



EMPLOY MILWAUKEE BOARD OF DIRECTORS

PERSONNEL, FINANCE & AUDIT COMMITTEE

February 25, 2021 – 8:30 a.m.

Employ Milwaukee • 2342 N. 27th Street • Milwaukee, WI 53210

MINUTES

Members Present: John Kissinger (Chair), Chytania Brown, Molly Gena, Jon Mariano, Alan Perlstein, Karen Spindler
Staff Present: Lowell Raven, Julie Cayo, and Eileen McMahon
Guests Present: None

Chair John Kissinger called the meeting to order at 8:36 a.m.

1. Welcome

Chair John Kissinger welcomed committee members.

2. Approval of Minutes from December 3, 2020 and Special meeting December 9, 2020

Personnel, Finance & Audit Committee members briefly reviewed and discussed both the December 3, 2020 and December 9, 2020 meeting minutes.

Jon Mariano motioned for approval of December 3, 2020 and December 9, 2020 meeting minutes as circulated; Karen Spindler seconded; minutes were approved unanimously.

3. Building Update

Ms. Brown reported the close date took place on February 5th, 2020 to finalize sale of the building. The original offer was \$3.4 million but after inspection issues with roof and HVAC system, negotiated down to \$3.175 million, which was a reduction of \$225,000. After paying off mortgage and debt, including LOC, balance was \$1,204,509. These funds were placed in a new premium business money market account with PNC Bank so that the net proceeds from the sale of the building would not be co-mingled with the cash used in the EMI operating checking account. Ms. Brown added that BOD Chair Don Layden had requested on December 3rd, 2020 Executive Committee meeting recommendations for investing the remaining funds after the sale of the building. Mr. Kissinger reported that he discussed with Mr. Layden that the funds from building sale could possibly be set up as an endowment fund. Mr. Perlstein added the disclosure statement may need to be updated due to renting versus owning and check all contracts in process if leasing costs can now be included as reimbursable costs. Ms. Brown also added that interest expense and depreciation were issues raised by monitoring reviews and with the sale of the building that will no longer be an issue for subsequent reviews.

After EMI's change from ownership to tenants, Ms. Brown met with WCS management. Ms. Brown reported that decisions on Facilities and Security staff being hired by WCS have not been made as of the date of this meeting.

4. Financial Updates:

Packet information – EMI Management Report to Leadership Team Financial Statement Notes as of December 31, 2020, EMI Comparative Statement of Financial Position as of 12/31/20, EMI Statement of Activities as of December 31, 2020 and EMI Financial Ratio and Benchmark Analysis

a. Monthly Financial Statements

EMI Finance Director presented the following:

- Lowell stated he would be presenting quarter comparative financial statements v monthly for Finance Committee meeting reporting purposes to ensure the accuracy of the information being reported due to the timing of when EMI receives subcontractor and other vendor invoices. EMI will continue to have monthly closes and will continue to keep the CEO informed of the monthly financial health of the agency through discussion of the monthly financial results.
- Lowell reported that EMI had a FY'21 surplus of \$413K as of 12/31/20 and a cumulative negative net asset position of \$221K as of 12/31/20.
- Lowell reported that some of the key drivers for the FY'21 surplus was the great work by Julie and Chytania in fundraising as EMI had received both unrestricted charitable contributions and program restricted contributions which is very helpful to the overall EMI bottom line. Lowell referred the Committee to reference the Financial Statement Notes for other key drivers related to the FY'21 surplus.
- Lowell referred to the Financial Statement Notes related to the sale of the building and that EMI anticipates recognizing a gain on the sale of the building which approximates \$2.135M.

b. Status of FY'20 Audit & Update on FY'20 Projected Results

Lowell Raven reported he has been working closely with WIPFLI external auditors, providing information for 59 audit requests. WIPFLI will be presenting audit results to Personnel, Finance & Audit Committee, followed by Executive Committee for approval of audit on March 29th or March 30th, 2021. Deadline for filing audit results is March 31st, 2021. The delays associated with the FY'20 audit have been caused both by COVID issues, as well as ensuring the gain from sale of building could be taken into consideration for the FY'20 audit as a subsequent event to allow for a mitigation of the going concern circumstances which in turn would allow EMI to not have a going concern opinion in the FY'20 audit report. Mr. Mariano remarked EMI has done a remarkable job in a difficult year.

