

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION
Executive Committee Meeting Minutes
October 18, 2011
8:30 a.m. – 11:00 a.m.
Michigan Economic Development Corporation Office
300 North Washington Square, Lansing, Michigan

Members Present: Lizabeth Ardisana
David Armstrong
Mary Lou Benecke
John W. Brown
Robert S. Collier
Stephen D'Arcy
Stephen Forrest
Thomas Lewand
Greg Northrup
Chris MacInnes
Jeff Metts
Jeffrey Noel
Christopher Rizik
Doug Rothwell
Marilyn Schlack
Dayne Walling

Members Absent: Haifa Fakhouri
Kirk Lewis
John Rakolta, Jr.

MEDC Staff present: Michael Finney, Amy Cell, Elizabeth Parkinson, Minesh Mody,
Mark Morante, Elliot Forsyth, Jennifer Nelson, Gary LaRoy,
Martin Dober, Dorcey Moore, Amy Banninga, Carsten Hohnke,
Stacey Carlson

Call to Order

Doug Rothwell called the meeting to order at 8:35 a.m. The meeting was held at the MEDC office, 300 North Washington Square, Lansing, Michigan.

Public Comment

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

Administrative Business

Approval of the Minutes

Mr. Rothwell asked for any changes or additions to the August 9, 2011 meeting minutes. **A motion to approve the August 9, 2011 minutes was made by Ms. Lizabeth Ardisana and seconded by Ms. Marilyn Schlack . The motion was unanimously approved.**

Resolution of Appreciation

Mr. Rothwell notified the Executive Committee that Dr. Ann Marie Sastry resigned her position as a member of the Executive Committee. He thanked her for her service on the Executive Committee.

A motion to approve Resolution-Tribute for Dr. Ann Marie Sastry was made by Ms. Marilyn Schlack and seconded by Ms. Lizabeth Ardisana. The motion was unanimously approved.

Corporation Board Meeting

Mr. Rothwell reminded the members that the Corporation Board meeting scheduled for 11:00 a.m. was cancelled.

Sub-committee Updates

Strategic Planning: Mr. Rothwell introduced the FY12-15 Strategic Plan by noting that the subcommittee worked closely with staff during the development of this plan. The strategic plan demonstrates core v. enabling activities of the MEDC as well as the allocation of resources based on this concept. The FY12-15 Strategic Plan includes seven strategic initiatives, one more than the FY11 plan. The new initiative is seamless delivery. Mr. Rothwell introduced Carsten Hohnke to present the FY12-15 Strategic Plan.

Carsten began by highlighting the mission and vision of the MEDC. He continued by noting the seven strategic initiatives aligned to drive job growth: entrepreneurship, business growth, access to capital, vibrant communities, talent, image and seamless delivery. He noted that there are 100 plus supporting activities that the MEDC will engage in that are linked to the initiatives. A couple of differences from the FY11 plan include changing "Vibrant Cities" to "Vibrant Communities" to encompass rural and agricultural activities and the addition of Seamless Delivery. Seamless Delivery involves coordinating business service delivery across state governments. This will be done primarily through the Interdepartmental Collaboration Committee. Carsten mentioned that each initiative has clearly defined objectives.

Carsten continued by discussing the MEDC's commitment to assess performance against the plan. Mr. Forrest challenged the focus on entrepreneurship v. "whale hunting." Mr. Finney noted that this is our best thinking at this time. While we are focused on growing our small and second stage businesses, we will also have an attraction effort. Ms. MacInnes asked if the MCACA grants is the only metric that we can use for vibrant communities. She indicated that there are lifestyle elements that are separate from travel/tourism. Mr. Finney acknowledged her concern and responded that there are more factors that influence this beyond our control and we are focusing on the activities that we can directly input to get the outputs.

In response to a question from Mr. Metts, Carsten noted that our entrepreneurship efforts are focused on start ups, but we encourage innovation throughout the growth of a business.

Carsten indicated that the performance outcomes are a measure of what the MEDC touches and these drive the overall statewide goals. Our scorecard will measure the effectiveness at executing on our plan and the dashboard will let us know if we have the right strategy. Mr. Northrup asked if we are setting targets. Carsten explained that yes,

we are, however, there are timing challenges with end-of-year baseline data from FY11. In addition, Mr. Forrest challenged the measurements as not indicating how the MEDC will impact the overall needle. Mr. Rothwell explained that it is too early to commit ourselves to that level of specificity.

Mr. Noel continued the conversation by noting that the members need to help the MEDC explain “gardening.” He views it as nurturing wealth creators who could be growing and creating jobs elsewhere. Discussion continued around engaging other organizations collaboratively to accomplish our goals. Mr. D’Arcy noted that the performance outcomes make sense, but pointed out that the MEDC may not be in the best place to achieve the targets. Mr. Finney indicated that we want to create effective partnerships and are heading in that direction. We are embarking on the core v. enabling concept. Mr. Northrup challenged the MEDC for contracting with Southwest Michigan First for site selection activities. When one partner takes the lead, the MEDC and other partners are still directly involved and benefit from the activity. MEDC is rebuilding its site selection capabilities and engaging with a partner with that expertise gives us a jump start. Mr. Noel recommended that the MEDC meet with top companies for guidance on how to deal with global site consultants. Mike appreciated the recommendation and committed to establishing a strong process to deal with site selectors without giving up intellectual property. He reiterated the MEDC’s commitment to collaborating fully with our partners, so long as there is an open-source mindset.

