MINUTES OF THE FINANCE COMMITTEE

TUESDAY, AUGUST 14, 2018, 4:30 PM
CITY HALL, ROOM 207

A. ROLL CALL.

Present: Veronica Corpus-Dax, Kathy Lefebvre, Bill Galvin, Barbara Dorff,

Also Present: Ald. Brian Johnson, Ald. Chris Wery, Ald. Mark Steuer, and Mayor Jim Schmit

B. APPROVAL OF THE AGENDA.

Moved by Ald. Veronica Corpus-Dax, seconded by Ald. Kathy Lefebvre to approve. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

C. APPROVAL OF MINUTES.

1. Approval of the minutes from the July 10, 2018 Finance Committee meeting.

Moved by Ald. Kathy Lefebvre, seconded by Ald. Veronica Corpus-Dax to approve. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

D. REGULAR BUSINESS.

1. Request by Finance Director to review and discuss 2017 year-end financial results and management letter for the City. The City's audit partner will be present to discuss documents with the committee.

Moved by Ald. Veronica Corpus-Dax, seconded by Ald. Bill Galvin to open the floor for discussion. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

Moved by Ald. Bill Galvin, seconded by Ald. Veronica Corpus-Dax to close the floor for discussion. Motion carried.

Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

Moved by Ald. Bill Galvin, seconded by Ald. Veronica Corpus-Dax to receive and place on file. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

2. For consideration and possible action to waive outstanding 2017 and 2018 property taxes levied on 606 S Broadway St.

Moved by Ald. Bill Galvin, seconded by Ald. Veronica Corpus-Dax to open the floor for discussion. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

Moved by Ald. Bill Galvin, seconded by Ald. Kathy Lefebvre to close the floor for discussion. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

Moved by Ald. Bill Galvin, seconded by Ald. Veronica Corpus-Dax to pay the 2017 tax amount, plus accrued interest, less the amount paid by the previous owner during closing from the contingency fund. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

Moved by Ald. Bill Galvin, seconded by Ald. Kathy Lefebvre to waive the 2018 taxes for this property. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

3. Consideration with possible action on amendments to Claims Administration Procedure Ordinance (GBMC 7.01 et seq) providing for changes to the City's claims committee and establishing a relief fund.

Moved by Ald. Bill Galvin, seconded by Ald. Veronica Corpus-Dax to refer to staff. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

4. Update with possible action on status of litigation in the following matters:

4A. City of Green Bay v. CVMIC arbitration
4B. Tipler v. City of Green Bay, et al.
4C. City of Green Bay v. Denny, et. al.

The Council may convene in closed session pursuant to Section 19.85(1) (g), Wis. Stats., for the purpose of conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved. The Council may thereafter reconvene in open session pursuant to Section 19.85(2), Wis. Stats., to report the results of the closed session and consider the balance of the agenda.

Moved by Ald. Bill Galvin, seconded by Ald. Veronica Corpus-Dax to go into closed session. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

Moved by Ald. Veronica Corpus-Dax, seconded by Ald. Kathy Lefebvre to return to regular order of business. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

Moved by Ald. Bill Galvin, seconded by Ald. Veronica Corpus-Dax to instruct staff to proceed as directed. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

5. Consideration with possible action on report of the Purchasing Manager.

5A. Request approval to purchase ammunition for GBPD from Kiesler Police Supply Inc. for $34,028.
5B. Report on the purchase of 16 vehicles for various City Departs off of the 2018 State of Wisconsin Vendornet Contract for $480,677.
5C. Request pre-approval to purchase new cars and light trucks that have been approved in the 2019 City budget through the State of Wisconsin Vendornet Contract, and report the results back to the Finance Committee after the purchases have been made.

Moved by Ald. Kathy Lefebvre, seconded by Ald. Bill Galvin to approve items 5A & 5C, and to approve item 5B as amended changing the number of vehicles purchased off the 2018 State of Wisconsin Contract from 16 to 18. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

6. Report of the Claims Committee.

The Council may convene in closed session pursuant to Section 19.85(1) (g), Wis. Stats., for the purpose of conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved. The Council may thereafter reconvene in open session pursuant to Section 19.85(2), Wis. Stats., to report the results of the closed session and consider the balance of the agenda.

Moved by Ald. Veronica Corpus-Dax, seconded by Ald. Bill Galvin to go into closed session. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

Moved by Ald. Veronica Corpus-Dax, seconded by Ald. Bill Galvin to return to regular order of business. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

Moved by Ald. Kathy Lefebvre to review the Robert and Sandra Schmidt claim, failed due to a lack of a second.
Moved by Ald. Bill Galvin, seconded by Ald. Veronica Corpus-Dax to accept the report of the Claims Committee. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Veronica Corpus-Dax, No- Kathy Lefebvre, Abstain- None

E. REPORT OF THE FINANCE DIRECTOR.

F. INFORMATIONAL.

1. Report of the Hotel Northland Audit completed by Cowie Management Group appointed by Paul Swanson, Receiver.

Moved by Ald. Kathy Lefebvre, seconded by Ald. Veronica Corpus-Dax to receive and place on file. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

2. 2018 Contingency Fund:
$104,233.99

3. The next Finance Committee meeting will be held on Tuesday September 11, 2018 at 4:30 PM.

G. ADJOURNMENT.

Moved by Ald. Veronica Corpus-Dax, seconded by Ald. Kathy Lefebvre to adjourn. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

VERBATIM MINUTES

- I would like to call the finance committee to order for August 14, 4:33 PM. Let's start with roll call. Alder Galvin.

- Here.

- Alder Lefebvre.

- Here.

- Alder Corpus-Dax.

- Present.

- And Alder Dorff here, Chair. I'll entertain a motion for approval of the agenda.

- Move to approve.

- Second.

- Okay. Moved by Alder Corpus-Dax, second by Alder Lefebvre. All those in favor.

- [All] I.

- Opposed? Motion carries. Okay, approval of the minutes from the July 10, 2018 finance committee.

- So moved.

- Moved by Alder Lefebvre, second by Alder Corpus-Dax. All those in favor.

- [All] I.

- Opposed? Motion carries. All right. Regular business. Request by the finance director to review and discuss the 2017 year-end financial results and management letter for the city. The city's audit partner will be present to discuss documents with the committee. Do we need to open the floor for that?

- Yes, please.

- All right. Alderopen the floor.

- Then I will turn it right over to our partners which are to present the results--

- I'll second.

- Who will bid?

- And Alder Galvin seconded it. All those in favor?

- [All] I.

- Floor's open.

- Can you just state your name?

- [Dave] Hi, Dave Maccoux. I'm the auditor.

- [Josh] And I'm Josh Swanson, the manager on the engagement.

- [Dave] I'd like to briefly go through the annual financial report and then Josh is gonna go through the management communications but certainly if anyone has any questions and we goes through either of the documents, feel free to interrupt us. The annual comprehensive annual financial report represents the financial statements and results of operations for as of and for the year ending December 31. So, the city and all the personnel in the city spent a lot of time accumulating all the financial information that is contained within your annual comprehensive annual financial report. Our role as auditors is really identified as making sure that the financial report accurately reflects the financial position and results of operations of the city. So, if you look through the cap, there are a number of sections, introductory, that really talks about kind of what's in there and a letter of transmittal. There's a financial section which includes our audit report and the financial statement of the city and then there is a statistical section and a single audit section. So, it's kind of broken down into a number of areas.

