

**City of Sault Ste. Marie  
ECONOMIC DEVELOPMENT CORPORATION  
Minutes of the Board of Directors Meeting  
January 10, 2017**

**1. Call to Order**

Vice Chairman Bunker called the meeting to order with the time being 12:05 p.m.

**2. Roll Call**

Members Present:	Tom Veum	Gwen Worley	Dan Dasho
	Dr. Rachael McCoy	Bob Mattson	Kelley Bunker
	Steve Glezen	Jim Devaprasad	

Members Absent:	Steve Glezen	Doug Welton
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Staff Present:	Jeff Holt	Tracey Laitinen
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Also Present:

- Oliver Turner, City Manager
- Lee Brown, Superior Insurance
- Linda Hoath, Convention & Visitor's Bureau
- Josh Billington, Small Business Development Center
- Ray Bauer, City Commission Liaison
- Sharon Houghton, MIWorks

It was moved by Mattson, supported by Dasho to excuse those board members not present. The motion carried unanimously.

**3 Agenda: Changes, Additions, or Deletions**

It was moved by Worley, supported by Veum to remove item #8. MEDC-Amy Berglund is ill today. The motion carried unanimously.

**4. Matters presented by the Public**

The group went around the table for introductions as there were several guests in the audience.

**5. Audit**

Everyone received bound copies and the audit-related communications letter at the start of the meeting. Holt noted that Julie Burks of Dennis, Gartland & Niergarth (DGN) was helpful and the process was a positive experience. At this time we entered into a video conference call with Trina Edwards and Julie Burks of DGN.

Summary of net position was given as of June 30, 2016. Net pension obligation increased from 2015-16. The EDC is in a healthy financial position. Expenses came in under budget.

Findings were the same as 2015 as they are relative to companies with few staff. Finding #1: Segregation of Duties and Finding #2: Preparation of Financial Statements.

The audit-related communications letter was discussed. Compliance and internal controls were tested. Moving forward; interclass activity needs to net zero; more detailed information needs to be in the board

meeting minutes and; bank reconciliations need to be performed month to month. It was noted that new EDC staff were already addressing these issues and that staff was helpful in performing the audit.

Holt noted that Welton had received the audit packet and did not have any questions at this time. Dasho inquired about the \$22,500 adjustment to which Julie explained it was a transfer within EDC classes.

It was moved by McCoy, supported by Devaprasad to accept the audit as presented for fiscal year July 1, 2015 to June 30, 2016.

**6. Approval of Minutes**

It was moved by Worley, supported by Mattson to accept the December 13, 2016 minutes. The motion carried unanimously.

**7. Approval of Financial Report & Check Detail**

Profit & Loss, Balance Sheet and Check Detail were submitted. Laitinen reported that Welton had a meeting with her several days ago to review the 2016-17 and 2017-18 budgets

Devaprasad inquired about the tax base and any concerns moving forward. Holt reported that with the increase in economic development in our TIFA III zone, that an increase is anticipated.

It was moved by Dasho, supported by Worley to accept the financial report as presented. The motion carried unanimously.

**8. Omitted**

**9. Events**

Holt reported on the December Manufacturer's Event at LSSU noting he was very pleased with all three speakers and that folks were still networking well after the event ended. Michigan Manufacturing Association will be coming up in May for more site visits. Amy Berglund was here yesterday and met with several firms. Worley noted that Chuck Hadden of MMA will be working to assist the EUPISD with the Career and Technical Education (CTE) millage for May. Worley noted that manufacturers at this event were supportive. The EDC will encourage local manufacturers to get involved through their communications. Worley thought there may have been confusion about who would benefit if the millage would pass and explained how every district will benefit. The Sault Area Career Center will benefit, but so will remote districts. These remote areas would gain access to career trades in the form of local employers offering training and career readiness. An example would be that Newberry Area School can enhance their Allied Health program with Helen Newberry Joy Hospital. Worley also mentioned that these types of hands on classes cost more and that there is a form of reimbursement through the State of Michigan, if approved. The Sault News and St. Ignace News coverage articles were included in the meeting packet.

Laitinen reported that the EDC has been working with the Chamber and are looking to lock in a manufacturing entity for March 16<sup>th</sup> to host a Business After 5 event. Stay tuned.

**10. Goals**

Holt reported on the progress with Northwoods/Sidock. A meeting summary from 11.28.16 was included in the packet. Holt and Laitinen will be meeting again on January 26<sup>th</sup> and expect to receive a final development proposal for the Air Park. Holt and Laitinen also met with Ed Radecki of Mackinac Environmental on 12.22.16 to discuss baseline services and costs for future development opportunities.

