



From the President's Desk



As the seasons change, it's time again for another edition of the MCDC e-newsletter. This issue of the newsletter highlights AG Manufacturing and Josef's European Pastry Shop, two businesses that were purchased and revitalized, expanding services and keeping jobs in Michigan. The success of these businessmen proves that business dreams can become reality, especially with financing help from MCDC.

The end of our fiscal year is quickly approaching and the outcome is bright for MCDC, thanks in part to the fee subsidies. We're expecting to fund a record 69 loans this year, providing more than \$86 million in capital to Michigan businesses. Remember fee subsidies on SBA 504 loans are still available, so take advantage of this opportunity before it ends! Despite the difficult economy, we have had a busy year helping people invest in business; bringing jobs and revenue to Michigan.

In August, MCDC partnered with the Michigan Economic Development Corporation (MEDC) and Citizen's Bank to fund Saginaw-based Morley Company's addition of a call center to work with IBM. This project will bring 350 jobs to Michigan and MCDC is thrilled to be a part of it.

Your feedback is important to us, so please don't hesitate to contact us with ideas for the newsletter, content or general information on services. We want to hear from you!

Jane Sherzer
 President, MCDC

Josef's European Pastry Shop Invests in the Future with Help From MCDC

PROFILE

For nearly 40 years, Josef's European Pastry Shop has been a fixture of the Grosse Pointe Woods community. Well known for its wedding cakes and other specialty pastries, the shop was named AAA's "Best Bakery in Michigan" in 2002. Jimmy Cavallo, an employee of the pastry shop and his brother, Anthony, purchased Josef's European Pastry Shop and the building in 2006.

Originally from Montreal, the Cavallo brothers are part of a family with a history of baking expertise. The decision to purchase and run Josef's European Pastry Shop was a natural fit. Since purchasing the business, Jimmy and Anthony have made significant enhancements to the pastry shop, creating a destination to eat, visit with friends, and purchase extraordinary baked goods. Josef's now has a full service café serving deli sandwiches, soups, and salads. The brothers also added an espresso machine to the shop, along with their own line of espresso, which is ground fresh daily.

With the help of MCDC and People's State Bank, the Cavallo brothers were able to keep this longstanding fixture in business and enhance it to ensure their success for years to come.

"MCDC made it easy to secure financing to purchase Josef's," said Jimmy Cavallo, co-owner of Josef's European Pastry Shop. "Thanks to their help, we were able to make Josef's a destination for great food and pastries in Grosse Pointe Woods."

The positive reputation that Josef's European Pastry Shop carries in the Detroit area has only increased since the Cavallo brothers purchased the business. Each year, Josef's European Pastry Shop makes nearly 300 delicious wedding cakes. Josef's is one of the only bakeries that still bakes all its goods from scratch, which may be the secret behind their famous cakes, pastries, pies and cheesecakes. Next time you're in the area, stop by Josef's for lunch or one of their famous pastries.

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— Jimmy Cavallo, co-owner of Josef's European Pastry Shop



Josef's European Pastry Shop is well known for its exquisite wedding cakes.

MCDC Holds Annual Meeting Optimistic for 2010

On August 21, MCDC conducted its annual meeting at Papa Joe's Gourmet Market in Rochester Hills. During the meeting, MCDC gave an update on progress for 2009 and also expectations for next year which are cautiously optimistic as it appears loan volume is returning to historical levels.

This year's loan production was certainly given a jump start by the subsidy of the SBA fees that were a part of the American Recovery and Reinvestment Act. These fee subsidies can save borrowers nearly \$10,000 on a loan of \$500,000. Subsidies are still available, but are expected to run out before the end of 2009, so call MCDC to take advantage of these subsidies on a new project today.

MCDC Highlights Success in 2009

Loan Activity 10/2008 - 08/2009

MCDC

68 Loans
\$34,382,000

SEM Resource Capital, Inc.

26 Loans
\$14,985,000

Economic Development Foundation Certified

17 Loans
\$7,004,000

Lakeshore Certified Development Company

6 Loans
\$1,196,000

Oakland County Business Finance Corporation

7 Loans
\$ 2,904,000

Business Development Corporation (BDC)

2 Loans
\$224,000

Tell us what you think !

We encourage you to send us your thoughts on our e-newsletter - from length, to format, to content - tell us what you think. Please send your comments to:

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AG Manufacturing and MCDC Work Together to Keep Jobs in Michigan

PROFILE

Located in the heart of Michigan's thumb, AG Manufacturing assembles electrical wire harnesses and electronic sub-assemblies for the automotive, aerospace and military industries. The company was created in 2004 when Victor Edozien acquired a business in Harbor Beach that was transferring all of its production to Honduras and Mexico.

With financing from MCDC, Edozien was able to acquire the business, keeping and increasing manufacturing jobs in Michigan.

Down to 19 employees when the acquisition occurred, AG Manufacturing now has more than 70 employees. The business is housed in a 55,000 square-foot facility featuring 12 front offices, a large conference room and four truck bays. The Harbor Beach facility is focused on aftermarket service parts, prototypes, molded components, dyno cables and electrical assemblies. AG Manufacturing's customers include Chrysler, GM, Volvo, the United States Air Force, United States Army, and Audiovox.

AG Manufacturing has been successful thanks to Edozien's vast experience in strategic planning, revenue growth strategy, acquisition strategies and business improvement in private equity/leveraged buyout situations. His additional experience with automotive supply chains and competitiveness improvement made owning his own manufacturing company an easy transition, thanks to MCDC.

"Working with MCDC significantly reduced the risk out of investing in my business for Chemical Bank," said Victor Edozien, AG Manufacturing owner. "Without their assistance in securing financing, acquiring my business would not have been possible."

Since acquiring and developing AG Manufacturing in 2004, Edozien also has acquired other manufacturing businesses in Illinois and Alabama, furthering the manufacturing industry in Michigan and across the country.

"Working with MCDC significantly reduced the risk out of investing in my business for Chemical Bank. Without their assistance in securing financing, acquiring my business would not have been possible."

— Victor Edozien, AG Manufacturing owner



AG Manufacturing employs 70 people in this 55,000 square-foot facility.



Helpful Tool: MCDC Web site

A reminder to our readers that the launch of our new Web site earlier this year brought new features to help us serve you better. Members now have the ability to upload documents securely to our Web site which allows us to process your loan quicker. Visit www.MichiganCDC.org to check out this new feature.