

MINUTES

EXECUTIVE COMMITTEE MEETING

February 13, 2013

Kanab, Utah

MEMBERS IN ATTENDANCE

Commissioner Clare Ramsay, Chair
Commissioner Mike Dalton
Commissioner Dale Brinkerhoff
Commissioner Jim Matson
Commissioner Denny Drake

REPRESENTING

Garfield County Commissioner Representative
Beaver County Commissioner Representative
Iron County Commissioner Representative
Kane County Commissioner Representative
Washington Co. Commissioner Representative

OTHERS IN ATTENDANCE

Kenneth Sizemore
Scott Leavitt
Diane Lamoreaux
Carol Hollowell

Five County Association of Governments
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I. WELCOME AND APPROVAL OF JANUARY 9, 2013 MINUTES

Commissioner Clare Ramsay, Chair, called the meeting to order and welcomed those in attendance. It was noted that a quorum was present for the conduct of business. Chairman Ramsay entertained a motion to approve minutes of the January 9, 2013 Executive Committee meeting.

MOTION WAS MADE BY COMMISSIONER DENNY DRAKE TO APPROVE THE MINUTES OF THE JANUARY 13, 2013 MEETING AS PRESENTED. MOTION WAS SECONDED BY COMMISSIONER MIKE DALTON AND CARRIED BY UNANIMOUS VOTE.

II. MID-YEAR BUDGET REVISIONS

Mr. Ken Sizemore noted that Scott Leavitt, Five County CFO, was in attendance to provide answers to questions requiring specific detail. The consolidated budget is contained on page 4 of the packet. Mid-year budget revisions include two substantial changes as follows: **1) Rural Foster Grandparent Program**-- This is a new program authorized by the Steering Committee to cover areas in eastern Utah and Tooele County in northern Utah. The Southeast Association of Governments felt that they would not be able to administer the program at this time and agreed that Five County should be considered. The Steering Committee previously approved acceptance of the program; and **2) Home Energy Target Assistance (HEAT)**-- HEAT is a contract with the state of Utah to provide intake to qualify income eligible clients to receive assistance with their utility bills. In the past, the state has provided an amount of funds for crisis intervention. This money was utilized by Five County to make direct payments to utility companies in instances where an emergency existed. The state has decided to change the administration of the crisis funds and is taking the funding back to the state level for payment to utility companies. It was also noted that changes in many of the cost centers provide an adjustment in telephone expenses. This

is a direct result of changing telephone providers from Century Link to Veracity. Telephone allocations will be reflected more accurately in the upcoming budget year.

Committee members questioned the changes in Weatherization where funding has been removed from the equipment line item. Mr. Sizemore explained that the Weatherization program needed additional funding for materials and to address health and safety regulations now required in this program for the installation of carbon monoxide detectors in homes that are weatherized. Weatherization workers are also required to install ceiling fans in bathrooms to push some of the air out with the intent of addressing mold issues. The budget bottom line in funding for this cost center does not change. There are also several adjustments to the HEAT program cost center to bring in new contract revenue of \$75,886. Scott Leavitt explained that some of the line items may be inflated at a higher level than expenses that will be incurred. This cost center also shows the crisis funds in the amount of \$131,088 that are being pulled back to the state level. He also noted that excess funds in the HEAT program at the end of the year will be rolled over to Weatherization program. Increased funds into the HEAT program for equipment will cover the cost of mandated items.

Commissioner Dale Brinkerhoff indicated that a number of local contractors have complained that it is difficult to stay in business because of the Five County AOG programs that they cannot compete with. Commissioner Denny Drake pointed out that the clients are low-income eligible and would not otherwise be able to afford a new furnace or other energy saving measures provided through the Weatherization program. Mr. Sizemore commented that other regions in the state of Utah and other parts of the country have contracted out weatherization work and have found that it was more costly. However, he noted that some of the HVAC work is contracted out locally for the homes that require more difficult installation processes. The Weatherization program also purchases windows from local glass companies and utilizes these companies for installation of windows when it is more cost-effective.

Mr. Sizemore explained that final budget revisions will be done in June 2013 and administrative adjustments are made prior to closing the books for the fiscal year. The actual telephone costs are within 10% of the previous carrier. The accounting system utilized by the AOG is a custom solution developed by a local CPA. Scott Leavitt indicated that the customized system works very well, provides adequate detail for auditors, and things are easy to query to obtain specific reports. State auditors have commended the accounting system that is in place. He also noted that all AOG expenditures will be placed on the state of Utah Transparency Website beginning in May, with salary information to follow in September.

