they did so much work with the European OEMs and many of them had facilities down south. They would set up operations here if they needed to be close to the Big 3, but in relation to North America, they were starting to look more at the southern United States more than Michigan. The City was also competing with Mexico on some levels. Companies wanted to bring manufacturing back to North America, and they were competing with Mexico. She stated that the City was in a good position to compete with Mexico, although five years ago, that was not the case. The Governor had done a lot to level the playing field and to lower the overall cost of doing business in Michigan. The State's tax structure made it competitive. Companies that had set up in Mexico had bad experiences, so she felt that the City was in a good position to attract manufacturing, especially from the German companies. They saw the United States as a star for establishing manufacturing as they watched the European markets. Ms. Valentik concluded that if it was automotive, the City was competing with southern states or Mexico; if it was other areas, they were competing more with the Midwest.

Mr. Damone said that the programs the City needed to offer had to compete with the programs of the other locations. Ms. Valentik agreed, and said they were trying to look at not just the programs that brought down the cost of doing business, but at the other elements that made it

difficult or easier for companies to establish an operation in the City. They talked a lot about work force, training, quality of life and safety and security. One company that had a plant in Mexico had a shooting and they lost the Plant Manager. They had to get into the softer sells, and work force and training were two big things.

Mr. Anzek said that if a site was in the LDFA, the LDFA could offer seed money, such as roadway improvements, curb cuts, waterline extensions and things of that nature, which helped soften a company's out of pocket costs upfront. Those were nice incentives, because things like building water mains and roads did not have a return - it was just cash out - and they were other tools in the toolbox.

Mr. Ellis asked what, outside of costs when they were competing with South Carolina, for example, other elements they were competing against that were difficult. Ms. Valentik advised that utilities could become an issue, as well as speed of approvals. It was something they really did not know until they were in the midst of a project. Access to workforce and the quality of the workforce was important. Michigan tended to win a little more by having higher skilled workers. It had a strong concentration of engineers. Even though some people thought they had left the State, Michigan still had the highest concentration of engineers. Ms. Valentik noted that she had gone on a retention visit recently with one of the City's staffing companies that specialized in engineers, and found that usually a new grad coming out of engineering school would make about \$10,000.00 more in Michigan than in the rest of the country. They were still struggling to fill all of the engineering positions, and that message was getting a little louder. The City had always sold itself on its workforce when competing with down south, but the pool of talent was getting smaller. The State was trying to do things to attract people back to Michigan, but they were very aggressive down south. She said that she had a retention visit with a company in one of the City's technology parks. They shared that a couple of weeks ago, they had someone from North Carolina walking through the park, knocking on doors to try to meet with the Presidents to talk about moving their operations to North Carolina.

Ms. Janulis asked Ms. Valentik if she felt that the way the LDFA was structured if it gave her enough latitude to bring businesses back, or whether she felt the LDFA should change directions in some manner.

Mr. Anzek stated that the LDFA board had been great and very supportive of business. Ms. Janulis wondered if, with the SmartZone and how they were structured, whether they were strong enough or if Staff saw

opportunities where the LDFA should be looking at expanding in order to bring in more business.

Mr. Anzek thought that instead of doing things one way, if the LDFA would give a match for a grant, for example, it might be a winning scenario to land a company they were pursuing. Ms. Janulis clarified that Staff was open-minded about bringing the members together if they saw a worthwhile project coming to the City and the LDFA could accommodate. Mr. Anzek agreed, and said that Mr. Kerr could identify a grant, bring it to Staff, and Staff would bring it to the LDFA for a possible match. SCS would work with elected officials and write the appropriate letters in support of a grant. It was a different way of operating for the LDFA. Ms. Janulis thought it was most expeditious when there were some different opportunities. Even three years ago, they would not have thought of some of the things that were being developed. She asked if she could get a copy of Mr. Kerr's presentation. She felt that the members should familiarize themselves with the items presented, so if opportunities came, they would be prepared. They would be more familiar with some of the grants so if they had to come together, they would feel more comfortable supporting something.

Mr. Anzek said that if there were changes coming from Lansing, they would forward that information to the Board. The City used tax abatements, but they had to find other financing programs to help make it attractive. Ms. Janulis thought that the Foreign Trade Zone was interesting.

