

CITY OF BENTON HARBOR  
RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING  
JUNE 30, 2016

City of Benton Harbor Receivership Transition Advisory Board held 6/30/16 at Commission Chambers, Benton Harbor City Hall, 200 East Wall Street, Benton Harbor, Michigan at 1:00 P.M.

REPORTED BY: Ms. Annette R. Blough, CRC-CRR-RPR-CSR-5191  
Certified Court Reporter

BOARD MEMBERS:

MS. KATHRYN DEBIEN (Chairwoman)

MS. SHARON HUNT

MR. BRET WITKOWSKI

MR. MARVIN RAGLON

MR. ERIC CLINE

TREASURY STAFF:

MR. ROBERT WIDIGAN

MS. DEANNA HUDSON

BENTON HARBOR STAFF:

MR. DARWIN WATSON (City Manager)

MS. RHONDA HILDEBRAND

MS. DEB ROMANESCHI

Benton Harbor, Michigan

Thursday, June 30, 2016 - 1:00 p.m.

MS. DEBIEN: I would like to call to order the June 30th Meeting of the Receivership Transition Advisory Board for the City of Benton Harbor and we will start with roll call.

MR. CLINE: Kathy Debien?

MS. DEBIEN: Here.

MR. CLINE: Bret Witkowski?

MR. WITKOWSKI: Here.

MR. CLINE: Marvin Raglon?

MR. RAGLON: Here.

MR. CLINE: Sharon Hunt?

MS. HUNT: Here.

MR. CLINE: You have a quorum.

MS. DEBIEN: Anyone from the public that wishes to speak during public comment, there is a sign up sheet that must be signed right here in front.

Approval of the agenda. I motion to approve the agenda for the April 27, 2016 Receivership Transition Advisory Board Meeting.

MR. WITKOWSKI: You are making a motion?

MS. DEBIEN: Entertain a motion.

MR. WITKOWSKI: I second the motion.

MS. DEBIEN: All those in favor?

MR. RAGLON: Aye.

MS. HUNT: Aye.

MR. WITKOWSKI: Aye.

MS. DEBIEN: Aye.

And next on the agenda the approval of the RTAB minutes for the April 27, 2016 Receivership Transition Advisory Board Meeting. I'll entertain a motion.

MR. WITKOWSKI: I'll make that motion.

MS. HUNT: I second.

MS. DEBIEN: All those in favor?

MR. RAGLON: Aye.

MS. HUNT: Aye.

MR. WITKOWSKI: Aye.

MS. DEBIEN: Aye.

Being we have no old business, we are going to move to the new business.

We had four regular meetings of the City Commission. I will entertain a motion to approve the Resolutions from the April 18, 2016 meeting; the May 2nd, 2016 meeting; the May 16, 2016 meeting; and the June 6th, 2016 meeting.

MR. RAGLON: Make a motion that we approve those meetings as outlined.

MS. HUNT: I second.

MS. DEBIEN: All in favor?

MR. RAGLON: Aye.

MS. HUNT: Aye.

MR. WITKOWSKI: Aye.

MS. DEBIEN: Aye.

Next on the agenda are the City Manager items.

We have four items that occurred outside -- during a Council meeting outside the normal review period for today's board meeting. The City Manager's request to bring these items forward for early review is merited.

Mr. Watson, will you please provide a summary of the fiscal year 2016-17 budget approval?

MR. WATSON: Thank you. From the standpoint of the 2016-2017 budget, we put together the budget for approval from the City Council, which was passed and approved on the 20th and I do believe of June and really the basis of it, nothing much changed.

The biggest highlight in it is that we are getting some grant dollars in that we will then -- that are being put together for specific purposes. One is a water main project we have. The other one is reassessment of the City properties, that is going to go forward, start this year; but for the most part everything stayed the same.

So if there is any questions that the RTAB has relative to it, it's really kind of the same budget as last year with a little bit more increase in revenue from the standpoint of the grants that will be infused in there.

MR. WITKOWSKI: And grants mainly used for the water meters or the saw grant?

