

HRDC IX BOARD OF DIRECTORS
HRDC BOARD ROOM
MINUTES
JANUARY 29, 2015

Members Present: David Kack, Ron Brey, Scott Malloy, Pierre Martineau, Al Maurillo, Kris Moos, Billie Warford, LeRoy Wilson and Linda Young. Guest Present: Loren Randall, CPA. Staff Present: Jeff Rupp, Mary Martin, Kristin Hamburg, Susan Cook, Heather Grenier, Sara Savage, Whitt Hampton and Sara Larson.

Call to Order:

The meeting was called to order by Chairman David Kack at 8:30 a.m.

Public Comment:

Pierre expressed his appreciation for Food Bank Director Tim Trzinski noting that he has done an excellent job. Linda agreed and also commended Tim on his public speaking stating he has a positive way of personalizing poverty issues for the listening audience.

Audit Review:

Jeff reminded the Board that the Audit firm works for the Board not the staff of HRDC. The FY 2014 audit was reviewed by the Audit Committee, comprised of Kris, David and Peter, on December 19, 2014. Jeff pointed out that while the Audit did not reveal any current year deficiencies or findings there are still problems with the recording of In-Kind for the Head Start program. Jeff has assigned the responsibility for checking of in-kind reports and supporting documentation to Whitt Hampton, Fiscal Manager. There have also been adjustments made to staffing levels, job descriptions and technology systems to address this issue. Loren noted that there has been a significant improvement but there are still duplications and miscalculations. The error rate is at 12% which is smaller than last year but still a reportable condition.

Linda asked what affect this would have on any future grants the agency may apply for. Jeff stated that any negative information in an audit report could have an effect on future grant submissions. Loren reminded the Board this is an internal control item and not a material finding.

Linda questioned how the Board could help and suggested perhaps the Board could ask for reports at each meeting to keep this at the forefront. LeRoy also said he would like a report on what checks and balances have been put in place and how they are working. Billie shared her experience as a volunteer in the Head Start classroom. She noted that the Teachers understand the importance of collecting in-kind information however; even she found the forms to be confusing and could see why information does not get clearly recorded. The forms need some work so that it is easy for volunteers to understand and provide the information we need. Both Billie and Linda requested Ken report at the next Board meeting the process we are now using with an identification of staff responsible for recording in-kind contributions. Whitt is ultimately responsible so a report as to his findings regarding accuracy should also be included.

Loren reviewed the Agency Balance Sheet noting that Assets have decreased and Debt has increased mostly due to the West Edge condo project. The reduction in equity is due to depreciation. Loren made note that we now have the Endowment Fund operational which is very positive as this can provide a tax credit to donors.

Whitt directed everyone's attention to pages 5 & 6 of the Audit report and noted that the administrative rate is at 6.52% up from 5.54% last year. He next reviewed the Cash Flow statement on pages 7 & 8 and pointed out that the contributions of food to the Food Bank total \$3.5 million. Details of the Fixed Assets can be found on page 20, Loan detail on page 21 – 25, pages 28 and 29 detail the Endowment fund, and the Unrestricted Corporate Funds are found on pages 46 – 47.

Kris reported the Audit Committee recommends acceptance of the Audit report. Upon a vote the motion was approved.

Board Time:

* Ethic Statements/Conflict of Interest – Kristin asked that each Board Member review and sign the Ethic and Conflict of Interest Statements provided. Signed statements can be given to Mary.

* Review of Subsidiary Corporation Membership – David asked that members review the membership of each of the Subsidiary Corporations; Miles Building Inc., Summit Apartments Inc., Sherwood Apartments Inc., and Darlington Apartments Inc. He reminded the Board that the Home Corp holds the West Babcock Apartments and its membership is the same as the HRDC Board. Pierre moved to reappoint the current members of each subsidiary corporation. Al seconded the motion. Upon a vote the motion was approved.

* Committee Reports Nominations:

The Head Start Policy Council has nominated Victoria Pikul, a Head Start parent and member of the Policy Council to serve as the Head Start representative on the HRDC Board of Directors. Kristin explained that Victoria was unable to complete her application due to family illness and she would forward to Board members as soon as it is received. After discussion Linda moved to accept the Policy Council nomination of Victoria Pikul pending receipt of her application. LeRoy seconded the motion. Upon a vote the motion passed.