Holt communicated the need to obtain bids to renovate the office space in order to rent it out.

Holt is still working with manufacturers to obtain business plans to see how the EDC can assist. Holt noted that there is a program through MEDC that can assist struggling manufacturers. Holt will get more information from Amy Berglund.

**11. Director's Report**

Holt reviewed the EDC Proposal for the development of the Air Park and Industrial Park. The City has formed CREAD (City Real Estate Acquisition and Disposition committee) and this proposal will now go to them for approval. If approved then the EDC board will need to approve as well as the Airport Board. The plan allows for the EDC to capture sales revenue of any Air Park and Industrial Park. Sales proceeds would then be reinvested in attraction, marketing, part time staff, capital improvement plans as listed with the City which include airport improvements, as well as sharing a portion with the Downtown Development Authority. There is the potential to generate almost \$1 million dollars with these vacant parcels.

Turner noted he had circulated this proposal with department heads and they were happy to see initiative taking place and felt it was good for the EDC to market these properties.

Holt closed in saying that we had hoped to have a CREAD meeting in December, but are planning for January.

The annual reports for the EDC and Airport were in the meeting packets. This was the first time the EDC had put together an annual report in quite a few years. Bunker inquired about sharing it with the public and Holt will be putting data in the monthly Enewsletter for the next several months.

Marketing statistics were reviewed including the Sault EDC website, social media pages and Enewsletter readership. This will be a baseline for us to improve upon in the coming months.

An updated tenant listing was included in the meeting packet showing monthly revenue at the Incubator and Smartzone facilities. All office space is now occupied at the Smartzone.

Holt reported that the Tribal Zone development group had not recently met, and that the Sault Tribe was looking to develop vacant. It was noted that wetlands may limit their options.

Laitinen spoke to Mrs. Welton's Career Readiness at Sault Area High School, a few weeks ago. A packet of thank you letters from the students was passed around for review. This was a great opportunity to do outreach and let sophomores – seniors know about the EDC and services we provide. We are scheduled to assist in mock interviews with the Sault Area Career Center in February.

Holt updated the group on the progress at Silver Valley 741 E. Portage. Two court proceedings have occurred. The EDC has been moving forward with the fund as agreed on for improvements to the building. These improvements will be complete by the next court date later this month. It is anticipated that the City Attorney will be asking for an occupancy ruling. Dasho inquired on what would happen to the contents of the building if Mr. Ball was evicted. Holt noted that the bank would have first rights if money was owed. Holt reminded the group that the City owns the building and collects rent, the EDC agreed to manage the building.

Holt is working with Tom Dodds on updating the Twin Sault's agreement dating back to 2014. Meetings are being scheduled.

Holt, Laitinen, Turner and Becks had a meeting on 12.14.16 to discuss Smartzone operations. A reminder that TIFA III has agreed to cover the EDC building operation costs for this and next fiscal year, since LDFA has no funding at this time.

**12. Other Matters**

Dasho inquired about the new hire of Joel Schultz at the Sault Tribe's EDC. Holt communicated that he has known Joel for some time and they are now working together on the Tribal Zone and Economic Resource Alliance projects.

The annual Sault Area Chamber of Commerce dinner is February 27<sup>th</sup> from 6-9pm at Kewadin. If you would like to attend please let Tracey know so she can order tickets.

Holt reported on an Ontario client meeting with Amy Berglund of MEDC. This entity does have their LLC and their work visas are in the process. Amy assisted this company in filling out the online portal to see what incentives the state is willing to give them.

Holt encouraged the group to attend the art showings at 1668 Winery which are held the first Friday of each month.

Worley inquired about Kmart and Family Fare and Holt reported he had been in touch with both developers. MIWorks assisted Kmart staff with the transition but Houghton noted that Family Fare did not give MIWorks much notice so they were not able to assist as much as they could have. Employees are now reaching out individually to her office. Worley noted that the MIWorks office in the Sault has a staff person dedicated to one on one assistance and folks from all over the region drive here to meet with her. McCoy inquired on businesses that might move into these locations and Holt will need to find out when leases expire. It was noted that Kmart was leasing their space.

Billington added final words noting that the EDC works with businesses and entrepreneurs and there is risk involved. In doing our due diligence it is important to not think about the losses and move forward looking to the future and use all of our tools to succeed. Many start ups will fail and we must remember that they are also in charge of their destiny. We need to look forward to partnering and growing our local economy.

**13. Adjournment**

It was moved by Veum, supported by Dasho to adjourn the meeting at 1:25 pm. The motion carried unanimously.



Dan Dasho, Secretary