

City of Lincoln Park
Receivership Transition Advisory Board Meeting Minutes
Tuesday, August 16th, 2016
Lincoln Park City Hall
Council Chambers
1355 Southfield Road
Lincoln Park, Michigan 48146

RTAB MEMBERS PRESENT:

KEVIN BONDS
JESSICA THOMAS
GENELLE ALLEN
JOHN ZECH
BRENDAN DUNLEAVY

ALSO PRESENT:

DREW VAN de GRIFT
Michigan Department of Treasury

Reported by:

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Called to order at 1:02 P.m.

Tuesday, August 16, 2016

MR. BONDS: Good day, everybody. We'll start off with roll call.

MR. VAN de GRIFT: Genelle Allen.

(No audible response)

MR. VAN de GRIFT: Kevin Bonds.

MR. BONDS: Here.

MR. VAN de GRIFT: Brendan Dunleavy. Absent. Jessica Thomas.

MS. THOMAS: Here.

MR. VAN de GRIFT: John Zech.

MR. ZECH: Here.

MR. VAN de GRIFT: The quorum is present.

MR. BONDS: Okay, next item is approval of the agenda. The chair will entertain a motion to approve the agenda as presented. And a reminder for the public, to sign up to speak during public comment portion of the meeting, please.

MR. ZECH: I move the agenda be approved as presented.

MS. THOMAS: I support.

MR. BONDS: It's been properly moved and supported; all those in favor of the agenda, signify by stating aye. Aye.

1 MS. THOMAS: Aye.

2 MR. ZECH: Aye.

3 MR. BONDS: Any opposed.

4 (No response)

5 MR. BONDS: Hearing none, motion passes. Next
6 item, Item C, is approval of the RTAB minutes. This is
7 the regular meeting of July 19th. Chair will entertain a
8 motion to approve the July 19th, 2016, RTAB minutes as
9 presented.

10 MS. THOMAS: So moved.

11 MR. ZECH: Support.

12 MR. BONDS: It's been properly moved and
13 supported, any further discussion?

14 (No response.)

15 MR. BONDS: Hearing none, all those in favor
16 signify by stating aye. Aye.

17 MR. ZECH: Aye.

18 MS. THOMAS: Aye.

19 MR. BONDS: Any opposed.

20 (No response)

21 MR. BONDS: Hearing none, motion passes.

22 Old business, we have none.

23 New business, which is Item A, the approval of
24 resolutions and ordinances for city council meetings.
25 Number one is the resolution from the regular city council

1 meeting of July 5th, 2016, which is Attachment 2.

2 A reminder that all resolutions from the city
3 council meeting have been approved at our previous board
4 meeting, with the exception of two resolutions.

5 The chair will entertain a motion to approve the
6 rest of the resolutions from the July 5th regular city
7 council meeting, with the exception of Resolution 2016-
8 201, which is accounts and claims payable.

9 MR. ZECH: So moved.

10 MS. THOMAS: Support.

11 MR. BONDS: It's been properly moved and
12 supported, any further discussions?

13 (No response)

14 MR. BONDS: Hearing none, all those in favor
15 signify by stating aye. Aye.

16 MR. ZECH: Aye.

17 MS. THOMAS: Aye.

18 MR. BONDS: Any opposed.

19 (No response)

20 MR. BONDS: Hearing none, motion passes.

21 Mr. Coppler, can you please provide a summary of
22 2016-201 for the board, please?

23 MR. COPPLER: That's the -- this is the monthly
24 \$25,000 payable accounts.

25 MR. BONDS: You know, I'm sorry about that.

1 This is what happens when you read too tightly over your
2 script. My apologies.

3 MR. COPPLER: No problem.

4 MR. BONDS: My apologies.

5 Okay, this is item number two, which is
6 resolutions from the special city council meeting of July
7 5th, 2016, which is Attachment 3. The chair will entertain
8 a motion to approve, deny, postpone all resolutions from
9 the special city council meeting of July 5th.

10 MR. ZECH: So moved.

11 MS. THOMAS: Support.

12 MR. BONDS: It's been properly moved and
13 supported, any further discussion?

14 (No response)

15 MR. BONDS: Hearing none, all those in favor
16 signify by stating aye. Aye.

17 MR. ZECH: Aye.

18 MS. THOMAS: Aye.

19 MR. BONDS: Any opposed.

20 (No response)

21 MR. BONDS: Hearing none, motion passes.

22 Item 3, which is resolutions from the regular
23 city council meeting of July 18th, which is Attachment 4
24 for the board members. Chair will entertain a motion to
25 approve all resolutions from the July 18th, 2016, regular

1 city council meeting, with the exception of Resolution
2 2016-216, 216, accounts and claims payable.

