

**SOUTHEAST MICHIGAN GOVERNMENTAL ALLIANCE, INC.  
MEETING MINUTES OF JUNE 21, 2021 – 10:30 A.M.**

**A MEETING OF THE MEMBERS** of Southeast Michigan Governmental Alliance, Inc. was rescheduled and held on Monday, June 21, 2021.

Members in Attendance: Commissioner Al Haidous, Michael Bosanac, Mayor Jack O'Reilly and Dale Krajniak

Absent: Khalil Rahal

Guests in Attendance: Charlie Mahoney-WDB Chair, Kristin Hunt-Plante Moran, Melissa Stein-Plante Moran, Yaakov Black-Plante Moran,

Staff in Attendance: Gregory Pitoniak, Kate Brady-Medley, Traci Sassak and Tamara Norrix

**The meeting was called to order at 10:36 a.m.**

**Roll Call**

Roll call was taken and a quorum was present.

**Public Comment**

No public comment was made upon request three times.

**Approval of Agenda**

**MOTION by Bosanac to approve the Agenda of June 21, 2021, as presented, supported by Krajniak. All voting aye, motion carried.**

**Approval of Minutes**

**MOTION by Bosanac to approve the Minutes of March 12, 2021, as presented, supported by Krajniak. All voting aye, motion carried.**

**Approval of 2020 Annual Audit**

Kristin Hunt of Plante Moran provided a summary of the 2020 Annual Audit. She thanked Sassak and the Fiscal Staff for the assistance and support throughout the remote audit. For the Financial Statement Audit, Hunt was pleased to report that this is an unmodified opinion, a clean audit, and the highest form of assurance Plante Moran can provide for this audit. There were no audit findings, journal entries or recommendations. She reviewed the Emphasis of Matter in the Opinion Letter calling attention to the fact that we are living in a pandemic and the footnote explaining SEMCA's ability to continue their work by remote access. She noted that SEMCA is a not-for-profit and provided a review of the Balance Sheet, Statement of Activities, Statement of Functional Expenses, noting that 89% of the funds goes to program activities, which is consistent and comparative to last year.

Bosanac asked if there is a benchmark for not-for profits in the governmental world for Assets for example 15%. Hunt noted that it depends on the type of not-for-profit, but SEMCA is unique in that

most of the funding received does not allow for profit and comes in weekly and goes out weekly. Bosanac also inquired if a two or three-year trending view balance sheet option is available. Hunt advised if the Board prefers this option, Plante Moran can explore it for next year. The June 30<sup>th</sup> filing requirement would make it difficult for this year. The report is on file.

**MOTION by Bosanac to accept the Financial Statement Audit as presented, supported by Krajniak. All voted aye, motion carried.**

Yaakov Black of Plante Moran covered the letters pertaining to Schedule of Expenditures of Federal Awards (SEFA), the Internal Controls as it relates to financial reporting and compliance and the Applicable Compliance Letter for the two major federal programs, TANF Cluster and Unemployment Insurance Grant. There were no findings for the three areas or material weaknesses in Financial or Single Audits. Report is on file.

**MOTION by Bosanac to accept the Single Audit as presented, supported by Krajniak. All voted aye, motion carried.**

**MOTION by Bosanac to accept the communication from Plante Moran to those charged with governments as presented, supported by Krajniak. All voted aye, motion carried.**

**Approval of 2020 403(b) Annual Audit**

Melissa Stein of Plante Moran reviewed the Financial Statements for the 403(b) audit. This is a Limited Scope Audit of the Plan. They do not audit procedures over the investment information, because it is certified as being complete and accurate by the provider Nationwide. There are excluded assets again this year that are covered in Footnote 3 of the Report, which pertain to individuals that made contributions to this plan and separated from employment before 2009. Stein thanked Traci for her diligence in working closely with Nationwide to make sure they received the information necessary to complete a timely audit.

