

**Minutes of the
Rocky Mountain Development Council, Inc.
RMDC Board of Directors' Meeting
November 29, 2018**

Members present include: Bruce Day, Mike Delger, Susan Geise, Jerry Loendorf, Mark Young, Corbin Bruursema, Bob Mullen, Lois Steinbeck

Members absent include: Daniel Pocha, Trever Kirkland, Maria Pace, Debbie Havens

Guests: Gale Anderson, Joan Anderson, Rod Applegate, Diane Edgar, Taya Hovan, Chrisy Irely, Lori Ladas, Kathy Marks, Liz Mogstad, Ashley Peña-Larsen, Jaymie Sheldahl, Jacque Smith, Becky Weninger, Jonathan Ballew, Paula Wright, Mary Pat Penley, Amber Dushin, Paula Jacques

Call to Order/Roll Call: The meeting was called to order at 3:32 p.m. A quorum was present. The meeting began with introductions of all present.

Approval of Minutes

Susan Geise made the motion to approve the October 25, 2018 Board of Directors' minutes and August 23, 2018 Finance Committee minutes. Jerry Loendorf seconded and the motion passed unanimously.

Director's Report – Lori Ladas

Lori reported that Rocky received approval of the requested tax credits for the Red Alder housing project. She briefly mentioned some items that would be discussed later in the meeting, including the Rocky audit by Anderson ZurMuehlen, prospective Board members, Head Start grant applications and year 15 changes to the ownership of the Pheasant Glen housing property. Lori reminded the Board of the Rocky Holiday Party, which will be held on December 8 at the Delta. The year-end appeal to donors will be sent out next week. Lori then asked about dates for the December and January Board meetings. After discussion, the decision was made to cancel the December Board meeting and hold the January meeting one week earlier than usual, on Thursday, January 24.

Finance Report Update – Chrisy Irely

a. Finance Committee Summary Report

Chrisy reported that the Finance Committee did not meet today. Cash balance is \$417,871, and Accounts Payable balance is \$57,602. All amounts are current and checks will be run tomorrow.

b. FY18 Rocky Audit and Financial Report – Paula Jacques and Amber Dushin, Anderson ZurMuehlen

A copy of the financial statements and letters were provided to everyone. The financial statements were also sent via e-mail prior to the meeting. Amber Dushin from Anderson ZurMuehlen began her presentation by thanking Lori, Chrisy, Ashley, and all the Rocky staff who assisted with the audit. She explained that the audit included both the financial statement audit, which consists of consolidated financial statements, and the single audit, which this year included Head Start as the only reviewed program. Since Head Start had not been audited the past two years, they were required to be selected this year. Rocky is designated as a low-risk auditee. Amber reviewed all sections of the financial report with a few highlights. She mentioned that the audit was given a clean opinion and showed no significant deficiencies,

material weaknesses or questioned costs. The net cash flow from operating activities of \$420,841 was noted as a positive reflection on the finances of the organization. The Schedule of Expenditures of Federal Awards (SEFA) was briefly overviewed. It was noted that Rocky complied with all requirements for each of its major federal programs for the year ended June 30, 2018. Chrisy mentioned one CSBG transfer to the indirect cost pool, which is in a hidden line on the draft report; this will be made visible in the final report.

Amber then reviewed the two letters that were distributed with the financial statement report. She reported that no new accounting policies were adopted this year. No difficulties or disagreements with management were noted, along with no uncorrected misstatements. The second letter addressed a list of new standards recommended for review by management. An IT review was also included in the audit, and the letter provided a list of essential IT policies, along with recommending a Security Awareness and Training program and verifying the assignment and usage of shared drives among employees.

Susan Geise made the motion to approve the FY18 Rocky Audit and Financial Report. Bob Mullen seconded and the motion passed unanimously.

Acceptance of Limited Partnership Interest in Pheasant Glen Residences* - Liz Mogstad

Liz reported that Pheasant Glen has reached year 15, and that is typically when the investor moves on and Rocky accepts the limited partnership interest. The exit will occur on December 31, 2018. Liz mentioned that this will be the time to review the Pheasant Glen property and see how to best utilize it to continue to benefit Rocky going forward, keeping the property stable while also conserving affordability for clients. There will be another 15 years of self-compliance to follow. Jerry offered a few edits to the resolution presented to the Board: stating that the resolution is from the Board of Directors; that in the second paragraph, the interest is "in" Pheasant Glen rather than "for" Pheasant Glen; and to state the terms as well.

