**BOARD OF DIRECTORS MEETING MINUTES – JUNE 30, 2026**

**PRESENT FROM BOARD**:
Randy Brown, Tawny Espinoza, Brandi Coleman, Jeff Franklin, Tamara Krizman, Kylie Millican, Tammy Eret, John Flanagan, Justin Aubert

**GUEST(S):**
Robert Fisher (Board Candidate)

**EXCUSED ABSENCE(S):**
Krista Ubersox, David McKendry, Dave Hayden

**PRESENT FROM STRIVE:**
Grant Jackson, Mary Anne Lawrie, Chris Bergquist

| **OVERVIEW OF MEETING** |
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| No conflicts of interest were identified. |
| Minutes from previous meeting were reviewed and approved. |
| The Slate of Officers & Directors for 2026-2027 was presented and approved. Department. |
| Grant provided a short update on the status of the State budget. |
| Financials were reviewed and approved. |
| Chris provided an overview of the financial benefit in paying off building loan with the Board authorizing the payoff. |
| Chris presented and reviewed the Budget and assumptions for FY 2026-2027 with the Board approving it. |

A quorum was achieved at 12:20 p.m. and the meeting was called to order. No conflicts of interest were identified.

**BOARD MINUTES FROM 06/02/2026**
Minutes were presented.

**It was M/S/P (Coleman/Espinoza) to approve the Board minutes from 06/02/2026 meeting as written.**

**SLATE OF OFFICERS & DIRECTORS FOR FY2026**
The Board conducted its annual officer elections for the Strive Board, with all appointments effective July 1, 2026. The proposed slate of officers was presented, discussed, and approved:

Slate of Officers for 2026-2027
- Chair: Jeff Franklin
- Vice Chair: Tamara Krizman
- Treasurer: John Flanagan
- Secretary: Krista Ubersox
- Ex-Officio: Randy Brown

**It was M/S/P (Coleman/Millican)to approve the 26-27 Slate of Officers.**

During the officer election process, the Board reviewed director term lengths and service expectations. Directors serve three-year terms with no overall term limits, allowing for consecutive reappointments to maintain organizational stability and institutional knowledge. Justin noted his own six-to-eight years of service as an example of this continuity.

**Slate of Directors for 2026-2027**:
- Randy Brown (2-year term)
- Tammy Eret (1-year term)
- Robert Fisher (1-year term)
- Jeff Franklin (2-year term)
- Kylie Millican (1-year term)

**It was M/S/P (Franklin/Krizman) to approve the 26-27 Slate of Directors.**

**PRESIDENT/CEO REPORT**
Grant reported that senior leadership recently met with long-time consultant Sally Schaefer for a strategic planning session, identifying facility improvements and the modernization of existing program sites—particularly aging vocational spaces—as the organization's primary strategic priority over developing new revenue-generating programs. This shift emphasizes enhancing service environments to improve the quality of facilities for clients and staff, clarifying long-term capital improvement goals that include replacing the 508 Fruitvale property and evaluating new opportunities, such as the commercial building near the Botanical Gardens, to ultimately strengthen program delivery and the overall experience for those served.

Grant reported that the organization is actively pursuing a capital improvement initiative to replace the aging and operationally challenging 508 Fruitvale property. This effort directly aligns with the strategic priorities established during Sally Schaefer's recent planning session, where leadership determined that modernizing existing facility infrastructure takes precedence over developing new revenue-generating programs. Ultimately, the Board emphasizes that replacing the 508 Fruitvale facility serves as a key component of its long-term capital strategy, crucial for strengthening program quality, operational effectiveness, and the overall experience of the individuals served.

The 508 Fruitvale property suffers from critical location and facility deficiencies that severely limit its effectiveness for client services.
- **Geographically isolated** - the property lacks walkable outdoor space or nearby amenities, forcing clients to endure extensive travel times to access community activities, shopping, and public resources necessary for developing integration skills.

- **Structurally compromised** - the facility is plagued by ongoing maintenance burdens, including chronic ceiling leaks, an aging HVAC system, and deteriorating infrastructure.
- **Outdated building layout** - fails to support modern person-centered programming or create an environment suitable for skill development and community participation.

