

MEETING MINUTES

November 21, 2012

GOVERNOR'S COMMITTEE FOR THE PURCHASE OF COMMODITIES AND SERVICES FROM THE HANDICAPPED

The meeting was called to order by Chairperson Cedric Greene at 10:00 a.m. November 21, 2012 at the WVARF office located at 400 Allen Drive, Charleston, West Virginia.

ATTENDANCE:

Committee: Cedric Greene, (Chairperson); William "Bill" Monterosso, Executive Director; Everette Sullivan; Brenda Bates; Jan Smith; Phillip Mason; Mike Sheets, Executive Secretary; Carol Jarrett, Recording Secretary.

WVARF Staff: William "Bill" Monterosso
Cyndi Auth, Director of Customer Relations
Mark Jackson, Business Liaison, WVARF
Gary Wolfe, Business Liaison WVARF

Absent: Phillip Mason, Mike Sheets
Jan Smith attended by conference call

Guests: Carla Cleek, WV Rehabilitation Services
Cheri Bever, Goodwill Industries of Kanawha Valley
Jesse Payne, Goodwill Industries of Kanawha Valley

COMMITTEE CHAIR REPORT:

Has everyone had an opportunity to read the minutes?

MOTION #1

Ms. Smith made a motion to approve the minutes as presented. Ms. Bates seconded. Motion passed.

Mr. Greene, I attended the Purchasing Conference on November 14-16 and had two sessions in regards to State Use Program and Bill Monterosso, Executive Director of WVARF was also there. We had probably 45 minutes of dialogue of going through the slide show. We went ahead and gave them the first warning shot that they are not going to be receiving all that information anymore. Still, it is the responsibility of WVARF and the Executive Director to give us a sample of what that is before we go live so that it limits the telephone calls, concerns and complaints. But, they do know and I would say about 80% of state government was there from different agencies, so they know it is coming. WVARF needs to give the Committee a sample of what you want to start giving the agencies so that the backlash is limited as much as possible.

No one had anything negative to say and some had questions about fair market prices (FMP), etc. It was a really good interaction.

Mr. Greene, Mr. Sullivan is arriving for the meeting and Mr. Sullivan to bring you up-to-date, we have approved the minutes and I was telling everyone that I had gone to the Purchasing Conference and talked about the State Use Program and it was very positive.

Ms. Smith, as part of the discussions regarding State Use and I hope that there is input that the Governor's Committee is designed to set the fair market price (FMP) and also to monitor so that if the state agency doesn't feel they are not getting fair market price (FMP) we can take another look at the contract as that is a really important part of why the change needs to be made. The Governor's Committee is setting the fair market value but then other people were able to say no, you can't do that, so I think it is important that be a part of the presentation.

Mr. Greene, in fact it was Jan. I am going to send you the presentation and also to Mr. Sullivan, Ms. Bates and Mr. Mason. Just so you will know the dialogue that is being sent out to the state agencies, that way you will be aware of what's being discussed.

EXECUTIVE SECRETARY'S REPORT:

Mr. Greene, Mr. Sheets is on vacation this week and we do not have a report today.

EXECUTIVE DIRECTOR'S REPORT:

Mr. Monterosso, with regard to the Purchasing Conference, it was a great opportunity to put a lot of faces with names and it was a great networking opportunity. I appreciated Cedric giving me the opportunity to chime in and give prospective of WVARF and where we are going and reiterating the state agencies are protected by the Governor's Committee in terms of the fair market price (FMP).

