

City of Ecorse

Receivership Transition Advisory Board Meeting Minutes

Tuesday, April 11, 2017

Ecorse City Hall

Council Chambers

Albert B. Buday Civic Center

3869 West Jefferson

Ecorse, Michigan 48229

RTAB MEMBERS PRESENT:

ROBERT BOVITZ

JEFF SYKES

JOAN BROPHY

ALSO PRESENT:

PATRICK DOSTINE

Michigan Department of Treasury

TIM SADOWSKI

Controller

DAVID FLATEN

Interim City Administrator

Reported by:

Modern Court Reporting & Video, LLC

SCAO FIRM NO. 08228

101-A North Lewis Street

Saline, Michigan 48176

(734) 429-9143/nel

1 Called to order at 9:04 a.m.

2 MR. SYKES: First we have call to order.

3 Roll call.

4 MR. DOSTINE: Sure.

5 Rob Bovitz.

6 MR. BOVITZ: Here.

7 MR. DOSTINE: Joan Brophy.

8 MS. BROPHY: Here.

9 MR. COLLINS: Jeff Sykes.

10 MR. SYKES: Here.

11 MR. DOSTINE: You have quorum, Mr. Chair.

12 MR. SYKES: All right.

13 Next, we'll move to ~~the~~ approve the agenda. I

14 will entertain a motion to approve the agenda as

15 presented.

16 MS. BROPHY: So moved.

17 MR. BOVITZ: Support.

18 MR. SYKES: All those in favor say aye.

19 MR. BOVITZ: Aye.

20 MS. BROPHY: Aye.

21 MR. SYKES: Aye.

22 Those opposed the same?

23 (No response.)

24 MR. SYKES: The agenda is approved.

25 I'd like to remind the audience that if you

1 intend to speak during the public comment portion of the
2 meeting, it will be necessary for you to sign in at the
3 sheet that's located at the podium.

4 Okay, so with that, we'll move on to the
5 approval of the RTAB minutes of the March 14th, 2017
6 meeting. I'll entertain a motion to approve the March
7 14th -- Patrick, is this the appropriate time to talk
8 about the budget or?

9 MR. DOSTINE: We can do it, Mr. Chair, under the
10 March 14th resolution.

11 MR. SYKES: Okay. So I'll entertain a motion to
12 approve the March 14th, 2017 RTAB minutes as presented.

13 MR. BOVITZ: So moved.

14 MS. BROPHY: Support.

15 MR. SYKES: All those in favor say aye.

16 MR. BOVITZ: Aye.

17 MR. SYKES: Aye.

18 MS. BROPHY: Aye.

19 MR. SYKES: Those opposed the same.

20 (No response.)

21 MR. SYKES: The minutes are approved.

22 We'll move on to old business, which there is
23 none. So we'll move onto new business. And this is the
24 approval of resolutions and ordinances of city council
25 meetings.

1 The first item is a resolution from the regular
2 city council meeting of February 28th, 2017. I'll note
3 that Resolution 402, 408, and 409 were approved at our
4 last board meeting. Those were pulled forward. So with
5 that, I'll entertain a motion to approve the resolutions
6 from the regular city council meeting of February 28th,
7 2017.

8 MS. BROPHY: Move approval.

9 MR. BOVITZ: Support.

10 MR. SYKES: All those in favor say aye.

11 MR. BOVITZ: Aye.

12 MS. BROPHY: Aye.

13 MR. SYKES: Aye.

14 Those opposed the same.

15 (No response.)

16 MR. SYKES: These resolutions have been
17 approved.

18 Next we have resolutions from the regular city
19 council meeting of March 14, 2017. At this point I'd just
20 like to pull the budget from this portion just to get a
21 little bit of a discussion about the budget. Tim?

22 MR. SADOWSKI: Oh. I'm up.

23 MR. SYKES: There you go. **Mr. Sadowski**

24 ~~MS. BROPHY~~: Okay, the budget. I prepared the
25 budget. I basically used the incremental approach for

1 expenditures and basically kept revenues flat. For a
2 community that's distressed, it makes financial sense to
3 do so, so we know that we will absolutely hit our revenue
4 target. And then if inflation or other -- some
5 incremental increases for our expenses, we know we have
6 the funds available. And if it's a lot more than the 3
7 percent that we budget throughout the funds, I can
8 maneuver between line item budgets to cover an expense
9 more than 3 percent on one item.

10 So, the city's been using that approach for the
11 last, what, this will be our third year, and we've always
12 had a net income every year, so, or a balanced budget.

13 The millages are all the same except for one.
14 The only millage that increased was for the MERS pension
15 debts. All the other millages are either maxed out or --
16 pretty much they're all maxed out. So that's the only one
17 that can be increased because it's based on debt.

18 We did eliminate the Environmental Protection
19 Agency levy, that goes back to over 20 years, because the
20 city has collected enough funds to have a reserve, paid
21 remaining obligations. So actually even though that one
22 millage went up about a mill-and-a-half, we lost three
23 overall, so actually the millage rate went down. And we
24 also lost about 3 percent in taxable value. So the city
25 will, residents will not only see a millage decrease on

1 their tax bill, they'll also see an assessment decrease on
2 their tax bill. So overall taxes are going down. Not to
3 say that's for every single resident, but overall on the
4 city-wide tax base tax revenues, their tax bills, revenues
5 are going down just because of the millage and taxable
6 values.

7 Every fund has a balanced budget. I had talked
8 about the rubbish fund being maxed out last time. We are
9 using our fund balance to balance that because we had no
10 other option other than general operating, and we have
11 such a large fund balance from the local community
12 stabilization share from last year. We'll just use that
13 fund balance up. Which will probably last us another six
14 or seven years before we have to start transferring
15 operational revenues from the general fund.

16 Our library has been operating pretty well for a
17 small library. They went down to 2, from 3 down to 2;
18 that's why their budget's so well. And they have been
19 using a program that they get an additional clerical staff
20 for free through one of the state programs.

21 Community development block keeps going down
22 every year. I don't know if anybody's read the news.
23 It's always on the agenda to be cut or eliminated.

24 MR. SYKES: Right.

25 MR. SADOWSKI: And we just go year by year. So

1 that has been set a \$122,000. Not very much. But we
2 usually always spend our -- we're one of the few
3 communities in Wayne County that spend all of our money.
4 So we use that for sidewalks, housing, fire trucks; pretty
5 much basic services.

