



October Executive Committee Meeting Minutes
10/14/2026 2:00 PM CDT to 3:00 PM CDT
Workforce Solutions Rural Capital Area

Members Present

Tim Ols
Nikki Stallings
Margaret Lindsey
Frank Leonardis
Rene Flores

Members Absent

Alfonso Sifuentes
Kyle Swartz

1. Welcome: Executive Committee Chair

Presented By Frank Leonardis

2. Roll Call

Presented By Frank Leonardis

Chair Frank Leonardis confirmed that a quorum was present, formally calling the meeting to order.

3. Budget

Presented By Eugene Ratliff

The committee noted that no budget amendments were required for this meeting.

4. Financial Review*

Presented By Gavin Wilson YPTC

4.1. July 2026

The statement of financial position showed cash slightly increasing to a little over \$1 million, with receivables and deferred revenue both rising to over \$4.5 million due to the timing of grant draws. Prepaid expenses increased by just under \$200,000, payables declined while total accrued liabilities rose by a little over \$100,000, payroll liabilities decreased slightly, and net assets increased by about \$15,000 in July, largely attributable to the VRS contract, even though year-to-date net assets remained behind the prior year mainly because of non-cash items such as depreciation, asset disposals, and lease amortization. The statement of activities reflected approximately \$5.5 million each in revenue and expenses, yielding a modest positive monthly change in net assets of around \$15,000, and year-to-date revenues just under \$50 million—about \$1 million ahead of the prior year and tracking closely with budget—while year-to-date expenses were within range of revenues but roughly 3% above the prior year, resulting in a negative year-to-date change in net assets driven by non-cash expenses. Non-cash items were identified as the primary cause of the approximately \$232,000 year-to-date decrease in net assets, with unrestricted cash steady at about \$400,000, indicating adequate liquidity, and the statement of functional expenses showed direct child care costs consistent with the prior year, significantly higher quality project expenditures, slightly higher salaries and wages, outreach and recruitment spending about 29% above prior year, and markedly lower professional services, while roughly 90% of expenses continued to be directed to program activities and 3% to

administration—a ratio described as very favorable relative to typical nonprofit benchmarks. The statement of cash flows showed that total cash, starting at slightly over \$2 million, had decreased by approximately \$1.2 million to a little over \$1 million year-to-date, largely due to timing differences between when expenses were incurred and when grant draws were received, and the committee observed that one additional month of financials would be reviewed at the next meeting, when year-end results would be available as Lori and her team continued progress on the year-end close.

4.2. August 2026

Gavin Wilson presented the August financials, explaining that cash increased to approximately \$3.5 million—compared with about \$2.5–3 million in the prior year—while receivables decreased to just over \$300,000, accounts payable rose, and deferred revenue declined in line with the receivable changes, with overall swings primarily attributed to grant draw timing, expenditure flows, and adherence to allowable cash rules, and no significant change in net assets. On the statement of activities, August performance was near the monthly average with little month-over-month movement in net assets, though results remained well behind the prior year because of non-cash expenses, and year-to-date unrestricted expenses totaled \$54,000 versus \$77,000 in unrestricted revenue, demonstrating that unrestricted cash revenue was ahead of unrestricted cash expenses. The statement of functional expenses showed combined childcare and quality project spending more than \$1,000,000 above the prior year, highlighting increased investment in program activities, while professional services, travel, and staff development expenditures were substantially below last year, and the loss on disposal reflected non-cash removal of residual fixed asset values from the books. In response to questions from Frank Leonardis, Diane Cook clarified that increases in quality project contract services were tied to childcare quality initiatives and driven by changes in timing, noting that resources and materials grants and teacher incentives or stipends were distributed annually in 2025, twice yearly in 2026, and would move to quarterly distribution in the coming year to expedite getting funds to recipients. After discussion, committee chair Frank Leonardis invited further questions or comments on the July and August financials; none were raised, and the financial review concluded with a transition to the BVA discussion led by Eugene.

