THREE RIVERS COMMUNITY ACTION, INC.
Board of Director’s Meeting Minutes
Wednesday, May 15, 2019
Three Rivers Community Action, Inc.
1414 North Star Drive, Zumbrota MN
9:00 to 10:15

Members Participating: Heather Robins, Jodi Johnson, Galen Malecha, Ruth Boudet, Mark Thein, Jo Anne Krier, Barney Nesseth, Erick Maki

Staff Attending:
Jennifer Larson, Executive Director
Kindra Papenfus, Chief Financial Officer
Tracy Holguin, Transportation Director
Leah Hall, Community Development Director
Vicki McKay, Human Resources Director
Donna Stamschror, Administrative Support Manager
Randi Callahan, Family Advocacy Services Coordinator

Members Excused: Meredith Erickson, Brian Goihl, Lorena Ochoa, Anita Swift, Abdullah Hared, Dave Windhorst, Julie Steberg

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

Determination of a Quorum: Quorum was met

*Approval of the April 17, 2019 Meeting minutes

Heather Robins made a motion to approve the April 17, 2019 minutes, Ruth Boudet seconded, motion unanimously approved.

*Approval of the May 15, 2019 Agenda

Heather Robins made a motion to approve the May 15, 2019 agenda with two changes: Remove Individual Action Item C, and move Individual Action Item A to after the approval of the agenda, Jo Anne Krier seconded, motion unanimously approved.

Jenny introduced our new board member, Erick Maki, to the Board. Eric introduced himself as a Market President at Bremer Bank. He said his job at Bremer Bank is to manage and increase service within Lacrosse,
Winona, and southern Wisconsin regions. He has been very familiar with Three Rivers for a long time. He has a lot of experience working with nonprofit organizations. He has experience in housing, and is excited for the opportunity to work with an organization he already knows.

**Action Item: Presentation and Approval of the 2018 Audit**

a) Audited Consolidated Financial Statements for the year ended December 31, 2018. Presented by Marie Schmitz, CPA, CGMA – Partner, BergenKDV – Hand out at meeting

Marie Schmitz of BergenKDV distributed copies of preliminary Communications Letter and Consolidated Financial Statements to the board, to be finalized pending board approval. The 2018 Financial Statements as presented were prepared by Three Rivers staff, led by CFO Kindra Papenfus, and formatted by BergenKDV. This is Three Rivers first year with BergenKDV as the agency’s auditor. Marie shared her contact information, as well as contact information for Nicole Possehl, Audit Manager. Marie and her team at Bergen audit many CAP agencies and are very familiar with the complex work that Three Rivers does.

For 2018, Three Rivers received a clean opinion on the financial statements. The communication letter is short – there are no material weaknesses and no significant deficiencies – the best possible outcome for the audit.

The financial statements show some required changes for 2018, reflecting new not-for-profit financial statement requirements (ASU 2016-14). Programs were reclassified on the 2018 Statement of Functional Expenses, and 2017’s schedule was regrouped to display those changes in classification, so the statements remain comparative.

Management and General expenses increased from 2% in 2017 to 4% in 2018, due to an improvement in how the calculation was made rather than a significant change in costs. According to the Charities Review Council, 70% to 90% of expenses should be for programming. At 96%, three Rivers is at the very high end of the range, and the Board should ensure that management is being adequately staffed.

There were a few journal entries to correct how an existing unemployment insurance trust account was recorded in the past – it was not previously recorded as a cash asset. Energy Assistance paid directly to clients due to the efforts of Three Rivers’ staff have been added to the Schedule of Federal Expenditures. They cannot be added to the Statement of Operations since the funds are paid to clients directly from the state, but the
agency can recognize them as the result of their work.

Looking to the future, Succession Planning and Cyber Security are areas that demonstrate risk to agencies, and are receiving more attention as a result. Smaller companies and nonprofits are becoming targets of technology attacks more often, and can be susceptible as they may not have a large investment in digital security. Another issue that nonprofits, and Three Rivers specifically, are facing is the parking tax that results from providing employees parking.

Marie thanked Kindra, the fiscal team, and Jenny for their efforts to complete the audit, and then answered questions. According to Marie, the first audit with a new firm can be difficult, but the Three Rivers team was very prepared. To come out of a first year audit and not have a material weakness or a significant deficiency is a big achievement. Jenny and the Board echoed Marie’s thanks to Kindra and the fiscal team for their time and effort that went in to preparing the financial statements.

Mark Thein made a motion to approve the Preliminary Audited Consolidated Financial Statements for the year ended December 31, 2018, Barney Nesseth seconded, motion unanimously approved.

