

Audubon Area Community Services, Inc.
Administrative Support Committee Meeting
MINUTES

July 28, 2008

At 11:55 a.m., following lunch, Judge Whitaker called to order the July 28th 2008, meeting of the Administrative Support Committee of the AACCS, Inc. Board of Directors.

Members Present (6 Members/4 Voting):

Mr. Frank Craig *
Mr. Keith Sanders

Mr. Jerry Manning
Mr. M. Douglas Smith

Mr. Terry Miller
Hon. Larry Whitaker

**Alternate for Mr. Smith, also present*

Staff Present:

Ms. Cheryl Gatton, HR Director
Mr. Dennis Hagan, IT Director
Mr. Dan Lanham, GRITS Director

Mr. Ronald Logsdon, Executive Director
Ms. Denise Marcum, Executive Assistant
Mr. Aubrey Nehring, Head Start Director
Mr. Terry Payne, Chief Financial Officer

Guest Present:

Mr. Larry Hager, Founder, Lawrence and Augusta Hager Educational Foundation

For the benefit of their honored guest, Mr. Larry Hager, Judge Whitaker asked that everyone introduce themselves.

Approval of Previous Committee Minutes. Following the introductions, Judge Whitaker asked if the Committee members had any questions pertaining to the May 23rd, 2008 minutes. There were none.

Mr. M. Douglas Smith made a motion to approve as written the minutes from the May 23rd, 2008 Administrative Support meeting. Mr. Manning seconded the motion. Motion approved.

NEW BUSINESS.

Accounting and Financial Policies and Procedures Manual. Mr. Logsdon asked if everyone had received an electronic copy of the Accounting and Financial Policies Procedures Manual which was emailed to each Committee member. Mr. Logsdon stated that the CFO, Mr. Payne, had worked feverishly on the manual in order to get it out last week.

Mr. Logsdon turned the matter over to Mr. Payne for review and explanation, stating that at the end of the review and interaction an action would be needed for the purpose of getting full Board approval on August 19th, 2008. The federal reviewers will, he said, be looking for evidence of Board approval of the policy manual when they visit in January or February 2009.

Mr. Payne explained to the Committee that what started all of this process was a host of the new audit standards for risk management, plus numerous new Head Start policies. The policy manual that AACCS had just didn't cover in enough detail a lot of things that should have been covered in detail. The last manual was thirty-five (35) pages and this one is 170 plus pages. Although Mr. Payne said he had tried to cover just about everything, there were a few things in the manual that were still sketchy, but generally, they are not things that have happened much here and so Mr. Payne has put the sketchy sections toward the tail end of the manual. An example would be there are a lot of regulations on contributions, donations, and promises to give. AACCS just doesn't run into very often.

There are things that will be looked at as time goes by. Mr. Payne stated he has been getting input from other Senior Staff members who are reviewing the manual. Mr. Payne also stated that he and Mr. Nehring went over it that morning and not any major changes, just little things to make sure that what's in here, agrees to what the agency is actually doing so that it's actually a documentation of what AACS is doing. Mr. Payne informed the Committee that in a lot of cases, AACS has to do a lot of detail because it is driven by the way Head Start is required to do things in its department that may be different than the way, perhaps, that Counseling does it in their department. The manual has to account for those differences. So the manual sometimes accounts for those little things and differences between the departments. Generally, it covers most everything that is being done now, he said.

Judge Whitaker asked if this will help support any changes in the overall accounting. Mr. Payne stated yes. He started out with the agency's manual and with a template manual from Howard Gesbek, CPA, JD of Grant Funded Programs (GFP), financial consultants for non-profits. He is the big financial guru in the country for non-profits. GFP had a template and that's what Mr. Payne started with. Mr. Payne also stated that he took the policy manual and inserted the things that were specific to the needs of the agency. Then he took AACS' Operations Manual and inserted those relevant pieces that have been accumulated over the years. Finally, Mr. Payne stated, he and Mr. Nehring went through the checklist that the federal reviewers will go through when they get here. They made sure that AACS got all of the things on that checklist covered.

Mr. Payne said that he might yet make a few changes to what is being done now. AACS has this new policy, but generally, the agency already does all of the things that are supposed to be done; they just weren't documented properly. So really this is more about getting everything documented. There won't be any wholesale changes as to how the agency does the accounting, how things are done. This will just simply give us better documentation about how AACS does it.

Judge Whitaker stated that the updated standards are numerous, regardless whether they are federal, the IRS, or state or just internal policy. He asked Mr. Payne if he was going to take care of the updates and the corrections. Mr. Payne said yes. The manual has been designed along the same design and format of the personnel policy manual; it's done in sections so that changes will be able to be made to a particular section and then notated (referenced) when that change was made or updated.

