

DRAFT MINUTES
Detroit Employment Solutions Corporation (DESC)
Board Meeting
Tuesday, September 30, 2014

Time: 8:30 a.m. – 10:30 a.m.
Location: 440 East Congress, 4th Floor Conference Room, Detroit, MI 48226
Facilitating: Cal Sharp, Chairman

Directors Present: Cal Sharp, Dr. George Swan III, Art Dudley, David Carroll, Larry Steward, Dr. Veronica Madrigal, Kenyetta Bridges, Alice Thompson
Directors Absent: Al Nelson, Saunteel Jenkins
Staff Present: Jose Reyes, Stephanie Nixon, L’Tanya Clegg, Kristin Bailey, Alessia Baker-Giles, Robert Shimkoski, Robin Johnston

PROCEEDINGS

The Meeting of the Detroit Employment Solutions Corporation (DESC) Board was called to order at 8:40 a.m. by Chair Cal Sharp. A motion was made by Director George Swan to approve the Draft Agenda of September 30, 2014, and Draft Minutes of September 23, 2014, August 20, 2014 and June 25, 2014, supported by Director Art Dudley. Motion Carried Unanimously.

DESC CEO REPORT

In Pamela Moore’s absence, Mr. Jose Reyes, Chief Operating Officer at DESC, reviewed the CEO Report:

AUDIT AND FINANCE

Audit and Finance Committee – Abraham and Gaffney are currently on site finalizing the annual audit. Cycle II responses to findings have been submitted to the State and we await a response. Cycle II focused on sub-recipient records and includes Allowable Cost, Cost Allocation, Cost Classification, Financial Reporting Audit, Audit Resolution and Debt Collections, Budget Systems and Internal Controls. Cycle III which begins October 20, 2014 includes Cash Management, Interest Income and Program Income, Complaints and Grievances, Equipment Management, Service Provider and Worksite Monitoring, procurement and Contract Administration. As federal funding reductions continue, DESC is performing a cost benefits analysis on service delivery.

Program Year 2013-14 Budget – DESC expended 87% of our approved FY 2014 budget through June 2014. DESC will carry over 13% into FY 2015. Significant savings were realized due to the move from 455 West Fort Street and 707 West Milwaukee which will be used to build capacity. Additional Individualized Training Account dollars will also be available due to the carryover. DESC’s approved operating budget for FY 2015 is \$42,110,187.

Insurance – Fraud and Cyber (i.e. embezzlement, illegal acts via computer) insurance have been procured, completing our list of required and recommended risk management and liability protection tools. Also as a part of DESC’s reorganization, Kristin Bailey is now responsible for all compliance and risk management activities.

501(c)3 Status – On July 24, 2014, DESC was granted public charity status by the IRS. Private donations received since then include \$800,000 from JP Morgan Chase (Detroit Registered Apprenticeship Program [D-RAP] and other demand-driven training) and \$50,000 from Illitch Charities (D-RAP).

STRATEGIC PLANNING

DESC Reorganization – On July 1, 2014, DESC restructured its organizational chart to better align functions across the organization. The changes reflect DESC’s major responsibilities of securing funding resources, program implementation and service delivery and quality assurance to include outcomes and evaluations. The changing environment has required continuous review of staffing capacity and continuous improvement of the quality of services customers are receiving.

Planning Activities – Resource development opportunities include a successful Jobs Driven National Emergency Grant that provides training for dislocated workers, participation in a National Manufacturing Renaissance Council which will create youth opportunities in advanced manufacturing, an upcoming Department of Labor RFP for registered apprentices and a Supplemental Nutrition Assistance Program (SNAP) pilot is being developed that will add training and increased service options to the SNAP program.

Strategic Planning Committee – The new appointments for the 2014 Detroit Workforce Development Board are completed and have been confirmed by Mayor Duggan. Also, a Board Strategic Planning Session has been scheduled for October 27, 2014 in order to focus on DESC's 2015 goals and ways to best position DESC as a thought-leader and key strategist for workforce development.

