

**Minutes of Meeting
Commissioners' Debriefing
September 12, 2016
2:30 p.m.**

The Kootenai County Board of Commissioners: Chairman Dan Green, Commissioner Marc Eberlein, and Commissioner David Stewart met to discuss the following agenda items. Also present were Clerk Jim Brannon, Chief Deputy Clerk Pat Raffee, Finance Director Dena Darrow, Senior Staff Accountants Keith Taylor and Kimberli Riley, Staff Accountant Melissa Merrifield, Treasurer Steve Matheson, Chief Deputy Treasurer Laurie Thomas, Chief Deputy Assessor Richard Houser, Chief Deputy Prosecutor Barry Black, Civil Deputy Prosecuting Attorneys R. David Ferguson and Pat Braden, Airport Director Greg Delavan, Buildings & Grounds (B&G) Director Shawn Riley, Grants Management Office (GMO) Director Jody Bieze, County Assistance Manager Shelly Amos, Claims Specialist/ Interviewer Deanna Gosselin, BOCC Administrative Supervisor Nancy Jones, and Deputy Clerk Randi Davis. Also present was Fair Board Chair Gerald Johnson, Vice Chair Zach Bane, Fair Board members Dave Nussear, Karleen Meyer, and Linda Rider, Fair Finance Committee member Suzanne Metzger, and Fair Assistant General Manager Alexcia Jordan. Also present was Coeur d'Alene Press staff writer Ryan Collingwood, and citizens Tina Kunishige, Carla Woempner, Bill McCrory, Russ McLain, Doug and Neini Shevalic, Don Gary, and Robert Danakty.

- A. Call to Order:** Chairman Dan Green called the meeting to order at 2:40 p.m.
- B. Changes to the Agenda:** There were no changes to the agenda.
- C. New Business:**

Chairman Green moved the second item on the agenda, Fair Forensic Audit, to the end of the agenda for time efficiency.

Tax Deed Parcel Inquiry (AIN 131168 & 324733)

Chief Deputy Treasurer Laurie Thomas stated that parcel AIN 131168 would be offered at the tax deed sale on September 13, 2016. She said the County had received a letter from the City of Post Falls requesting the parcel be awarded to them for their use. Commissioner David Stewart stated he would support pulling the parcel from the sale, but not awarding it to the City. Chairman Green and Commissioner Marc Eberlein agreed.

Commissioner Stewart moved to pull parcel AIN 131168 from the tax deed sale on September 13, 2016. Commissioner Eberlein seconded the motion. There being no further discussion, Deputy Clerk Davis called the roll:

Commissioner Stewart: Aye
Commissioner Eberlein: Aye
Chairman Green: Aye

The motion carried.

Ms. Thomas stated parcel AIN 324733 was created in 2012 when the Assessor's office learned it was a private road. She said the Assessor was only able to assess the property

to the original owner of the plat, who was now deceased. Ms. Thomas stated the property taxes had not been paid in three years, and the parcel was to be offered at the tax deed sale on September 13, 2016. Commissioner Stewart asked whether the parcel's road was in use, and Civil Deputy Prosecuting Attorney Pat Braden confirmed six citizens nearby used it. Chairman Green asked whether the County was obligated to offer the parcel at the sale, and Mr. Braden confirmed it could be pulled. Commissioner Stewart suggested pulling the parcel from the sale so Mr. Braden could draft an easement to allow home owners nearby to continue to use the parcel after the County sold it. Commissioner Eberlein agreed.

Commissioner Stewart moved to pull parcel AIN 324733 from the tax deed sale on September 13, 2016, and to direct Legal to research drafting an easement. Commissioner Eberlein seconded the motion. There being no further discussion, Deputy Clerk Davis called the roll:

- Commissioner Stewart: Aye
 - Commissioner Eberlein: Aye
 - Chairman Green: Aye
- The motion carried.

Airport Army Depot Building

Airport Director Greg Delavan stated the County (Airport) had received an offer to lease the Army Reserve Building, and presented a lease agreement for the Board's review. Chairman Green asked whether there was a deadline for the Board's response, and Mr. Delavan confirmed there was not. Chairman Green directed BOCC Administrative Supervisor Nancy Jones to schedule a meeting for further discussion of the lease agreement.

Post Falls Property Transaction Agreement

Mr. Braden discussed a Memorandum of Understanding (MOU) he drafted with Post Falls Urban Renewal Agency Attorney (PFURA) Pete Bredeson concerning a property exchange in Post Falls. He stated the Board had expressed a preference to enter into an MOU with the City of Post Falls instead of PFURA. Commissioner Eberlein said he would support an MOU between the County and the City, and Commissioner Stewart agreed. Mr. Braden stated he would contact Mr. Bredeson and City of Post Falls Legal Services Director Warren Wilson to begin the process of a MOU between the County and the City.

