

**Catholic Charities
Board of Directors
Minutes of the Meeting of January 25, 2018**

Members Attending: Rhonda Carretero, President; Vi Le, Vice President; Mike Sterkel, Secretary-Treasurer; Bob Bates; Connie Burnett; Tom Casso; Ray Haefele; Jerry Krittenbrink; David Madigan; Reverend John Metzinger; Maria Wallace; Kathy Williams

Members Absent: Most Reverend Paul Coakley, Chairman; Randy Calvert; Abe Castillo; Deacon Tony Crispo; Reverend Rick Stansberry; Charles Swartz, OU Board Fellow

Others Present: Catholic Charities staff members Damon Britton, Bart Ferrell, Jane Moon, Monica Palmer, Patrick Raglow and Jessi Riesenber; Villa Isenbart and 3825 N.W. 19th Inc. Board of Directors members Kathy Black, Trish Collins and Deacon David Schrupp; Villa Isenbart/Trinity Gardens Property Manager Kathy Pitt

Call to Order/Determination of Quorum

Rhonda Carretero called the meeting to order with the Lord's Prayer at 12:10 p.m. at Trinity Gardens senior apartments, following the Annual Corporation meetings of 3825 N.W. 19th Inc. and Villa Isenbart Inc. Members recited the mission statement. It was determined that a quorum was present.

Consent Agenda

Connie Burnett moved that the minutes of the meeting of Nov. 30, 2017, be approved as submitted. Maria Wallace seconded the motion and it was approved unanimously.

Committee Reports

Finance Committee

November and December Financial Reports

The board chose to focus discussion on the more recent December financial report and refer to the November report as necessary. Bart Ferrell presented the following highlights:

- The Parish Deposit and Loan Fund construction loan was paid off in December. Capital Campaign pledges receivable total \$702,000. Funding for the building endowment has now reached about \$450,000 and these remaining pledges receivable are expected to complete funding of the \$1.1 million building endowment.
- Total Cash decreased mainly because of the construction loan payoff.
- Fees and Grants revenue declined for two reasons. One, the decrease in refugee arrivals caused a reduction in federal grant reimbursements. Two, the 2015 flood disaster recovery, funded by an Oklahoma Emergency Management grant, is winding down. Disaster cases are being closed and the temporary disaster staff is being reduced.

- In November, Mathis Brothers Furniture donated 76 new couches and loveseats worth a total of \$152,000 in in-kind donations under Other Income. About 60 were given to clients, for a total of \$120,000 in Client Assistance expense. Some of the items are being used in Catholic Charities offices, thus increasing fixed assets. Some were donated to Cristo Rey School as Support of Other Organizations expense. The remaining couches and loveseats are being held in inventory for future clients.

Holy Family Home Automatic Sprinkler Proposal

Mike Sterkel reported that the Holy Family Home fire sprinkler system malfunctioned in January spraying water throughout the home, causing extensive damage. Insurance will cover the cost to repair the water damage, but not to replace the sprinkler system. Staff is seeking bids to replace the sprinkler heads and repair the fire pressure valve, and the total estimated cost is between \$31,000 and \$35,000. The Finance Committee recommends using funds from the Holy Family Home Endowment to cover the cost of the sprinkler replacement. The endowment currently contains about \$1.5 million. About \$205,000 of it is permanently restricted but the remainder is earnings and board-restricted funds.

Tom Casso made a motion to release up to \$35,000, from the board-restricted funds designated for Holy Family Home, to pay for sprinkler system repairs. Ray Haeefele seconded the motion and it was unanimously approved.

Operating Deficit Update

Mike Sterkel praised the successful Capital Campaign that is now coming to an end with the construction loan paid in full and the likelihood that the building maintenance endowment will eventually be fully funded.

Bart Ferrell noted that fundraising year-to-date has been on track with the budget, and although he still expects a need to transfer funds from the operating reserve to balance this year's budget, he is optimistic that will not be required next year.

Executive Committee

Approval of Receipt of Donated Lawton Property

Rhonda Carretero reported that the Executive Committee met via email on Dec. 20 to approve receipt of the following properties donated to Catholic Charities by Charles Todd Palmer:

- 229 N.W. Williams Ave., Lawton, Okla.
- 907 N.E. Tortoise Dr., Unit 4D, Lawton, Okla.

The committee voted to accept the property donation before the end of the 2017 tax year. Staff will seek to liquidate the properties in 2018 after further reviewing and assessing them. The properties' estimated value is less than \$100,000.

Minutes of the Executive Committee meeting were included in the board meeting packets. Tom Casso moved that the full board ratify the Executive Committee action as stated in the minutes. Jerry Krittenbrink seconded the motion and it was unanimously approved.

Governance Committee

Maria Wallace made a motion that the following slate of board officers recommended by the Governance Committee for two-year terms effective on July 1, 2018, through June 30, 2020, and first introduced for consideration at the Nov. 30 board meeting, be formally approved:

- President Vi Le
- Vice President Ray Haefele
- Secretary-Treasurer Mike Sterkel

Jerry Krittenbrink seconded the motion and the slate was approved by unanimous vote.

Long-Range Planning Committee

Kathy Williams reported that the Long-Range Planning Committee considered proposals from three strategic-planning consultants to assist in developing the 2018-2021 Catholic Charities Strategic Plan. The Oklahoma Center for Nonprofits (OKCNP) was ultimately selected. Committee members and senior staff will meet with the OKCNP facilitators in a half-day preliminary planning session on Jan. 31. All board, committee and staff members were emailed an online anonymous survey that will inform the planning effort. Kathy Williams asked that board members respond to the survey if they have not already done so. An all-day meeting to draft the strategic plan will be held March 8 or March 14. All board members are invited to participate in both the half-day and full-day meetings. The Long-Range Planning Committee hopes to present the first draft of the strategic plan to the board in April.

