

APPROVED - 10/29/14

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CITY OF BENTON HARBOR
RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING
SEPTEMBER 24, 2014

City of Benton Harbor Receivership Transition Advisory
Board Meeting held September 24, 2014 at Commission
Chambers, Benton Harbor City Hall, 200 East Wall
Street, Benton Harbor, Michigan at 11:00 a.m.

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

BOARD MEMBERS:

MR. CARY J. VAUGHN (Chairman)

MS. SHARON HUNT

MR. MARVIN RAGLON

MR. BRET WITKOWSKI

TREASURY STAFF:

MR. ROBERT WIDIGAN

BENTON HARBOR STAFF:

MR. DARWIN WATSON (City Manager)

1 Benton Harbor, Michigan

2 Wednesday, September 24, 2014 - 11:05 a.m.

3 MR. VAUGHN: It is 11:05 and I am calling the
4 Receivership Transition Advisory Board meeting to order.

5 Mr. Widigan, would you please call the roll?

6 MR. WIDIGAN: Cary Vaughn?

7 MR. VAUGHN: Here.

8 MR. WIDIGAN: Bret Witkowski?

9 MR. WITKOWSKI: Here.

10 MR. WIDIGAN: Sharon Hunt?

11 MS. HUNT: Here.

12 MR. WIDIGAN: Marvin Raglon?

13 MR. RAGLON: Here.

14 MR. WIDIGAN: A quorum is present.

15 MR. VAUGHN: If the folks in the audience
16 would like to speak, there's a sign-in sheet at the
17 front. If you do not sign the sign-in sheet, you will
18 not be recognized.

19 The first item on the agenda is the approval
20 of the agenda. We all have a copy of it.

21 Is there any discussion or modifications
22 needed?

23 Seeing none, I move that we approve the agenda
24 as presented.

25 Is there a second?

1 MS. HUNT: I second.
2 MR. VAUGHN: All those in favor of the motion,
3 say aye.
4 MR. WITKOWSKI: Aye.
5 MS. HUNT: Aye.
6 MR. RAGLON: Aye.
7 MR. VAUGHN: All those opposed, say no.
8 The approval of the agenda as presented is
9 approved.
10 The third item on the agenda is the approval
11 of the July 30th, 2014 RTAB meeting minutes.
12 Is there a discussion on this item?
13 I would entertain a motion on this item.
14 MR. WITKOWSKI: I'll make a motion for its
15 approval.
16 MS. HUNT: I second.
17 MR. WIDIGAN: I would just like to note there
18 were a couple corrections.
19 MR. VAUGHN: I'll sum up.
20 Is there a second?
21 MS. HUNT: I second.
22 MR. VAUGHN: Very good.
23 All those in favor, say aye.
24 MR. RAGLON: Aye.
25 MS. HUNT: Aye.

1 MR. WITKOWSKI: Aye.

2 MR. VAUGHN: All those opposed, say no.

3 The motion to approve the July 30th RTAB
4 meeting minutes with noted corrections is approved.

5 Old Business is the Capital Improvements Plan.

6 Mr. Widigan, would you please give us a
7 synopsis of this plan?

8 MR. WIDIGAN: Okay. So the City submitted to
9 Treasury their Capital Improvements Plan for our
10 reviewing approval.

11 In summary, this basically lists off a wide
12 range of capital needs across multiple cost centers and
13 it's a great starting point for the City to base their
14 next six fiscal years off of.

15 Eric Cline has submitted a summary of it,
16 but just to kind of cap it up, the Plan goes over
17 everything that's required by the City. It identifies
18 \$4.8 million in capital needs over the next six years
19 with \$2.1 million being allocated by City funds and
20 \$2.6 million being committed from grant or loan funds.

21 Capital needs have been identified from areas
22 of Public Safety, Utility Services, Public Works,
23 Community Development and General Administration areas.

24 Approval of the City's 2015 to 2020 Capital
25 Improvements Plan is being recommended as presented.

1 It is also being recommended that the City be
2 required to maintain the document per the conditions of
3 the Final EM Order.

4 **MR. VAUGHN:** Are there any further discussions
5 or questions for Mr. Widigan?

6 **MR. WITKOWSKI:** No. I'll make a motion to
7 approve them.

8 **MR. VAUGHN:** Is there a second?

9 **MR. RAGLON:** I second.

10 **MR. VAUGHN:** That being said, all those in
11 favor, say aye.

12 **MS. HUNT:** Aye.

13 **MR. RAGLON:** Aye.

14 **MR. WITKOWSKI:** Aye.

15 **MR. VAUGHN:** All those opposed, say no.

