MiBiz presents the 7th Annual M&A Deals & Dealmakers Awards, our yearly spotlight of best practices and excellence related to mergers, acquisitions, capital formation and other types of dealmaking throughout West Michigan.

We made considerable changes to the format this year compared to previous awards. In particular, we switched from considering nominations by deal size to an industry-based approach to categories, which included manufacturing, professional services, finance/banking, real estate development, economic development, health care, life sciences, technology and nonprofits.

In the individual awards, we also added an investor category in recognition that West Michigan increasingly has become a hub for excellence in private equity, venture capital, family office investing, merchant banking and angel investing.

The expanded format means more winners and finalists this year, but more importantly, a chance to highlight more of the best practices that are being developed and honed at companies across the region.

In selecting this year’s honorees, the judges looked for interesting, strategic and challenging deals that offer lessons, best practices and insight into the local, national and regional economy. The awards are intended to celebrate the excellence, smarts, grit, execution and occasional bit of luck required to get a deal across the finish line.

Bottom line: They looked for examples that could offer relevant and engaging stories and provide key lessons for the entire West Michigan business community.

We think this year’s crop of winners and finalists offers up some great best practices that are ripe to be harvested and applied to even more companies and deals. For more on that front, turn the page and read on.

Brian Edwards, Publisher
Joe Boomgaard, Editor
VALUES PLAY PRIMARY ROLE IN STRUCTURAL CONCEPTS’ RETIREMENT-INITIATED SALE

By JESSICA YOUNG | MiBiz
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A n emphasis on shared family values and the promise of continued investment and growth made last year’s sale of privately-owned Structural Concepts Corp. to private equity firm Mason Wells a “very friendly, reasonably smooth deal all the way along.”

That’s according to Dave Geerts, who retired as CEO and president of Structural Concepts earlier this month.

Structural Concepts manufactures temperature-controlled food display cases for supermarket and foodservice operators. The company employs 550 people at its 500,000-square-foot manufacturing facility in Norton Shores, just south of Muskegon.

After 48 years of building the business, founder James Doss and the senior management owners decided to start looking for a buyer of Structural Concepts, the winner of the manufacturing category in the 2019 MiBiz M&A Deals of the Year Awards.

“Our founder was getting up in years and really wanted some liquidity and the two members of the senior management team that also own stock, including me, were wanting to retire,” Geerts told MiBiz.

The company, which generates annual revenues in excess of $100 million, received “incredibly strong interest” from potential acquirers, including last year’s private equity firms and family offices. However, the owners were looking for more than just the highest bidder.

“We had a lot of interest from the unique environment of family-owned businesses,” Geerts said. “We wanted shareholder liquidity, but we needed the right partner.”

In the end, the leadership at Structural Concepts found a match in Milwaukee, Wis.-based Mason Wells, a leading Midwest-based private equity firm with $1 billion in assets under management. Mason Wells acquired Structural Concepts in October 2018 — its first acquisition in Michigan — adding the company to its engineered products and services portfolio.

“We’ve had a strong growth record and wanted that continue,” said Geerts, who has led the company for 25 years. “We picked Mason Wells because they had a reputation for doing the right things to grow their companies.”

In this case, that included a track record of investing in companies via new products, processes and equipment-enabled growth. In addition, Mason Wells seemed “extraordinarily focused on providing ongoing opportunities for employees,” according to Geerts.

“That was really important to us and the other key was Mason Wells doesn’t get involved in operations,” he said. “A lot of public companies, a lot of family offices, a lot of PE groups like to take over operations. These guys don’t want to get involved in the operations. They let the managers manage.”

Mason Wells targets Midwest-based manufacturing companies that make engineered products or consumer packaged goods, which also aligned with Structural Concepts.

Before the sale, Geerts did his “own due diligence” by reaching out to a handful of companies involved in the operations. They let the managers manage.

“Mason Wells targets Midwest-based manufacturing companies that make engineered products or consumer packaged goods, which also aligned with Structural Concepts,” he said. “Every single company did well under Mason Wells’ ownership, and interestingly and importantly, they’re doing well under the new owners that Mason Wells sold them to,” Geerts said. “They just checked all the boxes.”

“The value of having a buyer that understands the unique environment of family-owned businesses was also a determining factor in selecting the firm from among the pool of offers, Geerts said.

Mason Wells targets Midwest-based manufacturing companies that make engineered products or consumer packaged goods, which also aligned with Structural Concepts.

In a testament to their confidence in Mason Wells and the continued growth of Structural Concepts, all of the former shareholders, including the 85-year-old founder, reinvested in the new company, according to Geerts.

“We weren’t even asked,” he said. “We just did it because we believe in our future and we believe in their management style.”

The sale and integration process was “shockingly non-controversial,” thanks to some particular best practices, he added.

“We had audited financial statements back to day one,” he said. “That was a huge blessing. The other thing I would advise is to watch your contracts. Make sure you have all your contracts in a central location and make sure that only strictly pre-approved officers are allowed to approve.”

Because of its size and the oversight requirements and rigidity of the sale, Structural Concepts — formerly an S-Corporation — was structured with an F-reorganization during the transaction, an uncommon move that required the help of Grand Rapids-based law firm Warner Norcross + Judd LLP.

“I was told horror stories and I experienced none of those here. We had the right law firm in Warner,” Geerts said. “Steve Waterbury is a freaking legend.”

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In the professional services category for the 2019 MiBiz M&A Deals of the Year Awards.

Critical to putting the deal together with the investors was ensuring all parties were aligned on what they wanted out of it. "You have to make sure that you're aligned entirely on the end goal as you enter these transactions that are oftentimes very complex, include a number of different parties at the table, and sometimes are represented by a number of different law firms and tax advisers. It's really important to make sure everyone is aligned on the end-all, be-all goal of the transaction, because as soon as one party, one lawyer or one adviser is not aligned, you're going to have significant problems with the deal," Schweinzger said.