Mr. Finney committed to update the Executive Committee on our collaboration efforts at upcoming meetings.

The discussion continued around the gaps within the State. Mr. Rizik mentioned that he is working with Martin Dober to create a capital landscape. He believes that the MEDC can set the landscape. Mr. Rothwell encouraged each strategic initiative staff lead to map out the landscape for each initiative.

Mr. Tom Lewand left the meeting at 9:25 a.m.

Mr. Rothwell stated that it is critical that we be able to articulate a strategy and then hit the road with the execution.

In response to a question from Mr. Armstrong, Mr. Rothwell indicated that the measures we are using are typical. Mr. Forrest questioned why we are carving out the film industry as a sector to fund. Mr. Finney responded that it is legislatively mandated.

A motion to approve Resolution-Approval of FY2012-2015 Strategic Plan was made by Ms. Marilyn Schlack and seconded by Mr. Rob Collier. Ms. MacInnes asked what areas are at significant risk (e.g. federal funding) that could impact our plan. Mr. Finney responded that this is our best estimate and we have a reasonable degree of confidence with what is being proposed. Ms. Schlack commented that it is too early to be concerned with the “what ifs” and recommended that if there are need for adjustments, it can be done at future meetings. **The motion was unanimously approved.**

Mr. Walling asked about the communication plan for the FY12-15 Strategic Plan. Mr. Finney noted that all staff have seen the plan and our partners will be seeing it in the very near future.

Finance: Chris Rizik updated the executive committee on the Finance Sub-committee meeting of September 20. Mr. Rizik discussed the FY12 Budget and noted that the subcommittee focused on aligning the budget to the strategic plan and ensuring that there are reserves available to carry out operations for 12-18 months. Mr. Rizik noted some tribal revenue exceeded our estimates. We also expect to save \$5-\$6 million in expenses, which will leave us with a larger reserve. Mr. D'Arcy asked if we are concerned about losing our revenue should the tribes cease paying. Mr. Rizik responded that a conservative budget is being presented. Mr. Finney committed to update the Executive Committee regarding tribal payment status and compact negotiations at the next meeting.

A motion to approve the Adoption of the FY12 Budget was made by Mr. John Brown and seconded by Ms. Chris MacInnes. The motion was unanimously approved.

Compensation and Personnel: Mr. Jeffrey Noel updated the executive committee on the upcoming CEO evaluation. He noted that the entire executive committee, Governor Snyder, certain partners and Mike's direct reports will participate in the evaluation process. Mr. Noel also updated on the selection of a firm to perform the compensation study for the MEDC. After a re-bid, the joint evaluation committee selected Crowe Horwath, LLP as the vendor. The executive committee unanimously supported the selection.

Governance and Audit: Stephen D'Arcy noted that the sub-committee met with staff and observed that there are good internal controls within the organization. He noted that the subcommittee will take a closer look at the post-award procedures to review whether the money is being used for its agreed upon purposes. Mr. Finney noted that many of our programs are being audited. He stressed the importance of having good practices in place now as it is difficult to fix things that happened years ago.

Mr. D'Arcy discussed the importance of good governance practices, including the involvement of the executive committee in corporate funded deals greater than \$1 million. The subcommittee understands that some deals from a timing perspective may need action quicker than the scheduled executive committee meetings. In those circumstances, two of the following 3 may approve the deal: Chair of the Executive Committee, Chair of the Finance Subcommittee and Chair of the Audit and Governance Subcommittee. It was noted that there will only be a handful of deals that would fall in this category and that if approved prior to a full executive committee meeting, a report would be provided to the members.

A motion to approve the Resolution-Approval of Delegation of Authority of Contracts was made by Ms. Mary Lou Benecke and seconded by Mr. Dave Armstrong. The motion was unanimously approved.

CEO Report

Mr. Finney updated the Executive Committee on the trip to Asia with the Governor. He noted that they met with about 35 companies and six represent meaningful opportunities. He acknowledged that the challenge will be the follow up. He noted that we are looking for someone to lead our attraction efforts. In response to questions, Mr. Finney stated

that the companies identified Michigan's core manufacturing industry as one of Michigan's advantages over other areas. The companies also raised immigration, specifically student to student, business to business visa processes as an issue.

Mr. Finney continued by discussing the efforts of the Interdepartmental Collaboration Committee, specifically, the progress with the Pure Michigan branding subcommittee, the discussions of the use of Salesforce with partners and other state agencies and departments, and grant activity coordination efforts.

Mr. Finney introduced Josh Piland to show a clip on the entrepreneurial efforts we are trying to develop within our organization. Mr. Piland showed the Fieldtrips PowerPoint video.

The meeting adjourned at 11:00 a.m.

Jennifer R.V. Nelson, Secretary
October 18, 2011