Next steps – Committee meetings will be scheduled for approval of audit results.

c. Review and Approval of HR Employee Handbook (Approval)

Ms. Brown reported EMI Employee Handbook was not yet ready for review. She expects it to be ready for next meeting. Potential PTO and retirement plan changes are still being discussed.

d. Status of PPP Loan Forgiveness

Lowell stated that no action has been taken since the December 3, 2020 meeting. Lowell reported that the PPP loan was funded on May 4, 2020 for \$1,112,150 and the maximum covered period was 24 weeks after the date the borrower received PPP loan funds, thus EMI was covered through October 17, 2020. Lowell reported that EMI has 10 months from the end of the covered period to complete and submit the application for loan forgiveness and that Self-Help Federal Credit Union opened the portal for EMI to begin this process on October 26, 2020. Lowell reported that EMI has until August 17, 2021 to submit the application for loan forgiveness. EMI hired RSM US LLP as experienced consultants to assist in this process, and that the SBA may take up to 90 days from the date we submit the application for loan forgiveness to the time the loan is forgiven.

A question was asked if all costs will be forgiven? Response was we believe all costs will be forgiven.

e. Discussion of Retirement Contribution Match

EMI contributes 6% annual payment on June 30th to all employees 401k retirement accounts. There is also an annual salary increase where in the past staff could receive up to a 3% merit increase. . Because EMI no longer has the building as an asset, we wanted to have a discussion with the Committee if EMI is still in a financial position to offer the retirement contribution match.. Question was posed if the retirement costs are allowable expense for contract purposes.. Response was yes for contract purposes, but it is a strain on the EMI cash flow. The discussion is what can agency afford from a financial perspective. Ms. Spindler suggested preparing a total comp statement so that EMI has the total costs associated with an employee including the costs related to unemployment and workers compensation. Ms. Spindler also suggested that when looking to save money, the possible modification to an employee's base compensation may be an option. A question was asked if employees are required to match 6% in 401k? Response was no. Members had brief discussion on cyberattacks via viruses and ransomware.

Next steps – Ms. Brown will oversee the preparation of a total compensation statement. Mr. Mariano recommends cyberattack software as top priority and inexpensive.

5. Personnel Status Report

Packet Information – EMI New Hire and Termination Report

EMI hired Human Resource Manager on January 11th, 2021 and currently interviewing for VP-Program & Business Solutions. An accounting manager with 22 years with agency resigned and her last day was on February 15th, 2021. A question was asked if the new HR Manager would be included in these committee meetings? Response was her name is Markesha Hollins and she will be included when specific agenda items relate to HR, but not to all meetings. Chair Kissinger added that staffing looks appropriate for budget.

6. Fund Development Report

Packet Information – EMI Fund Development Report

Julie Cayo presented on Fund Development. Recent WE Energies \$25,0000 grant for virtual platform. A suite of Community Development Block Grant (CDBG) grants are pursued annually to support Compete Milwaukee, EARN & LEARN, I Had a Dream (IHAD) and more. Pending grants include YouthBuild, which we apply for every two years, with this year applying for \$1.5 million (increase of \$500k), due to healthcare training track being included. Partnering with Advocate Aurora Health on a Medical College of Wisconsin

(MCW) Advancing a Healthier Wisconsin (AHW) \$500,000 grant proposal that and will include direct hiring opportunities next month. Currently applying for U.S. Dept. of Labor Pathway 2 reentry grant, which if awarded is worth just under \$4 million over 42 months. This grant would assist 500 justice-involved individuals and application is due by March 16th, 2021.

From the stimulus funding, Governor has rolled out budget of \$8 million but has not been approved to date. Workforce Development Boards will be receiving portions of this funding.

Ms. Brown added she is working with Mayor's office to reach out to businesses for donations to E&L program. Last year employed 500 and this year hope to have 1200+. She has also joined NAWB committee and receiving information on stimulus funding

7. Other Items

Mr. Perlstein requested status of workforce development training and clean energy. He recommended Elizabeth Thelen as great contact. They are doing demos on campus with solar. Ms. Brown responded she is part of meeting group and they met yesterday. Will update at next meeting.

Chair Kissinger adjourned meeting at 9:53 a.m.

Next Meeting: May 27th, 2021 at 8:30 a.m.

