

MINUTES
LANE REGIONAL AIR PROTECTION AGENCY
BOARD OF DIRECTORS MEETING
TUESDAY–MAY 11, 2010
LIBRARY MEETING ROOM
SPRINGFIELD CITY HALL
225 5TH STREET
SPRINGFIELD, OREGON

ATTENDANCE

- Board: Glenn Fortune, Chair–Oakridge/Cottage Grove; David Monk, Vice-Chair–Eugene; Bill Brommelsiek–At-Large (Springfield Area); Brian Forge–At-Large (General); Drew Johnson–Eugene; Scott Lucas–Eugene; Andrea Ortiz–Eugene; Dave Ralston–Springfield
(ABSENT: Faye Stewart–Lane County)
- Staff: Merlyn Hough–Director; Pete Shepherd–LRAPA Legal Counsel; Ryan Beltran; Trinidad Cardenas; Merrie Dinteman; Tom Freeman; Max Hueftle; Matthew Lee; Sally Markos; Nasser Mirhosseyn; Debby Wineinger
- Other: Earl Koenig, Chair, and Russ Ayers–LRAPA Advisory Committee; Landa Gillette–LRAPA Budget Committee; Jim Daniels–Rosboro

1. **OPENING:** **Fortune** called the meeting to order at 1:15 p.m., following a meeting of the LRAPA Budget Committee.
2. **ADJUSTMENTS TO AGENDA:** Legal Counsel **Pete Shepherd** noted that the agenda listed adjournment as item number 14 and the executive session as item number 15. He pointed out that no formal action can be taken in an executive session. Therefore, he recommended items 14 and 15 on the agenda be switched so that, if the board chose to make a formal decision following the executive session, they could do so at today's meeting. Board members agreed with the recommendation.

Ralston pointed out that the executive session was scheduled late on the agenda and asked if LRAPA was paying legal counsel by the hour to be at the board meeting, for an item that late on the agenda. **Shepherd** said that, under the terms of an agreement between LRAPA and his firm, LRAPA pays only for the time legal counsel is actually in the meeting and not for any travel time. He added that **Hough** had asked him to attend this month's budget committee and board meetings because of the potential need for legal advice during these meetings. **Shepherd** said he would be happy to do the executive session earlier on the agenda if the board wanted to do that.

ACTION: Ralston MOVED to move the executive session up to the next item on the agenda. Lucas SECONDED.

Brommelsiek suggested taking care of public participation and check other agenda items before asking the audience to leave the room and then come back after the executive session. **Monk** agreed.

Discussion of Motion. **Johnson** said he appreciates having **Shepherd** attend board meetings because there are times when, just in the course of the board's conversations, there is a need for legal advice. He said he disagreed with the notion of hurrying legal counsel in and out of board meetings. He said he would not support the motion for that reason.

Monk asked **Hough** why he had invited **Shepherd** to attend today's meetings. **Hough** responded that some of the things that were introduced at the budget committee meeting overlapped with personnel policy; and he thought it would be beneficial to have **Shepherd** present if committee members needed advice on any of those questions. **Hough** added that there were a few other items on today's board meeting agenda for which he felt it would be helpful to have **Shepherd's** input.

The MOTION PASSED, on a vote of FIVE (Brommelsiek/Forge/Fortune/Ortiz/ Ralston) IN FAVOR and THREE (Johnson/Lucas/Monk) OPPOSED.

3. PUBLIC PARTICIPATION: None.

15. EXECUTIVE SESSION: The board then went into executive session under provisions of ORS 192.660(f), to discuss records exempt by law from compelled public disclosure, including advice from legal counsel. Everyone in the audience except **Hough** and **Mirhosseyeni** was asked to leave the room at 1:20 p.m. The open session reconvened at 2:45 p.m.

