

Audubon Area Community Services, Inc.
Board of Directors Meeting
MINUTES

February 17, 2009

The AACS, Inc. Board of Directors gathered at 5:15 p.m. on Tuesday, February 17, 2009, at the Central Office in Owensboro. At 6:00p.m., following dinner, AACS, Inc. Board Chairperson Judge Reid Haire called the meeting to order and welcomed the Board, staff and introduced the new Board members.

Members Present (15 Members):

Rev. David Combs	Ms. Daisy James	Ms. Allison Stull
Ms. Janie Drury	Mr. Jerry Manning	Ms. Vicki Tinsley
Hon. Reid Haire	Mr. Thomas Platt	Ms. Charlotte Vandgrift
Mr. Paul Hart	Ms. Betty Rucker	Ms. Kathy Vargo
Mr. Marshal Hatfield	Mr. M. Douglas Smith	Mr. Keith Free**

Key: **Bold** = Officer/Executive Committee Member *Italics* = Ex-Officio Member
*Alternate – Member not present **New Board Member

Alternates Present with Member (4):

Mr. Frank Craig	Ms. Jeanette Manning	Dr. Sandra Obilade
Mr. Sam Smith		

Ex-Officio (4):

Ms. Margaret Bailey	Ms. Nelda Barnett	Mr. Doug Smith
Mr. Keith Sanders	Mr. Jesse Mountjoy, <i>Sullivan Mountjoy Stainback & Miller</i>	

Staff Present:

Ms. Carrie Blackham, CCAP Director	Mr. Ronald Logsdon, Executive Director
Ms. Sheila Boling, Weatherization Director	Ms. Denise Marcum, Executive Assistant
Ms. Cheryl Gatton, HR Director	Ms. Robyn Mattingly, SSC Director
Mr. Dennis Hagan, IT Director	Mr. Byron Mayes, CFO
Mr. Dan Lanham, GRITS Director	Mr. Aubrey Nehring, Head Start Director

CONSENT AGENDA

Judge Haire said that he hoped everyone took the opportunity to read over the previous Board minutes.

Mr. M. Douglas Smith made a motion to accept the December 16, 2008 Annual Board Meeting Minutes. Mr. Hart seconded the motion. Motion approved.

Mr. Logsdon noted to Chairman Haire that the Board usually approves everything listed under the Consent Agenda all at once.

Mr. Hatfield made a motion to accept the January 2009 Financial Statement, January 15, 2009 Audit Review Committee Minutes, the December 19, 2008 and January 15, 2009 Investment/Oversight Committee Minutes. Mr. M. Douglas Smith seconded the motion. Motion approved.

NEW BUSINESS

Administrative Support Committee. Mr. Logsdon noted to the Board that the Administrative Support Committee had been set to meet on January 29, but due to the ice storm that occurred on January 27, it was then rescheduled for February 12. He explained that the minutes from the February 12th Administrative Support Committee meeting did not make it in the mailed out Board packet but were in the handout packet.

Revision to Agency Investment Policy — Section 3.A. Mr. Logsdon explained that the policy revision pertained to simply allowing the CFO, in consultation with the executive director, to execute necessary documents and actions relative to the agency's stock portfolio. Again, that authority occurs when the CFO has consulted with the executive director. Beyond that, advised Mr. Logsdon, everything the agency staff does with respect to the investment portfolio is consistent with the policies and parameters that are set by the Investment/Oversight Committee.

Ms. Drury asked about the Anthem demutualization many years ago. Mr. Logsdon said the agency's independent auditors then did a similar calculation and the AACS had a "premium holiday" whereby for a period of time (until everything attributable to employee-paid interest was paid out, that is, employees paying nothing for their health insurance for that "premium holiday" period of time) the remainder of the WellPoint stock became 100% agency owned.

Judge Haire asked if there were any questions. There were none.

Ms. James made a motion to approve the Section 3.A revision to the Investment Policy.

Mr. M. Douglas Smith seconded the motion. Motion approved.

Building Projects' Update and Board Action. Mr. Logsdon briefly updated the Board on the status of two major building projects:

- The Fifth and Foust office building (due for completion at the end of March 2009), which is being bond-financed and constructed under the auspices of the Daviess County Public Improvement Corporation, and the
- Downtown Parking Garage, which is being constructed and primarily paid for under a \$2.2 million Federal Transit Administration (FTA) "earmark" grant, although the AACS, Inc. has previously committed \$500,000 toward the project from its WellPoint stock portfolio.

Additional Gap Funding Needed for the Parking Garage. The executive director also advised the Board that additional funding will be needed to complete Phase I of the parking garage. He suggested two approaches, both of which had been approved and recommended by the Administrative Support Committee.