Case of the Month – Randi Callahan, Family Advocacy Services Coordinator

Randi supervises our Family Advocates and Social Workers in the Family Advocacy Services department. She shared a story about Kathy, who was making ends meet until she suffered from severe medical issues. Our Advocate enrolled her in the Family Homeless Prevention and Assistance Program to assist with her rent, and made sure she was accessing other programs available to her, both internally and externally. Kathy received Energy Assistance and was enrolled in A16 Pro-Active, which is a program that is aimed at assisting low-income households access mainstream services that help increase their income/resources and maintain housing. The Pro-Active program also helps households to save money by following some simple energy-saving practices that can have a big impact on their budget. After working with Three Rivers, Kathy reported that she is doing very well. She is able to work again and cover her expenses.

Jenny said many times people just need our services temporarily until they can get their lives stabilized again. Situations like this are very common. The team does a fantastic job of figuring out every resource available to get our clients back on track.
Director’s Report (board day handout)

1. State Legislature – The legislative session ends on May 20, and it looks like the governor and legislature are still far apart on cutting a state budget deal. If the legislature recesses without a budget, the governor will likely call a special session. Note that special sessions have become quite common in budget years in Minnesota. If a state budget is not passed by June 30, there would be a state government shutdown. The last shutdown was in 2011 and lasted 20 days.

2. Federal News – The Trump administration has proposed an alternate measure of inflation that is used to update the annual federal poverty line each year. This change in formula could result in millions of Americans being ineligible for programs like Energy Assistance, Head Start, Weatherization, SNAP, school nutrition programs, and more. The proposed rule change is out for comment, (board day handout pages 3-5) the comments that have been submitted by the National Community Action Foundation (the lobbying arm of Community Action). Advocates from many nonprofit sectors across the country are responding similarly. Comments are due by June 21 and can be submitted online. Jenny plans to submit comments on behalf of Three Rivers and the clients that we serve. The congressional delegation will be copied on the letter.

3. Board Site Visit – We had originally intended to do our summer site visit in June. Because we have had some delays on the new transportation building in Plainview, we are proposing that we do a regular board meeting in June in Zumbrota, and do the Plainview site visit in August. There will be no July meeting.

4. Staff Recognition – On Friday we held an all-staff training, where we brought in speakers who focused on diversity and poverty. At the event, we also recognized staff who were nominated by their coworkers for exemplifying the Core Values of Three Rivers. Staff recognized included:

   **Embrace Diversity** – Bridget Schwartz, Head Start in Rice County; Doreen Jablonske, Family Advocacy in Goodhue and Wabasha Counties
   **Inspire Mutual Trust** – Karissa Kielmeyer, Head Start in Faribault
   **Lead with Integrity** – Tracy Borgschatz, Transportation; Donna Stamschror, Admin Support
   **Listen to Community Needs** – Gale Worthman, Transportation in Plainview; Sabah Omar, Transportation in Faribault
   **Promote Empowerment & Self-Sufficiency** – Sarah Morsching, Head Start in Faribault
   **Respect the People We Work With** – Gary Erickson, Transportation

May 15, 2019 Board Minutes  
Page 4 of 8
in Plainview; Joann Covarrubias, Administrative Support in Faribault

**Seek Collaborative Solutions** – Nichole Rude, Fiscal in Zumbrota;
Susan Strandberg, Community Development in Zumbrota

**Outstanding Team Awards** – Winona Transit; Administrative Support

*Policy Action Items*

**Consent Agenda**
- April 2019 Financial Reports
- Mutual of America – April Statement
- April 2019 Head Start Credit Card Expenses Summary – Shared at Meeting

**Contracts, Awards, & Contributions**

_Received_
- Minnesota Housing Finance Agency - $912,424 - Family Homeless Prevention Assistance Funds (FHPAP) 2-year grant to support eviction prevention services and re-housing of households facing a housing crisis
- Rice County Family Services Collaborative - $7,500 - Contingency funds for the prevention of homelessness in families in Rice County
- Wabasha County Family Services Collaborative - $5,000 - Contingency funds for the prevention of homelessness in families in Wabasha County
- Minnesota Housing Finance Agency - $55,650 - Funds to support the regions’ Continuum of Care and Coordinated Entry programs

_Not Received_
- None

**Grants & Requests Submitted or to be Submitted**
- Minnesota Housing Finance Agency - $132,000 - Funding for Homeownership education, counseling, and training (HECAT) for two years
- Minnesota Department of Human Services - $50,908 - SNAP outreach and application assistance renewal

**Monitoring Reports & Responses**
- None

**Approved Purchases between $10,000 and $150,000**
- BirdDog HR – $28,215 - applicant and onboarding Human Resources Software, including three years licensing.