MOTION: **Johnson** MOVED that the board direct staff and legal counsel to come back to the next meeting with recommendations for developing an LRAPA conflict of interest policy, per legal counsel's advice in executive session. **Ralston** asked how the motion would relate to what he was hoping the decision would be, and **Shepherd** suggested that **Johnson's** motion use the wording that was in the documents he had shared with board members in the executive session.

RESTATED MOTION: On legal counsel's recommendation, Johnson MOVED that legal counsel and staff shall present to the board, for the board's consideration and possible action at the board's June meeting, specific concrete and actionable options in at least the following two categories:

Category A Options consistent with Oregon law permitting LRAPA to continue to simultaneously employ the inventor and continue with Airmetrics; and

Category B: Options complying with Oregon Law by discontinuing the Airmetrics operation and eliminating the relationship.

Lucas SECONDED THE RESTATED MOTION, WHICH THEN PASSED BY UNANIMOUS VOTE.

4. CONSENT CALENDAR:

A. Approval of Minutes of April 13, 2010 Board Meeting.

MOTION: Ortiz MOVED approval. Brommelsiek SECONDED.

Discussion of Motion. **Monk** recommended some corrections to the minutes.

(1) On page 6, third paragraph, Number 7, Advisory Committee, the third sentence read, "Because the last meeting did have a quorum of members, the committee could not approve the draft rules for presentation to the board." He said he believed it should read that the meeting did not have a quorum.

- (2) On page 14, the third sentence of the top paragraph read, “. . . to void conflicts of interest,” and **Monk** said the correct word would be “avoid,” rather than void.

The MOTION PASSED BY UNANIMOUS VOTE.

- B. Approval of Expense Reports Through January 31, 2010. There was no vote on the expense reports.
5. RESOLUTION NUMBER 01-10, SUPPLEMENTAL BUDGET RESOLUTION AUTHORIZING EXPENDITURE OF TITLE V FUNDS DURING BUDGET YEAR 2009-2010: **Hough** explained that, because of the long permit writer position vacancy LRAPA had, the agency used some contract workers that were experienced permit writers. The resolution would authorize expenditure of funds for those workers in the current budget year.

MOTION: Ortiz MOVED to accept Resolution Number 01-10. Brommelsiek SECONDED.

Discussion of Motion: **Monk** noted that the background document said that each year the agency proposes certain supplemental budget authorizations for which the expenditure requirements were not anticipated at the time of the budget authorization. He asked why staff did not anticipate this expenditure at the time the budget was authorized.

Hough responded that staff expected that these contracts would be finished and invoiced before June 30, 2009 and, in fact, some of the invoices came in after June 30. Instead of addressing it in the FY 08/09 budget when there were sufficient funds authorized, those expenses carried over to the current fiscal year. **Mirhosseyani** confirmed that and also stated, in response to a question about there being two different figures in the resolution, that the correct amount of the authorization was \$30,000, not \$50,000.

The MOTION PASSED, with SEVEN IN FAVOR, and ONE (Monk) ABSTENTION.

6. DIRECTOR'S REPORT: **Hough** reviewed a few of the items in the written report.
- A. Field Burning. **Hough** reported that there were hearings in Eugene and Salem regarding the state's rules designed to implement Senate Bill 528 which was passed by the 2009 Legislature. He said he attended the Eugene hearing and gave some brief comments. He said his main interest was the provision that very limited burning will be allowed under a “hardship” provision, and how that will be implemented.
- Brommelsiek** asked if **Hough** expected LRAPA staff to be called upon to perform any inspections or take any enforcement actions under the state's rules, and **Hough** said he does not. **Hough** said Oregon Department of Agriculture would be responsible for inspections, and Department of Environmental Quality would serve an oversight role, particularly if there is a hardship request going to the Environmental Quality Commission for approval; but LRAPA would not be involved.
- Johnson** asked if **Hough** had spoken with **Brian Finneran** of DEQ, as to whether or not DEQ is going to be incorporating any changes to the rules, as a result of comments they received during the public comment period. **Hough** said he had not spoken with **Finneran** but does expect that there will be some changes made to the proposed rule, after DEQ has a chance to consider those comments and develop responses to them.