Lastly, Stein covered the Schedule of Assets Held at End of Year and the Schedule of Delinquent Participant Contributions. Stein discussed the DOL's strict regulations to remit employee contributions to the Plan. The February and March 2020 payments, during the bank reconciliation, SEMCA noted that the contribution checks submitted within SEMCA's normal five days were not reconciled, and fiscal was able to determine that the checks had not arrived from the postal service. In response, a new check was issued and received by the Plan, but still must be reported. There is a correction process which would determine the amount of earnings that would have been made had that deposit been received by the Plan in its normal time frame and the contribution to correct it would be for the lost earnings by the participants. The draft End of Audit Letter has not been completed because of a question Plante Moran still needs to resolve with Nationwide, but the late contributions would be an item addressed in the letter.

Krajniak referred to Page 32 under Investment Income and asked if there is a reason why it is broken down between interest and dividends and net realized and unrealized gains and investment. Stein noted that this is a requirement set by the USDOL. He also asked if the performance by Nationwide is reasonable for their investment return? Stein noted the income is consistent with market

performance and the investments offered by Nationwide would be determined by the risk taken for the Plan.

Bosanac inquired if wiring the funds should be used versus utilizing the postal service, and on the delayed contribution what if there was a loss because the market went down? Sassak noted that the Plan is a Legacy Plan and cannot be set up for electronic transfer so payment by check is the only option with the reports SEMCA must submit. Sassak noted the challenges with the Plan and one option is to rebid for a new Plan. The Benefits Advantage, a third party administer, will be providing the calculations for the late payments. Bosanac noted that a new service should be considered, and Nationwide's performance measured against other products. Pitoniak and Sassak noted that they will be looking at this further and consider an RFP in the next 60 days with the help of a consultant. Haidous also noted that a letter should be sent to the company's senior level advising them as to why we chose to leave, and the poor service provided.

**MOTION by Krajniak to approve the 403(b) Annual Audit as presented, supported by Bosanac. All voting aye, motion carried.**

Haidous thanked the Plante Moran team for their professionalism and well-presented report, and the SEMCA team for their hard work.

**Approval of Reappointment to the Workforce Development Board and Appointment of Alternate**

The SEGA board was presented with a list of Workforce Development Board members that have terms expiring on June 30, 2021. Chair Charlie Mahoney received confirmation that each have agreed to remain on the board for an additional three-year term beginning July 1, 2021 through June 30, 2024. The Workforce Development Board is seeking approval for Connie Carroll-United Way of Monroe/Lenawee Counties and her Alternate Laura Schultz Pipis, Jason Evers-Wayne RESA, Chris LaJoy-LaJoy Group, Inc. and his Alternate Todd LaJoy, Wanra Pearson-PNC Bank, Khalil Rahal-Wayne County, Sean Sims-State of Michigan/Workforce Development and Malin Wagner-L & M Educational Services, LLC.

Furthermore, Henry Ford Health System has nominated Shavonne Brown to serve as Alternate to Beth VanSteenkiste, but her nomination arrived prior to the Workforce Development Board Meeting scheduled for July 21, 2021.

**MOTION by Bosanac to approve the reappointments to the Workforce Development Board as presented for a three-year term beginning July 1, 2021 through June 30, 2024, and furthermore, approve Shavonne Brown of Henry Ford Health System-Wyandotte Campus as Alternate to Beth VanSteenkiste subject to concurrence by the Workforce Development Board at their July 21, 2021 meeting, supported by Krajniak. All voted aye, motion carried.**

**Receive and File 2020-2021 Revised Corporate Budget**

Pitoniak provided a summary of the revised corporate and administrative budgets for June 2021 compared to the previously reviewed budgets of February 2021, with modest changes overall. The SEMCA budget has remained stable. Column B shows a differential of approximately \$2.5 Million, which comes from the WIN budget. The potential Administrative Budget went down about \$80,000 and adjustments were made for the potential loss. There were no questions. The report is on file.

