

**HESPERIA RECREATION AND PARK DISTRICT
BOARD OF DIRECTORS REGULAR MEETING**

July 13, 2011

FLAG SALUTE

Director Chandler led the Pledge of Allegiance

CALL TO ORDER

The Hesperia Recreation and Park District Board of Directors Regular Meeting was called to order by President Hamilton at 7:00 p.m., at Lime Street Park Community Center, located at 16292 Lime Street, Hesperia.

ATTENDANCE

BOARD PRESENT: Chandler, Limbaugh, Hamilton, Swanson, Gregg
BOARD ABSENT: None
STAFF PRESENT: Woods, Thomas, Hamm

MOTION: It was moved by Director Swanson, seconded by Director Limbaugh and carried unanimously to add the following item to Discussion/ Action Items: Q. CLOSED SESSION WITH LEGAL COUNSEL PURSUANT TO GOVT. CODE SECTION 54857.9(b) – threatened litigation against the District – 1 case and to place it after Board Member Reports.

MOTION: It was moved by Director Swanson, seconded by Director Limbaugh and carried unanimously to move Discussion/ Action Item E. Approval of Hesperia Recreation and Park District Auditor’s Report Fiscal Year Ended June 30, 2010 to after Proclamations and Presentations.

COMMUNICATIONS

WRITTEN COMMUNICATION

1. Association of the San Bernardino County Special Districts meeting notice for July 18, 2011.
2. Letter from Edward P. Schmitt sent to the city of Hesperia and cc to Hesperia Recreation and Park District regarding keeping the Golf Course the way it is.
3. Newspaper article, Hesperia Star, June 14, 2011, “Park district: There was no violation”.
4. Newspaper article, Hesperia Star, June 14, 2011, “A Horseman Rides Into the Sunset”.
5. Newspaper article, Hesperia Star, June 14, 2011, “Golf Course comments tone down”.
6. Newspaper article, Daily Press, June 3, 2011, “Golf course meeting heats up”.
7. Newspaper article, Hesperia Star, June 7, 2011, “Movies in the Park return Saturday”.
8. Newspaper article, Hesperia Star, June 7, 2011, “Emotional crowd packs golf course meeting”.

9. Newspaper article, Hesperia Star, June 7, 2011, "View From Main Street".
10. Newspaper article, Daily Press, June 11, 2011, "Residents: Hands off our golf course".
11. Newspaper article, Daily Press, June 21, 2011, "BMX course, skate plaza and 'sprayground' planned in Hesperia.
12. Newspaper article, Hesperia Star, June 21, 2011, "Father-Son Time".
13. Newspaper article, Hesperia Star, June 28, 2011, "Woods: Hesperia parks have new activities ahead".
14. Newspaper article, Hesperia Star, July 5, 2011, "Golf course discussion meetings conclude".
15. Newspaper article, Hesperia Star, July 5, 2011, "AV pins golf course hopes on closure of Hesperia's".

ORAL COMMUNICATION

None

CONSENT ITEMS

MOTION: It was moved by Director Limbaugh, seconded by Director Chandler and carried unanimously to approve Consent Items A through D:

- A. Approved Minutes for the Regular Meeting, June 8, 2011.
- B. Approved Claims.
- C. Accepted written staff reports.
- D. Authorization to advertise for bids: None

PROCLAMATIONS AND PRESENTATIONS

MR. HAMM: The first Rick Novack High School Scholarships recipient tonight is Devin Connolly from Hesperia Christian School. He was planning on attending University of California at Santa Cruz, where he was going to major in communications, but he just told me that he will be attending VVC. Devin is hoping for a career that will give him financial stability. He's not afraid of long hours and hard work. His goal is not to get rich, but to be able to support a wife and family. He has received the Frederick Boa National Honors Scholarship, and he spent a lot of time volunteering for CSF. He was involved in leadership for ASB all four years at Hesperia Christian School. Started out as secretary, treasurer, vice president, and then his senior year went to president.

(Pictures are taken.)

MR. HAMM: Next we have Kaitlyn Campbell. Kaitlyn is in the first class to graduate from Oak Hills High School. She's planning on also attending Victor Valley College. I think you were planning on going the last two years --

MS. CAMPBELL: Cal State Northridge.

MR. HAMM: Her long-term goal is to become a high school world history teacher. Kaitlyn was elected class president her junior and senior year. She received honor roll for academics and also was on the principal's honor roll. Her experiences have taught her to be a leader as

well as a team player. She is confident that she will obtain her dream and eventually retire after a successful career.

(Pictures are taken.)

MR. WOODS: I would like to introduce Lt. Mike Staansell, who is here to talk to us about the PAL Golf Tournament.

LT. STAANSELL: Mr. President, Board members, I appreciate you having me here tonight. But I want to thank you from the bottom of our hearts from the police department and from the PAL board which Rachel and I serve on. The PAL Golf Tournament was a success.

Without you guys and your support, it would not have happened. We raised over \$7,300. Currently, we have approximately 70 active kids and 35 on the waiting list to get in there. So it's a great and awesome program.

(Pictures are taken.)

MR. WOODS: It's your presentation now Mr. President.

DIRECTOR HAMILTON: I don't know if it was last meeting or the meeting before, but there was something that kind of slipped by us in a way that we think is very significant, and it's an anniversary. And on behalf of the Board and our Foundation Board, Rachel, we have a small gift for you for 25 years.

(Applause.)

DIRECTOR HAMILTON: That's why you have all the Foundation Board members here.

MR. BAKKER: And on behalf of the Foundation Board, we would like to award you that.

MS. THOMAS: Thank you so much.

MR. BAKKER: You've been such a faithful employee and staff member to the Foundation.

(Pictures are taken.)

MS. THOMAS: Thank you all so much.

Recess at 7:15 p.m.

Reconvened at 7:17 p.m.

E. Approval of Hesperia Recreation and Park District Auditor's Report Fiscal Year Ended June 30, 2010.

MR. WOODS: RAMS, the firm that prepared our audit is here tonight to address the board. Tonight we have Terry Shea and Chris Montoya here to speak to you.

MR. SHEA: My name is Terry Shea. I'm a partner with Rogers, Anderson, Malody & Scott. This is Chris Montoya. He's one of our senior managers. Chris is going to go through your audit report real quick, and then I'm going to go over the two letters. One is a management letter, and one is one we have to go over with the Board. Thank you for having us. It's been great working with Rachel for the last two years. She's such a dedicated employee, so you're very lucky to have her.

MR. MONTOYA: Well, this is our second year performing the audit for the Hesperia Rec and Park District. Two years we've been able to issue an unqualified opinion, and that's the highest opinion you can get as far as an audit's concerned. This year -- well, last year, if I can just regress for a bit, was our first year. And going through that first year of process, there was some things that we sort of picked up on and I think that we were a little more thorough in addressing this year as far as when we went through our procedures. One of the things that we had to wait on this year was an actuarial report. That was due to the post-retirement

benefits the employees received or are eligible to receive. So that was sort of the delay this year. That is why we're out here so late as opposed to what we would normally like to. But we had complete cooperation from the staff, and that was not an issue. One of the things which we did put an emphasis on this year was internal controls. We really wanted to take a look at processes and see whether there was any room for improvements. So just to go through the statements, there were some instances where we had some findings and we had some adjustments. If you take a look here at the Statement of Activities here on page 11, just sort of real quick, the bottom line, the change in that assets was a loss of about \$68,000, which at 5 -- if I'm correct, your internal statements probably said something a little different as far as your results go. There was some -- there were some additional liabilities that we had to accrue this year. And if we take a look here at page 10, most notably we'll see some of these -- the actuarial report that we received caused us to post an accrual post-employment benefits payable \$333,000. Another one of these liabilities which we're looking at is the Money Purchase Plan Payable. And this had to do with the retirement plan that you had to take over. MS. THOMAS: CRDEB, the PST Plan.

MR. MONTROYA: Yes. This is something that needed to accrue liability. Basically, you have agreed to make whole all of your employees who had lost money in these funds. You have certain cash reserves set aside to pay those out as you're able to locate employees and pay out their benefits. The difference between what your cash reserves are and what your liability is is showing up on your statement this year. So this is another adjustment that we made. Both of these had an impact on your income, reduced it. There were a few other items here. Most notably some cash accounts which we had picked up, which added a little income this year. And those are some of the issues I think we'll be talking about in your management letter that addressed that. Overall, your financial position looks very good. You have unrestricted net access of \$6.4 million. If we take a look -- flip a couple of pages here. As far as looking at this on a fund level, now we're looking at government statements where we're seeing two different things. We're seeing a government-wide, which is a complete consolidated version, and we're also looking at things on a fund level, which is showing things as on -- which are showing your assets on a basis of availability. So the reporting is a little bit different here on page 12, but if you go through the line items here, your cash balances look healthy. And toward the middle of the page, your fund balances unreserved; they're all looking pretty good. Although we did see some decreases on some of the funds; notably, the developer fees. And you know, I think these are issues that you're well aware of. As far as the disclosures go, there are a few pages in there dedicated to the post-retirement benefits, and those are just required disclosures. I believe if you want to take a look and flip to them, we're looking at, approximately, page 29. And this is a rather lengthy disclosure, but this is what is required as far as financial reporting goes. Another disclosure that we added this year is Note 10. If you look at page 41, there's two items here. No. 1 is the Civil Park Plaza Agreement, which is basically going back in time and stating the uncertainty of the agreements with the City. And the next one here is a money purchase plan, and this has to do with the PST obligation. So these sort of give a little more light as far as what the financial statements go through. And then Note 13, at the very end here, page 32, this is basically going back in time. The post-retirement benefits should have been effective the prior year. We're going back, and we're restating this. So this is a disclosure summarizing what the change would have been on last year's statements. Do you have any questions; either sort of in general, highlights of what happened over the last fiscal year?

DIRECTOR SWANSON: It seems like you've gone a very thorough job. And we thank you again because this is a tremendous process. And I think you guys come looking at things and are working together -- honestly, I'm pleased with all of the information you're able to give us.

MR. SHEA: It is a very complicated process, in having to go through the FAS reports and the District getting it all together. I was telling Rachel I was right out of college, and my first job was Coachella Valley Park and Rec. and they have the same set-up. I'm like, how does this work? It took me a day to figure out how to balance the two reports. It's very complicated. The next thing I'd like to direct your attention to is this letter right here. Its three pages.

MS. THOMAS: The one I just gave to you.

MR. SHEA: Part of the new standards now is you have to meet with the boards. In the past, you didn't have to meet or talk to the boards. Now there's supposed to be a two-way dialogue, and this letter kind of covers that. First thing speaks about the qualitative aspects of accounting. And it basically says management is responsible for selection and use of the appropriate accounting principles. The significant accounting policies used by the District are described in Note 1 to your statement. The District adopted GASB 51, which is for intangibles. No new accounting policies were adopted other than the one, and the existing policies weren't changed. Accounting estimates are part of this. Part of an estimate is the depreciation. Also, another estimate is the OPEB actuarial evaluation. That's based on the number of employees of the District and their projected life spans, so it's an estimate. Page 2, there's some sensitive disclosures, which is the CalPERS note. And I think in three years, the District will be required to put their unfunded PERS liability on this report too. So that's coming up, something to see. All that has to do with the Bell scandal and the new format. And the notes kind of -- we didn't encounter any significant difficulties during the audit. We did have a lot of adjustments, and all the adjustments we ran through Rachel. And all of the adjustments were made, so there were no uncorrected mistakes. We didn't have any disagreements with management. We did get a representation letter from Lindsay and Rachel -- or Cal, before Cal retired. We didn't have to consult with any other accountants, and we didn't really find any other issues. Any questions on this letter?