PROGRAM SERVICES

Performance – DESC met all fourth quarter WIA measures and PATH participation is now at 62% (50% required). Although DESC continues to meet federal measures, wages continue to be below livable wage standards and many customers are not being exited from the WIA system for this reason. Additionally, service delivery quality must be improved going forward (timely assessments, increased supportive services, improved case management and integration of programs).

Detroit Registered Apprenticeship Program (D-RAP) – D-RAP continues to increase the number of hires for apprenticeship occupations. 132 apprentices have been placed into employment to date with construction skilled trades representing 65% of placements.

Youth Program Innovation – DESC will oversee Detroit's Jobs for America's Graduates (JAG) program enrolling 180 young people inside Osborn and Cody High Schools in Detroit with a year-long career development curriculum for juniors and seniors who are at risk of dropping out of school. This nationally recognized dropout prevention initiative would coordinate resources, programs and successfully transition students from school to career with advanced opportunities.

The Aspen Institute Opportunity Youth Grant – This is a Detroit collaborative led by DESC and Excellent Schools Detroit has successfully completed the first part of the planning phase and has received \$100K additional funding to continue planning, strengthen partnerships, roles and responsibilities and begin implementation. This cross-sector collaboration focuses on opportunity youth ages 16 to 24, who are disconnected from public systems. DESC's targeted population includes youth with substantial barriers within targeted neighborhoods.

Grand Circus Detroit – A Dan Gilbert IT training agency, this program graduated 22 Osborn students who received 60 hours of training in computer application coding along with paid summer work experiences. Due to the success of the program, DESC is sponsoring the enrollment of 40 (20 from Osborn and 20 from Central) additional students this fall. The 22 students that graduated from the first cohort will be offered the opportunity to participate in an additional training this semester to earn stackable credentials leading to employment. Director David Carroll stated that having the participation from DESC has made a world of difference for this program this time around.

City Of Detroit's General Services Department Partnership – DESC supplied 80+ older youth for outdoor summer jobs making \$9.25/hour. They earned credentials in pesticide applications and hi-lo operator's license. Additionally, 20 older youth will work with landscaping contractors as apprentices through D-RAP.

CONTRACTS FOR REVIEW/APPROVAL

Mr. Reyes explained all contracts are either two- or three-year renewals.

PATH Contract Renewals (6)

A summary of the contracts has been distributed to the Board members. The contractors are: Development Center, ACCESS, SERCO, Resource Network, Inc., Providence IES, and Jackets for Jobs. A motion was made by Director Swan to approve the six PATH 2nd year renewals, supported by Director Dudley. Motion Carried Unanimously.

Food Assistance Employment and Training Contract Renewals (2)

A summary of the contracts has been distributed to the Board members. The contractors are: Providence IES and Resource Network, Inc. A motion was made by Director Alice Thompson to approve the Food Assistance Employment and Training 2nd year renewals, supported by Director Swan. Motion Carried Unanimously.

Four contracts are up for their three-year renewal: Corporation for a Skilled Workforce; Tom Diehl, CPA; Abraham & Gaffney; and Allen Brothers. A motion was made by Director George Swan to approve all contract renewals with consideration to any aforementioned stipulations, supported by Director Dudley. Motion Carried Unanimously.

440 East Congress Lease Amendment – This is a review of a proposed amendment to the lease between DESC and 440 Congress, LLC for the space that DESC is renting at 440 East Congress. DESC will occupy more space in the building than was included in the original lease. The proposed amendment is intended to incorporate the additional space into the lease. The commencement date of the lease is November 1, 2013, so there will be one payment at the new “Year One” rate before the “Year Two” rate takes effect on November 1, 2014. The new monthly rent payments following approval of the amendment will be (the previous monthly rent amounts follow in parenthesis): Year One, \$33,677.71 per month (\$29,660.13); Year Two, \$34,587.02 per month (\$30,461.75); and Year Three, \$35,498.13 per month (\$31,263.38). A motion was made by Director Swan to approve the 440 E. Congress Lease Amendment, supported by Director Veronica Madrigal. Motion Carried Unanimously.