- First, the agency could borrow against some funds that AACS had generated through a contingency premium arrangement with Anthem (WellPoint). He asked the Board to approve that contingent action whereby the Board would approve borrowing \$250,000 from that fund to provide the gap funding *if* the agency had to make that level of additional construction payment between now and June 2009 to complete the construction of the GRITS parking garage. He emphasized that the staff had studied the accumulation and utilization of that fund and that all funds remaining were 100% agency owned, as any potential employee claim against those funds had already been satisfied. A handout chart was provided to the Board in support of that fact.

- Second, the second contingency to be put in place if there were no Phase II funding immediately forthcoming for the parking garage and GRITS actually moves into the new facility in July 2009 is to then have the authority to sell the AACS-owned GRITS property on 1416 Ninth Street, Owensboro, which would likely net \$250,000.

It is possible, said Mr. Logsdon, that neither of those actions would need to happen between now and the end of June, depending on what happens with requested Phase II funding in the federal “economic stimulus” package. He then went into detail about both contingencies and the Administrative Support Committee’s review and recommendation of both of those contingencies.

Judge Haire suggested for the Board that it *not* vote on the proposed contingency to borrow funds against the insurance premium fund tonight as opposed to waiting until the next (April) Board meeting. The picture, especially regarding the stimulus bill and Phase II funding for GRITS’ parking garage could clarify by the April Board meeting. Some of those payment obligations may not come due until June 2009. There will be another Board meeting in April and the Board would have more and better information then. The key factor is the impact of the stimulus package, the amount of dollars AACS will be getting, and what direction the agency then wants to go. Mr. Logsdon stated that he had just wanted to get the Board prepared on the fact that additional funding will be needed for the parking garage, but that he has no problem with deferring this issue.

Judge Haire asked if the agency was surely going to sell the Ninth Street property. Mr. Logsdon said yes, between now and the end of June 2009 *if* there were no Phase II parking garage federal funding. Then AACS will have to find about \$250,000 to bridge a funding gap, he said. Mr. M. Douglas Smith stated the Committee looked at several possibilities and felt that these were the best two possible contingencies that should be brought to the Board.

Judge Haire stated that as far as giving the authorization to move in the direction of selling the property at the point it would be unneeded by GRITS was something the agency Board could approve to do now. Mr. Logsdon said that an appraisal was currently being sought to set the stage for that action.

Mr. M. Douglas Smith made a motion to approve the contingency of having the authority to sell the property on 9th Street and use the \$250,000 if there is no phase II funding for the parking garage, depending on what happens out of the stimulus package. Mr. Hart seconded the motion. Motion approved.

Judge Haire told the Board that with regard to the Phase II, whether or not AACS got the Phase II money and the \$250,000 property sale proceeds that everyone should be aware of the parking garage situation and that the Board will have to make those decisions between now and June.

Referring once again to the insurance premium account, Mr. Logsdon said that the money is in the agency’s account. The Board can do that now or later. Mr. Logsdon also noted a chart in the handout packet done by Ms. Gatton that shows the agency-contributed and owned portion, how much had originally been attributable to employees, and the accumulated sums AACS had expended for direct employee benefit and health insurance subsidies over a 6-plus year span. AACS has offset a premium increase one year and that took up a major part of the 14% that could possibly be attributed to employee contribution, he said. Everything that remains in that fund is now agency-owned. He said he wanted to show the Board documentation of how the agency arrived at that conclusion.

By-Laws Amendments. Mr. Logsdon advised the Board of *two* By-Law changes that had to do with additions in Board composition and a revised name for one of the Board committees.

Board Composition Per Current Legal Requirements. The change in authorized Board composition goes back to the Improving Head Start for School Readiness Act of 2007, which was signed by President Bush on December 12, 2007. It imposed a lot of changes in the Head Start program, some that had to do with grantee governance. In that Bill, it's now required that Head Start grantees have "qualified financial advisors" on their Board. Mr. Logsdon said he is in the process of collecting resumes from AACCS Board members that have financial backgrounds. Mr. Logsdon said he thinks that AACCS' Board is well covered in that area.

Board Counsel. The agency is fortunate to have Mr. Mountjoy, who has been serving the Board on a completely volunteer basis. Mr. Mountjoy has also agreed to serve in that function *formally*, and in compliance with the new law. **Early Childhood Consulting Member.** Ms. Margaret Bailey has been hired as a consultant Board member to advise the Board on early childhood issues, he said.

