

City of Hamtramck

Receivership Transition Advisory Board Meeting Minutes

Tuesday, February 28th, 2017

Hamtramck City Hall

Council Chambers - 2nd floor

3401 Evaline

Hamtramck, Michigan 48212

RTAB MEMBERS PRESENT:

**DEBORAH ROBERTS
KAREN YOUNG
AL BOGDAN
MARK STEMA**

NOT PRESENT:

PETER McINERNY

ALSO PRESENT:

**PATRICK DOSTINE
Michigan Department of Treasury**

Reported by:

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Tuesday, February 28, 2017

Called to order at 1:00 p.m.

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MS. ROBERTS: It is 1:00 on Tuesday, February 25th (sic), and I will call the City of Hamtramck Receivership Transition Advisory Board meeting to order.

Mr. Dostine, could you take roll, please?

MR. DOSTINE: Sure, Madam Chair.

Peter McInerney has requested to be excused. Al Bogdan?

MR. BOGDAN: Here.

MR. DOSTINE: Mark Stema?

MR. STEMA: Here.

MR. DOSTINE: Karen Young?

MS. YOUNG: Here.

MR. DOSTINE: Deb Roberts?

MS. ROBERTS: Here.

MR. DOSTINE: You have quorum, Madam Chair.

MS. ROBERTS: Okay, thank you. As a reminder, if anyone from the public would like to speak, if you would please sign up at the podium. And then we'll call you during public comment time.

First item on the agenda is approval of agenda. We are actually adding an item, 11, under the city administrator items for legal settlement. And we are

1 going to move items ten and eleven of the city
2 administrator items up to the beginning of the city
3 administrator items.

4 I would entertain a motion to approve the agenda
5 as presented.

6 MR. BOGDAN: So moved.

7 MS. YOUNG: Motion to second.

8 MS. ROBERTS: All those in favor say aye. Aye.

9 MS. YOUNG: Aye.

10 MR. STEMA: Aye.

11 MR. BOGDAN: Aye.

12 MS. ROBERTS: Opposed, the same.

13 (No response)

14 MS. ROBERTS: Motion carries.

15 Next on the agenda is approval of the RTAB
16 minutes from the January 24th, 2017 regular meeting. I
17 would entertain a motion to approve the January 24th,
18 2017, RTAB meeting minutes.

19 MR. STEMA: Motion to approve.

20 MR. BOGDAN: Second.

21 MS. ROBERTS: All those in favor say aye. Aye.

22 MS. YOUNG: Aye.

23 MR. STEMA: Aye.

24 MR. BOGDAN: Aye.

25 MS. ROBERTS: Opposed, the same.

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(No response)

MS. ROBERTS: Motion carries.

Next on the agenda is public comment. Mr. Dostine, do we have anyone signed up for public comment?

MR. DOSTINE: Madam Chair, we do. We have a request from Carrie Beth Lasley?

MS. LASLEY: I wanted to address you today about the competence of our current council, which is a concern, when you live here. I'm going to say, I'm going to vote, I voted for two of the people on council who I have a problem with currently.

One of the things you probably heard about last meeting was about the planning and zoning administration. There's a -- the planner made a recommendation. Person who was put on the board did not show up to the next zoning meeting.

So it's a great concern of the zoning administrator, for me, that somebody who could not show competence before, was brought up because he's a friend of the person on the council. It's continued to get worse; the last two meetings have resulted in -- have resulted in the council members questioning the legitimacy of the -- of two other council members.

It's getting to be a little bit circus-like. It's a concern to think that these people might be in

1 charge of my city soon. One of the recent things they
2 haven't done is choose to move forward at all on the city
3 administrator.

4 And whether that's to go forward with Katrina,
5 who I think is -- deserves a shot at it, because she's
6 shown some competence. Whether it's that, or another way,
7 they're not moving at all. And that's going to cause a
8 problem down the road. That's all I wanted to say,
9 thanks.

10 MR. STEMA: Thank you.

11 MR. DOSTINE: Madam Chair, the next request
12 comes from the Honorable Mayor, Karen Majewski.

13 MS. MAJEWSKI: Hi, everyone.

14 I'm glad that I was finally able to actually get
15 here on a Tuesday afternoon, so. I want to address one
16 issue that Carrie Beth brought up, and that -- or, two
17 issues, I want to address. Both of them have to do with
18 council resolutions.

19 And one of them is the resolution that Carrie
20 Beth talked about, in which the ZBA member appointments
21 were made. I was very disturbed about how that vote went;
22 if you saw the minutes of the meeting, you know that.

23 I believe that the final decision about who was
24 placed on the ZBA was a matter of, not based on the
25 competence of the applicants, but on personal

1 relationships.

2 The person who was not recommended by the
3 planner was someone who had called a number of the
4 councilmembers, to lobby for that position. And did not
5 show up to the meeting, didn't show up to the first
6 meeting, in which he -- after he was appointed, when he
7 was supposed to be sworn in, he didn't even show up to
8 that meeting.

9 So I see no logical reason for that person to be
10 appointed, and I question whatever reasoning that they
11 used to base on that decision, especially since they
12 passed up a very qualified applicant, and publicly
13 questioned the competence and dedication of our city
14 planner.

15 And I think that there are plenty of reasons for
16 that, that have to do with things other than her
17 competence, but, things over which we have no control,
18 like our gender. The other thing that I want to comment
19 on is the decision that was made at two meetings
20 previously, because we had a meeting last night.

21 And that was not to pursue a renegotiation of
22 the city manager's contract. I was also very disturbed by
23 that decision. Once again, I think it was based on
24 factors that have nothing to do with the competence of the
25 city manager, in whom I have full confidence, myself.

1 I've been through every single city manager who
2 has served the city, so I've seen good ones and bad ones
3 and middling ones. And in my opinion, we have a great
4 city manager, right now. And so, I'm very disturbed by
5 that decision, that I think was based on things other
6 than, factors other than her competence and her -- and the
7 work that she's done already for the city.

8 Those are the two things that I want you to
9 know, from my perspective as mayor, and from my experience
10 as mayor, and as a public servant for the last 14 years.
11 Thanks.