Jerry Loendorf made the motion to approve the acceptance of Limited Partnership resolution with the suggested changes. Susan Geise seconded and the motion passed unanimously.

Approval of Refinance of Pheasant Glen Mortgage* - Liz Mogstad

Liz presented a second resolution to the Board, which would allow for the refinance of the Pheasant Glen mortgage. Refinancing would allow the benefit of a lower interest rate and also allow for coverage of exit taxes. Valley Bank offered the best terms on the refinance, and is comfortable going forward with a maximum loan amount of \$495,000 over 25 years. \$30,000 would go to the replacement reserve account. A \$12,000 pre-payment penalty will also occur, to minimize the amount of exit taxes. The effective date for the loan would be no earlier than January 1, 2019.

Discussion continued about the exit taxes on the property, and Liz was asked if plans are set to mitigate these issues for Rocky's other properties. Liz confirmed that she is working to avoid extra losses on properties such as Penkay Eagles Manor, which will be the next to reach the year 15 mark.

Bob Mullen made the motion to approve the refinance of the Pheasant Glen mortgage. Mark Young seconded and the motion passed unanimously.

Committee Reports/Business

a. Nominating Committee – Lori Ladas

Lori introduced two new prospective Board members in attendance at the meeting, Mary Pat Penley and Paula Wright. Resumes for both individuals were included in Board packets this month, and the Nominating Committee recommends both for membership. Mary Pat is a Kindergarten teacher at Bryant Elementary and would fill the Private Sector vacancy with a background in Early Childhood Education. Paula is the Chief Operating Officer at Pureview Health Clinic and would fill the Low-Income Sector vacancy on the Board.

i. Approval of New Board Members

Mark Young made the motion to approve the nominations of Mary Pat Penley and Paula Wright to the Rocky Board of Directors. Jerry Loendorf seconded and the motion passed unanimously.

Head Start Update

a. Policy Council Report – Mark Young

Mark reported that the Head Start Policy Council met today. New Executive Committee members have been elected as follows: Chair, Mark Young; Vice Chair, Nickey Rangel; Secretary, Lance Julius; and Treasurer, Rainee Polty. Ericka Vallance will be serving as the Policy Council Community Representative on the Rocky Board of Directors. Policy Council will meet in December to discuss committees and get everyone involved. Two new hires were approved, one intermittent substitute and a Teacher Assistant in Whitehall. Two vacancies still exist for Teacher Assistant positions, one in Helena and the other in Boulder. The Policy Council also approved a funding request to the Foster Grandparent program, half of which will be given in the fall and the other half in the spring.

b. Director's Program and Budget Report* - Ashley Peña-Larsen

Ashley reviewed the Director's Report and Budget that were sent in the Board packet. She reported that attendance was reported at 232 last month, but the four vacant positions in Townsend have now been filled. East Helena has the highest attendance of all sites, even with the removal of transportation services. Ashley reported that the mental health numbers will be tracked going forward, but are not on the report yet. The benefits of the new Behavioral Support Specialist position are noticeable, especially in providing training to staff to support children in the classroom without extra external supports. The number of children with extra needs is the highest its been in recent years. There are currently a few open slots in Helena, and the Head Start leadership team is planning to look into any possible causes for movement out of the city and/or state. One application has been received for the vacant Boulder Teacher Assistant position. The competitive grant was submitted on November 19, and will be awarded by July 1. STARS funding that was cut in the spring will be coming back to Head Start. Ashley received instruction to resubmit the seven site applications by December 12 to ensure funding is restored to the program. Six additional STARS applications will be due by January 1 as they are in the process of renewing. Family conferences were held last month at the school and went well. Family Game Night was well attended, especially at the Valley Center. The Winter Wonderland event will be coming up on December 13 at the Neighborhood Center, and the Whitehall theater has offered their space for a similar event for Head Start families in that community. The budget is looking good at this time, with approximately \$246,404 to spend each month. Current vacancies may lead to some vacancy savings, and replacement materials will be purchased with those funds as available. The Montana Preschool Development Grant budget mostly covers personnel costs, and will be spent out.