At the last meeting we talked about going through some cultural shifts and some changes in the directions of where WVARF is going as far as an association. With that in mind as we continue to move forward and hopefully continue to grow, we have two new contract staff members that we now have in place. We have Cyndi Auth who is our Director of customer relations and her primary roll and responsibility will be overseeing the contract business services liaisons. In terms of quality, developing, spreadsheets, data sheets, forms, tracking devices, she will have an eye on capacity building, continuing to build the foundation of those relationships. She is kind of our utility person, adhering to division of where WVARF is going as far as being responsive, being proactive, being effective, being state of the art and utilizing our resources to make sure that CRPs have the best resources available so that we have consistency and continuity of services across the board. Making sure there is an eye on quality assurance since the contracts are purely now performance based and making sure that we, as an association, particularly business service liaisons not only continue to build, nurture and build new partnerships and relations within the state agencies, but making sure that the quality is at the level that is expected. The liaisons are in there because there is a liaison between the CRP and the state agencies and WVARF.

We have Gary Wolfe and his role will primarily be sales, exposing the state agencies to WVARF. Believe it or not there are still some agencies that don't really know what WVARF does or the benefits of the State Use Program. He will be making sure that he has a clear understanding of the CRPs products and services that they offer and, look at increasing those services, expanding those services, introducing new products, which ultimately creates more opportunities for individuals with disabilities. The only way that I know that you can increase the number of individuals to have the opportunity is to increase volume. If your volume remains the same I don't know how you can increase your workers. So it is increasing volume, services, and sales.

Mark Jackson's primary responsibility will be making sure that state agencies are utilizing the State Use Program to its full capacity, compliance. One of the things that Cyndi is working on with Mark and Gary is there hasn't been an assessment done in a long time of the CRPs and the contracts. The new contracts are due in April so next week we will be putting out information to the CRPs and we will be working with various state agencies to make sure that the contracts are up to speed, make sure that if they were cleaning 600 trash cans, and are there 600 trash cans there? And, making sure that all the contracts are at the level they need to be, making sure that the CRPS did not underprice, is this really fair market, is there any adjustments that need to be made, is there any additional equipment that needs to be purchased or whatever the case may be. To look at the contract as a whole on both sides of the fence and making sure that those contracts are ready to be approved for the next round of contracts.

Since our last meeting, we had our annual banquet and it was my first and Cyndi's first banquet. Mark and Gary weren't on board at that time. Everette was our award recipient of the Mountaineer award and well deserved. It is to someone who supports the mission of helping people with disabilities and Everette is the poster child for that and it was well deserved and I could tell Everette you were grateful of that. I can assure you we are grateful for your work.

Ms. Bates, I really hate that I missed it.

Mr. Monterosso, we will be making some changes to the banquet for next year. I think the time of the evening needs to be changed and the format needs to be changed a little. Booth Goodwin was the keynote speaker and he was spot on, right on target with his address and he has a clear understanding of the importance of helping individuals with disabilities, and not only that, but how it contributes to the tax base and that is where we are going as an association as well, not only selling the State Use Program, it is about how those individuals contribute to West Virginia's economy.

Goodwill Industries was recognized as I created a good neighbor award for their hospitality. This is recognizing the Chair, Cedric Green in support of the Governor's Association. I guess we gave ourselves an award.

Mr. Greene, Jan Mr. Monterosso just handed me a plaque for the Committee from WVARF for the State Use, a special recognition award for the Governor's Committee for the purchase of commodities and services for the handicapped for the recognition, appreciation of your dedication, interest, personal concern, and support for the mission of community of rehabilitation programs, individuals with disabilities in the West Virginia State Use Program. I just wanted to read that for you because you are not here to see it. That was very nice.

Ms. Smith, that is very nice.

Mr. Greene, I think what we will do is allow Ms. Bates to take this with her so that she can put it in their conference room there in Nitro. That would probably be the most appropriate place for this.

