SPECIAL BOARD MEETING
AGENDA PACKET

AUGUST 2, 2021
AGENDA

This special meeting is being held in accordance with the Brown Act as currently in effect under the State Emergency Services Act, the Governor’s Emergency Declaration related to COVID-19, and the Governor’s Executive Order N-29-20 issued on March 17, 2020 that allows attendance by members of the Carmichael Water District (District) Board of Directors (Board), District staff, and the public to participate and conduct the meeting by teleconference, videoconference, or both.

The Board will discuss all items on its agenda, and may take action on any of those items. No other items will be discussed. Agenda packets can be found at our website at carmichaelwd.org.

The Board of Directors welcomes and encourages participation in its meetings. Public comment may be given on any agenda item as it is called and limited to three minutes per speaker. Please follow Public Comment Guidelines found on the District’s website at carmichaelwd.org/public-comment-guidelines/.

In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the General Manager at 483-2452. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

CALL TO ORDER AND STATEMENT REGARDING PUBLIC PARTICIPATION: President Emmerson

PUBLIC COMMENT:

1. Public Comment
   Any member of the public may address the Board on any item of interest to the public that is within the subject matter jurisdiction of the Board.

ACTION CALENDAR:

2. Claim for Damages under Government Claims Act of Lynette Moreno
   Staff recommends that the Board rejects in full the claim of Lynette Moreno.

3. Claim for Damages under Government Claims Act of Lori Kalisiak
   Staff recommends that the Board rejects in full the claim of Lori Kalisiak.

4. Demand for Defense and Indemnity of Lori Kalisiak
   Staff recommends that the Board rejects in full the demand for a defense and indemnity of Lori Kalisiak.

The next meeting of the Board of Directors will be a Regular Board Meeting held on: Tuesday, August 17, 2021 at 7:00 p.m.
TO:            Board of Directors

FROM:         Cathy Lee, General Manager

DATE:         July 30, 2021

RE:           Processing of Government Claims Act Claims for Damages Received from Lynette Moreno and Lori Kalisiak and Lori Kalisiak’s Demand for a Defense and Indemnity Related to Carmichael Water District v. Nugent, et al. Litigation

Background:
After an extensive investigation, including the conduct of a special forensic audit, the Board determined that three former high-level management employees, Steve Nugent, Lynette Moreno, and Lori Kalisiak, conspired to obtain benefits from the District for themselves and other employees valued at more than $640,000, without Board knowledge or approval. Based on this investigation, the Board retained litigation counsel, Gavrilov & Brooks, to file a lawsuit to obtain restitution of the value of all unauthorized benefits from the three former managers. Litigation counsel filed this lawsuit on April 21, 2021. After several extensions granted by District litigation counsel to the attorney representing the three defendant former managers, on July 13, 2021, their attorney filed an answer to the District’s lawsuit. The response included the filing of a cross-complaint for damages against the District and certain officers.

On the same day, the defendant former managers’ attorney delivered claims for damages under the Government Claims Act on behalf of former Assistant General Manager Lynette Moreno and former Human Resources Coordinator Lori Kalisiak. In addition, the Kalisiak claim includes a demand that the District provide a defense and indemnity because her conduct was within the course and scope of employment. This type of demand is authorized by Government Code section 995. But the District has the right under Government Code section 995.2 to refuse to provide a defense in a lawsuit brought against an employee or former employee if: (1) the act or omission is not within the scope of employment; (2) the former employee acted or failed to act because of actual fraud, corruption, or actual malice; and/or (3) the District’s providing of a defense would create a “specific conflict of interest” defined as a conflict of interest or an adverse or pecuniary interest as specified by statute or by a District rule or regulation.

Government Code section 995.2 requires that the District respond to a written request made by an employee or former employee for a defense and indemnity within 20 days after receipt of such request. The response must notify the former employee whether the District will or will provide a defense. If the District refuses the demand, it must state the reasons for the refusal.

