

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

Executive Committee Meeting Minutes **(draft)**

January 4, 2011

10:00 a.m. – 12:00 p.m.

Michigan Economic Development Corporation Office
300 North Washington Square, Lansing, Michigan

Members Present: Lizabeth Ardisana
David Armstrong
John W. Brown
Mary Lou Benecke
Robert S. Collier
Stephen D’Arcy
Haifa Fakhouri
Stephen Forrest
Kirk Lewis
Chris MacInnes
Jeff Metts
Jeffrey Noel
Greg Northrup
John Rakolta, Jr.
Christopher Rizik
Doug Rothwell
Marilyn Schlack
Dayne Walling

Members Absent: Haifa Fakhouri (by phone)
Thomas Lewand (by phone)
Ann Marie Sastry (by phone)

MEDC Staff present: Michael Finney, Peter Anastor, Bridget Beckman, Kristin Benson, Sandra Bofaris, Paul Brown, Gary LaRoy, Minesh Mody, Mark Morante, Jennifer Nelson, Nate Pilon, Mike Pohnl, Ned Staebler, Kim Fedewa

Call to Order

Doug Rothwell called the meeting to order at 10:10 a.m. The meeting was held at the MEDC office, 300 North Washington Square, Lansing, Michigan.

Introduction of New Executive Committee Members:

Mr. Rothwell asked the new committee members to introduce themselves and give background information

Public Comment

Mr. Rothwell asked if anyone in attendance would like to provide public comment. No one responded.

Administrative Business

Proposed By-Law Changes

Mr. Rothwell discussed a By-Law amendment, specifically Section 6.01 Chairperson, Vice Chairperson. As written, it states that if the Chairperson is unable to complete his or her term, the Vice Chairperson shall become the Chairperson for the remainder of the term of the departed Chairperson. If the Vice Chairperson is unable to complete his or her term, the Executive Committee shall elect by majority vote a new Vice Chairperson for the remainder of the term of the departed Vice Chairperson. After discussion, Mr. Rothwell proposed that it be amended so that if the Chairperson or Vice Chairperson is unable to complete his or her term, the Executive Committee shall elect by majority vote a new Chairperson or Vice Chairperson for the remainder of the term of the departed Chairperson or Vice Chairperson, respectively, and that the terms of the Chair and Vice-Chair may be renewed for two additional year terms.

A motion to approve the proposed By-Law Changes was made by Ms. Marilyn Schlack and seconded by Mr. David Armstrong. The motion was unanimously approved.

Approval of the Appointment of new Chair and Vice Chair

Per Section 6.01 of the By-Laws, the Executive Committee can elect by a majority vote a Chairperson and Vice Chairperson. Mr. Doug Rothwell was asked by Governor Rick Snyder to serve as the Chairperson of the MEDC Executive Committee. Mr. Rothwell asked Jeff Noel to act as Vice Chairperson.

A motion to approve the Appointment of Chair Doug Rothwell and Vice Chair Jeff Noel was made by Mr. Stephen D'Arcy and seconded by Ms. Marilyn Schlack. The motion was unanimously approved.

Approval of the Minutes

Mr. Rothwell asked for any changes or additions to the December 7, 2010 meeting minutes; noting that the majority of the new members were not in attendance at that meeting but trusting that they had been read as part of the materials delivered prior to the meeting. There were none.

A motion to approve the December 7, 2010 minutes was made by Mr. Dayne Walling and seconded by Mr. Jeff Metts. The motion was unanimously approved.

Approval of Appointment of new MEDC CEO and CEO Contract Terms

Mr. Rothwell spoke about the hiring of Michael A. Finney as President & Chief Executive Officer. Mr. Rothwell gave some background on Mr. Finney stating he was previously the President & CEO of Ann Arbor SPARK. He earned a Master of Arts degree from Central Michigan University and a bachelor of business administration degree from Saginaw Valley State University. Mr. Rothwell stated that Mr. Finney brings a wealth of experience and an exceptional track record in economic development. He asked that the Executive Committee also set, based on a salary survey conducted for the MEDC, Mr. Finney's salary at \$250,000 and will have the Corporation contribute an additional 18% of Mr. Finney's salary to a deferred compensation plan in lieu of a retirement program. Mr. Rothwell noted that all compensation will be paid using MEDC corporate (non-state)

funds. Mr. Rothwell informed the committee that Mr. Finney's compensation was set based on an objective study of peer organizations in Michigan, and that his salary is within the recommended pay range and his total compensation is within that paid by the other organizations surveyed, especially when considering the much larger scope of responsibilities of the MEDC. Discussion between committee members was of agreement of Mr. Finney's talents and the fact that the proposed salary package was reasonable. Mr. John Rakolta, Jr. asked that the Executive Committee receive a copy of the survey used. Mr. Rothwell distributed a statement regarding the hiring of Mr. Finney. He informed the committee that any direct inquiries should go to Bridget Beckman (MEDC).

A motion to approve the Appointment of the new MEDC CEO and CEO contract terms was made by Mr. Greg Northrup, and seconded by Ms. Marilyn Schlack. The motion was unanimously approved.

