

SOUTHEAST MICHIGAN GOVERNMENTAL ALLIANCE, INC.
MEETING MINUTES OF THURSDAY, JULY 13, 2023, AT 1:30 PM

A MEETING OF THE MEMBERS of Southeast Michigan Governmental Alliance, Inc. was held on Thursday, July 13, 2023.

Members in Attendance: Commissioner Al Haidous, Michael Bosanac, Steve Poloni and James Perry

Absent: Wayne County Vacancy

Staff in Attendance: Gregory Pitoniak, Suzanne Stolz, Bill Hellar and Tamara Norrix

Guests in Attendance: Bill Tucker and Zack Skrzyniarz of Maner Costerisan

The meeting was called to order at 1:32 p.m.

Roll Call

Roll call taken, and a quorum was present.

Public Comment

No public comment was made upon request.

Approval of Agenda for July 13, 2023

MOTION-PERRY, SUPPORT-POLONI - Approve Agenda for July 13, 2023, as presented. All voting aye, motion carried.

Approval of Minutes of March 10, 2023

MOTION-BOSANAC, SUPPORT-POLONI - Approve Minutes of March 10, 2023, as presented. All voting aye, motion carried.

Approval of SEMCA FY21-22 Annual Financial and Single Audits

Bill Tucker and Zack Skrzyniarz presented from the audit firm Maner Costerisan. Before starting the presentation, Haidous asked if there was any difficulty obtaining information from staff. Tucker noted that other than a late start due to the CFO and fiscal staff changes, everything went well. SEMCA received an unmodified or clean audit. He provided and reviewed the Audit Presentation, an overview of the full report, which the board had received in their packet prior to the meeting. Tucker discussed the financial statements as well as the current trend ratios for the past five years. Staffing increases from new initiatives and WIN grants have increased the company's expenditures. The Federal Single Audit consisted of two major programs, TANF and H1B. No material weaknesses or deficiencies were identified.

Bosanac asked how Pitoniak sees inflation impacting the program awards. The awards do not account for inflation so there is a management element on the administration side. It may affect a smaller number of individuals being served as we fully expend a program's budget, but we are not feeling that yet. However, on the administrative side, with the talent shortage and the competing salaries and benefits, as well as higher daily expenses, it is an increasing challenge as it would be for any organization.

Pitoniak thanked Tucker and his team and the SEMCA Fiscal Team. He noted they began their work with CFO Traci Sassak, who left unexpectedly, then with our Interim CFO Judy Lukitsh, who has 22 years of experience with SEMCA and was previously our CFO before stepping down from the role. They then finished with Suzanne Stolz, who has assembled a strong fiscal team and we are managing well.

MOTION-BOSANAC, SUPPORT-PERRY - Approve the SEMCA FY21-22 Annual Financial and Single Audits as presented, motion carried.

Approval of SEMCA 403(B) Plan Audit

Zack Skrzyniarz provided the 403(B) Financial Audit report to the Board. He discussed the Basis for Disclaimer of Opinion, which is common practice for ERISA Employee Benefit Plan audits and noted that next year it will be a Comparative Format Audit. Testing was done on participant contributions, employer match, distributions, and loans to confirm accuracy. He reviewed the financial statements and the investment portfolio that made up the PSA contract. No material weaknesses or deficiencies were identified. It is as clean of an audit as could be provided. A Certification from the TPA, Nationwide Life Insurance Company was received that certified SEMCA's investments and related income is complete and accurate. There was a net depreciation of \$500,000 due to the market. Participants increased and SEMCA also increased its employer match to 6% from 4%. The board was referred to Page 12 of the report. Skrzyniarz thanked Suzanne and her team for all her help. This report was completed yesterday.

Greg, CFO Suzanne Stolz and HR Manager Denise Koning are in search of an expert consultant to help guide SEMCA as they look for a better investment option, if possible.

MOTION-POLONI, SUPPORT-BOSANAC - Approve the SEMCA FY21-22 403(B) Plan Audit as presented, motion carried.

Approval of Workforce Development Board (WDB) New Member and Reappointed Members/Alternates

SEMCA received notice that Khalil Rahal, formerly of Wayne County, resigned and an economic development replacement was required for the Workforce Development Board. Wayne County has nominated Hassan Sheikh, Wayne County Economic Development Director to replace Mr. Rahal and finish out his term through June 30, 2024, and SEMCA is seeking SEGA's approval of this appointment.

SEMCA's Workforce Development Board is also requesting the SEGA Board to approve the reappointment of the following Workforce Development Board Members and Alternates whose current terms will expire on June 30, 2023, for a new three-year term:

- Lee Graham, Operating Engineers 324 for the Labor-Apprenticeship Sector
- Gerald Hesson and his Alternate Collin Keehn, AFL-CIO for the Labor Sector
- Naheed Huq of SEMCOG for the Community Based Organization Sector
- Charlie Mahoney of Four-M Associates for the Business Sector
- Donna Moser and her Alternate Jessica Lake of Gerdau Special Steel for the Business Sector

MOTION-POLONI, SUPPORT-PERRY - Approve the appointment of Hassan Sheikh of Wayne County as an Economic Development Representative for the Workforce Development Board, replacing Khalil Rahal, to finish out the term through June 30, 2024.