3 MS. THOMAS: So moved.

4 MR. ZECH: Support.

5 MR. BONDS: It's been properly moved and
6 supported, any further discussion?

7 (No response)

8 MR. BONDS: All those in favor signify by
9 stating aye. Aye.

10 MR. ZECH: Aye.

11 MS. THOMAS: Aye.

12 MR. BONDS: Any opposed.

13 (No response)

14 MR. BONDS: Hearing none, motion passes.

15 Item B, city manager's items, which is for you,
16 board members, Attachment 5. Items one through three,
17 while action on these three items occurred during a city
18 -- during a council meeting outside the normal review
19 period for today's board meeting, the city manager's
20 requesting to bring them forward for early review.

21 Number one is approval of Resolution 2016-230,
22 which is to authorize, design and bid solicitation for
23 concrete repairs to retention basin cell number one, which
24 is Attachment 5A. This item has been approved by the city
25 council at their August 1st, 2016, council meeting. Mr.

1 Coppler, can you please provide a summary of this item to
2 the board, please?

3 (Mr. Dunleavy present at 1:07 p.m.)

4 MR. COPPLER: Sure, I'd be glad to. It's kind
5 of timely because we're having a little bit of an issue
6 with storm water, and the sanitary sewers today. But we
7 ended it, so staff, a few months ago, became aware of an
8 issue within the retention basin, where there's water
9 coming out where it shouldn't be coming out. They cleaned
10 it out, and did a review of it, and they found a number of
11 cracks and erosion of the actual wall system in that first
12 cell.

13 We had to consult an engineer, Hennessy, which
14 you're probably familiar with by now. Looked at that and
15 prepared a course of action that they're estimating a
16 total cost to the city of about \$350,000.

17 And there's a number of different aspects to it,
18 but primarily, they're filling cracks and repairing walls.
19 So, this money -- ultimately, you'll be seeing that
20 actually in September, at your meeting. There'll be a
21 hand-in resolution to amend the budget.

22 Money for this is actually residing in a reserve
23 fund that currently totals about one million dollars. And
24 it was set aside many, many years ago, when the system was
25 first built, as part of the requirements for the bonding

1 and federal monies that were a part of the construction of
2 this. And so, we'll be utilizing that to pay for this.

3 MR. BONDS: Okay. Any questions?

4 (No response)

5 MR. BONDS: If not, this chair will entertain a
6 motion to approve, deny, or postpone resolution 2016-230,
7 which is to authorize the design and bid solicitation for
8 concrete repairs to the retention basin cell number one.

9 MR. ZECH: So moved.

10 MS. THOMAS: Support.

11 MR. BONDS: Any discussion?

12 (No response)

13 MR. BONDS: Hearing none, all those in favor
14 signify by stating aye. Aye.

15 MR. ZECH: Aye.

16 MS. THOMAS: Aye.

17 MR. DUNLEAVY: Aye.

18 MR. BONDS: Any opposed.

19 (No response)

20 MR. BONDS: None, motion passes.

21 Item number two, which is approval of Resolution
22 2016-235, which is the award, Pagel Avenue reconstruction
23 and water main replacement project, to RFP Construction,
24 Inc. For board members, that's Attachment 5B.

25 This item has been approved by the city council,

1 at their August 1st, 2016, council meeting. And Mr.
2 Coppler, can you please provide us a summary?

3 MR. COPPLER: Pagel Avenue reconstruction is
4 part of the city's 2016 road improvement program. It was
5 bid out recently, and it came in a little bit over the
6 engineer's estimate by about nine and a half percent.

7 In reviewing it, one of the concepts we had was
8 to pull it, you know, reject the bids, and put it back out
9 over the winter and see if we could get better pricing on
10 it. Unfortunately, the condition of the roadway the
11 residents were experiencing, we felt that we would
12 probably be spending most of the savings that we would get
13 for that, maintaining the road over the winter.

14 I was going to take pictures of this road, so
15 you could understand what I'm talking about, but
16 technically there is no road there.

17 MR. BONDS: Wow.

18 MR. COPPLER: So, it's probably, I think, the
19 worst road in the city, and that's why we wanted to make
20 that a priority to get that done, as one of the first
21 roads, as part of our roads program.

22 MR. BONDS: Any questions? Mr. Dunleavy?

23 MR. DUNLEAVY: Just, does that mean you're going
24 to have to postpone other projects, or you're going to
25 make some accommodation for this in the budget?

1 MR. COPPLER: Yes, the issue is the future
2 years. Because when we were looking at this, you know,
3 the increase is going to have an impact on how we roll
4 down the reserve that we have. One of the first things
5 I'm going to -- I got into this a long time ago. The city
6 was carrying large balances, with both major and local
7 road funds. And so we put the five year plan together, to
8 draw that down to a level that we think would be an
9 acceptable amount.

10 One of the issues we have pressing out there, is
11 you never know when the county or the state's going to
12 come in and say, oh, by the way, we're going to insure the
13 program, and you're going to be paying a share of that.
14 And so we need to keep a certain amount of funding
15 available for those type of situations.

