

APPROVED - 2/25/15¹

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CITY OF BENTON HARBOR

RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING

JANUARY 28, 2015

City of Benton Harbor Receivership Transition Advisory
Board Meeting held January 28, 2015 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

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BOARD MEMBERS:

MR. LARRY STECKELBERG (Chairman)

MS. SHARON HUNT

MR. BRET WITKOWSKI

TREASURY STAFF:

MR. ROBERT WIDIGAN

BENTON HARBOR STAFF:

MR. DARWIN WATSON (City Manager)

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Benton Harbor, Michigan

Wednesday, January 28, 2015 - 11:00 a.m.

MR. WITKOWSKI: We'll call the meeting of the Benton Harbor RTAB to order here for Wednesday, January 28th, 2015.

Do we have any public -- public comment probably will be in a few minutes.

Look for approval of the agenda.

MS. HUNT: I make a motion that we approve the agenda.

MR. STECKELBERG: I second that.

MR. WITKOWSKI: Moved by Sharon, supported.

Any discussion?

If there isn't, all those signify by saying aye.

MS. HUNT: Aye.

MR. STECKELBERG: Aye.

MR. WITKOWSKI: All those opposed?

At this time are there any nominations for appointment of chairman?

MS. HUNT: I make a nomination that Larry Steckelberg become the chairman for the RTAB.

MR. WITKOWSKI: I'll second that.

Any discussion?

If not, all those in favor signify by saying aye.

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MS. HUNT: Aye.

MR. WITKOWSKI: Aye.

3 Motion passes -- or does it pass on two?

4 MR. WIDIGAN: Yeah.

5 MR. WITKOWSKI: That's right because there's a
6 majority present, so the motion does pass with a majority
7 present.

8 Okay. All yours.

9 MR. STECKELBERG: We'll do roll call.

10 MR. WIDIGAN: Okay. Larry Steckelberg.

11 MR. STECKELBERG: Here.

12 MR. WIDIGAN: Sharon Hunt.

13 MS. HUNT: Here.

14 MR. WIDIGAN: Bret Witkowski.

15 MR. WITKOWSKI: Here.

16 MR. WIDIGAN: I'll note that Marvin Raglon is
17 absent, but a quorum is present.

18 MR. STECKELBERG: And then I'll just reiterate
19 if anybody from the public wishes to speak, we have a
20 sign-up sheet here for that opportunity at the public
21 comment time.

22 All right. Next agenda item is approval of the
23 November 25th, 2014 RTAB meeting minutes.

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

25 MS. HUNT: I second.

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1 MR. STECKELBERG: All right. Motion being
2 seconded, all those in favor say aye.

3 MS. HUNT: Aye.

4 MR. WITKOWSKI: Aye.

5 MR. STECKELBERG: Aye.

6 Passes unanimously.

7 We have no old business on the agenda.

8 New business. I'll entertain a motion to
9 approve or deny the City Commission resolutions from the
10 November 17th, 2014 meeting.

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

12 MS. HUNT: I second.

13 MR. STECKELBERG: It's been made and seconded.

14 All those in a favor?

15 MR. WITKOWSKI: Aye.

16 MS. HUNT: Aye.

17 MR. STECKELBERG: Aye.

18 Passes unanimously.

19 I'll entertain a motion to approve or deny the
20 City Commission resolutions from the December 1st, 2014
21 meeting.

22 MR. WITKOWSKI: I'll make a motion to approve.

23 MS. HUNT: I second.

24 MR. STECKELBERG: Motion moved and seconded.

25 All those in favor?

1 MR. WITKOWSKI: Aye.

2 MS. HUNT: Aye.

3 MR. STECKELBERG: Aye.

4 Passes unanimously.

5 And then I'll entertain a motion to approve or

6 deny or postpone all City Commission resolutions from the
7 December 15th, 2014 meeting.

8 MS. HUNT: I make a motion to approve.

9 MR. WITKOWSKI: I'll second that.

10 MR. STECKELBERG: Motion made and seconded.

11 All those in favor?

12 MR. WITKOWSKI: Aye.

13 MS. HUNT: Aye.

14 MR. STECKELBERG: Aye.

15 Motion passes.

16 All right. Then I'll make a motion to approve
17 or deny the City Commission resolutions from the
18 January 5th, 2015 meeting.