Mr. Braden exited the meeting at 2:56 p.m.

Jail De-annexation Request

Chairman Green said the City of Coeur d'Alene had sent a letter to the County referencing Idaho statute §50-225 saying the County needed to request de-annexation of the Jail and Sheriff's campus. B&G Director Shawn Riley pointed out that the legal descriptions of the property would be given to the City within two weeks. Chairman Green supported the de-annexation letter.

Commissioner Stewart moved to forward consent of the request made by the City of Coeur d'Alene for de-annexation as stipulated in the September 6, 2016, letter. Commissioner Eberlein seconded the motion. There being no further discussion, Deputy Clerk Davis called the roll:

Commissioner Stewart: Aye
Commissioner Eberlein: Aye
Chairman Green: Aye

The motion carried.

Riverstone CityLink Lot Request

Commissioner Stewart read a portion of a letter into the record that was received from Riverstone Holdings, LLC requesting the County maintain its property in Riverstone. He stated he didn't think there were any ordinances or covenants, conditions, & restrictions (CC&Rs) that would require the County to take action. GMO Director Jody Bieze confirmed that were CC&Rs, but the County didn't need to take action by a certain time. Commissioner Stewart suggested Legal review of the CC&Rs. Mr. Riley said he had inspected the property and found some minor weed and tree blockage, and that neighboring empty lots had weeds as well. Chairman Green suggested asking Riverstone to cite the specific provision of the CC&Rs or an ordinance concerning the complaint. Ms. Bieze confirmed she would.

Ms. Bieze exited the meeting at 3:03 p.m.

Shared Parking Agreement

Chairman Green said that City of Coeur d'Alene Parks & Recreation Director Bill Greenwood had contacted him concerning a MOU between the County and City for the shared parking lot on the corner of Northwest Boulevard and Mullan Road. He said the City would like to add language to the MOU that stated the County would fund 50% of the architectural fees upon entering the into MOU. Commissioner Eberlein asked whether the 50% would be in addition to the approximately \$1.3 million total, and Chairman Green confirmed it was not. Commissioner Stewart stated he supported the 50% funding, and would like to add language to the MOU that allowed the County to be reimbursed if the project was not completed on time. Commissioner Eberlein suggested taking a deeper look at the language in the MOU concerning designating spaces for County employees and customers.

Chairman Green asked BOCC Administrative Supervisor Nancy Jones to place the Shared Parking Agreement item on a future meeting agenda for further discussion. Ms. Jones suggested continuing the items Shared Parking Agreement and Airport Army Depot Building to a date certain. Chairman Green agreed, and directed Ms. Jones to continue the items to a Commissioners' Debriefing meeting on Tuesday, September 13, 2016, at 9:00 a.m.

Holiday Closure Schedule

Chairman Green discussed holiday building closure for Thanksgiving, Christmas Eve, and New Year's Eve. Ms. Jones pointed out that Christmas Eve and New Year's Eve were on

Saturdays this year. Chairman Green supported closing administration campus offices at 3:00 p.m. the day after Thanksgiving, and 3:00 p.m. on December 23 & 30, 2016, with essential personnel staying until 5:00 p.m. Commissioners Eberlein and Stewart agreed.

Fair Forensic Audit

Chairman Green stated Commissioner Stewart had made a motion that was not on the agenda to approve a forensic audit of the Fair at the Fair Board meeting on September 8, 2016. He asked Civil Deputy Prosecuting Attorney R. David Ferguson if a motion would be proper under the current agenda's wording, and Mr. Ferguson confirmed it would be.

Clerk Jim Brannon presented the reasons he was concerned about the Fair. He said past due/ unpaid bills to the County were of concern, as well as Fair revenues rather than profitability being reported at monthly meetings. Clerk Brannon stated that audited financials had not matched the Fair's QuickBooks for years, and revenues and expenditures were not classified correctly. He pointed out that reporting under those conditions cannot and did not reflect accurate financials. Clerk Brannon said a forensic audit was warranted because the County had 10 years of clean audits without detecting embezzlement, and situations with high cash and low controls were risky.

Finance Director Dena Darrow presented fraud indicators, including motive, opportunity, and rationalization, and said all were present at the Fair. Chairman Green asked what motive was present at the Fair, and Ms. Darrow replied financial pressures could produce motives. Commissioner Stewart pointed out that former Fair General Manager Dane Dugan was in litigation from a credit collector.