DETROIT EMPLOYMENT SOLUTIONS CORPORATION BOARD ANNUAL MEETING 2014

The Annual DESC Board meeting took place within the regularly scheduled Board meeting today.

Review/Approval of the Annual Meeting Agenda

Chair Sharp called to order the Annual Meeting of the DESC Board for the 2014-2015 Program Year. A motion was made by Director David Carroll to approve the Annual Meeting Draft Agenda of Tuesday, September 30, 2014, supported by Director Swan. Motion Carried Unanimously.

Review/Approval of Fiscal Year 2014-2015 Budget

Ms. Alessia Baker-Giles explained that the budget for FY 2014-2015 is \$42,110,187.00. DESC has received the final numbers from PATH and Food Assistance and are only off for PATH by \$100.00. The budget does not currently include the \$50,000.00 from the Illitch Foundation. Director Swan made a motion to adopt the 2015 Budget as presented. Supported by Chair Sharp. Motion Carried Unanimously.

Review/Acknowledgement of Division of Class of Directors

Chair Sharp proposed the same corporate officers and directors as previously designated.

Election of At-Large Members

Chair Sharp stated that one at-large member could be added to the Executive Committee, which will serve for a one-year term until the next Annual Meeting. Director Swan stated that members of the Executive Committee have the power to act on behalf of the Detroit Workforce Development Board. Chair Sharp asked if any member of the Board would agree to serve as the At-Large Member on the Executive Committee. Director Larry Steward agreed to serve as the At-Large Member.

Appointment/Election of Directors to Following Committees:

Audit and Finance Committee – (Four Directors Required) Director Art Dudley will serve on the Audit and Finance Committee, moving off the Strategic Planning Committee. Per the By-Laws, the Audit and Finance Committee members must be members of the DESC Board. Currently, there are three members on the Committee, Chair David Carroll and Director Art Dudley and Director Alice Thompson. This committee needs at least one additional member.

Organization and Compensation Committee – (Three Directors Required) These Directors are Chair Cal Sharp, Director Al Nelson and Director Larry Steward.

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Strategic Planning Committee - (Four Directors Required) Members currently on this committee are: Chair George Swan, Director Cal Sharp and Director Kenyetta Bridges. Director Veronica Madrigal will serve on the Strategic Planning Committee.

Program Service Committee – Chair Malinda Jensen, Director Kenyetta Bridges, Director Yvette Harris, Director Dwayne Haywood and Director Veronica Madrigal.

Discussion ensued that additional Board members could be added to committees after the Annual Meeting. Chair Sharp recommended that a note be made in the minutes that Director Saunteel Jenkins should be asked about which committee she would like to serve on going forward.

Resolutions

Designation of Corporate Officers for Execution of Contracts and Instruments will be Chair Cal Sharp, and President/CEO Pamela J. Moore.

Designation of Registered Office and Agent will be Detroit Employment Solutions Corporation, 440 East Congress, Detroit, MI 48226, and Pamela J. Moore.

Director George Swan moved to accept the corporate officers, directors, and resolutions as noted, supported by Director Larry Steward. Motion Carried Unanimously.

Annual Reports, Filing and Information Items:

The Corporation Annual Report

Ms. Alessia Baker Giles explained the Corporation annual report should be completed by November of this year.

Annual Meeting Calendar

Ms. Bailey noted that the 2015 Annual Calendar will be made available at the December meeting.

Conflict of Interest Policy

Ms. Kristin Bailey advised this the Conflict of Interest Policy is in today's packet and per the By-Laws must be signed annually.

With no further business to come before the DESC Board during the Annual Meeting, the Annual Meeting was adjourned at 10:15 a.m. Chair Sharp resumed the regularly scheduled meeting of the DESC Board.

PUBLIC COMMENT

No public comment was presented before the Board.

GOOD AND WELFARE

Director Swan noted that two colleges in Michigan received the TACT Grant and Wayne County Community College is one of the recipients.

ADJOURNMENT

With no further business to come before the DESC Board, the meeting was adjourned at 10:30 a.m.

Prepared by: L'Tanya Clegg