19 MS. HUNT: I make a motion to approve.

20 MR. WITKOWSKI: I'll second that.

21 MR. STECKELBERG: Motion made and seconded.

22 All those in favor?

23 MR. WITKOWSKI: Aye.

24 MS. HUNT: Aye.

25 MR. STECKELBERG: Aye.

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1 Motion passes.

2 All right. We have informational items here,
3 City Manager items, City audit for information. We've
4 been provided copies of the City audit with discussion
5 documents.

6 If we have any questions or people want to ask

7 questions, we do have folks present to answer questions,
8 but at this point it's largely for information only.

9 MR. WITKOWSKI: If we want to ask questions,
10 should we do it now or later?

11 MR. STECKELBERG: Now, yes.

12 MR. WITKOWSKI: I haven't seen it before.
13 Was there an audit of the cemetery?

14 MR. WATSON: No, there was not an audit of the
15 cemetery included in this one. Subsequently, we have
16 asked for the approval from the Cemetery Board to conduct
17 an audit and they passed that at their January meeting, so
18 we're looking forward to that coming forward.

19 MR. WITKOWSKI: Is the cemetery an authority or
20 a board?

21 MR. WATSON: It's a board, it's a charter board.

22 MR. WITKOWSKI: Do they fall -- and I assume
23 their fiscal year runs the same as yours.

24 MR. WATSON: Yes, sir.

25 MR. WITKOWSKI: Okay. I'm sure it's in here,

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1 also.

2 Is there an audit of the library, too?

3 MR. WATSON: I believe so.

4 MS. LUNDQUIST: The library is not included in
5 the City's financial statement.

6 MR. WATSON: Okay.

7 MR. WITKOWSKI: Is that an authority then, the
8 library?

9 MR. WATSON: The library is a board as well;
10 it's a charter board.

11 MS. LUNDQUIST: For financial purposes, it is
12 not included in the City's financial statements.

13 MR. WITKOWSKI: But it's not an authority,
14 though.

15 They have a board that's appointed by the
16 Township and the City?

17 MS. LUNDQUIST: I would be happy to research the
18 answer.

19 MR. WATSON: It is, it is. To let you know that
20 the -- there is -- there are members put on the board by
21 the City Commission and then there's a township member as
22 well.

23 MR. WITKOWSKI: You don't have to answer if you
24 don't know the answer.

25 Do they do ~~they~~^{their} own audit then?

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1 MS. LUNDQUIST: Yes, they do.

2 MR. WITKOWSKI: All right. That's fine. I'm
3 all set. Thank you very much.

4 MR. STECKELBERG: If there are no more
5 questions, we'll move on to Operations Plan.

6 Rob, do you want to update the Board at this
7 time.

8 MR. ~~WATSON~~^{Widigan}: Okay. So no action is required
9 from the Board at this time. Mr. Watson was seeking

10 permission from the Board to revise the Operational Plan
11 which we approved back in October. I informed him
12 permission is not needed from the Board to amend it, but
13 once the plan is amended, it will be submitted to the
14 Board for us to review and then approve at a later date,
15 information only.

16 MR. STECKELBERG: Any questions?

17 The next item on the agenda is the Fund Balance
18 Policy which was passed by the Commission.

19 And I'll entertain a motion to approve, deny or
20 postpone the Fund Balance Policy Resolution from the
21 January 20th, 2015 commission meeting.

22 MR. WITKOWSKI: I would make a motion to approve
23 it.

24 MS. HUNT: And I second it.

25 MR. STECKELBERG: Motion made and seconded.

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1 All those in favor?

2 MR. WITKOWSKI: Aye.

3 MS. HUNT: Aye.

4 MR. STECKELBERG: Aye.

5 Okay. The Board -- this normally wouldn't have
6 fallen under this month's meeting, but because we didn't
7 want to hinder the City's time frame, we're just moving it
8 forward for approval, the Board's moving it forward
9 because normally it wouldn't have fallen in this meeting,
10 but we moved it forward for approval and review.

11 All right. Nonaction items. Budget to Actual

12 Report findings. We have a copy of that.

13 Any discussion on that?

14 MR. WITKOWSKI: I much appreciate the
15 information that was included, you know, as to where they
16 are budget-wise. I thought that was good, Jodi and
17 Darwin, to be able to see where you're at year-to-date
18 and compare other years, I think it's important, too.

19 One thing. The \$300,000 that does come in from
20 Whirlpool, does that go into the pension fund? Did I read
21 that right? Okay.