MR. WATSON: The saw grant is water meter related. The FBCDT grant is related to property reassessment as well as the two water main projects, one that is going to be on Clay Street and the other one that's on Pavone. And the Pavone is a looping and the Clay Street is a replacement. And then also purchasing cameras for the public safety department. So those allocations have been put in and they are for specific purposes, so those dollars are reflected in the revenue from the grant side; but a correlating expenditure in the actual departments for those activities.

MR. WITKOWSKI: The streets being redone and water mains?

MR. WATSON: Yes, that is part of it.

MS. DEBIEN: Entertain a motion to approve the fiscal year 2016-17 budget.

MR. WITKOWSKI: I'll make that motion.

MR. RAGLON: I'll second it.

MS. DEBIEN: All those in favor?

MR. RAGLON: Aye.

MS. HUNT: Aye.

MR. WITKOWSKI: Aye.

MS. DEBIEN: Aye.

Mr. Watson, would you like to explain the fiscal year 2015-16 budget amendment?

MR. WATSON: For budget 2016 and '17 in the budgeting act, we saw some issues with where we anticipated revenues to come

in a little bit higher, they came in a little bit less. And so the major adjustments, and we had some -- we had a little bit less money in taxes, but one of the main things that we had to do, and there was a shortfall in the community development block grant, and the reason for that is the eligibility of the summer workers that work out at Jean Klock Park, it's about \$50,000; that is, we didn't get a definite answer on for -- from HUD as to is it eligible and it had been allocated into CBG, so we had to move those dollars into the general fund. And so now, with that move, that made the CBG budget over by \$50,000, so we had to transfer back money to that, for that purpose.

MR. RAGLON: To offset?

MR. WATSON: To offset it, so that is the real big thing in the adjustments. And also some overruns in I want to say finance was one because of it. We had the -- we had the transition -- we have a new finance director and we utilized Plante Moran and those costs came in a little bit more on the salaries on the professional services side so we all said the professional services by reduction in the salary so we just moved the money in that line item. But it did not affect the bottom line of the anticipated surplus as well as the overall revenues and expenditures for the City.

MR. WITKOWSKI: When we charge back through my office for collected taxes and unclaimed properties, does that come off the property tax revenue?

MR. WATSON: We have a separated judgment for you.

MR. WITKOWSKI: Yes.

MR. WATSON: You are special.

MR. WITKOWSKI: Not because of the money.

MR. WATSON: I understand, but anticipating because in years past there has been no dollar amount set aside for charge backs and it kind of caught us off guard as you very well know. So what we've started doing in our budget is we have allocated dollars based on historical data for specific -- for charge backs so that we can then go ahead and pay them and if there are some that come in a little bit higher in some years we have to make adjustments through budget amendments as well.

MR. WITKOWSKI: Your office has done great with that, with our office, and night and day compared to what it used to be.

MR. WATSON: Thank you.

MS. DEBIEN: I'll entertain a motion to approve the fiscal year 2016-17 budget amendment.

MR. WITKOWSKI: So moved.

MS. HUNT: Second.

MS. DEBIEN: All those in favor?

MR. RAGLON: Aye.

MS. HUNT: Aye.

MR. WITKOWSKI: Aye.

MS. DEBIEN: Aye.

The next item is a contract with I'm not sure.

MR. WATSON: Civitas.



MS. DEBIEN: Civitas. Can you please provide a summary?

MR. WATSON: We have -- as a timely committee, the City of Benton Harbor gets and receives dollars from the Federal Government through the community development block grant dollars is what that is. We have to prepare a report, I'm sorry, a plan. There is a consolidated plan that's almost similar to the master plan that says what we're going to attenuate to from the standpoint of low to moderate income and housing and things of that nature to build the community. So that five-year plan is due to be done this year as well as your annual action plans, which are annual plans that tell you how you're going to achieve the goals you set in that plan.

So we have to prepare an annual plan as well as update the consolidated plan. And also it's time to look at our citizen participation plan, which is how you get the citizens engaged through public hearings and things of that nature to kind of drive the plan.

