

WACOSA Board of Directors Meeting
February 22, 2021
5:30 PM
(Virtual)

Members Present:

Jeff Murphy
 Jon Archer
 Jennifer Johnson
 Joe Perske
 Lindsey Rennie
 Laura Krueger
 Herb Trenz
 Ron Brandenburg
 Mollie Garden
 Jeffrey Benveniste
 Karla Myres
 Leroy Northam

Members Absent:

None

Staff Present:

Steve Howard
 Nancy Betts
 Traci McKinnon
 Julie Haag

1. APPROVAL OF CONSENT AGENDA

Mr. Murphy heard from one board member that they would like to pull the November minutes off of the consent agenda for an edit. The Finance Committee met prior to the board meeting and they made a small edit to the December Financial Statements and are requesting this to be pulled from the consent agenda. October and November financial statements, as well as the Title VI policy, will remain on the consent agenda. Motion by Mr. Benveniste to accept consent agenda as modified, seconded by Mr. Northam. **Motion passed.**

2. INTERIM BUSINESS TO RECORD IN MINUTES

The interim resolution was completed/passed between board meetings to get the 5310 vehicle approved. This will officially record it for the minutes. No motion is needed.

Ms. Myres had a couple of corrections/additions to the November minutes. On page six under the Fund Development Report, in the discussion on bringing Ed Stracke on board, Herb Trenz had made a point that he highly recommended establishing deliverables for Mr. Stracke for his consulting work with WACOSA. Ms. Myres felt, given his position as the Chair of the HR Committee, it was an important detail that should be recorded. There was one additional edit. In the paragraph where it states that "Steve Howard commented Ed would be stopping by November 7, 2020, Ms. Myres asked that the date be corrected to December 7, 2020.

3. EXECUTIVE DIRECTOR REPORT

Mr. Howard shared that last week's MOHR meeting covered a variety of topics. 6-8 programs are now closed statewide due to the COVID pandemic. WACOSA remains very strong. Mr. Howard heard this past week that MOHR's leadership had a meeting with the Department of Human Services, with the DHS Commissioner attending. They reported that the dial is, once again, moving in our favor to allow greater flexibility in providing service to more individuals. There are only a couple of programs in the State of MN that provide shifts, WACOSA being one and EEI in Little Falls being the other. Julie Johnson, the President of our State Association, addressed this concern with both the Health and Human Services Commissioner and DHS to talk about both of these two providers having COVID related shift issues that influence the services we provide. As the dial is adjusted, staff are no longer being considered a part the numbers in a cohort. Also, the existing 50 percent service capacity being lifted.

The Outcomes Report for 2020 is nearing completion. The report for 2020 is largely unremarkable in light of so much information being skewed due to COVID-19. Ms. Betts reported that currently we have about 100 staff members including part-time and on call. This number will be ramping up as the dial is progressively turned. We have not received official notice of when that will be happening. However, when it does, we will require additional staff. We have a plan in place now and are trying to hire in anticipation of additional service flexibility occurring.

Maggie Dilks did a quick survey with our current staff to see where we are at with vaccinations. Most vaccinations that have occurred with clients are those that live in congregate care settings. Most providers of which we are aware are in the process of getting the second dose within the next few weeks. We have about 43 percent of staff that have indicated they are either in the process of or want to be vaccinated. We think we will have a high number of staff that will be vaccinated when our turn comes.

In January, we served about 350 clients. Remote classes have steadily increased with 42 people regularly engaged. Stang Precision in Paynesville recently called us wanting our clients to come back to work. They had laid off most of their staff, in addition to our clients, when COVID-19 hit.

Across the state, some programs are completely done receiving vaccinations, while some have received one shot and some have been told they will qualify with the Phase three group for vaccinations. Ms. Jennifer Johnson called WACOSA stating they had extra doses of which WACOSA staff could take advantage, if they wished. WACOSA staff eagerly took advantage of the offer. Ms. Garden asked if clients are being vaccinated at the discretion of their guardians and will that be a requirement for clients to return to WACOSA's services. Ms. Betts stated it would not be a mandate for clients. It is a choice. Ms. Betts stated knowing which clients are and are not vaccinated will help us in our service flexibility, as the dial gets turned back. Mr. Perske also commented that he was working with the State of MN this weekend. The vaccinations were supposed to be here Tuesday and Wednesday and distributed Thursday-Saturday. They did not come until Friday and so all of those vaccines had to be rescheduled,

The hire of Ed Stracke is going well. We're learning a lot. Ed has been meeting with the Development Committee. He is excited about the areas in which he and Carrie A. are making some progress related to arranging departmental structure and proposing Development KPI's. Mr. Trenz remarked about wanting to amend the minutes from the last meeting. He wanted to have deliverables developed for Mr. Stracke as part of the board going forward. He did not see it in the minutes. Mr. Murphy said that we had addressed this earlier in the meeting. Ms. Myres asked Mr. Trenz if the following addition to the minutes was acceptable; "Herb highly recommends establishing deliverables for Ed's consulting work with WACOSA." Mr. Trenz agreed amending the November minutes as suggested would be fine.