6 As I said, our stabilization bond will be paid
7 off November 1st, 2017. That is from the 2002 emergency -
8 - even though we were not in receivership at that time, we
9 did issue stabilization bonds to cover the shortfall.
10 That will finally be paid off. That's a long time;
11 fifteen years later.

12 Our judgment bond, that is from the 2011
13 emergency. We have over 20 years left on that debt.
14 That's one of the things, but we do have a tax millage to
15 cover that debt.

16 The water and sewer fund, I incrementally
17 increased that by 5 percent like I did in previous years.
18 We have discussions with DUWA in Wayne County on
19 consolidation or takeover and merging, and there's a lot
20 of unknowns. The rate did increase substantially since
21 I've been here. As it is right now, the only thing that
22 is underperforming is sewer revenues, and like I said, we
23 lose the water and sewer millage in July, so those monies
24 are gone. So that will be interesting to see where water
25 and sewer -- water should be fine, sewer projections are

1 the only things that is not exactly where it needs to be.
2 It's about -- it's less than 10 percentage points from
3 operating where it should be, and I've been thinking about
4 that because, so sewer is based on water operations, so to
5 me it's kind of interesting why they should not be right
6 at the meeting. So maybe something I'll have to look at
7 if it doesn't pick up by year end.

8 So that's pretty much for the budget overall.

9 MR. SYKES: Okay. Thanks for the presentation.

10 Are there any questions?

11 Any questions?

12 MS. BROPHY: Just assuming -- assuming community
13 development block grant does disappear, which I don't know
14 that it will, I mean what are the plans for the fire truck
15 payment? I think there's a couple more payments.

16 MR. SADOWSKI: Yeah, we have a couple more
17 payments. Those will have to come out of the general
18 fund. And then, but yeah, it's almost \$50,000.

19 MS. BROPHY: Right.

20 MR. SADOWSKI: And actually we used a program
21 income because we had liens that were paid off this year,
22 to pay that, and we released the loans from the general
23 fund. So that's a big one. Fire truck will have to come
24 out of operating revenues. And then the ordinance
25 officer will also have to come out of operating revenues.

1 MR. SYKES: How many years of payments on the
2 fire truck?

3 MR. SADOWSKI: I believe there's two more.

4 MS. BROPHY: Two more.

5 MR. SADOWSKI: I have one here. The fire truck,
6 last payment, March 2019. So two more. So that would be
7 an additional \$100,000 the city would have to make up over
8 the years if it was completely eliminated.

9 MR. BOVITZ: And the ~~ese~~ public safety budget,
10 it's sad that the MERS retirement is almost as much as the
11 full staff salary budget, 1.2 million and 1.4 million.

12 MR. SADOWSKI: Yeah.

13 MR. BOVITZ: You know, it's like public safety
14 is very important to the City of Ecorse, and I just wish
15 that we could do something else with how to fund the
16 retirement.

17 And then the other one was, that I noticed, the
18 audit fees were expected to go down by \$8,000. Do you
19 expect less work to be done this year?

20 MR. SADOWSKI: The reason why we do that is we
21 have the audit for our financial statements and then we
22 have the audit for retiree healthcare. Retiree healthcare
23 is every other year, so it goes up and down. It's just a
24 biannual expense. So we're not really saving any money.
25 It's just we don't do the healthcare audit every year.

1 MR. BOVITZ: And the proposed consolidation of
2 your position as administrator/controller, what does that
3 do to the budget for --

4 MR. SADOWSKI: It's a \$77,000 savings for next
5 fiscal year starting July 1st.

6 MR. BOVITZ: Because you're both considered
7 part-time at this point and it's going to be --

8 MR. SADOWSKI: Well, the city already pays for
9 my benefits, which is a substantial savings, and it would
10 be an over \$40,000 saving on salaries alone. So when you
11 add salaries and benefits together, it's a \$77,000
12 savings. To adjust the city administrator budget that's
13 already budgeted, that's already proposed in here, so that
14 would, you know, that would -- what am I at right now?

15 So right now we're at \$3,000, so another \$77,000
16 is, you know, \$80,000 surplus; not only that, by, as you
17 were speaking earlier, that instead of contracting out the
18 controller's position, that saves the city another \$30,000
19 by having an employee rather than a CPA contractor. So
20 together that's a \$107,000 savings every year.

21 MR. BOVITZ: Okay.

22 MR. SYKES: Okay. All right, no further
23 questions?

24 (No response.)

25 MR. SYKES: All right, so with that I'll

1 entertain a motion to approve all of the resolutions from
2 the regular city council meeting of March 14, 2017.

3 MS. BROPHY: So moved.

4 MR. BOVITZ: Support.

5 MR. SYKES: All those in favor say aye.

6 MS. BROPHY: Aye.

7 MR. BOVITZ: Aye.

8 MR. SYKES: Those opposed the same.

9 (No response.)

10 MR. SYKES: The motion to approve is -- or the
11 motion for these resolutions have been approved.

12 We'll move on to Number 3, claims and accounts
13 of regular city council meeting draft minutes, March 28th,
14 2017.

15 MR. BOVITZ: Motion to approve the claims and
16 accounts from the regular city council meeting of March
17 28, 2017.

18 MS. BROPHY: Support.

19 MR. SYKES: All those in favor say aye.

20 MS. BROPHY: Aye.

21 MR. BOVITZ: Aye.

22 MR. SYKES: Aye.

23 Those opposed the same.

24 (No response.)

25 MR. SYKES: This motion is passed.

1 We'll move on to the city administrator items.
2 First is the approval of city council minutes. This was
3 addressed in new business.

4 Next is the approval of the budget to actual,
5 February 2017. So I'll entertain a motion to approve the
6 budget to actual report for February 2017.

7 MS. BROPHY: Move to approve.

8 MR. BOVITZ: Support.

9 MR. SYKES: All those in favor say aye.

10 MR. BOVITZ: Aye.

11 MS. BROPHY: Aye.

12 MR. SYKES: Aye.

13 Those opposed the same.

14 (No response.)

15 MR. SYKES: This motion has been approved.

16 Next we'll move to the approval of Resolution
17 427. This is the 2017/18 Budget and Millage General
18 Appropriations Act. This was addressed in new business.

19 Next we have the approval of Resolution 428.
20 This is the 2017/18 police and fire special assessment.
21 And again, this has been addressed in new business.