Mr. Monterosso, the Governor's program always plays a vital role in what we do. There are a couple of things that the Governor's Committee needs to be aware of and Cedric brought this up at the Purchasing Conference and let me get your thoughts. Dave Tincher, Director of Purchasing, Jimmy Meadows, Purchasing's Legal Counsel, Cedric and I met during the Purchasing Conference. There was legislation passed March 10th of this year requiring any individual that works within the Capitol grounds and/or handles sensitive information is required to get not just a background check but a federal background check. In concept that sounds wonderful, who wouldn't want someone to have a background check who is dealing with sensitive information. In theory however, the legislation passed without a lot of T's being crossed and I's being dotted in terms of who is going to pay for that and absorb that cost. I had a conversation again with Cedric, Dave and Jimmy and we all agreed on the fact that it is a cost of doing business. It is legitimate and actually part of code in terms of fair market change indicates that if there is that change that we are within the rights of building that into our cost of doing business. Just for instance, Cheri and I had several conversations about background checks as we have had a lot of individuals who have not been allowed to either work or it has been very difficult for them to gain access.

There are so many degrees of compliance even within the Capitol and I have had numerous conversations and the conversations are just not good enough with Capitol police. Capitol police says, as long as you are making a good faith effort, don't worry about it, get us a list. We got the list. The second conversation with Capitol police was that we are not going to turn anyone away from working as long as you continue to make as much progress as you can in getting people the federal background checks, don't worry. Well at the same time that was happening, we had individuals who were not allowed to get in the buildings because you can walk into the Capitol, anyone can, walk in anytime you want, walk around the whole place and probably no one would even say boo to you, but if you go outside the Capitol into other buildings on the campus and use those swipe cards, that is a different story.

I have in front of me a little over \$10,000 worth of costs, just for Goodwill alone that they will absorb out of their contracts that is strictly due to the background checks. I just learned this yesterday, if Cedric got a West Virginia background check and it was \$28.00, however much it would cost, I understand perfectly if he has to get a federal it is not the difference between the \$28.00 and what used to be \$42.00. You have to get the whole enchilada because West Virginia is only one state and not every state. What we are faced with now just in the course of a month or a month and a half the price has changed three times. It is now up to \$45.35. Now if the state contract, because it is sole source, a contract with (L1 and L1 is not the official name) but we know who we are talking about.

I have a meeting after thanksgiving with Joe Menecko out of New York to have a heart-to-heart how we can work together. The price has changed three times so what is going to happen in January, is it going up to \$50.00. As a business we operate as a business, how do we adjust for that, how do we get locked into a price, and that will be part of my discussion with Mr. Menecko when I meet with him after Thanksgiving.

Cedric if you remember our discussion, the legislation says anyone who deals with sensitive information. If I ask Brenda do you deal with sensitive information and she is going to say of course we do. If I ask Jesse Payne who is with Goodwill as we had this conversation yesterday, his wife works for the state but with the water department. Well it is water, how sensitive is that? But, if there are communities, public service districts out there that have soiled water, tainted water, that is sensitive information because you don't want that blasted out in the newspaper, right? In essence any agency could be considered handling sensitive information. What I asked Goodwill to do was to look at their current contracts that, and Cedric I posed the question give us a show of hands of what agencies require the federal background when we were at the Purchasing Conference and it was hit and miss. Mr. Meadows indicated that this legislation was to make it state agency wide so everyone would be required to have that federal background check. So, I had asked Goodwill to look at their current contracts that require the federal background checks and then all existing contracts in a proactive way of anticipating what agencies would require that full background check. It constitutes about \$10,500, a rough number give or take, and it constitutes about 230 individuals. That has to be absorbed.

Here is the other part of the discussion. As long as I am here, you guys need to know everything I am doing; I am not going to hide anything I am doing. This is full disclosure. One of the things that we have to be cognizant of is if General Services requires 10 individuals to be background checked we are smart enough to realize that it is not 10 individuals. Because if there are 11 people in this room right now, chances are if we had to get a background check and we were 18 years old and we did some scrupulous behavior, not everyone in this room would pass, so that means 10 isn't truly 10, it could be 12 because Bill didn't pass the federal background check, we have to send Johnny over there because the contract calls for this type of work to be done, we have to fill that contract and meet that need. This is a combination, I am only telling you that to give you the full perspective. This constitutes the contracts that Goodwill currently has, and this is just Goodwill, this isn't Jan Smith who currently their agencies don't require a federal background check, that is not to say that they won't. If Jimmy Meadows is correct that this is going to be spread all over the state agencies, Jan Smith will be facing the same scenario that Cheri Bever does and other CRPs that require this federal background check. This constitutes those agencies that Goodwill currently works with and then trying to project. Cheri will tell you their turnover rate in janitorial is about 46% and decreasing every day. Industry standard is about 75% for janitorial workers. So their people are very stable. We need to make sure that we are projecting accurately as possible. If we project low we swallow the cost and we are not trying to project high, but this is a fair projection. I am going to sign these and then at the next meeting we will have to come and ask for those contracts to be adjusted. Any discussion?

