



Visit Estes Park
The Destination
Marketing Organization
VisitEstesPark.com

Board of Directors Regular Meeting Minutes

Wednesday, February 14, 2018, 1:00 p.m.
Town Hall Board Room, 170 MacGregor Ave.

Board Members Attending: Sean Jurgens, Lowell Richardson, Stefano Tomasello and Deborah Gibson

Board Members Absent: Anne Morris and Pat Murphy

Also Attending: Art Messal, Kyle Patterson, Michael Bryson, Trustee Bob Holcomb and Zach Clemens

Suzy Blackhurst, Interim CEO, Visit Estes Park
Wendi Bryson, Operations Manager, Visit Estes Park
Jonathan Chmil, Lyons Gaddis, Visit Estes Park Attorney
Kathy Asche, C.P.A., Visit Estes Park Accountant
Mark Holdt, Mountain Sage Consultant, Board Policy Based Governance

The meeting was called to order by Chair Sean Jurgens at approximately 1:00 pm.

Public Comments – Art Messal requested verification that an audit would be discussed.

Presentation: Conflicts of Interest & Regulatory Expectations

Chmil presented an overview about Local Marketing Districts in relationship to Colorado State Statutes. During his talk, he reviewed procedural matters governing Executive Sessions and State definitions of conflicts of interest for Board members of a LMD, TABOR (the Taxpayers Bill of Rights), liability rules and limitations for the Board and employees of the LMD, the use of IGAs and electronic communications in conjunction with the open records act and exceptions not subject to the open records act.

A. Action Items

1. Agenda Approval

Richardson moved to approve the agenda, Jurgens seconded.

Jurgens asked to move Kyle Patterson's presentation to the next item on the agenda. Jurgens opened the floor to public comment. None was offered. The board voted to unanimously approve the agenda with Patterson's presentation moved to just after the agenda approval.

B. DISCUSSION ITEMS AND REPORTS

1. RMNP Update – Kyle Patterson, Public Information Officer, Rocky Mountain National Park

Patterson reported that 2017 Park visitation reached 4.4 million, down approximately 1.5% from 2016. December 2017 visitation increased 22% from December 2016 and that January 2018 visitation was up 16% from 2017. In publicity news, Patterson shared that the Colorado Tourism Office posted a blog in early January highlighting winter activities in RMNP, and that a national travel channel filmed in the park came out two weeks ago.

C. Action Items

1. Approval of 1/24/2018 Regular Session Minutes

Richardson moved to approve the regular session minutes from January 24, 2018; Gibson seconded. With no further comments received, the motion passed unanimously.

2. Approval of 1/24/2018 Executive Meeting Minutes

Gibson moved to approve the executive meeting minutes from January 24, 2018; Richardson seconded. With no further comments received, the motion passed unanimously.

3. Approval of Revised Policy 22 – Board Email Communication Policy

Gibson moved to approve the revised Policy 22, Jurgens seconded. Jurgens asked if the site would be ready to go as soon as the policy is approved. Bryson reported that the site would be live on Thursday, February 15. With no further comments received, the motion passed unanimously

4. 2017 VEP Audit

Richardson moved to contract with ACM to conduct a financial audit of 2017 Visit Estes Park, and that the audit include separately audited financial statements and a separate audit opinion unique to Visit Estes Park. Gibson seconded.

VEP Accountant Asche explained the meaning of a financial statement audit and the process used to conduct the review. Asche said that VEP is a “discrete component” of the town for audit purposes, meaning that they are separate component and not a hidden one. Therefore Visit Estes Park is subject to all the same audit standards and procedures as the Town of Estes Park. She said that contrary to a perception that Visit Estes Park subjected to fewer audit procedures than the Town, Visit Estes Park is subject to more, when size of the organizations are considered. She said that historically the town auditors have come to the Visit Estes Park offices for field work for a day or two, but that there is also a portion done electronically so the auditors can stay on track with their timeline. Asche clarified that an audit with separate financial statements and determination will more than likely not involve more field work, but it will include more detailed reports, graphs and footnotes that explain things the numbers cannot by themselves. Asche said contracting with a separate audit firm would be very costly. She also explained that the VEP auditor will come in and do their audit, VEP will send that over to the Town, but the Town auditor will not rely on those reports and by law they will do their own work anyway. Asche explained that if a separate company were used, Visit Estes Park would end up paying for two audits, and that in her opinion that was not a good option. Richardson asked for clarification on the second option for a separate financial statement audit. Asche explained that it’s a more comprehensive end product. Richardson clarified that would be using the Town’s auditors, but having them do more work for VEP for an additional cost. Richardson went on to verify that it would cost less than hiring a separate auditor, and that it appeared hiring a separate auditor would double costs. Asche agreed.