In consultation with legal counsel and ACWA-JPIA, I recommend that the Board reject the claims filed by defendant managers Moreno and Kalisiak, and separately refuse to provide a defense and indemnity to defendant Kalisiak. While the Board is not required to state reasons for denying Government Claims Act claims, it must state the reasons for refusing defendant Kalisiak’s demand for a defense and indemnity. Those reasons are obvious – the District has sued the defendant former managers, including Ms. Kalisiak, because they worked in concert to obtain unauthorized benefits from the District without Board approval or authorization in a value exceeding $640,000, and have refused to acknowledge any wrongdoing or make any restitution. This conduct was in violation of several statutes and the District’s conduct standards, all of which is described in detail in the Richardson & Company special audit report and complaint filed against the defendant former managers in Sacramento County Superior Court. If the Board authorizes the General Manager to send the recommended rejection notices, these reasons will be stated in the notice refusing the
Kalisiak demand for a defense and indemnity and permit the District to refuse the demand on all three
grounds provided in Government Code section 995.2.

Recommendation:
Staff recommends that the Board of Directors authorize the General Manager to send notices rejecting in
full and without conditions: 1) the claim for damages submitted by Lynette Moreno’s attorney to the District
on July 13, 2021; 2) the claim for damages submitted by Lori Kalisiak’s attorney to the District on July 13,
2021; and 3) the demand for a defense and indemnity included within the Kalisiak claim by separate letter
consistent with the reasons discussed in this staff report.

Attachment:
Attachment A – Claim of Lynette Moreno
Attachment B – Claim of Lori Kalisiak
# CLAIM FORM

(A claim shall be presented by the claimant or by a person acting on his behalf)

<table>
<thead>
<tr>
<th>1</th>
<th><strong>Effective January 1, 2010 the Medicare Secondary Payer Act (Federal Law) requires the District/Agency to report all claims involving payments for bodily injury and/or medical treatments to Medicare. As such, if you are seeking medical damages we must have both your Social Security Number and your date of birth.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CLAIMANT INFORMATION</strong></td>
<td></td>
</tr>
<tr>
<td>NAME: <strong>LYNETTE MORENO</strong></td>
<td></td>
</tr>
<tr>
<td>ADDRESS: <strong>8978 Mandalay Court Elk Grove, CA 95624</strong></td>
<td></td>
</tr>
<tr>
<td>PHONE #: <strong>916.837.2033</strong> EMAIL: <strong><a href="mailto:ZoxieGirl1@outlook.com">ZoxieGirl1@outlook.com</a></strong></td>
<td></td>
</tr>
<tr>
<td><strong>FOR MEDICAL CLAIMS ONLY INCLUDE SOCIAL SECURITY AND DATE OF BIRTH BELOW:</strong></td>
<td></td>
</tr>
<tr>
<td>SOCIAL SECURITY #:</td>
<td><strong>DATE OF BIRTH:</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2</th>
<th><strong>WITNESS INFORMATION</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>NAME: <strong>PLEASE SEE ATTACHED</strong> PHONE #:</td>
<td></td>
</tr>
<tr>
<td>ADDRESS:</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3</th>
<th><strong>INCIDENT DETAILS (description of occurrence, use back of form if necessary)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>DATE:</td>
<td><strong>TIME:</strong></td>
</tr>
<tr>
<td>PLACE:</td>
<td>TELL WHAT HAPPENED: (give complete information)</td>
</tr>
</tbody>
</table>

**PLEASE SEE ATTACHED**

**NOTE:** Attach any photographs you may have regarding this claim.

<table>
<thead>
<tr>
<th>4</th>
<th><strong>CLAIM DETAILS (description of the indebtedness, obligation, injury, damage, or loss incurred so far as you know at this time)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PLEASE SEE ATTACHED</strong></td>
<td></td>
</tr>
</tbody>
</table>

**NOTE:** Attach receipts.

<table>
<thead>
<tr>
<th>5</th>
<th><strong>EMPLOYEE(S) NAMES (list the public employees causing the injury, damage, or loss, if known).</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PLEASE SEE ATTACHED</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6</th>
<th><strong>The amount claimed if it totals less than ten thousand dollars ($10,000) as of the date of presentation of the claim, including the estimated amount of any prospective injury, damage or loss, insofar as it may be known at the time of the presentation of the claim, together with the basis of computation of the amount claimed. If the amount claimed exceeds ten thousand ($10,000), no dollar amount shall be included in the claim. However, it shall indicate whether the claim would be a limited civil case.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PLEASE SEE ATTACHED</strong></td>
<td></td>
</tr>
</tbody>
</table>

