



Board of Directors Meeting June 21, 2018

DRAFT

Follow Up Items:

- Continue work on the Governance Committee (Ralph and co.)
- Send grant award letter to SMHC and follow up with Finance (Sister Jill/Ralph)
- Bring By-Laws, three first term Board members and two second term Board members to Province Council (Ralph, Sister Jean)
- Ensure approved By-Laws are included in updated Policy Manual after approved by the Province Council (Jenna)
- Determine follow up for Board Self-Assessment Review, if any (Nominations Committee)
- Follow up with new Board Members, after Province Council approval (Ralph/Jenna)

Present: Jenna Bendel; Beth Bird; Anita S. Duckor; Katherine Egan, CSJ; Suzanne Herder, CSJ; Debra Jessen; Mary Lydon; Colleen O'Malley, CSJ; Sue Owen; Al Michael, M.D.; Paul Pribyl; Erin Schneeman; Ralph Scorpio; Bridget Sperl; Jill Underdahl, CSJ; Marianne Wheelock; Jean Wincek, CSJ

Call to Order: The Ministries Foundation Board of Directors meeting convened in Room 101 of Carondelet Center on Thursday, June 21, 2018. Treasurer Katherine Egan, CSJ, called the meeting to order at 4:14 p.m.

Prayer: Various individuals read testimonies of the ministries and Ralph concluded with a prayer.

Consent Agenda

Ralph Scorpio asked if there were any questions regarding the April 19, 2018 Board of Directors meeting minutes. After providing a moment for the Board members to review the minutes and ask questions, Treasurer Katherine Egan, CSJ, requested a motion. Anita S. Duckor moved to approve the April 19, 2018 Ministries Foundation Board of Directors minutes, Erin Schneeman seconded and the minutes were approved (all approved with no opposition).

Executive Director's Report

Ralph asked for any questions about the report. He thanked the Board of Directors for all of their work in the past year. There were some difficult topics; the Board dug deep and worked hard on various issues. St. Mary's Health Clinics (SMHC) may be at a different place without the Board's questions. It has also been a challenging year for staff but there is a lot of hope for

positive outcomes. Despite the challenges of the year, there have been many positives. The final fiscal reports will reflect that this year has been more successful than recent years. The plans put in place are paying off. The Foundation is better documenting relationships. This year also brought forth revelations about Foundation events; staff are looking for new ideas rather than the past routines. The Foundation also won an inaugural Gold Telly Award. He looks forward to year ahead. Anita S. Duckor acknowledged the success of the Foundation staff and congratulated each staff member.

Province Report

Suzanne Herder, CSJ, began by discussing the three meetings between the CSJ Sisters of both the SMHC and the Foundation Board. The outcome was a request to SMHC to hire a consultant for a comprehensive plan for sustainability; this will be funded by Province (cost: \$19,000). SMHC hired two consultants; Kevin Fox of Fox Advancement and Dick Howard of R.J. Howard and Associates (a collaborator of Fox Advancement). Sister Suzanne reviewed the backgrounds of both individuals. She also discussed the process going forward; a task force will be created to interview different individuals. The initial plan will be developed by the beginning of September and approved by SMHC before proceeding. Foundation Board members Sue Owen, Jean Wincek, CSJ, and Foundation Executive Director Ralph Scorpio will be on task force. Sister Suzanne will also be on the task force as liaison for both ministries. There was brief discussion over the remaining task force members. Sister Suzanne asked for questions.

Anita shared that she hopes the Ministry Commission's landscape of health care will be utilized in this process. She also applauds the work done thus far by SMHC. She questions the need for this strategic plan over a business operation plan and the value of a plan for \$19,000. Also, even with a solid, developed plan, if the same people are to executive the plan as previous ones, the same outcomes as previous years are likely. Are we kicking the can down the road? Who's implementing the plan? Sister Jean stated that one of the expectations she will proceed with as a member of the task force is the named expectations of the SMHC Executive Director.