B. Air Toxics.

- (1) The Oregon Air Toxics Science Advisory Committee is working on revising some of its benchmarks for various toxics, but the specific air toxics being reconsidered are not of priority concern in Lane County.
- (2) The 2009 LRAPA Annual Report includes a page with air toxics monitoring results. LRAPA has collected enough years of data that staff thinks it is useful to start displaying air toxics trends for some of those pollutants that have been measured, consistently, over time, and for which benchmarks are established. **Hough** commented that benzene was several times the benchmarks, and LRAPA has taken actions to help reduce those levels. One action was LRAPA's involvement in getting tighter benzene in gasoline standards adopted. Those standards take effect in 2012, and staff is optimistic that Oregon will see an improving trend at least through 2012 as people reformulate gasoline to meet that new requirement. Another action was the board's adoption of rules for vapor control requirements at gasoline dispensing facilities several months ago.

C. Cascade Sierra Solutions (CSS) Formation Costs. **Hough** said he went back through the minutes of past meetings and had some comments. He said he thought it was reasonable that **Johnson** and **Monk** believed the minutes reinforce their views of the conversations, especially when they are the two people most often quoted in the minutes. However, **Hough** said that, in his opinion, a majority of board members (and the current board still include a majority of the members who were involved in those conversations in 2005 and 2006) had different views regarding repayment of formation costs than did **Johnson** and **Monk**. **Hough** said the list of itemized costs presented to the board in the past few months resulted from **Mirhosseyni**'s invitation to interested board members to meet with him and go through the costs. **Hough** said that, after having presented that information in December of last year and again in February and March of this year, he was surprised to find that there were questions about those numbers.

Hough said that, in mentioning the ethanol grant project (which is primarily grant funds directly to tank owners), he might have contributed to the idea that there were large amounts of money which passed back-and-forth between LRAPA and CSS; however, the costs have actually been low-dollar items. The biggest single expense was the purchase of the manufactured home in September of 2006, during the early formation of CSS. That \$15,800 was repaid within 60 days. LRAPA is also working jointly with CSS on the ethanol distribution project grant. The total project is \$662,000, but that money goes from Energy to LRAPA to the facilities eligible for the incentives. The dollar transfer between CSS and LRAPA is very modest—about \$32,000 for administrative implementation costs that CSS is helping with, to finish the work that started before the formation of CSS.

D. EWEB Grant Application. LRAPA did not win any of the \$100,000 Greenpower grants from EWEB, even though its proposed project was one of the five finalists which were voted on by EWEB Greenpower customers.

E. Enforcement. **Monk** asked about mention in the monthly report of **Randy Dreiling** and **Bill Siemon** from Oakridge, concerning a complaint of possible asbestos exposure. He asked if that was from the past violation or if this is a new activity by **Dreiling** and **Siemon**. **Hough** said he had not yet seen the information on that case. **Dinteman** said she thinks it is a new incident. **Monk** asked that **Hough** keep the board abreast of how the situation unfolds.

Monk then asked about the Notice of Non-Compliance issued to Haas Contracting in February, and **Freeman** responded that this case had to do with the federal courthouse and there was no civil penalty assessed.

Monk also noted the report indicated that the case against **Kenneth Queener** in Cottage Grove had been closed, but there was no mention of his having paid the civil penalty, whereas that information is usually included in the report.

7. ADVISORY COMMITTEE: Committee Chair **Koenig** said the record of the committee's last meeting were pretty straightforward and, unless there were questions from board member, he would not go over committee activities, due to the length of today's budget committee and board meetings. **Koenig** did recommend that board members read an article in the April 29 *Register Guard* titled, "With Global Warming, the Stakes Are Too High to Do Nothing."