Establishment of Sub-committees

Mr. Rothwell proposed the establishment of three Sub-committees. 1. Audit and Governance Sub-committee to review audit work, policies, contracting, etc. asking Mr. Stephen D'Arcy to Chair. 2. Compensation and Personnel Sub-committee to oversee personnel issues and policies and asking Mr. Jeff Noel to Chair and 3. Finance to be the lead on financial and budget issues asking Mr. Chris Rizik to Chair. All Chairs accepted.

A motion to approve the Establishment of Sub-committees was made by Mr. Robert Collier, and seconded by Ms. Lizabeth Ardisana. The motion was unanimously approved.

Proposed 2011 Executive Committee Meeting Schedule. Mr. Rothwell discussed the proposed 2011 Executive Committee meeting schedule, referring to the list that was included in the materials. Mr. D'Arcy suggested that instead of always having the meetings in Lansing that different locations around the State are chosen as meeting sites, perhaps with a lunch after and then a visit to a company. Mr. Rothwell asked that the group approve the meeting schedule for dates, and that the idea of different locations could be discussed and followed up on at the next meeting.

A motion to approve the 2011 Proposed Executive Committee meeting schedule was made by Mr. Doug Rothwell, and seconded by Mr. Stephen Forrest. The motion was unanimously approved

Chairman's Report

Mr. Rothwell provided the committee with an overview of how the MEDC is set up; that there are basically four primary governance boards: 1. The Corporation Board (this group includes 60 Interlocal Partners, 20 Executive Committee members, and 20 that are company/higher education/state agency representative). 2. The Executive Committee (likened to a Board of Directors) 3. MEGA (approves incentives for deals) and 4. MSF (oversees funds, awards, grant recipients). Mr. Rothwell acknowledged that the Executive Committee was formed to provide good corporate governance and strong private sector leadership. Mr. Rothwell stated that the committee's top priorities should be in establishing strategic plans for the organization, developing an annual plan for the organization, benchmarking the organization on where it stands in comparison to other

like EDCs, and protecting the organization. He asked the members of the committee to be engaged and supportive; that the group should be an active group and not an administrative group. Mr. Northrup suggested creating another Sub-committee; possibly a strategic or policy committee. Mr. Rothwell answered that this can be discussed in the future. Mr. Noel added that he believes the committee has an obligation to make sure that Mr. Finney does not take all the arrows for the MEDC; that each member needs to be willing to have their company stand up and support the MEDC. Mr. Rakolta agreed and added that if the group is going to be active, the members have to be willing to admit if a mistake was made and to know why we as a committee are defending issues rather than just rubber stamping them. The group summarized that the MEDC is a reflection of the business community. Transparency needs to be there. Mr. Finney stated that he is very sensitive to that statement. He wants to lead with transparency.

Mr. Stephen D'Arcy posed the question "What does the MEDC do"? The committee agreed that they all should be able to provide a clear answer. Mr. Finney told the group he would provide them talking points to give a clear and concise answer. The committee also discussed having a MEDC 101 presentation to provide an educational opportunity to the members to understand all aspects of the organization. Mr. Rothwell suggested this be an agenda item at the next committee meeting.

Governor's Economic Development Vision and Priorities.

Mr. Finney informed the group that he spent a great deal of time prior to the meeting understanding the current talent at the MEDC. He stated that the good news is that talent is abundant at the organization. Mr. Finney told the committee that the vision or mission statement of the MEDC needs to be revised and he will have his draft changes to them at the next meeting. Regarding transparency, Mr. Finney stated that how we do things and why we do things should be clear to the Governor's office, the Legislature, citizens, partners, staff and the business community. Mr. Finney discussed the interdepartmental challenge that exists in government; that he wants to find ways to create knowledge sharing with the other departments. Mr. Finney told the committee he will focus on ways to maximize the upside potential of the Pure Michigan branding that has been established. Connecting key stakeholder groups or constituency groups is another area Mr. Finney stated was an area he will focus on; making sure they feel connected and having buy in to the things the MEDC is doing. He mentioned advisory groups from areas such as Youth (35 and under), People who are connected to Michigan (alumni), and Foreign Nationals (reconnect with Michigan). Mr. Finney also stated that it will be important for the MEDC to focus on the Tribal Business Development opportunities that exist, even beyond gaming.

Staff Introductions

Mr. Rothwell asked that the MEDC staff in the room introduce themselves to the committee members and give a brief description of their role at the organization.

Closing Comments

Mr. Rothwell closed the meeting by proposing that at the next meeting the following items be ready for discussion: 1. The 3 Sub-committees are formed and the members provide initial recommendations for change to the overall committee. 2. Provide a MEDC 101 orientation for the current executive committee members, and 3. A side by side view and discussion of the FY2011 Objectives set by the previous committee as they stand now, and the proposed changes Mr. Finney would like to see made. Mr. Lewis suggested that

the committee extend an invite to Governor Snyder at some point to share his economic vision with the group. Mr. Finney agreed. Mr. Rothwell told the committee to look for an invitation for a reception to recognize and celebrate the work that the former MEDC executive committee did. A lunch will be hosted in their honor, following the February 22, 2011 meeting.

Adjournment

The meeting adjourned at 11:50 a.m.

Jennifer R.V. Nelson, Secretary
January 4, 2011