Patrick Raglow suggested that board members read the OKCNP Situation Analysis of Federal and State Policy Issues that was included as *Attachment 10* in their meeting packets. The analysis provides background information about public policy issues that could impact the strategic-planning effort.

Facilities Review Subcommittee

Bob Bates reported that the Facilities Review Subcommittee of the Finance Committee met Dec. 5 to begin a review of all properties owned, leased or otherwise occupied by Catholic Charities. The subcommittee is composed of members with a wide range of experience and expertise, including banking, real estate, engineering, construction, law, and property inspections and appraisals. On Feb. 1, they will tour Catholic Charities properties to assess their condition and usage, and then draft recommendations to the board.

Development and Outreach Committee

Ray Haefele reported the following:

- This year's Annual Appeal to date has raised \$2.554 million from 6,108 donors. The total ending balance as of June 30 in last year's appeal was \$2.518 million, so this year's appeal, after only six months, has exceeded last year's year-end total.
- The Green Tie Gala scheduled for Feb. 24 has so far raised \$232,000 in sponsorships. Staff expects about 600-650 guests.
- The Development and Outreach staff has increased its focus on grant funding. Sixteen potential grants have been identified for applications.
- For the first time in a year, the Development and Outreach program is fully staffed. The team is now engaging potential regional donors in the Enid and Guymon areas.
- Staff is also working with the committee in developing a new donor stewardship plan that will be implemented this year to nurture relationships with current donors.
- The Parish Engagement staff has had meetings with more than 30 parishes; given presentations at 12 schools; participated in 29 Archdiocesan and international events; and initiated 28 interactions for donor cultivations and stewardship.

Sponsored Housing

Columbia Square Inc./Villanova Apartments – Early-Exit Authorization Request

David Madigan reported that the Columbia Square Inc. Board of Directors met at Villanova Apartments in Lawton in October. As a Lawton resident and a member of the Catholic Charities and Columbia Square boards, he said he is proud of the Villanova property, which he called a well-maintained “shining star” for low-income affordable housing in Lawton.

Patrick Raglow then explained the Columbia Square Inc. contract agreement with Enterprise to operate Villanova Apartments as a tax-credit affordable-housing property for 15 years. He reported that Columbia Square Inc., as General Partner in the Lawton Apartments Limited Partnership, will have its first opportunity to buy out the entire interest of Enterprise, the Limited Partner, in December 2018, before the 15-year period ends. As the indemnitor, Catholic Charities of the Archdiocese of Oklahoma City Inc. would then be the sole entity responsible for Villanova, which would continue to be managed by Gorman Management Co. The property was recently refinanced and is now generating a positive cash flow with about \$70,000 annually in surplus cash, a portion of which now goes to repay a Catholic Charities restructuring note. However, after the early exit, all of the surplus cash would be accessible to Catholic Charities.

The Columbia Square Inc. Board of Directors and the property manager, Tom Gorman, have been in contact with Enterprise to discuss the early-exit negotiation process. The Columbia Square board is now requesting that the Catholic Charities Board of Directors grant preliminary approval before the process can move forward. The earliest possible closing date is Dec. 31, 2018. The buyout is expected to be relatively low-cost with an indemnification to Enterprise for the cost of the transaction, assuming the property is well-maintained and continues to be operated as affordable housing for low-income families. It may be possible for Catholic Charities to fund the transaction costs and reimburse itself through the operating reserves of the property. One benefit of the early exit for Catholic Charities would be that it would allow Catholic Charities to change the corporate structure of Columbia Square Inc. to suit any potential long-term strategic changes in the agency's sponsored housing program.

Patrick Raglow presented the Early-Exit Term Sheet, proposed Indemnity Agreement, and a letter draft to Enterprise requesting that Enterprise undertake consideration of the early-exit request, all of which were included in the meeting packet for the board's review. He recommended the board's approval to move forward with the early-exit request. He stressed that no agreement would be binding until all negotiations are complete and the board has had a chance to review and approve it.

Ray Haefele made a motion to authorize Patrick Raglow to engage with Enterprise to explore the option for early exit pursuant to the Lawton Apartments Partnership Agreement. Tom Casso seconded the motion and it was unanimously approved.

New Business

No new business was raised for discussion.

Old Business

Bound final copies of the 2016-17 Audit Report were made available to board members to keep.

Executive Director's Report


In addition to his written report to the board, Patrick Raglow announced the following:

- As discussed during a recent executive session, a nonprofit organization asked Catholic Charities last fall to consider acquiring them due to financial reasons. However, while Catholic Charities was conducting due diligence to determine the feasibility of the proposal, that nonprofit was successfully acquired by another organization. Staff believes this resolution was beneficial to all entities.
- Sale of the Ardmore property that was considered at the Nov. 30 meeting is now underway but not yet final.
- The agency has adjusted well to restructuring following recent staff reductions. Much of the reduction was long-anticipated after several temporary employees were hired to work the large-scale 2013 and 2015 storm disasters. Those disaster recoveries are winding down and staffing is naturally returning to its pre-disaster level of about 70 full-time employees.

President's Remarks

Rhonda Carretero urged board members to attend the Green Tie Gala in support of Catholic Charities' Homeless Services.

The meeting was adjourned at 12:50 p.m.


Rhonda Carretero, President

2-22-18
Date