



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

**UWM Innovation Center
1225 Discovery Parkway
Wauwatosa, WI 53226**

**September 28, 2017
1:00 - 4:00 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
- Representative Peter Barca, 64th Assembly District
- Senator Tim Carpenter, 3rd Senate District
- Senator Dan Feyen, 18th Senate District
- David Drury, WING Capital Group
- R.D. Nair, University of Wisconsin School of Business
- Secretary Rick Chandler, Department of Revenue
- Secretary Scott Neitzel, Department of Administration

BOARD MEMBERS PRESENT VIA TELECONFERENCE:

- Ray Dreger, Seeds 'N Stuff Farm Market, Inc.
- Tom Sylke, Setter Roche LLP
- Jim Ladwig, SC Johnson

BOARD MEMBERS EXCUSED:

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CALL TO ORDER AND ROLL CALL

Lisa Mauer called the meeting to order at 1:01 p.m.

UW-MILWAUKEE INNOVATION CAMPUS

UW-Milwaukee (UWM) Chancellor Mark Mone spoke to the Board about UWM's Innovation Campus, Lubar Entrepreneurship Center, Connected Systems Institute, and Freshwater University. He described how UWM delivers the education, skills, and connections that Wisconsin's workforce needs to meet employer demands in rapidly evolving fields.

APPROVAL OF MINUTES FROM THE JULY 13, 2017 MEETING

The Board received copies of the meeting minutes from the open and closed sessions of the 7/13/17 Board meeting.

Nancy Hernandez moved to approve the minutes. Dave Drury seconded the motion. No objections were raised and the motion carried unanimously to approve the open and closed session minutes from 7/13/17 Board meeting.

CHAIR REPORT

Lisa Mauer commented that the Annual Report on Economic Development gives WEDC and the Board a chance to look back on the past year and see how their efforts impact the state of Wisconsin.

CEO REPORT

Mark Hogan reviewed recent events that WEDC was involved in with the Board:

- Completed a trade venture to Japan and South Korea in early September, with a mission to Israel at the end of October to focus on water technology
- Wisconsin Main Street Day was August 22nd and WEDC staff joined state officials in visiting 12 communities throughout the state to celebrate their achievements
- Wisconsin's two-year state budget passed which restored WEDC's base and tax credit program
- WEDC staff working on the Foxconn contract are taking the time needed to get it right, but still conscious of deadlines

Mark Hogan outlined the addendum added to the Enterprise Zone program guideline with the Board. The addendum was added to clarify the rules set down in statute in the most recently passed legislation regarding the definition of a full-time employee and average payroll.

Senator Dan Feyen moved to approve the Enterprise Zone program guideline addendum. Nancy Hernandez seconded the motion. No objections were raised and the motion carried unanimously to approve the addendum to the Enterprise Zone program guidelines.

CFO REPORT

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Brian Nowicki informed the Board that Sikich completed their FY17 audit of WEDC. Staff are waiting on pension numbers from the Wisconsin Retirement System, but should have the Comprehensive Annual Financial Report ready for the November Board Meeting

Brian Nowicki reviewed the June 30, 2017 financials with the Board.

- Revenues show an unfavorable variance of \$0.9 million, mainly due to timing differences of when draws are requested for WEDC's federal grant programs -WEDC will be able to draw on these federal grant funds in FY18. In addition, investment interest income is lower than FY16, as WEDC recorded unrealized losses due rising short-term interest rates in FY17.
- Expenditures show a favorable variance of \$8.7 million due mainly to:
 - actual cash disbursements from current and prior year program awards were less than their program budgets
 - lower loan loss reserves, due primarily to reduced activity in the performance-based loan portfolio
 - operational expense savings in professional fees, travel, events and conferences, supplies and equipment, and research and marketing tools
- The fund balance shows favorable variance of \$7.8 million which will be used to fund the deficit spending plan for FY18.
- Fiscal Year 2017 program activity shows an 89% placement rate for FY17 funds with \$31.5 million in grants, loans, and key strategic partnerships committed or contracted.

REVIEW AND VOTE ON SUBMISSION OF THE ANNUAL REPORT ON ECONOMIC DEVELOPMENT (AS REQUIRED UNDER § WIS. STAT. 238.07(2))

Tricia Braun informed the Board that the ARED report is a statutorily required report on the performance of the state's economic development programs. It is compiled by WEDC but it reports on WEDC's and all other state entities' economic development programs. The final numbers for FY17 were affected by the decision to change internal processes from decision date to contract date and the contract hiatus in June which was required to make that transition.

In FY17, WEDC and its key strategic partners assisted 4,256 businesses and 129 communities. WEDC issued 354 awards for a total amount of \$320,751,746. The leverage ratio on these awards averages at 9:1. The total capital investment for FY16 was \$2.1 billion dollars with 8,719 jobs created and 13,358 jobs retained.

Pete Norman demonstrated for the Board the many features of the online ARED report. The database is searchable, filterable, and hosted on WEDC's website. Available project information includes scope, timelines, amount of funds or tax credits expended, number of jobs created, etc. Pete Norman also showed the Board how the Impact map works and demonstrated the map's capabilities. New information available this year includes icon updates that show which companies have multiple awards with WEDC and the ability to view final numbers once a project has been completed.

Ray Dreger moved to approve the submission of the ARED report. Senator Rob Hutton seconded the motion. No objections were raised and the motion carried unanimously to approve the ARED report.

COMMITTEE REPORTS

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Budget & Finance Committee Report

The Board was provided a summary of the September 18, 2017 Budget & Finance Committee meeting.

Awards Administration Committee Report

The Board was provided a summary of the July 12, September 6, and September 8, 2017 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 Nancy Hernandez with a second by Dave Drury. 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

The meeting reconvened in open session at 3:03 p.m.

ADJOURNMENT

Lisa Mauer adjourned the meeting at 3:04 p.m.