AGENDA

GRAND TRAVERSE ECONOMIC DEVELOPMENT CORPORATION
THURSDAY, February 13, 2020 @ 7:30 a.m.
Governmental Center, 2nd Floor Commission Chambers
400 Boardman, Traverse City, MI 49684

General Meeting Policies:
- Please turn off all cell phones or switch them to silent mode.
- Any person may make a video, audio or other record of this meeting. Standing equipment, cords, or portable microphones must be located so as not to block audience view.

If you need auxiliary aid assistance, contact 231-922-4760.

1. CALL TO ORDER:

2. PLEDGE OF ALLEGIANCE

3. PUBLIC COMMENT/INPUT

Any person shall be permitted to address a meeting of the Economic Development Corporation, which is required to be open to the public under the provisions of the Michigan Open Meetings Act, as amended. (MCLA 15.261, et. seq.) Public comment shall be carried out in accordance with the following County Board Rules and Procedures:

- Any person wishing to address the Corporation Board shall state his or her name and address.
- Persons may address the Corporation Board on matters, which are relevant to county government issues.
- No person shall be allowed to speak more than once on the same matter, excluding time needed to answer Corporation Board questions. The Chairperson shall control the amount of time each person shall be allowed to speak, which shall not exceed three (3) minutes; except as follows:
  - Chairperson may at his or her discretion, extend the amount of time any person is allowed to speak.
  - Whenever a group wishes to address the Authority, the Chairperson may require that the group designate a spokesperson; the Chairperson shall control the amount of time the spokesperson shall be allowed to speak, which shall not exceed fifteen (15) minutes.

4. APPROVAL OF AGENDA

5. ORDER OF BUSINESS:
   a. Approval of minutes from December 12, 2020 (Regular Session) .................................................................2
   b. Approval of 2020 Calendar ...................................................................................................................................4

6. REPORTS/ACTION ITEMS:
   a. MEDC Strategy ..................................................................................................................................................5
   b. Tart Cherry Crisis ..................................................................................................................................................

7. OTHER BUSINESS:

8. OLD BUSINESS:
   a. EDC Compliance PAC Resolution – Legal Opinion from Mr. Ross Hammersley

9. SECOND PUBLIC COMMENT (Refer to Rules under Public Comment/Input above.)

10. NOTICES

11. CLOSED SESSION: (IF NEEDED)

12. ADJOURNMENT
CALL TO ORDER

Vice Chair Morgan called the meeting to order at 8:02 a.m. in the Commission Chambers located on the second floor of the Governmental Center and led the pledge of allegiance.

MEMBERS PRESENT

Marty Colburn, Kevin Klein, Jessica Sullivan (8:15), Christie Minervini, Nate Alger, Christian Smith, Sonny Wheelock (8:07) Tom Kern, Keef Morgan

MEMBERS ABSENT

Dennis Arouca

PUBLIC COMMENT

None.

APPROVAL OF AGENDA

MOVED by Minervini seconded by Alger to approve the agenda. APPROVED UNANIMOUSLY.

APPROVAL OF MINUTES:

MOVED by Klein, seconded by Coburn to approve the regular session minutes of 11-14-19 as presented. APPROVED UNANIMOUSLY.

REPORTS / ACTION ITEMS

1. EDC/EDO Request - Discussion.

A copy of the request for funding letter to Commissioner Hentschel was presented and discussed.

Alger distributed Resolution 183-2019 passed by the county board on December 4, 2019.

Discussions are continuing with Warren Call regarding funding. The EDC Board has concerns regarding how the County Board’s resolution may impact funding and further discussed how this was handled with other EDO’s. There were also questions raised regarding whether or not they were bound by the same resolution and the legality of that resolution.

MOVED by Coburn, seconded by Kern to request a formal legal opinion (Hammersley) regarding the county board’s resolution and it’s impact on the EDC. APPROVED unanimously.

MOVED by Klein, seconded by Alger to enter into closed session to discuss confidential correspondence from attorney @ 8:30 a.m.
ROLL CALL VOTE: Coburn, Klein, Sullivan, Minervini, Alger, Smith, Wheelock, Morgan.  Yes – 9, No – 0 (Absent – Arouca)

MOVED by Alger, seconded by Klein to exit from closed session at 9:02 a.m..
APPROVED unanimously.

MOVED by Wheelock, seconded by Coburn to waive privilege and ask staff to forward attorney’s memo to MEDC regarding loans and see if they will consider discharge.
APPROVED unanimously.

