approved 06-24-2015

CITY OF BENTON HARBOR

RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING

APRIL 29, 2015

City of Benton Harbor Receivership Transition Advisory Board Meeting held April 29, 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

BOARD MEMBERS:

MR. LARRY STECKELBERG (Chairman)

MS. SHARON HUNT

MR. MARVIN RAGLON

MR. BRET WITKOWSKI

BENTON HARBOR STAFF:

MR. DARWIN WATSON (City Manager)

MS. LISA GOLLIDAY

MS. JODI LUNDQUIST

Benton Harbor, Michigan

Wednesday, April 29, 2015 - 11:00 a.m.

MR. STECKELBERG: I will start with taking the vote. roll call

Marvin Raglon.

MR. RAGLON: Here.

MR. STECKELBERG: Sharon Hunt.

MS. HUNT: Here.

MR. STECKELBERG: Bret Witkowski.

MR. WITKOWSKI: Here.

MR. STECKELBERG: And Larry Steckelberg's here.

Just a reminder upfront, if there's any public comment, I don't see anybody here, but there's a sign-in sheet for public comment if you care to.

I'll entertain a motion to approve the Agenda as presented.

MR. WITKOWSKI: I'll make that motion.

MS. HUNT: I'll second it.

MR. STECKELBERG: Made and seconded.

All those in favor?

MR. RAGLON: Aye.

MS. HUNT: Aye.

MR. WITKOWSKI: Aye.

MR. STECKELBERG: Okay. Approval of the RTAB minutes of February 25th, I'll take a motion for that.

MR. RAGLON: I make the motion that we approve the minutes of February 25th.

MR. WITKOWSKI: I'll second.

MR. STECKELBERG: Made and seconded.

All those in favor?

MS. HUNT: Aye.

MR. WITKOWSKI: Aye.

MR. RAGLON: Aye.

MR. STECKELBERG: We have no old business on the Agenda.

The new business, beginning with approval of resolutions and ordinances for City Commission meetings, regular meeting of February 17th, 2015, which was Attachment Number 2. I'll entertain a motion to approve those.

MS. HUNT: I'll make a motion to approve the resolutions and ordinances from the February 17th City Commission meeting.

MR. WITKOWSKI: I'll second that.

MR. STECKELBERG: Made and seconded.

All those in favor?

MR. RAGLON: Aye.

MS. HUNT: Aye.

MR. WITKOWSKI: Aye.

MR. STECKELBERG: All right. The regular

1 meeting of March 2nd, 2015, I'll entertain a motion to
2 approve those.
3 MR. WITKOWSKI: I'll make that motion.
4 MR. RAGLON: I second it.
5 MR. STECKELBERG: All those in favor?
6 MS. HUNT: Aye.
7 MR. RAGLON: Aye.
8 MR. WITKOWSKI: Aye.
9 MR. STECKELBERG: The meeting of March 16th,
10 2015, Attachment Number 4, I'll entertain a motion to
11 approve.
12 MS. HUNT: I make a motion to approve.
13 MR. RAGLON: I second.
14 MR. STECKELBERG: All those in favor?
15 MR. WITKOWSKI: Aye.
16 MR. RAGLON: Aye.
17 MS. HUNT: Aye.
18 MR. STECKELBERG: And the April 6th regular
19 meeting, I'll entertain a motion to approve the
20 resolutions and ordinances from that meeting.
21 MR. WITKOWSKI: I'll make that motion.
22 MS. HUNT: I'll second it.
23 MR. STECKELBERG: All those in favor?
24 MR. RAGLON: Aye.
25 MR. WITKOWSKI: Aye.

MS. HUNT: Aye.

MR. STECKELBERG: From that meeting, I believe that was the April 6th meeting, budget amendments were approved.

Miss Lundquist, could you please describe for us the amendments that were made in the budget?

MS. LUNDQUIST: Good morning.

There were several budget amendments that were approved at the April 6th meeting. I'll briefly run through those for your information, and please let me know if you have any additional questions.

