

**Minutes of the Meeting of the
Arkansas Home Inspector Registration Board
Tower Building – Little Rock, AR
December 17, 2015**

Jim Metzger called the meeting to order at 9:02 and reported a change in the order of the items on meeting agenda. The hearing was being pushed back because James Campbell was having car problems and Mr. Paul Louthian would be speaking first regarding the audit review.

Mr. Louthian informed the Board that he attended the Legislative Audit exit interview and he wanted to point out some of the issues brought to his attention, such as looking for misappropriated and misspent funds and what are the roles of the board. He then listed some issues of concern:

- 1) Minutes should be taken at every meeting and then reviewed in the following board meeting and approved by vote;
- 2) Lack of procedure in this agency from past experience;
- 3) Remaining appropriation for AR Home Inspectors Registration Board and the projected expenditures over the next seven months will be close to the limits of allowed spending.

Mr. Louthian added that he did not want to see bills being held in June to be paid for with July appropriation; that was overspending and again subject to audit findings. He wanted to caution the Board to be aware of the agency's burn rate (monies spent) and to be careful not to over obligate as there is not enough appropriation this fiscal year. He then recommended the Board and Executive Director have a plan on their spending (rent, additional personnel, any other added spending) by February for the next fiscal year.

Mr. Metzger would like to see an investigator position added if additional personnel are a thought.

Mr. Louthian replied that an investigator could be contract personnel and should be added to the budget if that's the Board's intent.

Mr. Metzger asked Mr. Louthian about the audit findings that Legislative Audit listed in their review regarding the approval of purchases.

Mr. Louthian explained that Melanie Hazeslip summarized the Legislative Audit review to help the Board understand and know their spending. The agency must follow policy and procedure. All spending must be approved by the Board and set limits should be part of the process.

Mr. Metzger said no financials were listed in the findings only that the purchases at the end of the year were the issue and the only minutes that were missing prior to Randy Martinsen's resignation were from a teleconference.

Sam Wherry reported all missing minutes, even those after Mr. Martinsen's resignation, have been submitted at this time.

Robert Neal said he might have some video to assist in the review of the minutes.

Mr. Louthian stated the Board has been moved into the office space in 1515 Building and DFA has provided furniture and telephone service. Mr. Wherry now has privacy since he has his own space. Whatever is left in the budget (if anything) will be recovered by DFA on June 30th. As of July 1, DFA will no longer be assisting; the Board will again be responsible for themselves.

Mr. Neal asked why hiring an assistant is still a topic when he thought it was decided against in previous meetings.

Mr. Metzger replied that it was just discussion.

R. Lee Stephens wanted to know about the meeting in April to get appropriation for next fiscal year.

Mr. Louthian informed the Board they must first be on the agenda to have budget adjustments made during the fiscal session and being they are a small board that will be more difficult because all large agencies would be heard first.

Mr. Stephens suggested moving the \$25,000 appropriation provided for advertising to operating base.

Mr. Louthian agreed that would be in the Board's best interest to do so. He mentioned the large cash balance the Board currently has, and reminded them that if they go against that now, using their fund balances would result in the need to raise the renewal fees and again would have to be done during the session. Mr. Louthian then told the Board to look at the Trial Balance report and note that he has added a summary to help simplify the report so it's easier to understand. He added that if they agree he will recommend his employees summarize the report in this manner for the remainder of the fiscal year. He also informed the Board of the Z Warrant Detail report and recommended its use so the Board can see where the money has been actually spent. He told the Board about the Transparency website and suggested they go to AR.Gov and use the link on the page to the Transparency website and they could view all agency spending as it is updated daily.

Mr. Metzger asked about the approval process of reports as requested by Legislative Audit. He stated the spending of the prior month should be agreed upon and approved by vote of the board members and this process needs to be followed at all future board meetings.

Bob Downum stated that he would like to see an additional column on the report to show only the prior month spending (one will show year to date and one for current month only).

Mr. Louthian agreed that would be added to the report next month.

Mr. Metzger asked about the June board meeting minutes being approved today and asked Mr. Wherry if he had them. Mr. Wherry responded that he would have them for the January board meeting. Mr. Metzger then suggested they discuss the November board meeting minutes and make changes or corrections to them now.