- Anyone want to look? You each got one in your mailboxes, correct? You each have received one of these? No, no, this would have been a couple weeks ago. If not, you're welcome to

- [Dave] Thank you, that's good. So like I said, there's a number of sections within this document that really reflect the financial position. So, I'm just gonna hit a couple of the highlights and then turn it over to Josh who's gonna go through some of the changes but like I said, it really reflects what happened in 2017. So, we turn to page nine. The city does participate in the Certificate of Excellence in Financial Reporting. So this is a program by the Government Finance Officers Association in which your audit report, the comprehensive annual financial report, goes through a rigorous review by multiple different professionals throughout the United States that provide feedback to the quality of the report, the documents that it contained. This certificate indicates that your prior year report met the financial standards of the board, of the Government Finance Officers Association. It's really a reflective of the fact that the city's able to produce an annual financial report that contains much more than just the actual data. It contains the statistical, management discussion analysis, and it's really a reinforcement that the city's able to accurately track all the information. So, this is for last year. Your report was submitted for 2017. We believe it accurately will meet those standards but it's every year can see value in it. So it's a very prestigious award. In Wisconsin there's probably only somewhere around 25 governments that do receive that award on an annual basis. Then starting on 13, 14, and 15. This is really our contribution and it's called the Independent Auditor's Report. We talk about the financial statements. We talk about these financial statements are derived directly from the financial records. So, the information you're receiving on a monthly basis is part of your committee council, we're using the same information to prepare this annual financial report. So it comes directly from that information. Management is responsible for preparing and maintaining that for all year. Our responsibility, as I isolated in the next three paragraphs, is to provide an opinion on the accuracy of that and if you go to the bottom of page 13, we indicate that in our opinion the financial statements refer to fairly in all material aspects. So, that is the best opinion you can receive. It's called an unmodified. It means no modifications to the report you have in front of you. The rest of page 14 and 15 just go through various other different communications on sections within this document. At the end of the document, there is what we call our single audit report where not only do we look at the financial information on the financial statements, we look at the city's compliance with federal and state regulations on the grant programs that you do receive. So you receive a number of grant programs throughout your departments and throughout the city. Our audit also includes a compliance audit on those grant programs where we issue or indicate if the city has not complied in our testing. If you go through the single audit section, you'll find that in our opinion the city complied with all the requirements, both on federal and state. Once again, reflective of the strong financial condition and internal control that you have here within the city. Then I just want to point out page 16 through page 27 is the instruments to discussion and analysis and this is prepared by the management of the city. It goes through a number of different factors, more in a narrative format of what happened in 2017. How does that compare to the prior year? So I'd encourage the committee to review that. Then if we turn to page 28 and 29 and 30, these are your government-wide financial statements. So, when Josh is gonna go through our management communication, he's gonna talk about the government fund balances and some of the operations there but the statement of net position and the statement of activities on pages 28 through 30 represent the city on a full accrual basis. So, the primary reason that this is important is it identifies what's your assets that you're maintaining. So, if you look at under 2017, total assets of the city which include both the water utility, transit, and your governmental operations, you're really managing about 770 million dollars of assets. A lot of these are the roads and the infrastructure that moves citizens throughout the city but those are things that are part of your assets and part of things that you have to replace at some point and time. So, you know, it's just a reflection on what you're really managing and how that accrues over time. Liabilities, et cetera. So, if you look at last year to this year, no real significant changes on your government-wide, but I'd just like to point that this isn't how you adopt your budget but it kind of reflects as if you would value yourself as a full enterprise operation. Any questions before I turn it over to Josh?

- No? Thank you.

- [Josh] All right. I'll be going through the management communications, the stapled document that you

- You would have a electronic, they got one in their packet. It's item number B one and we have other copies. It should have been right in your packet.

- It is.

- [Josh] So starting on page one. Starting on page one, this is additional required communication, both to the committee and management of the city. It goes into a little bit more detail about the audit, how we do sampling, how we look at internal controls, and just a little bit more information that I won't get into all of the details but on page two, discusses the, as Dave mentioned, not only our audit incorporates the financial statements but also the federal and state awards. And then on page three, page three discusses some of the more significant estimates. Obviously the timing of financial information and when the audit is performed, not all information is available so there are some estimates embedded within the financial statements and page three summarizes some of the more significant estimates. On page four, continues disagreements with management. There were no disagreements. The audit went very well from our perspective. We worked closely with finance, not only finance but other departments, reviewing their procedures and controls and everyone was very helpful gathering the information so we appreciate that. And then moving on to the summary information starting on page six, these are ending fund balances as of December 31, 2017 with comparative number, comparative column for December 31, 2016. So you can see, starting with the general fund, the different breakdown of the components of your fund balance. The big number I wanna focus on is the unassigned fund balance of approximately of 14.5 million. That fund balance represents money that's available for any purpose. It's not designated or set aside either by outside influence or management or the council. So that 14.5 million did increase from last year approximately $700,000. In comparison to the city's fund balance policy and expenditures, you're right in line with your policy. If you jump ahead to page nine, you will see management's response regarding the fund balance. So the city's fund balance indicates that they intend to keep their fund balance between 17 and 25%. You're at 19.2% so you're right in the middle, right where you want to be falling for the general fund balance, line fund balance. Back on page six, the special revenue funds, I won't go through the detail of each line item here but these are different funds that are set up with specific purposes in mind and you can see comparative balances with all of your special revenue funds. Page seven and eight capture your capital projects funds. These tend to vary a little bit more from year to year due to the timing of projects, when the debt is issued, when you receive the funding as well as your tax increment districts, depending on when the TIF district starts a project, when the TIF increment is generated. You may have some timing differences so you see a little bit more fluctuation in your capital project fund balances but this page six, sorry, page seven summarizes all of those funds. Page eight also shows the deficit balances in your TIF district funds in general. It's not something to be too alarmed about but you do want to continue to monitor these balances. Sometimes the deficit balance, like I said, is just due to the timing of the project versus when you can generate the increment. Others you may have some permanently negative balances that you want to monitor and see what you can do, start tracking the end of the life of the TIF district and--

- It looks like overall it balances out so we're in the positive in the end.

- [Josh] Yep.

- [Dave] Yep.

- Okay.

- [Josh] Yeah, so overall you're ending governmental fund balances are 81.6 million at the end of the year. Then there's some graphs on page eight to nine just showing some of the information in graph form that we went through but I won't cover that. Page 10, this is a condensed version of an income statement for your health and self insurance fund. So you can see your operating revenues and operating expenses with comparative numbers to 2016. So this is activity that's January 1st through December 31st. So this captures like a period in time versus just ending balances but you can see the health self insurance fund generating an operating income of approximately $412,000 in 2017.

- We had a loss in 2016. Okay.

- [Dave] Typically it's based on claims. It's highly volatile sometimes. Claim eaters.

- [Josh] Page 11 goes into the worker's compensation and another self insurance fund. The balances at the end of the year have been negative but this is a little more common with the worker's comp fund just due to, again, the claims that you have and the charges and the rebates that you get. So, something to monitor. You can see management's response to address that deficit at the bottom of page 11.

- Within that number or that loss, that includes our reserve of claims to come. Again, it's an estimate so.

- [Josh] Yeah, yep. The IBNR is an estimate but yeah, that is included there.

- Okay.

- [Josh] And then one more self insurance fund, your liability on page 12. You can see the fund did have an operating loss and a decrease in that position of almost $700,000. Still in the positive at the end of the year. And again, you can see management's response to this fund.

- Oh, I understand. I know.

