

Subject: Re: Vehicle Question
From: "Steven Hansen" <steve@utahtrust.gov>
Sent: 6/14/2016 12:04:45 PM
To: "Van Christensen" <vchristensen@utah.gov>;
CC: "Leslie Larsen" <leslielarsen@utah.gov>; "Jody E. Pettet" <jody@utahtrust.gov>;
Attachments: 1996 11 22 Board Minutes.pdf; 1996 12 19 Board Minutes.pdf

Van,

In response to your question about board compensation, I have attached minutes from the board meetings in November and December of 1996, in which the board fees were set at \$300/meeting. That amount has not changed in the past twenty years. We do not pay per diem. Board members are reimbursed for their mileage/travel expense. Please let me know if you have any questions or concerns.

Best,
Steve

Subject: Fwd: Vehicle Question
From: "Van Christensen" <vchristensen@utah.gov>
Sent: 6/14/2016 12:14:33 PM
To: "Leslie Larsen" <leslielarsen@utah.gov>;
Attachments: 1996 11 22 Board Minutes.pdf; 1996 12 19 Board Minutes.pdf

Leslie,

It's interesting that the minutes do not reflect what he explained in his email. Will you pull this information into the workpapers with his email explanation.

Thanks,
Van

----- Forwarded message -----

From: **Steven Hansen** <steve@utahtrust.gov>
Date: Tue, Jun 14, 2016 at 12:04 PM
Subject: Re: Vehicle Question
To: Van Christensen <vchristensen@utah.gov>
Cc: Leslie Larsen <leslielarsen@utah.gov>, "Jody E. Pettet" <jody@utahtrust.gov>

Van,

In response to your question about board compensation, I have attached minutes from the board meetings in November and December of 1996, in which the board fees were set at \$300/meeting. That amount has not changed in the past twenty years. We do not pay per diem. Board members are reimbursed for their mileage/travel expense. Please let me know if you have any questions or concerns.

Best,
Steve

STEVEN A. HANSEN CEO
m 801.808.2137 steve@utahtrust.gov

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Training & Events

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Subject: News Feed - Utah League of Cities and Towns employee accused of skimming \$5k
From: "Maria Fandl" <mfandl@utah.gov>
Sent: 10/4/2016 6:52:55 AM
To: "John Dougall" <jdougall@utah.gov>; "David Damschen" <ddamschen@utah.gov>;
"Van Christensen" <vchristensen@utah.gov>; "Ryan Roberts"
<ryanroberts@utah.gov>; "Jeremy Walker" <jeremywalker@utah.gov>;

Utah League of Cities and Towns employee accused of skimming \$5k

By Lee Davidson The Salt Lake Tribune
Published: October 3, 2016 11:20PM
Updated: October 3, 2016 10:20PM

Credit card • Administrator retired from the post after reimbursing the money she allegedly spent on trips, dinners and music downloads.

Amid nearly \$5,000 worth of alleged improper spending, one credit card charge stands out as ironic: \$107 spent at Misconduct Tavern.

That was among trips, dinners, music downloads and other personal expenses that Michelle Reilly, director of administrative services for the Utah League of Cities and Towns, charged on the taxpayer-funded group's credit card, league officials say.

It included \$1,849 for a trip to Philadelphia, where the Misconduct Tavern is located, and New York; \$515 toward an Ireland-Netherlands trip; \$132 to help cover travel in London; and \$800 to go to Southern California, according to documents The Salt Lake Tribune obtained through an open-records request.

Reilly also used her company card to pay for a \$459 dinner at the upscale Ruth's Chris Steak House in Park City and for \$950 in music downloads through iTunes.

She has since reimbursed \$4,996 to the league for such charges, said Ken Bullock, its executive director. The league is funded by cities and towns in Utah to offer training and handle lobbying for them.

Reilly could not be reached for comment.

Bullock said Reilly recently retired after working 31 years at a job that has an annual salary of about \$85,000, adding that she was not forced out because of the credit-card expenses.

He said Monday the league has not yet pursued criminal charges nor civil action against her. Kaysville Mayor Steve Hiatt, the just-elected president of the league, said its board will discuss whether to refer the matter to law enforcement at a meeting Friday.

"We have to look at that seriously," he said. "No doubt the individual who had the lapse in judgment served well over the years and did a lot of good things. But years of good acts,

unfortunately, can't take the place of more recent poor judgment.”

He adds the league has informed the office of State Auditor John Dougall about the situation.

A special audit ordered by the league looked at Reilly's credit-card expenses only for the past year, not previous years. Hiatt said that decision was made when the board didn't know whether any inappropriate spending had occurred — and other employees who raised concerns about Reilly thought most misspending took place only in the past year. He adds the board will also discuss whether to expand that audit to previous years.

Bullock and Hiatt said another employee alerted board members about what Bullock calls “charges not within the scope of the purposes of the league,” and it then launched a probe by using an outside auditor.

Initially, Bullock confirmed the misspending to The Tribune and estimated the amount involved, but declined to provide details. The newspaper filed a request for the credit-card records. So far, the league provided just a summary.

Among the charges:

- 41 separate charges to iTunes over 12 months — with charges made during every month but one — ranging from \$48 to 99 cents.
- Some expensive restaurant and entertainment bills, including \$167 at Village Whiskey in Philadelphia and \$139 at Irish House in Ireland.
- \$95 at the Living Colours T-shirt shop in Amsterdam.
- Hotel charges including \$559 at the Hotel Erwin on California's Venice Beach and \$733 at the Philadelphia Sheraton.
- \$27 for access to an airport lounge during a trip to Ireland.
- \$118 to the Barnes Foundation, an art museum in Philadelphia.
- \$753 in airfare or other charges to Delta, Aer Lingus and KLM airlines.

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Maria Fandl
Administrative Assistant
Utah State Auditor's Office
mfandl@utah.gov
801-808-0339

Subject: News Feed - Utah League of Cities and Towns to delve deeper into credit-card misuse
From: "Maria Fandl" <mfandl@utah.gov>
Sent: 10/10/2016 9:29:35 AM
To: "John Dougall" <jdougall@utah.gov>; "David Damschen" <ddamschen@utah.gov>; "Van Christensen" <vchristensen@utah.gov>; "Ryan Roberts" <ryanroberts@utah.gov>;

Utah League of Cities and Towns to delve deeper into credit-card misuse

By Lee Davidson The Salt Lake Tribune
Published: October 8, 2016 03:50PM
Updated: October 7, 2016 11:06PM

Probe • After an alleged \$5K in personal expenses is found, state auditor will review 3 more years of records.

The Utah League of Cities and Towns Board decided Friday to delve deeper into alleged misuse of taxpayer money by a former top administrator.

Leaders of the publicly funded group say state Auditor John Dougall has agreed to review three additional years' worth of credit-card records after an initial audit showed Michelle Reilly, former director of administrative services, charged \$5,000 in personal expenses on her league card in the past year.

The charges included trips to Europe, Philadelphia and Southern California, expensive dinners and music downloads.

"It's a really, really big deal and we are doing everything we can to get to the bottom of all the facts and make sure at the end of the day that it never, ever happens again," said just-elected League President Steve Hiatt, the mayor of Kaysville.

The league's board also heard proposals for numerous reforms on how it handles finances to prevent future problems — and it hired a new chief financial officer and a new outside auditing consultant.

The league also acknowledged, because of inquiries by The Tribune, that it has failed to post its agendas, and to post salaries and other expenses as required on the state's transparency website. It will begin to do that now.

Cities and towns fund the league with taxpayer money to offer training, perform research and handle lobbying for them.

Reilly, who worked for the league for 31 years and had an annual salary of about \$85,000, has reimbursed the league for the \$5,000 in credit-card charges, said League Executive Director Ken Bullock. She has since retired, and Bullock said she was not pushed out because of the expense controversy.

Hiatt said the league will likely refer the matter to law enforcement to review for possible charges, but first seeks to audit the additional three years worth of records to determine how widespread problems were.

“That’s the direction we are heading,” Hiatt said. “In my view, you have to do that.”

The league initially hired an outside auditor to look at just one year of credit-card charges after an employee raised questions about Reilly’s spending. Following discussions with those auditors, Bullock proposed several changes in how to handle league finances.

Among changes he urged the board to consider adopting:

- Possible elimination of league credit cards. Instead, employees would submit receipts and descriptions of their expenses for reimbursement.
- If credit cards are used, receipts supporting the charges would be required. For meals, Bullock wants the names of everyone in attendance and a description of the business purpose of the meal.
- Several layers of review before expenses are paid. Toward that end, the board hired a new chief financial officer, Kerri Nakamura, and an outside auditing consultant, Lorie Dudley.
- Spending limits and clearly identified prohibited uses of credit cards, including cash advances, alcohol purchases and personal expenses.

The policy would make clear that violations will be punished, possibly including termination and criminal prosecution.

Bullock also proposed several changes in how the league handles its payroll, including being more careful to ensure that it complies with federal rules in using compensatory time off for overtime worked.

Records provided to The Tribune, for example, showed that instead of giving some unnamed employees comp time, the league spent \$226 for them to have dinner at the upscale Fleming’s steakhouse.

Bullock also told the board that The Tribune “has brought to our attention the lack of compliance the league has been doing with the [state’s] transparency website,” such as not posting its salaries or expenses and also not publicly posting board-meeting agendas.

Such information will be made available, he said. “It’s something we are also working with the state auditor to make sure we are in compliance.”

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Maria Fandl
Administrative Assistant

Utah State Auditor's Office
mfandl@utah.gov
801-808-0339

Subject: News Feed - Utah official charged \$25K-plus on taxpayer-funded credit card to watch son play basketball
From: "Maria Fandl" <mfandl@utah.gov>
Sent: 10/14/2016 7:31:22 AM
To: "John Dougall" <jdougall@utah.gov>; "David Damschen" <ddamschen@utah.gov>; "Van Christensen" <vchristensen@utah.gov>; "Ryan Roberts" <ryanroberts@utah.gov>; "Jeremy Walker" <jeremywalker@utah.gov>;

Utah official charged \$25K-plus on taxpayer-funded credit card to watch son play basketball

By Lee Davidson The Salt Lake Tribune
Published: October 14, 2016 07:11AM
Updated: October 14, 2016 07:11AM

 (Ryan Galbraith | Tribune File Photo) Ken Bullock, Utah League of Cities and Towns.
(Ryan Galbraith | Tribune File Photo) Ken Bullock, Utah League of Cities and Towns.

Government • League of Cities and Towns Director Bullock says he reimbursed expenses after traveling to watch son play basketball for Stanford.

Ken Bullock, executive director of the Utah League of Cities and Towns, loved to travel to watch his son, Elliott, play basketball for Stanford University. The trouble is, he used the credit card of his taxpayer-funded group to pay for it.

Bullock — a former outspoken watchdog member of Salt Lake City's 2002 Winter Olympics organizing committee — reimbursed the league more than \$25,000 for the travel in 2014 and 2015. He said he used the league's card as a convenience to keep all his frequent-flier award miles together.

"I didn't do anything wrong," Bullock said Thursday. But he acknowledged that, in hindsight, "it creates a bad perception. It's easier to make decisions in hindsight."

The charges, found through documents leaked to The Salt Lake Tribune, raise questions about whether they amounted to loans, how much financial oversight the league has, and whether Bullock should personally benefit from frequent-flier mileage bought by taxpayers.

It comes after recent revelations that another former league administrator allegedly charged \$5,000 to the group last year for personal trips and dinners. She repaid it after an audit found the charges — and retired. Another state audit is searching whether even more such charges occurred previously.

Trips • “I went to almost all of the games” during his son’s years at Stanford, Bullock said. His 6-foot-11 son played mostly as a reserve for the Cardinal between 2008 and 2015 — an unusually long stint because he redshirted and served a Mormon mission.

Bullock provided copies of a March 2015 reimbursement check for \$15,000, and another in June 2014 for \$10,789 for two years’ worth of basketball trips.

“There were checks for other years, too,” he said.

Bullock said he usually traveled by himself, although records show he sometimes took others.

For example, league credit-card records show Bullock and his wife each bought \$822 tickets to fly in and out of San Jose on Jan. 29, 2014, to watch Stanford play No. 1 Arizona in a nationally televised game. Arizona won 60-57.

“I was not hiding anything,” Bullock said. He added he even asked aloud for other league staffers “to help me remember to pay this back.”

Convenience • Bullock said he used the league’s card “as a convenience. My frequent-flier miles were attached to that credit card, and it was a convenience to keep them all together,” both for award miles earned for league and personal travel. “That is the only reason I used it.”

Bullock said he sometimes has used the combined frequent-flier miles for personal use — and not for league travel — but “mainly they have just accrued” and sat untapped.

The league receives the lion’s share of its funding through taxpayer money from Utah’s cities. It provides training, research and lobbying on their behalf.

“I reimbursed the charges voluntarily,” Bullock said, “and not because an audit found them.”