Richardson addressed the request from the public for a comprehensive or forensic audit of VEP. He said that due to the change in leadership that it would be prudent to make sure that all the financials were in place for the new CEO, but he felt that the public and board needed a better understanding of what Asche was able to do and not do as a CPA, what a financial statement audit is looking for versus a forensic audit and if they can bring in an outside firm to audit books that have already been audited. Asche stated that you could find firms that would be willing to do that, but that the firms would be hesitant to audit financials that have already been reviewed and given a clean opinion without more of a reason than public fervor. She explained that that the auditor's job is to judge the quality and fairness of the financial statements, and there are many levels of scope that could be requested of the firm for an additional fee. Asche went on to explain that the public has no way to know what controls were reviewed or reports were pulled by the auditor, because they were not there for the field work, and that in actuality for the size of VEP that they have a very thorough auditing process. As an example, Asche mentioned if the auditor looks at deposits for the Town they are not looking at every single deposit, but VEP does not have that many deposits so they get detail on the majority of the deposits. Richardson asked if auditors are testing the financial policies to make sure they are appropriate and if we are following them as well. Asche clarified that they are looking to see if the policies are similar or identical to the Town's policies, and that VEP's policies have to be equal to or stricter than the Town's policies. They are also tracing that the policies are being followed. Richardson requested clarification on reporting procedures and if a credit card statement is considered a detailed statement. Asche said organizations must have an accountable plan which requires appropriate documentation be provided prior to reimbursement, or payment. Documentation can include an electronic receipt, internet receipt, store receipt, or credit card statements. She explained that cash transactions are the most difficult to report, but need to include a report or form that provides details of the transaction. Richardson asked if the auditors are looking for fraudulent activity as well, and Asche agreed. Asche stated that they are not looking for it explicitly like a forensic audit, but that auditors keeping an eye out for such instances. A forensic audit is used when there is a confirmed suspicion of wrongdoing and auditors are specifically looking for evidence of such. Jurgens asked if there are suspicions that it is not possible to get a clean audit; Asche agreed. Gibson asked if it would be appropriate to have a more comprehensive audit if there was a change in management. Asche clarified that it was more a change in scope and not a different kind of audit. Richardson asked if a forensic audit is a criminal investigation. Asche agreed, saying forensic or investigative audit is a review that uncovers fraudulent activity and provides documentation needed for a criminal case. Richardson asked to clarify that mismanagement does not equate to criminal activity and Asche agreed. Richardson asked Asche if it would be unreasonable with the transition at the board level and management level to do the separate financial statement audit, but also have them go back and do a comprehensive review of 2017 and 2016. Asche thought that sounded like a contract question, but to her that sounded like more than one engagement. Gibson mentioned that she thought that might get really expensive. Asche agreed that it could, but if you are a newly commissioned auditor, you are likely reviewing all the information already. Asche asked Chmil if that might be two contracts. Chmil said it would depend on the audit firm. Asche suggested talking to the audit firm to find out how much work they are already planning to do in relation to previous years. Jurgens clarified with Richardson that he was talking about 2016 and 2017. Jurgens questioned if they needed to go back to the auditor to get an RFP for the more in-depth scope. Gibson suggested in the interest of time it might be better to vote on the recommendations provided and add the request for the scope change. Asche agreed. Richardson asked Chmil if they could make that motion. Chmil agreed that they could with the understanding that more conversation

would happen later. Richardson spoke to some of the questions regarding the management and financial practices of VEP and that he has been involved with other taxing districts where the management did in fact commit crimes. He went on to state that he was a retired police chief of Estes Park and was fully aware of the requirements to investigate the allegations that had been made publicly. He went on to share that their decisions had to be based on facts and that they should go above the norm, but that in his opinion there was no evidence to support a criminal investigation. Gibson added that she felt that the cost of a forensic audit would be a waste of taxpayer's funds.

Jurgens moved to appoint Anton Collins Mitchell as the independent CPA to perform the audit that will include separate financial statements and a separate audit opinion to Visit Estes Park along with a quote to look back to 2016 and 2017 to review polices and look for any fraudulent activity, Richardson seconded.

Jurgens opened the floor to public comment. Art Messal questioned if the board knew what the district was spending, stated that the board had no historical knowledge of the district, and expressed concern with how things were categorized in the budget. He went on to say that he would not stop until he had a thorough understanding of past spending. Richardson responded with that he did have a history with the LMD going back to 2008. Gibson stated that she has also been involved with Visit Estes Park as a stakeholder since 2008. The board voted to approve the motion unanimously.