Cheri, we are faced right now with the situation where we have several individuals who have been denied access to the areas they need to work in because they have not gone through this. I don't know if we can wait another month. We opened the account in the timeframe it takes for L1 and it is quite long so we need to get people started into this process and that is a cost to us immediately. As Bill indicated the state code basically mandates or says that WVARF and CRPs can recoup the cost of doing business and we need to move this process along. We had this conversation quite a while ago Cedric long before Bill came on board.

Mr. Sullivan, the ones that are not working, is it because they haven't gone through the background check?

Cheri, we do our own background check. But it is not the federal and it is not through the L1 but it is not the sole source which the state has selected for this federal background check.

Mr. Sullivan, is there a reason why you haven't checked them so they can go to work?

Ms. Bever, because we haven't been paid to do it at \$45.00 a pop.

Mr. Sullivan, I understand.

Mr. Greene, you said it is stated in code that you can recoup the money. I don't think it does that. It says that in code, that you can recoup the money?

Ms. Bever, not specifically, it talks about the costs of doing business.

Mr. Greene, I think it is silent on the mechanism.

Ms. Bever, I think the mechanism comes back to the agency.

Mr. Greene, the code is very vague about it which is part of the concern about the legislation that was passed is that it doesn't talk about the financial piece to it. It just says make it happen. I think someone has to pay for it.

Ms. Bever, it is unreasonable to expect CRPs who are nonprofit agencies in existence to help people with disabilities to foot a \$10,000 bill. It is nothing to the state's budget but it is quite something to CRPs to ask us to do that just for the privilege of performing the contract.

Ms. Bates, how much is the contract for the Capitol for General Services Division? I'm just curious about the total.

Mr. Greene, I would say \$1M as last year it was \$1.3M or \$1.5M. I will say this, for the CRPs and WVARF; we just need to be careful of our recruiting process so that we are getting the best possibility of passing.

Ms. Bates, having worked with Randolph Sheppard for all these years, this is like OLD for Randolph Sheppard. We have been doing federal background checks for all blind vendors and all their employees for years as it has been required. Once you start doing that and people who apply know that and you give them that information up front, we never have anybody that doesn't pass. Once we set them down and we say you have to be able to pass this background check and we are going to do this and then they are going to do that. In 10 years I don't think we have had anyone who didn't pass. The ones that are not going to pass – they just fade out.

Mr. Sullivan, I was just wondering about those people who are not able to pass.

Ms. Bates, with us, if you can't pass, you can't work in a federal building if you can't pass the background check. They have to go into another type of employment. We would refer them back to rehab and go into a business where you don't have to pass a federal background check.

Ms. Bever, we have workers who have worked on this contract for over 10 years. It is possible some may not pass.

Mr. Sullivan, what happens that they can't pass?

Ms. Bever, that is a good question and one that is difficult to get an answer on.

Mr. Greene, they are not going to tell you, they can't. This L1 they are not going to tell you. A lot of that is public record. I think once people know they are going to be drug tested or background checked a lot of it goes away.

Ms. Bates, they are looking at criminal backgrounds, drug testing. Some people may leave if they need to take the test. Most people don't want to be outed on that. They will say – took another job. The background check weeds people before the cost.

