THREE RIVERS COMMUNITY ACTION, INC.
Board of Director Meeting Minutes
Wednesday, May 16, 2018
Three Rivers Community Action, Inc.
1414 North Star Drive, Zumbrota Minnesota

Members Attending: Brian Goihl, Mark Thein, Jo Anne Krier, Julie Steberg, Dave Windhorst, Galen Malecha, Jodi Johnson, Meredith Erickson, Barney Nesseth, Anita Swift

Staff Attending:
Jennifer Larson, Executive Director
Kindra Papenfus, Chief Financial Officer
Leah Hall, Community Development Director
Jane Adams Barber, Head Start Director
Jennifer Prins, Planning Director/CoC Coordinator
Amy Repinski, Transportation Director
Donna Stamschror, Administrative Support Manager

Members Excused: Heather Robins, Alicia Norton, Ruth Boudet, Abdullah Hared

Call to Order: Meeting was called to order by Chair Malecha

Determination of a Quorum: Quorum was met.

*Approval of the April 18, 2018 Meeting minutes (agenda packet pages 4-13)

Julie Steberg made a motion to approve the April 18, 2018 minutes, Brian Goihl seconded, motion unanimously approved.

*Approval of the May 16, 2018 Agenda (agenda packet pages 1-3)

Mark Thein made a motion to approve the May 16, 2018 agenda with the removal of Individual Action Items A, B, and C, and an addition to the consent agenda Community Development Program Proposals (board day handout), Jo Anne Krier seconded, motion unanimously approved.

Case of the Month – will be part of the Community Development Annual Report later on the agenda
Directors Report

1. This is a busy time of year. Head Start ends this Friday, and most of the teaching staff will be laid off for the summer. Energy Assistance runs through the end of May, and staff are wrapping up the processing of the final applications. We had over 4,000 households served this year. This is also the busiest time of year for housing, which we will hear about from Leah later this morning. And the Minnesota legislature ends on Sunday, with much work left to do before then.

2. Hunter’s benefit. Donna sent out the flyer, but we want to remind you of a benefit being held this weekend for the family of one of our staff, whose 9th grade son is going through difficult cancer treatments.

3. June board meeting will be a site visit in Faribault. Due to a training that management staff will be attending, we are suggesting the visit be held on June 27, which is one week later than the normal meeting date. We will send a reminder. We will start in the Faribault office, have the audit presentation, get on the bus and show you a housing project. We will start at 9:00 a.m.

4. Jenny had sent an email to the board that Amy Repinski, Transportation Director is leaving. She spearheaded the transportation department and grew the department significantly in her years at Three Rivers.

Amy said wanted to thank the board for embracing transportation for the last 15 years. It has been a great journey. She is proud of transit staff, the people we serve, and everything we have accomplished together.

Amy and Jenny are working on transferring knowledge. She has a good team in place and we are relying on them to do the good work that they do. We have the job posted. If you know of any candidates please let Jenny know.

*Policy Action Items

Consent Agenda

Consent Agenda Items
- April 2018 Financial Reports – Enclosed (Agenda packet pages 14-20)
- Mutual of America – April Monthly Reports – Enclosed (Agenda packet pages 21-22)
- April Credit Card Expenses Summary – Share at meeting

Contracts, Awards & Contributions
Received
- City of Winona - $3,295,385 - Contract to manage public transportation in the city of Winona, MN for 5 years (2018 - 2023)
- People's Energy Cooperative Trust - $5,000 - Request for funds to purchase furniture and technology for new Plainview facility
  Not Received
- Minnesota Department of Human Services - $37,000 - Innovative grant to expand capacity by helping to fund a navigator to facilitate services to homeless clients on the coordinated entry list

**Grants & Requests Submitted or to be Submitted**
- United Way of Olmsted County - $25,420 - application for a portion of a case manager dedicated to housing search and placement

**Monitoring Visits & Reports**
- Amtrust North America – letter dated March 27, 2018 for on-site loss control visit on March 22nd. (Agenda packet pages 23-26)
- Minnesota Department of Commerce – letter dated April 13, 2018 for on-site visits of 2 dwellings completed with Weatherization funds conducted on March 21st. (Agenda packet pages 27-30)

Additional Consent agenda items

**Addition to the May 16, 2018 Consent Agenda (board day handout)**

**Homeownership Program Proposals submitted for funding**

- Up to $100,000 – Minnesota Housing Finance Agency – Impact Fund. Funds will be used to provide 10 down payment assistance loans (0% deferred loans) to income-qualified households purchasing a home in southeastern Minnesota. Funds are targeted to underserved households, including households of color and households with disabilities.

