

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

November 17, 2009

Board Vice Chair Mr. M. Douglas Smith called the Administrative Support Committee to order at 12:00 p.m. in the agency's Board Room in Owensboro following lunch.

***Members Present:***

Rev. David Combs  
Ms. Daisy James

**Mr. Jerry Manning**  
**Ms. Betty Rucker**  
*Mr. Keith Sanders*

*Mr. Doug Smith*  
**Mr. M. Douglas Smith**

Key: **Bold** = Officer/Executive Committee Member    *Italics* = Ex-Officio Member

Mr. Jesse Mountjoy, *Board Counsel*, Sullivan Mountjoy Stainback and Miller, PSC

***Alternate Present with Member:***

Mr. Frank Craig

***Staff Present:***

Ms. Cheryl Gatton, Human Resources Director  
Mr. Dennis Hagan, Chief Information Officer  
Mr. Ronald Logsdon, Executive Director

Ms. Denise Marcum, Executive Assistant  
Mr. Byron Mayes, Chief Financial Officer

***Guest Present:***

Ms. Alita Wilson-Smith

**Minutes of September 30<sup>th</sup> Committee Meeting.** The minutes of the previous Committee meeting had been mailed out and there were no questions or alterations.

*Rev. Jerry Manning made a motion to accept the September 30<sup>th</sup> Administrative Support Committee minutes. Ms. Betty Rucker seconded the motion. Motion approved.*

**Indirect Budget Performance Review – October 2009.** Mr. Mayes advised the Committee members to the mailed out packet of the two page review of the purchase cards. The agency is 33% into the fiscal year completed as of October 30, 2009. Mr. Mayes explained the report was a major group category presentation of where the purchase card expenses fall. This report would be good for the Board's review.

***NEW BUSINESS***

**Personnel Policies and Procedures Revisions.** Mr. Logsdon advised the Committee that the several sections are being put before this Committee for review and recommendation to the Board for approval. He then called on the HR director, Ms. Gatton, to present most of the revisions being proposed for the agency's Personnel Manual.

**General Hiring Policies, Section 2.5.** Ms. Gatton stated the general policy change was being recommended due to recent changes in state law relating to the Kentucky Retirement Systems (KRS) and participating employers who employ system retirees. AACS participates in the County Employees Retirement System (CERS) portion of the KRS. In the past, AACS had no policy covering CERS retirees to come back to system-covered work with the agency. With the proposed

policy change, after a two-year break following AACS' CERS-retirement, an employee presently retired on CERS can be reconsidered for re-employment with AACS. Under this policy, there shouldn't be a number of people retiring from the agency just to draw a retirement check and simultaneously expect to return to their jobs with AACS and, in effect, get *two* checks for doing the same job. This was, said Mr. Logsdon, in the spirit of the new state law that was intended to address the problem of "double dipping." Yet it does permit an eventual return to agency employment in some capacity when advantageous to the agency.

**Group Benefits/Health and Wellness, Section 4.2.** Ms. Gatton noted that proposed revisions to Sections 4.3 and 4.4 go together. It also ties back to the proposed policy change in Section 2.5. A new Sub-section (2) has been added in Section 4.2 relating to KRS/CERS retirees who return to agency employment having to choose to stay with the KRS-provided health insurance or opt for AACS' own health insurance program. Should the employee elect to stay with the KRS insurance, Section 4.3 now asserts that every such employee understands that he/she will get no additional AACS-paid insurance subsidy beyond which any other AACS employee receives. AACS is currently "maxed out" with its health insurance subsidy at \$305 a month.

Mr. Logsdon explained that a relatively new employee had previously been employed by one of the counties. AACS did not know that person was receiving CERS retirement and medical benefits. The employee didn't mention he had *retired* from that county's employment. The AACS subsequently got a \$3,000 bill from KRS to reimburse them for his medical insurance for the months he was employed with AACS. So it became clear that the agency needed something in place in its personnel policies whenever these situations come up in the future.

