

**DRAFT MINUTES**  
DETROIT EMPLOYMENT SOLUTIONS CORPORATION  
(DESC) BOARD MEETING  
Tuesday, June 18, 2013

Time: 8:30 a.m. – 10:00 a.m.  
Location: 455 West Fort Street, Room 403, Fourth Floor, Detroit, MI  
Facilitating: Cal Sharp, Chairman

---

Members Present: Cal Sharp, Art Dudley, Veronica Madrigal, Al Nelson, George Swan III, Larry Steward, Alice Thompson  
Members Absent: Kenyetta Bridges, David Carroll, Saunteel Jenkins, John Harris  
Staff Present: Pamela Moore, Jose Reyes, Alessia Baker-Giles, Kristin Bailey, L'Tanya Clegg, Beckye Eloby-Edwards, Robin Johnston, Cassandra Ricks, Lynn Scully, Robert Shimkoski  
Guest Present: Richard Acosta, Doug Cotter, Kelly Cumberworth (Allen Brothers, PLLC), Larry Good

---

**PROCEEDINGS**

The Meeting of the Detroit Employment Solutions Corporation Board was called to order at 8:35 a.m. by Mr. Cal Sharp, Chairman. Chair Sharp amended the agenda to allow the Audit and Finance Committee Recommendations to take place before the CEO Report in order to handle all action items while a quorum is present. A motion was made by Director Veronica Madrigal to approve the amended agenda of June 18, 2013, supported by Director Larry Steward. Motion carried unanimously. A motion was made by Director Madrigal to approve minutes of April 16, 2013 and May 22, 2013, supported by Director Alice Thompson. Motion carried unanimously.

**AUDIT AND FINANCE COMMITTEE RECOMMENDATIONS**

Chair Sharp advised the Board that the Audit and Finance Committee has reviewed the following recommendations and is requesting approval of the recommendations by the DESC Corporation Board. Chair Sharp asked Mr. Robert Shimkoski, Planning Manager at DESC, for a brief review of each Request for Proposal (RFP).

**RFP for Professional Employer Organization Services**

The Audit and Finance Committee recommendation for Professional Employer Organization Services is the incumbent American Society of Employers (ASE). Mr. Shimkoski noted that ASE was the only company that submitted a complete proposal, although there were some technical deficiencies in ASE's proposal pertaining to their budget so the review team had to call them for clarification. Mr. Shimkoski explained that the recommendation of ASE is based on ASE submitting a revised budget that reflected their verbal explanation. Chair Sharp and Director Larry Steward abstained from discussion and voting regarding ASE since both are former ASE Board members. A motion was made by Director Swan to approve the Audit and Finance Committee recommendation to accept ASE for the Professional Employer Organization Services, supported by Director Al Nelson. Motion carried with Chair Sharp and Director Steward abstaining from the vote.

**RFP for One Stop Case Management Services**

Mr. Shimkoski reviewed the recommendation for approval of the One Stop Case Management Services. The recommended provider is Grant Associates, the incumbent. Grant Associates was the highest rated bidder by one (1) point over several other organizations. Mr. Shimkoski noted that the closeness of the score was due to significant findings by DESC's internal finance and program monitoring team concerning Grant Associates finance operations as well as their MIS input data. The Audit and Finance Committee recommends approval of a six (6) month contract with Grant Associates with the first three (3) month probation to determine whether Grant can remedy technical problems found based on these probationary terms.

Director Nelson asked for specific findings in regards to Grant Associates. Mr. Shimkoski explained that corrective actions are included in the packet as well as a corrective action letter detailing the issues and what needs to be done to correct them. Mr. Shimkoski briefly summarized some of the findings and required corrective actions needed: (1) Invoices and financial management; (2) Development of a cost allocation plan that is acceptable; (3) Resolving program management concerns of MIS data input with regards to registration of participants; and (4) Issues with severance pay.