DIRECTOR HAMILTON: Terry, when did the law change where you were required to make a board meeting?

MR. SHEA: Last year.

DIRECTOR HAMILTON: And that was just the last year?

MR. SHEA: Yes.

DIRECTOR HAMILTON: You mentioned because of the Bell scandal that there will be some other changes, like the PERS will be included in the audit in the future. Would there be other changes that we need to be aware of to --

MR. SHEA: There are changes coming down. There are state laws that -- state bill right now state controllers put through, but I don't think any of those have passed. And a lot of that has to do with audits and rotation and that kind of thing -- and auditors being certified. You would have to contact the State if you wanted to audit cities or counties or special districts, and they would have to come review your work to make sure you're qualified to do that. So that kind of stuff is coming.

DIRECTOR HAMILTON: Yes. Has there been much fallout for firms like yours in relationship to the Bell situation because of getting good audits?

MR. SHEA: It's made for -- it's kind of weird because this is -- usually, you'll see 10 to 15 audit proposals a year. This year we saw 50. Firms that had been doing clients for 30 years all of a

sudden were fired. So there's a huge change. And they want to be transparent and want to form audit committees. And they want to select the auditors.

DIRECTOR HAMILTON: I was kind of curious about what the climate was. I maybe jumped on ahead. Are you going to talk about material weaknesses and go through the recommendations?

MR. SHEA: Yes. But it's been a very strange year. If I could have hired ten more people, I could have done a lot more, but nobody wants to be an accountant.

(Laughter.)

MR. SHEA: And even the big firms laid off all their people, and so they're hurting. So there's a real shortage. The next letter is called a management letter.

MS. THOMAS: And that's in your Tab E.

MR. SHEA: And I'll walk you through that. The first item had to deal with the accounting records per se. We noted very significant deficiencies in capture or reporting of information, which included bank accounts not being recorded. You know, as part of the County, it takes forever to get a check reimbursed. So I understand the need for the checks, but sometimes these aren't recorded in the same way. You don't have one set of books. You have part on the FAS and part on the QuickBooks, so it makes it little difficult. And then there was like the PST obligation, the OPEB -- the primary source of the District's information came from QuickBooks for the Foundation and the County FAS reports for the remaining funds. The District's use of the County FAS reports is insufficient to capture financial information in a comprehensive manner that is required by GAAP. They basically don't have one complete set of fund books. So that's what we discussed with Rachel. There are a couple of people that have a firm up in the High Desert that worked with us, and I did contact them. They would be more than willing to come meet with us. I think we have a meeting set up this month.

MS. THOMAS: On the 28th.

DIRECTOR SWANSON: And the name of that firm?

MS. THOMAS: Starbuck and Walsh.

MR. SHEA: Prior audit adjustments. What happened there was, last year, all our audit adjustments, which were quite a few, weren't posted by the District to your books. And so the first thing we do when we conduct an audit is to make sure all your prior fund balances agree to your audit report. And we had a little bit of trouble and added a little extra time to the --

DIRECTOR SWANSON: I understand that some new accounting pieces or mechanisms we can add to kind of make it easier to keep track of everything that are more flexible; right?

MR. SHEA: There's better software.

DIRECTOR SWANSON: And if changes come, that will incorporate them, so we don't have to put more of a burden on Rachel.

MR. SHEA: Yes. The staff -- you have a great staff in the accounting department, but basically, they're just clerks. They're not degreed accountants. This is fairly complex, high-level stuff, especially with the golf course. And then the audit committee -- a lot of cities are going towards this audit committee, and I think it's important. I don't know if you have an ad hoc finance committee, or do you?

MS. THOMAS: We have in the past. They aren't meeting now.

MR. SHEA: The State of California, they have a requirement for non-profits, if you have over 4 million, to have an audit committee.

DIRECTOR HAMILTON: But that's pretty recent, too, I think.

MR. SHEA: I recommend you get an audit committee, and that committee would send out the RFP, would hire the auditors. The auditors would then realize, okay, we don't really work for Rachel and Lindsay, we work for the Board. And then that kind of takes -- oh, I like these guys because they don't really do a lot -- it kind of puts it in your hands, and I would recommend that.

DIRECTOR HAMILTON: Do you have any guidelines for the audit committee?

MR. SHEA: Yes. I will send it up to Rachel. It'll really help. I did probably 20 audits this year, and when you're with the staff, they have certain questions, and when you're with the Board, they ask better questions. The staff is, well, how much are you going to bug us? You know, well, I'm not going to bug you at all because it's a job. It's different. But I recommend that the Board get more involved in hiring the auditor. Bank accounts. As Chris had mentioned, there was some bank accounts you had opened up for the ease of convenience, but the transactions weren't recorded. So we made sure that we got those items recorded. The problem with the retirement account was it's a liability that, you know, the cash is collected, plus the amount you decided to make everybody whole. It needed to be separated, and the cash needed to be segregated. And I guess the plan is to now find the people?

MS. THOMAS: We're trying to find the people.

MR. SHEA: Whoever you can't find, leave it up to the State of California.

MS. THOMAS: Yeah, the unclaimed property account is with the State.

DIRECTOR LIMBAUGH: We have to send it to the State? Why?

MR. SHEA: Well, the state law says if you can't find them --

DIRECTOR LIMBAUGH: I thought it was under a federal law that we did this, not a state law, because we were avoiding Social Security.

MR. SHEA: Well, you can hang on to the money, but --

DIRECTOR LIMBAUGH: Those are state retirement versus federal retirement?

MR. SHEA: Yeah, but --

DIRECTOR LIMBAUGH: You should find out what the other districts did with regard to that. The State has plenty of money that people are still looking for. We can keep it just as well as they can.

MS. THOMAS: What we have is not a qualified account.

DIRECTOR LIMBAUGH: We'll send them a letter to say we got it in this account.

MR. SHEA: It's just something you're going to have to account for and maintain.

MS. THOMAS: The problem is there are a lot of people with very small amounts. \$15, \$45, because they worked once or twice, didn't like it, and didn't come back.

MR. MONTOYA: Well, another issue with that is that now you're holding a qualified retirement plan which usually you would want to take that to a third-party administrator to basically --

DIRECTOR LIMBAUGH: That was the problem with that plan. We did that, and they absconded. I don't want to send it to the State. They may do the same thing. I don't know as a taxpayer --

MR. MONTOYA: But the issue --

DIRECTOR LIMBAUGH: Write them an IOU.

MR. MONTOYA: The issue of holding that as long as you may want to is that it's putting an additional contingency and, you know, regulations that they're going to have to be dealing with, which normally you would want to outsource that. That was one of the bases for our recommendation.

MR. SHEA: And then on page 6 are the post-retirement benefits. Basically, if you're in PERS health care, you have an OPEB plan.

DIRECTOR LIMBAUGH: So would you say, based on current requirements of the public entity reporting on liabilities regarding retirement and future expenses for retired employees that we're pretty sound right now?

MR. SHEA: You're in compliance with the law, correct.

DIRECTOR LIMBAUGH: Okay. Not that it's not going to change year to year depending on whatever else they want to --

MR. SHEA: The new guidelines is year 2015.

DIRECTOR LIMBAUGH: Okay.

MR. SHEA: PERS has a lot of work because you're probably in a pool, right, with a lot of entities, other massive unfunded liability based on -- what are you? Two and a half? Is that what you are?

MS. THOMAS: 2 percent.

MR. SHEA: What they'll have to do is figure it out. There's a complicated formula. There's about 20 pieces that go into accruing your liability. And then on the OPEB, what we have to do is they come up and say, okay, here is the total liability -- I don't know what it is off the top of my head, but here's what they have to recognize every year until you get to that number, that liability. You don't have to fund it. You can pay as you go.

MS. THOMAS: That's what we're doing.

MR. SHEA: But over the next few years, as people start retiring, you're making those payments, and those payments come off of your liability, and the sales tax is basically just kind of an accounting problem. It's recorded as revenue. It should really be a liability. And when you make the payment to the State, it should come off the liability. I guess they're doing it currently.

MS. THOMAS: Yes, this fiscal year.

MR. SHEA: And then custody of the signed checks. We just recommend that the District or someone other than the check preparer be responsible for mailing the checks. So once they're signed and done, then they should go to someone else who doesn't have custody who could go back and possibly make a change before they're mailed. And then the approvals for accounts payable, I spoke with the lady from your office who called me --

MS. THOMAS: Susan?

MR. SHEA: Yeah, about this new set-up. Basically, what happens is when you pay your bills - - because you're on the modified accrual basis of accounting. So if you pay your bills in July, August, and September, some in October, that are back from June, we're required to look at those checks. And any ones that should be accrued back, we're required to take the initiative to say this belongs to the prior period. And the District couldn't provide us with the schedule of those checks, which made it very cumbersome to figure out what should have been or shouldn't have been on the billing. I had a brief talk with Susan, and I think she understands the process. From June 30th, 2011, she started doing that process of doing those checks. And then capital assets. You know, up until 1934, most cities and districts didn't keep track of their capital assets. And now you have to bring them back on and depreciate them. A lot of places are going out and having their assets appraised and getting software. There is good software, fairly inexpensive. I think it's under a thousand. You can record your assets, keep track of them, and you can depreciate them. Because there's several different ways to do the

depreciation expense charge? You can keep track, and you can put them in different departments. It's very good software.

DIRECTOR SWANSON: That's the Asset Keeper?

MR. SHEA: It's a little bit of set-up at first, but if you get an intern or student or somebody who's pretty straightforward, just keying in your old assets, et cetera. Pretty straightforward, pretty easy program to use. Any questions about any of these comments?

DIRECTOR LIMBAUGH: In your report, your recommendation was the District do something, and the thing that you recommend that we do is to get a consultant to come in and kind of like guide us to get this new program set up to what we need, tweaking, and staff said, yeah, we're going to go do that. Is that under one shop, to hire one firm to do that kind of service for us?

MR. SHEA: Yeah, it doesn't have to be the firm that I recommend that is going to meet with the District, but yes. Because we talked to Rachel about RAMS doing that, but Lindsay feels more comfortable with us continuing with the audit and getting somebody local here for the day-to-day.

DIRECTOR LIMBAUGH: This is like a one-person thing?

MS. THOMAS: It's a company. And it would be monthly, that they would come in and make sure everything's aligned. It wouldn't be just a one-time thing.

MR. SHEA: And then at the end of the year, print it out. So I do that for a couple of small cities in Riverside County.

DIRECTOR LIMBAUGH: So it may cost us a little to get started, and then after that, it's like so much a month?

MS. THOMAS: Right. It will cost us some, but it will not cost as much for the audit because the auditors won't have to take as much time because it will already be compiled for them.

MR. SHEA: These will be consultants that could do more than we can do because, along with those changes that came about because of the Enron and Bell, auditors are pretty much strictly auditing right now. You can't really do much else. But these guys would be like an extension of staff and could really help you.

DIRECTOR LIMBAUGH: Like a financial advisor for a public agency?