Changes were...Agency to Agenda in two places, discussion only to new job position and not suggestion of actually adding, and discussion of fee for letter submitted to the Board regarding inactive status.

Mr. Metzger moved to approve the minutes with the new changes and Mr. Stephens seconded the motion. The minutes were approved.

Mr. Downum suggested that the changes be italicized on the November minutes and any future changes approved to minutes be reflected in the same manner.

Mr. Metzger asked that in the future we not attach the Trial Balance or the memos gone over in previous meeting to the minutes given at the board meeting because they will be thrown in the trash as everyone already has a copy. It is agreed that in the future the extra paperwork should only be included in the official minutes for the board office files and PDF file on soft copy but not to be presented a second time in the minutes approval process.

Mr. Metzger asked Mr. Wherry about his report. Mr. Wherry informed the chair that Mr. Campbell was about 20 minutes away. He reminded the Board of the letter included in their packets and said he could discuss what he has been doing.

Mr. Metzger asked him to please give more information regarding the AETN advertising spot.

Mr. Wherry reported that information would be on the agenda for the January board meeting. He rescheduled it because of the length of the December board meeting due to the number of items already on agenda. He told the Board it would be for 48 weeks of advertising on Friday night shows and it would cost the board a onetime fee of \$10,000.00. He also told the Board that expos and real estate fairs would be added to spending and suggested that the Board go ahead and use the \$25,000 appropriation this fiscal year in the next seven months, adding that next year hopefully to move some of that appropriation from advertising.

Wayne Pace said Real Estate/Realtors should be the target and that the Board should focus on those areas. He added that he did not feel that AETN was the best outlet for home inspectors because it gets the word to the public but not where they need to promote business.

Julie Chavis, Office of the Attorney General, recommended contacting the Real Estate Commission about attending one of their meetings held on the first Monday every month and have someone from the Board there to speak.

Mr. Wherry stated that the Real Estate meeting he sat in on was productive. He'd like a sit down with the Board and Real Estate Commission to go over information.

Mr. Metzger reminded the Board that they would be voting on AETN at the January board meeting.

Mr. Stephens cautioned the Board not to spend too much as there is no way to get back the money they have saved once it's gone.

Mr. Metzger pointed out that AETN is onetime fee for one year only and not an annual fee.

Mr. Wherry stated the rent will start July 1st for the 1515 bldg. office and they will need appropriation for that and the cost is \$7,500 annually.

Mr. Metzger suggested the Board go over the renewals.

Melina Campbell, DFA – Office of Accounting, reported there were a total of 243 home inspectors in good standing, 12 of which have now gone to inactive status. Of the 231 remaining in good standing, only 223 have paid their renewal fees totaling \$56,300.00; the other 8 have paid nothing. The 12 that became inactive have paid \$300.00. There were 35 inactive from the prior year and 22 of those have stayed inactive paying a total of \$575.00.

Mr. Metzger asked about new applications and if they are ready to be approved. There were six that were emailed in the last week.

Mr. Downum asked about one with a criminal report on his background check. Ms. Chavis explained it would be discussed after the hearing.

Attorney Evelyn Gomez begins the hearing, see following section.

Mr. Metzger asked for a motion to be made to reconsider or not reconsider. Mr. Metzger told the Board that he was inclined to reconsider for one reason and that's Mr. Campbell's track record. Mr. Campbell owns a business and people have been giving him keys to their homes for his work over the last 10 years with no added reports of theft. He went on to add that the time since the offense occurred should be considered.

Mr. Stephens moved to reconsider and Mr. Neal seconded the motion.

Bob Downum stated it was not the DWI, but the stolen money from an armored car that has him concerned and he stated he's usually pretty staunch on these circumstances. Mr. Downum then asked Mr. Campbell about the money bags.

Ms. Gomez informed Mr. Downum that the board members cannot address Mr. Campbell when they are deliberating.

Mr. Downum then states he is ok with a 2nd chance.

