

REGULAR MEETING - MINUTES

DATE: May 3, 2011

PLACE: Conference Room
Building #119
Kincheloe, MI 49788

MEMBERS PRESENT: Earl Kay, Chair
Patricia Benoit
Richard Brawley
Aaron Hopper
Leisa Mansfield
Larry Palma
James Quinnell
Richard Timmer

MEMBERS ABSENT: Dan Dasho

EDC STAFF PRESENT: Kathy Noel
Paula Adams
John Trembl
Tami Beseau

OTHER PERSONS: Judy Hendrickson, MI WORKS!
Don McLean, County Commissioner
George Kinsella, County Commissioner

I. CALL TO ORDER - Meeting was called to order, by Chairman Kay, at 4:15 P. M., with a quorum of the membership in attendance.

PLEDGE OF ALLEGIANCE

II. PRESENTATION OF MINUTES - MOTION by Director Benoit, supported by Director Quinnell, approving the minutes of the Annual Meeting of April 5, 2011, as presented. Motion carried.

III. PRESENTATION OF AUDIT - EDC Finance Committee Chair Benoit introduced Phil Wolf, of Anderson, Tackman & Company, PLC to present the 2010 EDC Audit. Mr. Wolf advised that the audit is divided into three sections:

Section I - Independent Auditor's Report states the auditor's opinions concerning the corporation's financial statements based on the audit examination. The Report of the EDC states, in part: "In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity and major fund of the Economic Development Corporation of Chippewa County, Michigan as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America."

Section II - Management's Discussion and Analysis

Section III - Basic Financials. Mr. Wolf provided a graphical presentation of financial information set forth through pages 7, 8 & 9:

Comparative Statement of Net Assets - Mr. Wolf advised that EDC assets had increased by \$1.5 million, while liabilities (debts) had declined, resulting in net growth of \$1.5 million during the year 2010.

Revenue Comparison - Mr. Wolf noted that EDC revenues are consistent. Mr. Wolf advised that the current GM contract is structured differently than in years past, providing for cash advances, of approximately \$250,000.00. If one considers these advances for the years 2009 and 2010, it is apparent that GM revenue is stable.

Revenue Sources and Uses - Mr. Wolf explained that expenses that are not specific to airport, industrial park or GM, are categorized as general operations, and are distributed to these EDC activities on a prorata basis at the end of the year.

Mr. Wolf referred the Directors to page 8 of the Basic Financials, indicating that the EDC showed a profit of \$1,455,110, as a result of almost \$3 million in grant funding; and that the "operating loss" of \$1,286,794, is a matter of depreciation.

II. PRESENTATION OF AUDIT (cont'd)

Section IV - Notes to Financial Statements. Mr. Wolf referred the Directors to page 17, Note 9 explaining that this area relates to legacy costs for health care. Mr. Wolf cautioned that these costs are building as a liability. Mr. Wolf explained that the EDC has restricted funds for this purpose, but until such time as a trust fund is established, the obligation remains unfunded and the liability will continue to grow. As a comparison, Mr. Wolf referred the Directors to page 19, which shows the other legacy cost for Pension (MERS), indicating that this consideration is fully funded as a result of a trust account. Mr. Wolf indicated the auditor recommends a trust fund be established for other postemployment benefit (OPEB) costs.

The final piece of the 2010 audit is the "Communication with those Charged with Governance", formerly the letter to management. This instrument sets forth:

- the auditor's role which is to follow rules and assess the system of checks and balances the corporation has established, and to perform testing of the corporation's systems
- estimates to detail accounting estimates contained within the corporation's financial statements, which are set forth on page 2
- auditors difficulties none were encountered in completing the EDC's audit
- significant changes to statements there were no material changes

Mr. Wolf explained that once the 2010 Audit is approved, it will appear on the Department of Treasury website along with other municipalities.

MOTION by Director Benoit, supported by Director Timmer, approving the 2010 EDC Audit. Motion carried.

IV. PUBLIC COMMENTS - Judy Hendrickson, MI WORKS! advised that the agency, with a fiscal year commencing in July, has been funded for another year; albeit at a reduced level, as a result of the elimination of two funding grants.

V. COMMITTEE REPORTS

A. Executive Committee - Chairman Kay reported that the committee had met on April 29, 2011, and briefed on matters discussed by the group.

1) MOTION by Director Benoit, supported by Director Quinnell, approving the EDC Investment Policy. Motion carried.

2) MOTION by Director Quinnell, supported by Director Benoit, approving the report of the Executive Committee. Motion carried.

B. Finance Committee - Committee Chair Benoit reported that the committee had met on April 19, 2011:

1) MOTION by Director Benoit, supported by Director Brawley, approving March financial statements, and payable vouchers #140 - #210, including payroll, totaling \$163,496.15. Motion carried.

2) MOTION by Director Benoit, supported by Director Quinnell, authorizing a write-off of a delinquent account for Ryan's Towing, totaling \$2,760.00. Motion carried.

3) MOTION by Director Benoit, supported by Director Quinnell, that installment payments on building #426, be utilized for general operations. Motion carried.

4) MOTION by Director Benoit, supported by Director Brawley, approving the report of the Finance Committee. Motion carried.

C. Airport Committee - Committee Chair Brawley reported on matters discussed during the April 20th monthly committee meeting, the April 27th workshop with the airlines, and the April 25th quarterly D. Joint Advisory Committee session:

1) MOTION by Director Brawley, supported by Director Quinnell, approving a design engineering contract with Mead & Hunt, for relocation of the nested 7 bay T hangars, totaling \$53,590.00. Motion carried.

V. COMMITTEE REPORTS

C. Airport Committee (cont'd)

2) MOTION by Director Brawley, supported by Director Hopper, approving Resolution 2011 - #02 Approving Terms and Conditions of Accepting Airport Improvement Program Grants. On a roll call vote, motion carried unanimously.

3) MOTION by Director Brawley, supported by Director Mansfield, that the EDC pursue white page and yellow page listings for CIU in the Yellow Book. Motion carried.

4) MOTION by Director Brawley, supported by Director Hopper, approving the Airport Committee reports. Motion carried.

E. Brownfield Committee - No meeting

F. Staff Activity - Noel briefed on matters contained within the monthly report. MOTION by Director Hopper, supported by Director Timmer, approving the April staff report. Motion carried.

VI. NEW BUSINESS - None

VII. OLD BUSINESS - None

VIII. ADJOURNMENT - MOTION by Director Benoit, supported by Director Brawley that the meeting be adjourned. There being no further business before the group, Chairman Kay declared the meeting adjourned at 5:04 P. M.



Earl Kay, Chairman of the Board

06/07/11

Date Approved



Richard F. Brawley, Corporate Secretary