The first budget amendment dealt with the purchase of the four Public Safety vehicles. The City had budgeted for the purchase of one vehicle in the fiscal year '14-'15 budget. However, we were able to obtain financing that would allow us to effectively still pay for one vehicle, the purchase ~~for~~ of four, with the terms of the loan being quarterly installment payments over four years.

So in order to appropriately book or record the activity that resulted from the loan proceeds, the expenditure for those four police vehicles and then the debt service payment for the first four quarterly payments, we needed to add those items effectively into the budget.

So you'll see the addition of loan proceeds in

1 the amount of $170,000, the Public Safety Department
2 budget, that's expenditures 305, line item, Public Safety
3 was increased by $125,000. So that line item was increased
4 effectively by the three cars because we had the money
5 come in and we had to show the money going out for those
6 four cars, and then the four quarterly installment
7 payments that will be made during this fiscal year were
8 moved from the Public Safety Department down to the Debt
9 Service Department.
10 Next would be Public Works. The City had by
11 Emergency Manager Order been approved to proceed with two
12 major streets projects upon the receipt of a donation from
13 Harbor Shores in the amount of $150,000. That
14 contribution was designated in part for improvements at
15 City Hall and then to fund the matching grant for those
16 two major streets programs.
17 So we needed to not only create the -- or book
18 the -- increase the budget in major streets for those two
19 major programs, but also offset some of that cost,
20 effectively moving the proceeds that were received from
21 that contribution in the last fiscal year into this fiscal
22 year to offset the cost, and not only partially offset the
23 cost of it, those programs, those two major streets
24 programs, which is the Colfax resurfacing, Colfax-Broadway
25 resurfacing and the Pipestone traffic signal is offset by

1 a reduction in Public Works and then that transferred to
2 other funds. You see down below in the Major Streets
3 Fund is a transfer in and then the increases in routine
4 maintenance and capital project programs.
5 The CDBG Fund. You can see we have increased
6 both the revenue and expenditures. Ultimately, the City
7 operates on a fiscal year. The CDBG programs are
8 allocated based -- the City operates on a fiscal year.
9 The CDBG activities are on a program year. So those
10 programs that had not been completed in the prior fiscal
11 year, that those funds were still allocated for those
12 specific activities. We have to bring them forward into
13 this fiscal year to proceed with the completion of those
14 activities.
15 And then, finally, the Water Fund. At the point
16 that the City had adopted its fiscal year '14-'15 budget,
17 I believe we had just received word that we had been
18 awarded the SAW Grant for our storm and wastewater
19 systems. So you'll see there, again, the grant is
20 reimbursing similar to CDBG, so the revenues are increased
21 by an equal amount of the expenditures, and that impacted
22 zero on the bottom line. So they were increased for the
23 amount of the project anticipated to be completed in this
24 fiscal year.
25 MR. WITKOWSKI: Where is the expenditure?

I don't see it.

MS. LUNDQUIST: In which fund?

MR. WITKOWSKI: For the SAW Grant.

MS. LUNDQUIST: So the SAW Grant proceeds were increased by $1,399,000, and then below in Expenditures, you'll see two departments, there's the sewer lift stations and the storm drains. The sum of the increases to both of those departments comes to $1,399,000.

MR. WITKOWSKI: So they covered 100 percent of the cost?

MS. LUNDQUIST: Yes, yes, but we do not anticipate to complete 100 percent of the project in this fiscal year. The amount of the award was approximately $2 million, just under, like 1,999,000 and some hundred dollars.

MR. STECKELBERG: Any questions?

MR. RAGLON: No.

MR. STECKELBERG: Thank you.

I'll entertain a motion to approve, deny or table the recommendations. This is a recommendation to the state treasurer to approve the amendments.

MR. WITKOWSKI: Just a question on the cars. Does the interest that you're paying on the loan offset the savings that you got by buying multiple cars?

MR. STECKELBERG: Did you save money by

1 buying --

2 MR. WITKOWSKI: By buying more cars.

3 The interest that you're paying on the loan now

4 for three years, is that interest offset? Because I view

5 our role mostly as financial. Did that offset the savings

6 that you got from buying more than one car?

7 MS. LUNDQUIST: I can't say that off the top of

8 my head I would know the cost of one individual purchase.