Mr. Payne stated that he also expected an updated template from GFP in August. That template will give him a better "big picture" view of things like requirements that have come in the December 2007 Head Start reauthorization. Mr. Payne said that AACS will really rely on that. He also predicted that there'll probably be some pretty regular updates for the first year just because the agency will be refining and making it better until the agency can get it down until its pretty close. Mr. Payne also said that with the section-by-section design of the manual that the agency would only be reissuing throughout the agency only those things that were changed.

Mr. Manning asked if Mr. Payne had done or will do some things to "test" the manual's provisions periodically here and there to verify that the agency is, in fact, complying and is that what the manual requires to be done. Mr. Payne confirmed that would be one of the things the position of internal auditor would do, as was approved by the Board in that position. One of the things they would do is to take the Accounting and Financial Procedures and Policy Manual, go out into the programs and say something like, "Ok, this says we're suppose to get a signature on every travel voucher." Then the internal auditor would go out to sample and test actual operational documentation to make sure that is what's going on. Currently, that is not being done as a formal test.

Mr. Payne stated that the agency does it informally, like the accounts payable people generally look at travel items and if it comes through without a signature, the Finance Department won't process it. And that is what is documented herein, he said. Right now, it says if there is no signature, they won't process

it. The auditors, too, will test that. They'll use this to test to make sure it is actually being done. Mr. Payne further stated that's why the agency is really working on trying to make sure it says what AACS is doing not necessarily what is the ideal way to do it would be. Mr. Payne said the agency will work on those little things more later. Right now, he said, we really want it to *reflect what we're actually doing* so that the agency doesn't have merely a beautiful statement that describes or calls for something that we're not doing. Auditors and reviewers would then find themselves testing the agency's actual operations against something different from its stated procedures, policies and standards, and that would not be good.

Mr. Whitaker asked if there were any more questions. There were none.

Mr. M. Douglas Smith made a motion to approve the Accounting and Financial Polices and Procedures Manual. Mr. Manning seconded the motion. Motion approved.

AACS Board By-Laws. Mr. Logsdon stated that the current Board By-Laws, revised as of April 27, 2007, were sent to the members in advance in hopes that everyone might have been able to review them, with particular emphasis on Article IV about the composition of the Board. By law, both federal and state, AACS must have a *tripartite* board, that is $\frac{1}{3}$ public officials, $\frac{1}{3}$ private sector representatives and $\frac{1}{3}$ elected representatives of the poor, which the agency has chosen to call the "consumer sector."

Mr. Logsdon said he had wanted for some time to take a fresh look at the composition of the Board because, basically, the AACS By-Laws requirements for Board composition are really "historic." It goes back to the Economic Opportunity Act when a certain composition (and certain factors within each of the sectors) was dictated in the Economic Opportunity Act of 1964. AACS has done very little to change that over the years. But, the pertinent laws themselves have changed. Under current law, AACS doesn't necessarily have to have the same board structure that is outlined in the current By-Laws. A particular case in point would be the public sector. Back in the beginning, these had to be the chief elected local officials (CELOs) or their appointed representative. This is what the AACS By-Laws now mandate, that the public sector of the Board must be the seven county judge/executives plus the mayors of the cities of Owensboro and Henderson, or their designees.

From time to time, the Board has had quorum problems, said Mr. Logsdon. For the last four to five years, there have generally been attendance problems particular to the public sector. Mr. Logsdon said he didn't know if Judge Whitaker wanted to offer any insights on that. Mr. Logsdon pointed out that Judge Haire and Judge Whitaker have certainly been loyal in their attendance on the Board, and some judge/executives' and mayors' representatives have also been pretty loyal in attending. Mr. M. Douglas Smith stated that Ms. Betty Rucker, the Ohio County Judge/Executive's representative, has been very regular in attendance. And of course, Mr. Terry Miller, her alternate, was present and he said he appreciated him attending. Mr. Logsdon agreed that there are certain cases like that where the chief elected official was not participating, but their representatives are completely loyal in their attendance. At the same time, the Board has an undeniable problem. But others of the nine public seats on the Board have not been active.

Mr. Logsdon informed the Committee that this is one area where the Board, under current law, now has more discretion to choose members to the Board. He and Mr. Manning attended one or two CAA By-Laws workshops at the recent CAPLAW conference in Denver. There still has to be the $\frac{1}{3}$ *public* officials on the Board, but they don't necessarily have to be the *chief elected* local officials. They can be other elected officials, or they can even be appointed officials.

The Board has more flexibility now in the private sector too. There were formerly specific types of "slots" that use to be designated; that is now a little looser as well. Mr. Logsdon suggested to the Committee of looking at that sector as well. Mr. M. Douglas Smith apologized for the Ohio County Chamber of Commerce not having had an active representative for a while, but he thinks the conflict of Board meetings and Chamber meetings was the problem more than anything else. Mr. Smith thinks the

people that have been appointed have really been dedicated people, but they just couldn't be at both places at the same time.