Brommelsiek asked if the committee has discussed having one of its members participate with the Air Toxics Science Advisory Committee, and **Koenig** said the committee is still pursuing that. **Paul Engelking** would be the logical person for that, and **Koenig** said he was having trouble getting in touch with him. **Hough** said he had sent **Engelking** the information and web links for the committee but had not yet heard back from him.

8. REQUEST FOR AUTHORIZATION OF PUBLIC HEARING ON PROPOSED CHANGES TO LRAPA ASBESTOS RULES (TITLE 43): **Hough** noted that the proposed change has been discussed several times with the board and was previewed at the April meeting. It is a relatively minor change to the rule, but significant in that it clarifies the intent that a survey is required before demolition or renovation work begins. He said making the requirement clearer would avoid more expensive cleanup later, when the person has already done the work and exposed asbestos.

MOTION: Ralston MOVED to authorize public hearing on the proposed amendments to Title 43, Asbestos Rules, at its July 2010 meeting. Brommelsiek SECONDED.

Discussion of Motion. **Brommelsiek** referred to page 43.12, item number 8, and said the proposed language currently reads, "Any person who conducts or provides for the conduct of an asbestos project must comply with the provisions set forth in Title 43 except as provided in this rule, or any person who is the owner or operator of a facility where an asbestos abatement project is conducted." He said he thought the added language that begins " , or any person . . ." should go in after the words, "abatement project" at the beginning of the existing sentence. Staff and board members agreed with **Brommelsiek**'s suggested change in wording.

Brommelsiek then asked about the project notification fees on pages 43.14 and 43.15. The proposed 10.A.(1) says, "The project notification fees in effect for 07/01/2009 are:", and 43.15.(3) says, "The fees will increase four percent on July 1 of the year, beginning July 1, 2003." **Brommelsiek** said that is confusing and asked if that increase related to the annual notification fees and the others are project notification fees. **Freeman** explained that the four percent annual increase relates to all of the fees, and that was adopted in 2002, to be effective beginning July 1, 2003. He said that has been in Title 43 since 2002, and the only reason that section is included in the proposed changes is that insertion of the new Applicability section, which includes the survey requirement information, required that all the subsequent items in that section needed to be renumbered. **Brommelsiek** asked if the fees adopted in 2009 include all the annual four percent increases, or if those increases would need to be added to that. **Freeman** said the fees have been going up four percent every year since the provision took effect in 2003. On July 1, 2010, the fees will go up another

four percent from what they have been since July 1, 2009. Several other board members agreed that the 2009 date in the rule is confusing and suggested changing it to 2010 and going forward from there. **Freeman** commented that the only change that was going to be made in the asbestos rules was to take the survey requirement out of work practices and move it to an applicability section. Everything else in the rules was to stay the same.

Monk also pointed out that in the fee section, where the fees are both written out and in numeric designations, the amounts are different. The numbers have been changed, but the written version has not. Those need to be consistent.

Hough said the year will be changed to 2010, and all the fee numbers will be reconciled so that they are consistent.

THE MOTION PASSED BY UNANIMOUS VOTE.

9. **PROPOSED EMERGENCY RULEMAKING FOR LRAPA RULES REGARDING PM_{2.5} PERMITTING:** **Hough** explained that this was a discussion item for the board at this point and that it was previewed in the director's report last month. A preliminary draft of what staff believes the rule changes will look like was provided, but **Hough** said staff expects there to be further changes. He said staff wanted to take the opportunity to fully inform the board on this issue and prepare them to expect something back as early as the June meeting, or possibly as late as the August meeting. LRAPA staff wants to synchronize its action as closely as possible with the DEQ process.

Hueftle said it looks like DEQ is scheduled to go to the EQC with a temporary rule at the August 15 EQC meeting. Both DEQ and LRAPA will also need get started on permanent rulemaking to be adopted within six months of the temporary rule. **Hueftle** said DEQ is tentatively planning permanent rule adoption in February, and LRAPA will probably adopts its permanent rule soon after that, and staff will come to the board in the next few months with a request to pursue the formal, permanent rulemaking.

