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CITY OF BENTON HARBOR

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RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING

5

MARCH 8, 2016

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City of Benton Harbor Receivership Transition Advisory

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Board Meeting held 3/8/16 at Commission Chambers,

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Benton Harbor City Hall, 200 East Wall Street, Benton

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Harbor, Michigan at 1:00 p.m.

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REPORTED BY: Ms. Alison R. Huffman - CSR-0945
Certified Court Reporter

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3 BOARD MEMBERS:

4 MR. LARRY STECKELBERG (Chairman)

5 MS. SHARON HUNT

6 MR. BRET WITKOWSKI

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9 TREASURY STAFF:

10 MR. ROBERT WIDIGAN

11 MS. DEANNA HUDSON

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14 BENTON HARBOR STAFF:

15 MR. DARWIN WATSON (City Manager)

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1 Benton Harbor, Michigan

2 Tuesday, March 8, 2016 - 1:00 p.m.

3 MR. STECKELBERG: Good afternoon.

I'd like to call to order the March 8th meeting
5 of the Receivership Transition Advisory Board for the City
6 of Benton Harbor.

7 Please take the roll.

8 MS. HUDSON: Sharon Hunt?

9 MS. HUNT: Here.

10 MS. HUDSON: Bret Witkowski?

11 MR. WITKOWSKI: Here.

12 MS. HUDSON: A quorum is present.

13 MR. STECKELBERG: Here.

14 MS. HUDSON: Larry Steckelberg. I'm sorry.

15 MR. STECKELBERG: The approval of the Agenda.

16 Before we get to that, I would like to amend
17 that Agenda. We have two additional items which are
18 sitting before you. Item Number 7 is a change of polling
19 location, which was approved by the City Commission, and
20 Number 8, which is a resolution in support of an apartment
21 building renovation project, both of which have some
22 timeliness in submission of various documents to get
23 things moving.

24 So I would like to add those as Items Number 7

1 without objection. We'll amend the Agenda to include
2 those items.

3 So a motion to approve the Agenda?

4 MR. WITKOWSKI: I'll make that motion.

5 MS. HUNT: I second.

6 MR. STECKELBERG: All those in favor?

7 MS. HUNT: Aye.

8 MR. WITKOWSKI: Aye.

9 MR. STECKELBERG: Aye.

10 Approval of the RTAB Minutes of December 17th,
11 2015.

12 MR. WITKOWSKI: I'll make that motion.

13 MS. HUNT: I second.

14 MR. STECKELBERG: All those in favor?

15 MR. WITKOWSKI: Aye.

16 MS. HUNT: Aye.

17 MR. STECKELBERG: Aye.

18 Under Old Business, we're going to have a
19 presentation on the evaluation report for the RTAB,
20 actually, the evaluation of the city and its current
21 involvement in F-436 receivership.

22 I will turn this over to Rob Widigan.

23 MR. WIDIGAN: All right. So on March 10th of
24 2014, this Board was appointed to serve in the City of

25 Benton Harbor at the conclusion of Tony Saunders' term as

1 Emergency Manager. With this appointment, the RTAB was
2 tasked with conducting a formal evaluation of the City's
3 operational and financial progress, noting benchmarks
4 achieved and not yet achieved, including a list of
5 specific recommendations and potential resources
6 available to the City. This evaluation covers the period
7 from March 10th, 2014 to March 10th of 2015.

8 I'll just go over the process. The annual
9 evaluation was intended to determine the City's
10 operational and financial progress and provide a list of
11 specific recommendations and other constructive feedbacks
12 that will promote and ensure the City's long-term
13 sustainability.

14 Treasury staff has developed evaluation
15 criteria based on the contents of the Governor's
16 appointment letters of the RTAB members and Public Act 436
17 of 2012 and the final order which was left by Tony
18 Saunders.

19 The evaluation is designed to gauge certain
20 performance indicators, the degree of continued State
21 oversight, the implementation of best practices and the
22 City's involvement in future planning.

23 Treasury staff interviewed each member of the
24 RTAB individually and, in addition, met with mayor -- at

25 the time, Mayor James Hightower and City Manager Darwin

1 Watson to go over the evaluation.

2 Overall, the City is financially stable with
3 the 2014 fiscal year, which, at the time of this
4 evaluation, was the most recent audit for this period.
5 General Fund fund balance of approximately 2.3 million,
6 which is equal to 35 percent of the revenues, which is
7 an increase of 3.5 million from fiscal year 2013.

