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1981 ANNUAL REPORT

ECONOMIC DEVELOPMENT CORPORATION
OF THE COUNTY OF OAKLAND

PONTIAC, MICHIGAN

JANUARY, 1982

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WHY ARE WE INVOLVED?

A legitimate question, often asked by citizens of their public officials, but too often not really answered is: "Why are we involved in this program?" Some facts about the economic situation today, in Oakland County, are important in answering the question: "Why is Oakland County involved in economic development?" The facts:

- at the end of 1981, over 12% of Oakland's labor force was unemployed, meaning 57,000 men and women were without jobs
- of the 32 largest communities in Oakland County over half had double digit unemployment rates and 9 had unemployment levels greater than 15%
- during 1981 in Oakland County an average of 12,229 families were on AFDC; 3,477 households per month utilized General Assistance; and an average of 6,284 families needed to use food stamps
- businesses in the area faced prime interest rates during 1981 which fluctuated wildly between 16 and 21 percent while small business typically paid $\frac{1}{2}$ to $2\frac{1}{2}$ percent more than prime for conventional mortgage financing
- the long term bond market was near collapse with corporate Aaa bonds at their highest levels ever, averaging over 14% (between 1973 and 1978 these issues averaged around 8%)
- many economic assistance programs of the Federal government were being terminated or drastically reduced including EDA Title I public works grants; HUD Section 312 commercial rehabilitation loans; SBA Sec. 7(a) direct loans and Sec. 502 loan guarantees; and CETA public employment funds

- the perception of Michigan as "bad place to do business" resulted in the loss of firms during the year while the State legislature debated the crucial issues of workers compensation and unemployment insurance, and other states (both "Frostbelt" and "Sunbelt") capitalized on their well financed marketing/promotion programs to attract these lost firms
- physical deterioration and associated declining tax revenues continued to plague the older communities of Oakland County as witnessed by vacancies in downtown business districts; weathered roads, and deteriorating sewer and water systems

A litany of recession-based problems serves only one purpose, to illustrate that despite a balanced county budget, high average family income, and many important physical assets, Oakland County, and many of its local units of government, are not immune to the economic crises facing the auto industry, and the older Northeastern and Midwestern metropolitan areas of the country.

The County's response has been clear; to put in place an economic development program which utilizes available Federal and State legislation; that is a public/private partnership; and that is leanly staffed to keep costs to a minimum while relying on the expertise and cooperation of the business community to make it effective. This has been done, and its result was the creation of the Oakland County Economic Development Corporation.

THE COUNTY RESPONSE

The Oakland County Economic Development Corporation (EDC) is an excellent example of the "New Federalism" successfully at work. The EDC's activities encourage entrepreneurship, new capital investment, creation of private sector jobs, and the economic and physical strengthening of our existing communities. These results are

accomplished by a public/private partnership that leverages private funds to stimulate industrial and commercial job retention and creation, and does so with very little cost to the taxpayer, and an absolute minimum of bureaucracy.

The EDC has acted to keep Oakland County's economic destiny as much as possible within the hands of Oakland County and its local units of government. It operates on a cooperative basis and seeks to minimize the duplication of effort so often apparent when complex programs are enacted. In short, the Oakland County Economic Development Corporation has been effective because it unites government and business in a cooperative working partnership with the same goals rather than in an adversarial relationship. It works because it recognizes and respects the individual growth and development policies of the County's 61 cities, villages and townships. And it works because the economic climate of Michigan and the Detroit region demand a flexible and creative approach to solving our current problems and controlling our own destiny.

EDC BACKGROUND

The Economic Development Corporation (EDC) of Oakland County began operations in May of 1980 under the guidelines prescribed in Michigan P.A. 338 of 1974, the Economic Development Corporations Act. The Oakland County EDC was established in order to stimulate business capital investment, contribute to the area's employment, increase local tax base, and provide needed public services. Additionally, it is a vehicle for promoting efficiency and preventing duplication in the economic development process, and serves as both an informational focal point for businesses wishing to expand or locate in Oakland County, as well as a resource for those local communities who wish to foster additional economic growth.

In order to achieve these objectives, the EDC has the authority to acquire property, develop land, construct buildings and finance equipment for either commercial or manufacturing enterprises. The most important tool available to the EDC to perform these activities is its ability to issue tax-exempt revenue bonds.

OPERATING POLICIES

The current Board of Directors of the EDC has interpreted its mandate as being one which sees the EDC as a vehicle created by the Board of Commissioners which allows businesses to take advantage of various State and Federal laws available to stimulate economic development. All EDC bond financed projects are subject to local community approvals and cannot proceed without those approvals being obtained. This neutral strategy of operation is embodied in the following operational policies.

1. The Oakland County EDC will accept for consideration both commercial and industrial projects meeting the statutory requirements of Act 338 and will not require a minimum bond issue amount.
2. The Oakland County EDC will seek to expedite the review and approval of all projects induced, and will provide prompt, courteous, and professional service to its clients. The approvals given by the Oakland County EDC however, in no way guarantee the successful placement of bonds, nor the implementation of the project.
3. If a project proposed to the County EDC is situated in a local community currently having a local EDC, the County EDC will, as specified by statute, defer the proposal to the local EDC unless specifically requested in writing by the local governing body and local EDC to take jurisdiction.
4. It is not the intent of the Oakland County EDC to act contrary to the expressed economic development policies of constituent local units of government.
5. It is not the intent of the Oakland County EDC to promote growth in one unit of government at the expense of another, or to transfer employment from one area to another.

The County EDC has not solicited projects from the business community, rather, it has responded to requests for either information or formal action. The EDC has attempted to maintain a cooperative relationship with local communities both having and not having local EDC's.

When requests for assistance could not be appropriately channelled through the EDC, the requestor was directed to the appropriate Federal or State agency (i.e. HUD, EDA, SBA, Michigan Office

of Economic Development); or to the local EDC having jurisdiction. Cognizance of the various governmental programs impacting economic development policies of constituent local governments has been a prime concern of the County EDC.