That’s in contrast to Michelle Reilly, the league’s former director of administrative services, who repaid \$5,000 that an audit said were charges made last year for personal expenses.

Reaction • Kaysville Mayor Steve Hiatt, the just-elected president of the league, said he had not heard about the basketball charge until The Tribune’s inquiry.

“It may be a lapse in judgment, but I certainly wouldn’t question his honesty. That said, it’s best to have a third party like the state auditor to give an independent opinion,” Hiatt said, noting the auditor has agreed, because of the charges by Reilly, to look at four years’ worth of the leagues finances and credit-card charges by all employees.

“I reserve my judgment until that process is complete,” Hiatt said.

State Auditor John Dougall said he could not comment on Bullock's charges because of his ongoing audit. But other recent audits by his office commented on similar actions by others.

One this year criticized Utah Dairy Council officials for making personal charges on the group's credit cards and urged a quick halt — even though they had been reimbursed.

Dougall wrote about that audit, "When we see questionable purchases (such as public funds being spent on the CEO's manicure) we begin to question the adequacy of the oversight of the organization."

Dougall's office also recently criticized a Washington County School District business administrator for using a personal credit card to buy items for the district so that would enhance the rewards earned on his card.

It said that amounted to "unreported compensation" and that "excluding this information from gross compensation impairs transparency."

Because of the problems found by an initial audit into Reilly's expenses, Bullock recommended changes last week to the league's board that would clearly prohibit the credit-card charges he made for the basketball trips.

—

Other expenses • The Tribune also found other questionable expenses by league officials in credit-card records during the past year.

For example, staffers made more than \$42,000 in charges at restaurants. In most cases, the records did not say who exactly made the charges nor whom they were entertaining.

Bullock said most were for working lunches. He, for example, often huddles with city officials to talk about issues, "and when people meet, they tend to eat."

He said league rules require providing receipts and listing who was at the meal. However, he said, after another employee recently left the league, he found a "drawer full of those receipts" that had not been attached to the charges.

One of the meals was a \$317 staff dinner at Frida Bistro to celebrate an employee's birthday. A \$226 charge went for unnamed staffers for a dinner at the upscale Fleming's Steakhouse "in lieu of comp time" for overtime work.

The league also paid \$267 total for four dinners with a Deseret News reporter, all at the Bout Time sports bar and grill. Bullock said he had some of the dinners with the reporter to talk about how the league could improve its news coverage.

Bullock noted that about 18 percent of the league's budget does not come from taxpayers, but instead is raised through donations by businesses. He said some of the dinners charged were paid using such funds.

The Tribune found other charges for personal items that Bullock said likely should not have been allowed, including paying some parking tickets, and buying an umbrella, a power adapter for use in England and a map of London.

Other charges included just under \$100 for special bathroom deodorants with such names as "Poo-La-La" and "Trap-A-Crap." Bullock said they were charged by a former employee to help with some personal-hygiene problems.

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Maria Fandl
Administrative Assistant
Utah State Auditor's Office
mfandl@utah.gov
801-808-0339

Subject: ULCT and Co-op

From: "Jeremy Walker" <jeremywalker@utah.gov>

Sent: 11/17/2016 8:19:52 AM

To: "Van Christensen" <vchristensen@utah.gov>; "John Dougall" <jdougall@utah.gov>;

John,

I have been exchanging emails with Kerri from ULCT with questions and clarifications on the audit. In her most recent email last night, she rekindled my concern about the security of the funds of the Municipal Finance Agency and the Co-op. According to the exchange below, it appears that nobody at ULCT knows who is in possession of those funds and records. Subpoena-ed bank statements are due by Monday the 20th.

Jeremy: We are still in need of information about the Utah Municipal Finance Agency and Utah Municipal Co-op. Have you found any records for these entities on the network or in the building?

Kerri: Since Michelle's departure, the ULCT has opted to not provide administrative support to the MFA and/or Utah Municipal Co-Op. Ken believes Michelle has the records for each. You can contact Michelle for those records at 801-556-1110.

Jeremy

Jeremy A. Walker, CPA
Manager, Local Governments Division

Office of the Utah State Auditor
Utah State Capitol Complex
East Office Building, Suite E310
Salt Lake City, UT 84114-2310



View my profile on [LinkedIn](#)

801-538-1040 (O)
801-538-1383 (F)

Subject: Re: ULCT and Co-op
From: "Van Christensen" <vchristensen@utah.gov>
Sent: 11/17/2016 9:17:43 AM
To: "Jeremy Walker" <jeremywalker@utah.gov>;

I agree, that is a very unusual response from Ken, to indicate that the League has simply washed their hands of these entities and has no responsibility for accounting or safeguarding the funds. I'll see if I can find some time to talk with John, I think we need to sit down with Ken and press him for an explanation of the location of the money and get with Michelle right away.

On Thu, Nov 17, 2016 at 8:19 AM, Jeremy Walker <jeremywalker@utah.gov> wrote:


Subject: Re: ULCT and Co-op
From: "Jeremy Walker" <jeremywalker@utah.gov>
Sent: 11/17/2016 3:26:07 PM
To: "Van Christensen" <vchristensen@utah.gov>; "John Dougall" <jdougall@utah.gov>;

I spoke with our Zions Bank contact today and verified that a \$10,000 check to the Deseret News that was signed by Ken cleared the Co-op account on Nov 10th. I can only assume this payment was for this website hosted by the DesNews. <http://www.deseretnews.com/brandview/ulct>

Jeremy

Jeremy A. Walker, CPA
Manager, Local Governments Division

Office of the Utah State Auditor
Utah State Capitol Complex
East Office Building, Suite E310
Salt Lake City, UT 84114-2310

View my profile on  **LinkedIn**

801-538-1040 (O)
801-538-1383 (F)



On Thu, Nov 17, 2016 at 8:19 AM, Jeremy Walker <jeremywalker@utah.gov> wrote:

Subject: IRS Documents That May help ULCT
From: "Van Christensen" <vchristensen@utah.gov>
Sent: 10/28/2016 11:41:53 AM
To: "Jeremy Walker" <jeremywalker@utah.gov>;
Attachments: p463.pdf; p15b.pdf

Subject: Same for UMFA

From: "Jeremy Walker" <jeremywalker@utah.gov>

Sent: 11/21/2016 12:48:26 PM

To: "Van Christensen" <vchristensen@utah.gov>; "Alex Nelson" <anelson@utah.gov>;

"H:\specproj\PROJECTS\2017 Projects\ULCT17SP - Credit Card Abuse\Bank Stmtns\Statements from Zions\UMFA"

Jeremy

Jeremy A. Walker, CPA
Manager, Local Governments Division

View my profile on [Linked In](#)

Office of the Utah State Auditor
Utah State Capitol Complex
East Office Building, Suite E310
Salt Lake City, UT 84114-2310

801-538-1040 (O)
801-538-1383 (F)



Subject:

From: "Alex Nelson" <anelson@utah.gov>

Sent: 12/1/2016 3:10:47 PM

To: "Van Christensen" <vchristensen@utah.gov>;

Alex Nelson, 2016-12-01 14:10:47

Hey, I'm done with all of my salesforce calls so I can show you the ULCT stuff whenever you'd like

Subject:

From: "Alexandra Nelson" <anelson@utah.gov>

Sent: 12/1/2016 3:10:47 PM

To: "Van Christensen" <vchristensen@utah.gov>;

Alexandra Nelson, 2016-12-01 14:10:47

Hey, I'm done with all of my salesforce calls so I can show you the ULCT stuff whenever you'd like

Subject: ULCT
From: "Van Christensen" <vchristensen@utah.gov>
Sent: 12/7/2016 4:06:18 PM
To: "Steve A. Hiatt" <steve@wasatchmortgage.com>;
Attachments: Summary as of 12-7-16.docx

See attached

ULCT

1. Lack of internal controls
 - a. Board oversight of Ken
 - b. Ken oversight of Michelle
 - c. Statements signed indicating approval, but with missing receipts and the failure to match receipts to credit card charges this approval is a meaningless control.
2. Questionable Credit card charges
3. Not closing accounts after employees leave
4. Appears Ken still owes approximately \$500 related to travel for Son's games
 - a. Dinner @ airport while traveling to game
 - b. Air flight and baggage insurance premiums
5. Late payments to URS and IRS for payroll taxes resulted in penalties and interest.
6. Late credit card payments resulted in late fees.
7. Employees compensated for overtime with meals which have not been reported as an taxable fringe benefit.

Co-op

1. Indications of public funds
 - a. Per JoAnne Seghinni the source of the funds is a bond from Salt Lake City
 - b. Paid amounts to ULGT with provides insurance to government entities.
 - c. Money held in PTIF account until recently.
 - d.
2. Ken paid himself \$79,483.39 from Co-op from 6/24/08 to 10/21/2016 all checks were signed by Ken.
3. Michelle paid \$52,783.39 from Co-op from 6/24/08 to 10/21/2016
4. Jason Reilly paid \$600
5. \$4,431.78 paid to American Express, but not sure who's account this is.

Analysis

Ken's AMEX card – 5/8/12 to 9/19/16

- Ken charged \$849,024.45, \$725,033.60 or 85% did not have a receipt. Many purchases such as meals have both a potential business and personal purpose, therefore, it is critical that documentation supporting the purchase include a vendor receipt including the date, amount, number of individuals present, as well as a note or log indicating the business purpose. This must be created at or near the time of the purchase to be credible. Often dismissed as sloppy record keeping, but many fraudsters do are sloppy record keepers by design to conceal inappropriate activity.
- \$2,750.18 in interest charges for not paying on time.
- \$94,399.23 in charges we have categorized as questionable
 - \$27,849.62 to OC Tanner
 - 909.60 to Barnes and Noble

Michelle's AMEX card -- 5/8/12 to 9/19/16

- Michelle charged \$1,105,234.76, \$657,041.70 or 59% did not have a receipt. Many purchases such as meals have both a potential business and personal purpose, therefore, it is critical that documentation supporting the purchase include a vendor receipt including the date, amount, number of individuals present, as well as a note or log indicating the business purpose. This must be created at or near the time of the purchase to be credible. Often dismissed as sloppy record keeping, but many fraudsters do are sloppy record keepers by design to conceal inappropriate activity.
- \$16,358.81 potentially personal (iTunes, Amazon etc.)
- \$36,267.79 Questionable (Bout time Pub, 7-eleven)

Subject: Voice mail..
From: "Kerri Nakamura" <knakamura@ulct.org>
Sent: 12/8/2016 4:07:09 PM
To: "vchristensen@utah.gov" <vchristensen@utah.gov>;
CC: "Kenneth Bullock" <kbullock@ulct.org>;

Van:

I just left you a voice mail regarding the details of an issue Ken was discussing with you this afternoon. Please let me know if you need additional information.

Thanks.

BEST,

KERRI NAKAMURA
CHIEF FINANCIAL OFFICER
UTAH LEAGUE OF CITIES AND TOWNS
50 SOUTH 600 EAST SUITE 150
SALT LAKE CITY, UT 84102
PHONE: 801-328-1601
WWW.ULCT.ORG

CONNECT WITH ULCT:



Subject: FW: Closed Session Tomorrow
From: "Steve A. Hiatt" <steve@wasatchmortgage.com>
Sent: 12/8/2016 10:10:10 PM
To: "Van Christensen" <vchristensen@utah.gov>; "jdougall@utah.gov" <jdougall@utah.gov>;

Perhaps more than you want to know, but FYI.

From: Mayor Steve Hiatt
Sent: Thursday, December 8, 2016 10:09 PM
To: Kenneth Bullock <kbullock@ulct.org>
Cc: Kerri Nakamura <knakamura@ulct.org>; Pace, Lynn <lynn.pace@slcgov.com>; Beth Holbrook <bholbrook@bountifulutah.gov>; jon.pike@sgcity.org; David Church <dchurch@bcjlaw.net>
Subject: Closed Session Tomorrow

Ken and Kerri,

Sorry for the late email. Thanks to both of you for the incredible work you have put into getting us ready for the board meeting. I am looking forward to the updates and have hopefully adopting the new policies and procedures.

As you are likely aware, the State Auditor has not yet completed their review of the ULCT. Last board meeting, I recommended to the Board that we wait until the audit is complete prior to having an in depth conversation regarding areas where the ULCT may have fallen short. I understand the State Auditor has broadened their scope beyond just credit card usage. I understand and support that approach. Since the Auditor's office has not yet finished their review, it remains my position (as well as the position of the Executive Board) that we wait until AFTER we have the draft report back from the State Auditor to get into the details with the board. I'm told by the State Auditor that we can expect a draft report by January 15th. We' like to hold another board meeting in January. Likely on January 20th.

We've already signaled our intention to convene in a closed session tomorrow. I suspect many on the board will expect the closed session to yield an update regarding the Auditors findings, or perhaps even a draft report to discuss and review.