12 THE BOARD: Thank you.

13 MR. DOSTINE: Madam Chair, that concludes public
14 comment.

15 MS. ROBERTS: Thank you. Next on the agenda is
16 old business, and we have none. Then we'll move on to new
17 business.

18 First item is resolutions from the regular city
19 council meeting of January 10th, 2017. I'd just like to
20 note that 2017-14 was approved at our last board meeting.

21 I would entertain a motion to approve the
22 remaining ordinances and resolutions from --

23 MR. DOSTINE: Excuse me, Madam Chair. I'm
24 sorry, did you want to take the items first, that you
25 moved up? And that way, we can --

1 MS. ROBERTS: I was going to move them up under
2 the city administrator's stuff.

3 MR. DOSTINE: Oh, my apologies.

4 MS. ROBERTS: So I was going to do new business,
5 and then -- if that's okay.

6 MR. DOSTINE: My apologies.

7 MS. ROBERTS: That's okay.

8 I'd entertain a motion to approve the remaining
9 ordinances and resolutions from the January 10th, 2017,
10 regular city council meeting. With the exception of
11 Resolution 2017-03, which is the appointment of Mohammed
12 A. Rahman and Adam Al-Harbi.

13 So I would entertain a motion to approve the
14 remaining ordinances and resolutions.

15 MR. STEMA: Motion to approve.

16 MS. YOUNG: Second.

17 MS. ROBERTS: Any discussion?

18 (No response)

19 MS. ROBERTS: Seeing none, all those in favor
20 say aye. Aye.

21 MS. YOUNG: Aye.

22 MR. STEMA: Aye.

23 MR. BOGDAN: Aye.

24 MS. ROBERTS: Opposed, the same.

25 (No response)

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MS. ROBERTS: Motion carries.

Next on the agenda is Resolution 2017-03, appointment of Mohammed Rahman and Adam Al-Harbi, as permanent members to the Zoning Board of Appeals. Ms. Powell, could you please provide a summary, that clarifies the two resolutions involving the appointments to the Zoning Board of Appeals?

MS. POWELL: Yes, ma'am. So, at that meeting, our city planner presented names of qualified individuals, recommended individuals, to be appointed to the ZBA board. During the discussion by the city council, they decided to appoint someone who had not attended -- who was an alternate, prior.

They decided to appoint them to a permanent position on the board, even though that person had not attended but one meeting in three years. It was brought to the attention of the board that this was an issue, and that this was the reason this person wasn't selected to be put on as a permanent, you know, position on the board.

In addition, the two people that were asked to be added to the board, one had a Master's Degree in Urban Planning, and the other one was an engineer, and both were very highly qualified to serve on the board.

There was another person who had submitted an application; the city planner determined that this person

1 wasn't as well qualified as the other two, and suggested
2 that they not be appointed to the board. However, the
3 city council chose to appoint Mohammed Rahman and Adam Al-
4 Harbi, as permanent, and appointed the person that the
5 city planner did not recommend to be appointed to any
6 position, as an alternate position.

7 There were back and forth comments, there were
8 lots of comments made about the city planner and the
9 competence, and the fact that they didn't need to follow
10 that advice. However, our city planner is extremely
11 qualified, and competent, and did due diligence in
12 selecting these individuals to be appointed to the board.

13 MS. ROBERTS: Thank you. I would entertain a
14 motion to approve, deny, or postpone Resolution 2017-03,
15 the appointment of Mohammed Rahman and Adam Al-Harbi.

16 MS. YOUNG: Motion to deny.

17 MR. STEMA: Second it.

18 MS. ROBERTS: Any further discussion?

19 MR. BOGDAN: Yeah, I guess I, I -- I sort of
20 have an objection to overriding a democratic process.
21 That, I guess that concerns me, because any council member
22 who has -- if this was not a council under review, or a
23 city under review, this would just pass and be part of a
24 political process.

25 Because the planner recommends somebody, does

1 not necessarily mean that the population, or the people,
2 have to accept that. So, I am -- I would oppose doing
3 that.

4 MS. ROBERTS: Any further discussion?

5 MR. STEMA: I, myself, I mean -- me, I mean,
6 part of the reason is, when the, especially if this was an
7 elected position, instead of just people applying for it
8 and being reviewed, and when you have a specialty person
9 actually looking at it, and putting the most qualified
10 candidates there. And then the current council says,
11 well, you know what, we're going to ignore that, and let's
12 put somebody on place that doesn't bother showing up to
13 meetings, being sworn in.

14 I think it's our job as a board, to look at
15 those decisions and do what's best for the city. I mean,
16 that's why we're here, and I think in this case, it's best
17 for the city to deny it.

18 MR. BOGDAN: I have a question. When somebody
19 doesn't show up to meetings on a regular basis, is there a
20 procedure in the city for that person to be removed from
21 the board, or from the organization that they're on?

22 MR. MIHELICK: It would have to rise to the
23 level of non-performance of duty, under the bylaws of the
24 Zoning Board of Appeals.

25 MR. BOGDAN: And what is that?

1 MR. MIHELICK: It's not specifically defined;
2 missing one meeting probably doesn't match the level. You
3 know, it's probably a multiple meeting type thing, and
4 then, if that happened, there would have to be charges
5 filed, there would have to be a public hearing in front of
6 council.

7 And then council would have to make the ultimate
8 decision about whether the individual on the ZBA was
9 performing their duty or not. It's a fairly significant
10 process, to move -- to remove someone involuntarily off a
11 board or commission.

12 MS. YOUNG: But in my case, of reason for
13 denial, I agree with Mr. Stema, in the sense that we have
14 been appointed to oversee what's happening with the city
15 council.

16 And what Ms. Katrina has told us, and what we
17 have read in the minutes, I don't support someone, you
18 know, who does not possess either the desire or the
19 qualifications, to be on that board, to remain in that
20 position. If you're going to make yourself available,
21 because you want the position then you have to show up.

