

**MINUTES: MANAGING COMMITTEE MEETING  
COMMUNITY ACTION AGENCY OF HENNEPIN COUNTY  
122 W FRANKLIN AVENUE, MINNEAPOLIS, MN 55404  
WEDNESDAY, JANUARY 2, 2019  
12:00 P.M.**

David Asp	E	Alysen Nesse	P
Karin Keitel	P	Josh Schaffer	P
Kevin Myren	P	Mike Vekich	P

**Guests:** Steve Piekarski, Executive Director; Todd Blooflat, interim finance director; Jane Cummisky, finance consultant

Mr. Vekich opened the meeting at 12:12 pm. A quorum was present. He noted that the agenda for the meeting will be the 2019 budget, the agency's cost allocation process and November financials. If time permits, the committee will also have an update on the 2017 audit, QIP #2 and the RFP process.

**2019 Budget Review:** Steve Piekarski introduced Todd Blooflat and Jane Cummisky and noted that the revised 2019 budget included the feedback from the last Board meeting, including pro-rating salaries based on expected hire dates and updating the subgrant amount to \$1 million. Mr. Myren asked Mr. Blooflat to review the expense portion of the budget. Mr. Blooflat highlighted the staff expenses, including a list of employees and proposed positions. Energy assistance employees may be temporary depending on need and performance. Quality assistance employees may not be necessary after the subgrants are complete. Mr. Vekich asked about the relatively high unemployment rate paid by the agency, and Mr. Blooflat noted that layoffs in 2018 impacted that rate. Mr. Myren pointed out some errors in the staff payroll numbers and asked Mr. Blooflat to correct them. Karin Keitel asked about the ratio that staff costs should be relative to the overall budget, on a go forward basis. Mr. Myren suggested that an average of 50-66% would be appropriate.

Mr. Blooflat then reviewed the other expenses, including rent. Mr. Vekich asked for the budget to include a comparison to 2018 actuals. Mr. Myren questioned the negative balance for the energy assistance programs, and Jane Cummisky commented that the agency gets different numbers from the applicable federal agency. Mr. Myren requested that the agency make sure that the budget balances after taking into account the corrections to the staff payroll numbers.

Mr. Blooflat reviewed the grant detail, including grant amounts. Mr. Piekarski stated that Minnesota Department of Veterans Affairs (MDVA) had not approved the agency's subgrant to Minnesota Assistance Council for Veterans (MAC-V). The MDVA is reviewing the matter. Mr. Piekarski noted that MAC-V has spent the monies raised by CAP-HC at various VFW events in 2018. CAP-HC has not yet paid the invoices submitted by MAC-V under the subgrant.

Mr. Blooflat noted that the budget assumes a 3% cost of living adjustment for employees. Ms. Keitel asked when merit performance increases will be instituted. Mr. Piekarski answered that

they will be implemented next year, after the staff has an opportunity to go through a performance review and goals-setting process.

Mr. Vekich asked whether the agency had done any study of salary levels. Mr. Piekarski stated that Sam Miller, the agency's HR director, is planning to do one. He noted that he was not aware of any specific individual who is outside of an appropriate salary range. Mr. Vekich asked that the agency make this salary review a top priority for Mr. Miller. The committee and Mr. Piekarski discussed whether there are any key employees who might be considering leaving the agency.

Mr. Myren stated that given the agency's current circumstances, we should expect to have a re-budgeting process mid-year.

The committee then discussed the agency's weekly cashflows, payable and receivables. Mr. Vekich asked for Mr. Blooflat to prepare weekly cashflows, projecting out three months. Mr. Blooflat confirmed that the agency is paying payroll taxes and withholding on an up-to-date basis, through its outsourced payroll contractor, CBIZ, Inc. Citing his past experience with outsourced payroll firms, Mr. Vekich asked Mr. Blooflat to confirm that CBIZ is insured for unpaid payroll taxes.

Mr. Vekich asked the agency staff to make the requested changes to the 2019 budget by 1/15 and present it to the committee at its next scheduled meeting.

**Cost Allocation Plan:** Mr. Piekarski described the agency's transition to a cost allocation process, instead of an indirect cost rate. He described feedback he had received from DHS through Isaac Wengerd. He noted that he also needs to inform the state Commerce Department. Agency staff confirmed that the organization is ready and able to implement the cost allocation process.

**November Financials:** Mr. Blooflat reviewed the November financials with the committee. Members of the committee asked questions about the pending liquidation of the agency's investment account; the status of CAP-HC's line of credit with Bremer Bank, which is up for renewal on 7/1, and the outlook for the December financials, which will likely include a loss of approximately \$50,000, despite a reduction in consulting fees. Mr. Vekich asked for the line of credit to be broken out under accrued expenses in future reports. He also asked Mr. Blooflat to provide the managing committee with the line of credit documents.

**A MOTION** was made to approve the November financial statements as presented, subject to audit, by Mr. Myren and seconded by Mr. Schaffer. **MOTION CARRIED.**

**2018 Financial Audit Update:** Mr. Vekich asked for an update on the 2018 audit. Mr. Piekarski stated that the on-site work has been moved from the end of January to mid-March. Staff is continuing to provide information to the audit firm in response to requests. Mr. Myren asked Mr. Blooflat to connect directly with the auditor to make sure the agency is current on these requests.

**QIP #2 Update:** Ms. Keitel stated that despite not yet having received the QIP #2 from DHS, she will be meeting with Isaac Wengerd and Andrew Grewell on 1/3 to work through a first draft of the agency response.

**RFP Update:** Alysen Nesse stated that she and Mr. Schaffer are meeting with Mr. Wengerd on Friday to discuss the RFP and subgrant process, including updates to the agency's workplan to match the RFP scope. Mr. Piekarski stated that the release date is 1/11 and the agency has a community meeting set up at the Urban League location to promote interest in the RFP, and they have developed a list of organizations that they will be reaching out to, to make sure they're aware of the RFP.

**Review of Meeting Take-aways:** Mr. Vekich asked Mr. Piekarski and Mr. Blooflat to review the take-aways generated by the committee meeting:

1. Send the managing committee updated RFP information
2. Provide the auditor the CSBG narrative
3. Prioritize a salary study
4. Send the managing committee information re: grants manager position
5. Include a 2018 actual comparison on 2019 budget
6. Correct staff payroll numbers and balance budget
7. Provide updated budget to managing committee
8. Provide weekly cash-flow projections for three months
9. Include line of credit breakout under accrued expenses
10. Work with auditors to make sure document requests are current
11. Plan for mid-year 2019 budget update
12. Consider outreach to Bremer Bank in May or June regarding extension of line of credit
13. Send the managing committee line of credit documents
14. Confirm CBIZ insurance for unpaid payroll taxes
15. Provide managing committee with an update on liquidation of agency investment account

**Adjournment:** Mr. Vekich adjourned the meeting at 1:30 p.m.

**Respectfully submitted,**

**Karin Keitel, Secretary**