

BRC Financial Summary

Available BRC Funds Summary	
Net Appropriations	\$ 351,261,255
BRC Awards Adjusted by Deobligations	\$ 319,088,975
BRC Loan Principal and Interest Payments Received to Date	\$ 1,428,897
Total BRC Funds	\$ 33,601,177

BRC Application and Program Summary

BRC APPLICATION SUMMARY				
Applicant	Project	Type	Request	Staff Recommendation
Town of Glenrock	McGinley Orthopaedic Innovations	Business Committed	\$ 1,350,000	\$ 1,350,000
TOTAL			\$ 1,350,000	\$ 1,350,000
Available BRC funds				\$ 33,601,177
Remaining BRC (if projects are funded)				\$ 32,251,177

The office of the Attorney General conducts a review of each application and project structure. Awards are contingent on satisfactory execution and administration of previous grants or loans by an applicant. Other contingencies, if any, are spelled out in the project descriptions.



TOWN OF GLENROCK

**\$1,350,000 Business Committed grant
for McGinley Orthopaedic Innovations**

**Business Ready
Community Grant
and Loan Program**

**Staff Recommendation:
Fund as requested**

Project Description

The town of Glenrock requests a \$1,350,000 Business Committed grant to purchase a building and fixed assets and make necessary improvements for McGinley Orthopaedic Innovations to manufacture precision medical devices. The property is located at 585 East Birch Street. The lot (1.34 acres) and building (8,400 square feet, steel frame on concrete slab foundation) appraised for \$395,000 but the agreed upon sale price is \$350,000. A structural assessment indicates the building is sound and suited for the intended use. The planned improvements include upgrades to the electrical, HVAC and plumbing systems.

The Business

Dr. Joseph C. McGinley, Founder and Chief Executive Officer of McGinley Orthopaedic Innovations (MOI), is a board certified radiologist and mechanical engineer who holds numerous patents. Dr. McGinley practices and teaches sports medicine. McGinley, his wife Diane, three engineers, one Quality Systems and Communications Associate and a financial director have offices at the Wyoming Business Technology Center (WTBC) in Casper.

Dr. McGinley has developed numerous medical devices including the Intellisense™ Drill (drill) at the WTBC since 2012. The drill is an electric, hand-held device designed for use in many orthopedic procedures. It features a depth measurement component which engages sensors, then analyzes and interprets the data. It compares load to depth and corrects for style differences among varying users. This drill also uses only Intellisense™ drill bits and prevents drill bit reuse, thus minimizing the risk of infection. These features protect patients and reduce liability and time in the operating room. MOI is completing product development of a surgical saw. MOI's future plans may include design and machining services for other companies, including other medical device manufacturers.



MOI raised \$2.2 million to complete design, prototype and test the drill, expand its patent portfolio and commence the FDA approval process

which is complete. An additional \$8 million was raised to fund the initial manufacture and delivery of 300 drills. The company plans another fundraising campaign with the goal of raising \$5 million to \$10 million to fund the Intellisense™ saw manufacturing, marketing, future product development and operations.

MOI purchased a machining business (DS Manufacturing), including existing equipment, in Glenrock. DS Manufacturing will remain in Glenrock as a subsidiary of MOI. There will eventually be 15 positions in this facility including engineers, industry machinery mechanics, sales representatives, managers and administrative support positions. Wages will average \$19.30/hour in year one, \$24.00/hour in year two and \$30.00/hour years three and beyond.

MOI's purchase of DS Manufacturing did not include the building or fixed assets necessary for the company's expansion at the Glenrock location. These items are a component of the grant request. The fixed assets can also be used for many other types manufacturing by changing the computer chip that provides the programming. Fixed assets to be funded by the grant include:

- CNC Lathe: A computer interface controlled machine that fabricates intricate turned metal parts on several different axes
- Swiss machine: A specific type of lathe designed to provide extreme accuracy, especially for long slender machined parts, such as drill bits and screws
- EDM: An electrical discharge machine forms the desired shape in metal using electrical discharges. This type of machine is used on hard metals and intricate designs that would be difficult to machine on traditional pieces of equipment
- CNC Grinder: A computer interface control machine that automatically feeds in pieces for grinding, grinds sharp edges onto drill bits and can regrind tools used in the machines.

With the additional equipment and building improvements, the company can focus its capital on product development, manufacturing and its own quality control. Manufacturing medical devices in-state will result in the retention of an estimated \$8 million, which would otherwise be paid to out-of-state manufacturers.

Building improvements will provide a clean room (an environment with low to no dust or other contaminants primarily used for the manufacturing of electronic or precision components). There may be opportunities for partnerships with other Wyoming companies to manufacture portions of the devices such as the plastic handles.

Project Goals and Benefits

Benefits of this project include:

- Twelve jobs will be created in the first five years.
- Machining services will continue to be offered to other clients and expanded operations could increase the services available to them.
- Medical device manufacturing is a new industry for Glenrock, which diversifies its economy.

Lease and Revenue Recapture

Glenrock will own the building and lease it to MOI for \$3,500 per month for the first five years. At that time lease rates will increase by three percent (3%) each year for the next five years. MOI may purchase the building for market rate minus lease payments during the first five years. The fixed assets may be purchased for the book value (amount paid minus depreciation).

Glenrock will use its recaptured funds as follows:

- One-third of the funds will be used to develop workforce housing infrastructure. The town has land available but has been unable to install infrastructure due to lack of funds.
- One-third of the funds will be used for infrastructure development in the Glenrock Business Park.
- One-third of the funds will be used to extend infrastructure to the “Old Conoco Refinery” property, which is currently under voluntary remediation. This property has been identified as suitable for future light industrial development.