4. PROGRAM REPORT

Ms. Betts stated we are up to 350 clients receiving services. Individuals receiving the vaccine is a key reason for them wanting to return to WACOSA's services. Because we have a number of folks who wish to come back, we have been forced to implement a waiting list. Staffing remains an issue and will be a key determining factor in the timing of bringing clients back to services. We have reached out to some staff that were laid off due to COVID-19. Ms. Betts believes the biggest growth that we will see is in our service to Vocational Rehabilitation clients looking for competitive employment in the community. This is the fastest growing client group right now. Immunizations are expected to help with both staff and clients returning to WACOSA. We do see community crews ramping up a bit. We have approximately 56 folks on community crews. Six of these individuals are a new crew at St. John's University. St. John's has hired them and our staff support them. They clean and sanitize at St. John's in the dining halls. Mr. Murphy inquired whether any exposures have been traced back to WACOSA at this point. Ms. Betts stated nothing has been traced back to WACOSA as far as we know.

Ms. Betts went over the Accessibility Plan/Progress Plan for 2020. Most goals in the plan did not change or will be carried forward into the 2021 Accessibility Plan. The plan addresses architectural access, environment, attitudinal, employment and community integrated access, communication, technology and transportation. In December 2020, WACOSA received a Department of Human Services grant of \$200,000.00, some of which is currently being used to invest in technologies. The 2021 Accessibility Plan objective will be to implement all of the things we purchased, as well as training staff and clients on all the different uses and activities that can be done with the new equipment. Equipment will help WACOSA expand in such areas as providing remote classes, producing videos of activities and doing pod casts. We have invested almost \$60,000 in technology to shore up remote classes via this grant to date. Other areas to be addressed include one area under Architectural to address a safety hazard due to sinking concrete at one of our Sundial buildings. We are going to get this fixed soon. Mr. Howard stated, as a reminder, the Accessibility/Progress Plan are CARF requirements to maintain our accreditation. Mr. Murphy asked Ms. Johnson if the program committee has had an opportunity to review and study the draft of the Accessibility Plan. Ms. Johnson stated they planned to do this at their next meeting scheduled for March 8, 2021. Mr. Murphy suggested deferring the motion to approve the current plan until after the program

committee has had a chance to meet on it and discuss it formally. The Program Committee could then recommend approval to the full board. Mr. Murphy recommended striking the motion to approve off the agenda and just have Ms. Johnson and the Program Committee make a motion at the next meeting and we will get it recorded as such.

5. FINANCE COMMITTEE

The December financial statements were pulled out from the consent agenda. Mr. Archer stated the Finance Committee met today prior to this board meeting and we decided to make a change to the December financial statements. Specifically what is being changed is related to the accrual of unemployment costs. That accrual was booked at 50 percent of actual with the thought that a portion of that would be forgiven. The Finance Committee recommends booking it at the full accrual verses 50 percent just to be more conservative. With this change, the December financial statements would be adjusted from \$108,000 to \$212,000.00. We continue to expect that a portion of this will be forgiven, though we are still uncertain when this might be.

Ms. McKinnon reported that, as of today, we have approximately 2.3 million dollars in our Money Market account. In our Operating Account we have just over one million, and in our investments (short and long term) we have about 2.6 million dollars. Therefore, presently WACOSA has a total liquidity of almost 6 million dollars. As Ms. Betts explained earlier, we are still not back up to 100% of our clients participating in light of the governor's restrictions. We are operating with approximately 50 percent of our clients back in a limited capacity, which is why our financials are down from prior years by about 50%. We did receive a second PPE loan, which will be recorded in the minutes as approved by the WACOSA Board via electronic vote. We received the dollars from this loan on January 27, 2021 for \$1,204,974.00.

Mr. Archer reported that, from a cash perspective, we are reasonably strong. Mr. Murphy asked for clarification of the current "burn rate", to determine how long the 6 million in liquidity will extend the life of the organization. Ms. McKinnon stated in January of 2021 our total monthly expenses were roughly \$452,000.00, and we are bringing in roughly \$130,000 in revenue. Thus, we are seeing approximately \$322,000 in expenses over income. Mr. Murphy stated that, given this information, if there is no change to our current situation, we should still have 20 months of liquidity before we would even have to think about tapping reserves or drawing on a line of credit. Mr. Archer replied that this is correct. Mr. Benveniste stated this is not exactly true. When we talk about the line of credit for the short term, it would be covered by our marketable securities, which represents a portion of that, so we want to be careful to say we have complete access to more like 4 million, along with a line of credit.