---

**Date:** July 13, 2021  
**Time:** 2:00 p.m.  
**Signature:**

---

**FOR OFFICE USE ONLY:**

- Release Form Sent:
- Approved By:
- Check Request Sent:
- Denied By:
- Check Mailed Date:
- Date:
- Claim to JPIA Date:
- Claim Check from JPIA date:

**ANSWER ALL QUESTIONS. OMITTING INFORMATION COULD MAKE YOUR CLAIM LEGALLY INSUFFICIENT!**
CLAIM FOR DAMAGES
AGAINST
CARMICHAEL WATER DISTRICT
MARK R. EMMERSON
JEFF NELSON
RON GREENWOOD
PAUL SELSKY
CATHY LEE
(California Government Code Section 900, et seq.)

CLAIMANT'S INFORMATION:

Lynette Moreno
c/o Wesley Ehlers
Ehlers Law Corporation
2600 Capitol Avenue, Suite 320
Sacramento, CA 95816
(916) 442-0300

NOTICES MAY BE SENT TO:

Lynette Moreno
c/o Wesley Ehlers
Ehlers Law Corporation
2600 Capitol Avenue, Suite 320
Sacramento, CA 95816
(916) 442-0300

ENTITIES/PERSONS RESPONSIBLE FOR DAMAGES:

Carmichael Water District
Mark R. Emmerson, Director
Jeff Nelson, Director
Ron Greenwood, Director
Paul Selsky, Director
Cathy Lee, General Manager

CLAIM INFORMATION:

Mark R. Emmerson, Jeff Nelson, Ron Greenwood and Paul Selsky (hereinafter referred to collectively as the “Directors”) are, and at all times mentioned herein were members of the Board of Directors for the Carmichael Water District (hereinafter referred to as the “District”). Cathy Lee (hereinafter referred to as “Cathy Lee”) was the General Manager of the Carmichael Water District from March 2020 to date. Lynette Moreno (hereinafter referred to as the “Claimant”) began working for the District on February 16, 1999, and
served as its Assistant General Manager from July 1, 2003, until she was forced to resign by letter dated December 16, 2020 (with her resignation effective as of December 30, 2020) as a result of the hostile work environment wrongfully created and perpetuated by the Directors, Lee and the District as set forth herein.

In July of 2019, the former General Manager Steve Nugent announced his retirement from the District, to be effective December 31, 2019. The District (through its Board of Directors) voted to promote Claimant from her position as Assistant General Manager to General Manager, subject to negotiation of an employment contract with Claimant for that position. Those negotiations occurred between approximately July and October of 2019. Those negotiations failed, as the District and the Directors attempted to get Claimant to accept benefits that were less than those she had already received as Assistant General Manager and that the former General Manager and other management employees had received (all with the knowledge, approval and ratification of the District and the Directors) up to that point in time. The District began recruiting to fill the General Manager position, and at a special meeting of the District’s Board of Directors, Director Emmerson manifest the District’s and Directors’ intent to discriminate on the basis of age in filling that position when he stated openly that the candidate needed to be under 65 years of age (Claimant was to turn 60 the following month). Ultimately, the District hired Cathy Lee as the new General Manager (who was approximately 10 years younger than Claimant).

Following Cathy Lee’s hiring as General Manager, the District, Directors and Cathy Lee began a pattern of harassing and undermining Claimant. In or about June of 2020, they effectively demoted Claimant in her position as Assistant General Manager by taking away employees and departments from her direct supervision. Also in June of 2020, Claimant observed Cathy Lee breaching District protocols regarding the handling of confidential information by copying payroll/personal information and leaving it on the copier along with providing documents outside of the office to Director Selsky that contained personal information (banking, confidential information) of Claimant and all other District personnel. In July of 2020, the District, Directors and Cathy Lee undermined Claimant’s authority by taking disciplinary actions against Claimant’s direct charge employee without notification to Claimant as that employee’s supervisor. Claimant, during this same time period, warned and complained to Cathy Lee that Lee was not following proper District separation of duty protocols regarding financial procedures that were in place (invoices, AP, AR, GL, Banking, etc.), but Lee and the District failed and refused to heed those warnings or address Claimant’s complaints or concerns, and instead the District, Directors and Cathy Lee continued their pattern of harassment and creation of a hostile work environment. Claimant believes and contends that this harassment was based in large part on the events described below.