**Retirement and Income Protection Benefits, Section 4.3.** Ms. Gatton said this section was mostly a clarification. The only thing that was added was to come into compliance the new KRS retirement law. AACS policy had said that an AACS employee's contribution rate to the CERS was 5%, but the new law specifies that employees hired as of and following September 1, 2008 had to pay into the CERS at a rate of 6%. Five percent (5%) of an employee's gross pay still goes to their *retirement* plan, but the new 1% add-on goes toward the KRS health insurance fund. Again, this provision only applies to new employees. Ms. Gatton pointed out that in Section 4.3, page two of three in the handout packet, were the steps for KRS-retired employees' reappointment to work with AACS. She noted additional forms they must complete are all based in KRS' new-law requirements. Even though they must pay into the system, KRS/CERS retirees are *not* allowed to earn a second pension. And, again, the health insurance option they choose refers them back to Section 4.2 for further information. Ms. James asked if the whole agency was under CERS. Ms. Gatton said yes, the agency was under the County Employment Retirement System (CERS) portion of the KRS.

**Accrued Leave, Section 4.4.** Ms. Gatton said this section revision was to clean up (coincide with) a policy revision several years ago the agency went from a ninety-day introductory period to the nine month introductory period. The current Section 4.4 policy stated that while an employee is still in the introductory period they did not get to use any of their accrued Health Care Leave time. Employees earn one sick and one personal each month. This past *practice* never of allowing employees to use this accrued leave after their first ninety day's employment never stopped, although the referenced "introductory period" had become a nine-month term. This policy revision clarifies that new employees may access and use accrued Health Care Leave /Personal Leave after ninety days' employment.

**Tardiness and Absenteeism, Section 6.4 – Revised.** Ms. Gatton said there was some question about the Health Care Leave being inappropriately applied for non-health-related absenteeism. AACS just needed a policy clarification about administering time sheet accounting when an employee was not off for sickness or health-related purposes and simply failed to come to work. Thus, they were not

eligible to use Health Care Leave and had no prior-approval to use Vacation Leave or Personal Leave. This policy revision requires that in these instances either accrued Vacation Leave or “Absent Without Pay” must be recorded on their time sheet. Ms. Gatton said that the new bullet for “excessive absence” was already in AACS policy and was pulled from another section with the thought that it fit better in this section. The last bullet in the proposed revision relates to “no call, no show” for three (3) consecutive work days and provides that such absences *may* result in termination. This is just really a work force standard, said Ms. Gatton. She said she just wants AACS staff and supervisors to understand there is a three-day standard/limit in all but the most unusual circumstances to let agency management know employees’ whereabouts, circumstances and/or problems when they fail without notice or prior approval to show up for work for three days running.

**Dress Code, Section 6.13.** Mr. Logsdon expressed his frustration and concern of employee dress on so-called “dress down Friday.” Mr. Logsdon stated that under the proposed policy revision the terminology “dress down Friday” will change to the much more appropriate term of “jean Fridays,” which means the agency will allow employees to wear *jeans* on Friday. Mr. Logsdon referred the Committee to look at Sub-section (8) which attempted to delineate what was and was not appropriate under the “dress down” allowance. That had simply never worked, and it was proposed to be completely stricken. Under the new policy, what is generally acceptable and what is unacceptable on any given day at the agency will be the one and only standard, except that employees can wear jeans on Friday. Sub-section (5) specifies that tee-shirts will *not* be allowed at any time, and the reference to thongs in Sub-section (2) was stricken, the term no longer popularly referring to footwear but now rather underwear. Mr. Logsdon stated there was a commitment from the Senior Staff that this policy will be enforced within all departments across the agency.

Rev. David Combs asked if the policy is not followed, what would happen then. Mr. Logsdon stated that he was prepared to send people home. Rev. Combs asked if this needed to be stated in the policy. Mr. Logsdon stated that he felt it completely within his authority to do so in strict compliance with the policy as written.

**Salaried Position Classification.** Ms. Gatton advised that with the Head Start/Early Head Start expansions under the American Recovery and Reinvestment Act the AACS Head Start management wanted to add the new position of Administrative Specialist, which is proposed as a Grade 25 position. The position has not yet been filled, nor has it been posted, said Ms. Gatton. This person will be assisting the Head Start Facilities Director and the team manager over the Local Area Managers (LAMs), taking on some of their responsibilities.