- [Josh] And then lastly, on page 13, just some additional communication as informational only. I guess, going forward there are some new accounting standards coming up, new accounting and reporting for leases. It's not gonna change the practical every day purposes of leases. It's just some new reporting standards that you'll see in 2019 and 20 that cover the leases. So, nothing that's gonna change from an everyday perspective but just something to be aware of that you may see some changes in the financial reports.

- [Dave] Any questions?

- Yeah, does anyone have any questions?

- [Dave] At a high level, obviously we have no other comments. I mean, the audit went very well. The staff here at the city did an excellent job of preparing for the audit. It takes a lot of time. Obviously look at the size of the book. It tells ya. There's a lot of information in there and you're managing it. So, from our perspective the audit went very well. Once again, like Josh said, I appreciate the staff here at the city. We had no internal control deficiencies either in the single audit or the financial report. So, it's really complimentary of the staff throughout the city here.

- Thank you and thank you staff for doing such a good job on this.

- Sounds good.

- Do I need a motion?

- Well, a motion to close the floor.

- Of course, of course.

- Sorry that's my

- Motion to close the floor

- Second.

- Second by Alder Corpus-Dax. Thank you. All those in favor?

- [All] I.

- Okay. Okay. Motion to receive to receive a Second All those in favor?

- [All] I.

- Opposed? Motion carries. Thank you very much for coming. Thanks for your good explanation. All right. Going back to my agenda now. Number two. Consideration for consideration and possible action to waive outstanding 2017 and 2018 property taxes levied on 606 South Broadway Street.

- This was an item that was brought to the finance department that the owner of this property wanted to discuss one, getting his assessment lowered and also potentially believes his property should be exempt and wants to get his property tax waived. He ended up bringing this through Alder Johnson. It's in his area so that's how it actually got put on here and I will actually turn it over to our assessor so he can explain to you the situation and then at that point, I apologize, is Pastor Reacco here? Right there, okay. And then Alder Johnson is here also. Good. So Alder, you would like to start or should we have the assessor start? I think what the assessor, our assessor is a city assessor so it should be and let him kind of, is that, we'll have him just kind of go through from our perspective kind of the timeline, the situation where we're at and then we can open the floor and hear from the outside party.

- [Russ] Okay. 2017--

- So Russ, can you just, for the record--

- [Russ] For the record, Russ Schwandt, city assessor. 2017 assessed value established for 2017, Pastor Reacco purchased the property in February of 2017 which, in our estimation, renders a property ineligible for exemption so it wouldn't have been exempt for 2017 no matter if it had been eligible or not.

- Explain that to me just like all of it.

- [Russ] In property taxes, or property assessments, it's how the property exists as of the first of the year. So as of the first of the year, he did not own the property so because of that situation, his ownership of the property because it came later in the year, makes it ineligible for exemption because of that for 2017. So 2018, he didn't get the, through an office problem with one of his managers who no longer works there, they didn't get the forms in to request the exemption which are required by state law to be in my office by March first until June. Because of that law, I could not even review the forms to make an exemption determination so it stayed on the roll. What happened in the meantime, they had asked for a review of the property and that review, we did reduce the value for 2018 from what it was to what it is currently.

- Quite a bit.

- [Russ] Quite a bit, yes.

- So what was it and what did you reduce it to?

- [Russ] We reduced it--

- I have it here. It's on your document.

- [Russ] Right. The 2018 value is 385,600, a reduction of $425,600.

- Because it was over 800,000.

- Yep. Second and third line down, it was 800,000.

- [Russ] It was originally 811,200. So we reduced it significantly based on a request to review it. Because they didn't get the information into us in a timely manner, we don't have any choice but to go by the law and deny the request for exemption that came in too late. We do that for everyone. So I advised the pastor that his only course of action is to ask for a waiver of taxes through this body.

- So by law, no matter how much you'd want to, you can't grant him what he was looking for?

- [Russ] No.

- But we might be able to.

- Right but I just want to--

- [Russ] You can't grant the exemption. You can waive taxes but through my office is the only one that can grant the exemption. So, you can waive taxes or grant the partial rescission or whatever you want to do that way but through my office, I can't do anything so that's why I suggested that he take this course of remedy.

- Do you have an issue with that?

- [Russ] I have no issue. I set my values based on what I could do at the time. So, what goes beyond that, I don't have any control over it.

- Is there any history of something like this happening in the past that you're aware of?

- [Russ] I believe that we had a similar situation with the Swan properties about eight or nine years ago. Pastor Swan had a property that he didn't get the exemption form in on a timely fashion and had to go through a similar process. There wasn't a question of exemption on that whatsoever. The form had been misplaced for some reason. There was a question on whether it was ever received or not. So, it went through the same process.

- And what was the outcome?

- [Russ] I believe that they did waive taxes in that instance but I think it took a longer process and in the meantime, they did file the forms in a timely fashion and I did exempt it so there was a history that it would have been exempt. I, at this point, don't have a way to know whether that will be exempt. Have not been through the property myself.

- Okay.

- [Russ] So this is something that's up to you whether or not you want to waive a portion of it, you want to waive the entire thing, that's based entirely on your own decision.

- I would like to hear more about what the property is being used for. Do we want Alder Johnson or--

- This is a question for Has the property achieved exemption status for 2019?

- That isn't due until March of 2019. I haven't gotten the forms yet. Those aren't, they haven't been submitted yet.

- Okay.

- But he doesn't have to wait till March to submit the forms. I mean, he could submit 'em tomorrow if he wanted to.

- [Russ] I wouldn't review 'em until then.

- Oh okay.

- [Russ] I mean, it's as of the first of the year so I generally don't review them until after the first of the year because you have to look at 'em because a lot of things could change between now and then.

- So what is it based on--

- [Russ] It's based on occupancy and use.

- Okay so when we will hear a little bit more about the use and occupancy and then at the end of that, could you give us kind of a general, what you think might happen based on what we hear?

- [Russ] I've already rendered my decision as far as the value of the property as of this year. Anything I do now would go against what I've already decided so that would be something I couldn't do.

- I was just saying projecting into the future for 2019.

- [Russ] For the future?

- What you think that might happen.

- [Russ] It all depends on where he's at as of the first of the year. If all the property proceeds are used for mortgage and expenses for that particular property, then it would be exempt. But if it's turned over and used for other properties, we kind of take a look at it a little bit differently because then you're looking at a property that's being used for maybe for profit uses that, going against some of the other for profit entities in the area and it's kind of the competition. So, it's kind of a fine line there that you have to look at.

- So then I might want to look at what actually has been done during this past year with the property. I mean, you can't because by law you did what you had to do but our committee might want to see is it currently being used for a non-profit, profit purpose.

- [Russ] You want to look at, if you're gonna decide what's for 2018, you want to look at what was there as of the first of the year 2018.

- Okay.

- [Russ] I mean, that's our determining factor and I guess that would be the standard that I would suggest you use also. Same with 2017. What's there, in 2017, there's no question in my mind it wouldn't have been exempt mainly because of the reason he didn't own it as of the first of the year. If he had gotten in and did ask for a review sooner, we probably would have made the reduction in such as we had done for 2018 but that wasn't something that his office manager at the time didn't get us the paperwork in time. So in the meantime, the board review had already adjourned so that opportunity had gone away. So when we did get the paperwork, we reviewed it for 2018 and made the reduction.

- So it went from 18,414 down to what?

- 8,000.

- 8,813.

- Two separate years.

- Right, I get it. In two separate years but there's a possibility that it would have still gone down that year.