So we have had challenges filling the position of community development director and so we had to go out to a third-party to get this done, so we put out an RFP. There were two submittals. There were three city employees who served on the panel to basically grade this and score it and the recommendation was made for Civitas who has -- who is out of South or North Carolina, but they have -- South Carolina, so they have a history of being -- of doing these activities for various communities.

So that was a recommendation and the Commission passed it on the 22nd -- May 20th of this month, and we are asking for your consideration to go forward so we can move forward and get it done. We are kind of on a tight timeline with this as well.

MR. WITKOWSKI: I'll make a motion to support that.

MS. HUNT: I second.

MS. DEBIEN: All those in favor?

MR. RAGLON: Aye.

MS. HUNT: Aye.

MR. WITKOWSKI: Aye.

MS. DEBIEN: Aye.

Next item, contract with Hometown Heating for HVAC system repairs.

MR. WATSON: Thank you. That one we have in our public safety facility which is attached to this building. There is a -- it's a briefing room. It used to be called the supply room when we had strictly police officers. That facility or that area of the building has had -- the air and heating have not worked in several years. We have -- we got a quote. We went out and got quotes and Hometown Heating came in with the lower -- lowest quote. We thought we could repair it, but it's the geothermal system and these are heat source units, so each room in the building has its own unit. This one has to be repaired -- I mean, has to be replaced, I'm sorry. And so we are asking that this be moved forward for approval from the RTAB to get it done because this is where the

officers spend a lion's share of their time coming in writing reports, coming in and they are fully clothed. And, honestly, I mean, not fully clothed, they are always clothed, but, I mean, with the gear and stuff that they have on so in the wintertime it's brutally cold down there because the door is always open and there is no way -- the climates are brutal in there during the wintertime as well as during the summer. When it gets 80, 90 degrees in there and they are fully geared up, it's kind of difficult. So we have the flexibility to get this done and we are asking for the approval of the RTAB.

MR. WITKOWSKI: This is for next year's budget?

MR. WATSON: It probably will be next year's budget because it's so close.

MS. DEBIEN: I'll entertain a motion to approve the contract with Hometown Heating for HVAC system repairs.

MR. RAGLON: I so motion.

MS. HUNT: I second.

MS. DEBIEN: All those in favor?

MR. RAGLON: Aye.

MS. HUNT: Aye.

MR. WITKOWSKI: Aye.

MS. DEBIEN: Aye.

Next item on the agenda, rescind the EM Order Number 13-14. Mr. Watson, please provide a summary.

MR. WATSON: If it would please the RTAB, I kind of want

to do both of these together because they are kind of talking about the same thing. We have been fortunate enough to have, from a fiscal standpoint, after Mr. Saunders got here, and, you know, when Mr. Harrison and subsequently Mr. Saunders, we have reduced our labor force. The labor force is down considerably. And what this -- these two orders did was provided furlough days for all employees, nonunion specifically in this one. The other non-non-union people, the union people that we have, we are dealing with them through the negotiated CBAs. So we've already taken care of ASME and what I'm asking for consideration of this Board is that we rescind these orders which actually gave the employees furlough days and in the new -- in the coming year we will be able to handle it. Initially it was about \$180,000, \$170, \$180,000 total. Again, with ASME, ASME asked for no holidays. And we are going into negotiations with the public safety department next -- in August, so next month really. But what I'm asking is that this be rescinded.

The total cost of the holidays for the nonunion people is about \$25,000 for the entire year and we are -- we can accommodate that in this year.

MR. WITKOWSKI: Is that built on your new budget?

MR. WATSON: Yes.

MR. WITKOWSKI: Okay, I'll make a motion then to approve it.

MS. HUNT: I second.

MS. DEBIEN: All those in favor?

MR. RAGLON: Aye.

MS. HUNT: Aye.

MR. WITKOWSKI: Aye.

MS. DEBIEN: Aye.

MR. CLINE: May I interject, just one clarification, just as a reminder, with this, your vote is actually a -- will be presented as a recommendation to the State Treasurer to rescind these orders and then the State Treasurer makes the final approval of that, so I just wanted everyone to be clear on that.

And, just for clarity, are you voting on these collectively or separately?