Raising capital also requires "complete honesty and transparency in terms of what it is we're setting out to do and why we're setting out to do it," he said.
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REPEAT BUSINESS
FOX MOTORS NAVIGATES COMPLEXITIES TO ACQUIRE, CONSOLIDATE PAIR OF FAMILY-OWNED DEALERSHIPS

By JOE BOOMGAARD | MiBiz
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When Fox Motors negotiates deals to buy other dealerships, the Grand Rapids-based company prioritizes treating sellers fairly in the transactions. That ethos handed down by founder Dan DeVos has led to continued growth for the dealership group, which generated $976.5 million in revenue for 2018 and now includes 36 stores in Michigan and Illinois.

“Because Chrysler has always wanted to put those franchises together under one roof, he thought that it could be attractive to a group like ours to embark on doing that and putting it all together,” Maher said.

The proposal shifted into high gear when Flikkema jumped on board and agreed to sell his dealership simultaneously. That’s also when the complexity of the deal ratcheted up for the team at Fox Motors.

“Dealing with two sellers with different buy-sells and the manufacturer and having that all work out and be able to negotiate something that makes everybody happy was definitely a difficult thing to embark upon,” Maher said. “It could have fallen apart with one or the other at any time, or not gotten approved by Chrysler. It’s definitely an accomplishment to make all that happen.”

The deal, which won the retail category in the 2019 MiBiz M&A Deals of the Year Awards, also included K&M’s Motor Mile Used Car operation and the Flikkema family’s Venom Motorsports Inc., a performance upgrade, off road, and street shop, as well as three properties along the Plainfield corridor.

On top of all the business issues in the deal, each of the sellers involved multi-decade family-run companies, which bring about their own unique set of dynamics, Maher said.

The deal was the finalist in the retail category of the 2019 MiBiz M&A Deals of the Year Awards. “We were so excited for this next chapter in Betten Baker history,” co-owner Chris Baker said in a statement about the deal to relocate the Kent City Ford franchise to further expand its retail operations in Coopersville.

Muskegon-based Betten Baker acquired Kent City Ford to relocate the franchise to Coopersville and complement its recently opened Chrysler Dodge Jeep Ram store. Along with the company’s legacy Chevrolet Buick store, it now offers seven domestic brands from the Coopersville super center.

Between the new Chrysler Dodge Jeep Ram and Ford stores, Betten Baker expected to create more than 100 new jobs in Coopersville.

WINNER: FOX MOTORS
Top executive: Dan DeVos, chairman and COO of parent company DP Fox Ventures LLC
Annual sales: $976.5 million in group revenue for 2018
Full-time West Michigan employees: 1,625
Brief business description: Dealership group with a portfolio of 41 automotive and powersports brands at 36 locations across all of Michigan and in Illinois.
Advisers: In-house counsel

“There was some emotion in this one, for sure,” she said of the deal. “Both parties had owned those businesses for a long time and grown them and were very proud of them, and they all had kids in the business.”

With those factors in play, Fox Motors relied on its best practices learned from acquisitions to navigate the complex business and personal issues involved in the deals.

You just have to approach it with kindness, try not to push too hard on certain things and just be respectful that it’s difficult sometimes to let go,” Maher said. “You have to give them assurance that you are going to treat their investment with respect and their people with respect and you’re going to do your best to improve it and not hurt it.”

Once the documents were signed and the deal received the needed blessing from FCA, Fox Motors then needed to get to work integrating the two teams’ systems and culture since the deal added 150 people to the company’s head count.

As well, Fox Motors also began implementing a plan to consolidate new car operations at the Van Andel & Flikkema site and used car sales at the former K&M location, while also moving the Venom Motorsports division to the former Motor Mile location. Construction and renovation projects are expected to begin in 2020.

Maher praised the leadership of the two former owners, the strong family cultures at their companies, and their committed employees for making the process go as seamlessly as possible.

“Knowing John and Hank, I knew they had similar business philosophies. They are kind men who are doing the right thing for the right reasons. But you never really know until you get into something whether it’s real or if it’s going to work out all right,” Maher said. “Only could this happen in Grand Rapids, Michigan, where three parties are completely reasonable about what they want and how they see the end game being a benefit to everyone and are willing to be reasonable all along the way to get it done.”
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MiBiz Award Winners

Dealmaker of the Year (Adviser):
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M&A Deal of the Year
(Manufacturing):
Structural Concepts Corporation

Charlie Goode
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Orion Real Estate Solutions Fills Landmark Downtown Grand Rapids Development

By SYDNEY SMITH | MiBiz ssmith@mibiz.com

On the heels of a range of downtown developments coming online in recent years, Orion Real Estate Solutions saw further demand for Class A office space in Grand Rapids.

As the company looked for a new project to develop, owner and President John Wheeler struck a deal for a multi-decade lease with Grand Rapids-based Ellis Parking Co. for a key under-developed piece of downtown property.

Today, the former surface parking lot has been transformed into the 15-story Warner Building and 12-story, 160-room Hyatt Place Grand Rapids/Downtown hotel, plus a 450-space parking ramp. The two buildings at 140 and 150 Ottawa Ave. NW are entirely leased up with office and retail tenants.

Wheeler’s vision for the project, the winner in the real estate category of the 2019 MiBiz Deals of the Year Awards, is that the development of the two buildings will breed more success in the community.

“To do a private enterprise project like this and be able to get it put together and raise $85 million, it shows confidence in the community from the lenders and the city,” he said. “These projects are getting bigger and are more complicated and are being done on strategic corners. When they are successful, it just breeds more success and confidence in the community.

The projects ‘bring life to that corridor,’ Wheeler said.

As of November, the Warner Building at 150 Ottawa will be fully occupied. The anchor tenant is law firm Warner Norcross + Judd LLP, and the building also will house the regional offices for Detroit-based Chemical Bank and Grand Rapids-based Van Wyk Risk Solutions.

