

HRDC IX BOARD OF DIRECTORS
MINUTES MARCH 28, 2013
HRDC BOARD ROOM

Members Present: David Kack, Mitch Bradley, Ron Brey, Chris Budeski, Scott Malloy, Al Maurillo, Peter Schmidt, Ashley Turnquist and Billie Warford. Staff Present: Jeff Rupp, Mary Martin, Kristin Hamburg, Heather Grenier, Linda Wyckoff, Whitt Hampton, Sara Larsen

I. Call to Order

Chairman David Kack called the meeting to order at 8:35 a.m..

II. Public Comment

No public comment was received.

III. Consent Agenda

- Minutes: David asked if there were any corrections or additions to the minutes of January 31, 2013. Chris Budeski noted he was listed as in attendance when he was not at the meeting.
- New Contracts: David asked if there were any questions regarding the new contracts presented.

Chris moved to approve the consent agenda with the correction to the minutes. Mitch seconded the motion. Upon vote motions passed.

IV. Dashboard Review

Heather directed members to their read file containing seven Dashboard Reports and reminded everyone that at each meeting we would highlight a couple of the Dashboards. This time we are focusing on Community Development and Housing. Later in the meeting we will also review the Financial Dashboard and the Development Dashboards.

Heather noted that the VITA program is in it's first year and to date there has been 155 returns with 45 of those receiving tax credits in the form of Earned Income Tax Credit or Child Care Tax Credit. The IRS monitoring is very pleased with the work done and reported that completing 100 returns in the first year of a site was the norm. We also have the second highest dollar return to our customers in the State so far, which was our initial goal in the strategic plan.

Mitch asked where the volunteers were recruited. Heather reported we worked with our RSVP program to recruit volunteers. We had 12 volunteers, mostly retired individuals. The volunteer's report being able to use the booths at the Community Café worked very well for privacy. Being open in the evenings and for walk-in clientele generated the high number of returns.

Chris asked if one of the returns we prepared were to be selected for an audit by the IRS would our volunteer go with them to the meeting with the IRS. Heather reported there is a sign off by the customer that this return is being prepared by a volunteer but she does not know the process should someone be selected for an audit.

Chris also clarified that these returns were only personal returns' not business returns. Heather explained that these were simplified returns. If someone is self-employed and needs to file a Schedule C, we are not able to assist at that level.

Billie asked how we marketed this service. Heather reported we used business cards to give to everyone that comes into the HRDC office. Head Start gave cards to each of their families. Information is on the Web site and we also had a banner in front of the Community Café that drew a lot of folks in to get their returns completed.

In addition to VITA the Dashboard report will show the number of new initiatives we have or will start, with VITA being the first one. The financial literacy curriculum is developed and classes are starting. We still need to determine our targets for the percentage of customers who are able to maintain a budget for 90 days, those opening an IDA, and increased savings. Most of this information will come from the Matrix used for each family. West Edge while a housing program is presented here because it was initially a community development activity. The program income of \$58,598 must be used for another housing activity.

Next Heather reviewed the Housing Department Dashboard. She noted on the revenue by type pie chart the zeros only indicate that the funding to date was too small to calculate when put with the other funding sources. The Warming Center has served 71 different individuals, of those 16 transitioned to permanent housing. Additionally, 37 families were assisted to prevent homelessness. Twelve households were able to prevent foreclosure on their home. The Down payment assistance helped three (3) families purchase homes and one more family purchased a condo at West Edge. Heather noted the turnover rate for RPM was down to 5.3%, collections were at just more than 100% due to collection on an outstanding debt and that the vacancy rate while reducing is still higher than we would like. The voucher lease rate is holding at about 95% when we would like to see that rate at 98%.

V. Treasurer's Report

The front page of the Dashboard shows our cash position. The Operating Account has about twice what we would normally hold in the checking account due to cashing of some CDs that will either be reinvested or are for use in projects. On the back side of the report is listed the unexpended funding balance by program. Those in yellow are ones we want to keep a close eye on spending. Heather reviewed each of those individually.

Whitt provided an example of how the Dashboard ties into the Treasurer's Report by directing everyone's attention to page 4 of the Treasurer's Report, Home to Stay program. Whitt explained that what the Dashboard reflects is the net unexpended balance. There are multiple funding sources within the Home to Stay group. The Treasurer's report provides the detail.