- [Russ] For 2017 if they would have gotten the information to us in a timely fashion, it potentially could have gone down.

- It could have gone down.

- [Russ] Right.

- Okay.

- All right, and just to clarify. All proceeds generated by the property must go towards--

- [Russ] Has to go through mortgage debt reduction and expenses for that particular property.

- For the property. Not for the projects or programs or anything else?

- [Russ] I mean, it has to be related to that particular property because it's taxes and exemption for that particular property.

- What happens if somebody buys a property in September and it is for a church or something like that which would be exempt? Now who paid the taxes? The owner before that had to pay the taxes?

- [Russ] It would be prorated just like any other property. It would be prorated. The nine months would be for the previous owner and then the three months would be, you know, settled at closing, would be for the, the church would pay that.

- So did they, when did they purchase it?

- [Russ] It would have been in February. So they would have gotten two months or roughly a month and a half worth of the prorated taxes towards the 2017 taxes.

- Okay.

- So the exemption certificate for 2018, it shows it was received on June 12, will that exemption certificate be considered then for 2018 or does he have to submit a new form?

- You have to fill out a new one each year. Stan, that's--

- Each year you have to fill--

- That one that he filled out was from 2018 so it was too late. He'd have to fill out another one for 2019.

- Okay.

- [Russ] Any questions?

- Thank you.

- Make a motion to open to floor.

- Alder Galvin.

- Second.

- Barb, Alder Corpus-Dax. All those in favor?

- [All] I.

- Okay, the floor is now open. Is there anyone hear that would like to speak to this? Yeah, Pastor. Could you just state your name then?

- [Manuelus] Pastor Manuelus Reacco. I'm the Director of the Transformation House. The Transformation House is a facility geared to helping men get back on their feet. We have guys coming in from prison, profession, We've even had a few guys court ordered there. We opened in 2012, January, and since January 2012 we had a housed over, January this year it was over 600 and so, and doing our statistics we have 80% from homeless to independent living. We were located at 436 South Jefferson for a while, for six years, and couldn't see eye to eye with the owner of the building. We was paying, going through a whole lot so we decided to purchase a building. So, the 606610 South Broadway building came up for sale and we purchased the building for 290,000 and so we closed in February and I was speaking to the alderman in the area. It was that gentlemen at the time and he said, Pastor Reacco, get down there to the county assessor's office immediately and get the papers for tax exempt. So I went down there, got the papers, had my administrator, well she filled out the paperwork and we took 'em back down there. I don't know if it's a different guy than Russel. As far as I was concerned, the papers was in. It was done and when I found out that it wasn't, it just like So I didn't bother the guy putting in the papers again for this year because I felt that it was already in for the last year. Also, I was looking at purchasing it at 290,000. I was like, the taxes on that but the building itself, we have been doing extensive work on that building. We just about finished turning the unfinished area on the first floor into a community center where we have classes. We do faith based AA, NA classes there. We help the guys with the GED program and so we just trying to put together a good facility that will help get the men back where they need to be at. So in the past, guys have been back with their wives, to make up with their children and it's just been, you know, exciting to me to see what's going on. You know? But as far as the revenues that the building, everything stays there. Everything is all about the program and we don't receive much funding. It's, for some reason, when it come down to men, I run into the line, men don't need no help. So we don't get that much help when it come down to men but it's very important that we do help our men because they need to be reconnected with their children. They need to be connected and so there's no profit in this. If there was, you know, the whole thing has been, but my mission is to reach out to men and we've been doing the jail ministries. We've been doing all type of outreaches but anyway, we ask you to consider the taxes, waiving the taxes on there so we can continue to keep going and that's it.

- Thank you. Alder Johnson, do you have anything to say?

- [Brian] Yeah so I'm just kind of, I was crunching some numbers here and thinking about some options that you have in front of you. Of course, the option that we have on the table is just the full waiver. That's kind of the request right now but after listening to some of Russ's testimony here, I would like to at least float out there a second option for you to consider if that's not palatable. And in particular, taking a look, I mean, at least to my knowledge, there's been no structural changes done to the property that would justify devaluation of the property. It's really just a trigger that said, hey, we'd like you to come re-look at the value of the property. So the value of the property, meaning what was there didn't change at all. It was just the assessment that we put on it. So minimally I would at least like you to entertain applying the 2018 value to the 2017 taxes and in addition, still ask you to consider the waiver of the 2018 value knowing that the work that's going on in that facility truly is something that would be tax exempt if not for a clerical error.

- I just want to ask Diana something. So if we waive all of it, has the money been spent already from that budget year or is there contingency?

- The 2017 value is what we build the 2018 budget on. So the $18,414 was built in and that was part of the 2018 budget. If and when we write some of all of it off, then we would have to find another funding source to cover that and potentially I would, we have to haverecommend contingency because right now that is part of what we already had built revenues to offset 2018 budget.

- I guess I'll let the committee speak before I do. So, anyone?

- [Brian] Any questions?

- Do we need to close the floor?

- Unless anyone else wants to speak.

- Does anyone else want to speak to this?

- Then I'll make a motion to close the floor.

- Anyone else? Okay. Moved by Alder Galvin to close the floor.

- Second.

- Second by Alder Lefebvre. All those in favor?

- [All] I.

- Okay. Committee.

- Well, I know it's difficult for everybody but I believe because of the good work we might want to, because of these taxes which is going to put a burden on them and I don't know why they don't outside funding. The program is really a good program and I really would feel bad if we paid the taxes. I'd almost like to waive it I think. It's not that much. I mean, if it was a huge and it was something that was really their fault. I mean, it's kind of, I think he didn't get the good advice when he went in too, not realizing he had to apply again and there were so many different situations that happened with this. So, I'd like to make a motion that we excuse the full, is it? Was it the eight or the 18?

- Well it's both. It's for both years. So both years it would be 18,414 plus 8,869.

- Oh, so it would be both.

- [Russ] There's a matter of the accrued interest as well.

- Plus the matter of accrued interest as well. Okay so do we want to have a little more discussion first or you've made a motion. Is there a second to that motion?

- I can.

- Okay.

- For finance, we've, in the past, forgiven property taxes on properties in Green Bay. How does that impact us though? Like, we're talking about this was based on our budget so our budget is gonna be short. We're gonna have to go into contingency fund. How much of that can we withstand?

- Well, if we're taking it from the contingency, currently we have 100,000 sitting there. That is really a contingency. It's a budgeted line item for situations that were just not budgeted. So at this point, we have 102,000 sitting in there. If nothing else comes up the rest of the year, if you were gonna decide to write off a portion of that 18,000, you know, just reduce the contingency of 102. That is available for these type of, for potentially unbudgeted items.

- And how many properties, I mean, do you how many properties do we forgive taxes on?

- It would all be determined that at some point that they were determined that they were exempt and maybe they just didn't meet the criteria or the deadline because we aren't gonna forgive them if they really owe the property. It's timing of getting paperwork in or if it should have been determined as exempt and it didn't make it in time for the, you know, during the budget process.

- So what about looking at that one month of January? Is that the prior owner's responsibility to pay that?

- At closing time, any time you close any property, that person who closes have to, they prorate it and give 'em an estimate on what they think the next year's tax bill would be and the person who sold the property has already paid about, based on the date of when it was purchased in February, a month or two months worth of that. This bill, this 18,000, he would have received that at the closing. It would have been part of his closing--

- Okay, then that part should still be paid, I think. Alder Corpus-Dax, do you have any?