Audit Review and Risk Management Committee. Mr. Logsdon stated the last By-Law revision item came from the Audit Review Committee and subsequently review and recommended by the Administrative Support Committee. Some risk management issues came up in the Audit Review Committee meeting last month and they recommended their role change a little. Since risk management and risk assessment is such a high profile thing today in nonprofit governance, the Committee thought their role should gravitate in that direction. In addition to internal controls and audits, they now also are going to be looking at risk management in the agency. So the Committee proposed a By-Law amendment to rename that sub-committee of the Administrative Support Committee as the **Audit Review and Risk Management Committee.**

Judge Haire asked pertaining to risk management oversight why was the determination to put that with the Audit Review Committee as opposed to the Investment Oversight Committee. Mr. Logsdon explained that the domain of "risk" to be assessed was much broader than financial and investment alone. The committee will review and assess all kinds of risk from insurance coverage, and information technology, to you name it. Their risk review and assessment charge is very broad, he said.

The executive director stated that in accordance with the amendment requirements in the By-Laws the proposed changes had been sent out to all members according to the requisite notification period.

*Mr. M. Douglas Smith made a motion to accept the two By-Laws Amendments Board Composition – **Board Attorney & Early Childhood Consultant** and "Audit Review Committee" – Committee Name Change to **Audit Review and Risk Management Committee** and Audit Review and Risk Management Committee – By-Laws Amendment: Article VII, Section 1.e. Ms. James seconded the motion. Motion approved.*

"The Grant Management Process" – Section 10.7 Addition to the AACCS Financial Policies and Procedures Manual. Mr. Logsdon reminded the Board that a few months ago it had approved a new Financial Policies and Procedures Manual. Then in August 2008 came to light the incident of agency fraud involving the former CFO. Back in the fall, he said, an article on fraud appeared in *The Courier-Journal* with an outline of the University of Louisville's (UofL) grant management process. Mr. Logsdon said he thought that AACCS needed such a formal process within the agency. So staff started working with that UofL statement as a starting document, worked on it for about 2½ months and came up with the proposed AACCS policy statement on grants management. The senior staff then said the policy statement should be incorporated in the Financial Policies and Procedures Manual. The senior staff looked for the right place to put in the manual. A decision was made that the policy needed to be a new Section 10.7. This recommendation now comes from the Administrative Support

Committee for the Board to create this policy as Section 10.7 of the agency's Financial Policies and Procedures Manual, he said.

Judge Haire asked who would follow through to now make sure the new policy requirements get done. Mr. Logsdon noted that last year the agency hired an internal auditor and this person will be checking in every department and making sure that each department is following this and other policy and procedure requirements. The situation necessitating this policy, he said, came about in his mind when the auditors were investigating the fraud last year and advising him that one senior manager appeared weak in grants/contracts management. Mr. Logsdon stated he wanted to make sure that all of Senior Staff in particular fully understood the level of detail and the demands of proper grants/contracts management. There is now "no excuse" as to the standards of the agency has pertaining to the management of its grants and contracts, for the policy is now well detailed.

Rev. Manning made a motion to accept The Grant Management Process – Section 10.7 addition to the AACS Financial Policies and Procedures Manual. Mr. Hart seconded the motion. Motion passed.

AACS Affirmative Action Plan, 2009. Ms. Gatton stated that the new year's Affirmative Action Plan is updated and, pending Board approval, is being posted at each AACS location. Mr. Logsdon stated that many federal grants require the agency to have an annually revised Affirmative Action Plan.

Ms. James made a motion to accept the AACS Affirmative Action Plan, 2009. Mr. M. Douglas Smith seconded the motion. Motion passed.

CEO REPORTS

The following items were reviewed by the Administrative Support Committee at its February 12th meeting and also need to be brought to the attention of the Board.

Certification of Filing and Payment of Federal Taxes. Mr. Logsdon stated this item did not require Board action. AACS received correspondence from the Department of Health and Human Services that required within 30 days the agency to submit to them a certification that all of the agency's tax forms have been filed and all taxes have been paid. He said that he had since been advised that this will now be *a yearly requirement* for funding. If an agency hasn't paid their taxes and haven't filled out the certification, the agency will not get any grant money. Mr. Logsdon stated that Judge Haire had signed the papers pertaining to this certification. He was going to run it through the Administrative Support Committee prior to its submission to DHHS, but it had to be turned in within the 30-day notice period.

Report of Investment/Oversight Committee. Mr. Logsdon told the Board the agency did sell some WellPoint shares because of the Board's mid-2008 commitment to contribute \$500,000 toward the downtown parking garage that is being built. At some point this spring, AACS would have had to sell some stock to get that amount. The Investment Committee had set a "stop" at \$37.50 at which time the stock would sell should it get down to that point. It had previously been hovering in the mid \$40's, but all of a sudden in one day it went down below the "stop." The share value plunge executed the stop that was in place and 13,500 shares of stock sold for \$500,258.28. AACS has since gained some interest on that, he said. There are now 26,958 shares of WellPoint stock remaining in the agency's portfolio.