- $60,000 - Minnesota Housing Finance Agency - Homeownership Education, Counseling and Training Fund (HECAT). Grant funds will be used to support staffing and program expenses for homebuyer education and counseling. The funds will be used to teach at least 16 Home Stretch homebuyer education seminars to 96 households and to provide individual pre-purchase counseling to at least 70 households during the next year.

- $120,000 – Minnesota Housing Finance Agency – Enhanced Financial Capacity Homeownership Initiative. Grant funds will be used to support staffing and program expenses for financial empowerment coaching as part of the Three Rivers’ Achieve Homeownership program. Achieve Homeownership provides comprehensive financial counseling/homebuyer services to emerging markets across southern Minnesota. In 2018/2019, it is projected that 120 new households will receive this service.
Leah reviewed the Homeownership Programs consent agenda items that were added. There were no questions.

Mark Thein made a motion to approve the consent agenda, Brian Goihl seconded, motion unanimously approved.

*Individual Action Items*

a) Audited Consolidated Financial Statements for the year ended December 31, 2017—Presented by Craig W. Popenhagen, CPA, Principal with CliftonLarsonAllen LLP—Hand out at meeting

b) Internal Revenue Service Form 990 for the year ended December 31, 2017—Presented by Craig W. Popenhagen, CPA, Principal with CliftonLarsonAllen LLP—Hand out at the meeting

c) Charitable Organization Annual Report for the year—ended the year ended December 31, 2017—Presented by Craig W. Popenhagen, CPA, Principal with CliftonLarsonAllen LLP—Hand out at the meeting

The audit and tax returns are being postponed to next month. Kindra said we were very much on track to present the audit and tax return, but the auditors needed more time. 2017 was a very clean fiscal year. The auditor will be at the next meeting to present the audit.

d) Minnesota Department of Education - $443,450 – Funds to provide Head Start programming to 26 children ages 3-5 and 20 children ages birth to 3 for 2018-2019 program year

Jane presented details of the state Head Start grant that is due on Friday. The proposal is making one change from the previous year. This year we had two Head Start classes, morning and afternoon, in Wabasha. We had trouble filling the afternoon class. We are competing with a new full day preschool program in that area. We also know that there is a need for programs that serve younger children. In the state grant, we are proposing that we keep the morning class in Wabasha, and convert slots from the afternoon session to Early Head Start - adding 10 Early Head Start home visiting slots to serve Goodhue and Wabasha Counties. Overall, the Head Start program will be serving 187 Head Start children in the classroom and 20 Early Head Start children in the home visiting program.

Meredith Erickson made a motion to approve the submission of the grant to the Minnesota Department of Education - $443,450, Anita Swift seconded, motion unanimously approved.
e) Approval of the organizational documents of Riverwood apartments LLC, which will own and operate Riverwood Apartments (39 units) in Cannon Falls. Three Rivers Community Action is the sole member of the LLC. Resolution # 2018-5 of the Sole Member (Agenda packet pages 31-40)

This action is to formalize the structure of the Riverwood Apartments, LLC which was recently funded. We are acquiring two rental properties in Cannon Falls, rehabbing them and then owning and operating as affordable housing. Three Rivers is forming an LLC to be the owner of these properties, with Three Rivers being the sole member of the LLC. Leah said the articles of organization of the LLC on pages 31 and 32. It outlines the purpose to own and operate Riverwood and preserve affordable housing. Page 33 is the Written Action of the Organizer, stating we will file the articles of organization with the Secretary of State and are 100% member of this LLC. Page 34 Resolution of the Sole Member identifies the officers and outlines the fiscal year, and setting up a taxpayer identification number. Page 37 is the operating agreement where the purpose is solely to operate Riverwood and to insures we are serving moderate to low income people in that property. These documents are almost identical to what we have done for past housing projects.