FURTHER MOTION-POLONI, SUPPORT-PERRY - Approve the reappointments of Lee Graham of Operating Engineers 324, Gerald Hesson and Alternate Collin Keehn of AFL-CIO, Naheed Huq of SEMCOG, Charlie Mahoney of Four-M Associates and Donna Moser and Alternate Jessica Lake of Gerdau Special Steel, for a new three-year term of July 1, 2023, through June 30, 2026.

Receive and File SEMCA 2022 PQI Annual Report

Hellar provided a summary of the PQI Report. Performance measures were reviewed. Bosanac asked if SEMCA is happy with the performance results. Pitoniak noted that with the complexity of the pandemic and the labor shortage making it easier to obtain a job without SEMCA's help, we are happy with the results. Talent shortages were difficult prior to the pandemic, but it is now more extreme. Employers are experiencing a high number of retirements and they are willing to train new employees. It is a changing world. The report is on file.

MOTION BOSANAC, SUPPORT POLONI, - Receive and file the 2022 PQI Annual Report as presented. All voting aye, motion carried.

Receive and File FY 2022-2023 Revised Corporate Budget

Pitoniak reviewed and provided a comparison to the report provided in March noting the administration revenue difference with the reduction of the Wayne LINC from \$50 million to \$35 million. He further discussed the WIOA/ES formula funding cuts expected. He noted that SEMCA does not anticipate any layoffs and will do its best to keep the contractors whole with carry-over funding and SEMCA formula funds. We feel we can manage it by prioritizing services but will need to cut training dollars. Other programs like GEM and EVJA will provide some training funding. LEO-WD may provide supplemental funding in the future.

MOTION-BOSANAC, SUPPORT-POLONI- Receive and file the Revised FY 2022-2023 Corporate Budget as presented. All voting aye, motion carried.

CEO Report

Pitoniak discussed the following:

- Looking forward to Assad Turfe, Deputy CEO of Wayne County joining the SEGA Board.
- The 2022 Annual Report was emailed to the SEGA Board.
- AJC's flow of customers is steadily increasing. They are looking for ways to boost awareness of new programs and their training opportunities.
- Wagner Peyser Rule decision is expected to be released in August. Senator Peters and Congressman Wahlberg continue to bring awareness of the adverse effects the change will have on Michigan. Congressman Walberg has mentioned the possibility of introducing a bill that would block the changes.
- Wayne County LINC funding changes and continual delays to move forward has SEMCA concerned that bids that were received in March will be stale. Hopefully, we can negotiate contracts soon.

- SEMCA will participate in the two new state RFPs for BRES funding, which is no longer formula funded, and MiIMPACT as well as additional PATH funding. SEMCA will receive funding for Pathways to Workforce for jailed inmates and Job Court through the Attorney General's office to work with those facing jailtime unless they complete the program.
- Under EV Mobility SEMCA received \$4 million for EV infrastructure training statewide for journeyman technicians to install charging stations. Contract Awarded to MUST and they will receive \$3.6 million. Looking at the possibility for a charging station here at SEMCA. Pitoniak suggested the Board review the GEM Report in their packet regarding the many updates from the GEM team.
- SEMCA received the highest award of \$1.2 million of the \$8.6 million awarded statewide to MWA's for EVJA training.
- Congressionally Directed Fund Applications were submitted with Senator Peters and Senator Stabenow. At a recent event, SEMCA was told that its submission is on the list for consideration with Senator Peters.
- GPTF Cycle II applications closed. SEMCA submitted 44 applications for approximately \$1.9 million. With Cycle II SEMCA submitted a total of 116 total applications for the year.
- LEO and DHHS joined SEMCA for a leadership meeting both here at SEMCA and at the Livonia office to educate and understand the PATH process.
- SEMCA provided Critical Incident Training for over 160 frontline staff. Pitoniak thanked Wayne County Community College for providing space at no cost at both the campus on Northline and in Van Buren Township.
- The Michigan unemployment rate is 3.7% for the month of June. Labor force participation rose 60.5%.

Haidous thanked the SEMCA leadership and staff for their hard work, clean audit and for the good reputation they have built that state and other partners can rely on and continue to seek out.

New/Old Business

Next meeting is scheduled for Friday, September 8, 2023, at 2:00 p.m.

MOTION-PERRY, SUPPORT-POLONI, - Adjournment of meeting at 2:55 p.m. All voting aye, motion carried.

Respectfully submitted,

Adopted at Meeting on 9/8/23

Tamara Lamper-Norrix
Executive Assistant