22 MR. BOGDAN: Well I, yeah, I would tend to agree
23 with that.

24 MS. ROBERTS: The motion before us is to deny
25 Resolution 2017-03. All those in favor say aye. Aye.

1 MS. YOUNG: Aye.

2 MR. STEMA: Aye.

3 MS. ROBERTS: Opposed, the same.

4 MR. BOGDAN: I'll abstain.

5 MS. ROBERTS: Okay. Motion carries.

6 Next on the agenda is resolutions from the

7 regular city council meeting of January 24th, 2017. I

8 would entertain a motion to approve all ordinances and

9 resolutions from the January 24th, 2017, regular city

10 council meeting.

11 MS. YOUNG: Motion to approve.

12 MS. ROBERTS: A second?

13 MR. STEMA: Seconded.

14 MS. ROBERTS: All those in favor say aye. Aye.

15 MS. YOUNG: Aye.

16 MR. STEMA: Aye.

17 MR. BOGDAN: Aye.

18 MS. ROBERTS: Opposed, the same.

19 (No response)

20 MS. ROBERTS: Motion carries.

21 Next on the agenda is resolutions from the

22 special city council meeting of January 30th, 2017. The

23 resolution passed at the special meeting is not a

24 resolution that requires the RTAB's consideration, unless

25 this board says otherwise. Okay? Therefore we will not

1 do anything with that.

2 Next on the agenda is claims and accounts from
3 regular city council meeting draft minutes, of February
4 14th, 2017. I would entertain a motion to approve, deny,
5 or postpone claims and accounts from the city -- regular
6 city council meeting draft minutes of February 14th, 2017.

7 MR. STEMA: Motion to postpone until they're no
8 longer draft.

9 MS. ROBERTS: This is the claims and accounts.

10 MR. STEMA: Oh. Oh. Claims and accounts? Oh,
11 okay, yeah.

12 MS. ROBERTS: This is just -- this is just for
13 the claims and accounts, so that they can pay their bills.

14 MR. STEMA: Okay. Motion to approve.

15 MS. YOUNG: Second.

16 MS. ROBERTS: Any discussion?

17 (No response)

18 MS. ROBERTS: Seeing none, all those in favor
19 say aye. Aye.

20 MS. YOUNG: Aye.

21 MR. STEMA: Aye.

22 MR. BOGDAN: Aye.

23 MS. ROBERTS: Opposed, the same.

24 (No response)

25 MS. ROBERTS: Motion carries.

1 Next on the agenda, we are moving up Item 10,
2 the audit reports.

3 Wait, do you want to do legal first? I can do
4 legal first.

5 MR. MIHELICK: I have to be in federal court at
6 2:15.

7 MS. ROBERTS: Okay, we'll do legal first.

8 THE RECORDER: Sir, can you state your
9 appearance for the record, please?

10 MR. MIHELICK: Yes, my name's Travis Mihelick.
11 M-I-H-E-L-I-C-K. I'm the city attorney. I'd like to
12 thank the board for entertaining these three requests
13 here, they are somewhat time sensitive. They didn't make
14 the last deadline, and waiting until March, I think, will
15 be too long.

16 It is a request for three settlements. As you
17 know, under the final order, the city manager has the
18 authority to settle all lawsuits with board approval. All
19 three of these settlements are for under her \$10,000
20 authority.

21 The first is a case called Nykoriak vs
22 Hamtramck. This was an incident that occurred in
23 September of 2013; it had both federal law claims and
24 state law claims. All of the federal law claims were
25 dismissed and the state law claims were remanded, as a

1 federal judge has a right to do.

2 Instead of going through the same process, the
3 filing of the motions, the oral arguments, the waiting on
4 the court opinion, we were able to settle this matter for
5 \$2500. That is a very low ended nuisance value claim.
6 You'd end up paying attorneys, you know, significantly
7 more than that to have to file a dispositive motion and go
8 argue it.

9 It's going to save money for the city in the
10 end, and again, \$2500 is very, very, low end. We'd
11 recommend approval. And this was also recommended by the
12 city's adjuster.

13 MS. ROBERTS: Okay.

14 MR. MIHELICK: So that's the first one. The
15 second one is Doe v Hamtramck. This is a lawsuit by an
16 alleged confidential informant; that's why it's a John
17 Doe. For events in the summer of 2015. Again, this is a
18 case that's not even started yet, really. There's been
19 very little discovery. We just had our initial status
20 conference, but we were able to get the plaintiff to agree
21 to settle it for \$3500.

22 Again, that is a very, very low claim. You're
23 going to pay ten times that much just for me to get this
24 through discovery and get a dispositive motion.
25 Ultimately, I think that on all three of these lawsuits,

1 the city's not going to have liability. I think we'd win,
2 but at the end of the day, there's a business judgment
3 that goes in the sum of these.

4 If we can get out, you know, for \$3500, before
5 you spend 35,000, I think it's in the city's best
6 interest. This is another one that was recommended by our
7 adjuster. You know, as something that is a very low end
8 nuisance value, that would have significant cost savings
9 to the city. So we would recommend that be settled for
10 \$3500.

11 The final lawsuit is the ACLU v Hamtramck. This
12 was a lawsuit arising out of a FOIA denial. They had
13 requested a bunch of documents that were part of an
14 ongoing investigation. Ultimately, the documents, several
15 thousand pages, were turned over, but it was after the
16 institution of a lawsuit.

17 We had some settlement conferences with Ms.
18 Powell and the judge, here. The plaintiff's demand,
19 initially, was in excess of \$25,000. If we go to trial,
20 it could get as much as twice as much as that; we were
21 able to settle it for less than ten.

22 Again, this one's a tough pill to swallow,
23 because I don't think the city did anything wrong, but
24 it's a business judgment. If we can get out for less than
25 \$10,000 here, when we could be facing 25, 30, \$50,000 at

1 trial, it's best to get out. And it's not like it's -- I
2 mean, it's going to the ACLU, so.

3 MS. YOUNG: And what's the final judgment on
4 that one, for the settlement?

5 MR. MIHELICK: \$8500.

6 MS. YOUNG: Thank you.

7 MR. MIHELICK: Again, far less than you're going
8 to pay me to try it.

9 MR. STEMA: Are any of these, just curious,
10 picked up by insurance, or is this all out of general
11 fund?

12 MR. MIHELICK: The first two were picked up out
13 of insurance, but because the city's not anywhere near
14 their SIR, insurance money's not going to kick in.