- So we're saying that's the 18,414, the 8,869 and then accrued interest of 1,289?

- But I would just like to add that I think the portion that had been paid by the prior owner, that portion--

- You're gonna amend her motion to?

- Yeah, I would like to amend that to say that whatever that amount is, that still should be paid because that was paid by the prior owner for that month when they closed so that money--

- So this is the total for that whole year you're saying?

- Right.

- Yes, they're gonna have to deduct that part because I'm not opposed. I agree, I think the work is good. It is work we need in this city. You would have been exempt. Obviously since the structure didn't change, how did it go from being worth so much to being worth way less than that? So, I'm in much agreement with waiving those taxes because I think you would have been exempt however--

- But he didn't own that on one, one.

- But he didn't own it on January first. And, and, but he could have requested what? A different assessment of that? So then it would have gone down quite a bit. Staff, do you have any recommendation?

- Well, to the 2017. If and when you were, like I said, we already have the 2017 value which is part of the 2018 budget, that's already been obligated. If you choose to write any of it off, you're gonna have to find a funding a source. So my recommendation is if you, again, if you decide to write it off, you're gonna have to find a funding source and it's probably contingency and then I think you have to take 18 as a separate item. But I think you should take them as two separate items.

- Maybe we can take 18 first because that might be easier.

- Take 2017 first.

- You want to take 2017 first?

- Might as well. Get it done and get it out of the way.

- All right. Alder Galvin, do you have a motion?

- The motion that the 2017 taxes be exempted except for the time period where the building was owned by the previous owner and that those taxes be paid.

- Is there a second to that motion?

- I would second that. I would, you know, again, echo the sentiments here as far as it's good work. You know, I think it's a lot more common than people think that people don't realize that you have to file tax exempt every year and they just don't realize it and they forget or just oversight. I think it's more common than people realize.

- Yeah, so we have a motion. Second. Any further discussion? Alder?

- Just to seek clarification on the motion. Does that also include the accrued interest?

- I don't know if we got there but I guess it could.

- Yeah, if we're talking about 2017, then it should be the whole thing. So yes, it would also include the accrued interest.

- Yes, accrued interest. Okay. Do you accept that amendment?

- Yes, I do. Second.

- All right, any further discussion? All those in favor?

- [All] I.

- Would you like to amend it to say where the funding is coming from right away?

- Yes.

- Yes.

- Amended to say that the funding would come from the contingency fund.

- Is that acceptable to you?

- Yes.

- Do we need to go through a whole motion to amend it?

- No, no, I think--

- All right. So it's acceptable. The contingency fund? Okay, all right. So, the motion is to forgive the taxes for 2017 in the amount of $18,414.60 plus $1,289.02 minus whatever the amount would be for that time when the property was not owned by the Transformation House and that that funding would be taken from the contingency fund. All those in favor?

- [All] I.

- Opposed? Motion carries unanimously. Unless you want us to do that on our screen? Okay, all right. So, now, let's talk about the 2018 tax bill and that's because it was not filed in a timely manner.

- Right, at this point it's going to go into the tax roll and even though the assess goes down, the estimated bill when they go out in December, he would receive bill around 88, $8,900.

- And that money has not been obligated yet.

- That has not been obligated at this point.

- So we don't need to take it from the fund. Okay, I'll entertain a motion on that.

- I'll make a motion to exempt the property from the 2018 property tax assessment.

- Second.

- Motion made by Alder Galvin to exempt it from the 2018 taxes, seconded by Alder Lefebvre. All those in favor?

- [All] I.

- Opposed? Motion carries. Okay.

- Can I mention something? Maybe you should talk to

- Well why don't you talk to Alder Galvin, I mean, Alder Johnson later and pass that information. Yes?

- I apologize. We're gonna have to clarify that motion.

- Okay.

- Because again, the committee cannot exempt a property.

- Oh, you're right.

- Russ, the assessor, can exempt it but you can waive the dollars or find a funding source to waive it but you cannot exempt it.

- Okay, so the wording was wrong. Not exempted to waive.

- Forgive it or something--

- Waive. Waive. Do we need to, do you want us to go through that again then? Or do you just want to change the word to waive?

- Are we all in agreement, waive?

- Yes.

- We are all in agreement. Yes. Okay.

- I actually have a request from the attorney asking whether or not we could move number four up in front of number three.

- Okay.

- Making a motion to change the agenda and move number four up.

- Do we have to just, or just amend the agenda? Motion to amend the agenda?

- Not sure. I might even look to our attorney to Can they just move it?

- Suspend the rules, all right.

- Okay, Alder Dax made a motion to suspend the rules.

- Second.

- Second by Alder Galvin to move item four up in front of item three. Okay, all those in favor?

- [All] I.

- Motion carries.

- At this point, I don't know if you want to read it. Number four.

- Number four is, an update with possible action on status of litigation in the following matters, COGM versus CVMIC arbitration, Tippler versus the city of Green Bay et al, city of Green Bay versus Denny et al and I believe that will be wanting to convene in closed session so would you like me to read the?

- I think you would wait until you were gonna move into closed session.

- Okay.

- It doesn't matter? I'm gonna turn that over to our attorney to discuss this item.

- [Vanessa] So I would recommend we go directly into closed session just because we are gonna be talking about litigation on all three of these and they are pending

- All right. So, I'll read the verbiage. The council may convene in closed session 1985 1G Wisconsin statute for the purpose of conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved. The council may thereafter reconvene in open session pursuant to section 19.852 Wisconsin statutes to report the results of the closed session and consider the balance of the agenda. Is there a motion to go into closed session?

- Motion.

- Set by Alder Galvin, seconded by Alder Corpus-Dax. All those in favor?

- [All] I.

- Opposed? Motion carries. Okay, we are in closed session.

- Well yeah, I think maybe with the door open now it'll get less cold. We just got here. All right, we're back in open session. So, in closed session we instructed staff to proceed, we're now instructing staff to proceed as directed in closed session. I'll need a motion to that effect.

- I'll make a motion that staff proceed as directed.

- By Alder Galvin. Second by Alder Corpus-Dax. All those in favor?

- [All] I.

- Opposed? Motion carries.

- [Vanessa] And before you move on, can you just confirm that you talked about nothing but the closed session items?

- Okay, I would like to confirm that we talked about nothing but the closed session items. All right. Now legally we can move forward. All right. Back to number three. Okay. Consideration with possible action on amendments to claims administration procedure ordinance GBMC 7.01 at sec, providing for changes to the city's claims committee and establishing a relief fund. Well, I, you can come forward and talk about this.

