Pam Sellenrick, President, called the meeting to order.

Michael Murphy presented the updated Board Portal. A few new items were added: Code of Ethics; Board Member Job Description and Board Member Application. The metrics dashboard was discussed and will continue to be updated with various other data being collected. A calendar of events will also be available. Board members were encouraged to give feedback on the portal via the “feedback” button.

November and December will be very busy due to the activity of the holidays. Marketing and Development will be putting together a comprehensive strategic plan in January. That plan will encompass development, marketing and volunteering. Terry Corcoran is reviewing fund development, marketing and volunteering policies and procedures that are currently in place to ensure we are capitalizing on all efficiencies and determine if improvements in current procedures can be made.

There will be a volunteer appreciation dinner on November 9th with a presentation on some of the achievements that have been attained over the year and to thank our volunteers for all they do on Stephen Center’s behalf. A reward and recognition program is being discussed, i.e., different colored shirts for different number of years of volunteering.

The Catholic Voice insert will be mailed out on November 16th to 35,000 subscribers, which showcases two of our residents. One will tell his story and the other will share how to beat the holiday blues.

We will be doing an e-mail solicitation the last week in December to ask for year-end donations.

Recent speaking engagements include:

- Our Lady of Lourdes Middle School
- Murray Christian Church out of Murray, Nebraska
- Syngenta, on behalf of United Way
- Koley-Jessen Law Firm, on behalf of United Way

We will be doing a press release for Gobble for Good, which is our annual turkey drive as well as a release on an upcoming Ignation Retreat and the announcement of Christine Salvatore as our new Chief Operating Officer and Terry Corcoran as our new Chief Development Officer.

Channel 6 News will be live at 6:00 a.m. at the shelter on Thanksgiving Day. Other news stations will be notified that the Archbishop will be on site at 11:00 a.m.

355 more people have liked us on Facebook recently, which increases our reach in the community.
A brief discussion followed and Michael Murphy exited the meeting.

Upon motion duly made, seconded, and unanimously carried, the minutes from the August 30, 2017 meeting were approved as submitted.

Michael Wehling then discussed the board slate for 2018. The nominating committee met and is proposing the following individuals for membership: Jude Knipper, Madeline Moyer and Santos Louis Olivera. Also, John Andreasen, Eric Ewing and Robert Monaco have reached the end of their first 3-year term and have agreed to serve their second 3-year term. 2018 board officers are yet to be chosen and will be brought to the board for approval at the December meeting.

Upon motion duly made, seconded and unanimously carried, the board slate was approved as presented.

Michael asked the board to consider December 13th as our next board meeting. The meeting will be held at Stephen Center.

President Sellenrick notified the board of the focus at the most recent Capacity Building session. Topics were on best practices for executive directors’ annual performance reviews, which we incorporated into Mike’s evaluation which was due in September. Effective committees were also discussed in this session. A lot of the work of the board is done in committees and it is important those committees have annual goals. After we have the new 2018 committee slate set, we will ask those committees to set annual goals for the year. A strategic thinking item on each board agenda was also suggested as well as fund development basics. We may be looking at a new committee in 2018 that concentrates strictly on development. This will be discussed further at the upcoming executive committee meeting.

**Executive Director Report**

Executive Director Wehling discussed the Omaha Housing Authority project-based vouchers. We were awarded this contract in April and thought we would be up and running by now, but are waiting on the contract. They have recently inspected all of our units. OHA is not allowing any individuals to utilize their individual vouchers in our project. We believe this will take effect prior to year-end. Clarification was made that an individual voucher can be utilized at any property that accepts Section 8 vouchers; whereas, a project based voucher is designated to be used at a certain location. The OHA contract specifies that short term vacancies will be paid for via the vouchers. Our apartments may not turn over as quickly as our SRO units will in the future. We may need to develop some additional ability to manage people out. Measuring the outcomes of this new program will be very important.

Michael notified the board we are planning to have a Strategic Planning meeting in April of 2018. The facilitator has not yet been chosen. The meeting would be one full day and would like full board participation and would include Stephen Center officers as well. Michael solicited the board for any other facilitators they may know of for that day.

**Chief Financial Officer Report**

Gwen reviewed the financial highlights year-to-date. We started out with an original budgeted net income of $28,000 and are now looking at a net income after a carryover of about ($63,000). The main differences between our projections now and where we were in August are payroll and payroll taxes of about $71,000 (after the reorganization), along with the workman’s compensation increase during this year, as well as our employee insurance which went up $11,800. Insurance rates are from September 2017 to September 2018.

Another thing that had not been shown before is the carryover of a Mutual of Omaha grant we received in December and we categorized with our PSH grant program to pay for crisis intervention services this year. We received it last year but we are applying it to this year’s expenses.
There have been no real changes in the operating reserve, i.e., we have about eight month’s worth of cash expenses on hand and our goal is six to nine months. Our facility reserve stands at $2.6 million, but note that we have spent $155,000 out of the fund this year. The biggest part of that was the security camera upgrade, the bulk of which was paid for by a grant we received late last year. Without the grant, we have had more investment income than we have had capital expenditures. We have chosen to keep our investment income in the facility reserve at this time, although it is not a requirement.

2018 Budget Highlights

We are projecting a -$160,000 net income for 2018, but we have a carryover from 2015 and 2016 from PSH grant money. We specifically told the foundations this summer we would be using those funds in 2018. If you offset the carryover, we are showing a -$33,000. The projections for 2019 through 2021 are not sustainable and we will need to address different funding sources for those years.