**MOTION by Bosanac to receive and file the 2020-2021 Revised Corporate Budget as presented, supported by Krajniak. All voting aye, motion carried.**

**CEW SEGA Board Appointment**

Krajniak noted that he retired from the City of Grosse Pointe Park about a year and a half ago but was asked to remain on the SEMCA Board. Because he is frequently out-of-town, he has decided to step down and has asked the Conference of Eastern Wayne (CEW) to appoint a replacement for him, namely Steve Poloni, City Manager at the Village of Grosse Pointe Shores. For convenience, Poloni resides in Taylor. Krajniak suggested this change in the spring and reminded the CEW recently to place this matter on the next agenda. Krajniak will remain on the SEGA Board until the CEW is able to vote and will provide the resolution from the meeting and a copy of Poloni's resume once completed. He noted that he was not familiar with the organization when he first started but realized immediately the quality of the individuals behind SEMCA, and it has been a pleasure to serve on its Board. Haidous, Pitoniak and Bosanac noted that they have enjoyed working with him. They thanked Krajniak for his dedication to SEMCA and professionalism over the years and wished him well in the future.

**Federal/State/SEMCA Update**

SEMCA shared the invite to SEMCA's 25<sup>th</sup> Anniversary Celebration. Pitoniak provided a list of dignitaries that have been invited including our own SEGA member and founder of SEMCA, Mayor O'Reilly. SEMCA will use its fund balance to help pay for the event and will potentially need \$17,000 for what is planned. These funds come from contracted revenues with other organizations and not from grants. Pitoniak asked the board if there were any concerns. No concerns were noted.

Pitoniak provided a customer service update at the AJC's. As of June 7, we began in-person/walk-in traffic up to 35% capacity, and beginning in July, we will move to a 67% in-person/walk-in traffic capacity or possibly 100% depending on feedback from the AJC's. Customer accounts are still down, but legislation has passed the Senate to reinstate work registration with the Michigan Works Agencies and believe it will also pass the House as well. Stay tuned.

Our formula funding is not expected to receive any reductions. The WIOA and Wagner Peyser is expected to receive a \$1.4 Million increase, which is not related to COVID funding. SEMCA, with WIN as lead, has been involved with several competitive training grants and has received nearly \$14 Million from its grant applications for the State Apprenticeship Expansion, MiLEAP, MEDC Regional Talent Initiative and the federal H1B Workforce Grant. These grants are in partnership with other MWA's and community colleges. The Ballmer Group has invited us to apply for additional funding, and we applied for \$1.4 Million primarily for Youth programs. We have received positive feedback and await approval in the next 30-60 days. Wayne County Economic Development is working with us and community colleges about looking for a transformational workforce development investment opportunity under the American Rescue Plan. The County is receiving \$340 Million and Pitoniak has been a part of the discussion on how a portion of the funds will be spent for workforce programs.

All 16 MWAs have received funding for the Clean Slate Expungement Program, which will assist individuals with expungement of low-level misdemeanors and felonies from their records and in turn help them obtain employment. Two individuals, including an attorney, have been hired for this

program, which we expect demand to exceed our ability to serve. Those participants will then be introduced to our workforce development programs and services.

The Strategic Planning process is underway, and four stakeholder meetings have been held with staff, boards, workforce and business focus groups, as well as 12 individual interviews. A data analysis is being finalized to be presented at the final event taking place on July 21 from 3-5 and July 22 from 9-Noon in the SEMCA Boardroom.

**Reports Presented at May 19, 2021 WDB Meeting**

Pitoniak inquired if there were any questions on the reports presented. No questions were asked by the Board.

**New/Old Business**

Unless there is another emergency order in place, all future meetings will be in-person.

**Adjournment**

**MOTION by Krajniak to adjourn the meeting, supported by O'Reilly. All voting aye, motion carried. Meeting adjourned at 11:56 a.m. The next scheduled meeting is Friday, September 10, 2021 at 2:00 p.m.**

Respectfully submitted,

**Adopted 9/10/21**

Tamara Lamper-Norrix  
Executive Assistant – SEMCA