After decades at its former location at the Trust Building, Warner Norcross + Judd moved about a block to the new space, which the firm plans to use to help it attract more talent, according to Wheeler.

Meanwhile, Van Wyk previously told MiBiz it chose the Warner Building as its new offices after viewing about 20 potential office locations. The insurance agency, which outgrew its space on Wealthy Street in East Grand Rapids, occupies 17,580 square feet on the 10th floor of the Warner Building. The building offered the firm the chance to move into brand new office space with a convenient location and amenities for its employees.

Chair restaurant Tupelo Honey Southern Kitchen & Bar will fill the ground-floor space at the Hyatt Place building at 140 Ottawa Ave.

In its first deal, Blue Pointe Equities acquired a 49-percent stake in the 137,000-square-foot American Seating Park. The REIT in August purchased a 161,000-square-foot industrial building at 3010 52nd Street SE for $7.2 million from a Delaware company that owned the former Zondervan facility since 2015, according to property records.

“The first one was a high-profile multi-tenant office space. (The second) is a single high credit industrial space purchased below market,” said Managing Partner Max Benedict, also a principal at Third Coast Development. “We’re blending all that is West Michigan as far as quality assets, so we maintain the above-market returns.”

Typically, Third Coast prefers to develop its own new ground-up projects and has “passed on some incredible stabilized assets” that it can now look at because they better fit with Blue Pointe Equities, Benedict said.

“With this Blue Pointe investment model, we have a team dedicated to evaluate all of these deals and curate the best fit for our portfolio, which we then offer as shares to local and out of market investors,” he said.

 finalists:

Orion Real Estate Solutions

Winner: Orion Real Estate Solutions

Top executive: John Wheeler, president

Annual sales: $100 million to $200 million

Business description: Real estate development company

Project partners: Orion Construction Co. (construction), Ghafari Concept Design (architects), Chemical Bank (lender on both towers)

Blue Pointe Equities partners with Third Coast Development in $90M REIT

Executives from Third Coast Development LLC formed a partnership to build a localized network of commercial real estate in the form of a privately-held real estate investment trust (REIT). The plans for the REIT came about when the Grand Rapids developers partnered last year with Blue Pointe Equities LLC, a Grand Rapids-based commercial real estate investment fund.

The partners plan to invest around $90 million in the local market by attracting interest from local and national accredited investors.

“From here, we’re trying to grow it, and we’re diversifying, which essentially takes the volatility out of the real estate investments,” said Andrew Visser, managing partner of Blue Pointe.

The partnership was selected as the finalist in the real estate category of the 2019 MiBiz Deals of the Year Awards.

In total, about 500 workers are located in the two buildings, which Wheeler said will help to further support other ground-floor retail and restaurant spaces downtown. A restaurant on the second floor of the Hyatt Place hotel added 55 jobs, while Tupelo Honey will add 150 jobs when it opens in April.

Wheeler calls the project a “huge team effort.” Developer Orion Real Estate Solutions and Orion Construction Co. Inc. dealt with unique challenges in design and construction because of the limited available space on the site. Wheeler also credits the lender Chemical Bank for the success of the project.

As well, the city of Grand Rapids and state of Michigan also played a role in getting the project moving: The development captured both brownfield redevelopment funds and Downtown Development Authority tax increment financing incentives.

“We touched every level of complexity you could on this one,” Wheeler said. “It was truly a community effort to get that project up.”

Each project has its own best practices formula, but pre-construction is the most important time to flesh out the details and think progressively, Wheeler said.

“We spend a lot more time before we put a shovel in the ground than we do after we start construction with the thought process of how the building is going to look in 50 years, 100 years, and what it means to the community,” he said.
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NORTHPOINTE BANK GETS BOOST FROM $25M RAISE, DEAL TO EXPAND TO NORTHEAST STATES

By MARK SANCHEZ / MiBiz
msanchez@mibiz.com

Raising $25 million in capital and acquiring a mortgage company positioned Northpointe Bank for even more growth in the years ahead.

The Grand Rapids-based Northpointe Bank closed in June of this year on the private placement of common stock with Castle Creek Capital LLC, a private equity firm based in Rancho Santa Fe, Calif. Through the investment, Castle Creek Capital took a 27-percent stake of the outstanding equity of the company, said Michael Winks, Northpointe’s executive vice president and chief lending officer.

The capital provided Northpointe Bank a means to grow its balance sheet “so we can continue to do what we’re doing,” Winks said.

“This just allows us to continue to expand the bank,” he said. “We’ve been on a nice growth path and enjoy expanding our business.”

Raising the $25 million, combined with Northpointe Bank’s earlier acquisition of certain assets of Home Point Financial, won the banking and finance category in the 2019 MiBiz M&A Deals of the Year Awards.

The Home Point Financial acquisition a year ago extended Northpointe Bank’s residential lending business into the northeastern U.S., a market where “we didn’t have much” previously, Winks said.

Through the deal with Home Point Financial, a subsidiary of Ann Arbor-based Capital LP, Northpointe Bank added 13 residential mortgage lending offices to grow to about 50 locations in 20 states. The mortgage offices acquired are primarily in Ohio, New Jersey, 50 locations in 20 states. The mortgage offices acquired are primarily in Ohio, New Jersey, and Northpointe Bank originated more than $4.2 billion in residential mortgage originations in 2018.

Full-time employees in West Michigan: About 450 (740 employees overall)

Business description: Primarily a residential mortgage lender

Advisers on the capital raise: Varnum LLP (legal) and Sandler O’Neil & Partners LP (placement agent)

The deal with Home Point Financial came together when parent company Home Point Capital decided to sell off its consumer mortgage business. Executives at Home Point Capital, a previous client of Northpointe Bank’s warehouse business that lends to other independent mortgage bankers, reached out to their counterparts in Grand Rapids, who agreed to work out a deal.

They negotiated a deal that was announced in July 2018 and closed the following August.

Helping move the deal along was that Northpointe Bank executives “just happened to know” two managers of Home Point’s northeast region. The two people previously owned a mortgage company and were prior clients of Northpointe.