Chris question what the deficit of \$19,532 in the VITA program included. Heather explained this is some start up costs of purchasing computers, and the full-time coordinator position. This position is split between VITA and Road to Home. Chris then wondered if we could encourage the users to make a donation if they could to support the program.

Whitt reviewed the Budget to Actual statement provided and the Balance Sheet. Whitt noted there will always be some timing differences as grants come in at different times during the year and expenses do not run evenly throughout the year.

Mitch moved to accept the Treasurer's Report. Chris seconded the motion. Upon a vote the motion passed.

VI CEO Report

Jeff reported that the Sequestration cuts took effect March 11, 2013 which affect a broad range of programs. We will have no choice but to make across the board cuts. We have been notified by Head Start, Department of Energy, CSBG, LIEAP, Section 8, Emergency Shelter Grants, RSVP and HUD Counseling that cuts will range from 5% to 8%. The bigger picture is that after the Sequestration cuts the budget process continues. The House took the Sequestration cut into the continuing resolution for the rest of this year but also into the budget process. The President will release his budget about April 10. Then the next discussion will be over the debt ceiling. This will take place in June or July. There is an expectation that there will be a "grand deal" where Congress and the President will come to agreement on the budget. That compromise is of concern because in that process many of our programs in what is called the "Function 500" will be sacrificed.

We have begun the process of going through each funding source to make reductions. This will mean fewer services.

Head Start did receive notice of approval of our Re-competition Grant. The bad news is that we now have to deal with the cuts. To begin we are asking to shut down our classrooms seven days early this school year. With Policy Council approval we will begin making cuts, not only this year by reducing seven days but next year by potentially cutting a classroom of 18 children. Because of the set costs in overhead, you have to look at cuts by classroom not by just a few children. We will begin the discussions with the Denver Head Start office in how to cut costs of the program. We are looking at staffing and potentially closing earlier to make up for the cuts.

Al clarified that reducing seven days this year will only be part of the cuts needed. Chris asked how we pay the rent on these facilities when they are not in use. Jeff reported we do have some good news in that area in that Heather was able to work out a partnership with the YMCA to use our center for their summer kids camp. We will receive some cash and in addition 10 scholarships for our Head Start families. These scholarships are worth about \$160 per week.

Chris asked how much money we will need to cut. Jeff believes we will need to cut about \$62,000 between April 2013 and March 2014. Cutting seven days now will save about \$15,000.

Scott expressed concern regarding what such a short notice this will be for families and that they may not be able to obtain alternate care for their children. Scott thought if we could wait to make all the cuts starting next fall it would give more time for families to plan. Ken is concerned that if we start later in the fall staff will not be able to meet the deadlines for assessments that are required under a different grant. Chris also expressed concern with the short notice. Jeff clarified that if we do not make any cuts now in the first couple of months of the grant cycle then we will have to make all the cuts in nine months. Mitch agreed with Jeff's assessment that it will only be harder to make the cuts in a shorter time period. It would be prudent to take the opportunity now to cut the seven days. Ron asked if we had any resources to provide a spontaneous safety net such as day care. It was suggested parents could use the center to provide a cooperative day care. It was agreed that we would talk to the parents to determine how much of an impact closing early will make on them.

Jeff noted the exception to the cuts is the Streamline service. The funding for Streamline comes from the national gas tax, highway trust fund.

Jeff asked the Board what process they would like him to follow during this time as many decisions are going to be needed. Jeff asked if he should meet with the Executive Committee on a weekly basis. Billie stated the larger issue for the Board is to lay out what we see as a priority for making decisions regarding these cuts so that the Executive Committee has some guidance. She wanted to know if we could prioritize preserving services to our customers and that we look everywhere else first. Board discussion ensued resulting in the understanding that anything we do will affect our customers in some way and that we need to review each program individually to determine what is the most effective reduction in expenses.

Al moved to recommend to the Policy Council that Head Start classrooms shut down seven days early this school year with the approval of the Denver Regional Office. Mitch seconded the motion. Upon vote motion passed with Billie abstaining.