15 MR. STEMA: Okay. So part of the line item
16 budget, then?

17 MR. MIHELICK: Yes, this would come out of the
18 city's general fund because we haven't met our deductible,
19 on any of these cases. The ACLU was not picked up by
20 coverage because it's a Freedom of Information Act.

21 MR. STEMA: Okay.

22 MS. ROBERTS: Thank you. All right, I will
23 entertain a motion to approve, deny, or postpone the legal
24 settlements as presented.

25 MR. BOGDAN: Move approval.

1 MR. STEMA: Seconded.

2 MS. ROBERTS: Any further discussion?

3 (No response)

4 MS. ROBERTS: Seeing none, all those in favor
5 say aye. Aye.

6 MS. YOUNG: Aye.

7 MR. STEMA: Aye.

8 MR. BOGDAN: Aye.

9 MS. ROBERTS: Opposed, the same.

10 (No response)

11 MS. ROBERTS: Motion carries.

12 MR. MIHELICK: Thank you.

13 MS. ROBERTS: Thank you.

14 Next on the agenda is the audit report. Ms.
15 Powell, do you want to give any introduction, or?

16 MS. POWELL: Sure. We have our auditors here,
17 who will give a presentation, a positive audit, for the
18 City of Hamtramck, once again. So, Mr. Terrell, as you --

19 MS. ROBERTS: I see you've actually made copies
20 for us.

21 MS. POWELL: Yes, they do. This is Greg
22 Terrell, and he will entertain you for the next few
23 minutes.

24 MS. ROBERTS: Thank you.

25 MS. POWELL: And his assistant, who actually

1 lives in Hamtramck, down the street.

2 MR. TERRELL: Good afternoon.

3 What I'm going to do, is kind of go through this
4 presentation here. What you have in front of you is this
5 presentation, along with the final audit report of the
6 financial statements, and also the single audit report.

7 So we're starting on the, I'll try to go through
8 as quickly as I can. On page one, it talks about audit
9 overview. And it kind of gives you a snapshot of our
10 responsibilities under generally accepted auditing
11 standards. Which, we basically conform to those
12 standards, to obtain a reasonable but not absolute
13 assurance, whether or not the financial statements were
14 free from material mis-statement. Excuse me, I'm kind of
15 getting over a cold here, so.

16 The next area talks about the plan's scope, and
17 timing of the audit. The audit, in terms of our scope,
18 was consistent with our engagement letter. The second
19 thing is, we did issue an unmodified opinion on the
20 financial statements as of June 30, 2016. And the results
21 were reviewed with management.

22 Page three gets into the audit findings. Again,
23 we had no significant difficulties in performing the
24 audit. We had no transaction entered by the city that
25 laced the authoritative guidance or consensus. We didn't

1 have any material adjustments to the financial statements
2 for the year ending June 30, 2016.

3 Page four, disagreements with management, we're
4 pleased to report we had no disagreements with management
5 that arose during the audit, related to the accounting,
6 reporting and auditing matters. Management representation
7 in the audit; we always request a written representation
8 letter from management, which was dated January 5th, 2017.

9 Consultation with an independent accountant. As
10 far as we know, there was no second opinions that had to
11 be retained or gained by the city, which happens
12 sometimes, when there's a disagreement between the auditor
13 and the city, on accounting and auditing matters.

14 On page five, basically, no conditions were
15 placed upon us, to be retained to do the audit, for the
16 year ending June 30, 2016.

17 Page 16 -- page six, I'm sorry, gets into a
18 summary of assets for the general fund. If you look
19 there, 2015, our total assets was five million seven. In
20 2016, we had about six million, eight sixty six.

21 Two of the biggest changes there, we had cash
22 last year, about three million one. This year, about four
23 million three. Page seven --

24 MR. STEMA: Was that with the cash reserves, or
25 the fund balance, went up from about 3.1 to 4.30 (sic).

1 MR. TERRELL: No, that's just our cash balances.

2 MR. STEMA: Oh, okay.

3 MR. TERRELL: Cash in the bank.

4 MR. BOGDAN: What are the receivables?

5 MR. TERRELL: Receivables?

6 MR. BOGDAN: Yeah, what -- define what
7 receivables are.

8 MR. TERRELL: Receivables here is the due from
9 governments. It's the -- last year, it was about one
10 million eight seventeen; in 2016, it was about one million
11 seven seven two.

12 MR. BOGDAN: So these are out tax collections,
13 that we expect to collect, or?

14 MR. TERRELL: They're both. They're amounts due
15 from the State of Michigan, for you know, various sources,
16 for either, for grant fundings or any other funding we
17 have that's due from pretty much the state level.

18 On page seven, is the -- these are a summary of
19 our liabilities, for general fund last year. About one
20 million seven seventy eight, this year, we're down from
21 about one million, forty nine thousand. The biggest
22 change here, is we -- last year, we had some amounts that
23 were due to other funds. This year, that amount, it's not
24 there. We've -- those funds have been paid to those other
25 funds by the general fund.

1 Page eight is a summary of unavailable revenue.
2 This year, we had about \$12,000; this is just revenue that
3 basically, amounts that we were due, that we didn't
4 actually collect within a 60 day window. So it's not, we
5 didn't lose the revenue, but we couldn't recognize it in
6 the current fiscal year. We'll recognize it in fiscal
7 2017.

8 Page nine is our general fund balance. We see
9 here that our fund balance last year was, in 2015, was
10 about \$4 million. We increased our fund balance in 2016
11 to about five million eight. Page ten is a summary of our
12 revenues and other financing sources. In 2015, that
13 number is about 18 million four ninety four; this year,
14 about 17 million three-0-four.

15 Biggest change here is that, including in this
16 number, in 2015, we had some, we had other financing
17 sources from loan proceeds, of about \$2,070,000, in '15,
18 that we didn't have in 2016.

19 MR. STEMA: These would be restricted funds,
20 right? Funds that can only be used for certain things,
21 different fund balances, right?

22 MR. TERRELL: The loan proceeds, I think -- last
23 year, we used, basically, it's just fund -- I think it was
24 related to the pension. And so when those dollars came
25 in, and -- basically, you'll see them going out as an

1 expenditure in the public safety area.