Commissioner Jim Matson pointed out that there was an overall increase in revenue. Mr. Sizemore responded that it is difficult to predict all of the contracts that may become available during the course of any budget year. The additional revenue is accounted for with the new Rural Foster Grandparent Program and additional monies provided into various contracts such as HEAT. The AOG has submitted a proposal to complete the Highway 12 Economic Analysis. If this contract is awarded to the AOG it will require a budget revision. Another project that could potentially increase the budget is \$20,000 that the state of Utah is offering for assistance with the Utah Broadband project. Overall the 2013 budget is lower than the 2012 budget. This resulted when funding for the American

Recovery and Reinvestment Act (ARRA) ended. It was noted that the majority of contracts passed through the state of Utah are federal dollars that will sustain an impact if federal sequestration occurs in March. Each year the Executive Committee reviews the budget in June at the beginning of the fiscal year, in February for mid-year revisions and again in June for final budget revisions. Mr. Sizemore explained that the increased amount in salaries and wages is attributed to administration of the Rural Foster Grandparent Program and hiring a person in Price to oversee operation of the program. Additional funds were also included for the Community Action cost center to cover salaries for the entire 12-month period. This particular contract operates over an 18-month period, but the contract is renewed each year.

MOTION WAS MADE BY COMMISSIONER DENNY DRAKE, SECONDED BY COMMISSIONER JIM MATSON, TO APPROVE MID-YEAR BUDGET REVISIONS AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

III. EXECUTIVE DIRECTOR RECRUITMENT

Mr. Ken Sizemore recapped previous Executive Committee action and referenced a proposal provided on page 34 of the packet for consideration. This proposal stays within Utah State Retirement (USR) regulations that would allow the Executive Director to freeze participation in the USR system and become an exempt employee. The Five County AOG has the ability to exempt 10% of total employees (4 individuals) covered by the state retirement system. It was noted that John Williams previously elected to be exempt from the USR system. Mr. Sizemore's accumulated years with the retirement system would freeze at 36 years of service. The proposal outlines that the amount of sick leave conversion (\$44,157) that is now in savings would be contributed for the four remaining years of the sick leave conversion policy (\$11,037 annually) into Mr. Sizemore's 401(k) and 457 accounts as an alternative to the URS retirement contribution. Funds are set aside in a savings account to cover sick leave conversion costs. After this period of time, it is proposed that the retirement contribution would be renegotiated and funds would then be taken from the Indirect Cost Allocation Plan which funds administrative costs. This proposal would allow Mr. Sizemore to remain with the organization for a number of years and would save substantial costs of recruitment and training.

Commissioner Mike Dalton responded that while this may be legal, it appears to side step Utah State Retirement rules that are in place. Commissioner Dale Brinkerhoff expressed concern regarding the additional contribution of 1.25% into the 401(k). Mr. Sizemore explained that this contribution was approved for employees in 1991. Commissioner Dale Brinkerhoff also noted concern that this would establish policy for one individual and any established policies should be applied to all employees. He indicated that this option should have been available to those who recently retired as well as those currently in the position of considering retirement. Commissioner Clare Ramsay commented that the group has the responsibility of considering what is best for the organization and this would provide an overall cost savings. Committee members indicated that this has been the topic of discussion for previous meetings and the group determined that the position should be advertised as a salaried and/or contract position.

MOTION WAS MADE BY COMMISSIONER DALE BRINKERHOFF, SECONDED BY COMMISSIONER MIKE DALTON, TO DENY THE REQUEST. Discussion continued including a desire to have the proposal reviewed by legal counsel to determine possible ramifications for other employees, but to leave the proposal on the table at this point. **COMMISSIONER DALE BRINKERHOFF AMENDED THE MOTION TO PROCEED WITH ADVERTISEMENT OF THE EXECUTIVE DIRECTOR POSITION AS OUTLINED IN THE PACKET WITH A CLOSING DATE OF FEBRUARY 28, 2013; LEAVE MR. SIZEMORE'S PROPOSAL ON THE TABLE FOR CONSIDERATION; AND AFFORD THE OPPORTUNITY TO MR. SIZEMORE TO SUBMIT AN APPLICATION FOR THE POSITION. THE AMENDED MOTION WAS SECONDED BY COMMISSIONER MIKE DALTON AND CARRIED BY UNANIMOUS VOTE.**