16 The motion to approve the City's Capital
17 Improvements Plan as presented is passed.

18 I move to require the City to maintain a
19 rolling Capital Improvements Plan as required by the
20 Final EM Order.

21 Is there a second?

22 **MS. HUNT:** I second.

23 **MR. VAUGHN:** Is there any discussion?

24 All those in favor of the second motion, say
25 aye.

1 MR. RAGLON: Aye.

2 MS. HUNT: Aye.

3 MR. WITKOWSKI: Aye.

4 MR. VAUGHN: All those opposed, say no.

5 The second motion to require the City to
6 maintain a rolling Capital Improvements Plan as required
7 by the Final EM Order is passed.

8 The next item on the agenda is the Operational
9 Plan, the Five-Year Budget. See Attachment 3.

10 Mr. Widigan, do you have anything for us on
11 this?

12 MR. WIDIGAN: Yes. So this plan includes a
13 reflection of the City's position, including
14 accomplishments and challenges that still remain to the
15 City. The City has noted that its underfunded pension
16 plans, needs for infrastructure improvements, pending
17 litigation and other costs drivers. The plan shows
18 fiscal years ending 2017 and 2018 have annual deficits
19 and fiscal year ending 2018 has an anticipated 23 percent
20 fund balance.

21 What has been submitted to ~~the~~ Treasury we
22 found to be a really good template. Actually, we have
23 talked about using it to give to other cities as a
24 starting point. A really good job.

25 The only thing is the City should include a

1 forecast for not just the General Fund, but also
2 Enterprise Funds and Major Funds just to give a little
3 bit more projection for the City to work off of and then
4 also identify -- they have in the back of the plan the
5 key initiatives that they wish to work on. It would be
6 great if the City would just kind of include maybe when
7 they plan to start each of their initiatives.

8 So my recommendation would be just to postpone
9 approval of the City's Operational Plan and just ask that
10 the City add in Enterprise Funds and Major Funds and
11 identify which fiscal year the City plans on beginning
12 each key initiative.

13 **MR. VAUGHN:** There's two Enterprise Funds, the
14 water and the sewer funds?

15 **MR. WIDIGAN:** That's right, yes.

16 **MR. VAUGHN:** And the forecast would look much
17 like the forecast for the General Fund. Correct?

18 Did you like the format of the General Fund?
19 Were we okay with the General Fund?

20 **MR. RAGLON:** Yes.

21 **MR. WITKOWSKI:** Yes.

22 **MR. VAUGHN:** Okay. We think that would be a
23 good thing to include those then?

24 **MR. WITKOWSKI:** I do.

25 **MR. RAGLON:** I do.

1 MS. HUNT: Uh-huh.

2 MR. VAUGHN: Any further discussion on this
3 item?

4 I would entertain a motion on this item.

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

6 MR. VAUGHN: Motion to --

7 MR. WITKOWSKI: Approve.

8 MR. RAGLON: Postpone.

9 MR. WITKOWSKI: Postpone.

10 MR. VAUGHN: We might want to postpone.

11 MR. WITKOWSKI: Postpone. Sorry.

12 MR. VAUGHN: The movement is to postpone.

13 Is there a second?

14 MR. RAGLON: Second.

15 MR. VAUGHN: All those in favor of postponing
16 this motion, say aye.

17 MR. WITKOWSKI: Aye.

18 MS. HUNT: Aye.

19 MR. RAGLON: Aye.

20 MR. VAUGHN: All those opposed, say no.

21 The motion to postpone the City's Operational
22 Financial Plan as presented is approved.

23 I also move to require the City to include a
24 forecast for all Enterprise Funds and all Major Funds,
25 along with identifying which fiscal year the City plans

1 on beginning each key initiative.

2 Is there a second?

3 MS. HUNT: I second.

4 MR. VAUGHN: Are there any discussions on this
5 item?

6 All those in favor, say aye.

7 MS. HUNT: Aye.

8 MR. WITKOWSKI: Aye.

9 MR. RAGLON: Aye.

10 MR. VAUGHN: All those opposed, say no.

11 The motion is passed.

12 New Business. The approval of resolutions
13 and ordinances from the City Commission meetings.

14 We have July 21st, 2014. That's Attachment 4.

15 The items include the minutes of June 16th's regular
16 meeting, minutes from June 25th's special meeting,
17 resolution to fill the vacated commission seat, closed
18 session to discuss a legal matter. This closed session
19 was to discuss the Martlew settlement and was approved at
20 the July 30, 2014 meeting.