8 This increase in the fund balance primarily
9 is the result of an emergency loan received from the
10 State of Michigan in the amount of 2.3 million and
11 significant cost-cutting measures implemented throughout
12 the year.

13 I'll go over the conclusion. The City of
14 Benton Harbor is, like I said, in a strong financial
15 position with a year-end unassigned fund balance that
16 exceeds what is required by the City's internal policy.

17 Although several operational improvements have
18 been implemented over the past year, there are operational
19 issues that still need attention. Doing so will help
20 sustain recent financial improvements.

21 The City should strive to improve teamwork
22 between the Mayor, the City Manager and the City
23 Commission. Unity among these three will improve
24 decision-making, planning and, ultimately, the financial

1 More emphasis should be placed on strategic
2 planning, internal goal setting, benchmarking and
3 prioritizing of projects. As previously mentioned, by
4 doing so, the Commission will assist City staff to align
5 their goals with the overall goals of the City.

6 Participating in training courses offered by,
7 for example, the MML, Michigan Municipal League, or
8 similar courses will also be beneficial in assisting the
9 Commission in strategic planning.

10 While the noted pending issues in this report
11 related to best practices and training still need to be
12 addressed in accordance with the Governor's appointment
13 letter to the RTAB, the City is on the right path to
14 successfully transition from receivership to full local
15 control.

16 Therefore, it is recommended that the RTAB
17 continue, however, with a reduced degree of oversight
18 from this Board.

19 MR. STECKELBERG: Okay. So what we have is an
20 annual evaluation indicating I think what we would all
21 agree is that financially the city is in strong shape.
22 There's some new leadership on the Board. We're taking
23 some action to fill a vacant position here today, and it
24 is likely that the recommendation would be to bring a

1 meeting in April, which would be a proposal to step back
2 to quarterly meetings and only deal with approvals on
3 issues of \$250,000 or more and allow the City to govern
4 itself in all other ways.

5 MR. WITKOWSKI: What would be the timeframe
6 after that?

7 MR. STECKELBERG: It would be up to this Board.
8 I think that we would look at something in the next six
9 months to a year to determine if there's a need for the
10 RTAB to continue or whether we step back and recommend
11 that this whole thing be closed out.

12 MS. HUNT: Would that be a decision strictly by
13 the RTAB or --

14 MR. STECKELBERG: Well, this would -- a change
15 in the Emergency Order would require RTAB approval at the
16 next meeting and then approval from the State Treasurer
17 and, in the same way, if there was a recommendation to be
18 done with the entire project, then it would be a
19 recommendation of both.

20 MR. WITKOWSKI: Sounds good.

21 MR. STECKELBERG: If there are no questions,
22 I'll entertain a motion to approve the annual evaluation.

23 MS. HUNT: I make a motion to approve the annual
24 evaluation.

1 MR. STECKELBERG: All those in favor?

2 MS. HUNT: Aye.

3 MR. WITKOWSKI: Aye.

4 MR. STECKELBERG: Aye.

5 MR. WIDIGAN: Mr. Chair, if it's okay, I'll
6 note that this document will be signed after the meeting
7 and then copies will be sent to the City, the Governor,
8 the City and State Representatives and State Senator.

9 MR. STECKELBERG: Thank you.

10 Now, on to New Business. I would like to
11 upfront, without objection, combine Item Numbers 1
12 through 6, which are approvals of various motions,
13 which does not include the seating of a new member. That
14 was the most recent meeting, we're bringing that forward,
15 that's not within --

16 MR. WIDIGAN: Correct.

17 MR. STECKELBERG: -- within 1 through 6.

18 So, if you don't mind, I'd like to combine 1
19 through 6 into one motion.

20 MR. WITKOWSKI: Thank you.

21 MR. STECKELBERG: And I'll entertain a motion.

22 MR. WITKOWSKI: I'll make that motion.

23 MS. HUNT: And I second it.

24 MR. STECKELBERG: All those in favor?

25 MR. WITKOWSKI: Aye. APPROVED - 4/27/16

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1 MS. HUNT: Aye.