Mr. Logsdon stated that what he is encouraging is that from this point forward, the Committee think about the Board's composition and what members are active in their Board service and which are not — in all three sectors of the Board, and then come back at a later meeting and decide how the Committee wants to approach the By-Laws and/or attendance issues.

Mr. Logsdon emphasized that he was only "putting it on the agenda" to get a thinking process started for the Committee to be thinking about whether (and/or how) to revise the current By-Laws with a view toward having a Board where **all** twenty-seven (27) voting Board members were actually attending and participating.

Mr. Logsdon noted that he had mentioned the current number of 27 voting seats on the AACS Board, but there is also flexibility there. The only current legal requirement is that there has to be the *tripartite* Board structure, so AACS could have any number of voting members that's divisible by 3. AACS doesn't necessarily have to have twenty-seven seats on the Board. It can be 12, 15, or 18 or whatever the Board decides is the right number.

When all of the ex-officio members and alternates are added, there are more than sixty members on the AACS Board from the seven (7) Green River Area counties. Do we need a Board that large? That would be an issue at hand too. Do we need alternates? If there are 27 or 12, or 15, whatever number it is, really **active** and **engaged** members, the Board probably would not need alternates either. It's just something to get our thinking started. The laws have changed and there is a great deal more flexibility today in terms of the Community Action Agency (CAA) Board structure. Mr. Logsdon said he thinks the Committee needs to think about what to look for in a board member and figure how to get those members on the Board and to make sure that all are active, engaged and participating members of the Board.

Mr. Logsdon stated he doesn't really want to make this a crusade or anything because he doesn't want public officials to think that the Board is trying to move them off the Board, but he does think that if they're not participating and not being represented — and there is documentation to go back into the history to tell exactly who's here and who's not for many years running, then the Committee has a responsibility to the Board to take a hard look at that and see what can be done to improve that.

Mr. Logsdon mentioned to the Committee that he's getting close to retirement — in about two (2) years or so — and he wants to be sure and leave his successor a really highly engaged and active Board of Directors. Somewhere in that length of time the Committee needs to be looking at this very seriously.

Mr. Miller asked if the Board has ever met in another county besides Daviess County. Mr. Logsdon said yes, the longest meeting the Board ever in his thirty-seven year tenure was in Calhoun and Mr. Logsdon thinks the Board left that meeting at 2 a.m. Mr. Miller said that he was a member of another group and the group was going to alternate meetings between Daviess and Henderson County. Mr. Miller stated he didn't know why, but after one (1) meeting in Henderson County all of the rest were again held in Daviess County, and for that organization the attendance of people from Union and Webster and Henderson counties was not much; it was mostly Daviess County. Mr. Logsdon stated that perhaps AACS' most loyal and active participation came from Union and Webster County; those folks are always here.

Mr. Manning suggested that the Committee think about the board members, including all of the Committee members, and see that the members really get interested in this. There's the large obligation that Board members have serving the agency's 40+ counties, and the Board needs to have people that are genuinely interested in what this organization represents.

Mr. Logsdon agreed that the Administrative Support Committee is the right Committee to take a hard look at that. The Board's By-Laws were last approved in April 2007, and those were just some minor amendments. There is a section at the end of the By-Laws that *requires* at least every five (5) years the Board must review the By-Laws and insure that they are still current and relevant. As it is happening with the Financial Manual, requirements, laws and standards are changing so fast these days and Mr. Logsdon thinks the Committee has to look at the By-Laws more often these days than ever before.

Mr. Manning asked about the last page in the Committee's handout concerning CAPLAW, that it might offer some guidelines to use. Mr. Logsdon said there was also a CAPLAW template for By-Laws that CAAs might well use. He would be happy to send that out and share it. Mr. Manning suggested the fourteen questions in the CAPLAW checklist would give a good overview of what to look for.

Mr. Logsdon stated that he thinks when the Committee does something like that it's probably going to take more than just a usual luncheon meeting. It's probably going to require a Committee work session where members really go through the By-Laws. Mr. Logsdon suggested about having a work session sometime where the Committee spends some real time looking at the alternatives, standards and templates. Mr. Manning agreed and thinks the Board will know about the organization and about what the regulations require. Mr. Logsdon said some parameters could be set around that maybe within a certain period of time. Mr. Craig said it would be very enlightening for him. Mr. M. Douglas Smith stated that everyone is in the process of learning because he doesn't think everybody will ever know it all but there's a lot of information here that can be absorbed. Training might be very good.

Mr. Logsdon stated he doesn't think the Committee needs to lock themselves into doing such a work session prior to the August Board meeting, but why not say maybe over the next sixty days call everybody and see when the Committee can actually get a work session together and begin this process. The Committee may wind up doing nothing. If the Committee is happy with what we have, that's fine too.

