



***Our Mission: We disrupt generational poverty through a primary focus on children & young adults and the specific challenges they face at distinct stages of life.***

**Northwestern University Settlement Association  
Regular Meeting of the Executive Committee**

**1400 W. Augusta Boulevard  
Chicago, IL 60642  
Guild Hall**

**In Person Meeting – Mask Wearing Optional**

**Call to order**

**Amy O'Donnell**

Meeting called to order at 12:13 PM

Present:

Amy O'Donnell  
Robert Best  
Bill Welnhofer  
Sami EISaden  
Kathy Elliott  
Virginia Burnstine

Staff:

Carole Wood  
Danielle LaPointe  
Alison Armstead

- |   |               |
|---|---------------|
| 1. Public comment<br>No public comment  | Amy O'Donnell |
| 2. Approval of Executive Committee Minutes<br>a) <a href="#">Approval of Minutes of the Regular Meeting on August 7, 2023</a> | Amy O'Donnell |

Amy motioned to approve. Bob seconded. All in favor. None opposed. Minutes approved.

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| 3. Board Chair's Report | Amy O'Donnell |
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Amy thanked everyone for attending the meeting in person. We've had a lot of activity since the last executive committee. Amy acknowledged the Better Futures luncheon in September and thanked the staff and everyone who attended. Amy also mentioned the Board photos taken at the event and that they were sent to all of the members as gifts. The Winnetka Board had their Night of Winning fundraising event so thank you to them. The North Shore Board had their Gala at the Ritz Carlton Chicago which was very lovely.

Amy mentioned that the foundation meeting needed to be scheduled. Bob stated that the meeting should be booked as close to the beginning of the fiscal year as possible, which was July 1, and that he would be responsible for scheduling the meeting.

The public is welcome to attend the meeting.

Discrimination based on disability, race, creed, color, gender, national origin, religion, ancestry, marital status, or need for special education services is prohibited.



4. [CEO's Report](#)

Carole Wood

Carole began her report by updating on the Family Cares program and sharing that 50 children are currently enrolled in Family CARES (+6 from the last report). There are currently 6 children on the waitlist). Our Family Support Specialists are carrying a caseload of 32 families and are providing a wide range of support both within NUSH and to the community. 75% of these families on the caseload have children enrolled at Rowe. Carole reminded the committee that NUSH is a recipient of the congressional earmark, which is allowing us to hire additional staff. At the time of the meeting, an offer was made to a therapist that will be embedded at Wells High School.

The food pantry and emergency services continue to see an uptick in need. Carole believes that this is due to a combination of both new arrivals and changes in SNAP benefits. So, we are starting to think about expanding the Food Pantry days and hours. Right now the food pantry is open Tuesday, Wednesday, and Thursday from 9:00 AM to 12:00 PM.

On Saturday, November 18th we held the Thanksgiving distribution, and we served more people than we have in past distributions. The distribution was different this year because it was set up for neighbors to choose what they wanted instead of being handed a bag of items. We've seen an increase in the need for emergency services for people who need rental assistance or utility assistance. Because we have Family Support Specialists, we've done a better job of referring people to appropriate resources.

Carole stated that Rowe has moved from being a targeted school and we are now listed as a commendable school by ISBE. This is due to the work that's been done by Jason and his team over the past year. While enrollment is certainly not where we hoped it would be, it is holding steady at about 700. We hope to see a little bit of an increase but frankly, even at 700 Rowe is one of the largest elementary schools in the area. Jason and the Rowe team continue to make improvements and are looking ahead to charter renewal.

Carole continued to review the CEO report and stated that House In The Wood is pretty stable. The new Outdoor Education curriculum has received positive feedback. OEC served approximately 150 students this fall. The committee was informed that we have once again been awarded \$400,000 from IMC to support the Outdoor Education program. IMC came for a visit last spring and they're coming to visit again. Finding seasonal staff has been challenging but we are looking to hire more local people and fewer international staff.

At this time, ECE offers a high-quality program but it is operating in a deficit. Carole has discussed growing or shrinking the program with the Director of Early Childhood, but the conversations are in the early stages. The program runs a deficit and we're currently serving families for whom we are not reimbursed as they were already here when the funding source was lost and we did not want to remove them. We were hoping to receive additional ECE slots from the city but so far have not been successful. We are reviewing available funding sources and will be deciding on the best option moving forward. Carole also shared that Rowe and ECE are working together to ensure that children who come through our ECE program are kindergarten-ready.