16 So, it's going to reduce the amount we have in
17 future years, that we were planning on using. So in a
18 way, yes. It will affect the road.

19 MR. DUNLEAVY: Not going to affect current
20 budget, though?

21 MR. COPPLER: No.

22 MR. DUNLEAVY: Okay, great, thank you.

23 (Ms. Allen present at 1:11 p.m.)

24 MR. BONDS: Thank you. Mr. Zech?

25 MR. ZECH: Thank you. You said the engineer's -

1 -, the bid, exceeded the engineer's estimate by about nine
2 percent?

3 MR. COPPLER: A little over, I think nine and a
4 half percent over.

5 MR. ZECH: And, because I'm a little unprepared
6 for this one, what was the bid? The amount of the bid?

7 MR. COPPLER: The total bid was \$800 and --

8 MS. THOMAS: Ninety nine.

9 MR. COPPLER: Eight-ninety-nine, yeah.

10 MR. ZECH: Okay. So around \$900,000?

11 MR. COPPLER: Yeah. I was going to say that,
12 but I thought I better be more specific.

13 MR. ZECH: That's okay. Thank you, that's what
14 I was looking for. And it went out to bid like recent,
15 fairly recently?

16 MR. COPPLER: I think it was about the end of
17 July.

18 MR. ZECH: Sometimes when you bid in the summer,
19 they've lined up their projects, and.

20 MR. COPPLER: Well, that's what our thinking
21 was, and this year, you know unfortunately we got a late
22 start on everything. You know, we're going to be going
23 over the winter and going out to bid a lot earlier than we
24 did for this year, for all of our projects. So I think
25 we'll escape that issue --

1 MR. ZECH: Does the city have experience with
2 RFP Construction?

3 MR. COPPLER: The city itself, I don't think,
4 has used them, as far as the collective knowledge that's
5 here. But Hennessy Engineering has worked with them in
6 other cities.

7 MR. ZECH: Where are they located, please?

8 MR. COPPLER: Southgate.

9 MR. ZECH: Southgate, thank you.

10 MR. BONDS: Any further questions?

11 (No response)

12 MR. BONDS: Hearing none, the chair will
13 entertain a motion to approve, deny or postpone Resolution
14 2016-235, which is the Award-Pagel reconstruction and
15 water main replacement project, to RFP Construction, Inc.

16 MR. DUNLEAVY: Move approval.

17 MR. BONDS: It has been moved by Mr. Dunleavy;
18 is there a second?

19 MR. ZECH: Support.

20 MR. BONDS: And support.

21 Any further discussion on the motion?

22 (No response)

23 MR. BONDS: Hearing none, all those in favor
24 signify by stating aye. Aye.

25 MR. ZECH: Aye.

1 MS. THOMAS: Aye.

2 MR. DUNLEAVY: Aye.

3 MR. BONDS: Any opposed.

4 (No response)

5 MR. BONDS: Hearing none, motion passes.

6 Item number three, which is the approval of
7 resolution -- and we've added those to your packets,
8 they're right before you all. So the approval of
9 Resolution 2016, which is 261, the 2016 sale of tax
10 reverted properties.

11 This item has been approved by the city council
12 at their August 5th -- 15th, excuse me -- 2016 council
13 meeting. Mr. Coppler, can you provide us a summary?

14 MR. COPPLER: And is all right if I cover both
15 of the resolutions --

16 MR. BONDS: Yes, please. Thank you.

17 MR. COPPLER: For a speedier progression. So,
18 the building fund program that the emergency manager put
19 in place last year, the city decided to do it -- exercise
20 its first right of refusal on a number of parcels that the
21 county notified us were going through foreclosure.

22 At present time, there's 21 properties that we
23 put into a package, and marketed it out to what we felt
24 were qualified developers, to purchase through the right
25 of first refusal. We ended up receiving three bids on

1 this. One of the bids did not take all of the property
2 that we had put out there, and that was one of the
3 mandatory parts of it, is we wanted them to take the whole
4 package.

5 So they did not continue on in the process. So
6 in the end, we conducted interviews of two of the three
7 proposals, and in the end, JSR, which is the company that
8 was awarded this package last year, presented the best
9 opportunity for the city to take part in this step.

10 The important part for the city and the
11 residents, in exercising this first right of refusal, is
12 threefold. First off, it allows us to make sure that the
13 person who is going to be acquiring these tax foreclosed
14 properties, is actually going to reinvest in them.

15 And if you go back, and, it was one of the
16 primary reasons why the EM started us on this path, of
17 this type of project. If you go back two or three years,
18 prior to the first go around with this, you'll see
19 hundreds of parcels that were bought through foreclosure,
20 spread throughout the city, with companies that we are
21 still trying to lasso in, in terms of fixing the issues
22 with the properties, that existed.

23 This allows us to direct the work by those
24 companies, and keep the amount of our -- or help
25 incentivize the amount of investment.