USING INDUSTRIAL REVENUE BONDS

There are benefits to all parties involved (County of Oakland, participating lender, and business) in utilizing industrial revenue bond (IRB) financing. The County benefits by the creation and/or retention of jobs, and an increase in tax base, without incurring any liability for the project. The participating lender (bank, insurance company, or partnership) can meet its commercial lending goals while retaining at least the same (and in most cases more than) level of return on investment because the interest on IRBs is exempt from State and Federal income tax. The business can obtain its needed financing to expand, renovate, purchase new equipment and machinery, at a lower than conventional interest rate (usually 65% to 80% of prime) resulting in lower rental rates and product costs. In addition, if a lease/purchase arrangement is utilized, the business may take normal depreciation, expense the interest, and take the applicable investment tax credits.

The financing for individual projects varies, but it essentially takes the form of a lease-purchase arrangement with the EDC owning the project and leasing it back, or depositing its proceeds with a trustee which disburses funds, and the EDC takes a mortgage and makes a loan agreement.

Issuance of industrial revenue bonds by the EDC is subject to four levels of control. The IRS, which permits their issue under Sec. 103 of the Internal Revenue Code sets limits on their amount (one million dollars with no restrictions on capital expenditures; ten million dollars - reduced by the total amount of capital expenditures paid or incurred by or for the benefit of the sponsor/tax owner of the project, and any more than a 10% occupant of the project, over a period of three years before and three years after the date

of issue of the bonds; twenty million for UDAG projects; no limit on pollution control projects, industrial parks, ports, or convention centers).

Act 338 of 1974 as amended, is the Michigan Act which authorizes formation of EDCs and their use of industrial revenue bonds. Three tests of "public purpose" are cited in the Act, at least one of which must be met: creation of jobs; generation of additional tax base; or provision of a needed public service. This requirement must be met by each project.

The County EDC itself has a group of five operational policies which guide its deliberations on each project (these are listed in the previous section). And finally, the local community in which the project is located must approve a "project plan" which includes the financing arrangements, in addition to its regular planning, zoning, and building approvals typically required.

Only after all these conditions are met, can the project proceed.

This process in administrative format is outlined in the EDC's Information for Applicants, attached as Appendix F.

OTHER EDC ACTIVITIES

In addition to its industrial revenue bond activities, the EDC provides other services, and is involved in a wide range of economic development activities which also fulfill its mission of "promoting efficiency and preventing duplication in the economic development process, and serving as both an informational focal point for businesses wishing to expand or locate in Oakland County, as well as a resource for those local communities who wish to foster additional economic growth". Following is a brief description of the five major program areas outside of industrial revenue bond financing - Business Assistance; Marketing and Promotion; Legislative and Analytical Work; Economic Development Coordination; and Overall Economic Development Program.

BUSINESS ASSISTANCE

When the EDC was formed in 1980, business people involved in its start-up felt strongly that this was an opportunity to establish a "one-stop" or "single-door" operation for the provision of technical assistance and information to all business. These services are defined to include: marketing data; demographic and economic information; business trends and indicators projection; federal, state and local agency referral; non-conventional financing assistance; grant and loan information for businesses and local communities; industrial and commercial site location; job training and re-training referrals; and communication with business associations and Chambers of Commerce.

Because there are established data provision services at the County Reference Library and County Planning Division, the creation of a comprehensive and single information/assistance point within the EDC alone was not feasible. Nevertheless, during the course of the year, the unique type of data and assistance available only within the EDC (especially as related to financing) made this an increasingly important function.

From its inception eighteen months ago, the EDC has serviced over 800 requests for data and assistance via letter, personal visit/client meeting, or by telephone. In addition, 62 formal presentations have been made to Chambers of Commerce, business associations, local governments, regional agencies, economic development groups, employment and training agencies, private industrial councils, and seminar/conference groups.

MARKETING AND PROMOTION

An area in which Oakland County has been notoriously lacking is that of marketing and promotion of its assets and opportunities to businesses already here, and to out-state businesses with a potential to move to Michigan. In the past, Oakland has been able to rely on business expansion resulting first from the general expansion of the Southeastern Michigan economy, and then from the

suburbanization of Detroit. Today, these forces are not positively affecting Oakland County. The Southeastern Michigan region has not gained any population within the last ten years, and the number of businesses in the tri-county area (Wayne, Oakland, Macomb) has risen less than one percent per year during the last 15 years, less than half the growth rate of the U.S. Also, Detroit and Wayne County have become very aggressive in economic development activities during the last four years, and provide a complete program of financial incentives and business assistance. However, these marketing and promotion efforts pale when compared to those of other states which have had on-going and effective programs for years, and which are serious about the commitment of resources to these efforts.

Just recently the State of Michigan's Department of Commerce has embarked on its "Say Yes to Michigan" campaign, and the Greater Detroit Chamber of Commerce in conjunction with SEMCOG and Detroit Edison has established the Business Attraction and Expansion Council to promote Southeastern Michigan and Detroit. The missing element in these programs is clear -- a focus on Oakland County, and its assets and opportunities for business. With this in mind, the EDC has been meeting regularly with a committee of the Oakland County Chamber of Commerce to include a small section on the County's efforts in the Chambers bi-annual publication Oakland County, and also to explore the content and production of a quality, non-advertising brochure, comparable with those published by competing metropolitan areas in the U.S. Depending on resources it is hoped that these two efforts could be completed in 1982 for maximum impact.

A final component of the marketing/promotion area, is the anticipated publication of a quarterly Economic Development Newsletter, summarizing business indicators, pending legislation, and the County's activities, and targeted exclusively to the small businesses of Oakland. Production of the quarterly will depend again on resource availability.

LEGISLATIVE AND ANALYTICAL WORK

1981 was an especially significant year in terms of legislative activity affecting economic development. The EDC monitored most of these legislative initiatives, and some highlights follow.

At the Federal level, probably the most significant area of activity in legislation affecting economic development was the passage of the Economic Recovery Tax Act of 1981 in August. Although this Act has enormous impact in a wide variety of areas, the inclusion of the ACR (accelerated cost recovery) depreciation provisions will have a significant affect on older industrial metropolitan areas like Southeastern Michigan. The effect will simply be that with a uniform fast depreciating capability, there will be no special advantages to capital investment in older industrial areas, and thus, growth areas of the country will continue to enjoy an even greater attraction differential than before.