MR. SHEA: Yeah. And there's really good software out there that's kind of inexpensive, probably really make life simpler.

DIRECTOR LIMBAUGH: You did mention about level of staffing, and maybe that wasn't part of your audit, but did you feel as a district our size that we're pretty intact with the amount of people we have looking over what we do?

MR. SHEA: I think from that standpoint you're okay. I mean, I think you could use a full-time degreed accountant, most like a general ledger person, not so much as an AP or payroll clerk like this job, but someone who's responsible for the -

DIRECTOR LIMBAUGH: Not quite a CPA, but somebody who's capable of that kind of work?

MR. SHEA: Yeah, there's lots of accountants graduating. They don't even have to be a CPA, just somebody who has responsibility for the general ledger.

DIRECTOR LIMBAUGH: Would they want to do part-time work even?

MR. SHEA: Sure. We have employees at our firm that just work part-time.

DIRECTOR LIMBAUGH: And they would come into your clients' office once or twice a month, whatever?

DIRECTOR HAMILTON: Now, Terry, the services that you're recommending that we pursue, you -- your firm also provides those services right?

MR. SHEA: We have provided those to our non-audit clients.

DIRECTOR HAMILTON: Obviously, you have to keep those segregated and separated, but who else would require that? Like, who else are you providing that service for?

MR. SHEA: I provide it to a small city where Chris's wife works, City of Eastvale, and not so much because his wife is a CPA. Also the City of Canyon Lake.

DIRECTOR HAMILTON: Yeah. So it's other governmental agencies?

MR. SHEA: Yes, smaller ones that don't have degreed accountants. And we do Running Springs Water District to help them. But I mean, it does help. I've got the Canyon Lake audit to \$6,000 for the City, so that's a good fee.

MS. THOMAS: That's a very good fee.

MR. SHEA: Any other questions?

DIRECTOR LIMBAUGH: Well, that's good. I think after two years, we've got it pretty well wired, and based upon – the laws did change with respect to reporting liabilities of what your agency owes, and we're pretty up-to-date on that type of thing?

MR. SHEA: Now, one way to do it is to get off the County FAS system. I know a lot of districts have broken away recently. Still maintain your payroll there. You can still maintain a cash account. You'd still have the county retirement -- you have county retirement?

MS. THOMAS: County retirement.

MR. SHEA: You still have county retirement like the Inland Valley Development Agency and at International Airport they do payroll, just a cash account there, kind of like a trust account, keep like 50-grand there. So it would make life simpler if you had it here. But in the meantime, if you can't, there's ways to make that easier and faster, too, and that's what this other firm could help you with.

DIRECTOR LIMBAUGH: Good.

DIRECTOR HAMILTON: Terry, the other question I had, how quickly do we need to implement an audit committee? What's the requirement for that?

MR. SHEA: There's no requirement that you have to do it.

DIRECTOR HAMILTON: Oh, okay. So governments require nonprofits to do it, but not us?

MR. SHEA: Right.

DIRECTOR HAMILTON: That's sweet.

MR. SHEA: Because it might affect them.

DIRECTOR HAMILTON: I was on an audit committee for a nonprofit.

MR. SHEA: Yeah, sometime between now and October.

DIRECTOR HAMILTON: And you'll give us some guidelines?

MR. SHEA: Yeah, I'll send some stuff to you.

DIRECTOR HAMILTON: Good.

MR. SHEA: The 6/30/11 audit, the first meeting would be with the auditor. So you kind of go over it in pre-meeting, and then some of our clients have us meet them after we finish the internal tour work. We have our recommendations, we meet again, and then we meet after the audit.

DIRECTOR HAMILTON: Okay. Good. Any other questions, Board Members? Chris, thank you. Terry, thank you for your report.

MR. SHEA: Thank you for having us. Just met Lindsay once. Good guy to replace Cal. Great.

MS. THOMAS: You need to approve the audit report for filing.

DIRECTOR HAMILTON: Okay. Cal and I got in an argument about this last year, as I recall. Are we approving the audit or receiving it?

MS. THOMAS: We're receiving it really. Because you're approving it to file, to put in the file. But we can -- I can change that to receive.

DIRECTOR HAMILTON: It's not a big thing, but I mean, I've been in other board situations where that became discussion.

MS. THOMAS: Okay.

DIRECTOR LIMBAUGH: My question to you then would be what if the audit was in error, based on an error? Then we would disapprove it?

DIRECTOR HAMILTON: No, you would receive it --

DIRECTOR LIMBAUGH: We would not accept it.

MS. THOMAS: You're just receiving it.

DIRECTOR HAMILTON: You would receive it, file it, and keep it. You're not approving it because you know you're putting yourself in a situation -- approving is a higher level of responsibility.

DIRECTOR LIMBAUGH: Yes, it is.

MS. THOMAS: The motion can be to receive.

DIRECTOR HAMILTON: I'm making a mountain out of a molehill. It Doesn't matter.

MOTION: It was moved by Director Limbaugh, seconded by Director and carried unanimously to receive and file the Auditor's Report for Fiscal Year Ended June 30, 2010.

DIRECTOR SWANSON: Very thorough.

DIRECTOR LIMBAUGH: I think they did a great job myself, quite in-depth about -- and they weren't negative. They said you've got it handled and you kind of did the payroll thing about retirees and -- you know, keeping track of PERS and all that type of stuff, which we didn't have to do before and we do now. And so it wasn't like, oh, we went to the bank and the box was empty. So, I mean, you guys probably feel pretty good about that.

MS. THOMAS: I do.

DIRECTOR SWANSON: I really like their recommendations, too, to make things easier for you and for us.

MS. THOMAS: Everybody.

DIRECTOR SWANSON: And to keep better track of things and to have a consultant come alongside, to have, you know, someone who has an accountant background to come in as kind of a part-time help, and the specific software that would help us in our circumstance that we really need to purchase. I really like the practical aspects of their comments.

STAFF REPORTS

Recreation Programs

MR. HAMM: Looking at the recreation update for June, some highlights on page 1, adult softball started last month. Youth basketball and RSP T-ball started this month. It looks like the numbers have been increasing. On page 2, at Power Place Center, Pick-A-Ball is really starting to catch on. On contract classes, there were two new classes that started in July. The kids' Zumba, which is called Zumbatonic, and the creative writing. On page 3, for special events, the street fair is going on right now and has perfect weather. I'm sure the attendance is better than it normally has. The weather's been an issue on that. Movies in the Park has very good attendance this year, like most the other years, and Megamind is showing this Saturday

night if you would like to go. The rec summer program is picking up, and it's happening -- it's still happening until 8:00 o'clock tonight at the street fair at Civic Park. And Rebekah, I believe you took your family and gave us some positive feedback on that. Thank you very much.

DIRECTOR SWANSON: Loved it.

MR. HAMM: And on page 4, I'm sure you've all seen the publication that came out last month. Did you all get a copy of that had a chance to look through that? Any questions on the recreation report?

DIRECTOR LIMBAUGH: What's KK and OAK?

MR. HAMM: KK is Kids Kamp and OAK is that Outdoor Adventure Kamp. The Kids Kamp is the one here at Lime Street.

DIRECTOR LIMBAUGH: Is that free?

DIRECTOR SWANSON: REK is free.

DIRECTOR LIMBAUGH: That's what I thought and you had about 100 kids in day camp?

MR. HAMM: Yes.

DIRECTOR LIMBAUGH: Is that five days a week, from 8:00 to 4:00, or something like that?

MR. HAMM: 6:00 in the morning until 6:00 at night.

DIRECTOR LIMBAUGH: How many children are in the ASAP program?

MR. WOODS: Roughly 700.

DIRECTOR LIMBAUGH: So not even 25 percent approve summer camp then?

MR. WOODS: Mostly we see parents that are looking for something positive for their children to be involved in over the summer, or parents who have child care needs.

DIRECTOR LIMBAUGH: Financially, does this Kids Kamp thing pay for itself?

MR. HAMM: Yes, it does.

DIRECTOR LIMBAUGH: Do you hold it out at the lake?

MR. HAMM: There is the OAK, the Outdoor Adventure Kamp, is the one that's out at the lake.

DIRECTOR LIMBAUGH: What are the age groups?

MR. HAMM: 5 to 12.

DIRECTOR SWANSON: I think that is the big appeal. Why we're seeing larger numbers here is the swimming component. Even though the adventure component is fabulous, has fishing and archery, all of these wonderful things that the kids are still -- and we're closer here to this part of town. I think you're dealing with a larger population that can get here faster; whereas, you have to -- you know is that your feeling, Steve, of why we're seeing the bigger numbers here?

MR. WOODS: You see a higher level of commuters because it's easier access to the freeway.

DIRECTOR LIMBAUGH: Could you handle more children at these programs?

MR. HAMM: Yes.

DIRECTOR LIMBAUGH: How about 12 to 18? Don't offer summer camp or anything like that?

MR. WOODS: Well, we have the teen center that's open during the day, but that's more of a drop-in program.

DIRECTOR SWANSON: That's not a cost program that you sign up and everything for though?

DIRECTOR CHANDLER: Amazing what we do.

DIRECTOR HAMILTON: Steve, just give me your impressions of the street fair. I've only been there once this season. Does it seem to be as well attended as it was before?

MS. THOMAS: Well, the weather has not been kind this year.

MR. HAMM: We're hearing attendance is down even at the other local -- and it's hard to track attendance at an open event like that.

MR. WOODS: So it just seems like we're cursed on Wednesdays with the weather. So we're waiting to see what might happen with some of the other local farmers markets. If there's a closure or date change, then we may entertain moving it to a different day next year.

DIRECTOR LIMBAUGH: Have any vendors dropped out?

MR. WOODS: We've had vendors drop out, but it's mostly because of cost of fuel. Vendors are coming from outlying areas. They can't afford to come up. We had a very popular bread vendor that everybody loved, but he sold the bread to one of his employees and his employee couldn't afford to drive his truck up and down the hill, so he no longer comes. So it's those types of impacts that we're seeing.

DIRECTOR LIMBAUGH: So they didn't blame that attendance was down?

MR. WOODS: Not the vendors I talked to -- I had dinner with Jack Thomas last week after he worked the event, and I asked him how the attendance was. He said the attendance was okay, but the vendors were all happy with the level of business that they did. So as long as they're making money, they're going to keep coming back.

DIRECTOR HAMILTON: Sure.

MR. WOODS: We offer a variety of vendor packages ranging from daily to seasonal.

Golf Course Operations Report

DIRECTOR HAMILTON: Next would be the golf course. Lindsay?

MR. WOODS: Rounds played for the month of June was 2,770. And our junior golf camp has kicked off, and it's been well received. And staff was anticipating that we would only have one or two camps. And due to the popularity, they've added a number of additional camps. I believe there was 15 out there today receiving instruction from our golf pro. We had a couple of large tournaments. One was Trojans Football, the Booster Club, and they had a full tournament. That was our first full tournament. We had all 72 carts go out with two people in each cart. Staff was very busy. And the tournament organizers were very happy with the level of service that they received from our staff and the facility. Then, of course, we had the Chamber of Commerce Golf Tournament bid that we had 110 golfers go to that, and it went well also. The squirrels continue to be a problem. I did want to highlight, just so you are aware, we are continuing to do pest control. Our last pest control service was in June, and we did see a decrease, but much like putting rabbits together, squirrels are very similar and they reproduce rather quickly. So it's an ongoing issue. And if anybody hears of any new technologies or new ideas to possibly deal with this, I would love to hear them.