Mr. Craig said there is a practice in Ohio County that started about two to three years ago. The Chamber Board did training exercises. What the board does, and what the best interests are for the community from all angles. AACS also provided member training each February and ongoing training materials in each Board Booklet.

Mr. Logsdon told the Committee that the By-laws are the Board's rules and they say how the Board wants to operate. There are some legal structures around that. You need to take a hard look at "Is this how we want to operate?"

Mr. Manning suggested setting a time between now and the October Board meeting. Maybe meet sometime between now and make a recommendation at the October Board meeting. Mr. Logsdon stated that the Committee might hold a work session at the end of September. Mr. Logsdon said he would send some polling out and find out what works for the Committee members. Agreed by unanimous consent.

Mr. Craig asked if this will be available to the alternates. Mr. Logsdon said absolutely. Mr. Nehring asked what was the timeline for approvals. Mr. Logsdon said that if the Committee can get some recommendations through a work session and get those out, then they will probably get approved at the October Board meeting. Judge Whitaker asked if there was any other discussion. There were none.

Newly Appointed Board Members – Joanne Kendall, Michael A. Walker. Mr. Logsdon informed the Committee that AACS received a notice from the Owensboro Chapter NAACP that the two (2) current members on the Board representing NAACP were no longer members of the organization. The NAACP Branch had sent a letter indicating that they were appointing two (2) new representatives to the AACS Board – Ms. Joanne Kendall will be the designated representative and Mr. Michael A. Walker, who is

president of the Owensboro Branch, will be the designated alternate. Ms. Marcum has sent a letter requested further contact information from them, but as of July 28th those designated members have not yet responded. The indication of that is that the Board is losing two (2) very good members, but gaining two (2) other fine new members.

According to the By-Laws, prospective private and consumer sectors nominees to the AACS Board are seated with review and approval of this Committee. Prospective members aren't members until they receive the Committee's stamp of approval. Mr. Manning asked if there was any information on them at all that the agency has. Mr. Logsdon stated that he knows both of these people extremely well, having known both of them for about twenty years. Mr. Logsdon said that the agency just didn't yet have their contact and biographical information.

Mr. Manning made a motion to accept the two (2) new Board members, Ms. Joanne Kendall and Mr. Michael A. Walker, as the alternate, replacing Dr. Ronald King and Mr. Glen Calhoun. Mr. M. Douglas Smith seconded the motion. Motion approved.

United Way 2008/2009 Contracts. Mr. Logsdon advised the Committee that in the handout packet behind the green agenda sheet were all of the 2009 contracts for the Henderson and Ohio Valley United Way agencies, and some allocation information that was provided. The allocations were pretty much the same as the previous year. AACS was very fortunate in that regard.

Both United Way of Henderson County and United Way of the Ohio Valley require documentation that the AACS Board has approved entering into contract with them for all four of its United Way agencies. The Foster Grandparent Program and Senior Companion Program are United Way agencies of both United Ways. In Owensboro, Helen D. Sears Development Center and West End Day Care Center are also United Way of the Ohio Valley agencies. Under the agency's umbrella, these four (4) AACS programs are United Way agencies. The contracts are between AACS' Board and the United Way boards. The United Ways will require AACS minutes to show that these respective board-to-board contracts have been approved, so what the Committee would be doing is recommending their approval to the AACS Board.

Mr. M. Douglas Smith made a motion to approve the United Way of Henderson 2008-2009 contracts for Foster Grandparents and Senior Companions and to recommend Board approval of the United Way of the Ohio Valley 2008-2009 contracts for Helen D. Sears Family Development Center, West End Day Care Center, Foster Grandparents and Senior Companions. Mr. Manning seconded the motion. Motion approved.

Group Benefits/Health & Wellness, Section 4.2, PP&P. Mr. Logsdon informed the Committee that the issue of adding a new fringe benefit came up through the Head Start ranks via a recommendation that AACS add a "fitness" benefit in the organization. There has been talk about it at least during two (2) Senior Staff meetings. AACS' Human Resource director has proposed an implementing policy for the Personnel Manual that will allow that to be done. The Senior Staff has not had an opportunity to actually look at the text that is being recommended. Mr. Logsdon stated he would like to hold out a reservation for this to be done because there may be some minor tinkering with it after that is done. Mr. Logsdon asked Ms. Gatton to give the Committee a quick review.

Ms. Gatton explained to the Committee that after doing research of local wellness centers, fitness gyms and local health clubs, everyone who participates at one of those facilities would be at least \$33 a month. This would just say that the employee would be reimbursed up to \$33 a month if they joined in one of the health or fitness clubs and they would have to turn in proof that they participated.