22 And if I could ask what percent are you funded
23 now in the pension fund?

24 MR. WATSON: I'll let Jodi answer that one.

25 MS. LUNDQUIST: As of the December 31st, 2013

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1 actuarial report, we were 44 percent funded.

2 MR. WITKOWSKI: Does that include -- you have a
3 millage that goes towards that, too. Correct?

4 MS. LUNDQUIST: Yes.

5 MR. WITKOWSKI: Okay.

6 MS. LUNDQUIST: That's just the total funding
7 of all of the City's pension fund, but the millage that
8 we do receive on the City's summer taxes is remitted to
9 MERS.

10 MR. WITKOWSKI: Is there like an end date when
11 you think it might be at 100 percent funded?

12 MS. LUNDQUIST: Well, there's a 20-year

13 amortization schedule, so at the end of 20 years.

14 MR. WITKOWSKI: Okay.

15 MR. WATSON: It's a significant time from now.

16 MR. WITKOWSKI: Okay. I applaud you for making
17 sure the retirees are secure because you read about that's
18 not always the case in other businesses or communities.

19 MS. LUNDQUIST: I would happily like to note
20 that we have budgeted to contribute not only the annual
21 required contribution as is delineated in the actuarial
22 report, but an additional 10 percent and we're on pace
23 with our monthly required contribution for the fiscal year
24 and our budgeted contributions do not include the special
25 revenue that we receive from the millage.

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1 MR. STECKELBERG: All right. Moving on,
2 Quarterly Report ending December 31st, 2014, which is
3 Attachment Number 8, is received and filed.

4 Is there any discussion?

5 Seeing none, I'll turn now to the City Manager
6 Update.

7 Mr. Watson, do you have anything to share with
8 the Board?

9 MR. WATSON: First, thanks for the approval of
10 the Fund Balance Policy. We worked very hard and diligent
11 to get that passed through several different committee
12 meetings as well as Commission meetings and work done by
13 staff to get that prepared and presented.

14 The other two issues, the audit went very well.

15 You've been provided a copy of it. If, in fact, there is
16 a request of the Board to do a formal presentation, we'd
17 be glad to entertain that if that is the wish of the RTAB.
18 The company is willing to do it and it's part of our
19 overall presentation of the audit, so --

20 Other than that, everything is going pretty
21 well. Looking forward to a great 2015 and getting a lot
22 of things done this coming year, so --

23 MR. WITKOWSKI: What are some of the -- if I
24 could ask, if it's okay --

25 MR. STECKELBERG: Yes.

13

1 MR. WITKOWSKI: What are some of the projects
2 the City is working on? You don't have to go through the
3 list, but maybe some of the highlights from the standpoint
4 of the City.

5 MR. WATSON: We are currently -- there's a
6 couple road paving projects that are continuations of what
7 got started in 2014. We did Broadway from Pipestone to
8 Empire. We're going to do Colfax starting right after
9 school gets out. We didn't want to have that torn up
10 during the time that school is in.

11 We're hopeful and prayerful that we get the
12 grant that we applied for for the Financially Distressed
13 Communities Grant and that will give us an opportunity to
14 do some work with some dead end water mains that we have
15 that are in the system as well as some shallow water mains

16 ~~as well~~, address some fire hydrants that are out, some
17 upgrades to equipment in Public Works as well as upgrades
18 to stuff here in the City for purposes of efficiencies.

19 We also have some stuff that needs to be done to
20 the building itself, upgrades and things of that nature.

21 So that's kind of the highlights that are things
22 we're looking to do going forward into 2015 and then in
23 2016 as well.

24 MR. WITKOWSKI: And I know last year was --
25 obviously last winter was brutal and there was an abnormal

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1 amount of plumbing line freezes.

2 Have we had that problem this year?

3 MR. WATSON: The biggest issue we've had this
4 year has been from the standpoint of the service lines,
5 and what we're finding is that it's not the waterline
6 that's freezing the main; it's actually where there's not
7 enough -- where there isn't adequate heating in people's
8 homes in the basements, so the meter is freezing and it's
9 going back towards the main, but we've been able to remedy
10 a lot of those. We have not had a lot of issues from the
11 water side. The sewer side, we've had some challenges,
12 old clay towers are starting to give way, we had one
13 major issue, but as far as what we experienced last year,
14 we have not seen that.

15 MR. WITKOWSKI: Okay. Good.

16 MS. HUNT: City Manager, you mentioned the grant
17 that you're hoping to get.

18

MR. WATSON: Uh-huh.