Mr. Damone noted that Rochester Hills was not situated by water or a port, and he asked how the City could initiate a Foreign Trade Zone if it did not have the same geographical concentration. Mr. Kerr explained that a City would gain a license by having a port of entry. There were also secured warehouses that were Foreign Trade Zones. It required a different level of security, and it varied depending on the product being secured. In Detroit, there was an aluminum and steel coil that was maintained within fenced areas. Although most of the Foreign Trade Zones were developed around water, and Miami had a large one, there was opportunity for a secured warehouse. Mr. Damone said that he saw the one in Miami, and he indicated that it was incredible. Mr. Kerr agreed there were some very large ones.

Mr. Kerr said that Mr. Anzek and Ms. Valentik had asked him to see if there were LDFAs in other parts of the area doing really creative things. He said that Ms. Janulis had wondered if they should perhaps be looking

at things differently. He had spoken to a friend (and attorney) at Miller Canfield who provided counsel for LDFAs. His friend agreed that they had been challenged because of the lack of tax capture. Mr. Kerr stated that the SmartZone was a way to be creative, but there was less revenue because of the economy. He thought that to be creative within the boundaries of the LDFA, they would be combining and layering different tax incentives and programs. They talked about utilizing the Economic Development Corporation in more creative ways. He thought that they could partner with other City components to enhance things within the LDFA district. He stated that it would be very interesting in Lansing over the next several years, and that it would be very important for him to provide information back to the LDFA.

Ms. Janulis observed that the Governor had been going to a number of meetings at townships and cities and with the Michigan Municipal League. He was suggesting certain tax changes, and people had been asking where the Personal Property Tax (PPT) revenue would come from. He had been talking about that for about two years.

Mr. Kerr said that as far as economic development, they saw the elimination of a lot of programs, such as the Brownfield Tax Credit program. That was the Governor's philosophy. They were seeing the impacts now of the lack of revenue sharing. He agreed that a lot of cities were wondering what they were going to do without the PPT.

Ms. Janulis indicated that she did not feel the Governor had as much clout as he used to have. There were supposedly secret meetings regarding education and three days later, the State Superintendent of Education Mike Flanagan and Governor Snyder talked, and Flanagan was now taking it over. She remarked that it did pay to lobby.

Chairperson Slavik asked if Staff had received any information about the engineering testing on the old Softball City site.

Mr. Anzek advised that there really had not been any testing on Softball City. Mr. Slavik thought they had built mounds. Mr. Anzek clarified that they built mounds to measure the sedimentation to try to figure out whether they could build on pilings. There was a metal pipe that ran up the middle of the dirt mounds, and they could measure the sediment over time, which would give them an estimate of how often they would have to repave parking lots. They stopped testing for methane gas and everything was put on hold when the economy went down. They were working with Mr. Kerr and SCS to try to find a way to bring all the parties

together, from the County to Oakland University to Beaumont to make an organized, concerted effort to get a big dollar amount to do a massive cleanup. It could be \$50 million. That would be to remove and refill everything, and they still had to put in venting systems. Mr. Anzek stated that the grants were getting harder and harder to get, and until they got a committed organization, such as Beaumont, to do a Medical Main Street or something, they would have to wait. Ms. Valentik and he were marketing the northeast corner of Hamlin and Adams, which also had a landfill on part of it. It was close to Oakland University. OU's medical school would be bringing in 600 doctors and instructors, and they would be setting up practices and looking for medical office space. They hoped to put medical office on that site instead of half retail as spelled out in the consent judgment.

Ms. Valentik reminded that there was a push for shovel ready sites, and a lot of times when the projects came in, they needed to know which properties were more ready to go. If there was some attention on one corner, it could spur more attention on the other (former Softball City site).

ANY OTHER BUSINESS

Ms. Janulis asked if there were any projects being done in the M-59 corridor.