I still plan to move into closed session as planned. I will give an update in regards to the State Auditor's timing during the public portion of the meeting. I will give a slightly more detailed update, including their desire to broaden the scope, and our recommendation to hold in depth discussion until such time when a draft report is received.

While I suspect the board will concur with our recommendation to wait for detailed / in depth discussion, I'd would like to give the board the opportunity to concur or object to our recommendation in a closed session. As I mentioned when we met last week, I don't know if there any board members who have strong feelings about the news story that ran regarding Ken's use of a credit card for personal travel. I'm hopeful we can discuss both what we know and other feedback the auditor gives us at one time in January. We considered not holding the closed session at all tomorrow, but at this point it doesn't feel reasonable to me to cancel it, and it may come as a surprise to the other members at this point.

In our meeting last week Ken suggested stepping out of the closed session until asked to participate by the board. I agree with his suggestion. I suggested to the both of you that it may be appropriate for Kerri to be in attendance in our closed session since purchasing / use of cards, etc. could be discussed. After further consideration and

consultation with Mr. Church and the Executive Board, we feel it best to excuse everyone from the room who is not a voting member of the board, including Kerri, at least initially.

I'm hopeful the update can be brief but should others want to delve into the recent news prior to the auditor's report, we would invite one or both of you back into the meeting as soon is appropriate.

Please let me know if you have any questions. Thanks for all you do. We will see you in the morning.



Steve A. Hiatt

Kaysville City Mayor

(801) 497-7001 - Office

(801) 644-2464 - Mobile

(801) 546-1235 - City Hall

Subject: ULCT
From: "Van Christensen" <vchristensen@utah.gov>
Sent: 12/12/2016 7:34:52 AM
To: "Alex Nelson" <anelson@utah.gov>;

Alex,

I know you have a lot going on with the implementation of Sales Force, but could you get me the following information related to ULCT?

1. Amount and length of time that late penalties have been incurred. The ones I am aware of is credit card, IRS, URS, Others? Ken insists that Michelle was going through some tough times for the last year and a half and that is why their is late fees and penalties recently. But my guess is that Michelle's poor job performance has gone on longer than that and Ken failed to take any corrective action due to their long standing friendship. So, length of time goes to how many years ULCT has incurred late fees and penalties.
2. A schedule indicating what expenditures Ken has reimbursed and when. Then a comparison to what personal expenditures we think he should have reimbursed.

Thanks,
Van

Subject: ULCT
From: "Van Christensen" <vchristensen@utah.gov>
Sent: 12/12/2016 7:34:52 AM
To: "Alex Nelson" <anelson@utah.gov>;

Alex,

I know you have a lot going on with the implementation of Sales Force, but could you get me the following information related to ULCT?

1. Amount and length of time that late penalties have been incurred. The ones I am aware of is credit card, IRS, URS, Others? Ken insists that Michelle was going through some tough times for the last year and a half and that is why their is late fees and penalties recently. But my guess is that Michelle's poor job performance has gone on longer than that and Ken failed to take any corrective action due to their long standing friendship. So, length of time goes to how many years ULCT has incurred late fees and penalties.
2. A schedule indicating what expenditures Ken has reimbursed and when. Then a comparison to what personal expenditures we think he should have reimbursed.

Thanks,
Van

Subject: Re: ULCT
From: "Alexandra Nelson" <anelson@utah.gov>
Sent: 12/12/2016 7:39:45 AM
To: "Van Christensen" <vchristensen@utah.gov>;

Sure, no problem! When do you need them by?

On Monday, December 12, 2016, Van Christensen <vchristensen@utah.gov> wrote:

--

Alexandra Nelson
Local Government Analyst
Utah State Auditor's Office
Office: (801)538-3176 | Cell: (801) 949-8322

East Office Building, Suite E310
Utah State Capitol Complex
Salt Lake City, UT 84114

Subject: Re: ULCT
From: "Alexandra Nelson" <anelson@utah.gov>
Sent: 12/12/2016 7:39:45 AM
To: "Van Christensen" <vchristensen@utah.gov>;

Sure, no problem! When do you need them by?

On Monday, December 12, 2016, Van Christensen <vchristensen@utah.gov> wrote:

--

Alexandra Nelson
Local Government Analyst
Utah State Auditor's Office
Office: (801)538-3176 | Cell: (801) 949-8322

East Office Building, Suite E310
Utah State Capitol Complex

Salt Lake City, UT 84114

Subject: Re: ULCT
From: "Van Christensen" <vchristensen@utah.gov>
Sent: 12/12/2016 7:46:16 AM
To: "Alexandra Nelson" <anelson@utah.gov>;

Does a couple of days work?

On Mon, Dec 12, 2016 at 7:39 AM, Alexandra Nelson <anelson@utah.gov> wrote:

Subject: Re: ULCT
From: "Van Christensen" <vchristensen@utah.gov>
Sent: 12/12/2016 7:46:16 AM
To: "Alexandra Nelson" <anelson@utah.gov>;

Does a couple of days work?

On Mon, Dec 12, 2016 at 7:39 AM, Alexandra Nelson <anelson@utah.gov> wrote:

Subject: ULCT
From: "Van Christensen" <vchristensen@utah.gov>
Sent: 12/12/2016 6:04:50 PM
To: "Jeremy Walker" <jeremywalker@utah.gov>;

Jeremy,

My understanding is that ULCT sub-leases some of the building they are in to another entity. I think you mentioned it was a publishing or printing entity that was related to a lobbyist. I have the following questions:

- Is this correct?
- How much does the entity pay ULCT?
- What is the name of the entity?

- The tenant would be required to pay what is called "privilege tax" which would be the portion of property tax owed related to the space they rent from ULCT. Will you confirm with the Tax Commission that this entity pays the "privilege tax". Let me know if you need a contact at the Tax Commission.

Thanks,
Van

Subject: Audit -- Reimbursement of Personal Expenses
From: "Van Christensen" <vchristensen@utah.gov>
Sent: 12/12/2016 6:55:09 PM
To: kbullock@ulct.org;

Ken,

Thanks for meeting with John and I the other day, it was very helpful in gaining a greater understanding. Regarding reimbursements you made to the League for personal charges on the League credit card, will you send me a list of credit card charges the reimbursement payments are intended to cover? We have a schedule of the reimbursements, but do not know which transactions that are related to.

Thanks,
Van Christensen
801-538-1394

Subject: Utah League of Cities and Towns
From: "Alexandra Nelson" <anelson@utah.gov>
Sent: 12/13/2016 8:14:27 AM
To: "Darrell Swensen" <dswensen@utah.gov>;

Hi Darrell,

John Dougall was wondering if anyone from the Utah League of Cities and Towns has followed up with you on getting their data on the UPFW?

Thank you!

--

Alexandra Nelson
Local Government Analyst
Utah State Auditor's Office
Office: (801)538-3176 | Cell: (801) 949-8322

East Office Building, Suite E310
Utah State Capitol Complex
Salt Lake City, UT 84114

Subject: Re: Utah League of Cities and Towns
From: "Darrell Swensen" <dswensen@utah.gov>
Sent: 12/13/2016 8:23:55 AM
To: "Alexandra Nelson" <anelson@utah.gov>;

Alex,

Yes. I have provided them the Excel template for them to enter their data and upload to the website and they are set up with user accounts to do so. I have been through the process with them on how to get the expense/revenue data from their accounting system into the correct format to work in the Excel template and create the upload file.

The last word I had was they are working on getting the data finalized for the years needed to be uploaded and should have it done and uploaded before year end.

I also provided them the Excel templates for the Employee Compensation data to be manually entered and then create the upload files for that.

On Tue, Dec 13, 2016 at 8:14 AM, Alexandra Nelson <anelson@utah.gov> wrote:

--

Darrell Swensen
Transparency Coordinator
Utah State Division of Finance
(801) 538-3059

Please note: Starting Tuesday, September 6, 2011, our agency hours will be 8am-5pm, Monday-Friday.
My work schedule is from 7:00am until 4:00pm for eight-hour days or until 5:30pm for ten-hour days.

Subject: Fwd: Utah League of Cities and Towns
From: "Alexandra Nelson" <anelson@utah.gov>
Sent: 12/13/2016 8:24:40 AM
To: "John Dougall" <jdougall@utah.gov>; "Van Christensen" <vchristensen@utah.gov>;
"Jeremy Walker" <jeremywalker@utah.gov>;

----- Forwarded message -----
From: **Darrell Swensen** <dswensen@utah.gov>
Date: Tue, Dec 13, 2016 at 8:23 AM
Subject: Re: Utah League of Cities and Towns
To: Alexandra Nelson <anelson@utah.gov>

Alex,

Yes. I have provided them the Excel template for them to enter their data and upload to the website and they are set up with user accounts to do so. I have been through the process with them on how to get the expense/revenue data from their accounting system into the correct format to work in the Excel template and create the upload file.

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Darrell Swensen
Transparency Coordinator
Utah State Division of Finance
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Alexandra Nelson
Local Government Analyst
Utah State Auditor's Office
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East Office Building, Suite E310
Utah State Capitol Complex
Salt Lake City, UT 84114

Subject: Fwd: Utah League of Cities and Towns

From: "Alexandra Nelson" <anelson@utah.gov>

Sent: 12/13/2016 8:24:40 AM

To: "John Dougall" <jdougall@utah.gov>; "Van Christensen" <vchristensen@utah.gov>;
"Jeremy Walker" <jeremywalker@utah.gov>;

----- Forwarded message -----

From: **Darrell Swensen** <dswensen@utah.gov>

Date: Tue, Dec 13, 2016 at 8:23 AM

Subject: Re: Utah League of Cities and Towns

To: Alexandra Nelson <anelson@utah.gov>

Alex,

Yes. I have provided them the Excel template for them to enter their data and upload to the website and they are set up with user accounts to do so. I have been through the process with them on how to get the expense/revenue data from their accounting system into the correct format to work in the Excel template and create the upload file.

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Darrell Swensen
Transparency Coordinator
Utah State Division of Finance
(801) 538-3059

Please note: Starting Tuesday, September 6, 2011, our agency hours will be 8am-5pm, Monday-Friday. My work schedule is from 7:00am until 4:00pm for eight-hour days or until 5:30pm for ten-hour days.

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Alexandra Nelson
Local Government Analyst
Utah State Auditor's Office
Office: (801)538-3176 | Cell: (801) 949-8322

East Office Building, Suite E310
Utah State Capitol Complex
Salt Lake City, UT 84114

Subject: Re: Utah League of Cities and Towns
From: "Alexandra Nelson" <anelson@utah.gov>
Sent: 12/13/2016 8:24:53 AM
To: "Darrell Swensen" <dswensen@utah.gov>;

Great, thanks so much Darrell.

On Tue, Dec 13, 2016 at 8:23 AM, Darrell Swensen <dswensen@utah.gov> wrote:

--

Alexandra Nelson

Local Government Analyst

Utah State Auditor's Office

Office: (801)538-3176 | Cell: (801) 949-8322

East Office Building, Suite E310

Utah State Capitol Complex

Salt Lake City, UT 84114

Subject: State Audit
From: "Jeremy Walker" <jeremywalker@utah.gov>
Sent: 12/13/2016 9:00:14 AM
To: [Michelle](#) [REDACTED]

Michelle,
Ken Bullock directed me to you to help answer some questions regarding financial information of the Utah Municipal Finance Agency and Utah Municipal Co-op. We are conducting an audit of the League of Cities and Towns and need your assistance understanding the relationship between ULCT and these two related entities. Ken indicated that you are still the financial officer for both of these entities and that you have the financial records and historical understanding of their creation and operations.

Will you let me know when you can meet with us to discuss these entities and provide us with certain documents from the entities?

Jeremy

Jeremy A. Walker, CPA
Manager, Local Governments Division

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Office of the Utah State Auditor
Utah State Capitol Complex
East Office Building, Suite E310
Salt Lake City, UT 84114-2310

801-538-1040 (O)
801-538-1383 (F)



Subject: State Audit
From: "Jeremy Walker" <jeremywalker@utah.gov>
Sent: 12/13/2016 9:00:14 AM
To: [Michelle](#) [REDACTED]

Michelle,

Ken Bullock directed me to you to help answer some questions regarding financial information of the Utah Municipal Finance Agency and Utah Municipal Co-op. We are conducting an audit of the League of Cities and Towns and need your assistance understanding the relationship between ULCT and these two related entities. Ken indicated that you are still the financial officer for both of these entities and that you have the financial records and historical understanding of their creation and operations.

Will you let me know when you can meet with us to discuss these entities and provide us with certain documents from the entities?