Mr. Greene, you all do the mechanism. What I would suggest you do is present to the Board when you have signed them and feel they are accurate. I think it would behoove you though to contact the state agencies even though we mentioned to them the other day but you need to go out to your point of contacts and say hey – it is coming, so they are aware of it so there is no shock.

Ms. Bever, the ones who are preventing access should not be shocked.

Mr. Greene, they will be shocked that they are paying for it. It is a cost of doing business. Do the paperwork, get it to the board and we will vote on it.

Ms. Bates, make sure you can support it with the agency – the numbers you come up with.

Ms. Bever, L1 requires a certain amount of money up front; it is not a pay as you go system. So to open our account with L1 we have to write a check.

Mr. Monterosso, how much?

Ms. Bates, that is \$250.00 and it is a one-time fee, isn't it?

Ms. Bever, yes but I wanted to make sure you all knew about it.

Mr. Greene, is this contract with the state?

Mr. Monterosso, yes

Mr. Greene, I want to look at this contract, I don't see how the price is adjusting, how it is changing.

Ms. Bates, especially if the state has a contract, that shouldn't be happening. If the state has a contract then the price should be set, you may need to ask Mr. Tincher about that as that is why we do that so the price is set.

Mr. Monterosso, that is why I brought it up, it is troubling that they can adjust the price.

Mr. Greene, we just need to see the contract, can they really have you set up an account, I don't know. We just need to look at the contract because in state government we would never give someone \$250.00 because we can't pay for services not rendered. That is the only concern I see with this. When you don't have historical data the problem is the state can't pay for services not rendered. To pay \$250.00 to set up an account, I know for a fact we would not be doing that. We have to just look at that contract.

Ms. Bates, you may have to put a certain amount up to, then for each one you do, bill for it that month. Because the whole service is not rendered and you can't just throw it in. If you are actually going to do this you would put up to amount and then for every one you did you would build down off that amount. Then if there is money left at the end of the year the state wouldn't pay that. Then if there is too many of them then you would do a change order on the contract to lift it up. If you get to March and your money is gone and in that way you are only paying as my suggestion to you and it would be a better sale to the state.

Mr. Greene, the problem is if this becomes viral, you don't want someone to pull your punt card, and someone says show the money, and you can't show it, then you are in a whole other realm. You are in a realm of misleading, realm of being disingenuous and that is its own beast. Because someone at some point will pull your card. Somebody is going to say, and it will probably be somebody in my department that is going to say, hey show it to me.

Ms. Bates, show me how many background checks you have had to get. It is a little more paperwork but it will be worth it for you.

Ms. Bever, this process that WVARF has in place for the fair market change requires the backup documentation so Bill has that. We are taking a risk and I hope our turnover rate stays that well, if it goes higher, then we are eating that.

Ms. Bates, not if you do it the way I have said. This is state code, this is something required by state code. You can do well with it, if you don't muddy the waters.

Mr. Monterosso, so if five (5) people at General Services Division (GSD) and we say pay up to ten (10), accounting for turnover and they only pay for four because we only processed four or five that is all they are paying for. We are protected because we are paying for what they use.

Ms. Bates, you want it to be the exact cost you pay for. We can find out about this \$250.00.

Mr. Greene, you may have to hire somebody.

Ms. Bates, you can bill that into operations.

Mr. Monterosso, one of the things we are looking at as an association, we can sell the benefits of the State Use Program and we need to start selling and showing the value of the association.

I have secured a speaker to talk specifically about Obama Care and how it is going to impact the CRPs and small businesses. That doesn't go into effect until January 2014. Any changes that may or may not occur will probably come around by April of next year. So in April, Mr. J. D. Klienke out of Washington, DC will do a presentation on Obama Care. In addition we are looking to get some information on training on 14C, the sheltered workshops that make it pertinent to the CRPs of conducting business and moving forward and making positive change. So we are really looking at having vibrant trainings. I will be sending staff to the Supra Conference in January and I meant to bring that brochure here. They have a lot of relevant good topics on sales and marketing, introducing new products, those kinds of things. I think it is important that we have a clear understanding that staff have training, networking, looking at best practices, those things as it relates to how the State Use Program operates. They are having round tables and a lot of neat pertinent things, setting up contracts, things that are directly related to that. I will cover some other things when we get to the budget.