Bridget Sperl asked about the changes indicated in SMHC grant proposal – are patients being reduced from 1,450 to 450? What is the story that is being developed to relay this information? Sister Suzanne stated the plan will take place over the year. Some patients will be offloaded to other clinics; there was some discussion over which patients will be transferred. It is considered a temporary situation. Bridget responded if that's the best plan per the Board and the CSJ Sisters, then it makes sense to proceed but a story is needed for the public. Those in the CSJ Community know the nuances; the public does not. SMHC and the CSJ Community needs to control the story. If changes are being made in the near future, a story and plan are needed prior to that. Sister Suzanne noted that the consultants hired can assist and the Ministries Foundation will also have a presence on the task force.

Ralph clarified the concern; there are two different tracks. The task force and outcomes from the strategic plan will begin sometime in the fall; however, there is concern over the changes that are taking place in the immediate future. Bridget concurred; the intermediate plan may affect the future plan. A strategy is needed for the changes that are currently taking place; a professional communication plan about what is happening this year is needed, before changes are made. Ralph noted that messaging may be difficult if SMHC is reducing patients and also unable to speak to specifics about the future as the strategic plan is being developed. Sister Jean stated that she appreciates these ideas and an honest, transparent story about the status of SMHC is needed; this is an opportunity to do that. This is a new concept; the CSJ Communications Department will be consulted. The Fox Advancement consultants will also be brought into the conversation, per Sister Suzanne. There was discussion over various groups' (Fox Advancement, internal CSJ Community groups, outside professions) strengths and role in communicating about the changes to SMHC.

Sister Suzanne also noted that the patient reduction number is not final. Colleen O'Malley, CSJ, inquired about cutting the patients by 70% and staff by 20%. There was brief discussion over the reduced FTEs. Anita expressed concern that the business model is changing before a strategic plan is put in place; it may be difficult to bring back clinics and build up patients once they are gone. Changes are being made because SMHC does not have the budget to proceed at status quo. Al Michael, M.D., inquired about the data of SMHC patients (how they are obtained, etc.) and SMHC's connection with outside health institutions (Allina, etc.). Sue Owen added that knowing specific data on health institutions and how they fund SMHC would be helpful (in relation to the patients they serve). There was discussion over the services SMHC provides and how patients are obtained.

Ralph noted that the SMHC budget presented with the grant proposal does not reduce the revenue coming in despite a reduction in services. Sue stated that a reduction in patients will change the ability to fund raise, especially with the operational model and story being the same for many years. The major changes taking place now and the future undetermined changes will also be factors with fund raising. Sister Jean discussed the process that took place; initially a strategic plan was requested. Meanwhile, the SMHC Board was discussing a different direction; timing is a factor. Beth Bird thanked everyone for their comments and asked to move on to the next agenda item as this conversation will resume with the grant proposal vote.

New Committee Business

Finance: Beth briefly discussed the process of the Finance Committee's review of the 2018-19 Budget. Anita moved to approve the 2018-19 Ministries Foundation Budget, Paul Pribyl seconded the motion. All approved the motion and none opposed; the motion to approve the 2018-19 Ministries Foundation Budget passed.

Nominations: Sister Jean stated that small changes were made to the by-laws, there were no essential updates. Given they are approved by the Foundation Board, they will be presented to the Province Council for final approval. Sister Colleen moved to approve the revised Ministries Foundation By-Laws, Marianne Wheelock seconded the motion. All approved the motion and none opposed; the motion to approve the revised Ministries Foundation By-Laws passed.

Nominations: Anita briefly discussed the individuals up for first and second Board terms. Sue moved to approve the second terms for two Foundation Board members, Anita S. Duckor and Jill Underdahl, CSJ, and to approve Brian Dillon, Stacy Jacobson and Jane Stevenson as Foundation Board members for 2018-21 (first terms). Erin seconded the motion. All approved the motion and none opposed. The motion to approve the second terms for Foundation Board members, Anita S. Duckor and Jill Underdahl, CSJ, and to approve Brian Dillon, Stacy Jacobson and Jane Stevenson as Foundation Board members for 2018-21 passed. The Province Council will review the vote.

Nominations: Anita was honored to present the slate of 2018-19 Ministries Foundation Board Officers (one year terms).