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The committee was updated on the After School and Teen programs and was informed that we are still in the process of hiring the VP of Youth and Young Adult Services. Carole interviewed two candidates last week and they will be interviewed within the next week by staff leadership. We plan to make the final selection ahead of the December board meeting. The After-School program serves 175 kids every day. The program offers homework help, arts and crafts, and STEAM programming through our work with GLAS.

The Teen program has 27 teens enrolled (with a capacity for 30). The teens are participating in STEAM programming with GLAS, chess, Fight Like a Girl (a program focused on boxing and SEL), among other activities facilitated by the staff. There's a new dedicated teen space upstairs that we outfitted with donated furniture from PWC which looks fantastic. Carole shared that markers for successful out-of-school time programs include positive behavior changes and improved school attendance. It was noted that it is important to expose program participants to new experiences and activities and that if done correctly, these programs will lend to improved academic performance and test scores. We are reviewing metrics from organizations like After School Matters to benchmark our outcomes.

Sami asked for additional details on the teens enrolled in the program. Carole shared that the majority of the teens are currently enrolled at Rowe. We have two or three teens who graduated from Rowe and attend Noble but they have continued in the program either because their parents understand that we offer a safe place for children, or because the teens liked the programming.

Carole also informed the group that Rowe has started a choir, Uniting Voices Chicago, formerly known as the Chicago Children's Choir. The middle school choir practices in Guild Hall. The scholars love participating and the parents like it. The choir provides us another opportunity to encourage good behavior. Scholars are required to demonstrate good behavior in school and meet minimum grade requirements to participate in choir. Amy stated that during the Veteran's Day assembly, the choir performed beautifully. Carole mentioned that the sports teams have new uniforms and that a virtual storefront was created by the new Athletic Director to sell Rowe athletic gear and swag.

Kathy asked how many staff positions are open. Carole answered that we don't have many vacancies right now. We believe we are seeing stronger applicants and overall larger candidate pools when positions are posted. We are attributing this to posting our openings on more sites and pushing our open positions in personal networks.

Carole reviewed Development's progress to date. Development has a \$3M goal and they are currently at 59% of that goal (approx. \$1.7M raised). We remain optimistic about meeting the goal.

Amy shared that she has had conversations with two of the auxiliary boards and they expressed concern about meeting their fundraising goals this year. She asked if we have a sense of how big the gap may be. Carole answered that we don't have a sense of that yet but we're watching the progress closely and determining where we need to fill gaps and the best way to do so. There has been a discussion of the North Shore Board partnering with the Winnetka Board for a Spring luncheon event. We have a tentative date for the 2024 Better Futures Luncheon. Development is also working on targeted public and private grants, continuing to cultivate individual donors, and growing our individual donor base.

Bill asked if we were comfortable with continuing Better Futures as a luncheon instead of an evening event because it was hard for him to get people downtown midday. Carole responded that we are open to feedback

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regarding the Better Futures event, however, a luncheon was in the budget and the downtown location was selected to expand our downtown corporate audience. Bill suggested that if an evening event was more expensive we could increase the table price next year. Sami asked what was the actual attendance for the luncheon and what was the goal. Carole answered that the attendance goal was 200 and she believes that the actual number was 185. Bob agreed that the event was well attended. Carole stated that we are open to trying a dinner, and Amy stated that she was against a dinner. Amy continued that she would be open to a reception but a sit-down dinner would be too large of an expense. Ginny stated that for a first-time event, it was well attended. Carole reminded the members that now that we have a blueprint for the event, we can build on what was accomplished. The save the dates will go out earlier, the awardees will be chosen earlier and we will have more time to promote the event in 2024.

Carole started to discuss communications and began with the fact that we have been posting more on all social media sites for the Settlement and Rowe. We are also working on the annual report and creating and updating collateral materials. Carole informed the members that Human Resources is focused on hiring. Last year we started our DEI initiative and we have started to implement some internal staff work. Now we would like to have our DEI vendor attend the December Board of Directors meeting. The vendor wants to take about 45 minutes to talk about DEI, what it looks like, and the work that they're going to do with us.

Amy asked if there were any other questions regarding Carole's report, and then suggested that they move to the next item on the agenda.

