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Tom Barrett, Mayor, City of Milwaukee
Designated Chief Elected Official

Donald W. Layden, Jr.
Chair

EMPLOY MILWAUKEE BOARD OF DIRECTORS MEETING

March 12, 2019 • 8:30 a.m. – 10:00 a.m.

2342 North 27th Street, Milwaukee, WI 53210 - Conference Room 118

MINUTES

Members Present: Don Layden (Chair), Deshea Agee, Carla Cross, Randy Crump, Michael Daily, Andres Gonzalez, Tasha Jenkins, Mark Kessenich, Gene Manzanet, Ted Matkom, Curtis Shepard, Wallace White, Patricia Woodard

Via Phone: Laura Bray, Sheila Cochran, Pam Fendt, Brian Levins

Members Absent: Kimber Bartosiak, Dan Bukiewicz, Kareeda Chones-Aguam, Eduardo Garza, Ossie Kendrix, John Kissinger, Mike Fabishak, Ossie Kendrix, Steve Martin, Vicki Martin, Lupe Martinez, Darryl Morin, Lois O'Keefe, Alan Perlstein, Karen Spindler

Guests: Mayor Tom Barrett (Chief Elected Official), Chytania Brown (DWD), Dr. Katrice Cotton (MPS), Jennifer Gonda (UW-M), Parker Rios (UMOS), Renee O'Day (DWD), Jean Christensen, WIPFLI

Staff Present: Pete Coffaro, Rob Cherry, Eileen McMahon, Tim McMurtry

Board of Directors Chair Don Layden called the meeting to order at 8:36 a.m.

I. Call to Order

II. Approval of Meeting Minutes from September 12, 2019

- a. After brief discussion, September 12, 2019 Board of Directors minutes were approved as circulated.

III. Chair's Report

- **Board Acknowledgments**

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Chair Layden informed directors of two new members, Curtis Shepard, Director of Milwaukee Job Corps, and Tasha Jenkins, DWD, Job Service Southeast Regional WDA1 & WDA2 Director, and welcomed them.

Mr. Layden thanked Mark Kessenich for serving as Employ Milwaukee Interim CEO, which was originally contracted for July 1st, 2019 thru December 31st, 2019, but had to be extended through today as we completed our CEO search process. All of us appreciate Mark's time and dedication in steering EMI during this time period. Mayor Barrett added his thanks to Mr. Kessenich for stepping in on short notice and doing a masterful job.

- **New CEO Selection – Action Item**

Mayor Barrett expressed his excitement about welcoming Chytania Brown to the CEO role. Chair Layden informed members that 72 candidates applied and based on experience were whittled down to twelve, seven candidates were subsequently interviewed, leading to three top candidates. Ms. Brown brings 17 years of leadership experience, part of which was at Employ Milwaukee. Chair Layden added that Chytania Brown was nominated as the CEO by the ICC and appointment by our Chief Elected Official, Mayor Barrett. Mr. Layden requested a motion to approve Chytania Brown as the next Employ Milwaukee President and CEO.

Carla Cross motioned for Chytania Brown to serve as next President and CEO of Employ Milwaukee; Gene Manzanet seconded; approved unanimously.

- **Earn and Learn Update and Fund Development Efforts**

Mayor Barrett led discussion on Earn and Learn program. The Mayor has been making calls and wants to improve on last years' numbers, which were down from the year prior. This remains the best program we have for young people and important to have as many participants as we can. Chair Layden added that he plans to call Board members to request their participation in Earn and Learn to provide leadership this year.

(Mayor Barrett left the meeting)

IV. **President's Report**

- **Monitoring and Compliance**

Mark Kessenich reported that over the last several months, Employ Milwaukee had a full week of monitoring from the Department of Labor, a full week of monitoring by DWD, and a third-party private audit (WIPFLI). EMI received some areas of concern during these audits and are in the process of responding to all. One item involves internally written local plan policies that need to be rewritten/adjusted. Another issue involves the building loan and financing. There is a growing concern related to balance of long-term and short-term assets. Some of this issue is from 24 months ago and the Fiscal Department has made progress turning around some issues already. Mr. Kessenich stated he was very confident that next year's audit results will be more positive.

- **EMI Fiscal Administration and Operations**

EMI has hired a new Finance Director, Lowell Raven, CPA, who came on board six weeks ago. Lowell's background includes 35 years of nonprofit and CFO experience. His first week on the job

was the DOL monitoring, so he had a quick learning curve and was able to help us reconcile some issues. Mr. Raven suggested moving to monthly financial statements vs. quarterly and has spearheaded this process. The 2021 budget will be ready to approve at next meeting.