A recent appraisal valued the 508 Fruitvale property at approximately $1.1 million, a sale that would provide significant capital toward acquiring a replacement facility. However, finding an appropriately sized and located property within a reasonable budget presents considerable challenges in the current real estate market.

Grant toured a potential replacement property near the Botanical Gardens as part of the organization's efforts to replace the 508 Fruitvale facility. The location offers strong access to community amenities, walking paths, and outdoor spaces, as well as opportunities to enhance community-based programming and strengthen connections with other organizational initiatives in the area. Grant will continue to evaluate the property while also exploring additional options that align with program requirements, accessibility goals, facility needs, and the organization's long-term financial and strategic objectives.

Grant provided an update on the organization's partnership with the Botanical Gardens, highlighting plans to develop multiple adjacent commercial greenhouses. Construction on the first greenhouse is scheduled to begin in summer 2026 with operations launching later this year, directly involving the garden's individuals in planting, maintenance, and day-to-day operations. While long-term strategies focus on expanding production and creating new community alliances, the site faces immediate challenges with raccoon intrusions at the butterfly house; these pests have caused butterfly losses, increased replacement costs, and triggered additional regulatory reporting, though resolution efforts remain ongoing.

**FINANCIAL REPORT**
Chris presented May 2026 financials showing near break-even operating performance in May 2026, marking a dramatic improvement over historical trends where this period typically brought substantial, sometimes six-figure, operating losses. While the organization normally faces significant cash flow challenges before December county funding arrives, this month's net income reached a positive $81,000+ because donation and grant income successfully offset the operating deficit.

Year to date performance shows a historic financial turnaround, reaching nearly $1.5 million in total net income. This consists of nearly $800,000 from day-to-day operations and over $700,000 from grants, asset sales, and a large bequest. This unprecedented performance completely reverses historical trends of six-figure deficits for this period. Growth was driven by better program enrollment, stable staffing, increased operational efficiency, and one-time donations.

Revenue is essentially on par with budget forecasts and significantly higher than the previous year.

Personnel expenses remain under budget due to ongoing vacancies. While this generates cost savings, it strains existing staff and threatens program quality. Chris budgets conservatively for more positions than they expect to fill, rather than adjusting for actual vacancy rates.

Operating expenses (all non-personnel costs) are tracking closely with budget expectations. There were no significant legal claims, major repairs, or unexpected expenses during May.

Balance sheet shows accounts receivable decreased 12% month-over-month as accumulated claims were collected following federal service revalidation. This collection boosted total liquid assets to an all-time high of over $4 million, consisting of $2.7 million in money market accounts and $1.6 million in CDs. Looking ahead, Chris noted that December revenue will spike by roughly $600,000 when commissioners officially promise the annual county funding award.

**It was M/S/P (Franklin/Coleman) to approve the May Financials.**

**BUILDING LOAN PAYOFF**
Chris presented a detailed analysis recommending the payoff of the organization's administrative building mortgage, which holds a principal balance of roughly $1.16 million at a 4.15% interest rate. The analysis supports this payoff because current CD and money market returns are below 4.15%, causing a negative spread where the organization pays more in interest than it earns on its cash. Furthermore, the current lender restricts investment options, whereas paying off the mortgage would grant complete flexibility to shop for better CD rates at other institutions. A Board member noted that while the current 4.15% rate is favorable compared to today's higher commercial real estate loan rates, eliminating this specific debt removes restrictive investment covenants.

The board debated the trade-offs of paying off the mortgage versus keeping the debt for future property purchases, weighing the financial impacts from multiple angles before reaching a consensus.

Several arguments supported an immediate payoff. Most importantly, eliminating the mortgage removes the organization's only outstanding debt, granting complete financial freedom and the flexibility to shop for better CD rates without lender restrictions.

Economically, the payoff stops ongoing interest expenses that create a negative spread, since the 4.15% mortgage rate exceeds current cash investment returns. Furthermore, the organization will retain a strong $4.3 million liquid cushion after the payoff. Because a new building purchase is likely 18 to 24 months away, this immediate cash outlay carries low operational risk.

