

MARKLUND
MINUTES OF THE FINANCE COMMITTEE MEETING
Thursday, October December 1, 5:30 P.M.
Ann Haskins Center
Bloomington, IL

CALL TO ORDER

Mike Herlihy called the meeting to order at 5:35 p.m.

ALSO PRESENT

Jeff Blanchette, Gerry Estes, Duane Fitch, Frank Murnane, John Wick

NOT PRESENT

Bill Dolen, George Webster

STAFF

Kudus Badmus, Gil Fonger, Kelly Kramer

GUEST SPEAKERS

Tom Egan (TCI)

PREVIOUS MINTUES

Mike H. asked for a motion to approve the meeting minutes of 10/27/201. Frank M. motioned, Jeff B. seconded. All were in favor and the minutes were approved without exception.

FINANCIAL STATEMENTS

Kudus B. informed the committee that as of the date of this meeting, Marklund's entire line of credit (\$5M) is available. The state of Illinois currently owes Marklund \$2.7M. Of that \$2.7M, \$450K is A/R for Marklund Wasmond Center. Billing for services rendered at this facility will begin in December. Marklund's YTD Operating Revenue of \$5.6M is favorable to budget by just under \$200K, and reflects an increase of nearly \$500K compared to December 2015. The school continues to be successful, operating at five (5) students above budget at current enrollment of 57. For the first time since its inception, REST is favorable to budget – by \$58K. This is due in large part to Master Trainer sessions in New York and Nevada. Salaries, Benefits and Consulting – Aides & Nurses currently account for approximately 77% of Marklund's expenses after backing out non-cash items. YTD salary expenses are favorable to budget by \$55K. After a discussion regarding compensation for DSPs (who are compensated at the same level as CNAs), Frank M. asked for a list of acronyms. Gil F. replied that the original Board Manual includes a list of acronyms, but that an updated list will be available online in the coming months. Kudus B. shared that the CNA sign on bonus initiative will end in January. Last month, Marklund had over 300 applicants for Caregivers. The State of Illinois has reimbursed Marklund \$20K for onsite training of Caregivers hired. Administrative Operating Expenses are currently \$17K over budget due to the purchase of classroom supplies related to the REST program. While reviewing current staffing levels, John W. inquired about overall revenue increase vs expense decrease, which is unexpected. Mike H. reminded the Finance Committee that student enrollment leverages against initial staffing expense, and Gil F. added that the school is growing much faster than anticipated / budgeted. Gerry E. suggested that as time goes on and the growth levels out, Marklund will be able to budget salaries further out / ahead. Duane F. stressed that Marklund is not making budget by understaffing.

After a lengthy discussion regarding staffing concerns at MPC, Duane F. asked if MPC was going to move to the DSP model. Gil F. shared that the administrator has not yet come to a decision on that, as the competition in the area is different than at MHC. Kudus B. finished reviewing the financial statements by sharing that total operating expenses are currently \$121K favorable to budget at \$6.3M. After backing out non-cash items, Marklund is currently \$300K favorable to budget. Marklund has also received a slight increase in the school's reimbursement rate from the State – approximately 2%. Kudus B. reviewed the end of October Patient Census for MPC and the 16-Bed Homes. Multi-Needs and Life Skills are over budget census by two (2) and three (3) clients, respectively. MPC lost a client in October, leading to a census of 20 clients vs. a budget of 21. He further added that \$1.82M was moved from CEC accounts to Marklund, leaving \$400K in the CEC account to meet prior obligations. Per the Asset Purchase Agreement, Kudus B. will meet with Shelley L. again on 12/03 to review remaining invoices / obligations, and will report back to the Committee in January. Marklund continues to pursue the return of the security deposit back from the closed resale store.

INVESTMENT POLICY

Mike H. turned the Committee's attention to Draft 1 of the Investment Policy. Kudus B. informed the Committee that Pavilion made a suggestion to address TCI as "Investment Advisor" within the policy. Prior to this meeting, members of the Committee were sent a Risk Assessment Survey, and Chris Kuhlman (Pavilion) compiled the results. Via phone, Chris K. summarized the results of the survey, noting that all six responses he received indicated a desire to take more risk (question 12). The responses also indicate the two most important objectives are protection of capital and real growth. After Chris K. noted that the Finance Committee wants more communication with TCI, a discussion ensued regarding expectations and how they are communicated. Duane F. interjected that the Committee needs to 1) assess if the investment advisors are adhering to the policy and then 2) engage in a discussion regarding the investments. John W. expressed the opinion that past meetings with TCI have lacked detail on results of investment changes and the thought process behind them. A discussion followed regarding personal risk tolerance vs Marklund's. Duane F. stated that the Committee should ask 1) what is a reasonable return and 2) what is the most cost effective way of attaining that? At this time, Tom E. (TCI) reviewed the prepared scenarios. John W. asked what other nonprofits are doing with their endowments. Gil F. responded that Pavilion will be providing benchmark information that may help to answer that question. [Further discussion ensued regarding the committee's desired return net of expenses and the differential risk at a 4% vs. 5% goal. Discussion concluded with staff, TCI and Pavilion to continue developing investment policy provisions and discussion will continue at the January Finance Committee meeting.](#)

OTHER BUSINESS

John W. asked if members of the Finance Committee would again be interested in donating an item to the ultra-premium liquor package for the Top Hat auction. Several members expressed interest. John W. will let the committee know the deadline.

ADJOURNMENT

With ~~nothing else to discuss~~ [available time expired](#), Mike H. asked for a motion to adjourn. Jeff B. motioned, Frank M. seconded. The meeting was adjourned at 6:59 p.m.