4.3. Budget Vs Actuals

Staff explained that most July budget-to-actual variances had already been reflected in the August budget-to-actuals to streamline the discussion, and the board agreed to focus primarily on August as the most current year-to-date perspective, noting minimal differences between July and August beyond higher expenditures. August operations and one-stop infrastructure expenses were reported as approximately 5% under-expended, with overall expenditures about 6% under budget, though staff cautioned that September activity was expected to change these figures, and they reviewed contracted services variances, attributing lower spending to staff turnover and restructuring in WNI, with unspent funds slated to carry over into the new program year rather than being forfeited. Under-expended grants categorized as “3” on page 2 were identified as carrying forward into the new program year, and staff expressed confidence these funds would be fully expended based on the budget plan, while a significant variance in the Reinvest grant was explained by an extension of its end date from August 2026 to May 31, 2027, prompting staff to intentionally slow enrollment in 2026 so that additional participants could be served in 2027, with apparent unspent funds budgeted to carry forward to support both staff and students through grant closeout. Staff also clarified that recurring under-expenditure in quality funds (category “4”) typically occurs because those dollars are spent near year-end, and they have accelerated activities to reduce repeated explanations of lagging quality expenditures in future reports; they further described seasonal initiatives such as CCampus as having large budgeted amounts that will not be entirely spent this year, with remaining funds carried forward and CCampus expenditures occurring in September, noting that initial budgets were set high due to uncertainty about program needs. Eugene Ratliff reported that footnotes had been prepared for the budget versus actuals to provide additional context and noted that many grants had in fact been fully expended as staff progressed through year-end closeout, and he agreed to modify the report layout to bring the column headings over to the second page, as requested by Rene Flores.

Following the review of the July and August financial statements, the committee moved to formal financial approval, during which a motion was introduced to approve the July and August financial statements in their entirety, ensuring that the earlier discussions on cash position, grant timing, non-cash expenses, and budget variances were formally acknowledged and accepted. The motion to approve the July and August financial statements was explicitly made by Rene Flores, underscoring clear attribution of the action on the record, and was then seconded by Timothy A. Ols to indicate broader committee support for adoption. After confirming that there were no further questions or objections, the committee proceeded to a vote, and the motion to approve the July and August financial statements carried with a yes and no opposition recorded, thereby finalizing executive committee endorsement of the financials as presented and closing the financial approval portion of the meeting.

5. Amendment of Core Governance Documents*

Presented By Paul Fletcher, Diane Cook

The committee reviewed proposed governance document changes, beginning with an explanation that earlier adjustments to add a childcare board position had effectively shifted the authorized board size from a flexible range of 25–35 members to 27–35 members, necessitating updates to county representation limits and harmonization of these changes across all governing documents. Members discussed how the same numerical adjustments and county representation changes were being consistently applied to three key documents—the board bylaws, the Chief Elected Officials (CEO) agreement, and the partnership agreement—with specific edits referenced on several pages of the packet, and they noted a correction to update the named chief elected official from Paul Pape to Brett Bay while aligning board composition figures with the current structure. The conversation included a recap of statutory board composition requirements, emphasizing that at least 51% of members must represent private business and the remainder must include labor unions, public agencies, education, and mandated representatives from Health and Human Services, the Workforce Commission, and vocational rehabilitation, ensuring compliance with state and federal expectations. It was further clarified that the organization’s legal name is Rural Capital Area Workforce Development Board, doing business as Workforce Solutions Rural Capital Area, and that references to “LWDB” in the CEO agreement and other Texas Workforce Commission documents denote the Local Workforce Development Board generally across all 28 boards in Texas; after this discussion, a motion by Timothy Ols to accept the changes to the three governance documents (board bylaws, CEO agreement, and partnership agreement) as presented was made, seconded by Nikki, and, following a call for discussion and a voice vote, the motion carried with no stated opposition.

6. UI Work Search Requirements*

Presented By Diane Cook

The board was informed that the state had increased the minimum weekly UI work-search requirement from 3 to 5 contacts and was asked to adopt 5 as the minimum for Rural Capital, with staff clarifying that the board could not set a requirement below 5 but could choose a higher threshold if justified, making the current step essentially an administrative adoption of the state-required minimum. A plan was outlined to monitor the impact of the new 5-per-week requirement over a six-month period and to bring an analysis and any recommendations back to the board in April, including whether to increase the requirement beyond five work-search contacts per week. Staff defined a qualifying work-search contact as a resume submitted to an employer, a completed job application for an employer, or attendance at a verifiable Workforce Solutions workshop, and they explained that claimants submit weekly job search logs to the UI department and are subject to random verification checks to ensure compliance with the requirement. A motion to approve adoption of the new five-per-week minimum work-search requirement for UI claimants was made, noted as having been moved by Rene Flores, seconded, and subsequently carried unanimously by voice vote, with no opposition voiced.

