

**HONEY LAKE VALLEY RECREATION AUTHORITY**  
**GOVERNING BOARD MEETING**  
**Regular Meeting Minutes**  
**February 2, 2016 – 3:00 p.m.**  
City Council Chambers 66 North Lassen Street Susanville CA 96130

Meeting was called to order at 3:02 p.m. by President Wilson.

Roll Call of Board of Directors present: Dave Meserve, Nick McBride, Jim Chapman and Brian Wilson. Absent: Tom Hammond.

Staff Present: Jared Hancock, Executive Officer, Heidi Whitlock, Project Manager, Nancy Cardenas, Treasurer and Diana Wemple, Auditor.

**APPROVAL OF AGENDA:** Motion by Board member Meserve, second by Board member McBride to approve the agenda as posted; motion carried unanimously.

**4      APPROVAL OF MINUTES:**

Motion by Board member McBride, second by Vice President Chapman, to approve minutes from November 3, 2015 meeting. Motion carried unanimously. Abstention: Meserve Absent: Hammond

Minutes of December 3, 2015 will be brought back at the next meeting for approval.

Motion by Vice President Chapman, second by Board member McBride, to approve minutes from December 15, 2015 meeting. Motion carried unanimously. Absent: Hammond

**5      CORRESPONDENCE:** None.

**6      PUBLIC COMMENT:** None.

**7      MATTERS FOR BOARD CONSIDERATION:**

**7A      Election of President and Vice President for the 2016 Calendar Year**

Mr. Hancock opened by thanking everyone for their participation and stated that it was time to elect a President and Vice President for the 2016 calendar year. He requested nominations from the Board.

Motion by Vice President Chapman, second by Board member Meserve, to reelect officers as it already stands, Wilson to remain President and Chapman to remain Vice President. Motion carried unanimously. Absent: Hammond.

**7B      Resolution No. 16-01 Membership in CAPRI**

Mr. Hancock stated that this item is for insurance coverage through CAPRI. Discussion occurred on the initial fees verses the fees once operational. He stated the email from Pat Cabulagun was included for the Board's review. The dues are based on annual budget and as the budget increases, the dues may as well. He added that we requested premiums for various payroll amounts once pool is operational. Mr. Hancock stated that staff are recommending moving forward with the Agreement.

Vice President Chapman inquired as to what the operational budget would be utilized. He referenced the \$2,021 amount as that was the amount corresponding with the most feasible payroll and property value numbers. Mr. Hancock

responded that those numbers would probably be the figures that they use and then they can provide us the amount we would be required to pay.

Vice President Chapman also asked for confirmation that \$400.00 would also be required for dues. Mr. Hancock responded yes, but we will send them the information and they will send us the numbers. We requested the various amounts so the Board would have an idea of what future rates could be. He continued that the amounts given are still quite a bit less than was originally budgeted for.

President Wilson asked for clarification that the "dues" are the same as the "admission fees". Mr. Hancock confirmed.

Motion by Board member Meserve, second by Board member McBride, to approve Resolution No. 16-01, approving the execution of, and becoming party to, the Joint Powers Agreement creating the CAPRI. Motion carries unanimously.

#### **7C Resolution No. 16-02 Agreement for Administrative Service with the City of Susanville**

Mr. Hancock stated that this item is the Agreement for Administrative Services between the JPA the City of Susanville for staff services. The auditors and HLVRA Treasurer and Auditor have requested an agreement be brought forward. He added that the attorney has already reviewed and approved the document.

Vice President Chapman stated that the outside auditors had concerns with a few items, one of which was the processing of reimbursement claims. He stated that the Board already set up that the Executive Officer can approve claims up to \$25,000. Mr. Hancock responded yes, when the HLVRA adopted the County purchasing policy the maximum amount was \$10,000 however, and that is the amount the Executive Office is permitted to approve. In response to City reimbursements, language was added to this agreement in Section 4 that should prevent further auditing issues. Vice President Chapman shared his approval of this change as it is a safety precaution. He added that the Board would still like to see a breakdown of those approved claims so the Board, and the public, are aware of what was being spent. Mr. Hancock responded that yes, it was discussed at the previous meeting and we will bring back that information.

Motion by Vice President Chapman, second by Board member Meserve, to ratify the agreement between the Honey Lake Valley Recreation Authority and the City of Susanville for Administrative Services. Motion carried unanimously.

#### **7D Update Regarding JPA's ability to accept tax exempt contributions**

Mr. Hancock stated that this item is regarding contributions that the HLVRA could accept as tax exempt. These funds would be for construction dollars, not operational costs. The attorney cannot find JPA language except the "wholly owned instrumentality" of a political subdivision language. We do meet all six criteria for this classification. However, if entities join the JPA, and they are for profit, it could cause issues. Before we start excepting donations, we would prefer to request a private letter ruling from the IRS to ensure they cannot change their mind. Mr. Hancock stated that it could be expensive and time consuming but we will look into it.

