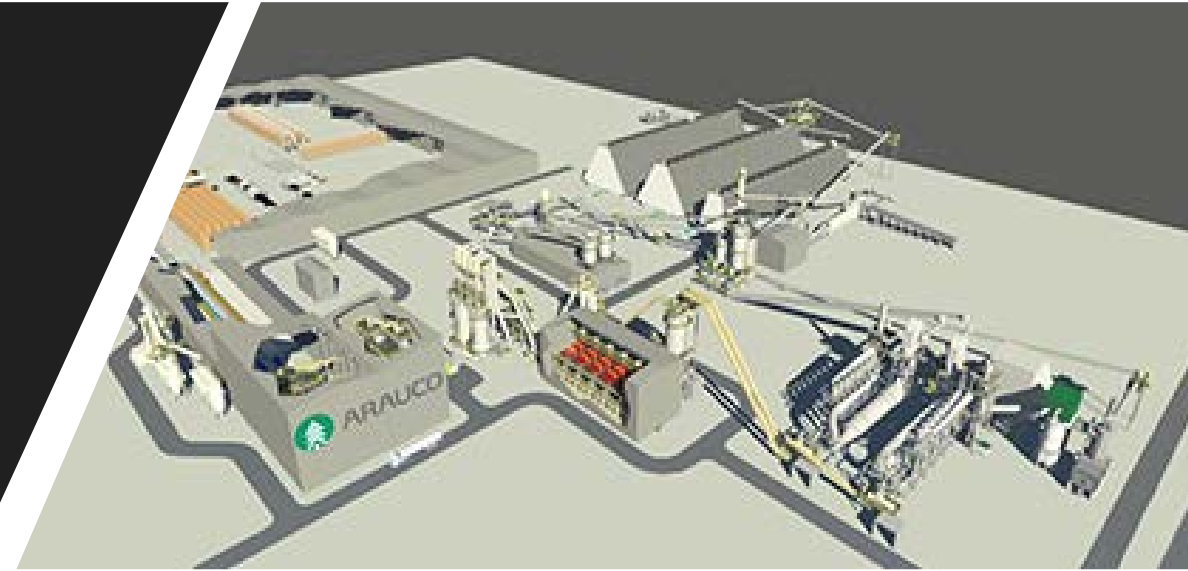

MICHIGAN
ECONOMIC
DEVELOPMENT
CORPORATION

PURE *M*ICHIGAN®

*Transformative Project
in Rural Community*

**ARAUCO North America
Grayling, Michigan**





- Global forestry company producing market pulp, panels, solid wood and energy
- Santiago, Chile – headquarters
- Atlanta, Georgia – North America headquarters
- Global Annual Sales: US\$5.5 billion
- 45 production mills worldwide (9 in North America)

Source: ARAUCO Corporate Presentation – March 2018

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Location Requirements

- Large site – 200 acres minimum
- Proximity to raw materials
- Logging supply chain capacity
- Workforce
- Rail access
- Infrastructure capacity, cost competitive
 - gas, electric, water/sewer, roads, rail



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Grayling Project Overview

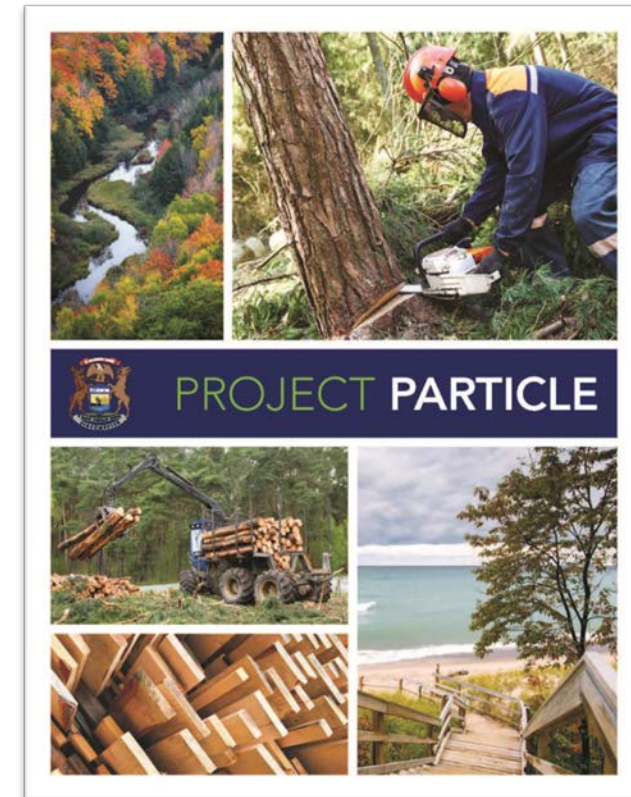
- \$400 million capital investment
- 800,000 sf plant, 640 acre site
- Largest continuous particle board press in North America
- 450 million sf of particle board per year
- 200 to 250 employees, 700 to 800 construction jobs
- Opening Q4 2018