Mr. Anzek said that they had started talking to people about putting in sidewalks, trees and landscaping in the industrial parks. The City was putting in a pathway to link the neighborhood south of Rochester Hills Executive Park to the Trail. They were not getting a lot of rousing support for the sidewalks, and he suggested that they needed to have a joint meeting with the park associations. He also suggested that perhaps they should take pictures of all the employees walking down the middle of the streets. Ms. Janulis offered that "if they built it, they would come." Mr. Anzek said that people would react differently if there was a high-end industrial park with sidewalks and nice trees. The good news was that the vacancy rate was about 7%, but the supply was limited. He maintained that the Avon Industrial strip was ripe for redevelopment. The buildings were obsolete, and they had been talking with investors about taking buildings down and putting in something nice with great M-59 exposure. He added that it might require some LDFA seed money.

Ms. Valentik recalled that last year, the LDFA approved money to expand Staff's marketing and travel activities to be more proactive and reach out

to prospects. When Staff updated its economic development strategy, three key areas were identified. One was supply chain development, and looking at major companies in the area that formed a large supply chain to see if there were any gaps that might create opportunities to attract companies. The second was international business attraction, and looking at how many foreign companies came to town without Staff being proactive. They needed to determine what else they could do to be more aggressive to go after some of those companies looking to expand in the North American market. The third was Medical Main Street. Oakland County had launched that initiative a few years ago, and it was getting traction on a global level. Staff was trying to be supportive of Oakland County's efforts to market the region for health services and life science activities. With Oakland University's William Beaumont School of Medicine, they felt that Rochester Hills was positioned to be a major hub or intersection in the Main Street.

Ms. Valentik mentioned attending the Automate Show in Chicago, and said that a lot of it was driven by the larger companies in the area that put Rochester Hills on the map within their industry, and Fanuc Robotics was one of them. There were other robotic firms or suppliers in the area. There was ABB and Kuka within 40 miles and Motoman, which had its sales and training operations for North America in Rochester Hills. They wanted to start marketing robotics and automation, because there were OEM's that were close to their customers. In the last two years, five companies had moved to town, specifically to get closer to Fanuc or Motoman.

Ms. Valentik advised that there were about 30,000 people attending the show, and FANUC was a major player and a market leader in robots. Even a lot of the suppliers had FANUC robots within their displays. A majority of the automation and robotics work was still in the automotive field - about 65% - but they were starting to see more growth in the food, beverage and packaging industry. There was also more growth in the medical field, such as pharmaceuticals, medical research and medical services. Never once in talking with people at the show did she have to explain where Rochester Hills, Michigan was. As soon as she mentioned it was home to FANUC Robotics and Motoman, they knew exactly where it was. That told her that it was really an industry that they needed to start doing a lot more with and get more proactive to know some of the suppliers. They needed to start working closely with FANUC to see if there were companies that they would like to see come to town. It was not just FANUC; it was Kuka Robotics and ABB Robotics. Even though they did not have locations in Rochester Hills, Pari Robotics in Rochester

Hills supplied to them.

Mr. Ellis asked how aggressive Staff could get competing against other states and whether the City could get really aggressive. Ms. Valentik said that they were trying to realize, with the resources available, how aggressive they could get. Staff was getting a feel for the area and the industry, and they were starting to determine if there were opportunities and what the City's competitive advantages were. Regarding getting aggressive, her ideal situation would be that FANUC would work with the City to give a joint message to try and bring suppliers to the Rochester Hills area. One of her next steps was to strengthen the relationship with FANUC, and to see if they could get together and talk about how to strategize on marketing the area within their supply chain. She thought it was very important for a company to tell its supplier that they wanted them closer. That would carry more weight than her going to an integrator or to a supplier saying they should open an office to be closer to so and so.

Mr. Damone said that the Ms. Valentik segued into the fact that the City could not ignore who was already here. They could be competing with South Carolina, but the company that was here could not be ignored. If someone was here and not happy, that was worse than trying to bring in someone new. He suggested that they could not overlook the base that was already here, and they needed to ask how they could get that base to grow.

Mr. Anzek said that Mr. Damone was right on target. Mr. Anzek advised that Ms. Valentik make 199 retention visits in 2012. It was critical to learn what the businesses were thinking, or whether they were thinking of expanding and whether they had enough space.

Mr. Damone said that it was exciting to bring someone in and he was not suggesting that they did not do that; he was stating that they should not ignore the people that were here.