22 Number 5, we have the approval of Resolution
23 429, 2017/18 street lighting special assessment, and this
24 also was addressed in new business.

25 Next we'll move to the approval of Resolution

1 450, award restoration of the Dingell Park bid. While
2 this action on this item occurred during a city council
3 meeting outside of normal review of today's board meeting,
4 the city manager is requesting to bring this item forward
5 for early review.

6 Mr. Flaten, could you give comment on this item?

7 MR. FLATEN: This went out. We had eight
8 bidders. ~~It's came back.~~ The eligible bidder was Elgin
9 Builders. And their bid was a hundred and -- no --
10 sixteen -- fourteen thousand dollars less than what we had
11 received from Detroit Edison. It's all there in the
12 neighborhood of \$170,000 and what we received from Edison
13 was \$184,000. So we accepted their bid. We're not
14 anticipating any changes to that unless, until
15 construction starts. The main thing being that the
16 foundation to the structure itself will have to be
17 checked; see if there's any cracks or anything that was
18 created in the sewer lines or water lines because of the
19 explosion. And at that point we will go back to Edison
20 for additional funds if they are needed.

21 MR. BOVITZ: I just noticed, Hennessey was asked
22 to review, and there were 7 bids. There's a big range, a
23 hundred and fifty-eight-seven being the Elgin low bid, up
24 to \$360,000 the high bid. What --

25 MR. FLATEN: Yeah, we couldn't figure out the

1 \$360,000 unless they were planning on doing extensions or
2 additions to what we had asked for. That seems
3 unreasonable.

4 MR. BOVITZ: ~~In~~ Hennessey ~~the~~ recommended that you
5 interview the two lowest, Elgin and Pizzo. Did Pizzo have
6 a say-so? Because they were only, on a \$158,000 bid they
7 were only \$180 more?

8 MR. FLATEN: They were \$180 more, and yes,
9 Hennessey talked to both of them. They interviewed former
10 clients of theirs or, you know, the contractor and that.
11 The one contractor I will tell you kind of said that they
12 weren't happy with Elgin, but we found out that other
13 contractors working for that community received the same
14 type of notification that they weren't happy with
15 anybody's work, so.

16 MR. BOVITZ: Yeah. I just want to make sure
17 we're going with best value as opposed to low bid.

18 MR. FLATEN: Yeah

19 MR. BOVITZ: So if Elgin can perform.

20 MR. FLATEN: Yeah. And they're both local,
21 Pizzo as well as Elgin, are both local bidders, but you
22 know, and it seems awful close, but Elgin weighed out.

23 MR. SYKES: Any further questions?

24 MS. BROPHY: No.

25 MR. SYKES: Okay. I'll entertain a motion to

1 approve Resolution 450, that's the award of the
2 restoration for the Dingell Park bid.

3 MR. BOVITZ: So moved.

4 MS. BROPHY: Support.

5 MR. SYKES: All those in favor say aye.

6 MR. BOVITZ: Aye.

7 MS. BROPHY: Aye.

8 MR. SYKES: Aye.

9 Those opposed the same.

10 (No response.)

11 MR. SYKES: This resolution has been approved.

12 Next we have approval of Resolution 453. This
13 is a budget amendment. And again, while this action on
14 this item occurred during a council meeting outside of
15 normal review of today's meeting, the city manager has
16 requested that we bring this item forward for early
17 review.

18 Could you please comment on that as well?

19 MR. FLATEN: I'll let Tim.

20 MR. SYKES: Tim.

21 MR. FLATEN: Let Tim explain that one.

22 MR. SADOWSKI: This is just a standard quarterly
23 budget amendment. You can see that as the city operates
24 through the year that our net income keeps increasing
25 across all funds, which is positive for the City of

1 Ecorse, which means we can do more projects this spring,
2 which is on the agenda for tonight at 7:30. So based on
3 that, you can see our general fund is going up to \$41,000
4 net income, and that's if the city spent every single
5 dollar on every single line item and completed every
6 single project on tonight's agenda, so we will definitely
7 have a positive net income.

8 The only thing that would ever throw that off
9 would be a substantial claim to a lawsuit that we would
10 have to come up with a substantial expense. Even though
11 those are -- yeah, so that's pretty much it. Operational-
12 wise the city is good to go on the general fund.

13 Our major and local street funds have projects
14 budgeted for engineering. We're hoping to have a summer
15 project based on engineering cost, so that looks good.

16 You can see the rubbish fund, as I discussed
17 before, is doing well with that surplus extra funds.

18 The library is doing well.

19 All our funds are doing well. Even though the
20 water and sewer fund has a \$223,000 surplus budgeted, it's
21 going to be contingent upon sewer actual revenues. So
22 there's some leeway there. Like I said, it'll just be
23 based on where the actual numbers for sewer come in.

24 The city's going the right direction for the
25 third quarter. There's only one quarter left, so.

1 MR. SYKES: There was a discussion in there
2 about surplus at the end of the year and what's to be done
3 with that.

4 MR. SADOWSKI: Yeah, that's -- the city has to
5 invest all surpluses over working capital into bonds.

6 MR. SYKES: Uh-huh.

7 MR. SADOWSKI: Municipal bonds with the state of
8 Michigan.

9 MR. SYKES: Okay.

10 MR. SADOWSKI: That's kind of a non-incentive to
11 have a surplus if you look at it from a certain way.
12 Should the city maximize its expenditures and have a
13 balanced budget and do as many projects or do they want
14 the money to sit in a bond for the next 20 years.

15 MR. SYKES: So now is there any sort of a
16 restriction on what type of municipal bonds to be
17 purchased or?

18 MR. SADOWSKI: According to our policy they have
19 to be A or higher; AA or higher.

20 MR. SYKES: Okay.

21 MR. SADOWSKI: The state of Michigan, I did a
22 presentation to the council. They could either buy mutual
23 funds, which is a collaboration of municipal bonds of the
24 state of Michigan. There's currently three indexes that
25 have those Michigan bonds. Or we could buy bonds directly

1 straight from the municipality itself. Because of the
2 fees, the fees are \$2,500 per million annually to have a
3 mutual fund. The city council said they were not worried
4 about the liquidity of a four day return for cash.
5 Instead they would rather have a guaranteed investment
6 bond, so they're guaranteed interest income and they're
7 guaranteed their money back. The whole question becomes
8 what is our legal counsel going to say the working capital
9 is, and I don't know that. I don't know that answer.