Parks Division

MR. WOODS: So moving on to the maintenance report, we're just in full swing, trim trees, keep things green, mowing turf, and dealing with vandalism, water line breaks, and different things like that. So nothing too exciting on the maintenance report from Brad.

Ranger Report

MR. WOODS: Moving into the park ranger report for the month of June, again, pretty much business as usual. If you looked on page 2, the incident that occurred on June 22nd, at Timberlake Park, those were actually homeless gentlemen that were having a disagreement

and was a minor incident. On your calendars, if you notice on the month of August, there is the National Night Out event. That will be held on August 2nd. It will be at the Target Center out on the other side of the freeway, and I believe it's from 6:00 to 9:00 p.m. The District will have a booth promoting recreational activities, and we will have some of our recreational staff out there engaging the kids and trying to get them active and showing parents some of the programs and activities that are available to the families in our community.

MS. THOMAS: And the police activities will have a booth out there also.

MR. WOODS: That's all I have.

DIRECTOR HAMILTON: Any more questions regarding the staff reports?

DIRECTOR GREGG: I just have a few comments on the golf course. I was talking to several people in the community, and they're saying the courses never looked better and they're happy to play on it. Also, I guess Victorville's getting competitive with some specials over there that we may want to investigate, take a look at and see what their aspect of it is.

DIRECTOR HAMILTON: That was an interesting article about Apple Valley and their golf course in our communications this month.

DIRECTOR SWANSON: Just shows how disconnected they are.

DISCUSSION/ACTION ITEMS

F. PUBLIC HEARING - Fiscal Year 2011/2012 Final Budget.

Public Hearing opened 8:05 p.m.

No comments from the public.

Public Hearing closed at 8:06 p.m.

G. Approval of Fiscal Year 2011/2012 Final Budget.

DIRECTOR LIMBAUGH: I think staff did a good job putting the budget together this year. So that was encouraging. The disappointing fact is that we're not going to get very much from developers' fees or any other substantial input. The only thing that we have out there that may bring us some extra money is the grant we applied for with the State, which is -- what's the hope of that? Lightning may strike.

DIRECTOR SWANSON: No, I think we have a better shot.

DIRECTOR LIMBAUGH: So we're still doing a lot with a little, and we'll probably face a couple years of lean pickings before something breaks.

MOTION: It was moved by Director Limbaugh, seconded by Director Swanson and carried unanimously to approve the Fiscal Year 2011/2012 Final Budget.

H. PUBLIC HEARING - Regarding ordering the levy and collection of assessment for Landscape and Lighting Assessment District No. 1, for Fiscal Year 2011/2012.

Public Hearing opened 8:07 p.m.

No comments from the public.

Public Hearing closed at 8:08 p.m.

- I. **Resolution No. 11-07-01, Ordering the Levy and Collection of Assessments for AD #1 for Fiscal Year 2011/2012.**

RESOLUTION NO. 11-07-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HESPERIA RECREATION AND PARK DISTRICT, CALIFORNIA, AMENDING OR APPROVING THE ENGINEER'S REPORT AND ORDERING THE LEVY AND COLLECTION OF ASSESSMENTS FOR LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 1, FOR FISCAL YEAR 2011/2012

MOTION: It was moved by Director Chandler, seconded by Director Gregg and carried unanimously to approve Resolution No. 11-07-01 by the following roll call vote:

AYES: Chandler, Limbaugh, Hamilton, Swanson, Gregg
NOES: None
ABSTAIN: None
ABSENT: None

- J. **PUBLIC HEARING - Regarding ordering the levy and collection of assessment for Landscape and Lighting Assessment District No. 2, including All Zones, for Fiscal Year 2011/2012.**

Public Hearing opened 8:08 p.m.
No comments from the public.
Public Hearing closed at 8:09 p.m.

- K. **Resolution No. 11-07-02, approval of the engineer's Report regarding the levy and collection of Assessments for AD #2.**

RESOLUTION NO. 11-07-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HESPERIA RECREATION AND PARK DISTRICT, CALIFORNIA, AMENDING OR APPROVING THE ENGINEER'S REPORT AND ORDERING THE LEVY AND COLLECTION OF ASSESSMENTS FOR THE LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT NO. 2, INCLUDING ALL ZONES, FOR FISCAL YEAR 2011/2012

MOTION: It was moved by Director Swanson, seconded by Director Limbaugh and carried unanimously to approve Resolution No. 11-06-02 by the following roll call vote:

AYES: Chandler, Limbaugh, Hamilton, Swanson, Gregg
NOES: None
ABSTAIN: None
ABSENT: None

L. Proposed California Special Districts Association Bylaw Amendments.

MS. THOMAS: It says that they're trying to build and strengthen the relationship between the statewide organization and chapters so they can better work together.

DIRECTOR HAMILTON: Well, what it says, too, "New chapters formed after the date of bylaws update are required to have 100 percent of their district members as CSDA members."

DIRECTOR CHANDLER: It's just proposed, isn't it?

DIRECTOR HAMILTON: Are we in favor of it or not? Are we in favor of it or not? That's the question.

DIRECTOR LIMBAUGH: Sure.

MOTION: It was moved by Director Limbaugh, seconded by Director Swanson and carried unanimously to approve vote yes for the CSDA Bylaw Amendments.

M. California Special Districts Association 2011 Board Election

MOTION: It was moved by Director Gregg, seconded by Director Limbaugh and carried unanimously to vote for John Fox.

N. Discussion of Options for Green Flag Raceway.

DIRECTOR HAMILTON: Discussion regarding the options for Green Flag, Item N.

MS. THOMAS: All the information is in the expanded agenda, not the tab.

DIRECTOR LIMBAUGH: Rachel, would you explain to me on page 4, when it says personal costs for 2010 was an additional 27,000?

MS. THOMAS: The numbers that you have in here don't have personnel. That's just strictly revenue and expense.

DIRECTOR LIMBAUGH: So from July 2006 to June 2nd, 2011, these are revenue and expenses, and the net is not including --

MS. THOMAS: Personnel.

MR. WOODS: Nor space rent.

DIRECTOR LIMBAUGH: Space rent. And who pays rent?

MR. WOODS: Well, Power Play pays rent, but Green Flag does not pay rent.

DIRECTOR LIMBAUGH: So we don't get any revenue from them?

MS. THOMAS: Correct.

DIRECTOR LIMBAUGH: And you estimate that that would be approximately \$2,000 a month if we rented that space to somebody?

MR. WOODS: Very conservatively yes.

DIRECTOR LIMBAUGH: Okay. So that number would have been reflected equally pretty much through all these past years. How about the personnel? Similar?

MS. THOMAS: Yes.

DIRECTOR LIMBAUGH: So you're giving a total of \$50,000 of expenses that we either aren't getting or are paying for Green Flag, but don't usually include in their revenue-generating scope of things; correct?

MR. WOODS: Correct.

DIRECTOR LIMBAUGH: Okay. That's all I wanted to understand.

DIRECTOR SWANSON: How many unrented spaces do we have currently?

MS. THOMAS: At all the three facilities?

DIRECTOR SWANSON: Every facility that we rent out, are they all at 100 percent capacity?

MR. WOODS: No. We are 100 percent at Hercules, and we are probably at 95 percent at Park Center, and we are 60 percent at Corona. We are moving Tiny Tots to Corona and as soon as they heard one of the other tenants wanted that space, so we've already rented that out.

Hercules is very desirable.

DIRECTOR HAMILTON: Why is that?

MS. THOMAS: Location, parking.

MR. WOODS: Primarily the size of the units. Most of the units are 2,000 to 4,000 square feet.

DIRECTOR LIMBAUGH: Do you have numbers at Green Flag from the standpoint of people that go there?

MR. WOODS: All we have is what has been reported in previous recreation reports. In my opinion, it's poorly attended.

DIRECTOR LIMBAUGH: Is there 50 people that go there a month?

MR. WOODS: If they were repeats, yes. 50 different people, I doubt it.

DIRECTOR LIMBAUGH: And back in '06, how many were going there?

MR. WOODS: I couldn't tell you.

DIRECTOR LIMBAUGH: I wish I had that sheet. I had that sheet. That was my other question. Has participation dropped off to the point where it's almost --?

MR. WOODS: Yeah. It's an expensive activity when you really get down to it.

DIRECTOR LIMBAUGH: It is unique.

MR. WOODS: A starter kit is going to cost you \$60 to \$100-plus, and in this economy, that's not something that people are just going to run out and spend their money on.

DIRECTOR SWANSON: But there are cars that you can rent if you want to?

MR. WOODS: Yes.

DIRECTOR SWANSON: Okay. So someone actually doesn't have to buy that kit to participate; correct?

MR. WOODS: No.

DIRECTOR SWANSON: Okay.

MR. WOODS: I think we've been looking at this program and facility for a number of years off and on. And I believe that the District's given it ample time to prove itself, and that's why I made the three recommendations. In this economy, Option A, I don't believe is advisable because I believe we're making improvements on a facility for a program that probably will never rebound. And I just think it ran its course. I believe Cal even made that mention in last month's board meeting. "It's a dying sport". To my knowledge, there's only one other race track of its kind, and that's down in Buena Park. And they've been there for a number of years. And it's a retired couple that runs and operates it and they are able to do it at low cost, but they're in the center of a metropolitan area that has access to a lot of people.

DIRECTOR HAMILTON: For those of you who weren't here before, the last time Green Flag was in front of this Board, there was a problem with the building of some new thing, and I don't have a photographic memory, but they all showed up here at our meeting. And we made sure that that got fixed. I don't know if you were, Rebekah, on the Board then. I know Kelly wasn't. Bob was here. They all showed up, and we took care of that. And we thought,

okay -- and Lupton was still here, too. It was a thriving program at one time. Now I guess it's digressed, so it's not so thriving. The problem with eliminating the program, this one, is once we eliminate it, we will probably not bring it back, period. Such is probably not true with BMX because bikes can come back. Tennis, we don't have that many tennis courts in the Park District anymore, but that used to be a big thing. Anyway, my point is, if we do decide that it's time to close this, is there a way we can make sure all the nails are in? In other words, where are the people from Green Flag that run the program? How come they're not here tonight? They had to be aware of this.

MR. WOODS: Wayne was aware I met with him and I told him I was giving a report to the Board. He knows when the board meeting was. I did not ask him to come, I don't believe that there's anyone that's going to protest the closure other than a few diehard people. There are a couple of guys out in Barstow and maybe like Steve James in our local community, but it doesn't have the numbers behind it that it once had. And the tracks are in poor repair. The slots are worn out. There's going to have to be some money spent on fixing things up, and I'm just not comfortable making a recommendation that we spend \$15,000 to make those improvements. I think it's a gamble.

DIRECTOR CHANDLER: That was -- my question was exactly yours because the last time we had a big discussion about this, we had a number of people that showed up, and they were very adamant about keeping this program; and yet, there's no one here. I agree with you Lindsay. I think we should just let it go.

That's my personal opinion after reading the minutes from our last board meeting.

DIRECTOR SWANSON: That's why I asked how many spaces we have available. We're looking at a space that's not in high demand right now that's going to sit empty. We don't have anything to replace it. We've got some investment in it. I was kind of drawn to Option C, to let it go gently instead of cutting it off in one fell swoop. It's more of a compromise, I guess.