“We knew the team, we knew about the culture, and our business goals have been to grow and add new team members as we do that,” Winks said.

Getting good cultural fit is key to any acquisition, he said.

“The residential lending business is often a scale business, so we pick up economies of scale as we grow the amount of loans that we originate. It’s accretive to the bank,” he said.

The deal was with Home Point Financial. The company that developed an ultrasound device and is developing therapies to treat ophthalmic disorders. The fourth investment that is expected to close soon also will involve a Michigan-based company.

For the formation of Fund III, Grand Angels was named a finalist in the banking and finance category for the 2019 MiBiz M&A Deals of the Year Awards.

The venture capital fund invests $250,000 to $500,000 in each portfolio company, primarily in seed, Series A and Series B capital rounds with companies in advanced manufacturing, advanced agriculture, life sciences and software.

Of the three investments made to date, two of the startups are based in Michigan. They are Ann Arbor-based HistoSonics Inc., a medical device company that developed an ultrasound therapy to destroy cancer tumors, and Ocupleire Pharma Inc. of Farmington Hills, which is developing therapies to treat ophthalmic disorders. The fourth investment that is expected to close soon will involve a Michigan-based company.

Grand Angels Venture Fund III scouts for deals across the Midwest, although “definitely the vast majority will be Michigan companies,” D’Amato said.

WINNER:

Top executive: Charles Williams, president and CEO

Annual sales: $4.2 billion in residential mortgage originations in 2018

The bank as of June 30 had total assets of $1.82 billion, compared to $1.03 billion a year earlier and prior to the Home Point deal, according to a quarterly financial report to the FDIC. Deposits at midyear totaled $1.09 billion.

Through the first half of 2019, Northpointe Bank recorded $12.1 million in net income, versus $7.5 million for the first six months of 2018. After the Home Point deal, Northpointe Bank remains open to additional acquisitions in the future.

“We would be on the lookout for similar opportunities that would fit our strategic growth plans,” Winks said. “We’re just looking for the right opportunities where top sales folks, top operational folks are a good fit with the culture of Northpointe Bank to help grow our originsations throughout the country.”
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Shifting Gears: MUSKEGON AREA FIRST

TRANSITIONS TO PRIVATE-SECTOR MODEL

By MARLA MILLER | MiBiz

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With former CEO Jim Edmonson back at the helm and a new board of directors, Muskegon Area First has positioned itself for fiscal and programmatic growth to support Muskegon County’s economic development into the next decade.

Muskegon Area First’s directors spent the last year or so restructuring the countywide economic development organization into a private-sector-led model. The successful transition garnered recognition as the winner in the economic development category of the 2019 MiBiz Deals of the Year Awards.

Since its founding in 1999 by area business and government leaders, Muskegon Area First has been largely led and funded by the public sector. The reorganization included hiring Edmonson’s consulting firm, Baton Rouge-based Edmonson Associates, to help restructure and transition the nonprofit economic development corporation.

Under the prior structure, Muskegon Area First’s primary financial support came from service fees and memberships paid by cities, villages and townships in Muskegon County. The 20-member board of directors also consisted of mostly public sector representatives.

“The reason they needed to do something different was funding,” Edmonson told MiBiz. “Funding was declining in the public sector and manufacturing is changing.”

Now, the 18-member board has 15 members from the private sector and three from the public sector. The new board consists of representatives from Muskegon County’s manufacturing and business sector, DTE Energy, Consumers Energy, Muskegon Area Intermediate School District, Muskegon Community College, Muskegon County, the City of Norton Shores and a non-voting state representative.

“That’s a big change, obviously,” said Edmonson, a part-time resident of West Michigan who previously ran Muskegon Area First from 2004 to 2007. “Manufacturers are better served if they are coming up with the programs and strategies to move the agency forward.”

The former board of directors also boldly voted themselves out of office after appointing a seven-member transition board last spring to define a strategy and a path forward. The transition board was charged with raising money for the organization and appointed the new board of directors in September.

“Today, with the new board, we have doubled, close to tripled the amount of money coming in and only 25 percent is public funding,” Edmonson said.

Edmonson said there is a nationwide trend for the private sector to take the lead in guiding local economic development organizations. Muskegon County has a long history of business leaders who were willing to step up and lend their expertise on community boards and organizations, which helped with the transition.

Under the new model, Muskegon Area First has lofty three-year benchmarks: Obtain $58 million for infrastructure; 12,000 new and retained jobs; $90 million in new capital investment; $75 million in new annual payroll; and maintain an unemployment rate below that of the state and region.

Over the last year, in the middle of the transition, Muskegon Area First helped 11 companies expand or attract new companies that led to $52.1 million in new capital investment and the projected creation of more than 300 new jobs. The organization also helped local companies secure $133.6 million in government contracts, Edmonson said.

Some of Muskegon Area First’s key initiatives going forward will focus on workforce and talent development, business retention and attraction, a new marketing and branding campaign and possible name change, small business growth and development, and strategic infrastructure projects. In particular, the organization wants to retain a portion of the 34,000 workers who leave the county every day, as well as work with local manufacturers to determine their health and needs and assist with expansion and talent retention. Other efforts include lead generation and targeted recruitment of new companies to the county.

Muskegon Area First’s current pipeline includes 52 projects that have the potential to result in $127.1 million in new investment, a minimum of $75 million in new annual payroll, Edmonson said.

Muskegon Area First also plans to ramp up small business support services, offering assistance with development projects, customized market research reports, and a business connect portal for minority and disadvantaged businesses.

Additionally, MAF will focus on capacity building in rural communities through infrastructure improvements.

Edmonson said the board hopes the new format and focus positions Muskegon Area First to better serve and grow the region’s economy.

“It needed more manufacturing perspective in designing the programs,” Edmonson said. “We had a successful fundraising campaign and board formulation and now we have to make that sustainable.”