Mr. Kaszubski said that one of the challenges he saw coming from a venture capital side was that on the acquisition, a lot of times the portfolio that bought the business was not located within the City. He asked if the City had any type of mechanism that was integrated into the portfolio from a retention or an attraction standpoint. In all his years, he had hardly ever talked with anyone from the cities when they were doing acquisitions. It was not on anyone's list, so it might be an area to focus on, because they might be able to do an end around that way.

Ms. Valentik said that from her years in economic development, she felt that the medical or life sciences industries tended to be more poised for acquisition because of their technology far more than the tool and die shops or manufacturing companies. She referred to Oxus America as a prime example. They were a medical device company that was building from the ground up. They had a unique product, and she felt that they had to be on someone's radar screen from an acquisition standpoint. They had to figure out what they could do to keep Oxus in Rochester Hills when it might make sense for them to look at acquisition or licensing. The new owner might just think of them as a small part of a larger organization. She had conversations with Oakland County within the Medical Main Street program about what the City could do to attract some of those companies that tended to acquire other companies in contrast to the new technologies. She recently learned that a few years ago in Michigan, there were only two venture capital firms. They now had about 30. She hoped that put Michigan in a better position and that those decision makers for equity funding would keep what they purchased in Michigan. She added that perhaps they would attract companies from out of State and encourage them to come to Michigan.

Ms. Valentik mentioned her Germany trip, and said that she was invited by one of Oakland County's Business Development reps. They attended the largest medical device and medical technology show in Europe. She spent a week in Germany, and while there, she visited with two companies that already had locations in Rochester Hills. If a company was going to be doing any investment in North America, they wanted to encourage them to do some of that in Rochester Hills. She spoke with a couple of prospects and met with other strategic partners that worked with German companies looking to get into the U.S. market. They also attended the Med Tech Europe show. She felt that it was a very productive week. They came back with some leads that the County was working on, and she hoped to see something come of that.

While she was in Chicago, Ms. Valentik noted that she was able to set up a meeting with the German American Chamber of Commerce. The German Chamber had three locations within the United States - Chicago, Atlanta and New York. They acted as a point center for German companies looking to enter the U.S. Market. She got an opportunity to join the German Chamber and talk with the Director, and she shared information about Rochester Hills.

Mr. Anzek advised that there were 13 German-owned companies in Rochester Hills, and they were trying to build on that momentum. Ms.

Valentik mentioned that one of the German companies was targeting the Hamlin Rd. property.

Ms. Valentik brought up new companies that had come to town. There was Innovative Media/IM Branding, which had taken over the former Dura building, which was about 68,000 s.f. They were responsible for the wrapping on the Chrysler Headquarters building. They also did large scale graphics, vehicle wraps, building wraps and they had another division of the company that manufactured and fabricated furniture, specifically for auto dealerships. One of the partners was Roger Penske, and they were consolidating operations across the metro Detroit area. They were bringing about 60 employees and planned to hire another 25 in the first year.

Ms. Valentik mentioned WEC Group on Northfield. They had only been in town a year, and they had already leased a second location on Hamlin Rd. They had nine employees when they came into town and were up to 39 and anticipated having 60 employees by the end of the year. Ms. Valentik advised that MPI International was returning to town. They were moving into their old building on Austin Ave. Another new company was Poltrona Frau, an Italian company. In Italy, its niche was furniture and seating, and they had secured a contract with Chrysler to do seating for the 300. They had to very quickly set up operations in Michigan. They ended up acquiring the assets of one of the City's companies on Product Dr., and they were retaining all the employees from there. Staff was seeing more and more Italian companies looking to come to the area because of Fiat's management and work with Chrysler. Ms. Valentik noted that the County had already been to Italy, and they were planning another trip there.

NEXT MEETING DATE

Chairperson Slavik reminded the Board that the next LDFA meeting was scheduled for July 11, 2013.

ADJOURNMENT

Hearing no further business to come before the LDFA Board and upon motion by Janulis, Chairperson Slavik adjourned the Special Meeting at 8:51 a.m.

Respectfully Submitted,

Stephan Slavik, Chairperson
Rochester Hills
Local Development Finance Authority

Maureen Gentry, Recording Secretary