DIRECTOR LIMBAUGH: I would be happy with the press release in the newspaper saying that, based on the current financial conditions of Green Flag Raceway Track and a lack of participation in the community to support the facility, the Park District at its next meeting is going to entertain closing the facility and turning that part of our facility into some other thing, whatever that might be. We don't have to say what it is. Rent it out. Do whatever. Green Flag is going to go away. We'll have a clear conscience then. Everybody was aware that we were going to close Green Flag, and it's kind of like the City and the golf course. But I don't think I want to have meetings about that. Hire good staff and get out there and talk about, you know, things like that.

DIRECTOR GREGG: This has revenues and expenses, and that does not include personnel?

MS. THOMAS: No, no personnel.

DIRECTOR GREGG: So it's just consistently losing money.

MR. WOODS: We're going to get a bunch of people coming from all over the place because there still are slot car racers. The people that are down the hill are going to come up.

DIRECTOR LIMBAUGH: They don't read the Star though.

MR. WOODS: You don't think Wayne, the employee, will make some phone calls? Once it's out there, the next meeting could be very entertaining. And they may not be residents.

Director Gregg's been over there. I've stopped by a couple of times, and I've had this similar experience of its Wayne and a couple of other people and that's it.

DIRECTOR GREGG: I've been there six instances in two months, and it's only been Wayne, myself, and one drag racer.

DIRECTOR LIMBAUGH: So how do we spend \$27,000? Oh, that's for a whole year.

MR. WOODS: That's basically what Wayne and Adam Shaw's salary.

DIRECTOR LIMBAUGH: So we wouldn't have that expense then.

MR. WOODS: I believe that that space would rent just because it's a large space. It's approximately 5,400 square feet.

DIRECTOR CHANDLER: Not exactly a popular event.

MR. WOODS: It gives you insight -- and from the meeting last month, it's a dying sport. We could leave it open. I could actively market it and not even spend any money cleaning it up.

DIRECTOR LIMBAUGH: The numbers say closed.

DIRECTOR GREGG: Have we not done that? I mean, how long have we been doing that now?

DIRECTOR LIMBAUGH: They have for several years.

MR. WOODS: Just throwing out some other options.

DIRECTOR GREGG: No, I'm saying, how many times have we tried to continue -- you know, here we go, we're going to continue to keep it going, keep it going.

MR. WOODS: Three or four times.

MOTION: It was moved by Director Chandler, seconded by Director Gregg and carried with a vote of 4 to 1 (Chandler, Limbaugh, Hamilton and Gregg – Aye and Swanson – No) to close Green Flag Raceway – Option B.

O. Review of Personnel Rules, RULE XII REIMBURSEMENT OF INCURRED EXPENSES.

DIRECTOR HAMILTON: We are now on Reimbursement of Incurred Expenses, Item O.

MR. WOODS: You have the information in your packet. Rachel or I would be happy to answer questions.

DIRECTOR LIMBAUGH: About what?

MR. WOODS: Any of these items.

MS. THOMAS: Director Gregg asked that this be put on the agenda, and President Hamilton asked me to put it on.

DIRECTOR LIMBAUGH: Are we discussing revising policy?

MS. THOMAS: I'm not sure.

DIRECTOR HAMILTON: So not yet.

DIRECTOR LIMBAUGH: What?

DIRECTOR HAMILTON: Well, Director Gregg asked that we put this on the agenda, and I obliged by putting this on the agenda, looking at the reimbursement policy. But it's also related to some concerns that he had regarding credit card use.

DIRECTOR GREGG: Yes, I did ask to have this put on because there's some concerns about people earning points off of their personal credit cards for district fees, and then being reimbursed back those fees and still getting the points. So that's why in this memo from Cal --

DIRECTOR LIMBAUGH: What again now? People are getting reimbursed off their credit cards?

DIRECTOR GREGG: People are using their credit card gaining points for credit card use, and then being reimbursed.

DIRECTOR SWANSON: They're putting out the cash, their own personal --

DIRECTOR LIMBAUGH: And then they're being reimbursed for the actual expenses?

DIRECTOR SWANSON: Right.

DIRECTOR LIMBAUGH: What do we need to know beyond that?

DIRECTOR GREGG: Well, it was brought up in a --

DIRECTOR LIMBAUGH: Are you questioning the expenses or the reimbursements?

DIRECTOR GREGG: The reimbursements.

DIRECTOR LIMBAUGH: And you're questioning that the reimbursements don't match the expenses?

DIRECTOR GREGG: No. I'm just -- I'm saying, is there any issue with the fact that people are being rewarded for using their --

DIRECTOR LIMBAUGH: Who's rewarding them? The District?

DIRECTOR GREGG: No.

DIRECTOR LIMBAUGH: The citizens?

DIRECTOR GREGG: No.

DIRECTOR LIMBAUGH: So what do we care? Do you know of other agencies that made a policy that you can't use your personal credit card and --

DIRECTOR GREGG: -- that issued credit cards to their employees for use of that credit card to the employee.

DIRECTOR LIMBAUGH: So it's a district credit card.

DIRECTOR GREGG: They're not being issued a district credit card.

DIRECTOR LIMBAUGH: Okay. I'm confused now.

DIRECTOR HAMILTON: Okay. What he's saying is that if a district employee does not have a district credit card or does not use a district credit card for a legitimate purpose and they use their own credit card, they pay it with their own credit card, and then they submit a reimbursement, the reimbursement comes back to the actual cost of the credit card. What Kelly was raising was the question, is that something that's good, permissible, or whatever, because they receive, let's say, points for mileage on their credit card.

DIRECTOR LIMBAUGH: Okay. Why are we talking about this? It's none of our business.

DIRECTOR SWANSON: That's my point.

DIRECTOR LIMBAUGH: Even if that's their own personal credit card.

DIRECTOR GREGG: There was a question raised about it, Mike, that's why I brought it up.

DIRECTOR LIMBAUGH: From whom?

MR. WOODS: It was anonymous.

DIRECTOR LIMBAUGH: You can't just think up this stuff out of your head. It doesn't make any sense, Kelly.

DIRECTOR GREGG: I'm not making --

DIRECTOR LIMBAUGH: Well, you are. If you want employees to pay in cash, then that's a whole other story. But they're using their own personal credit card like we all do. When I go on an expense, I use a credit card to charge an airline ticket and I get mileage credit for that.

DIRECTOR GREGG: Yeah.

DIRECTOR LIMBAUGH: What's the problem? I'm not asking the District to pay for the miles or extra on the airfare.

DIRECTOR GREGG: Correct.

DIRECTOR LIMBAUGH: So what are we getting at here? It sounds like kind of a witch hunt.

DIRECTOR GREGG: It's not a witch hunt. It was a document that was sent --

DIRECTOR LIMBAUGH: Yes. If County employees are using County credit cards to accumulate expenses -- like they go out and buy a new tractor for \$40,000, and they get mileage for the \$40,000 on a County credit card -- that's a whole other story. But these are personal credit cards that you've asked employees to spend their money.

DIRECTOR SWANSON: And tie up their assets.

DIRECTOR LIMBAUGH: And they pay their bills, and then try to get reimbursement from you. What they get from their credit card company is not a public matter.

DIRECTOR CHANDLER: Yeah. I don't have any problems with people getting points.

DIRECTOR LIMBAUGH: Unless they're buying like Fort Knox. They're spending billions of dollars, and they're getting some kind of freebie for the billions of dollars. But this is like two or three hundred bucks here.

DIRECTOR HAMILTON: It's not even that much.

DIRECTOR LIMBAUGH: And I don't know of any law that the State has passed or the County could pass that says anything about that. What are we talking about this for? We have long enough meetings.

DIRECTOR GREGG: I was asking for policy --

DIRECTOR LIMBAUGH: The policy is in our manual already, Kelly. I knew what the policy was. I think all these people all know what the policy is.

DIRECTOR GREGG: So you're saying that I can't question what the policies are, Mike?

DIRECTOR LIMBAUGH: Put it in writing. Don't just let's start talking -- just to have a general conversation.

DIRECTOR GREGG: Okay. I was asking for clarification because I received a document about -- that there may be some improper legalities about that.

DIRECTOR LIMBAUGH: I didn't receive that document, so --

MS. THOMAS: No, no. You all received it. It was, was a letter from the County sending this notification to us.

DIRECTOR LIMBAUGH: And they said we just want to make you aware of this.

MS. THOMAS: The County has no problem with what was reported.

DIRECTOR CHANDLER: Did you ask Lindsay -- when you had that question, did you ask him first, or did you just want to bring it up at the Board?

DIRECTOR GREGG: No, I asked. I actually approached Mr. Hamilton about how to handle this because I was unaware of how to handle it. Now, any time I'm unaware of a situation on how to handle it, you just want me to, you know, run it through Lindsay, or do you want me to bring it to the Board, or -- you know --

DIRECTOR CHANDLER: I think the proper thing is run it by him first, and he could probably answer your question.

DIRECTOR GREGG: Okay. And so if the --

DIRECTOR LIMBAUGH: Does he have a copy of the District's policy? There is a policy for adding agenda items.

DIRECTOR GREGG: Okay.

DIRECTOR LIMBAUGH: I thought that there was a problem with people getting paid different than what they should on their credit cards.

DIRECTOR SWANSON: No, no. I don't think so.

DIRECTOR LIMBAUGH: And that the answer would be to give them district credit cards.

DIRECTOR HAMILTON: That's what Cal said when the letter came from the County. Cal gave this to me. I don't know if anyone saw this but me.

MS. THOMAS: You were only one that received that memo.

DIRECTOR HAMILTON: I would like to draw your attention to that, if you wouldn't mind. What's the reimbursement policy, and then Cal listed what you were saying, Mike. You said multiple credit cards through people getting points. Then he said, I do not believe a credit card company will allow multiple credit cards for purchasing unless it's preapproved, so forth, I think. So Cal was very comfortable with what we have been doing as far as our past practice.

DIRECTOR LIMBAUGH: If there's improprieties in credit card use with employees --

DIRECTOR HAMILTON: For that matter of fact, anybody who has reimbursement capabilities from the District with their charging the credit cards, we need to find about that immediately.

DIRECTOR LIMBAUGH: But if it's between the credit card company and employee and we're paying for services that we accrue that were legitimate and all that, I don't care what the heck the company gives them. Rachel will not go out and buy a new vehicle for the District on her own personal credit card and then expect to get airline points. That'd be considered a little bit impropriety. If we do change the policy, then, for travel reimbursement expenses and sundry expenses not to exceed an amount, we could revise our policy, and that would bring us right in standard with -- I think where you're heading, if we change our policy about the use of personal credit cards for reimbursement, but I don't think we want to start monitoring employees for how many miles or some credit cards will actually give you cash back. If I use American Express, I get 4 percent back on every purchase that I don't pass on to the District.