Jeremy

Jeremy A. Walker, CPA
Manager, Local Governments Division

Office of the Utah State Auditor
Utah State Capitol Complex
East Office Building, Suite E310
Salt Lake City, UT 84114-2310

View my profile on [Linked In](#)

801-538-1040 (O)
801-538-1383 (F)



Subject: Audit Questions
From: "Van Christensen" <vchristensen@utah.gov>
Sent: 12/13/2016 7:53:55 AM
To: kbullock@ulct.org;
CC: "Jeremy Walker" <jeremywalker@utah.gov>; knakamura@ulct.org;

Ken,

A few more audit questions:

1. Do you and others have employment contracts with the League? If so, will you provide our office with copies.
2. Does the league have/require conflict of interest disclosures, which requires disclosing anything, including outside employment or business interests, that may conflict with their employment with the League? If so, will you provide us with copies of disclosures from 2012 to the current date.
3. We noticed credit card charges on Lincoln's card at Nordstroms, are these authorized purchases and if so will you help us understand the reasoning.
4. When the League adopts their annual budget, do they publish notice in a newspaper of general circulation? If so, will you provide us with "proof of publication" for the past two years.

Thanks,
Van Christensen
801-538-1394

Subject: RE: Audit Questions
From: "Kerri Nakamura" <knakamura@ulct.org>
Sent: 12/13/2016 9:17:23 AM
To: "Van Christensen" <vchristensen@utah.gov>; "Kenneth Bullock" <kbullock@ulct.org>;
CC: "Jeremy Walker" <jeremywalker@utah.gov>;
Attachments: 2014 ULCT Disclosure Conflicts.pdf; ULCT Employee Conflict of Interest Disclosure 2016.docx

Van:

Ken is at a meeting this morning. In the interest of time, there are a couple of the questions I can answer. Please see below.

Thanks.

BEST,

KERRI NAKAMURA

CHIEF FINANCIAL OFFICER

UTAH LEAGUE OF CITIES AND TOWNS

PHONE: 801-328-1601

From: Van Christensen [mailto:vchristensen@utah.gov]

Sent: Tuesday, December 13, 2016 7:54 AM

To: Kenneth Bullock <kbullock@ulct.org>

Cc: Jeremy Walker <jeremywalker@utah.gov>; Kerri Nakamura <knakamura@ulct.org>

Subject: Audit Questions

Ken,

A few more audit questions:

1. Do you and others have employment contracts with the League? If so, will you provide our office with copies.
2. Does the league have/require conflict of interest disclosures, which requires disclosing anything, including outside employment or business interests, that may conflict with their employment with the League? If so, will you provide us with copies of disclosures from 2012 to the current date. The ULCT did not have a formal policy for conflict disclosure, although legislative staff routinely talked through potential conflicts with Ken. Also, in 2014, Cameron Diehl prepared a disclosure form and disclosures were completed by certain staff (see attached.) 2014 was the only year these disclosures were completed on paper. Our new policies, adopted by the Board last Friday, anticipate annual disclosure of conflicts by all staff. The drafted form is attached for your reference.
3. We noticed credit card charges on Lincoln's card at Nordstroms, are these authorized purchases and if so will you help us understand the reasoning.
4. When the League adopts their annual budget, do they publish notice in a newspaper of general circulation? If so, will you provide us with "proof of publication" for the past two years. The League has not posted notice of budget adoption in the newspaper so we do not have proof of publication to share. However, we will include this important and required step as part of our process moving forward.

Thanks,

Van Christensen

801-538-1394

Subject: Re: Audit Questions

From: "Van Christensen" <vchristensen@utah.gov>

Sent: 12/13/2016 9:50:23 AM

To: "Kerri Nakamura" <knakamura@ulct.org>;

Kerri,

Thanks for the prompt response, this is very helpful.

Van

On Tue, Dec 13, 2016 at 9:17 AM, Kerri Nakamura <knakamura@ulct.org> wrote:

Subject: ULCT - Reimbursements and Personal Charges
From: "Alexandra Nelson" <anelson@utah.gov>
Sent: 12/13/2016 5:00:55 PM
To: "Van Christensen" <vchristensen@utah.gov>;

Here is where the summary of reimbursements and personal charges have been saved:
H:\specproj\PROJECTS\2017 Projects\ULCT17SP - Credit Card Abuse\Reimbursements

I haven't calculated the amount still owed for Michelle yet.

Thanks,

--

Alexandra Nelson
Local Government Analyst
Utah State Auditor's Office
Office: (801)538-3176 | Cell: (801) 949-8322

East Office Building, Suite E310
Utah State Capitol Complex
Salt Lake City, UT 84114

Subject: ULCT - Reimbursements and Personal Charges
From: "Alexandra Nelson" <anelson@utah.gov>
Sent: 12/13/2016 5:00:55 PM
To: "Van Christensen" <vchristensen@utah.gov>;

Here is where the summary of reimbursements and personal charges have been saved:
H:\specproj\PROJECTS\2017 Projects\ULCT17SP - Credit Card Abuse\Reimbursements

I haven't calculated the amount still owed for Michelle yet.

Thanks,

--

Alexandra Nelson
Local Government Analyst
Utah State Auditor's Office
Office: (801)538-3176 | Cell: (801) 949-8322

East Office Building, Suite E310
Utah State Capitol Complex
Salt Lake City, UT 84114

Subject: ULCT Lincoln
From: "Van Christensen" <vchristensen@utah.gov>
Sent: 12/14/2016 7:44:39 AM
To: "Alex Nelson" <anelson@utah.gov>;

Alex,

Will you print the credit card statements that have Lincoln's Nordstroms charges on them. Also, are there other questionable charges on his card? Ken says these charges are unauthorized I have asked Lincoln to come in so we can discuss them.

Van

Subject: Credit Card Questions
From: "Van Christensen" <vchristensen@utah.gov>
Sent: 12/14/2016 1:40:56 PM
To: kbullock@ulct.org;
Attachments: Credit Card Purchase Questions FY12-16 - K Bullock.xlsx

Ken,

Attached is a schedule of certain purchases made on your American Express card. Will you identify them as business or personal and indicate whether the personal charges have been included in amounts reimbursed to the League. For business charges will you provide an explanation of the business purpose.

Thanks,
Van

Subject: Re: Credit Card Questions
From: "Kenneth Bullock" <kbullock@ulct.org>
Sent: 12/14/2016 2:11:33 PM
To: "Van Christensen" <vchristensen@utah.gov>;

Van

Is it possible to give me a time line of the usage period there is nothing that gives me a frame of reference.

Ken

Sent from my iPad

Subject: Re: Credit Card Questions
From: "Van Christensen" <vchristensen@utah.gov>
Sent: 12/14/2016 2:20:11 PM
To: "Kenneth Bullock" <kbullock@ulct.org>;

Ken,

The far left column of the schedule is the transaction date reported on the credit card statement, I was told we don't have much more than this for these transactions, does this help or should I check to see what else we may have?

Van

On Wed, Dec 14, 2016 at 2:11 PM, Kenneth Bullock <kbullock@ulct.org> wrote:

Subject: Re: Credit Card Questions
From: "Kenneth Bullock" <kbullock@ulct.org>
Sent: 12/14/2016 2:49:35 PM
To: "Van Christensen" <vchristensen@utah.gov>;

I'll go through it and if there's something I need I'll ask. Thank you

Sent from my iPhone

On Dec 14, 2016, at 2:20 PM, Van Christensen <vchristensen@utah.gov> wrote:

Subject: Questions Regarding ULCT Policy
From: "Van Christensen" <vchristensen@utah.gov>
Sent: 12/14/2016 3:01:48 PM
To: "Kenneth Bullock" <kbullock@ulct.org>; "Kerri Nakamura" <knakamura@ulct.org>;
CC: "Jeremy Walker" <jeremywalker@utah.gov>;
Attachments: Questions Regarding League Policies.docx

Ken / Kerri,

Attached are questions we have regarding League policies.

Thanks,
Van

Subject: RE: Questions Regarding ULCT Policy
From: "Kerri Nakamura" <knakamura@ulct.org>
Sent: 12/15/2016 10:05:14 AM
To: "Van Christensen" <vchristensen@utah.gov>; "Kenneth Bullock" <kbullock@ulct.org>;
CC: "Jeremy Walker" <jeremywalker@utah.gov>;

Van:

Thank you for sending these questions along. I will have responses back to you today.

Thanks.

Kerri.

From: Van Christensen [<mailto:vchristensen@utah.gov>]
Sent: Wednesday, December 14, 2016 3:02 PM
To: Kenneth Bullock <kbullock@ulct.org>; Kerri Nakamura <knakamura@ulct.org>
Cc: Jeremy Walker <jeremywalker@utah.gov>
Subject: Questions Regarding ULCT Policy

Ken / Kerri,

Attached are questions we have regarding League policies.

Thanks,
Van

Subject: Re: Questions Regarding ULCT Policy
From: "Van Christensen" <vchristensen@utah.gov>
Sent: 12/15/2016 11:12:46 AM
To: "Kerri Nakamura" <knakamura@ulct.org>;

Thanks

On Thu, Dec 15, 2016 at 10:05 AM, Kerri Nakamura <knakamura@ulct.org> wrote:

Subject: RE: Questions Regarding ULCT Policy
From: "Kerri Nakamura" <knakamura@ulct.org>
Sent: 12/15/2016 4:51:46 PM
To: "Van Christensen" <vchristensen@utah.gov>;
CC: "Kenneth Bullock" <kbullock@ulct.org>;
Attachments: Questions Regarding League Policies 12152016.pdf; Ken sample reimbursement.pdf; ULCT Business - Business Meal - Travel - Mileage Reimbursement FormsULCT 10202016.xlsx; 8) Personnel & Accounting Policies - Proposed Changes.pdf

Van:

Thank you for your patience as I pulled together these responses. We have external auditors onsite and they are keeping me hopping!

Attached is a document with responses in red. I referenced a couple of our forms, so I attached the spreadsheet with all reimbursement forms. Also, I have attached the drafted policy revisions/new policies reviewed and approved by the Board last Friday. These are in revision format so you can see the changes to date. Finally, per your request, I have attached documentation of a reimbursement to Ken demonstrating that it is reviewed at the Board level.

Please let me know if you need additional information.

BEST,

KERRI NAKAMURA
CHIEF FINANCIAL OFFICER
UTAH LEAGUE OF CITIES AND TOWNS
50 SOUTH 600 EAST SUITE 150
SALT LAKE CITY, UT 84102
PHONE: 801-328-1601
WWW.ULCT.ORG

CONNECT WITH ULCT:



From: Van Christensen [mailto:vchristensen@utah.gov]

Sent: Thursday, December 15, 2016 11:13 AM

To: Kerri Nakamura <knakamura@ulct.org>

Subject: Re: Questions Regarding ULCT Policy

Thanks

On Thu, Dec 15, 2016 at 10:05 AM, Kerri Nakamura <knakamura@ulct.org> wrote:

Subject: Transparency website uploads...

From: "Kerri Nakamura" <knakamura@ulct.org>

Sent: 12/21/2016 10:29:33 AM

To: "jeremywalker@utah.gov" <jeremywalker@utah.gov>; "Van Christensen" <vchristensen@utah.gov>;

CC: "Nick Jarvis" <njarvis@ulct.org>; "Kenneth Bullock" <kbullock@ulct.org>; "Meg Ryan" <mryan@ulct.org>; "Darrell Swensen" <dswensen@utah.gov>;

Jeremy and Van:

I wanted to let you know that in addition to completing the tasks related to your office's finance review of the ULCT and the ULCT's external financial audit (field work ended yesterday,) we have been working hard to get the backlogged transparency information ready to upload to the State's system. We tried to upload yesterday and the system was down for maintenance. Nick tried again this morning and the system is still down. Nick reached out to Darrell Swensen (who has been an absolute champ in helping us prepare for the uploads) and Darrell indicated that the system might be down until next week.

We had a goal of getting our uploads done by year end, especially since the State is withholding payment for our Land Use Academy until we are caught up.

I just wanted to let you know that we are trying to upload and we will complete the upload as soon as the system is working.

Thanks for your continued patience and understanding.

BEST,

KERRI NAKAMURA

CHIEF FINANCIAL OFFICER

UTAH LEAGUE OF CITIES AND TOWNS

50 SOUTH 600 EAST SUITE 150

SALT LAKE CITY, UT 84102

PHONE: 801-328-1601

WWW.ULCT.ORG

CONNECT WITH ULCT:



Subject: Re: MFA Questions
From: "Jeremy Walker" <jeremywalker@utah.gov>
Sent: 12/16/2016 10:38:33 AM
To: "Michelle.Reilly" [REDACTED]

Michelle,

I'm sorry to hear that you are not doing well. Thanks for that update on MFA. The documents that we are interested in for the Coop are as follows:

Permanent records: Founding documents, articles of incorporation, all meeting minutes, all policies and procedures, list of officers

Financial records: General ledger, IRS filings, 2012-2016 invoices, any and all financial reports produced by the entity or on behalf of the entity.