Further Board discussion took place regarding how to best bring this information forward to the Board. Peter cautioned that the Board should not micro-manage each program decision. Some members advocated across the board cuts while others advocated program by program. Those programs with Advisory Boards should work through those boards to bring recommendations. The Executive Committee would only make a decision outside the regular Board meeting if it was a timing issue and could not wait for full Board discussion.

Jeff continued his CEO report by addressing the question he was asked last meeting by Cheryl, that being how much cash does the HRDC have. By Jeff's calculation, not from the fiscal office, the

HRDC has \$875,000 in investments, \$628,000 fund balance & reserves and \$300,000 in subsidiary corporations totaling \$1.8 million in flexible funds. There is 1.3 million in restricted funds mostly from the Smyth Trust and Food Bank funds. \$330,000 value in the Belgrade land and about \$530,000 in building equity.

VII Board Time

- The Personnel Committee of Crystal, Al and Gene need to find a time to meet with Sara to review some items.
- Nomination Committee of Chris, David, Mitch and Ron will need to meet to fill those terms expiring in July as well as the vacancy in the Private Sector.
- Audit and Finance of Joe, David, Kris and Peter. Peter reported there are four items for approval. First, the need to approve up to \$250,000 in financing for the Annex from Stockman Bank at 4.89% fixed for 10 years, the second is to fund \$60,000 for Amos House from the Community First Fund at 4%. Third is a swap of collateral for the West Babcock Apartments loan held by Big Sky Western Bank. This would release \$660,000 of the Smyth donation as security for the West Babcock property in exchange for using the real estate itself as collateral. Fourth is the West Edge recommendation however that will be discussed later. Mitch moved to approve the recommendations of the Finance Committee. Al seconded the motion. Upon a vote the motion passed.

VIII Standing Business

- Head Start Report: Jeff directed members to the reports presented in the read file. Whitt reviewed the current budget noting we are 92% through to grant cycle. He noted there is only 60% of the match required that has been documented. A large majority will come in at the end of the year from parents. The credit card expenditures were reviewed by the Board. The average attendance for January and February 2013 is about 82%. Peter moved to accept the Head Start report. Al seconded the motion. Upon a vote the motion passed.
- Development Update: Heather reviewed the Development Dashboard targets and current period results. Heather also reviewed the progress to date on the activities needed to build our fund-raising readiness. Linda provided an overview of the 2013 Development plan that was presented in the read file. Linda is currently pulling together a Development Committee to help us work through what makes sense for us, what works, and to help us have stronger outreach. Those on the committee are Dr. Steve Halverson, Debra McAtee, Patricia Gleason, and Ron Brey. Linda further reviewed the goals for the Development Committee.
- Project Updates: Heather reviewed the handout from the read file noting we have received the certificate of occupancy for the Annex, the Warming Center and Amos House. The master site plan for the Food Bank has been approved, construction documents are complete and bids are due April 10, 2013. The Food Bank will move to a temporary location while the parking lot and sidewalks are installed. The contractor for the West Edge covered parking was selected, the cost will be \$225,000 and construction will start midsummer. With Board approval the West Edge Phase III 24 unit building is slated to begin construction in October with completion in June 2014. At the Community Café the demolition of the kitchen is underway, the schematic design of the kitchen is also complete and the City/County Health Department application is in process. Construction should be completed mid-summer.

IX New Business

- NSP - West Edge: Heather reported we are ready to proceed with Phase III of the project. She reviewed the proposed budget that was presented in the read file. Heather reminded the Board that the commitment was that once all the existing condo's were sold we would build Phase III. All condos are sold with the exception of four that are still occupied by original renters. Under the Uniform Relocation Act we must continue to rent to them until such time as they wish to move. The estimated financing needed is \$925,677 depending upon how long we finance for and how much we want to cash flow the project. Once Phase III is completed and sold the projected proceeds is \$514,677. These funds must then be used for other affordable housing projects. Mitch move to proceed with Phase III of the West Edge project and approve the proposed budget. Ron seconded the motion. Upon a vote motion approved.
- HRDC Logo: Heather presented the different variations of the logo that had been designed by the graphic artists. A selection will be made tomorrow.

IX Adjourn

The meeting was adjourned by David at 11:30 a.m.

David Kack, Chairman

Date