The Investment/Oversight Committee is focusing on diversification. In actions taken last week, in blocks of 5,000 shares the Committee is going to start diversifying the portfolio. Right now, it is 100% in one stock (WellPoint) and all of the advisors say not to let that remain for much longer.

Judge Haire asked if the agency was using BB&T as the advisor. Mr. Logsdon said yes. Mr. Hart asked if BB&T recommended no more than 20%. Mr. Logsdon said yes and AACS is going to retain 5,000-6,000 shares of WellPoint and the rest will ultimately be diversified.

Report of Audit Review Committee — FY2008 Audit Status and FY2009 Audit Engagement. Mr. Logsdon informed the Board the auditors left at 8:15 the previous night. They have been putting in long hours to wrap up the audit. The Audit Review Committee is pressing hard to get the audit done by the end of the month.

FY2009 Audit Engagement. The Audit Review Committee and the Administrative Support Committee voted to authorize the executive director to negotiate with Alexander and Company for the FY2009 audit engagement. That letter needs to be submitted to the cabinet for Health and Families by the first of March. Mr. Logsdon said that he has a meeting with Alexander & Company partner Mr. Tony Byrne the following morning to negotiate with him on the FY2009 audit engagement. The principal condition of that engagement will be that there must be a different “chief” auditor. There were other issues that he said he could go into if the Board wanted. It relates to the discovery of the fraud and a failure to report it to him or the agency Board in a timely manner.

Judge Haire reminded everyone of the confidential nature of each Board meeting. AACS has a good relationship with Alexander and Company and has been doing the agency’s audit for years. AACS wants to have a greater level of authority concerning who its chief independent auditor is. The agency wants a higher level of confidence and trust.

Child and Family Services Committee. The Board’s Child and Family Services Committee met on January 7, 2009. The Committee performed programs oversight only; no recommendations were brought to the Board. The Committee’s meeting minutes were mailed in the February Board Booklet.

Community Support Committee. Due to the inclement weather during the ice storm the Board’s Community Support Committee did not meet during the January-February meeting cycle.

Community Services Committee. The Board’s Community Services Committee met on January 20, 2009. The Committee performed programs oversight only; no recommendations were brought to the Board. The Committee’s meeting minutes were mailed in the February Board Booklet.

OTHER NEW BUSINESS

Mr. Logsdon advised the Board that the other new business has not been through any of the Board Committees prior to the February Board meeting.

Some of them are stimulus-related matters, said Mr. Logsdon. He asked Mr. Lanham to explain his report.

GRITS-related Stimulus Requests. Mr. Lanham advised the Board to refer to the handout packet and pointed out the requests GRITS has made to be included in the stimulus package. The formula funding from FTA that the Office of Transportation Delivery, Kentucky Transportation Cabinet will get to spend on infrastructure for mass transit is about \$50 million. AACS is asking for Phase II funding for the parking garage, which is \$3.4 million. The agency’s “item #2” request is a portable generator. This generator is a 2.2 KBA generator that will power up the GRITS building and could possibly use in other places too.

Mr. Lanham pointed out that “item #3” is for hybrid cutaway buses. The FTA is very excited about the possibility of transit systems using hybrids. They come along with zero match money on grantees’ part.

GRITS is applying for seven (7) hybrid buses. GRITS has applied for hybrid vehicles before and received money through CMAQ (Congestion Mitigation/Air Quality) for hybrid vehicles and Daviess County Fiscal Court was kind enough to write GRITS a support letter, he said. This is a full “cut-away” bus and is new on the market. GRITS is asking for seven (7) conventional cutaway buses. Mr. Logsdon asked Mr. Lanham to describe what “cut-away” means. Mr. Lanham explained that “cut-away” means the nose of the vehicle looks like a regular full size van and the back of the van is cut away for a bigger body. Typically those buses seat twelve (12) passengers with two wheelchairs.

Mr. Lanham said that he was also advised that AACS might want to also seek funding for a maintenance facility. When the Ninth Street property is sold, GRITS will be without a place for maintaining its vehicles. GRITS will either have to go out and lease a piece of property or “be lucky” to get funding. Mr. Lanham stated he has submitted a request for funding for a maintenance facility. Mr. Lanham also stated a local architect who is working with him on the parking garage and the architect has prepared a plan and told about how much land would be needed – about 1½ - 2 acres of land. Mr. Lanham told the Board he has put all of those items in the proposed “stimulus” budget proposal.

