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A Michigan Works! Agency

MEETING:	DESC Corporation Board Meeting - DRAFT	DATE:	December 3, 2019
IN-PERSON ATTENDEES:	DESC Board Members: Cal Sharp, Lena Barkley, Don O'Connell, Ric Preuss, Alice Thompson, Nicole Sherard-Freeman DESC Staff: Terri Weems, Stephanie Nixon, Michelle Rafferty, Elizabeth Hennessey, Freyja Harris Guests/Presenters: Sheilah Clay	LOCATION:	440 E. Congress Corporate Board Room Detroit, MI 48226
VIA TELEPHONE:	DESC Board/Committee: Chris Uhl, Dannis Mitchell DESC Staff: None	CALLED TO ORDER:	9:46 am
ABSENT:	Excused: Toney Stewart, Maria Woodruff-Wright Unexcused: None	ADJOURNED:	11:07 am
FACILITATOR:	Cal Sharp, Interim Board Chair	DATE MINUTES APPROVED/ADOPTED:	01/21/2020

ITEM	DISCUSSION	OUTCOME/ACTION ITEM(S)
I. Welcome, Roll Call, and Introductions	Cal Sharp, DESC Interim Board Chair, called the meeting to order. Cal Sharp asked for introductions and roll call.	
II. Interim Board Chair Report	Cal Sharp reported: <ul style="list-style-type: none"> • We have been working on our ability to collect data, to collect the right data, to properly analyze it and to understand if we're being effective in providing help, assistance and training to our clientele. We are working to determine how to merge the data coming from the upcoming 2020 census to benefit that same clientele. 	
III. Interim CEO Report	Terri Weems, DESC Interim President & CEO reported: <ul style="list-style-type: none"> • We are very proud of what we've accomplished this year with your support. <ul style="list-style-type: none"> ○ We have executed on the system redesign by expanding our Career Centers, having 8 Career Centers open across the city of Detroit by the end of the year, and an additional Center open in early 2020 in WCCCD. ○ Through October, we've seen over 11,000 new customers, a 67% increase over the prior year. We know that that increase is largely due to the success in providing thousands of Detroiters with information and preparing for jobs at FCA. We learned that when opportunities are presented, Detroiters are ready. We supported the recruitment 	



	<p>and sourcing for FCA leading to more demand for Detroit talent. There were 37,000 people that expressed an interest, there were over 12,000 people shared with FCA as ready for work and we expect 3,500 people to be interviewed. We expect to provide hires with work readiness training and will ask you to approve those contracts later today.</p> <ul style="list-style-type: none"> ○ Due to the expansion of the Career Centers, our focus on Human Centered Design and the FCA activity over the summer, we expected our training and placement activity to be down for the first quarter, but we still fully expect to meet our goals for the quarteryear. ○ We launched a new data platform called Launchpad, which provides leading edge capabilities, enabling us to collect more data on our customers, which will help develop strategies to better align jobs to the talent pool. ○ We are convening a research and data analytics advisory group, consisting of external experts from universities, foundations and think tanks to review the data we're collecting, advise if we need to collect more or different data, how we can leverage that data to perform research, identify different trends and causal relationships. We will use Launchpad to produce reports and better inform the DESC Corporate Board, The Mayors Workforce Board and all other stakeholders. 	
<p>IV. Agenda and Minutes Approval</p>	<p>Cal Sharp commented:</p> <ul style="list-style-type: none"> • With the arrival of Mike Aaron and Chris Uhl, we have a quorum, so we need to move back to the beginning of the agenda for today. <p>Cal Sharp called for a motion to approve the agenda for today's meeting:</p> <p style="text-align: center;">Motion: Mike Aaron Seconded: Don O' Connell Motioned Carried – Approved Unanimously</p> <p>Cal Sharp called for a motion to approve the meeting minutes for October 29, 2019:</p> <p style="text-align: center;">Motion: Lena Barkley Seconded: Alice Thompson Motioned Carried – Approved Unanimously</p>	
<p>V. System Metrics: Impact of Detroit at Work</p>	<p>Michelle Rafferty, Chief Operating Officer reported:</p> <ul style="list-style-type: none"> • We increased the number of new customers; we increased the number of our Career Centers from 3 to 9; have increased the number of people getting career readiness training, the number of workshops offered and promotion of those services; increased the number of enrollments in occupational skills training; the number of people who have obtained employment, and are creating and implementing a data and research analytics advisory group. 	<p>Cal Sharp asked that Board Members be encouraged to participate when the advisory group is begun.</p>

