

Grand Junction Rural Fire Protection District

Minutes of the Regular Board Meeting

August 24, 2004

I. CALL TO ORDER

The meeting was held in the Mesa Mall Community Room, 2424 US Hwy. 6 & 50 and was called to order by President Stephen Grant at 6:35 p.m.

II. ROLL CALL – Board Members

Steve Grant, President; Bob McCormick, Treasurer; Vicki Felmlee, Vice President; Tery Dixon, Board Member arrived at 6:45.

Others Present: Bruce Mills, Auditor; Fire Chief Bright; media; public and Rhonda Phillips, Scribe.

III. APPROVAL OF AGENDA

Agenda item number 5, Approval of Minutes, will be moved down and will now appear as item number 8, letter G. Add the title “Claims to Insurance Company” to item number 8, letter H. Agenda item number 7C, Auditors Management Letter, will be moved down and will now appear as number 9, Discussion Items, letter A. Add the title “Revised Bill from GJFD” to item number 9, Discussion Items, letter B. Add the title “Assessed values of RFPD and Sub-district” to item number 9, Discussion Items, letter C.

Bob McCormick made a motion to approve the agenda as amended. Vicki Felmlee seconded the motion. Roll Call. All Ayes. Motion carried.

IV. PUBLIC COMMENTS

Jack Campbell asked if the Board had any information regarding the \$11,000 check that was written about in the Daily Sentinel. Steve Grant responded by saying that the Board would be best served by answering that question when Larry Beckner can be in attendance at the meeting.

V. FIRE CHIEF COMMENTS

Fire Chief Beaty was not able to be in attendance at this meeting. Chief Bright was in attendance and reported that the cause of the large fire on the Redlands over the 4th of July has not yet been determined, however, it appears to be started by a human and may be related to a camp fire. The case is currently under investigation. He also reported that the new fire station is working out well and everything seems to be operating correctly.

VI. TREASURER’S REPORT

A. Financial Status of District: There is no updated statement available for the month of August. Bruce Mills reported that he is busy trying to get the audits complete.

B. Approval of August Payables: Bob McCormick handed out payables for the month of August. Please add check number 5977 payable to Vicki Felmlee for expense reimbursement. The amount of that check is \$152.44. The other check that needs to be

added is payment for the renewal of liability insurance. When that amount is determined, it will be added to the payable list of August and will be paid with check number 5978. Steve Grant spoke with Mr. Westfall in reference to check number 5975 in the amount of \$1,775.75. Steve reported that there was a subsequent billing on the investigative report and Mr. Westfall suggested that the bill not be paid at this time until the billing is correct and complete. Check number 5975 in the amount of \$16,951.73 is the remaining balance owed to Collins, Cockrel & Cole for legal services. The Board has not paid the bill in full because Tery Dixon wanted to review it in detail. Tery reported that there are a couple of entries on the billing that she would like to discuss with Mr. Cole. She has not contacted him but has plans to call him next week. Steve Grant suggested not paying this bill until Tery has the opportunity to speak with Mr. Cole and get the invoice adjusted or corrected. Bob McCormick made a motion to approve payment of check number 5973 in the amount of \$175 to the Special District Association for the Steamboat Springs Conference, check number 5974 in the amount of \$153 to Rhonda Phillips for Secretarial Service and check number 5977 in the amount of \$152.44 to Vicki Felmlee for expense reimbursement. Vicki Felmlee seconded the motion. Roll Call. All Ayes. Motion Carried.