Brommelsiek asked which staff member should receive any questions board members may have, and **Hough** said **Hueftle** would be the best person for that.

Shepherd comment that there has been some action in the Oregon Appellate Courts on agency rationales for doing emergency rulemaking. He cautioned staff to make sure it has a pretty full explanation of why it is pursuing an emergency rule rather than a regular rule. **Shepherd** said he gathered it had to do with the timing of the DEQ action. **Hough** said both DEQ and LRAPA actions were triggered by a court case, where EPA did not have the flexibility to do what they thought they could do. There is a regulation that expires on June 22, and that is why LRAPA and DEQ were considering a June emergency rule adoption.

10. **PROCESS FOR ANNUAL EVALUATION OF DIRECTOR'S PERFORMANCE:** There was some discussion of using the long evaluation forms or the short forms. **Ralston** said he would prefer to use the short form but would still give people the option of using either the long or short forms.

Lucas asked if evaluators are currently given the choice of the long or short forms, and **Dinteman** confirmed that they are. She said she sends them out via e-mail and gives people electronic copies of both of the forms and an explanation of what they need to do.

MOTION: Lucas MOVED to offer evaluators the choice of which form they wish to use. Forge SECONDED.

Discussion of Motion. **Ralston** suggested just sending out the short form and telling people they can request the long form if they would prefer to use it. **Fortune** agreed. **Lucas** said he does not see any down side to sending both forms since they are being sent via e-mail. He said if both forms are available for people to look at, they can make that choice more easily than if they had to take the extra step of asking for the long form. Several board members agreed with **Lucas**.

Brommelsiek said he has not been through this process at LRAPA before. He has been used to having an agreement with an employee over what their priorities are for the following year, and that is what the evaluation is based on at the end of that year. The agreement would have targets and opportunities for improvement. He asked if such a thing exists for **Hough**, or if the board is simply appraising his performance based on what they think is important. **Dinteman** explained that the evaluation forms are based on the agency's goals and has specific categories for evaluating the director's performance. **Brommelsiek** said he would like to see a document that includes what the board and the director have agreed are the most important aspects of his performance to work on each year. **Dinteman** said performance criteria were adopted by the board in 2006 and that she would send board members a copy of that document.

Hough said staff and the board update the LRAPA high priorities each July, covering successes for the last two years, air quality trends and other significant things, as well as key issues for the next year or two. This is all done within the context of the vision, mission and goals of the agency. He distributed to board members copies of the report that was done last year and said he thought the document might get to what **Brommelsiek** wants. **Brommelsiek** suggested that when the evaluation process is completed for this year, the process should be revisited to see if it is the best for evaluating **Hough's** performance, based on what the board and **Hough** agree are the priorities for him, as director.

Johnson said he liked **Brommelsiek's** suggestion and said he hoped the board could do that in conjunction with the current performance evaluation process, to establish criteria going forward. **Johnson** said what **Hough** had pointed to was more an agency-wide plan, or agency goals; and he thinks the board needs to agree on some performance measures. Then the board can revisit those a year later and see what goals have been met and what haven't been met.

Monk said he also liked the suggestion and asked if the board can incorporate it into the current process. He said he thought all board members were in consensus that this is a good idea, to have agreed-upon parameters that the current board members have agreed to, to evaluate the director's performance. **Monk** acknowledged that that probably will not happen during the current performance cycle, but said the board needs to have a conversation and develop that plan before the next cycle. **Johnson** reiterated his desire to develop a new performance plan in conjunction with the current evaluation process so that by the time his performance over the past year is conducted in July, there will be a new plan in place for the 2010/11 cycle.

Fortune said he sees the current evaluation and development of specific performance criteria for next year as two separate processes. He agreed that the new criteria need to be addressed and should be done soon after the current process has been completed.

