

Wisconsin Economic Development Corporation Resolution of the Board of Directors

April 21, 2016

Re: Resolution Amending the Fiscal Year 2016 Budget

The following resolution of the Board of Directors (the Board) of the Wisconsin Economic Development Corporation (WEDC), a public body corporate and politic, is adopted at a meeting of the Board held on the date set forth above, following the required notice and with quorum of the Board present pursuant to Chapter 238 of the Wisconsin Statutes:

WHEREAS, WEDC was created to be the State of Wisconsin's lead economic development organization.

WHEREAS, Wis. Stat. § 238.04(6) empowers the Board to establish WEDC's annual budget and monitor its fiscal management.

WHEREAS, on July 23, 2015 the Board did adopt the fiscal year 2016 budget.

WHEREAS, on April 7, 2016 the Budget and Finance Committee did recommend for approval by the Board, the fiscal year 2016 budget as amended on the attached.

NOW, THE BOARD OF DIRECTORS RESOLVES:

RESOLVED, that the fiscal year 2016 budget as amended on the attached which is made a part of this resolution, is approved.

RESOLVED, that the CEO may, if deemed necessary, authorize the transfer of budget from operations to programs for the remainder of this fiscal year. The CEO shall notify the Board of any transfer of funds from operations to programs. The transfer of budget from division to division may only be authorized by the Budget and Finance Committee, or, if recommended by the Budget and Finance Committee, the Board for the remainder of the fiscal year.

This Resolution shall take effect immediately upon its adoption on April 21, 2016.

MEMO



To: Budget and Finance Committee/Board of Directors
From: Brian Nowicki, CFO
CC: Mark Hogan, CEO; Tricia Braun, COO
Date: March 31, 2016

Re: Fiscal Year 2016 Budget Amendment

WEDC believes that it is appropriate to complete an amendment of the Fiscal Year 2016 (FY16) budget to better reflect our operating activities and organizational structure which have changed since July 1, 2015.

The budget serves as a valuable tool to communicate priorities and manage our finances. During any given year actual financial results may differ from budget, which requires that that periodic adjustments to the budget may be necessary.

Attached please find the detailed changes related to the FY16 budget amendment. There are three reports for your review:

1. Budget Summary – Revenue and Expense
2. Budget Breakout of Expenses by Department
3. Summary of Unallocated Program Funds

I have summarized the significant changes below:

- Revenues - have been revised from approximately \$33.55 million to \$33.67 million, or an increase of \$120,000 (or 0.4%). The primary changes are:
 - \$276,000 due mainly to pass through grant revenue.
 - \$145,000 in additional investment income.
 - (\$300,000) resulting from lower loan interest payments than originally estimated.
- Expenditures – have been revised from approximately \$40.88 million to \$49.38 million, or an increase of \$8.50 million (or 21%). The primary changes are:
 - (\$4.65 million) additional program allocation to meet increased demand and draw down the Program FY16 Fund Balance.
 - (\$3.55 million) additional loan loss reserve, resulting primarily from an earlier recognition process for expected write-offs.
 - (\$256,000) for additional marketing and promotional expenses
 - (\$71,000) for additional payroll expenses.
- Program Activity - For FY16 to-date, we have seen solid demand for our programs, and at this point anticipate committing all of our allocated program funds. The amended budget for FY16 is estimating \$20.7 million in Program Grant activity for the 12-month period ending June 30, 2016. As of March 9, 2016, \$9.4 million

remains to be committed. In addition, the amended budget for FY16 is estimating \$14.0 Program Loan activity. As of March 9, 2016, \$5.6 million remains to be committed.

Recommendation:

For the Budget and Finance Committee to recommend for approval by the Board, the fiscal year 2016 budget as amended on the attached.

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION
Budget Summary - By Object