VII. ACTION ITEMS

- A. Acceptance of Board Member Letter of Resignation: Steve Grant reported that he received a letter of resignation from Steve Gsell. Vicki Felmlee reported that the open board position has been advertised in the Daily Sentinel for three days in display ads and three days of legal ads. It has also been advertised in the Free Press for three days. The deadline for submitting a resume and letter of interest is September 1st. The GJRFPD's website address as well as Steve Grant's phone number was posted in the advertisements. Steve reported that he has not had any phone calls. Bob McCormick has received 2 letters of interest. After the Board receives all resumes and letters of interest, they will invite the applicants to attend a regular board meeting to conduct group interviews. The Board can reserve the right to go into executive session to make the final determination to appoint the new board member. Tery Dixon mentioned that she would like to receive copies of resumes and letters of interest prior to the interviews. Vicki Felmlee suggested that a verification process be put into place to verify that all applicants reside within the district. Bob McCormick moved that the Board accept the letter of resignation as submitted by Steve Gsell and authorize the chairman to send a letter of thanks for his service on the Board. Vicki Felmlee seconded the motion. Roll Call. All Ayes. Motion carried.
- B. District Phone: Steve Grant reported that he is skeptical that there is a need for a district phone number. Vicki Felmlee made a motion to table the discussion about various phone number options until the first regular board meeting in March. Bob McCormick seconded the motion. Discussion: Tery Dixon asked Chief Bright if it would be possible for the fire station to keep a log of the number of times that they get telephone calls for the district. Chief Bright responded that he would discuss the issue with Chief Beaty and will report back to the Board. Chief Bright reported that the fire station rarely gets phone calls for the GJRFPD. Roll Call. All Ayes. Motion Carried.
- C. Change to One Meeting per Month: Steve Grant reported that he didn't feel that there is the need for as much board action, at this time, as there was the first part of the summer. Vicki Felmlee expressed concerns about meeting only once a month until they get the new board member up to speed with current issues. Vicki believes that the Board should continue to meet twice per month for the next two months. Vicki would like to see the members of the board take a close look at the by-law document that will be handed out in September. The document is large and the Board will need a couple of months to fully review it. Tery Dixon expressed that she would like to see the Board meet once per month. She would like ample

time to review the by-laws before discussing them at a meeting. Bob McCormick suggested that the Board have two meetings per month through the end of 2004. At the beginning of January the Board is required to post their meeting schedule and that would be a good time to begin having one meeting per month. If meetings are not necessary twice per month until January, the Board can cancel the meetings. Bob suggested that meetings be held the 4th Tuesday of every month beginning January 2005. Steve Grant reported that he had a conversation with Chief Beaty in reference to moving the regular board meetings to Station Number 5. Bob McCormick stated that he liked the idea of holding meetings at that location. The only downside could possibly be the parking. The meeting location will be discussed at a future meeting.

- D. Board Compensation: Steve Grant reported that when the new Board was formed in May, compensation for meeting attendance was suspended. As of this meeting, the 90-day period has been reached. The Board needs to decide if the compensation should be reinstated. Vicki Felmlee reported that there are state limits as to what board members can earn in a one year period. The maximum is \$1200 per year. The statute says that compensation can be up to \$75 per meeting, however, the Board was being paid \$50.00 per meeting in the past. Compensation is paid once per year at the end of the year. It is possible that past board members may be owed money for their service on the board. Tery Dixon reported that the previous discussions of the Board was that \$50 reimbursement was adequate even though the statute allows \$75 per meeting. Bob McCormick reported that \$50 per meeting has been paid for several years. Vicki Felmlee made a motion to commence payment to board members in the amount of \$50 per meeting beginning in October 2004. Tery Dixon seconded the motion. Roll Call. All Ayes. Motion carried.
- E. Renewal of Liability Insurance: Bob McCormick reported that he spoke with Jerry Hamilton at Home Loan and submitted the criteria for him to evaluate. Home Loan reported that they can not come close to the premiums that the Board has been paying for coverage. Bob suggested that the Board renew the liability insurance that is currently being used in the amount of \$1,985. Vicki Felmlee made a motion to approve liability insurance through VFIS in the amount of \$1,985. Tery Dixon seconded the motion. Roll Call. All Ayes. Motion carried. Check number 5978 in the amount of \$1,985 will be added to the August payable list.
- F. e.NVIZION: Steve Grant reported that he met with Mr. Westfall in Denver. At the last meeting, the Board instructed the attorneys to go forward with the filing of the RICO lawsuit against the parties involved with the funds that have left Colorado and gone to New York. Marija Vader reported on this suit in the Daily Sentinel. Within hours of the papers release, Mr. Bruno called Mr. Westfall's office asking what he has to do to stop the lawsuit. Mr. Westfall instructed that Mr. Bruno needs to pay the funds that are due to the district and Mr. Bruno reported that he does not have the funds to repay the debt at this time. Mr. Bruno asked about entering into a negotiated agreement with the District for repayment. Several e-mails were exchanged and it was determined that Mr. Bruno is willing to put the amount of debt owed at \$811,000, the principal and interest amounts. Initially, Mr. Westfall requested a payment of \$50,000 by the end of August and \$25,000 in September and October with payment of the remaining balance to be determined. The payment schedule that Mr. Bruno would like to get into place is \$20,000 per month beginning the 15th of September and \$20,000 a month for the next 5 months for a total of \$100,000. The balance remaining will be revisited at that time to determine a future pay schedule. Mr. Bruno expressed that e.NVIZION is expecting an infusion of money next February and could be able to pay us more at that time. Steve expressed to Mr. Westfall that he did not believe that \$20,000 per month was a sufficient dollar amount. Mr. Westfall communicated that to Mr. Bruno and Mr. Bruno is now revising his repayment offer. At this time, we do not have an offer on the

