

# Business

## BUSINESS PEOPLE

National Bank of Detroit has announced the appointment of Frank Raiter of Birmingham as investment officer in its trust division. As fixed income analyst, Raiter manages personal trust funds invested in municipal bonds. In his two-and-a-half years with NBD, he has worked as an assistant investment officer in the bank investment division.



RAITER SHARRIN

International Minerals & Chemical Corp. has promoted Jerry Sharrin to general manager of oils, resins and minerals in the company's industrial group. Sharrin of West Bloomfield, who had been director of administration and business development for electrochemicals in IMC's chemical group, is now headquartered at the company's foundry products complex in Detroit. He joined IMC in 1973 and had served in a series of managerial positions with the company's chemical business before his transfer to the foundry products division.

El Zaret of West Bloomfield has joined the ABC American FM Network, and his program, El Zaret on Sports, which originates from Detroit, began earlier this month on many stations of the FM network. In the first network radio sports program geared specifically for FM stations, Zaret will report on sports developments and also on some of the more unusual, at times off-beat sports, six mornings per week. Prior to joining ABC, Zaret worked for WJZZ-FM in Detroit where he did both sports and commentary.

Jane Burton has been named news director of WRHP Radio, the ABC-owned FM station in Detroit. She has worked in news at other radio stations and has been both announcer for WXYZ-TV newscasts.

Sperry Vickers has announced the appointment of William Presley as vice president of manufacturing at its world headquarters in Troy, Presley, of Troy, transfers from the North American Group where he was vice president of manufacturing at the company's Nebraska plant since 1973.



PRESLEY COTTIER

Stewart Cottier of West Bloomfield has been named vice president of finance for Heritage Dental Laboratories, Division of Sybron Corp. Cottier will have responsibilities for reporting requirements, financial statements and controls, budgets and financial planning for more than 22 Heritage labs. He joined the company in 1976 as vice president of the southwest region.

The stockholders of Household Finance Corp. elected Richard Headlee of Farmington as a new director of the corporation together with the re-election of 15 other members of the board. Headlee is president and chief executive officer of Alexander Hamilton Life Insurance Co. of America in Farmington Hills.



HEADLEE BRIGHT

Del Bright of Franklin has been appointed vice president and sales promotion manager for Jacobson Stores, Inc. Ms. Bright will supervise advertising, sales promotion and publicity activities for the Jackson-based specialty department store. She joined the company as publicity director in 1976.

Linda van Schayk has joined the Birmingham staff of Abbs & Kleppinger, Inc. She will coordinate public relations as well as advertising, copywriting assignments for a variety of agency clients. She was director of corporate communications for Comshare, Inc., an international computer services firm in Ann Arbor.

## Non-profit corporation lures small businesses with low-interest bonds

By STEVE RADDICK

Economic Development Corp. It's the "hot" new topic of business conversation in Troy, Rochester and Avon Township.

In other Oakland County communities, such as Pontiac Township and Pontiac, the Economic Development Corp. (EDC) is an established and functioning fact.

What is an EDC? From a general perspective, it's one of Michigan's newest tools for keeping, luring and expanding business operations through government-sponsored, low-interest financing of capital expenditures.

In light of the current conflict between business growth needs and spiraling mortgage rates, this concept may be one of the quickest ways to a company's heart—that is, its profit and loss statement.

Specifically, the Economic Development Corporations Act (Act 338) of 1974 allows Michigan municipalities to establish non-profit corporations, which serve as a conduit for the issuance of tax-exempt revenue bonds for commercial and industrial projects.

Local EDCs review proposed projects, with the municipal government giving the final go-ahead. Projects fi-

nanced through EDC bond issues are leased back to a company.

Under this EDC lease-purchase arrangement, the title to the bond-financed project is deeded back to a company when the bonds are converted. The EDC doesn't retain the title.

INTERNAL REVENUE SERVICE guidelines were recently revised to allow municipalities to issue up to \$10 million in tax-exempt revenue bonds. The ceiling had previously been \$5 million.

An Economic Development Corporation can sponsor the funding of property, buildings, equipment and improvements for qualified business applicants—both commercial and industrial.

As in the case of stock and bond issues, an EDC applicant must follow the underwriting guidelines prescribed by lending institutions/investment companies. This usually entails a thorough audit of the company's financial records to certify its soundness as an investment.

The company that has an approved EDC project is responsible for hammering out the interest terms and the disposition of the revenue bonds with lending institutions. The bonds are subsequently issued through a community's non-profit Economic Develop-

ment Corp. and pick-up tax-exempt status in the process.

The tax-exempt revenue bond is the primary lure of a local Economic Development Corp. Since the bond is exempt from federal, state and local taxes (it being issued by a non-profit corporation), investment companies/lending institutions can charge less interest to generate the same net return.

"YOU'RE TALKING about an average of two points under the prime interest rate," said Dennis Denneels, a Troy mortgage broker who has represented EDC project companies in packaging and selling revenue bond issues.

"You're basically talking about eight percent financing for real estate in a 12-14 percent market," Denneels said. Although enacted by the Michigan legislature in 1974, the Economic Development Corporations Act has only received serious public attention within the past two years. Much of this interest, in turn, has been spurred by local industry faced with capital construction needs in a tight money market.

The state has also taken an aggressive stance in publicizing EDCs—as a means of competing with business incentives offered by other states. To spread the word about its incentive programs, the Michigan Office of Eco-

nomics Expansion has beefed up the staffs in its regional offices and has initiated an "Industry Retention Program."

Now aware of an EDC's potential to boost employment, make constructive use of idle land and expand the local tax base, a growing roster of Oakland County governments are showing a sudden surge of interest in the concept.

