

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION
Executive Committee Meeting Minutes
August 9, 2011
10:00 a.m. – 12:00 p.m.
Bodman LLC, 6th floor at Ford Field, 1901 Antoine Street,
300 North Washington Square, Lansing, Michigan

Members Present: Lizabeth Ardisana
Mary Lou Benecke
Stephen D'Arcy
Haifa Fakhouri
Chris MacInnes
Jeff Metts
Jeffrey Noel
John Rakolta, Jr.
Christopher Rizik
Doug Rothwell
Ann Marie Sastry
Marilyn Schlack
Dayne Walling

Members Absent: David Armstrong
John W. Brown
Robert S. Collier
Stephen Forrest
Kirk Lewis

By Phone: Thomas Lewand
Greg Northrup

MEDC Staff present: Michael Finney, Amy Cell, Doug Smith, Elizabeth Parkinson, Minesh Mody, Mark Morante, Jennifer Nelson, Amy Banninga, Carsten Hohnke, Elliot Forsyth, Donald Snider, Martin Dober, Sandra Bofaris, Jim McBryde, Gary LaRoy, Tom Rico, Peter Anastor.

Call to Order

Doug Rothwell called the meeting to order at 10:00 a.m. The meeting was held at the Bodman, 6th floor at Ford Field, 1901 Antoine Street, Detroit, Michigan, hosted by Mr. Thomas Lewand, MEDC Executive Committee member.

Public Comment

Mr. Rothwell asked if anyone in attendance would like to provide public comment. No one responded. Mr. Rothwell began the meeting with Sub-committee updates:

Sub-committee Updates

Finance: Chris Rizik updated the Executive Committee on the Finance Sub-committee meeting held on August 4th. He summarized the meeting as follows:

Investments: Mr. Rizik stated that as discussed at the last Executive Committee meeting, the Finance Subcommittee directed MEDC staff to rebalance the investment portfolio of the

MEDC to reduce the percentage of the portfolio held in equities and to correspondingly increase the holdings in fixed income securities, all consistent with MEDC's investment policy. This was accomplished, and as of June 30, 2011, the total market value of our investments is approximately \$45 million.

FY 2011 Financials Through June 30, 2011: The sub-committee reviewed the MEDC financials thru June 30. There was nothing out of ordinary to report.

Loan and Investment Write Off: At the June 2011 meeting, the Executive Committee passed a resolution authorizing the Finance Subcommittee to approve the write off of certain long overdue loans and investments. Staff is negotiating a settlement of an investment in National Minority Supplier Development Council (Business Consortium Fund) of \$500,000 whereby MEDC is expected to receive \$150,000. Subject to finalizing the settlement, the subcommittee approved the write off of \$350,000. This will impact the MEDC balance sheet and income statement. Staff has also recommended that the \$3.4 million loan in the Diamond Venture Limited Partnership be written off from the books as it is uncollectible. A loan loss provision was already made on the books in earlier years so this will not have any impact on the Balance sheet or income statement.

Compensation and Personnel: Mr. Noel reported that in June 2011, the MEDC issued a Request for Proposals (RFP) to retain a consulting firm to review the operating plan of the MEDC, and design a competitive, performance-drive compensation structure to assist the MEDC in attracting, retaining and motivating its workforce. Three firms responded to the RFP. A Joint Evaluation Committee (JEC) reviewed the proposals and discovered the scope of the RFP needs to be more narrowly drafted, and therefore a new RFP needs to be issued. Mr. Rakolta engaged the committee in a conversation related to the bidding process, specifically cancelling an RFP once bids have been received and received. Mr. Noel responded by explaining this new RFP is a request for information to address the current RFP rather than a re-bid but would take all of Mr. Rakolta's concerns into account while proceeding.

Governance and Audit: Stephen D'Arcy told the Executive Committee that schedules did not allow for the Sub-committee to meet in July or August. There will be one scheduled in September to meet with the Auditor General to talk about the scope of the upcoming audit. Mr. D'Arcy stated that the sub-committee will report out at the next Executive Committee meeting.

Administrative Business

Dr. Ann Marie Sastry arrived giving a quorum, so Mr. Rothwell addressed administrative business.

Approval of the Minutes

Mr. Rothwell asked for any changes or additions to the June 21, 2011 meeting minutes.

A motion to approve the June 21, 2011 minutes was made by Dr. Haifa Fakhouri and seconded by Mr. Steven D'Arcy. The motion was unanimously approved.

Amended and Restated Flexible Benefit Program Resolution

Jennifer Nelson explained that on March 23, 2010, the federal Patient Protection and Affordable Care Act ("PPACA") was signed into law and mandates that certain provisions be incorporated into employee benefits plans, with an effective date of January 1, 2011. These provisions

include expanded coverage for children under 26, special enrollment for certain qualified individuals, and a revised definition for “qualifying medical care expenses. MEDC Staff asked that the Executive Committee approve the Resolution to affirm and ratify Amendment No. 1 to the MEDC Amended and Restated Flexible Benefit Program. Chris MacInnes raised some questions on the special enrollment and Jennifer Nelson responded that she would get back to the group with the answer.

A motion to approve the Amended and Restated Flexible Benefit Program Resolution was made by Mr. Chris Rizik and seconded by Ms. Mary Lou Benecke. The motion was unanimously approved.

Strategic Planning: Doug Rothwell announced that the sub-committee had identified additional focus areas. They are: government coordination and the role of Mike Finney and the MEDC. Mr. Rothwell also suggested that the responsibilities in the strategic plan need to be broken down by core vs. enabling. There should be performance metrics, and input metrics versus output metrics. Mr. Rothwell explained that the team is working on a second draft of the strategic plan and it will be presented at the October executive committee meeting.

CEO Report

Investment and Incentive Policies/Status: Mike Finney introduced Peter Anastor to the committee. Mr. Anastor proceeded with a presentation to the committee. He discussed, Economic Gardening, the Michigan Business Development Program and the Community Revitalization Program. A discussion ensued among committee members regarding the new tools and incentives. The committee members expressed a desire to give priority to projects that fit within both business development and community revitalization. Also the committee discussed how “local support” should be defined.

Status of Workforce Development Program Integration and Policy Discussion. Amy Cell gave the Executive Committee a workforce development update. Ms. Cell discussed the WDA Integration between strategy and operations, direct service programs, education and readiness, talent acquisition, talent information and partnerships. Ms. Cell also discussed possible topics for the Governor’s Talent Message as talent exchange, k-20 pipeline development, traditional college talent/retention, adult credentials, job seeker tools, entrepreneurship, generational poverty and metrics.

Regional Partnership Alignment Strategy

Douglas Smith gave a presentation on the MEDC Regional Approach. He explained that the MEDC is doing this to align state resources. Mr. Smith presented the new regional map for realignment of service areas and, in addition, explained the initial regional alignment collaborative areas and the future collaboration plans for the regions.

Mr. Rothwell adjourned the meeting at 12:00 p.m.

Jennifer R.V. Nelson, Secretary
August 9, 2011