Somewhat offsetting this situation, is the introduction of Urban Enterprise Zones in the form of H.R. 3824 (Kemp-Garcia II). Enterprise Zones are in concept, designed to make investment and job generation more feasible in declining areas of the country. Local incentive packages will be combined with Federal incentives including investment tax credits, elimination of capital gains taxes, refundable tax credits to stimulate hiring, and "triggered" payroll tax credits. As of the end of 1981, five other bills in addition to Kemp-Garcia II had been introduced, which would establish Enterprise Zones. The Reagan Administration has endorsed the concept of Enterprise Zones, and despite some criticism of EZ's relative effectiveness given the new tax provisions, the Administration was expected to release its formal proposal in early February, along with the budget message.

A third area of concern regarding Federal legislation was the introduction of H.R. 4420 (Rangel-Gibbons) which would limit industrial revenue bond financing for commercial projects to "distress areas" and would require more stringent public purpose and reporting declarations, as well as eliminating IRB's by 1984. Again, this bill is stalled pending the release of the Reagan Administration's

formal position during the budget introduction in February. IRS rulings on "multiple-lot" IRB's have also caused concern among potential bond purchasers.

At the State level, Governor Milliken's economic development proposals released in September, 1981 have at years end been translated to at least two legislative actions; the reform of Worker's Compensation and the creation of an Urban Land Assembly Fund. Other bills introduced along with worker's compensation reform included: establishment of an Economic Development Fund; investment of State Public Pension Funds for expanding businesses; unemployment compensation reform; Single Business Tax reform; and Enterprise Zone legislation. Two bills, HB 5179 and SB 516 providing for the creation of Urban Enterprise Zones have passed the House and were awaiting further action at years end.

The monitoring and reporting of all these legislative activities has been a concern of the EDC since its inception.

ECONOMIC DEVELOPMENT COORDINATION

A key rationale to the establishment of the County EDC in 1980 was to prevent duplication in the economic development process. Eighteen local EDC's were established in Oakland County prior to the formation of the County EDC in February 1980. In the almost two years since adoption of the EDC's formal Articles of Incorporation, only two local EDC's have been formed. The County EDC has worked to establish cooperative relationships with local communities both with and without local EDCs, and recognizes this explicitly in its operating policies cited earlier.

To further formalize what has been an ad-hoc relationship, formation of an Economic Growth Consortium will be proposed in 1982 to link not only the County EDC and County Employment and Training Council, but also local EDC's, local Chambers of Commerce, and the various job training agencies within Oakland County. Such a group could go far toward attempting a measure of coordination among the disparate activities now taking place.

The EDC Board of Directors and staff are formally represented on the following groups: Metropolitan Affairs Corporation; Greater Detroit/Southeast Michigan Business Attraction and Expansion Council; Oakland County Chamber of Commerce; Oakland County Employment and Training Council; City of Pontiac OEDP Committee; and City of Pontiac Enterprise Zone Task Force. This membership is necessary if only for the exchange of ideas and information, as well as attempting a measure of cooperation and coordination.

OVERALL ECONOMIC DEVELOPMENT PROGRAM

Since 1975, the County has had in place a formally approved Overall Economic Development Program (OEDP) recognized by the U.S. Economic Development Administration (EDA). An approved OEDP has maintained the County's and local units of government's eligibility to receive EDA grants and loans for infrastructure (road, sewer, water, parking, airport) development which would support commercial and industrial jobs. From 1975 to the present, \$38 million of EDA grants and loans have gone to Oakland County communities and businesses.

The Reagan Administration and Congress has cut EDA appropriations drastically from two years ago. It is currently operating on a continuing resolution with an appropriation of almost \$200 million, less than one-third of its FY 1980 allocation, and enough only to complete those projects already previously committed. No action is currently underway on Oakland's current OEDP program document, pending resolution of EDA's fate during 1982.

The five program areas and their activities outlined above, are not related to the provision of industrial revenue bond financing, yet they are an increasingly important part of the Oakland County EDC's activities, and permit it to be a more effective and useful aid to business and communities within Oakland County.

APPENDIX A

COMPLETED PROJECTS SUMMARY
12/31/81

PROJECT NAME	PROJECT DESCRIPTION	COMMUNITY	BOND AMOUNT	NEW PERM. JOBS	ANNUAL TAX REVENUE
WBT Associates Office Building Project	New construction - 53,000 s.f. one story general office building	West Bloomfield Township	\$2,600,000	225	\$11,915
Oakwood Builders & Assoc. Manuf. Project	New construction - 31,000 s.f. industrial bldg. for Ryken Tube Co.	Commerce Township	\$1,500,000	100	\$13,000
L.S. Supermarkets Retail Expansion Project	Construction of an 8,000 s.f. addition to existing supermarket	Lake Orion	\$ 550,000	70	\$ 3,7000
Lehman Investment Co. Supermarket Project	Renovation of existing 18,900 s.f. supermarket and addition of 9,500 s.f. of new space	Oxford Township	\$ 500,000	15	\$ 4,541
Boardwalk Shopping Center Project	New construction - 41,000 s.f. shopping center with 25 retail and service establishments	West Bloomfield Township	\$2,600,000	135	\$30,598
Totals for Completed Projects			\$7,750,000	545	\$63,754

APPENDIX B

PENDING PROJECTS SUMMARY
12/31/81

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PROJECT NAME	PROJECT DESCRIPTION	COMMUNITY	BOND AMOUNT	NEW PERM. JOBS	ANNUAL TAX REVENUE
Citrin Associates Office Building	New construction - 42,000 s.f. three story general office building	Bingham Farms	\$2,500,000	130	\$21,510
Lathrup Landing Shopping Center Expansion Project	New construction - 19,000 s.f. addition (8 stores) to an existing shopping center	Lathrup Village	\$ 750,000	25	\$ 8,880
Ajluni Shopping Center Project	New construction - 43,000 s.f. retail center (20 stores)	West Bloomfield Township	\$2,300,000	80	\$50,000
Tanbark Properties Office Bldg. Complex Project	New construction - 34,000 s.f. one story general office building	West Bloomfield Township	\$2,500,000	150	\$62,323
ESP Associates Office Bldg. Project	New construction - 11,000 s.f. medical/ Dental office bldg.	West Bloomfield Township	\$ 900,000	50	\$19,090
Professional Medical Health Centers Inc. Project	New construction - 16,000 s.f. medical/ professtional office bldg.	Farmington	\$3,000,000	25	\$14,854
Matthews Office Building Project	New construction - 18,000 s.f. two story general office building	West Bloomfield Township	\$1,550,000	36	\$21,332

APPENDIX B (cont'd.)