Board member McBride requested that we obtain that information.

President Wilson stated that this is only an issue if the HLVRA took the donations. If someone else were to take in the donations on their own, we could bypass this. Board member McBride agreed but then reminded the Board that those doing so could change their mind on what to spend the donation money on.

Mr. Hancock stated that City or County could also accept donations on behalf of the JPA but they would be responsible for tracking that it was spent correctly and in accordance with IRC (170). President Wilson requested clarification that if the City or County took in those contributions, they would still be tax deductible. Mr. Hancock confirmed that they would however, the City and County would be held responsible for ensuring that those funds were used in the appropriate way. It was asked if it needed to be spent like the pennies for the pool fund. Mr. Hancock responded that, for example, someone can set up a nonprofit group and cut a check to a for profit organization, the original nonprofit would be responsible. Vice President Chapman asked why someone would spend it incorrectly. Mr. Hancock responded that it could be accidentally but, it would still be the City or County's fault.

Nancy Cardenas inquired if the Auditor would be responsible for tracking the payments. And, if so, wouldn't it be the same as it is now? Vice President Chapman stated that the Board would be responsible for it, not the Auditor. She would be required to tell them before it were spent. It would fall on the Board and the Executive Officer. Vice President Chapman stated that the Board or Administration would be responsible.

President Wilson requested that we obtain more information.

Board member McBride stated that using an outside source did not look promising as they could choose to spend the funds on something else. Vice President Chapman stated that he did not want to use an outside party if we could do it ourselves.

President Wilson requested that staff look into how long it would take and how much it would cost to obtain the private letter ruling. He added that we would need something in writing and to see what types of restrictions we would have. Mr. Hancock clarified that they wanted an example of guidelines to follow when funds are placed in a restricted account. Vice President Chapman stated that he would prefer a list of terms/items it can and cannot be spent on, something clear cut. He added that we may want to transfer the pennies for the pool money into the same account.

Tony Jonas (public) commented on starting up a new nonprofit. Mr. Hancock responded that this is not what the discussion was about. He explained that some functions would fall under charitable contributions using IRC 170 and they could set up a fund for the purpose of items being considered charitable contributions. He continued that the Board could obtain a private letter ruling, specifically for the JPA, stating that all six factors are met to ensure they remain eligible. But, it would limit certain entities from joining if they are for profit entities.

Vice President Chapman requested that Mr. Hancock bring back the restrictions on doing so along with exclusions the Board has to be aware of. For example, the cost estimate for the private letter ruling and how long it would take to obtain one. Also needed would be the draft language for how we met those six criteria to ensure we stay within those guidelines as well as what areas we would be closing permanently.

#### **7E Financial Reports for the period of December 1, 2015 to December 31, 2015**

Vice President requested that Diana Wemple, HLVRA Auditor, present the updated financials for December. Ms. Wemple briefly discussed the financials presented. Vice President Chapman inquired about the status of the County payment. Ms. Wemple stated that it has not been transferred at this time because the funds are not available. It should be available in March when the tobacco money arrives.

Vice President Chapman thanks Ms. Wemple and Ms. Cardenas for being present at the meetings.

#### **7F Meeting Schedule during the Design and Construction Phases of the Project**

Mr. Hancock opened that no staff report was created for this item but the meeting schedule needed to be addressed. He continued that a few discussions with the Board have occurred regarding the frequency of meetings during the design and building phases. He added that negative feedback has been heard about the Board not meeting. He stated that we should keep it the same or change it to better address the comments.

Vice President Chapman stated that we are seeing success and that we now have a contract. This is the most we have had in months and he added that if the Board only met once a month, he would be okay with it from here until June. If we needed something further, we could call a special meeting.

President Wilson agreed that once a month would be preferred and more when needed, Board member Meserve also agreed with this statement. Vice President Chapman suggested the third Tuesday of the month due to scheduling issues with other meetings.

President Wilson asked Mr. Hancock if it was okay to wait six weeks for the next meeting, Mr. Hancock confirmed.

Agreed that the next JPA meeting would be held on March 15<sup>th</sup> with the following meeting on April 19<sup>th</sup>.

**8      BOARD MEMBER ISSUES/REPORTS:**

President Wilson inquired if the service of Ms. Cardenas was still necessary due to Ms. Wemple now participating. Ms. Wemple responded yes, that she is the Auditor but Ms. Cardenas is the Treasurer and they fill different roles. Vice President Chapman added that it is conducted this way for checks and balances.

**ADJOURNMENT:** Meeting adjourned at 4:11 p.m.



Brian R. Wilson, President

Respectfully Submitted by

  
Heidi Whitlock, Project Manager