Ms. McKinnon did want to clarify that Jesse Ewing didn't have a couple of the revenue pieces in there, so we are going about \$150,000 a month in expenses over revenue verses what she had said earlier. Mr. Benveniste replied that, given this, the burn rate would be approximately \$300,000 a month assuming nothing picks back up to inject more revenue into the budget. ,

Mr. Archer stated Ms. McKinnon and Mr. Benveniste met with Bremer Bank to discuss a proposed one million dollar line of credit. Bremer came back with a proposal that was attractive. In a previous Financial Committee discussion, you may recall there was a concern about using the organization's investments as collateral for the line of credit, with the concern being if the investments are collateralizing the line and we need to draw down those investments, it impedes our ability to borrow on the line. Bremer came back with a proposal where we could use our current investments as collateral, primarily as a cost saving measure. Should we then need to draw upon those investments, Bremer would then transform the line of credit into a term loan, using our real estate as collateral. Mr. Benveniste said we did meet with the Bremer bank team, talked about it and they provided us with a term fee of 25 basis points below prime, which is considered great pricing. Bremer stated that WACOSA has 4 million dollars in our investment accounts currently, so we could have a line of credit up to three million dollars. The bank will typically advance up to 75 percent of what the amount is. The cost of this line of credit would be less than \$1,000.00, which is considered immaterial, at this point.

Mr. Archer stated there is a letter from Bremer in the board portal outlining the terms regarding this line of credit. Since this letter has been drafted, Ms. McKinnon has reached out about a modification to the terms to go from a one-year line of credit to a two-year line of credit. We could do that with a modest increase in our interest rate. At this time, the Finance Committee's recommendation is to take out the line of credit for a two-year term with an interest rate of prime and a floor of three percent. Mr. Benveniste thought Ms. McKinnon did a very nice job and that Bremer did a very nice job coming back to us. Bremer has already preapproved us for this. For us to trigger this, we literally just need board approval.

Mr. Murphy entertained a motion to approve a line of credit based on the conditions and term sheet on the board portal subject to the two modifications discussed which were a 25 basis point increase in rate and an increase from a one to a two-year term. Mr. Benveniste motioned. Mr. Archer second. **Motion carried.**

Mr. Benveniste commended Ms. McKinnon and Mr. Howard for their efforts in pulling everything together. It was nice not to have to go to a number of banks to get this. Ms. McKinnon stated that she would contact Kimberly at Bremer tomorrow to have her get the final steps underway. Mr. Murphy thanked Mr. Benveniste for the extra effort that he put in to this LOC process. Mr. Archer and Ms. McKinnon can move forward with this process and do what is necessary with Bremer to complete the LOC process.

HR COMMITTEE

Mr. Trenz presented regarding WACOSA's Vaccination Policy, which was on the portal prior to the board meeting this afternoon. He had a few suggestions when the HR committee met and those have been implemented. He feels this is ready to go and just wanted to present it to the board so that everyone had a chance to look at it before it went out.

6. MARKETING COMMITTEE

Ms. Krueger reported the Marketing Committee has been working on website updates and has been collaborating with both Development and HR on projects. One of the next projects is to redesign the annual report. This will be followed by providing suggestions for updating the newsletter, and editing the development donation envelopes. Currently, there is a list of what the committee plans to work on in the coming months. Building content with client stories is also something upon which the Marketing Committee will be focused. This will be done by identifying compelling stories and graphics that give donors information on where their money goes. As far as marketing strategy, we have a short-term strategy. However, we are looking forward to building a longer-term marketing strategy over time. The idea would be to coordinate this effort with the forthcoming strategic plan.

7. FUND DEVELOPMENT COMMITTEE

Ms. Myres remarked that WACOSA has now established an endowment at the Central MN Community Foundation. The first donation of \$30,000 has been sent to them so it is official. Carol, Mikey and Bob Lensmeier gave this gift early in 2019 for this purpose. There is another \$5,000 legacy gift in process that is expected to be given in honor of Jerry Gruber, who was a client at WACOSA. This will also go into the endowment fund. Karla reported the Development Committee has been busy establishing KPI's. She is hoping that next quarter we will actually have some numbers plugged into the KPI categories. The current KPI's are being designed around three areas: grants, gifts and planned giving. Ed Stracke, our new consultant, who is working with us and getting the deliverables cranked out, is spearheading the planned giving piece. Most of the fundraising activities planned for 2021 will be happening in the 3rd or 4th quarters. We already have the annual walk planned for August 7. The committee will be meeting again in early May. Mr. Northam asked if it makes sense for Ms. Myres and Ms. Kruger to sit down and talk about marketing the endowment. Ms. Myres responded this makes solid sense since there are a number of crossover areas between Marketing and Fund Development.