9 MR. WITKOWSKI: So my question is: Did you get

10 a discount by buying the four cars as compared to one car?

11 And did that discount offset what the cost of the loan

12 would be?

13 MS. LUNDQUIST: I would defer to the city

14 manager --

15 MR. WITKOWSKI: Sorry.

16 MS. LUNDQUIST: -- public safety director that

17 had originally entered into the negotiations for the

18 police vehicles.

19 I know that the City's need was much greater

20 than one vehicle.

21 MR. WITKOWSKI: Well, I understand that.

22 MS. LUNDQUIST: To the extent that they ever

23 discussed only purchasing one vehicle, I'm not sure, but

24 I don't know the cost savings offhand. I'm happy to bring

25 that back to you.

1 MR. WATSON: We did initially with the purchase
2 of the four cars, our interest rate did get reduced when
3 we did buy. We bought them through another lender. We
4 did get a reduced interest rate on them by buying the
5 four. I think with Ford Motor Credit it was at 2.3 or
6 2.5 percent.
7 Am I wrong?
8 MS. LUNDQUIST: I believe it was 4.98.
9 MR. WATSON: Okay. See, she does remember.
10 But we did get a better interest rate when we
11 did finance with a local lender over what we would have
12 financed with Ford Motor Credit and we can get that
13 number for you.
14 MR. WITKOWSKI: I'm just -- you know, people
15 could ask, "Why are you buying..." I know they're needed,
16 but someone could say, "Well, there's needs otherwise,
17 too." I just want to make sure that we back up --
18 MR. WATSON: There are definitely more needs,
19 absolutely.
20 MR. WITKOWSKI: I just want to make sure
21 financially the loan justifies -- you know, I know if I
22 bought four cars, I probably would get a discount as
23 opposed to one from a local dealer.
24 MS. LUNDQUIST: If I may elaborate further,
25 though, on the City's need.

Although our needs are vast in the various other areas of our operations, with the City's Capital Improvement Plan, we had budgeted for one car per year for the next four years, so effectively we were still carrying out the intent of our Capital Improvement Plan, but we were able to do so on the front-end, getting all four cars at once because we were in desperate need for seven, but four definitely makes a dent.

MR. STECKELBERG: All right. I'll entertain a motion to approve, deny or table the recommendations to the state treasurer on these.

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

MS. HUNT: I second.

MR. STECKELBERG: All those in favor?

MR. RAGLON: Aye.

MS. HUNT: Aye.

MR. WITKOWSKI: Aye.

MR. STECKELBERG: Next up is the city manager items.

MR. WATSON: Thank you, Mr. Chairman.

I've got a couple three that I need to address with the RTAB.

Mr. Saunders, in his final order before he left, 14-31 1431, he had put in there for the sale of 175 Territorial, which is commonly known as the federal building. We are

still working on that process as we speak. Miss Marja Winters, the assistant city manager and community development director, has, upon coming on board in March of 2014, tried to get with the government, the federal government to solidify this deal, but we've had -- it's been kind of tedious trying to get the federal government to meet with us and/or have that conversation.

So we met on the 5th of March, 2015 and we're still working through the dynamics of getting that sale finalized and done, and it will be coming to you for approval once we get it done per the emergency manager's final order, and so that was just informational so you'll know that that is something that is in the works that will be coming forward at a later date.

I can't really tell you because -- since we met in March, we've had correspondence sent to -- I can't think of the gentleman's name, but he has not responded as of yet, just with questions and follow-up questions, so our federal government is working very, very diligently to make sure that this happens. I say that facetiously.

MR. WITKOWSKI: She'll record it that way.

MR. WATSON: The second one is one that I really do need some guidance on I think at this point.