2 So page 11, again, these are a summary of
3 general fund expenditures. Again, last year, about 17
4 million, two eighty eight. And this year, about 15
5 million five thirteen. And the biggest thing, is again,
6 we used those loan proceeds to, you know, look at public
7 safety expenditures last year. About 11 million eight
8 sixty nine; this year, about ten million seventy four, so,
9 most of those dollars that we got from the loan, for the
10 bond proceeds, actually went into expenditures that are
11 going into public safety, in 2015.

12 In the proprietary fund, which is water and
13 sewage, you'll see in 2015, we had total assets of about
14 six million one fifty nine, and then in 2016, our total
15 assets was about nine million, one hundred eighteen
16 thousand. Now the biggest difference there, is just
17 basically our investment and capital assets. For 2015,
18 our capital asset total was about two million three sixty
19 one. And then in 2016, we're about six million two fifty
20 five.

21 The liability side on 13 is, our liabilities
22 last year, in 2015, was about \$903,000. Our liabilities
23 in actually 2016 was about two million one. Biggest
24 changes are, it's basically more activity related to the
25 fixed assets and other activity, going in the water fund.

1 Our accounts payable was about 554,015. We're
2 up to about one million, four fifty three in 2016.

3 MR. STEMA: Quick question, is that increase
4 just a timing issue, or is that just a is that it's taking
5 them more days to pay?

6 MR. TERRELL: I think it's timing and more
7 activity.

8 Yeah. And so, on 14 is our net position, so, in
9 the proprietary fund, water fund, we actually improved,
10 and turned over on that position. But a lot of that is
11 related to the fact that we actually invested more dollars
12 in fixed assets.

13 It's not like we've got cash or balances; it's
14 really, you know, we show the assets and basically, it
15 impacts what the net position -- so it's not, that we went
16 from five million 254 to about seven million. In terms of
17 improve, you know, cash or liquid position, it's basically
18 our investment in capital assets.

19 On page 15, is our operating revenue for the
20 proprietary fund. In 2015, we had about six million 316;
21 in 2016, we had about seven million 702. And most
22 increase, I think, overall, there's some increase in the
23 sewer charges, about three million eight. In '15, about
24 four million four; 61 in 2016.

25 In our water sales, it actually went up, about

1 two million one, in 2015 to about two million seven in
2 2016. So we had some improvement also in overall revenue
3 streams.

4 Page 16 is our operating/non-operating expenses.
5 2015 was about six million 586, then in 2016, we're about
6 five million 947. And so overall, our cost of sewage and
7 treatment is pretty comparable. Last year, about four
8 million one; this year, about three million 996.

9 And so, you know, the area that we actually
10 improved is in the -- we reduced our other operating
11 expenses about one million six in 2015, and about one
12 million 134 -- 131, in 2016.

13 On page 17, the -- we talk a little about the
14 single audit. And that's the audit of the federal
15 programs, and we did perform an audit of those federal
16 programs, in accordance with the uniform guidance.

17 We had two significant deficiencies over
18 internal control over financial reporting. We had no
19 significant compliance issues with respect to federal
20 programs.

21 Page 18, the major program we tested was the
22 SAFER program, the staffing for adequate fire and
23 emergency response.

24 On 19, it kind of covers -- we had a couple
25 financial statement findings, one related to the utility

1 billings and adjustments, and this, I think, was a repeat
2 finding.

3 But we did find that there was some improvement
4 this year over last year, where we got certain customers'
5 accounts, where the billings were based -- estimated based
6 on bad meter readings, or faulty equipment. And so there
7 were certain adjustments made because of that.

8 It is our recommendation that the city should
9 just continue to ensure that accurate meter readings and
10 billing adjustments are done, and reviewed and approved
11 before they are actually processed through the system.

12 MR. STEMA: I have a quick question on this one.
13 Is this one of the things that probably isn't going to go
14 away until there's better technology, and more of the
15 water meters are replaced and all that, for better
16 accuracy? Or is it something that can be actually caught
17 through more controls, and all that, you know?

18 MR. TERRELL: I think part of it is being done
19 already, in terms of the -- improvement or the replacement
20 of water meters. And I think the process has improved,
21 you know, say, between '15 and '16. So we expect that
22 this will probably go -- will go away.

23 MR. BOGDAN: Excuse me. On page 17, there was a
24 comment that there was two significant deficiencies in
25 internal control.

1 MR. TERRELL: That was one of them, and the
2 second one is on page 20. That just deals with the
3 property tax distribution piece. And that's where we just
4 noted that there were tax collections of approximately
5 about \$76,000 that had not been distributed by the city at
6 year end. And basically, our recommendation is that all
7 those tax collections be remitted to the other
8 governmental units on a timely basis.

9 MR. STEMA: Is this money to Highland Park?
10 When we do their taxes, or whatever?

11 MS. POWELL: Wayne County.

12 MR. STEMA: Oh, we got those.

13 MR. TERRELL: And then on page 21, we just had
14 one comment, with respect to federal findings. This one
15 is, under uniform guidance, they've kind of replaced the O
16 and B circulars; A133 and A110 and whatever. They came up
17 with one uniform guidance, with respect to looking at
18 administration of federal grants and programs.

19 And so, here, you know, the management has
20 documented their controls, but under uniform guidance,
21 they have actually kind of broadened the scope of what
22 they want to see documented, in terms of process and
23 controls. And in terms of activities and in terms of
24 training, approvals, authorizations, reconciliations, et
25 cetera, et cetera.

1 So we've discussed it with management, and just
2 recommended they immediately identify areas where they
3 need to improve the documentation of those internal
4 control provisions. To be consistent, and in compliance
5 with uniform guidance.

6 MS. POWELL: Any other questions?

7 (No response)

8 MR. TERRELL: I apologize, I'm just getting over
9 a cold, here.

10 MS. ROBERTS: Thank you for the presentation.

11 MS. YOUNG: Thank you.

12 MS. ROBERTS: Mr. Dostine, I don't believe that
13 requires any action from the board. It's just a
14 presentation.

15 MR. DOSTINE: It can be treated as received and
16 filed.

17 MS. ROBERTS: Yup. Thank you.

18 Okay, so we'll go back to the beginning of the
19 city administrator items. We have already approved the
20 city council meetings; they were addressed in new
21 business.