There was further discussion of what parameters could be developed, as opposed to the categories covered by the current forms. **Monk** pointed out he had received a number of complaints from staff members last

year, that they did not feel that Hough was adequately addressing some of the conflicts within the staff. He said he thought that was a high priority and something the board should discuss.

Ralston said that, in conducting the current evaluation process, the board should be able to come up with what they feel are the areas that the director needs to work on during the coming year. If there are consistent comments from different people about an area that could be considered a weakness, that could be a priority for him to address for the next year.

Consensus was stated as being in agreement that both the long and short forms should be distributed to advisory committee and staff members this year, and that the board should use the current evaluation process to develop performance criteria to address perceived weaknesses in **Hough's** performance as director of the agency. Those specific performance criteria will be used to evaluate **Hough's** performance next year. All board members present agreed.

11. INDEPENDENT AUDIT OF FINANCIAL RECORDS REGARDING FORMATION AND RELATIONSHIP WITH CASCADE SIERRA SOLUTIONS (CSS): **Johnson** said he thought board members had heard his sentiments at the May board and budget committee meetings. He said the minutes of the May board meeting reflect that he commented during those conversations that he had spoken with **Shepherd**, and that he attributed some comments to **Shepherd**. **Johnson** said he wanted to clarify that. He said he might have mis-spoken in that regard. **Johnson** said he had asked **Shepherd** about his duty as a board member, to bring forward his concerns, and what **Shepherd** suggested to him was that a starting point would be to say how much money is involved and to have an independent accounting. **Johnson** added that **Brommelsiek** had also asked him what the magnitude of the problem is when he spoke with **Brommelsiek** about it.

Johnson said he was bringing forward his concern, rooted in the conversations that happened at the board meetings in 2005 and 2006, when **Sharon Banks** was simultaneously serving the role of LRAPA's accountant and financial manager, and also setting up and creating a non-profit agency that she would head and run. **Johnson** said he was concerned at the March board meeting about how that information was presented to the board; because when he looks at the minutes of 2005 and 2006 board meetings, he sees what he would call "promises" that were made by **Banks**, and with which he thinks **Hough** concurred, that all LRAPA expenses related to the establishment of CSS would be paid back to LRAPA in full. LRAPA would not spend any public funds to start up this non-profit enterprise. **Johnson** said he thinks it is important to have an independent accounting of that, primarily because **Banks** was in a position of serving as LRAPA financial manager at the same time she was setting up her own enterprise with a lot of federal grant dollars and funding from the Everybody Wins program. **Johnson** added that, in light of the DOJ investigation of CSS, he thinks the LRAPA board has a fiduciary duty to make sure that what was promised to LRAPA, with regard to the money, has been fulfilled.

Shepherd asked if there is a concern that the money at stake may be larger than the difference between the \$15,000 or \$16,000 and the \$7,000 that was forgiven by the board in March. **Johnson** said the money at stake is larger than that difference. He agreed that it would not make sense to go to the expense of an audit if the amount owed to LRAPA were just a few thousand dollars. **Johnson** said he knows it is entirely possible that LRAPA is fine; but it is also possible that LRAPA has subsidized CSS for something over a hundred thousand dollars. He talked about a \$2-million grant and the \$600,000 ethanol grant, of which \$32,000 was for administrative costs. He said these are informal agreements which **Hough** has negotiated with **Banks**, and the LRAPA board had no role in those negotiations or in following up on the work and expenses. **Johnson** said he would be making a motion about this but wanted to hear, first, what other board members thought about it.

Ralston asked if this is the same thing **Johnson** had tried to get the budget committee to go along with at its meeting prior to this board meeting, and **Johnson** confirmed that it was. **Ralston** said there are some members of the board who keep saying, “in my mind,” and then take up the board’s time repeatedly going over a topic. He said in his mind, this subject was put to rest by a vote of the board in March, and it has now become a divisive issue. **Ralston** said bringing this up repeatedly makes it look like the board is accusing staff of dishonesty. He said the board agreed, at some point, that CSS was a good idea that needed to get off the ground. He would like to quit talking about this subject.

