

MARKLUND
MINUTES OF THE BOARD OF DIRECTORS MEETING
Thursday, June 29, 2017, 7:00 P.M.
Marklund Hyde Center
Geneva, IL

CALL TO ORDER

Duane Fitch called the meeting to order at 7:04 p.m.

ALSO PRESENT

Jim Armbruster, Jeff Blanchette, Howard Brandeisky, Carie Carney, Bill Dolen, Carol Donahue, Gerry Estes, Dan Foley, Mike Herlihy, Ed Izzi, Frank Murnane, Dave Pierro, Jeff Risch, George Webster, John Wick, Jack Zimmerman

NOT PRESENT

Maria Dombrowski, Brian Little

STAFF

Kudus Badmus, Gil Fonger, Heather Graves, Kelly Kramer

PARENT PANEL

Joe and Cindy Barry (MWC), Ann Hacker (MDS), Jeff and Janet Probst (MHC), Ari Smith (MPC)

PREVIOUS MINUTES

Duane F. asked for a motion to approve the minutes of April 6, 2017. Bill D. motioned, George W. seconded, and the minutes were approved without exception. At this time, the Board moved to the MHC Dining Room for the Parent Panel.

MISSION MOMENT – Parent Panel

Jeff B. introduced the Board to the six parents participating on the panel, and asked them a series of questions. At the conclusion of the panel discussion, the parents were dismissed. A summary of the presentation is attached.

FINANCE COMMITTEE REPORT – Approval of FY18 Budget

Mike H. shared a summary of the Finance Committee Meeting, highlighting Marklund's YTD net cash loss of \$318K, which is better than budget by 50%. YTD net proceeds for Marklund Charities are at \$3.7M – a favorable variance to budget of approximately \$2.4M. YTD, the Endowment Fund experienced a combined Net Gain of \$959K. YTD this time last year reflected a \$164K Net Loss. Marklund received \$2.1M from the State in June, reducing our A/R balance to \$3.3M as of the date of this meeting. Our full \$5M line of credit remains available. Turning to the Executive Summary of the FY18 budget, Mike H. noted that the budget reflects a marked increase in the number of clients and students served. Total residential clients increased from 117 to 174, and DT census increased from 121 to 168. The combined budgeted revenue for Marklund and Marklund Charities is \$26.3M, with expenses totaling \$27.8M. After factoring out depreciation and bad debt allowance, Marklund's combined budgeted Net income for FY18 is \$410K. Mike H. stated that given Marklund's past performance, he feels the budget is in line with expectations. Approximately 74% of total budget is comprised of staffing expenses (salaries and benefits), including an average merit increase of 3% to eligible employees, as well as a proposed 1% increase in employer match to the retirement savings plan. Marklund is currently 68% dependent on the state, compared to 80% dependency in FY2013. Carie C. asked about the \$92K positive variance in the DT line item, with Gil F. responding this was due to the rate increase we received from the state. Duane F. asked for a motion to approve the FY18 budget. John W. motioned, Howard B. seconded, and the budget was approved without exception.

403b PLAN CHANGE – Action Needed

Gil F. turned the Board's attention to a resolution to amend the fixed matching contribution to the Marklund Employee Retirement Savings Plan to 100% of employee deferrals up to the first 4% of compensation effective July 1, 2017.

George W. motioned, Bill D. seconded, and the amendment to the plan was approved without exception. A signed copy of the Resolution is attached. Jeff B. asked what prompted the decision to increase contribution, with Gil F. sharing that results of the employee survey reflected high staff value in the plan. George W. asked about the overall expense of benefits, which is \$1.3M. Gil F. shared that continued investment in a robust benefits package will aid in employee retention.

FY18-20 STRATEGIC PLAN – Action Needed

Gil F. reviewed the FY18-20 Strategic Plan objectives and initiatives, including the implementation of a new CILA model, Neurology and Pulmonology clinics, potential Geneva school expansion, and a multi-project capital campaign. Gil F. also shared details of a plan to share staff between MPC and MWC to lessen the impact of shortages. Marketing goals include the development of channels for advocacy within the organization. A plan to develop a supervisor training program and PSP career ladder are part the Top NP Workplace initiative and will improve retention. Duane F. complimented the robustness of the document and asked for a motion to adopt the FY18-20 Strategic Plan. Howard B. motioned, Carie C. seconded, and the Strategic Plan was approved without exception.

RETREAT DISCUSSION

Directing the Board's attention to the proposed retreat agenda, Gil F. referenced the pre-retreat survey, mentioning the desire for more open time to discuss issues. The retreat will start at MWC to view the new classrooms and will then continue to MPC for the remainder of the day.

UPDATE: WASHINGTON TRIP – AHCA

Gil F. shared details of his trip to Washington D.C. as part of a group of 500 care providers with the American Health Care Association (AHCA). With \$1.5T in proposed cuts to Medicaid over the next 10 years, the group's main message to legislators was to remember why Medicaid was created in 1965 – to protect the elderly, the blind, and the developmentally disabled – and to stop block Medicaid grants to the state. Marklund is now a member of the AHCA.

DEVELOPMENT UPDATE

Heather G. shared that the golf outing was Marklund's best ever - netting \$202K. Cog Hill proved to be an excellent venue. All development projects for FY17 did better than budget. Heather G. also thanked Board members for their various contributions throughout the year.

PRESIDENT AND CEO REPORT

Gil F. shared that one of the many benefits of the merger with Little Angels CEC was the addition of Howard B., Gerry E., and Dan F. to the Board. He also thanked various other Board members for their contributions throughout FY17. Frank M., Carie C., and Carol D. served on this year's selection committee for the Claire Haverkamp Award, which Frank M. presented to George Santiago. Bill D. and George W. served on the committee for the Golf outing, which was our most successful ever. And finally, he thanked Jeff B. for bringing a group of 25 BMO employees to the MHC campus on June 14. He reminded the Board that Marklund's direct care staff are on the front lines, and we must always be thinking about what we can do for them.

NEW BUSINESS – Board Terms Ending

Duane F. and Gil F. thanked Board members Ed I., Dave P., and John W. for their years of service to Marklund. Each of them have made unique contributions to Marklund and we are appreciative. After they each shared some thoughts on their time with Marklund, Duane F. said they should feel comfort in knowing they leave the organization in better shape than they found it.

ADJOURNMENT

With no further business, Duane F. asked for a motion to adjourn the meeting. Jim A. motioned, Bill D. seconded, and the meeting was adjourned at 8:30 p.m.