	<p>Cal Sharp asked when the advisory group will be online, and Michelle Rafferty replied that all the desired members have been invited to participate and all have replied yes right away, so we are targeting the end of January 2020 so we have more time to develop a plan on engaging them.</p> <ul style="list-style-type: none"> • First quarter of 2019 we are on track with our new goals, although the training and employment numbers are down. That is attributable to the activities this past quarter getting the new Career Centers up and running, and the FCA project. We did serve 12,000 people, but those job placements are still to come. Those numbers will normalize as the year progresses. • We saw 10,000 new customers come into the Centers through Sept, which is double our goal. • With the implementation of Launchpad, we have changed the way people that come into the Centers are processed/supported. Previously they had to fill out a 4-page form about barriers. We now do a basic intake, which determines the reason they are coming in, and ask basic questions. If it's determined they need intensive services, then there are more questions asked about barriers. That will help us produce solutions to help them with their barriers, which will provide us with deeper data. 	
<p>VI. Recommendations for Contract Approvals</p>	<p>Michelle Rafferty reported:</p> <ul style="list-style-type: none"> • We are requesting that you approve two new contracts, which you have approved previously. We have a new contract amount for Downriver Community Conference, due to Payne Pulliam losing a lease they were considering for a move. They will move later in the year, and so we must change our plans and extend their contract funding. <p>Board discussion ensued.</p> <p>Cal Sharp called for a motion to approve:</p> <ul style="list-style-type: none"> • Downriver Community Conference <p style="text-align: center;">Motion: Alice Thompson Seconded: Don O'Connell Motioned Carried – Approved Unanimously</p> <p>Cal Sharp called for a motion to approve:</p> <ul style="list-style-type: none"> • FCA Work Readiness Training Services - Educational Data Systems & Matrix Human Services <p style="text-align: center;">Motion: Don O'Connell Seconded: Ric Preuss Motioned Carried – Approved Unanimously</p>	<p style="text-align: center;">Alice Thompson asked that if there are changes to contracts that need to be brought before the Board, and there is not time to convene the Program Services Committee, that the Program Services Committee Chair be informed.</p>
<p>VII. Career Center Update</p>	<p>Michelle Rafferty reported:</p> <ul style="list-style-type: none"> • We now have 8 Career Centers open. <ul style="list-style-type: none"> ◦ Our three previous Career Centers are still open. 	

	<ul style="list-style-type: none"> ○ In November we had 3 new Centers open. Southwest Economic Solutions opened in the Welcome Center. We will eventually invite you to open houses at each of the new Centers. ACCESS opened on Warren Avenue, JVS/ResCare opened in the Durfee Innovation Center. ○ Ross and Development Centers are already open and in 2020 Payne Pulliam will open a Center on the far Eastside. <p>Michelle Rafferty introduced Madelyne Bernard-Diab, Director, Career Center System</p> <ul style="list-style-type: none"> • We are conducting monthly meetings with Career Center leadership, the State came out and did a baseline training with our Career Center staff in the different programs, like WIOA and PATH. We recognized later realized we needed need for a deeper dive training, and so we are conducting that training now. • We provided training to the front-line staff about the reasons behind the redesign, the leadership knew, but it had never been explained to the front-line staff. They reacted positively to the information and were on-board with the reasoning and implementation. <p>Board discussion ensued.</p>	<p>Ric Preuss asked that there be a mandated contract addition to ensure that anywhenever construction in the Centers is expected to be be specifically work with businesses that use Detroiters in the construction. DESC to consider as part of future RFPs</p> <p>Alice Thompson requested that there be positive feedback in the next Board meeting in response to Ric Preuss' request.</p>
<p>VIII. Human Centered Design</p>	<p>Michelle Rafferty introduced Kaitlyn McGovern, Coordinator, Human Centered Design & Professional Development:</p> <ul style="list-style-type: none"> • Human Centered Design is both a philosophy of the way we conduct services, and a specific step by step approach to how we implement that. <ul style="list-style-type: none"> ○ The idea starts with humans first, what would be best for our customers, what do they want out of our services, and then other considerations, such as policies and procedures, funding and feasibility are all taken into consideration, although they come second to designing for humans. • We start with a topic question and then employ 5 steps: empathize, define, ideate, prototype, test • We were broken into 9 teams and settled on 3 main buckets to focus on: <ul style="list-style-type: none"> ○ Outreach and intake processes ○ Referrals and partnerships ○ Career Coaching services • The design teams took 3 months to research the 3 topics and present learning, and brainstormed. • There were 9 ideas that came from the research, and they will be tested. • We will embed the results, although it is already starting to happen, depending upon how the testing goes. • One of the team members is an architect, so they did site visits and held meeting with the Career Center staff and leadership to design human centered centers. <p>Board discussion ensued.</p> <ul style="list-style-type: none"> • Of the 9 ideas tested, we will discuss 3 	<p>Alice Thompson asked that research on fabric for Human Centered Design spaces be sent to herthe Board Members.</p>