Mr. Lanham stated he has found an existing facility that would work for GRITS. It is located at West Industrial Park in Owensboro. Mr. Lanham has also included a budget for this too. The existing facility is less expensive and much larger. Once again, this will be up to the state which way to go if they do the funding. Unfortunately, this won’t create jobs. There is some extensive renovation that will need to be done. GRITS will be competing with about ten other transit agencies across the state for that chunk of funding. There is \$20 million available for the ten agencies to pull from, but some agencies won’t ask for much.

Judge Haire asked if there were any questions. Mr. Hatfield asked about the issue of LKLP owing money to AACS. Mr. Mountjoy stated he has been discussing with Mr. Lanham and that Mr. Lanham will be handing over documents necessary for AACS to either go to court or arbitrate. AACS will be pursuing for a formal demand of \$127,000 for services performed and have not yet been paid. Mr. Lanham said he has been working through getting the billing together. Unfortunately with 2,200 trips a day, it is not that simple. It actually goes trip by trip. The agency has received a copy of the contract through a records request from the state.

Mr. M. Douglas Smith made a motion for funding of \$3.4 million for phase II of the parking garage; funding for seven hybrid cut-away buses. Mr. Hart seconded the motion. Motion approved.

Mr. M. Douglas Smith asked if there will be any “flex-fuel” for the seven hybrid covered vehicles. Mr. Lanham said all of the mini vans that are purchased are flex-fuel. They are 85% ethanol.

Head Start Supplement Grant Applications. Mr. Nehring noted to the Board in the handout packet of a summary of requests for approval. A supplemental grant is a request for additional funds above and beyond our regular grant application. In all of these instances, they are for training dollars or for reimbursements of trainings that staff have attended or will attend.

Reggio Emilia Training Project — \$8,360. The Reggio Emilia Training Project was reviewed by the Child and Family Committee and it approved/recommended requesting specific funds from the Office of Head Start to cover registration fees for staff attending this Reggio conference in Italy in May 2009. AACS has raised a lot of non-federal dollars through other grants that will support of sending staff to that training, but are now requesting some federal funding to cover some of the registration fees.

OHDS Dual Language Institute — \$7,081. Mr. Nehring stated that when the Office of Head Start sponsors certain training events and different things they want Head Start to participate in and to

implement in their programs they often reimburse Head Start for some of those costs. Mr. Nehring stated he had staff attend the OHDS Dual Language conference in October 2008 and was requesting \$7,081 in reimbursement for some of those costs.

I Am Moving, I Am Learning — \$2,842. Mr. Nehring also had staff just returned from the “I am Moving, I am Learning” training in Atlanta and he was requesting *half* of the reimbursement for that. There is a training coming up in May 2009 which the federal agency will authorize reimbursement for those costs. Two of them have already been completed. The other two will be submitted later upon Board approval.

Ms. James asked Mr. Nehring if the Committee had said that perhaps some of this money, Head Start will be reimbursed through us coming back and training others in the Reggio Emilia Project. Mr. Nehring said yes, and one of the reasons for participating in this training is that we will become an official training site for Reggio Emilia in America. There are just a few sites like that. We will be selected as a site to train rural programs. Currently, there is no program in the United States for Reggio Emilia that trains working with rural grantees. All of the others are urban such as Chicago, and St. Louis. This will give AACCS the opportunity to do that and we will be able to charge for those and those funds can be used to reimburse or to actually pay for other things.

Rev. Manning made a motion to accept the Head Start Supplement Grant Applications – Reggio Emilia Training Project: \$9,360; OHDS Dual Language Institute: \$7,081; I Am Moving, I am Learning: \$2,842 and Classroom Assessment Scoring System: \$750. Ms. Rucker seconded the motion. Motion accepted.

Head Start 2009-2010 United Way Funding Requests. Mr. Nehring informed the Board that Head Start received funds for West End Day Care Center and Helen D. Sears from the United Way. Mr. Nehring said the only thing he would like to point out is that Head Start has received for many years, funds from the City of Owensboro. Last year, the funding was \$30,660. The City of Owensboro has decided to start funding those through the United Way process so Head Start doesn’t have to submit a separate application to the City of Owensboro. Last year, on the application it was separated out. This year, they simply asked Head Start to add that amount and the city allowed a 2% increase on those funds. The \$73,273 actually includes the original United Way grant plus the City of Owensboro grant which is incorporated as one grant for the West End Day Care Center.

Ms. James made a motion to accept the Head Start 2009-2010 United Way Funding Requests. Mr. M. Douglas Smith seconded the motion. Motion accepted.