Beginning on or about March 2020 and continuing, the Directors and Cathy Lee made comments to each other, to other employees as well as to all others present in or observing in open session at District board meetings that Claimant, along with two other members of the management team, had embezzled and were embezzling funds from the District through the Management Benefit Policies. During staff meetings, Cathy Lee advised staff that Claimant, the former General Manager and the Human Resources
Coordinator were engaging in conduct similar to the “Northridge situation,” referring to the Northridge Water District where the former general manager pled guilty to embezzlement. Some or all of these same Directors and Cathy Lee further stated, in the same manner and to the same audience, that Claimant and the Human Resources Coordinator would probably break their District telephones in order to obtain brand new telephones prior to retirement that could be bought for a nominal amount.

On or about May 18, 2020, the District, through the action of the Directors, adopted Resolution Number 05182020-1 (hereinafter the “Resolution”) stating that “specified exempt management and confidential employees,” a class of which Claimant was part at the time, had been receiving unlawful benefits set out in a (1) Management Benefits Package; Senior Management, Effective July 2011; (2) Exempt Employee Benefits Package; Exempt Employees, Effective July 2011; (3) Supervisor's Benefits Package; Supervisor, Effective July 2018; and (4) Confidential EE's Benefits Package, Effective August 21, 2018 (hereinafter referred to collectively as the “Management Benefit Policies”). This Resolution was adopted in violation of the Ralph M. Brown Act, California Government Code Sections 54950, et seq. in that adequate notice was not provided to the public and/or affected employees of the District that vested benefits would be taken away. It was clear from the conversation between the Directors at the May 18, 2020 Board meeting that the Directors had met previously to discuss the issue of benefits in closed sessions in violation of the Ralph M. Brown Act. Claimant spoke against the Resolution at the May 18, 2020 Board meeting stating her objections that the action was being taken in violation of the Ralph M. Brown Act, as well as taking away vested benefits without due process.

Following the May 18, 2020 Board meeting during which Claimant expressed her concerns, the District, the Directors and Cathy Lee engaged in a pattern of harassment against Claimant and the Human Resources Coordinator.

The District, Directors and Cathy Lee further advised Richardson & Company, LLP for purposes of a special procedures audit that “three members of management staff, the General Manager, Assistant General Manager and Human Resources Director” had “created new ‘employee benefits packages’” in 2011 that were not authorized by the Board through which said employees had received “tens of thousands of dollars” in unauthorized benefits. These advisements by the District, Directors and Cathy Lee were false and misleading. The Board approved the Independent Accountant’s Report on Applying Agreed Upon Procedures (the “Report”) at the Board meeting on April 16, 2021, despite being advised (correctly) by the Human Resources Coordinator that the Report contained multiple misstatements and inaccuracies. The District, Directors and Cathy Lee further accused Claimant, the former General Manager and the Human Resources Coordinator of embezzlement in open session despite being advised on multiple occasions (again, correctly) that the Directors, and therefore the District, were fully aware of the Management Benefits Policies and, in fact, had directed the General Manager to create said policies and an employee retention program in the General Manager’s performance evaluations starting in November 1, 2008. Moreover, the District and the Directors approved the budget and expenditures since the implementation of the benefits
policies, and were repeatedly advised of the benefit policies during multiple budget meetings and hearings throughout the numerous years the benefit policies were in effect. This information was known to the District, the Directors and Cathy Lee because it was provided to them by Claimant and the Human Resources Coordinator.