Mr. Logsdon said that as for the Senior Staff, there seems to be unanimous support for adding this. Mr. Logsdon stated that he thinks the agency can afford that. Mr. Manning asked if there were facilities here

in Owensboro for that. Mr. Logsdon said there was and that's the concern. In some areas, that may not be. Ms. Gatton further explained with the locations that AACS does have and where they work, maybe wherever the facility is close to their jobsite that they may attend. Then there are some things that you can do online and you won't have to have a facility there. That's why we are trying to run it in a way that it's the employee choice. So that it doesn't just say at the YMCA or whichever.

Ms. Gatton said Weight Watchers and a couple of things were even online. That's why the agency has said the employee can come up with their own place. Mr. Logsdon added this example: while he was at Blue Ridge the past week a lady teaching dance lessons was learning to do a new step called the Salsa. She went on U-Tube and watched the steps and charted it out on paper. She got behind her computer and then while it was playing on the computer, she danced the steps. She learned the dance online.

Mr. Manning made a motion to approve the addition of the "fitness" benefit to the agency's Group Benefits/Health & Wellness, Section 4.2, Personnel Policies and Procedures manual. Mr. M. Douglas Smith seconded the motion. Motion approved.

Alternative Work Schedule. Mr. Whitaker asked whether the agency was looking at a four-day work week. Mr. Logsdon said that this has come up in Senior Staff and that he was very resistant to it. Mr. Logsdon stated he read that the Governor is taking a look at that but that the state had not yet made that change either. Mr. Logsdon said when he first started working at AACS, the work schedule was from 7 a.m. to 3:30 p.m. and the reason why was because to beat the General Electric traffic. Mr. Logsdon also said he thought early on that it is our business is to be here at the convenience and the need of our customers! The kind of crisis and needs that are dealt with are not four-day problems, but tends to be a seven-day problem. Even the agency's five-day workweek is quite limited in that regard.

Mr. Logsdon said he was still musing over that idea but didn't know how practical that is for the kind of services and operation that AACS has. The agency has systems in place so that many AACS employees could probably work just as well from their home, but he thinks there is real benefit for everyone coming together, seeing each other, and being in each other's company. Mr. Logsdon also stated that right now he is fairly resistant to the idea of a four-day workweek. If it becomes the prevailing standard, he thinks maybe the agency will then need to take a hard look at it. Judge Whitaker stated he was just wondering where AACS was with it and that it was just a thought.

GRITS HSTD Emergency in Bowling Green. Mr. Logsdon informed the Committee of another matter, a GRITS HSTD emergency in Bowling Green. Last Friday afternoon, the bank that was backing the Yellow Cab operation in Bowling Green, stepped in and said "You're done". The current owner bought the business from whoever the previous owner was and paid \$1 million dollars for the Bowling Green Yellow Cab operation. He has been struggling under the load of that debt the entire time. Mr. Logsdon said he knows the owner had missed the last two (2) payrolls and probably has missed payments at the bank, but anyway, the bank stepped in and said "you're done, we're not going to go on with you anymore".

Mr. Logsdon said that AACS received a notice that Yellow Cab, the agency's largest Bowling Green Medicaid "brokerage" subcontractor, was no longer in business to provide services under subcontract to GRITS. Mr. Logsdon said he received a call early Saturday morning from Mr. Dan Lanham, GRITS manager, explaining all of the circumstances and asking permission to purchase a number of vehicles and hire a number of staff.

Since Saturday morning, GRITS had purchased six (6) new vehicles with an average of \$6,500 per vehicle and has rented four (4) vehicles from Enterprise, plus GRITS has moved some of the agency's own vehicles to Bowling Green as well. GRITS has hired six (6) new drivers and as of earlier that morning, they were interviewing for as many as three (3) or four (4) more. Mr. Logsdon told the Committee that there were four (4) management staff in Bowling Green then driving buses just trying to

meet the already scheduled demand. GRITS had scheduled all of these rides in advance and knew the obligation the agency had on Monday morning and so had to gear up to actually deliver the services that were already committed and scheduled. This brings up something that our CFO wants to recommend in terms of how AACS would cover all of these vehicles that GRITS has gone out and purchased. At this point, Mr. Logsdon turned it over to Mr. Payne.

Mr. Payne explained to the Committee that throughout this entire process of getting the Medicaid contract back and getting it started back up, AACS had had to purchase several vehicles. To this point, there is still adequate capital to purchase those out of reserves and essentially finance those ourselves. This has sort of pushed GRITS over the edge to a point; we're now kind of getting into a new business. As before, AACS was subcontracting most of the transportation services in the Bowling Green area. Now, the agency is going to be the actual contractor and GRITS is having to buy more equipment. AACS is hoping that the state will step in and help buy equipment, which he was sure they would, said Mr. Payne. But that won't happen quickly enough for GRITS. Mr. Payne further explained that *new* equipment would take six to eight weeks to get here, so even if AACS got approval to buy a number of new vehicles, it would take some time.