10 MR. SYKES: Okay. Now the bonds going forward
11 that would be purchased, these wouldn't, like the last
12 time we put ourselves in a situation where we couldn't
13 liquidate, the bonds being purchased going forward
14 wouldn't have the same sort of restriction?

15 MR. SADOWSKI: We -- no, we can liquidate those
16 bonds now.

17 MR. SYKES: Okay.

18 MR. SADOWSKI: Before we could not liquidate
19 those bonds because the IRS were in the middle of coming
20 up with regulations as to what was going to be taxes on
21 bonds and how you could use the money.

22 MR. SYKES: Okay.

23 MR. SADOWSKI: So we purchased those bonds in
24 March. I think we had a March deadline according to
25 Plante Moran. So in July the IRS came out with the

1 official regulations. Now the official regulations say if
2 there is an emergency or a municipal expense, within 90
3 days the city can liquidate that money and spend that
4 money in 90 days. So pretty much then the only thing that
5 comes to play is it is no longer a hold to investment
6 bond. You will then have to find a seller and then sell
7 at the rate.

8 MR. SYKES: Right.

9 MR. SADOWSKI: So then you kind of have
10 investment interest rate loss or gain.

11 MR. SYKES: Right.

12 MR. SADOWSKI: Could be either way. But that's
13 the only risk. So if the city needed the money, we could
14 find a seller, usually takes a week or two to find a
15 buyer. We are the seller. A week or two to find a buyer
16 for the municipal bonds, have that money in our bank
17 account, and then spent it within 90 days, that is
18 perfectly legitimate now.

19 MR. SYKES: Okay.

20 MR. SADOWSKI: So really it's just an investment
21 risk.

22 MR. SYKES: Okay.

23 MS. BROPHY: For the future.

24 MR. SYKES: All right, that's good.

25 Do you guys have any further questions?

1 Okay, I'll entertain a motion to approve
2 Resolution 453, the budget amendment, or budget amendment
3 number four.

4 MR. BOVITZ: So moved.

5 MS. BROPHY: Support.

6 MR. SYKES: All those in favor say aye.

7 MR. BOVITZ: Aye.

8 MR. SYKES: Aye.

9 MS. BROPHY: Aye.

10 MR. SYKES: Those opposed the same.

11 (No response.)

12 MR. SYKES: The Resolution 453 has been
13 approved.

14 Next we'll move on to approval of Resolution
15 454. This one is the appointment of Timothy Sadowski as
16 the city administrator/controller. Again, while this
17 action -- the action on this item occurred during a city
18 council meeting that's outside the normal period for
19 today's board meeting, the city manager has requested to
20 bring this item forward for early review.

21 Mr. Flaten.

22 MR. FLATEN: Yes, sir.

23 It is the recommendation, my recommendation as
24 well as the approval of city council, to appoint Tim
25 Sadowski as your city administrator and controller. I

1 think you all know just from the presentation he just gave
2 he's got a keen knowledge of all the finance issues that
3 take place in this city, and he has, in my estimation,
4 grasped the daily process of being city administrator to,
5 when the things have come up on a daily basis involving
6 that position. So it's all been explained at council. We
7 have a contract that's been prepared for him. We put an
8 addendum or an attachment to that contract to outline his
9 job description as well -- as city administrator as well
10 as the controller's position. On the controller's
11 position I did go through and eliminate from that position
12 that's currently the one we've been using for controller,
13 we've taken out several items and we'll be transferring
14 that to another individual to handle those items in order
15 to prevent any internal control issues that may arise
16 during audit.

17 I think every audit, Bob, you know this
18 yourself, every audit's got recommendations in it. On our
19 last we had recommendations, they were forwarded -- or
20 deficiencies were forwarded to the state of Michigan. Tim
21 answered those deficiencies as well as myself, and we have
22 not heard back from the state on it, but I think they're
23 well aware too that we can only move so much around
24 between positions here in the city because we are short
25 staffed, but that does not preclude us from having good

1 internal control measures. And by creating this position
2 with Tim occupying both administrator and controller, we
3 will still maintain the internal control integrity that is
4 desired.

5 MR. SYKES: Well, you hit upon exactly what my
6 concern was, is that by combining these two positions,
7 it's not a Tim thing; it's a whoever were to sit in this
8 position, it would be to make sure that there is enough
9 separation of duties so that we wouldn't run into any kind
10 of a conflict or any kind of an issue.

11 One of the things that I've been thinking about
12 on this is, not to say that we can't go ahead and vote on
13 this today, but if there are -- you know, within a certain
14 period of time, maybe by our next meeting or the following
15 meeting, if the audit group, you know, who does the
16 financial audit, if they could take a look and if, not an
17 opinion, but maybe a comfort letter or something along
18 those lines that says that they have looked at the --

19 MR. FLATEN: Job descriptions of both positions
20 --

21 MR. SYKES: -- job duties and the separation --

22 MR. FLATEN: Sure.

23 MR. SYKES: -- to see if it's something they're
24 comfortable with, so we could get that sort of third party
25 comfort, and it also kind of brings that issue to the

1 forefront for them as well. If we could do something
2 along those lines.

3 MR. FLATEN: We can do that. Our auditors
4 currently are Raymond Robson. Personally, and this is not
5 shared opinion of anybody in this room I don't believe,
6 but my personal opinion, wasn't real happy with the way
7 they presented their recommendations regarding our
8 deficiencies because none of us were brought to the table
9 to discuss those deficiencies. They were just printed up.

10 MR. SYKES: And that's awkward.

11 MS. BROPHY: Yeah.

12 MR. FLATEN: That is their --

13 MR. SYKES: That's not typical.

14 MR. FLATEN: That is very awkward.

15 MR. SYKES: Yeah.

16 MR. FLATEN: Normally that doesn't happen. I am
17 a former auditor --

18 MR. SYKES: Right.

19 MR. FLATEN: -- so I know how that works, and we
20 would have appreciated some conversation with them. The
21 one notably was the fact that they said that we did not
22 approve the 2015/16 budget until July. Now the minutes
23 will show that the budget for that particular period was
24 approved in February, but there was an adjustment to the
25 budget in July. That adjustment was necessitated by some

1 changes that we had made in terms of wages and benefits.