Chair: Beth Bird
Vice Chair: Bridget Sperl
Secretary: Jean Wincek, CSJ
Treasurer: Kay Egan, CSJ

Anita moved to approve the above slate of 2018-19 Ministries Foundation Board Officers, Mary Lydon seconded the motion. All approved the motion, none opposed. The motion to approve the slate of 2018-19 Ministries Foundation Board Officers passed.

Grants: Sister Jill discussed the first SMHC grant proposal submitted for funding from the endowment (for the 2018-19 fiscal year). The Grants Committee recommended to not approve the grant request, but stated that SMHC could resubmit the request. The Grants Committee recommends approving the second grant proposal submitted. The Committee wishes to highlight some key discussion from the meeting that reviewed the second proposal. Sister Jean discussed her involvement with the second grant proposal; she initially believed it was a change in mission. She discussed the connection to the larger CSJ congregation (justice has been the focus) and that SMHC and the Ministries Foundation are separate 501C3s. However, the Province has reserved powers in the SMHC by-laws that a change in mission has to go through several steps (including development of a strategic plan) and be approved by the Province Council. As the grant proposal included a plan that was a change in mission and was prior to any strategic planning, the Grants Committee recommended not approving funding the proposal.

Sister Jean reiterated the desire of the CSJ Sisters that met (Sister Suzanne discussed this earlier in the meeting) to develop a strategic plan. Shortly after the need for a strategic plan was relayed to SMHC and the consultants, the first grant proposal was submitted (with major changes

to SMHC) without any context to a greater strategic plan. However, the second grant proposal included a letter from SMHC Board member Loie Lenarz, M.D., which explained the changes proposed in the grant proposal within the greater context of the strategic plan being developed by the consultants. The proposed changes prior to the strategic plan completion are not meant to supersede the final plan; SMHC is still proceeding with the strategic plan (which could have many outcomes; including a change in mission – that is to be determined). Dr. Loie also explained the need for the current changes. This helped Sister Jean better understand the changes in the proposal. She discussed this in the Grants Committee meeting.

Sister Jill continued discussing the Grants Committee's discussion. The Committee discussed the patient reduction and staff reduction. She noted that SMHC is responsible for contacting funders (that have been provided with different information) about the reduced patient load for 2018-19. The Committee, acknowledging those concerns, approved the motion to recommend to the Ministries Foundation Board of Directors that funding from the Healthcare Endowment Fund and/or SMHC Health Care Fund be granted to SMHC in the amount requested of \$225,000. This will assist SMHC while they proceed with strategic planning. It will also help provide services for those on the margins. The Grants Committee sees promise in the strategic planning process and that the Foundation Board will have a place in this process.

Anita inquired about the funders being contacted regarding the changes. Debra Jessen stated that three grants have been awarded the 2018-19 fiscal year based on the numbers provided before the proposed patient reductions. The SMHC Executive Director recently signed one with United Way; they may or may not know about the proposed changes. Sister Jean noted that with the proposed changes in those served, especially a possible drastic change, it's important to acknowledge that expectations with grants are difficult; Debra, as the Senior Development Officer, needs to be supported. SMHC is responsible for their budget, with Foundation assistance, but realistic expectations are needed. Ralph also discussed that the Foundation budget will be affected in other ways; for example, contracted services. SMHC reduced their contracted services by \$15,000 without reducing their expectation of fundraising revenue. The Foundation's Operation Goals are not as greatly affected, but fundraising goals will be difficult. The Foundation's budget was updated some to accommodate these changes.

Bridget inquired about the Province Leadership Team; Sister Suzanne confirmed they support this initial and long term plan. Sister Jean supports the Grants Committee recommendation to award the funds, because without the funds, SMHC can't continue. There are other fiscal concerns, but without these funds, SMHC operations would be very difficult. They would have to spend the year worrying about current finances over the strategic plan.

Mary asked about developing a plan before making changes. In the Grants Committee, there was consensus that the Committee felt there was little choice; SMHC would struggle without the money. However, is it possible to proceed with the status quo without making changes? Anita echoed this question; can they proceed without the changes (with the Board approving the funding) and then go public with a developed, strategic plan? There was additional discussion over maintaining SMHC's status quo for operations. Sister Jean noted that this would

be asking the SMHC Board to change their decision and also the Board is concerned about SMHC's current model; they believe safety is a concern. Sister Suzanne noted that maintaining status quo would include additional funding beyond what was requested.