Dave Windhorst made a motion to approve Resolution 2018-5, Mark Thein seconded, motion unanimously approved.

f) Approve staff to apply for financing for the Spring Creek II project (Agenda packet pages 41-42)

Leah said we are very excited about this project. Over the last year, the Three Rivers Community Development team has been working with the Northfield HRA to create a plan to develop more affordable rental housing units on the HRA-owned Southbridge site. Due to the success of Three Rivers’ original Spring Creek project (2013), the HRA and Three Rivers developed a plan for a Spring Creek II project together. In April, 2018 The HRA voted to donate up to 4.5 acres of land for Spring Creek II, contingent on a successful tax credit application and a successful community meeting was held on April 24th that generated a significant amount of community support for the project. Leah reviewed the details, budget and funding sources. We are proposing 32 townhome units. Four will be for local homeless families. We are working with the HRA on vouchers for a portion of the units. The City of Northfield will be asked to provide tax increment financing to support the project. We are applying in this June round. Financing awarded will be brought back to the board.
Mark Thein made a motion to approve staff to apply for financing for the Spring Creek II project, Meredith Erickson seconded, motion unanimously approved.

g) Regional Transit Resolution # 2018-6 (Agenda packet page 43)

We have applied for the Regional Organizational Planning grant to MnDOT. We would be the entity that would help facilitate the Regional Transportation Planning Coordinating Council the first year. We have already applied for the $75,000 grant with board approval. MnDOT has requested a revised resolution from us. They did not like the wording because we were referencing Hiawathaland Transit and not Three Rivers Community Action.

Julie Steberg made a motion to approve the Resolution # 2018-6, Dave Windhorst seconded, motion unanimously approved.

h) Head Start is requesting action to select a new partner, ABC Childcare in Plainview, for the Childcare Partnership project with Families First. (Agenda packet pages 44-45)

Jane said that Three Rivers has a Childcare Partnership grant through Families First of Rochester, who is the grant holder of the federal grant. We are a sub-grantee. In that grant, Three Rivers works with childcare centers to bring Head Start quality services to the childcare provider and the children they serve. We had been partnering with Hyatt Daycare in Faribault. The owner is selling the business and we need to find a new partner. There are no other child care centers that offer infant and childhood programming in Rice County who meet the partnership requirements. They also have to take Child Care Assistance dollars and not one center offers that either. Families First has some flexibility to allow us to partner in with centers in Goodhue and Wabasha Counties. We found a center in Plainview to partner with – ABC Childcare in Plainview. We hope to get them on board July 1st. The partnership will increase the quality of the programming of the childcare center. It comes with training and support and some dollars that goes to the center.

Brian Goihi made a motion to approve our partnership with ABC and the disillusion of our partnership with Hyatt, Jo Anne Krier seconded, motion unanimously approved.

In addition to the new partnership with ABC in Plainview, staff are working on a plan that would allow us to open our own childcare center in Northfield. Because a portion of the grant with Families First is specifically for a partnership in Rice County, we have been looking for partnership options
there with little success. We know there is a big need for infant and toddler childcare throughout our region, particularly for families who are eligible for childcare assistance. In conversations with Families First, we know that we could provide the childcare ourselves and still work with them on the childcare grant. We thought it would be a good opportunity for Three Rivers to open an infant and child room. We have the space in Northfield to do that. We have been putting a business plan together. There are only three centers in Northfield that offer infant and toddler childcare and not one currently takes childcare assistance. Our thought is that we would target our Head Start families, and possibly also provide some employment opportunities to Head Start parents. Jenny added that childcare comes up as a need at almost every meeting we go to. We will be presenting the business plan for action at the next Board meeting, and pending Board approval, we can get licensed and begin operations in the fall.

