

**WACOSA Board of Directors Meeting**  
**May 21<sup>st</sup>, 2018**  
**5:14 PM – 7:51 PM**

Members Present:

Jon Archer  
John Bartlett  
Ron Brandenburg  
Zachary Dorholt  
Jennifer Johnson  
Karla Myres  
LeRoy Northam  
Joe Perske  
Cherie Scofield  
Jeanne Theis  
Herb Trenz

Members Absent:

Jeff Murphy

Guests Present:

Alex Hengel (CLA)  
Kristin Schmidt (CLA)  
Caryl Turnow (CMCF)

Staff Present:

Nancy Betts  
Ann Kennedy  
Steve Howard  
Carrie Peterson  
Traci Richter  
Sarah Starling  
Beth Sueker  
Sandie Westergren

**1. Welcome Board Members – Meeting called to order**

**2. Review of Agenda**

Motion by Ms. Cherie Scofield, seconded by Mr. Ron Brandenburg, to approve the agenda as presented. Motion passed.

**3. Approval of Minutes from March 19<sup>th</sup>, 2018 Meeting**

Motion by Mr. Zachary Dorholt, seconded by Ms. Cherie Scofield, to approve the March 19<sup>th</sup>, 2018 minutes as presented. Motion passed.

**4. Committee Reports/Business**

**a. Finance**

**i. Annual Review of 401K Audit**

Ms. Kristin Schmidt from Clifton, Larson, Allen (CLA) stated that the 2017 401K audit was unmodified with no concerns.

Motion by Mr. Jon Archer, seconded by Ms. Jeanne Theis, to approve the 401K Audit as presented. Motion passed.

**ii. Annual Review of Overall Yearly Audit**

Ms. Schmidt shared that the overall yearly 2017 Audit for WACOSA was also unmodified and there were no material weaknesses.

Total assets increased \$22,000 from prior audit due to changes in cash, inventory, fixed assets, and investments. Total liabilities decreased \$173,000 from prior audit which was primarily related the Electrolux payables.

The statement of activities remained similar to the prior audit. Contributions decreased \$75,000 and vocational business revenue increased by \$130,000. Operating expenses increased by \$127,000 primarily due to payroll changes.

There was \$775,000 of cash provided by operations. Investing activities used \$527,000 of cash; financing activities used \$101,000.

Mr. Alex Hengel stated there was an upward trend in both revenue and expenses with revenue about 10% higher than expenses.

Designated and temporary designated assets were up slightly. Unrestricted funds were down.

Revenue is becoming progressively more diversified looking back at WACOSA's foreseeable past.

Expenses have been consistent and stable.

Mr. Joe Perske asked how often WACOSA is required to do a financial audit. Ms. Traci Richter stated it is an annual requirement.

Mr. John Bartlett asked if we can do a lower level audit because there have not been issues with the previous audits. Ms. Richter shared that the state wants the full audit every year. Mr. Jon Archer stated \$750,000 is the threshold for a lower level audit and WACOSA is well beyond that.

Mr. Bartlett asked if we have put out bids for audits. Mr. Howard stated we did put out a bid a few years back and CLA was priced well. The board wanted a change in the vendor to get a new set of eyes on the financials which prompted CLA to switch principals managing the account. Mr. Archer stated CLA is currently charging a price that is on the higher end of the spectrum.

Motion by Mr. Jon Archer, seconded by Ms. Cherie Scofield, to approve the Annual Audit as presented. Motion passed.

### **iii. Central MN Community Foundation Presentation**

Ms. Caryl Turnow from Central Minnesota Community Foundation (CMCF) presented regarding information related to planned giving/endowments. Ms. Turnow shared that CMCF maintains an Investment Committee to handle more complicated investments, such as 401(k), endowments, etc.

Ms. Turnow encouraged board members to set up a planned gift with WACOSA so they

can discuss their “why” for giving and persuade others to do the same. It is difficult to make an argument that others should give if board members do not give themselves.

Mr. Bartlett asked that since WACOSA already has investments with Bremer, what else CMCF does that is different from Bremer’s services. Ms. Turnow stated that CMCF partners with Bremer on a variety of investments and, when this occurs, WACOSA is not charged a fee by both for managing our accounts.

Mr. Herb Trezn asked if CMCF competes with or collaborates with other local community foundations. Ms. Turnow stated the other community foundations started as branches under CMCF, but they split into their own branches and each runs their own board.

Motion by Mr. Joe Perske, seconded by Mr. Herb Trezn, to lock Mr. Steve Howard out of the board room while he was saying good bye to Caryl Turnow. Motion passed with unanimous consent. Nevertheless, Steve found his way back into the board room to resume the meeting.