Jeremy

Jeremy A. Walker, CPA
Manager, Local Governments Division

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Utah State Capitol Complex
East Office Building, Suite E310
Salt Lake City, UT 84114-2310

801-538-1040 (O)
801-538-1383 (F)



On Fri, Dec 16, 2016 at 10:26 AM, Michelle.Reilly <michelle.reilly@comcast.net> wrote:

Subject: Re: MFA Questions
From: "Jeremy Walker" <jeremywalker@utah.gov>
Sent: 12/16/2016 10:38:33 AM
To: "Michelle.Reilly" [REDACTED]

Michelle,

I'm sorry to hear that you are not doing well. Thanks for that update on MFA. The documents that we are interested in for the Coop are as follows:

Permanent records: Founding documents, articles of incorporation, all meeting minutes, all policies and procedures, list of officers

Financial records: General ledger, IRS filings, 2012-2016 invoices, any and all financial reports produced by the entity or on behalf of the entity.

Jeremy

Jeremy A. Walker, CPA
Manager, Local Governments Division

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Salt Lake City, UT 84114-2310

801-538-1040 (O)
801-538-1383 (F)



On Fri, Dec 16, 2016 at 10:26 AM, Michelle.Reilly <michelle.reilly@comcast.net> wrote:

Subject: Re: MFA Questions

From: "Jeremy Walker" <jeremywalker@utah.gov>

Sent: 12/28/2016 9:01:26 AM

To: "Michelle.Reilly" [REDACTED] "Van Christensen" <vchristensen@utah.gov>;

Michelle,

I am following up on my previous email. Can you give me an estimate on when you will be able to get us copies of the Municipal Coop II documents?

Jeremy

Jeremy A. Walker, CPA
Manager, Local Governments Division

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Utah State Capitol Complex
East Office Building, Suite E310
Salt Lake City, UT 84114-2310

801-538-1040 (O)
801-538-1383 (F)



On Fri, Dec 16, 2016 at 10:38 AM, Jeremy Walker <jeremywalker@utah.gov> wrote:

Subject: Steve Hiatt shared "ULCT Co Op Documents for Subpoena From RMA" with you
From: "Steve Hiatt (via Dropbox)" <no-reply@dropbox.com>
Sent: 1/13/2017 8:08:18 PM
To: vchristensen@utah.gov;



Hi Van,

Steve Hiatt (steve@wasatchmortgage.com) invited you to view the folder "**ULCT Co Op Documents for Subpoena From RMA**" on Dropbox.

Steve said:

"This folder contains all of the raw data that RMA took from League computers. I copied all of the contents from the Thumb Drive I received into this folder. Thanks. "

[Go to folder](#)

Enjoy!

The Dropbox team

Subject: ULCT Raw Data Files - RMA Copy
From: "Steve A. Hiatt" <steve@wasatchmortgage.com>
Sent: 1/13/2017 8:15:11 PM
To: "'jdougall@utah.gov'" <jdougall@utah.gov>; "Van Christensen" <vchristensen@utah.gov>;
Attachments: 1-READ FIRST - RMA MEMO EXPLAIN.PDF

It looked like everything has synced with Dropbox. I invited both of you to view the folder. I also included the attached MEMO from RMA today that explains the contents of the three folders and one PDF, where they originated and a brief summary of their contents. Let me know if you have any questions. Thanks.

Steve A. Hiatt
Mayor, Kaysville City
23 E. Center Street | Kaysville, UT 84037
(801) 497-7001 - Mayor's Office
(801) 546-1235 - City Hall
(801) 644-2464 - Cell Phone

Subject: Special Project Review
From: "Van Christensen" <vchristensen@utah.gov>
Sent: 1/16/2017 3:34:16 PM
To: "Jason Allen" <jasonallen@utah.gov>;

Jason,

Do you have time tomorrow 1/17 to help us with a special project review for the day? If so, will you check with Julie in the morning (I will be out of the office first thing, but your could text). We would like to team up, we need to finish it in one day. It is our Utah League of Cities and Towns project. Jeremy has done most of the work. I have started reviewing the first finding, but that's it.

Van

Subject: Re: Special Project Review
From: jasonallen@utah.gov
Sent: 1/16/2017 3:43:11 PM
To: "Van Christensen" <vchristensen@utah.gov>;

I should have some time tomorrow. I just need to make sure that the NCAA reports for both the UOU and USU go out, but other than that I should be mostly available. What level of review? In- charge? Director?

Sent from my iPhone

Subject: Re: Special Project Review
From: "Van Christensen" <vchristensen@utah.gov>
Sent: 1/16/2017 3:47:46 PM
To: "Jason Allen" <jasonallen@utah.gov>;

In-charge review.

On Mon, Jan 16, 2017 at 3:43 PM, <jasonallen@utah.gov> wrote:

Subject: can you send me ULCT curent draft. We're going to release Th, haven't seen anything from John

From: "Nicole Toomey Davis" <ndavis@utah.gov>

Sent: 1/17/2017 5:01:39 PM

To: "Van Christensen" <vchristensen@utah.gov>;

thx

Nicole Toomey Davis
Public Information Officer
Office of the Utah State Auditor
auditor.utah.gov
ndavis@utah.gov
801-678-4835 Direct
801-538-1025 Office

Subject: Re: can you send me ULCT curent draft. We're going to release Th, haven't seen anything from John

From: "Van Christensen" <vchristensen@utah.gov>

Sent: 1/17/2017 5:37:27 PM

To: "Nicole Toomey Davis" <ndavis@utah.gov>;

Still waiting for their response.

On Tue, Jan 17, 2017 at 5:01 PM, Nicole Toomey Davis <ndavis@utah.gov> wrote:

Subject: Re: can you send me ULCT curent draft. We're going to release Th, haven't seen anything from John

From: "Nicole Toomey Davis" <ndavis@utah.gov>

Sent: 1/17/2017 10:02:29 PM

To: "Van Christensen" <vchristensen@utah.gov>;

I haven't seen OUR work on it and so far have nothing to work with to write a press release going out in 36 hours - their response is the least of my worries!

N

Nicole Toomey Davis

Public Information Officer
Office of the Utah State Auditor
auditor.utah.gov
ndavis@utah.gov
801-678-4835 Direct
801-538-1025 Office

On Tue, Jan 17, 2017 at 5:37 PM, Van Christensen <vchristensen@utah.gov> wrote:

Subject: will you send the current ulct - whatever the state?
From: "Nicole Toomey Davis" <ndavis@utah.gov>
Sent: 1/18/2017 8:32:26 AM
To: "Van Christensen" <vchristensen@utah.gov>; "Linda Siebenhaar" <lsiebenhaar@utah.gov>;

Linda, I know Van is at the ULCT board meeting. I need to draft a basic PR for this one to go out tomorrow so need title, intro etc, send me what you have, as I know it's not completed. ;-)

thx

N

Nicole Toomey Davis
Public Information Officer
Office of the Utah State Auditor
auditor.utah.gov
ndavis@utah.gov
801-678-4835 Direct
801-538-1025 Office

Subject: working docs draft of ULCT press release for tomorrow
From: "Nicole Toomey Davis" <ndavis@utah.gov>
Sent: 1/18/2017 1:13:49 PM
To: "John Dougall" <jdougall@utah.gov>; "Van Christensen" <vchristensen@utah.gov>; "Jeremy Walker" <jeremywalker@utah.gov>;
Attachments: NR -ULCT .2.docx

Here's a draft of the press release for tomorrow - since John is so tied up, Van and Jeremy if you see anything strange or wrong in this, let me know!

Nicole

Nicole Toomey Davis
Public Information Officer
Office of the Utah State Auditor
auditor.utah.gov
ndavis@utah.gov
801-678-4835 Direct
801-538-1025 Office

Subject: latest draft ulct press release
From: "Nicole Toomey Davis" <ndavis@utah.gov>
Sent: 1/18/2017 3:12:43 PM
To: "John Dougall" <jdougall@utah.gov>; "Van Christensen" <vchristensen@utah.gov>; "Jeremy Walker" <jeremywalker@utah.gov>; "Kylie Cone" <kccone@utah.gov>;
Attachments: NR -ULCT .3 after JD.docx

Here's the latest draft - golden master unless you see anything weird that John and I have missed.

Nicole Toomey Davis
Public Information Officer
Office of the Utah State Auditor
auditor.utah.gov
ndavis@utah.gov
801-678-4835 Direct
801-538-1025 Office

Subject: Re: latest draft ulct press release
From: "Van Christensen" <vchristensen@utah.gov>
Sent: 1/18/2017 3:17:22 PM
To: "Nicole Toomey Davis" <ndavis@utah.gov>;

Looks accurate to me.

On Wed, Jan 18, 2017 at 3:12 PM, Nicole Toomey Davis <ndavis@utah.gov> wrote:

Subject: Re: latest draft ulct press release
From: "Nicole Toomey Davis" <ndavis@utah.gov>
Sent: 1/18/2017 3:22:14 PM
To: "Van Christensen" <vchristensen@utah.gov>;

thx
N

Nicole Toomey Davis

Public Information Officer
Office of the Utah State Auditor
auditor.utah.gov
ndavis@utah.gov
801-678-4835 Direct
801-538-1025 Office

On Wed, Jan 18, 2017 at 3:17 PM, Van Christensen <vchristensen@utah.gov> wrote:

Subject:

From: "Van Christensen" <vchristensen@utah.gov>

Sent: 1/18/2017 4:00:44 PM

To: "Linda Siebenhaar" <lsiebenhaar@utah.gov>;

Van Christensen, 2017-01-18 15:00:44

Mayor Seghinni resigned as Treasurer of ULCT, will you [REDACTED]
[REDACTED]

Linda Siebenhaar, 2017-01-18 15:01:04

I will.

Van Christensen, 2017-01-18 15:01:10

Thanks

Linda Siebenhaar, 2017-01-18 15:07:19

[REDACTED] This changed the pagination. I have updated the TOC to reflect this. Report has been dated for tomorrow, electronic signature added, and PDF created. It's now simply waiting to add the Response to the end.

Van Christensen, 2017-01-18 16:03:34

Will receive tonight and will forward to you when I receive it.

Linda Siebenhaar, 2017-01-18 16:04:31

Will you send me a text. I will be in early tomorrow as long as I know the response is here and waiting for me.

Van Christensen, 2017-01-18 16:04:52

I will send a text

Subject: Re: word and pdf of the press release

From: "Linda Siebenhaar" <lsiebenhaar@utah.gov>

Sent: 1/19/2017 7:16:11 AM

To: "Nicole Toomey Davis" <ndavis@utah.gov>;

CC: "Kylie Cone" <kccone@utah.gov>; "Van Christensen" <vchristensen@utah.gov>; "John Dougall" <jdougall@utah.gov>;

Nicole:

I have inserted ULCT's response at the end of the report and re-uploaded the current/final version to our internal website. I verified that the link in the press release does pull up the correct/final report. Nicole, you can finish up now.

Linda

On Wed, Jan 18, 2017 at 11:25 PM, Nicole Toomey Davis <ndavis@utah.gov> wrote:

Subject: Re: word and pdf of the press release

From: "Nicole Toomey Davis" <ndavis@utah.gov>

Sent: 1/19/2017 7:44:34 AM

To: "Linda Siebenhaar" <lsiebenhaar@utah.gov>;

CC: "Kylie Cone" <kccone@utah.gov>; "Van Christensen" <vchristensen@utah.gov>; "John Dougall" <jdougall@utah.gov>;

Linda:

Just got your text, will stay tuned.

N

Nicole Toomey Davis
Public Information Officer
Office of the Utah State Auditor
auditor.utah.gov
ndavis@utah.gov
801-678-4835 Direct
801-538-1025 Office

On Thu, Jan 19, 2017 at 7:16 AM, Linda Siebenhaar <lsiebenhaar@utah.gov> wrote:

Subject: Re: word and pdf of the press release

From: "Linda Siebenhaar" <lsiebenhaar@utah.gov>

Sent: 1/19/2017 7:53:40 AM

To: "Nicole Toomey Davis" <ndavis@utah.gov>;

CC: "Kylie Cone" <kccone@utah.gov>; "Van Christensen" <vchristensen@utah.gov>; "John Dougall" <jdougall@utah.gov>;

Another version of the report had been uploaded to our internal site (amount on pg 4, paragraph 4 rounded down to \$57,000). Nicole, you can go ahead and proceed with the press release ... if you dare!! 😊

Sent from my iPhone

On Jan 19, 2017, at 7:45 AM, Nicole Toomey Davis <ndavis@utah.gov> wrote:

Subject: News Release - Office of the State Auditor Releases Audit of the Utah League of Cities and Towns
From: "StateAuditornews SA" <stateauditornews@utah.gov>
Sent: 1/19/2017 9:31:01 AM
To: "Nicole Toomey Davis" <ndavis@utah.gov>; "StateAuditornews SA" <stateauditornews@utah.gov>;
Attachments: News Release - Office of the State Auditor Releases Audit of the Utah League of Cities and Towns.pdf

The body text of the email is the same as the attachment.

If you have questions or would like to schedule an interview, please [reply to this email](#) and please copy ndavis@utah.gov. Please include your best email address and phone number as well as any deadlines so that we can work to accommodate your schedule.