Anita shared concerns that while SMHC is clearly at risk, the integrity of the Foundation, which serves all the ministries is also at risk. The potential negative impact on the Foundation and beyond is very real. SMHC needs to understand they are running a business; the SMHC Board should be concerned about the public story of SMHC closures. Dr. Al agreed and added that there is a need to be careful; pulling health care away from people requires a plan. Erin inquired where the patients will go; community clinics with co-pays was Sister Suzanne's response. There was some discussion over Federally Qualified Health Centers and the Shakopee SMHC site.

Sue suggested funding SMHC incrementally. Sister Jean added to this; would it be possible to request slowing down the process of the initial plan for further review and then funding? Sister Colleen also echoed this sentiment. Jenna Bendel noted that this was the process that was followed last year. Erin commented that this time, the Grants Committee and Foundation Board said no initially to the proposal. It would be important to relay that this is truly the last time the Foundation will fund SMHC from the endowment. Anita stated that there is more money in the endowment funds. Dr. Al discussed the beginning and end of the grant; is it going to be a regular expectation? Ralph responded that this will be the only grant request for this fiscal year. Bridget inquired about funding through a certain date then reviewing; Ralph discussed their unpredictable cash flow. There was discussion over various possible funding timelines.

Beth inquired about Board members' current leanings on voting yes or no (on the Grants Committee's recommendation). Bridget noted that without a strategic plan, in good conscience she can't vote yes. It's good people doing good work, but a plan and strategic review is needed before major changes. The proposed changes are happening in two weeks and would have a large impact. Anita and Marianne echoed this sentiment. Sister Suzanne sees SMHC making a large effort and therefore believes they should receive the funds; a public story will have to be planned. There was further discussion over Fox Advancements' involvement. Dr. Al inquired what would happen to SMHC if the funding is not approved; it is unknown. Staff or additional patients could be cut. Dr. Al noted that the Foundation Board needs more information. Marianne agreed, but the current management is unable to provide more information. The funds are requested for model with a 70% patient reduction and 20% reduction of staff. There is also concern if the funds are not approved that the relationship between SMHC and the Province as well as the Foundation's relationship with SMHC will fracture. Sue inquired about a special session for the Board to further discuss.

Beth noted that consideration of all of these points is valuable but the Foundation needs to move forward. She requested a motion. Erin moved to approve the recommendation of the Grants Committee (to fund SMHC from the Healthcare Endowment Fund and/or SMHC Health Care Fund in the amount requested of \$225,000). Sister Jill seconded the motion.

The following Foundation Board members approved the motion:

Suzanne Herder, CSJ
Erin Schneeman
Al Michael, M.D.
Jean Wincek, CSJ
Mary Lydon
Jill Underdahl, CSJ
Katherine Egan, CSJ
Sue Owen
Beth Bird

The following Foundation Board members opposed the motion:

Anita S. Duckor
Colleen O'Malley, CSJ
Paul Pribyl
Bridget Sperl
Marianne Wheelock

The motion to approve the recommendation of the Grants Committee (to fund SMHC from the Healthcare Endowment Fund and/or SMHC Health Care Fund in the amount requested of \$225,000) passed. Sister Jean noted it was not a unanimous decision and there was much discussion; Sister Jill will relay this to SMHC when informing them of the Board's decision. Anita stated that those who opposed the motion did not vote that way because those Board members don't care; it's about a sustainable business model. All of the discussion and questions are because they do care. Sister Jill echoed this, it's definitely because the Grants Committee and Board cares. Sister Colleen inquired about the Foundation Board meeting with the SMHC Board; Sister Kay discussed meeting all together for the consultant's task force.

Adjournment: The meeting adjourned at 6:04 p.m. to a reception celebrating Patricia Gries, Mike Flood, and Marianne Wheelock in gratitude for their generous service to the Ministries Foundation Board of Directors.

Submitted by: Jenna Bendel