Christian Smith provided an update on his robotics business which is doing very well. Due to that fact and the time involved, he will be resigning from the EDC. He added that he firmly believes in this board and that businesses need the type of assistance that can be offered. Also invited members to Open House on January 25th from 12-2.

OTHER BUSINESS Next regular meeting scheduled for January, when a new schedule for the year will be presented.

PUBLIC COMMENT None.

MOVED BY Wheelock, seconded by Klein to adjourn meeting at 9:12 a.m..
APPROVED unanimously.

ADJOURNMENT Meeting was adjourned at 9:12 a.m.
Economic Development Committee

Meeting Schedule for 2020

The Economic Development Committee (EDC) will meet on the 2nd Thursday of each month @ 7:30 am in the Chambers of the 2nd Floor, Governmental Center, 400 Boardman Avenue, Traverse City, MI 49684. The 2020 schedule is as follows:

January 9, 2020-CANCELLED
February 13, 2020
March 12, 2020
April 9, 2020
May 14, 2020
June 11, 2020
July 9, 2020
August 13, 2020
September 10, 2020
October 8, 2020
November 12, 2020
December 10, 2020
What We Have Accomplished, Where We Need To Go

1. MEDC recognizes it is time for change in the organization’s strategic direction

2. Consistent areas of concern include funding risks, the potential for an economic downturn and foundational needs in the state

3. MEDC must continue to form and strengthen partnerships with key players and industry leaders throughout the state

11+ MONTHS

20+ STAKEHOLDER GROUPS ENGAGED

13 3RD PARTY STUDIES
### 2020 Strategic Planning: Critical Questions to Inform Decision-making

<table>
<thead>
<tr>
<th>Research Questions</th>
<th>Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. How does Michigan and the MEDC compare to other states?</td>
<td>EDO Benchmarking (two reports)</td>
</tr>
<tr>
<td>2. How have the MEDC’s flagship programs performed? How is assistance currently distributed?</td>
<td>State Comparison of Tax Climate &amp; Key Site-Specific Costs</td>
</tr>
<tr>
<td>4. What happens if the economy slows down?</td>
<td>MBDP Effectiveness</td>
</tr>
<tr>
<td>5. What industries should the MEDC focus on? How healthy is MI’s auto industry?</td>
<td>Pure MI Effectiveness</td>
</tr>
</tbody>
</table>

**Additional Studies:**
- MEDC Recession Scenario Planning Workgroup
- Industry Cluster Analysis
- Opportunity Industries
- Future Ready; Opportunity for All
- Plant Study and ACES
- NA Overview & Tech Roadmap
- CD Impact and Effectiveness
Michigan ranks 49th in the share of GDP in sectors that experienced positive growth nationally during the past five recessions.

Michigan ranks 49th in the share of GDP in sectors that experienced positive growth nationally during the past five recessions, Percent

SOURCE: Moody's, BEA
Michigan has had strong growth in core tradeable sectors, but those core industry mixes are overexposed to automation.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Total Michigan jobs, K</th>
<th>Michigan growth rate, CAGR 2013-2018</th>
<th>Automation potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-auto manufacturing</td>
<td>440</td>
<td>2.2</td>
<td>59%</td>
</tr>
<tr>
<td>Professional services</td>
<td>328</td>
<td>1.9</td>
<td>30%</td>
</tr>
<tr>
<td>Automotive manufacturing</td>
<td>191</td>
<td>2.7</td>
<td>59%</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>177</td>
<td>1.1</td>
<td>42%</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>164</td>
<td>1.4</td>
<td>37%</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>137</td>
<td>3.8</td>
<td>62%</td>
</tr>
<tr>
<td>Accommodation and food</td>
<td>384</td>
<td>1.7</td>
<td>53%</td>
</tr>
<tr>
<td>Admin; support; waste</td>
<td>317</td>
<td>0.4</td>
<td>35%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>618</td>
<td>1.2</td>
<td>31%</td>
</tr>
<tr>
<td>Government</td>
<td>617</td>
<td>0.3</td>
<td>N/A</td>
</tr>
<tr>
<td>Retail</td>
<td>489</td>
<td>0.7</td>
<td>50%</td>
</tr>
<tr>
<td>Construction</td>
<td>225</td>
<td>3.5</td>
<td>47%</td>
</tr>
<tr>
<td>Other services</td>
<td>221</td>
<td>1.0</td>
<td>45%</td>
</tr>
</tbody>
</table>

SOURCE: Moody’s Analytics, EMSI

\[\text{US average}=1.6\%\]
Michigan added the 16th largest number of STEM completions between 2012 and 2017, but was 44th in growth rate