--

News Release
For Immediate Release
January 19, 2017

**Office of the State Auditor Releases Audit of
the Utah League of Cities and Towns**
Multi-year history of improper credit card use by employees and lax board oversight

Salt Lake City, UTAH –

The Office of the State Auditor (Office) today released its audit of the Utah League of Cities and Towns (ULCT). The audit includes 12 findings indicating either policy or legal failures by the organization.

ULCT is an interlocal entity that indicates it “represents municipal government interests ... at the state and federal levels and provides information, training and technical assistance to local officials on municipal issues...”

The report may be found on the Office’s website, auditor.utah.gov. The report is available specifically at <http://financialreports.utah.gov/saoreports/2017/ULCT-17-SPUtLeagueofCities&TownsUtahLeagueofCitiesandTowns.pdf>.

About the Office of the State Auditor

The Office of the State Auditor provides Utah taxpayers and government officials with an independent assessment of financial operation, statutory compliance, and performance management for state and local government.

Specific activities of the Office include performing financial audits, conducting Federal funds compliance audits, providing local government oversight, conducting agency and program performance audits, performing fraud and compliance audits, and operating the State Auditor Hotline for citizens to report suspected financial issues or improprieties. These capabilities strengthen Utah State Government and help taxpayers have confidence in the integrity of Utah’s government agencies.

The State Auditor is a Constitutional Officer of the State of Utah, elected directly by the state's citizens every four years. The role of the State Auditor is authorized in Article VII, Section 15 of the Utah Constitution. For more information, see auditor.utah.gov.

Contact:

Nicole Toomey Davis, Public Information Officer
Office of the State Auditor
801-678-4835, ndavis@utah.gov

--

Nicole Toomey Davis
Public Information Officer
Office of the Utah State Auditor
auditor.utah.gov
ndavis@utah.gov
801-678-4835 Direct
News: StateAuditorNews@utah.gov

Subject: Co-op concerns

From: "Mayor Steve Hiatt" <mayor.hiatt@kaysvillecity.com>

Sent: 1/20/2017 9:33:17 AM

To: "John Dougall" <jdougall@utah.gov>; "Van Christensen" <vchristensen@utah.gov>;

CC: "Ryan Judd" <rjudd@kaysvillecity.com>;

Van and John,

My IT Admin sent me the email below. Apparently the raw data RMA pulled off the ULCT servers that I provided via Dropbox link contained a virus. The address of the virus is listed below (at least location on my city pc). Kaysville has safeguards in place, as I'm sure the state does as well. Regardless, I thought I should make you aware.

Begin forwarded message:

Subject: Fwd: Co-op concerns

From: "Van Christensen" <vchristensen@utah.gov>

Sent: 1/20/2017 9:47:04 AM

To: "Jeremy Walker" <jeremywalker@utah.gov>;

----- Forwarded message -----

From: **Mayor Steve Hiatt** <mayor.hiatt@kaysvillecity.com>

Date: Fri, Jan 20, 2017 at 9:33 AM

Subject: Co-op concerns

To: John Dougall <jdougall@utah.gov>, Van Christensen <vchristensen@utah.gov>

Cc: Ryan Judd <rjudd@kaysvillecity.com>

Van and John,

My IT Admin sent me the email below. Apparently the raw data RMA pulled off the ULCT servers that I provided via Dropbox link contained a virus. The address of the virus is listed below (at least location on my city pc). Kaysville has safeguards in place, as I'm sure the state does as well. Regardless, I thought I should make you aware.

Begin forwarded message:

Subject: Fwd: Co-op concerns
From: "Van Christensen" <vchristensen@utah.gov>
Sent: 1/20/2017 9:48:35 AM
To: "Doug Seager" <dseager@utah.gov>;

Doug,

I received this email from the Mayor of Kaysville City, he shared some files with us using dropbox. On Monday can we get together to see what precautions we need to take.

Thanks,
Van

----- Forwarded message -----

From: **Mayor Steve Hiatt** <mayor.hiatt@kaysvillecity.com>
Date: Fri, Jan 20, 2017 at 9:33 AM
Subject: Co-op concerns
To: John Dougall <jdougall@utah.gov>, Van Christensen <vchristensen@utah.gov>
Cc: Ryan Judd <rjudd@kaysvillecity.com>

Van and John,

My IT Admin sent me the email below. Apparently the raw data RMA pulled off the ULCT servers that I provided via Dropbox link contained a virus. The address of the virus is listed below (at least location on my city pc). Kaysville has safeguards in place, as I'm sure the state does as well. Regardless, I thought I should make you aware.

Begin forwarded message:

Subject: Re: Co-op concerns
From: "Van Christensen" <vchristensen@utah.gov>

Sent: 1/20/2017 9:49:18 AM
To: "Mayor Steve Hiatt" <mayor.hiatt@kaysvillecity.com>;

Thanks for the heads up -- Van

On Fri, Jan 20, 2017 at 9:33 AM, Mayor Steve Hiatt <mayor.hiatt@kaysvillecity.com> wrote:

Subject: UTAH MUNICIPAL CO-OP OWNERSHIP / abstracts and ccrs
From: "Mayor Steve Hiatt" <mayor.hiatt@kaysvillecity.com>
Sent: 1/24/2017 9:12:42 AM
To: "jdougall@utah.gov" <jdougall@utah.gov>; "jeremywalker@utah.gov" <jeremywalker@utah.gov>; "Van Christensen" <vchristensen@utah.gov>;
Attachments: 201701241108.pdf; 4699955.pdf; OrderName-mlo2.PDF

I asked the title company that I work with often to pull up abstract (ownership history) as well as CCRS for the ULCT Building and all tenants within. I have attached them to this email. FYI, it appears the Municipal Co-op does still own the unit number 150 and 250 (two of the six units in the building).

From: Shelly Gwynn [<mailto:shelly@securitytitleutah.com>]
Sent: Tuesday, January 24, 2017 8:55 AM
To: steve@stevehiatt.com
Cc: Lori Vest <lori@securitytitleutah.com>
Subject: FW: abstracts and ccrs

Attached are the abstract and ccrs for 50 South 600 East, SLC

From: Orme, Mark [<mailto:morme@firstam.com>]
Sent: Tuesday, January 24, 2017 8:44 AM
To: Shelly Gwynn
Subject: RE: abstracts and ccrs

*Mark Orme
Senior Title Officer
First American Title
1935 East Vine Street
Suite 290
Murray, Utah 84121
New Direct Line: 801-316-0614
Office Line: 801-316-0614
Toll Free Line: 866-722-2923
Fax: 801-316-0601*

PLEASE NOTE: We will be moving to our new office Friday, May 20, 2016.
Our new address is 1935 East Vine Street, Suite 290, Murray, UT 84121.
Our phone numbers will change and will be provided at a later date.. Thank you!

morme@firstam.com



From: Shelly Gwynn [<mailto:shelly@securitytitleutah.com>]
Sent: Tuesday, January 24, 2017 8:12 AM

To: Orme, Mark <morme@firstam.com>

Subject: abstracts and ccrs

I am having a hard getting this address to pull up in my system.

Can you help me and send me an abstract for the following property? Also, if it is indeed a condo, an abstract on all four units in the building. Along with CC&Rs if possible. Thanks!

50 South 600 East, #150, Salt Lake City UT

Thank You

Shelly Gwynn
Security Title of Davis County
Policy Department
(801) 825-1313

This message may contain confidential or proprietary information intended only for the use of the addressee(s) named above or may contain information that is legally privileged. If you are not the intended addressee, or the person responsible for delivering it to the intended addressee, you are hereby notified that reading, disseminating, distributing or copying this message is strictly prohibited. If you have received this message by mistake, please immediately notify us by replying to the message and delete the original message and any copies immediately thereafter.

If you received this email as a commercial message and would like to opt out of future commercial messages, please let us know and we will remove you from our distribution list.

Thank you.~

FAFLD

Subject: 2017.01.22 Outline for State Auditor TAC meeting Knock, Knock. 4850-1848-9152 v.1
From: "Craig Hale" <achale@halewoodlaw.com>
Sent: 1/25/2017 9:10:51 AM
To: "'vchristensen@utah.gov'" <vchristensen@utah.gov>;
CC: "Steve Hansen (steve@utahtrust.gov)" <steve@utahtrust.gov>;
Attachments: 2017.01.22 Outline for State Auditor TAC meeting Knock, Knock. 4850-1848-9152 v.1.docx

Van,

Attached is an outline of how I see the presentation rolling out tomorrow. Feel free to correct whatever I have wrong, or to add to it. As we discussed before, it would be great if you could pull together some historical statistics about audits. I'm contemplating that this will be a fairly freeform presentation, bouncing between the two of us. I'm sure there will be lots of questions, most of which you will be the right person to have answer them.

Thanks again for being willing to do this. Hopefully it will help educate local governments to work better.

We should play to be at the Trust office at about 10:45 to coordinate a little more.

Best,

A. Craig Hale

HALE | WOOD pllc

4766 Holladay Blvd | Holladay, UT 84117

Direct: (801) 930-5609 | Fax: (801) 208-8995

achale@halewoodlaw.com | www.halewoodlaw.com

This email may contain material that is confidential, privileged and/or attorney work product for the sole use of the intended recipient. Any unauthorized review, use, or distribution is prohibited and may be unlawful.

Subject: Utah League of Cities and Towns
From: "Michael Michelsen" <mmichelsen@eidebailly.com>
Sent: 2/8/2017 2:59:05 PM
To: "vchristensen@utah.gov" <vchristensen@utah.gov>;
Attachments: Component Unit Worksheet.pdf

Van,

Attached is the checklist I used to determine the Trust is a component unit of Utah League and Cities and Towns. I have more meetings this afternoon, but I will try to call you again later.

Michael F. Michelsen

Partner
Eide Bailly LLP
5 Triad Center, Ste. 600
Salt Lake City, UT 84180-1106

T 801.532.2200

M 801.631.5249

F 801.532.7944

Connect with me on [LinkedIn](#)

www.eidebailly.com



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 *Consider the environment before printing this email.*

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Subject: Re: Utah League of Cities and Towns
From: "Van Christensen" <vchristensen@utah.gov>
Sent: 2/8/2017 3:13:04 PM
To: "Michael Michelsen" <mmichelsen@eidebailly.com>;

Thanks Mike, I will discuss this with the State Auditor and then get back with you.

Van

On Wed, Feb 8, 2017 at 2:59 PM, Michael Michelsen <mmichelsen@eidebailly.com> wrote:

**ALG-CX-1.1.2: Evaluating Potential
Component Units and Reporting under GASBS No. 14, as Amended**

Reporting Entity: [Client Name]

Financial Statement Date: [Engagement Date]

Unit Being Evaluated: []

Completed by: []

Date: []

Instructions: This checklist may be completed for each potential component unit being considered for inclusion in the financial reporting entity under *GASBS No. 14, The Financial Reporting Entity* ([link](#)), as amended. A component unit is a legally separate organization for which the primary government is financially accountable or closely related. A component unit may be a governmental organization (except for a primary government), a nonprofit corporation, or a for-profit corporation. The term *reporting entity* as used in this checklist means the primary government and its component units. The term *PCU* refers to the potential component unit under consideration. The term *PG* refers to the primary government. The term *CU* refers to a PCU that has been determined to be a component unit.

Note: This checklist has not been updated for *GASBS No. 80, Blending Requirements for Certain Component Units* ([link](#)), which amends GASBS No. 14, paragraph 53, to establish an additional blending requirement for component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. GASBS No. 80 is effective for reporting periods beginning after June 15, 2016, with earlier implementation encouraged.

Legally Separate Organization

1. Does the PCU have separate corporate powers that would distinguish it as being legally separate from the PG? (GASBS No. 14, para. 15)
- YES X Go to Step 3.
NO [] Go to Step 2.

Comments: []

Practical Considerations:

- The PCU is generally considered to be a legally separate organization if it is a body corporate or corporate and politic or if the answers to all three of the following questions are "Yes."
 - Does the PCU have the capacity to have its own name?
 - Does the PCU have the right to sue and be sued in its own name without recourse to a state or local governmental unit?
 - Does the PCU have the right to buy, sell, lease, and mortgage property in its own name?
 - A PCU may be legally separate even if it does not have all the corporate powers enumerated in the previous bullet. Professional judgment is required.
 - The corporate powers granted to a separate organization are described in its corporate charter or in the legislation authorizing its creation.
 - A PCU that is not legally separate from a PG should be considered, for financial reporting purposes, part of the PG that holds the corporate powers. Its financial data should be included with the financial data of the PG.
2. Does the PG hold the corporate powers of the PCU? (GASBS No. 14, paragraph 14)
- YES [] Go to Step 23 and check "YES."
NO [] Go to Step 22 and check "NO."
3. Does the PCU qualify as a PG? (GASBS No. 14, para. 20, footnote 4 ([link](#)))
- YES [] Go to Step 22 and check "NO."

NO Go to Step 4.