Mr. Saunders also in one of his orders, 1422, 14-22 gave me the authorization to facilitate the sale or lease

1 of 200 Paw Paw. We have a gentleman who is interested in
2 it and wants to buy it at the asking price, so he's ready
3 to move forward.
4 We're not clear, though. In the order, it says
5 that I have the authority to sell it, but it does not say
6 if it has to have RTAB approval and, knowing that we meet
7 only on a bi-monthly basis now, the gentleman is kind of
8 apprehensive about the mechanics of getting the sale done.
9 We're really kind of at the 30-day, 45-day passed right
10 now and he's like, "Well, do we have to wait until June to
11 get the RTAB's approval?" But we don't even know if RTAB
12 approval is needed at this point. So I'm looking for
13 guidance from the RTAB as to what to do.
14 Do we need -- would we need to convene a
15 meeting, a specific meeting just for that? Can we
16 finish the sale when it comes in June? I just need some
17 direction on that one.
18 MR. STECKELBERG: I know that's in discussion
19 in Treasury as far as viewpoints on is there any
20 requirement that the RTAB take action on that. We don't
21 have an answer yet on that question.
22 MR. WATSON: Okay.
23 MR. STECKELBERG: But I think there wouldn't be
24 any, unless there's an objection from the Board, that if
25 it facilitates the sale and we have a meeting in May, I

1 have no problem with that.
2 MR. WATSON: Okay.
3 MR. STECKELBERG: But I want to make sure that
4 we're following the final order and we're following our
5 guidance and I don't want to invent authority for the
6 RTAB that isn't there.
7 MR. WATSON: Okay.
8 MR. STECKELBERG: So that's under review and I
9 think we'll have an answer shortly.
10 MR. WATSON: Okay. Appreciate it.
11 MR. WITKOWSKI: Nor would we want to hold
12 anything up, you know, pending City Commission approval.
13 MR. WATSON: Right. Okay.
14 MR. WITKOWSKI: Can I ask: Where would the
15 money from those proceeds go? Has the City decided or
16 are those earmarked by Mr. Saunders?
17 MR. WATSON: They were not earmarked by
18 Mr. Saunders per the order.
19 MR. WITKOWSKI: Okay.
20 MR. WATSON: More than likely, the General Fund
21 will be the recipient of it.
22 MR. WITKOWSKI: That's fine, wherever you think
23 is best. I just didn't know.
24 MR. WATSON: We'll look at it because it's been
25 on the market almost since Mr. Saunders got here in '13,

1 and just recently we got a lot of interest in it. So
2 we're really at this point making a decision. Once the
3 sale is consummated, we can then figure out where we need
4 to put it, but more than likely it's going to be in the
5 General Fund.
6 MR. WITKOWSKI: Okay.
7 MR. RAGLON: Did I hear you correctly, the
8 potential buyer is willing to meet the asking price?
9 MR. WATSON: Yes. What we asked for it is what
10 he's willing to pay for it.
11 MR. RAGLON: Good.
12 MR. WITKOWSKI: Good for the City.
13 MR. WATSON: Absolutely.
14 MR. RAGLON: I agree.
15 MR. WATSON: Next, there's been some energy
16 around a Planning Commission issue regarding rezoning.
17 I just want to let the RTAB know and catch them up on
18 what's going on with that.
19 There was a developer that made a request of the
20 Planning Commission to rezone Calvin Britain School and
21 some areas around it, and at the time that the request was
22 made, it was approved -- it was recommended from the
23 Planning Commission to rezone it.
24 Upon doing some more kind of investigation, it
25 was found that there was a defined conflict of interest

1 that existed with one of the members, and the city
2 attorney gave an opinion on that, and there's some
3 other -- some other potential conflict that we need to
4 deal with.
5 So what is happening now is that that is going
6 back to the Planning Commission for reconsideration on
7 May the 19th, and then once that's done, then the
8 recommendation will be made to the City Commission on that
9 piece of property.
10 So that's another, like I said, informational
11 tidbit or informational piece for the RTAB just because
12 you'll hear about it and it will be coming forward one way
13 or the other in a resolution from the Commission one way
14 or another depending on what happens with the Planning
15 Commission.
16 Mercy Hospital. I know Mr. Witkowski is very,
17 very familiar with this one. We've had -- I think the
18 foreclosure procedures happened on Mercy Hospital and
19 it's completed. We have a gentleman who has expressed
20 interest in it. We're kind of unsure of how he's going
21 to facilitate getting this done. There's a number of
22 things that have to be put in place prior to anything
23 being done, taking the next step to give that property or
24 sell the property to him.
25 Again, we're really working diligently because,