PENDING PROJECTS SUMMARY
12/31/81

PROJECT NAME	PROJECT DESCRIPTION	COMMUNITY	BOND AMOUNT	NEW PERM. JOBS	ANNUAL TAX REVENUE
West Bloomfield Plaza Office Bldg. Project	New construction - 94,000 s.f. three story general office building	West Bloomfield Township	\$6,000,000	300	\$109,773
Elliott Tours Inc. Office Bldg. Project	New construction - 53,950 s.f. office building	West Bloomfield Township	\$3,300,000	78	\$ 71,547
Lou Buch Assoc. Office Bldg. Project	New construction - 27,000 s.f. general office building	West Bloomfield Township	\$2,600,000	81	\$ 50,000
Links at Pinewood Project	New construction - 20,000 s.f. banquet/meeting facility	Commerce Township	\$1,500,000	50	\$ 13,000
Eddie's Supermarket Project	New construction - 10,000 s.f. full service supermarket	Groveland Township	\$1,300,000	35	\$ 2,202
Oxford Institute Project	Renovation of existing 30,000 s.f. religious facility and construction of 16,00 s.f. addition to create a non-profit alcohol abuse rehabilitation center	Oxford Township	\$5,500,000	74	\$ -0-

APPENDIX B (cont'd.)

PENDING PROJECTS SUMMARY
12/31/81

PROJECT NAME	PROJECT DESCRIPTION	COMMUNITY	BOND AMOUNT	NEW PERM. JOBS	ANNUAL TAX REVENUE
Royal Management Co. Orchard Lake Project	New construction - 42,000 s.f. three story medical/general office bldg.	West Bloomfield Township	\$2,700,000	86	\$56,865
Pending Projects Total			\$36,400,000	1,200	\$501,376

APPENDIX C

WITHDRAWN AND INACTIVE PROJECTS

PROJECT NAME	TYPE	COMMUNITY	STATUS
Lowell Associates Retail Renovation Project	Retail	Bloomfield Township	Inactive
Lowell Associates Office Bldg. Project	Office	Bloomfield Township	Withdrawn
Woodward Enterprises Office Bldg. Project	Office	Bloomfield Hills	Withdrawn
Brighton State Bank Project	Office	Highland Township	Withdrawn
Palastor Inc. Manufacturing Facility Project	Industrial	Orion Township	Withdrawn
National Amusements Indoor Cinema Project	Retail	Bloomfield Township	Inactive
Reimer Floors Inc. Project	Retail	Bloomfield Township	Inactive
WSLR Associates Project	Retail	Bloomfield Township	Withdrawn

APPENDIX D

SERVICES SUMMARY

Written responses for data and/or technical assistance	187
Personal visits and/or meetings with clients or other businesses	102
Phone responses for data and/or technical assistance	530
Presentations to or meetings with groups, agencies or communities	62
Site inspections, field work	34

APPENDIX E

FINANCIAL SUMMARY
5/1/80 - 12/31/81

EXPENDITURES

Per Diems (Regular & Additional)	\$ 7,665
General Meeting Expenses	245
Transportation and Conference	1,552
Commodities and Printing	<u>1,025</u>
Total Operating Expenditures	\$10,487
Professional Staff Costs	\$24,503
	<hr/>
Total Expenditures	\$34,990

REVENUES

Application Fees	\$13,550
Second Administrative Payments	11,000
Third Administrative Payments	3,000
Bond Closing Fees	10,375
Investment Income	<u>133</u>
Total Payments Received	\$38,058
Payments Outstanding	\$ 3,500
	<hr/>
Total Revenues	\$41,558
Excess of Revenues Over Expenditures	\$ 6,568

APPENDIX F

ECONOMIC DEVELOPMENT CORPORATION
OF THE COUNTY OF OAKLAND

INFORMATION FOR APPLICANTS

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I. Background

The Economic Development Corporation (EDC) of Oakland County was established in early 1980 under the guidelines prescribed in Michigan P.A. 338 of 1974, as amended, the Economic Development Corporations Act. The Oakland County EDC was formed in order to stimulate business capital investment, contribute to the area's employment, increase local tax base, and provide needed public services. Additionally, it acts as a vehicle for promoting efficiency and preventing duplication in the economic development process, and for serving as both an informational focal point for businesses wishing to expand or locate in Oakland County, as well as a resource for those local communities who wish to foster additional economic growth.

In order to achieve these goals and strengthen the County's economy, the EDC was given the authority to acquire property, develop land, construct buildings and finance equipment and machinery for either commercial or manufacturing enterprises. The most important tool available to the EDC to perform these activities is its ability to issue tax-exempt revenue bonds.

The tax-exempt revenue bonds issued by the EDC can be marketed at a lower rate than taxable interest borrowings made by a company. Thus, the debt service costs to companies that build or renovate with EDC assistance can be reduced. In other words, since interest on the bonds is exempt from Federal and State income taxes, the lender (bond purchaser) can pass on a tax savings to the developer in terms of a lower interest rate.

To make this tool available to private developers, a lease purchase transaction is usually entered into by the EDC and the developer. This process is as follows:

1. The EDC approves issuance of revenue bonds to finance the project.
2. The bonds are sold to a bank, insurance company, or marketed by an underwriter.
3. Proceeds from the bond sale are made available to acquire property, develop land, construct buildings and finance equipment on behalf of a private company.
4. The EDC leases the facility back to the company, and lease payments are applied to repay the interest and principal owed on the bonds.

Although the bonds are issued by the EDC, only the private company is responsible for their eventual repayment. The full faith and credit of the local municipality or the County of Oakland is not involved in any way.

The total amount of funds that can be raised by revenue bonds for a single project is limited to \$10 million. This \$10 million is reduced by the total amount of "capital expenditures" paid or incurred by or for the benefit of the sponsor/tax owner of the project, and any more than a 10% occupant of the project, over a period of three years before and three years after the date of issue of the bonds. Projects that are public in nature, such as pollution control facilities, convention centers, sports arenas, and development of land as the site of industrial parks, are not subject to the \$10 million limitation.