#### **iv. March Financials**

Ms. Richter stated March program revenue was under budget by \$21,596 for the month and over budget by \$31,451 for the year. There was one less day of services in March due to the Easter holiday.

March vocational revenue was over budget by \$3,787 for the month and over budget \$11,164 for the year. Year-to-date community crew revenue was over budget by \$5,738; production revenue was under by \$851; DocuShred revenue was over by \$2,639; and ThriftWorks! revenue was over by \$10,910.

March donation revenue was under budget by \$33,538 for the month and over budget by \$40,258 for the year. Budget amounts include income from the Harvesting Happiness fundraising event held in the fall, as well as grants collected throughout the year.

Staff wages and costs were under budget by \$42,526 for the month of March and under budget year-to-date by \$31,223. The reason for the decrease was due to the open positions we currently have.

Health Insurance/Life Benefits for March were under budget by \$15,357 and under budget for the year by \$56,283. This decrease was due to eliminating the traditional employee health insurance plan, as well as a higher number of employees opting to participate in the higher deductible plan.

Client wages and costs were under budget by \$1,691 for the month of March and over by \$12,065 year-to-date.

Building and equipment costs were within expectations for the month of March; both the month of March and totals for year-to-date were within \$1,000. Building supplies were up for the month of March by \$2,200; Snow and Lawn Care was up \$1,586; Building and Ground Maintenance was under budget by \$1,711.

Vehicle fuel for the year is coming in as expected in the budget. As prices increase this

may change in the coming months.

Vehicle maintenance was over budget by \$3,753 due to some accidents that occurred.

Professional fees were over budget by \$5,713 for March. This is due to two audits that occurred in March.

Motion by Ms. Cherie Scofield, seconded by Mr. Jon Archer, to approve the March Financials as presented. Motion passed.

## **b. Human Resources**

### **i. Review of Risk Management Plan**

Mr. Howard stated the Risk Management Plan is updated at least annually or as needed throughout the year. Ms. Betts shared the updates.

### **ii. Review of Annual Turnover Statistics for DSPs**

Ms. Sandie Westergren stated the HR Committee reviewed the DSP turnover statistics. Training Specialists are now called Direct Support Professionals (DSP's), which is more in-line with current terminology.

There have been 48 terminations each year since 2015.

The current trend in the job market is people staying for one year in a position then leaving.

Ms. Westergren has sent out an RFP for new insurance brokers with the hope of helping to bring down the cost of insurance for WACOSA employees. WACOSA is in the process of hearing proposals and will be deciding on a new broker in the next week.

Mr. Bartlett asked if WACOSA has an internship program. Ms. Westergren stated we do, but we could be more aggressive in advertising it.

Mr. Trezn recommended looking at the total compensation report and showing it to staff at hire and after a year.

Mr. Howard shared that there are approximately 10,000 open DSP positions available in Minnesota, according to the MOHR state association with whom WACOSA is a member.

Ms. Karla Myres asked if the time-off WACOSA gives staff is competitive. Ms. Westergren stated it is very generous; staff get 4 weeks off at their second year.

Mr. Bartlett asked if WACOSA conducts exit interviews. Ms. Westergren said we do send out a survey but do not receive many responses; she may revamp the process.

### **iii. Executive Director Succession Plan (Revised)**

Ms. Westergren stated the HR Committee made two changes in the current Executive Director Succession Plan. On page two, “less than three years...” now states “less than one year...” to help expand the candidate pool.

On page three under Executive Director Search Committee, “...interviewing and selecting a new Executive Director” now states “...interviewing and recommending a new Executive Director.”

Motion by Mr. Ron Brandenburg, seconded by Mr. Herb Trenz, to approve the Executive Director Succession Plan with the changes as noted. Motion passed.

#### **iv. Key Staff Succession Planning Update**

Mr. Howard stated he has a document that he refers to has a “tool kit” that is required by the board for succession planning, outlining his primary duties as Executive Director. The tool kit is in place so that someone could maintain the majority of the ED’s duties in the event of his unplanned absence. Mr. Howard and his direct reports are working on developing comparable documents for their positions.

#### **c. Fund Development Committee**

##### **i. 5310 Purchase Resolution**

Ms. Betts stated that we will be requesting the WACOSA Board of Directors vote to approve a Purchase Resolution for our next 5310 vehicle. At this time an exact amount of the purchase price is needed in the resolution which we do not yet have. As soon as we have this information, Mr. Howard will be asking the board to vote to approve the resolution via an electronic vote, since the board will not be meeting in the month of June. At this time, this agenda item is only informational, but Mr. Howard and Ms. Betts wanted to bring it to the board’s attention so that they are aware of the coming, requested, electronic vote.

