

**MINUTES
CITY OF FARMINGTON HILLS
ECONOMIC DEVELOPMENT CORPORATION
June 18, 2014 – Regular Meeting**

The Economic Development Corporation of the City of Farmington Hills held its regular meeting on Wednesday, June 18, 2014, in the Community Room at City Hall. Chairman Anhut called the meeting to order at 8:00 a.m.

Members present: Anhut, Brock, Elliott, Gatewood, Jacknow and Marcellino

Members absent: Hartsock, Manduzzi and Sarafa

Also present: Mayor Brickner and Ms. Madhu Oberoi

APPROVAL OF AGENDA

MOTION by Jacknow, support by Elliott, to approve the agenda as published.

Motion carried unanimously.

APPROVAL OF MINUTES

MOTION by Marcellino, support by Elliott, to approve the meeting minutes of May 21, 2014 as published.

Motion carried unanimously.

CHAIRMAN'S REPORT

Chair Anhut commented on the following:

- Board Member Lee Manduzzi will be leaving the EDC and is soon to retire from Bosch; he thanked Mr. Manduzzi and the Chair and Board members agreed that Mr. Manduzzi will be greatly missed; and they wished him all the best in his upcoming transition;
- The press has written much about the recent increase in the building of new hotels;
- The restaurant JR's was recently torn down, and a hotel is supposed to be built in its place;
- Business cold calls continue;
- Chair Anhut thanked City Manager Brock and the EDC for their involvement with the recent successful Xemplar Golf Outing
- No regular Economic Development Corporation meetings to be held in July or August, 2014

NEW BUSINESS / OLD BUSINESS

**Speaker: Dave Lorenz, Manager of Travel Michigan
(MEDC: Pure Michigan/Travel Michigan)**

Chair Anhut welcomed Mr. Lorenz from Travel Michigan.

Mr. Lorenz provided a brief power point presentation to the Board. The following summary was shared:

- The mission of Travel Michigan is to promote leisure travel into the state, i.e. individuals, groups, sports focus, as well as business travel;
- With “not the best news coming from southeast Michigan” the goal is to change perception of Michigan; he likened the campaign to the “I Love New York” campaign put out several years ago, that became the most successful branding campaign in the world;
- For the Pure Michigan campaign, the brand perception poses the largest challenge;
- Problems with perception include the deterioration of Detroit and the state’s cold weather;
- The need to brag about the positives: abundant natural beauty, so much water differentiates Michigan from other states, (20% of world’s fresh water) and 11,000 inland lakes; authentic destinations such as lighthouses, Mackinac Island, Old Mission Peninsula, Motown & Hitsville U.S.A.; Greenfield Village, and The Henry Ford Museum;
- Unique experiences; showed photo of sunset from the Mackinac Bridge, running race Memorial Day weekend, the longest suspension bridge in this hemisphere;
- Authentic experiences are described as majestic, mythical, and magical and the campaign tells the story;
- A story board template was created, to avoid the feeling of United States of “Generica;”
- Discussion took place regarding places such as the Sleeping Bear Dunes and Holland’s tulips;
- The campaign statement “Less like everything is and more like everything was meant to be;”
- The Pure Michigan story template tells the story;
- Budget for 2014, \$29 million; with an \$11 million cable buy;
- National TV campaign, with six national partners to match funding;
- Michigan.org is an information portal that includes over 16,000 properties;
- It is the number one state travel website for seven years in a row

Mr. Lorenz spoke about Great Lakes USA, International, and that international marketing is the next big thing. He said they expect growth and have \$4 million in funding. He described the creation of mini video vignettes in native languages.

Mr. Lorenz discussed Pure Michigan and the use of social media. He showed brief samples from a brief YouTube segment; a sample from the creative agency McCann Erickson; a sample of a community ad for Holland on YouTube, called a partner ad for community branding; a sample print ad, and sample billboard, noting that water is Michigan’s huge draw.

Mr. Lorenz discussed public relations (Pure Michigan 400 Race, Detroit Grand Prix, Detroit Tigers, Coca Cola, Wendy’s and Coca Cola, Kroger, Absopure.) He said Pure Michigan signage was now at entry signs to State parks and available on license plates. He said the big problem is that the image of a declining industry image needs to change. He mentioned an upcoming CBD planning session and the need for a structured proactive message to change national and world perceptions. He mentioned the Detroit TV message, with spokesperson Tim Allen. He said data points all show positive results, for every dollar spent, \$6.65 was brought back.