II. Oakland County EDC Policies

The many EDCs operating throughout the State of Michigan have developed varying approaches to their individual economic development missions. Recognizing the specific needs, problems, and desires of the County of Oakland and its constituent local units of government, the Oakland County EDC has developed the following basic policies to guide its review and decisions regarding any project proposed to it for revenue bond financing.

1. The Oakland County EDC will accept for consideration both commercial and industrial projects meeting the statutory requirements of Act 338 of 1974, and will not require a minimum bond issue amount.
2. The Oakland County EDC will seek to expedite the review and approval of all projects induced, and will provide prompt, courteous, and professional service to its clients. The approvals given by the Oakland County EDC however, in no way guarantee the successful placement of bonds, nor the implementation of the project.
3. If a project proposed to the County EDC is situated in a local community currently having a local EDC, the County EDC will, as specified by statute, defer the proposal to the local EDC unless specifically requested in writing by the local governing body and EDC to take jurisdiction.

4. It is not the intention of the Oakland County EDC to act contrary to the expressed economic development policies of its constituent local units of government.
5. It is not the intent of the Oakland County EDC to promote growth in one unit of government at the expense of another, or to transfer employment from one area to another.

III. Preliminary Determinations

If a business is contemplating EDC revenue bond financing, it is strongly suggested that contact be made immediately with both the business' legal counsel and financial institution from whom financing is ordinarily obtained. It is critical to ascertain both the legality and financial feasibility of utilizing EDC revenue bond financing. The potential client should be aware that there are certain approval schedules and administrative/legal costs involved in utilizing the EDC route as opposed to conventional financing.

Once these preliminary investigations have been undertaken and the business determines that EDC financing for the particular project is the desired option, the Oakland County EDC should be contacted. The County EDC staff will be pleased to briefly review the proposed project to ascertain if it should be processed by the County EDC or by an existing local EDC, and whether it meets the basic statutory provisions of P.A. 338 of 1974, and the policy provisions of the Oakland County EDC. A visit to the proposed project site by the EDC staff and business is also useful at this point.

IV. Application for Assistance

After the informal review of the proposed project, a formal Application for Assistance should be completed and returned to the EDC. The application provides the basic information on the proposed project which the EDC staff and directors need to evaluate its merits. Questions relating to both the applicant and project are included, and the application must be signed by appropriate officers or representatives of the business. Twenty (20) copies of the completed application must be submitted.

Also included with the Application for Assistance should be a check in the amount of \$500 to cover EDC administrative costs. Additional administrative fees are levied at other points in the review and approval process.

Copies of the completed Application for Assistance and the \$500 application fee must be submitted at least two weeks prior to the EDC meeting at which a Resolution of Inducement is being requested. This will allow adequate staff review and scheduling time, and insure a place on the EDC agenda. EDC meetings are normally held at 8:30 a.m. on the second Tuesday of each month in the Board of Commissioners Committee Room "A" at the County Service Center in Pontiac. Applicants are requested to be present or to have an authorized representative in attendance at the EDC meeting in order to make a brief presentation and to respond to any questions which may arise.

V. Resolution of Inducement

If the County EDC determines that the proposed project meets EDC Act statutory requirements, and its own policy guidelines, as well as meeting one of the tests of public purpose (i.e. employment creation and provision of needed public services and facilities), it will issue a Resolution of Inducement.

When an inducement is offered this indicates that the EDC is prepared to issue revenue bonds to finance the project provided all legal and procedural requirements are met including local and county governmental approvals (including approval of the Project Plan); payment of required fees; and the commitment of a bond purchaser.

If the applicant wishes to finance the entire project from bond sale proceeds, they must wait for the EDC to issue the Resolution of Inducement before taking title to land, beginning construction, or committing itself to equipment purchases. Only capital expenditures made or incurred after the Resolution of Inducement is offered (with limited exceptions) can be repaid from bond proceeds. Upon issuance of the Resolution of Inducement, an additional \$500 fee is payable to the EDC.

VI. Designation of Project Area and Project District Area

After the Resolution of Inducement is offered, the County EDC will designate the Project Area (the project site itself), and the Project District Area (the additional surrounding territory that will be significantly affected by the project) to the County Board of Commissioners, the governing body of the municipality or township in which the project is located, and the County Planning Division. The County Board of Commissioners must approve these designations by resolution.

In certain cases the Project Area and Project District Area are one in the same, and in other cases the Project District Area is larger.

The County Board of Commissioners also determines the necessity of establishing a Project Citizens District Council (PCDC). If a PCDC is required, it becomes an additional advisory body in the approval process.

VII. Appointment of Additional EDC Directors

Also after the Resolution of Inducement is offered, the County Executive (with input from the affected local community) appoints two persons to serve as temporary EDC directors. The appointments are confirmed by the Oakland County Board of Commissioners. These temporary directors serve only with respect to the particular project for which they are appointed, and are to communicate local interest or concern on the project, and vote on EDC matters regarding the particular project.

VIII. Project Plan

Once the Project Area and Project District Area have been approved and the local directors appointed, the applicant will then prepare and submit a Project Plan to the EDC. The requirements to be met in the Project Plan are clearly specified in Section 8(4) of P.A. 338 and Oakland County EDC's Project Plan format lists those requirements verbatim. Before the applicant's Project Plan can be approved, a Letter of Commitment to purchase the contemplated revenue bonds must be presented from a qualified buyer.

Again, a representative of the applicant business should attend the EDC meeting at which the Project Plan is being considered to answer any questions. It is the Project Plan which serves as a basis of review for those local and county agencies which must act on the project. Upon approval of the Project Plan by the County EDC, a final \$500 administrative fee is assessed.

IX. Approval Process

Based on guidelines specified in P.A. 338 of 1974, a project travels through a review process that gives the local municipality and county government the opportunity for involvement in the development of the project.

In a series of steps following the issuance of the Resolution of Inducement, the EDC requests the local municipality and county government to certify their approval by resolution of the governing boards. The local municipality is requested to:

1. Recommend two people to serve as temporary EDC Directors.
2. Approve a resolution approving the Project Plan.

Likewise, the County Board of Commissioners is requested to take the following actions in three separate Board meetings:

1. Approve the resolution designating the Project Area, and confirm the two appointees to serve as temporary EDC Directors.
2. Set a public hearing date to review the Project Plan.
3. Hold a public hearing, and approve a resolution approving the Project Plan.