MS. DEBIEN: I'll entertain a motion to approve EM Order Number 13-14 and EM Order Number 13-16.

MR. RAGLON: Collectively.

MS. DEBIEN: Collectively.

MR. RAGLON: Want us to vote on that again?

MR. CLINE: Yes.

MR. RAGLON: Okay, I motion that we approve EM-14 -- EM-14-13 and 14-16.

MR. WATSON: They are 13-14 and 13-16. We will get you.

MR. RAGLON: Aye.

MS. HUNT: Aye.

MR. WITKOWSKI: Aye.

MS. DEBIEN: Aye.

Next on the agenda, would you like to put those together or separate?

MR. CLINE: Perhaps we should do them separately.

MS. DEBIEN: Resolution Number 2016-1 recommending termination of the receivership. Mr. Cline, provide a summary.

MR. CLINE: As you know, we have been working with the City as the RTAB and as the Department of Treasury for a couple years now and things have progressed very well I think over time. We have built a very good working relationship with Mr. Watson and the City Commission and all the staff and everything.

A few months ago the Board approved a very positive annual evaluation for the City of Benton Harbor and in reflection, now that we have a new budget underway and a few things have been kind of wrapped up at the City, internally treasury has felt that perhaps it would be a good time to consider termination of receivership for the City. We wanted to at least give the RTAB the opportunity to make a recommendation on that.

Now, under Public Act 436 the final decision to terminate receivership and theoretically remove the RTAB solely rests with the Governor so the final decision would be his. But we believe that it would be appropriate for this Board to vote on a resolution that could be presented to the Governor, so one has been prepared and presented to you for your consideration. And if you choose to act on it, then we will go from this meeting to the Governor's office for a final decision to be rendered.

MR. WITKOWSKI: I had a chance to sit on the initial review committee, goes back a number of years, and at that time the finances were in dire straits. Darwin, you were employed with the City. The City was I think about \$3 million in the hole at that time.

MR. WATSON: About \$4.2 million, yeah.

MR. WITKOWSKI: Money and the thing that had bothered me when I sat throughout review committees is money that was supposed to go to the pension fund never made it, money that was supposed to go to the streets never made it. It just -- they were trying to keep the general operations afloat, which was a disservice to retirees, to the library, to Dollar Ride, to the streets, et cetera. So at that point I agreed that something had to be done otherwise Benton Harbor was headed for bankruptcy.

In the meantime, the City of Benton Harbor has done a phenomenal job. The milage rate is 6% less than what it was. You are positive in every accounts I looked at. The one I was most worried about was the water fund. Even with that bond payment, it was a major customer, we have been able to produce a surplus. And, as we talked about earlier, my office billed back the City on a monthly basis \$20, \$30, \$40, \$50,000. In the past it was not uncommon for the City never to have those funds and every May when we sent out delinquent tax claims we would pull it back, which is not how we want to operate. And the last three years that has not the case. We bill the City and they pay it right away and that is

phenomenal.

So, with that in mind, I would be happy to make the motion and RTAB and hopefully the Governor agrees and allows the City to go back under total control.

MS. HUNT: Being a resident of Benton Harbor, I'm very proud to say I'm glad to see they have gone from the gray to the black and kudos to all of those that made that possible and I'm glad to be a part of the RTAB team to see that to come to fruition, so congratulations to the City of Benton Harbor.

MR. RAGLON: I too would add my congratulations to the City of Benton Harbor, particularly the City officials. I know when we came into fruition there was a lot of trepidation on the part of some of the City officials. As a matter of fact, they came to the first meeting and expressed that.

At this point I'm glad to say we really had an outstanding working relationship with those officials and the City has done an outstanding job in getting back to where you are today. And I think, as Sharon said, all of us are proud to have served on this Board and been to some small extent responsible for the success of the City. I know when I go someplace and people ask me where I'm from I'm proud now to say I'm from the Benton Harbor Area and they know where it's at.

MS. DEBIEN: I'm happy to entertain a motion to approve the Resolution Number 2016-1 recommending a termination of the receivership.



MS. HUNT: I second that.

MR. WITKOWSKI: No, you make the vote because you live in the City. You should make it.