- [Vanessa] So this is my item as well. When we were amending the claims committee ordinance, we found that there were a couple things that we should propose to you. The first is changing the amount of the authority of the claims committee. Right now, our authority is as low as $5,000. That claim means, or that level of claim reporting just addressing potholes. We're fortunate that we haven't had a ton of them that have come forward that have been in that range or above that range but really we're looking at vehicles that have changed their value over the years and so even just getting a side mirror, if we, if a snow plow hits it or something, a lot of those are north of two grand just because they're so expensive now. So, the first thing we're doing is asking you to change the amount of the authority of the claims committee. So, the reason we picked $50,000 is because the $50,000 represents the bulk of the claims that we will receive. Under the Tort Claims Act, the recovery limits are $50,000 for everything with the exemption on automobiles and so we are gonna have claims that will be coming to you outside of those automobile ones and so this would handle all those property damage claims that we get. So any time a car is totaled, we'll be able to act on it expediently instead of incurring additional costs for towing and usually when it's towed, then you have to house it and so we're just waiting and waiting and waiting to get that approval figured out so we can actually get those done. And so, that's really where that $50,000 mark comes from. The second thing we're asking for is to really revamp the way that the committee is set up in general. Right now we have three people that sit on it. Since we are asking for a substantially higher number, we are also asking that you increase the number of people that sit on it. This way, there's less concern that you've got a couple people really looking at it. Right now, it is two attorneys and the finance director or his or her designee. We'd be also asking to add the paralegal because the paralegal really is the person who does a lot of the leg work on getting all these claims researched and finding out what information there is and what not. So they're the person with the most backs on every single claim. The second is our risk manager. In the past, we've had the risk manager sit and then as the designee for the finance director, but we see benefit to having both and so that's what we're looking at is expanding it to include the two attorneys, member of finance, a risk manager, and then our paralegal. Those would now be the voting members of the committee. The other component that we identified was the need for or the request that had come out of what we, the discussions that we had here, was for potentially a fund that could assist people in times when their claims were gonna be denied. And so, that's the second component that you're gonna see is the relief fund and so that one would require this council to actually establish a fund, designate how much it wants to be put aside into that fund and then we put the parameters around it. In order to provide any money to anybody, it has to be for a public purpose and so we identified a number of public purposes that we think will pass constitutional muster. So in this case, it includes if it's gonna cause a negative impact on the That's a public interest for sure. If it is going to allow somebody to get medical treatment that they otherwise wouldn't be able to. If they are going to be able to still continue their job, like if their equipment gets destroyed or if they're going to school and their equipment gets whatever. So that's really what the point of that relief fund would be. We tried to keep it as separate from the claims committee as possible and so this one would not be triggered until somebody submitted a claim and the claim was denied. This way, whether or not to grant somebody some relief in a situation where otherwise the city has no liability, would be decided by the finance and then the rest of the claims would be decided based on liability exclusively by the claims committee.

- So the finance committee would decide if the relief fund was gonna be used?

- [Vanessa] Correct.

- Is there, I imagine you're gonna be sending us, this will be developing some parameters, controls, and things like that.

- I think they're in here.

- [Vanessa] Yeah, a number of them are

- Right, I just didn't know if you were gonna be working on it more or if it's what you think it's a set.

- [Vanessa] What we would recommend is that after you guys have a chance to review it, to identify those kinds of issues where you think that it would be appropriate and allow us to figure out a way to potentially incorporate it in. This way, I mean, we're not gonna be able to provide for every potential kind of incident but this way at least we have some guidance as to what kind of incidents you guys would like to potentially address.

- And, I mean, is the limit statutorily $50,000 then for claims that are denied? Or it can be a different amount?

- [Vanessa] So, when we do the claims committee, that is only ever able to be $50,000. That doesn't mean we don't get claims above that. It just means the city's exposure will only ever be $50,000.

- So where would the money come from for a fund like this?

- [Vanessa] This would have to be something that the city would establish separately for relief fund.

- And can it be used for anything that's happened already in 2018?

- [Vanessa] That would be up to you all entirely. I mean, really you could decide that claims could be submitted starting in 2018 and then you could decide whether or not to move forward on those But the way it's written right now, no it doesn't have a time limit.

- So, so okay. So we have not very much now left in the contingency fund but where else could that funding come from for 2018?

- [Vanessa] I would leave that to discussion. It may be something that you guys need to build into for 2019 instead of starting it in 2018.

- And so potentially any claim the city denies, they have the ability then to come to the finance committee and resubmit practically.

- Even if we didn't establish it until 2019 because we don't have funds right now, can we still start it as of January 1, 2018?

- [Vanessa] As long as it continues to serve a public purpose, yes. If it's no longer serving the public purpose then--

- So if a public purpose is to prevent an incident related decrease in property taxes and if as a result of something that happened that was denied by claims, there was a decrease in property taxes, that would be serving a public interest?

- [Vanessa] More than likely. Again, that's something that this committee would have to ultimately make that decision on. You guys would be the fact finder in the decision as far as policy goes but I think that there would be a justifiable, I mean, that's the whole purpose is to avoid a negative impact on property.

- Okay. So no matter what, I mean, if we pass this ordinance tonight, do we have to have answers to all those questions or we have to talk about this in council? There have to be a number of readings. We have three months. I wonder if any, well, let's have discussion up here or from any of the other alders. Let's have some discussion.

- I mean, the elephant in the room right now is the families who were affected by the broken water main.

- Right.

- I mean, those claims are in the hundreds of thousands of dollars.

- No, I don't think they're in the hundreds of thousands.

- All together?

- I thought it was 90 and then 15 and 15.

- [Vanessa] We can discuss in closed session but they revised them. One claim we received was for almost 250,000--

- Oh, it got revised, okay, okay.

- And I mean that's just one and if you read the claims, there's motor vehicles, there's homes, there's injuries from falls. In fact, I would almost ask if we could get a report on the total amount of claims we've received each year for the last two or three years just to give us an idea of what we're potentially talking about.

- Potentially talking about.

- And then how are we going to fund it? Which is what, levied? That's about the only way and then how much do we build it up to and I see, yes, some good coming out this but I also see some potential, you know, if the claims committee denies it because they think there's no basis for a claim, then why are we then?

- But that was all the legal parts of it, you know?

- Right.

- Our insurance, blah, blah, blah.

- The insurance part but this is different.

- Okay so the other part as she's establishing is an impact on the city. Not our hearts.

- Right. But it's an impact on education, property taxes.

- That's what I think we have to be careful of.

- Right. We can combine those kinds--

- Provide for the welfare of city residents.

- Right.

- Providing for assistance for living essentials and heat.

- I guess I would ask staff if the finance committee, if a claim is denied for legal purposes and the finance committee sees fit to give them some money regardless, does this open us up potentially for a pending lawsuit or something like that?

- [Vanessa] No. So the way we've drafted it, we make it clear that these are completely separate issues. That there's no assumption of liability or admission of liability by the finance committee deciding to fund it. There's also a caveat that if a person ultimately was able to recover against the city on a liability claim that any amounts they received from the relief fund would be retracted.

- You know, we were, it wasn't very nice in the newspaper. We were really slammed. Look at those other communities that stepped forward and did things.

- But if you look at the report that came out, that report that came out that we got from our attorney--

- [Vanessa] We should probably discuss that in closed session.

- I'm just saying that what was in the news was not necessarily accurate and people are responding on gut feeling and not on accurate facts.

- So let's go back to this possible ordinance. All right. Other alders that have? I forgot to mention before, we have Alder Steuer in the audience. We have Alder Johnson and we have Alder Wery here tonight. Yes, Alder Johnson?

- [Brian] Two questions. One is if we establish a relief fund and somebody were to receive compensation from that relief fund, would that release any claims that they might have against the city?

- No.

- But they'd also have to keep--

- So in this case, we could be looking again at a six figure lawsuit. They could still bring that lawsuit against us even if we gave them money from the relief fund?

- But they'd have to give it back then, the relief fund money. That would be deducted

- If they get that. Can we put in a contingency that they have to release claim?

- Not usually because they really are supposed to be treated separately. I mean, one is because you're doing it because there's a benefit to the public purpose. The other one is because it's litigation. So no, probably not.

- [Brian] Okay. Second question I have, I see it's listed as residence and or businesses. Generally businesses have different types of insurance coverage, you know, that can help cover things with the disruption of business or, I mean, they just have whole new layers of coverage that, I mean, I'm wondering if we really need to include businesses in this. I mean, to me, the purpose of this is to kind of, you know, take care of your residents.

