THREE RIVERS COMMUNITY ACTION, INC.
Board of Director’s Meeting Minutes
Wednesday, November 14, 2018
Three Rivers Community Action, Inc.
1414 North Star Drive, Zumbrota MN
9:00 to 10:15

Members Attending: Jo Anne Krier, Julie Steberg, Galen Malecha, Heather Robins, Ruth Boudet, Jodi Johnson, Anita Swift, Meredith Erickson, Abdullah Hared

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
Donna Stamschror, Administrative Support Manager

Members Excused: Mark Thein, Brian Goihl, Barney Nesseth, Alicia Norton, Dave Windhorst

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 September 19, 2018 Meeting minutes (agenda packet pages 4-9)

Julie Steberg made a motion to approve the September 19, 2018 minutes, Heather Robins seconded, motion unanimously approved.

*Approval of the November 14, 2018 Agenda (agenda packet pages 1-3)

Heather Robins made a motion to approve the November 14, 2018 agenda, Meredith Erickson seconded, motion unanimously approved.

Case of the Month – None
Director’s Report

1. Election – Because we work with local, state and federal units of government, we are interested in last week’s election results. We will be working to introduce ourselves to our new Members of Congress, Angie Craig and Jim Hagedorn. We have one new state legislator in our area, Todd Lippert who is replacing retiring David Bly. Otherwise all of the incumbents in the Minnesota House in our area won re-election. All of the incumbent County Commissioners who were running in our four counties also won re-election, and there is one new County Commissioner in Rice County, Steve Underdahl who was previously on the Faribault City Council. There are several new city council members in many of our communities. Heather Robins and Jenny will be going to the Northfield to introduce Three Rivers to the people there. Jenny will also reach out to the other city Administrators and offer to do the same with them.

2. Space – we have been doing more research on options in Faribault and will be calling another meeting of the building committee in December. Jenny just received this morning a drawing of how we could get five classrooms and office space in the ISG building. (handout) The current owners are an architectural planning firm and gave us the drawing for free. There are 67 parking spots on that property. We have our purchase agreement for the Zumbrota vet clinic property next door. They are a little behind on construction and want to close in January which is fine with us. We are looking at all of our options at this time and will bring to the next building committee. This poses questions such as: Do we rehab that building? Do we take the building down, expand our parking and build an addition on this building? We will hold off for the time being.

3. Construction projects – The extremely wet weather has not been our friend, and we’ve seen construction delays on the housing project in Austin and the Transit building in Plainview.

4. Housing funding announcements came out last week. We are pleased that the Jeremiah Program was funded in Rochester. We will be acting as the project manager on that project for Jeremiah, helping them navigate the closing and construction process. It is a two generation housing model with Families First Head Start as the onsite child care. Single moms are required to be enrolled in school, employed, or both. They receive support services and coaching. It is a good partnership for us. This project has received a lot of media attention. Unfortunately, our Spring

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Creek 2 project in Northfield was not funded this year, but we will continue to work with the city there to apply again next funding round. As a reminder, about 1 in 4 projects are funded statewide so it isn’t uncommon to have to apply multiple times to get funding.

5. Northfield Depot – Although we haven’t been given formal notice, we anticipate that the Northfield transfer station at the old depot site will not be funded by MnDOT this year. This project is a high priority for the city, who has committed $550,000 in local matching funds. We will be meeting with MnDOT to find out how we can make this project more competitive in future funding rounds.

6. HR Director – we have hired an experienced HR Director, Vicki McKay, who will join us at the end of the month to replace retiring Kim Scanlan. She comes to us most recently from Ellingson Construction, but she also has a lot of nonprofit human service experience.