X. Bond Closing

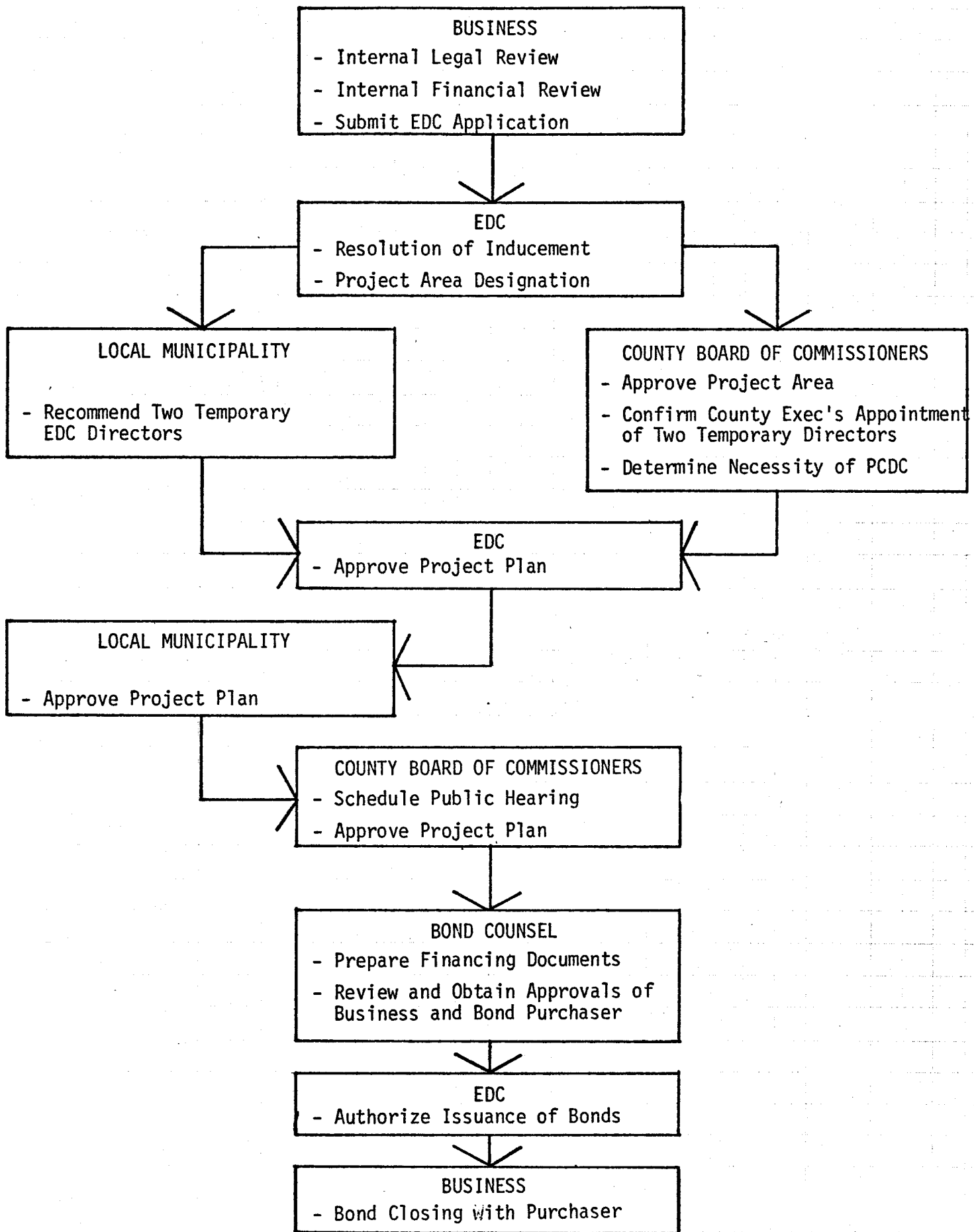
After all of these procedural matters are completed, a process that takes from 90 - 150 days, the EDC may take action authorizing issuance of the revenue bonds in the amount requested by the applicant. Prior to closing, the bond counsel representing the EDC will prepare financing documents which are reviewed and agreed upon by the applicant, the bond purchaser, and by the attorneys representing them.

In addition to the application and two administrative fee payments previously stipulated (a total of \$1,500) other costs incurred in the approval process are to be paid by the applicant. These may include: general counsel's fees; publication of hearing notices; filing costs; title insurance; etc. These costs may be paid from proceeds of the bond sale.

The applicant will also be required to pay all fees and charges assessed by the County EDC's bond counsel, Martin, Axe, Buhl and Schwartz, Attorneys of Bloomfield Hills, Michigan. These fees and charges are made by bond counsel but payments are routed through the EDC.

When revenue bonds are issued by the Oakland County EDC, an additional bond processing fee is payable to the EDC in the amount of 1/8 of 1 percent of the face amount of the bonds issued, with a maximum not to exceed IRS guidelines.

OAKLAND COUNTY
 ECONOMIC DEVELOPMENT CORPORATION
 BOND PROCESSING FLOWCHART



XII. Oakland County EDC Fee Schedule

The following schedule of fees payable by the applicant to the Economic Development Corporation of Oakland County has been adopted.

<u>Amount</u>	<u>Payable</u>
1. \$500.00	Upon Application
2. \$500.00	Upon issuance of a Resolution of Inducement
3. \$500.00	Upon approval of the Project Plan
4. 1/8% of the face amount of the bond issue	At bond closing
5. All variable processing costs including general counsel review and printing/publication charges incurred	At bond closing

XIII. General Counsel and Bond Counsel Fee Schedule

The following fee schedule as determined by the general counsel and bond counsel to the County EDC is in effect, and is payable by the applicant to the respective counsel as specified.

General Counsel's Fees: \$75.00 per hour flat rate. This fee will be billed from time to time by the Oakland County Civil Counsel's office for any review in connection with a project undertaken by the Economic Development Corporation.