Susan Geise made the motion to approve the Head Start Director's Program and Budget report. Bruce Day seconded and the motion passed unanimously.

c. Duration of Services Grant* – Ashley Peña-Larsen

Ashley reported that Rocky will be requesting \$139,610 in startup funds and \$146,620 in annual funds. Ashley referred the Board to the budget and narrative summary handouts, including a newly updated budget handout distributed at the meeting. The request for the initial 14-month award is \$172,971. Ashley explained that this funding would be used to support extending the day for 16 children who currently are being served at Ray Bjork Learning Center. The program will hire two additional Teacher Assistants if this funding is approved, to support the classroom with extended hours (7hrs/day for 146 days in the year). After some conversation with Helena Public Schools (HPS), the grant was written to house these children at Bryant Elementary school, which is owned by HPS. Each year, Rocky transitions an average of 24 kindergarten-eligible children to this school. This year there are 31 children who will transition to this school. Funding for building a new classroom, adding an age-appropriate playground and building an accessible path for children to access the play equipment are included in the startup funds. This request also includes funding for some Family Advocate hours, two after-school program workers, and a part-time data specialist. A majority of the ongoing funds are personnel and fringe costs. The after-school workers are being written in to replace the workers currently being provided by the YMCA. This new partnership has been unsuccessful due to a large amount of turnover at the YMCA and an inability to staff the program. Rocky is currently looking to end the partnership at the end of December. The data worker will be responsible for monitoring, analyzing and reporting program data. The Family Advocate hours will replace the funding being lost by the expiration of the Montana Preschool Development Grant. No funding from this grant is available for the 2019-2020 school year. Rocky also requested funds for ongoing maintenance, background checks, insurance, phones and increased meal costs. A 13% indirect cost charge, which pays for Rocky administration of the Head Start program, is also built into this grant. Ashley noted that the program will know about this grant by March.

Mark Young made the motion to approve the Duration of Services Grant. Bruce Day seconded and the motion passed unanimously.

d. ERSEA Policies and Procedures* - Ashley Peña-Larsen

Ashley reported that the Family and Community Partnerships (FCP) Advisory Team met on November 15, 2018 to discuss the 2019-2020 Rocky Head Start Recruitment Plan, the Eligibility Criteria and the Eligibility, Selection, Enrollment and Class Placement Policy and Procedure. There are no recommended changes to the Recruitment Plan. FCP Advisory Team recommended Rocky Head Start use envelopes and letterhead that have the Rocky logo, yet also identify the correspondence as Head Start. Head Start had been informed that families were unfamiliar with the Rocky logo in the past and threw mail out, thinking it was junk mail. Two recommended changes were suggested to the Eligibility section. The first is increasing the points given to diagnosed disabilities for the child enrolling from 20 to 30 points. The second is to give veteran or active duty families 20 points on the application. The biggest change to the Eligibility, Selection, Enrollment and Class Placement Policy and Procedure is combining of the current Enrollment Criteria Policy: Eligibility and Acceptance with the

Enrollment and Classroom Placement Policy and Procedure. The language regarding the Montana Preschool Development Grant classrooms was removed because that funding source will no longer be applicable. Also added was specific language regarding the extended day option and after-school care program to address accessing the Best Beginnings Scholarships (BBS) for families, as well as adding in the private pay option for the after-school care program.

Mark Young made the motion to approve the ERSEA Policies and Procedures. Bruce Day seconded and the motion passed unanimously.

e. Policy Council By-laws* – Ashley Peña-Larsen

Ashley reported that the Policy Council approved these changes to the by-laws last month, and that changes are noted in red. The updates make it easier to have stable representation from families, most notably allowing openings to be recruited from other sites if a representative for an individual classroom is not available. Alternate (non-voting) membership will also be allowed, inviting participation and possible future involvement as active Policy Council members when openings arise. A calling policy will be implemented, in an effort to be more pro-active regarding attendance at Policy Council meetings.

Bob Mullen made the motion to approve the Policy Council By-laws. Corbin Bruursema seconded and the motion passed unanimously.

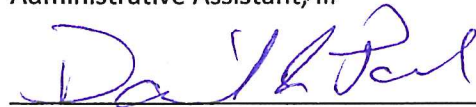
The meeting was adjourned at 5:11 p.m.

Respectfully submitted,



Diane M. Edgar

Administrative Assistant, III



Lois Steinbeck

Secretary/Treasurer

1-24-17

Date