AVON TOWNSHIP RECENTLY approved the formation of a local Economic Development Corp.

"An EDC will encourage some good industries—which we badly need—to come into Avon Township," said Avon Township Clerk Thelma Spencer. "The time has come where we can't afford to be a bedroom community anymore," she added.

The Rochester City Council received a request at its April 9 meeting to explore the possibility of establishing its own Economic Development Corporation. The request came from a legal representative of Robert Smith, a Rochester developer who's putting together plans for a 13-acre shopping complex within walking distance of the city's central business district.

Troy City Mgr. Frank Gerstenecker reports having received inquiries from industrial organizations about an EDC.

Most of these inquiries, he noted, have come from existing businesses in Troy who are interested in expanding.

According to Gerstenecker, Troy has at least 500 acres of raw, open land zoned for industrial purposes.

"We believe that industrial development is an area we should look to with more inducement," he said.

The increased use of the Economic Development Corporations Act within the past two years, explained Denneels, may be due to revisions that have made the act more "cunividing" to basic underwriting guidelines of lending institutions.

THE NEW \$10 MILLION ceiling for revenue bonds permits a mortgage to be amortized over a longer period of time, which is comparable to conventional financing. The average length of a mortgage under EDC financing is 15-20 years, said Denneels.

"EDC financing doesn't cost a municipality one red cent," said Jeffrey Anderson, a Troy lawyer who spends a large chunk of his time representing EDC applicants.

"Government has always been in a situation where they've been fighting with business for taxing—it's kind of a love-hate relationship. You want them to come in so you can tax them, but, in the same respect, you want to draw the line so that you can lure them in," said Anderson.

"Everyone makes money off of an EDC. The municipality gets the better tax base, they get more industry involved, they get a good community relationship with their local industry in the sense that they've given industry the opportunity to save a tremendous amount of money in developing their community.

"So, rather than slap industry across the face with some high tax rates, local government has given them the opportunity to come in and develop probably at a better rate than they can anywhere else," Anderson remarked.

Mortgage broker Denneels sees a similar dollars-and-cents advantage to an Economic Development Corporation.

"It allows a continuation of expansion and development at a time where, economically—on a conventionally-financed basis, you can't put up a structure.

"You end up, because of the high-interest rate, having to pay charge \$12 per square foot for a lease in a \$9 per square foot market," said Denneels.

How long will this attraction with Economic Development Corporations last?

"When conventional monies are available at an acceptable rate, after saving deposits come up, then EDC will not be that big a vehicle," Denneels noted.

"But that's sometime coming," he admitted.



Industrial development is being spurred in Oakland County by state sponsored financing incentives—the latest of which is the Economic Development Corporation Act. (Staff photo by Mindy Saunders)

## Marathon man molds staff of award winners

By JACKIE KLEIN

Charlie Blanchard is a marathon man-turned-entrepreneur.

The 36-year-old distance runner recently opened his Total Runners store in Southfield's Franklin Shopping Plaza with a staff of six award-winning racers.

"The first day we were in business, we had more top-notch runners in the store than at the start of a race," Blanchard said. "We consider our place the headquarters for running and jogging gear, and it makes good sense to buy from experienced racers."

"We can answer questions about gear, give advice on training, preventing injuries, racing techniques and diet. Beginning joggers and elite competitors can rap about running. That's something we love to do because we're addicted talkers."

Custom-fitted running footwear is important, Blanchard said, and he carries 50 different models, priced up to \$55. His staff fits training and racing shoes according to body weight and mileage and to help prevent injuries, he said.

"We have functional clothes for runners and that's music to their ears," Blanchard said. "Running gear is waterproofed for rain, ventilated for hot weather and suited for windy days."

ACCESSORIES like wrist stopwatches, reflectors, books and even an energy drink make running more fun, Blanchard said. He invites persons to come in and look at the Total Runner bulletin board for the latest information on local and national races and to pick up entry blanks.

Blanchard, who qualified for the Boston Marathon this month, is excited about his new business which, he said, supports his habit of running. But distance racing is always in back of his mind, he admitted.

He's a former plant manager for Continental Can Co. but, he said, the job made him unhappy by the day.

"I guess you could call me a maverick executive," Blanchard said. "I was running during lunch instead of having three martinis and I couldn't entertain all night. I'm just not cut in that mold."

Blanchard, who runs 80 miles a week in Birmingham and Belle Isle, was a high school quarter miler and has been a serious distance runner for 10 years. Actually a converted swimmer, he set 13 freestyle records as captain of the University of Notre Dame swim team.

He wins 5,000 and 10,000 meter races, conducts physical fitness clinics and lectures as a class instructor in Birmingham's continuing education program.

"I DON'T WANT to overlook jogging because it's the fastest-growing sport in the country," Blanchard said. "Joggers are more involved than distance runners and they enjoy group worship. They're more interested in recreation than competition, but jogging isn't cheap or injury-free."

"The complete goal of a good jogger is to win a five-mile race at eight minutes a mile. An elite runner's goal is to come in first in a 25-mile event at a lot less than eight minutes a mile."

Blanchard said he loves to run alone about 15 miles when he's training on Belle Isle. But he enjoys company in 20-mile training runs.

Getting back to business, Blanchard said he's optimistic about the success of his new store. So far, he said, the response has been great and word of mouth spreads in running circles.

There are a number of athletic facilities in the Southfield area and that should benefit the Total Runner, he said.



Charlie Blanchard is a marathon man turned shoe shop owner who answers your questions about running gear and problems. (Staff photo by Gary Friedman)