



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

**WEDC
First Floor Conference Room
201 West Washington Avenue
Madison, WI 53703**

**November 8, 2017
1:30 - 4:30 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 Dana Wachs, 91st 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
- Representative Rob Hutton, 13th Assembly District
- 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 1:30 p.m.

APPROVAL OF MINUTES FROM THE SEPTEMBER 8, SEPTEMBER 28, AND OCTOBER 17, 2017 MEETINGS

The Board received copies of the meeting minutes from the open and closed sessions of the 9/8/17, 9/28/17, and 10/17/17 Board meetings.

Dave Drury moved to approve the minutes. Nancy Hernandez seconded the motion. No objections were raised and the motion carried unanimously to approve the open and closed session minutes from 9/8/17, 9/28/17, and 10/17/17 Board meetings.

BOARD OF DIRECTORS ORIENTATION

Paul Ferguson from the Wisconsin Department of Justice spoke to the Board about oversight, accountability, and clarity in relation to Wisconsin's open meeting and public records laws. He reviewed what constitutes a meeting and advised how to avoid accidental quorums. He also clarified which documents are considered a record and therefore open to public view and reminded members of the state's record retention policy.

CHAIR REPORT

Lisa Mauer welcomed Representative Dana Wachs and thanked Representative Peter Barca for his six years of dedicated service on the Board of Directors.

CEO REPORT

Mark Hogan reviewed the credit and risk quarterly reports with the Board.

- The past due loan amounts were on par with 2016 totals at \$9.8 million
 - One loan included in the total met requirements for full forgiveness and this loan will be removed from the list prior to 12/31/17.
 - A majority of the remaining past due loan amount is to two borrowers – Kestrel and Green Box
- There was one charge off during this quarter.
- Three tax credit revocations in the current quarter have been referred to the Department of Revenue for processing.
- Overdue performance reports and schedule of expenditures decreased as is common due to seasonality.
- 37 awards accounting for \$63 million in activity were processed in the current quarter.

Mark Hogan updated the Board on the status of WEDC's efforts to collect on the Appleton Coated and Kestrel Aircraft loans.

COO REPORT

Kelly Leitz updated the Board on the status of the Think-Make-Happen marketing campaign:

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- The campaign is targeting young professionals (21-35 years of age), who may be Wisconsin college/university alumni, and who live in Chicago or near the Illinois border.
- The message of the campaign is “More You” and focuses on the non-tangible benefits of living in Wisconsin regarding work, housing, recreation, and the merits of each unique region of the state.
- WEDC have created new social media channels for the campaign on Twitter, Facebook Instagram, and LinkedIn.
- WEDC has created a separate website for the campaign and hopes to launch it in mid-December.

CFO REPORT

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 PROGRAMMATIC REPORT (AS REQUIRED UNDER § WIS. STAT. 238.07(1))

Tricia Braun reviewed the programmatic report with the Board. The report is statutorily required and delivered to the State Legislature on an annual basis. The report summarizes WEDC’s FY18 Budget & Operations Plan on a high level and its planning and implementation strategy for FY19’s Budget & Operations Plan.

Senator Dan Feyen moved to approve the programmatic report. Dave Drury seconded the motion. No objections were raised and the motion carried unanimously to approve the programmatic report and its submission to the Legislature.

COMMITTEE REPORTS

Budget & Finance Committee Report

No report was provided to the Board because the last Budget & Finance Committee meeting occurred recently, on November 6, 2017.

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Audit Committee Report

No report was provided to the Board because the last Audit Committee meeting occurred recently, on November 6, 2017.

YEAR END COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

Dan Berg from Sikich presented the CAFR to the Board. 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 adjusting entries found during the audit were resolved by WEDC management. WEDC again earned the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

This was the first year that a Single Audit was required for WEDC's federal programs. Sikich provided one recommendation, which was also provided as part of the CAFR audit, which was to review the user access rights within WEDC's payroll system software 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 limited administrator access to only the Payroll & Benefits Specialist and Human Resources Assistant. For control purposes, the Vice President of Human Resources will continue to receive a bi-weekly report from PDS that includes a change report showing all hires, terminations, and pay changes and this report will be reviewed bi-weekly for accuracy.

VOTE ON RECOMMENDING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT AND AUDITOR'S COMMUNICATION TO THE BOARD

Senator Dan Feyen motioned to approve the Comprehensive Annual Financial Report and Auditor's Communication. Jim Ladwig seconded the motion with a unanimous vote to approve the Comprehensive Annual Financial Report and Auditor's Communication.

Awards Administration Committee Report

The Board was provided a summary of the September 27 and October 17, 2017 Awards Administration Committee meetings.

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 passed with a majority vote – Senator Tim Carpenter and Representative Dana Wachs stood in opposition.

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 4:03 p.m.

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ADJOURNMENT

Lisa Mauer adjourned the meeting at 4:04 p.m.

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