1 as everyone knows, that property has been blighted for
2 years and it sat there empty and vacant and we don't want
3 a person to come in with a pie in the sky kind of idea
4 and it still sits there blighted. We want to make sure
5 that all the Is are dotted and Ts are crossed as relates
6 to this property because again that's one of the ones --
7 it's a very big blighted structure on the main
8 thoroughfare coming in, and I know the county has dealt
9 with it for years, the City has basically dealt with it
10 for years, and there's a potential of monies being paid
11 back by the City for taxes that are owed on that property.
12 So, again, we're doing our due diligence to
13 make sure we do what we need to do to either facilitate
14 the transfer of that property or the demolition of that
15 property. So that's another informational item for the
16 RTAB.
17 Lastly, at the April 6th meeting, we did pass
18 a number of policies that were needed for the City; the
19 ACH policy, there's a credit card policy, there was an
20 institution policy. There's a couple more, but those
21 were policies that the Commission passed and subsequently
22 the RTAB has approved, which included the budget
23 amendment, so thank you for that and we will move forward
24 from that point.
25 That is all I have right now. Thank you.

1 MR. STECKELBERG: Thank you.
2 Nonaction items. We have the monthly financial
3 report, period ending February 28th. That was Attachment
4 Number 7. Quarterly budget to actual report, period
5 ending March 31st, Attachment Number 8. We had the city
6 manager update documents. And, lastly, we're due for an
7 annual evaluation as required for the RTAB. I'm expecting
8 that for the June meeting. We'll be bringing forth --
9 actually, Rob will be presenting a review instrument that
10 will allow the RTAB to conduct an annual evaluation of the
11 current situation, expected future, and we're putting that
12 together to make sure it has all the features we think are
13 required by law and required by proper management. So in
14 June, we'll be discussing that, and likely over the course
15 of -- and hopefully authorizing such an evaluation to be
16 done, and over the course of the next month or two after
17 that, having that evaluation completed and brought back to
18 the RTAB.
19 MR. WITKOWSKI: Is that a review of staff or
20 financials?
21 MR. STECKELBERG: It's a review of the condition
22 of the City in light of the final order and the
23 functioning of the RTAB. It's required for the RTAB to
24 consider its future and the future of the City to report
25 back to the governor on the status.

1 MR. WITKOWSKI: Okay.
2 MR. STECKELBERG: So we'll have that for the
3 June meeting.
4 If we need a meeting before June, perhaps they
5 will have it ahead of it and we'll have a May meeting
6 instead of a June meeting.
7 And I will now turn to public comment, and I
8 don't see anybody having signed up for public comment.
9 And on board comment, I just want to say I very
10 much appreciate the City taking the steps on the passing
11 of the various resolutions on proper management. Those
12 are the things that you've modeled after the statewide
13 model, and I think that's great progress and very excited
14 to see people taking on those sorts of steps.
15 MR. WATSON: Thank you.
16 MR. WITKOWSKI: Obviously, it's good for the
17 City if you can sell something at market price, full
18 price.
19 Just a couple questions on the financials.
20 I saw you passing an investment policy. Has the City
21 invested anything as of yet?
22 (No audible response.)
23 MR. WITKOWSKI: Not yet? Okay.
24 MR. WATSON: That's an anticipation.
25 MR. WITKOWSKI: Okay. I was just curious

1 because I know that was kind of a discussion that was
2 covered in the paper and stuff.
3 And I know, you know, you run some deficits in
4 CDBG and local streets. Are those being covered then
5 currently by the General Fund?
6 MS. LUNDQUIST: The CDBG Fund that you referred
7 to is a reimbursing grant program, so there will always
8 be a timing difference between when we expend those funds
9 and when we receive them. To answer your question, yes,
10 the General Fund does cover the costs of the CDBG
11 programs until we then submit the drawdown request for
12 reimbursement at the end of the year and the
13 outstanding un-reimbursed expenses will be booked as a
14 receivable for the drawdown request that will occur
15 subsequent to June 30.
16 MR. WITKOWSKI: And the last financial question.
17 I know I kind of bring up water and sewer, you know, I
18 assume these are -- where we had a loss of 1.7 million
19 in the Water/Sewer Fund last year. Was that due to
20 depreciation or is that a cash loss or is there one fund
21 that's drained? Because I see we're at a loss for this
22 year, but I notice we made a payment, but I just, you
23 know, I don't want to see it going down and then all of a
24 sudden the City has got to raise rates 50 percent. You
25 know what I'm saying? I'd rather have us be on top of it

