August Executive Committee Meeting Minutes
08/12/2026 2:00 PM CDT to 3:30 PM CDT
Workforce Solutions Rural Capital Area

1. Welcome: Executive Committee Chair

Presented By Frank Leonardis

- The meeting began at 2pm with informal greetings and attendance checks as members joined.
- Frank Leonardis confirmed that four out of seven committee members were present, establishing a quorum for the meeting.

2. Roll Call

Presented By Frank Leonardis

Members Present

Rene Flores
Margaret Lindsey
Nikki Stallings
Frank Leonardis
Kyle Swartz

Members Absent

Alfonso Sifuentes
Tim Ols

Others Present

Paul Fletcher
Lori Forman
Eric Stanfield
Diane Cook
Eugene Ratliff
Gavin Wilson
Kely Moreno

3. Budget

Presented By Eugene Ratliff

3.1. 2025-2026 Budget Amendment 3*

- Presentation of a budget amendment to the 2025-2026 budget, including explanation of additional funds received and allocation changes. Notable items include new grant awards, such as the YouthBuild grant ($1.5 million) for disconnected young adults, and startup funding for American Youth Works as a contractor. The amendment also includes new child care funding and a contract with Texas State University to provide child care assistance for first-generation college students through the provider network.
- Kyle Swartz joined the call bringing the attendance number to 5.
- Rene Flores Motion - Motion to approve the budget amendment for the 2025-2026 budget.
- Nikki Stallings Second - Motion seconded.
- Decision - Motion to approve the budget amendment carried (no opposition noted).
- Closing remarks following the approval process for the proposed budget amendment.

3.2. May & June 2026 Financials*

Presented By Eugene Ratliff, Gavin Wilson

- Gavin Wilson presented the May and June financial statements, highlighting a significant drop in cash from approximately $2.5 million to just over $1 million in May, primarily due to timing of grant draws and expense payments. Deferred revenue also decreased, and unrestricted cash remained steady.
- Revenue and expenses for May showed a substantial increase, aligning with last year's figures after a period of lag. This was attributed to timing of contractor invoicing and grant spending.
- Losses were triggered by disposal of old fixed assets, but these did not involve cash expenditures.
- Functional expenses for May were generally in line with last year. Direct child care contracted services were down, but total contracted services were slightly above last year. Professional services expenses were down year over year.
- Statement of cash flows reflected the drop in cash, with the organization ending May at just over $1 million, down from over $2 million at the start of the month.
- June financials showed cash was slightly down from May, grants receivable increased due to timing, prepaids rose, and deferred revenue remained flat. Net assets were essentially unchanged.
- June saw a decrease in revenue and expenses compared to May, but the organization was running ahead of last year. Expenses exceeded revenue, mainly due to non-cash expenditures, resulting in a change in net assets of minus $250,000.
- Functional expenses for June showed contracted services for direct childcare were down year over year, but overall contracted services were up when including quality projects and operations. Equipment and related expenses increased, largely due to software purchases.

- The third quarter ended with financials generally on track, though cash remained substantially lower than at the start of the year, dropping from almost $2.5 million to just over $1 million.
- Frank Leonardis requested to review the budget versus actuals for May and June before proceeding with approval of the financials.

- Eugene Ratliff presented the May and June budget vs actual financials, noting no significant variances over 10% except for W&I, which had an 11% variance due to staffing changes. He indicated there were no major concerns with these variances.
- Discussion included underspending in TANF Reinvest contracts, which will carry into next year, and SDF grants and YouthWorks, with sufficient time remaining to spend allocated funds.
- Eugene Ratliff explained that the NDW spring storms grant funds were not utilized because cleanup was completed before the grant was awarded, so the funds remained unused and would eventually expire.
- Direct child care funding (CCQF) had 1.7 billion remaining, but expenditures were increasing rapidly in July and expected to be spent down by the end of summer.
- SEAL program expenditures were beginning, with the first invoice of approximately $34,000 received, and more expected as student activities conclude.
- Diane Cook clarified that the CCM child care funding is drawn down after ISDs certify their investment, allowing the organization to access $2.147 million in federal funding, which was being spent in July.
- Diane Cook reported that two NDW grants (spring storms and Tesla) ended June 30th, with $132,999 and $18,481 remaining unused, as these grants are for dislocated worker emergencies and are reimbursed rather than provided up front.
- Action Item - Eugene Ratliff committed to bringing column headings over to the second page of the financial report for clarity, following Rene Flores's suggestion.

- Rene Motion - Motion to approve the financial reports for May and June.
- Kyle Second - Motion seconded.
- Decision - Motion to approve the May and June financial reports carried.

3.3. 2026-2027 Budget*

- Presentation of the proposed 2026-2027 fiscal year budget, which is similar to the current year's budget, with a reduction of approximately $40,000 and a proposed total budget of $63.9 million.
- Operating expenses have been reduced due to achieved efficiencies and discontinued products; infrastructure expenses remain consistent, with $141,000 allocated for new Llano and Taylor locations.
- Changes in contracted services and direct training/support are primarily due to the end of several funding streams and projects in summer 2026, including the reinvest grant ending in May 2027 (funding for eight months instead of twelve). Addition of American Youth Works and Rare (re-entry contractor) noted.

- Drop in contracted services for C2 is due to closure of special projects (e.g., two national dislocated worker grants, RHI grant), resulting in reduced staff and operational costs.
- C2 manages staffing based on grant-funded programs, using attrition and cross-training to adapt to changing funding levels. Staff are informed about the grant-funded nature of their positions and the lack of guaranteed future funding.
- Major impact of reductions is seen in the reinvest project, which ends in May 2027. The reduction is significant ($1.7 million), with funding now focused on employment entry, retention, and purchasing tools/equipment rather than high tuition amounts.
- Several projects ending in 2026 (RHI, two NDW grants) contribute to the budget reductions for 2027.
- Kyle Motion - Motion to approve the 2026-2027 fiscal year budget.
- Rene Second - Motion seconded.
- Decision - Motion to approve the 2026-2027 fiscal year budget carried.
- Board members and staff were thanked for their participation in the budget process, with recognition for improvements in routine and committee involvement.