Jenny reviewed the consent agenda. Kindra went over the financial reports at the meeting before the board meeting.

Mark Thein made a motion to approve the consent agenda, Ruth Boudet
seconded, motion unanimously approved.

**Individual Action Items**

b) Approval of the ROMA (Results Oriented Management and Accountability) Work Plan for CSBG

Jenny walked the board through the Community Action outcome-based work plan. The work plan follows federal ROMA standards. We submit this because of our Community Services Block Grant and Minnesota Community Action Grant. Combined, we receive a little over one million dollars from those funding sources. The work plan is a comprehensive summary of all of our activities, serving as a great resource to highlight everything our agency does. This work plan format is used across the country. Community Action Agencies decide locally what they want to do in their communities, so you will notice that some categories are blank for us. This plan is similar to our previous plan, with the addition of the new Northfield Childcare and Early Head Start Home Visiting expansion.

Heather Robins made a motion to approve the ROMA (Results Oriented Management and Accountability) Work Plan for CSBG, Mark Thein seconded, motion unanimously approved.

c) Minnesota Department of Education – state Head Start funds for 2019-2020 program year.

This item was removed from the agenda because we are waiting for final grant amounts from the state. It will be on the June agenda.

d) Resolution # 2019-2 – FHPAP (Family Homeless Prevention and Assistance Program) Grant Approval

Three Rivers has applied for and received two years of FHPAP funds from Minnesota Housing Finance Agency, who requires a board resolution to approve the grant. Randi Callahan presented the resolution. This is a 27-month biennium, instead of 24, to line up with the state fiscal cycle. The grant is split into two categories. First there is prevention to help people with back rent who are at risk of losing their housing and assist households who are doubled up. There is also a rapid rehousing category that assists households that meet the definition of homelessness, such as: living on the streets, in a shelter, or fleeing domestic violence. We applied for both categories and were awarded a 5% increase over last year. We have two sub-grantees in this program, Rochester Lutheran Social Services who specialize in serving homeless youth in Olmsted County, and Semcac for the
counties in the southern part of the state.

Mark Thein made a motion to approve Resolution # 2019-2 Family Homeless Prevention and Assistance Program Grant Approval, Ruth Boudet seconded, motion unanimously approved.

**Policy Discussion**

a) Update on Plainview Hiawathaland Transit Building

Leah Hall gave an update on the transportation facility that is under construction in Plainview. Construction is going well, despite the many weather delays. The electrical rough-in is happening now, all the interior plumbing is being done, the HVAC team has been in there putting their rough-ins in, and windows are going in today. Occupancy is expected in early July, and we are excited to show the board at the August meeting.

b) Update on Zumbrota Building (board day handout)

Jenny gave an update on the Zumbrota building project. Last month the board gave us the go-ahead on an addition on to the current Zumbrota office building and demo (or sell and haul away) the old vet clinic building. The Zumbrota City Council will hear our request to combine the parcels on Thursday; after that, it will go to the county. The property will be surveyed and our architect is working on a formal proposal based on preliminary plans (handed out today). They will finalize designs after they see the topographic survey. The preliminary plan shows expanded parking and a three-stall bus garage. Once the offices are done, we have the potential for 38 staff in this location. We will have more visitor parking. The conference room is placed at the end of the building. Jenny and Kindra have been talking to lenders and will bring financing proposals to the building committee. There is no action needed at this time.

**Advisory Committee**

a) Head Start Policy Council – Minutes from the March 17, 2019 meeting were given to the Board in April, they did not meet in April, and their next meeting is May 21, 2019

b) The Transit Advisory Committee (TAC) met this month, but we do not have the minutes and will provide them next month. Galen asked Tracy if she had any highlights to share. Tracy said they talked about the unmet needs survey and what we would like to proceed with in the grant. The TAC team prioritized the following items: (1) Switching Red Wing Early AM from Route
to Dial a Ride; (2) Faribault-Northfield scheduled services; (3) Faribault Saturday service; (4) Cross county service connecting Rice and Goodhue counties.

Comments from the public: None

Date, Time, and Location of Next Meeting: 9:00 a.m., June 19, 2019, in the Zumbrota office conference room, 1414 North Star Drive, Zumbrota, MN 55992

Adjournment

Mark Thein made a motion to adjourn the meeting, Heather Robins seconded, motion unanimously approved.

[Signature]
Vice Chair

June 19, 2019
Date