

News - Local

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## Controversy over ex-administrator Gail Wilcox's house purchase will lead to change in county policy

County will stop using no-bid attorney contracts in part because of fired executive's joint purchase of a house with Clay Hall

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San Luis Obispo County government is planning to stop using no-bid contracts for attorney services, in part because of controversy over how a partner in the firm with such contracts purchased a home with former assistant county administrative officer Gail Wilcox.

Wilcox and attorney Clay Hall purchased a home together on Blackberry Avenue in Arroyo Grande in December 2006.

According to e-mails from that time obtained by The Tribune under the state's open-records law, the deal called for Wilcox to put \$5,000 down and finance her half, and for Hall and his wife to pay for the other half.

Hall said he did not want to comment on the house deal, which has been reported previously.

"I have no comment on this," he said in a short conversation. "This is well-documented. I'm not going to contribute to your story."

The Tribune tried to reach Wilcox by phoning her, also by leaving a message with the attorney handling her sexual harassment case against the county, and sending a text message to a close friend. Wilcox did not respond to the attempts to make contact.

Hall's firm, Hall Hieatt and Connely, made \$1.9 million from July 2006 to late August of this year from county no-bid contracts. During that time, the firm handled 53 cases at a cost of \$35,570 each, according to county Human Resources Director Tami Douglas-Schatz, who is also the county's risk manager.

County Counsel Warren Jensen said that Hall Hieatt and Connely has done a fine job, and in recent years it has handled many of the county's claims. Hall Hieatt grew out of another firm, Hoge Fenton Jones & Appel, which had formerly handled county contracts.

"HHC has produced excellent results for the county," Jensen wrote in response to questions. The firm is among those applying to be on the county's future list of outside counsel.

The county has put out a "request for qualifications" so that Jensen's office, the County Administrative Office and the county's risk manager could develop a list or panel of attorneys to select from for future contract work.

While the county plans to change to a system of qualifying attorneys for a panel based upon their litigation experience, hourly fees and other traits, the no-bid process has been a longstanding practice.

The use of such a proposed panel is not a classic bidding process in the sense that the county will not be able to present attorneys with plans so they know exactly how much work a case might take. But such panels are used by government agencies across the state.

The applications for the panel are due Wednesday, according to Assistant County Counsel Rita Neal. Neal said the county often contracted out very specialized areas of law to attorneys other than those with Hall Hieatt on matters such as eminent domain, labor relations and the mobile-home rent control ordinance.

"The decision to solicit proposals has been discussed for some time within the county," Neal said. "The Hall-Wilcox situation was not the only reason for this decision."

### Appearance of conflict

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A UC Berkeley political science professor and expert on local, state and federal government said Wilcox failed the test of avoiding the appearance of a conflict of interest.

Berkeley political science professor Bruce Cain responded to an e-mail by The Tribune that outlined the house deal, the sexual harassment charges, and the firings of Wilcox and former County Administrative Officer David Edge.

"What an interesting and sordid tale," wrote Cain, who directs the UC Washington Center in the District of Columbia.

"Public officials have the obligation to avoid the perception as well as the reality of quid pro quo and self-enriching behavior, and even if Wilcox had nothing to do with the attorney's sweet deal with the county, she had an obligation to avoid behavior and entanglements that compromise the integrity of the county's decisions," he wrote.

Cain said that the county needs to tighten its conflict-of-interest code to avoid something like this in the future. Neal said the county is in the process of reviewing and revising, if necessary, its conflict-of-interest code and the requirement for filing statement of economic interest forms. In the request for qualifications, the county is also requiring that attorneys file statements of economic interest to identify any actual or potential conflicts.

Many county officials were not aware of the Wilcox-Hall house purchase until news of it surfaced on the Web site [www.uncovered.slo.com](http://www.uncovered.slo.com) in June 2008.

But details have emerged from county e-mails The Tribune obtained between the parties going back to November 2006 on how the arrangement would work.

### **Terms of the deal**

The agreement called for Wilcox to live in the Arroyo Grande home and pay her share of payments to the bank and an unstated sum of rent to Hall and his wife, Kristy. County records show the property is owned 50 percent by Wilcox and 50 percent by Clay and Kristy Hall as trustees of the Clayton U. Hall Trust.

The e-mail exchanges also indicate Wilcox and the Halls had a joint bank account for the house.