1 Last year, just to give you an example of this,
2 there was approximately 88 properties in that were part of
3 the package. And to date, the developer's already spent
4 \$1.8 million, in renovations of those properties. And
5 we're seeing somewhere between seven to fifteen percent
6 increase in the taxable value of these properties, that
7 are going out on the market.

8 So there are houses that probably were sold for
9 \$50,000, we're seeing in the \$60 to \$70,000 range. I think
10 the average is somewhere right around 60, \$61,000
11 approximately. There's about ten or twelve have been
12 sold; there's ten or twelve more in that package that are
13 pending, and there's probably 20 plus that are going to be
14 put out in market within the next 20 to 30 days.

15 And so, he had one year to put everything
16 together, and it's very similar -- everything I'm telling
17 you is basically is going to be replicated, going forward
18 with this.

19 The second piece of why this has worked, is that
20 if we were to let these properties go into tax
21 foreclosure, we would lose money on that. And primarily,
22 it's the water bills, and the special assessments. And I
23 think we're looking at about \$57,000 that the city would
24 lose, if it went to the regular foreclosure. But because
25 of this program, we have been able to recapture and make

1 the water, primarily the water fund a whole factor.

2 And I think the third part is, it does have
3 dramatic impact on the neighborhoods. When you're putting
4 that type of reinvestment -- you know, we're only
5 mandating an average of \$15,000. If you do the math, on
6 the 1.8 that he's already spent, that number's probably
7 around 20, \$25,000 per parcel. That they're investing.
8 And again, that is when you bring up the overall value of
9 property in the neighborhoods, throughout the city, and it
10 will help build that tax base over the land value.

11 MR. BONDS: Questions of the board members?

12 MR. ZECH: Mr. Chairman?

13 MR. BONDS: Yes, sir.

14 MR. ZECH: A couple of questions, maybe a
15 comment. I think this is great. The question is, the
16 ones that you have that were not sold through JSR, are you
17 perhaps taking them through your dangerous buildings
18 ordinance, to get after some of these properties that
19 were, previously went this way, but haven't been fixed or
20 developed?

21 MR. COPPLER: There were a whole lot of -- we
22 started out with about 44 properties. Two of them had
23 been redeemed before we got to this point so we were
24 dealing with about 42. There were a number of vacant
25 parcels that were on this list that we decided not to do

1 anything with.

2 I think, you know, there was some opportunity
3 there, but it just really didn't make sense, from the
4 budgetary standpoint, to take those properties on to have
5 to maintain them going forward. There were, we ended up
6 with probably about seven parcels or so that needed to be
7 demolished. And we were actually angling toward using
8 CDBG money to acquire those and demolish them.

9 Unfortunately, our program isn't set up for the
10 acquisition piece of it. The demolishing piece is no
11 problem, but, we don't have plans set up to do that, so
12 one of the actions going forward, is we're going to adjust
13 that plan, and get it recertified so we can do
14 acquisitions.

15 But the county is, this year, bundling together
16 properties that the cities believe should be demolished.
17 And I'm not sure of all the details of this, I'm still
18 trying to get a handle on it, but we did get them that,
19 those parcels, let them know that we believe those should
20 be torn down. So, we'll see how that program works out
21 for us.

22 MR. ZECH: My second question is, out of some of
23 these -- I have some experience with this, in the City of
24 Wayne. Some of these parcels that are on these lists, are
25 some of them occupied by the people that have lost them?

1 MR. COPPLER: They were -- they were getting ten
2 properties identified by the county as occupied. Two of
3 them were taken off the list, they were redeemed, so, we
4 believe that of the ten, that eight will have residents,
5 due to renters or owners, or former owner, I guess, at
6 that point, in those.

7 We, I think, the city, has done a lot better job
8 this year, and the county's done a lot better job this
9 year, notifying the residents of their ability to not lose
10 their homes. There's been a lot of communication. We are
11 working in part of, you know, what the developer will be
12 doing is, working to help those residents move on into
13 different places to live. But there's going to be some
14 evictions, when it's all said and done.

15 MR. ZECH: Perhaps some of the people will maybe
16 work with the developer, and --

17 MR. COPPLER: That wasn't, I think, that wasn't
18 very clear, last year, the way the program's put together.
19 I think a lot of people learned a lot of things, and
20 again, in working with the same developers, we have a
21 better understanding of what to expect, and to try to work
22 with them.

23 There may be an opportunity, looking through the
24 list, there may be an opportunity there for maybe one or
25 two that may be able to purchase it back. But I think the

1 majority of them just won't have the financial wherewithal
2 to do it.

3 The other side of this is, that, you know, they
4 are pushing to have all these sold as owner occupied
5 homes. But we've let the developer know that there is a
6 willingness that, if the resident that right now is in the
7 home, if they can work out some type of lease, we'd be
8 open to modifying that.

