

SMCS Board of Trustees Meeting

Wednesday, March 15, 2017 - 6:30 pm

Present: Dan Engelhard, Helen Englebert, Nancy Braatz, Lori Vegso, Pat Breen, Gary Elmer, Kathleen Healy Osland, Chris Hartrich, Kristen Bergstrom, Mary Krueger

Absent/Excused: Fr. Ingold, Fr. Paider, Fr. Seidl, Dustin McClone, Pam Seidl, Paul Seveska

Guest: Pat Batey, Jeanne Lee, Michelle Dejno, Laura Guy

Opening Prayer: Ms. Braatz began the meeting at 6:35 pm and led the opening prayer.

There were no guests for open forum.

Mr. Braatz called attention to the meeting minutes from the February 15, 2017 meeting. No changes were proposed. Motion to approve the minutes by Mr. Elmer. Second by Ms. Krueger. Motion passed.

Ms. Braatz called attention to the meeting agenda. A change to the agenda was proposed. The update on major gifts was moved to the top of the agenda.

Mr. Engelhard began the discussion on the Major Gifts Policies. He discussed that for the past 10 months, he, Ms. Guy and Ms. Dejno have been working to identify a number of problems that exist with the current process regarding the investments and have been exploring opportunities to handle oversight better. Thank you to Michelle Dejno and Laura Guy for their efforts over the past 10 months.

Ms. Dejno spoke regarding the desire to ensure long term financial sustainability of the system. She identified that some of the issues with the current structure include: lack of legal documentation for some of the funds, limited financial management, minimal oversight and performance review and current foundation has no legal documentation and only focuses on the High School. The current process includes an annual meeting in June with regard to the funds at the Catholic Foundation and Legacy. There is nothing wrong with the current way that this is being done, but the committee is recommending that the Board approve the formation of a legal entity, a foundation to have oversight of some funds. Not all funds would be moved into the foundation.

Mr. Engelhard made the following motion: The SMCS BOT agrees to establish a foundation. The working team will engage legal advice to develop a draft foundation agreement. The SMCS BOT will have an opportunity to modify the draft and will approve the final legal agreement later in 2017.

Discussion prior to the second included a request from Mr. Elmer that the finance meeting to have input into the recommendation. Ms. Bergstrom identified the need to understand the cost of a foundation going forward, including any employee cost and audits. Ms. Bergstrom also questioned why the establishment of a foundation was necessary versus the current committee structure.

Ms. Guy commented that it is an extremely frustrating experience being on this investment board that meets annually because of the location of the funds, the different managers and purposes of the funds. She believes the committee has not been effective for the past 15 years.

Mrs. Englebert questioned whether the discussion should continue without a second. Ms. Braatz indicated the exchange of information as helpful and necessary and the discussion should continue.

Ms. Guy provided information regarding the benefits of a Foundation. A foundation would allow for the funds to be separate from other assets from the school assets in the event of a legal liability. She believes a foundation will give better legal professional estate planning and gifting expertise, provide professional credibility and positive

perception to promote future growth, align funds and system needs and adjust fund payouts over market performance. Ms. Dejno mentioned that having a foundation allows for credibility for donors.

Ms. Healy Osland requested information about the Diocese and whether approval is necessary. The answer is yes. Mrs. Englebert stated that once the Board approves the formation of a foundation, this will be brought to the attention of the Diocese for necessary approval.

Ms. Bergstrom asked for the update on the audit information and an explanation of other options explored by the committee. Mr. Engelhard provided a chart that evaluated the current structure, the foundation and a modified board structure with the following criteria: strong affinity for SMCS, requires audit, limits liabilities, maximized credibility, maximizing gifting potential, ensure legal compliance, legal, financial and gifting experience, maximize financial performance, improved administration, focus on long term sustainability. Mr. Engelhard provided a comparison for what a foundation would provide, versus a governing committee or the current committee.