*Policy Action Items
Consent Agenda

**Consent Agenda Items**
- Mutual of America – October Monthly Reports – Share at meeting
- September & October Head Start Credit Card Expenses Summary – Share at meeting

**Contracts, Awards & Contributions**
Received
- Minnesota Housing Finance Agency - $100,000 - Gap loans for qualified homebuyers.
- Greater Minnesota Housing Fund $85,000 - Gap loans for qualified homebuyers.
- Minnesota Department of Transportation - $2,670,000- Funds to operate Hiawathaland Transit in 2019
- Minnesota Department of Transportation - $259,200 - Funds for replacement of 3 vehicles
- Otto Bremer Trust $65,000 for the Achieve Homeownership Program
Not Received
- Spring Creek Townhomes II (Northfield) was not funded in the recent MHFA multifamily funding round – re-application in June 2019

Grants & Requests Submitted or to be Submitted
- Southeast Minnesota Area Agency on Aging (SEMAA) – $185,750 - Home Delivered Meals program for Goodhue, Rice and Wabasha counties.
- South East Minnesota Agency on Aging (SEMAA) - $53,130 – Renewal of Caregiver Advocate program for Goodhue, Rice, and Wabasha counties.
- South East Minnesota Agency on Aging (SEMAA) - $28,448 - Renewal of Senior Volunteer Transportation program for Goodhue, Rice, and Wabasha counties.

Monitoring Visits & Reports
- Letter dated 9/10/2018 from Minnesota Department of Commerce regarding single audit review (Agenda packet page 29)
- Three River's 9/17/18 Response to Minnesota Department of Commerce regarding single audit (Agenda packet page 30)
- MHFA letter dated 9/12/2018 regarding impact fund loan review, and subsequent correspondence (Agenda packet pages 31-41)
- Minnesota Department of Human Services, Office of Economic Opportunity letter dated 10/10/18 financial statement audit release (Agenda packet page 42)
- Semaaa report on 9/26/18 review of Home Delivered Meals program (Agenda packet pages 43-47)

Jenny reviewed the items on the consent agenda.

Meredith Erickson made a motion to approve the consent agenda, Jo Anne Krier seconded, motion unanimously approved.

Kindra was asked about the other programs. They are typically contingency funds such as the Rice County Collaborative who gives us money to support our main homeless grants. Next year we are looking at combining all of those into the homeless category and make the categories more relevant. The negative % of funds remaining means we have received more in revenues in the programs than planned. The Family Advocates have been using those funds to assist clients.

*Individual Action Items

a) Letter of Intent to apply for Home Visiting State Grant (Agenda packet pages 48-49)
Jane said she is reapplying for the home visiting grant with Families First, Semcac, and the Jeremiah project. Between all three they plan to serve an additional 105 home visiting families.

Heather Robins made a motion to approve the Letter of Intent to apply for the Home Visiting State Grant, Ruth Boudet seconded, motion unanimously approved.

b) Head Start Federal Grant of 1,721,281.00 for the period of 5/1/2019-4/30/2020 (Agenda packet pages 50-51)

Jo Anne Krier made a motion to approve the Head Start Federal Grant of 1,721,281.00 for the period of 5/1/2019-4/30/2020, Julie Steberg seconded, motion unanimously approved.

Policy Discussion Items

a) Preliminary review of 2019 budget and benefits (handout at meeting)

Jenny began by reminding everyone that Blue Cross Blue Shield our current health insurance provider declined to rebid our employer health plan because our participation is below 50%. Health Partners and United Health Group also turned us down. Preferred One and Medica gave us bids but will only take us if our participation is 50%. We have been working on how to get participation up.

We have for a long time had a cafeteria plan that gives people cash instead of the health care benefit. It creates a financial incentive for employees to not take our health insurance. The $360.00 (per month) is budgeted as wages. We would like to move that dollar amount into wages, and eliminate the cafeteria plan and the incentive to not take the health insurance.

The other thing we are hearing from our staff when asked them why they are not taking our health insurance there was concern about the cost of the insurance, particularly families or individuals plus one, so they were going elsewhere for insurance.

