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NORTH BEACH PUBLIC DEVELOPMENT AUTHORITY

MEMO FOR RECORD

March 1, 2006

This is a Memo of the Executive Session of the Board, which was called to order at 4:30 PM, at the Ocean Park Water Company Board Room, by RD Williams, President. The Board immediately went into Executive Session.

Present: NBPDA Board Members Present:
RD Williams Ken Karch Brad Weatherby
Jim Hagen, Acting Secretary

Absent: NBPDA Board Member and Acting Secretary Absent:
Tom Downer Celsa Johnson, Secretary

Joined: Phillip Leach [5:20 PM]

The Special Meeting was called by RD Williams, after each Board Member, as well as two attorneys and Tom Frare, had received a copy of the attached email, sent by Phillip Leach to the addressees shown on it, including all Board Members except Brad Weatherby, and Celsa Johnson, Acting Secretary. A copy of the email is attached hereto.

The Board also reviewed a handout by RD Williams, entitled *Log of Activities for Phillip Leach*, a two-paged document, a copy of which is attached hereto.

The Board Members in attendance reviewed the email and the *Log*, and arrived at a consensus that Phillip had indeed resigned, based on the wording of the email, and upon his later telephone conversation with Tia, the Office Manager.

The Board further agreed that we needed to make sure that Phillip had access to his paycheck today, on the same date as the other employees had been paid. The Board accepted RD Williams explanation that his "threat" to hold Phillip's check until Friday was only an attention-getting technique, and that neither he nor we intended to actually hold the check. Phillip's response to the comment was an out-of-control tirade, during which he was not aware of what was being said to him. His check was always signed and available to him.

Brad called Phillip's home and cell phone numbers on Brad's own cell phone, and left messages for Phillip, to the effect that his check was available for pickup at the office, and was in an envelope on his desk.

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The Board agreed that if Phillip agreed to come to the meeting, that Brad would lead the discussion, to hopefully prevent another direct confrontation between Phillip and RD

A few minutes later, Phillip called Brad, and asked him to go to Phillip's house in Surfside with the check. He further indicated that he wanted to talk to Brad privately. Brad advised him that he considered such a meeting to be inappropriate. He then asked if Phillip would join the Board at our current meeting at the Water Company. He told him that the Board had to know what Phillip's intentions were, before we could proceed with the business of the Agency. Phillip agreed to come to the office, and did so, arriving at 5:20 PM.

Upon Phillip's arrival, Brad outlined our concerns about the email, and the call to Tia, and our general understanding that Phillip had quit. Phillip launched into another tirade about his massive contributions to the efforts to conclude the acquisitions of the two companies. He termed this matter to be his "dream." He specifically said that RD had referred to him as a slacker, and that he had done his best for the first 11 days of operation of the joint firms.

He indicated that he had told Tom Frare that he had to go to Dr. Duncan's office in Astoria. He labeled Tom Frare as his "Second Man." Brad and other Board members reminded him that Tom Frare is a contractor to the Board, and is not in our chain of command. He is certainly not who Phillip needs to notify of an illness. That person, as defined in his Contract, is RD Williams, the President of the Board.

[It is Jim Hagen's suggestion that RD contact Tom Frare directly, and ensure that he is clear in his exact relationship with the Board, and position in the Agency [a contractor], but that we do expect him to pass on important information that comes to his attention, on a very timely basis to RD Williams.]

When Phillip was asked about the payroll being a day late, he indicated that it was only the second time in 20 years. It was obvious to the Board Members that he placed no importance on the fact that it was the first payroll to be met by NBPDA, and that due to his negligence, it was LATE. He dismissed this as an unavoidable issue, as his back was hurting so badly. Phillip communicated no sense of contrition or personal responsibility for the payroll problem to the Board. It was an unspecified "someone else's" [perhaps RD's?] fault that it was late. He had no understanding of the actual anger of the Board Members at this massive lapse, at the moment when we want only to put our best foot forward. At no time in this meeting did he apologize for or accept responsibility for the payroll problem.

Jim Hagen told Phillip that he had had personal success with anger management training in years past, and suggested that Phillip might also greatly benefit from this pursuit. The Board expects Phillip, our highly paid executive, to provide reasoned, business-like

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responses to problems, and not the immature, angry, striking out of an undisciplined individual.

Ken Karch and Jim Hagen both indicated that in long business careers, neither of them had ever seen such a prejudicial document, similar to the email that Phillip sent today. They further indicated that in both of their experiences, anyone who had sent such a missive to anyone else would likely be terminated without further discussion. Brad Weatherby spoke from the standpoint of a Public Employee, and their respective duties and obligations. He felt that Phillip had badly handled the entire matter. There was additional discussion about the fact that what is put in an email is truly forever.

Several people made comments about the poor level of communications reflected in the email, and in the subsequent actions taken. Phillip indicated that he would try his best to improve his communications. He said that he was comfortable with the fact that RD Williams is his immediate Supervisor, and that he is obligated to communicate with him regarding any important matters. The necessity for immediate medical leave necessitated by pain was agreed by all to be a matter requiring such immediate communication.

In response to a specific question by Brad, Phillip indicated that he would be at work at the Water Company office at 8:30 AM on Thursday.

[It is Jim Hagen's suggestion to the Board that RD draft a Letter of Reprimand for Phillip's confidential Employee File, which indicates that the Board accepted his comment that he did not intend to resign today. We further consider him reprimanded for his failure to report himself off the job for medical reasons on Tuesday, for his failure to ensure completion and distribution of the 2/28/06 payroll on a timely basis, and for his inappropriate email communication of today, directed to some of the Board Members, and to some outsiders to the Agency. A copy of this letter should also be immediately presented to Phillip in person.]

[It is Jim Hagen's suggestion to the Board that RD Williams affirmatively consider making Ken Karch [or any other Board Member(s) of RD's choice] 3rd permissible signatories to our two-signature checks, to prevent any possible delay in later timely distributions.]

The meeting adjourned at 6:15 PM.


RD Williams, President


James J. Hagen, Acting Secretary