

**ANNUAL KINEXUS GROUP BOARD OF DIRECTORS
MEETING MINUTES
October 4, 2019
Van Buren Technology Center
250 South Street, Lawrence, Michigan**

I. ATTENDANCE:

Members Present:

Tim Calhoun, David Colp, Rick Dyer, David Glynn, Vail Harding, Steve Jackson, Bob Kara, Lance Lyons, Kathy Miller, Anna Murphy, Christopher Randall, George Saleeby, Tom Stanek, Arlandar Washington, and Dan Wyant

Members Absent:

Tom Barbarini, John Janick, Dr. Trevor Kubatzke, Jeff Swears, and Dr. Andy Vick

Chief Elected Official (CEO) Present:

Dr. Bob Harrison, Don Hanson, Randall Peat, and Roseann Marchetti

CEO's Absent:

Robert Benjamin and Mamie Yarbrough

Staff Present:

Orrin Bailey, Duane Berger, Lily Brewer, Jake Gustafson, Todd Gustafson, Zach Morris, Paula Polaskey, Arnie Redsicker, Kim Thompson, and Erin Wright

Guest:

Don Kuchnicki (Telamon)

II. PUBLIC COMMENT

None.

III. CHAIRMAN'S REPORT

Approval of October 4, 2019 Agenda

David Glynn moved to approve the agenda of October 4, 2019 Kinexus Group (KG) Board of Directors (BoD) meeting. Tom Stanek supported the motion and it carried unanimously.

Approval of August 2, 2019 Meeting Minutes

Bob Kara moved to approve the minutes of the August 2, 2019 KG BoD meeting. Randall Peat supported the motion and it carried unanimously.

Van Buren Tech Center

Jeff Mills, Superintendent, Van Buren Intermediate School District (ISD) gave an overview of the Van Buren Tech Center. The Van Buren Tech Center serves 12 local school systems and four out of county districts. The Van Buren ISD in partnership with the Health Department are building a new facility for additional health care programs.

Nomination Committee

Anna Murphy, Chairperson of the Nominating Committee submitted for adoption the following slate of officers for the KG BoD; Chris Randall as Chairperson, George Saleeby as Vice Chairperson, Tim Calhoun as Treasurer and David Colp as Secretary of the KG BoD effective October 1, 2019 through September 30, 2020. David Glynn moved to approve to elect the following slate of officers; Chris Randall as Chairperson,

George Saleeby as Vice Chairperson, Tim Calhoun as Treasurer and David Colp as Secretary of the KG BoD effective October 1, 2019 through September 30, 2020. Rick Dyer supported the motion and it carried unanimously.

Todd Gustafson commented on the passing of Board Director, Mike Welch and the contribution and service to the Board and organization.

Todd Gustafson announced the resignation of David Glynn from the Kinexus Board of Directors. Mr. Glynn has been a leader to the Board of Directors and is appreciated for his contribution and service.

Proposed 2020 Quarterly Board of Directors Meetings

Chris Randall commented that in the past year discussions have been held regarding the number of times a year the Board meets. The BoD Corporate Executive Committee discussed meeting quarterly instead of six (6) times a year. The 2020 BoD meetings will be held on March 6, June 5, September 11 (annual meeting) and December 4, 2020. Bob Kara moved to approve the BoD meetings to a quarterly cadence. Tom Stanek supported the motion and it carried unanimously.

IV. KINEXUS GROUP CORPORATE EXECUTIVE COMMITTEE

Strategic Direction

Compensation Philosophy – Erin Wright reported that as part of the KG commitment to create a World Class Organization, KG partnered with Merces Consulting to develop and implement a compensation philosophy and program. Ms. Wright proposed the following compensation philosophy; 1) Establishing a compensation structure consistent with the value of jobs to the organization and the competitive market, 2) Compensating individual employees consistent with their ability to perform job duties, 3) Setting pay near the middle of the competitive labor market unless in rare instances when there is justification to deem it necessary to pay higher than the market, and 4) Transparency related to methods and outcomes of setting pay grades. Ms. Wright reviewed the goal to attract candidates with a fair offer (what the job is worth) and what the labor market for each job is based on. The target market range of the grades were shared and discussed. The Ad-hoc Organizational Compensation Committee of the Investment Committee reviewed and discussed the recommendation. The Committee is submitting to the full board for review and adoption the proposed Compensation Philosophy. Rick Dyer moved to approve the adoption of the proposed Compensation Philosophy. Tom Stanek supported the motion and it carried unanimously.