	FY 15 Actual	FY16 Projected Cash Disbursed	FY16 Amended Budget	FY16 Budget	Variance Favorable (Unfavorable)	% Chg Favorable (Unfavorable)
Revenues						
State General Purpose Revenue	\$ 36,524,400	\$ 6,974,700	\$ 6,974,700	\$ 6,974,700	\$ -	0%
State Economic Development Fund (SEG)	21,776,300	21,776,000	21,776,000	21,776,000	-	0%
State Brownfield Site Assessment	1,000,000	1,000,000	1,000,000	1,000,000	-	0%
Other Intergovernmental Revenue	1,499,955	2,257,000	2,257,000	2,020,000	237,000	12%
Interest on Loans	1,352,399	1,000,000	1,000,000	1,300,000	(300,000)	-23%
Charges for services	181,154	245,500	245,500	218,000	27,500	13%
Interest on Investments	309,471	150,000	150,000	5,000	145,000	2900%
Other Revenues	318,312	264,073	264,073	252,750	11,323	4%
Total Revenues	<u>\$ 62,961,992</u>	<u>\$ 33,667,273</u>	<u>\$ 33,667,273</u>	<u>\$ 33,546,450</u>	<u>\$ 120,823</u>	<u>0%</u>
Expenditures						
Program Grants	12,488,131	17,084,567	20,669,441	16,015,000	(4,654,441)	-29%
Loan Loss Reserve	2,864,843	7,046,953	7,046,953	3,500,000	(3,546,953)	-101%
Key Strategic Partners	4,227,536	3,590,000	3,590,000	3,585,000	(5,000)	0%
Promotions	4,538,552	3,360,577	3,360,577	3,104,097	(256,480)	-8%
Payroll and Benefits	9,406,546	10,065,575	10,065,575	9,994,911	(70,664)	-1%
Operations and General	3,564,207	4,456,431	4,456,431	4,477,052	20,622	0%
Capital	145,824	71,000	71,000	86,812	15,812	18%
Debt Service	203,687	117,000	117,000	117,000	-	0%
Total Expenditures	<u>37,439,326</u>	<u>45,792,103</u>	<u>49,376,977</u>	<u>40,879,872</u>	<u>(8,497,105)</u>	<u>-21%</u>
Net Change in Fund Balance	25,522,666	(12,124,830)	(15,709,704)	(7,333,422)		
Beginning Fund Balance	98,050,532	123,573,198	123,573,198	123,573,198		
Ending Fund Balance	<u>\$ 123,573,198</u>	<u>\$ 111,448,368</u>	<u>\$ 107,863,494</u>	<u>\$ 116,239,776</u>	<u>\$ (8,376,282)</u>	<u>-7%</u>
Projected Ending Fund Balance Composition						
Nonspendable	42,556,241		43,318,518			
Restricted	33,799,765		25,685,539			
Assigned	45,180,263		35,847,673			
Unassigned	2,036,929		3,011,764			
Total	<u>\$ 123,573,198</u>		<u>\$ 107,863,494</u>			

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION
Appropriation by Object - with Department Detail

	FY 15 Actual	FY16 Budget	FY16 Projected Cash Disbursed	FY16 Amended Budget	Variance Favorable (Unfavorable)	% Chg Favorable (Unfavorable)
Programs						
Entrepreneurship & Innovation - 2000	\$ 3,212,810	\$ 4,425,000	\$ 2,243,717	\$ 4,750,000	\$ (325,000)	-7%
Economic & Community Development - 3000	6,994,068	7,550,000	11,771,443	10,350,000	(2,800,000)	-37%
Business & Industry Development - 4000	1,803,271	2,750,000	1,690,886	3,776,841	(1,026,841)	-37%
International Business Development - 7000	477,982	1,290,000	1,378,521	1,792,600	(502,600)	-39%
Total Programs	12,488,131	16,015,000	17,084,567	20,669,441	(4,654,441)	-29%
Partnerships						
Entrepreneurship & Innovation - 2000	1,500,000	1,275,000	1,275,000	1,275,000	-	0%
Economic & Community Development - 3000	789,334	450,000	450,000	450,000	-	0%
Business & Industry Development - 4000	1,554,036	1,550,000	1,555,000	1,555,000	(5,000)	0%
International Business Development - 7000	384,166	310,000	310,000	310,000	-	0%
Total Partnerships	4,227,536	3,585,000	3,590,000	3,590,000	(5,000)	0%
Loan Loss Reserve						
Entrepreneurship & Innovation - 2000	503,193	350,000	1,886,338	1,886,338	(1,536,338)	-439%
Economic & Community Development - 3000	2,361,650	3,150,000	5,160,615	5,160,615	(2,010,615)	-64%
Total Loan Loss Reserve	2,864,843	3,500,000	7,046,953	7,046,953	(3,546,953)	-101%
Marketing & Communications - 5000	4,538,552	3,104,097	3,360,577	3,360,577	(256,480)	-8%
Payroll and Benefits						
Legal Services - 1100	657,242	669,810	709,413	709,413	(39,603)	-6%
Executive Office - 1200	668,422	839,323	1,005,254	1,005,254	(165,931)	-20%
Entrepreneurship & Innovation - 2000	491,200	519,616	508,350	508,350	11,266	2%
Economic & Community Development - 3000	2,251,045	2,325,553	2,360,149	2,360,149	(34,596)	-1%
Business & Industry Development - 4000	846,004	813,207	820,214	820,214	(7,007)	-1%
Marketing & Communications - 5000	718,896	732,508	702,906	702,906	29,602	4%
Human Resources - 6100	374,281	453,678	422,556	422,556	31,122	7%
Finance - 6200	634,781	674,837	542,958	542,958	131,879	20%
Information Technology - 6300	644,099	733,671	646,622	646,622	87,049	12%
Credit and Risk - 6600	1,195,033	1,211,683	1,104,084	1,104,084	107,599	9%
International Business Development - 7000	649,172	715,849	788,843	788,843	(72,994)	-10%
Office of Public Policy - 8000	276,371	305,175	454,226	454,226	(149,051)	-49%
Total Payroll and Benefits	9,406,546	9,994,910	10,065,575	10,065,575	(70,665)	-1%

