STRIVE
PEOPLE SUPPORTING PEOPLE

BOARD OF DIRECTORS MEETING – JULY 30, 2019

PRESENT FROM BOARD:
Steve Ammentorp, Joe Warner, Dave Hayden, Tawny Espinoza, Terry Pickens, Mike Nordine, Marna Lake, Kevin Fitzgerald, Jim Grisier, Stephanie Keller

EXCUSED ABSENCE(S):
Scott Coleman, Justin Ward,

SPECIAL GUEST:
Krista Ubersox, Housing Authority

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

OVERVIEW OF MEETING
The minutes from the previous meeting were approved
Grant provided state and organizational updates.
Doug provided an update on negotiations with Alida's. The Board approved on moving forward with the lease to purchase.
Chris reviewed the Financials for June along with the revised budget for FY19-20. The Board accepted June financials and approved the budget for FY19-20.

A quorum was achieved and the meeting was called to order at 12:04 p.m. Steve Ammentorp presided.

Steve welcomed back Mike Nordine to the Board. Grant introduced Krista to the Board and provided a brief summation of her background and expertise along with her potential interest in becoming a Board member. Jim also mentioned that Tracy Garchar could also be a potential candidate. Steve and Tawny will reach out.

Steve announced that Joe has to leave at 1:00, so Grant will give his report and then Doug will provide an update on Alida's followed by the financials.

MINUTES FROM 6/25/2019 MEETING

The minutes from the meeting on 6/25/2019 were reviewed and approved.

It was M/S/P (Espinoza/Hayden) to approve the 6/25/2019 minutes as presented.

PRESIDENT/CEO REPORT

Grant recently met with Mark Francis, Family Health West CEO, to discuss Audyssey. Their Board of Directors were very excited about expanding their services and voted unanimously to move forward with the "warm hand off". The transition is scheduled for the end of September. Doug and the Audyssey team are working with Family Health West in making the transition as smooth as possible. There are only two STRiVE staff that would be laid off since the remainder of the team consists of independent contractors. A question arose regarding Family Health West's stance on making it a profitable program. Grant responded that they are able to bill at a rural rate which is higher than the normal in addition to billing for therapies and other services that are billable but were never accessed.

We continue to work on transitioning the nursing group homes to a case management group home model. This consists of pulling all the nurses from the med homes and housing them in the administration building. The nurses are currently delegating some of their routine duties over to DSPs and also training on the proper protocols and procedures of these extra tasks. This model enables the nurse to actually provide better supports to the individuals in the homes. Concern was expressed in not having nurses located at the houses at all. Grant reassured members that the nurses will be visiting the homes on a regular basis and will also be on-call in case any issues arise. House Managers have now been in placed in the homes not only to be the liaison with nursing but also to provide additional support to the DSPs.

We submitted another plan of correction to the State last week and believe we are beginning to see the light at the end of the tunnel. Huge improvements have been made in all the homes along with bridging the communication gap between the different departments and staff retention. There is still a lot of work to be done though.

Grant and Doug have also been meeting with different business leaders within the community in an attempt for individuals to seek some gainful employment. We are currently working on scheduling an appointment with Robin Brown, CEO, Grand Junction Economic Partnership, for her input on gaining more community inclusion for individuals with an intellectual/developmental disability.

The Botanical Gardens' list of projects needing completion has been submitted to the City for further consideration as they work on their budget. They are in the process of repairing the irrigation in sections when they have crews available to work on it. We have diligently working on fixing the Gardens up since the City did receive some complaints on its appearance.

Grant announced in the next couples of months he will be working on restructuring the organization chart to better align the right leaders in the right place. He will also be focusing on Case Management and addressing the billing issues and staff turnover.

UPDATE ON ALIDA'S

We've been looking at potentially taking over the business portion of Alida's for the past couple of years and it appears to be getting closer and closer. Over the past couple of months, Doug has been working diligently on a business plan in addition to gathering information from various sources on fair market values for the building, appraisal of business, equipment, inventory, and brand name in order to approach Farmer Bob with a reasonable offer. The information supporting the market values was shared with members. Doug has also talked with Farmer Bob's son to see if he would be interested in staying on not only to oversee the operation but also to assist with the training on the equipment. Doug also met with a marketing consultant who thought the idea was very good but stressed not to alienate Farmer Bob from the venture and make sure to include him in everything since he is the face of the business. Doug proposes a 3 year lease to purchase to lease based on the fact that it takes about two years for you to get to know the business and if it is going to work or not. Doug stated that the lease to purchase is only for the business and assets and does not include real property. With that said, Doug would propose the following offer:

ALIDA's FRUIT LEASE TO PURCHASE AMOUNT	
Building Only	$2,450.00
Equipment	$ 694.00
Brand Name	$ 300.00
Consulting Fee (10 Hr/month @ $40.00)	$ 400.00
Pay for inventory as we go	$ 200.00
TOTAL PER MONTH	**$4,044.00**
OVER A 3-YEAR PERIOD	
Building Only	$ 88,200.00
Equipment	$ 24,984.00
Brand Name	$ 10,800.00
Consulting Fee (10 Hr/month @ $40.00)	$ 14,400.00
Pay for inventory as we go	$ 7,200.00
3-YEAR TOTAL	**$145,584.00**