2 MR. STECKELBERG: Aye.

3 Now, two new items. Number 7, designated
4 Number 7 as a change in polling place necessitated by a
5 school closing. There's a timeliness to this. If there
6 were to be an election in May --

7 MR. WATSON: Correct.

8 MR. STECKELBERG: -- there would need to be a
9 60-day notice of the change of location, so we brought
10 this one forward so that we could --

11 MR. WATSON: Facilitate, if necessary.

12 MR. WITKOWSKI: Where are they voting today?

13 MR. WATSON: At Morton Hill.

14 MR. WITKOWSKI: Yeah, that's what I thought.

15 MR. WATSON: Morton Hill is actually closing in
16 June --

17 MR. WITKOWSKI: Okay.

18 MR. WATSON: -- but they have given us the
19 permission to use it until June. We don't have a May
20 election, but if we did, we'd still be using Morton Hill
21 and then subsequently making the change after the -- after
22 June.

23 MR. WITKOWSKI: Okay.

24 MR. STECKELBERG: Motion to approve?

25 MR. WITKOWSKI: I'll make that motion.

11

1 MS. HUNT: And I second.

2 MR. STECKELBERG: All those in favor?

3 MS. HUNT: Aye.

4 MR. WITKOWSKI: Aye.

5 MR. STECKELBERG: Aye.

6 Item Number 8 is the resolution before you,
7 resolution of community support for the renovation of the
8 Hayward Wells Apartments.

9 Any questions?

10 MR. WITKOWSKI: That the ones just off Colfax
11 there?

12 MR. WATSON: Yes, down -- right down by the
13 water tower.

14 MR. WITKOWSKI: Had that at yesterday's meeting?

15 MR. WATSON: Yes, we did. General Capital made
16 a presentation some time ago. It made it to the
17 Commission's Agenda yesterday, and for the purposes of
18 submission of an application for tax credits, in order to
19 facilitate the project, they need this letter of support
20 from the Commission, so it is -- the submission of the
21 application is April 1st.

22 MR. WITKOWSKI: I'll make a motion --

23 MS. HUNT: When were they going to start the
24 project?

1 it could start as early as late this year, September,
2 October-ish, late in the fall, but as soon as they get
3 all the ducks in the row as far as getting the tax credits
4 and things that they need to do, they will then
5 subsequently start the project, so we're hopeful it will
6 be before the end of this year.

7 MS. HUNT: Thank you.

8 MR. WITKOWSKI: I'll make the motion to approve
9 it.

10 MS. HUNT: I second.

11 MR. STECKELBERG: All those in favor?

12 MR. WITKOWSKI: Aye.

13 MS. HUNT: Aye.

14 MR. STECKELBERG: Aye.

15 On to City Manager items.

16 MR. WATSON: Thank you, Mr. Chairman.

17 The first item is finalization of the sale of
18 the Benton Harbor federal building property. What we've
19 had -- what Mr. Saunders put in the final order for the
20 City Manager and Commission to do was to take necessary
21 steps, subject to Board approval, to support and
22 facilitate the disposal of the Benton Harbor federal
23 building property, and there are several tax ID numbers
24 and addresses. We are at that point right now. We are

25 working with the GSA and with Prairie Real Estate to

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1 facilitate that. We just need the approval of the Board
2 to finish it, to sign the documents and get the building
3 transferred.

4 Initially, it was thought that it would be a
5 transfer that would include money being involved with it,
6 which would then subsequently go to the pension, but
7 because of a snafu that happened when the building was
8 given to the City of Benton Harbor, the document, the deed
9 was not recorded, so essentially it's still in the hands
10 of the federal government. So it's really just a
11 transfer now from the government to Prairie and we're
12 signing off on the initial deed restrictions and then
13 making sure that the documents are finished to get the
14 transfer done.

15 MR. WITKOWSKI: So the federal government is
16 getting the money?

17 MR. WATSON: The federal government is getting
18 the money.

19 MR. WITKOWSKI: Get any back of what you put
20 into it?

21 MR. WATSON: No.

22 MR. WITKOWSKI: Well, I don't like how it
23 sounds, but --

24 MR. WATSON: Yeah.

1 much of a choice at this point.