5. VEP Liaison to the EDC

Jurgens requested this item be tabled until more board members could be present. The other board members all agreed.

6. Board Working Committees

Jurgens requested item be tabled until more board members could be present. The other board members all agreed.

D. DISCUSSION ITEMS AND REPORTS

1. Town Board Liaison Update – Trustee Bob Holcomb

Trustee Holcomb gave an update on the Town Board Meeting and stated the one major decision made was to vacate the senior center as of March 1st and turn it over to the museum. Jurgens noted that the Town Board had appointed Kevin Benes to the VEP Board as well.

2. Strategic Planning & Policy Governance Mountain Sage Consulting – Mark Holdt

Holdt complimented the board on taking the time to hear from the attorney on conflicts of interest and regulations and also the conversation with the accountant on the audit. He then moved on to explain that the Board Management Delegation Policy had no substantive changes to what was presented before. The only change was the addition of the adopted date. Holdt reminded the board that they had the ability to change or adjust all of the policy documents. Holdt went over the substantial changes to the Board Process Policy in relation to Chmil's proposed revisions to the Bylaws. He said that the rest of the changes were either consolidating documents such as the guiding principles and recent policy revisions such as the board email policy. Holdt asked Jurgens to verify that the Process Policy was not up for a vote at this meeting, but potentially could be an

action item on the next agenda. Jurgens agreed. Jurgens suggested that since the committee discussion would not happen until next meeting that the approval of the Process policy could wait. Holdt agreed and suggested that it could be approved with the understanding that the committee descriptions would be added later. Gibson wanted to clarify if the committee members could be three to eight, when she thought it was only two. Jurgens suggested that was board members only. Chmil clarified that due to the open meeting act if a quorum of a committee meets and that committee is involved in the policy making process it should be posted. Richardson asked if that meant it was open to the general public, and Chmil agreed.

3. CEO Hiring Committee Update

Jurgens stated that a second hiring firm has been contacted in an effort to get a couple of different quotes. Jurgens announced that the CEO Hiring Committee would be comprised of Richardson and himself as well as Estes Valley Library District Director Claudine Perrault, Town Administrator Frank Lancaster, Economic Development Corporation Chair Dr. Jim Pickering and business owner Nick Smith. Jurgens affirmed that a news story about the committee could be released.

4. CEO Update

Blackhurst informed the board that she and Josh Harms had scheduled appointments on Feb. 27 with VEPs creative partners in Denver. Blackhurst said she hoped to have a new draft of the Operating Plan for the board to review at the next meeting. She then reviewed some updates that were made to the finance procedures. Blackhurst gave an update on a conversation with Jurgens regarding the VEP Annual Tourism Summit, and explained that this year it would be more of an annual meeting with a breakfast buffet at the Ridgeline Hotel. She encouraged all the board members to attend if possible. She talked about the economic impact and guest survey RFPs going out in the following week. She then mentioned that she needed to sit down with Frank Lancaster to discuss what the partnership with the Town means financially. Blackhurst gave an update on where she was at with updating job descriptions for all of the staff. Richardson asked if the financial policy still allows the CEO unlimited spending. Blackhurst stated that could be said for any staff member as long as it's within the budget. She went on to explain that there was not anything in the policy to set a limit and that was something she would like to talk to the CPA about. Richardson asked if the staff could draft a directive that could be adopted temporarily to limit spending. Gibson asked Asche if she could explain the check writing procedure. Asche thought they might want to look at the policy to see what it says, because there is a difference between a credit card transaction and a contract check request. Richardson questioned if there was no approval process as long as an expense is budgeted. Asche stated that was different than the check writing procedure. Gibson added that for them there was a whole process with some checks requiring two signatures. Asche stated that with this organization that two board members must sign all the checks, and that staff does not have check writing authority. Asche went on to explain that she did not have check writing authority either. Gibson asked to clarify that if someone wanted to charge a large amount that it went through a different process. Asche agreed that under the current policy it was allowed on credit card purchases. She suggested that it would be a good idea to get a copy of the Town's financial policy. Richardson stated that he knew the Town policy had spending limits for the town administrator and department heads. Blackhurst mentioned that in the financial reports for the next meeting the Board would receive a check run report.

Board Comments

Richardson spoke to public comment and that he appreciates comments that are made and encourages people to voice their opinion..

ADJOURN – The meeting was adjourned by Chair Sean Jurgens at approximately 3:20 PM.



Wendi Bryson, Recording Secretary

DATE: 2/28/2018



Sean Jurgens, Chair

DATE: 2/28/2018