1 and that's why I'm asking.
2 MS. LUNDQUIST: To address your points in order,
3 the $1.7 million loss of the net revenues and the
4 expenditures as shown, the audited number as of June 30,
5 2014, the two asterisked items below, approximately
6 $500,000 of that loss was due to depreciation expense and
7 an additional $1.2 million due to the accrued pension
8 liability.
9 The City is, as I believe I reported before,
10 looking very closely at identifying areas of loss and
11 those customers maybe that we haven't been billing or
12 that we need to be billing. Part of this SAW Grant
13 proceeds is allowing us to replace our meters, so that
14 will definitely improve the accuracy and effectiveness of
15 our billing function.
16 From a cash flow perspective, we're looking to
17 break about even. We're definitely, though, looking
18 forward to not only breaking even, but being able to
19 build up the cash because we do have semiannual bond
20 payments that are due for the water plant, and any time
21 we have, for instance, a depreciation expense that
22 results in a deficit, that means that we're breaking even
23 on the cash flow side, but we're not able to save for
24 those future capital improvements of the water plant or
25 our infrastructures.

1 MR. WITKOWSKI: I saw the article Louise wrote
2 about going through and fixing the mains and trying to cut
3 down on the loss. I think you quoted like $500 a week,
4 which adds up, I mean, over time. I just get concerned.
5 I just don't want it to where all of a sudden we have to
6 present a massive rate increase to offset losses.
7 MR. WATSON: One of the things that -- and thank
8 Louise about reporting on that. One of the things that
9 we're finding with the SAW Grant, we are getting an
10 opportunity to address some things that we did not know.
11 It's given us an opportunity to look at some areas where
12 we would normally not just go.
13 The one that she reported on was one we had on
14 McAllister where got into a sewer main, found that there
15 were tree roots in there along with grease that had gotten
16 in there, but what we also found out was that there was
17 clean running water going through that sanitary sewer.
18 That's not what happens in sanitary sewers.
19 So we did do some more investigation, come to
20 find out that there was a valve that had been covered over
21 that was left on, in the "on" position, so we got it, we
22 turned it off, so now we're getting savings on it.
23 A lot of the little things, as I said in the
24 paper, a lot of these little things will add to us not
25 having to increase the rate so vastly, if we even have

1 to do it at all.
2 MR. WITKOWSKI: Yeah, I'm not proposing, you
3 know, just wanting to make sure that we're on top of it.
4 MR. WATSON: Absolutely.
5 MR. WITKOWSKI: Has there been talk -- also,
6 you know, after the last few years, there's been so many
7 demolitions in the City, four, 500, you get in areas
8 where -- like Lake and Ohio and Garfield where there's
9 one house and you've got one water main. Is the City
10 developing like a flush system so those people aren't
11 getting, you know, water without chlorine in it?
12 MR. WATSON: Absolutely.
13 MR. WITKOWSKI: Just not flowing?
14 MR. WATSON: Right.
15 One of the areas that's being addressed through
16 the Financially Distressed Communities Grant is Summit,
17 and in that area, that's one of the main problems, it's a
18 dead-end water main that we know needs to be looped and/or
19 flushed, but as we look with the Community Development
20 Department, Economic Development Department to add more
21 infield developments in those areas, as you say, Garfield,
22 Lake, Ohio, places where we've demolished a lot, but
23 there's a lot of potential, you know, for community growth
24 in those areas as well.
25 MR. WITKOWSKI: Correct, yeah, and it was great

seeing the street sweeper run Monday. First time I'd seen that in I think a couple years. I saw it on Colfax. It was working hard.

MR. WATSON: We've gone through a broom, a gutter broom in like a week-and-a-half and that usually lasts us about a month.