9 MS. ALLEN: Since the county is a party to these
10 transactions, I will abstain from the vote.

11 MR. BONDS: Thank you very much, thank you very
12 much. Any further questions from the board members?

13 (No response)

14 MR. BONDS: Hearing none, the chair will
15 entertain a motion to accept both resolutions, so it'll be
16 approval of resolutions 261 and 262, for the sale of tax
17 reverted properties.

18 MR. ZECH: So moved.

19 MS. THOMAS: Support.

20 MR. BONDS: It's been properly moved and second.
21 Been properly moved and supported, any further discussion?

22 (No response)

23 MR. BONDS: And we have one abstention. All
24 those in favor of both -- approving both resolutions,
25 signify by stating aye. Aye.

1 MR. ZECH: Aye.

2 MS. THOMAS: Aye.

3 MR. DUNLEAVY: Aye.

4 MR. BONDS: Any opposed.

5 (No response)

6 MR. BONDS: Hearing none, motions pass.

7 Okay, item number four, which is the approval to
8 hire three public service workers in the Department of
9 Public Service, which is Attachment 5C, for the board
10 members.

11 Mr. Coppler?

12 MR. COPPLER: We had, the number of positions
13 that were created as part of the new budget, within DPS,
14 and they're full time positions. One within the roads
15 budgets, and then another number within the water-sewer
16 department.

17 And so the two positions, full time positions,
18 we were seeking to be filled, both are coming from the
19 part time ranks. One's coming from part time, which is
20 Padill (sp) Smith, who has been employed part time with us
21 for a while now. And has gotten his necessary
22 certifications to be put forward. He'll be working with
23 full time individuals on water leaks and everything, and
24 we feel that he's going to be a good fit for us to fill
25 one of those vacancies.

1 And I think the second, which was done through a
2 previous process, again filled, we were able to fill, to
3 start right away, in helping the city out with water bill
4 payments that come in.

5 The third position is a part time position, we
6 have about eight part time positions within DPS, though
7 not all of them are filled, at the present time. That
8 continues, historically, have had a minor league system to
9 see if they're going to work out for full time positions.

10 MR. BONDS: Any questions from any of the board
11 members on this motion?

12 MR. ZECH: I move approval.

13 MR. BONDS: Is there a second?

14 MS. ALLEN: Second.

15 MR. BONDS: And there's been a second. Any
16 further discussion?

17 (No response)

18 MR. BONDS: Hearing none, all those in favor
19 signify by stating aye. Aye.

20 MR. ZECH: Aye.

21 MS. THOMAS: Aye.

22 MR. DUNLEAVY: Aye.

23 MS. ALLEN: Aye.

24 MR. BONDS: Any opposed.

25 (No response)

1 MR. BONDS: Hearing none, motion passes.

2 All righty, the following reports, which are
3 items five through ten, are received and filed, which is
4 the budget to actual, cash flow and balance sheet, check
5 disbursement report, overtime report, tax collection and
6 timing of revenue report, the monthly report.

7 Did anybody have any questions on any of those?

8 (No response)

9 MR. BONDS: Okay, then we're going to move on.
10 City administrator's report which is the look ahead memo.

11 MR. COPPLER: Thank you very much.

12 I've just got a few items for your consideration
13 moving forward. First off, staff is still working to
14 finalize an alternate sheltering for the dogs and cats we
15 collect, as a normal course of business.

16 I believe we had spoken sometime back, that the
17 downriver animal control, which is made up of Allen Park,
18 Southgate, and Wyandotte, which we had a contract with,
19 asked us to move on because of the mix of dogs that we
20 were putting into their system.

21 And so, we've been actually working with another
22 city in the downriver, to hopefully finalize an agreement
23 that will be presented to council on September 6th, so
24 you'll be seeing it as we move forward. We have until
25 the end of September to finalize it.

1 Most likely -- we were paying about \$25,000 a
2 year to the downriver animal control; my guess is that
3 we're probably going to see an increase in that cost,
4 going to the city. We were looking at -- it was a
5 foregone conclusion, had we been able to stay with the
6 downriver, that we'd have been paying possibly twice as
7 much as what we're paying right now, so.

8 MR. BONDS: So currently, is this -- is the city
9 without this service?

10 MR. COPPLER: No, we have until the end of
11 September.

12 MR. BONDS: End of September?

13 MR. COPPLER: To take our dogs elsewhere.

14 MR. BONDS: Okay. And, let me make sure that
15 I'm clear on this. So this is the, what would be
16 considered to be the shelter?

17 MR. COPPLER: Yes. For dogs and cats.

18 MR. BONDS: Okay. And --

19 MR. COPPLER: But we collect, or residents drop
20 off, either they find them, or no longer can care for
21 them.

22 MR. BONDS: Okay. And I'm just going to ask the
23 question, because you know, I have a soft heart for these
24 animals. Do you have any relationship with any of the
25 rescue groups? Has the city reached out to both the dog

1 and the various cat rescues, that could provide
2 assistance?