At this point, to get GRITS started on the new Medicaid contract, and then this past weekend GRITS had to spend about \$171,000 on vehicles that were needed just in order to meet the current service needs in Bowling Green. GRITS by no means now has extra vehicles, he said. They're really stressed about the fact that if just one broke down that would be quite a problem. It really puts the whole operation in an extreme bind. Mr. Payne stated he talked to Mr. Lanham that morning and Mr. Lanham said, "We're using four (4) rented vans right now because we simply can't find four more vans to buy". The agency knows that four more vehicles are needed and probably going to need some larger buses. GRITS had to move some fleet around here to get buses in Bowling Green.

Mr. Payne also stated that at this point, what he would like to do is to look at financing some of this equipment the agency is buying over a 24- or 36-month period or something of that nature. Interest rates are cheap right now. Rather than use the agency's capital and put strains on the cash flow, AACS may as well borrow that money on those pieces of equipment and then pay it back over probably twenty-four to thirty-six months. It might not even take that long to pay back. Mr. Payne said he doesn't even know what to ask for in terms of an amount. His gut feeling is maybe no more than \$300,000.

Mr. Manning asked if Mr. Lanham knows how many more vehicles it will take in Bowling Green. Mr. Payne said he couldn't tell for sure. Mr. Payne stated that Mr. Lanham is saying that he thinks it will take about a couple of more buses. Mr. Lanham has found two (2) about \$20,000 a piece, that puts it about \$40,000 and then four (4) vans and that's better than \$250,000 and probably closer to \$300,000.

Mr. Manning asked how big the yellow cab fleet was. Mr. Payne said the fleet had twenty-five (25) and that included five (5) or six (6) handicapped accessible vehicles. They were doing cab services as well as ours. Mr. Lanham thinks it will take ten (10) mini-vans plus some heavier buses. Mr. Logsdon stated he had also put in a phone call that morning but had not yet talked with his Community Action of Southern Kentucky colleague in Bowling Green to see if they have any vehicles that they could loan or lease. Southern Kentucky actually runs the bus routes in Bowling Green. The city does not do that. The Community Action Agency does that for them so they may have some capacity to help, he said.

Judge Whitaker asked if there was still a cab service in Bowling Green. Mr. Payne said there were two (2) small operators but he doesn't know what's going to happen. The state could ask AACS or Southern Kentucky to be the cab operator. Should that happen, Mr. Payne said he would recommend that as a separate company, separate business and everything.

Mr. M. Douglas Smith asked Mr. Payne about the amount he's asking for is about \$300,000. Mr. Payne said what he was asking for right now is the authority to borrow up to \$300,000 for the specific purpose of buying vehicles for the GRITS contract.

Judge Whitaker asked if this was capital only for vehicles. Mr. Logsdon said yes, that actually the agency should be in a position to make money because the agency pay its subcontractors more than what AACS would pay itself. Mr. Payne said the long term for this is going to be good and of course, it's early in the process now to see where AACS is in terms of how the agency is going to do with the GRITS contract. Mr. Payne expressed that he's feeling fairly confident that AACS is going to do pretty well.

Judge Whitaker asked Mr. Payne what he thought as far as the cost. Mr. Payne said he didn't have time this morning to ask. He guesses about maybe 5% or 6%, but he wasn't for sure what the prime is right now.

Mr. M Douglas Smith added that AACS being a non-profit agency. Mr. Payne said it won't be as much that we are a non-profit agency it would be that the bank likes us. The agency will go through BB&T because authorization is needed from them.

Mr. Manning stated it was almost like AACS has to do it and with the Yellow Cab company, AACS was always susceptible that this could happen. Mr. Logsdon said AACS knew they were shaky and this was quite a surprise that it happened that quick and literally.

Mr. Payne informed the Committee that AACS has a heavy investment in personnel cost, equipment cost and software cost to get this contract up and running. Mr. Payne explained up to this point, the agency has done okay, cash flow wise to keep all of that funded. It's just getting to the point now where it's going to start requiring more of his time to manage cash flow, where it gets to be more of an everyday thing.

Mr. Logsdon said that GRITS has offered to hire the owner and his wife to drive for the agency. All of the six people that have been hired thus far were drivers with the cab company. That's advantageous because they fairly well know our system and have been through the drug test pool already.

Mr. Payne said that's why he said up to \$300,000 because in actuality he will take the titles to the bank and ask what the bank will give the agency on each one of them. They'll go to the book and whatever the book is what they'll give. It could be more or less than what we'll pay for them.

Mr. Manning asked Mr. Payne about finding the vehicles. Mr. Payne said at this point, he's not sure what GRITS is going to get and where they're going to come from. GRITS has \$170,000 so far and still knows that they're going to need more.