Conversely, the board reviewed potential downsides. If a new property is found sooner than expected, the organization would have to borrow at current market rates, which are higher than the existing 4.15% rate. The payoff also reduces cash reserves, which could limit flexibility if an attractive real estate opportunity emerges quickly. Some board members noted that while commercial real estate deals usually move slowly, they can accelerate rapidly, potentially leaving the organization with fewer liquid reserves. Ultimately, the board agreed that paying off the mortgage makes financial sense due to the 18+ month purchase timeline and the ongoing opportunity cost of the debt. They concluded that the interest saved in the interim would likely offset any higher borrowing rates in the future.

**It was M/S/P (Franklin/Flanagan) authorizing STRiVE proceed with paying off the 790 mortgage as soon as reasonably possible.**

**BUDGET & ASSUMPTIONS FOR FY2026-2027**
Chris explained the comprehensive budget development process, which is driven by a conservative philosophy that deliberately underestimates revenue and overestimates expenses to avoid negative surprises. For revenue forecasting, the team utilizes real enrollment data—including actual client rosters, service levels, day rates, and attendance patterns—while applying historical vacancy rates by program to account for attendance variability. Personnel costs are projected using actual employee salaries, benefits, and hours worked based on staffing plans from department supervisors, with conservative discounting applied for expected vacancies. Finally, operating expenses are calculated using historical run rates, varying the time horizon between 3-month and 12-month periods to account for seasonality, which involves reviewing and projecting approximately 10,000 individual line items.

Chris detailed the budget assumptions for 2027:
**REVENUE**
- **Medicaid Rate Decrease** - Leadership decided to pass the full 2% Medicaid rate decrease through to host home providers, deciding against absorbing or splitting the cut after determining the average monthly impact would be manageable to the providers. However, management will not pass through any future Medicaid cuts—despite rumors of additional 1.1% to 1.6% reductions—in order to limit providers to a single disruption. This marks the first year in recent memory with an actual rate decrease from the start, following a volatile prior year where Medicaid granted a 1.6% increase only to rescind it almost immediate.
- **Vocational Revenue** - Vocational programs present the most difficult revenue forecasting due to highly variable client attendance. To address this variability, the budget utilizes the official roster showing expected days and hours, applies program-specific vacancy and attendance discount rates ranging from 70% to 80% based on historical patterns, and incorporates heavy conservative adjustments for programs with poor historical attendance.
- **County Revenue** - The organization expects approximately $600,000 in county revenue, consistent with the previous year, which is awarded in December following Grant and Chris's annual presentation to the county commissioners. The budget assumes flat funding with the potential for a modest increase, barring any major county budget issues.
- **Behavior Services Revenue** - Behavioral services represents the one area where management made aggressive rather than conservative revenue projections, departing from the organization's typical budgeting philosophy. While this service area has lost significant money over the last couple of years due to chronic staff turnover that prevented consistent service delivery, management believes staffing has now stabilized. If the current team remains consistent, completes training, and maintains stability throughout 2027, the projected revenue increases are achievable, though they carry risk. The key caveat remains that if staff turnover returns to previous levels, these aggressive revenue projections may not materialize, potentially creating a significant budget variance

**PERSONNEL**
- **No Pay Changes** - Due to the Medicaid rate decrease and uncertainty about additional cuts, no salary increases are included in the initial 2027 base budget. Management and the board will revisit potential raises in the July–August 2027

timeframe once the actual financial impact of the rate reductions is clearer. Historically, the organization has implemented raises in October or November; notably, a few years ago, management successfully risked implementing raises despite a projected $350,000 deficit because staff retention was critical, a move that ultimately drove improved financial performance.

- **Benefit Rate Increase** - Small increases in health insurance rates were absorbed by the organization rather than passed to employees, providing modest relief to staff.
- **No New Positions -** No new administrative positions were budgeted, despite identified needs. The organization continues to operate lean with staff wearing multiple hats.
- **Minimum Wage** - A potential minimum wage increase (likely effective January) was NOT budgeted. If it occurs, the impact would be modest ($20,000-$30,000) as only client wages are at minimum wage levels.

**OPERATING**

No major known changes to operating expense categories. All projections use historical run rates with appropriate time horizons for seasonality.