*Ms. Daisy James made a motion to recommend Board approval of the proposed Personnel Manual revisions to Sections 2.5, 4.2, 4.3, 4.4, 6.4, and 6.13 and to further recommend Board approval of the Grade 25 Administrative Specialist (Head Start) position to the agency’s Salaried Position Classification Chart. Ms. Betty Rucker seconded the motion. Motion approved.*

**Affirmative Action Plan, 2010.** Ms. Gatton said that as a federal grantee the agency had to each year have a valid, annually approved Affirmative Action Plan. The agency’s plan has been updated for 2010. The agency has two designated Equal Opportunity Officers (EOOs); one of those retired this past year. Ms. Beth Russelburg with the agency’s Senior Service Corps has been recommended to replace the retired EOO. Other than that, there was just a lot of clean up and address changes in the 2010 plan, said Ms. Gatton.

*Rev. Jerry Manning made a motion to recommend Board approval of the 2010 Affirmative Action Plan. Ms. James seconded the motion. Motion approved.*

**Western Kentucky University – Head Start Delegate Agency Agreement, FY2010.** Mr. Logsdon stated AACS has been a delegate of the Western Kentucky University’s Head Start program for some time. The “WKU” “delegate agency” segment of Head Start just a *small* portion of the agency’s Head Start program, he said. The WKU contract that was in the mail-out packet tells the funds the agency will be getting, \$210,889, over the next year to support the “delegate” program.

*Ms. Rucker made a motion to recommend Board approval of the FY2010 Western Kentucky University – Head Start Delegate Agency Agreement. Rev. Manning seconded the motion. Motion approved.*

**Army Child Care in Your Neighborhood – FY2010 Service Agreement #2 (1-Month Extension).** Mr. Logsdon informed the Committee the Department of Defense (DoD) program has funded (through the agency’s Child Care Resource and Referral Program) a small child care services contract serving the Fort Campbell, Kentucky, area for the past two to three years. This year, rather than giving AACS a one year contract, the DoD has twice extended the program one month. So this is the *second* one-month extension. Mr. Logsdon stated that Ms. Blackham has advised him the DoD and its middle entity, the National Association of Child Care Resource and Referral Agencies (NACCRRRA), are working on a balance-of-year extension. They are presumably extending the program this one month and do expect to extend the program the balance for another year.

*Mr. M. Douglas Smith made a motion to recommend Board approval of the Army Child Care in Your Neighborhood – FY2010 Service Agreement #2 (1-Month Extension). Ms. James seconded the motion. Motion accepted.*

**AACS, Inc. 2010 Strategic Work Plan.** Mr. Logsdon noted that in the handout packet is an eight-page document. It comes down to one element that is being proposed for next year, and that is to institute in AACS a *social enterprise* initiative or component, mainly playing off of *KentuckyWorks* Program (KWP), which is the Kentucky “welfare-to-work” program. *KentuckyWorks* has a lot of low-income people that it can either subsidize or provide training for and assist to get permanent jobs. AACS will develop initiatives within that framework and do some things the agency is presently paying non-agency entities to do for AACS — for example, for the mowing and lawn maintenance services for which the agency pays \$50,000 or \$60,000 maintaining the landscapes for AACS’ buildings. The agency does have its own mowing equipment. AACS will train people for that business and give them work experience. Many AACS departments have various other things they pay private firms to do that could be developed into social enterprise venture to both save the agency money and fulfill the agency’s mission of *developing human potential*. AACS is paying private entities to do so many things that it could make a social enterprise venture out of and train/employ the welfare-to-work people. Each agency program has also contributed to the plan some portion of its department’s strategic goals to the overall 2010 Strategic Work Plan, said Mr. Logsdon. This singular strategic work element will be the focus for the next year. It’s something AACS has never done before, but the senior management team is really excited about its prospects. Ms. Blackham and her KWP team will primarily oversee its implementation, he said, but all agency departments and senior managers will be involved in the exploration and development of the initiatives.

Mr. Mayes noted that this will be taking AACS’ strengths and using the services and resources. If there are cutbacks in governmental funds this will help support the business.