Mr. Sizemore referenced the job announcement included on page 36 of the packet which includes revisions that were previously recommended by commissioners. A copy of a scoring matrix that has been utilized by the AOG in evaluating certain job announcements was provided for consideration. The matrix provides a point value utilizing a spreadsheet to evaluate each applicant. It was the consensus of committee members that the Executive Committee will evaluate and screen all applications received for this position. The Executive Committee will determine the scoring matrix that will be utilized as well as questions that will be asked of each applicant. Committee members indicated that Mr. Sizemore could provide examples of questions that have been asked for past positions, but the committee will reach agreement on the number and types of questions. It was determined that copies of all applications would need to be mailed to each Executive Committee member. The group established March 6, 2013 at 10:00 a.m. as the date to screen applications. Commissioner Dale Brinkerhoff indicated that he would make arrangements for a room at either the Heritage Center or Tourism Bureau and would provide notification to Executive Committee members.

IV. COMMUNITY HOUSING DEVELOPMENT ORGANIZATION UPDATE

Mr. Ken Sizemore referenced information on pages 37-38 of the packet which provides background information regarding Color Country Community Housing, Inc., (CCCHI) a 501c3 nonprofit organization. CCCHI serves as a nonprofit organization that develops low-moderate income housing throughout the Five County region. The organization has also branched operations into Arizona and Nevada. Carol Hollowell is in attendance because she serves as a member of the CCCHI nonprofit board. Over the past several months, management and financial deficiencies have resulted in the resignation and/or layoff of several CCCHI employees. Because this organization was created as a Community Housing Development Organization (CHDO) under the auspices of the Five County AOG, the Executive Committee is being asked to consider any role that Five County may play as the organization works through their issues. Commissioner Denny Drake expressed concern because of the considerable amount of outstanding debt that is involved.

Ms. Carol Hollowell, CCCHI Board member, reported that the Utah Housing Corporation is in the process of conducting an audit that has tentatively disclosed a number of serious and troublesome practices and deficiencies. A lot of the debt issues are a result of the market crash, and some of this debt has already been worked out. The CCCHI nonprofit board has determined that holding onto some of the properties is the best option at this

point to allow the market to recover. The best alternative at this point would be for a sponsor to take over the fiscal responsibility for CCCHI. This would place no responsibility on the sponsor in terms of grant monies that are allocated to the nonprofit organization. Five County or another sponsor would contract with CCCHI to manage their personnel and monies paid out. The sponsor would not assume any of the debt or ownership of projects. Because CCCHI established other nonprofit arms in Arizona and Nevada, more than one entity owns their projects. However, the abovementioned nonprofit 501c3 organizations in Arizona and Nevada have now been eliminated. The CCCHI Board desires to establish a Memorandum of Understanding and/or Contract that would provide necessary fiscal separation. It is prudent to have separation in order to protect the sponsor agency from any liability. Some of the CCCHI projects have been ongoing since 2006 and need to be finished and/or sold. These grants are in various stages of completion and it would not be possible for the sponsor to take over this responsibility. The CCCHI Board has determined that the best course of action will be to sell the building that houses the current CCCHI office and pare down debt of the organization. A number of self-help projects have been very successful, especially the Ivins project. The Heritage Tower project, adjacent to I-15 near the Meadows Independent and Assisted Living Community in St. George, is under construction. The CCCHI Board is in the process of working with other funding partners to make things right and move forward in some fashion. It is estimated that a core staff of four employees may be able to remain to provide project management. Ms. Hollowell explained that complete audit reports by the Olene Walker Housing Loan Fund and the Utah Housing Corporation will provide a better understanding of the course of action that needs to be taken by the CCCHI Board.

MOTION WAS MADE BY COMMISSIONER DENNY DRAKE, SECONDED BY COMMISSIONER DALE BRINKERHOFF, TO AUTHORIZE EXPLORATION OF THE POSSIBILITY OF THE FIVE COUNTY AOG PROVIDING STAFF AND FISCAL MANAGEMENT SERVICES TO COLOR COUNTRY COMMUNITY HOUSING INC., PROVIDING THAT NO LIABILITY IS BROUGHT FORWARD TO THE AOG. THE CCCHI BOARD WOULD NEED TO DEVELOP A MEMORANDUM OF UNDERSTANDING AND/OR CONTRACT FOR PRESENTATION AND CONSIDERATION OF THE EXECUTIVE COMMITTEE. MOTION CARRIED UNANIMOUSLY.

Being no further business, the meeting adjourned at 12:15 p.m.