

MARKLUND
MINUTES OF THE BOARD OF DIRECTORS MEETING
Thursday, April 6, 2017, 7:00 P.M.
Marklund Hyde Center
Geneva, IL

CALL TO ORDER

Duane Fitch called the meeting to order at 7:03 p.m.

ALSO PRESENT

Jim Armbruster, Howard Brandeisky, Carie Carney, Carol Donahue, Dan Foley, Mike Herlihy, Ed Izzi, Frank Murnane, Jack Zimmerman

VIA CONFERENCE CALL

Maria Dombrowski, Gerry Estes, Jeff Risch, John Wick

NOT PRESENT

Jeff Blanchette, Bill Dolen, Brian Little, Dave Pierro, George Webster

STAFF

Kudus Badmus, Gil Fonger, Heather Graves, Kelly Kramer, Lisa Esposito, Dawn Lassiter-Brueske, Cathy Nikrandt

MISSION MOMENT – Volunteer Program

Dawn Lassiter-Brueske, Director of Marketing, introduced the Board to Cathy Nikrandt and Lisa Esposito, who gave a presentation of Marklund's Volunteer Program, which began in 1957. Cathy shared the importance of Marklund's volunteers, who often become donors and sometimes go on to become staff. Corporate and community partnerships can also form from our volunteers spreading the word. Howard B. commended Cathy on her management of the program.

PREVIOUS MINUTES

Duane F. asked for a motion to approve the minutes of January 26, 2017. Frank M. motioned, Carie C. seconded, and the minutes were approved without exception. Gerry E. asked if follow up was done on the trademark check for the "M" in Marklund's logo. Gil F. responded that it is currently in trademark status. Once approved, we can change it to Registered.

FINANCE COMMITTEE REPORT

Mike H. shared highlights of the Finance Committee Meeting, including an A/R spike in January with a balance of almost \$4M and the \$400K loan payment, which saved Marklund over \$200K in interest. He also noted the full census for all three sites in February, as well as the continued success of the REST program, which was \$73K better than budget. Salary and agency combined are just under \$90K better than budget, and Marklund's consolidated net income is \$337 better than budget. In addition to discussing the current 990s (posted to the website) the Finance Committee received an update from TCI regarding the current market. The endowment is up 13.3% over this time last year. After discussing the current investment policy and Marklund's goals, the Finance Committee felt a CPI + 4.5% would be more appropriate, and that suggestion to make that change, along with changes to the written Investment Policy, will come before the Board this evening during New Business. Duane F. asked if the Board could address these items now. Howard B. asked about the time horizon for the overall return. Mike H. replied the overall investment philosophy projects out 20 years. The investment policy up for discussion tonight is over a rolling 3-year period. Discussion ensued over the risk / reward tradeoff, with Mike H. sharing the outcome of that same discussion during the Finance Committee. Duane F. asked for a motion to adopt the recommendation of the Finance Committee to increase to CPI+4.5%, as well

as make changes to the policy language to reflect this. Jim A. motioned, Howard B. seconded, and the motion was approved without exception. Carie C. asked for clarification on the positive variance for salaries and agency, and this was explained.

GOVERNANCE COMMITTEE REPORT

Action Needed – Proposed change to the By-laws

Duane F. asked for a motion to approve the proposed change to the By-laws:

Section 6.4 The Executive Committee.

- 6.4.1 The Executive Committee shall at a minimum consist of the Chairperson of the Board, Vice-Chairperson, Treasurer and Secretary ~~and one member of the Governance, Finance, and Development Committee~~. The Immediate Past Chair will serve for one year after their term of office is completed and remain a member of the Board of Directors. The Chairperson of the Board shall be the Chairperson of the Executive Committee. In the event of any deadlock among members of the Executive Committee as to any matter, such matter shall be submitted to the Board of Directors at its next regularly scheduled meeting or a special meeting called for such purpose.

Mike H. motioned, Carie C. seconded, and the motion was approved without exception.

