MINUTES
Committee on Ways and Means
Wednesday, November 16, 2016 @ 8:15 a.m.
10th Floor Conference Room, City Hall

CALL TO ORDER
The meeting was called to order at 8:15 a.m.

ROLL CALL
Councilmember Judi Brown Clarke, Chair
Councilmember Carol Wood, Vice Chair
Councilmember Tina Houghton, Member-arrived at 8:20 a.m.

OTHERS PRESENT
Sherrie Boak, Council Staff
Jim Smiertka, City Attorney
Eric Brewer, Council Internal Auditor
Tony Baltimore, Lansing Housing Commission
Lynne Meade, Teamsters
Denise Estee, Retiree
Kathy Miles, Retiree
Robert Engle

Minutes
MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE MINUTES FROM OCTOBER 19, 2016 AS PRESENTED. MOTION CARRIED 2-0.

Action on the November 1, 2016 minutes was moved to the next meeting.

Public Comment on Agenda Items
No Public Comment.

Discussion/Action:
Tie Bar Memo Update
Mr. Smiertka stated that the review involved a claim from Ms. Estee that address the years 2003-2007 retiree benefits and collective bargaining. This claim involved a language concern. Mr. Smiertka confirmed his office analyzed it he had met with Ms. Estee, Ms. Meade and is continuing to receive information and continued research. Part of his analyze included meeting with City staff including labor representatives and finance representatives. Mr. Smiertka did note that since this began there has been cases decided by the court of appeals, and Supreme

Court cases. In conclusion Mr. Smiertka hopes to have his answers to the claim within 30 days., and the Committee will receive a copy of the results and answers.

Council Member Wood asked Mr. Smiertka to have discussions with HR on clarifying the process and provide information to retirees when they walk out the door, in addition develop a policy that HR and the Retirement Office has to follow in the future. Council Member Brown Clarke also asked for the assurance the signed contracts will be uploaded and available for reference for the retirees, and make them a searchable document. Mr. Smiertka confirmed it could be possible and set up similar to the muni-code program for the ordinances. There was a meeting scheduled with HR he will follow up on.

Ms. Estee spoke on her past claims and reiterated the need for an answer within 30 days. Ms. Estee then submitted another claim to Mr. Smiertka and spoke about the recent open enrollment changes and potential for increases for options in the plans. Ms. Estee referenced the need for details on the contract to address her belief she was discriminated against along with 49 other retirees in her group who had their benefits changed.

Ms. Meade had questions on the Committee minutes from 11/1/2016 and was told to submit those questions to the Committee since those minutes were not approved at this meeting.

Council Member Wood reminded Mr. Smiertka of a letter from Clark Hill on behalf of their Retirement Board regarding issues with the current out of compliance practice with the ordinance. The Retirement Board is no getting support from the HR Department. Mr. Smiertka confirmed he saw the letter from Clark Hill and will make sure get things done.

Lansing Housing Commission
Financial Statements
Lansing Housing Commission Recovery Agreement with HUD & the City of Lansing
Council Member Brown Clarke acknowledged Mr. Baltimore for attending, and the LHC process on the candidate process for the Director position that will be filled when the current director retires. She then outlined the need for the request, which was to answer Committee questions on the information in the financial statements, update on the Recovery Agreement status and lastly to address why it appears that even though by Ordinance all LHC contracts should come to Council why they haven't been. Mr. Brewer was then introduced as the point person for the LHC auditor to work with, and Mr. Baltimore confirmed they have an auditing firm they will make aware of the offer to work with Mr. Brewer.

Mr. Baltimore outlined the financials stating that they are in the recovery agreement because of those financials and not because they did anything wrong, or lack of material, but because of late reporting. This lack of reporting was because of the lack of a finance person. The finance role at the time was filled by someone he believed did not have the necessary background. Once the Board was made aware of the late reporting, they took immediate action. This explains why 2014 and 2015 are being turned in late to HUD, and because of that HUD has now scored them lower because of that late reporting. Mr. Baltimore confirmed that the 2014 and 2015 are now complete, and the 2016 will be completed before March 31, 2017 with the hopes to have it turned it earlier, 12/31/2016. Another issue brought to the Board attention was that they, HUD, thought the LHC lacked knowledge of the finances, however they were assured that was not the case, HUD was just reviewing the Commission minutes, and based on the lack of information they were getting they assumed this was also a weakness in the recovery agreement. Mr. Baltimore assured the Committee that all Commission members go through a training, a Board management training, and HUD training. These trainings are attended as they are offered throughout the state and country. For commissioners there is also training for HUD for new Board members. Mr. Baltimore concluded by assuring the Committee that currently Ms. Baines-Lake, Director, is meeting with the Detroit offices to clear up and outstanding accounts on the recovery agreement.