The District, the Directors and Cathy Lee further sought and urged the filing of a criminal complaint with the Sacramento County Sheriff’s Department falsely alleging that Claimant, the General Manager and the Human Resources Coordinator had embezzled funds from the District. The District, the Directors and Cathy Lee also issued multiple press releases incorrectly and falsely stating that Claimant, the former General Manager and the Human Resources Coordinator had embezzled funds from the District. Said actions were done intentionally, maliciously, willfully and with reckless disregard of the truth, or for the impact those misguided and improper actions would have on Claimant and others.

The District, Directors and Cathy Lee have continued to publicly slander and defame Claimant, both verbally and in writing, starting from approximately March 2020 to date, the same false and misleading things, with the above being just a few examples. Said actions were and are malicious, oppressive, egregious, intentional and/or in willful and reckless disregard for the truth and/or impact on Claimant causing severe emotional distress in addition to a loss of wages, retirement benefits, health and welfare benefits, further employment and/or professional opportunities, as well as other damages. Claimant was not put on notice of the true nature of the District’s, Directors’ and Cathy Lee’s course of conduct, and the nature and despicable goals of their defamation and related course of conduct, until she was contacted by law enforcement in March of 2021 and informed that the District, Directors and Cathy Lee were seeking to pursue criminal charges and permanently impact Claimant’s life, career and wellbeing.

DAMAGES:

The actions of the District, the Directors and Cathy Lee have continued from approximately May 2020 to date, making it one continued violation causing substantial injury to Claimant’s reputation and character, as well as loss of wages, retirement benefits, health and welfare benefits, consulting and other professional opportunities, attorneys’ fees and severe emotional distress. Claimant’s damages will exceed the amount of Fifty Thousand Dollars ($50,000.00) and be an unlimited civil case.

POTENTIAL WITNESSES:

Steven Nugent
Lynette Moreno
Lori Kalisiak
Current and former staff members of Carmichael Water District
Multiple members of the public which will be determined through discovery
Mark R. Emmerson
Jeff Nelson
Ron Greenwood
Paul Selsky
Roy Leidy
John Wallace
Cathy Lee
Multiple persons at Richardson & Company, LLP
Other persons to be identified/determined through discovery

Dated: July 13, 2021

[WESLEY EHLERS]
On Behalf of Lynette Moreno, Claimant
**CLAIM FORM**

(A claim shall be presented by the claimant or by a person acting on his behalf)

**1 CLAIMANT INFORMATION**

NAME: LORI KALISIAK  
ADDRESS: 5850 Arcadia Avenue, Loomis, CA 95650  
PHONE #: 916.599.4833  
EMAIL: Lorik2020@att.net

FOR MEDICAL CLAIMS ONLY INCLUDE SOCIAL SECURITY AND DATE OF BIRTH BELOW:

SOCIAL SECURITY #:  
DATE OF BIRTH:  

**2 WITNESS INFORMATION**

NAME: PLEASE SEE ATTACHED  
PHONE #:  
ADDRESS:  

**3 INCIDENT DETAILS (description of occurrence, use back of form if necessary)**

DATE:  
TIME:  
PLACE:  
TELL WHAT HAPPENED: (give complete information)

PLEASE SEE ATTACHED

**NOTE:** Attach any photographs you may have regarding this claim.

**4 CLAIM DETAILS (description of the indebtedness, obligation, injury, damage, or loss incurred so far as known at this time)**

PLEASE SEE ATTACHED

**NOTE:** Attach receipts.

**5 EMPLOYEE(S) NAMES (list the public employees causing the injury, damage, or loss, if known).**

PLEASE SEE ATTACHED

**6 The amount claimed if it totals less than ten thousand dollars ($10,000) as of the date of presentation of the claim, including the estimated amount of any prospective injury, damage or loss, insofar as it may be known at the time of the presentation of the claim, together with the basis of computation of the amount claimed. If the amount claimed exceeds ten thousand ($10,000), no dollar amount shall be included in the claim. However, it shall indicate whether the claim would be a limited civil case.**

PLEASE SEE ATTACHED

Date: July 13, 2021  
Time: 2:00 p.m.  
Signature: [Signature]

ANSWER ALL QUESTIONS. OMITTING INFORMATION COULD MAKE YOUR CLAIM LEGALLY INSUFFICIENT!