United Way Focus Group Representatives – Five Board Representatives from AACCS. Mr. Logsdon pointed out to the Board (in the handout packet) that he received an e-mail from Senior Service Corps director Ms. Mattingly explaining what is being asked of the Board.

Ms. Mattingly explained to the Board that for the past 10 years the United Way of the Ohio Valley has aligned all of their funded agencies into four basic focus groups. Anybody that received funds had to fall within one of those four groups. Last year, the national United Way took a different approach and they want to align all of their funded agencies across the country into *three basic funding groups*, that being **education, income** or **health**. Any local United Way agency needs to address or impact one or more of those three areas.

The United Way is going to be taking a year-long process to draw different focus groups together. United Way of the Ohio Valley covers all of the seven Green River Area counties except Henderson. They want to put together these groups that are going to review the local agencies and how they can fit into one of those three groups.

AACS is submitting one of its applications (due March 4, 2009) and as part of that application packet, the United Way wants names of five (5) Board members from AACS who will be willing to serve on a focus group. The commitment would be one meeting to last about ninety minutes.

Judge Haire told the Board of this being a most important process because many hundreds of thousands of dollars and agency budgets are under the purview of the work of these focus groups, which might well determine many nonprofit groups' access to funding. Judge Haire asked for five representatives to be part of the United Way focus group. Those who volunteered were:

Rev. Manning, Mr. M. Douglas Smith, Ms. James, Ms. Tinsley and Ms. Bailey.

Judge Haire asked Ms. Mattingly if she knew when the meeting would be held. Ms. Mattingly said it is still in the beginning processes.

2009 Head Start Self Assessment Schedule. Mr. Nehring stated that he would be going over the current year program assessment with the Child and Family Committee in more detail. But there was one of the requirements of Head Start's annual Self Assessment pertinent when Head Start has their review. That is, the federal reviewers will be asking if there is any participation from the Board in that annual Self Assessment process. There are still a few days to be set for a couple of these programs. If anyone is interested in participating, these will be set up like the focus groups, and anyone can sit in on the interviews. Mr. Nehring asked the Board if anyone is interested to call an LAM (Local Area Manager) and details will be given.

Judge Haire informed the Board that for everyone's information, with the state cutbacks in the state's budget, there is a lot of information and impact on Head Start and on a lot of state funded projects. Judge Haire said he was approached by the Superintendent of Public schools in Daviess County about a cutback that concerned him and his school system. Judge Haire also said that Board members may also get contacted by representatives and school districts. He encouraged everyone that if anybody runs into an issue like that to call Mr. Nehring. There is a lot of misinformation particularly with the cuts in the state's budgets and fear in funding cutbacks.

Recovery and Reinvestment ("Stimulus") Bill – *Other AACS Programs.* Mr. Logsdon stated that he would like to talk about the federal "stimulus" and what he thinks is coming to AACS. As large as that seems, he said, the \$789 billion is not nearly as much money as what is being put in the bailouts of the financial system. The U.S. is running up a sudden \$10 trillion dollar debt because of the financial crisis. Mr. Logsdon had prepared a paper describing the financial crisis.

Out of the stimulus, Head Start expects to get (nationally) \$2.1 billion. Half of that is going to be funded on a formula basis, so AACS' program will automatically get a substantial increase out of that. The rest of that is going to be for *early* childhood expansion on a competitive basis. Weatherization is going to get at least a six-fold increase in funding, he said. In all of these increases will be over about a two year period of time. The agency is going to get an infusion of money. AACS is going to have to gear up quickly. It's going to last for two years; then it's going to go away, and AACS is going to have to gear down.

Weatherization will probably be getting the largest percentage increase of anything in the agency, about 6 fold. Mr. Logsdon advised the Board that if anyone knew of someone or a family that is low income or moderate income that may qualify or may need home weatherization services to call Ms. Boling or to email her. Weatherization is going to need applicants coming out of the wood work. President Obama is really high on energy conservation and that's why Weatherization is slated to get this level of money.

AACS' child care assistance program is going to get about a \$3 billion increase, Child Care Development Block Grant nationwide. If the agency retains the Child Care Assistance program (CCAP) contract, and Mr. Logsdon said he hopes we will (AACS had to submit for an RFP earlier this month), CCAP will have

a substantial boost in funding. It has been as high as \$30 million a year. With this infusion of money, they're probably going to liberalize the eligibility or it may double.

CSBG's (Community Services Block Grant) annual funding is \$700 million. They're going to continue to get that amount and on top of that, for the next two years. Nationwide there's an extra \$1 billion dollars for CSBG. AACS gets \$500,000 a year, but the anticipated "stimulus" amount is \$700,000 to \$750,000 more coming into that program.