Bond Counsel's Fees: The minimum fee schedule as established by Martin, Axe, Buhl and Schwartz, is as follows:

<u>Amount of Issuance</u>	<u>Bond Counsel Fee</u>
\$ 0 - \$400,000	\$5,500
\$400,000 - \$1,000,000	\$5,500 plus \$12.00/\$1,000 of bonds in excess of \$400,000
\$1,000,000 - \$2,000,000	\$12,700 plus \$2.00/\$1,000 of bonds in excess of \$1,000,000
\$2,000,000 - \$10,000,000	\$14,700 plus \$1.50/\$1,000 of bonds in excess of \$1,000,000

The foregoing schedule will only apply to a bond issue where the bonds are sold directly to a single private purchaser in a private placement which is entirely exempt from the application of the Federal and Michigan securities laws. Where negotiations are required between Bond Counsel and the purchaser's counsel in order to arrive at agreed upon covenants or where the bonds are sold to more than one purchaser or to an underwriter either for a subsequent private placement or a public offering, an additional charge on an hourly basis will be made by Bond Counsel after discussions between the Bond Counsel, the applicant and the purchaser.

An initial retainer of \$2,500 will be payable to the Bond Counsel prior to the time of the adoption of the Inducement Resolution and an additional \$3,000 retainer will be paid to Bond Counsel prior to the preparation of any of the financing documents. If the bonds are ultimately issued, the retainer will be credited toward the Bond Counsel's fees. If the bonds are not issued, the Bond Counsel will be paid at an hourly basis at the rate of \$110.00 per hour for the time expended up until the project is terminated. Any unused retainer will be refunded.

Both the General Counsel and the Bond Counsel will be reimbursed for all out-of-pocket expenses, including but not limited to photocopying, telephone charges and travel. If substantial out-of-pocket expenses are required prior to delivery of the bonds, the applicant may be asked to make a deposit toward the payment of such expenses.

XIV. Submission Timetable

1. Inducement Resolution: No inducement resolution will be placed on the agenda of an EDC meeting unless a complete application has been on file with the EDC for at least two (2) weeks prior to the meeting at which action is requested. Such application must be accompanied by the initial filing fee. In addition, it may be necessary for the EDC's Bond Counsel or the General Counsel to confer with the applicant's attorney prior to the meeting. Failure of the applicants counsel to be available for such conference will preclude consideration of the inducement resolution until the conference is held.

2. Resolution Designating Project Area and Project District Area:

Prior to the consideration of this resolution the applicant must submit to Bond Counsel the Financing Project Questionnaire regarding the project, which submission must be two (2) weeks in advance of the meeting at which the resolution is to be considered. After submission of said questionnaire the attorney for the applicant must meet with Bond Counsel at least one (1) week prior to the EDC meeting to review the questionnaire. Bond Counsel's retainer of \$2,500 must be paid to the EDC at the time the Financing Project Questionnaire is submitted.

3. Project Plan: Bond Counsel must be notified and all questions contained on the Financing Project Questionnaire must have been answered to Bond Counsel's satisfaction at least three (3) weeks before any Project Plan will be considered by the EDC. Thereafter, Bond Counsel must have completed and submitted to the applicant the proposed Project Plan which must be approved by the applicant not later than two (2) weeks before the date on which the resolution is to be adopted. Applicants should submit a proposed draft of the Project Plan to Bond Counsel to assist Bond Counsel in preparing the final Project Plan. Bond Counsel and General Counsel will require at least ten (10) days to prepare a Project Plan from the date on which a proposed Project Plan is submitted or if no proposed Project Plan is submitted, two (2) weeks after all questions on the Financing Project Questionnaire have been answered. After the proposed Project Plan has been prepared by Bond Counsel and received by General Counsel, it will be sent to the applicant for their approval prior to its final preparation. A written commitment to purchase the bonds must be submitted to the EDC and Bond Counsel no later than three (3) weeks prior to the date on which the Project Plan is to be approved by the EDC.

4. Financing Documents: Bond Counsel will require a minimum of 45 days to prepare the first draft of the financing documents which 45 day period will not begin until a written commitment letter is received by Bond Counsel. Once a first draft has been prepared it will be circulated to all parties for review and comments. Final financing documents will be sent to all parties for final approval ten (10)

days after the last party has OK'd the proposed documents or any changes necessary. All parties must approve the final financing documents at least two (2) weeks prior to the date on which the EDC resolution approving the same is to be adopted. An additional retainer of \$1000 for Bond Counsel must be paid to the EDC prior to the preparation of any of the financing documents.

XV. Inquires and Information

All inquiries relative to the Economic Development Corporation of the County of Oakland (EDC), or any additional information on economic development and business assistance can be directed to Jeffrey A. Kaczmarek, EDC Administrator, at 858-0732 between 8:30 a.m. and 5:00 p.m. The registered address of the EDC for all correspondence is:

Economic Development Corporation
of the County of Oakland
Executive Office Building
1200 North Telegraph Road
Pontiac, Michigan 48053



COUNTY OF OAKLAND

DANIEL T. MURPHY, COUNTY EXECUTIVE

ECONOMIC DEVELOPMENT CORPORATION
OF OAKLAND COUNTY

APPLICATION FOR ASSISTANCE

Application No. _____

Date Received _____

I. INFORMATION CONCERNING THE APPLICANT

A. Name and Address of Applicant

Phone No. _____

B. Name and Title of Applicant's Principal Contact

Phone No. _____

OFFICE OF THE COUNTY EXECUTIVE
ADVANCE PROGRAMS GROUP

1200 NORTH TELEGRAPH ROAD, PONTIAC, MICHIGAN 48063 313-858-0731

C. Business Status

1. The applicant is a:

- Sole proprietor _____
- Partnership _____
- Joint Venture _____
- Corporation _____
- Other Form (describe) _____

2. State the date and place of filing of assumed name; certificate of partnership; articles of incorporation; or other relevant organizational document.

Specific Date _____ Place _____

3. Brief Business History of Applicant (include date of commencement; principal undertakings; nature of products and/or services; any similar projects developed in the last five years; names and titles of principals; and resume (attachment A) of person or persons with major responsibility for implementing this project.

II. INFORMATION CONCERNING THE PROPOSED PROJECT

A. Narrative Description of Project (include description of physical changes/improvements; type of business to be conducted; services to be provided; and market feasibility.