Entity By-Laws Update – Todd Gustafson reported that at the guidance of KG's legal counsel, the By-Laws of the KG subsidiaries (Youth Solutions, Inc, Market Van Buren (VB) and Michigan Manufacturing and Technology (MMTA)) will need to be updated to align with the intent of the Michigan Non-Profit Corporation Act, principle officers of the corporation shall consist of a President, Secretary, and Treasurer and will be elected from the day to day staff, not the BoD. The KG Corporate Executive Committee reviewed and discussed the recommendation. The Committee is submitting to the full board for review and adoption the proposed By-Laws of the KG subsidiaries. Tim Calhoun moved to approve the adoption of the proposed By-Laws of KG subsidiaries; Youth Solutions, Inc., Market Van Buren and MMTA. David Glynn supported the motion and it carried unanimously.

Government Relations & Public Affairs

Al Pscholka gave an update on budget cuts in Lansing, specifically Jobs for Michigan's Graduates (JMG) and Going Pro. Governor Whitmer vetoed Going Pro, and through an administrative transfer eliminated funding for JMG. The state legislature previously approved \$37.5M for Going Pro and \$3.75M for JMG. Mr. Pscholka indicated that funding must be restored to the legislative level of \$3.75M and encouraged Board members to call local legislators to put the funding back in place for the 2020 budget.

Strategic Partnership

Michigan Manufacturing and Technology Association (MMTA) – Duane Berger reported that at the August 2, 2019 KG BoD meeting, the Board unanimously approved the creation of MMTA, a 501 c6 Corporation to

advocate for Michigan manufacturing companies and provide them with the education, training, advocacy and communication assistance they require to grow. Mr. Berger indicated that MMTA held the incorporation meeting on September 30, 2019 and met with the KG Corporate Executive Committee on October 2, 2019. Next steps including partner contracts, marketing assets/tools, sales plan, communications and memberships were discussed. KG Board of Directors is responsible for the appointment of Board members for the subsidiary. Mr. Berger presented the proposed MMTA BoD; Steve Jackson, Chairperson, Vail Harding, Vice Chair, Colleen Killen-Roberts, Secretary, John Goodell and Laurie Hasse retroactively effective September 30, 2019. The KG Corporate Executive Committee reviewed and discussed the recommendation. The Committee is submitting to the full Board for review and adoption the appointment of Steve Jackson, Vail Harding, Colleen Killen-Roberts, John Goodell, and Laurie Hasse. Randy Peat moved to approve the MMTA BoD retroactively effective September 30, 2019. Anna Murphy supported the motion and it carried unanimously. Todd Gustafson noted that MMTA will be a statewide association.

Leadership Advisory Council – Todd Gustafson reported that KG seeks the approval of the KG BoD the proposed creation and support to the Leadership Advisory Council establishment and the appointment of the Leadership Advisory Council members. The Leadership Advisory Council evolved from an existing Leadership Accelerator Steering Committee. The primary purpose of the Council is for oversight and governance of the community owned and led Leadership Accelerator Program. KG also recommends the proposed Leadership Advisory Council members; Camille Pierce, Chairperson, Scott McFarland, Lynn Kellogg, Anna Murphy, Peter Colovos, Matt Davis, Sandy Plank, Erin Wright and Dr. Trevor Kubatzke. The KG Corporate Executive Committee reviewed and discussed the recommendation. The Committee is submitting to the full Board for review and adoption of the proposed creation, support, establishment, and the appointment of the above members to the Leadership Advisory Council. Tim Calhoun moved to approve the creation, support, establishment, and the appointment of the Leadership Advisory Council members. David Glynn supported the motion and it carried unanimously.

