

CITY COUNCIL PROCEEDINGS
BEMIDJI, MINNESOTA
Work Session – Monday, June 11, 2018

Pursuant to due call and notice, a work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Monday, June 11, 2018, at 5:30 p.m. in the Council Chambers of City Hall, Mayor Albrecht presiding.

Upon roll call, the following Councilmembers were declared present: Albrecht, Meehlhause, Hellquist, Johnson, Lehmann, Erickson, Larson

Staff Present: City Manager Nate Mathews, City Attorney Al Felix, City Engineer Craig Gray, Finance Director Ron Eischens, Deputy City Clerk Teresa Hanson

VenuWorks

Staff Present: Steve Peters (President), Mike Piehl (Controller) and Jeff Kossow (Executive Director – Sanford Center).

Response to Office of State Auditor Regarding Sanford Center

Eischens reviewed the findings of the Office of State Auditor letter dated May 11, 2018, and discussed staff recommendations for each.

Discussion followed on each of the findings and corresponding staff recommendations. Questions were asked of city staff and VenuWorks representatives to clarify past practices, changes that have already been made, and changes that will be made to reduce the possibility of similar incidents in the future.

During discussion, VenuWorks reported they are implementing new web-based software and have already made changes to their accounting practices in order to monitor local activity on a regular basis.

Felix noted the Beltrami County Sheriff's Office is investigating the matter to determine if criminal charges should be filed. He also indicated it's doubtful the criminal investigation will find any additional losses. In fact, those findings may not reach the same level as the OSA findings or VenuWorks' internal audit since each transaction must be researched thoroughly for criminal intent and solid evidence identified to substantiate a potential charge.

Discussion was held on bonuses received by Mr. Webb in 2015 and 2016 and, though Mr. Peters explained bonuses are part of the compensation package, he would verify and refund the bonuses paid to Webb.

Motion by Erickson, seconded by Hellquist, to approve the following staff recommendations, as presented, and to include any additional reimbursement amounts discussed:

1. **Changes to the account structure, including removing VW staff from bank signatories and account ownership.**
2. **Modify management contract to reflect changes in account structure.**
3. **Accept VW payment of \$137,616.21 as reimbursement for unapproved, unsupported or inadequately supported or improper use of City or public funds.**

Motion carried unanimously.

ADJOURN

There being no further business, motion by Hellquist, seconded by Lehmann, to adjourn the meeting. Motion carried. Meeting adjourned at 6:39 p.m.

Respectfully submitted,



Teresa Hanson
Deputy City Clerk