WINNER: MUSKEGON AREA FIRST

Top executives: Jim Edmonson, CEO

Annual budget: $923,000

Total full-time employees: 8

Brief business description: Economic development organization serving Muskegon County. MAF serves 13 counties for Procurement Technical Assistance Center and seven counties for the West Michigan Food Processing Initiative.

Transition board members: Nichols

Pepper Co., CEO, Mike Olhoff, chair; Northern Machine Tool General Manager Steve Olsen, vice chair; Hazekamp Premier Foods President Dave Houts; Challenge Machineway Gs. President and CEO Tom Zant; Hemisphere Design COO Katie Werrenglo; Consumers Energy Community Affairs Manager Rich Houteman

Key goals of reorganization: Change from public-sector board to private-sector control, restructuring sources of funding; redesign array of services; take on new economic development responsibilities; reinvigorated marketing strategy; aggressive performance standards; new branding and possible name change
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Mika Meyers, PLC
Attorneys at Law
Perrigo Co. plc’s $750 million acquisition of Ranir Global Holdings LLC brought together two companies that essentially were following the same path when their CEOs decided to talk business toward the end of 2018.

The Grand Rapids-based Ranir produces more than 300 store-brand and private-label oral care products sold at many of the same retailers that carry Perrigo-produced over-the-counter store-brand medications and other products that cost less than brand-name counterparts. Both companies were driving a “self-care” strategy, producing products that enable consumers to take care of their own health.

In their initial conversations, Ranir President and CEO Rich Sorota and Perrigo CEO Murray Kessler each saw the potential they had together to pursue the $400 billion global self-care market.

“I believe our retail partners see the rising cost of health care and they’re looking for ways to bring solutions to their consumers,” Sorota said. “When you look at what we’ve accomplished in oral care and what Perrigo has accomplished in broader categories and collectively where we can try to really shape things, it’s more important than it’s ever been as it relates to the rising cost of health care.”

Perrigo and Ranir announced their all-cash deal in May and closed the transaction at mid-year. The deal won the health care category in the 2019 MiBiz M&A Deals of the Year Awards.

The acquisition began coming together as Murray was just two months into his tenure and prepared to implement a sweeping $1 billion plan to transform Perrigo into a “self-care” company and restore sales and earnings growth. In Ranir, Perrigo gained an immediate and major presence in the global oral care market. Ranir already was well down the self-care path way that Kessler charted and outlined to investors in May. The similarity in strategies made the acquisition attractive, Kessler said.

In an investor presentation the day the deal was announced, Kessler called Ranir “a spectacularly aligned company” with Perrigo.

“There is self-care language all through this company, and they get it,” Kessler said.

Ranir produces manual toothbrushes, power toothbrush heads and handles, whitening strips, dental floss, dentures and travel kits sold in more than 50 countries, and employs about 650 people, 450 of them in Grand Rapids. The company generated $280 million in sales in 2018 and since 2002 averaged compound annual growth rates of 15 percent for sales and 22 percent in earnings before interest, taxes, depreciation, and amortization (EBITDA).

“Do they make sense? Is it something that comes together nicely? Where are the opportunities to create more value?” Sorota said. “Deals make sense when they create value and have a high probability of doing so. That’s why (the Perrigo deal) made so much sense.”

Now operating as one, Perrigo and Ranir together have an appetite for further acquisitions to drive growth.

“One of the common bonds of both of our companies is Perrigo is also as committed as Ranir was in M&A,” Sorota said. “That will continue to be an important part of our growth agenda.”
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10.28.2019
Deep Dive Part 1: Opioids in the Workplace/Talent
Contract Deadline: 10.16.19

11.11.2019
Plastics Manufacturing Industry Report
Deep Dive Part 2: Opioids in the Workplace/Health System
Contract Deadline: 10.30.19

11.25.2019
Education & Talent Development
Deep Dive Part 3: Opioids in the Workplace/Policy
Contract Deadline: 11.13.19

12.9.2019
Construction Wrap-Up
Contract Deadline: 11.27.19

12.23.2019
Crystal Ball 2020: MiBiz Special Edition
Contract Deadline: 12.11.19

1.6.2020
West Michigan Deals
Contract Deadline: 12.24.19
WITH $40 MILLION RAISE, VESTARON POSITIONS TO COMMERCIALIZE NEW ECO-FRIENDLY INSECTICIDES

By MARK SANCHEZ | MiBiz
msanchez@mibiz.com

S
ince securing a $40 million capi-
tal investment last spring, Vestaron
Corporation has been assembling com-
mercial and operating teams as it pre-
pares for the broad launch of a brand of

Rooted in Kalamazoo, Vestaron closed in June
on an investment led by Novo A/S, a Denmark-
based holding company of pharmaceutical giant
Novo Nordisk A/S.

Vestaron is using the capital to expand com-
mercialization and accelerate the development
of an additional line of eco-friendly insecticides
as it builds operationally, said CEO Anna Rath.

"On the heels of getting our financing under
control, we have really started building out the
team," Rath said.

Vestaron's capital raise won the life sciences
category in the 2019 MiBiz M&A Deals of the Year
As it progressed this summer toward the mar-
tetplace, Rath noted, "That required additional capital with new
and larger investors who 'realized could share and could support the more commercially-oriented views of the company going forward,' she said.

Vestaron first connected with lead investor Novo
after an introduction from Anterra Capital, a
prior investor in the company.

In seeking a larger capital investment,
Vestaron sought to connect with investors well-
versed in the ag-tech industry.

"One of the things that I really wanted to do
was make sure that we were not only attracting
capital, but attracting high-quality capital, and
that meant investors who would continue to be
able to support the company through its develop-
gment going forward and also folks who had
some angle from which they would be able to be
helpful to the company as more than just capita-
tal," Rath said. "I am very happy with not just the amount of the round, but the quality of syndicate and what that will mean both for the ability of the company to reach its potential, but also the prospect for the help those investors can provide in enabling us to reach that potential."