In response to questions, **Hough** said he had not yet sent a billing to CSS following the board’s action in March. He said he knew this would be a discussion item, and he did not want to offend the board by taking action if there was any potential for the board to change direction.

Ortiz asked **Shepherd** if it was his recommendation to get an independent audit, and **Shepherd** said the board has the authority to do that. He said the way he would recommend to accomplish that is to direct **Hough** and his staff to make the arrangements to hire the appropriate person to conduct the audit. He added that the board members to try making those arrangements, themselves, could cause some mechanical problems in figuring out whom to hire. **Shepherd** said he thinks the board is not obliged, under the circumstances, to have an independent audit performed. He said it would be consistent with their duty as board members to have an explicit discussion about whether the magnitude of the problem would be worth paying for an independent audit. He said it is a discretionary **Shepherd** said that was the direct answer to **Ortiz**’s question. He then gave some background to explain why that ends up being the answer. **Shepherd** said he appreciated the thorough summary **Johnson** had provided of the conversation the two had had. He said the conversation that arose was hypothesizing a board member or members who were concerned about whether the organization has been reimbursed in full for a debt owed it, basically, without the specific features of the situation between LRAPA and CSS. He said **Johnson**’s question was, is there a legal content to a board member’s duty, who has that concern. **Shepherd** said he had told **Johnson** that each board member has duties as fiduciaries to safeguard the resources of the organization; and, if a board member has a concern about whether the organization has been reimbursed in full, then the proper thing is to raise it with the staff, and with fellow board members and have an explicit discussion about it. One of the alternatives for resolving that concern is to hire an independent auditor to come in and look at the records. The board could look at it and decide the amount of money at stake is small, and an audit would not likely yield an amount due the agency which is larger than the cost of the audit. If there are no other concerns, it is not necessary to do the audit. **Shepherd** said that could weigh consistently with the board’s duties as board members. He said, as he views it, the board has a range of options. He does not think the board is in default of its fiduciary responsibilities if they choose not to have an independent audit. The board has had staff look at the records, and the board has revisited it a couple of times, so it is not as if the board has not asked probing questions and made its concerns known.

Lucas said he would disagree that the current concern raised by **Johnson** is what the board dealt with in March. He said it sounds like the concern is not over seven or eight thousand dollars that might be the difference between fifteen and what the board agreed to ask CSS to reimburse. He said the concern he is hearing is that the \$15,000 is actually not accurate, and that the amount could be much, much higher than that. **Lucas** asked **Shepherd** if he felt that the DOJ investigation currently being done regarding CSS will answer any of these questions. He said it seems like that investigation will not be getting into that kind of detail. **Shepherd** said his opinion is that it is very unlikely. However, the caution is that he has reported to the board everything that he knows about the investigation, and it is not much. He said he does not know whether or not that investigation will get into that kind of detail.

Lucas said part of his concern is that, if it turns out that CSS did do something illegal, he does not want LRAPA to be “drug through the mud” with CSS. He said he would like to suggest that the board allow that DOJ process to reach its conclusion and, if it turns out that CSS did nothing wrong, he will have less concern about the possibility that CSS used more LRAPA funds than have been identified.

Brommelsiek said he agreed with **Johnson**, in that when he read the minutes it was pretty clear to him that there was an expectation that CSS would hold LRAPA harmless for all costs incurred with forming CSS. He said there was no question in his mind that the intent was there. However, **Brommelsiek** said, **Hough**’s staff report states that **Mirhosseyeni** reviewed those costs with board members who were interested and that, as a result of that, they came up with the approximately \$15,000 figure that has not yet been resolved. **Brommelsiek** said he is curious, if the board members who have these concerns met with **Mirhosseyeni** to resolve this, why do they think there is something more than the \$15,000 at stake. He said if all they are talking about is an employee’s salary for the four- to six-month period between the time CSS was first talked about and when it was actually formed, the costs could not be much more than \$50,000—certainly not hundreds of thousands of dollars. He said he had two questions. First, for those board members who met with **Mirhosseyeni**, why do they now believe that something was left out; and second, what do they think it was that was left out.