##### **ii. 5310 Application Resolution**

Ms. Betts stated WACOSA is applying for a 5310 grant to have 80% of the cost of a vehicle reimbursed. If the grant request is successful, the vehicle would be a replacement for our first 5310 vehicle.

Motion by Ms. Karla Myres, seconded by Mr. Joe Perske, to approve the 5310 Application Resolution as presented. Motion passed.

##### **iii. Harvesting Happiness Update**

Ms. Carrie Peterson stated the Harvesting Happiness Breakfast will be October 4<sup>th</sup> from 7:30am to 8:30am, catered by Custom Catering. The keynote speaker will be Mr. Emmett Keenan, a teacher at Cathedral High School and the dad of two of our clients. Sponsorship letters will be sent out in June with payment options on the envelope. Ms. Peterson is working with Ms. Betts to have iPads available at the breakfast for individuals who want to donate by using their credit cards. We plan this year to do a better job of

involving clients in attending and participating in the event. At this time, we expect they should be able to assist with helping guest get seated and handing out name tags etc.

#### **iv. Summer Walk-a-thon Update**

On August 4<sup>th</sup>, WACOSA is hosting a Walk-a-Thon at Lake George. Sponsorship letters were sent out with the option to donate \$50 for a logo on the t-shirts and on advertisements at the walk. \$1,350 has been raised by sponsors thus far. WACOSA will be selling pre-packaged snacks and drinks during the walk, as is permitted at Lake George. Online registration will be set-up soon.

#### **v. Update on Team Quest Participation**

WACOSA was the recipient of an Initiative Foundation Grant earlier this year. The grant is designed to help fund a collaboration event, showcasing leadership skills between staff, board members and clients. The event will be held at True Friends in Annandale, MN on June 15 and is referred to as the Team Quest Emerging Leaders program. There will be 90 DSPs, 10 clients, and 4 board members attending.

St. Cloud Rox Baseball is donating a portion of their proceeds to WACOSA from the June 29<sup>th</sup> game. Tickets are on sale now at WACOSA and will be available during the shareholder picnic. Clients who purchase a ticket at WACOSA are eligible for a drawing to throw out the first pitch of the game.

Ms. Myres asked how the Pizza Ranch fundraiser went. Ms. Peterson stated we raised over \$900, which was considered overwhelming successful, both by WACOSA and by Pizza Ranch management.

#### **d. Program Committee**

##### **i. Approval of DNR/DNI Policy**

Ms. Betts stated the Program Committee reviewed the DNR/DNI Policy. There were no changes.

Motion by Ms. Karla Myres, seconded by Mr. John Bartlett, to approve the DNR/DNI Policy as presented. Motion passed.

### **5. Director's Report**

#### **a. Monthly Metrics**

Mr. Howard stated there were 596 persons served in April, 24 new in-house work opportunities for the month and 67 for the year, 72 in-house jobs produced for the month and 296 for the year, and turnover for the DSP position was 1.05% for the month and 8.25% for the year. ThriftWorks! revenue was \$25,594 for the month and \$105,605 for the year. DocuShred revenue was \$23,185 for the month and \$79,464 for the year.

#### **b. Production Brainstorming & Compliance Committee Minutes**

Mr. Howard stated the Compliance Committee met in April and there were not issues. The

minutes are included should any board member wish to review them. No significant issues were covered during the most recent quarterly meeting.

In addition, the WACOSA Administrative Team is getting together 1- 2 times a month to brainstorm ideas to help mitigate/rectify the loss of work that WACOSA will experience when Electrolux leaves town in 2019. The meeting is referred to as the Production Brainstorming meeting. The minutes are included for any board member or staff who wishes to participate in the meeting. The minutes from each meeting has the date/time of the next meeting.

Mr. Joe Perske asked what will happen to the clients who are currently working on Electrolux. Ms. Betts stated they will work on other jobs and do job-related training.

**c. Merger Discussion**

Confidential merger discussions were held by WACOSA’s Board members, Mr. Howard, and his Administrative Team. No additional information will be recorded for the minutes until such a time as this topic becomes generally known. The outcome of this meeting was that Mr. Howard has been given a vote of confidence to continuing discussions with the various parties involved, along with spending a reasonable amount of money accessing legal counsel, to determine if this initiative has merit and is right for WACOSA.

**6. Motion to Adjourn**

Motion by Ms. Jeanne Theis, seconded by Ms. Cherie Scofield, to adjourn the meeting. Motion passed.

**Next Meeting: July 16<sup>th</sup>, 2018**

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LeRoy Northam, Board Secretary

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Date