3 MR. COPPLER: Well the -- so, the downriver
4 animal shelter is the primary contact with the different
5 rescues. And in working with this other city, that
6 hopefully we'll be presenting to, they have, I would say a
7 better relationship with some of the more special breeds
8 that we've been having an issue with. And with the
9 downriver, that they have been able to, you know, either
10 adopt out or give them to a rescue.

11 MR. BONDS: Okay.

12 MR. COPPLER: So you know, again, I think
13 there's compatibility amongst the types of dogs that we
14 put into the system, and the city that we're looking to
15 partner with, puts into the system. So they have a little
16 bit better relationship.

17 MR. BONDS: I see. Okay. All right.

18 MR. COPPLER: I don't want to say the word
19 dangerous, because they're not dangerous, but they are a
20 little bit harder to rehome than the average --

21 MR. BONDS: I understand. Yeah. You don't even
22 have to say the breed, I understand. All right.

23 MR. COPPLER: I think if we're able to complete
24 that deal it's going to be a good thing for both the city
25 we're working with, and the citizens of Lincoln Park. So

1 I think we may end up paying a little bit more, but I
2 think we're going to get better service and do better
3 towards getting the dogs out.

4 MR. BONDS: Okay.

5 MR. COPPLER: Which, you know, the cost is, if
6 the dog stays there a long time, it drives up the cost.

7 MR. BONDS: Which is why I was wondering about
8 rescue groups, because they usually go in and try to find
9 homes.

10 MR. COPPLER: Interesting enough, we received
11 about a 30 percent decrease in the number of dogs that
12 we're putting into the system, this year over last year.

13 MR. BONDS: That's great. Okay.

14 MR. COPPLER: The second issue is our ice arena.
15 You may be aware of the operator of that, the lessee of
16 that, has let us know that they are no longer going to
17 operate that for the city, so we're putting together a
18 final plan for council to consider. I think that's
19 actually going to happen September 12th, now.

20 One of the options does bring it in house. But
21 we're finalizing everything right now. It's been kind of
22 put over here, working as we get time, with everything
23 else, but that'll be coming to you -- at least an
24 understanding of where we're going at the next meeting.

25 MR. BONDS: Okay.

1 MR. COPPLER: And then the last thing, a heads
2 up on the Downriver Utility Wastewater Authority. That
3 still is progressing towards a potential sell from Wayne
4 County to the 13 communities that make up DUWA.

5 They are trying to come up with a time schedule
6 for when all this is going to happen, and there's three
7 critical path items here that all have a lot of
8 importance, but you know, there's different opinions on
9 you know, which ones should be prioritized over the
10 others.

11 Which, one is the definitive agreement, actual
12 purchase and sale agreement. The second is all the
13 bonding that's necessary to actually consummate the deal.
14 The third part is the NPDS permits. Which currently, they
15 didn't have them. And the reason it doesn't have one is
16 because the DEQ wants the communities to put in about \$50
17 million worth of improvements.

18 But there are some different options that the
19 technical committee for DUWA can go through and hopefully
20 they'll make some recommendations. But the important part
21 that you should be aware of, is right now, they're looking
22 at final consideration of the purchase -- excuse me,
23 service agreements, that are necessary to be able to put
24 this out into the marketplace for revenue bonds.

25 And the consideration by the communities,

1 whether they're going to be owners or customers of this
2 system are coming together probably in late October or
3 early November. So council here will probably start
4 taking that item up at some time.

5 MR. BONDS: Okay. I wanted to comment on your
6 year look ahead, because I think it was in your last, it
7 would have been in your last look ahead memo. Which is
8 the millage the city had passed.

9 MR. BONDS: So I wanted to formally acknowledge
10 that and reiterate what I think those of us on this board,
11 and also the Department of Treasury, is that the city
12 council and yourself, you all are doing just a great job
13 of keeping this moving. And the passage of that millage,
14 as we all know, it was a very critical piece for the City
15 of Lincoln Park.

16 So I think, you know, the confidence level is
17 extremely high on all the good work that you all are
18 doing, and you're moving the train in the right direction,
19 so you all should be feeling very good about the work that
20 you're doing, because voter approved millages require a
21 lot of education and outreach, and clearly that the city
22 council has done great work in that, and that shows.

23 MR. COPPLER: I also want to comment that the
24 men and women of our police and fire departments -- that's
25 what wins -- the work that they constantly do.

1 MR. BONDS: Absolutely.

2 MR. COPPLER: And you know, they are an
3 incredible asset to our community. And if you're able, by
4 the way, they're having a picnic, the police department's
5 having a picnic this coming Sunday.