"Purchase price is \$580K," Wilcox wrote Clay Hall from her county e-mail account in November 2006. "I made a \$5K deposit so now there's only \$575K to go!...but I was thinking something like we split the price (you have half as cash, I finance the rest obviously...have already been qualified by Washington mutual) and equity is also shared 50/50..."

County assessor records show the property's value was \$573,000 when tax rolls were updated in June 2007 following the December 2006 purchase. Its assessed value in July was \$493,000, county records show.

E-mails between Wilcox and Hall describe the cozy but seemingly platonic and jokey relationship that existed between them. There is no hint from any e-mail that they were ever romantically linked, and Wilcox does at times describe her relationship problems with other men in her county e-mails to Hall.

Wilcox sometimes addresses Hall as "boyfriend" and Hall in turn writes back in September 2008 after an e-mail describing her romantic life, "Hey I'm getting jealous. Remember I bought you a house. Don't two time me like that."

In an interview with The Tribune in August 2008, former County Administrative Officer David Edge said that there was not a conflict in the home ownership because Wilcox did not supervise risk management and thereby did not manage Hall's contract.

At the time of the house purchase, the county's risk manager was Deb Hossli, who was appointed human resources director in January 2007 but continued to supervise risk management in her new post.

On April 25, 2009, Edge wrote Wilcox an e-mail that seemed to precipitate a falling out between them, and was followed by her claiming she had been sexually harassed by him. He scolded her for a conflict in having a personal relationship with a union negotiator, but he also made some comparison with the home purchase with Hall.

"The dynamic in this scenario is different from that with Clay Hall because 1) there was no inappropriate relationship and 2) we'd taken action ahead of time to shield you from any 'real' problems with the business deal — there was never a chance that it could rise to a level that endangered your job," Edge wrote.

It is unclear what action Edge is referring to. It is also unclear when Edge became aware of the house purchase. The Tribune attempted to reach Edge last week, but his wife referred all calls to his attorney, who did not return a phone call.

Even earlier, in November 2006, before the house purchase, Hall expressed concern to Wilcox in e-mails about clearing the proposed house purchase with Edge.

"Talked to David this morning ... he's completely fine with it," Wilcox e-mailed Hall Nov. 6, 2006. "He said that if we do a financial transaction I should just send him an e-mail stating

this and directing Deb to report to David directly on all matters involving Hall Hieatt."

While Hossli was in charge of risk management, and by association managing Hall's contract, she was also a good friend of Wilcox's and supported them buying the house together.

"Clay — you should see how nice the house is — it's in perfect condition and in a great neighborhood," Hossli wrote Hall on Nov. 6, 2006.

The Tribune left a cell phone text message for Hossli last week that was not returned.

While Wilcox reportedly did not have any formal control over Hall's contract, she did continue to occasionally mention Hall's concerns and cases for the county in e-mails to Edge.

On Sept. 25, 2008, she wrote Edge, "Forgot to talk to u about mssg from clay hall. Did he talk to u? He said after hall-wilcox uncovered bs...deb suggested getting another external review of hall hieatt performance for county. Apparently they did and it was good review. Clay wants to talk about if-when to bring this to bos (Board of Supervisors). I haven't talked to clay yet but was thinking this could be a good consent agenda item for you ...to bring to bos."

### Setting up a meeting

After Hossli resigned in August 2008, apparently under pressure, the e-mails indicate, the county brought in a new human resources director and risk manager.

In e-mails to Wilcox, Hall repeatedly mentioned how they had to get to know the woman — Tami Douglas-Schatz.

"As a reminder, I would greatly appreciate it if you could set up a mtg. w. Tammy some time in the near future. Lunch, away from prying eyes, since we are such a well known couple, maybe? Invite David? Your call," Hall wrote Wilcox in January.

Hall even joked about getting Douglas-Schatz drunk in one e-mail and about buying her a house in another.

"Well, I was asked to come down to meet Tami after my mtg. in co this p.m. Very nice. I would still like to spend a bit more time w. her. Sorry girlfriend, there are just others out there And she needs a house. So....." he wrote later the same day.

Douglas-Schatz set the eventual disciplinary actions against Wilcox and Edge in motion after Hall and then Wilcox told her Wilcox had been sexually harassed by Edge, a charge he denies. She took the information to the Board of Supervisors.

In an interview last week, Douglas-Schatz said she has never purchased anything with Hall and she laughed when she said she "never had any of those social occasions they described."

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