22 Next on the agenda is approval of budget to
23 actual and cash flow reports.

24 Katrina, do you want to give us a report, or Ms.
25 Cairns give us the report?

1 MS. POWELL: Bama's here.

2 MS. ROBERTS: Bama, do you want to give us a
3 little overview of where we're at?

4 MS. CAIRNS: I'm sorry, I'm not quite ready yet.

5 MS. POWELL: That's okay.

6 MS. CAIRNS: You want an overview?

7 MS. ROBERTS: Of the budget to actual, and cash
8 flow reports.

9 MS. CAIRNS: Okay. As you can see, our
10 revenues, although it shows 56 percent, it's actually, the
11 property tax that we have collected, 85 percent. But some
12 of the revenues are a lot less than what it should be.
13 For example, auto theft forfeitures. We were budgeted 67;
14 we only got 6,700 so far.

15 When you look at federal SAFER (sic) grant, we
16 had budgeted 950,000 -- excuse me. However, we only got,
17 I mean, we can only get 450,000, because although the
18 grant was given to us in July, the date on it is from 2000
19 -- January 2017 to January 2019.

20 MS. ROBERTS: Okay.

21 MS. CAIRNS: We thought we could be able to ask
22 them to go back, but they wouldn't. So that's going to be
23 a shortfall.

24 MS. ROBERTS: Okay. Okay.

25 MS. CAIRNS: The expenditures, I'm only going to

1 report the ones where we're a little over. Building and
2 grounds, as you can see, it's on page four. It's at 17
3 percent. Most of it is the maintenance, because we had
4 basement issues. It's continuing to drain us. Moving on
5 to the general administration -- although it shows 65
6 percent, we have actually, as I had indicated before, we
7 had paid the full insurance (sic) up to 200,000.

8 That's the only one I could think of. I think,
9 because our revenues are down, they may, if we don't have
10 enough revenues, I mean if we don't cut down on the
11 expenditures, we may have to pull some from to fund
12 balance, just to balance this years' budget. But next
13 year, we should get that full 850 or 900,000 in SAFER
14 grants.

15 MR. STEMA: Do you have a good estimate, or
16 guesstimate, for what might have to be pulled from the
17 general -- from the fund balance?

18 MS. CAIRNS: Right now, I'm going to say 500 to
19 \$700,000.

20 MS. ROBERTS: Do you have an anticipated date of
21 when we'll see an amended budget?

22 MS. CAIRNS: We were thinking towards the end of
23 the year. Just to see how the expenditures come along.

24 MR. BOGDAN: Question. Shouldn't the budget be
25 adjusted, as they overrun an item, such as, I noticed a

1 whole bunch of line items, where there were significant
2 overruns. How is -- how are those overruns approved?

3 MS. CAIRNS: We don't have a line item -- our
4 budgetal control is not on a line item basis. It's by
5 department. Like, public safety will be together, general
6 administration, the general government, which will include
7 a whole number of departments.

8 When it comes to the revenues, it'll be one line
9 item. Sorry, one department. So what we can do is pull--

10 MS. ROBERTS: Do we have any departments that
11 are over budget right now, in expenditures? I know we
12 have line items, but do we have a --

13 MS. CAIRNS: The department will be -- nobody's
14 over.

15 MS. ROBERTS: Nobody's over?

16 MS. CAIRNS: Yes. But they are like 70 percent.

17 MS. POWELL: And all the buildings and grounds,
18 you're going to continue to see that go up. As we are
19 going to be abating and mitigating some issues that we
20 have in our basement, and around the building.

21 This building has historically flooded over the
22 last 50 years, and so we're now addressing a lot of those
23 issues. So you're going to see that department get hit,
24 you know, as we're trying to come into compliance. And
25 so, that will be probably one of the larger items that

1 will need to be amended.

2 MS. ROBERTS: So instead of dealing with melting
3 snow issues, we just get to deal with rain all winter.

4 MS. POWELL: Yeah.

5 MR. STEMA: So these are basically general
6 capital improvements of the building that weren't
7 unexpected?

8 MS. POWELL: Correct.

9 MR. STEMA: It's capital improvements that will
10 last for years.

11 MS. POWELL: Correct.

12 MS. CAIRNS: Moving onto the other funds, the
13 only one I want to talk to you about is the 911 emergency
14 fund, page 11 of 17. We usually get like 60,000 somewhere
15 in October, and 60,000 somewhere in May. This time we
16 only got 38,000. I don't know how these things are
17 calculated, but we get a check from Detroit, City of
18 Detroit.

19 According to some formula, and if you see, we
20 already, we are showing a deficit of \$43,000. And the
21 fund balance in this budget is only \$37,000. So this may
22 be, this, we may have to, general fund may have to fund
23 this, at the end of the year. If we don't get anything
24 more in May. That's the only one I have.

25 MR. STEMA: And question on that -- if -- how do

1 we know we're getting the right amount from Detroit, if we
2 don't know what the funding, or, the formula is?

3 MS. CAIRNS: I think the police chief --

4 MR. STEMA: I'm assuming somebody knows, and
5 they're doing some review, especially when you come in
6 that much, you know, dollar to dollar amount, and it's
7 that much less.

8 MS. MOISE: Right, we've been discussing that,
9 and actually that's something I'm going to follow up with
10 Detroit, and with the state. I know it has to do with the
11 number of, like, employees you have, and how that's
12 calculated through the state. And then it filters to
13 Detroit, and then Detroit disperses it. So it's certainly
14 something that we're looking at. To figure out the
15 formula, proper channels to make sure we are getting the
16 proper funds.

17 MR. STEMA: Is Detroit like a pass through
18 agency, then, on the funds?

19 MS. MOISE: Yes.

20 MR. STEMA: Okay, so there's a pass through with
21 the state, and Detroit, instead of going to individual
22 cities automatically?

