



CITY COUNCIL

Finance Committee

Meeting Report Monday, September 21, 2015

Committee Members Attending: M. Goodman-Hinnershitz, D. Reed, J. Waltman, J. Slifko

Others Attending: D. Cituk, T. Butler, C. Zale, L. Kelleher, B. Rivera, D. Pottiger, C. Snyder,

Ms. Goodman-Hinnershitz called the meeting to order at approximately 7:00pm.

I. Policy Review

- *Payment of Legal Bills*

Ms. Goodman-Hinnershitz stated that there had been some email correspondence regarding the review of the legal fees. She stated that in reviewing these legal fees, there were concerns with the policy procedures and how several items were approved but were questionable as some of them were exorbitant in nature and should have required review before being approved.

Mr. Waltman stated that Council relies on the City's finance team to assess the amounts of all bills. He questioned Ms. Snyder regarding how the AP forms are submitted and approved.

Ms. Snyder stated that there are different approvals required on these forms; however, they all have to go through their perspective departments to determine if these are legitimate expenses.

Mr. Cituk expressed the need to state that there was not an actual bill with the \$900,000 figure. He stated that most of these legal bills were in the range of \$15,000 to \$35,000. Ms. Reed interjected by stating that she knows there were some as high as \$53,000 as she has reviewed them herself.

Ms. Reed stated that there was a specific memo sent out to Duayne Morris some time back indicating that all legal bills had to go through the approval of Mr. Murin. Ms. Snyder questioned if Ms. Reed had a date on that memo but unfortunately Ms. Reed could not recall a

date. She stated that this memo was sent out by Mr. Murin and copied on it were Mr. Younger and some others but it clearly stated that all communication was to go through Mr. Murin. She questioned Mr. Cituk's review of these bills and asked if he assessed each line item. Mr. Cituk stated he did review the legal bills but did not go through each and every line item.

Ms. Goodman-Hinnershitz stated that there was a particular bill that was approved by the solicitor as an emergency but her concern with the Duayne Morris firm was with the extreme bill amounts for emails and phone conversations.

Mr. Zale explained that invoices over a certain threshold require an appropriations transfer and sign off from the Managing Director.

Ms. Reed stated that she recalls on numerous occasions asking for an itemized list of invoices and nothing was presented. She stated it was not until two years later that we are getting this explanation of invoices. She stated that in moving forward, this cannot occur again and she is disappointed that, for her part on Council, she did not ask to have these invoices subpoenaed.

Mr. Pottiger stated that though he has only been in the Administrative Services Director's position for a short time, he values and protects his CPA license which is why he is careful in reviewing these invoices to the point of taking longer than some may deem necessary. He stated that he looks at details and will question those that are possible cause for concern.

Mr. Waltman stated that he depends on the Finance Committee to evaluate these issues and if there is the consensus among the Finance Committee that the City has been excessively charged for services, there is a fiduciary obligation to outline those charges and expect an explanation for them and go after reparation.

Ms. Goodman-Hinnershitz stated that unfortunately the individual that was in charge of all of this communication was the Mayor's assistant. She stated that in that particular time period, there was no Managing Director and the Mayor was acting in the role of the Managing Director and unfavorable practices began to occur. This was questioned by certain Council members.

Ms. Snyder stated that these powers were not clearly defined and all that was known is that the Mayor was entitled to his defense. She stated that it was unclear what one can define as adequate and inadequate services regarding the Mayor's defense.

Ms. Reed brought up the first two Charter complaints which were then followed by another Charter complaint filed by the Mayor's office against Council.

Ms. Goodman-Hinnershitz stated that her primary concern is that in moving forward, there need to be guidelines put in place to ensure that the Mayor does not assign his assistants power over

issues of this caliber of importance as they do not answer to the Managing Director and therefore can bypass that approval.

Mr. Slifko stated that in Charter Complaint number two filed by former Council member, Mr. Corcoran, it was decided that in the absence of the Managing Director, the Mayor has control over these matters. He stated that the Charter clearly states that any extraordinary invoices in legal counsel had to be handled through the RFP process.

Ms. Kelleher stated that it was argued there was a conflict of interest and so it was not put through the RFP process.

Mr. Waltman stated that we should just concern ourselves with the reparations that can be made to this matter. He stated also a clarification on procedures should be clearly agreed on.

Ms. Kelleher suggested that perhaps the City should do as some boroughs do in limiting the amount of dollars used in legal fees for the Mayor's defense.

Ms. Goodman-Hinnershitz questioned who the client is in this legal matter. She stated that since the City is paying the attorneys she feels strongly that the City is the client not the Mayor. She stated that brings up a dilemma with who will be permitted to have access to the information.

Ms. Reed stated that this is the reason she feels it is necessary to have Mr. Younger present.

Mr. Waltman stated that Council should gather the questionable invoices and present this to Ms. Snyder with all concerns regarding moving forward in ensuring this kind of embarrassment does not occur again.

- Fund Balance Policy

Mr. Pottiger questioned if anyone had concerns regarding the draft ordinance of the Fund Balance Policy.

Ms. Snyder stated that it generally reads that the City will retain in fund balance two months of operating expenses and should the fund balance fall below that or we experience a surplus, those funds will be utilized to pay down debt or capital expenditures. She stated that Council will still have the authority to approve line items as in the past. She stated that the City may want to heed the suggestion of Herbein in earmarking two months of revenues as a reserve fund balance as you will be able to deposit and withdraw from it.

- Sale of City-Owned Real Estate Policy

Ms. Snyder stated that in looking at the Draft, it is rather lengthy but it reads to the sale of real estate by means of listing with a realtor, a competitive bid process or directly to an individual.

Mr. Waltman questioned if in this policy there's coverage for future rights to selling a property by ordinance requirement. Ms. Snyder concurred stating there would likely be a fee. She stated there is specific language prohibiting selling land or assets in order to meet your operating budget.

Ms. Kelleher stated that in looking at this draft, Council needs to review closely to determine what will be included in the ordinance.

II. Legislative Review

Ms. Kelleher stated the agenda was shortened due to the addition of other items that required discussion.

Mr. Pottiger questioned if there were any questions or concerns regarding the reports and there were none at this time.

The meeting was adjourned at approximately 7:35pm

*Respectfully submitted by
Bea Rivera, Legislative Aide and
Linda A. Kelleher CMC, City Clerk*