

**MINUTES OF THE
SPECIAL MEETING OF THE HIGHLAND PARK CITY COUNCIL**

January 30, 2020

Council convened at 6:02 p.m. with Council President Clyburn presiding.

Present: Council Pro Tem Patrick, Councilmember Lewis*, Councilmember Bates, Councilmember Armstrong and Council President Clyburn (5).

Absent: (0).

* Councilmember Lewis entered the meeting at 6:32 p.m.

A quorum being present, Council was declared in session.

The Clerk read the following notice.

**NOTICE OF A SPECIAL MEETING
OF THE HIGHLAND PARK CITY COUNCIL**

Date: Thursday, January 30, 2020

Time: 6:00 p.m.

Place: Robert B. Blackwell Municipal Complex
12050 Woodward Avenue, 2nd Floor
Highland Park, Michigan 48203

I, Mayor Hubert Yopp, do hereby call a Special Meeting of the Highland Park City Council on the above date and time; pursuant to Section 5-3(b) of the Highland Park City Charter

The purpose of the meeting:

- I. Deficit Elimination Plan
- II. Corrective Action Plan
- III. Land Swap with Highland Park School District
- IV. RFI for the DHHS Development

**RESOLUTION TO SUBMIT A DEFICIT ELIMINATION PLAN FOR THE
JUNE 30, 2019 FISCAL YEAR**

Moved by Council Pro Tem Patrick
Supported by Councilmember Bates

WHEREAS, the City of Highland Park received a deficit elimination request from the Michigan Department of Treasury for the following funds:

Water and Sewer Fund Unrestricted Assets	\$ 3,320,879.00	Deficit
Legal Fund Unassigned Fund Balance	\$43,370.00	Deficit

WHEREAS, the City of Highland Park 'Legal Fund' is used to track one-time legal settlements that are a levy on the tax roll and whereby any shortfall is to be absorbed by the General Fund, and

WHEREAS, all one-time settlement levies have been paid in full and the \$43,370 is ancillary interest charges, and

WHEREAS, \$10,000 in County tax collections was deposited to the 'Legal Fund' in fiscal year 2020 which will partially cover the deficit and the \$33,000 balance will be paid by the General Fund in 2020, and

WHEREAS, the City is in litigation with GLWA over the rate setting and commodity sales estimation practices, and

WHEREAS, the City pays 65% of all water and sewer commodity service collections by court order under a 1996 consent judgement. In June 2019, the city determined it had been overpaying GLWA by paying them 65% of the city services for final bills, etc. - the accounting practices have been adjusted to prevent this overpayment beginning July 1, 2019 which should add approximately \$200,000 to the City's water and sewer operating net income for fiscal year 2020, and

WHEREAS, on December 3, 2019 GLWA contacted the City to arrange a meeting regarding the usage estimate billing methodology that the City contends results in overbilling by GLWA, and

WHEREAS, the City's counterclaim against GLWA is scheduled for a case evaluation hearing to determine the value of the City's case against GLWA, and

WHEREAS, the 'Water and Sewer Fund' deficit was also impacted by several specific accounting movements:

1. \$722,000 in cash was used to fund a portion of the \$4,756,000 increase in capital assets thereby reducing unrestricted assets
2. A \$1,736,810 deficit carryforward from fiscal year 2018 which the Council proposed to eliminate with a one-time transfer from the General Fund and plan was rejected by Treasury remains
3. A \$891,322 error on the financial statements which overstated funds restricted for debt service and thereby also reduced unrestricted funds

BE IT FINALLY RESOLVED the City's Deficit Elimination Plan is as follows:

1. The 'Legal Fund' deficit will be eliminated in fiscal year 2020 by a combination of tax revenue and contributions from the General Fund thereby closing the fund as there are no remaining one-time settlement levies against the City.
2. The 'Water and Sewer Fund' deficit will be eliminated by:

- a. Correcting the 65% payments to GLWA of city specific cost recovery charges
- b. GLWA adopting an equitable usage estimate and rate setting methodology
- c. Continuing the annual City rate and fee adoption schedule for City customers
- d. Continuing the monthly billing and aggressive collection procedures for City accounts
- e. More clearly defining the debt service restricted assets to eliminate the error in future years

Yeas (4), Nays (0), Absent Councilmember Lewis (excused) (1).

