



**Wisconsin Economic Development Corporation  
Meeting of the Budget and Finance Committee**

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

**June 29, 2018  
8:00 - 9:00 A.M.**

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

**BUDGET AND FINANCE COMMITTEE MEMBERS PRESENT VIA  
TELECONFERENCE:**

- David Drury, WING Capital Group
- Senator Tim Carpenter
- Senator Dan Feyen

**BUDGET AND FINANCE COMMITTEE MEMBERS EXCUSED:**

- Lisa Mauer, Rickert Industries
- Nancy Hernandez, ABRAZO

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## **CALL TO ORDER AND ROLL CALL**

David Drury called the meeting to order at 8:00 a.m.

David Drury requested a motion to approve the minutes from the April 13, 2018 meeting. Motion was made by Senator Tim Carpenter with a second by Senator Dan Feyen. The motion to approve the minutes was passed unanimously.

## **QUARTERLY FINANCIAL STATEMENTS- MARCH 31,2018**

CFO Brian Nowicki reviewed the March 31, 2018 financial report with the committee. Brian Nowicki described the seasonality of business at WEDC, pointing to the increase in awards during the last quarter. Out of roughly 360 awards that were contracted this fiscal year, 47% of those awards were contracted within the last 3 months.

## **REVIEW AND RECOMMEND FY18 BUDGET AMENDMENT AND FY19 BUDGET AND OPERATIONS PLAN**

CFO Brian Nowicki made a presentation regarding the FY19 Budget & Operations Plan and the FY18 Budget Amendment.

The FY19 Budget and Operations Plan significant changes include:

- Revenues decreasing \$82,000 (<1%) from FY18 due to a decrease in State funds collectively from the State General Purpose Revenue, State Economic Development Fund, and State Brownfield Site Assessment funds
- Expenditures decreasing \$2.2 Million (4%) from FY18
  - Program Grants- Decreasing \$1.9 million (7%)
    - Workforce Training Grant (WTG) program will be receiving \$0.7 million more
    - Site Assessment Grant (SAG) program will be receiving \$350,000 more
    - Minority Business Development (MBD) program will be provided \$150,000
    - Idle Sites Redevelopment (ISR) grant program will be receiving \$1.0 million less in program funding
    - Community Development Investment (CDI) grant program will be receiving \$0.9 million less
    - Brownfield (BF) grant program will be receiving \$0.7 million less
    - Capacity Building (CB) grant program – BCD will be receiving \$250,000 less
  - Loan Loss Reserve Expense- Decreasing \$4.2 Million (81%)
    - The performance-based loan reserve expense will be reduced to \$0 in FY19, as the last performance-based loan (which was committed in FY17) drew its remaining funds in FY18
  - Key Strategic Partners- Increasing \$0.3 million (7%)
    - Additional funds provided to accommodate current business needs
  - Marketing and Promotions- Increasing \$3.2 million (62%)
    - The Talent Attraction and Retention Initiative spending of \$6.8 million is broken out between FY18 (\$1.2 million) and FY19 (\$5.6 million)

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- Payroll- Increasing \$0.9 Million (9%)
  - Assumptions for FY19:
    - An increase of four Full-Time Positions (to 116), filling new roles in the Credit & Risk, Executive Office, International Business, and Human Resources divisions
    - 3% for pay increases
    - 1% for merit awards
    - 3% health insurance premium increases
    - 2% for professional development
- Operations and General- Increasing \$0.2 Million (4%)
  - Includes additional funding for WEDC's biennial LAB audit fee and for International Business Development division's travel expenditures related to FY19 Global Trade Ventures
  - Extended Enterprise increases due to development of a new statewide digital entrepreneurship platform
- Pass-through federal grant expenditures – Decreasing \$0.1 million (6%)
  - WEDC received a federal grant from the Department of Defense in FY16, which will end on December 31, 2018
- Capital and Debt Service- Decreasing \$0.6 million (68%)
  - WEDC's portion of the State pension liability is expected to decrease substantially in FY19 as the FY18 scheduled principal balloon payment was made
- Program Loans- Increasing by \$0.5 million (8%) from \$6.0 million in FY18 to \$6.5 million in FY19
  - \$0.5 million increase in the Business Development Loan (BDL) Fund, from \$1.0 million in FY18 to \$1.5 million in FY19.
  - The Technology Development Loan Fund (TDL) program budget is level at \$5.0 million
- Fund Balance- \$11.5 million of current fund balance and future expected loan principal payments as fund sources in FY19

The FY18 Budget Amendment recognizes the full \$6.8 million for the Talent Attraction and Retention Initiative passed by the Legislature in the Spring of 2018. The FY18 Budget Amendment also addressed a transfer of funds between Divisions to accommodate a late request for TIP funds for the Sector Strategy Division. This is reflected in the fiscal year 2018 budget as amended. This moves \$90,000 from the Business Community Development Division's Brownfield (BF) grant program to the Sector Strategy Development Division's Targeted Industry Project (TIP) grant program.

David Drury requested a motion to approve and transfer the FY18 Budget Amendment and the FY19 Budget and Operations Plan. A motion was made by Senator Dan Feyen with a second by Senator Carpenter. The motion to approve the FY18 Budget Amendment and the FY19 Budget and Operations Plan was passed unanimously.

### **IT PROCUREMENT**

This procurement will result in the development of a new online portal application and servicing process that supports WEDC's strategy of improving compliance through software enforced business rules and client interfacing data collection systems. The WEDC recommendation is to contract with Decisions for the next five years, with the option to renew for additional five years, to create and online portal application for WEDC.

David Drury requested a motion to vote on IT Procurement. A motion was made by Senator Tim Carpenter with a second by Senator Dan Feyen.

### **ACCOUNTING SOFTWARE PROCUREMENT**

The purpose of this RPF was to evaluate what other products and options were available, outside of Intacct which has been used since 2011, to determine if change in accounting software was desired. WEDC received proposals from 4 vendors: BS&A, Intacct/Sage, NetSuite (i.e. Oracle), and Phoenix (i.e. SAP).

The award recommendation would be to keep Intacct/Sage which scored the highest in the evaluation process with a competitive annual cost. This is an annual contract with up to six additional one-year extensions, totaling 6 years, with Intacct/Sage.

David Drury requested a motion to vote on Accounting Software Procurement. A motion was made by Senator Carpenter with a second by Senator Dan Feyen.

### **ADJOURNMENT**

David Drury adjourned the meeting at 8:40 a.m.