

Executive Committee Minutes

February 22, 2023

The Executive Committee met Wednesday, February 22 at Bluegrass Area Development District offices. Vice Chair Judge David West called the meeting to order at 4:05 p.m. The following members were present:

Anderson County	Bourbon County	Boyle County
	Judge Mike Williams	
Clark County	Estill County	Fayette County
Ed Burtner		Chris Ford
Franklin County	Garrard County	Harrison County
Judge Michael Mueller	Judge Chris Elleman	Mayor James Smith
Jessamine County	Lincoln County	Madison County
Judge David West	Judge Woods Adams	
Mercer County	Nicholas County	Powell County
Mike Sanford	Judge Steve Hamilton	James Caudill
Scott County	Woodford County	

Others present were:

Staff		Guests
Joe Black	Karyn Leverenz	Diana Caudill
Michael Buschmann	Shane New	
David Duttlinger	Robin Richmond	
Greyson Evans	Mike Riley	
Amy Glasscock	Celeste Robinson	
Logan Hart	Kelly Rode	
Jeremy Heard	Alex Sergent	
Eastman Johnson		

Vice Chair Judge David West asked that the committee hear the reports of the Committees and Councils as the first item of business since they do not require action. We are still one vote short of a quorum, which we expect to achieve soon.

Area Agency on Aging and Independent Living – Aging Advisory Council

Celeste Robinson presented the Aging Advisory Council report. The council review programs and pilot projects. The month of May is Older American's Month and the council is working to plan special events. The council will meet again on March 8, 2023.

Area Water Management Council

Karyn Leverenz reviewed the council minutes and introduced Judge Woods Adams as the Chair. Elizabeth Dowling was the guest speaker at the January meeting. She reviewed Lead and Cooper Rules revisions. The next meeting will be on April 21, 2023.

Bluegrass Economic Development Advisory Council

Greyson Evans reviewed the council minutes from its December 15, 2022 meeting. Guest speaker, Michael George gave a presentation to the group on bond treasury rates and gave suggestions on investment strategies for municipalities as well as local economic and industrial development authorities. The group will meet again on March 2, 2023.

Human Services Advisory Council

Logan Hart gave the Human Services Council report in the absence of Donald Smith. The council met on December 16th and the only agenda item was to approve the 2023 meeting schedule. The council will meet again on February 24, 2023.

Natural Resources and Environmental Protection Advisory Council

Karyn Leverenz presented the council report for their meeting on January 18, 2023. There was no formal speaker, instead the time was used to review the CEDS plan and SWOT analysis that had previously been completed. An idea that stemmed from the meeting was to have a joint meeting with the Water Management Council. The next meeting will be held on March 15, 2023.

Regional Planning Council

Eastman Johnson reviewed the minutes from the January 24, 2023 meeting of the Regional Planning Council. The By-Laws have been updated for the Council to better define roles. The next meeting will be on March 28, 2023.

Regional Transportation Council

Alex Sergent gave the Regional Transportation Council report from the January 9, 2022 meeting. The council reviewed grants that are due in February and also fund programs that are opening soon. The Council also discussed a joint meeting with the Tourism, Historic Preservation, and Recreation Advisory Council. Alex reviewed work plans updates. The council also reviewed reports from the Highway District.

Tourism, Historic Preservation, and Recreation Advisory Council

Logan Hart gave the Tourism, Historic Preservation, and Recreation Advisory Council report. The council met on January 12, 2022. It was the first meeting with the new Chair, Judge James Kay. Russ Meyer, Commissioner of Kentucky State Parks, was the guest speaker. The next meeting will be on March 9, 2023.

Judge Michael Mueller and Chris Ford are now present at the meeting.

A quorum was declared present.

Minutes

Vice Chair Judge David West directed the Board to pages 1-3 of the packet for the January Executive Committee Meeting minutes and pages 4-8 of the packet for the January Board of Directors Meeting minutes. Judge West asked for approval of the minutes. A motion was made by Judge Hamilton and seconded by James Caudill to approve the January 25, 2023 Executive Committee Meeting Minutes and the January 25, 2023 Board of Directors Meeting minutes. The motion carried.

