THREE RIVERS COMMUNITY ACTION, INC.
Board of Director's Meeting Minutes
Wednesday, December 19, 2018
Three Rivers Community Action, Inc.
1414 North Star Drive, Zumbrota MN
9:00 to 10:15

Members Attending: Jo Anne Krier, Julie Steberg, Heather Robins, Ruth Boudet, Jodi Johnson, Anita Swift, Meredith Erickson, Abdullah Hared, Mark Thein, Brian Goihl, Dave Windhorst

Staff Attending:
Jennifer Larson, Executive Director
Kindra Papenfus, Chief Financial Officer
Leah Hall, Community Development Director
Jane Adams Barber, Head Start Director
Tracy Holguin, Transportation Director
Vicki McKay, Human Resources Director
Donna Stamschror, Administrative Support Manager

Members Excused: Barney Nesseth, Alicia Norton, Galen Malecha

Call to Order: Meeting was called to order at 9:00 a.m. by Vice Chair Goihl

Determination of a Quorum: Quorum was met

*Approval of the November 14, 2018 Meeting minutes (agenda packet pages 4-9)

Ruth Boudet made a motion to approve the November 14, 2018 minutes, Meredith Erickson seconded, motion unanimously approved.

*Approval of the December 19, 2018 Agenda (agenda packet pages 1-3)

David Windhorst made a motion to approve the December 19, 2018 agenda, Mark Thein seconded, motion unanimously approved.

Case of the Month – None
Director's Report

- Introduce Vicki McKay, joining us as our new HR Director. She has been with us for three weeks. She has many years of HR experience both in the for-profit and nonprofit sector, and we are excited to have her join the team.

- You may have noticed the children's bikes in the hall when you arrived. We have an anonymous donor who drops them off at the door each year. We distribute them at all of our Head Start centers and have a drawing for the families. You may also notice several boxes stacked up around the office. These are blizzard boxes for our Home Delivered meal recipients, so they have meals on the days meal delivery is cancelled due to bad weather.

- Nominating Committee – January is when we appoint board members and elect officers. Members serve five year terms, so we are putting together the list of whose terms are up in 2019. We will be asking for volunteers for the Nominating Committee. Our bylaws state that committees should have representation from all of our four counties, and include at least one person representing each of the three sectors (low-income, elected official, and community representative).

- We have been going back and forth with MnDOT on our agency's Cost Allocation Plan. The staff at MnDOT want us, and all other Community Action agencies who run rural transit programs, to go to an indirect rate to charge administrative overhead to the grant, rather than use a Cost Allocation Plan as our agency does. Federal Uniform Guidance on administration of federal grants (2 CFR 200) says that we can use a Cost Allocation Plan, but we are getting pushback from MnDOT. We are working with our state association on a joint response to MnDOT on this issue, including getting an opinion from CAPLAW to help make our case. On a side note, we have also had some issues with MnDOT reimbursing our grants in a timely manner the past year. Staff will continue to work with MnDOT to see what we can do to speed up reimbursements.

- Legislative Visits – I recently met with Brian Daniels (Faribault), and Mike Goggin (RW) just visited our Red Wing Head Start Center. I’m working with Tina Smith’s Rochester staff to come and visit one of our sites in early 2019, which will likely be Faribault. We will continue to follow-up on other invites that we sent out right after the election. I also plan to get to each of the county boards in 2019.

- Government Shutdown – A partial federal shutdown could happen on Friday, December 21, 2018. Most of our programs were approved back in
September, but HUD is one of the agencies that would be affected by a shutdown on Friday. Our HUD-funded programs (homeless programs) also have state funds, so we don’t anticipate any disruption to staffing or programs.

- US Census – Our statewide Community Action network will be working with state leaders to ensure that underserved populations are being counted in the US Census. Local Committees are also beginning to form now, and we will be working with these groups. I know there is already a group working in Olmsted County. If you are aware of other groups, please connect with me so that we can be sure the clients we serve are counted. This is important to our work because much of the funding we receive is allocated based on Census count information.