**RESOLUTION TO SUBMIT A CORRECTIVE ACTION PLAN FOR THE
JUNE 30, 2019 FISCAL YEAR**

Moved by Council Pro Tem Patrick
Supported by Councilmember Bates

WHEREAS, the City of Highland Park General Employees Retirement Plan, the Policemen and Firemen Retirement System, and the Public Safety Retirement Plan are single-employer defined benefit pension plans, and

WHEREAS, the City of Highland Park entered into a consent judgment on October 30, 2014 to fund its pension obligations by

"all actions necessary, including the assessment of taxes and/or judgment bonds... as well as the appropriation of City funds", and

WHEREAS, these defined benefit pension plans are less than 60% funded and the actuarially determined contribution for all of the defined benefit pension retirement systems of the City of Highland Park is greater than 10% of City's annual governmental fund revenues, and

WHEREAS, in order to meet its pensioner obligations, the City annually levies approximately \$3.2 million per year on the tax roll and contributes \$260,000 from the General Fund, and

WHEREAS, the City has an approved Correction Action Plan under Public Act 202 which addresses the funding status and outlines the expected 100% funding date as follows:

PLAN	100% EXPECTED FUNDING YEAR
P&F	2025
GERS	2034
PSRP	2037

and

WHEREAS, the City expects the levy to be reduced and eliminated upon 100% funding of the pension plans.

BE IT FINALLY RESOLVED the City's Corrective Action plan includes an ongoing intent to levy under the consent judgement through a maximum end date of 2037. Yeas (4), Nays (0), Absent Councilmember Lewis (excused) (1).

RESOLUTION TO APPROVE THE REDEVELOPMENT AND PURCHASE AGREEMENT BETWEEN THE CITY OF HIGHLAND PARK AND BOJI GROUP, LLC

Moved by Councilmember Bates
Supported by Councilmember Armstrong

WHEREAS, the City of Highland Park desires to enter into a redevelopment and purchase agreement with Boji Group, LLC (Boji), in which Boji will purchase from the City property located at 13233 Hamilton, Highland Park, as further described in the attached proposed Redevelopment and Purchase Agreement; and

WHEREAS, Boji desires to redevelop and improve the property by constructing an office building along with other certain site and landscape improvements into a commercial office space.

NOW, THEREFORE, BE IT RESOLVED, that the City Council approves the Redevelopment and Purchase Agreement between the City of Highland Park and Boji group, LLC. Yeas (5), Nays (0), Absent (0).

RESOLUTION TO AUTHORIZE THE EXCHANGE OF PROPERTY BETWEEN THE CITY OF HIGHLAND PARK AND THE HIGHLAND PARKS SCHOOL DISTRICT

Moved by Council Pro Tem Patrick
Supported by Councilmember Bates

WHEREAS, the City desires to exchange certain real property it owns with the School District of the City of Highland Park in exchange for the conveyance from the School District of the City of Highland Park of certain real property, all as described within the Property Exchange Agreement, attached hereto as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED, THAT the City shall exchange certain real property with the School District of the City of Highland Park, as described in the Property Exchange Agreement attached as Exhibit A.

BE IT FURTHER RESOLVED that the Mayor is authorized to execute the Property Exchange Agreement attached as Exhibit A as well as to execute the Quit Claim Deed conveying the Ford School Property, as described in Exhibit A to the School District of the City of Highland Park in exchange for the Hamilton School Property, also described in Exhibit A. Yeas (5), Nays (0), Absent (0).

ADJOURNMENT:

Moved by Council Pro Tem Patrick
Supported by Councilmember Bates

To adjourn the meeting, motion carried, meeting adjourned at 6:43p.m.

CERTIFICATE

I, hereby certify that the attached is a copy of the proposed minutes of the Special Meeting held the 30th day of January, 2020 and that said minutes are available for public inspection at the address designated on the posted public notice.



Cidia Wicker-Brown, Deputy City Clerk