Financial Report

Treasurer Mike Sanford called on Michael Buschmann, CFO to present the January Financial Report. For the month of January 2023 our revenue exceeded expenses by \$503,000, through the month of January. Our current year to date expenses exceeded our revenue still giving us negative fund balance of -\$236,000. Mainly due to undrawn funds in the workforce program and the aging program being a month behind on reimbursements. The Aging Program Income Statement shows revenue exceeding expenses by \$320,000, due to receiving income from November in January. The Community Planning Income Statement shows expenses exceeding revenue by \$183,000, as previously explained this is due to big draws being completed quarterly. The Workforce Income Statement shows revenue exceeding expenses by \$189,000. This is due to a draw in November that we received funding for. The Other Program Income Statement shows revenue exceeding expenses by \$179,000. This is due to the Bluegrass CAT Program. All revenue for the program was received in January. Mayor James Smith made a motion to approve the January Financial Report. The motion was seconded by Judge Steve Hamilton. The motion carried.

Report on Investment

Michael Buschmann gave the Report on Investments. The beginning balance was \$669,398.01 and interest earned by \$1,409.40. The investment balance at the end of January was \$670,807.41. Judge Hamilton asked about the timing of renewing the investments. Judge Woods Adams suggested exploring other investment options, such as CDs. Judge Mike Williams made a motion to approve the January Report on Investments. The motion was seconded by Judge Woods Adams. The motion carried.

Review of Credit Card Statements

David Duttlinger indicated that due to timing, credit card statements are not available. Next month's meeting will have two statements for approval.

District Staff Report

Vice Chair Judge David West called on David Duttlinger to review the District Staff Report. David indicated that you could find his report on page 35 of the packet. He will spend the bulk of the time reviewing the status of the FY 22 Audit.

Audit Update

The Audit Committee met on February 13, 2023. Audit Committee members present were James Caudill, Mike Sanford, Mayor James Smith, and Judge Mike Williams. Mayor Smith recommended at the meeting that we spend time at this Executive Committee Meeting reviewing the status of the audit. At the time of the Audit Committee meeting, the main concern was that the audit is late and not complete. House Bill 189 requires that all ADD audits be complete by December 31 of the calendar year. The Bluegrass ADD did not meet that deadline due to the significant amount of turnover the Finance Department has faced. All agencies that we work with have been notified and understand the challenges. The only implication we have seen has been in the Aging Department, where funds have been withheld until the audit is complete. The largest expense in the PDS Program is paid directly from Medicaid and those funds have not been withheld.

David Duttlinger talked specifically about the significant amount of turnover in the Finance Department that has led to the challenges in completing the audit. Since 2013, there have been six changes in the Chief Financial Officer position and twelve accounting officers in the past six year. We anticipate that there will be findings when the audit is completed. It's expected that those findings be related to internal controls and staff turnover. David Duttlinger complimented Michael Buschmann - CFO, and Mike Riley – HR Director, on their work to correct issues.

Since the Audit Committee met on February 13, 2023 some other issues have been realized. A Workforce Accountant left in November 2022, that's where we started to discover that some issues were not addressed during their time on staff from February 2021 to November 2022. We received information from the state in January 2023 that allowed current staff to go back and reconcile accounts to get an accurate financial position. The initial report after reconciling looked very grim, showing an overspent budget of approximately \$500,000.

David Duttlinger reminded the committee that this situation is similar to the situation that the Aging Department went through in 2016. However, this situation has been resolved faster due to faster reaction of BGADD staff and better coordination with the state and contractors. The state is allowing the ADD to transfer funds from previous years to overcome the \$500,000 deficit, which will allow for a \$0 balance for FY 2022 and eliminate funding liability. However, for FY 2023, we are currently ahead on spending and allocation of funds available from the state and pay and fund the workforce program. We have approximately \$450,000 remaining for FY 2023. The monthly expenses are also approximately \$450,000. If we continued at the same expense rate, there would be no money left at the end of March - with April, May, and June still left in FY2023.

Staff spent countless hours working through the weekend to figure out how to continue to operate the workforce program and be in compliance with all federal laws. This will require us to dramatically decrease our budget. The proposal to do so, which meets all legal requirements and will last till the end of FY2023 includes:

- Contracted Direct Service Provider will go from 24 employees to 4 employees
- BGADD staff will also go from 7 employees to 4 employees

Other fixed operating costs, such as leases and utilities have also been taken into consideration.

With these changes, the BGADD expects to end the year with a \$100,000 surplus. Which is necessary to bring people back in July 2023 since grant funding is not immediate. At this point in time, we have

concerns for people that may be losing services, specifically those that are in recovery. David Duttlinger asked if there are opportunities to use any of the Opioid Settlement Money that may have been received at the local level to help with those services to let him know. Judge Williams asked if the opioid money would need to be spent within the county it was awarded. Staff will clarify that with attorney, Jon Gay.