table. The Board has nothing to determine at this time regarding a repayment schedule. Vicki Felmlee asked the Board what they are expecting from Mr. Bruno. Bruce Mills reported that \$620,000 was the principal that was given to e.NVIZION and the remainder is interest and accounting fees. Vicki Felmlee suggested that the Board come up with a solid number that is owed by e.NVIZION to include interest and accounting fees. Bruce Mills will put together some figures and fax the information to Steve Grant on August 25th. Mr. Westfall informed Steve Grant that the district would have a hard time going after individuals that were responsible for sending the money to New York until efforts are exhausted in the collecting money from e.NVIZION.

G. Approval of Minutes:

- a. July 27, 2004: On the July 27, 2004 minutes, under item VII, Attorneys Report, item B, change the sentence from “They would guarantee that we get at least a \$30,000 reduction or possibly more” to “They estimate that we would get a ballpark figure of \$30,000 or possibly more”. Tery Dixon pointed out a few typographical errors that will be corrected by the scribe. The time that Tery Dixon arrives at each meeting will continue to be reflected under roll call, however, the time will be noted that she arrives under the specific agenda item that the Board is addressing. This change will become effective at the September 7th, 2004 meeting. Bob McCormick made a motion to approve the July 27th minutes. Vicki Felmlee seconded the motion. Roll Call. All Ayes. Motion carried.
- b. August 10, 2004: Steve Grant asked that an item be changed under item number VIII, Other Items, there were 3 ayes to the motion to dismiss into executive session. The minutes read 2 ayes and will be changed by the scribe. Tery Dixon would like to have a sentence added to item VI, Action Items, letter B, that the previous board questioned liability of belonging to a Fire District Association rather than a Special District Association. Also add that Larry Beckner voiced that attending a local conference would be more beneficial than the one in Steamboat Springs. The scribe will make the necessary corrections and will resubmit the minutes for approval at the September 7th meeting.

- H. Claim to insurance company: Larry Beckner provided Steve Grant with a questionnaire from BSFI Insurance Company. Larry asked the Board to prepare the document requested by the insurance company so the final application can be made for payment of the fidelity bonds. Steve gave the document to Bob McCormick to complete. Steve reported that social security number of previous board members are needed and expressed concern that we do not have that information. Bruce Mills believes that he has the information at his office and will check his 1099 records for social security numbers. If he finds the information he will fax it to Bob.