6 MR. BONDS: Sunday. What time, and where?

7 MR. COPPLER: It'll be noon to four.

8 MR. BONDS: Noon to four.

9 MR. COPPLER: But it's for children, the kids,
10 but it's, you know, I'm going to be there, you know.

11 MR. BONDS: Where's it going to be held?

12 MR. COPPLER: It's going to be at the Youth
13 Center Park. So it's actually right behind the ice arena.

14 MR. BONDS: Okay. Thank you. But I wanted to
15 acknowledge that. Thank you.

16 MR. DUNLEAVY: Just out of curiosity, I used to
17 audit drains and sewers when I was with Huron City (sic)
18 so I'm always fascinated by them. I guess it's weird.
19 But this is pretty much a done deal, is that correct? I
20 mean, all of it's --?

21 MR. COPPLER: I think if it continues on the
22 trajectory that it's continuing on, yes. As I said, those
23 three critical paths, the permit is a very critical
24 because in the end, the community's going to have to come
25 up with another \$50 million to get this deal done. That

1 could be -- a number of the communities in DUWA have said
2 that they can't support going forward if that happens.

3 So that's one tripwire for us.

4 The second really is the ability to bond. I
5 mean, if we cannot get all the service agreements signed,
6 sealed and delivered, and go out and get favorable rating
7 for the revenue bonds, this is -- could be a very hard
8 deal in that respect.

9 MR. DUNLEAVY: I always have a problem with the
10 concept of buying something from the county that the
11 community already paid for. It just mind boggles me,
12 because I audited a number of the drains and sewers, and
13 on the debt, each city signed on to it, so this thing
14 could be built.

15 So you paid for it once, and you're going to pay
16 for it again, and that's a concept I can't get my arms
17 around. And I struggle with it immensely, because part of
18 the county's -- not any longer, but part of their deficit
19 reduction plan was to sell these assets.

20 And I'm going to say you're selling them to the
21 folks that already paid for them. And that's a concept I
22 can't get my arms around. And I just, I'd be reluctant if
23 I didn't step out and make a point of that, because I --
24 all levels of government are just an extension of the
25 state.

1 And this is actually accounted for in an
2 enterprise fund, or an internal service fund, so the folks
3 who are the users are going to pay for it. When you talk
4 about the bonds, that means water and sewage rates are
5 going up, in essence. So the folks are going to pay for
6 it again, and I just can't get my arms around the idea the
7 county sold the property -- so, that's why I ask, is this
8 pretty much a done deal, or -- ?

9 MR. COPPLER: You know, I think that, again, if
10 it continues on the trajectory that it's going right now,
11 that a lot of the headaches are going to be solved. I
12 don't see any true issues with the bond once we get the
13 service agreements. We're going to be able to generate
14 more than enough money to pay off all those bonds.

15 You know, the tentative agreement is a semi
16 willing partner to sell it. For whatever reason, they're
17 not, you know, the energetic partner I would expect to try
18 to sell this, so they're not moving very quickly with it.
19 And you have a number of communities that want to own that
20 plant and with the county owning the plant -- it's felt
21 that it just hasn't been managed properly over time.

22 It really comes down, I think, to that permit,
23 the discharge permit so it's an issue. And if DEQ doesn't
24 buy into some alternate ways around what they're
25 requiring, there's going to be a number of communities

1 that just will not support the purchase.

2 But the other side of it is, that it's going to
3 happen. If the state says this is what it is, and yeah,
4 we're going to be paying for it one way or another. If I
5 could just editorialize a little bit, because I want to go
6 the next step, beyond what you just said.

7 We're not really paying for an asset here.
8 There hasn't been any review of what the asset truly is
9 worth. The transaction is paying for, putting it kindly,
10 poor management of the system in the -- we're paying for
11 legacy costs.

12 That 57 million is to pay for you know,
13 retirement benefits, and other benefits that just were
14 never properly budgeted for, historically. And that's it.
15 we're not buying a plant, we're paying legacy benefits.
16 That's the worst part, because we know that all these
17 facilities have a life expectancy.

18 We know that at some point, we're going to be
19 spending a lot of money to keep that plant up and
20 operational, and we're the losing capacity to fund those
21 required upgrades. Because we're not really transacting
22 the deal that you or I probably would -- like to just try
23 to buy a car from someone, and you're not really buying
24 the car, you're paying for the driver to drive the car to
25 you.

1 And you find out that there's like, only two
2 tires on it.

3 MR. DUNLEAVY: I guess that's probably the best
4 explanation I've ever heard. But also the explanation
5 that you're paying for the legacy costs. Because I
6 understand that; I just don't understand how you pay for
7 the sewer, the pipes and the plant that you've already
8 bought.

9 The legacy costs I understand, and I just think
10 you have to -- you'll figure it out, but you'll just have
11 to be careful and make sure you're not paying for the
12 legacy costs of some other asset. And just for the
13 employees that worked there at that facility, and that
14 it's truly your responsibility, as being a user of the
15 system.

16 MR. COPPLER: The due diligence part is, from
17 our perspective right now, the hardest part is again we're
18 not seeing that energetic partner who wants to sell the
19 facility. We would expect to see a lot more of the
20 documents to help us understand a very simple thing, we
21 want to know what the plant owns, what the system owns.