<table>
<thead>
<tr>
<th>Growth rank (#)</th>
<th>Growth rank (%)</th>
<th>State</th>
<th>STEM completions¹</th>
<th>Change, #, '12-'17</th>
<th>CAGR, %, '12-'17</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>14</td>
<td>California</td>
<td>54,787</td>
<td>19,379</td>
<td>6.2%</td>
</tr>
<tr>
<td>2</td>
<td>4</td>
<td>Texas</td>
<td>34,485</td>
<td>14,353</td>
<td>7.2%</td>
</tr>
<tr>
<td>3</td>
<td>15</td>
<td>New York</td>
<td>48,838</td>
<td>11,858</td>
<td>5.6%</td>
</tr>
<tr>
<td>4</td>
<td>6</td>
<td>Massachusetts</td>
<td>37,822</td>
<td>7,155</td>
<td>7.1%</td>
</tr>
<tr>
<td>5</td>
<td>34</td>
<td>Pennsylvania</td>
<td>49,680</td>
<td>5,698</td>
<td>3.8%</td>
</tr>
<tr>
<td>6</td>
<td>21</td>
<td>Illinois</td>
<td>27,741</td>
<td>5,542</td>
<td>4.9%</td>
</tr>
<tr>
<td>7</td>
<td>25</td>
<td>Florida</td>
<td>22,671</td>
<td>5,496</td>
<td>4.6%</td>
</tr>
<tr>
<td>8</td>
<td>10</td>
<td>Georgia</td>
<td>27,297</td>
<td>4,723</td>
<td>6.6%</td>
</tr>
<tr>
<td>9</td>
<td>7</td>
<td>New Jersey</td>
<td>33,439</td>
<td>4,616</td>
<td>6.9%</td>
</tr>
<tr>
<td>10</td>
<td>32</td>
<td>Ohio</td>
<td>24,704</td>
<td>4,248</td>
<td>3.9%</td>
</tr>
<tr>
<td>11</td>
<td>9</td>
<td>Missouri</td>
<td>27,790</td>
<td>3,875</td>
<td>6.6%</td>
</tr>
<tr>
<td>12</td>
<td>13</td>
<td>Washington</td>
<td>24,114</td>
<td>3,754</td>
<td>6.3%</td>
</tr>
<tr>
<td>13</td>
<td>22</td>
<td>Maryland</td>
<td>25,532</td>
<td>3,550</td>
<td>4.9%</td>
</tr>
<tr>
<td>14</td>
<td>31</td>
<td>North Carolina</td>
<td>18,495</td>
<td>3,298</td>
<td>4.0%</td>
</tr>
<tr>
<td>15</td>
<td>20</td>
<td>Colorado</td>
<td>17,306</td>
<td>2,773</td>
<td>5.0%</td>
</tr>
<tr>
<td>16</td>
<td>44</td>
<td>Michigan</td>
<td>19,922</td>
<td>2,715</td>
<td>2.6%</td>
</tr>
<tr>
<td>17</td>
<td>3</td>
<td>Utah</td>
<td>22,707</td>
<td>2,637</td>
<td>7.4%</td>
</tr>
<tr>
<td>18</td>
<td>35</td>
<td>Indiana</td>
<td>15,766</td>
<td>2,607</td>
<td>3.7%</td>
</tr>
</tbody>
</table>

¹ Degree graduates of all 2 year institutions and higher in CIP codes 11, 14, 15, 26, 27, 40, and 41

SOURCE: National Center for Education Statistics, EMSI
Michigan is a leader in business and academic R&D, but trails in commercialization and startup creation and growth

**Innovation Pipeline**

**University-/industry-driven innovation**
- Research
- Commercialization
- Start-up
- Growth company

**Michigan rank**

- **Academic science/engineering R&D, percent of GDP**: 7
- **Business R&D as % of private industry output**: 5
- **Small Business Innovation Research/Technology Transfer, per $1m GDP**: 20
- **State agency R&D, per $1m GDP**: 46

- **Patents per 1m people**: 12
- **Patents applied per disclosure**: 33

- **Rate of new entrepreneurs**: 34
- **Startup density**: 33
- **Start-ups formed per patent granted**: 44
- **Angel investment as % of GDP**: 40

- **Established small business density**: 8
- **High growth company density**: 26
- **Survival rate**: 24
- **Venture capital as % of GDP**: 15

**SOURCE**: Kauffman Foundation; National Science Foundation; U.S. Census; U.S. Patent and Trademark Office; Moody’s; Small Business Administration
Michigan's economy is not inclusive for 43% of households.