Anthony Utsey pointed out that the Board was only hearing from the offender and he thought they should hear from more than just him to be able to make a decision. Mr. Utsey stated his concern was whether he was honest and the fact that he couldn't remember the details of the offense

Mr. Metzger called for a voice vote and asked those in favor of approving Mr. Campbell to respond "Aye" and those opposed, "Nay" to disapprove.

Wayne Pace was the board member voting to disapprove.

The hearing was closed.

Mr. Campbell was instructed that a license would be given to him as soon as he provided the Board with a signed insurance sheet for his file.

Ms. Chavis reported that she has a meeting set up with Mr. Wherry and Mr. Pace on January 5th to discuss the complaints they have on file. In the meeting, they will review old complaints and learning from Mr. Pace how to determine what is valid complaint and what is not. Ms. Chavis added that hearings are expensive and the Board should only pursue valid complaints to conserve money. She suggested working out corrective actions or penalties rather than denying licenses. It would be in the Board's best interest to have the offender pay a fine and take courses in the areas their reports fell short, resulting in a better home inspector. This will allow the Board to keep licensed home inspectors in the instances where agreements can be met through mediation.

Ms. Chavis mentioned that individuals performing home inspections illegally who have never has been licensed should be sent a letter to cease and desist.

Mr. Neal asked if this could be sent to a prosecuting attorney.

Mr. Metzger said it was his understanding that the Board has the authority to have a hearing but wasn't sure what would make the individual in question come since it is not considered a criminal activity.

Ms. Chavis replied that if the individual was listed to come and does not appear, then he can be fined for not showing up. The Board can then file a motion for an injunction in Circuit Court if he does not appear.

Mr. Utsey asked what proof the Board has that he is inspecting homes as a home inspector and not just acting as a contractor.

Mr. Pace informed the Board that the individual's website has a page for home inspections. He (Mr. Pace) has inspected homes after this individual and has seen the reports that were given to the home owner. It is Mr. Pace's observation that he is acting as a home inspector.

Ms. Chavis read the law stating he cannot practice per Arkansas Code 17-52-309.

Ms. Chavis also stated that the Complaint Committee needs to have these discussions before the Board makes any decisions.

Mr. Metzger recommended this be discussed by the committee.

Ms. Chavis said they would go over the laws and make determinations.

Mr. Pace told the Board he has gone over a complaint file he received and it appears ready for a letter.

Ms. Chavis decided that the one Mr. Pace was referring to also needed to be discussed at the January board meeting.

Mr. Utsey added that he felt if the Board had more than one complaint on any home inspector, it needed to be looked into.

Ms. Chavis said there would be no hearings in January and probably not in February because of due process. It will more than likely be March due to processes that need to be developed involving complaints filed with the board. Since we only want to schedule a court reporter once (due to cost) we will need to work out the small cases then move to the problem cases where agreements weren't made.

Ms. Campbell explained the financial reports. Employee salary and matching \$3,927.76 was spent. The operating expenses in November were \$230.10 but the board member reimbursements were not included in the November's totals. The appropriation report shows a balance remaining in salary and matching of \$43,041.45 for the remainder of the fiscal year 2016. The remaining appropriation for operating expenses is only \$7,670.16. This could be a problem since there are seven months remaining in this fiscal year and with the current rate of spending, it will leave very little remaining at year end. There is a \$25,000.00 appropriation for advertising. The actual expenses by commitment item and general ledger code show that money was spent on postage and employee salary cost.

Mr. Stephens makes a motion to vote on these expenses as they have been reported and Mr. Downum seconded the motion. The financials were approved by all board members in a unanimous vote.

Mr. Wherry suggested the March board meeting be a conference call so that board member reimbursements are not necessary.

Mr. Metzger agrees that will be kept in mind.

Ms. Chavis pointed out that the Complaint Committee probably wouldn't be ready by February for hearings so it would need to be handled in March, making a conference call impossible if they have hearings set up. She will be working diligently to get everything ready.

Mr. Metzger said maybe next month conferences can be discussed for following months.

Mr. Metzger brought up the new applicant, Troy Webb.

Mr. Stephens stated that Mr. Webb's background report showed some activity and he read the offenses.

Mr. Neal stated that it concerned him that the applicant did not disclose any of this in the disclosure area of his application.