Mr. Whitaker asked if this required action of the Committee will go before the Board. Mr. Logsdon said he thinks the Board would probably move on this recommendation because AACS really had to move quickly. Mr. Payne stated the actual Resolution only requires the Secretary's signature. Mr. Logsdon said it will surely require approval by the Board on August 19th.

Mr. Payne informed the Committee that technically, he thinks there is already a Resolution at the bank that says that gives Mr. Logsdon the authority to borrow money. The bank won't be asking for a resolution. Mr. Logsdon said he thinks what the Committee is doing here is more of an internal approval and that the bank would be okay. What the Committee wants is support of the Board. Mr. Manning suggested the condition that it be financed for no more than three years.

Mr. Manning made a motion for Mr. Payne to have authority to borrow up to \$300,000 for the purpose of purchasing vehicles for the GRITS operation in the Bowling Green

area and be styled for a resolution and for the \$300,000 to be financed for no more than three (3) years. Mr. M. Douglas Smith seconded the motion. Motion approved.

Mr. Logsdon said that he had read in the paper earlier that day or yesterday that banks are being more and more reluctant to loan businesses money. Mr. Payne added that probably in actuality what's going to happen is AACS has a \$1.8 million dollar line of credit, it's not a line of credit, it is on purchase cards. Probably what Mr. Payne will ask them to do is card out some of that and put it towards that and this won't actually increase AACS' exposure to the bank.

STAFF REPORTS.

Owensboro Regional Recovery. Mr. Logsdon informed the Committee that he had put a schedule in the handout packet of all of the documents that are working and in some cases not working. They seem to be taking forever to happen. There is an e-mail in there that outlines as of a week or so ago where we were and what needed to be done on each respective item. AACS is really pressing and trying to get a closing on the National City equity agreement by July 30th. Mr. Logsdon said there is a conference at 3 p.m. later in the day with National City, their law firm out of Louisville, developers out of Little Rock who are also constructing this project, AACS, Lighthouse Recovery, and Mr. Jesse Mountjoy. The conference will be at Mr. Mountjoy's office. AACS has been working awfully hard and Mr. Payne and Ms. Boling have really been doing a lot of work here in this organization. Mr. Mountjoy has been doing a lot of work which has been costing the agency a whole lot of money. AACS is trying to wrap it up and Mr. Logsdon doesn't know if the agency is going to make the deadline or not.

Construction Updates...

Office Building, 1700 West Fifth Street. Mr. Logsdon advised the Committee of having an update in the handout packet from Dieg Brothers for a meeting that was held last week. Mr. Logsdon said he was over there earlier that morning and they are putting the gravel down. They're expecting to have good weather all of this week. The foundation is complete. They're hoping to pour the floor on Thursday, July 31st. The steel is supposed to come in next week and then they'll start putting the steel up and then you'll be able to really see a building going up. Things are progressing pretty well. Mr. Logsdon said he has a copy for everyone of the Gant chart that tells what the planned progression of the building is. That will probably tell you more about the construction than he otherwise could.

AACS is expected to have the building completed in early March 2009 and Mr. Logsdon said he has asked them if there is anyway on earth to move that up and to please do so. There are particular problems with the Migrant Head Start Program in terms of using that facility that is presently being used as a Head Start office as a new location for the Head Start Migrant center. The Migrant Head Start Program has to move there because Century Christian Church has given notice that the location has to be vacated by the end of December. There will need to be some period of time to get the current office facility ready as a Head Start facility by March or April.

Parking Garage, 222 St. Elizabeth Street. Mr. Logsdon informed the Committee that the parking garage is going well. They have gotten all of the foundation and the pile caps in. There is a lot of concrete and it's amazing how much concrete has gone into the earth down there.

Affordable Housing Developments —

The Learning Villa. Mr. Logsdon said in terms of other constructions, he thinks it is getting pretty close to completion at the Learning Villa. There are already several residents up there and the day care center is scheduled for an opening around the first of September. Mr. Nehring stated the day care center will be open by September 15th but by the end of September for sure.

Horizon Place. Mr. Logsdon stated that AACS has gotten a permit for Horizon Place but there's not much happening there but ground work.

Independence Heights. Independence heights is moving up fast. If you are ever up behind Seven Hills School, you can see that work going right away.

Unnamed New Affordable Housing Developments —

Senior Housing with Community Nonprofit Resource Center. Mr. Logsdon informed the Committee of AACS working on a brand new project. It is right behind Garden Grace Apartments, which is also behind The Springs. It is for 60 units of aging and about a 75 foot square community non-profit resource center that will be included with that project.

New "Scholar House" Project at Murray State University. AACS is working with Wabuck on developing a brand new scholar house project in Murray, Kentucky in association with Murray State University.