2 MR. SYKES: Who manages that contract?

3 MR. FLATEN: I don't -- can't remember the
4 manager's name.

5 MR. SYKES: No, from the city standpoint. Is
6 that something that the city handles, hiring the
7 accounting firm?

8 MR. FLATEN: The auditor?

9 MR. SYKES: Yeah.

10 MS. BROPHY: Yeah.

11 MR. FLATEN: Yeah.

12 MR. SYKES: I would say during that process you
13 should have that discussion with them. It seems to me
14 it's atypical that you don't get an opportunity to respond
15 to those findings. Oftentimes you even see the auditees'
16 responses and how they plan to resolve --

17 MR. SYKES: Yeah, we --

18 MR. SYKES: -- those issues as a part of the
19 report.

20 MR. FLATEN: Yeah, like I said, we responded to
21 ~~Kerry~~ Cary Vaughn (phonetic) at local audit.

22 MR. SYKES: Uh-huh.

23 MR. FLATEN: We haven't heard anything back yet
24 as to whether they accept our discussion on the
25 deficiencies or not, but we're proceeding ahead. We've

1 already met the deficiencies and corrected them. We're
2 just moving on. We're not going to wait for an opinion
3 from them and move forward. And I can pretty much assure
4 you that those deficiencies will not show in the next
5 audit.

6 MR. SYKES: Okay. Well, from my standpoint, you
7 know, this is that I -- I'm ready to vote and move forward
8 on this. I think what I would say is that if the audit
9 comfort letter, you know, if you will, comes back and they
10 have recommendations on further separation of duties or
11 something along those lines, you know, I would hope that
12 folks would take that very seriously.

13 MR. FLATEN: We will.

14 MR. BOVITZ: Well, I'm more concerned about what
15 started this action. Is it because your temporary
16 position when you were phasing out normally or?

17 MR. FLATEN: Yeah, I'll be done at the end of
18 April.

19 MR. BOVITZ: So when council voted on this back
20 at the March 28th meeting, so how has that affected the
21 day-to-day operations since that point?

22 MR. FLATEN: Things have been well. I mean I'm
23 working on a fire fighter's contract, Tim has been working
24 on different issues, notably this redemption issue with
25 the new tax laws and so forth; he's worked on that. He's

1 very familiar with the contracts as they stand right now.
2 There's been no loss of continuity in terms of operation
3 in any way, shape, or form. I'll stick around and work on
4 this 'til the end of the month because I would really like
5 to finish that fire fighter contract and get that done.
6 We've got another contract coming up with the AFSCME
7 personnel, of which there's only three that are in that
8 bargaining unit, but that has to be addressed, so. But
9 there's no loss of continuity whatsoever.

10 MR. BOVITZ: And my other concern is our city
11 attorney, Wycoff, he represented the city at these
12 meetings in the past, and there was concern with the
13 previous city administrator with the contract done and
14 maybe a little too generous, so I'm assuming that the
15 correct contract was reviewed by Mr. Wycoff or his
16 assistant?

17 MR. FLATEN: The contract was reviewed by
18 Wycoff. He had some concerns; those concerns have been
19 addressed both at his level and at the council level --

20 MR. BOVITZ: So --

21 MR. FLATEN: -- and their council was very much
22 satisfied with the decision they've made to hire Tim as
23 your city administrator and controller.

24 MR. BOVITZ: So the fact that we don't have a
25 representative at this meeting is no indication that the

1 city attorney's position has been phased out or limited
2 or?

3 MR. FLATEN: Well, I -- the city attorney's
4 position will never be phased out; I mean you'll always
5 need to have a city attorney.

6 MR. BOVITZ: But for the purposes of the RTAB.
7 I mean, I would like to see something official from the
8 city attorney regarding this contract and also his
9 approval of the consolidation because of the audit
10 standpoint, the one thing, but also from a legal
11 standpoint I want to make sure that we have, you know, a
12 blessing going forward.

13 MR. FLATEN: Okay, we can get you that. He's
14 reviewed the contract. He did have some concerns, and
15 like I say, they were addressed. Truthfully, some of
16 those concerns are not warranted, and the reason why I say
17 that is because I've worked with this gentleman for a
18 year, and I've seen what he can do, what he does on a day-
19 to-day basis. We've had discussions on things where he
20 took one opinion and I took another, but through
21 conversation with both of us, we were able to come to
22 common ground on anything that was ever presented to this
23 TAB board or even to the city council.

24 MR. BOVITZ: No, I'm more concerned about the
25 city attorney representing the city in its best interests,

1 and in years past we've had some conflict between the
2 mayor and the council and the city administrator and the
3 department heads. I want to make sure everybody's on the
4 same page because, Mr. Sadowski, remember, I voted to
5 approve him on the first hire, and I was outvoted by my
6 fellow two, who are not on this current TAB board, by
7 bringing him in the first place, and so I'm glad I voted
8 and stuck to our guns, so-to-speak, to bring him in
9 because I'm happy with the results. I just want to make
10 sure that the mayor, the council, the city attorney, and
11 the people of the City of Ecorse are all served in the
12 best interest, so.

13 MR. FLATEN: Well, we can get you that, but like
14 I say, we are aware of what caused concerns, and they --
15 the council has decided, and I would go support that 100
16 percent, that this is the gentleman you need in this job.

17 MR. BOVITZ: Yeah, and the mayor and council's
18 concern too is the previous city administrator would act
19 without the consent of the mayor --

20 MR. FLATEN: That's -- no --

21 MR. BOVITZ: Okay.

22 MR. FLATEN: That's not going to happen.

23 MR. BOVITZ: All right.

24 MR. FLATEN: That is not going to happen.

25 That's part of his job description is that he will work

1 with the council and the mayor and the TAB board and his
2 department heads in the best interests of the city. This
3 is not where a guy is going to come in and misinterpret
4 perhaps 90 percent of your Order 94 or whatever else it
5 was that, "I'm boss and you guys don't mean diddly," so-
6 to-speak. That's not the case here. He's well aware that
7 he has to work with council. And I think truthfully his
8 opinions in a prior administration were -- were forced,
9 let's say, and would not -- had he not had an
10 administrator that didn't try to rule with an iron fist,
11 you would have got a more well-informed decision or a
12 request for a decision and a well-informed opinion. And I
13 don't want to say too much about that previous
14 administration because there is a lawsuit against the
15 city.

16 MR. SYKES: That's probably best.

17 So with that, do you -- would you be more
18 comfortable waiting 'til the next meeting and you have
19 that information?