**Policy Discussion Items**

a) Bylaw Committee Recommendations (Agenda packet pages 46-64)

The by-law committee met after the meeting last month. Bylaws with the recommended changes were a handout today. Notes from the meeting are attached, along with board composition requirements. The way we have to structure our board is complicated. We did not come up with any ways of simplifying it. On pages 2 and 3 we had county commissioners exempt from the whole absence procedures. We want to emphasize that county commissioners, because of their elected status, the term would be subject to their status as an elected official. It is clarifying language. Page 4 we moved language about the committees from introduction to number 3. Meredith recommended we add the conflict of interest statement you see on page 4. Dave said it looks like it should be easy to streamline, but is not and there is a reason everything is there. No action needed today, we can approve in June.

b) Building Committee Report (Agenda packet pages 65-70)

The Building Committee of the board is looking at space issues. We had a group meet on April 30 and toured the Faribault facility. Minutes from this meeting are included in packet. Staff have looked at several possible sites. The ISG building next door to the Faribault office is for sale, and would require some renovation to make it work for the classrooms. The committee toured that location, and felt we need to make sure there is nothing else out there before we decide. There is an old armory building in Faribault we will want to look at.
The Vet clinic next door to the Zumbrota office is for sale. They plan to be out by November. He wants around $190,000. It is a big space that would need to be remodeled, we could take it down and build a bus garage, or expand the parking lot. We will look at cost comparisons on whether we remodel our current building or that space.

Mark Thein made a motion for Jenny to start the negotiation process with the vet clinic in Zumbrota, Brian Goihl seconded, motion unanimously approved.

USDA does have facility funds we can use for public purpose like our non-profit. Zumbrota is the right sized community. We are looking into what they have available right now.

Kindra said we are looking at preliminary budgets on what an addition here would cost versus what a remodel next door would cost. She is going to talk to a couple other community action agencies who are currently building bus storage so we can do a comparison. Amy and Kindra are meeting tomorrow about what is needed for bus storage. We will have more information the next time the building committee meets.

We have an estimate on a basic 1500 square foot addition plus parking for 20 to 30 cars at $350,000. We ran numbers on what that would look like for the grants that are involved in operating this current facility. We can charge depreciation on an addition to the grants that are served. The cost to grants would be $124,000. We looked at every grant and could not find where it was more than a fraction of a % effect on the annual budget because the cost is spread across many grants.

We may want to fund from our own reserves and avoid paying interest. Or the USDA Rural Development has facility funds that are very low-interest loans. We can charge interest to grants, although we haven’t had to in the past. If we use agency funds, over 30 years the program grants would be paying the agency reserves back a year at a time.

If we pursue the purchase of the space next door and we knock down the building the whole cost would go into the cost of land which isn’t depreciable. That cost would be an asset on the agency books. If we remodeled, the cost of the building relative to the cost of the land, is depreciable and chargeable to whatever we use the space for. If we put one program in there that one program would bear the cost.

c) Community Development Board Presentation (Agenda packet pages 71-87)
Leah Hall presented an overview of the Community Development department's accomplishments. She gave an overview of the projects completed to date. We preserved 336 affordable rental units, created 200 new affordable rental units, rehabilitated and re-sold 32 single family homes, rehabilitated 18 owner-occupied homes, and built 101 single family homes. She went over the completed projects, projects we are currently working on, and reviewed 2018 project proposals. The presentation included an asset management overview of the projects, as well as demographics of who we are serving in our rental properties.

Leah reviewed the Achieve Homeownership program which identifies and addresses barriers to homeownership faced by diverse households across southern Minnesota. The 2017 impact summary included: 109 households received comprehensive financial counseling services, 102 households received pre-purchase counseling services, 89 households graduated from Homestretch, over 39 households purchased homes, and 16 households accessed downpayment/closing cost assistance. She reviewed the 2017 Energy Assistance and Weatherization report. At least 4810 households received Energy Assistance (processed 5191 apps). We provided $2,066,322 in primary heating bills paid, 946 households were provided crisis assistance ($356,430.69), $211,438 was invested in furnace repairs. In the last year, 21 homes received Weatherization ($162,263), and we did 8 water heater replacements in additional homes ($29,938).

**Advisory Committees**

A) Head Start Policy Council – Next meeting is on May 15, 2018
   They met yesterday. We will have the minutes at the next meeting.

**Strategic Planning:** No update

**Date, Time and Location of Next Meeting:** The next meeting will be 9:00 a.m., June 27, 2018 in the Faribault office conference room, Faribo Town Square, 201 South Lyndale, Faribault MN

**Adjournment:**
Mark Thein made a motion to adjourn the meeting, Meredith Erickson seconded, motion unanimously approved.

[Signature]
Vice-Chair

June 27, 2018
Date