Discussion continued pertaining to staff concerns that issues with Grant Associates stemmed mostly from documentation not being properly reviewed prior to being submitted to DESC. Director Nelson shared his concern that, to date, Grant Associates has not responded to these issues. Director Thompson, member of the Audit and Finance Committee, shared that the Audit and Finance Committee deliberated extensively regarding this issue and the Committee's recommendation was that a very concrete corrective action should be put in place in writing: (1) Tell DESC going forward in writing how these issues will be corrected; (2) Hold Grant Associates to following through with an answer to these issues in a timely manner; and (3) DB Grant Associates be placed on a six (6) month probationary period pending all issues being addressed.

Ms. Pamela Moore, President/CEO at DESC, advised the Board that the State of Michigan has been made aware of these ongoing issues with Grant Associates and has advised DESC on responding to these issues. She explained that there is normally a sixty (60) day time period to resolve issues. Ms. Moore shared that the other issue is data. The number of jobs that DESC has received from employers and the number of placements must be reflected in the state's system. Ms. Moore stated that at this point, the numbers that the state sees does not reflect the numbers that DESC is aware of and discusses with others. She explained that all concerns regarding Grant Associates should be answered to the satisfaction of DESC by June 27, 2013. Director Thompson recommended that the Grant Associates' correction action should be made a priority and should be added to the next meeting agenda in order to ensure that the corrective action items are handled per DESC's request. Chair Sharp recommended that a motion be put in place regarding the corrective action response as an agenda item for the next board meeting. A motion was made by Director Thompson that Grant Associates' corrective action response is an agenda item for the next meeting, supported by Director Nelson. Motion carried unanimously.

**RFP for Payroll Services**

Mr. Shimkoski explained that one proposal was submitted for this RFP and the Audit and Finance Committee Recommendation is that Payroll 1, Inc. be approved. A motion was made by Director Thompson to approve Payroll 1, Inc. as the payroll provider for youth services, supported by Director Madrigal. Motion carried unanimously.

**RFP for Security Services**

Mr. Shimkoski explained that the RFP was a straightforward approach to this service, offering the number of guards and number of hours needed. The Audit and Finance Committee's recommendation is that Guardian

Services, the incumbent, be approved. A motion was made by Director Swan to approve Guardian Services as the Security Services provider, supported by Director Thompson. Motion carried unanimously.

#### **RFP for Website Services**

Mr. Shimkoski stated this is a brand new procurement for DESC, explaining there were a number of bids for this service. However, after much discussion, MCCI was the provider selected to be recommended to the Board. Director Swan suggested that staff make sure all potential vendors with an interest in the bidding process are added to the bidder's list. Director Swan suggested that in the future, more detail should be given on what potential bidders are offering when there is such a large discrepancy in the costs, noting that public perception is important since DESC are a new organization and a public entity.

Ms. Pamela Moore shared that the Audit and Finance committee also discussed yesterday possible ways to include more Detroit-based and minority-owned businesses in terms of the process. One of the ideas was a workshop that can be offered on the process of responding to federally-funded RFPs.

Director Madrigal wanted the record to show that she has full confidence in the internal staff's ability to monitor these type situations. A motion was made by Mr. Nelson to approve MCCI as the Web Site Service Provider, supported by Director Swan. Motion carried unanimously.

Ms. Moore shared a conversation that took place during the Audit and Finance Committee meeting yesterday pertaining to the process for approving contracts. The Audit and Finance Committee asked to see a boilerplate of all RFPs to be released. The next step would be to present the staff recommendations before the Audit and Finance Committee with a cap of the amount to be allocated. Lastly, the contract and recommendation would be brought before this body for approval. Director Art Dudley asked that this process be distributed to the Board in writing at the next meeting.

#### **WIA Year-Round Youth Provider Contracts Approval**

Mr. Shimkoski reviewed the Year-Round Youth Contract recommendation. A motion was made by Director Swan to approve the WIA Year-Round Youth Provider Contracts, supported by Director Thompson. Motion carried unanimously.

#### **Procurement Policy Amendment**

Mr. Shimkoski explained the Procurement Policy amendment, stating that the State of Michigan has issued a new procurement policy which has several changes and will probably cause DESC to have to completely rewrite its policy. Mr. Shimkoski noted that the state's previous policy and the board's current policy is at \$25,000.00, which is the trigger for requiring a formal process for issuance of an RFP. The threshold has now been changed to \$100,000.00 over a three-year procurement cycle. After a brief discussion, a motion was made by Director Swan to approve the Procurement Policy Amendment, supported by Director Nelson. Motion carried unanimously.