DIRECTOR SWANSON: But again, if we're asking the employee to tie up their assets, then they're tying up their assets. Then, to me, having them reimbursed for the exact amount that they tied up their assets for I don't have a problem with. I did have a question about the per diem rates. I thought Cal heard something about the per diem rates not really being realistic or something. What's the County? Is it similar to the County, or is it lower? Because I just took my kids to Jack in the Box, and I was like appalled how much money we paid just for breakfast stuff. I just want to keep this in mind with a female member of the Board -- there's some things that are concerns for me that you guys might not think about. When I went to trainings for the school district, there were times when they housed us in the same hotel where the convention took place, which is my preference because I do not want to go anywhere dangerous for me. I have to think about that. I don't want an employee to have to think about that or having to go outside in a strange city at night or in the early morning before the program starts, trying to search for a meal that fits that -- because if somebody gives me a parameter, I try the best I can to follow that. And sometimes if we're not realistic in what's happening in our country and prices and things like that, we can hurt employees without meaning to. Or whoever's impacted by that. It could impact anybody in this room. I just think it should be commensurate with what the traffic will bear, what the County's done or what other public agencies have done, and we should be in alignment with that.

DIRECTOR GREGG: It's not saying that you can just go there and get a cup of coffee for \$6. It's saying we will reimburse you for \$6.

DIRECTOR SWANSON: Okay. But somebody owes out of pocket for doing a job we asked them to do. And you're not there to have a really great time. You're there to do a job. And I want to honor the employees. I want to make sure we are up-to-date in all of our areas.

MS. THOMAS: Director Hamilton asked me to check Hesperia School District. I did receive that from Kathy. Their meals, the maximum daily allowance shall be \$60, with no single meal over \$35. I have the IRS per diem rates booklet here, and at page 40, it's rather lengthy.

DIRECTOR LIMBAUGH: Because it's regional.

MS. THOMAS: Yes, it's regional. So approximately \$50 a day for meals is what the IRS says.

DIRECTOR LIMBAUGH: We're not that far off. We're 45.

DIRECTOR HAMILTON: You're 35.

DIRECTOR LIMBAUGH: Oh, yeah, that's right. That's close. As long as you add in the gratuity.

DIRECTOR HAMILTON: Yeah, that's true.

MS. THOMAS: That's over and above that amount.

DIRECTOR LIMBAUGH: But if you have receipts which it says, the policy recognizes if you go into the metropolitan areas and you're not eating in Barstow or downtown Hesperia, you probably can't live on 40 bucks a day.

MS. THOMAS: Correct.

DIRECTOR LIMBAUGH: Since we're talking about this, mileage reimbursement is very easy. Employees shall receive reimbursement in accordance with the federal --

MS. THOMAS: We can follow the IRS.

DIRECTOR LIMBAUGH: Yeah, that comes out every year. It's whatever it is. You know, you could direct staff to update this policy. But you know, other than not allowing employees to use credit cards, I don't know of any way around that, every credit card company that I now know of offers some type of incentive for using their card, whether it be a cheap interest rate, cash discount, or some type of point thing or airplane mileage. That just gets too difficult. Until the State makes a mandate about that, I don't think we would want to address that issue.

DIRECTOR HAMILTON: Leave it alone.

MS. THOMAS: I just wanted to let you know that when Cal was here, there was one credit card from, MasterCard, in his name, and American Express in his name. And in the last year and a half, Lindsay got one American Express, but we were severely limited at the beginning of this year with the amount that we could put on it.

DIRECTOR HAMILTON: Isn't that what happened to Lindsay when four or five of us were at that conference?

MR. WOODS: Well, actually, Rachel as well.

MS. THOMAS: My personal credit card paid for the rental car and all the plane tickets, and then Lindsay's took care of the meals and hotel.

DIRECTOR HAMILTON: Because we exceeded the cap?

MS. THOMAS: Because we did not have a credit card for the District that we could use. And we have now, of course. When Cal left, those two accounts were closed, and we now have an account through Union Bank that's a Visa card. There's one in Lindsay's name. There is one in my name. And the credit limit is \$13,000.

DIRECTOR HAMILTON: On each?

MS. THOMAS: Yes.

DIRECTOR HAMILTON: Did you do away with the American Express?

MS. THOMAS: Yes. The American Express is gone.

DIRECTOR LIMBAUGH: So we have two cards that are each 13,000? Will we ever have a need to go over that?

MS. THOMAS: No, there should not be any problem at this point.

DIRECTOR HAMILTON: Okay. So that kind of takes care of that issue. Lindsay, let me ask you a question, too, as Rachel weighs in on this. It would seem to me -- and then, I'm just one of five here -- but it would seem to me that we should revisit the reimbursement policy to raise it a bit according to even what Rebekah was saying. And so can we just refer this back to you guys and say give us a recommendation? Let's revise the policy. Use -- you know you can use the school district or the IRS or something. It seems a little unreasonable to me to have like a \$6 breakfast thing, but I'm also a tightwad. So on the other side, I'm very sensitive about that, you know.

DIRECTOR SWANSON: Well, to me, you're already asking people to come out of pocket and wait for the reimbursement.

DIRECTOR HAMILTON: They wait five to six weeks possibly.

DIRECTOR SWANSON: You're also somewhere to work, not have a fun time -- plus, tie up whatever amount of money.

DIRECTOR HAMILTON: Sure.

DIRECTOR SWANSON: And plus, wait for the reimbursement to come back, and then you know, we just need to live in the real world. As long as we're commensurate with other policies, I don't want to go over that. I also don't want to cut into what we're asking people to do when we ask them to go out.

DIRECTOR HAMILTON: Sure. Are you comfortable with that, just referring it back if you guys are all -- let's just move on and let them bring us back a comprehensive --?

DIRECTOR LIMBAUGH: As with this issue, I would expect, Lindsay, that any issue that comes up regarding our personnel rules and policies -- I know we had the one when the personnel committee was doing the retirement and the medical, and we had California codes that have actually been eliminated quoted in our policy book. Well, I think anything like that; we need to have it -- since it was updated in 1990.

DIRECTOR HAMILTON: -Mike, I met with Lindsay and Rachel and one of the things I suggested was to begin to review the whole policy manual and do it in increments. So bring us a portion of it that we'll review, have a first reading, we all get to see it -- the next month we vote on it. Then we take another portion of the policy manual -- so we're constantly reviewing it and keeping it up-to-date, and it's not going to be that hard, Mike, honestly.

DIRECTOR LIMBAUGH: Oh, I know. It's only like a hundred and something pages long -- unless there's two of them.

DIRECTOR HAMILTON: Section 1 for a month or two, and then Section 2, and then after a year, we'll have gone through it, rather than trying to do the whole thing at once.

DIRECTOR LIMBAUGH: Well, what if it comes up in some abstract way like this one?

DIRECTOR HAMILTON: Well, we can deviate from that plan. But you know this came up because, again, we honor one another's requests. There was a request to talk about this, and that's what we're going to do, and that's what we are doing. And I'm very pleased with that.

MS. THOMAS: CSDA has a sample policy handbook, and we did order that. So once that comes, that will give us a little more current information.

DIRECTOR HAMILTON: Right. If you guys are comfortable with that, we can say to our staff team, let's begin to review the policy manual. And let's not dump the whole truckload on them and say we want the whole thing next month. Let's do it in sections. Do one section, move on to the next, and we'll just do it over the course of the year.

DIRECTOR LIMBAUGH: I will say this though, Jack, in public code in California, special districts exist for a reason.

DIRECTOR HAMILTON: Okay.

DIRECTOR LIMBAUGH: One of those reasons is because we do a lot of self-governing.

DIRECTOR HAMILTON: Okay.

DIRECTOR LIMBAUGH: So as long as our policy is within the letter of the law -- like, we don't say we can torture employees that don't behave. We can't pass a law like that where we're going to put pins in people's eyes if they miss a day. But as long as we're within the statutes of the legal law -- you go before a judge and all that stuff -- our district has a lot of flexibility. And believe me; the policies up and down the state vary as people change their shirts.

DIRECTOR HAMILTON: Well, what's your point of that? I don't get it.

DIRECTOR LIMBAUGH: Well, we getting the manual from CSDA may not be the prudent course of action for our district.

DIRECTOR SWANSON: Well, we're not going to adopt it. We're just looking at --

DIRECTOR HAMILTON: Be careful. You're warning us.

DIRECTOR LIMBAUGH: You have really no limits in a lot of stuff you do as long as you don't break the law.

DIRECTOR HAMILTON: The way I look at it, I think we're going to pretty much have the same policy manual we have now, but with the updates.

DIRECTOR SWANSON: Modifications.

MR. WOODS: I would think we probably need to get a current policy manual to Betsy for a review. She can give us, these need to be attacked first, and here's your priority list based on out-of-date legislation or what have you.

DIRECTOR HAMILTON: Yeah, that's great, Lindsay. Great idea. I'm fine with that.

DIRECTOR LIMBAUGH: And we have made major changes to our policy manual, the Ranger Program probably being the biggest for us. So it's not like we haven't touched the personnel policy. And it has come up in instances like Kelly has brought before us today.

DIRECTOR HAMILTON: Okay. Any other questions or thoughts, ideas what we want to do regarding policy generally, even though it's not in the agenda, but reimbursement-wise?

MR. WOODS: I would just like to throw out there's not a lot of credit card use by the staff. Most of it is directly related to travel, conferences, those types of things. Every once in a while, there may be a vendor that we need a specific thing from them. That's the only thing that we need. And it's just easier to use the credit card. But usually, those are coordinated through Rachel.

Meeting recessed at 8:57 p.m.

Meeting reconvened at 9:00 p.m.

P. Approve Roof Repair/Replacement for Calhoun Property.

MR. WOODS: The Calhoun property that we purchased as the future expansion of Hesperia Community Park, the caretaker's residence out there, the roof was in poor condition when we bought the facility. And now we've had it for a number of years, and it leaked pretty extensively this past winter with the storms that we had. So we've had a change in caretakers. And one of the reasons the previous caretaker is leaving is because of the leaks. So the new caretaker has requested we make the repairs to the roof. And I can't blame him. And I think it's our property. We need to protect it in case we want to do something different with the

property in the future. Or we can keep it viable for the caretaker that will be there for the security of these facilities. Brad Cook has met on site with three different roofing companies -- or four -- and the recommendation is before you that you not select a contractor, but authorize a dollar amount of \$7,000 for us to proceed. Why the difference between the lowest bid and the Not to Exceed 7,000? All of the contractors have indicated, once we start pulling the roof off, we do not know what condition your plywood is in, and there's also Title 24 in California that has to do with your insulation values. And if it doesn't meet, that we'll have to do some additional insulation work on the building. It is just the structure. The structure has a large porch over it. Our staff will be addressing the porch roof issues that may exist.

DIRECTOR LIMBAUGH: You know, it's a small amount, but since I just had my roof done, I did have a question. On All Seasons, if they have to replace plywood, they're charging \$55 a sheet, and Doug Druckenmiller is only charging \$30 a sheet, so --

DIRECTOR SWANSON: But we're only authorizing the amount; correct?

DIRECTOR LIMBAUGH: I know that. But I'm just saying, if you want to assume that half the roof has water damage, again, that would make the bids even further apart.

MR. WOODS: Right. Most of them have indicated they only anticipate, based on being on the roof and walking they say there should only be a handful of sheets that need to be replaced.

DIRECTOR LIMBAUGH: So are you telling us you're going to award to the lowest bidder?

MR. WOODS: That would be my plan.

DIRECTOR LIMBAUGH: Druckenmiller?

MR. WOODS: Yes, but I wanted to talk to Brad to make sure, because he is meeting with the contractors.

DIRECTOR LIMBAUGH: Have any of these guys worked for the District before?