Council Member Brown Clarke asked if there was a process and recording to make sure they are in compliance in the future and address a timeline. Mr. Baltimore acknowledged it had been fixed and they have hired a group called BDO to address that. Addressing the issues they are good on now, however they are still working on the fiduciary process, and he has assembled a finance team to work on that.

Council Member Brown Clarke asked about the contracts and if the recent contracts mentioned have been filed with the City Clerk's office. Mr. Baltimore acknowledged he was not aware that Council had to approve contracts, and therefore he will look into it and will make sure what they need to do to comply with the law will be done. Council Member Wood confirmed there is a City Ordinance that requires Council approve their contracts other than day to day operations. A request was made that Mr. Baltimore forward all contract ASAP to the City Council, and a copy of the Ordinance would be forwarded to Mr. Baltimore.

Council Member Wood referred back to the financial report, and the notes of a long term debt and the purchase of the Davenport property. The question was asked of Mr. Baltimore as to how much did the LHC receive for Oliver Towers and how were they paid. Mr. Baltimore confirmed it was less than 1 million, roughly around $950,000 and they were paid directly. There was still debt owed to HUD on Davenport but not Oliver Towers, but there were other associated debts that have to be rectified with HUD, related to COCC funds. Further details would have to be provided after Mr. Baltimore could confirm specifics. In regards to Oliver Towers, Mr. Baltimore admitted it was a gray area because some believe that since the City Charter establishes the Housing Commission the property is the City, however his opinion is that the building is owned by HUD and the land is owned by the City, given in –lieu of. Council Member Wood read from the report that stated Davenport was sold for $950,000 and $700,000 was an outstanding promissary note, so was there only $250,000 used towards Davenport. Mr. Baltimore confirmed that and stated that it will be used to pay over time because the LHC did not want to get in a situation if one time the LHC did not get funds allocated from HUD, so did not want to be left in that situation and Davenport worked with LHC.

Council Member Wood then asked the status of the additional fees or funds due to HUD based on the audit and recovery plan. Mr. Baltimore confirmed those are being rectified and complied with as they move on. The LHC has many accounts that cannot co-mingle, and they are rectifying the accounts. Council Member Brown Clarke asked if they had future plans on rectifying those accounts. Mr. Baltimore acknowledged they have one person doing the accounts but utilizing two sets of eyes, and admitted that before they didn't have that. He reiterated that in this case HUD did not find any material issues with funds being missing, all funds was accounted for, it was just not handled per the appropriate process.

Mr. Brewer asked if the LHC plans to bring someone in so they can eliminate the outsourcing. Mr. Baltimore confirmed that was the plan and the current candidate for the Director position has the financial background.

Council Member Wood asked if the LHC was testing their sites for lead. Mr. Baltimore could not confirm or deny but stated that if they aren't he will pursue testing. Council Member Wood asked him to update the Committee on that specific in the future.

Council Member Brown Clarke asked if all LHC properties had Residential Councils. Mr. Baltimore stated they don't and it is not a requirement, however is encouraged. Council Member Brown Clarke encouraged Mr. Baltimore to have that as a goal of the new Director.

Mr. Baltimore concluded the discussion by apologizing for the lack of communications and attendance by the LHC at the Committee meetings. The current Director retires 1/12/2017 and is working diligently to complete the recovery agreement before that date. HUD gave them a year, and they plan to finish by the end of 2016.

Council Member Wood referenced and read City Ordinance 260.05 (b) *Deeds; contracts; leases; purchases – All deeds, contracts, leases or purchases entered into by the Commission shall be in the name of the City and shall be approved by Council before they have any force or effect. However, contracts for the purchase of necessary materials, leases with tenants and options need not be so approved.*

Mr. Smiertka added that there have been changes in the State Statue and he is currently working with Mr. Roberts in Law to see if that Ordinance has changed because of those statues. Council Member Brown Clarke informed Mr. Baltimore that once that has been reconciled they would make sure LHC has the appropriate ordinance. Mr. Baltimore stated that if Council believes it needs to be a policy at the LHC as part of their requirements it can be done and then there will be no questions.

Ms. Miles spoke in support of the interview process of the candidates for the LHC Director.

Council Member Brown Clarke concluded the discussion by reminding Mr. Baltimore that Council is available to assist the LHC if they inquire.

ADJOURN
Adjourn at 9:18 a.m.
Submitted by,
Sherrie Boak, Recording Secretary Lansing City Council
Approved by the Committee on February 14, 2017