

**WEDC BOARD MEETING MINUTES  
BOARD OF DIRECTORS TELECONFERENCE**

**Midwest Energy Research Consortium  
4201 North 27th Street  
Milwaukee, WI 53216**

**December 13, 2016  
1:30 - 5:00 p.m.**

(These minutes should be read in conjunction with the agenda and documents prepared for the meeting.)

**BOARD MEMBERS PRESENT:**

- Lisa Mauer, Rickert Industries
- Nancy Hernandez, ABRAZO
- Representative Rob Hutton, 13th Assembly District
- David Drury, WING Capital Group
- Jim Ladwig, SC Johnson

**BOARD MEMBERS PRESENT VIA TELECONFERENCE:**

- Ray Dreger, Seeds 'N Stuff Farm Market, Inc.
- Senator Julie Lassa, 24th Senate District
- Tom Sylke, Setter Roche LLP
- Representative Peter Barca, 64th Assembly District
- R.D. Nair, University of Wisconsin School of Business
- Secretary Rick Chandler, Department of Revenue

**BOARD MEMBERS EXCUSED:**

- Dan Ariens, Ariens Manufacturing
- Secretary Scott Neitzel, Department of Administration

## **CALL TO ORDER**

Lisa Mauer called the meeting to order at 1:31 p.m. and took roll call.

## **CENTURY CITY UPDATE**

Rocky Marcoux, City of Milwaukee Development Commissioner, spoke to the Board about the strong partnership between WEDC and the City of Milwaukee. Mr. Marcoux expounded on some of the projects in the City's 'Growing Prosperity' plan that would not have been possible without support from WEDC.

## **DR. EVE HALL, PRESIDENT & CEO OF THE AFRICAN AMERICAN CHAMBER OF COMMERCE (AACC)**

Dr. Eve Hall, President & CEO of the African American Chamber of Commerce, spoke to the Board about how WEDC assists the AACC in bringing about real change for the citizens of Milwaukee. Dr. Hall also briefed the Board about how the AACC supports the growth and sustainability of African American owned businesses through access to capital, advocacy, business development, and strategic partnerships.

## **APPROVAL OF MINUTES FROM THE OCTOBER 28, 2016 MEETING**

*The Board received copies of the meeting minutes from the open and closed sessions of the 10/28/16 Board meeting.*

Nancy Hernandez moved to approve the minutes from the 10/28/16 Board meeting. Representative Rob Hutton seconded the motion. No objections were raised and the motion carried unanimously to approve the minutes.

## **ELECTION OF VICE CHAIR**

Lisa Mauer informed the Board that Dan Ariens asked to be able to step back from his Vice Chairman duties and back into a regular Board member role. Representative Rob Hutton moved to elect Nancy Hernandez as Vice Chair of the Board. Dave Drury seconded the motion. The vote to elect Nancy Hernandez as Vice Chair passed unanimously.

## **CHAIR REPORT**

Lisa Mauer thanked WEDC staff and senior leadership team for their hard work over the past year – WEDC's efforts helped to strengthen economic development in the state and make Wisconsin a better place to live and work.

Lisa Mauer also thanked Senator Julie Lassa for her time serving on the Board of Directors and praised her for bringing a unique perspective and constructive discussions to the Board.

Senator Lassa commented that she appreciated working with WEDC staff, serving with fellow members of the Board over the years, and having a hand in making changes that are in the best interests of WEDC and the state taxpayers.

## **MOTION FROM REPRESENTATIVE PETER BARCA**

Representative Peter Barca commented that he spoke with Mark Hogan the day before the meeting to create an amended motion that he felt adequately addressed the issues he brought up in his original motion.

Under the amended motion:

- All substantive amendments to new awards, after February 1, in which there is a reduction in full-time positions will go to Awards Administration Committee for approval. The Awards Administration Committee will report to the Board on these amendment approvals. These amendments will also go before the Board for approval if they are required to under WEDC's current award policy.
- As of September 2014, all WEDC contracts have required three disclosures from award applicants/recipients to prevent job reduction and/or relocation and WEDC will continue to comply with these requirements.
- All tax credit revocations will be included in the quarterly reports provided to the Board. Any revocations due to outsourcing or a reduction in full-time positions, will be notated in these reports.

Representative Barca moved to approve the amended motion. Ray Dreger seconded the motion. No objections were raised and the amended motion passed unanimously.

## **CEO REPORT**

Mark Hogan spoke to the Board about how WEDC is affecting change in the City of Milwaukee with industry cluster development, a variety of economic and community development grants/loans, and partnerships with local economic development programs and Chambers of Commerce. Since its inception, WEDC has invested \$280 million in the City of Milwaukee and those investments are expected to create or retain more than 7,500 jobs.

Mark Hogan updated the Board on the progress of the tax credit verification review. He stated that approximately 95% of the awards have had their initial review and that the remaining awards are waiting on information provided by the company to proceed. He expects most of the awards will be finished by the end of the year, with the exception of the Enterprise Zone awards. These loans are larger and are requiring a more in-depth review.

Mark Hogan reviewed the Credit & Risk Quarterly Report with the Board.

- There are \$2.3 million worth of performance based loans past due. These loans are under review to see if they qualify for forgiveness.
- There have been no loan charge-offs this quarter.
- WEDC continues to review and update loan loss reserve amounts based on loans that are past due.
- The Tax Credit Revocation sheet is new to the report and shows that WEDC received money for revoked tax credits from two companies; while others were referred to Department of Revenue for collections.

Mark Maley, Public Affairs and Communications Director, spoke to the Board about how WEDC was covered by the media and highlighted the top stories about WEDC from 2016.