In planning the budget for 2019, we are moving the cafeteria plan into wages, where it has always been budgeted. The side benefit of that is it allows us to advertise our wages higher than they are now. We advertise the lower wage, but we budget for more because we have this cafeteria plan. This way we can advertise the wage and eliminate the confusion. It equates to about $2.00 an hour.
The other thing we are recommending is that we do a set percentage cost sharing of the cost health insurance. The employee would pay 10% for an individual and 20% for an individual plus one or family plan. This is reflected in the draft budget in the fringe line. In 2018, Three Rivers is paying about 90% of the coverage for an individual. For the employee plus one this year, we paid 68%, we are recommending going up to 80%. For a family we paid 76% last year and we are recommending going up to 80% in an effort to try to get our enrollment numbers up. We need to pick up at least 10 people to join our plan so we can be at 50% participation, if we do not we will probably have to go back to our broker for other options, most likely to a really high deductible plan that would be more expensive. We would like to try this first. We think by doing a combination of these two things should get us to 50% enrollment. Our open enrollment begins on December 1st. All of this will go into effect of January 1, 2019 if we can get our enrollment up. Jenny was asked if everyone’s wage would be adjusted. Jenny said we would move the money into the wage scale so it would be an adjustment across the wage scale.

Jenny said it is a mix of staff across the agency who take insurance. It is hard when staff see they can have cash instead and are tempted to take the cash instead of our health plan and get a health plan elsewhere. Jenny was asked about staff who are covered by their spouses plan. She said the spouses plans are not offering them incentives not to take the plan so this will make us competitive, and if they really take a look at both plans this might be a better option and decide to take ours.

We are also planning that part-time staff who are not eligible for benefits get the pay differential for equity purposes.

Jenny was asked if they looked into taking the cafeteria plan money and plug into the insurance. Jenny said the problem with that is many staff who do not take benefits will see that as a $4,000 pay cut and result in a mass exodus because it has been part of their wages for so long. We are in a really tight employment market. We have 28 positions open right now that we cannot fill, in particular bus drivers and Head Start aides. It would help us if we could advertise a higher wage or in the case of transportation we will have to cut service if we cannot find drivers because they can get paid more elsewhere. We need to be competitive in the market.

On the bottom of the sheet are some COLA options. This is a draft for discussion and we will bring back the full budget next month.

Kindra said essentially the people who take insurance now come out better than the people who do not take insurance. If we do not offer health
insurance the Affordable Care Act fines are between $250,000 and $350,000. That would come out of reserves and in about five years we would be out of reserves. We have to find a way to get 50% of people covered.

Kindra said the thing to remember about a nonprofit budget is we have been awarded these funds and if we do not spend the funds we send them back. The Management Team feels that 80% of our costs are staff related and this is a good investment in our staff to make sure we can continue to serve our clients.

We will know by the next board meeting if we can get ten more people on insurance or not. Staff enroll for insurance for the year from Dec 1-15.

Galen said we will move on from insurance and if anyone has questions they can ask Jenny after the meeting.

Galen asked Kindra to review the draft budget and make sure any questions are addressed.

Kindra said there have been some changes in generally accepted accounting principles and the presentation of financial statements that go into effect with our 2018 financial statements. One is to present categories statements like we have been doing. Some of the categories are not financially relevant compared to some of the other categories. For example senior programs is two programs. The “other programs” that Julie asked about used to contain a pretty big MN Sure grant that we do not do anymore, and it had SNAP in it, and some contingency funds that are local funds that are used for specific things like helping families who are facing homelessness with some other kinds of costs. They have been reported in this “Other” category and we changed how we actually use them and are focusing more on our existing clients versus paying somebodies gymnastics enrollment fee. We wanted to look at our categories since this is the year the legislation is going through and make sure they are still relevant. The other thing that we see a lot is that the housing development, as it has gown, overshadows the rest of the community development activities that we are doing like the emerging markets programs, energy assistance programs and we do not see any of the revenue until the end of the year because we only bring those housing development operating expenses in at the end of the year. We wanted to make this report more relevant to the way we are structured now. The housing development category is really Leah’s department that is actively pursuing new developments, some single family homes, and the properties that we are operating as the sole owner of. The rest of the things that kind of got lumped in there went into the community development category,
such as energy assistance, emerging markets, and homeless prevention programs. So we want to be able to watch how those are performing separate from the big housing projects. The other thing we did is combine other that we are using on our homeless clients into that community development category. The 2018 costs Kindra re-categorized all of the funds and expenditures that we planned for 2018 and put them into the category they would have been in if we used the 2019 structure so that these are still comparable – you are still comparing homeless grants to homeless grants.