Practical Considerations:

- All general-purpose units of government—states, counties, cities, towns, etc.—as well as special purpose governments that are legally separate, have separately elected governing bodies, and are fiscally independent are PGs.
- A PG cannot be treated as a CU of any other government.

Financial Accountability

4. Does the PG appoint a voting majority of the PCU's governing body? (GASBS No. 14, paras. 21–24 , as amended by GASBS No. 61, para. 6a)

YES Go to Step 5.
NO Go to Step 6.

Comments:

Practical Considerations:

- In the absence of continuing appointment authority, the ability of a PG to unilaterally abolish a PCU that it created also provides the basis for ongoing accountability. In this case, check “Yes” for this step.
 - PG officials serving on the governing body of the PCU as required by law (and, thus, technically not appointed by the PG) are, for purposes of this test, treated as though they were appointed by the PG.
 - Appointments by the PG include appointments made by (1) any PG official(s)—whether elected or appointed, (2) anyone to whom a PG official(s) has delegated appointment authority, (3) an official(s) of a component unit of the PG, or (4) votes taken by a group of which PG and/or PG component unit officials are a majority. The appointments do not have to be appointments by the governing body of the PG nor do they have to be direct appointments by any official of the PG itself. (GASB *Implementation Guide No. 2015-1*, Question 4.18.8 and related questions)
 - If financial decisions require the approval of a simple majority, and the PG appoints a simple majority, the PG appoints a voting majority. On the other hand, if financial decisions require the approval of a two-thirds majority, the PG must appoint at least two-thirds of the voting members in order to appoint a voting majority.
 - A PG’s appointment authority should be substantive and not be limited by a nomination process. For instance, state statutes or local ordinances may require a PG to select its appointees from a slate of candidates provided by one or more individuals or groups other than the PG’s officials or appointees. This would not be substantive appointment authority. It is also not substantive if the PG’s responsibility is limited to confirming appointments made by individuals or groups other than the PG’s officials or appointees. This responsibility has more to do with compliance than substantive authority.
 - A PG is considered to be accountable for a PCU as long as continuing appointments are made by the PG, even if those appointments are made by a subsequent administration.
 - A PG that appoints a voting majority of the governing board of a CU of another government should make the disclosures required for related organizations.
5. Can the PG impose its will on the PCU by significantly influencing the program, projects, activities, or level of service performed by the PCU? (GASBS No. 14, paras. 25–26)

YES Go to Step 11.
NO Go to Step 7.

Comments:

Practical Considerations:

- The existence of any one of the situations covered by the first five bullets clearly indicates that the PG has the ability to impose its will on the PCU. Other conditions, covered by the last bullet, may also indicate a similar ability.
 - Can the PG remove appointed members of the PCU’s governing board at will?
 - Does the PG have the ability to modify or approve the budget of the PCU?
 - Does the PG have the ability to modify or approve rate or fee changes affecting revenues, such as water usage rate increases?

- Does the PG have the ability to veto, overrule, or modify the decisions (other than those in the two preceding bullets) of the PCU's governing body?
 - Does the PG have the ability to appoint, hire, reassign, or dismiss those persons responsible for the day-to-day operations of the PCU?
 - Are there other conditions that indicate that the PG has the ability to impose its will on the PCU?
 - In determining whether imposition of will exists, a distinction should be made between substantive approvals and ministerial (or compliance) approvals. For example, budgetary approval is substantive if the PG has the authority to reduce a PCU's budget. An example of ministerial approval is a requirement for a state agency to review a local government's budget in evaluating qualifications for state funding. Only substantive approvals show imposition of will. Even though both are called approvals, compliance approval is basically a review function.
6. Is the PCU fiscally dependent on the PG? (GASBS No. 14, para. .21b , as amended by GASBS No. 61, para. 6b–f)
- YES [] Go to Step 7.
NO [] Go to Step 8.

Comments: []

Practical Considerations:

- The PCU is fiscally dependent on the PG when the PG has substantive approval authority over any one or more of the following:
 - The PCU's budget. The PG has the authority to approve or modify that budget.
 - The PCU's tax levy or other rates or charges.
 - The PCU's issuance of bonded debt (if the PCU has legal authority to issue bonded debt at all).
 - PCU may be fiscally dependent on a PG regardless of whether it receives financial assistance from the PG.
7. Does a financial benefit or burden exist? (GASBS No. 14, paras. 21 , 27 , and 34–38 , as amended by GASBS No. 61, para. 6)
- YES [] Go to Step 11.
NO [] Go to Step 8.

Comments: []

Practical Considerations:

- A PCU has a financial benefit or burden relationship with the PG if any one of the following is "Yes."
 - Is the PG legally entitled to or can it otherwise access the PCU's resources?
 - Is the PG legally obligated or has it otherwise assumed the obligation to finance the deficits of, or provide financial support to, the PCU?
 - Is the PG obligated in some manner for the debt of the PCU?
- Exchange transactions, such as the purchase or sale of goods or services, between the PCU and the PG should not be considered manifestations of a financial benefit or burden relationship.
- A financial benefit or burden relationship exists if the PG is either directly or indirectly entitled to the resources of or is either directly or indirectly obligated for the deficits or debts of a PCU. An indirect benefit or burden exists if one or more of the PG's CUs is entitled to the resources or is obligated for the deficits or debts of the PCU.
- Including a CU is subject to the considerations in GASBS No. 14, paragraph 38 , as amended, regarding the potential for dual inclusion.

PCUs Included in the Reporting Entity Although the PG Is Not Financially Accountable

In some instances, the PCU should be included in the reporting entity (even if the previous criteria are not met), if exclusion would render the reporting entity's financial statements misleading. (GASBS No. 14, paras. 12 , 39 , 40 , 41 , and 55 , as amended by GASBS No. 61, paras. 5–6 and para. 10 ; GASBS No. 39, paras. 4 and 5)

8. Does the PG have a majority equity interest in the PCU, regardless of the type of organization the PCU is, for the purpose of enhancing delivery of government services? (GASBS No. 14, para. 55 , as amended by GASBS No. 61, para. 10)

YES [] Go to Step 11.
 NO X Go to Step 9.

Comments: []

Practical Considerations:

- Governments sometimes hold equity interests in other entities for the purpose of facilitating delivery of government services.
- These entities may be joint ventures—or organizations with joint venture characteristics—or might be for-profit corporations.
- GASBS No. 14, para. 55 , as amended by GASBS No. 61 , requires that a PG include such entities as CUs if the PG owns a majority of the equity interest (as defined in GASBS No. 14, paragraph 72) in a legally separate organization to facilitate delivery of government services.

9. Should the PCU be included in the reporting entity because of the nature and significance of its relationship with the PG? (GASBS No. 14, para. 40a , as amended by GASBS No. 39) (See the GASBS No. 39, para. 5 , criteria in the practical considerations.)

YES X Go to Step 20 and check “YES.”
 NO [] Go to Step 10.

Comments: []

Practical Considerations:

- The PCU should be included in the reporting entity if *all* of the following criteria established by GASBS No. 39, para. 5 , are met:
 - Is the PCU a tax-exempt organization?
 - Are the economic resources received or held by the PCU held entirely, or almost entirely, for the direct benefit of the PG, its CUs, or its constituents? (Direct benefit is not dependent upon an actual transfer during the period, but rather on the notion that all or almost all of their sources received or held will ultimately be used for the PG, its CUs, or its constituents. This criteria is intended to exclude organizations that benefit multiple constituent groups, such as federated fund-raising organizations. If the organization has the ability to redirect its resources at its discretion, so that all or almost all would not be used for the benefit of the PG, it would not meet this criteria.)
 - Is the PG, or its CUs, entitled to, or does it have the ability to otherwise access, a majority of the economic resources received by the PCU?
 - Are the economic resources received or held by the PCU that the PG or its CUs is entitled to, or has the ability to otherwise access, significant to the PG?
- The ability of a PG to “otherwise access” resources does not necessarily mean control. The ability to otherwise access may be demonstrated in various ways. For example:
 - The PG or its CUs have historically received, directly or indirectly, a majority of the economic resources of the PCU.
 - The PCU has previously received and honored requests from the PG for resources.
- An example of an affiliated organization that may be included is a nonprofit corporation whose purpose is to benefit a PG by soliciting contributions and managing the funds.

10. In management’s professional judgment, should this PCU be included in the reporting entity because, due to its close relation to, or financial integration with, the PG, its exclusion would render the financial statements misleading? (GASBS No. 14, para. 12 , as amended by GASBS No. 61, paras. 4 and 5)

YES [] Go to Step 11.
 NO [] Go to Step 22 and check “NO.”

Comments: []

Practical Consideration:

- GASBS No. 14, para. 39 , as amended by GASBS No. 61, para. 4 , states that the inclusion decision should be based on the nature and significance of the PCU's relationship with the PG.

Including the PCU

In some instances, an organization may meet the criteria for inclusion in more than one reporting entity. However, an organization should be included in only one reporting entity. In these cases, judgment must be exercised by management (of the reporting entities) as to which reporting entity the organization should be included. (GASBS No. 14, para. 38 , as amended by GASBS No. 61, para. 6g)

11. Could the PCU be part of another financial reporting entity?

- YES] Go to Step 12.
- NO] Go to Step 13.

Comments:]

12. Has the accountant concluded that the PCU should be included in the financial statements of this reporting entity?

- YES] Go to Step 13.
- NO] Go to Step 22 and check "NO."

Comments:]

Financial Statement Presentation

13. Does the PG have fiduciary responsibility for the other organization? (GASBS No. 14, paragraph 19)

- YES] Go to Step 19 and check "YES."
- NO] Go to Step 14.

14. Is the CU's governing body substantively the same as the governing body of the PG? (GASBS No. 14, para. 53a , as amended by GASBS No. 61, para. 8)

- YES] Go to Step 15.
- NO] Go to Step 17.

Comments:]

Practical Consideration:

- "Substantively the same" means sufficient representation of the PG's entire governing body on the CU's governing body to allow complete control of the CU's activities.

15. Does a financial benefit or burden relationship exist between the PG and the PCU? (GASBS No. 14, para. 53a , as amended by GASBS No. 61, para. 8)

- YES] Go to Step 21 and check "YES."
- NO] Go to Step 16.

Comments:]

Practical Consideration:

- See Practical Considerations for Step 7.

16. Does the operational responsibility for the CU rest with the management of the PG? (GASBS No. 14, para. 53a , as amended by GASBS No. 61, para. 8)

- YES] Go to Step 21 and check "YES."
- NO] Go to Step 17.

Practical Considerations:

- GASBS No. 61, paragraph 8 , explains that *management* of the PG means personnel below the level of the PG’s governing board, such as a county executive or city manager.
- *Operational responsibility* means that the PG manages the CU in essentially the same manner as it does for its own programs, activities, agencies, or departments.

17. Does the CU provide services entirely, or almost entirely, to the PG or otherwise exclusively, or almost exclusively, benefit the PG even though it does not provide services directly to it? (GASBS No. 14, para. 53b , as amended by GASBS No. 61, para. 8)

- YES [] Go to Step 21 and check “YES.”
- NO [] Go to Step 18.

Comments: []

Practical Considerations:

- Usually, the services provided by a blended CU are financing services provided solely to the PG.
- A CU that provides services to more than just the PG should be blended if the services provided to others are insignificant to the overall activities of the CU.

18. Is the CU’s debt, including leases, expected to be repaid entirely or almost entirely with the PG’s resources? (GASBS No. 14, para. 53c , as amended by GASBS No. 61, paragraph 8)

- YES [] Go to Step 21 and check “YES.”
- NO [] Go to Step 20 and check “YES.”

Practical Consideration:

- Repayment generally consists of the PG making a pledge or continuing appropriation to cover debt service, which the CU, in turn, pledges as the primary source or security for repayment of the debt.

Conclusion

- ___ 19. YES. The PCU should be included in the financial reporting entity and should be presented (like fiduciary funds of the PG) in the appropriate fiduciary fund type in the PG’s fiduciary fund financial statements. It is a CU but is neither blended nor discretely presented.
- X 20. YES. This PCU should be included in the financial reporting entity and should be presented discretely.
- ___ 21. YES. This PCU should be included in the financial reporting entity and should be presented as a blended entity.
- ___ 22. NO. The PCU is not a component unit. PG’s that have fiduciary responsibility for a PCU that is not a CU must still report the PCU in the appropriate fiduciary fund type in the PG’s fiduciary fund financial statements. (GASBS No. 14, paragraph 19 , and GASBS No. 34, paragraph 125)

Practical Consideration:

- If PG officials appoint some, or all, governing board members of an organization that is not included as a component unit in the PG’s reporting entity, the PG should disclose, in the notes to its financial statements, the nature of its accountability for the related organization. The disclosures may be summarized for groups of related organizations with similar relationships with the PG (GASB No. 14, para 68).