As Vestaron expands its product line toward the
marketplace, Vestaron opened new corporate offices in North Carolina that will house administrative staff in marketing, finance, accounting, product development, and other areas. R&D operations will remain in Kalamazoo, where the company began in 2005.

"Setting up corporate offices in North Carolina's Research Triangle positions Vestaron to take advantage of the "really strong agricultural ecosystem with both large and small agri-
culture-focused companies" in the region, while maintaining R&D in Michigan that employs 15
to 20 people.

Anna Rath, CFO, Vestaron Corp.
COURTESY PHOTO

"That's going to set us up for, we think, a ne-
Nemous commercial year in 2020," Rath said.

"We feel good about everything having come
together as it needed to."

Rath has described the science and technol-
ology behind Vestaron's new Spear-branded prod-
ucts as "our own little revolution" in agricultural chemistry where "great safety and environmental attributes will play a major role."

Vestaron's role in that potential industry
transformation drew the interest of investors
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transformation drew the interest of investors
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needs. The deal was the first time Novo, a
major life sciences investor in pharmaceuti-
cals, invested in a company involved in agri-
cultural technology.

"We take great pride in the fact that while
they had been interested in making as ag-related
investment for some time, we were the first one
that gave them the right set of factors that caused
them to take the leap," Rath said.

Vestaron began moving toward the market-
place following a strategic decision by company
directors at the end of 2017 to commercialize the
products on its own. Directors also determined that the company "should be more than a plat-
form company that it should be a company that's
capable of manufacturing and commercializing
its own products," Rath said.

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and larger investors who "realized could share and could support the more commercially-oriented views of the company going forward," she said.

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COURTESY PHOTO

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he February deal for Grand Rapids-based tech firm Conway, Dierking & Hillman Inc. allows Red Level Networks LLC to expand its client list, core I.T. services and reach across the state.

For the take-out based I.T. services and consulting firm, the acquisition fit with its “growth mindset” to push deeper into services in custom application development, business intelligence and analytics, web-based collaborative platforms and user experience design, according to Red Level CEO David King.

“The driver really was timing and it was going to give us the ability to get into some new markets and new services,” King told MiBiz.

From its start in 2004, Red Level had grown by 10 percent to 25 percent year-over-year until a couple of years ago when the organic growth began to slow, according to King.

“As you get bigger and have more staff, it’s harder to continue that exponential (growth),” he said. “We were looking to leverage new technologies and we could continue that growth model and M&A seemed definitely part of the strategy.”

After Red Level purchased and renovated a 20,000-square-foot “new home” facility in Novi in 2016, King and the company’s leadership team began actively searching for an acquisition opportunity — the third in its history.

The search included targets in the “general Midwest” and then narrowed to Michigan, according to King.

“The rule of thumb is not to go too much over a hundred miles outside of your local area so that you can still be connected and close and still manage pretty successfully,” he said.

In late 2018, King connected with the owners of Conway, Dierking & Hillman, which operated in the market as C/D/H. The two companies were familiar with each other, having networked and partnered together in the past, which made working out a deal a more natural process, according to King.

“C/D/H company has a phenomenal, 29-year history as a kind of Grand Rapids icon,” he said. “When we actually laid out our values in the process and put them side by side, they were almost identical without having to do any editing or even revising,” he said. “They were really similar in how we had philosophies of how we treat clients, and especially, how we treated our employees.”

As employers across the state deal with a talent shortage in an era of low unemployment, M&A is a valuable tool for obtaining the people companies need to grow, according to King, who added that acquisitions will continue to be part of the company’s growth strategy “in 2020 and beyond.”

“We could not build what (C/D/H) did just organically. We were going to need the processes. We’re going to need the history. We’re going to need the business acumen. We’re going to need to build the business analysts and the developers,” he said. “To develop all that internally was going to take quite a bit of building on our own, so we decided this is the best way to get to that level and it really makes us unique here in the Michigan market.”

WINNER: RED LEVEL NETWORKS LLC

Top executive: David King
Annual sales: $10 million to $12 million
Full-time West Michigan employees: 14
Brief business description: A computer and technology services company
Advisers: UHY Advisors Inc. (financial), Bodman PLC (legal)

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Tech Defenders acquires Device Renew

Grand Rapids-based Tech Defenders increased its capabilities to dispose of and refurbish technology equipment through the June 2019 acquisition of Device Renew.

Before the deal, Tech Defenders was a customer of Bowling Green, Ohio-based Device Renew. The companies, both of which operate in I.T. asset disposition, were “moving quite a bit of product” between each other, mainly for refurbishing services on MacBooks, Tech Defenders CEO Garry VonMyhr told MiBiz.

“We have full refurbishing capabilities here, but they were doing some really intricate repairs, like mother board level, and some intricate soldering work,” he said.

Out of that relationship, the two companies forged a bond.

“We felt like they were kind of like one of us in a lot of different ways,” VonMyhr said.

“(They’re) very growth-oriented, hungry (and) willing to do whatever it takes to get the job done with a team-oriented type of atmosphere.”

The companies spent the summer gradually integrating under the Tech Defenders brand, using Device Renew’s Ohio location as a secondary overflow facility. Seven of Device Renew’s former employees now work for Tech Defenders there.

Tech Defenders — which employs 170 people and generates annual revenues in the range of $25 million to $35 million — has been growing by approximately 50 percent over year over year since it broke off as the business-to-business arm of retailer Genius Phone Repair in 2014, according to VonMyhr.

“Our goal is to do a million units in 2023, which would be roughly around $100 million in revenue,” he said. “This acquisition was another important step for us to continue bringing in some more of the right people, customers and vendors for us to continue that aggressive growth strategy.”

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‘A coming together of equals’

PORTER HILLS MERGES WITH UNITED METHODIST RETIREMENT COMMUNITIES TO BETTER SERVE SENIORS

By JESSICA YOUNG | MiBiz

The March 2019 merger of Porter Hills Presbyterian Village Inc. in Grand Rapids and Chelsea-based United Methodist Retirement Communities Inc. brought together the strengths of two like-sized and like-minded organizations.