Project Funding

The total project cost is \$1,500,000 for the acquisition of the building, electrical, HVAC, plumbing upgrades and the purchase and installation of machining equipment.

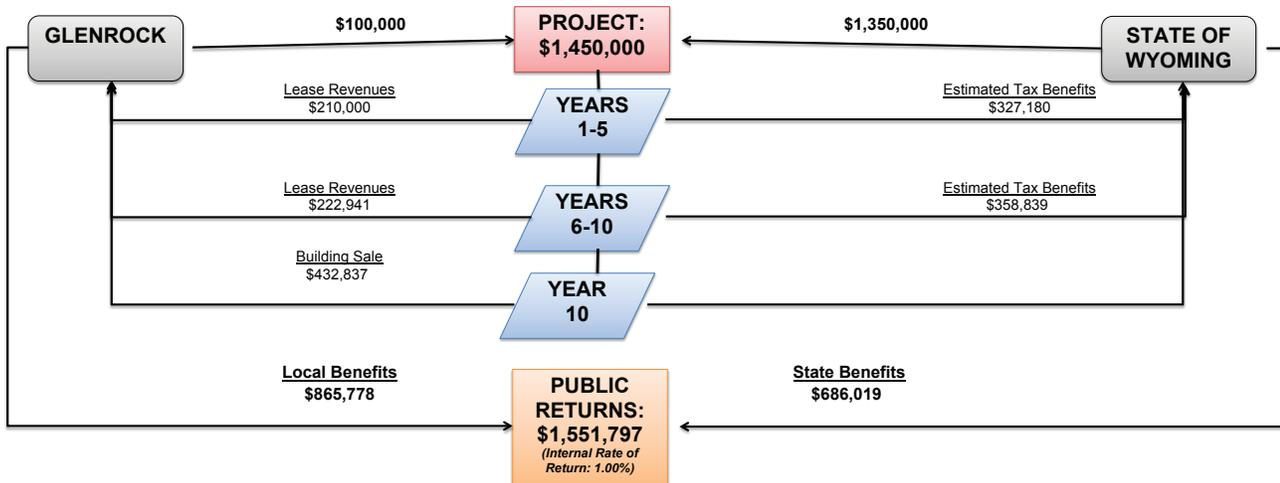
\$1,350,000 represents BRC grant funding. The match is provided via the town’s cash contribution of \$90,000 (revenue recapture from previous projects), \$7,500 cash from the Glenrock Economic Development Corporation (GEDC), \$50,000 cash from McGinley Orthopaedic Innovations and the building appraisal cost of \$2,500 paid by the GEDC.

Cost estimates were developed by Barry Eckhart, Amcon, Inc. (a commercial and industrial contractor).

Sources	
BRC amount	\$ 1,350,000
Cash Match	\$ 147,500
In Kind Match	\$ 2,500
Total eligible project cost	\$ 1,500,000
BRC % of total eligible project costs	90%
Local % of total eligible project costs	10%
Uses	
Land Acquisition Costs	
Land	\$ 350,000
Construction Costs	
Site work	\$ 35,000
<i>Building Components:</i>	
Electrical Systems	\$ 24,000
Mechanical, plumbing, HVAC systems	\$ 17,000
Interior Finishes	\$ 17,500
Other (bldg retrofits)	\$ 9,500
Miscellaneous/Other (fixed assets)	\$ 837,119
Contingencies	\$ 209,881
Total Uses	\$ 1,500,000

WBC Deliberation

The WBC also discussed the timeline for the company to become fully operational, the types of jobs to be created and where new employees might reside. The company intends to be fully operational by the end of the year. Current employees reside in Glenrock and Casper. It is unknown where future employees will reside but it is anticipated they will be located in Casper and Glenrock as well. Jobs created will include engineers, machinists, sales representatives, managers and administrative support positions.



WBC Recommendation

The WBC recommends funding the project in the amount of \$1,350,000, as requested.

Contingencies include receipt of the signed Lease / Contingency and Development Agreement.

Performance measures include the building acquisition, installation of the BRC funded fixed assets, business retention, jobs created and additional private investment.

Project overview

Glenrock - McGinley Orthopaedic Innovations					
Purpose	The town of Glenrock requests a \$1,350,000 grant to purchase a building and do necessary improvements for the operation of a manufacturing facility to be used by McGinley Orthopaedic Innovations. Grant funds will also be used to purchase and install large machining equipment.				
Project Budget	Projected Grant Expenditure Schedule				
	Description	BRC	Match		Total
			Cash	In Kind	
	Land	\$ 315,000	\$ 35,000	\$ -	\$ 350,000
	Non Construction Costs	\$ 784,907	\$ 84,712	\$ 2,500	\$ 872,119
Construction Costs	\$ 250,093	\$ 27,788	\$ -	\$ 277,881	
Total Project Cost	\$ 1,350,000	\$ 147,500	\$ 2,500	\$ 1,500,000	
Performance Measures	Measure	Quantity		Notes	
	Businesses Assisted	2		DS Manufacturing and MOI	
	Revenue Recapture	\$1,350,000		to the Glenrock Economic Development Corp.	
	County Median Wage	\$29.07/hr		Avg of types of positions that will be hired by MOI	
	Median Wage of Jobs Created	\$30.00/hr			
	Jobs to be Created (3 Year Projection)	12		22 total including those already created at DS and the WTBC	
	Building Acquisition	1			
Additional Investment	\$15.2-20.2 million		MOI investors		
Project Infrastructure	Existing Building Improvements			Electrical, HVAC, plumbing	
	Machining Equipment	4			

GLENROCK, WY

