
MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

Executive Committee Minutes

November 12, 2019

10 a.m. to 12 p.m.

MEDC – 300 N. Washington Sq. Lansing, MI 48913

Lake Michigan Conference Room

Members Present:

Beth Ardisana

Jeff Donofrio

Bobby Hopewell

Mike McLauchlan

Jeff Noel

Fay Beydoun

Fritz Erickson

Tom Lutz

Dave Meador

Bill Pink

Kyle Caldwell

Krista Flynn

Chris MacInnes

Scott Newman-Bale

Ryan Waddington

Members Absent:

Awenate Cobbina

Phil Shaltz

April Clobes

Karen Weaver

Bob McMahan

Staff Present:

Amanda Bright McClanahan

Linda Ascitutto

Jill Trepkoski

Amber Norton

Jeff Mason

Amiee Evans

Christin Armstrong

John Groen

Michelle Grinnell

Lynne Feldpausch

Josh Hundt

Steve Bakkal

Doug Kuiper

I. Call to order

Mr. Noel called the meeting to order at 10:04 a.m., a quorum was declared present. The meeting was held at Michigan Economic Development Corporation, 300 N. Washington Square Lansing, MI 48913.

II. Public Comment

Mr. Noel invited public comment, there was none.

III. Vice Chairman's Report

- a. Mr. Noel asked if there were any questions, changes, or corrections regarding the September 10, 2019 minutes. Mr. Donofrio requested a clarification in the minutes regarding the amended resolution for the approval of the five-year strategic plan to show that the approval of the strategic plan included the focus industries for the MEDC and local partners. *Mr. Hopewell moved to approve the minutes of the September 10, 2019 meeting as modified and Mr. Donofrio supported the motion, the motion passed unanimously.*

IV. CEO Report

- a. Jeff Mason provided an update on the stakeholder outreach related to the new strategic plan. He noted that leadership have presented to over 20 organizations and over 500

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attendees on the plan. Statewide stakeholder outreach will continue throughout the end of the year.

- b. Mr. Mason also provided an update on the FY20 state budget. He noted that leadership continues to communicate with the Governor's office regarding the restoration of funding to the business development and community revitalization line and the Pure Michigan funding. He noted that staff would continue working with the Finance Subcommittee on the budget and revenue options.
- c. Mr. Mason noted that Michigan has improved in a couple of national rankings including the Tax Foundation's recent report on the State Business Tax Climate Index ranking Michigan 12th this year, up five spots from 2019. Additionally, Michigan was ranked 16th by Site Selection's 2019 Business Climate Ranking, up two spots from 2018.
- d. Finally, he mentioned that MEDC staff are preparing for two high level business attraction trips to northern California and the Consumers Electronics Show.
- e. Mr. Noel referenced the board engagement memo that was included in the materials. He requested feedback from members on legislative advocacy efforts as well suggestions that staff as well as the Committee can engage. Mr. Meador noted that he has observed a wide range of responses from legislators as to their knowledge and awareness of the MEDC. The Committee discussed various ideas for increasing legislative awareness and engagement, including offering workshops for legislators, identifying the home districts of Committee members, and evaluating past engagement efforts to determine best practices. After discussion from the Committee, they would like to work on a joint engagement letter to legislative leadership creating more awareness for the Committee and the MEDC. Mr. Mason noted that he will follow up with some draft content.

V. Approval of the FY20 Targets

Mr. Donofrio reported that the Strategy Subcommittee would like to present the FY20 targets for approval. Mr. Donofrio emphasized that a high level of collaboration will be required between the MEDC and its various partners and stakeholders in order for achieve the goals. He asked Mr. Bakkal to provide additional background regarding the targets. Mr. Bakkal provided some context regarding the five-year north star goals that the organization is aligning with the five-year strategic plan. He showed how those goals led into the development of the FY20 targets (adjusted based on current state appropriated funding levels) of private investment at \$3.2 billion, foreign direct investment at 20%, facilitated revenue at \$3.5 billion, new business development customers at 300, number of placemaking projects at 100, square feet of public space reactivated at 4.9 million, business starts at 163, follow on funding at \$186.8 million, new business prospects at 6,000. Mr. Bakkal noted that there are a couple metrics currently under development. These are new goals for the organization and the MEDC is working with an external vendor to set these baseline targets for the organization. Once the report is prepared on these metrics, they will be presented to the Committee. *Mr. Hopewell move to approve the FY20 Targets and Ms. MacInnes supported the Motion. The Resolution passed unanimously.*