- Approximately 2,900 stories were written about WEDC with over a billion "impressions"

- The Wisconsin State Journal wrote the most articles about WEDC
- According to WEDC's media monitoring company, a majority of the articles written about WEDC were "neutral" (73%) and the number of "positive" stories (18%) was twice the number of "negative" stories (9%)

### **COO REPORT**

Lee Swindall, Vice President of Sector Strategy Development (SSD), gave a presentation to the Board summarizing the role of his department in leveraging industry leadership to accelerate growth and high quality jobs by advancing public/private partnerships for targeted, high impact initiatives in Wisconsin. The SSD team focuses on Wisconsin's top sectors: water technology; energy, power, and controls; food and beverage processing/production; life sciences and medical devices; advanced and defense manufacturing; and aviation/aerospace. The SSD team works with partners to invest in targeted industry projects and the creation of Fab Labs around the state.

Tricia Braun updated the Board about the status of the Opportunity WI, Opioid Abuse Taskforce, and Data Sharing projects. After extensive research into how businesses and people view the state, the Opportunity WI team developed a retention and attraction strategy for current and future talent that will be unveiled at the Futures Summit on 1/15/16. WEDC is combining its Opioid Abuse Taskforce objectives with its Fostering Futures projects for a cohesive message on workforce needs for the business community. The CREC Data Sharing action plan has been completed and the team is currently working through confidentiality issues encountered in sharing protected information between agencies.

Tricia Braun informed the Board that WEDC's Calendar Year 2017 Economic Development Projects Report is statutorily mandated and will be sent to the Legislature on 12/13/16. Representative Rob Hutton moved to approve the CY17 Economic Development Projects Report. Nancy Hernandez seconded the motion. No objections were raised and the report was unanimously approved.

### **CFO REPORT**

Brian Nowicki reviewed the Quarterly Financials with the Board. WEDC's accounts receivable numbers increased due to revocation invoices being sent to awardees. The Fund Balance and Project Expense numbers were low due to the four-week hiatus on new contracts, in June, to switch from decision to contract date on awards. All other report numbers are in line with expectations for the quarter.

### **CODE OF ETHICS & CONDUCT UPDATE**

Anne Jesko, Vice President of Human Resources, informed the Board about three changes made to the Code of Ethics and Conduct. All submissions for changes were approved and the updates requested were minor and mostly consisted of language clarifications or edits.

### **COMMITTEE REPORTS**

#### **Budget & Finance Committee Report**

*The Board was provided a summary of the July 17, September 15, and October 28, 2016 Budget & Finance Committee meetings.*

## **Awards Administration Committee Report**

*The Board was provided a summary of the August 22, September 16, September 28, and October 24, 2016 Awards Administration Committee meetings.*

Dave Drury and Ray Dreger noted that all relevant information about the meetings could be found in the committee report summaries.

### **CLOSED SESSION**

In open session, Lisa Mauer proposed the Board enter closed session to discuss pending economic development project negotiations as recommended by the Awards Administration Committee.

Lisa Mauer requested a motion to approve entering closed session. Motion was made by Dave Drury with a second by Nancy Hernandez. The motion to move into closed session was approved unanimously.

*Members of the public excused themselves for closed session.*

*See separate minutes for closed session.*

### **RESUMPTION OF OPEN MEETING**

#### **Audit Committee Report**

Marc DeVrise from Sikich presented the CAFR to the Board. He reminded members that the CAFR is usually completed sooner, but the delay in financial information from the Wisconsin Retirement System (WRS) slowed the process. Sikich issued a 'clean opinion' of WEDC. They did not encounter any difficulties in performing their audit, there were no disagreements with WEDC management, and WEDC did not seek a consultation with other independent accountants. Any misstatements found during the audit were resolved by WEDC management and WEDC adopted GASB Statement No. 72 which added new footnote disclosures to the CAFR. WEDC again earned the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

Sikich made three recommendations to WEDC management. The first recommendation is that WEDC should review its user access rights to ensure that employees have access to the systems they need to do their job, but not extraneous system access. WEDC management agreed with this recommendation and have already implemented part one of a two stage plan to segregate responsibilities and eliminate risk of unauthorized access.

The second recommendation is that WEDC implement a second review of census data before it is sent to WRS. WEDC management agreed with the recommendation, and immediately implemented a review step as part of a new employee's hire orientation process.

The third recommendation is that WEDC implement a process to be sure that awardees are returning their required documentation on time. WEDC management agreed and will be performing data quality review checks on its annual performance reporting in Fiscal Year 2017.

Marc DeVries also informed the Board that WEDC will have new accounting requirements for Fiscal Year 2017, including GASB Statement No. 77 which will require WEDC to disclose



additional information of WEDC's tax abatement programs. In addition, WEDC may need to have a Federal Single Audit performed, beginning in Fiscal Year 2017, if it's federal grant programs continue to grow in size.

#### **CLOSED SESSION**

In open session, Lisa Mauer indicated the Board would enter closed session to discuss the report and ask any questions they may have for the Sikich representatives.

Lisa Mauer requested a motion to approve entering closed session. Motion was made by Nancy Hernandez with a second by Dave Drury. The motion to move into closed session was approved unanimously.

*Members of the public and WEDC management staff excused themselves for closed session.*

*See separate minutes for closed session.*

#### **RESUMPTION OF OPEN MEETING**

The meeting reconvened in open session and Lisa Mauer requested a motion to approve the CAFR contingent upon no material changes being made to the document. Motion was made by Nancy Hernandez with a second by Dave Drury. The motion approve the CAFR as written was approved unanimously.

#### **ADJOURNMENT**

Lisa Mauer adjourned the meeting at 4:46 p.m.