Mr. Greene, one thing Bill, what about the state trooper and what he had asked about alterations?

Mr. Monterosso, during the state purchasing conference, a state trooper asked if the State Use Program did alterations. So I sent that out to CRPs.

Mr. Greene, I just wanted to make sure something was happening about that.

Mr. Monterosso, there are a couple of things: 1) aluminum mirrors for Corrections, and 2) Alcohol Beverage Control Administration (ABCA) wanted to know, and I will be sending this out today, if we rented and/or would clean uniforms. Does ABCA wear uniforms? Anything that we can do to increase opportunities for individuals to work.

Mr. Greene, yes something like DNR, maybe just some type of shirt for identification. Uniforms are a huge thing for General Services. They have about 115 employees and about 80 of them wear some type of a uniform.

Monterosso, we will do a feasibility study and hopefully we will get on statewide contract.

CONTRACT PRESENTATIONS:

Ms. Auth, we are assessing the processes that we utilize to make sure that they are the most efficient as we move forward.

Today we have one contract to review. We have been working diligently on four for next month and we will be working strongly when we get back next week to work on the statewide contracts as those are due in April. I have a summary of the contract that we are looking at today. The contract is for Martinsburg DHHR office located at 433 Mid-Atlantic Park in Martinsburg. They have built an additional space to their existing building approximately 11,400 square feet. This is a current contract that we have. It is a change order for janitorial services for the additional space. The contract is to begin on December 1, 2012.

We conducted an audit on November 6, 2012. Contracts were submitted to the CRP. The current provider for that is the Developmental Center Workshop at Keyser, West Virginia. Due to Michael Austin being out of the office the contract ended up going to additional staff there. They did not feel comfortable authorizing that until Mr. Austin returns next week. At this point we don't have their approval. But wanting to start in early December I did want to present it today.

Mr. Greene, we will go ahead and approve or disapprove that today as a Committee and then if Mr. Austin comes back and says he has a problem with it then we will disregard it. We don't want to hold up the process.

The change orders for seven months for a total amount of \$40,423.10 and the contract difference of \$19,517 annually which is for the additional square footage to clean the additional space.

MOTION #2

Mr. Sullivan, if there are no other questions or objections I move that we approve the contract pending Mr. Austin's absence. Ms. Bates seconded. Motion passed.

Mr. Greene, would you send me a courtesy email if Mr. Austin has an issue with this.

CONTRACT COMPLAINTS:

Ms. Auth, no formal complaints at this time, but I wanted to briefly say that as we restructure and move forward we want strong emphasis on quality. Some things that were brought up earlier today, specifically at Education and State agencies regarding the contract minus those additional pages but really an emphasis on quality and what they should expect out of the contract and the scope-of-work and really increase communication through our site visits, site reviews that we do in moving forward with that. We have worked diligently on putting a plan together that not only looks at our relationships with CRPs and going out and visiting with them which part of that will include routine reviews of the contracts they hold. For instance yesterday we were at a CRP that has ten (10) State Use contracts and we reviewed the status to just see if there were any issues from their perspective as a proactive stance and then again as we go out to state agencies and do site reviews to then gauge the customers reactions and satisfactions.

FINANCIAL REPORT:

Mr. Monterosso, in your packet is the Financial Statement and the balance sheet that was sent to you prior to this meeting. I wanted Suttle & Stalnaker to come last week so you could get this in your hands and they came yesterday so this is a more updated version. Jan I will email this to you.