Mr. Stephens recommended this not be approved and Mr. Metzger agreed. They both signed the application to deny the license.

Mr. Stephens stated applicant Gregg Adams also had a background check with activity for bad checks and he did not disclose it on the applicant disclosure. He also pointed out that there was no proof of insurance in his new applicant packet. He recommended the Board deny the applicant rather than request the insurance paperwork.

Mr. Neal stated that two applicants (Dean and Rogers) only paid \$250.00 and should have submitted \$375.00. He felt the applicants should be held until January or asked if they would send additional funds.

The Board discussed denying Troy Webb, Chris Cook, and Gregg Adams. Mr. Neal reported that Chris Cook already has a web page which shows he does home inspections.

Mr. Metzger stated that James Dean and Rex Rogers are to send additional money or wait for the January board meeting to be approved. Huffman is approved and will have a license issued. If Chris Cook sends proof of insurance with his name listed and an affidavit that he has not performed any inspections, then he can be sent a license. Webb and Adams are denied. This covers the 6 new applications presented.

Mr. Downum moved to accept Mr. Metzger's summary of new applicants and Mitch Erwin seconded the motion.

Mr. Utsey discussed three courses (these are 2 hour online courses). 1) Ventilation Concepts & Trouble Shooting Techniques Outline. He stated the material looked good. Mr. Utsey moved to approve the course and Mr. Stephens seconded the motion. Mr. Utsey added the 2) ABC Home Inspection Institute would need to provide additional information and requested Mr. Wherry contact the person who submitted the course and gather that information. Mr. Utsey moved for approval once the additional information is received and Mitch Erwin seconded the motion.

Mr. Metzger stated Mr. Wherry is to notify of approval once the additional data is received.

Mr. Utsey continued stating the 3) AHIT course would be discussed in the January meeting because the paperwork he has is not clear and he has not had time to review it having only just received it in today's board meeting.

Mr. Neal stated they need to change their application from provider to contractor.

Mr. Utsey stated that AHIT is the provider.

Mr. Metzger said to notify AHIT of the fee, then the Board can approve, but not without money or a change to the paperwork.

Mr. Utsey assigned course categories to last month's courses and the courses added this month.

The nine courses approved last month will be...

CE-2015-50
CE-2015-51
CE-2015-52
CE-2015-53
CE-2015-54
CE-2015-55
CE-2015-56

CE-2015-57
CE-2015-58

The course categories for today's two added courses will be...

CE-2015-59 CEO? Because online course
CE-2015-60 CEO? Because online course

Mr. Downum moves for an Executive session and Mr. Stephens seconded the motion.

The board members are left in the conference room.

After the conclusion of the Executive session, Mr. Downum moves to resume the board meeting and Mr. Stephens seconded the motion.

Mr. Metzger stated the board members were discussing the job duties of the Executive Director.

Mr. Metzger stated the January board meeting needs scheduled; the Board will meet January 21st at 9:30am. Location to be determined.

Mr. Neal brought up the online social media ads being made by Mr. Wherry. He stated in one social media ad it was broadcasted that inspectors needed 18 hours of courses versus the correct amount of 14 hours. Secondly, he reported on social media a statement was made that AHIB works for ASHI and although they are affiliated and ASHI offers some courses, the Board does not work for ASHI. Thirdly, he reported that "Merry Christmas" was put on social media using the board members names as well wishers. Mr. Neal stated that no social media statements should be made by anyone.

Mr. Wherry stated that he is trying to bring the agency out of the dungeon.

Mr. Metzger stated that someone on the Board must see all social media posts before being posted.

Mr. Wherry stated he will email individually any social media ideas he has.

Mr. Metzger stated that any social media posts must not be emailed but instead must be seen by the Board in a board meeting to be approved before being posted.

Mr. Neal added that misinformation is worse than no information at all.

Mr. Metzger stated the Board's first responsibility is accuracy.

All renewal applications were reviewed by the board, and all were approved with a motion by Mr. Erwin and seconded by Mr. Utsey. Five files were referred to the Executive Director for further contact and correction of insurance papers and other minor issues.

The meeting was adjourned at 1:45 p.m. with a motion by Mr. Erwin and seconded by Mr. Neal.