*Policy Action Items
Consent Agenda
- November 2018 Financial Reports – (Agenda packet pages 14-22)
- November 2018 Head Start Credit Card Expenses Summary – Share at meeting

Contracts, Awards & Contributions Received
- Southeast Minnesota Area Agency on Aging (SEMAA) – $115,500 – Home Delivered Meals program for Goodhue, Rice, and Wabasha counties
- Southeast Minnesota Agency on Aging (SEMAA) – $53,130 – Renewal of Caregiver Advocate program for Goodhue, Rice, and Wabasha counties
- Southeast Minnesota Agency on Aging (SEMAA) – $28,448 – Renewal of Senior Volunteer Transportation program for Goodhue, Rice, and Wabasha counties
- Otto Bremer Foundation – $65,000 - Funds to support the agency's Achieve Homeownership program
- Minnesota Department of Commerce – $2,960 – Grant to develop and teach 2 first time homeowner education classes, focusing on energy efficiency and basic home maintenance
- Olmsted County Bridge Collaborative – $25,000 – Funds to support Achieve Homeownership program and emergent needs for clients in Olmsted County
- Minnesota Housing Finance Agency – $45,000 – Funds to support planning process for housing development in conjunction with Bear Creek Church/Crossroads Campus

Not Received
None
Grants & Requests Submitted or to be Submitted

- Minnesota Department of Health - $2,270,607.26 – Four-year grant to partner with area agencies and provide evidence-based home visiting services to 106 families in southeastern Minnesota
- Wabasha Area Community Resource Center – $5,000 – Funds for basic emergent needs such as rent, utilities and car repairs, for clients in the Wabasha-Kellogg area

Monitoring Visits & Reports

- Letter dated December 12, 2018 for desk audit of Homeownership Capacity program (agenda packet pages 25-26)
- Minnesota Department of Transportation email date September 25, 2018 for September 9, 2018 FTA Drug & Alcohol audit. Technical response was submitted November 30, 2018 (agenda packet pages 27-28)

Heather Robins made a motion to approve the consent agenda, Dave Windhorst seconded, motion unanimously approved.

*Individual Action Items

a) Adoption of Updated FTA Drug and Alcohol Testing Policy and Resolution #2018-11 (Agenda packet pages 29 – 51)

We had a federal audit which informed us the policy that MnDOT gave us last summer did not meet all of the federal rules. This version is now compliant with state and federal rules for transit.

Abdullah Hared made a motion to approve the adoption of the Updated FTA Drug and Alcohol Testing Policy and Resolution # 2018-11, Meredith Erickson seconded, motion unanimously approved.

b) Approval of 6% Agency Retirement Match for 2019

This is not a change from what we have done before, but each year we ask the board to approve the agency match to staff retirement funds. Staff qualify for the match after one year of employment, and must work at least 20 hours per week.

Heather Robins made a motion to approve the 6% agency retirement match for 2019, Ruth Boudet seconded, motion unanimously approved.

c) Approval of 2019 Operating Budget (agenda packet page 52)
Jenny said this has been updated slightly from the draft you saw last month. Kindra presented the budget. Kindra said the main difference is that the Community Development department secured more funding for Emerging Markets and the Housing Development programs. There were very minimal expense changes for that money used because it is money to continue to operate the programs that we are already operating. You will see a 9% increase in projected revenues over 2018. We opened the daycare in Northfield which has had a significant impact on revenue. Both Coordinated Entry and Permanent Supportive Housing grants have doubled. We are heading up the Regional Transit Coordinating Council and that brings in funds. Housing’s new funding is on the consent agenda under grants accepted.

Expenses are up in most categories about the equivalent or a little less than the revenue. We have also been pursuing additional funding to fund the programs we are already doing. Space increased because of the space projects we have in the works.

Fringe benefits are the biggest line item increase. As discussed last month, staff proposed a change in how the agency pays for health insurance, eliminating the cafeteria plan and converting that to wages where it has always been budgeted, then increasing the amount that Three Rivers pays for the health insurance plan. The goal was to get enrollment above 50% in order to have options for employer-provided health insurance. We have successfully enrolled 61 people, up from 43 last year, which put us over the 50% mark. Board asked questions about the changes to the cafeteria plan. For many years, we have had a cafeteria plan we budget as wages. Staff either took insurance or received the money as wages. Because we needed to get insurance enrollment up, we did away with the cash incentive not to take our insurance and converted the cafeteria plan to wages. We could have eliminated it entirely without converting to wages, but it would have been a $2 pay cut for 70% of staff who have been taking it as wages. In this tight employment environment, we would risk losing many of those staff. Now staff do not have to choose, they can have both. It is a one-time conversion into wages where it has always been budgeted, including part time staff. Our bus driver wages are below market, and we hope it helps us with driver recruitment. We surveyed staff on why they were not taking our insurance and common responses were, they did not want to lose their $2/hour and they could not afford the premiums. Our proposed solution addressed both of these concerns. We will revisit our insurance costs each year.

Abdullah Hared made a motion to approve the 2019 operating budget, Mark Thein seconded, motion unanimously approved.

December 19, 2018 Board Minutes
Page 5 of 8
d) Recommend Salary/Benefit increase

Staff showed the budget impact of an annual COLA from 1-3%. The Head Start recommended COLA is 1.77%. We can use health insurance as a portion of that. Jenny recommends a lower COLA, knowing we are paying more for employee health insurance this year. Consider staff who were not taking insurance and may only get a 1% increase. Kindra and Jenny went out and talked to every staff person about the changes to benefits and the cafeteria plan; some are frustrated, but most are not. Everyone views it differently. Jenny was asked if she is worried at retaining employees with a 1% COLA. She responded, yes.

