

Habitat for Humanity of Mesa County
Board of Directors
October 11th, 2018 Minutes

Location: HFHMC Restore Conference Room

Board Members Present: Erin Doebele, Minde Harper, Rob Jenkins, Linda Kochevar, Lisa Martin, Justin Menge, Isaiah Quigley, Scott Sorenson, and Alice Young

Guest Introduction: Dave Patterson w/Soronen, Donley & Patterson PC

Board Member/s absent w/proxy: Jill Crone (Minde Harper); Pam Francil (Alice Young); Doug Sorter (Justin Menge)

The following members of management/staff were present: Janet Brink

Justin called the meeting to order at 7:32 a.m. and Rob offered the reflective time “The Charles Schulz Philosophy”.

Justin introduced Dave Patterson who presented the HFHMC 2017-2018 Audit. Dave reviewed the Representation Letter; the Management Letter “Communication of Internal Control Related Matters”; the Governance Letter “Communication with Those Charged with Governance” and the Financials June 30, 2018 reviewing in details the “Notes” from pages 6-9. Rob had questions pertaining to the inventory exception and how it would affect assets if HFHC tracked inventory. Surplus and Decreases (page 5) were discussed. Linda would like to separate out grants within the General Ledger. Linda had questions on how to develop controls for the cash registers if possible. Dave stated that he would be preparing the 990 for review and it is to be submitted by November 15th, 2018.

Board Minutes (Tab 1) – Justin asked if there were any additions or corrections to the September 13th, 2018 board meeting minutes. Having heard none, a motion was made by Lisa to approve the minutes and Alice seconded the motion. The Board of Directors “approved” the September 13th, 2018 minutes.

Benchmarks (Tab 2) - Linda reviewed Items 1-7 of the September benchmarks. The ReStore sales are down but the average for the year is still good. Benchmark #3 needs to be monitored and possibly have funds transferred. We are still in the high construction season for costs. September was a two pay period month. Our Restore expense/income ratio is still increasing. A motion was made by Isaiah to approve the September benchmarks as presented & Rob seconded the motion. The Board of Directors “approved” the September 2018 Benchmarks.

Financials (Tab 3) – Linda presented a cash flow statement. The first three months are down due to a decrease in operating funds along with an increase in “Land Held for Development”. The big truck and our large bay doors have had to have maintenance. The accrued payroll is high and Janet is working with staff to take their vacations. The loan amount is decreasing because we are still making the extra payment on the principal. Janet noted we are having leaks in the ReStore and three condos. Rob recommended Kruger Roofing. Account # 5560-00 (audit fees) was discussed. A motion was made to “accept” the September financials as presented by Lisa and seconded by Rob. The Board of Directors “accepted” the September 2018 financials.

Justin stated that the June 30, 2018 Audit is complete based on Dave Patterson’s earlier presentation and needed a motion to “approve” the July 1, 2017 thru June 30, 2018 financials that had been accepted by the Board of Directors every month. Linda made a motion to “approve” the July 1, 2017 thru June 30, 2018 financials and Minde seconded. The Board of Directors “approved” the motion.

HFHI – FY2019 Quality Assurance Checklist – Janet reported that this is our annual Covenant & Quality Assurance Checklist with HFHI. Completing the annual QAC demonstrates HFHI'S commitment to consistency and performance across the Habitat ministry. It also allows local boards to reconnect with the guiding principles of this ministry, as outlined in the Covenant, and identify strengths and areas needing improvement through a review of the QAC. Over the next year we need to work on two policies (Child Labor Prohibitions and Whistleblower); develop an independent audit test for compliance and effectiveness of the AML program. We are notifying the Board of Directors at today's meeting that we are overly dependent on one source of revenue (ReStore). We must submit this report by October 31st, 2018 and this keeps us in compliance as well as allows us to apply for grants and conference scholarships. HFHI has reduced the number of questions from 86 questions to 29 questions on this 2019 report. A motion was made by Alice to approve the Covenant and QAC and Lisa seconded. The Board of Directors approved the Covenant and FY2109 QAC. Janet will have Pam (Secretary) sign the documents and submit by October 31, 2018.

September 2018 Delinquencies (Tab 5) – Janet reported on the homeowner (S. Keddy) who is starting to struggle again and Janet will discuss setting up an auto pay account with Diamond Escrow Services and to get them back on track again.

Strategic Master Plan Review – Justin stated he didn't have anyone sign up for the fundraising committee yet and would like all board members to keep our strategic plan as a top on mind topic for discussion at every board meeting. Some of the ideas discussed at this meeting would be to sell Restore Shirts and Sweatshirts at the Restore. Lisa spoke about McAllister's and doing a fundraiser there one night. Janet will pass this information along to Jen. We have previously done one at Chick-Fil-A. Drop Box Stations for donations at different businesses around town was also discussed.