5. Financials

Bill Welnhofner

- a) [NUSA Balance Sheet as of September 30 2023](#)
- b) [NUSA Board Budget Report as of September 2023](#)
- c) Endowment Reports
  - i. [NUSA Portfolio Overview Report](#)
  - ii. [NUSA Main Endowment Report as of 9-30-2023 \(William Blair\)](#)
  - iii. [Endowment and Family Fund Overview Balances as of September 30](#)

Bill began by stating his report would cover four different buckets. The first bucket will include the historical numbers and where we are today. The second bucket will cover the future both for the balance of this fiscal year as well as future years. The third will cover the status of refinancing the new market tax credit financing, and then the fourth bucket relates to the endowment and William Blair.

In terms of historical numbers, we're relatively early in the fiscal year, but because we got over \$600,000 of ESSER grant money, which was not included in the budget for this fiscal year, the budget is in good shape. In terms of where we're at, we've got plenty of liquidity. The actual financial performance through October is pretty much tracking on budget. Since we enjoy this tremendous windfall, the \$600,000 of unanticipated ESSER money, we're in the fortunate position to be in that even if we otherwise miss the fundraising numbers by \$200,000 or \$250,000 will still be fine for this fiscal year.

Moving into the future, we commissioned a new project to put together a five-year forecast, which we've never done in the history of the Settlement. We engaged PKF Mueller to help Edison and his team out the projection together. PKF Mueller has a software program that creates a five-year projection for us not only in terms of income statement but also our balance sheet and cash flow. One of the things that it uncovered is how much

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additional money we receive in terms of reimbursement on the school, by housing kids in our own building, namely the middle school next door versus the reimbursement that we get when we house those kids in a CPS facility. What became apparent was that we're not going to be able to move the kids into one school next year. It's not financially feasible to move all of the students into one building so we're going to have to operate the two schools next year. Bill stated that there will be a draft of the financial forecast by the December meeting and that he may call a special finance committee meeting to review the financial forecast.

Sami asked Bill if the reimbursement issue was the reason why the plan looked so red, or if it was just the reduction in enrollment. Bill answered that it was both issues.

Kathy brought up the previous conversations about switching campuses and where does that fall into all of this? Carole answered that we floated that idea last year and didn't do it. And then this year, we felt like consolidating into one building was the way to go. So, we're going to revisit the switching to see if that will help us at least stabilize for next year. But should have a better sense of that by the December board.

Bill continues to discuss where we stand in terms of refinancing tax credits. Bill mentioned that he had a number of conversations with Wintrust as well as Wintrust counsel and three different bond underwriters, to the extent that we want to attempt to do a tax-exempt bond offering. He has also had discussions with Robert Baird, who has a pretty big tax-exempt finance group about the possibility of working with us to underwrite a tax-exempt bond to refinance this. Right now we pay 3% with Wintrust in interest and we pay about 5 ½%, which is that it's about Six and a half million dollars outstanding on the Wintrust loan, and then there's 1.9 million outstanding on an IFF loan, which you can kind of think is a little bit of a subordinated piece not technically subordinated and like subordinated and that's about that's at about five and a half percent, I think. So that's the existing debt.

Bill continued to explain that the Fed has been increasing interest rates for the better part of the last two years and has caused a lot of angst in the credit markets. And it looks as though things may stabilize the peak, and maybe it's going to go down. But in any event, if we had to do a taxable rate right now, the rate would be around 6%. If we did tax-exempt financing, it would be around 5% raise rates. And if we did a tax-exempt bond, we could get a 30-year amortization. Whereas if we did a taxable on a straightforward like we have right now, when trusted, probably the maximum we could get in terms of amortization, 20 years, so it would be nice to be able to do a tax-exempt bond. The bond underwriters believe that we could get this done.

Bill acknowledged that we received a clean audit and that the relationship with the new firm Plante Moran was great. The audit went more smoothly this year than it has a long time, so that was a success. The plan is to go out into the financial community in January with the completed five-year projections as well as the audit and see what people think and how they're looking at us and start receiving feedback. Then in February begin the process to do a tax-exempt bond, which would take three to four months to get done.