4. WNI Affiliation Agreement*

Presented By Diane Cook, Paul Fletcher

- Workforce Solutions Rural Capital Area is considering entering into an agreement to become the employer of record (PEO) for Workforce Network Inc. (WNI), which would allow WNI's seven staff to access benefits through Workforce Solutions. WNI currently struggles to offer benefits due to its small size and high costs.
- The arrangement would be funded through existing grants, with benefits costs being an allowable expense. Workforce Solutions can provide benefits at a lower cost due to its larger pool (currently 30 insured, would increase to 37 with WNI staff).
- The affiliation agreement was developed with legal counsel and outlines responsibilities, including management, hiring, firing, and discipline of WNI staff, who would become Workforce Solutions employees. WNI's executive director, Emily Miller, would retain her title and role.
- The agreement is expected to reduce administrative costs, streamline fiscal management, and enhance WNI's credibility for grant applications. WNI staff would be subject to Workforce Solutions' HR policies and procedures, with an advisory board proposed for oversight.
- The arrangement is intended to be temporary (3-5 years), after which WNI is expected to become financially sustainable, partly due to a $1,000,000 one-time endowment from a benefactor. At that point, Workforce Solutions may pay rent to WNI for use of their training facility.
- Potential risks discussed include insurance rate changes, liability exposure, and employee relations challenges due to co-employer status. The insurance plan is level-funded with stop-loss provisions, and no current COBRA participants.
- The board discussed whether dissolving WNI and hiring staff directly would be preferable, but this was rejected due to the value of WNI's local relationships and reputation.

- No conflicts of interest have been identified between WNI's ownership structure and Workforce Solutions staff.
- Motion - Motion to approve allowing Paul Fletcher to enter into the affiliation agreement with Workforce Network Inc. was made by Kyle Swartz.
- Second - Motion seconded by Nikki (as confirmed in transcript).
- Decision - The motion to authorize the WNI Affiliation Agreement failed.
- Action Item - The group will consult with Paul Fletcher and consider scheduling a separate meeting to discuss the WNI Affiliation Agreement further.
- Participants expressed appreciation for the effort and opportunity to vote on the WNI Affiliation Agreement.

5. Subrecipient Contract Renewals*

Presented By Diane Cook, Paul Fletcher

5.1. Workforce Services - C2 Global Professional Services, LLC

5.2. Child Care Services - BakerRipley

5.3. YouthBuild - American Youth Works

5.4. ReInvest - Workforce Network, Inc.

- Presentation of annual contract renewals, including approval authority to enter into contracts with service providers for administered projects. The workforce services initial budget is just over $8 million. Fiscal integrity reviews are underway to ensure compliance with federal grant restrictions.
- Approval sought to enter into contract negotiations with C2 for workforce services, Baker Ripley for child care services, American Youth Works for the first year of the Youth Build contract (starting in October), and Workforce Network Inc. for reinvestment (also starting in October).
- Rene Motion - Motion to approve the renewal and/or continuation of contracts with C2, Baker Ripley, American Youth Works, and Workforce Network Inc.
- Nikki Second - Motion seconded.
- Decision - Motion to approve the renewal and/or continuation of contracts carried.

6. Policy Updates

Presented By Diane Cook

6.1. Procurement Threshold*

- The board discussed proposed changes to procurement policy thresholds to align with updated federal standards. Key changes include increasing the equipment threshold requiring prior approval from $5,000 to $10,000, raising the micro purchase threshold from $10,000 to $15,000, expanding the small purchase threshold from $250,000 to $350,000, and adjusting the formal procurement threshold from $250,000 to $350,000.

CEO authorization limits will also be revised to match the new formal procurement threshold.
- Rene Motion - Motion to approve the updated financial procurement policy, including revised thresholds and CEO authorization limits.
- Nikki Second - Motion seconded.
- Decision - Motion to approve the updated financial procurement policy carried with no opposition.

7. Monitoring Reports

Presented By Diane Cook, Frank Leonardis

NONE

8. Cybersecurity Report

Presented By Eric Stanfield

- Eric Stanfield provided a cybersecurity update, reporting that phishing simulation results showed 4% of staff clicked on simulated phishing emails over the last three sessions. Simulations included emails disguised as Zoom invitations and documents from Human Resources.
- Risk summary indicated the organization remains below benchmark risk levels. Following Patch Tuesday, 401 risks were identified, including three zero-day vulnerabilities, which is typical for monthly updates.
- No significant incidents were reported in the recent period; historical incident breakdown was reviewed.
- The new service desk is live, with ongoing template development by Joe. Staff feedback has been positive.
- Action Item - Joe is assigned to continue working on service desk templates.
- DSPM for AI and information protection within Purview and M365 are nearing completion, supporting the organization's AI introduction.
- TCF review meetings occurred this week, with additional meetings scheduled with the state and Capital Area. Policy development, especially for M365 and AI guardrails, is ongoing in collaboration with another group.

9. Announcements & Other Business

Presented By Paul Fletcher

10. Schedule a Date & Time for the next Committee Meeting

Presented By Frank Leonardis

- The next regular meeting is scheduled for October 14th.
- A special meeting has been scheduled for August 25th at 10 a.m.

11. Adjourn

- Motion - Motion to adjourn the meeting 3:18pm.