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION
Appropriation by Object - with Department Detail

	<u>FY 15 Actual</u>	<u>FY16 Budget</u>	<u>FY16 Projected Cash Disbursed</u>	<u>FY16 Amended Budget</u>	<u>Variance Favorable (Unfavorable)</u>	<u>% Chg Favorable (Unfavorable)</u>
Operations and General						
Legal Services - 1100	100,888	130,448	97,468	97,468	32,980	25%
Executive Office - 1200	212,287	387,000	371,200	371,200	15,800	4%
Entrepreneurship & Innovation - 2000	129,590	52,300	50,350	50,350	1,950	4%
Economic & Community Development - 3000	317,060	832,500	691,051	691,051	141,449	17%
Business & Industry Development - 4000	238,856	240,700	235,700	235,700	5,000	2%
Human Resources - 6100	580,399	618,895	638,915	638,915	(20,020)	-3%
Finance - 6200	197,713	224,500	218,000	218,000	6,500	3%
Information Technology - 6300	1,249,684	1,231,466	1,287,436	1,287,436	(55,970)	-5%
Credit and Risk - 6600	14,082	29,800	17,700	17,700	12,100	41%
International Business Development - 7000	510,582	712,243	829,886	829,886	(117,643)	-17%
Office of Public Policy - 8000	13,032	17,200	18,725	18,725	(1,525)	-9%
Total Operation and General	<u>3,564,171</u>	<u>4,477,052</u>	<u>4,456,431</u>	<u>4,456,431</u>	<u>20,622</u>	<u>0%</u>
Capital						
Marketing & Communications - 5000	85,050	-	-	-	-	-
Human Resources - 6100	35,327	86,812	71,000	71,000	15,812	18%
Information Technology - 6300	25,448	-	-	-	-	-
Total Capital	<u>145,824</u>	<u>86,812</u>	<u>71,000</u>	<u>71,000</u>	<u>15,812</u>	<u>18%</u>
Debt Service						
Finance - 6200	171,988	117,000	117,000	117,000	-	0%
Information Technology - 6300	31,699	-	-	-	-	-
	<u>203,687</u>	<u>117,000</u>	<u>117,000</u>	<u>117,000</u>	<u>-</u>	<u>0%</u>
Total	<u>\$ 37,439,290</u>	<u>\$ 40,879,871</u>	<u>\$ 45,792,103</u>	<u>\$ 49,376,977</u>	<u>(8,497,106)</u>	<u>-21%</u>