MR. WOODS: Druckenmiller, a long time ago.

MOTION: It was moved by Director Chandler, seconded by Director Gregg and carried unanimously to approve the Roof Repair/Replacement for the Calhoun Property not to exceed \$7,000.00.

SPECIAL REPORTS

General Manager

MR. WOODS: As you can see, the golf course we're doing well. We would be doing better if we were not operating the restaurant. Restaurants are a tough business to be in, especially in that location. The food's good, but getting people down there other than golfers is the trick.

DIRECTOR SWANSON: One thing that I'm not sure if it's appropriate to mention now, but I've met people there and they bypass the restaurant thinking it's not open. It does look closed if you're driving by or in the front. If we just got a light-up open sign from Costco, I think, or something --

DIRECTOR LIMBAUGH: That's a good idea. That's a very good idea.

MR. WOODS: That very item has been discussed a number of months ago. I was under the impression the supervisor of that facility had purchased it and had it installed. I don't typically go in the front door. I usually go around the back. So I will check into that because we've talked about it a number of times.

DIRECTOR LIMBAUGH: Did we ever buy the signs to put up around town?

MR. WOODS: We did for the golf course, but the City does not like what our plan is. They want them to be a little generic-looking sign. We wanted to have golf ball signs, public golf

course, and directional arrows. The City doesn't like it. I haven't had time to go over and meet with them because their engineers tell me they don't like it, it doesn't fit their sign standards.

DIRECTOR SWANSON: In what respect?

MR. WOODS: Here's the point. When it comes to the golf course, we don't have a long-term agreement. There's no reason for us to be spending any money on marketing, advertising, doing anything until we get this issue resolved.

DIRECTOR LIMBAUGH: The idea about the neon sign in front that says "open" is a very good idea. She's 100 percent correct.

MR. WOODS: And I'm surprised if it's not done.

DIRECTOR LIMBAUGH: The only thing in our financials, it does not include the cost of water; is that correct?

MR. WOODS: Correct, the pumped water.

DIRECTOR LIMBAUGH: And the City pays for that directly right now, right?

MS. THOMAS: We don't pay water. We pay the electricity for the well. So that's included.

DIRECTOR LIMBAUGH: That's paying for the water.

MS. THOMAS: Yes, we pay for the electricity for the well.

DIRECTOR LIMBAUGH: Because when you turn the electricity on, the water comes out of the ground.

MS. THOMAS: Exactly.

DIRECTOR LIMBAUGH: Okay. So it really doesn't include two things then. One, it does not include the pump cost to pump the water out --

MS. THOMAS: The electricity's in here.

DIRECTOR LIMBAUGH: Oh, it's in here. So it does include the cost of the water. As long as you're under the allotment the golf course was allowed before, but I didn't quite get a clear understanding of how the City was going to account for that with us. And right now, I don't really care until they make a decision whether they're going to keep the facility as a golf course or not. But after that, I think this Board has to care about that if we're going to be chosen as the operators of the facility because it can be very voodooish in how they account for that. It is exactly known what the reproduction allowance of the City of Hesperia is. That's an exact number.

DIRECTOR HAMILTON: Where do we get that, Mike?

DIRECTOR LIMBAUGH: It's the preproduction allowance of the golf course. I have it at my house. Get it online. You can go to MWA's web page.

DIRECTOR HAMILTON: I want to know what the allowance is and if we're over that in the last nine months or not.

MR. WOODS: Our staff met with the MWA staff. They showed them how everything is calculated.

DIRECTOR LIMBAUGH: We're right in the ballpark.

MR. WOODS: Their water year is from October to October. From last October to June, beginning of June, when Brad met with them, we were at 172 acres.

DIRECTOR LIMBAUGH: Well under their --

MR. WOODS: It's 400 and some change.

DIRECTOR LIMBAUGH: Yeah. It's 65 percent. They have 600-something acre feet.

MR. WOODS: So we had three and a half months left to go for water consumption, and we had over 200 acre feet. Staff is tracking it daily, and they are making adjustments daily so that we will stay under the water allocation.

DIRECTOR HAMILTON: What was the allocation? 600? What did you say?

DIRECTOR LIMBAUGH: No, their preproduction allowance was based on the 1984 to 1990 pumping records for the adjudication. The golf course -- I believe it's -- 660 was their original allotment.

MR. WOODS: Then they ramped down again.

DIRECTOR LIMBAUGH: And they ramped down -- the whole outdoor area is ramped down to 65 percent of their production allowance, but there's all kinds of conditions about that production. If you don't use your allotment, whether it be the ramp-down or the amount that you're pumping, you get to carry it over. So there's all kinds of little innuendos. It's not very complicated, but once you know it, you know it.

DIRECTOR HAMILTON: Put it in layman's terms. What is our allotment for a year, from October to October?

DIRECTOR LIMBAUGH: What we can currently take out of the ground, it's 65 percent of the production allowance.

DIRECTOR HAMILTON: And what's the production allowance?

DIRECTOR LIMBAUGH: I think it's 660.

DIRECTOR HAMILTON: So 65 percent of 660, in my mind, that's about 440?

DIRECTOR LIMBAUGH: That's correct.

DIRECTOR HAMILTON: So 440 is our yearly allowance. And you're saying that after that point, we'll use 172, and it will leave us 230 for the last three months?

DIRECTOR LIMBAUGH: Correct.

DIRECTOR HAMILTON: So it's probably fair to say, even though it's the summer months, that we'll be real close to that 440.

MR. WOODS: Right. And then if we can do some improvements on the course with reduction, reducing play areas and eliminating green areas that don't need to be watered, we can even reduce it further than that.

DIRECTOR LIMBAUGH: We don't really need to have this discussion, but we should be prepared if the City chooses to keep it as a golf course and retain us as the operators, which I don't know why the City Council would not entertain that because, otherwise, they're going to hire someone to do it. It's going to be one of those things. We'll run the golf course, but we won't take a loss.

DIRECTOR HAMILTON: Well, one of the things I even mentioned to Kelly that was fearful to me was, you know if the City Council does approve it remaining a golf course and approves maybe doing a five- or a ten-year lease with us, the devil's in the details. I'm kind of curious -- my fear sometimes is they're going to give us something that we would not want to live with. You know what I mean? Like, if they changed certain elements.

DIRECTOR LIMBAUGH: Oh, you mean cancelled the agreement without any notice?

DIRECTOR HAMILTON: Well, whatever. I just started thinking what we're going to get, and that would make us look kind of weird if the community wants to keep it -- and it seems like the community, at least from my perspective -- I've been to all five meetings and I heard -- and again, I know it's a biased group, but they all want us to keep the golf course. So, therefore, we would look weird if we didn't want it. If they offered it to us with provisions and general things that we just couldn't live with, what would we do? So it would make us look dumb.

MR. WOODS: We would probably say we can't live with that agreement. Even at that point, the City would still be wasting taxpayers' money by hiring an outside firm to come in and run

it. So they're going to save money by having us operate the course. Even if they have to pay water overages, they're still saving money.

DIRECTOR LIMBAUGH: So we just have to -- we're arming ourselves by knowing what we do. And financially, we know what we do. Water usage, we know what we do. So I think we're well on our way to having the knowledge -- if the City turns and says, okay, we're going to keep it a golf course, let's sign a five-year agreement, and then they put some of that voodoo language in there, then we'll be armed with the information and say, well, why do you want to do that? Historically, here's what it says. We don't need that clause in our contract.

DIRECTOR HAMILTON: Yeah. There is a rumor out there among some folks that we have exceeded our allotment in water.

DIRECTOR LIMBAUGH: They've got the Edison bills. That will be the end of it. They couldn't have paid more than what they pumped.

MR. WOODS: They're calculating from the time we took over through this October. They're not using MWA's reporting year and our point would be we shouldn't even be responsible for that first year because we took over in May. We had broken lines, leaks, heads that weren't functioning properly, all kinds of problems.

DIRECTOR HAMILTON: Okay. That's good to know that part because -- I want to be able to throw that back.

MR. WOODS: We were filling those ponds that were draining out.

DIRECTOR LIMBAUGH: That's really amazing that that information did not come out in the public hearings.

DIRECTOR HAMILTON: No, no. This is all behind-the-scene stuff.

DIRECTOR LIMBAUGH: See? That's all -- and I'm sure all those people that answered the survey that said turn it into a dog park there must have been 600 phone calls for that, right?

MR. WOODS: Just so you all are aware, I've been asked by the City what the minimum lease agreement that I would accept on that course, and I had told them five years and I would not accept anything else.

DIRECTOR LIMBAUGH: Good.

MR. WOODS: However, I said if the Board came back and said that they wanted it, then that's what we would do. But my personal recommendation to you is five years is the minimum, and it should be more. But what I'm hearing now is they're talking less than five.

DIRECTOR HAMILTON: I don't understand why they would do that.

DIRECTOR SWANSON: Control. Control issues.

DIRECTOR LIMBAUGH: I know we'll have that discussion eventually. Not today.

DIRECTOR HAMILTON: We're on the golf course financial report, so it does relate.

DIRECTOR LIMBAUGH: Well, but we're speculating.

MR. WOODS: So anyway, that's my information on the golf course.

DIRECTOR LIMBAUGH: What would you do today if you had to say about the restaurant? Obviously, you want to keep it open when the golfers come in. How could you save money to just support the golfers from a standpoint of food? Is there a way that you could improve it so that it doesn't lose money? So you, like, hire somebody to come in there as a contract caterer and they make sandwiches and they have beer and stuff in bottles on ice.

MR. WOODS: Possibly. We could restrict hours because there's not a lot of breakfast, other than on the weekends. We could do just a six-hour window in the middle of the day.

MR. WOODS: Smaller menu. Make it more like a sports bar. You know, where most things are deep-fried and you don't have to have professional chefs that are back there preparing

meals. We could always go back to the hot dogs and buy prepackaged subs. There are a lot of options.

DIRECTOR LIMBAUGH: We are probably looking at least \$350 an acre foot for water at least. So, you know, if we're losing money here, you know, that's some water that we could buy. And every little foot counts.

DIRECTOR HAMILTON: We don't serve that much water at the lunch table though.

DIRECTOR LIMBAUGH: No, but I'm saying take this \$20,000, and you could buy water.

DIRECTOR HAMILTON: Does this include if we upped our catering or, you know, special events, you know, for weddings and things? That would reduce this here. So this is purely the restaurant? It doesn't include -- what do we call it?

MS. THOMAS: No, it includes all food service.

DIRECTOR HAMILTON: So anything if we did have a longer-term contract and we were able to have wedding receptions and concierge and all that stuff that would help us in this kind of - - that that's included in that?

MS. THOMAS: Correct.

DIRECTOR SWANSON: And we'll be able to make capital improvement to the building to make it more efficient and less cost -- you know, I think the way things are, we're just kind of limping along with a kitchen with stuff that's not --

DIRECTOR HAMILTON: Well, you can't make long-term decisions --

DIRECTOR SWANSON: No, no. And I think that affects the amount of money here negatively.

MR. WOODS: So if you're all willing, I'm willing to move on to my general manager's report.

DIRECTOR SWANSON: Sure.