20 MR. BOVITZ: No, I think we should -- because
21 the council approved it on March 28th.

22 MR. SYKES: Okay.

23 MR. BOVITZ: And the operation of the city, Mr.
24 Flaten is going to be out basically at the end of April,
25 and I think if the city is comfortable with the transition

1 this, then let's approve it.

2 MR. SYKES: Okay, so we'll do that with the
3 caveat that we'll get something from the auditors and
4 we'll hear from the city attorney.

5 MR. BOVITZ: Yeah, I'd like to see it on
6 Wycoff's letterhead because right now this is a contract
7 with -- it's a stand alone contract.

8 MR. FLATEN: That's, yes, but I want you
9 definitely to keep in mind that some of the opinions that
10 are formed here are without real foundation because
11 there's not a definite day-to-day working relationship
12 that has taken place. It's -- I'm going to tell you, the
13 way I deal with it, I really don't listen to somebody's
14 outside opinion on things. I formulate my concerns about
15 an individual taking a position on the basis of what I
16 know from a working, every day situation. That's how I
17 look at it, and that's what I did here.

18 MR. BOVITZ: Okay.

19 MR. SYKES: All right, with that I will
20 entertain a motion to approve Resolution 454, the
21 appointment of Timothy Sadowski as city administrator and
22 controller.

23 MR. BOVITZ: So moved.

24 MS. BROPHY: Support.

25 MR. SYKES: All those in favor say aye.

1 MS. BROPHY: Aye.

2 MR. BOVITZ: Aye.

3 MR. SYKES: Aye.

4 Those opposed the same.

5 (No response.)

6 MR. SYKES: Congratulations, Tim.

7 MS. BROPHY: Congratulations, Tim.

8 MR. SADOWSKI: Thank you.

9 MR. SYKES: I think.

10 MR. BOVITZ: Does that mean you have to move
11 from Imlay City now?

12 MR. SADOWSKI: I know; it's a drive.

13 MR. SYKES: Okay, so next we'll move on to the
14 approval of Resolution 455. This is the election not to
15 redeem bonds. Again, this is an action that has occurred
16 as a city council meeting outside of today's purview, and
17 the city manager has requested that we pull this forward.

18 So Mr. Flaten, would you like to comment?

19 MR. FLATEN: I'll hand that up to Mr. Sadowski.

20 MR. SYKES: Mr. Sadowski, the city
21 administrator.

22 MS. BROPHY: Since he's in charge now.

23 MR. SADOWSKI: I presented the option to redeem
24 or not to redeem bonds to the city council. Under our
25 bond covenant we have to pay a discount -- we have to pay

1 a premium, every year that premium reduces for five years,
2 and because of that they do not want to redeem any bonds.
3 They would rather invest the surplus because they don't
4 want to pay the premium to redeem. So, like we discussed
5 before, when I get that dollar amount from legal counsel,
6 those bonds will be purchased. We'll follow the
7 investment policy which says they have to be AA or higher
8 in the state of Michigan, which there's not very many of
9 them. I mean I think there's a list that's less than ten
10 usually continually and we'll purchase those bonds. And I
11 said before, we can liquidate those bonds, but the real
12 goal is to hold them for long-term and not lose any
13 interest and return the money.

14 MR. SYKES: Okay. Any questions?

15 All right, I'll entertain a motion to approve
16 Resolution 455, the election not to redeem the bonds.

17 MS. BROPHY: I'll move approval.

18 MR. BOVITZ: Support.

19 MR. SYKES: All those in favor say aye.

20 MR. BOVITZ: Aye.

21 MR. SYKES: Aye.

22 MS. BROPHY: Aye.

23 MR. SYKES: Those opposed the same?

24 (No response.)

25 MR. SYKES: Resolution 455 has been approved.

1 The next item is checks released, and that was
2 for information only.

3 So at this point we'll move to public comment.

4 MR. DOSTINE: Mr. Chair, there is --

5 MR. FLATEN: Mr. Chair, we have one additional
6 item that we would like to bring up that's not on your
7 agenda. The city has presented, has been presented with a
8 proposal by the Veterans Village, Incorporated. I'm sure
9 Pat's made you aware of this.

10 MR. SYKES: Yep.

11 MR. FLATEN: I understand it's not on the agenda
12 and that does create a concern for you. This item will go
13 before the city council tonight. I'm almost assured that
14 it will pass. It's not a money issue in general to the
15 city at this point, but it does create the need for a
16 contract for the placement of manufactured homes on
17 various lots that the city owns and will deed to these
18 individuals or this corporation, Veterans Village, to
19 place those homes on those lots. We have had several
20 meetings with these people. We've had several contracts
21 that were drawn up, reviewed, redrafted, reviewed, and
22 drafted again. There is some concern by some individuals
23 that this is not a good deal. But in the sense that it's
24 a chance for us to rebuild in Ecorse and place homes in
25 Ecorse on lots where we have just demolished homes, the

1 contract itself lends itself to building so many within a
2 certain period of time. There's issues in the contract
3 that will, that if certain things are not accomplished,
4 then this contract becomes null and void and the city will
5 not suffer any loss. There are concerns about who this
6 company is or what this company is, where they're from and
7 so forth. Those questions have all been answered, perhaps
8 not to the satisfaction of some, but to the majority of
9 the council I would have to say that it has been, and
10 discussions with Pat, and I really appreciate this man's
11 help; I want you to know this. We sat this morning and
12 discussed it. He expressed that there are concerns of the
13 board, and again, it will go to council tonight, and what
14 I would request from the board at this time is if you
15 could schedule a special meeting perhaps Thursday or
16 Friday, probably not Friday of this week because I know
17 it's Holy Friday, perhaps Thursday, to take up this one
18 issue and determine your vote.

19 MR. SYKES: Well, there's a couple of things,
20 and you're right, I had some discussions with Pat about
21 this particular issue, and one of them, it does sound like
22 it's not fully baked, and so there's some concerns from
23 that standpoint. I don't know, it sounds like you said
24 there's a number of contracts, different version of those
25 contracts, and we haven't had an opportunity to sort of

1 review what the final one is. The one I did see still had
2 some holes in it. And again, I've heard some concerns
3 from -- that maybe the city attorney has issues with this.