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MS. HUNT: What is the dollar amount that you're hoping to get from the grant?

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MR. WATSON: We have applied for a total -- the cap on the grant is \$2 million and we've applied for the entire \$2 million.

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MS. HUNT: \$2 million?

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MR. WATSON: Yes, ma'am.

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MR. WITKOWSKI: What will be the percent match?

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MR. WATSON: There is none.

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MR. WITKOWSKI: There is none? Okay.

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And then the only other question I had is the

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CDBG --

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MR. WATSON: CDBG?

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MR. WITKOWSKI: Yeah. The funds haven't come

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in.

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Has that issue gotten resolved?

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MR. WATSON: There was a technical glitch from the IDIS system to draw down money and we've got that resolved, so we're moving forward with that.

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MR. WITKOWSKI: Okay.

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MR. WATSON: Yep.

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MR. WITKOWSKI: Those are all the questions I

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have.

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MR. STECKELBERG: Are you all set?

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MR. WATSON: I'm good. Thank you.

19 MR. STECKELBERG: Thank you very much,
20 Mr. Watson.

21 We have nobody asking to make public comment,
22 so we'll turn now to Board comment if there is any.

23 MR. WITKOWSKI: The only thing I have is, you
24 know, as I look at the financials, it's good to see things
25 going in the right direction. I think there's going to be

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1 some point that the Commission will have options, rather
2 than having to cut for the last 20, 30 years, maybe have
3 some options to do other things --

4 MR. WATSON: Yeah.

5 MR. WITKOWSKI: -- work with the community and
6 figure out what's best now that you have a fund balance
7 set up, what's best for other things.

8 MS. HUNT: I have one comment and one question.
9 The comment is that I agree with Board Member
10 Witkowski in that I'm really pleased to see the financial
11 turnaround for the City of Benton Harbor, so it really
12 looks good and, again, being a resident of Benton Harbor,
13 kudos to all of the hard work that you have done.

14 MR. WATSON: Thank you.

15 MS. HUNT: The question that I have is after
16 reading all of the notes that we received, I understand
17 that they did for you an evaluation.

18 MR. WATSON: Yes, ma'am.

19 MS. HUNT: And I understand that it's finalized.
20 Can you give us an update on the evaluation and

21 what the next step is?

22 MR. WATSON: The evaluation was done at the
23 December 15th Commission meeting.

24 MS. HUNT: Right.

25 MR. WATSON: It was -- on the scale of one to

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1 five, it was a 2.83. Understanding that there is never a
2 perfect evaluation. If there is, you should get nervous
3 because if you're doing everything that well, it means
4 you've got no room to grow, but we're excited that we had
5 a lot of great dialogue about some things that we can do
6 better to get education, to get information out to not
7 only the community, but the commissioners as well.

8 The next step now is that my initial contract
9 with the City as City Manager expires the 9th of February.
10 So hopefully in the next couple weeks we will see a
11 renewal or we'll know what the Commission is going to do.
12 I don't know at this point. I'm hopeful that we continue
13 getting a chance to continue the work that we started and
14 keep it going for a period of time. I'm not going to be
15 here forever, but just hopeful that we can continue to
16 work with the great staff that we have and the momentum
17 that we have started and gained, so --

18 MS. HUNT: Okay.

19 MR. WATSON: Uh-huh.

20 MR. STECKELBERG: I just want to add that I
21 thank you for electing me Chair and I'm looking forward

22 to working with Darwin, the Board, whatever resources the
23 state can bring in to make sure this process continues,
24 that everybody's goal is a stronger Benton Harbor.

25 MR. WATSON: Yes.

1 MR. STECKELBERG: Without any other business,
2 I'll entertain a motion to adjourn.

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

4 MS. HUNT: I second that.

5 MR. STECKELBERG: Being seconded, all those in
6 favor?

7 MR. WITKOWSKI: Aye.

8 MS. HUNT: Aye.

9 MR. STECKELBERG: Aye.

10 All right. Meeting adjourned.

11 (At 11:20 a.m. Meeting adjourned.)

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CERTIFICATE

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State of Michigan

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County of Van Buren

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I certify that this transcript, consisting of 19 pages,

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is a complete, true and correct record of the Meeting

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held 1/28/15.

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Alison R. Huffman - CSR-0945

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Certified Court Reporter

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Notary Public in and for
Van Buren County, Michigan

24

Commission Expires: 8/19/19