Discussion ensued regarding the problem of Asian carp getting into the waters in Michigan. Mr. Lorenz said the issue was on the agenda for the upcoming meeting of the Council of Great Lakes Governors. He spoke about the issue also being a federal problem; electric barriers; the dangers and the loss to the fishing industry; and the magnitude of the problem of invasive species.

Discussion was held regarding the need for cleaning efforts for Lake Erie.

Chair Anhut thanked Mr. Lorenz for the information he shared with the Economic Development Corporation.

Chair Anhut said he was contacted by a company called Bio Code, and a project that is underway that affects Farmington Hills. He welcomed Luke Schrader from Orchid Orthopedic Solutions; and Keith Wasilenski.

Mr. Wasilenski thanked the Economic Development Corporation for their time and he spoke about the company's relocation to Farmington Hills. He said they have the site at 23149 Commerce; they have a lease in order and have begun their relocation efforts. He spoke about the company's slow but steady growth, and the logistical roadblocks they were experiencing.

Mr. Schrader spoke about the orthopedic implants that the company manufactures, and passed around a titanium hip implant. He said moving to Farmington Hills was part of their strategy for turn-key projects for their existing customer base. He distributed a brief snapshot of their timeline; noting that in July they plan to move half of their equipment to the Farmington Hills location; the time line covers about a year and a half before the move is complete. He spoke about the challenges related to customer communication and the often-cumbersome FDA approval process. He said it was typically a six month process.

Mr. Schrader discussed their plan to move equipment into the facility in July of this year. He said by March of 2015, they hope to have all their equipment moved and running; with a final closing of the doors in Southfield in September 2015.

Mr. Wasilenski discussed the ability of taxable personal property, and said they look to invest \$4.4 million in new equipment at the facility—not an equipment transfer, but improvements and equipment. He said there will be retro-fits and rebuilds, upgrading of equipment; the use of local rigging companies, temporary storage, etc. in the local community. He said they were not bringing jobs to Michigan, but maintaining a flat headcount because of efficiencies in place. He said they have 141 employees; but over the next two years hope to position and include 10-15 more to take advantage of the new space.

Mr. Schrader spoke about operations and their strategy to meet the needs of their customers relative to CNC machines (a measuring tool for specifications). He said they outsource about 50%, but with the relocation, they hope to bring this in-house. In so doing, they would need CNC programmers and additional CNC operators. He spoke about a \$5 million signing with Zimmer Medical to expand sterile packaging in-house.

Mr. Wasilenski said they sought the support of the EDC for an abatement request to go before City Council. He said this is from tangible personal property tax for the \$4.4 million for investment and will be equipment-specific. He said they were hoping to create a continued partnership with the EDC. He said the State was projecting about a 35 head increase; they approached the State and applied for a \$300,000 training grant. He said they would like for Farmington Hills to partner with them throughout the entire process.

City Manager Brock said the City welcomed the company; that they can discuss the entire process in further detail; and that the Farmington Hills City Council always maintained a pro-business approach.

Mayor Brickner emphasized the City's desire and policy for the creation of jobs in Farmington Hills.

Discussion ensued regarding the process.

Mr. Schrader said that Orchid Orthopedic Solutions was privately held, and were paying the capital. Regarding jobs, he said they forecast 10% growth per year, maybe more depending on the machines.

Mr. Wasilenski said he was a tax accountant for Orchid; and that Mr. Schrader is the Continuous Improvement Manager for Orchid. Discussion took place regarding their other locations worldwide.

Mr. Elliott said the plan sounded good, and he was glad to see the building being used.

Discussion ensued regarding the process with the City for this consideration.

Mr. Marcellino spoke about economic challenges and that unit price is the challenge for hospitals. He discussed the pressure to reduce costs in general and the costs of implants. He spoke about the supply chain, but said demand will remain.

Discussion took place regarding costs of implants.

Chair Anhut thanked Mr. Wasilenski and Mr. Schrader for their visit and discussion with the Economic Development Corporation.

TREASURER'S REPORT

MOTION by Marcellino, support by Elliott, to accept the financial report for May 2014, as published.

Motion carried unanimously.

Chair Anhut said the next Economic Development Corporation meeting was scheduled for September 17, 2014.

ADJOURNMENT

There being no further business, Chairman Anhut adjourned the meeting at 9:07 a.m.

Respectfully submitted, City Manager Steve Brock
Secretary, Economic Development Corporation

cgray/pbs/shared/boards and commissions/edc/2014/ regular minutes/6-18-14