Households below the ALICE (Asset Limited, Income Constrained, Employed) threshold struggle to afford basic household necessities. 43% of Michigan households fell beneath the ALICE threshold in 2017 – this is six percent higher than in 2010.

Source: United Way
Research findings and recommendations shaped new aspirations (guiding principles) to inform our strategy for the next 5 years.

**RESEARCH FINDINGS**

1) Michigan is 49th for growth during a recession.
2) Michigan is over-exposed to automation risk.

3) Michigan’s regional growth is uneven.
4) The majority of MEDC assistance goes to areas that are not geographically disadvantaged.
5) Investing in geographically disadvantaged areas leads to a higher economic ROI.

6) The amount of Michigan households that do not earn enough to afford basic necessities is sizable (43%) and climbing.
7) A “Best-in-Class” EDO would focus on equitable growth and align with talent and workforce development initiatives.

8) A “Best-in-Class” EDO focuses on customer service. This is one of the MEDC’s strengths.

**GUIDING PRINCIPLES**

- **Sustainable, long term growth**
  Catalyze long-term job growth. Ensure resilience of Michigan’s economy against downturns and automation potential.

- **Regional impact**
  Empower and support every region – from rural areas to urban cores – in improving economic outcomes.

- **Equitable, high-wage growth**
  Drive equitable pathways toward high-wage growth by enabling industries, communities and businesses that provide opportunities for all.

- **Customer focus**
  Ensure a customer (businesses, communities, entrepreneurs) and partner orientation in all we do.
**MISSION**
Achieve long-term economic prosperity for Michiganders by investing in communities, enabling the growth of good jobs and promoting Michigan’s strong image worldwide.

**VISION**
Make Michigan’s economy the nation’s fastest growing, most equitable and most resilient by:

- Achieving ‘Top 10’ status for:
  - Job growth in targeted sectors
  - Equitable job growth
  - Real median household income growth

- Attaining the largest net gain of talent in the Midwest.

**GUIDING PRINCIPLES**

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**STRATEGIC FOCUS AREAS**

- **Attract, retain and support businesses**
  Aggressively work to attract and retain companies in target industries that support growth in jobs, wages and investment.

- **Foster high-wage skills growth**
  Collaborate on efforts to produce, attract and retain the skills needed for in-demand and high growth occupations in focus industries.

- **Develop attractive places**
  Attract talent through innovative placemaking and streamlining development processes at the community level to transform underutilized properties into vibrant areas.

- **Catalyze entrepreneurship**
  Strengthen the ecosystem that enables more entrepreneurship, commercialization and new business creation.

- **Market the state**
  Promote Michigan’s image as a world-class business location and travel destination.
Strategic Industry Development

MEDC will actively work with its partners to **attract**, **grow** and **retain** strategic industries that will have the greatest potential economic benefit on all **communities** throughout Michigan.

**FOCUS INDUSTRIES**

MEDC resources including tailored economic development tools, proactive marketing and sustainment programs focus on those sectors where Michigan has a distinct competitive advantage.

- **Mobility and automotive manufacturing**, building upon our uncontested automotive leadership to stay at the forefront of the mobility revolution.
- **Advanced manufacturing**, positioning Michigan as a leader in Industry 4.0, and leveraging our talent to capture a larger share of growth in the defense and advanced materials industries.
- **Engineering, Design and Development**, harnessing our talent base to become the research & development and industrial design capital of the world.
- **Medical device technology**, leveraging our existing medical device anchor companies and research assets to enable growth of the medical device industry.
- **Tech**, capitalizing on our existing mobility, software, manufacturing, engineering and design capabilities to grow Michigan’s tech footprint.
- **Professional and corporate services**, using the purchasing power of Michigan companies to attract corporate and professional service providers to the state.

**REGIONAL IMPACT INDUSTRIES**

MEDC will support state and local efforts to attract, grow and retain regionally important industries that play a vital role in energizing communities throughout the state.

- **Agribusiness**
- **Tourism**
- **Logistics**
- **Financial Services**
- **Other Manufacturing**
Approach for prioritization first looks at forecasted US growth potential and degree of specialization in the State.

1. Specialization is measured as the ratio of a sector's share of output in a given area to that occupation's share of output in the U.S. as a whole.
Approach to identify attractive sectors for the State follows 3 filters

- Exclude non-tradeable
- Exclude low growth and low specialty
- Exclude small employment footprint

All industry clusters → Tradeable industry clusters → Tradeable legacy, asset, and selective bet industry clusters → Prioritized industry clusters

Examples of filtered clusters:
- Local Health Services
- Local Logistical Services
- Local Utilities
- Agricultural Inputs and Services
- Downstream Metal Products
- Insurance Services
- Environmental Services
- Footwear
- Forestry

Note: this exercise aims to inform the prioritization of sectors for pro-active outreach and activities for the State. However, passive opportunities in deprioritized areas should still be pursued.