Ad Hoc Facilities Committee Proposal

Jake Gustafson reported KG received five responses to the Request for Proposals (RFP), which were presented to the BoD Ad Hoc Facilities Committee. Three of the proposals were removed from further consideration by the Committee due to cost, feasibility or strategic concerns. The proposals forwarded from the Ad Hoc Facilities Committee are from Consumers Investment Property Management (for current facility located at 499 W. Main Street, Benton Harbor) and from KJT, LLC (for a facility located at 499 Riverview Drive, Benton Harbor). Mr. Gustafson noted that the Committee did note the benefits from a third proposal from Lake Michigan College (for a facility to be built at their Benton Harbor Township campus) but did not forward the proposal due to operational concerns in the short-term. The KG Corporate Executive Committee reviewed and discussed the recommendations. The Committee is submitting to the full Board for review and adoption of option one; Consumers Investment RFP for 499 W. Main Street for short-term occupancy and continue to pursue long-term facility options. Rick Dyer moved to approve to adopt option one; Consumers Investment RFP for 499 W. Main Street for short-term occupancy and continue to pursue long-term facility options. David Colp supported the motion and it carried unanimously.

I. KINEXUS GROUP INVESTMENT COMMITTEE

Financial Reports

Orrin Bailey gave an update on the KG available funding and formula vs. non-formula through July 31, 2019. Mr. Bailey noted that auditors are on site to audit KG and Youth Solutions, Inc.

II. SUBSIDIARIES

Michigan Works!

Lily Brewer reviewed the Michigan Works! Health dashboard. Ms. Brewer reported that Offender Success was awarded a \$1M grant from the Bureau of Justice Assistance. The \$1M is for a four-year project to serve medium to high risk, jail incarcerated individuals in Berrien County. The purpose of the grant is to provide comprehensive reentry services to program participants throughout their transition from Berrien County jail

to their community with the goal of reducing recidivism and enhancing public safety. The results will be verified by Michigan State University. It is projected that 170 individuals will be served. Ms. Brewer reviewed the Bridge Academy 2019-2020 recruitment efforts; stating that 102 student applications were received, 89 students were counted, 33 students are participating virtually off-site, and 56 students are on-site.

Youth Solutions Report

Kristin Harrington gave an overview and update of JMG budget crisis in Lansing. Ms. Harrington encouraged board members to call legislators to put the funding back in place for the 2020 budget. Ms. Harrington noted that the Youth Solutions Executive Committee is recommending the appointment of John Kaczynski, Director of Governmental Affairs at Saginaw Valley State University to the Youth Solutions' Board of Directors. The KG Corporate Executive Committee reviewed and discussed the recommendation. The Committee is submitting to the full Board for review and adoption of the appointment of John Kaczynski to the Youth Solutions BoD retroactively effective September 25, 2019. Anna Murphy moved to approve the appointment of John Kaczynski to the Youth Solutions BoD retroactively effective September 25, 2019. Bob Kara supported the motion and it carried unanimously. Ms. Harrington gave an update on Fiscal Year 2020 State Appropriation, the anticipated impact for 2019-2020, and the Youth Solutions' Strategic Planning process scheduled for October 25, 2019.

Market Van Buren (MVB)

Zach Morris reported that MVB was awarded a MEDC Site Readiness grant up to \$100K for site readiness and workforce planning on 85 acres located in the village of Mattawan. The grant will help pay for engineering and site planning work. Mr. Morris reviewed the MVB fund development dashboard of public and private sector investors, and the fund development total raised versus the goal. Tom Stanek noted that the contract with Van Buren County Economic Development has also been renewed for an additional three years. Zach Morris and Al Pscholka presented at the Cass County Economic Development workshop.

III. PUBLIC COMMENTS

None.

IV. ADJOURNMENT

David Glynn moved to adjourn the meeting at 9:30am. Randall Peat supported the motion.

Kinexus Board of Directors Chairman

Date

Recording Secretary

Date