FOR OFFICE USE ONLY:  
Release Form Sent:  
Approved By:  
Check Request Sent:  
Denied By:  
Check Mailed Date:  
Date:  
Claim to JPIA Date:  
Claim Check from JPIA date:  
Adm check from JPIA date:
CLAIM FOR DAMAGES
AGAINST
CARMICHAEL WATER DISTRICT
MARK R. EMMERSON
JEFF NELSON
RON GREENWOOD
PAUL SELSKY
CATHY LEE
(California Government Code Section 900, et seq.)

CLAIMANT'S INFORMATION:

Lori Kalisiak
c/o Wesley Ehlers
Ehlers Law Corporation
2600 Capitol Avenue, Suite 320
Sacramento, CA 95816
(916) 442-0300

NOTICES MAY BE SENT TO:

Lori Kalisiak
c/o Wesley Ehlers
Ehlers Law Corporation
2600 Capitol Avenue, Suite 320
Sacramento, CA 95816
(916) 442-0300

ENTITIES/PERSONS RESPONSIBLE FOR DAMAGES:

Carmichael Water District
Mark R. Emmerson, Director
Jeff Nelson, Director
Ron Greenwood, Director
Paul Selsky, Director
Cathy Lee, General Manager

CLAIM INFORMATION:

Mark R. Emmerson, Jeff Nelson, Ron Greenwood and Paul Selsky (hereinafter referred to collectively as the "Directors") are, and at all times mentioned herein were members of the Board of Directors for the Carmichael Water District (hereinafter referred to as the "District"). Cathy Lee (hereinafter referred to as "Cathy Lee") was the General Manager of the Carmichael Water District from March 2020 to date. Lori Kalisiak (hereinafter
referred to as the “Claimant”) began working for the District in March 2010, but was not promoted to the position of Human Resources Coordinator until October 31, 2011.

Beginning on or about March 2020 and continuing, the Directors and Cathy Lee made comments to each other, to other employees as well as to all others present in or observing in open session at District board meetings that Claimant, along with two other members of the management team, had embezzled and were embezzling funds from the District through the Management Benefit Policies. During staff meetings, Cathy Lee advised staff that Claimant, the Assistant General Manager and former General Manager were engaging in conduct similar to the “Northridge situation,” referring to the Northridge Water District where the former general manager pled guilty to embezzlement. These same Directors and Cathy Lee further stated, in the same manner and to the same audience, that Claimant and the Assistant General Manager would probably break their District telephones in order to obtain brand new telephones prior to retirement that could be bought for a nominal amount.

On or about May 18, 2020, the District, through the action of the Directors, adopted Resolution Number 05182020-1 (hereinafter the “Resolution”) stating that “specified exempt management and confidential employees,” a class of which Claimant was part at the time, had been receiving unlawful benefits set out in a (1) Management Benefits Package; Senior Management, Effective July 2011; (2) Exempt Employee Benefits Package; Exempt Employees, Effective July 2011; (3) Supervisors’ Benefits Package; Supervisor, Effective July 2018; and (4) Confidential EE’s Benefits Package, Effective August 21, 2018 (hereinafter referred to collectively as the “Management Benefit Policies”). This Resolution was adopted in violation of the Ralph M. Brown Act, California Government Code Sections 54950, et seq. in that adequate notice was not provided to the public and/or affected employees of the District that vested benefits would be taken away. It was clear from the conversation between the Directors at the May 18, 2020 Board meeting that the Directors had met previously to discuss the issue of benefits in closed sessions in violation of the Ralph M. Brown Act. Claimant spoke against the Resolution at the May 18, 2020 Board meeting stating her objections that the action was being taken in violation of the Ralph M. Brown Act, as well as taking away vested benefits without due process.

Following the May 18, 2020 Board meeting during which Claimant expressed her concerns, the District, the Directors and Cathy Lee began a pattern of harassment against Claimant (as well as her daughter because she was related to the Claimant). As but one example, Claimant was disciplined for completing an assignment less than one hour after it was due, despite Claimant working over a holiday weekend and not being provided with all of the information that was necessary to complete the task in a timely manner.