- What if the business was an in home daycare? I mean, is that a business?

- [Brian] Well it's also a home and a resident.

- Okay, I'm just saying.

- That's a decision for you all to make.

- [Brian] I mean, I would like some more information about whether or not, I mean, again, my experience is, there are plenty of layers of business coverage that really should be able to take care of them in almost any circumstance.

- I don't enough about business.

- [Brian] I'd float it out there. I think it's something that needs to be discussed, whether or not businesses should be included in this.

- Okay, okay, so that could be discussed. How many of these types of claims have we had in the last five years, 10 years? Or did you guys look at that at all?

- [Vanessa] So we were tending to look at the number of claims that we get to kind of get an idea of where our exposure is.

- Okay.

- [Vanessa] A lot of them that we deny is because we don't have prior notice of something or we've responded appropriately. Essentially, there's no negligence by the city. The ones that are usually the highest numbers that get denied are sewer backups.

- Sewer backups.

- [Vanessa] Those are usually the big ones.

- And do we have, how many of, do we have many?

- [Vanessa] I couldn't tell you exactly how many we have. I would say we probably have a handful a year at least.

- And we don't usually cover sewer backups at all?

- [Vanessa] It depends on if we had prior notice and if we followed our maintenance schedule still.

- So you get all those notices about flushing and, you know, those complaints and the city goes out and checks 'em right away and you get a letter saying that they went out and checked this complaint and there was no problem. I don't know if you've ever got, I get quite a few. It's 'cause I live in an older district.

- Yeah, I never got one.

- [Vanessa] So they do routine maintenance. They do telescoping when there's issues. Ones that have a higher frequency of discharges causing backups in there. They put those on a more frequent schedule and so that's usually when it happens is, you know, something major or random like sand or something will get into the system and then that's what backs it up which there's no way we could have known that or somebody's putting too much grease or whatever in it but as long as we're following our schedule, there's only so much the city can do in any--

- But typically with a sewer backup, would an insurance company pay for that?

- [Vanessa] Sometimes.

- Because in this case and whenever it's a water main, it's water outside the house and if you don't live in a flood plain, you're not gonna have flood insurance most likely so but if most insurances pay for the sewer backup, I don't know enough about that.

- [Vanessa] You can insure for almost anything.

- My friend on the bay, her basement came up and they said it was an act of God so she got nothing.

- That's what can happen, yeah. So, okay, I guess another question and you may not know the answer right now but how much are these sewer claims? How much do we need to put in a fund? We need to have some idea of that.

- [Vanessa] Maybe looking at it from two perspectives. The one would be paying what is necessary to address the public purpose versus the entirety of it and then you can also just get an idea of what the claims are which we could give you that information but if we're limiting it to a public purpose, then a lot of personal items aren't gonna fall within that. It's gonna be more the stuff that people need to, their day to day living essentials that they're going to need.

- Like their furnace maybe or their carpeting?

- [Vanessa] I don't know. We'd have to look at everything under

- This is a can of worms. When you open this up, you are going to have claims coming in from everywhere about everything and they're gonna make you feel awful about what they've had to go through because some of 'em have gone through some very awful things. I guess my concern is, you know, if we fall in too deep in this thing, we create a quagmire for us financially and I mean, I feel for these people I really do. And there's gonna be stuff in the future that's gonna happen but at what point, I guess, I just, I want to be very sure and I'm not sure yet if there's enough checks and balances in this.

- [Vanessa] The other option would be putting a cap on the total amount of recovery. Or the total amount of allocation for the fund total.

- In addition, would that have to be added to this ordinance then?

- Do other communities have relief funds like this?

- [Vanessa] That I do not know. Again, I was just trying to address an issue that and so we were putting together a public ordinance. If you want us to look into what other communities are doing--

- I do. Can we do that?

- Can we send this back? I make a motion that this be sent back to staff for further study. I mean, you've done--

- A really good job.

- A really good job here. You've covered a lot of the angles I wouldn't have even thought about and some of the things that you, that could be applied for that but I guess I'd like to see a little bit more what's, like what are our total claims?

- Yes.

- I mean, what are we potentially looking at?

- What the claims are.

- What the claims are, what categories they fall into, and then if anyone else, I know, I think there was an article in the paper about Eau Claire, Lacrosse doing something like this.

- Yeah, I thought I saw that too.

- Yes, that's always

- And it's funded by a levy. So I'd like to maybe see what some of these other communities who've had experiences like this and how they've handled it.

- [Brian] So, maybe one more question too since you're doing that research. I mean, it seems to me that, I don't know if it's appropriate in this but I want to throw out there for discussion, if there should be a demonstration of hardship. So and that's part of my thing with the businesses, right? It's all of a sudden you've got a multimillion dollar conglomerate filing for $1,000 claim because they can and that's what I don't want to see the taxpayers funding.

- Well it's like, if their insurance didn't--

- One of the caveats we did put in there is that if there were insurance proceeds or proceeds that cover it from elsewhere, it would not qualify.

- Right.

- [Brian] Well again, aside from that though, you open yourself up to that, right? I think the whole purpose of the relief fund, to me, at least discussions I've had, is about hardship and a situation like we're talking about on Humboldt Road--

- It's not even on Humboldt actually but--

- [Brian] Okay but we're potentially bankrupting a family. Not that we're doing it but it's this incident that was out of there control could potentially bankrupt them and I think, to me, that's the essence of the relief fund. I understand that this can open a can of worms but that's why I think this is about hardship and the strain that it's putting on a family and how we would respond to that as a community to say, you know, these things were out of your control and I feel like you can judge a lot about a community by how it responds to its residents in their greatest time of need and I don't want that to be lost. I'm not looking to subsidize residents or people that are capable of taking care of losses, you know, and figuring out how to handle that.

- Similar like the way, someone has to judge that. You know? I mean, this case was pretty easy to judge but there could be others that won't be quite as clear cut but Alder Steuer? Yes?

- [Mark] Thank you Chairman. I really would like to see what other communities have done in this as well. You did mention Lacrosse There's a number of other communities and I think one thing with the claims that as a community, do we get those once a month or once every other month?

- [Vanessa] So we strive for once a month. We actually make sure they are here Sometimes we just don't have enough to report on.

- [Mark] Well I think it would be easy enough to get those numbers from that to get that. I guess I'd like to see what other communities do and I think it should go back to staff for that.

- And so I would say too if any alders come up with any other questions, they should email Vanessa with any other questions they might have on this. So for right now, we have a motion to send it back to staff.

- I'll second that.

- And it was seconded by Alder Corpus-Dax.

- Questions out there still?

- Okay. Could we get answers to before sending this to council?

- Okay. All those in favor?

- [All] I.

- Opposed? Okay, motion carries. Take it up at our next finance meeting. All right. We are on now number five. Consideration with possible action on the report of the purchasing manager. Come on up.

- All right, the first item I think, is five A on your agenda is a request to approve the purchase of ammunition for the police department from the low bidder, Kiesler Police Supply for $34,038. We did an RFQ. We received two responses and we're recommending the award to the lowest bidder.

- Okay. So do you need a separate motion on that? Separate motion?

- You can take 'em all at once.

- Okay. So then continue.

- Okay.

- Yeah, we'll take 'em all at the same time.

- Item five B is a report and I want to make a correction on the agenda here. The agenda reads that we're gonna report on the purchase of 16 vehicles for various city departments off of the 2018 state of Wisconsin contract for 480,677. The dollar amount is correct. That number of vehicles is actually 18.