### **DETROIT EMPLOYMENT SOLUTIONS CORPORATION CEO REPORT**

Ms. Moore noted that DESC is on track with its strategic plan for the year. It is also on track to spend all current funding. The budget is currently down, so DESC must secure private funding to continue the work that needs to be done in the city of Detroit.

In addition, three out of the five audits have been completed with no findings nor disallowed costs. The Inspector General has requested information regarding Wrightway Transportation, which was previously used as a vendor to provide transportation services. DESC is cooperating with the Inspector General's request. Furthermore, there is still no resolution to DESC's 501(c)3 request from the IRS, but DESC continues to speak with local officials for resolution.

Ms. Moore explained that DESC is meeting and exceeding Workforce Investment Act measures, and that placements are currently up. The organization is finally at 50% work participation, which is a great accomplishment given the fact that the rate was only 23% in 2012. DESC is also expanding its youth programs, is working with the Department of Human Services, and has recently started training CNC operators, truck drivers, and medical coders with Henry Ford Hospital. She also noted that DESC is meeting with Detroit Economic Growth Corporation regarding the Detroit Future City initiative and DESC taking the lead on workforce initiatives in the city of Detroit.

Ms. Moore also shared that the Audit and Finance Committee has reviewed and recommended the current budget for approval. Ms. Alicia Baker-Giles briefly reviewed the budget. A motion made by Director Swan to approve the budget for the 2013-2014 Program Year, supported by Director Nelson. Motion carried unanimously.

### **COMMITTEE REPORT DISCUSSION**

Chair Sharp noted that due to time constraints, committee reports will be reserved for the next board meeting.

### **DISCUSSION: DESC Corporation Board and the Open Meetings Act**

Attorney Kelly Cumberworth from Allen Brothers, PLLC, legal counsel for DESC, presented on the Open Meetings Act (OMA) and its impact on the Detroit Workforce Development Board and the DESC Corporation Board. She explained the significance of both boards adhering to the OMA. For example, board meeting notices should be posted three (3) days prior to the meeting in a location visible to the public. She also provided a memo to the Board addressing some questions they had regarding the Act. Chair Sharp noted that if members have any additional questions, Ms. Cumberworth could be invited back to answer additional questions.

Director Swan noted that the Board should take into consideration discussion topics that are subject to the OMA and discussion topics that may not necessarily be subject to OMA.

The Board asked Ms. Cumberworth for a one-page document of "Do's and Don'ts" regarding the OMA for distribution at the next board meeting.

### **PRESENTATION: The Affordable Care Act**

Ms. Becky Eloby-Edwards, Human Resources Manager at DESC, briefly reviewed the Affordable Care Act and provided two documents which replicate the "Did You Know" facts about the Act as well as a listing of terminology. Director Steward stated that he approached the subject initially but just needs to know what impact (if any) the Act will have on the corporation and its employees. Chair Sharp stated that since DESC falls under fifty (50) employees, the Act (as it currently exists) does not impact DESC. It was the decision of the Board that this corporation will continue with business as usual as far as providing healthcare for its employees.

**OLD/NEW BUSINESS**

Director Steward recommended that at future board meetings, each board member should be provided with a tabbed binder, instead of pocket folders, which will make documents easier to review.

Members also discussed that since this is the last meeting of the program year, meetings for the next program year must be approved by this body. A motion was made by Director Dudley to approve the calendar of meetings presented for the balance of the fiscal year for the Corporation Board beginning July 1, 2013 through December 31, 2013, supported by Director Swan. Motion carried unanimously.

**GOOD AND WELFARE**

Director Nelson stated that it was good to see Ms. Moore, Mr. Reyes and Mr. Cotter at Mackinac. He noted that DESC must continue to be visible at events of this nature.

**ADJOURNMENT**

With no further business to come before the Board, a motion was made by Director Swan to adjourn the meeting at 10:30 a.m., supported by Director Nelson. Motion carried unanimously.

Prepared by: L'Tanya Clegg