David called for Nomination of Officers for the HRDC Board of Directors. After discussion among members Ron expressed his appreciation for David's skills and moved to appoint David Kack as Chairman, Gene Townsend as Vice-Chair, and Kris Moos as a member of the Executive Committee. Billie seconded the motion. Upon a vote the motion was approved.

* Committee Reports Executive Committee:

David reported the Executive Committee had met on December 30, 2014 to review and approve the submission of the Head Start 2015-2016 Continuation Grant. The grant application is for the period of April 1, 2015 through March 31, 2016. We are asking for an

amendment to reduce enrollment by 20 children from 168 children to 148 children without a reduction in funding.

Head Start:

Jeff spoke to the Board regarding the movement in public schools to provide pre-school and the Governor's Early Edge initiative. Heather presented a handout to the Board depicting the possible structure in each of our current Head Start locations and partnerships with local schools. This proposed structure would consist of 124 Head Start slots for ages 3-5 and a conversion of 28 regular Head Start slots to 16 Early Head Start ages 0-3 if approved by the regional office. Additionally in the fall we will have 58 Preschool Development slots for 4 year olds as a result of a State grant.

It was noted that enrollment continues to be below targets, especially in the Bozeman classrooms. Scott wondered where the kids are that statistics show we should have for enrollment. Jeff commented that the family income level is very low and many families move to lower cost areas as can be seen in the enrollment in Livingston and Belgrade.

The Board reviewed the Director Report, credit card charges, CACFP Reimbursement and the Policy Council minutes from their December 15, 2014 meeting. Whitt reviewed the November and December 2014 Head Start financial reports. The budget is 70% spent with 73% of the year elapsed. In-kind secured is at 33%.

Scott moved to approve the Head Start report. Pierre seconded the motion. Upon a vote the motion passed.

Standing Business:

*2015/16 CSBG Work Plan – Heather referred members to the work plan in the read file. The work plan reflects the priorities of our strategic plan including an investment in Community Development and Special Projects.

* Staff Update – Sara introduced Jackie Haines Economic Development, Sue Cook Human Resources Director, and Austin Rector under contract for Project Management, Robin Mayer Outreach and Special Events and Tim Trzinski will be transitioning to Community Development.

* Park County Homemaker Grant – Heather reported that the Park County Health Department no longer wishes to provide Homemaker services through the Area IV Agency on Aging. The Park County Commissioners have asked that we assume this grant to serve 34 seniors. This is the same service we have provided in Gallatin County since about 1986.

* Community Café - Heather spoke to the funding needs of the Community Café and provided a funding plan for the next six months. Part of this plan is to introduce the 'pay what you can' model. In this model people are asked to pay any amount 10¢, \$1.00 whatever they can afford. This coupled with the planned visiting chef may bring more people to the Café that can contribute. We are also pushing hard for the sponsorships and business relationships. The Community Café is now a member of Catalyst Kitchen.

* NSP Closeout – Heather provide an overview of the West Edge project. All 24 condos in phase III are sold. The average sales price was \$128,500. 14 of the purchasers had income below 60% of AMI. The average subsidy was \$48,503. The program closed with a positive balance of \$41,000.

Dashboards/Financial Reports:

* Dashboards – Whitt reviewed the Financial Dashboard pointing out that the programs highlighted on the back of the dashboard exclude program reserves. The Balance Sheet, Budget to Actual, and Investment Summary for the period ending December 31, 2014 were reviewed as well. Scott moved to approve the Financial Report. Al seconded the motion. Upon a vote the motion was approved.

Consent Agenda:

David asked the Boards’ pleasure with the items on the Consent Agenda. These include the Minutes of the previous meeting, new contracts, and DPHHS monitoring report, Information Memorandums and Program Instructions and the 2016 Coordination Plan for Galavan/Streamline. LeRoy moved to approve the Consent Agenda. Pierre seconded the motion. Upon a vote the motion passed.

CEO Report:

Jeff reiterated he is very concerned regarding performance of our Head Start Program with the repeat errors in recording in-kind donations and has specifically assigned Whitt the task of insuring accurate reporting and documentation. He will continue to push enrollment and attendance.

Heather will have her plate full in the coming months navigating the Head Start changes and potentially the Story Mill project.

The City of Bozeman is revisiting the Work Force Housing ordinance and Jeff expects the HRDC to be very instrumental in the discussion regarding affordable homeownership.

Jeff reminded the Board that Sequestration is still in place and another reduction of 8.5% will take place in October if Congress does not pass a budget.

Adjourn:

The meeting was adjourned by David at 11:30 am.

David Kack, Chairman

Date