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Local & State Support

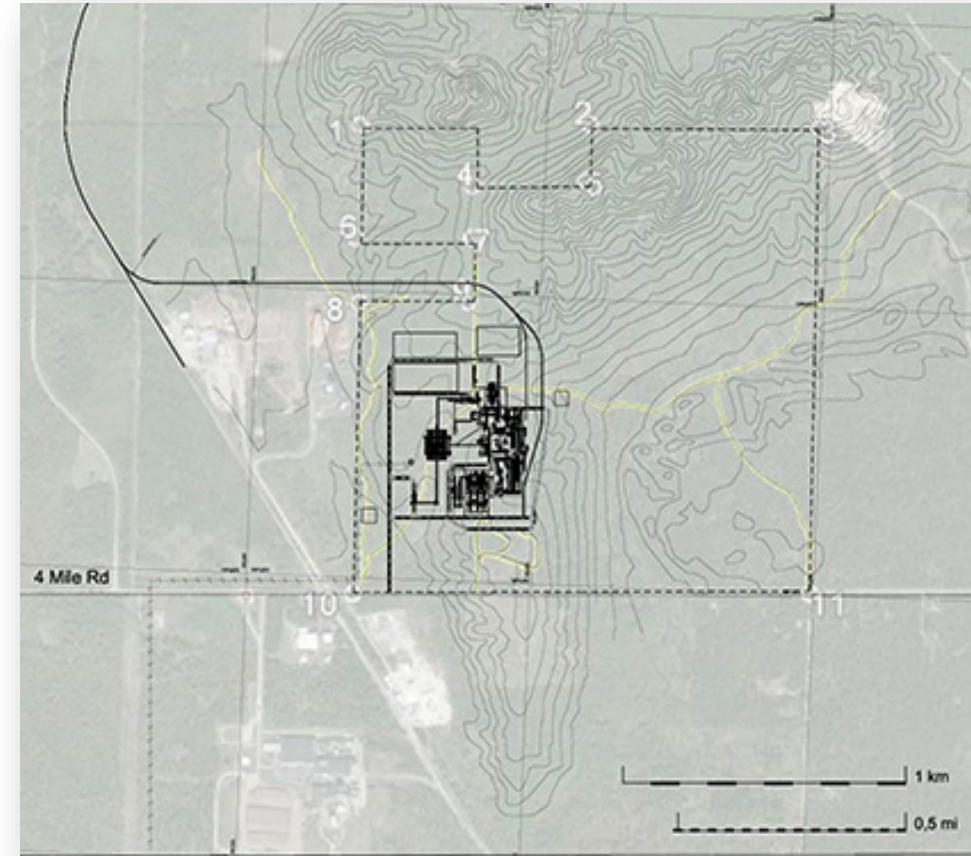
- Forest Products Renaissance Zone (13 Yr): \$13,500,000
- USDA Water & Sewer Bond (40 year, low interest): \$4,000,000
 - Grayling/Beaver Creek Authority, ARAUCO
- USA EDA Grant: \$3,200,000
- MDOT Road Grant: \$952,443
- Crawford County Road Commission Grant: \$277,927
- MDOT Freight Economic Development (Rail): \$532,000
- Talent Development: MI Works, Kirkland CC: \$1,075,000
- Land Sale by MDNR and Crawford County



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Rail Access

- Lake State Railway
- ~ 3,000 rail cars per year
- Inbound: raw materials, logging supply
- Outbound: product distribution
Midwest, east to west coasts



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Economic Impact

- 200 to 250 jobs, \$25.10/hour avg.
- \$10.5 to \$13 million in new payroll
- 700 to 800 construction jobs
- Property tax revenues – local, county, state
- Estimated 1+ spinoff job per direct job



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Forest Products & Supply Chain

- Michigan's forest products sector -- \$20 billion and growing
- Use underutilized species (softwood pulpwood) and plentiful forest products
- Logging force expansion and new contractors, 12 to 15 new crews
- Active, sustainable forest management on public and private lands.
- Improved supply for Michigan's growing industrial furniture sector, among the largest and fastest growing in U.S.
- Positions Grayling and Michigan for more forest products value-added manufacturing.



Source: Michigan Department of Agriculture & Rural Development

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Community Development

- New housing demand
- Due diligence for three mixed-use developments, downtown Grayling
- New Northern Market, local food hub, market, incubator
- Downtown occupancy rates increasing, Main Street expanding
- Event participation and volunteer activity are up
- ARAUCO – good corporate citizenship, support for health systems, education emphasized in charitable giving.



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