Heather Robins made a motion to approve a 2% COLA (including accepting the Head Start COLA of 1.77%) effective next pay period (pay date of January 11), Meredith Erickson seconded, motion approved. Motion was opposed by Julie Steberg and Dave Windhorst.

e) Authorize staff to begin negotiations on purchasing 1415 Town Square Lane in Faribault (agenda packet pages 53 - 57)

The building committee met on December 12th. They discussed the ISG building across the parking lot from where we are now. ISG is an architectural firm. They sketched a draft plan so we could see what we could fit in that space, and concluded we could fit five classrooms. It is not easy to find space in Faribault. The list price is 1.2 million. The committee recommended that staff begin to negotiate a purchase agreement on this site starting at around $800,000. There is another interested party who would have to do fundraising before they could purchase. $870,000 is the tax-assessed value.

Heather Robins made a motion to authorize staff to begin negotiations on purchasing 1415 Town Square Lane in Faribault starting at $800,000, Ruth Boudet seconded, motion unanimously approved.

Some committee members suggested looking into leasing the space. Jenny said we will look into both purchasing and leasing.

We have a purchase agreement on the Vet Clinic next door in Zumbrota, with a January closing date. We are looking at our options for renovating that space or adding on to our current building. Purchase will come out of reserves. Once we determine the project scope, we can apply for a Rural Development grant or loan. We had the architect we use for our housing projects sketch out an addition. The current space we rent in Zumbrota to store buses in narrow, and overall not a great space. Bus storage might be a
possible on the Vet Clinic property if we tore it down. The committee would like more information on possibilities. We need to talk about how to cost allocate that space. If we only placed one or two programs there, it could be a burden to those programs. The committee will continue to look at this, no action needed from the board today.

Leah gave an update on the Plainview Transit construction. Slabs will be poured Thursday, December 20th. We will heat inside the building while it sets, and start finishing the framing, windows, doors, and so on. We project completion in the second week of March. The MnDOT grant amount will not change. Staff are working within the budget. We put aside funds for furnishings and equipment. We did lose a concrete sub due to the delay in regards to Wabasha County permits. The next sub came in higher, so that money came out of furnishings and equipment. The other change is in the roof panels. The architect speckled out panels that do not meet the insulation requirements for Minnesota resulting in an $18,000 change order. This also came out of furnishings and equipment. We are not over budget, but are shifting items.

Julie would like a Plainview facility update monthly. Dave said the TAC may want to have a special meeting at the building site in Plainview, maybe even the entire Three Rivers board. Brian asked if WAK expects us to pay for the heat for the cement. Leah said we could have decided against winter construction, but it would have delayed it until spring. Staff will continue to work with contractor, architect and MnDOT to staff within budget and on schedule for March completion. MnDOT has extended our grant to the end of 2019.

f) Select Nominations Committee

Jenny reviewed the criteria for the committee. Last year it was Ruth, Galen and Brian. Julie said it may be time to have someone else do the treasurer job.

Heather Robins made a motion for Julie Steberg, Mark Thein, Dave Windhorst, and Galen Malecha to be on the Nominations Committee, Abdullah Hared seconded, motion unanimously approved.

**Policy Discussion Items** – none

**Advisory Committee**
a) Head Start Policy Council – minutes from November 20, 2018 (handout at meeting)

Heather asked if we could get a Policy Council member to attend board meetings. Jane said they elected a new chair last month, who will more than likely be able to attend via Skype. Jane said last month they held their Policy Council meeting in Zumbrota and Faribault using Skype.

Joann asked about the Head Start children on the bus. Parents have signed a waiver to have their child on the bus for more than an hour.

Comments:

Ruth had a question on Fernbrook Family Center listed in the Head Start Policy Council credit card report. They are our mental health consultant. Verizon was a phone repair. Public Transit provides rides for Head Start.

Date, Time and Location of Next Meeting: 9:00 a.m., January 16, 2019 in the Zumbrota office conference room, 1414 North Star Drive, Zumbrota, MN 55992

Julie Steberg made a motion to enter closed session for the Executive Director’s review and determination of salary, Abdullah Hared seconded, motion unanimously approved.

Dave Windhorst made a motion to exit closed session, Julie Steberg seconded, motion unanimously approved.

Adjournment

Mark Thein made a motion to adjourn the meeting, Julie Steberg seconded, motion unanimously approved.

Galen Malachy
Chair

January 16, 2019
Date