*Rev. Manning made a motion to recommend Board approval of the AACS, Inc. 2010 Strategic Work Plan. Ms. James seconded the motion. Motion approved.*

**Anthem Health Insurance 2010 Renewal.** Mr. Logsdon told the Committee there were going to be some changes to the agency’s employee health insurance program design this year. There are still three options this year – standard, core and enriched plans. More or less, AACS is keeping the prior year’s

enriched and core plan, but not keeping the 2009 “standard plan.” Mr. Logsdon referred the Committee members to the handout that summarized the three 2010 health insurance offerings. The 2010 Enriched Plan is compatible with what is already offered. The plan in the middle column of the handout, he said, was compatible with the 2009 Core Plan, which it will also be called in 2010. The third column on the handout was a brand new offering for 2010 – a Health Savings Account (HSA). Mr. Logsdon said he did not know if there would be much of a initial participation in this option, but for younger, healthier employees and their families it was a very attractive option. Money put into the HSA was their money. It would be used as needed to cover their initial health care costs — \$2,500 individual/\$5,000 family, and those contributions to their HSA would be pre-tax contributions. If not needed for health purposes, employees could also invest it. If not used, it’s their money. Yes, it comes with that pretty high deductible, but again, for younger, healthier employees it’s a very good plan to consider, said Mr. Logsdon.

There is a requirement that there be a designated, qualified account for these employee HSA contributions. Ms. Gatton noted that with the assistance of the agency’s health insurance agent she had done extensive research and had come up with five options that the Senior Staff considered. A summary handout of those five options was presented for the Committee’s review. Ms. Gatton said that she and the Senior Staff were recommending Fifth Third Bank’s HSA service/account. If employees use their online system, Fifth Third will waive the setup and monthly fees. If done by paper copy, the setup cost will be \$20.00. The Fifth Third website shows employees how to monitor their HSA money online. Employees taking the HSA option will work with AACS’ payroll and Fifth Third’s HSA setup Call Center in Evansville. Fifth Third will also set up different webinars, and an “open microphone” for employees to be able to call in. There will be no additional cost to employees.

Mr. Logsdon stated that right now the agency pays \$305 a month, and the HSA’s monthly premium is only \$308.87 a month. Everything else they contribute (pre-tax) goes into the employee’s personal HSA account. Rev. Combs stated he participates in the HSA and it is tax deductible, whatever you put in there. This also makes you *a consumer*, he said. Having responsibility to pay the first \$2,500 is like, “Do I really need to go?” he said.

*Ms. James made a motion to recommend Board approval of the Fifth Third HSA service/account. Ms. Rucker seconded the motion. Motion passed.*

**GRITS Vehicle Replacement Project Contract.** Mr. Logsdon said GRITS has received from the Office of Transportation Delivery, Kentucky Transportation Cabinet, a “vehicle replacement project” contract. The full contract was thirty-three pages long (and that was provided to Mr. Mountjoy), but the four pages Mr. Logsdon put in the meeting handout covers the contract very well, he said. Under the agreement, GRITS was going to be getting \$61,766 in federal assistance to buy three (3) hybrid vehicles. There is a match requirement and signage requirements that GRITS is going to have to comply with, and that will cost \$16,744. GRITS has proposed that it can handle the cost sharing, he said. Mr. Logsdon noted to the Committee there also was a “sample resolution” in the handout packet. And there is a requirement that AACS get a Resolution from Daviess County Fiscal Court to return to the Cabinet with the contract. Mr. Logsdon stated he will ask Judge Haire to handle it through his court to get this Resolution.

*Rev. Manning made a motion to recommend to the Board that it approve the GRITS Vehicle Replacement Project Contract. Ms. James seconded the motion. Motion accepted.*

## ***STAFF REPORTS***

**Management and General Reports.** Mr. Logsdon updated the Committee on several topics of current concern or interest:

**WellPoint Stock Portfolio/Investment Report.** Mr. Logsdon said that at the close of business the day before, the 22,058 shares the agency had were worth \$1,165,985.88. That is \$52.86 per share. Mr. Logsdon referred to the chart in the handout packet, noting that the stock had taken a big dip in October, but was apparently returning to its previous September-early October level.