7. Policy Updates*

Presented By Diane Cook

Staff presented new policy FIN-03, which establishes a comprehensive gift acceptance and fundraising framework distinguishing between donations and sponsorships tied to federal funding—where funds must be returned to the originating program and spent before federal dollars—and those associated with non-federal funding, clarifying how each category will be managed. The policy outlines who has authority to decide which types of fundraising and sponsorships the organization will pursue, sets criteria for accepting gifts, and defines the level of scrutiny required for donations or sponsorships that could affect organizational reputation or conflict with its mission, including the ability to decline gifts that present concerns. Under FIN-03, unrestricted cash gifts under \$50,000 may be accepted without additional review, whereas cash gifts of \$50,000 or more, as well as certain categories such as stocks and securities, in-kind contributions, restricted gifts, and real estate, must undergo additional review, and the policy also provides for the use of donations as federal cash match when permitted by the underlying grant or funding source, a key feature for the newly awarded YouthBuild contract with its 25% cash match requirement. FIN-03 further sets rules for classifying gifts as unrestricted or donor-restricted and includes a conflict-of-interest provision requiring disclosure of perceived or actual conflicts and subjecting such donations to heightened scrutiny; staff clarified that applicable federal programs allow certain fee-for-service revenue, which must be returned to and spent within the originating federal program, and noted that while fee-for-service is not currently utilized, past donations have typically been small cash amounts of about \$500 or in-kind contributions such as employer payments for food or facility rentals. They explained that FIN-03 formalizes existing practices and positions the organization for more proactive solicitation of donations and sponsorships to diversify revenue, and noted that the policy was developed with support and feedback from Gavin and counterparts at YPTC over several months, though it had not been reviewed by legal counsel, with staff expressing openness to further discussion or revision at a future meeting, including in December; following this discussion, a motion to approve FIN-03 as presented was made, seconded, and carried by voice vote with no opposition recorded.

8. Monitoring Reports

Presented By Diane Cook, Frank Leonardis

NONE

9. Cybersecurity Report

Presented By Eric Stanfield

Eric Stanfield delivered the cybersecurity report, noting that a September 24 phishing simulation produced only 5 clicks out of approximately 195 staff participants—a low failure rate—while quizzes were being completed and the organization maintained a high secure culture score as assessed by Arctic Wolf. He reported that the risk heat map remained generally positive, though some risks were not fully mitigated, and that 409 new vulnerabilities had been identified at the time of the report, with ongoing remediation occurring each patch Tuesday; recent security reviews had produced several investigations and ticketed incidents, but none rose to the level of major concern. Eric outlined progress on TCF controls, including creation of a control review calendar, exception registers, and remediation trackers, as well as drafting and distribution of AI policies and guardrails to all staff and continued work on GCC tenant policies for Microsoft 365, and he indicated that a TCF review is planned to begin sometime next year, with an exact date still to be determined as the team prepares a roadmap. He also noted that a full equipment inventory, covering all purchased equipment, is scheduled for November–December and typically takes about one month, and he described the standard operating procedure for responding to repeated failures in phishing simulations: each failure triggers an immediate remediation quiz; a 3rd and 4th failure within a year prompts an email to the user's management and assignment of extra training; and upon a 5th failure, IT meets with managers and the staff member to develop a remediation plan, adding that they have not yet encountered any cases exceeding 5 failures.

10. Announcements & Other Business

Presented By Paul Fletcher

Chair Frank Leonardis provided logistical details about the upcoming board retreat, announcing that it would be held next week at Kalahari, starting at 10:00 a.m. on Wednesday, continuing through the day with dinner provided, then resuming Thursday morning and concluding around lunchtime.

The committee discussed how recent governance updates—including the bylaws, CEO agreement, partnership agreement, and the new finance policy—would be routed to the full board, considering whether they should appear on the consent agenda or as separate action items, and clarified that these documents and policies would ultimately go to the full board for approval rather than being finally approved at the executive committee level. Members agreed that the new finance policy should not appear on the consent agenda but instead be presented as a separate item to ensure explicit board discussion, while the bylaws, CEO agreement, partnership agreement changes—primarily aligning documentation with the previously added childcare board position—and the UI work search requirement change from 3 to 5, mandated by TWC, would be placed on the board’s consent agenda. The committee also noted that any future decision to raise the UI work search requirement above 5 could be revisited later, with 5 remaining the current minimum required by TWC.

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

Presented By Frank Leonardis

The next executive committee gathering is scheduled for Wednesday, December 16, and will be held immediately prior to the December board meeting rather than as a separate standalone executive committee session.

12. Adjourn

A motion to adjourn the meeting was entertained by Chair Frank Leonardis, seconded and, following agreement from the members, the meeting was formally adjourned with participants thanked and dismissed.