Ms. Darrow stated the Fair had not conducted employee background checks, and there were ongoing control deficiencies that were shown through audits. She also said there was no documentation of employee draws until after they had transpired. Ms. Darrow stated a deeper look at the Fair's financials was necessary through a forensic audit.

Clerk Brannon presented a timeline of the Sioux Falls, South Dakota Commissioner decision to have a forensic audit done of their Fair. He pointed out that time was of the essence for a forensic audit because in December 2016 the Fair Board could have three new members, and in January 2017 the BOCC would have two new members.

Commissioner Eberlein asked the Clerk which firm he recommended the County hire for a forensic audit, and what he thought the scope should be. Clerk Brannon replied the scope should look at internal controls and expand from there, and suggested hiring CliftonLarsonAllen, Eide Bailly, or Moss Adams. Ms. Darrow stated that a firm will usually start with present financials and progress into past financials to determine the scope. She added that a forensic audit could cost between \$15,000 and \$20,000.

Fair Finance Committee member Suzanne Metzger said that there had been no employee pay draws since October 2015, and those that were taken had been repaid. She said one of them was Fair Board approved. Commissioner Eberlein pointed out that there was a time when unpaid bills were a problem. Ms. Metzger stated that the Clerk's

presentation didn't warrant a forensic audit, and sometimes QuickBooks would not match financials because journal entries were done at a later time.

Commissioner Stewart pointed out that Fair Marketing Manager Ty Thomas had been previously incarcerated for grand theft, and asked who Dane Speake was. Fair Board Chair Gerald Johnson replied the name Speake was Mr. Dugan's other father's last name. Commissioner Stewart asked why checks were written to Dane Speake and also Dane Dugan, instead of one name. Mr. Johnson stated it was the same person for both names. Commissioner Stewart asked whether the Fair was aware that \$21,000 in bills had not been recently paid, and Mr. Johnson replied that all bills had been paid. Fair Board member Dave Nussear stated the Fair's bills were presented at each Fair Board meeting and reviewed. He said he reviewed bank statements each month after the accounts had been reconciled.

Chief Deputy Assessor Rich Houser and Ms. Thomas exited the meeting at 3:46 p.m.

Commissioner Eberlein stated he would support hiring Eide Bailly as an external firm to conduct a forensic audit of the Fair's financials, and Commissioner Stewart agreed. Chairman Green suggested forming a committee that would develop the scope. Clerk Brannon pointed out that the Board had requested the original internal audit of the Fair.

Commissioner Stewart moved to approve the forensic audit of the Fair's financials, and asked which firm should be hired. Commissioner Eberlein supported hiring Eide Bailly, and asked whether the BOCC should contact the firm instead of the Clerk's office. Commissioner Stewart stated the Board would give Ms. Jones direction to contact Eide Bailly. Commissioner Eberlein seconded the motion. Chairman Green said he had not seen anything from a Fair Board member that would cause him concern, except that they were not thorough at times. Commissioner Eberlein called for a vote. Mr. Ferguson asked whether the motion had been seconded, and Chairman Green requested the motion be made again for clarification.

Commissioner David Stewart moved to approve a forensic audit of the Fair's financials, and that the BOCC contact Eide Bailly to perform the audit. Commissioner Marc Eberlein seconded the motion. There being no further discussion, Deputy Clerk Davis called the roll:

Commissioner Stewart: Aye

Commissioner Eberlein: Aye

Chairman Green: Aye

The motion carried.

Chairman Green said there needed to be a motion to continue the meeting to 9:00 a.m. on September 13, 2016, for further discussion of the Airport Depot Building and Shared Parking Agreement items.

Commissioner Stewart moved to continue the meeting to 9:00 a.m. on September 13, 2016, for further discussion of the Airport Depot Building and the Shared Parking Agreement. Commissioner Eberlein seconded the motion. There being no further discussion, Deputy Clerk Davis called the roll:

Commissioner Stewart: Aye

Commissioner Eberlein: Aye

Chairman Green: Aye

The motion carried.

- D. Public Comment:** This section is reserved for citizens wishing to address the Board regarding a County related issue. Idaho Law prohibits Board action on items brought under this section except in an emergency circumstance. Comments related to future public hearings should be held for that public hearing. There were no public comments.

Chairman Green continued the meeting at 3:51 p.m.

Respectfully submitted,

JIM BRANNON, CLERK

DANIEL H. GREEN, CHAIRMAN

BY: _____
Randi Davis, Deputy Clerk