	<ul style="list-style-type: none"> ○ Outreach and Intake groups asked, “How might we welcome new customers so that they feel valued, respected and that they belong?” Customers don’t know what to expect when they walk in the door, what services they can receive. <ul style="list-style-type: none"> ▪ Create a know before you go app, giving easy to follow directions and information ○ Referrals and Partnerships group asked, “How might we train staff and create referral processes so that customers with mental health issues have the tools needed to better navigate employment and training services?” The Centers struggle with this issue currently. <ul style="list-style-type: none"> ▪ Career coaches would receive regular training to keep abreast of current tools and resources for customers dealing with mental health issues. Development Centers can provide that training. ○ Career Coaching asked, “How might we make a customer’s visit more impactful, so they are motivated to return and meet their goals?” ○ Create one orientation across all the Centers for all programs. Start with the question what do we mean by orientation? <ul style="list-style-type: none"> ▪ We created three teams that came up with three different solutions for orientations. <ul style="list-style-type: none"> • Modular videos that have a click on your interest/need option • Revised group orientation • A one on one conversation, individualized to fulfill your needs ▪ We are prototyping these three ideas, meeting with customers to research what they like and what works well. We will come together next week to discuss. • We will complete our research and implement the results by June. <p>Board discussion ensued.</p>	
<p>IX. Audit & Finance Committee Update</p>	<p>Chris Uhl, Chairperson of Audit & Finance Committee reported:</p> <ul style="list-style-type: none"> • At the last Committee meeting we approved the draft audit report. <p>Terri Weems reported:</p> <ul style="list-style-type: none"> • Kristen Hunt of Plante Moran will be walking us through the audit report. • DESC financials are in a strong position. • Our grant revenues are up for the third consecutive year. • The percentage of non-federal revenues is in a positive trend, at approximately 80% federal and 20% non-federal. • We had both a financial statement audit and a more targeted single audit for federal awards. This year TANF was tested which is our largest federal award, last year it was the entire WIOA cluster. These two awards represent 84% of our total federal awards. There were no issues in those areas. 	

- The audit frequently identifies areas of control improvement opportunities, there is one new one around reconciling bank deposit reconciliation. Bank reconciliations are completed timely, but reconciling items should be resolved in a more timely manner

Terri Weems introduced Kristen Hunt of Plante Moran:

- We have very good financial results to report to you.
- DESC is a non-profit, but since your Board Members are appointed by the Mayor, you are a component of the City of Detroit. As a result, your financial statements will be incorporated into the City's financial statements. In fundraising it's important to note that you are required to report under the governmental model, even though you are a non-profit.
- Your public charity status was approved this year and is reflected in the report.
- We have clean audit opinions on both of your audits.
- Your revenue is up from last year.
- It's important to notice that your federal and state grants don't result in anything being accumulated in your fund balance at the end of the year, it's essentially money in and out of your statements.
- Your private funds balance was spent down slightly due to programs such as GDYT and your summer youth employment programs.
- DESC's assets are very liquid, cash in the bank account and a large amount of receivables, due the high number of reimbursement based grants. We always check this when we do our compliance audit, we tested PATH this year, we check that the reimbursement requests are supported by allowable costs, are accumulated properly and you're drawing down and paying them on a prompt basis. There were no findings related to that.
- Your ending fund balance is entirely restricted, because it is purpose restricted. There is no debt and very few capital assets.
- Related to the grant compliance audit of PATH this year, which is mandated if you spend more than \$750,000 in federal funds. There were no exceptions.
 - We talked in the past about the findings in prior years, those have been resolved. CDBG provides funding for GDTY summer programs, we rely on a significant amount of internal test work on that, to ensure that the students are paid appropriately.
- We had one internal control matter, related to bank reconciliations. There was a group of other reconciling items that related to a new payroll system you implemented, the entries in the past were manually adjusted, and that last manual entry needed to be cleared out. That was taken care of. There was one other items related to unclaimed GDYT payroll checks, which needed to be esheeted to the state. Those adjustments are fully incorporated into the financial statements that you see.
- We received full cooperation throughout the audit, everything was ready for us and all questions were answered in a timely fashion.