**AACS, Inc. Annual Meeting – December 15, 2009.** Mr. Logsdon told the Committee members that the AACS Annual December Board meeting will be in the Board Room of the new building. There will be round tables set up and the dinner will be catered by Z's. There will also be a nice Christmas tree in here as well for the annual "Christmas Gathering."

**ARRA 2009, Owensboro Regional Recovery, Head Start Expansion.** Mr. Logsdon said calculations have been done and it appears that the agency's total amount of money will be receiving through ARRA is \$27,481,962. The agency will not be getting all that in the first year. The projected amount for this year the agency will get is \$17 million. Some of the ARRA funding will carry forward with Head Start into the second year and Weatherization will carry on even into thirty months' operation. The agency is riding a good financial wave right now, he said. The 2009 financial resources summary total came to some \$86,530,000 cash dollars.

A calculation has been done on the total number of jobs that either has been or expected to be created with this money and it's 431. Jobs created within the agency is 95, ancillary to the agency is 19 — a total of 114. Jobs that have been saved through the agency are 151. Ancillary jobs that have been created are calculated at 166, for a grand total of 431.

Rev. Combs asked how much of that was through social enterprise. Mr. Logsdon stated none of that was reported here. The 2010 social enterprise initiative is not funded with ARRA money.

**ARRA 2009, Owensboro Regional Recovery.** Mr. Logsdon said there would be a meeting concerning Owensboro Regional Recovery on Monday morning, November 23, 2009. The "ORR" center is expected to be operable in early 2010. A director has just been hired, Ms. Sarah Adkins. Mr. Mike Townsend, with Kentucky Housing Corporation (KHC), will be coming this Friday, November 20, 2009, to talk with AACS staff on all aspects of operating a "Recovery Kentucky" project. Mr. Townsend directs the *Recovery Kentucky* projects for KHC. AACS and Mr. Townsend will be discussing about how to make all of this work and how these centers' many resources fit together.

**ARRA 2009, Head Start Expansion.** Mr. Logsdon said Head Start has an \$8 million dollar expansion underway.

**BB&T/US Bank Bond Issues' Parity Agreement.** Mr. Logsdon reminded the Committee this was talked about at the last Committee meeting. There remains a little bit of controversy right now between the respective bond issues that built the Fifth Street Central Office building and the bond issue that built the Christian County Head Start Center on Glass Avenue, Hopkinsville. BB&T saw in last year's audit a statement that the agency's gross receipts were pledged to this Fifth Street (US Bank) bond issue.

A parity agreement is being developed that will put BB&T (the Glass Avenue bond holder) on an equal footing with US Bank for any claims against AACS' assets. That is in the process of being worked out. BB&T wanted it worked out by the end of the month because they wanted to then

reissue the Letter of Credit which supports the Christian County bond issue. They say they're unwilling to do that if a parity agreement has not been reached. Mr. Logsdon said he was afraid AACS was not going to have the parity agreement by November 30, 2009. BB&T will have to make that call whether it will give the agency a slight extension while the attorneys and bond trustees are working all this out.

**Christian County Bond Issue – BB&T Quarterly Remarketing Fee.** Mr. Logsdon said there is a quarterly remarketing fee that the agency pays. It's always a little over \$2,000.

**AACS Head Start “Center of Excellence” ACF Endorsement.** Mr. Logsdon stated the agency is applying for that to be a Kentucky “Center of Excellence”. There is an ACF Endorsement letter in the handout packet.

**Finance.** Mr. Mayes highlighted some areas of interest in his department:

**Logos 6.0 Upgrade.** Mr. Mayes stated his department is preparing to upgrade and “go live” with *Logos 6.0*. The upgrade is presently on a “test” box, but there will be a switch to “live” at the end of this week if things go well. He also stated there are benefits added to that package and this will help Finance perform their job better.

**FY2009 Audit.** The FY2009 audit is underway. Mr. Mayes said the audit is making better progress this year than last year because the auditors are onsite. The Audit Review Committee held its first meeting with the auditors prior to the Administrative Support Committee meeting.