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

SCHEDULE OF OPEN COMMITMENTS, CONTRACTS AND GAAP EXPENDITURES - FY16 AND BUDGET

As of 3/9/2016

		FY16 Actuals						
Div.	Account No. and Name	FY16 Open Commitments	FY16 Open Contracts	FY 16 Expended	Total to Date Allocated	FY16 Original Funding	FY16 Amend Funding Amend	Unallocated Amend Budget FY16
Programs								
2000	6630 - Seed Accelerator Program	-	77,500	452,000	529,500	1,000,000	1,000,000	470,500
2000	6646 - Entrepreneur Micro Grant Program	-	133,000	42,000	175,000	175,000	225,000	50,000
2000	6650 - Capital Catalyst Program	1,000,000	1,000,000	-	2,000,000	2,000,000	2,000,000	-
2000	6731 - SBIR/STTR Matching Grant FY15	-	500,000	500,000	1,000,000	1,000,000	1,275,000	275,000
2000	6756 - Business Incubator	250,000	-	-	250,000	250,000	250,000	-
		1,250,000	1,710,500	994,000	3,954,500	4,425,000	4,750,000	795,500
3000	6600 - Capacity Building Grants	100,000	218,000	-	318,000	550,000	550,000	232,000
3000	6680 - Community Development Inv. Grants	-	1,688,666	249,455	1,938,121	1,500,000	3,000,000	1,061,879
3000	6710 - Brownfield Site Assesment Grants	296,275	130,850	-	427,125	1,000,000	1,000,000	572,875
3000	6720 - Brownfield Program Grants	402,352	1,249,044	184,530	1,835,926	3,500,000	3,500,000	1,664,074
3000	6725 - Idle Sites Program	-	-	-	-	1,000,000	2,300,000	2,300,000
		798,627	3,286,560	433,985	4,519,172	7,550,000	10,350,000	5,830,828
4000	6640 - Targeted Industry Project Grants	750,000	1,292,000	-	2,042,000	1,850,000	2,600,000	558,000
4000	6670 - Minority Business Development Program	-	-	-	-	400,000	575,000	575,000
4000	6755 - Fabrication Laboratories	-	-	-	-	500,000	601,841	601,841
		750,000	1,292,000	-	2,042,000	2,750,000	3,776,841	1,734,841
7000	6655 - Exportech	-	172,300	37,700	210,000	90,000	210,000	-
7000	6665 - Global Business Development Grants	315,410	247,683	15,682	578,775	1,200,000	1,200,000	621,225
7000	6665 - GBDG STEP	-	-	-	-	-	382,600	382,600
		315,410	419,983	53,382	788,775	1,290,000	1,792,600	1,003,825
Total Grants		3,114,037	6,709,043	1,481,367	11,304,447	16,015,000	20,669,441	9,364,994
Loans								
2000	Technology Development Loans-State	1,150,000	-	-	1,150,000	3,000,000	3,000,000	1,850,000
2000	Technology Development Loans-SSBCI	300,000	199,000	1,025,000	1,524,000	1,500,000	1,524,000	-
		1,450,000	199,000	1,025,000	2,674,000	4,500,000	4,524,000	1,850,000
3000	11xx - Business Opportunity Loan Fund	4,757,000	278,040	661,960	5,697,000	9,000,000	9,000,000	3,303,000
3000	11xx - Special Projects Loan	-	-	-	-	1,000,000	500,000	500,000
		4,757,000	278,040	661,960	5,697,000	10,000,000	9,500,000	3,803,000
Total Loans		6,207,000	477,040	1,686,960	8,371,000	14,500,000	14,024,000	5,653,000

As of 3/9/2016

		FY16 Actuals						
Div.	Account No. and Name	FY16 Open Commitments	FY16 Open Contracts	FY 16 Expended	Total to Date Allocated	FY16 Original Funding	FY16 Amend Funding Amend	Unallocated Amend Budget FY16
Key Strategic Partners								-
	2000 5120 - WWBIC	-	175,000	175,000	350,000	350,000	350,000	-
	2000 5130 - CTC	-	286,878	278,122	565,000	565,000	565,000	-
	2000 5140 - Wisconsin Technology Council	-	155,000	155,000	310,000	310,000	310,000	-
	2000 5141 - BrightStar Wisconsin Foundation	-	25,000	25,000	50,000	50,000	50,000	-
		-	641,878	633,122	1,275,000	1,275,000	1,275,000	-
	3000 5160 - Regional Economic Development Orgs	-	250,000	200,000	450,000	450,000	450,000	-
	4000 5170 - WMEP	-	1,000,000	-	1,000,000	1,000,000	1,000,000	-
	4000 5180 - NWMOC	-	250,000	-	250,000	250,000	250,000	-
	4000 5185 - Wisconsin Procurement Institute	-	76,250	228,750	305,000	300,000	305,000	-
		-	1,326,250	228,750	1,555,000	1,550,000	1,555,000	-
	7000 5105 - Global Partner Network	-	113,762	128,598	242,360	310,000	310,000	67,640
	Total Key Strategic Partners	-	2,331,890	1,190,470	3,522,360	3,585,000	3,590,000	67,640
	Total	9,321,037	9,517,972	4,358,798	23,197,807	34,100,000	38,283,441	15,085,634