21 Is there any discussion on this item?

22 I would entertain a motion on this item.

23 MR. WITKOWSKI: I make a motion to approve.

24 MS. HUNT: I second it.

25 MR. VAUGHN: All those in favor, say aye.

1 MR. RAGLON: Aye.

2 MR. WITKOWSKI: Aye.

3 MS. HUNT: Aye.

4 MR. VAUGHN: All those opposed, say no.

5 The motion to approve all City Commission
6 resolutions from the July 21, 2014 meeting is approved.

7 The next item on the agenda is the August 4th,
8 2014 regular meeting, which includes minutes of the
9 June 21 regular meeting, resolution approving the
10 appointments to the Economic Development Corporation
11 Board.

12 Do we have any discussion on this item?

13 I would entertain a motion on this item.

14 MR. RAGLON: I make the motion that we
15 approve.

16 MR. WITKOWSKI: I'll second that.

17 MR. VAUGHN: All those in favor, say aye.

18 MR. WITKOWSKI: Aye.

19 MR. RAGLON: Aye.

20 MS. HUNT: Aye.

21 MR. VAUGHN: All those opposed, say no.

22 The motion to approve all City Commission
23 resolutions from the August 4th, 2014 meeting is
24 approved.

25 The next item on the agenda is the August 18,

1 2014 regular meeting. The items include the minutes of
2 the August 4th regular meeting.

3 Are there any discussions on this item?

4 I would entertain a motion on this.

5 MS. HUNT: I move to approve.

6 MR. VAUGHN: Is there a second?

7 MR. WITKOWSKI: I'll second it.

8 MR. VAUGHN: All those in favor, say aye.

9 MS. HUNT: Aye.

10 MR. RAGLON: Aye.

11 MR. WITKOWSKI: Aye.

12 MR. VAUGHN: All those opposed, say no.

13 The motion to approve all City Commission
14 resolutions from the August 18th, 2014 meeting is
15 approved.

16 The next item on the agenda is the
17 September 2nd, 2014 regular meeting, which includes the
18 minutes from the August 18th regular meeting.

19 Is there discussion on this item?

20 I'll entertain a motion on this item.

21 MR. WITKOWSKI: I make a motion to approve it.

22 MS. HUNT: I second it.

23 MR. VAUGHN: All those in favor, say aye.

24 MR. WITKOWSKI: Aye.

25 MS. HUNT: Aye.

1 MR. RAGLON: Aye.

2 MR. VAUGHN: All those opposed, say no.

3 The motion to approve all City Commission
4 resolutions from the September 2nd meeting is passed.

5 The next item on the agenda are the City
6 Manager Items from August and September 2014.

7 Mr. Watson, do you have anything to say?

8 MR. WATSON: No. I just have a question. On
9 the resolutions that were just passed, I think there may
10 be an issue with the dates it refers to for the regular
11 meetings, because it says, "Minutes of June 16," I think
12 that would have been July 5th, and then the subsequent
13 one, on the second one where it says, "June 21" would
14 have been July 21st.

15 MR. WITKOWSKI: I have July.

16 MR. VAUGHN: You have July.

17 MR. RAGLON: I have July on mine, too.

18 MR. WATSON: Okay. All right.

19 MR. RAGLON: You don't have the revised one.

20 MR. WATSON: I've got the old one. Okay.

21 Sorry.

22 Other than that, I have no items to bring at
23 this time.

24 MR. VAUGHN: Okay. Thank you, Mr. Watson.

25 The next items are Nonaction Items, monthly

1 financial report from July 2014. That's Attachment
2 Number 8.

3 Do we have any discussion on this item?

4 Seeing none, the monthly report from July 2014
5 will be filed.

6 The next item is the August 2014 monthly
7 report, Attachment 9.

8 Is there discussion on this item?

9 **MR. WITKOWSKI:** I've just got a couple of
10 questions.

11 On Equipment Rental, how often is the Major
12 and Streets paying the General Fund?

13 **MR. WATSON:** What we did was we moved that to
14 a quarterly payment.

15 **MR. WITKOWSKI:** Oh, okay.

16 **MR. WATSON:** So it will reflect in -- should
17 be in the next month's --

18 **MR. WITKOWSKI:** That's fine. I was just
19 curious.

20 And then I noticed on Major Streets, it
21 doesn't show any revenue.

22 **MR. WATSON:** The receipt of the Act 51 money
23 at the time of the preparation of that document had not
24 been received, so I had a question about that, too, and I
25 talked with Jodi and she said that we hadn't gotten it

1 yet, so we're just waiting on that money to trickle in.

2 **MR. WITKOWSKI:** And then when I look on the
3 expenditure side on Major and Local Streets, I don't see
4 equipment rental expenditures. You show it as a revenue
5 on the General.