Terri Weems continued to report:

- We received our final ruling from the IRS we are officially a public charity. DESC was previously listed as a private foundation, and we received our final status retroactive to July of 2014.

Nicole Sherard Freeman noted for reflection in the minutes that the statement in front of the Board has the 2018 MDNA statement attached to it, and Terri Weems will be making that correction in the official document.

	<p>Cal Sharp called for a motion to approve the draft DESC Financial Report:</p> <p style="text-align: center;">Motion: Lena Barkley Seconded: Ric Preuss Motioned Carried – Approved Unanimously</p>	
<p>X. MWDB Update</p>	<p>Nicole Sherard-Freeman, Executive Director, Mayors Office for Workforce Development reported:</p> <ul style="list-style-type: none"> • Attended the Annual GDYT Funders Breakfast and distributed the University of Michigan Poverty Solutions 2019 draft research brief, and we can have them come into a future Program Services Committee meeting to present their findings. <ul style="list-style-type: none"> ○ The 2015, 2016 and 2017 cohorts of GDYT are more likely to take the SAT’s, are more likely to stay enrolled in high school, more likely to graduate and less likely to be chronically absent. ○ There were at least 4 large employers at the event that would like to have their student’s data added to the larger report. <p>Board discussion ensued.</p> <ul style="list-style-type: none"> • Our CTE work at Randolph, we have 300 participants, we are at 200 at Breithaupt. But it’s been a struggle. We are not sure if it’s to do with the residents awaiting FCA jobs, we don’t want to push to make the numbers hit goals. There are some course corrections we have to do and are starting with career awareness and pathways fairs. • At Southeastern and Golightly, the work is focused on the high school population. We are focusing on mechatronics and robotics, welding, IT and CNC machining for youth. FCA is making those decisions. We are holding off on adult programming until 2021 due to construction and access issues. We are on track to start that work in fall of 2020. We do have a funding gap, but we are confident we will close it. • We have asked University of Michigan Poverty Solutions to take the number of jobs available through Detroit at work and stratify them by entry level, mid skill level and advanced skill level, and by industry, by our 5 high growth, high demand industries and how many lie outside that. Additionally, we asked that they update labor market trends. They have a report on current realities and future trends in Detroit employment, which will be presented at the upcoming Mayors Workforce Development Board meeting. <ul style="list-style-type: none"> ○ With this we are targeting the career pathway from an entry level position to a high level, high pay position. That ties into the data and research analytics advisory group which is being developed. • We are also working with a study of the impact of AI and automation on people of colors community. We are weaving it into our future work. <p>Board discussion ensued.</p>	<p style="text-align: center;">Nicole Sherard-Freeman asked that Cal Sharp and Alice Thompson assist her in bringing the subject of elementary school curriculum to Dr. Vitti as a topic for discussion and action at a future the next MWDB Meeting.</p>
<p>XI. Public Comments</p>	<p>Cal Sharp, called for public comment.</p> <ul style="list-style-type: none"> • There was no public comment 	

XII. Adjournment	<p>Cal Sharp called for a motion to adjourn the meeting:</p> <p style="text-align: center;">Motioned: Don O'Connell Seconded: Alice Thompson Motion Carried. Passed/Approved Unanimously.</p>	

DRAFT SUBMITTED BY:

Printed Name: **Elizabeth Hennessey**

Title: Executive Assistant to the Interim President & CEO

Signature: /s/ E Hennessey

Date: 12/09/2019

DATE MINUTES APPROVED/ADOPTED: 1/21/2020 Initials: EH

NEXT MEETING: Tuesday, January 21, 2019 @ 9:45 AM