MR. WOODS: You see the comments about the changes to the board reports, getting them a month back. That would greatly alleviate some stress from staff due to the timing of board packet information that has to go out, the staff and financial reports would be for the same time period. I was able to complete the Prop 84 grant resubmission, and that went to the State. I have no idea when the State is going to make their announcements. We got the letter saying that they had received the submission and they will begin reviewing them. I won't be surprised if they don't have the money to proceed with the grant funding. I would like to ask for a meeting or schedule a meeting with the personnel committee to discuss options on the reorganization of all divisions and the timing of that. Now, when I say, "all divisions," I've been preparing an organization for recreation divisions, but there's some minor tweaks that we need to do in administration finance. And then, also, there's been some changes in the Parks Division as well that I want to make sure that you're aware of. I would also like to talk about, with the personnel committee, the anonymous complaints and how the Board would like to deal with them, and kind of get a general direction as to how we're going to handle those in the future. I would hope that they stop. But if they don't, I would like to not spend as much time trying to deal with things that, really, there's nobody behind the complaint. The district facility tour is tomorrow. I do plan on having us out of the bus and walking at a few sites. It won't be too extensive, but please dress knowing that, being comfortable. We are going to be here at early as 7:00 o'clock, and we're getting on the bus at 7:30 and departing. So if you could please honor that time commitment and be here no later than 7:25 so that we can load up and get out of here -- that way, we get back before the heat of the day.

DIRECTOR HAMILTON: Lindsay, just as a side point, are the Foundation Board members, all five of them coming with us?

MS. THOMAS: No. Carol and Griz are working.

MR. WOODS: So right now it's the five board members, three Foundation members, Rachel, I, Brad Cook, and the bus driver, and -- barring any public that may show up.

DIRECTOR HAMILTON: And this is an agenda meeting and everything?

MR. WOODS: Yes.

DIRECTOR HAMILTON: It's a public meeting tomorrow. We need to do the flag salute? Then call a meeting to order, call it off at 11:30?

MR. WOODS: Yes.

MR. WOODS: Just to make the Board aware, I mentioned some of the professional development. Rachel and I had CSDA training as board secretaries. We're both certified as board secretaries through CSDA. And I recently completed their leadership academy. It's a good group, and they offer good training. And there's good networking opportunities. I was also selected by the Special District's Leadership Foundation as a recipient of the 2011 Access to Excellence grant, which will cover my fees and expenses for me to participate in the Special District Administrator Program.

DIRECTOR HAMILTON: That's great. Good training.

DIRECTOR SWANSON: Very good.

MR. WOODS: So I'm just waiting for my study materials and things to come so I can start diving into those. Finally, last month we did have a short conversation about the workshop. And we mentioned tomorrow's meeting is virtually a workshop. And then we also spoke to having a workshop sometime in August to address other issues that the Board may have, as well as anything that staff may have that we need to go over that's pertinent to the change or anything else. So I am asking the Board if they still would like to do a workshop in August. If so, can we select the date, or do we want to wait for the fall to get here a little further? And then I will need topics from you, as well as whatever staff comes up with.

DIRECTOR HAMILTON: Where did we end up landing on the meeting that was potentially earlier in this meeting and the August meeting?

MS. THOMAS: We need to wait for Sacramento they're not allowing travel for their employees at this point, that will probably be later in the fall if we can get them down here.

DIRECTOR HAMILTON: But would you desire to have that be part of the workshop if we have four or five topics?

MS. THOMAS: No, no. I don't think that would work because we're having them come down from Sacramento to talk to you and answer your questions. I think that should be a separate thing. And it would probably work better if it were the hour before the board meeting.

DIRECTOR HAMILTON: So still keep that. So it's likely at some point late fall maybe, we could have a 5:00 or 6:00 o'clock meeting before the 7:00 o'clock --

DIRECTOR LIMBAUGH: What's this for?

MS. THOMAS: It was for the trust with PERS to help prefund the OPEB. We are doing pay-as-we-go now, but ideally putting some money away would help build money to help take care of that liability.

DIRECTOR HAMILTON: My preference personally is to push the workshop idea back to the fall rather than August for me.

DIRECTOR CHANDLER: I'll go along with that.

DIRECTOR SWANSON: Uh-huh. That's fine with me.

MR. WOODS: I'll look at some dates, talk with staff. If you can be thinking about -- it would be probably be October, so we can get through Hesperia Days, especially with some of the

staff shortages we have right now. And with Don and Ed both being out, everybody's picking up a little bit of extra work.

DIRECTOR HAMILTON: Just whatever you can say that's appropriate, give us Don's status.

MR. WOODS: I don't know if Rachel's found out anything additional today. Don is released from the hospital. He was in Vegas last weekend. He was traveling about and doing things, but he has not been released from the doctor. He is off work through September 5th, at this point right now, and we're waiting to hear back from him.

MS. THOMAS: He had tests done on Friday, and I don't believe he's received the results yet.

DIRECTOR HAMILTON: Got that.

MR. WOODS: He's moving around, talking to people on the phone, doing different things. I would say go visit him at his house, but I'm not sure if he's there. He was in Los Angeles today is what I heard, I don't know what for. Ed's situation is -- in my opinion a potentially life-threatening situation. They were able to do the surgery that he required, and the doctors are saying there's not much more they can do for him other than his body needs to do what his body's created to do and fight this thing off. So keeping him in your thoughts and prayers would definitely be appreciated. His wife has been by the office. And we requested -- but we're not burdening him by calling all the time because they're getting a lot of other calls.

DIRECTOR HAMILTON: I appreciate you and Rachel keeping us aware of those things.

MR. WOODS: And as an aside, the lake is running smoothly. Jo Geren who's the second in charge down there. Anyway, she was on vacation when this happened. She came back a few days early, and Chris Bennett, the other person at the store; they work well together to make sure that everything was okay. So we're status quo, keeping everything operational. So we should be able to weather the storm.

DIRECTOR CHANDLER: Does anybody know about the ins and outs of ordering fish and that type of thing?

MR. WOODS: Jo's been there longer than Ed, she's got good exposure and knowledge base.

MS. THOMAS: They don't have to special order every week or month. It's pretty much set for the year.

DIRECTOR CHANDLER: Okay.

Board Member Reports

Recreation Foundation -Chandler/Gregg

DIRECTOR CHANDLER: We had a good meeting, what you see in the report is basically what we covered. We did talk quite extensively about representation of Lindsay to the Chamber, and how much we appreciated that. And there was some comments made that maybe later on, we could use that program to go out within the community and talk a little bit about the District. It was just an excellent presentation.

DIRECTOR HAMILTON: I'll piggyback on that, Bob. Because Bob and I both had a chance to be at the Chamber luncheon. I mean, we already told Lindsay that, so we don't want to give him a big head, but speaking to the rest of the board members, it was a great presentation. And I wouldn't use that word lightly. It was just well received. And it was just good to really see the Chamber. I think there was a great response by the business community to what the Recreation and Park District is doing. And even -- I think I had three people come up after and told me that they were very pleased that we had selected Lindsay to be the new general manager.

MS. THOMAS: Well, Lindsay may not want to tell you, but there were some people there that were inspired to start losing weight and get more fit.

DIRECTOR HAMILTON: Because he was talking about fitness.

MR. WOODS: One business owner requested some District materials, and she's been placing it on all of her -- she runs a hair salon. She's been placing District information in all of her product sales bags. So she's promoting. I was happy to speak to them, received a lot of positive feedback, and I was able to also recognize Rachel's commitment and service here to the District in front of a group of people that I don't think realize who some of our key players are behind the curtains because Cal had typically been the one in the forefront. And it was my pleasure to do that. And Rachel has been a pleasure to work with since Cal left -- not that it was a problem before Cal left, but it was one of those things, how is this going to work? Because we've known each other a long time. So I think -- unless I'm wrong -- that we're both going to do great things here together. So we're happy to serve the Board, the staff and the community.

DIRECTOR HAMILTON: I cut you off, Bob. I know you were doing your report about the Foundation.

DIRECTOR CHANDLER: No, I'm done.

DIRECTOR HAMILTON: Anything else?

DIRECTOR GREGG: I have nothing to add.

Tri-Agency - Chandler/Swanson

Dark in July.

Safety and Security - Chandler/Hamilton

No meeting held.

Personnel Committee - Hamilton/Limbaugh

No meeting held.

Golf Course Ad Hoc Committee - Hamilton/Limbaugh

Skate Plaza and BMX Ad Hoc Committee - Chandler/Hamilton

No meeting held.

Other Related Business

DIRECTOR HAMILTON: One thing kind of related to the report from the auditors, just my observation, if we bring in that consulting firm, it would seem like that would help us not just in the short term, getting that ready for audits and things, but you know, when you step aside, Rachel, in the next few years, whenever that is, that would help whoever's going to be in your place.

MS. THOMAS: Yes, it will be a huge benefit.

DIRECTOR HAMILTON: I like it for its long-term benefit as well to us. So when you look at those firms to figure out who you are going to use, it's likely that they will be helping us for a while.

DIRECTOR HAMILTON: So any other related business? We do have our closed session here, but any other related business?

DIRECTOR LIMBAUGH: I do. You're going to establish an audit committee?

DIRECTOR HAMILTON: We're going to look to them to give us the guidelines to establish -- and I would assume that's a standing ongoing committee.

MS. THOMAS: Standing committee. So that would be a policy change because the standing committees are listed in the policy.

DIRECTOR LIMBAUGH: Would you want to make a standing committee, or make it an ad hoc committee?

DIRECTOR HAMILTON: It would probably be standing.

MS. THOMAS: I think standing would be the way to go.

DIRECTOR LIMBAUGH: I have next Wednesday I'll be in Sacramento, CARPD meeting. Anybody email me if you have anything that you want me to ask anybody at that meeting next week.

DIRECTOR SWANSON: Can I just tell you now I'm interested in anything that has to do with California Forward.

DIRECTOR LIMBAUGH: Oh, jeez. Okay. That's such a bizarre group.

DIRECTOR SWANSON: It is. It's very difficult to get a bead on them. Yeah. It's very interesting. You cannot find their funding sources. It's very cloaked in secrecy. It makes me nervous. I just wanted to mention I had no idea how gorgeous our golf course really was until Lindsay took me out and really gave me a full tour. And I have been trying to promote the golf course restaurant by hauling people there, but sometimes they go there and they say, but it wasn't open. I think there's confusion when they come in the dining room and there's no one there and they leave. Somebody needs to think about the door, or put a sign on the door routing everybody through the bar where there usually is somebody. But I just have been pleased. And I've attended the Movies in the Park. My kids participated -- my daughter, in particular -- in the REK Program and just really enjoyed it. I'm really pleased at the opportunities that we have given to families in our community that keep them up here, that keep them active, that are just such a variety and at reasonable cost. And that's kind of what I think we're all about. And I'm really glad that they'll be able to participate for another couple of years until my children get too old. But there are still things we can do as a family, and I appreciate that.

Meeting recessed at 9:32 p.m.

Meeting reconvened to Closed Session at 9:43 p.m.

Meeting return from Closed Session to Open Session at 10:16 p.m.

Q. CLOSED SESSION WITH LEGAL COUNSEL PURSUANT TO GOVT. CODE SECTION 54957.9(b) - threatened litigation against the District - 1 case.

No action taken.

ADJOURNMENT

The meeting was adjourned by declaration by President Hamilton at 10:17 p.m.

Respectfully submitted,

Lindsay Woods, General Manager

Rachel Thomas, Admin, Op Mgr.