22 And slowly now it's starting to trickle in, but
23 we've been making this request for a number of months now.
24 And again, along your lines, we just want to make sure
25 that if there was a desk purchased -- and I'm being very

1 small here, but if there was a desk purchased by sewer
2 funds, there better be a desk accounted for. And not
3 somewhere else.

4 MR. DUNLEAVY: That's a good point, but
5 hopefully you're not going to have to buy the desk you
6 already bought through the sewer rates, that you already
7 charged your folks taxes on.

8 MR. COPPLER: Yeah.

9 MR. DUNLEAVY: And that's my problem. If it's
10 the legacy costs I can get my arms around that, that's
11 unfortunate; it's just something that happened, it's
12 something Ford Motor, GM and everybody else had to deal
13 with. Too generous with the benefits, and it is what it
14 is.

15 And hopefully you'll get the list on the assets
16 you're purchasing. But I would also question how they
17 calculated the legacy costs and how they came up with the,
18 well, if it's 50 million you're paying, I'd have an
19 interest in knowing what the 50 million is buying.

20 And I'd also have to say that while we had four
21 or five plant supervisors that worked there since 19-
22 whatever, and here's the legacy cost associated with it.
23 Because I think the downriver's an older system, and you
24 might have a lot of legacy costs there, and the folks that
25 are retired, so.

1 MR. COPPLER: Well, and I think the auditors
2 probably would appreciate -- you know, we did our own
3 analysis of legacy costs and it came in a lot lower than
4 50 million.

5 MR. DUNLEAVY: Well, that's why I have a
6 problem. Because I really have a problem when you're
7 buying it and I had a problem with Plymouth, where I live,
8 they were going to sell the system back to Plymouth, and I
9 was trying to bang my shoe on the table, saying we already
10 bought it. Why are we going to buy it again?

11 And I just think that people need to understand
12 that when you buy an asset like that, you've already
13 bought it, you go back to the historical records; each one
14 of the communities signed onto the debt when they put the
15 first pipe in the ground. And when they put the plant up,
16 so be careful you don't buy an asset and cause yourself
17 some other financial trouble.

18 MR. BONDS: All right, good discussion, and that
19 is on the record, so that will help the public as well.

20 Mr. Zech?

21 MR. ZECH: Mr. Chairman, two things. I have to
22 excuse myself; I've got a meeting at 2:00 in Southgate,
23 and more importantly, Southgate's one of the communities
24 that's struggling with the same issues that Lincoln Park
25 and others of the downriver area are struggling with, and

1 so, I've only been there a couple weeks on the job.

2 I don't know the City of Southgate's position on
3 this very important subject, but I've heard these
4 discussions going on, and so, very same thing you said.
5 Why are we buying something we've already paid for? This
6 is the first time I'd heard the matter about legacy costs.
7 So, and perhaps when this does come in front of this
8 group, if it ever does come in front of this group, if my
9 community that I'm working for is taking a different view
10 than the City of Lincoln Park, I probably will have to
11 recuse myself, or abstain, or leave the room, or whatever.

12 And I had that discussion with the folks at
13 Treasury Department, and I've consulted with -- although I
14 didn't consult with Pat, or with Drew, but with their
15 cohorts, and they said if that ever should occur, I need
16 to abstain, I guess.

17 MR. BONDS: Okay, thank you.

18 MR. ZECH: So I hope to see all of you in
19 September.

20 MR. BONDS: We're going to move into public
21 comment.

22 MR. VAN de GRIFF: City Councilman Kelsey.

23 MR. KELSEY: Good afternoon. Just a brief
24 comment. I'm glad I attended this one; I appreciate the
25 comment about the buying it twice issue. I think it's

1 been a discussion among some of the council people here
2 indirectly, off the cuff, so to speak. I think it's a
3 good point, and I'm glad you're looking at it because it
4 will come up I'm quite sure, when that expenditure is
5 done.

6 So I appreciate the knowledge of the folks
7 looking into things like that, to make sure that it's done
8 the way it's supposed to be. Something is a deep dive, I
9 guess is a better terminology used where I come from.

10 Thank you very much.

11 MR. BONDS: Okay, any board comment?

12 (No response)

13 MR. BONDS: Hearing none, move for adjournment.

14 MR. DUNLEAVY: Motion to adjourn.

15 MS. THOMAS: Support.

16 MR. BONDS: Any discussion?

17 (No response.)

18 MR. BONDS: Hearing none, all those in favor
19 signify by stating aye. Aye.

20 MS. THOMAS: Aye.

21 MR. DUNLEAVY: Aye.

22 MS. ALLEN: Aye.

23 MR. BONDS: Meeting is adjourned, thank you all
24 for your good work.

25 (Meeting adjourned at 1:46 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 August 16th, 2016, City of Lincoln Park. 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: August 25th, 2016

s/ Amy Shankleton-Novess

Amy Shankleton-Novess (CER 0838)
Certified Electronic Reporter