



## **Goodwill Industries of Houston Board Meeting Minutes December 12, 2019**

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**Attending:** Tommy Moore – Chair, Rich Cain, Ann Deaton, Stephanie Donaho, Scott Doyle, John Duffie, Laura Gibson, Dick Hite, Keith Kreuer, Virginia Li (by phone), Keith Kreuer, George Lindahl, Allene Lucas, Craig Nunez, Alexa Orrange-Allen, Sandy Scott, Bob Shaw, Jim Vanderhider, Henry Wilde, and Steve Lufburrow. Also in attendance were Bob Dugas, Jim Freeze, Barbie Parker, Tony Van Slyke, Alma Ybarra, Marcus Soper, Jr., Andrae Turner, and Laura Gallegos.

Tommy Moore started the meeting at 7:30 a.m. Bob Dugas gave the invocation. Tommy then asked if all had read the minutes from the last meeting. Sandy Scott motioned to approve the minutes as sent. Ann Deaton seconded the motion. The Board unanimously approved the October 2019 minutes.

Steve Lufburrow congratulated Tommy Moore for winning the Texans Community Quarterback award. He shared a few pictures from the event with the group. As part of his award, Goodwill Houston received a check for \$5,000. Tommy presented the gift check to be hung on the wall.

Tony Van Slyke presented the financial update. The balance sheet continues to be strong. \$9 million from operations has been put into the Foundation in 2019. The expense to revenue (ER) ratio continues to decrease. All store sales and revenues are increasing. The team is closely monitoring the rise of donors per square foot and hope to reach four donors per square foot very soon.

Tony then briefed the Board on the 2020 Budget plan. Management worked diligently and cooperatively to generate an aggressive budget plan. It was presented to Tommy Moore and Craig Nunez in advance of the Board meeting and using their input, revised one last time before being share with the Executive Finance Committee. The Committee reviewed the budget at length and has given it their full support. Tony shared highlights of the report with the Board including the conversion of one store to an outlet center. One more outlet will be opening in 2019, and two more are planned for 2020. While the salvage revenues will decrease, this increases store sales. The biggest expense projected for 2020 is an average wage increase of 3% for salaried/exempt staff based on performance. Management will be reviewing base pay quarterly, and the Board

was reminded every 25-cent increase impacts the bottom line by \$1,000,000. The team will be focused on rewards and recognition as well as training and development. All these efforts will improve retention. They will continue to seek talented individuals with expertise necessary to achieve department goals.

While workforce anticipates they will continue to receive grants, the amounts fluctuate regardless of our performance. Therefore, the budget has left room to support programs from operations as needed.

Tommy acknowledged the struggle that is presented by dealing with changing minimum wage and pointed out that this is a key component of increasing retention. He thanked the team for their conservative budget and recognized their efforts for change in 2020.

After discussing the budget, Stephanie Donaho motioned to approve the budget as presented. Sandy Scott seconded the motion. The board voted unanimously to approve the 2020 budget.

Steve then gave an update on the renovation of the building exterior. He started by thanking Jim Smith for his donation of \$150,000 towards the project. As previously discussed, the green space in the front of the building will remain, and landscaping will be generated once the exterior is completed. The old signs have already been removed. National Signs is leaving the large freestanding sign in the parking lot until closer to the end of the project and the new signs have been installed. Then the large freestanding sign will be removed. The sign showing the Jim and Sherry Smith Campus will remain, but the signage will change. The project is waiting for permit clearance from the city. Most have already been approved with only a few remaining. If all goes to plan, the project is expected to be completed by April.

The Board then moved on to the Committee Reports:

**Audit Committee:** There was no activity to report.

**Nominating Committee:** There was no activity to report.

**BAC-Liaison:** Alexa Orrange-Allen reported what a great job the Workforce team had been doing since the last meeting and gave an update on the number of people served and placed. Many grants were lost this year due to grant cycles which makes the work the department has done more impressive. The Apartment Maintenance Professionals (AMP) program continues to be highly successful with a placement rate of 96%. In 2020, Workforce expects to expand the services offered. The BAC held their holiday luncheon earlier in the week where program graduates were celebrated and shared their success stories.

**Real Estate Committee:** John Duffie thanked the Board for expanding the committee and shared how productive the meetings have been since the expansion. Two ADCs have been closed. Three ADCs were renewed on a short-term lease. Three new ADCs were approved to be opened. The Committee approved the renewal of leases on seven stores. The brokers are monitoring fifteen areas for potential growth. The committee is keeping an eye on these areas to be prepared for the time when Goodwill Houston is ready to grow again.

**Strategic Planning Committee:** Craig Nunez shared that in 2020, the committee will begin formulating a new plan. However, they will be working with a new chair at that time, and Craig had no further updates.

**Corporate Governance:** There was no activity to report.

**Compensation Committee:** Sandy Scott shared that the committee had reviewed the calculated excess compensation to be paid for the goals achieved in 2019 per the approved compensation plan. The committee confirmed the accuracy of the calculations. They are also working to firm up a compensation philosophy to guide them in the years to come. They are evaluating base pay and bonuses to ensure that Goodwill Houston is competitively compensating its employees. Sandy congratulated management for their excellent work in 2019 and hopes that they will be pleased with the calculations. They are reviewing the goals set for 2020 and while they have not approved them officially, they do not anticipate changes.

**Executive/Finance Committee:** Jim Vanderhider reported the activity of the committee's last meeting. They received updates on the building exterior renovations, financial report, 2020 Budget and a review of the agenda for the next Board meeting. They spent most of their time discussing the budget. Jim reported that all expectations had been met. Projected financial information indicates that 2019 will close in excess of \$100,000,000. In 2020, the committee believes management will be able to exceed this. The expertise in operations management has been obvious in light of current margins. To retain this expertise, salary and wage increases were a large part of the discussion. The committee wants to make sure that Goodwill can continue to attract top talent and keep them motivated to continue this growth trend. Capital expenditures were increased to meet projects that were neglected in leaner years. Jim shared that all benchmarks were being met, and that the committee was proud of the team.

**Young Leaders:** Barbie Parker introduced Marcus Soper and Andrae Turner, members of the Young Leaders group who were invited to share updates with the Board. Since the last Board meeting the group chose to change their name from Young Professionals to Young Leaders specifically to garner a group of individuals

under the age of 40 who were motivated to be leaders and not simply professionals. They have been trying to get off the ground and feel that they are beginning to gain traction. The group is in the process of formalizing its leadership and gathering members. They asked the Board for recommendations as to potential candidates for inclusion. The nomination forms will be available soon. In 2020, they will focus on recruitment and sustainability of leadership including all officer roles which have yet to be firmed up. The group's main focus will be on fundraising and engagement as well as identifying and involving all members.

Barbie thanked George Lindahl and Keith Kreuer for the candidates they recommended.

In other business, Steve addressed the meeting dates for 2020. Each member received a hard copy of the confirmed dates for the year. Electronic calendar invitations will be coming from Laura Gallegos soon. He reminded the board that meetings will now be held at lunch time instead of breakfast. He encouraged all to accept the invitations as they arrive.

Steve also thanked Tommy Moore for his leadership as the Board Chair as this was his last meeting. A more formal ceremony to pass the gavel to future chair Craig Nunez will happen at the Annual Meeting on February 12, 2020.

The Board entered the closed session at 8:30 a.m., and Goodwill Houston employees left the meeting.

Respectfully submitted by,



Laura Gallegos  
Executive Assistant to the President/CEO