For the senior living nonprofits, the deal afforded greater opportunity to generate administrative efficiencies, favorably compete for talent and better divert dollars to directly serving their communities, according to United Methodist Retirement Communities President and CEO Steve Fetyko.

“I think (the merger) was unique from the standpoint that it’s really two very like-sized organizations choosing intentionally to come together, not out of a dire need, but of a desire to strengthen our ability to serve those that live with us or receive our services,” Fetyko told MiBiz.

The combining of Porter Hills and United Methodist Retirement Communities, which won the nonprofit category in the 2019 MiBiz M&A Deals of the Year Awards, creates the third-largest nonprofit senior living organization in Michigan and a top 75 provider in the U.S., according to the organization.

United Methodist Retirement Communities is now the sole shareholder of Porter Hills, although each nonprofit maintains separate boards with representatives of both organizations serving on each board. Previously, Porter Hills was held by Westminster Presbyterian Church in Grand Rapids.

Together, Porter Hills and United Methodist Retirement Communities employ more than 1,700 people, with 650 full-time employees in West Michigan. The combined organizations serve more than 6,700 senior citizens annually in 22 counties across the Lower Peninsula and generate $120 million to $150 million in annual revenue, according to Fetyko.

“From both sides, (the merger) was a way to strengthen, to offer some additional opportunities and to remain independent — apart from larger health systems,” Fetyko said.

So far, the organization has found a proportional cost savings in combining overhead and administration and gained enough scale to have greater bargaining power with vendors.

“We’re preserving more dollars to invest in those who directly deliver care and services to be able to reach more people together in service of our missions than we could have each of us on our own,” he said.

As the consolidation trend in acute care spreads into senior living and senior services, both Porter Hills and United Methodist Retirement Communities were looking for a deliberate “coming together of equals,” Fetyko said.

“We wanted to be able to move forward on one of these (deals) when we weren’t forced to or we could do it by choice rather than by necessity,” he said. “For both organizations, it seemed like an opportune time. As we grew to know each other, we could do this from a position where it was a want rather than a need.”

The spring merger came after a six-month due diligence process that began in August 2018. The transition and integration process remains ongoing, as both organizations learn and grow from each other to standardize best practices.

“We’ve intentionally tried to take it a little slower because we want it to be a meld of both cultures and both organizations rather than one side or the other coming in and saying ‘this is the way we do things,’” Fetyko said. “We want to take the opportunity to learn from both sides and which might be in the best interests to those we serve — and sometimes it’s a third choice. Let’s take elements of both and create a new way we go about our business that would really be better than either one of us has thought possible before.”

For nearly 50 years, Porter Hills has provided communities and services for older adults and has a variety of senior living options in 10 communities across West Michigan. Affordable housing, independent and assisted living, rehabilitation, skilled nursing and memory care, and in-home care have all been a part of the organization’s mission.

Building on a foundation of 113 years of service, United Methodist Retirement Communities has nine locations in Southeast Michigan that include independent and assisted living, memory care, rehabilitation and skilled nursing.

Taking the time to allow established employees to adapt to change, contribute new ideas and become comfortable with new processes has allowed both Porter Hills and United Methodist Retirement Communities to learn “from both sides of the state” to achieve the best results, according to Fetyko.

“We certainly have had our hiccups, but fortunately, we have wonderful team members who really are very grounded in the ‘why.’ Both the organizations are getting very firm in our understanding and our commitments to why we are doing this,” he said. “We’re better able to serve not only the people who live with us and utilize our services today, but lay the groundwork for being able to serve older adults going forward.”

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By MARK SANCHEZ | MiBiz

Versiti also operates an institute in Madison, Wis. that conducts about $20 million annually to 69 hospitals in the state, said Dawn Kaiser, Michigan site leader.

“Having a single brand across its footprint helps us recognize the strength of the connection between Versiti blood centers. By working doing across our blood programs in Michigan we can better serve patient needs,” Kaiser said.

And there is also the connection between Versiti Blood Center of Michigan and Versiti’s national footprint as it begins supplying The Ohio State University Wexner Medical Center.

“Versiti understands the critical role donor centers play in the donor-recipient connection,” Miskel said. “This rebranding allows us to do that.”

Formerly known as The Centers for Blood Donation and Transfusion Medicine, the organization and also our local communities to reflect a unified identity, both within our corporate brand and also our local communities, he said.

“At times, it can create some confusion when it comes to what services we offer. Having a single brand across its footprint eliminates occasional confusion,” Miskel said.

ACKERMAN:

Varnum LLP serves as outside legal counsel for the rebranding efforts.

Steve Fetyko, president and CEO of UMRC.

In addition, the new organization’s commitment to affordable housing places it among the country’s top 25 nonprofit affordable housing organizations.

 brief business description:

Jennifer Ackerman

Brief business description:

Jennifer Ackerman, a partner in the law firm Varnum LLP, specializes in the representation of business clients, with a particular focus on business and real estate transactions, and provides guidance related to corporate governance issues.

"I am intrigued by the current climate, pending trade agreements, and other new technologies with maintaining a stable climate. While we see ups and downs in the uncertainty across the industry.

AMERICA AND GLOBAL AUTO MARKET. Yet, many suppliers continue to ride the wave of uncertainty and favorably compete for talent and better divert dollars to directly serving their communities, according to United Methodist Retirement Communities President and CEO Steve Fetyko.

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"I am intrigued by the current climate, pending trade agreements, and other new technologies with maintaining a stable climate. While we see ups and downs in the uncertainty across the industry.
The Grand Rapids-based restaurant operator has ballooned from 20 stores in West Michigan to become the second-largest franchisee in the Wendy's system, Schermer said. The company has opened a new store in the state nearly every eight weeks for five years and now has 10,500 employees.