6 **MR. WATSON:** Okay.

7 **MR. WITKOWSKI:** I don't know if it's under
8 something else.

9 **MR. WATSON:** I don't have the document in
10 front of me, that's why, so --

11 **MR. WITKOWSKI:** Okay. Well, it's just not on
12 the expense side. I just didn't know if it needed to be
13 added or if it's in a different line item.

14 **MR. WATSON:** What I'll do is I'll e-mail the
15 RTAB a response to that so that everyone will know.

16 **MR. VAUGHN:** What normally happens, at least
17 in county road commissions, is that those equipment
18 rentals get charged to the projects, so you normally
19 don't see an equipment rental expenditure line item for
20 those projects.

21 **MR. WITKOWSKI:** I think somewhere they do.

22 **MR. VAUGHN:** Do they?

23 Miss Lundquist can straighten us out on that.
24 I could be wrong.

25 **MR. WITKOWSKI:** Well, I think counties are

1 different.

2 MR. VAUGHN: Is it?

3 MR. WITKOWSKI: Yeah.

4 MR. VAUGHN: Okay.

5 MR. WITKOWSKI: And then it said, "Debt
6 Service." What's that for? What project is that for?
7 It's a lot of money.

8 MR. WATSON: The \$100,000.

9 MR. WITKOWSKI: Yeah.

10 MR. WATSON: Yeah, that's another question I
11 have for her and, when I went through it, she was on her
12 way where she had to go --

13 MR. WITKOWSKI: I understand, and I assume
14 it's a once-a-year payment.

15 MR. WATSON: Yeah, but I didn't get that. I
16 will make sure both of those are forwarded to the RTAB
17 so we'll be on the same page with that.

18 MR. WITKOWSKI: And then my last question is
19 under Utilities Services --

20 MR. WATSON: Uh-huh.

21 MR. WITKOWSKI: -- as "other" revenue at
22 182,000. It has water, sewer and "other." I mean that's
23 a lot of money.

24 Do you know what the "other" is?

25 MR. WATSON: No, I don't, not at this time.

1 MR. WITKOWSKI: Okay. That's fair. I'm just
2 curious because it's about a third of the revenue.

3 MR. VAUGHN: What fund are you looking at?

4 MR. WITKOWSKI: Water Services Fund, last
5 page, Page 4. You'll see water, sewer and then it says,
6 "other." It's such a big category.

7 (Brief pause.)

8 MR. WITKOWSKI: And those are my only
9 questions. Thank you.

10 Oh, can I ask, how is the audit going?

11 MR. WATSON: I was going to give you that
12 update next.

13 MR. WITKOWSKI: Okay.

14 MR. VAUGHN: You stole my thunder. That was
15 my one thing.

16 MR. WITKOWSKI: Then can I ask --

17 MR. VAUGHN: I'll yield the floor to you.

18 MR. WITKOWSKI: I see a lot of storm drains
19 getting done.

20 MR. WATSON: Correct.

21 MR. WITKOWSKI: Where is the money coming
22 from?

23 MR. WATSON: Which storm drains are you
24 referring to?

25 MR. WITKOWSKI: Well, I think I saw one on

1 McAllister and some other streets, the curb and the
2 gutter --

3 **MR. WATSON:** We had a grant from the Federal
4 Highway Administration that's being funneled through MDOT
5 and what you're seeing -- they're actually getting ready
6 to redo Broadway.

7 **MR. WITKOWSKI:** Okay.

8 **MR. WATSON:** As part of that, all the storm
9 drains were done as well as they're going to do some
10 ADA work. Colfax is scheduled for next year. They're
11 going to do the same thing on that, which is a big
12 project we're waiting on.

13 **MR. WITKOWSKI:** Definitely help the water
14 drain situation over there.

15 **MR. WATSON:** Yes, sir.

16 **MR. WITKOWSKI:** I was just driving around and
17 I saw it.

18 **MR. WATSON:** Yep.

19 **MR. RAGLON:** How much was that grant?

20 **MR. WATSON:** For which one?

21 **MR. RAGLON:** You just mentioned that there was
22 a grant, a federal grant.