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VI. Approval of the FY2020 Corporate Budget Revision

Ms. Ardisana reported on behalf of the Finance Subcommittee that in July 2019 the Executive Committee adopted a FY20 budget for the MEDC in an amount not to exceed \$66,931,000, consisting of \$61,076,900 from dedicated corporate revenues and \$5,854,100 from projected state funding to support allowable expenditures for staffing and operations. Ms. Trepkoski noted that the reason for the \$400,000 increase in the corporate budget was to cover salaries and benefits that were typically covered by the percentage of Pure Michigan funding that was available for administrative expenses. This approval was contingent on the passage of the state budget for FY20 at the level recommended by Governor Whitmer. Since FY20 budget that was passed by the Legislature and signed by the Governor was different from the original recommendations the condition set in the original Resolution was not met. As a result, the Finance Subcommittee is presenting a revised budget for approval for the amount not to exceed \$66,906,000 consisting of \$61,476,500 from dedicated corporate revenues and \$5,429,500 from projected state funding to support allowable expenditures for staffing and operations. *Ms. MacInnes moved to approve the revised FY20 corporate budget and Mr. Donofrio supported the motion. The Resolution passed unanimously.*

[At 11:15 am, Mr. Hopewell exited the meeting.]

VII. Recommendation to adopt corporate health benefit renewals

Mr. Noel reported as a follow up to the September meeting, the Personnel & Compensation Subcommittee has reviewed necessary state comparative data as well as all resources available to provide these recommendations. He asked Ms. Lynne Feldpausch to provide an overview of the recommendation. Ms. Feldpausch reported that the organization has realized premium increases on the last three-year health care premiums. While these increases were offset with a reduction in plan participants, consistent rate escalations have required that the organization consider options to mitigate the increase to health benefit costs. The organization will have an 8.4% increase for FY20. Due to this increase the recommendation is to increase the employee out-of-pocket maximums for the PPO plan to reduce impact to a 5.34% increase and the addition of an HMO option for a reduced premium based of -12.3% to appeal to the younger demographic. MEDC negotiated a two-year rate lock for the dental plan and rate pass for life and disability in 2019. *Mr. Noel moved to the adoption of the corporate health benefit renewals; Ms. MacInnes supported the motion. The Resolution passed unanimously.*

VIII. Recommendation to adopt corporate leave policies

Ms. Feldpausch also provided an overview of the recommendation on the corporate leave policies. She reported that while the organization may have a strong health plan offering, that paid time off plans may be lagging. In order to better equalize the paid time off plans the recommendation would be to adjust the vacation structure to be more consistent with industry trends and to facilitate positive attraction and retention. To adjust the total number of sick days from 9 to 12 days, with the employees hired in the last 90 days of the fiscal year receiving a prorated allocation. This adjustment can help provide a bridge to short- and long-term disability as she noted that maternity is the highest experience rating for our organization. Additionally, the recommendation would be to add a bereavement leave as an option. Mr. Noel noted that staff came back to the Committee with data to support the recommendation, as requested by the Committee at its previous meeting. He emphasized the challenge of balancing the leave

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policies and allocations in an organization with two classes of employees. *Ms. MacInnes moved to adopt the corporate leave policies as presented, Mr. Erickson supported the motion. A roll call vote determined there were 12 ayes and one abstention. The resolution passed.*

- IX.** Mr. Noel adjourned the meeting at 11:48 a.m.