One of the things that I have heard Brenda and Cedric say is [how in the world is WVARF spending their money]. How are you spending that 4.1%? This budget is a lot different than state agency budgets. State agencies get an allocation, you build off that and build your line items. WVARF's budget is, not to mention this budget was developed before I knew about WVARF. It is reverse, you are hoping to get X amount of money and you are building forward based on that hope/projection, based on what you did last year and you are trying to at least project that you are going to at least hit that mark this year. One of the things that I have been working on with Suttle & Stalnaker continuously besides the fact that Peachtree is still a pain in the neck and has been a thorn in our side converting from QuickBooks to Peachtree or vice versa. To make sure that this budget is a budget that you understand and if you are a member of the previous budgets, at least I couldn't understand it. I'm not a financial person by any means, but I need a budget that I understand and that can keep me on track. This is to me a lot better set up than what I inherited. For instance, it looks at what we spent and this is through October 31st. If you look at your balance sheet and income statements that you received last week verses this week, in a one week period there is a difference of close to \$200,000.00. It changes daily, so I have to understand how we are so that I can be strategic of how we utilize that money but it is very apparent to me that I am going to have to make some major line item changes because we are over in some instances and under in some instances. That is common for a budget. It shows you currently in the current month how much we have actually spent, year-to-date so in the last four months how much have we spent. Our year-to-date budget as it compares to what we have spent verses what we projected to spend and then our annual budget. An important column is the percent of the annual budget, say are you over or are you under which the former budget did not have. I will be working with the finance committee and the executive committee to make some line item changes in terms of making sure there is enough money for training of staff, enough money for various resources to operate the State Use Program.

Our website is complete, we are currently loading information and I wanted to show it to you today but at the next meeting we will and I hope you will be happy with it. It puts an emphasis on quality, professionalism, resources, legislative information, and training resources. In the back of it, it has an impact statement that will show anyone particularly CRPs and state agencies exactly what we are doing and the impact that we have as an association of giving those individuals with disabilities an opportunity. It will have how much (dollars) has actually contributed to our tax base, our minutes will be on there. It will be full disclosure, we have nothing to hide. It will have anything that we are working on, such as training opportunities. A lot of things will be embedded on that website. In addition, we will put some forms and a lot of other things that will be useful to not only state agencies but CRPs and our own staff. We are trying to make that website be more than what does WVARF does, it is a tool. I had Melinda who is with Suttle & Stalnaker so if you are one of those studious detailed persons and you are comparing this budget against other budgets let me make you aware of some of the changes that we made outside of what I have talked about as far as those columns.

Line item 700 is salaries. We moved accrued wages and benefits into that line item which makes sense. If you are looking at other budgets for accrued wages and benefits, I put those into salaries. On the next page is line item 847, merchant service fees. This was another discussion we had with Dave Tincher with Purchasing. A lot of state agencies have indicated when we put those contracts out they will be paying by check. In essence they are paying by credit card and we are getting charged as an association a merchant fees that vary in percentages based on the number of dollars that are spent. We have had that discussion with Dave Tincher as well. That will be just like the background checks, a cost of doing business. Line item 865 for travel, we are at 21% and that will change. We are in good shape as far as the budget.

Mr. Sullivan, who is our courier for Workers Compensation?

Mr. Monterosso, we switched to Hartford. Our current service with AT&T as staff has Blackberries; we are going to be charged an additional \$9.00 per phone per month. It would cost \$250.00 to change. I called Verizon and it won't cost us anything and the iPhone will be \$50.00.

Balance Sheet, Assets over \$1M, \$2.6M total. We are going to do away with petty cash.

I think we are in a five (5) year lease here. We are going to change our depreciation rate and we will depreciate this rent over five (5) years and overall it will help us. Leasehold improvements, \$37,569.52. Assets - \$2.7M and total Liabilities - \$2.7M. Next time I come to you we will be having some line item adjustments to get us to where we want to go.

MOTION #3

Mr. Sullivan made a motion to accept the Financial Report. Ms. Bates seconded. Motion passed.

OLD BUSINESS:

None

NEW BUSINESS:

None

PUBLIC COMMENT:

None

MOTION #4

Mr. Sullivan made a motion to adjourn. Ms. Smith seconded.