2 MR. WATSON: And we're --

3 MR. WITKOWSKI: Can't penalize the buyer.

4 MR. WATSON: We -- for us, for the City right
5 now, the liability of having to insure it, we're getting
6 out from under; maintenance and upkeep of it, we're
7 getting out from under. Just from -- like I said, just
8 from an administrative conundrum that was created in 2002,
9 we found that out when we started going through the
10 process of getting it.

11 MR. WITKOWSKI: Okay. Well, I'll make a motion
12 to allow the sale to proceed or complete, excuse me.

13 MS. HUNT: And I second.

14 MR. STECKELBERG: All those in favor?

15 MR. WITKOWSKI: Aye.

16 MS. HUNT: Aye.

17 MR. STECKELBERG: Aye.

18 Number 2.

19 MR. WATSON: Item Number 2 is a resolution to
20 correct the findings included in the fiscal year 2015
21 audit. We've had a couple of findings that have been
22 present in the audits for the last couple years, couple
23 three years, one being the recording of activities from
24 component unit, Crystal Springs Cemetery, and then also

25 the valuation of infrastructure projects from 1980 to 2001

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1 I believe it is.

2 I talked with the Treasury Audit Division and
3 they said that they needed a resolution passed by the
4 Commission that we will do everything necessary to correct
5 the audits going forward and that it won't be a part of
6 the audit findings this year going forward, and they
7 needed that from a resolution which was passed by the
8 Commission February 15th -- 16th.

9 So that was done and we've got it and we're
10 asking that it be pulled forward in order to get it to the
11 Treasury Department so they can see that we are going to
12 address those, and we have already started a lot of the
13 work in doing it anyway. So this was just the last piece
14 of the puzzle to put together to correct those audit
15 findings so that the audit can be accepted by the State
16 and we can move forward.

17 MR. STECKELBERG: Any questions?

18 MR. WITKOWSKI: No.

19 MS. HUNT: No.

20 MR. STECKELBERG: I'll entertain a motion.

21 MS. HUNT: I make a motion.

22 MR. WITKOWSKI: I'll support it.

23 MR. STECKELBERG: All those in favor?

24 MS. HUNT: Aye.

1 MR. STECKELBERG: Aye.

2 MR. WATSON: Okay. The next item is acceptance
3 of the resignation of Commissioner-At-Large Bryan Joseph.
4 On -- also, at that same meeting on the 16th,
5 Commissioner Joseph, who was elected in November of 2015,
6 he submitted a letter to the clerk letting us know that
7 he was resigning, and in order for us to appoint a new
8 person, we have to accept his resignation, so the
9 Commission did by action on the 16th, but because that
10 won't be covered under what would normally be covered
11 this time for the RTAB's review as an action by the
12 Commission, we're asking that that be pulled forward
13 so we can proceed with the replacement of Commissioner
14 Joseph. So that's the request at this time.

15 MR. WITKOWSKI: I'll make a motion to accept
16 that request.

17 MS. HUNT: And I second.

18 MR. STECKELBERG: All those in favor?

19 MS. HUNT: Aye.

20 MR. WITKOWSKI: Aye.

21 MR. STECKELBERG: Aye.

22 MR. WATSON: Thank you.

23 The next one is the acceptance of the 2016
24 demolition list. This is a list that was sent to us by

1 demolitions. Because of the timeliness of submitting that
2 to the Treasurer's Office, and this was acted on by the
3 Commission on the 16th, we're asking that that be approved
4 by the RTAB so that that information can be forwarded,
5 which I believe it already has, to the Treasurer's
6 Department.

7 MS. HUNT: I'll make a motion.

8 MR. WITKOWSKI: I'll support it.

9 MR. STECKELBERG: All those in favor?

10 MR. WITKOWSKI: Aye.

11 MS. HUNT: Aye.

12 MR. STECKELBERG: Aye.

13 Before you go on to Item Number 5, I forgot to
14 note that if anybody here wants to make comment, public
15 comment, please sign in at the desk.