23 MS. MOISE: Comes from the state, then it comes
24 to Detroit, from Detroit to -- Detroit issues us the
25 funds.

1 MR. STEMA: Okay.

2 MS. ROBERTS: Does anyone have any questions?

3 (No response)

4 MS. ROBERTS: I would entertain a motion to
5 approve, deny or postpone the budget to actual and cash
6 flow reports.

7 MR. STEMA: Motion to approve.

8 MS. YOUNG: Second.

9 MS. ROBERTS: Any further discussion?

10 (No response)

11 MS. ROBERTS: Seeing none, all those in favor
12 say aye. Aye.

13 MS. YOUNG: Aye.

14 MR. STEMA: Aye.

15 MR. BOGDAN: Aye.

16 MS. ROBERTS: Opposed, the same.

17 (No response)

18 MS. ROBERTS: Motion carries.

19 Next on the agenda is approval of invoice
20 register and preapproved expenditures. I would entertain
21 a motion to approve, deny, or postpone invoice register
22 and preapproved expenditures.

23 MS. YOUNG: Motion to approve.

24 MR. BOGDAN: Second.

25 MS. ROBERTS: Any discussion?

1 (No response)

2 MS. ROBERTS: Seeing none, all those in favor
3 say aye. Aye.

4 MS. YOUNG: Aye.

5 MR. STEMA: Aye.

6 MR. BOGDAN: Aye.

7 MS. ROBERTS: Opposed, the same.

8 (No response)

9 MS. ROBERTS: Motion carries.

10 Next on the agenda is approval of Resolution
11 2017-09, award contract for the copiers. While action on
12 this item occurred during a council meeting outside the
13 normal review period for today's board meeting, the city
14 manager has asked that we bring the item forward for early
15 review.

16 That the city council may approve the resolution
17 February -- they approved this resolution on February
18 14th, 2017. Ms. Powell, would you please provide a
19 summary of this item?

20 MS. POWELL: Yes, ma'am.

21 So, our copier contract was up and we put --
22 well, it was coming up, it was ending. And so we put this
23 out to bid, because we wanted to look at the difference
24 between color copiers and black and white copiers.

25 Currently, I believe there may be one color

1 copier in the entire building, maybe two. And so we
2 wanted to get color copers and black and white copiers, as
3 long as they were cost efficient. We were able to get
4 these color copiers at a much lower rate than the current
5 black and white copiers that we have.

6 So, of course, we'll also be keeping tabs on,
7 you know, how much is being spent copying on these
8 copiers, and making sure that we're not you know, spending
9 more than we need to for color copies. But this is
10 certainly something that the staff has complained about,
11 and I have complained about.

12 And so it's certainly cheaper for me to print
13 out on this than it is for me to print out on the little
14 copier, or the little printer that's in my office, that I
15 have to pay an arm and a leg for the ink. So we want to
16 move forward in getting these copiers in place, sooner
17 than later.

18 MS. ROBERTS: Thank you. I would entertain a
19 motion to approve, deny, or postpone Resolution 2017-9,
20 award for lease of copiers.

21 MR. BOGDAN: Move to approve.

22 MR. STEMA: Second.

23 MS. ROBERTS: Any further discussion?

24 (No response)

25 MS. ROBERTS: Seeing none, all those in favor

1 say aye. Aye.

2 MS. YOUNG: Aye.

3 MR. STEMA: Aye.

4 MR. BOGDAN: Aye.

5 MS. ROBERTS: Opposed, the same.

6 (No response)

7 MS. ROBERTS: Motion carries.

8 Next on the agenda is approval of Resolution of
9 2017-10, award contract to Board Docs for document
10 management system. While action on this item occurred
11 during a council meeting outside the normal review period
12 for today's board meeting, the city manager has asked for
13 us to bring this item forward.

14 Ms. Powell, would you please provide a summary
15 of this item for the board?

16 MS. POWELL: Yes, ma'am.

17 The city council will be moving to an electronic
18 version of our agendas. We are also providing them with
19 iPads. Currently, we spend a lot of time making copies,
20 making packets. Any time there's changes to agenda items,
21 we have to completely recopy, you know, those items, and
22 distribute them.

23 While we email the agendas currently to the city
24 council members, you know, for the meetings, this will
25 allow all the departments to submit their documents.

1 We'll be able to approve them, we'll be able to make
2 changes to them, and all the city council will need to do
3 is click on the link to get to them.

4 So, we're trying to be a little more cost
5 effective, and cut down on the paper usage. I'm a huge
6 tree hugger, and so I wanted to make sure that we're
7 saving as many trees as possible. But I also want to make
8 it more user friendly, not just for the council, but for
9 the staff.

10 It's extremely time consuming to pull together
11 all these agenda items, proofread them, do all of that.
12 Make copies, put them in mailboxes, email them, so on and
13 so forth. Also, this will allow the public to access the
14 agenda much more effectively, as well. We'll have a link
15 on our website that they can just click on and get to
16 them.

17 In the future, if we decide to start streaming
18 video, we can also post that. And this will not just be
19 for city council, but this will be for all the boards. We
20 won't be providing iPads for all of the boards, but they
21 will have electronic access to all of the items that they
22 need for their meetings.

23 So this is just one step more forward, in us
24 being more user friendly for not just, you know, the
25 people internally, but for the people externally.

1 MS. ROBERTS: Thank you. I would entertain a
2 motion to approve, deny, or postpone Resolution 2017-10,
3 award for contract of Board Docs for document management
4 system.

5 MR. STEMA: Motion to approve.

6 MS. YOUNG: Second.

7 MS. ROBERTS: Any discussion?

8 (No response)

9 MS. ROBERTS: Seeing none, all those in favor
10 say aye. Aye.

11 MS. YOUNG: Aye.

12 MR. STEMA: Aye.

13 MR. BOGDAN: Aye.

14 MS. ROBERTS: Opposed, the same.

15 (No response)

16 MS. ROBERTS: Motion carries.

17 Next on the agenda is approval to hire a full
18 time fire chief. Ms. Powell, could you provide a summary
19 for the board?

20 MS. POWELL: Yes, ma'am. As you all are aware,
21 Chief Danny Hagen came to our team several months ago on
22 an interim basis, right after our former fire chief
23 retired, unfortunately. He has been phenomenal in our
24 department.