Judge David West commented on the sad nature of the layoffs and his concerns about the origin of the problems and fixing the problems.

Judge Woods Adams asked about the outlook for next year and when the employees could be hired back. Amy Glasscock indicated that we will get a small portion of the grant in July and we get a large portion in October. Michael Buschmann indicated that there are youth dollars that we can start spending in April. Amy Glasscock expects that most Career Center staff will move onto other positions. She complimented the direct service provider, Equus, and their commitment to their employees, indicating that they will pay out of their own pocket to keep their employees for an additional 30 days.

Judge Hamilton asked if FY2023 budget will be back to normal. Amy Glasscock indicated that it is based on a formula. Historically WIOA funds have decreased over the past few years but not significantly. WIOA is up for reauthorization, staff hopes that the formula is updated.

Secretary Mike Sanford asked for clarification on the greatest negative impact. Amy Glasscock indicated that all services have been stopped. Mike Sanford asked for clarification on what all services are. Amy Glasscock said all services outside of the basic career services have been stopped. Basic career services will be provided by staff remaining at the career center and board staff. Those basic career services include job searching, labor market information and job fairs. One year follow-ups that are required by law will also be performed.

Judge David West discussed the coming years and if the issues will trickle over. Michael Buschmann indicated that we will be working on a restricted budget, due to less carryover than before. He is forecasting that we could be back to normal in two years.

Judge Mike Williams complimented staff on recognizing the issue and correcting it.

Judge Woods Adams clarified that the problem stemmed from the amount of turnover. David Duttlinger affirmed and detailed the turnover situation by breaking it into four phases:

1. Good People With No Internal Controls
2. Bad People With No Internal Controls
3. Good People Building Internal Controls
4. Good People with Good Internal Controls

David Duttlinger told the committee we are currently in the third phase.

Aging Department Update

David Duttlinger called on Celeste Robinson to give the Aging Department update. She reported that the BGADD is continuing to reduce the number on the waitlist for home delivered meals. The National Caregiver Support Program was approved to utilize ARPA funds to offer transportation for the Caregiver/Care Recipients to medical appointments, pharmacy, and grocery store. This will begin on

March 1, 2023. The telehealth project with UK Sanders Brown Center on Aging kicked off on February 1, 2023. Staff is also continuing efforts for the UNIPER virtual programming project in Scott and Fayette Counties.

Kentucky Protection & Advocacy Open Records Request

The Aging Department also received an open records request from Kentucky Protection and Advocacy. Celeste indicated that the requests came to all Area Development Districts regarding the PDS program. It is believed that the request has nothing to do with how the ADDs are operating the PDS program. The organization is researching the number of people that are unable to access PDS services.

Community Planning Department Update

David Duttlinger called on Shane New to give the Community Planning Department update. She told the committee that the Broadband Listening tour will be in Lexington on March 22 at the Lexington Public Library East Side Branch. Shane reported that there has been no guidance on the use of Opioid Settlement Funding. He also reminded the committee that the Recreational Trails Program and Land & Water Conservation Fund open in January and are turned in at the end of May.

Workforce Department Update

David Duttlinger called on Amy Glasscock to give the Workforce Department update. Amy Glasscock indicated that most updates have already been discussed with the discussion of the Audit Update. She did indicate that the BGADD will continue to partner with Goodwill, OWL, and other resources to provide resources that we aren't able to currently provide. We will participate in events that have already been planned.

KIRPs (Kentucky Intergovernmental Review Project)

Judge David West asked that David Duttlinger review and explain KIRPs for new members of the committee. KIRPs stands for Kentucky Intergovernmental Review Project. It stems from the 1968 Interlocal Cooperation Act that ensures when federal funds flow to a state and are distributed to local governments that there would be a regional council of government to review those projects for the purpose of informing, discussing and collaborating. Mayor James Smith made a motion to approve the KIRPs. The motion was seconded by Mike Sanford. The motion carried.

There being no further business, the committee asked for a motion to adjourn. Mayor Mike Williams made a motion to adjourn the meeting. The motion was seconded by James Caudill. The motion carried. The meeting adjourned at 5:05.



These minutes and attachments having been approved by the Executive Committee of the Bluegrass Area Development District on March 22, 2023 are hereby made part of the permanent records of the district.

A handwritten signature in blue ink, appearing to read 'Robert Blythe', written over a horizontal line.

Chair
Mayor Robert Blythe