**FUNDRAISING**

The organization utilizes a conservative budgeting approach for fundraising revenue by assuming flat performance similar to the previous year to avoid over-promising, despite a historical trend of year-over-year growth. Crucially, large one-time items, such as the major bequest received in 2026, are entirely excluded from these future projections.

**POTENTIAL CHANGES NOT IN BUDGET**

- **790 Mortgage Payoff** - As discussed separately, the mortgage payoff was just approved and will eliminate interest expense, but this was not reflected in the budget presented.
- **Staff Wage Increases (TBD)** – Will be discussed mid-year after evaluating performance and any additional Medicaid impacts.
- **Sabbatical Leave** - To minimize organizational expenses, the proposed sabbatical leave policy offers one month of paid leave for employees with over five years of service, making 31 current staff members eligible. A cost analysis modeled on Hilltop’s existing policy reveals that actual expenses would be minimal, as most work is covered internally by existing staff without hiring temporary replacements, though exceptions may apply for positions requiring mandatory coverage like group home shifts or vocational programs. To ensure operational continuity, management retains strict discretion over scheduling, meaning applications would be approved based on seasonal demands so that key personnel, such as the CFO, do not take leave during critical periods like audit or budget season. Furthermore, a board member highlighted a grant opportunity through the Colorado Health Foundation that could fund leadership development and offset executive-level sabbatical costs. As a next step, Grant will share Hilltop's policy template with the board for their review and suggestion.
- **Property Sale & Replacement** – The potential sale of 508 ($1.1 million) and purchase of a replacement facility would significantly impact the budget, but timeline is too uncertain to include in current projections.

- **Family Health Insurance Premium Reduction** - The organization's current dependent insurance rates—consisting of spousal coverage at $802 per month and family coverage at $1,314 per month—are prohibitively expensive and unaffordable for most employees, a financial barrier that Chris personally confirmed when reviewing coverage options for his own children. While significantly reducing premiums would make family coverage accessible, the organization is self-insured, meaning its actual financial impact depends on claims; currently, only two to three families participate, but lowering rates could expand enrollment to over 30 families. Although children statistically incur lower healthcare costs for routine care and carry a lower risk of catastrophic claims compared to adults, the risk of high-dollar medical events remains present. Any premium adjustments would take effect mid-year due to the organization's atypical April-to-March insurance cycle—a timeline originating from a historical paperwork delay during a hospital partnership that now offers the advantage of vendor availability during slower operational periods. Finally, a competitive review has been suggested via a Request for Proposal (RFP) for health insurance broker and Third-Party Administrator (TPA) services since it has been four to five years since the last evaluation, though the organization currently maintains strong working relationships with its existing broker of nearly five years and its TPA of two to three years.

**BUDGET BOTTOM LINE**
The projected 2027 net income is positive but modest, and Chris emphasized that if major changes do not occur, actual financial performance will likely beat this budget due to conservative assumptions built throughout the presentation, particularly regarding personnel expense forecasting. Board member Jeff Franklin noted that this presentation represents a significant improvement in board financial education compared to previous years, when Chris would simply present a budget number in July without context for how it was developed. Ultimately, the Finance Committee worked closely with Chris to develop this comprehensive explanation of methodology and assumptions, making the budget process highly transparent and helping the board appreciate the exact parameters and considerations that go into budget development rather than just receiving a final number.

**It was M/S/P to (Franklin/Espinoza) to approve the 2026-2027 Budget as presented.**

**OTHER BUSINESS**
Brandi provided an update on the cookie tasting fundraiser scheduled for July 14th in the break room, where three varieties will be available: a signature lemon raspberry recipe, snickerdoodle, and Mississippi mud, which features a mix of white and dark chocolate chips. To support the fundraiser, cookie delivery remains available for a five-dollar fee to cover gas costs, with operational and delivery assistance provided by a partner.

**It was M/S/P (Espinoza/Flanagan) to adjourn the meeting at 1:30 PM.**

Respectfully submitted,

MaryAnne Lawrie
Senior Executive Assistant

**Minutes were approved on 8/25/2026 (Coleman/Eret)**