VIII. DISCUSSION ITEMS

- A. Auditors Management Letter: Bruce Mills reported that the audits will be done by the end of August. Bruce has written a letter to Larry Beckner asking for information on any litigation that needs to be put into the audit report. Bruce also wrote a client representation letter for the board to sign and return to Bruce. This letter is a representation letter that the board is representing to Bruce, the Auditor, that the district’s financial statements are prepared in accordance with generally accepted accounting principals, that there has been no fraud, that Bruce has all of the records, etc. The decision to sign this letter is up to the Board. If the board fails to return or sign the letter, Bruce will add that information in a letter with his final audit. Steve reported that he will meet with Larry Beckner and will discuss this letter and get advice as to how to handle the letter. Once the audit report is complete, Bruce will present the report to the Board. Once the audit report is approved, Bruce will send two

copies of each report to the State Auditors office. The State Auditor will then review the report and send out a 90-day letter that Bruce will help respond to. Any problems will be reviewed and fixed and returned to the State Auditors office. Once the State Auditor is satisfied that the District has controls in place so that problems do not continue, she will then communicate with the County Treasurer to release funds. Bruce explained that he will issue a disclaimer opinion on the audit. He explained that there are several options for opinions of the auditor. What an auditor strives for is a clean opinion that says that the auditor has examined, and in his opinion, the financial statements are in compliance with generally accepted accounting principals. That is the opinion that Bruce is issuing. The second kind of opinion is a qualified opinion which says that the auditor has examined the financial statement and except for certain issues, the financial statements present fairly. The third kind of opinion is an adverse opinion that says that the financial statements do not present fairly and are not accurate or correct but the board does not want to change them, therefore the auditor does not agree with it. The fourth opinion is to disclaim the opinion which is appropriate when the auditor does not know what the answers are. Bruce communicated that on the 2004 audit he should be able to do something with the value of the outstanding investment so that there shouldn't be a disclaimer of opinion. Bruce explained that he is not comfortable with the fact that Rob Dixon prepared the minutes of the board meetings, they are not signed and they are not accurate. Rob also did the bookkeeping which Bruce does not have source documents to backup the information, therefore, he does not have enough information to give an opinion, adverse, clean or otherwise. The State Auditor does not receive a copy of the management letter.

- B. Revised bill from GJFD: Steve reported that he and Bob met with the Chief Beaty to discuss the bill that is owed to the District. The Chief provided Steve with an updated bill. The previous bill had a calculation error that has now been corrected. The previous bill was \$1,267,384 and the revised bill is \$1,224,660, a difference of \$42,724.
- C. Assessed values of RFPD and Sub-District: Steve reported that he visited the Assessors office last week and asked about the budget for 2005. Because of annexation and because of the fact that the district would be shrinking over time, our assessed evaluations would be going down over time and that is the reason that the district would have to dip into reserves that over time we were going to need those reserves to be able to make up the revenue to be able to pay the bill to the city. Steve asked the assessor to provide a list of what the assessed evaluation for the fire district were. He provided Steve with information on the fire district and the Redlands sub-district. The report shows that there is not a decreasing assessed evaluation, but an increasing assessed evaluation. Steve reported that he didn't know exactly what the report means, but he interpreted it that it would potentially mean that the district would have the same amount of revenue needed to pay the city and could reduce the mill levy going forward. Steve reported that the district, as a whole, is not decreasing in value, it is increasing in value. Vicki Felmlee asked about putting a boundary section in the by-laws and how it works when something is annexed and what the process would be for getting it away from the district and to the city for fire protection. Steve reported that Larry Beckner and John Schaver have had independent conversations about this situation and noted that there needs to be an inclusion, exclusion agreement that is documented, signed and certified by the District Court and filed with the Clerk and Recorder. These properties come out of the District and come into the City. Tery Dixon reported that those are always filed with the City on an annual basis. Steve reported that there is not enough time to discuss this matter at the meeting tonight. Further discussion will be done at a future meeting.

IX. ADJOURN

Vicki Felmlee made a motion to adjourn the board of directors meeting. Tery Dixon seconded the motion. Roll Call. All Ayes. Motion Carried. The meeting adjourned at 8:40 p.m. The next regular board meeting will be held on Tuesday, September 14th at 6:30 p.m.

APPROVED AND ADOPTED THE _____ DAY OF _____, 2004.

Stephen P. Grant, President

Attest: _____
Robert W. McCormick, Secretary