- **Partnerships and Staff**

EMI has been utilizing MRA for HR functions for the last six months. Sharlie McCain is our MRA HR Consultant. A few stronger HR controls have been put in place since her arrival. EMI is currently planning for resubmitting local plan, which is an annual/bi-annual process. Staff will ensure plan is consistent with what State is looking for and responsive to the City of Milwaukee.

Wanted to share my utmost respect for three people during my time at Employ Milwaukee: Rob Cherry, Pete Coffaro and MelissaKaye Shekoski. These three individuals have worked tirelessly including many weekends to keep this organization running through all the changes. Hats off to them! Welcome to Chytania Brown who is an outstanding selection.

V. Committee Reports

Packet information: Executive Committee meeting notes from 11/11/19, 12/03/19 and 2/25/20; Program Committee meeting notes from 10/16/19, 1/8/20, and 2/19/20; Youth Committee meeting notes from 11/6/19 and 2/12/20; and Governance Committee meeting notes from 10/16/19 and 12/20/19.

Executive Committee

No additional discussion due to audit report and Chair report provided updates.

Program Committee

Ted Matkom informed members EMI has gone out for bid for Adult and Dislocated Worker, Out of School Youth and In School Youth services. The Request for Proposals (RFP) were released in early February and proposal responses are due back by March 20th for Adult/DW and March 24th for ISY/OSY services. The One Stop Operator RFP will be released later this month, as we are using a regional approach that includes WOW (Waukesha/Ozaukee/Washington counties) Workforce Board, Southeast Workforce Board (Racine/Kenosha counties), and Employ Milwaukee (Milwaukee County).

Youth Committee

Pete Coffaro reported the Earn and Learn applications for both Worksites and individuals have been posted. Participants have between March 16th and April 25th, 2020 to apply.

Governance Committee

No update as board changes were discussed in Chair's Report.

Personnel, Finance & Audit Committee

2019 Audit – Action Item

Packet information: WIPFLI letter dated March 3, 202 Re Financial Statements of EMI for year ended June 30, 2019, EMI Financial Statements and Supplementary Information Years ended June 30, 2019 and June 30, 2018

Jean Christensen, WIPFLI, presented EMI 2019 audit for period beginning July 1, 2018 and ending June 30, 2019. The opinion on financial statement is an unmodified clean opinion with a going concern emphasis of a matter added to the audit opinion. A going concern is an accounting assumption that an entity has the resources to continue operating for the foreseeable future. Because Employ Milwaukee Inc. had suffered recurring losses from operations and has a net deficiency in its cumulative net asset position the auditors believed that this raised substantial doubt about the organization's ability to continue as a going concern. Management wrote a reply in footnote number 16 of the FY19 audited financial statements which laid out its plan to return the organization to a profitable status as part of the plan to address and eliminate the going concern. In the compliance portion of the FY19 audit, the agency was given clean opinions for internal controls over financial reporting and on compliance and other matters. In addition, the organization was also given a clean opinion on compliance for each major federal and state program and on internal control over compliance.

Mr. Kessenich added that Lowell Raven, Finance Director, has been working with PNC Bank as part of the renewal process of the \$500K line of credit.

Chair Layden reported that the biggest challenge from an operating perspective is owning the building. Some tenants left and had to be replaced and now rental revenue from external sources are less due to the unoccupied square feet. Employ Milwaukee Inc. is actively seeking to increase occupancy and rent revenue thereby providing a source of unrestricted general operating revenue.

Ted Matkom suggested from a real estate perspective, have PF&A Committee look at options to either sell the building with lease back options or EMI could move to Century City Towers. EMI must review all options and Mr. Matkom volunteered to be on that committee to provide proactive direction. Chair Layden summarized the following action items:

Next steps –

- 1) Add Ted Matkom to Personnel, Finance and Audit Committee distribution list
- 2) Send additional data to Board on timeline for line of credit and real estate assessment
- 3) Update on Earn and Learn situation
- 4) Send monthly communication to Board around issues and requests
- 5) Deeper dive or real estate analysis report
- 6) Deliver a plan for how to get back to a debt to equity ratio of 1:1

Chair Layden asked Directors for a motion to approve Financial Audit.

Carla Cross motioned for approval of Employ Milwaukee, Inc.'s Financial Statement and Supplemental Information for Audit ending June 30, 2019; Gene Manzanet seconded; approved unanimously.

VI. Other Business

- a. No additional discussion was held.

The next Board of Directors Meeting will take place June 11th, 2020 at 8:30 a.m. at Employ Milwaukee, 2342 N. 27th Street, Milwaukee, WI 53210.

The meeting was adjourned at 10:05 a.m. by Chair Layden.

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