25 He has, you know, by and from all of his

1 firefighters, and we've seen almost a complete
2 transformation of the fire department. And you know, it
3 seems like they're happy, they want to come to work
4 they're getting training.

5 They're doing maintenance on their building,
6 they're doing all of the things that you would expect
7 firefighters to want to do. And so they're now doing that
8 under Chief Hagen's guidance. And so I'm requesting that
9 we hire him on full time.

10 He will not receive benefits, at all, because he
11 is retired from somewhere else, and he receives those. So
12 we won't be on the hook for any of those types of costs.
13 We'll basically just be paying for his salary. So we're
14 very lucky to have someone of his caliber.

15 I included his employment contract, as well as
16 his resume in your packet. We're very fortunate that he
17 wants to work here, and we want to keep him. Plus, we
18 need stability right now, in this organization, more than
19 ever. And he brings that, and provides that, and he's a
20 good leader.

21 MS. ROBERTS: Thank you. I would entertain a
22 motion to approve, deny, or postpone the hiring of one
23 full time fire chief.

24 MR. BOGDAN: Make a motion to approve.

25 MS. YOUNG: Second.

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MS. ROBERTS: Any discussion?

MR. STEMA: I just have a quick question. I know, under the emergency manager rules, you don't -- have you informed the council, mayor and all that, that this was going to be happening? That he was going to be coming on full time?

MS. POWELL: So, at the last meeting, not last night's meeting, but the meeting prior, it was on my city manager comments. But unfortunately, the meeting was called early because we no longer had a quorum, when each of the council members decided to walk out of the meeting.

So, I have spoken to the mayor about this, and I believe that she's in agreement, that we have a good, really good member, and so, I mean, they're -- they've all kind of chimed in, that they like his leadership.

MR. STEMA: Good.

MS. ROBERTS: The motion that's before us is to approve the hiring of one full time fire chief. All those in favor say aye. Aye.

MS. YOUNG: Aye.

MR. STEMA: Aye.

MR. BOGDAN: Aye.

MS. ROBERTS: Opposed, the same.

(No response)

MS. ROBERTS: Motion carries.

1 Next on the agenda is approval of Resolution
2 2017-11, military buyout for police Sergeant Richard
3 Seeley. While action on this item occurred during a
4 council meeting outside the normal review period for
5 today's board meeting, the city manager is requesting that
6 we move this item forward.

7 Ms. Powell, would you please provide a summary
8 of this item?

9 MS. POWELL: Yes, ma'am. Actually, the city is
10 righting a wrong from way back. And so, Sgt. Seeley, who
11 works midnights and was unable to be here today.

12 Back in the early 2000's, there was a grievance
13 filed by the union regarding a military buyout clause in
14 their contract. At the time, the city was under the
15 emergency management of an emergency manager, and there
16 was an agreement made that listed a group of employ -- of
17 police officers who qualified for the military buyout
18 clause.

19 During that time, Sgt. Seeley had been wrongly
20 terminated, and then was reinstated, right as the list was
21 coming out, and his name was not included on the list.
22 He's been trying since that time to get the city to allow
23 him to buy out four years of his military time that he
24 served, in the military.

25 He just wanted to be able to have the same

1 option that his co-workers had back then, and so we were
2 able to get an agreement from MERS, and Sgt. Seeley will
3 be required to pay \$13,550, and the city will pick up the
4 estimated purchase cost of 116,913.

5 We will be taking this out of the general fund.
6 But this is something that we think is the right thing to
7 do. The council did approve this item as well. We're
8 just trying to right a wrong.

9 MS. ROBERTS: I would entertain a motion to
10 approve, deny or postpone Resolution 2017-11, military
11 buyout.

12 MR. STEMA: Motion to approve.

13 MR. BOGDAN: Second.

14 MS. ROBERTS: Any further discussion?

15 (No response)

16 MS. ROBERTS: All those in favor say aye. Aye.

17 MS. YOUNG: Aye.

18 MR. STEMA: Aye.

19 MR. BOGDAN: Aye.

20 MS. ROBERTS: Opposed, the same.

21 (No response)

22 MS. ROBERTS: Motion carries.

23 Next on the agenda is approval of the citywide
24 overtime report. Ms. Powell, would you please provide a
25 summary of the progress the city is making?

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MS. POWELL: Do I have to?

MS. ROBERTS: Or of the progress we're not making?

MS. POWELL: Actually, it's not as bad as I thought it would be. Our overall city overtime is up 29 hours. We're up 29 and a half hours. So, not as bad as I expected, but, it's still not good.

MS. ROBERTS: I would entertain a motion to approve, deny, or postpone the citywide overtime report.

MS. YOUNG: Motion to approve.

MR. STEMA: Seconded.

MS. ROBERTS: Any discussion?

(No response)

MS. ROBERTS: Seeing none, all those in favor say aye. Aye.

MS. YOUNG: Aye.

MR. STEMA: Aye.

MR. BOGDAN: Aye.

MS. ROBERTS: Opposed, the same.

(No response)

MS. ROBERTS: Motion carries.

Next we have the 31st District Court report for the month of January, 2017. This is informational only.

Next on the agenda, board comment. Do we have any comment from board members?

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(No response)

MS. ROBERTS: Seeing none, I would entertain a motion to adjourn, at approximately 1:50.

MS. YOUNG: Motion to adjourn.

MS. ROBERTS: Second?

MR. BOGDAN: Second it.

MS. ROBERTS: All those in favor say aye. Aye.

MS. YOUNG: Aye.

MR. STEMA: Aye.

MR. BOGDAN: Aye.

MS. ROBERTS: Opposed, the same.

(No response)

MS. ROBERTS: Motion carries, we are adjourned.

Thank you, everyone.

(Proceeding conclude at 1:50 p.m.)

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STATE OF MICHIGAN
COUNTY OF WASHTENAW) .ss

I certify that this transcript is a complete, true, and correct transcript to the best of my ability of the RTAB meeting held on February 28th, 2017, City of Hamtramck. I also certify that I am not a relative or employee of the parties involved and have no financial interest in this case.

RESPECTFULLY SUBMITTED: March 9, 2017

s/ Amy Shankleton-Novess

Amy Shankleton-Novess (CER 0838)
Certified Electronic Reporter

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