B. Project Type

1. Renovation/Rehabilitation of Existing Facility _____
2. Addition to an existing facility _____
3. New construction _____
4. Other (Specify) _____

C. Location of Project (Community Name and Street Intersections)

Size of project site _____

Attach Legal Description of Property Involved (Attachment B)

Attach Site Plan and Area Map (Attachments C and D)

D. Zoning and Site Plan Review

1. Does the involved parcel(s) have appropriate zoning at this time? _____
2. What is the current zoning classification and if a rezoning is necessary what classification is required?
Current _____ Required _____
3. Are any zoning variances desired or required before construction can begin?
Yes (and what type) _____ No _____
4. Has the project received local site plan review approval?
Yes (date of approval) _____
No (projected date of review) _____

E. Employment Projections

1. Number of new permanent jobs to be created _____
2. Types of permanent jobs (% professional, skilled, unskilled) _____
3. Number of short term (construction) jobs created _____
4. Number of existing jobs retained _____
5. Types of existing jobs retained (%) _____

F. Tax Yield Projections

1. Current SEV _____
2. Projected SEV at completion _____

	<u>Current Taxes</u>	<u>Projected Taxes</u>
City/Township _____	_____	_____
County _____	_____	_____

G. Project Financing

- EDC Bond Proceeds _____
- Other Financing _____
- Owner's Equity _____

Total Project Cost _____

H. Project Cost Detail

- Land _____
- Buildings (Purchase or Construction) _____
- Buildings (Renovation) _____
- Site Work (land prep. utilities; landscaping) _____
- Machinery & Equipment _____
- Engineering Fees _____
- Legal Fees _____
- Financing Fees and Costs _____
- Other Costs (specify) _____

Total Project Cost _____

I. Funds Expended

Has any portion of the land, building(s), or equipment been purchased or ordered?

Specify: _____

J. Construction Timetable

Start of Site Preparation _____

Start of Construction _____

Completion _____

III. OTHER CONDITIONS AFFECTING THE PROPOSED PROJECT

A. Name and Address of Prospective Bond Purchaser

B. Principal Contact Person From Prospective Bond Purchaser

Name _____

Title _____

Phone No. _____

C. Has a Letter of Commitment Been Obtained?

Yes (Please append as Attachment E) _____

No _____

D. Project District Area

Will this project necessitate the relocation of any businesses or residences within the project area?

Yes (explain) _____

No _____

E. Transfer of Employment

Will this project have the effect of transferring jobs from one Michigan municipality to another?

Yes (explain) _____

No _____

F. Additional Tax Benefits

1. Will application be made for a Commercial Facilities Exemption Certificate (P.A. 255)? _____

2. Will application be made for an Industrial Facilities Exemption Certificate (P.A. 198)? _____

G. Property Ownership

Name and address of current owner(s) of the project property.

H. Applicant's Legal Counsel

Address _____

Contact Person _____

Phone No. _____

I. Applicant's Financial Counsel

Address _____

Contact Person _____

Phone No. _____

J. Attachments (please provide the following attachments as specified in the application sections indicated).

Attachment A (1-3): Resume(s) of Persons with Major Responsibilities

Attachment B (11-C): Legal Description of Property Involved

Attachment C (11-C): Site Plan

Attachment D (11-C): Area Map

Attachment E (111-C): Letter of Bond Purchase Commitment

(Applicant's Signature) _____

(Title) _____

(Date) _____

APPENDIX H

OAKLAND COUNTY ECONOMIC DEVELOPMENT CORPORATION

BOARD OF DIRECTORS

Edward E. Barker, Jr. (Chairperson)
Chairman of the Board
Pontiac State Bank

Eugene W. Kuthy (Vice Chairperson)
Attorney at Law

Jack Martin (Secretary)
Managing Director
Jack Martin & Co. P.C.

Peter J. Christiano
President
Concord Cable Communication

Theodore D. Dziurman P.E.
Partner
Soil & Materials Engineers Inc.

William Glavin
Vice President of Administration
Grand Trunk Western Railroad Co.

Martin W. Hollander
Member of Firm
Cole and Hollander P.C.

William Moon
Vice President
Wayne Oakland Bank

Thomas H. Ritter
Owner
Ritters Farm Markets

Harriet B. Rotter
Attorney at Law
Harriet B. Rotter P.C.

Fred C. Seeley
Vice President of Real Estate
Perry Drug Stores Inc.

Robert D. Shimmin
Principal
R.D. Shimmin Inc., Realtors

APPENDIX H (cont'd.)

Sheldon B. Smith
President
Sheldon Smith Inc., Realtors

Joyce M. Thompson
Assistant Vice President
Community National Bank

William Waterman
Partner
Waterman, Hooe and Curry

APPENDIX I

ADDITIONAL EDC DIRECTORS

80-2 Lathrup Landing Associates Shopping Center (Lathrup Village)

Vincent Zatell
Milton Thackaberry

80-3 WBT Associates Office Building (West Bloomfield Township)

John Doherty
Weldon Yeager

80-8 Ajluni Shopping Center (West Bloomfield Township)

Donald Schlitt
Robert Secontine

80-9 Tanbark Properties Office Building (West Bloomfield Township)

Donald Schlitt
Robert Secontine

80-10 ESP Associates Office Building (West Bloomfield Township)

Donald Schlitt
Robert Secontine

80-14 Oakwood Buildiners & Assoc. Manufacturing (Commerce Township)

Paul Collom
Patrick Dohany

80-18 Elliott Tours Inc. Office Bldg. (West Bloomfield Township)

Donald Schlitt
Robert Secontine

80-19 Lou Buch Assoc. Office Bldg. (West Bloomfield Township)

Donald Schlitt
Robert Secontine

80-20 L.S. Supermarkets Retail Expansion (Lake Orion)

John Luchkovitz
Stanley Sweet

APPENDIX I (cont'd.)

ADDITIONAL EDC DIRECTORS

81-1 Lehman Investment Co. Supermarket (Oxford Township)

Ronald Drake
Gordon Yowell

81-3 Links at Pinewood (Commerce Township)

Paul Collom
Patrick Dohany

81-4 Boardwalk Shopping Center (West Bloomfield Township)

Donald Schlitt
Robert Secontine

81-5 Eddie's Supermarket (Groveland Township)

James Stucky
Clark Morgan

81-6 Oxford Institute Inc. (Oxford Township)

Ronald Drake
Gordon Yowell

81-7 Royal Management Co. Orchard Lake (West Bloomfield Township)

Donald Schlitt
Robert Secontine

80-13 Professional Medical Health Centers Inc. (Farmington)

Gerald Horner
Robert Deadman