- Okay.

- So, I'd like the record to reflect that. And then thirdly, I'm asking for your pre-approval to purchase 2019 vehicles that are approved as we go through the 2019 budgeting process to use the state venernet contract. We've been doing that for the last 12 years and those vehicles have all been competitively bid by the state and occasionally if we're buying a large number of vehicles like I think two years ago we bought 12 or 15 squad cars, we will put out or own RFQ to see if we can achieve some additional savings but this is a real time saver most of the time.

- Okay. I would entertain a motion for five A, B, and C. As amended to the purchase of 18 vehicles.

- Yes, yes.

- Okay, is there a second?

- Second.

- Motion by Alder Lefebvre. Second by Alder Galvin. All those in favor?

- [All] I.

- Opposed? Motion carries unanimously. All right. The next item is report of the claims committee.

- This is gonna be another of Attorney Chavez's items to discuss.

- Do we need to go into closed session?

- If you have any questions and you would like to discuss it.

- Yeah, I would probably like to discuss it. So, motion to go into closed sessions?

- Okay, second.

- And I will read the language. The council may convene in closed session pursuant to section 19.85 1G, Wisconsin statute for the purpose of conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved. The council may thereafter reconvene in open session pursuant to section 19.852, Wisconsin statutes to report the results of the closed session and consider the balance of the agenda. We are in closed session. Okay, I need clarification on thatwe vote. Are we voting on just that we heard the report or that we are in favor of the report?

- [Vanessa] You approve the report.

- We approve the report. What if we don't like something that's on it? Because I didn't know if we were just approving the fact that the report came to us. Okay, all right. So we're back in the two, in open session and I believe Alder Lefebvre wants to make a motion.

- Yes, I make a motion that the claim for Robert and Sandra Schmidt resulting in 22,897 claim go back to

- For the purpose of them reviewing it again?

- To review it again.

- Is there a second? No second. The motion fails for lack of second. I'll entertain another, any other motions.

- I'll make a motion to accept the report by the claims committee.

- Is there a second?

- Second.

- Motion by Alder Galvin to accept the report of the claims committee. Second by Alder Corpus-Dax. All those in favor.

- [Both] I.

- No.

- So it's not unanimous. Would you like us to vote on the?

- No.

- No, okay. Okay, all right. Next agenda item. The report of the Hotel Northman audit completed by Cohen Management Group, appointed by Paul Swanson, receiver.

- There is an item in between there. It's just a report of the finance record. I didn't have much to state. I just wanted to let you know that we've started the budget and the public notice will come out in mid-October. So that is what's keeping us busy at this time. Okay, if you want to move onto the letter F.

- Okay, letter F. Report of the Hotel Northman audit.

- At this point, I'd let you know that it's informational only. It was an external audit. It was requested by Paul Swanson, who is our receiver. So we are putting this information in there so you can review their outcome of it. At this point for this meeting, our receiver or the attorney nor the auditor was able to attend. However, there's a possibility that they're gonna be at the council so if you have any specific questions about the outcome or the results of the audit, they will potentially be at the council meeting.

- [Vanessa] So I can just give you an So, the result of the audit indicated that there was some discrepancies between what the developer indicated he spent the money from Humboldt on versus what he actually did and that discrepancy accounted for about $800,000 of the total amount that the city invested into the project. So we reached out and asked the auditor to confirm where that money actually went. The auditor went through and said, funds were co-mingled so there's no way to tell you exactly where the funds were spent but what I can tell you in that all the funds went into the project. Meaning that, none of the money got diluted. No pockets were lined, thank goodness, but we do have a discrepancy between what was actually said was being used, those funds were being spent on versus what was ultimately purchased. The main one is it looks like they had indicated they were purchasing kitchen equipment and instead they were paying for other items that were coming through. So again, the good news is that all the money ultimately went into it. The bad news is that they didn't report out to us appropriately. We have been in contact with HUD so that they're fully aware of what's going on. They are aware of the audit. We have sent them a copy of it? Yeah. Or are sending them a copy?

- I'm not 100%--

- [Vanessa] But we have been in talks with them. They know it exists. We've already told them what it says and so with that, we're reaching out and asking them to basically confirm that there are no issues with the expenditures that were identified versus the ones that were ultimately used. Our understanding from HUD, is that what they're really concerned about is that HUD gets paid back for what HUD was lending us. So they have kind of indicated to us over the past few months that they don't really necessarily care what the expenditures, like, they'd let the city make that determination as to whether or not it was qualified expenditure, and so instead, we're just asking it to sign off. They've been really good to work with. This whole time we've also been talking about amending the terms of the agreement so that we can actually get the developer's name on them. They've assumed, the new developer has assumed all the old contracts but now we actually need to get those names replaced on them and the terms re-figured out and all that stuff and so they've been mostly telling us, great, we'll look at your audit for you. We're more interested in you actually bringing us the revised terms so that we can get that taken care of and the

- Okay, I have one clarification. In some cases when there was a draw request, they would request, let's say two and a half million dollars and that is what they said they were going to be paying. We needed the money, they were gonna pay for these items. In some cases, the draws got paid short. So, they didn't receive all the money from all the funding sources. So that was another reason that they expected to pay these bills but when the money came in short, they couldn't pay everything so that was part of the reason why too they thought they were gonna pay for this. It didn't happen. They didn't have all the money. Then they would put another request through and again, it would get paid short. They had to choose or in some cases, also like one of I think it was for, they had in there, in the packet they were gonna pay him 453,000. They ended up paying him 299. They ended up having to take a percentage. Like they paid him 60% on the bill because they had to now take a smaller amount of money that they requested and they had to divvy it over other expenses. So that's part of the reason why, asked for one thing, got less money, they had to pick and choose and they had to prorate some of the payments. So that also makes it looks like they didn't pay what they asked for but they also didn't get all the money that they'd asked for at that time of the request.

- So at the end of the day, were any state laws violated?

- [Vanessa] There's a potential for the receivership to claim that they had engaged in contractor fraud because they told us it was spent for one thing and--

- Who engaged in contractor fraud?

- [Vanessa] The former developer.

- Okay. And no one else but the former developer?

- [Vanessa] Correct.

- Okay. And at the end of the day, were any federal laws violated because of HUD's involvement in this?

- [Vanessa] No.

- So as far as we know, there's a potential that some laws might have been violated potentially by the former developers.

- [Vanessa] Correct.

- And, Mr. Swanson is obviously satisfied, from what I'm reading in his letter, that the city had no involvement in any of this.

- [Vanessa] Correct. Just to clarify though, it's actually Morgan Kelly, I believe. He's the auditor. He was hired independently by the receiver's

- All right, thank you.

- So again, it's just informational so if you don't have any more questions

- All those in favor?

- [All] I.

- Opposed? Motion carries. All right. The next item, the contingency fund.

- Again, informational. We probably don't need to take any action on that one but based on us taking roughly $20,000 worth of taxes out, we also know there's some additional closed captioning coming out of the budget. I would say, we'll have a better number by next meeting but we're down to about 84,000 in the contingency fund after actions from tonight.

- Okay. Okay and then next finance committee meeting will be held Tuesday, September 11, 2018 at 4:30 PM and I will entertain a motion to adjourn.

- Motion to adjourn.

- Second.

- Motion to adjourn by Alder Corpus-Dax, second by Alder Lefebvre. All those in favor?

- [All] I.

- Opposed? Motion carries and we're adjourned. Five minutes.