



EMPLOY MILWAUKEE BOARD OF DIRECTORS

PERSONNEL, FINANCE & AUDIT COMMITTEE

September 22, 2020 – 10:00 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,
Members Absent: Karen Spindler
Staff Present: Pete Coffaro, Lowell Raven, Eileen McMahon
Guests Present: None

Chair John Kissinger called the meeting to order at 10:02 a.m.

1. Welcome

Chair John Kissinger welcomed committee members.

2. Approval of Minutes from May 28, 2020

After a brief review and discussion by the committee, May 28, 2020 meeting minutes were approved as circulated.

3. Financial Updates:

Packet information – Management Report to Leadership Team, EMI Comparative Statement of Financial Position, EMI Comparative Statement of Activities

a. Commercial Line of Credit

Lowell Raven, Finance Director, led this discussion. Currently working with PNC Bank on renewal of \$500,000 commercial line of credit. After paying down the line of credit in February 2020 \$188,000, EMI, currently owes \$312,000. PNC was provided the most recent EMI internal financials from May 2020. The required building appraisal was completed, and the building was appraised at approximately \$4.1M as of June 2020. The remaining mortgage balance is approximately \$1.450 million as of May 28, 2020. A question was raised if the renewal on the line of credit was proceeding without any issues and Mr. Raven replied yes, the commercial line of credit is being renewed without any issues.

b. Monthly Financial Statements

The June financial statement is expected to be closed by end of September 2020. A key staff member was out quarantining for a couple months which put close process for FY20 behind. To mitigate the staffing situation, EMI recently hired an additional staff accountant. The plan is to have all Fiscal Department cross-trained by the end of December 2020. On a positive note, Mr. Raven reported that

the May 2020 financial close reflected that EMI had a surplus of \$21,000 for the month of May; however, there is a cumulative year-to-date deficit of \$393K. Mr. Raven proceeded to review the analytical reasons for year to date increase or decrease in certain expense line items compared to budget.

c. PPP Loan Forgiveness

The statement of financial position reflects the remaining proceeds from the PPP loan under 'cash/cash equivalent' with an amount of \$870,472.78. The PPP loan was funded on May 4, 2020 in the amount of \$1,112,150.00 and was fully expended as of Friday, September 18, 2020. The liability associated with the PPP loan is reflected as PPP loan payable in the amount of \$1,112,150.00 and this is reflected under current liabilities. Mr. Raven reported that 100% of the PPP loan proceeds were used for payroll-related expenses, which include fringe benefits. Mr. Raven sent an email today to Self-Help Federal Credit Union to request information on how to apply for PPP loan forgiveness. EMI has hired RSM US LLP for technical support in preparing the PPP loan forgiveness application. EMI has ten months from end of covered period to apply for PPP loan forgiveness, and the covered period begins in mid-October 2020, thus EMI would have until August 2021 to apply for loan forgiveness. Mr. Raven intends to apply for PPP loan forgiveness as soon as the portal is available from Self-Help Federal Credit Union which would allow for this process to begin. The income statement was completed with 'anticipated forgiveness' recognized under other income, and in future financials will be broken out separately per discussion at the committee meeting so that there will be an audit trail of the amount of revenue that has been recognized related to PPP anticipated loan forgiveness. Mr. Raven reported that per his discussions with the RSM consultant they indicated that there is a high degree of probability that the PPP loan will be fully forgiven.

Next steps – PPP loan forgiveness will be reflected as a separate line item under revenue.

d. Status of FY20 Audit Fieldwork

FY20 Audit will be held October 26 through October 31, 2020.

e. Need to Move November 19th Finance Committee meeting to December 3, 2020

Due to the need to move the audit field work to the end of October 2020, the FY20 audit draft will be available by the end of November 2020 thereby requiring the need to move the November 19th, 2020 Personnel, Finance and Audit Committee to December 3rd, 2020. Committee briefly discussed availability for this meeting change and agreed to make the adjustment to December 3, 2020.

Next steps – Ms. Brown will have assistant reschedule committee meeting from November 19th, 2020 to December 3rd, 2020.

4. Building Update

Note: This agenda item, Building Update, was moved to end of meeting so Molly Gena may drop off due to conflict of interest. Ms. Gena dropped off at 11:06 a.m.