Johnson said he met with **Mirhosseyeni** about three years ago, and he thought **Monk** had met with **Mirhosseyeni** in more recent months. **Monk** confirmed that is the case. **Johnson** said his meeting with **Mirhosseyeni** was for about a half hour or 45 minutes, and **Mirhosseyeni** showed him some ledgers and other records that were probably prepared by Banks. He said what he saw there gave him pause, because some of the things that were CSS expenditures had been billed under Title V.

Mirhosseyeni explained that LRAPA uses the same cost allocation plan for all of its projects. Because CSS was being discussed at the board level, **Banks** decided to create that cost allocation sort of accounting which accounted for everything which had any CSS relation. Anyone who did work associated with CSS coded their time sheets to account for that time. **Mirhosseyeni** stressed that the cost allocation plan keeps track of every dollar that is spent, and he had discussed that with Johnson. As an example, **Mirhosseyeni** said, if **Banks** traveled to Washington, D. C., to receive an award for LRAPA in association with CSS, she coded her time sheet and travel partially to CSS and partially to LRAPA. He said at the time the decision had not yet been made, as to whether LRAPA would maintain Everybody Wins Phase III as an in-house program or break the expanded program off to the separate CSS non-profit. Those costs were recorded to see what the costs would be if LRAPA were to maintain Everybody Wins Phase III. He said **Banks** was still an employee of LRAPA at the time and reported her time as a cost to LRAPA and not to the not-yet-established CSS. **Mirhosseyeni** said all the costs have been recorded and are available if an auditor wants to see them. He said when he met later with **Monk**, they decided that those costs which were perceived to be shared costs were not directly charged to CSS. There were costs associated with website development and legal consulting which were direct costs to CSS.

Fortune asked if any irregularities regarding CSS and LRAPA would have come to light during the annual financial audits, and **Mirhosseyeni** said they would because the auditors would point that out. Again, he said, if **Banks** was an employee of LRAPA, then those charges would be associated with LRAPA.

Monk said he thought **Lucas**’s idea of waiting until the DOJ investigation concludes is a good one. He suggested that this discussion be tabled until that information is available. He added that Everybody Wins

has gone badly, and said he wonders if the best of the program was “cherry picked.” **Brommelsiek** said he thought it went great, and **Monk** responded that it looks like LRAPA will not have all the money at the end of the program that was originally planned.

There was some disagreement between some board members regarding whether this subject should be tabled and brought up again later. **Brommelsiek** asked **Monk** what his understanding was after meeting with **Mirhosseyeni**. **Monk** said **Mirhosseyeni** had indicated that if **Banks** was traveling back East to receive an award for LRAPA, that CSS should not be billed for that, even though she was doing CSS business while she was there. **Monk** said that made sense. He said the only figures he has ever seen, in meetings with **Mirhosseyeni**, are the same figures presented to the board and on which they based the action in March. He said he took it for granted that those were the only funds contributed to CSS. He said when **Johnson** brought the subject forward again, he (**Monk**) felt that there was a lot of money moving around the table, between CSS and LRAPA. He repeated that he liked **Lucas**'s suggestion and would go with that.

12. OLD BUSINESS: None discussed.
13. NEW BUSINESS: **Monk** asked how new business items should be handled prior to board meetings—if they should be e-mailed to **Hough**. **Hough** agreed and asked that they also be sent to **Dinteman**.
14. ADJOURNMENT: The meeting adjourned at 4:00 p.m. The next regular meeting is scheduled for Monday, June 28, 2010, 12:15 p.m., in the LRAPA Meeting Room at 1010 Main Street in Springfield, Oregon.

Respectfully submitted,

Merrie Dinteman
Recording Secretary