Overall you can see we have an 8% increase in revenue. We had a couple big additions this year. We added a daycare in Northfield our Permanent Supportive Housing doubled with the addition of Fox Pointe and our Coordinated Entry with the Continuum of Care doubled because we added two navigators, we went from one staff to three. We have the Regional Transit Coordinating Council we are operating that was not originally in the 2018 numbers so between that and grants having their adjustments we have added 8% projected revenue next year. You can see that without a COLA we have added 7% overall in costs, 12% in fringe, so essentially that is 4% that is caused by a real and natural increase in cost the other 8% is caused by the increase in the number of staff. We have added 24 staff positions from the beginning of last year until now because of additional funding. A few things we budgeting flatly. Office supplies are budgeted flatly, we have saved a lot of money using Marco copiers so we are catching up on that. We budgeted a minimal cost increase on space. We have had a big decrease in Rochester. We capitalized for five years the improvements we did on the office there so the first five of our ten year agreement is over so our rent was really reduced in Rochester. Everything else is pretty much standard. Telephone and technology - we do end the three year contract with Marco who provides managed IT for us which is a significant cost that ends in January. They have promised us a reduction on some projects we have been doing to take advantage of some things that are free for non-profits so that category did not go up as much as funding has gone up. In direct services all of those grants that we got that are new grants and don't include direct services. We are paying staff to provide services rather than paying clients directly. That is why that category did not see that 8% increase.

Galen asked for any questions on the budget. There were none and he said staff will be bringing it back next month for final approval.

Jenny asked if there were any concerns about the direction we are moving in with the health insurance or wages. There were none, Galen said it is a lot to absorb so if anyone has any questions later they can contact Jenny.
Jenny said we will be going out and talking to staff between now and the next board meeting.

To clarify the wage increase will be to all employees even if they are not eligible for benefits? Yes. Remember this is $2 that 70% of staff are already getting. To them it is not a raise. It will be a benefit to our part time staff. It will throw off the pay equity if we don't do it across the board. Next month will you ask for a COLA? Galen said yes, a small COLA.

**Advisory Committee**

a) Head Start Policy Council – minutes from October 16, 2018 (agenda packet pages 52-54)

Jane said they meet next week.

b) Transit Advisory Council met on November 8, 2018 (agenda packet pages 55-65)

They met last week. Julie was there. We included the information that was shared at that meeting. The Transit Advisory Council includes elected officials, community volunteers, and City Administrators. Julie and Dave are the board representatives. It is a quarterly meeting that rotates location. Julie said we get a match from the community for buses. Tracy said ridership is pretty much level but fluctuates in some communities. They will be looking into that. Jodi said many people are not aware transit is out there. Tracy said they are working on marketing and possibly getting a marketing intern. Tracy said she was at the Goodhue County Project Community Connect yesterday she heard from many people that they love our bus and ride it all the time. They asked for flyers to share with other people. Our own riders are helping us promote.

**Executive Director Review** - Galen asked if we could delay this until next month. Those who did not fill it out the evaluation form should stay after the meeting and complete.

**Comments** None
**Date, Time and Location of Next Meeting:** 9:00 a.m., December 19, 2018 in the Zumbrota office conference room, 1414 North Star Drive, Zumbrota, MN 55992

**Adjournment**

Meredith Erickson made a motion to adjourn the meeting, Jo Anne Krier seconded, motion unanimously approved.

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Vice Chair                      Date

December 19, 2018