In reviewing the financials, the business was quite profitable while he was doing his "pop-up" shop at Sam's but has since stopped doing those over the past couple of years. The number of products he offers would need to be tapered down from 40 to 10-20. This venture is very positive not only generating additional revenue but also the job opportunities and community inclusion for our individuals. This also opens the door for additional funding through the Department of Vocational Rehabilitation for supported employment. At this time, Doug shared with members an article from the "*Denver Post*" entitled "*Colorado to Participate in National Program to Increase Employment of People with Disability*. This opened the table up for discussion in relation to it this being an extension of Sweet Success, food handling certification, continuing the on-line sales, job opportunities available for our individuals not necessarily in a group setting but for community employment, number of personnel needed to run the operation, etc. It was also noted that Farmer Bob would like to know if we will be moving forward on this or not so that he may start the process of freezing fruit.

Attention then turned to the terms of the lease and a lengthy discussion ensued in relation to a termination clause be incorporated into the agreement in case the business does not go as well as anticipated, what happens to the agreement if something possibly happened to Farmer Bob a couple of months of after the agreement was signed and how that might impact the lease, pay as we go on the inventory vs purchasing since we would be replenishing the stock with our product, knowledge of the equipment and maintenance of it, potentially relocating the business after the lease and concern with the moving the larger equipment, i.e. freezers, donation of fruit by Talbott Farms, employing son to assist with the training and operation of the business, etc.

After further deliberation, the Board agreed to move forward on the lease of purchase ensuring that their concerns would be reflected into the agreement. The numbers were looked at again and a suggestion to combine the rent and consulting fee into one payment with the remaining portion towards the business portion was mentioned. Doug will take that under advisement and will contact legal counsel in creating the agreement. Doug will attempt to have a draft agreement for the next Executive Committee meeting.

It was M/S/P (Grisier/Warner) to move forward in drafting a lease in pursuit of the acquisition of the business and asset portion of Alida's Fruits.

PROPOSED BUDGET FOR FY19-20

Due to time constraints, Chris would just refer to the large spreadsheet instead of going through the assumptions that were covered at last month's meeting. Upon the recommendation of the Board, Chris and Grant re-evaluated areas that additional cuts could be made and the new budget reflects a net income of $614K which is much more healthier than the previous one. The sub-committee met a couple of weeks again and Chris provided a more in-depth explanation of the revisions that were made. The committee agreed with the changes. The only thing now that needs to be done is a motion to approving it. At this time, members expressed the appreciation and efforts to Chris and Grant in identifying problem areas and making the necessary adjustments. It was also suggested that a financial review of all departments be done. Grant further added that during the Executive Committee there was a discussion about potentially closing another group home due to the change in the residential model where individuals are choosing a host home setting over a group home setting.

It was M/S/P (Lake/Keller) to approve the budget for FY2019-2020 as presented.

FINANCIALS

Chris provided an overview of June financials which reflects a deficit net income of $118K which includes donations, ignoring donations drives a loss of $196K. This month there were quite a few one-time adjustments that occurred on the operating expense side. Chris further commented that more work needs to be done on reducing these costs. Year-to-date income is running over $1.4M with donations. Taking donations out leaves an operating income of $(150K). The last 4 to 5 months indicate a decline in revenue due to individuals running out of billable units.

Attention turned towards the various graphs presented:

- Revenue is running below forecast. This was due to the 6.5% rate increase and in increase in host home enrollments. Fluctuation in billing efficiencies in case management and behavior continues; in addition to individuals are capping out on their units.
- Personnel expenses are still running under forecast but are slowly increasing with positions being filled but.
- Operating expenses continue to run over forecast. This category is a catchall and does not include the personnel expenses. This month got hit with the bad debt write-offs, maintenance issues and closing on the line of the credit; in addition to outsourcing of various services and supports.
- Operating income shows a decrease from the actual forecast.
- Net income shows a decrease in comparison to last year.

The highlighted items were skipped this month due to time constraint.

Chris then reviewed the metric analysis for June highlighting on the following areas:

- Total residency occupancy, inclusive of group homes and host homes, is at 94.2% which is slightly over the target goal of 93%.
- Group home residential occupancy is at 85.19% and is below the target goal.
- Case Management billing units were under the target by 1,431 units.
- Behavior billing units were under the target amount.
- Total vocational units billed were slightly under the target amount.
- Staffing is below the targeted goal.
- Operating costs continue to run over projections and continue to look at all areas to see where additional cuts can be made.

Balance sheet is similar to last month's as the closing and occupancy of the the new building has impacted cash flow and therefore working capital. Net assets went up due to the new building. Accounts receivable is improving although down $597K from the previous month due to timing issues of the payments. Current ratio is 2.81. Debt to equity is .40 and months unrestricted cash is at 2.55.

It was M/S/P (Lake/Grisier) to accept the financials as presented.

The meeting adjourned at 1:29 p.m.

Secretary

August 27, 2019
Date