Gwen continued to review the 2018 budget and fielded questions from the board. Operating revenue has been our biggest area of growth with PSH program and our growth in state vouchers over the last couple of years.

Opportunities to increase our operating revenues from TL building were discussed. Earlier this year, Probation started talking with Mike and Christine about using the apartments in our TL building for people coming out of prison who need additional services and oversight for a certain time period. A proposal was made that we would charge $75/day. If we would get that program at $75/day at seven units, it would provide $191,000 in revenue for single occupancy. We could also consider double occupancy in these units, which would increase revenue even more.

Another idea identified for the use of that building would be for late Phase II or Phase III for our HERO clients, who don’t really need to be in the HERO building, but would remain on campus to receive necessary services. This could potentially free up 14 beds in the HERO building (assuming double occupancy) for new Phase I clients. A Phase I voucher client is $5,400/month and could provide a great opportunity. A discussion ensued with the possibility of doing both with Probation not necessarily being at the TL building, but at another location. The stability of the voucher program was discussed. Diversification of revenue streams and opportunities is key to the stability for the future. We are ordering beds and wardrobes for the TL building for upgrades and plan to start the transition immediately to move Phase II HERO clients in.

One of the biggest parts of Stephen Center’s expenses is staffing. We have budgeted for 61.74 FTE’s, which is where we are today. For comparison purposes, our budget for this year was 56 FTE’s. We did make some changes this year, but are not planning any additions for next year. Payroll and payroll taxes make up 65% of our budget; coupled with our employee benefits piece of 12%; totals 77% of our budget. A comparison of the 2018 budget vs. what was projected in last year’s budget for 2018 is only $71,000 higher. This includes an average 3% increase for employees. Employee benefits has also grown dramatically over the past few years, mostly in line with our staffing, with the exception of our workers comp expense. Our premium expense has increased since 2016 from $24,000, to a projected $69,000, due to our experience ratings. A 30% increase in our premium expense has been budgeted for 2018, although we are not sure what the actual number will be at this time.

Looking at expenses by program, it is fairly even with HERO at 27%, Shelter at 25%, and PSH at 24%. A&G stand at 9% of our total expense budget, following by Thrift, TL, Juvenile and Non-residential HERO.

In summary, for the 2018 operating budget, a -$160,000 net income, but after the carryover of the grants, a -$33,000. This results in a net cash flow of -$109,000. Some of the primary variables we have touched on are: HERO residential, state vouchers has always been perceived as some risk because it is a high percentage of our revenues and is $341,000 higher than 2015, but is in line with 2016 and 2017. The risk in PSH is with the project based vouchers as it is not final yet. Individual donations is always a risk factor because we don’t know how 2017 will end due to the bulk of those donations coming in at the end of the year. We are being conservative on grants by only adding $75,000, and adding just $100,000 for the use of the TL building.
With respect to the operating budget, in the years going forward, 2019, 2020 and 2021, we plotted the minus negative net income against our facility reserve. Worst case scenario if we don’t come up with anything better for those three years, and we had to dip into our facility reserve, it would bring us down to the original proforma for that fund. We have good reserves to cover those possibilities.

A discussion arose whether funds could be used to purchase real estate from our facility reserve. Michael is looking at the restaurant next to us as well as property to the immediate west of our parking lot.

President Sellenrick asked the board if we want to increase the budget to make it more breakeven instead of a loss of -$33,000. Gwen reported that we could show the fallback with a line stating transfer from reserve, so it doesn’t look negative, which is what we have done in the prior years. Those transfers did not happen because of additional funds raised. We are committed with MHEG to keep the reserve of $1.8 million through 2029, as that’s our compliance period for tax credits for this building. We have not drawn out of this fund for anything other than capital expenditures for the building, and have not drawn out for operating expenses since we were at the school.

Gwen then reviewed the LLC budgets with the board. No assumptions were changed for the HERO LLC, and extrapolating out rent and expenses based on normal business, we are showing a cushion. Net income in both LLCs is designed to be negative for the investors for tax deductions, but we want to generate positive net operating cash flow which needs to be enough to cover any replacement reserve deposits, debt service payments on the TIF loan and capital expenditures.

2723 LLC is projected at -$479,000 net income; however, net operating cash flows of $89,000, which will pay debt service and required replacement reserve deposits of $23,000. This shows a minus net cash flow, but is OK, because we had positive cash flow in 2015 we are working off of. Next year it turns around and we’ll be in the black.

President Sellenrick asked for a motion to approve the budget as presented. Upon motion duly made, seconded and unanimously carried, the budget was approved.

**Guild Report**

Dana Gonzalez reminded the board of the Wine Tasting event at Temple Israel and thanked the board members who are supporting the event. We have seven sponsor tables available for this event; four of which have been sold. With the sponsored tables this year, we have been able to cover the cost of the wine, and with the Guild providing the food, everything else will be profit.

Cruise Away is coming up on March 3rd. More details to come on this event that will be held at Champions Run.

Cookies and Coco with Santa is scheduled for December 3rd at Stephen Center.

**Nominating Committee**

Nothing further to report.

**Executive Committee Report**

Nothing further to report.

**Finance Committee Report**

Nothing further to report.
Golf Committee Report

Nothing to report.

Human Resources Committee Report

Kevin McCoy informed the board that the HR committee agreed upon a process to follow up on employee appraisals so the HR committee can see the final results and ensure that they are done timely.

Program Committee Report

Nothing to report.

There being no further business to come before the board, the meeting was adjourned.

Respectfully submitted,

Deb Vosika
Board Secretary