COMMITTEE REPORTS

Executive Committee – Justin stated the following items were discussed at the October 3rd Executive Committee Meeting:

1. Stefka Fanchi, Executive Director of HFH of Colorado is resigning and leaving at the first of November. Karen Kallenberg has been name the interim director.
2. Tenants lease is over as of October 27th, 2018 and they want to stay but can't pay the increase we offered them in the new terms (\$5,000 per month instead of the \$3,200). Isaiah is communicating with their council (Denver) and will see if or what can be worked out of if we start the eviction process.
3. Kim Wheeler (2848D Kennedy/Camelot) has been listed for \$185,000. HFHMC owns 75% of the ESA.

Construction – Scott reported that 380 Wedgewood appraised for \$195,000 and will be dedicated on November 2nd, 2018. We expect to have 378 Wedgewood close and dedicate late November/December and 376 Wedgewood to follow shortly. The slab for 3049 Wedgewood (spec home) has been poured. The Phase III neighborhood meeting took place with a few families in attendance. The big topic was an additional road to connect with D road but Scott explained we don't have access with the city that lines up at this point. The construction committee discussed changing the 4 bedroom houses to a 2 bathroom instead of 1 ¾ bathrooms. Jim will set the change up going forward. Kim Moore generated a drawing to the city and received a fence permit. However the construction committee denied it based on the set-backs and site vision on the corner. Rob is helping Janet with the definitions provided by the city and Janet will visit with Kim. (Isaiah requested the CCR's and Janet will send). The committee talked about the generous offer by Joe Walsh of Chick-Fil-A wanting to provide playground equipment. However there are no lots that would allow space for a playground and since HFHMC still runs the HOA, insurance and maintenance would need to be provided by HFHMC. The committee did suggest some benches next spring after the detention pond area was re-landscaped. There is also a possibility that Phase IV would have space but that would not be developed for a few years. The finance committee is meeting October 23rd, 2018 and will discuss the possibility of splitting Phase III into two phases/sections. **(Map –Tab 6)**

Family Selection Committee – The committee met on Monday, October 1st, 2018 and discussed two families to present to the Board of Directors. Justin presented the "EE" family (single mother with children ages 11, 7 and 5). The mother has worked in the food industry as a server for four (4) years. The applicant has a good credit score and her debt to income ratio

is 18 ¼ which is well below HFHMC's limits. This family met all of the conditions of Need, Ability to Pay, and Willingness to Partner. A motion was made by Lisa to accept the "EE" family and Minde seconded. The Board of Directors approved the "EE" family. The family will sign the acceptance letter on November 1st, 2018 and Minde Harper will be the family partner. Justin presented the "VC" family (single mother with children ages 8 and 6). The mother went back to school and is now working as an LPN at one of the new rehabilitation facilities. The debt to income ratio is 21 % which is below HFHMC's limits. This family met all of the conditions of Need, Ability to Pay, and Willingness to Partner. A motion was made by Isaiah to accept the "VC" family and Alice seconded. The Board of Directors approved the "VC" family. The family will sign the acceptance letter on November 1st, 2018 and Alice Young will be the family partner.

FIAT Committee- The committee did not meet in October, 2018.

Family Support Committee – Janet reported that the committee met on October 4th, 2018 all of the families are in compliance with their sweat equity hours. Lisa Viscaina will have some prorated hours for November and will complete them with the walk-thru education with Jim after her closing and dedication.

ReStore Advisory Committee – Alice reported the Anniversary Sale is this Friday, October 12th and Saturday, October 13th with 50% off everything in the store. Janet is running a pre- sale today for employees and volunteers at 50% off. We hope to see everyone who has signed up for a shift. The book room will be re-done and have an unveiling after Christmas. The Christmas merchandise will be put out after the Anniversary Sale by the CMU student volunteers and will be able to be restocked on a weekly basis. We have a lot of Christmas Merchandise with its own section at the ReStore.

Public Relations Committee – See Department Report behind Tab 5 (Jill is out today).

Volunteer Advisory Committee – Minde reported the Volunteer Advisory committee met on October 3rd, 2018. The number of volunteers and hours are trending up. There were 4 events at the construction site for volunteers this month including the volunteer breakfast with 23 volunteers attending, Division of Youth Services, CMU Business Department and CMU Kappa Sigma. The core of construction volunteers also received t-shirts from the marketing department.

Department Reports – (Tab 7) Janet stated that most things were covered during the meeting but feel free to take the September reports with you.

Upcoming Event Schedule- Noted

Justin called for other business before adjournment. Alice wished Lisa (September 19th), Justin (November 7th) and Minde (November 13th) Happy Birthdays! Hearing no other new business, Lisa made a motion to adjourn the meeting and Alice seconded the motion. The October 11th, 2018 Board of Directors meeting adjourned at 8:55 a.m.

Respectfully submitted, Janet Brink