Action Needed – FY 18 Slate of Officers / Committees

Duane F. asked for a motion to approve the FY18 Slate of Officers (below). Howard B. motioned, Ed I. seconded, and the motion was approved without exception.

| | |
|------------|---------------|
| Chair | Duane Fitch |
| Vice Chair | Frank Murnane |
| Treasurer | Mike Herlihy |
| Secretary | Jeff Risch |

Duane F. asked for a motion to approve the FY 18 Executive Committee (below). Carie C. motioned, Howard B. seconded, and the motion was approved without exception.

| | |
|-------------|----------------|
| Chair | Duane Fitch |
| Vice Chair | Frank Murnane |
| Finance | Mike Herlihy |
| Secretary | Jeff Risch |
| Development | Jim Armbruster |

Duane F. asked for a motion to approve the full FY 18 Committee roster (below). Carol D. motioned, Mike H. seconded, and the motion was approved without exception.

| <u>EXECUTIVE</u> | <u>DEVELOPMENT</u> | <u>GOVERNANCE</u> | <u>FINANCE</u> | <u>REST</u> |
|------------------------------|---------------------------------|------------------------------|-------------------------------|------------------------------|
| Jim Armbruster | Jim Armbruster (<i>Chair</i>) | Jim Armbruster | Jeff Blanchette | Jim Armbruster |
| Duane Fitch (<i>Chair</i>) | Howard Brandeisky | Carie Carney | Bill Dolen | Carie Carney |
| Mike Herlihy | Carol Donahue | Duane Fitch (<i>Chair</i>) | Gerry Estes | Bill Dolen |
| Frank Murnane | Dan Foley | Brian Little | Mike Herlihy (<i>Chair</i>) | Duane Fitch (<i>Chair</i>) |
| Jeff Risch | Maria Dombrowski | Frank Murnane | Frank Murnane | |
| | | Jeff Risch | George Webster | |
| | | Jack Zimmerman | | |

Duane F. then moved to the Board Terms, with Gil F. explaining the rotation (3 full three-year terms, with option to re-join after 1 year roll-off). Gil F. then reviewed the Board of Directors full Board Evaluation comparison between 2016 and 2017. Duane F. noted Marklund's exceptional Board, highlighting the excellent attendance record and reflection of the Marklund mission. Gil F. assured the Board that reporting on financial participation is kept in confidence between Heather G. and himself.

ANNUAL POLICY REVIEW

Gil F. shared that the Board Policies are complete. Remaining general, HR, and nursing policies continue to undergo the review process, with many new policies coming from Shelley L. We are also working on ensuring our archives are accurate. Duane F. asked if any Board action required. Gil F. responded no.

DEVELOPMENT UPDATE

Heather G. reviewed upcoming events, as well as changes to the golf outing and Top Hat. Gerry E's daughter's story will be shared in the upcoming appeal. Heather G. mentioned the Hero Award will be presented at the Volunteer Appreciation Event (Saturday, April 29th at St. Andrews), rather than at the Golf outing, as it is a more appropriate venue for this announcement.

PRESIDENT / CEO REPORT

Gil F. shared his view that, if there is no state budget by the end of June, it is likely that the court will reinstitute their order and payments will continue. In early June, Gil will attend the AHCA Annual Legislative Briefing in Washington as part of the Illinois delegation to discuss Medicaid reforms and the proposed Medicaid block grants. Gil shared that we have consistently told our legislators that Marklund is against moving Medicaid payments to block grants. Gil F. recently met with Jennifer Bell, who is the Regional Managing Director of the Central Region at Aon, and is interested in joining the Board. Facing a reduction in reimbursement rates for DT clients under our new license due to the merger, Kudus B. had the state reassess all DT clients. The result was a \$100K net increase in reimbursement rate. With the new MCDD (Medically Complex Developmental Disabilities) Act, Marklund may be able to get a net rate net increase of \$2.3M per year. The necessary legislation is expected to come before Springfield next year. The new Marklund Day School – Elgin is under construction and expected to be completed by June 9. We anticipate adding 10 new students in FY18. Gil F. thanked Dan F. (Cobra Concrete) for donating the services of his company to provide the necessary concrete cutting for the expansion. Gil F. reviewed the Board Meeting dates for 2018, and the highlights of the Voice of the Employee Survey. He then thanked Carie C., Carol D., and Frank M. for serving on the committee to select this year's Claire Haverkamp Award winner.

NEW BUSINESS

Duane F. mentioned that Gayle Sayers is very ill. We will keep him in our thoughts.

ADJOURNMENT

With no further business, Duane F. asked for a motion to adjourn the meeting. Howard B. motioned, Mike H. seconded, and the meeting was adjourned at 8:15 p.m.