

# DEKALB COUNTY COMMUNITY MENTAL HEALTH BOARD

## MINUTES OF SPECIAL MEETING

October 14, 2009

Approved

Board Members Present: Charles G. Rose, Bob Krogman, Donna Schoenfeld,  
Eileen Dubin, Dr. Kirts, John Rogalin

Board Members -Excused Absence: Doug Fraley, Cynthia Luxton

Board Members - Absent: None

Other Persons Present: Jerry Lane, Deanna Hacker, Chronicle news reporter

Office Staff Present: Kathy Ostidick

### 1. CALL TO ORDER

The meeting was called to order by the President, Mr. Rose, at 8:33 a.m.

### 2. AGENDA

*Mr. Rogalin moved to approve the agenda; seconded by Ms. Schoenfeld. The motion passed unanimously on a voice vote.*

### 3. SAFE PASSAGE FINANCIAL REQUEST

Jerry Lane, Interim Director, stated that when the Mental Health Board put out the RFP, it was intended to plug gaps from State non-payment. However, Safe Passage is in a cash-flow crisis. We only have \$7,000 in the bank and the State owes over \$100,000 but we are not getting the money. The State is not only holding their grant money, but since they are the pass-through from our Federal grant funding, they are holding the Federal money as well. Since submitting the RFP to the Board, we have been verbally told that the bank will extend our line-of-credit one more time. As of today, we do not have enough money to meet the next payroll. \$65,000 would get Safe Passage through to mid-December. We do not have operating reserve because the bulk of our Federal and State funding is restricted and if not used, has to be returned. There is not enough fat in grants to accumulate reserve. Jerry Lane is looking at fund raising to build a cash reserve as a top priority of his Interim-Directorship.

Deanna Hacker, CFO, said that 71% of their total budget comes from State and Federal grants. Illinois Department of Human Service is the only one that pays monthly and usually one month in advance. They are 36% of the Safe Passage total budget. This money was set by the State to be paid in August, was approved and set for payment, but was not released by the State. Counting on the IDHS money has been the Safe Passage lifeline. It has been devastating that this money has been withheld.

Eileen Dubin asked how they think they can bring in more money in this economy. Jerry Lane answered that this is a challenge and may look at a capital fund raiser to pay off the mortgages on the buildings. Social Entrepreneurship was also suggested, such as a thrift store like Family Service Agency. They are also looking at more traditional ideas, and staff involvement has to be considered in this idea.

Chuck Rose asked if the Safe Passage Board has a plan. Jerry Lane said that since he has only been the Interim Director for 2 weeks, he has just recently met with their board, but they agree with Jerry's recommendations and ideas. They are having a board retreat in about a month to discuss funding options and also to look at the search process for a new Director.

Chuck Rose also asked if they have gone to anyone else for emergency funding. Jerry Lane answered that they have not yet because of the timeline with payroll. They have talked to the Community Foundation recently but they do not give grants for operating costs. Also, Brad Burzynski and Bob Pritchard have been approached to help with expediting State funding.

Chuck Rose stated that there is no guarantee that the State will pay. Jerry Lane said he has heard that they will.

Eileen Dubin asked what would happen after our \$65,000 runs out and there is still no state funding? Deanna Hacker stated that they will be looking at administration alternatives, like staff furloughs or eliminating more staff. The money is there, at the State, but they just haven't received it.

Dr. Kirts wanted to know if the State is doing anything about helping to guarantee lines-of-credit. Jerry Lane said that they are not and that Safe Passage has been told that interest is not reimbursable from the State. He tried to get payments expedited, but was told that the State does not expedite for grant-in-aid.

John Rogalin stated that money is owed and in July there was a large budget deficit, 50%, but that magically disappeared, and wants to know if Safe Passage contracts are fixed. Deanna Hacker said that contracts are the same as always but with a 10% decrease from last year. Every year there is an addendum on the contract for a 5-6% reserve, but that is a usual thing.