___ 23. YES. The PCU is part of the PG and by definition therefore part of the reporting entity. However, the PCU is *not* a CU. It is to be reported following the same guidance as used for all other “organizations” (i.e., funds, organizations, institutions, agencies, department, and offices) that make up the PG’s legal entity. (GASBS No. 14, para. 14)

Comments on Conclusion: []

Subject: FW: Deseret News GRAMA Request
From: "Steve A. Hiatt" <steve@wasatchmortgage.com>
Sent: 2/8/2017 11:20:51 PM
To: "jdougall@utah.gov" <jdougall@utah.gov>;
CC: "Van Christensen" <vchristensen@utah.gov>;
Attachments: Deseret News GRAMA Request - January 26, 2017.pdf

John, FYI. This is what we are sending to the Des News to fulfill their GRAMA request. There is one instance where I reference a text message I received from you in my email to Dave Church (Page 12 of the 104 Page PDF). In that email I tell Dave Church that you text me and recommended we consider pursuing the co-op funds.

I have no reservations about that email, I only mention this because I know your office typically will not confirm a pending investigation to the media. Since I told Dave Church via email (and copied Roger and Kerri) and that email needs to be included with our GRAMA response to the Des News, I thought I should make you aware.

Let me know if you have any questions. Thanks.

-Steve Hiatt

From: Nick Jarvis [<mailto:njarvis@ulct.org>]
Sent: Wednesday, February 08, 2017 12:07 PM
To: Steve A. Hiatt <steve@wasatchmortgage.com>
Cc: Roger Tew <rtew@ulct.org>; Kerri Nakamura <knakamura@ulct.org>
Subject: FW: Deseret News GRAMA Request

Hi Mayor,

Your Kaysville address rejected this message probably because the attachment is too big. Please let me know what you're thinking on the request. Thanks!

NICK JARVIS

DIRECTOR OF RESEARCH & TECHNOLOGY
UTAH LEAGUE OF CITIES AND TOWNS
50 SOUTH 600 EAST SUITE 150
SALT LAKE CITY, UT 84102
PHONE: 801-328-1601
WWW.ULCT.ORG

CONNECT WITH ULCT:



From: Nick Jarvis
Sent: Wednesday, February 08, 2017 11:56 AM
To: 'mayor.hiatt@kaysvillecity.com' <mayor.hiatt@kaysvillecity.com>; Roger Tew <rtew@ulct.org>; Kerri

Nakamura <knakamura@ulct.org>
Subject: Deseret News GRAMA Request

Hi everyone,

Attached is our response to the Deseret News GRAMA request from January 26th. Please look over the letter and documents, and once I have your approval I will send it over to Katie. Also, we will have the emails described in the letter available by the end of the day.

Thanks,

NICK JARVIS

DIRECTOR OF RESEARCH & TECHNOLOGY
UTAH LEAGUE OF CITIES AND TOWNS
50 SOUTH 600 EAST SUITE 150
SALT LAKE CITY, UT 84102
PHONE: 801-328-1601
WWW.ULCT.ORG

CONNECT WITH ULCT:



Subject: Fwd: FW: Deseret News GRAMA Request
From: "Van Christensen" <vchristensen@utah.gov>
Sent: 2/9/2017 10:14:08 AM
To: "Jeremy Walker" <jeremywalker@utah.gov>;
Attachments: Deseret News GRAMA Request - January 26, 2017.pdf

FYI

----- Forwarded message -----
From: **Steve A. Hiatt** <steve@wasatchmortgage.com>
Date: Wed, Feb 8, 2017 at 11:20 PM
Subject: FW: Deseret News GRAMA Request
To: "jdougall@utah.gov" <jdougall@utah.gov>
Cc: Van Christensen <vchristensen@utah.gov>

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-Steve Hiatt

From: Nick Jarvis [mailto:njarvis@ulct.org]
Sent: Wednesday, February 08, 2017 12:07 PM
To: Steve A. Hiatt <steve@wasatchmortgage.com>
Cc: Roger Tew <rtew@ulct.org>; Kerri Nakamura <knakamura@ulct.org>
Subject: FW: Deseret News GRAMA Request

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NICK JARVIS

DIRECTOR OF RESEARCH & TECHNOLOGY

UTAH LEAGUE OF CITIES AND TOWNS

50 SOUTH 600 EAST SUITE 150

SALT LAKE CITY, UT 84102

PHONE: 801-328-1601

WWW.ULCT.ORG

CONNECT WITH ULCT:



From: Nick Jarvis

Sent: Wednesday, February 08, 2017 11:56 AM

To: 'mayor.hiatt@kaysvillecity.com' <mayor.hiatt@kaysvillecity.com>; Roger Tew <rtew@ulct.org>; Kerri Nakamura <knakamura@ulct.org>

Subject: Deseret News GRAMA Request

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Thanks,

NICK JARVIS

DIRECTOR OF RESEARCH & TECHNOLOGY

UTAH LEAGUE OF CITIES AND TOWNS

50 SOUTH 600 EAST SUITE 150

SALT LAKE CITY, UT 84102

PHONE: 801-328-1601

WWW.ULCT.ORG

CONNECT WITH ULCT:



Subject: ULCT Audit Report

From: "Van Christensen" <vchristensen@utah.gov>

Sent: 2/9/2017 4:24:57 PM

To: "Jeremy Walker" <jeremywalker@utah.gov>; "Ryan Roberts" <ryanroberts@utah.gov>;

I have talked with Mike Michelson at Eide Bailley and John Dougall. Eide Bailley has concluded that Co-op II is a discrete component unit of the League. They are unable to issue an opinion on Co-op II so they are planning to issue a modified opinion on the League. John has agreed to accept a modified opinion as long as they disclose in the footnote why they concluded why Co-op II is a discrete component unit.

Van

Subject: ULCT 2015 Money Management reports...
From: "Kerri Nakamura" <knakamura@ulct.org>
Sent: 2/14/2017 10:49:45 AM
To: "MMCOUNCIL Treasurer" <mmcouncil@utah.gov>;
CC: "Van Christensen" <vchristensen@utah.gov>; "Ryan Roberts" <ryanroberts@utah.gov>; "Meg Ryan" <mryan@ulct.org>; "Roger Tew" <rtew@ulct.org>; "Nick Jarvis" <njarvis@ulct.org>;
Attachments: [pdf@ulct.org_20170214_104412.pdf](#)

Ann:

Attached please find the June 30, 2015 and December 31, 2015 Money Management Reports for the ULCT.

Also, when I spoke to a representative of the Auditor's Office last week, they were not aware that the ULCT provided you the 2016 reports on January 31, 2016. I think you are aware that we are waiting for release of some funds from the State of Utah. If you can confirm for all that the attachment finalizing our filings with your office, that will help us release those funds.

Thanks for your patience and assistance as we catch up the ULCT's reporting requirements.

BEST,

KERRI NAKAMURA
CHIEF FINANCIAL OFFICER
UTAH LEAGUE OF CITIES AND TOWNS
50 SOUTH 600 EAST SUITE 150
SALT LAKE CITY, UT 84102
PHONE: 801-328-1601, EXT. 4
WWW.ULCT.ORG

Subject: ULCT Transparency filings...

From: "Kerri Nakamura" <knakamura@ulct.org>

Sent: 2/14/2017 11:03:44 AM

To: "Van Christensen" <vchristensen@utah.gov>; "Ryan Roberts" <ryanroberts@utah.gov>;

CC: "Roger Tew" <rtew@ulct.org>; "Nick Jarvis" <njarvis@ulct.org>; "Meg Ryan" <mryan@ulct.org>;

Van and Ryan:

I copied you on an email to Ann this morning submitting the 2015 Money Management Act reports. I apologize that this took me a few days to complete.

The only outstanding item for Transparency now is the 2016 financials and you are both aware that those will be uploaded as soon as the ULCT 2016 financial audit is complete. (Now that we've decided how to handle the discretely reported component unit – thanks for your help – we anticipate completing by the end of February.)

I hope you are able to convince the powers that be that they can release our LUAU grant funds!

Thanks again for your patience and assistance.

BEST,

KERRI NAKAMURA

CHIEF FINANCIAL OFFICER

UTAH LEAGUE OF CITIES AND TOWNS

50 SOUTH 600 EAST SUITE 150

SALT LAKE CITY, UT 84102

PHONE: 801-328-1601, EXT. 4

WWW.ULCT.ORG

CONNECT WITH ULCT:



Subject: Fwd: Scanned image from MX-3100N
From: "Steve A. Hiatt" <steve@wasatchmortgage.com>
Sent: 3/4/2017 9:20:24 AM
To: "jdougall@utah.gov" <jdougall@utah.gov>; "Van Christensen" <vchristensen@utah.gov>;
Attachments: [pdf@ulct.org_20170303_101706.pdf](#); ATT00001.htm

FYI...

Steve A. Hiatt
President / Loan Officer
Wasatch Capital Mortgage, Inc
Phone: (801) 444-1399
Mobile: (801) 644-2464
Office Fax: (866) 549-7017
<http://wasatchmortgage.com>

Begin forwarded message:

Subject: FW: Receipt and Release Agreement
From: "Steve A. Hiatt" <steve@wasatchmortgage.com>
Sent: 3/29/2017 10:51:14 AM
To: "jdougall@utah.gov" <jdougall@utah.gov>; "Van Christensen" <vchristensen@utah.gov>;
Attachments: Receipt and Release.docx

I would welcome any of your thoughts here, either on or off the record. Thanks.

From: David Church [<mailto:dchurch@bcjlaw.net>]
Sent: Wednesday, March 29, 2017 10:48 AM
To: 'Roger Tew' <rtew@ulct.org>; Steve A. Hiatt <steve@wasatchmortgage.com>
Subject: FW: Receipt and Release Agreement

Roger and Mayor Hiatt, please see the below email and the attached document. This is what the attorneys for the Coop Trust are suggesting that the League Board approve for them to end the Trust and give us the money. They have indicated that the State Auditor has finished his report and this is ready to be resolved with no additional surprises. The Trustees have now officially voted to end the trust. They will need to do some winding up with the tax men because they failed to file any of the necessary returns since 2010 and they have lost their tax exemption. Since the Trust did have minimal interest income in the attorneys fear that there will be some back taxes and penalties due. They are working with an accountant to resolve those issues. They propose giving us all of the money except \$75,000 which they will hold back until the taxes are completed. They think they will need to hold it for 6 months. They will then give us whatever is remaining from the hold back.

They would like us to sign the receipt and release so that the Trustees will have some comfort that the League will not be pursuing a breach of fiduciary duty claim (or other claim) against them. They will immediately give us a check for all but the \$75,000 on receipt of the signed document.

I think that we should sign the release or some form of it. I cannot see any scenario where it would be in the best interest for the League to pursue litigation against people like Tom Godfrey, JoAnn Seghini and Mrs. Brooks and we could not allege misconduct in the Trust affairs on the part of Ken and Michelle without also accusing the other Trustees of misconduct. The bad publicity and hard feelings among members will, in my estimation, be far worse for the League if we choose the litigation path over what it would be by just accepting the money and signing release and moving on with life.

We may be able to soften some of the language in the proposed release but not by much. These attorneys see their role as to protect the Trustees as much as possible. Let me know what you both think.

David L. Church
BLAISDELL CHURCH & JOHNSON, LLC
5995 South Redwood Rd.
Salt Lake City, UT 84123
Telephone: 801.261.3407
Facsimile: 801.261.3503
Cell: 801.243.3437

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recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you received this communication in error, please immediately notify sender by telephone or reply e-mail, do not use or disclose the contents to others, and delete the message and all attachments from your computer, system, &/or network.

From: James McConkie [<mailto:jwm@princeyeates.com>]
Sent: Tuesday, March 28, 2017 6:11 PM
To: dchurch@bcjlaw.net
Cc: Roger J. McConkie
Subject: Receipt and Release Agreement

Dear David,

I have attached a draft Receipt and Release Agreement for your review and consideration. It incorporates the settlement terms we discussed by phone. Please get back to me with any questions, concerns, proposed changes, etc. Our hope is to have this ready for your board to vote on next week.

As you review the document, please note that we are still working with an accountant to nail down a specific proposed hold back amount. We currently have \$75,000 as the listed hold back amount, but that could move up or down depending on the feedback we receive from our accountant pertaining to taxes. Please also note that we are working to identify the current balance. I anticipate it to be in the \$420-430,000 range, which amount would include approx. \$17,000 in funds paid back to the Trust by Ken and Michelle. Assuming that total amount, we would transfer approx. \$300,000 to the League upon execution of the Receipt and Release Agreement. The balance – i.e. the hold back funds – would be paid and accounted for in no more than 6 months' time.

We also need to fill in addresses for purposes of notice on page 5 of the document.

I look forward to hearing from you.

James


James W. McConkie III, Esq.

PRINCE-YEATES

15 W. South Temple, no. 1700 | Salt Lake City, UT 84101

T 801.524.1000 | F 801.524.1098

jwm@princeyeates.com | www.princeyeates.com

BEST OF STATE
IN LEGAL SERVICES 2011 | 2013 | 2015 

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