Bill discussed the recent changes in endowment management, transitioning it from a boutique money management firm to William Blair. The decision was driven by the expectation that William Blair's deep connections in Chicago's financial community would enhance fundraising efforts. However, Bill expressed some disappointment in the endowment's underperformance compared to a straightforward index portfolio. They attribute this underperformance to the dominance of seven companies in the S&P 500, a concentration the endowment doesn't share. Despite concerns, recent detailed calls with the management team at William Blair have provided explanations and alleviated some worries, acknowledging that the underperformance may be

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attributed to market dynamics. While not delighted with the outcome, Bill acknowledged that there appeared to be a method to William Blair's approach.

Sami stated that following the recent discussion with Ray Lombardi, there was a better understanding of the reasons behind the endowment's underperformance. Ray explained that the endowment's objective to generate a certain amount of income annually influences their investment decisions. A passive approach, such as buying the S&P 500, might not yield enough dividends to cover operating expenses. Therefore, William Blair adopted a slightly riskier strategy, emphasizing value stocks over growth stocks, to enhance income. However, due to the dominance of tech stocks in the market, their strategy underperformed. The discussion now revolves around the consideration of reverting to a passive approach, buying the indices, and accepting market returns.

Circling back to the relationship between the Settlement and William Blair, Carole mentioned that NUSH has not been a direct recipient of grants from William Blair, as we operate outside the scope of what William Blair typically supports. However, there is a grant opportunity that arises every few years, and William Blair does contribute to this initiative. Carole also touches on how William Blair assists other clients with philanthropy, emphasizing that they support institutions aligned with the client's interests rather than engaging in generalized community trust efforts.

Bill leads the discussion on the challenges related to moving all of the Rowe students into one building, anticipating lower reimbursement and highlighting a financial burden of approximately \$700,000 per year in debt service for the original building. Bill expressed doubts about the settlement's ability to continue owning and operating the building given the financial strain. The total debt is mentioned as \$8.3 million, with considerations for additional transaction costs.

Beyond the financial aspect, there's a larger strategic question about the settlement's preferred location. Bill suggests exploring whether the current, potentially less expensive building is the ideal location post-COVID and in a changing landscape. He also raised the possibility of considering a different location or footprint, taking into account the evolving nature of the school and the changing demographics of the community. Bill also acknowledged the historic significance of the existing building while questioning its suitability for the settlement's future needs.

The discussion revolved around the challenges and considerations related to the middle school building. All members considered several points including the fact that moving students into one building could result in lower reimbursement, and the current building incurs a significant annual debt service of around \$700,000 which would be a financial burden on the organization.

Strategic considerations were brought up on whether the organization wants to continue owning the building, considering its historical significance and the changing demographics of the community. The committee explored possible solutions such as leasing parts of the building to cover costs, potentially renting out the theater space, and engaging in conversations with Noble, to explore leasing possibilities. Also discussed were assumptions about future revenue growth, including grants and donations, with a recognition that some funding sources may be temporary.

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The committee agreed that the next steps would be to explore the potential value of the building through conversations with real estate brokers and appraisers. Once the appraisals have been conducted the focus could move toward determining the best course of action for the future of the building.

6. Appointment of Chantel Varnado as Rowe School Parent Liaison. Carole Wood

Amy stated that the next item on the agenda was the appointment of Chantal Varnado as Rowe School parent liaison. Amy mentioned that she spoke to Chantel at the Thanksgiving Distribution on Saturday, November 18 where they were both volunteering. Amy informed the members that Chantel spoke at the Better Futures Luncheon where she gave a ringing endorsement for the settlement and Rowe. Amy motioned a motion to approve. Kathy seconded. All in favor. None opposed.

7. FY25 Financial Planning Carole Wood
- a) Development
  - b) Rowe
  - c) Potential Partnerships

8. Questions / Other Amy O'Donnell
- a) Next meeting: Board of Directors Meeting Monday, December 18, 2023 | 12:00 PM | Guild Hall
  - b) Next Executive Committee Meeting Monday, February 26, 2023 | 12:00 PM | Guild Hall
  - c) Annual Meeting April 2023 – Date and Location TBD

Amy reminded attendees that the next meeting of the Board of Directors would be Monday, December 18, 2023 and that the next Executive Committee Meeting Monday, February 26, 2023. Amy thanked the committee for their attendance. Bob motioned to adjourn the meeting. Kathy seconded. All in favor. None opposed. Meeting adjourned at 2:37 pm.

Minutes submitted by Alison Armstead

The public is welcome to attend the meeting.