4 MR. FLATEN: That's true; he does.

5 MR. SYKES: And so right out of the gate, when
6 the city attorney has issues with something that hasn't
7 been to the city council yet, I wouldn't even be prepared
8 yet necessarily to want to vote on this on Thursday. I'd
9 want to see where the city attorney's -- what the issues
10 were and how those issues are going to be resolved. I
11 mean this one does make me a little bit nervous. We do a
12 lot of work with developers and developers are always
13 telling you how you got to do it now, you got to get your
14 approval now, if this doesn't happen within a certain
15 period of time. So I understand, you know, your concern
16 there, but I'm also nervous that we're -- you're asking us
17 to approve something that really isn't ready to be
18 approved. Well, it's -- to be clear though, it isn't
19 ready for us to approve it because this hasn't been to the
20 city council yet.

21 MR. FLATEN: No.

22 MR. SYKES: And I understand that's why you're
23 saying can we come back on Thursday.

24 MR. FLATEN: Right, it's going tonight.

25 MR. SYKES: Yeah.

1 MR. FLATEN: And yeah, there are concerns. The
2 city attorney addressed several concerns. Truthfully,
3 those concerns were levied when we first met with this
4 corporation, and that's why there's so many drafts of this
5 agreement, because we took into consideration some of
6 those concerns by the city attorney, and I have also
7 engaged the services of another attorney to provide not
8 really an opinion, but to review that, the agreement that
9 we have, and expressed his concerns, and those concerns
10 were somewhat less than our own city attorney, but we've
11 addressed what he has brought forward and taken that into
12 consideration in this final agreement or tentatively final
13 agreement that has been presented.

14 We could provide you with the opinion of the
15 city attorney, Charlie Wycoff, and -- it's just that this
16 project, we're trying to move this city forward. We
17 understand hesitation, but at this point we think the
18 agreement is sufficient enough and clear enough that if
19 anything cannot be completed by them as agreed to, then
20 the property just reverts back to us and we're back to
21 where we are with vacancies sitting around, and in the
22 meantime we're trying to get things done. We're trying to
23 move forward. The project itself is Veterans Village,
24 but, yes, will veterans be purchasing these homes? We
25 hope they do. But the general public can purchase these

1 too, and that's where the tax value comes in, and we can't
2 put a number on that tax value right now until we see how
3 this agreement goes.

4 If it went according to what everybody's desire
5 is, well, we'd be okay, and there'd be some additional
6 revenue coming our way, and we think that with these homes
7 coming in and the values of these homes, we may just
8 increase our own taxable value from what it is now to
9 something greater. You know, reflect -- and it would also
10 bring other people into the city, both commercially and
11 residentially, to help us improve our position.

12 So a lot of thought has gone into this, and to -
13 - but we will provide you with the comments and that'll
14 help you make a decision, but I would request that if not
15 this week, then perhaps one day next week we could have a
16 special meeting after you've had a chance to review it.

17 MR. SYKES: Okay, we can have a discussion about
18 that.

19 This -- I want to make sure managing
20 expectations going forward on this and whenever the vote
21 takes place, I'm not suggesting that you're doing this at
22 all. I have a very -- a high amount of respect for you.
23 I get -- but I do get a little nervous when I hear folks
24 say that one attorney didn't tell them or give them the
25 information that they wanted, so they got another. We

1 usually call it pick me shopping --

2 MR. FLATEN: No, it wasn't that. We needed
3 clarification on an item.

4 MR. SYKES: Uh-huh.

5 MR. FLATEN: That's all.

6 MR. SYKES: Just clarification.

7 MR. FLATEN: And a lot of times we'll do that.
8 We hear one thing, need a little clarification because we
9 feel that the first opinion that we receive was somewhat
10 misguided.

11 MR. SYKES: Then in that point then it seems
12 like it'd be more prudent for the two of you to get
13 together and resolve the potential issue.

14 MR. FLATEN: Oh, I agree with that. It would be
15 great if we could do that, but it was quite adamant on the
16 part of one individual that this is not a good project.

17 MR. SYKES: Well, so then the other piece of it,
18 to head in that direction, is has anybody done any sort of
19 a review with the, I assume the correct term would be
20 developer of this particular project to see if they have
21 the capacity?

22 I mean is this something, is this a group that's
23 done this numerous times throughout the country in other
24 states, in this state, or is this sort of their first
25 short at this?

1 MR. FLATEN: This is a group that has done
2 certain things with manufactured homes, yes.

3 MR. SYKES: Uh-huh. So its capacity, you know,
4 to deliver on something like this would be important.

5 I am not suggesting at all again that this group
6 is doing this, but I think that there's a lot of respect
7 and there's a lot of desire on the public in general to do
8 things for our veterans and they deserve everything that
9 we can do for them, but my fear is sometimes folks will
10 tack the word "veteran" onto something to get excitement
11 that might not be warranted.

12 MR. FLATEN: That is a very understandable
13 concern, Jeff.

14 MR. SYKES: Yeah.

15 MR. FLATEN: Very understandable concern,
16 because there are a number of organizations out there that
17 have taken full advantage of the fact that there are
18 veterans involved and they use that as a sympathy card,
19 you might say --

20 MR. SYKES: Correct.

21 MR. FLATEN: -- to get what they want. I don't
22 see that this is the case here totally because they do
23 open it up to the general public for purchase too.

24 MR. SYKES: Okay, but so you feel that due
25 diligence on this entity, you feel that they have the

1 capacity to deliver?

2 MR. FLATEN: They do. They've got their funding
3 in place; we know that. We've been made aware of that.
4 The company that they deal with down in Indiana is
5 Champion Homes, and Champion Homes have built a number of
6 homes in the state of Michigan. So we know that they're a
7 decent builder. This contract also, we make sure that
8 they have to comply with all of our building codes, and if
9 they can't do that, then they're not going to build
10 either. And then, here again, that is something that
11 where this will revert back to us if they can't complete
12 their agreement.

13 MR. SYKES: Okay.

14 Do you have any questions at this time?

15 MS. BROPHY: There's not a lot of information in
16 there, so.

17 MR. SYKES: Right. Right.

18 I'm happy to try and figure if there's a time
19 that we can get together sooner if that's something that
20 we could entertain, but again, the expectation is that I
21 just want to make sure that we've addressed what the city
22 attorney --

23 MR. FLATEN: I understand.

24 MR. SYKES: -- has said. And again, I don't
25 know if you -- do you have any particular standards or

1 anything that you look for to make sure that they have the
2 capacity? This development group?