And as noted, AACS is expecting a large infusion of money for GRITS coming through the "stimulus" program. The agency will be flush with cash for two years, and then may suddenly go away.

Judge Haire advised the Board there is a lot of interest in the public and the press about communities getting some of the "stimulus" funding. It is extremely important that the agency has a good story to tell how AACS will be using the stimulus money and how AACS is going to manage those dollars to insure that there is a situation where AACS has an extra \$3 or \$4 million and doesn't know what to do with it and don't know how to handle it. Mr. Logsdon stated that the grantors and lobbying people are telling him that while this is an opportunity for the agency it is also a high visibility risk! If it goes well, the agency will look great to everybody. If AACS cannot perform with all of this extra money, or upon receiving this money and are not able to generate the services that they expect to generate or the jobs to generate, the agency will have egg on its face.

Ms. James asked if there were any "shovel ready" programs ready to implement. Mr. Logsdon said the parking garage. AACS submitted that many months ago through the Kentucky Department of Local Government. That has been on the table for some months. It is shovel-ready.

STAFF REPORTS

Finance. Mr. Mayes stated he is working with the auditors. He and they have been going over the FY2008 numbers and making any changes when necessary. He also stated the pressure was on the staff and auditors to have the audit finished by the end of the month.

Judge Haire stated to the Board that AACS has to "look forward." It's important with the infusion of dollars the agency will be receiving and the agency needs to get the audit finished so that Mr. Mayes can look forward as well and concentrate on what is ahead.

Human Resources. Ms. Gatton stated there is usually one or two jobs posted on the bulletin board at least most of the time. Since the beginning of this year, this is only the second time that there has been no jobs posted. Some of the stimulus package changes we are expecting in HR is the health insurance and cobra insurance, assistance with the coverage, and the unemployment. Those are the things we will be able to keep longer.

Senior Services. Ms. Mattingly stated she is in the process of getting application packages together due to the Board approving them at the December Annual Board meeting.

Weatherization. Ms. Boling informed the Board that a manager has been hired for Independence Heights. There are six (6) units being rented. Two buildings have opened up last week and one opened this week. For Horizon Place, there will be one building opening up in March and will have eight units to rent. There are people on a waiting list for Horizon Place. Learning Villa will be having its advisory board meeting on February 19th. After the semester ended, there were thirteen (13) residents who have either dropped out of school or their GPA has dropped off, which is supposed to be maintained. Those tenants will be put on probation.

The “construction” at the Owensboro Regional Recovery Center is just a lot of dirt and lime, she said. Judge Haire asked if dirt will have to be brought in to raise that up. Ms. Boling said yes, and just last week, someone brought in a bunch of dirt and they have since flattened most of it out.

Head Start. Mr. Nehring stated that half of the “stimulus” funds are going to the expansion of Early Head Start which are infants/toddlers from ages 0-3. His department is gearing up for identifying space and identifying programs where they would be prepared for a major expansion of early head start. Mr. Logsdon asked Mr. Nehring to briefly tell the Board about the triennial federal review. Mr. Nehring said that will definitely happen in March or April. Within the next six weeks, Mr. Nehring expects that Head Start will have the review. Head Start has not received the 30-day notice, but as soon as he does, he will let the Board know.

CCAP, KentuckyWorks Program. Ms. Blackham informed the Board that her report is just a follow up on CCAP proposal. The proposal was delivered to the Cabinet for Health and Family Services on February 4. The budget for that was \$1.5 million, about \$200,000 (the administration) more than what it was. The entire budget is between \$20-30 million. Ms. Blackham said her department should hear about that in April. She also said that her department has never submitted a full proposal before.

Mr. Sanders asked who the competitors were. Ms. Blackham said she thinks Community Action Kentucky applied for the whole entire state. As far as she knows, no one else has applied in our area.

Judge Haire advised the Board that AACS may be getting more money with the “stimulus” package, there are still a lot more people that have been impacted over the last six months from an economic standpoint. A lot more people are having tough times. Judge Haire said he thinks there will be a shortage of candidates for those dollars. The organization needs to hone skills and help out those people having a rough time and help get them back in the wage earner position. It may push the staff to the limits to be able to work the additional clients. Mr. Logsdon said that AACS will add more staff with this extra funding. It’s all about services. AACS doesn’t get the money because they’re good people. It is about doing something good with it.