A couple of grants have recently come in: one for \$16,000 from the Community Foundation in their special needs fund and one for \$10,200 from MN Truck Headquarters generated from a recent sales fundraiser.

Mr. Murphy added one other thing in a follow up conversation with Ms. Myres. One of the items that was included in the new board charters was a provision that all board members should give to the organization financially, in a way that is "meaningful" to them. There is no specific mandate in terms of dollars that are necessary to be contributed, but there is language to this effect in committee charters. In addition, from the perspectives of both the Marketing and Development Committees, it is easier to leverage support from constituents outside of WACOSA if 100% of the board gives. It is hard to go out and ask others to give when those of us that are most invested with our time and our interest are not giving.

8. STRATEGIC MATTERS

Mr. Murphy had a chance last week to reach out to Mr. Howard and have a conversation with him that led to Mr. Murphy reaching out to all of the various committee chairs this past week to try to arrange a discussion with them. He was successful in reaching most. By way of an update, Mr. Murphy's intention is to shortly roll out of the board chair position that he is currently occupying. He will continue to serve on one of WACOSA's committees but can no longer find the time to remain as Board Chair. Jeff has been reflecting on how to go about determining who the next board chair should be. He is asking that everyone on the board take some time over the course of the next week to give some consideration regarding how members would feel to be a potential nominee for this position. Jeff is asking that you email him with your thoughts. Jeff believes the next step should be a discussion between himself and the Executive Committee, with Mr. Howard participating in this discussion. The discussion should focus on the list of candidates put forward and how to move forward from here. Board members should feel comfortable nominating themselves. Once a list of candidates has been assembled, Jeff will assemble an Executive Committee conference call to discuss nominations and what next steps should be. Mr. Perske asked if Jeff wants to wait until the next board meeting to step down. Jeff stated he feels in reality, much will be determined based upon who steps up to fill the role. Jeff shared it is important that we have the full Executive Committee in this discussion, and then any other non-executive committee members that would like to join should be welcome to join. He will send out a meeting request and coordinate as much as he can with the executive staff, with an option for non-executive members to join, if they choose. Mr. Howard asked if that would include him. Mr. Murphy replied that he would talk to the Executive Committee to see what they think about that.

9. OTHER BOARD BUSINESS

Jeff shared a number of agenda items have received very little attention over the past several months.

Board member recruitment needs attention, given the number of openings that currently exist and that will occur in the coming 18 months. Recruiting board members to serve is, in Jeff's opinion, one of the most important priorities a board has. It really is about succession planning for those of us who are rolling off and filling the empty seats.

Mr. Murphy asked if everyone has had a chance to look at the List of Policies and Dates Reviewed. Mr. Howard put this together for all WACOSA Committees and it was attached to the agenda. Mr. Murphy asked that each committee chair look at the document to go through these and update the list of policies that have been reviewed.

Jeff further mentioned the Memorandum of Understanding (MOU) needs to be addressed. As a reminder, the board carved a number of things out of the former Governance Policy. Mr. Howard asked that many of the items redacted be placed in another document, like an MOU, to ensure that some of these important pieces of information were not lost. Many of these items are important to protect the lines of communication and executive linkages between WACOSA's board members and the Executive Director.

Lastly, on development of the WACOSA strategic plan, the intention was to get a meeting of board representatives together some time in the last quarter of 2020 to provide input into the current plan draft. We were not able to do that. CARF requires the board offer input in the strategic planning document of the organization they lead. While Steve and his team have a draft plan in place, board involvement has not yet occurred. Mr. Murphy stated he asked each committee chair to let him know who on their committee would be willing to serve on a subcommittee to address the strategic plan. Since no other committee members stepped up, Jeff shared the committee would be composed of committee chairs to assist WACOSA with this process. Mr. Murphy, or the new board Chair, will get back with Steve on arranging this meeting.

Ms. Rennie asked if there is a Board document that shows all members, along with their terms. Mr. Murphy replied there are two attachments that came in the email and are posted on the board portal that should address this request.

- 10. The Board meeting was adjourned at 7:41 p.m. All WACOSA staff were asked to leave and an Executive Session was held following the board meeting.**

Next Meeting: May 17, 2021

Ron Brandenburg, Board Secretary

Date