The Executive Director for WCS, one of our primary tenants, expressed interest in purchasing the building. Ms. Brown discussed with Chair Layden and he said to have appraisal completed and pursue offer. On September 18th, 2020 received formal offer from WCS. Ms. Brown forwarded the formal offer to this committee last evening, September 21st, 2020. The current offer has a response deadline of September 23, 2020. EMI responded to WCS' offer that was received and requested an extension of time so that we

can thoroughly review and properly reply. Two property brokers have been interviewed and our legal counsel reported that if we have an active buyer then they can handle from start to finish if any legal issues arise without the need for a real estate broker which will save EMI commission costs. The Committee had a brief discussion on the pros and cons of owning the building which included putting the building on the market a few years ago with no interest/offer.

Chair Kissinger relayed some history on the building. EMI has been the property owner since 2003. Ms. Brown added that EMI paid \$1.9 million for this 57,677 sq. ft. building. The mortgage was refinanced in 2012 which included a build out. Mr. Raven advised that the current monthly mortgage payment is \$12,488.63 and the facility and security staff are full time on EMI's payroll, thereby adding additional costs to owning the facility. Most tenants are paying \$13.00 per square foot.

Chair Kissinger stated he was in favor of selling to WCS if this was the best offer with no competition and EMI would counter-offer the initial WCS proposed offer and EMI would continue to negotiate until there was a meeting of the minds of a final sales price. As part of the deal, EMI would lease back approximately 29,000 square feet for five years and would negotiate the cost per square foot. Mr. Kissinger asked committee if they had any issues? No issues stated.

Next steps – Jon Mariano will assist with ad hoc committee and Chair Layden will set up meeting. Ms. Brown will connect with Michael Best to send statement to WCS. Alan Perlstein will facilitate calls with investors in similar neighborhoods (Brian Corbello and Tom Ryan) and get back to Ms. Brown and Mr. Kissinger.

5. Personnel Status Report

Packet Information – New Hire and Termination Report

Per Personnel Status Report, pages 1-2 show staffing ebbs and flows for FY20, leaving page 3 reporting on FY21. New Financial Compliance Auditor scheduled to start October 5th, 2020. HR Manager interviews are currently being held and will be extending offer soon for an October 12th start date, and MRA consultant fee will then drop off. Question was posed if FY21 budget included all positions. Response was yes.

6. FY2020 Fund Development Report

Packet Information – EMI Fund Development Report

Ms. Brown presented EMI Fund Development report. Of note, were the following grants:

- Community Resource Navigator grant with City of Milwaukee - \$105,000
- DWD National Emergency Fund for contract tracing for pandemic - \$507,000
- Milwaukee County expansion of CRN, expires 12/31/20 - \$3.5 million
- Gift from Kohl's Foundation - \$250,000

There are many grants applied for that are currently pending, including Bader Philanthropy. EMI is actively seeking fund development opportunities and plan to resume ad hoc Fund Development Committee for raising unrestricted funding. Question was posed that current budget has \$1 million goal for fund development, are we at \$4 million now? Ms. Brown responded that \$3.5 million is from Milwaukee County to expand CRN by 200-300 for these 3-6-month temp jobs in community delivering food, medicine, etc. City has funded 120 and we have placed 130 so just budget for staff time, t-shirts, etc. It should also be noted that \$150,00 of \$250,00 donation from Kohl's is unrestricted.

7. Annual Review of Policies – EO Policies

Packet Information – Coffaro Memo dated 09/15/20 Re Annual Review of Policies, Policy 20-06, Policy 20-07, Affirmative Action Plan for Employ Milwaukee, EMI Equal Opportunity and Civil Right Compliance Plan, New Policy Re Medical and Disability-Related Information Collection and Storage

Pete Coffaro reported that per EMI bylaws, every agency policy must be reviewed and approved by Board Committees on an annual basis. The Governance Committee oversees that process. Members reviewed Annual Review of Policies Memo dated September 15, 2020 included in packet.

Most of the information stays the same. With new CEO last March, Chytania Brown's name was incorporated wherever applicable. The Affirmative Action Policy was sent to attorneys and no changes were needed at this time. All public facing documents including on website will be updated to new EO officer, Carrie Hersh. Staff is grateful that Carrie elected to manage EO program going forward in addition to her compliance role. She plans to organize annual training for staff next month.

Next steps – Mr. Coffaro will resend documents to committee members in concurrence with legal Federal and State statutes.

Alan Perlstein motioned to approve entire document and full slate of other approvals for review and approval at December 3rd, 2020 Board of Directors meeting; Chytania Brown seconded; approved unanimously.

8. Other Items

No further discussion was held.

Chair Kissinger adjourned meeting at 11:36 a.m.

Next Meeting: December 3, 2020