Information Technologies. Mr. Hagan told the Board that one of the major focuses from IT is preparing to move into the new building. In that process, IT is making sure that AACS has all physical security in the IT area that’s become expected as well as survivability features like a large uninterruptable power supply system to give power the agency needs in case power is lost for a short period of time and that the building has generator capability in case of another power outage. The GRITS location has power to keep its main office running. The phone systems will be new for over one hundred staff. The goal is for the new building to be used as an *operations center*. He and his staff will be able to keep the phones and IT services up. Mr. Hagan stated that he was proud that during the variety of disasters AACS had, IT has tried to be flexible and provide services for unusual requests. The state asked for a report of all of the clients that GRITS serves. He was able to help finance get access to information to help with the audit.

Judge Haire asked about the estimated time of moving into the new building. Mr. Logsdon said the builder is saying March 30th. Mr. Logsdon also said he expected this to be the last Board meeting in this building. The new board room is twice the size of this one.

Judge Haire asked if there was going to be a ribbon cutting prior to the next meeting. Mr. Logsdon said probably not. We will schedule one and we may want to do that in conjunction with the meeting.

Mr. Hart asked about the phone system, if IT will be overbuilding it, and providing for expansion. Mr. Hagan said the strategy for the phone system is a split data center concept. Currently there is a large communications connection at central office and IT will be migrating that to the new building. AACS also has a large communications circuit at the GRITS building and AACS utilizes the OMU fiber network to interconnect so that it can expand and adapt the load increases between the two locations.

Rev. Manning asked pertaining to the recent ice storm if Mr. Hagan had learned anything to enhance the IT system within AACS. Mr. Hagan said from one observation he made is nobody can expect to use cell phones to work during a crisis. The land based phone lines become overloaded to where circuits become unavailable. One approach he saw that Emergency Management utilized was the satellite phones to communicate with. Mr. Hagan stated when he was part of a team at River Valley Behavioral Health where they would set up a satellite phone and test it monthly to make sure that the service is working.

Mr. Lanham said that what everyone has learned at GRITS was *not* to rely on cell phones and land lines also. The staff had one client to pick up in Centertown and she wasn't there. The client had moved to Beaver Dam and GRITS had not been told. That was the only client GRITS had challenges with. There were a whole lot of trips that GRITS didn't do. GRITS worked with Judge Haire and did well over 100 trips to shelters. In Daviess County, GRITS worked with Emergency Management, Red Cross, and National Guard. GRITS did not do such a good job in the other counties like here in Daviess County and the main reason was communications — GRITS couldn't talk to anybody. GRITS had been phasing out its radio system. Now, staff are determined to get the radio system in better shape. Mr. Lanham stated he was proud of the GRITS staff's work during the bad weather.

Judge Haire stated that in Daviess County everyone was most fortunate to have agencies and organizations that stepped up and demonstrated what they had to offer. At the county judges meeting that met two weeks ago, the head of Emergency Management singled out Daviess County in response to the storm. GRITS was a significant part of that. Judge Haire said he had the opportunity to speak with a representative from Senator Bunning's office and made a recommendation of an observation that he made. Not all cell phones were out. There were some cell phone companies that invested in generators at the towers so that when the storm hit, it switched over to the generator. The recommendation Judge Haire said he made to the Senator was to require all carriers as an emergency management initiative that would require all providers of cell phones to make sure to have a generator at the tower and it would automatically switch over to generator. The federal government could probably help out.

Terry Payne Indictment ... and Reported "Settlement" Efforts. Mr. Logsdon noted to Judge Haire there was one last item pertaining to a possible "settlement" on the fraud indictment, and that he would like for Mr. Mountjoy to explain it to the Board.

Mr. Mountjoy stated that he and Mr. Logsdon would be getting with Mr. Mayes and the independent accountants to come up with a number to resolve the restitution issue. Mr. Bruce Keugel, the Commonwealth's Attorney, and Mr. Mountjoy will meet with Mr. Payne's attorney before any sentencing, guilty plea or settlement is worked out. The agency will be up front with them in saying that not only does AACS want embezzled funds fully repaid, but the cost to AACS for accounting fees, and lawyer fees. AACS will be presenting these requirements to the Commonwealth Attorney who in turn will present this to the Court. Mr. Logsdon informed the Board that some \$15,150 was taken and about \$7,500 has been paid back. Mr. Mountjoy said he is doing whatever he can and that would be part of any plea bargain or any sentencing arrangement that Mr. Payne has to repay all of those amounts.

Judge Haire asked if there were any questions or comments. There were none.

ADJOURNMENT

There being no further business ...

Mr. Hatfield made a motion to adjourn the February 2009 Board meeting. Ms Rucker seconded the motion. Motion approved. Without objection, the meeting adjourned at 7:15 p.m.

Hon. Reid Haire, Chairperson of the Board