The District, Directors and Cathy Lee further advised Richardson & Company, LLP for purposes of a special procedures audit that “three members of management staff, the General Manager, Assistant General Manager and Human Resources Director” had “created new ‘employee benefits packages’” in 2011 that were not authorized by the Board through which said employees had received “tens of thousands of dollars” in
unauthorized benefits. These advisements by the District, Directors and Cathy Lee were false and misleading. The Board approved the Independent Accountant’s Report on Applying Agreed Upon Procedures (the “Report”) at the Board meeting on April 16, 2021, despite being advised (correctly) by Claimant that the Report contained multiple misstatements and inaccuracies, including that Claimant was not even employed at the District at the time the initial Management Benefits Policies were created. The District, Directors and Cathy Lee further accused Claimant, the Assistant General Manager and General Manager of embezzlement in open session despite being advised on multiple occasions (again, correctly) that the Directors, and therefore the District, were fully aware of the Management Benefits Policies and, in fact, had directed the General Manager to create said policies and an employee retention program in the General Manager’s performance evaluations starting in November 1, 2008. Moreover the District and the Directors approved the budget and expenditures since the implementation of the benefits policies, and were repeatedly advised of the benefit policies during multiple budget meetings and hearings throughout the numerous years the benefit policies were in effect. This information was known to the District, the Directors and Cathy Lee because it was provided to them by Claimant, in the course and scope of her duties as Human Resources Coordinator, in response to the Directors’ Public Records Act request.

Claimant’s employment was terminated on April 21, 2021 by the District, the Directors and Cathy Lee based upon the findings of the Report, despite being advised (correctly) that the basis of the Report was inaccurate and contained numerous misstatements of fact. To date there has been no evidence shown by the District, the Directors and/or Cathy Lee that Claimant had taken any part in the establishment and/or adoption of the Management Benefit Policies in question and/or taken any action whatsoever other than to perform the duties set forth in her job description.

The District, the Directors and Cathy Lee further sought and urged the filing of a criminal complaint with the Sacramento County Sheriff’s Department falsely alleging that Claimant, the Assistant General Manager and General Manager had embezzled funds from the District. The District, the Directors and Cathy Lee also issued multiple press releases incorrectly and falsely stating that Claimant, the Assistant General Manager and former General Manager had embezzled funds from the District. Said actions were done intentionally, maliciously, willfully and with reckless disregard of the truth, or for the impact those misguided and improper actions would have on Claimant and others.

The District, Directors and Cathy Lee have continued to publicly slander and defame Claimant, both verbally and in writing, starting from approximately March 2020 to date, the same false and misleading things, with the above being just a few examples. Said actions were and are malicious, oppressive, egregious, intentional and/or willful and reckless disregard for the truth and/or impact on Claimant causing severe emotional distress in addition to a loss of wages, retirement benefits, health and welfare benefits, further employment and/or professional opportunities, as well as other damages.
Claimant is statutorily entitled to defense and indemnification from the District for any damages and/or attorney fees occurring as a result of an act or omission arising out of the course and scope of her duties as an employee of the District. Claimant was acting within the course and scope of her job duties with respect to all matters relating to the Management Benefit Policies and all matters at issue in the civil complaint filed by the District.

DAMAGES:

The actions of the District, the Directors and Cathy Lee have continued from approximately May 2020 to date, making it one continued violation causing substantial injury to Claimant's reputation and character, as well as loss of wages, retirement benefits, health and welfare benefits, consulting and other professional opportunities, attorneys' fees and severe emotional distress. Claimant's damages will exceed the amount of Fifty Thousand Dollars ($50,000.00) and be an unlimited civil case.

POTENTIAL WITNESSES:

Steven Nugent
Lynette Moreno
Lori Kalisiak
Current and former staff members of Carmichael Water District
Multiple members of the public which will be determined through discovery
Mark R. Emmerson
Jeff Nelson
Ron Greenwood
Paul Selsky
Roy Leidy
John Wallace
Cathy Lee
Multiple persons at Richardson & Company, LLP
Other persons to be identified/determined through discovery

Dated: July 13, 2021

______________________________

WESLEY EHLERS
On Behalf of Lori Kalisiak, Claimant