The sheer complexity of the international bridge project made it a unique deal for Horner, who served as team lead. Horner has been practicing transactional law at Warner Norcross + Judd since 1992. The job of coordinating multiple government organizations from both sides of the border “is not for the faint of heart,” Schermer said.

“In a lot of cases, that might be markets that are distressed or need the restaurant assets improved,” he said. “It’s a job most franchisees don’t want to undertake because it’s a lot of work. We found that very rewarding.

Meritage’s ability to develop new restaurants and transform acquired stores into strong performers that follow the new Wendy’s brand identity also has paid off for shareholders of the publicly traded company, who have seen the stock price increase from penny stock status a decade ago to more than $16 per share as this report went to press. The company also pays healthy cash dividends to shareholders.

The company is coming off a record 2018, when Meritage opened a new Wendy’s nearly every five weeks for two- and a half weeks, said Schermer, the winner in the executive category in the 2019 MIBiz Dealmakers of the Year Awards. For 2018, Meritage’s sales grew 39.3 percent to $4.4 billion, and net income was $273 million. The company also continued its dealmaking strategy this year. That includes signing a “groundbreaking” agreement for the successful launch of the bridge project. As well, Meritage raised about $5.6 million in preferred stock sales to fund acquisitions, along with other long-term debt.

For 2019, the company has forecasted net earnings growth of 10-20 percent, with EBITDA growth in the 15-25 percent range. Meritage also expects “strong sales and earnings growth in 2020, driven by newly developed, reimagined and acquired Wendy’s restaurants coming online during the year.”

Since Bridging North America was chosen, the project moved into implementation and construction management.

Schermer attended the State of the State speech, he backed the bridge, Goode said. “From there, we went down the road of moving on the transaction forward.”

The successful launch of the bridge project serves to represent the firm’s team effort and how Warner Norcross + Judd does business, Goode said. More than 60 attorneys overall were involved in the process.

“It really represents the entire team of Warner attorneys and staff here that generalized to the project, which is a result of negotiations by Goode, Horner and the rest of the team. It’s been an absolute honor to represent the government of Canada and the Windsor-Detroit Bridge Authority for over a decade on this project,” Horner said. “It’s been a phenomenal project and I truly enjoyed it.”
By JESSICA YOUNG | MiBiz
jyoung@mibiz.com

Jeff Helminski, co-founder and managing partner of Auxo Investment Partners in Grand Rapids, successfully leveraged his atypical experience and path into the world of private equity in multiple deals last year.

Helminski has a diverse professional background, including experience in manufacturing engineering, high-volume assembly operations management and real estate development. His firm, Auxo, now specializes in investing in and growing founder- and family-owned industrial, manufacturing and business services companies.

"My background is not the prototypical path to being in the private equity investing world," Helminski said. "When I'm having a conversation with a family that is thinking about this transition that is often partly emotional and partly rational, I can talk to the family and say 'here's my story, here's my background, this is the way I grew up in West Michigan.' It makes a difference."

Even so, specializing in the acquisition of family-owned businesses also comes with its own set of unique challenges and opportunities.

"What's interesting is when [the businesses] have been so successful and there's a big enough end market that they could try and grow into that they often just haven't done yet," he said. "In knowing that they need to do certain things differently or professionalize certain aspects of the business that haven't yet been professionalized, or haven't been developed into a more scalable function within the company, that's going to take change."

Stabilizing long-standing, family-owned business cultures while at the same time growing profits is "one of the most difficult things" Auxo does.

"It's a delicate balancing act between these two seemingly competing interests of stabilizing and maintaining that which is great, with changing enough to accomplish the growth at a higher rate than what they've historically done," Helminski said.

Pre-transaction, the firm researches not only a potential target's financial viability but also its culture and talent.

"We have a roadmap to be able to see what things are sacred and we want to really protect within the business, and what things can be done differently or professionalize certain aspects of the business that haven't yet been professionalized, or haven't been developed into a more scalable function within the company, that's going to take change," he said.

The reason: The seller was concerned about the future of the company's employees and younger generations of the founding family that remained in the business, which aligned better with Auxo's values and longer-term investment approach.

In February, Auxo acquired Andrie, a bulk marine transporter of specialty products including cement, liquid asphalt, light oil petroleum products, and calcium chloride throughout the Great Lakes. Andrie operates a fleet of 19 tugs and barges out of Muskegon, Helminski’s hometown.

The company, a mature industrial business and “market leader in the niche that they serve within their sector,” checked important boxes for Helminski.

The acquisition also followed the firm's December 2017 deal to buy Metarier, L.a.-based M/G Transport Services, an operator of inland barges. The two firms now operate as Auxo Marine, a newly formed platform company.

When Helminski launched Auxo with partners Jack Kolodny and Fred Tedori, the team made “a very conscious decision” to be based in Grand Rapids.

“Part of that was because the values of West Michigan align with our values, but also, to put us close to a large market of the kinds of businesses that we're interested in connecting with throughout the Great Lakes region," Helminski said.

Being based in the same community as many family- or founder-owned businesses is important when the firm is communicating with a potential target, he added.

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"Part of that was because the values of West Michigan align with our values, but also, to put us close to a large market of the kinds of businesses that we're interested in connecting with throughout the Great Lakes region," Helminski said.

Being based in the same community as many family- or founder-owned businesses is important when the firm is communicating with a potential target, he added.

"My background is not the prototypical path to being in the private equity investing world," Helminski said. "When I'm having a conversation with a family that is thinking about this transition that is often partly emotional and partly financial, I can talk to the family and say 'here's my story, here's my background, this is the way I grew up in West Michigan.' It makes a difference."

Even so, specializing in the acquisition of family-owned businesses also comes with its own set of unique challenges and opportunities.

"What's interesting is when [the businesses] have been so successful and there's a big enough end market that they could try and grow into that they often just haven't done yet," he said. "In knowing that they need to do certain things differently or professionalize certain aspects of the business that haven't yet been professionalized, or haven't been developed into a more scalable function within the company, that's going to take change."