3 Because if you have anything that you can
4 provide to show information where they've done this before
5 and that it's not a concern, that would be very
6 appreciated.

7 MR. FLATEN: Okay. I'll see. I'll get you as
8 much information as you possibly need.

9 MR. SYKES: Okay. And go ahead and go through -
10 - Patrick?

11 MR. DOSTINE: Yeah, Mr. Chair. I will
12 coordinate with Mr. Flaten after the meeting. If you
13 could forward to me the agreement that council approved as
14 well as any other supporting documents, and then I'll make
15 sure I provide for the board members the background
16 information on what came out at council tonight.

17 MR. FLATEN: Okay. If you've got a few minutes
18 before you go I'll make you copies.

19 MR. DOSTINE: Okay.

20 MR. FLATEN: Take it with you.

21 MR. DOSTINE: Sounds good.

22 MR. SYKES: I certainly don't want to get in the
23 way of progress and the idea of development --

24 MR. FLATEN: I understand.

25 MR. SYKES: -- and if we're truly doing

1 something beneficial to veterans, I would love to see
2 something like that happen. I just hope --

3 MR. FLATEN: No, I understand.

4 MR. SYKES: -- you know, want to make sure it
5 gets done right.

6 MR. FLATEN: If I was in your position I'd be
7 asking the same questions.

8 MR. SYKES: Okay.

9 MR. FLATEN: So I agree.

10 MR. DOSTINE: And then Mr. Chair, my question is
11 would you want me to pursue with Angela Dempkowski at
12 treasury a special meeting date and time?

13 MR. SYKES: Well, my only concern there is we'd
14 like to be able to have a chance to sort of review and see
15 if there's additional questions or anything beforehand.

16 MR. DOSTINE: Sure.

17 MR. SYKES: But yeah, definitely, you know, once
18 we have been given a copy of this information and had a
19 chance to sort of digest it or see if we have any other
20 questions, and then plan on sending out something.

21 MR. DOSTINE: Okay, so the first thing I'll do
22 is get the background information, what comes out of
23 council, and forward it to you guys for your review, and
24 then we'll look to the prospects of a special meeting.

25 MR. SYKES: Right.

1 MR. DOSTINE: Okay.

2 MR. SYKES: And so maybe you can sort of inquire
3 with each of us if we're ready to set up --

4 MR. DOSTINE: Yep. Yep.

5 MR. SYKES: -- a special meeting.

6 MR. DOSTINE: Yep.

7 MR. FLATEN: Okay. Thank you.

8 MR. SYKES: Thank you.

9 Any further public comment?

10 MR. DOSTINE: Yeah, Mr. Chair. We have one
11 request from Ms. Linda Lozo.

12 MS. LOZO: Good morning.

13 MR. SYKES: Good morning.

14 MS. LOZO: My name is Linda Lozo.

15 I just want to take this time to tell Dave,
16 thank you for the time you put into the city. He was a
17 hard worker. I'm going to miss him, and thank you, and to
18 congratulate Tim on his new position. I've seen Dave --
19 Tim in action, and he is a hard, honest worker, and I hope
20 he stays that way. I like to see the city move forward.
21 I get tired of we're trying to make a step forward and we
22 get pushed back, you know, three or four, so this new
23 housing, I'm planning on being here to the council meeting
24 tonight. I would like to see it progress because we do
25 need to improve Ecorse, and we're trying, and it seems

1 like every time we try we get pushed back. So good luck
2 tonight. And Tim, good luck on your position. And Dave,
3 thank you for all of the time you've put in. Thank you.

4 MR. SYKES: Thank you.

5 MR. DOSTINE: Mr. Chair, that concludes requests
6 for public comment.

7 MR. SYKES: All right. So we'll move on to
8 board comment.

9 MS. BROPHY: Sure. I'll just echo what Ms. Lozo
10 said. Thank you, Dave, for your service. I can't believe
11 it's been almost a year maybe.

12 MR. FLATEN: You know, and I told the mayor it
13 was the longest 90 days I've ever spent.

14 MS. BROPHY: Yeah, I thought it was supposed to
15 be short term. So.

16 MR. FLATEN: It's been a pleasure. I've worked
17 with great people, and these people really want to do the
18 best for their city, and it's nice to see that they --
19 they know there's a struggle, but they are struggling to
20 work through it, and that's -- it's a good thing.

21 MR. SYKES: I think that Ecorse is a better
22 place for you having worked here for the last almost a
23 year.

24 MR. FLATEN: Got a lot of good people here.

25 MR. SYKES: Yeah.

1 Okay, so -- do you have any comments?

2 I just have one comment, and really it's to
3 respond, unfortunately I don't think the person that had a
4 comment at the last meeting is here, but I was -- during
5 public comments we were asked when it was that the RTAB
6 would be disbanded and control moved back over to the
7 city, and I said that we would take a look at that. And
8 so for the record, I'll say that the last RTAB meeting
9 during public comments the question was asked, "What does
10 the city have to achieve to no longer be under RTAB
11 oversight?"

12 So there is criteria in Public Act 436 of 2012,
13 and the Act is posted on the treasury's website. There's
14 relevant information that's on the website where
15 evaluation of city progress is discussed so that the city
16 can move towards full local control. But it's also
17 important to note that it's only the government, or
18 governor that can end receivership and return local
19 control to the unit.

20 So with that, I'll -- adjournment?

21 MR. BOVITZ: Move to adjourn.

22 MR. SYKES: Move to adjourn.

23 MS. BROPHY: Support.

24 MR. SYKES: All those in favor say aye.

25 MS. BROPHY: Aye.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. BOVITZ: Aye.

MR. SYKES: Aye.

We are adjourned.

(At 9:58 a.m., meeting concluded; off the record)

1 STATE OF MICHIGAN
2 COUNTY OF WASHTENAW) .ss

3
4
5

6 I certify that this transcript is a complete, true, and
7 correct transcript to the best of my ability of the RTAB
8 meeting held on April 11, 2017, City of Ecorse. I also
9 certify that I am not a relative or employee of the parties
10 involved and have no financial interest in this case.

11
12
13
14
15
16

17 RESPECTFULLY SUBMITTED: April 19, 2017

18

19 s/ *Amy Shankleton-Novess*

20

21 _____
Amy Shankleton-Novess (CER 0838)

22 Certified Electronic Reporter