Ms. Braatz asked a question regarding the reporting structure of the foundation. Ms. Guy discussed the anticipated expenses of the proposed foundation and stated that no employee expense is anticipated, but an audit expense is anticipated, but not known.

Ms. Bergstrom questioned whether we would be able to fill the Board. Ms. Healy Osland questioned where the funds would come from to pay the anticipated attorney fees. Ms. Healy Osland provided a second for Dan's motion. Ms. Healy Osland moved to table the discussion. Second by Ms. Braatz.

Ms. Engelhard and Ms. Braatz identified that this would be voted on at the April Board meeting. The committee has taken it as far as they should and can, but will present to the finance committee. Board members are encouraged to go out, find the resources and get the questions answered. The purpose of going to the finance committee is to get the input from the parish representatives.

Board of Directors Meeting: Ms. Braatz and Ms. Englebert provided an update about the Board of Directors meeting. The Board of Directors voted by unanimous consent to accept the gift of the training and fitness center.

President's Report: Ms. Englebert presented her report to the Board of Directors. It will be posted separately on the SMCS website.

Executive Committee Report: The executive committee discussed questions about the foundation, the recruitment from area public schools, the Meitler study and the need to do a refresh of the strategic plan when we have new board members in August.

Athletics: Mr. Breen indicated there will be no report this month. Meeting is on April 5th.

Building/Grounds: Ms. Vegso provided the report. 7 people currently work on the committee, which started with a walk around of the facilities. Ms. Englebert requested a 5 year plan. The team took a fiscally responsible approach, knowing the budget was pretty well established for the next year. The group went through the high school exterior and interior, middle school interior and exterior, fine arts center, STEM center, parking lot, athletic facilities, and put together a maintenance plan and warranty information for each. There is a maintenance plan for each item, and the cost to get it to the standard that is appropriate with an assessment of expected useful life. 90% complete on the draft 5 year plan. Ran this by the finance committee with a commitment to get back to the committee by May with a final proposal. This will include the prioritization of the repairs with the costs and professional recommendations that justify the numbers.

Catholic Identity: Ms. Braatz identified that there is no report this month.

Finance: Mr. Elmer provided the report. Sara Weidner Brightwell has resigned due to her work travel. There was no higher rate available for the Miller Funds so they are staying invested in the same money market account. The line of credit has been rested for about forty-five days. The profit and loss shows that we are still running a balanced budget.

Fund Development: Ms. Englebert provided an update in her report to the Board of Directors. Ms. Braatz mentioned that there are board members who have not contributed to the annual fund and our goal is 100%.

Governance: Ms. Braatz discussed that Board members should start thinking about who they could ask to be on the board. Our target is to fill spots for four board members. Ms. Seidl provided a written report for the Board to review.

Strategic Plan Initiatives Update:

Catholic Identity: Ms. Braatz identified that there is no update this month.

Recruitment/Retention: Ms.Englebert noted there is a doodle poll out to determined times for the next meeting.

Academic Excellence: Ms. Bergstrom reported. The team met to go over the second survey that was performed by the teachers, which included the effectiveness project and academic excellence. On February 18th, Ms. Healy Osland went to speak to the teachers during their professional development day to provide feedback on the first survey. The teachers spent some time on February 18th writing up descriptions of the curriculum they teach. We are looking to include some information on our website about academic excellence.

Student Experience: Ms. Vegso mentioned this may be combined with the recruitment and retention report.

Financial Model: This report was provided by Mr. Engelhart's discussion on the foundation.

Old Business: Mr. Breen provided an update on the investment Request for Proposal. Eight firms have been invited to do a proposal for investment model. The committee of Ms. Healy Osland, Mr. Breen, Ms. Dejno and Mr. Hartrich will have a call tomorrow to determine criteria that we are going to use to evaluate the proposals.

New Business: None.

Adjournment: Ms. Braatz adjourned the meeting at 8:35 p.m. on a motion by Ms. Bergstrom. Second by Ms. Healy Osland. Motion passed.

Next Meeting: April 19, 2017

Respectfully submitted,

Kathleen Healy Osland