

ALBERTINA KERR CENTERS
Governing Board Meeting Minutes
November 16, 2020
5 to 7 p.m.
Via Teams

Governing Board Members Present

Teri Barichello, David Boxberger, Kim Curry, David Connell, Miki Herman, Susan Hobbel, David Lake, Paul Litwinczuk, Rod Malone, Melissa May, Jill Nickerson, Craig Payne, Lisa Powell, Karen Rasmussen, Laura Shipley, Heidi Steeves, Dennis Warneke, David Wilson

Guests

Gary McGee & Nathan Bresser of Gary McGee & Co.
Jill Sherman of Edlen & Co.; Mark Kantor & Rena Jimenez-Blount of Kantor Taylor
Linda Carpenter of Carpenter Smith Consulting

Staff Present

Anne Adler, Jeff Carr, Van Field, Owen Gibson, Janice Jacobs, Derrick Perry, Craig Rusch, Matthew Warner

Convene (Miki Herman, Chair)

Miki convened the meeting at 5:02 p.m.

Approve Consent Agenda

- Approve Minutes of the September 21st Board Meeting
- Accept the CEO Written Report
- Approve Updated Board Policies
- Accept the Fundraising Report
- September Financial Report

ACTION: David Wilson moved that the Consent Agenda be approved. Karen Rasmussen seconded. The motion passed via unanimous vote.

Finance, Audit & Compliance Committee Report (Karen Rasmussen, Committee Chair)

Karen reported that the Finance, Audit & Compliance Committee reviewed the audit report with the auditors at the Committee's November 11th meeting. A number of adjustments were made during the audit; however, substantial measures are already in place to correct issues and to check identified gaps going forward.

Audit Report (Gary McGee & Nathan Bresser)

Gary and Nathan reviewed the audit report, which is in a similar format as previous years with a letter to the Board, Financial Statements, and a Management Letter. Significant adjustments were made and are detailed in the report. Kerr closed the year with \$36 million in assets and net operating results of -\$330k. Cash and cash equivalents closed at \$1.76 million. The Management Letter includes a side by side comparative of issues found in last year's audit and current status of those items found this year. The comparative shows improvements and items that need continuing attention. The auditors reported a very challenging year in the Finance Department. Staff turnover and implementation of new systems contributed to deficiencies in internal controls and reconciliations, and gaps in processes. Several adjustments were discovered by staff, to their credit. CFO Janice Jacobs is reviewing the qualifications of staff and identifying needs, as well as coordinating training with the auditors. The Director of Accounting

has resigned and positions will be evaluated to strengthen the team. Janice Jacobs, Anne Adler and Jeff Carr will review monthly reconciliations between Accounting's Financial Edge systems and the donor accounts in Raisers Edge. A system of detailed logs and sign-offs by individuals will be implemented. Jeff Carr thanked the auditors for their supportive and helpful approach to a disappointing year. Miki Herman also expressed appreciation for the auditors' thorough review and assistance. Karen Rasmussen and Miki Herman reported that the Finance, Audit & Compliance Committee reviewed the information and financials carefully, and feel confident that the financial report is solid and that needed corrections to processes, as well as addressing staff issues, are well under way.

Questions from the Consent Agenda

- Collecting donations for the holiday Grant a Wish program this year will be conducted differently. Donations can be made through Amazon or donors can shop and drop off gifts at the Thrift Shop. Anne Adler and Chloe Scordis will provide lists of client gifts wishes. Anne thanked everyone for their generosity and help this year.
- Janice Jacobs reviewed September financial performance. Contracts and revenue were softer than July and August. The wildfires had a negative impact. Providence evacuated kids to Kerr's subacute facility in an emergency situation, and Kerr did not bill. Providence did, however, make a \$25k contribution to Kerr as a thank you. Not all revenue from 24 Hours of Kerr is posted yet, but will exceed budget when posted in October. Expenses are being managed very well. Salaries and wages are over budget, with some negative impact from COVID. October performance is looking similar to September.

Workforce & Inclusive Housing Presentation (Jill Sherman, Mark Kantor, Rena Jimenez-Blount)

Jill Sherman presented the Workforce & Inclusive Housing pro-forma. Funding uses and sources, and cash flow were reviewed in detail. Jill explained the 4% low income housing tax credits (LIHTCs) and how these credits work. The construction loan will be higher than the permanent loan. Deferred fees were explained and how they provide cash flow to Kerr in the short-term and over the next 15 years. Other sources of funding for the project are from the City of Gresham Metro Bond funds and grants for energy efficiencies. Kerr's contribution to the project is in the land and \$1.26 million from the Workforce & Inclusive Housing capital campaign. Jill reviewed the process through which the lenders and investors were selected. Chase and Enterprise, respectively, offered the best rates. A timeline of the project was presented. Next steps are completion of extensive documentation and agreements, and financial closing is planned on December 22nd, 2020. Mark and Rena reviewed the Omnibus Resolution and restatement of Kerr's Articles of Incorporation in order to effect "fostering low income housing" as one of Kerr's purposes and to set up two separate condominium entities. Kerr will keep three apartments for emergencies and temporary shelter needs, and the remaining units will be designated for low income workforce and inclusive housing. Construction costs are estimated at approximately \$295k per unit. Rent will include electricity, water, sewer and wi-fi. 30 units will be designated I/DD units. Quality of the building materials will be designed for durability and for a desirable place to live. Mechanical systems will be high quality and efficient. One bedroom units will be approximately 580 sq. ft., two-bedroom 750 sq. ft., three-bedroom 1000 sq. ft., and studios 450-475 sq. ft. The operational plan is built with a 5% vacancy rate, and vacancy is the primary risk to the cash flow plan. Other risks include getting the project built on time and filled, not delivering on the tax credits, and getting the right tenants. Environmental remediation at the Wynne Watts building site is budgeted. The project is very well vetted, investor analysis is very thorough, and the underwriting is very thorough.

ACTION: David Lake moved that the amendments to the Articles of Incorporation and other resolutions contained in the Omnibus Resolution be adopted. Rod Malone seconded. The motion passed via unanimous vote.

Board members thanked Jill Sherman, Mark Kantor and Rena Jimenez-Blount for the extraordinary work on the project, and excellent presentation.

Executive Session (Miki Herman)

Board members entered Executive Session at 6:42 p.m. CEO FY 2019-2020 Board Evaluation and FY 2020-2021 CEO Board Goals were discussed.

Adjourn

Miki Herman adjourned the meeting at 7:14 p.m.

Recorded by Holly Edgar, Corporate Secretary