1. As defined by US Cluster Mapping Initiative
2. Low growth defined as US forecasted 5-year CAGR< overall US forecasted 5-year CAGR (1.1%), low specialty defined as LQ < 1
3. Defined as <10000 jobs in the cluster
Operationalizing the strategy

Attract, retain and support businesses
Aggressively work to attract and retain companies in target industries that support growth in jobs, wages and investment

2 initiatives
3 objectives

Foster high-wage skills growth
Collaborate on efforts to produce, attract and retain the skills needed for in-demand and high growth occupations in focus industries

3 initiatives
3 objectives

Develop attractive places
Attract talent through innovative placemaking and streamlining development processes at the community level to transform underutilized properties into vibrant areas

1 initiatives
4 objectives

Catalyze entrepreneurship
Strengthen the ecosystem that enables more entrepreneurship, commercialization and new business creation

6 initiatives
10 objectives

Market the state
Promote Michigan’s image as a world-class business location and travel destination

5 initiatives
15 objectives
Operationalizing the strategy: Focus area operational plans

**Goals**

**Initiatives**

1. Secure competitive business growth opportunities
2. Provide business-to-business services
3. Provide capital markets support
4. Strengthen and grow local, federal and international partnerships
5. Proactive development

*Attract, retain and support businesses*
Aggressively work to attract and retain companies in target industries that support growth in jobs, wages and investment
Operationalizing the strategy: Focus area operational plans

**Goals**

- Foster high-wage skills growth
  Collaborate on efforts to produce, attract and retain the skills needed for in-demand and high growth occupations in focus industries

**Initiatives**

1. Convene partners and stakeholders
2. Leverage MEDC resources to support talent development
<table>
<thead>
<tr>
<th>Goals</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop attractive places</td>
<td>1. Prioritize place-based projects</td>
</tr>
<tr>
<td>Attract talent through</td>
<td>2. Provide support for rural and infrastructure needs</td>
</tr>
<tr>
<td>innovative placemaking and</td>
<td></td>
</tr>
<tr>
<td>streamlining development</td>
<td></td>
</tr>
<tr>
<td>processes at the community</td>
<td></td>
</tr>
<tr>
<td>level to transform underutilized properties into vibrant areas</td>
<td>3. Create a development-friendly ecosystem</td>
</tr>
<tr>
<td>4. Offer Main Street business support</td>
<td></td>
</tr>
</tbody>
</table>
### Operationalizing the strategy: Focus area operational plans

**Goals**

- Leverage and support the entrepreneurial ecosystem to:
  - create new innovation-based business starts
  - increase products commercialized
  - increase follow-on funding for early-stage companies.
  - establish new small business programming.

---

**Initiatives**

1. **Catalyze entrepreneurship**
   - Strengthen the ecosystem that enables more entrepreneurship, commercialization and new business creation.
## Operationalizing the strategy: Focus area operational plans

<table>
<thead>
<tr>
<th>Goals</th>
<th>Initiatives</th>
</tr>
</thead>
</table>
| Market the state  
Promote Michigan’s image as a world-class business location and travel destination | Improve perceptions of the state |
| | Increase awareness of MEDC’s in-state services |
| | Show continuous improvement in internal marketing operations |
| | Evolve the Pure Michigan brand |
| | Develop and grow partnership support |
| | Attract major events to bring in out-of-state visitors |
RRC certified community

Arauco North America: $325 million private investment, 250 new jobs

Michigan Main Street program participant

Public access and canoe launch at Au Sable River thanks to Community Development Block Grant
$738 million in private investment

5,000 jobs created; 4,593 jobs retained

Innovation hub for developing and designing future mobility solutions
We will monitor Michigan’s economic health and measure the MEDC’s strategic plan success

- Dashboard measures include areas where MEDC has a direct impact and areas that are more broadly influenced by macro trends.

- These help us monitor economic progress and prospects for our state, measures that we expect to positively impact long term through our strategic plan.

- By understanding our impact on our strategic focus areas, we can achieve our vision of being the fastest-growing, most equitable and most resilient economy.
MEDC will continue to form and strengthen partnerships with key players and industry leaders throughout the state.

We need your input, expertise and advocacy to be successful.