16 All right. Item Number 5.

17 MR. WATSON: Item Number 5 is the appointment of
18 the vacant at-large commissioner seat. In the process
19 of doing -- this is for Commissioner Joseph. To replace
20 Commissioner Joseph, there was a special meeting held on
21 the 29th of February. An interview was done on one
22 candidate who applied for the vacated seat by
23 Commissioner Joseph, and Mr. Edward Isom was appointed
24 at that meeting and he's going to serve until the next

25 general election, which is in August of 2017, and we're

1 asking that that be pulled forward so that Mr. Isom can
2 begin serving in the capacity of Commissioner-At-Large
3 effective immediately after the approval process by the
4 RTAB.

5 MR. WITKOWSKI: And he was the only applicant?

6 MR. WATSON: He was the only applicant, yes,
7 sir.

8 MR. WITKOWSKI: Yeah, I'll make that motion.

9 MS. HUNT: I second.

10 MR. STECKELBERG: All those in favor?

11 MS. HUNT: Aye.

12 MR. WITKOWSKI: Aye.

13 MR. STECKELBERG: Aye.

14 That ends our Action Items.

15 We're on to Nonaction Items, budget to actual
16 report.

17 MR. WATSON: If there's any questions --

18 MR. STECKELBERG: Any questions on any of the
19 Nonaction Items?

20 MR. WITKOWSKI: Only a couple questions.

21 On the local streets, why such a decline in
22 revenue? Because I'm looking for what you budgeted last
23 year, like major streets went from 779 to 525.

24 MR. WATSON: There was a project that was

25 involved in last year's and we got proceeds from it and

1 it was just a pass-through, so that's why the number is
2 different. We had two projects, Broadway and Colfax
3 projects that were in the budget.

4 MR. WITKOWSKI: Okay.

5 MR. WATSON: That's down now. So that number
6 is what we normally get from the State.

7 MR. WITKOWSKI: And then the audit of the
8 cemetery.

9 MR. WATSON: The question of --

10 MR. WITKOWSKI: Has it even started?

11 MR. WATSON: Yes. We have contracted with
12 Plante Moran, who is reconstructing all the books, but
13 in talking with the Audit Division in Treasury, what they
14 need from us is that portion of it needs to be done.
15 However, going forward, what we need to include in there
16 are the activities of the third-party that is doing it,
17 just to include it in the audit, so their balance sheet
18 and stuff and activities that they have needs to be
19 included as well. So we don't have to really reconstruct
20 it totally, but we have to put that in there as well.

21 MR. WITKOWSKI: That's all I have.

22 MR. STECKELBERG: Anything else?

23 MS. HUNT: No.

24 MR. STECKELBERG: Public Comment.

1 comment, any Board Comment?

2 MR. WITKOWSKI: Looking forwarding to meeting
3 less.

4 MR. STECKELBERG: Well, yes, and this --
5 although I believe I said this at the last meeting, I
6 believe this is my last meeting, and if all goes well,
7 the Governor will have an opportunity to appoint a new
8 person to the Board to launch the new lesser active RTAB
9 schedule.

10 MR. WIDIGAN: And this is also likely my last
11 meeting as Deanna will be working --

12 MR. STECKELBERG: Oh, yeah, Deanna Hudson with
13 Treasury will be staffing the RTAB and our activities from
14 our office of fiscal responsibility.

15 MS. HUDSON: Yes.

16 MR. STECKELBERG: And --

17 MS. HUNT: I'd like to make one comment.

18 MR. STECKELBERG: Yes.

19 MS. HUNT: I'd like to say congrats to the
20 City of Benton Harbor for getting to the point where we
21 are today, you know, kudos to everyone that worked so
22 hard, City Manager, Commissioners to get to this point
23 and to the point where the RTAB is really having to pull
24 back and to meet quarterly, so that says a lot to the

25 City and to what you've done to make that happen, so as

1 a resident of Benton Harbor, I'd like to say thank you.

2 MR. WATSON: Thank you.

3 MR. STECKELBERG: If there are no further
4 comments, I move we adjourn.

5 We're adjourned.

6 (At 1:21 p.m. meeting adjourned.)

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CERTIFICATE

State of Michigan
County of Van Buren

I certify that this transcript, consisting of 22 pages,
is a complete, true and correct record of the RTAB Meeting
held 3/8/2016.

Alison R. Huffman - CSR-0945
Certified Court Reporter
Notary Public in and for
Van Buren County, Michigan
Commission Expires: 8/19/2019