**Triennial Federal Review Follow-up.** Ms. Judith Deane, representative from the Administration for Children and Families, Atlanta, visited the agency November 16<sup>th</sup> and 17<sup>th</sup>. She was here to follow through on the agency's Quality Improvement Plan (QIP) that was the agency's planned follow up on the April 2009 triennial federal review of head Start, which contained a financial finding concerning the bank reconciliations not being current and up to date. Those have been caught up and are now being maintained on time, said Mr. Mayes. According to Ms. Deane, he said, that issue is closed. There is still a lot to do and there will be more challenges, he added.

**Information Technologies.** Mr. Hagan reported the following:

**Logos 6.0 Upgrade.** Mr. Hagan said all the work has been done with the *Logos 6.0* upgrade and is pleased about this being “a good standard process.” The IT department will go through every aspect of testing before going live. Mr. Mayes mentioned that Finance can use the *Logos* test site first to make sure things are going to work right.

**Backup Tape Drive Upgrade.** Mr. Hagan also said he has received the shipment on the new tape drives for the agency's upgrade. That will be IT's focus in the next few weeks, he said. So, between now, the holidays and February will be getting set up.

**Head Start/Early Head Start Expansions.** Mr. Hagan said that his department would be quite busy over the next several months assisting in the planning and implementation for all of the Head Start related expansion ... along with the ARRA-related work and GRITS' move into the new downtown parking garage at 222 St. Elizabeth Street, Owensboro.

**ARRA-funded Electrical Generator.** Mr. M. Douglas Smith asked if AACS will be getting the generator this week. Mr. Hagan said he talked to Mr. Dan Lanham earlier that morning and was under the impression that it would be coming in next week when Mr. Lanham was gone.

**Human Resources.** Ms. Gatton stated she had nothing else further to report.

**Terry Payne Status.** Mr. Mountjoy reported on the status of the Terry Payne criminal matter. Mr. Mountjoy said back in early October, Mr. Payne pled out and received a five-year diversion. Mr. Mountjoy stated he doesn't believe the restitution payments to AACS have been processed yet. The criminal systems remedy to the agency and AACS has a civil remedy if the agency wants to exercise it against Mr. Payne to recover in excess of \$32,000. This has been talked about but no decision has been made. The bottom line is the investigation and criminal proceeding is concluded as long as Mr. Payne lives up to his payments.

Mr. Logsdon mentioned that last Thursday, November 12, Mr. Charles Lewis, formerly with the Federal Bureau of Investigation (FBI), was doing an investigation on behalf of the Kentucky Board of Accountancy. Mr. Logsdon said he was interviewed by Mr. Lewis, as was Ms. Paula Cobb and Mr. Mayes. The Board of Accountancy had responded to Mr. Tony Byrne's inquiry last year. They're taking a very close look to see if Mr. Payne is going to continue to hold his CPA license.

**LKLP Debt to AACS.** Rev. Manning asked about the situation with LKLP. Mr. Logsdon said the agency settled that \$127,000 debt for \$80,000.

**Head Start's Website.** Ms. James mentioned that at the last Child and Family Committee meeting all of the Committee members had a wonderful training on the agenda. Committee members were provided laptops at the meeting and were given access and instructions on how to navigate on Head Start's new website.

Mr. Logsdon noted that AACS has a main agency website – [www.audubon-area.com](http://www.audubon-area.com), the intranet – [www.audubon-area.org](http://www.audubon-area.org), and [www.audubon-area.net](http://www.audubon-area.net). Head Start, GRITS and CCAP have three sites of their own that are linked under AACS' website.

Mr. Hagan mentioned the same framework that was used for Head Start is the same model for CCR&R, GRITS and with Indirect. Mr. M. Douglas Smith asked if the Board members were able to get any information they needed from the agency's websites. Mr. Logsdon said yes, any Board member can get anything that's there — except access to GroupWise, the agency e-mail system.

## ***ADJOURNMENT***

There being no further business,

*Rev. Manning made a motion to adjourn the meeting. Ms. Rucker seconded the motion. The Committee agreed to adjourn the meeting at 1:10 p.m.*

Board Vice Chair  
Mr. M. Douglas Smith