23 **MR. WATSON:** That total grant, about \$500,000
24 I believe is the total because it combines -- initially,
25 there were two separate ones; there was the Broadway

1 project and then there was the Colfax project. We
2 combined the two of them, so the pot of money basically
3 got put together. So I believe it's right around 570,
4 \$560,000 --

5 MR. RAGLON: Okay.

6 MR. WATSON: -- total for that, so --

7 MR. WITKOWSKI: Is that through TwinCATS or
8 is that something --

9 MR. WATSON: That's through TwinCATS, yep,
10 and, also, the CMAQ project is being done on Empire and
11 Pipestone, which is the light signal replacement, so you
12 see work being done up there as well, so --

13 MR. WITKOWSKI: And for the audience, TwinCATS
14 is --

15 MR. WATSON: Twin Cities Area Transportation
16 System.

17 MR. WITKOWSKI: And everybody competes for a
18 pot of money --

19 MR. WATSON: Yeah.

20 MR. WITKOWSKI: -- the counties and cities and
21 villages.

22 MR. WATSON: And we were fortunate because the
23 Colfax project actually was pushed out -- it was
24 scheduled to be done in 2018, but someone couldn't get a
25 project done; I can't remember which municipality, so the

1 pot of money became available and basically they amended
2 the project allocation and gave it to us, so we actually
3 moved it up two years, so we're very, very thankful for
4 that.

5 MR. RAGLON: Thank you.

6 MR. WITKOWSKI: Thank you.

7 MR. VAUGHN: Any further discussion on the
8 August 2014 report?

9 The next item is the City Manager Update.
10 Mr. Watson?

11 MR. WATSON: Well, in addition to the pre --
12 the kind of --

13 MR. WITKOWSKI: My curiosity question.

14 MR. WATSON: -- the preview, the auditors got
15 here on the 15th of September. Thus far, everything is
16 going great. They've talked to Jodi and myself a couple
17 times and they're very, very happy with how the audit is
18 going and the fact that it's very smooth. They should be
19 out of here probably the middle of October and they're
20 going to take a week off in the process and then come
21 back and finish up, so we should be presenting the audit
22 November-ish, early December. So we're very, very
23 anxious to see how this is going to come out, but that's
24 pretty much the big thing that's going on right now.
25 Plante Moran is doing it and they've done it the last

1 couple three years, so we're like very anticipatory
2 about what the results are going to be.

3 MR. WITKOWSKI: Will the accounting firm give
4 us a presentation, too?

5 MR. VAUGHN: I think we can if we want to.

6 MR. WITKOWSKI: I think it would be -- I mean
7 that's just my personal opinion.

8 They will present to the Council?

9 MR. WATSON: Correct, they'll be presenting to
10 the Council.

11 MR. RAGLON: I think it would be appropriate
12 then for them to present to us as well.

13 MR. VAUGHN: Yeah.

14 MS. HUNT: Yes.

15 MR. WATSON: I will definitely pass that on to
16 them so we can make sure that we set up a time for that
17 presentation to be made to the RTAB as well.

18 MR. WITKOWSKI: Thank you.

19 MR. RAGLON: Thank you.

20 MR. VAUGHN: Thanks.

21 Anything further?

22 MR. WATSON: That's it. Like I say, the
23 projects that we have that we're working on -- oh, also,
24 one last thing. We are applying for the Distressed
25 Communities Grant, which we were provided information

1 from the State Treasury Department for a grant.

2 The application is due on the 31st and so
3 we're gathering information and putting that grant
4 together to be submitted in advance of the October 31st
5 deadline.

6 The grant in total is \$8 million and I believe
7 you can get up to 2 million per community. So we're
8 putting together a nice package project. We could almost
9 use the whole 8 million, but I won't be greedy, and we'll
10 submit that to the Treasury for their consideration.

11 MR. RAGLON: Great.

12 MR. VAUGHN: Thank you, Mr. Watson.

13 MR. WATSON: Uh-huh.

14 MR. VAUGHN: The next item on the agenda is
15 Public Comment.

16 Is there anyone in the public that would like
17 to speak?

18 Seeing none, there is Board Comment.

19 Let's go down the line, if anybody would like
20 to speak.

21 MR. WITKOWSKI: Mine were all answered through
22 the financials.

23 MR. VAUGHN: Miss Hunt?

24 MS. HUNT: I'm good.

25 MR. RAGLON: No.

1 MR. VAUGHN: All right. Thank you.
2 The last item on the agenda is Adjournment.
3 I move that we adjourn this meeting.
4 Is there a second?
5 MS. HUNT: I second.
6 MR. VAUGHN: All right. All those in favor,
7 say aye.
8 MS. HUNT: Aye.
9 MR. WITKOWSKI: Aye.
10 MR. RAGLON: Aye.
11 MR. VAUGHN: All those opposed, say no.
12 The meeting is adjourned. Thank you.

13 (At 11:28 a.m. meeting adjourned.)
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REPORTER'S CERTIFICATE

State of Michigan
County of Van Buren

I certify that this transcript, consisting of 24 pages,
is a complete, true and correct record of the Meeting
held 9/24/14.



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