MS. HUNT: I'd like to entertain a motion to approve the Resolution 2016-1 recommending the termination of the receivership forward.

MR. RAGLON: I second that motion.

MS. DEBIEN: All those in favor?

MR. RAGLON: Aye.

MS. HUNT: Aye.

MR. WITKOWSKI: Aye.

MS. DEBIEN: Aye.

Next item on the agenda Resolution 2016-2. Mr. Cline?

MR. CLINE: Yes. This is sort of a companion task to the prior motion. And admittedly it's somewhat convoluted, but, as you're all aware of, if the receivership of the City is ended, the emergency manager orders that have been issued barring any additional action of the State Treasurer under Public Act 436 remain in place for one year from that date forward.

The final order that requires the City to interact with RTAB needs to be adjusted so duties of the City officials are outlined but removes all references of the RTAB being in place. So we would need to make a recommendation to the State Treasurer in this case to amend that order so it would be in place for the following year.

If the Governor removes the City from receivership, and that is how the City would finish up, and then at the end of that year those will expire. So you have before you a resolution, a recommended resolution of the State Treasurer to make that amendment.

MS. DEBIEN: I'll entertain a motion to approve Resolution 2016-2 amending EM Order 14-31.

MR. WITKOWSKI: I'll make that motion.

MS. HUNT: I'll second.

MS. DEBIEN: All those in favor?

MR. RAGLON: Aye.

MS. HUNT: Aye.

MR. WITKOWSKI: Aye.

MS. DEBIEN: Aye.

Next on the agenda are the nonaction items, the budget to actual report for April 2016 and May 2016 have been received and filed.

And the next item is City Manager update.

MR. WATSON: And a number of the items that were included in the update have been acted on by the RTAB, and thank you for your vote of affirmation for that.

I also want to take the opportunity to introduce to the RTAB and those here our new finance director, Mrs. Deborah Romaneschi, who is in the back. She has been with us since June the 6th, I believe, and she is working very closely. Plante Moran

is still here. Mrs. Hildebrand is still working in an advisory kind of capacity to help get her through this. This is kind of a weird time to come on board because we are closing out the books for this year, getting ready for the audit, so trying to get her feet up under her and everything. But you will see Deb. For those who come into City Hall, Deb will be here and acting in the capacity as finance director.

Lastly, just in light of the resolution that was passed, I want to say thank you to, you know, the State and the persons who served on the RTAB. Whatever happens regardless, if the Governor does it or doesn't, I just want to say openly thank you for your support and your help. A lot of times with things that go on just as a listing here sometimes, so thank you.

And that's it. That's it for me.

MR. CLINE: We had no individuals signed up for public comment.

MS. DEBIEN: And we will move to Board comment.

MR. WITKOWSKI: No. I said what I had to say. I'm fine.

MS. HUNT: I'm good.

MR. RAGLON: I'm done.

MS. DEBIEN: Okay, I'll entertain a motion to adjourn.

MR. RAGLON: Make a motion that we adjourn.

MS. HUNT: And I second.

MS. DEBIEN: All those in favor?

MR. RAGLON: Aye.

MS. HUNT: Aye.

MR. WITKOWSKI: Aye.

MS. DEBIEN: Aye.

RTAB meeting is adjourned at 1:25.

(Hearing adjourned at 1:25 p.m.)

STATE OF MICHIGAN)

) SS

COUNTY OF BERRIEN)

I, Annette R. Blough, CRC/CRR/RPR/CSR-5191 and Notary Public in Barry County and acting in the County of Berrien, State of Michigan hereby certify that I reported the Receivership Transition Advisory Board Hearing and the Hearing was reduced to typewritten form under my supervision, and the foregoing 22 pages constitute a true record of the Hearing.

I FURTHER CERTIFY that I am not related to, an employee, attorney or counsel of any of the parties; nor a relative or employee of such attorney or counsel; nor am I financially interested in the transaction.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of July, 2016.

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Annette R. Blough, CRC/RPR/CRR/CSR-5191 and  
Notary Public for Barry County acting in  
Berrien County, Michigan.  
My Commission expires 01-17-2020