MR. WITKOWSKI: Well, I thought what was great is you had the dump truck right behind it.

MR. WATSON: Absolutely.

MR. WITKOWSKI: That saves a ton of time so you don't have to drive back. It only goes 10 miles an hour. Just dump it and move on. But it was nice seeing that.

MR. WATSON: Thank you.

MR. WITKOWSKI: Thanks for your answers.

MR. STECKELBERG: Any other board comment?

MS. HUNT: Yes. Hello, members.

I just wanted to make note of something, a couple of questions just for clarity sake. I was reading Attachment 6a where it talks about the credit cards and, for clarity sake -- I have~~n't~~ worked in corporate America for many, many years, understanding credit card usage and, for the sake of audits, understanding how it's going to be used so that we can be proactive versus reactive to that card usage and making sure that they're used properly

1 with integrity.
2 What's the -- do you have a detailed description
3 of how you're going to manage that, the procedure, how
4 you're going to manage that? And then will it be in some
5 type of internal audit so when we see it, we'll know it's
6 being properly used and will it be on your financial
7 report each time a card is administered and used so we
8 can see that it's on the financials?
9 MS. LUNDQUIST: So the City's two credit cards
10 are issued both to the city manager and the finance
11 director and they're kept under lock and key in the
12 secured finance area. So the purchases are anticipated
13 not to be made off-site, but only when, for instance, we
14 have to book a hotel room for a conference or a staff
15 member or if there's an operating supply that the best
16 value is available to be purchased only online, so we
17 couldn't cut a check. Those credit card statements are
18 not to be made for personal expenses. It's detailed in
19 the policy and then monthly statements are reviewed and
20 paid in full, booked accordingly, so the regular
21 Commission meeting report that itemizes all expenditures
22 and check disbursements would include those expenses.
23 MR. WATSON: Just to add, I don't use it at all,
24 to be honest, but in today's world, it's something that
25 we have to have. The usage of it will be minimal and,

1 as Jodi alluded to, we'll basically be giving all that
2 information to both the Commission and the RTAB, and any
3 expenditure that comes through from staff and/or, you
4 know, for things that they need, will come through, you
5 know, Jodi and myself to sign off on them. So we'll do
6 everything we can to all but not use them. They will
7 have dust on them by the time we really need to use them.
8 MS. HUNT: Will the funds come from the General
9 Fund? Where do you think most of the funding will --
10 MR. WATSON: Depending upon who needs to use it.
11 Because if it's something that has to happen out of, say,
12 the Utility Services Fund, that will be the one that will
13 be -- the requesting department will be the one that the
14 charge will be allocated to. So if it's going to be CDBG,
15 it will be allocated towards CDBG. If it's General Fund,
16 which is the bulk of the majority of what we do -- police
17 and fire do a lot, Public Safety does a lot and may
18 necessitate them utilizing it as well, but, again, it
19 will be allocated towards those that are using it.
20 MS. HUNT: Okay. And will there be some kind of
21 report on the financials that will show that?
22 MR. WATSON: Absolutely.
23 MS. HUNT: Okay. Thank you.
24 MR. WATSON: Absolutely.
25 MR. RAGLON: I don't have a question, but I will

1 give you and your staff kudos for the job that you've done
2 and particularly in providing us with information, I mean
3 the Board, where we had questions. Your ability to come
4 to the meetings prepared and ready to answer questions,
5 whether they're financial or otherwise, is impressive,
6 and so I just wanted to give you kudos.
7 MR. WATSON: Thank you, sir.
8 MR. STECKELBERG: All right. If there's no
9 further comments, I think we've conducted our business
10 here, and I think -- I'll just assume I can adjourn the
11 meeting without a vote. I think that's --
12 MR. WITKOWSKI: No one's fighting.
13 MR. STECKELBERG: The meeting is adjourned.
14 Thank you very much.
15 (At 11:35 a.m. Meeting adjourned.)
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CERTIFICATE

State of Michigan

County of Van Buren

I certify that this transcript, consisting of 29 pages, is a complete, true and correct record of the RTAB Meeting held 4/29/15.

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