Jerry Lane said that the State can always come back and say that they are broke across the board. They have the power to do that. They can hold on to the Federal pass-through, to collect interest to cover their costs, which is what they are doing. They are not required to disburse it upon receiving it, but eventually they will have to pass it on to agencies.

Bob Krogman asked if there is any kind of community support from individuals. Jerry Lane said he is considering that. One staff member has a son that is an out-of-state fund raiser and they are getting ideas from him. There is also another staff member that knows someone that does web appeals and they are looking into that option.

Chuck Rose asked why the Mental Health Board should give Safe Passage \$65,000 if they may close anyway, when that money could go to another agency that will not be closing. Jerry Lane said that this is an unavoidable situation. The funding would avoid disrupting the clients who are a vulnerable population anyway, who are trauma victims. We don't have control over this. Deanna Hacker added that if we close, it would only be a temporary situation until the State releases their funding.

Donna Schoenfeld asked if a shut-down will impact State and Federal grants? Jerry Lane said they do not know that for sure. Deanna Hacker said she has been led to believe that because of the chaotic situation, funders will be more lenient about that kind of thing.

Dr. Kirts asked if when they do get State funds, would we have access to reimbursement for the \$65,000? Deanna Hacker said that all the money that is owed to them from State and Federal is for costs already incurred and they will be getting reimbursed. Jerry Lane said that they do not anticipate a permanent closure.

John Rogalin asked if Safe Passage were asking for a loan or a grant? Jerry Lane said they would prefer a grant, but could work with a loan.

John Rogalin also asked if since as of this morning Safe Passage has the ability to extend their line-of-credit one more time, would the Mental Health Board have a few days to think about the request? Deanna Hacker said that they just found out about the extended line-of-credit. Jerry Lane said they would prefer to use Mental Health Board money first because of no interest, and then use the line-of-credit.

Eileen Dubin asked if there was anything in the past that could have been done differently so this situation would not have happened? Jerry Lane said in hindsight, probably, but they are just trying to keep the ship afloat daily. However, anticipating that the State would not have paid its bills was not a priority risk that they dealt with. One of his priorities is to increase their reserve.

After Jerry Lane and Deanna Hacker left, the Board discussed the request.

Chuck Rose said that this meeting was originally called because of the emergency situation, but now that is not the case because their bank has agreed to extend the line-of-credit one more time.

John Rogalin mentioned that usually the Agency Board should have been here at this meeting. He is also worried about the agency closing and the Mental Health Board losing their money. It would be helpful to hear from the President of the Safe Passage Board. Also, they have been in business a long time and why won't their bank loan more against the owed State funds? It is my understanding that legally, it is the President of the Board representing the entity and that is the person that should answer these questions.

Dr. Kirts said that he would lean toward giving them the money because they don't do this all the time. It is not like pouring money down a rat-hole if we give them the money, because the State does owe them the money for services already provided. We could then get some of those funds back. He doesn't think we would be at risk for losing the entire amount.

John Rogalin said that it is not unheard of to not pay these types of things for quite a few months. I think they provide a useful service and the question is how do we proceed. We need to concern ourselves with the process.

Kathy Ostdick stated if we loan the money, it would be a County loan and interest would be charged. She will look into this and get the current facts.

Chuck Rose said that it looks like 3 options are available; give them an out-right grant, give them the money with the expectation of being paid back, or a loan. Eileen Dubin said the loan would not be beneficial because of the interest charge.

John Rogalin said we should still hear from their Board. Donna Schoenfeld agreed. Jerry Lane will be contacted to ask him to invite his Board to attend our Board meeting on 10/19/09.

***Dr. Kirts moved to table this agenda item to the regular Board meeting on Monday evening; seconded by Donna Schoenfeld. The motion passed unanimously on a voice vote.***

#### **4. ADJOURNMENT**

The meeting was adjourned at 9:30 a.m.

Respectfully submitted,

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Charles G. Rose, President

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Kathy Ostdick, Recording Secretary