Finance. Mr. Payne stated that the FY2007 audits were in full swing and Finance is sending information back and forth to the auditor, probably a little bit behind schedule, but that will pick up as they go. Mr. Payne said he will be sending out notices for the progress meetings which have been scheduled for the first Thursday of each month except for October. Notices will go out to everybody in terms of when those meetings are so if anybody would like to attend which the meeting will about the progress with the auditors, where we are, and where they are.

Information Technologies. Mr. Hagan stated that over the past 90 days, IT has spent an unfair amount of their efforts with the GRITS "HSTD" (Human Services Transportation Delivery, otherwise known as the Medicaid brokerage). Mr. Hagan and his department have performed several upgrades with the new office in Bowling Green. Mr. Hagan said the IT department has developed software that they weren't intending to. The plan was to purchase software but the software vendor wasn't able to meet the scheduled deadline of July 1st. Mr. Hagan said he is looking forward to seeing an end to that process fairly quickly. IT has identified some weaknesses in their department mostly because Mr. Hagan has needed to let them operate under their management more than he should have and that will be addressed. The emphasis for the next ninety days are going to be partially in the web arena, providing web services to share communication with the community and monitor ourselves better. Also, on the file server consolidation and security, getting AACS' house in order. IT currently has information spread across a multitude of different file servers and they are going to be focusing on battening down the hatches and getting information in a more organized fashion. Those are the two main emphases in the upcoming two to three months.

Human Resources. Ms. Gatton stated her department is implementing the new wellness thing with the employees and that will take a little bit of setting up with payroll. The United Way pacesetters will start in August. There will be a Corporate Challenge in September in Owensboro. The Health Fair is scheduled for October 24th.

DCBS Contract Monitoring Corrective Action/Acceptance. Mr. Logsdon stated there were other things in the packet, including the acceptance of the AACS agency Corrective Action Plan on the annual monitoring AACS has from the Cabinet for Health and Families.

GRITS' Medicare Brokerage Cap Rates. Mr. Logsdon stated that the GRITS rates have been increased significantly. These are the per capita rates that GRITS has both in the Green River Region 3 and the Barren River Region 5 that support and finance the HSTD operations that are now \$8.25 from \$5.65. GRITS is really doing great there.

Colleen Mendel's Updated Training Notes. Mr. Logsdon said that Ms. Colleen Mendel who came and did the Board training back in February had gone over the notes that were made from her presentation and has updated those notes and made certain corrections. Everyone is welcome to have a copy of her notes. It has changed a little bit from what we had before and those will be circulated.

OAG's Receipt of 2006 IRS 990. Mr. Logsdon stated that the Attorney General has received and given notice on receipt of AACS' 990.

Weatherization Monitoring Report. Mr. Logsdon said the report was good, but that always there are a few things that can and will be corrected.

2008-2009 Title V Slot Allocation. Mr. Logsdon informed the Committee that the Title V or Senior Community Service Employment allocations are out and are provided in the handout. Mr. Logsdon said that AACS was the smallest grantee in the state. It's a small program.

Lincolnshires' Current Vacancy Report. Mr. Logsdon stated the vacancy rate at Lincolnshire is going great and that he knows the Committee chairman is pleased to hear that. There was a report in the handout on that.

WellPoint Stock Portfolio Report. Mr. Logsdon stated that AACS was at one time at about \$3.3 million to \$3.4 million dollars in that portfolio account. You can see that the portfolio is down substantially now to about \$1.9 million. Mr. Payne said it was up \$300,000 since last Thursday. Mr. Logsdon also stated that it should go up a lot because of the housing/mortgage bailout bill just passed in Congress. Mr. Logsdon said that should really help a lot and he thinks this will calm down the markets and maybe earn that back. One of the things in the new bill is a 9% fixed rate on tax credits, which is a big increase from what the old bill provided. Wabuck, AACS' developer says that they think this affordable housing business is just going to boom. Since AACS is their favorite non-profit partner, Mr. Logsdon thinks it is going to boom for AACS too.

BB&T's AACS Accounts Collateralization. Mr. Logsdon advised the Committee of a little report in the handout packet of AACS' federal accounts. It is at a \$3.8 million dollar level.

CAP-FACTS: 2008 Party Platforms. Mr. Logsdon stated that AACS' national lobbying organization is asking for any input that anyone cares to give toward the Republican and Democratic platforms. There are some links in there on that.

Governance Resources List. Mr. Logsdon said he has included a list of governance resources that everyone can check out on their own.

Judge Whitaker thanked everyone for their involvement and for attending the Committee meeting. He also thanked Mr. Larry Hager for attending the meeting as well. Judge Whitaker asked for any questions and/or discussions. There were none.

ADJOURNMENT.

There being no further business,

Mr. M. Douglas Smith made a motion to end the Administrative Support Committee meeting. Mr. Manning seconded the motion. Motion approved.

The Committee meeting ended at 12:55 p.m.

Hon. Larry Whitaker
Committee Chairperson