

Present: Chairperson MacDonald; Members: Calder, Hitz, Kleppert, Lanigan and Westerlund

Absent: Jallad

Also Present: Finance Director, Wiszowaty
Council liaison, Mooney
Alternate liaison, Briggs

Chairperson MacDonald called the meeting to order at 7:05 p.m. in the Village municipal building at 18500 W. Thirteen Mile Road.

APPROVE/AMEND AGENDA

Motion by Westerlund, second by Lanigan, to approve the agenda as published.

Motion passed (6 – 0).

PUBLIC COMMENTS

None

REVIEW AND CONSIDER APPROVAL OF MINUTES OF THE FINANCE COMMITTEE MEETING HELD ON OCTOBER 15, 2008

Motion by Westerlund, second by Hitz, that the minutes of a Finance Committee meeting held on October 15, 2008 be approved as submitted.

Motion passed (6 – 0).

REVIEW REFERRAL FROM COUNCIL REGARDING CAMPAIGN LITERATURE THAT WAS DISTRIBUTED IN EAGLE NEWSPAPER

MacDonald stated that the Finance Committee was given direction from Council to evaluate specific portions of campaign literature circulated through the Birmingham/Bloomfield Eagle newspaper to determine the validity of allegations contained in the flyer. A political action group called “A Better Beverly Hills Committee” authored the handout, which critiques the millage restoration ballot proposal and makes allegations of mismanagement of Village finances and malfeasance by Council and Administration. Council determined that an independent investigation of these charges should be conducted by the Finance Committee. Council liaison John Mooney drafted a memo providing direction to the Committee on how to proceed with addressing seven allegations included in the campaign circular.

Following are the charges as summarized in the memo to the Finance Committee. Each allegation lists specific suggestions on how to proceed with an investigation into that assertion.

- 1) An allegation has been that “councils squandered 41% of savings leaving less than auditor’s recommended minimums”.

- 2) An allegation has been made that there is \$17,000,000 in unfunded retiree debt and that the Village politicians have ignored that debt and now want the Village to pay for “their mismanagement”.
- 3) An allegation has been made that there has been a 50% increase in the number of workers in the Village of Beverly Hills while the population has decreased by 28 percent.
- 4) An allegation has been made that the Village has engaged in “no-bid” work and contracts costing millions.
- 5) An allegation has been made that fiscal reform recommendations from Village Finance Committee were ignored.
- 6) An allegation has been made that there is a \$3,000,000 increase in spending between 2005-2006 budget and 2008-2009 budget all of which were based on “irresponsible” spending.
- 7) An allegation has been made that the Village has paid excessive wages and benefits exceeding similar towns.

Committee members talked about the allegations contained in the handout distributed prior to the November 4th election and discussed how to proceed with the assignment from Council. Questions and comments on some of the statements in the flyer were addressed by Finance Director Wiszowaty. Calder distributed information that he compiled in an attempt to address most of the major issues raised in the campaign document.

MacDonald commented on the time it will take the Finance Committee to counter the allegations, which will do nothing to help the Village survive current financial difficulties in terms of revenue not meeting expenses and depletion of the fund balance. The voters defeated the millage restoration proposal, which means that the Village must take measures to obtain efficiencies and operate within current revenues.

Hitz concurred that undertaking the investigation as outlined in the memos would not assist the Village in managing the current budget situation. He maintained that administration has better things to do than prepare information requested by Committee members.

Kleppert questioned whether the Finance Committee or Council has the authority to request that this political action group come forward and support their statements with facts. He thought that Council would need to assemble appropriate data before addressing these charges with the author of the flyer.

Calder remarked that the statements contained in the flyer are submitted as facts and not opinions, which could have a direct bearing on the Village’s future ability to raise funds if the allegations are not countered. He has addressed some of these issues on a factual basis and included them in a packet distributed to committee members.

Westerlund assumed that the Village will need to address what has transpired in the past as it moves forward in times of financial crisis. The information requested may be helpful to Council in presenting a factual response if there is doubt and questions among the residents. Westerlund suggested that the Committee respond to the specific assignment it has received from Council and determine how to structure its reports and upcoming meetings.

Lanigan stated that the Finance Committee should proceed with preparing an objective analysis of the material in the handout so that Council can make a decision on how to proceed.

Briggs entered the meeting at 7:30 p.m.

Each Committee member offered to take the lead on one of the seven allegations outlined in the memo from John Mooney: #1 and #2 MacDonald; #3 Westerlund; #4 Kleppert, #5 Hitz; #6 Lanigan; #7 Lanigan with assistance from Jallad. It was questioned how the committee would structure its meetings around a project of this scope and whether this assignment would be the sole topic before the Finance Committee at future meetings.

Mooney stated that a flyer inserted into the Eagle newspaper and paid for by “A Better Beverly Hills Committee” contained allegations that essentially charged Council and Administration with misfeasance, malfeasance and probably criminal activity. All allegations set forth in the flyer were false and misleading; it is critical that allegations of this type be addressed immediately. Council decided that an investigation into whether these activities occurred was appropriate and directed the Finance Committee to make that determination. The Committee should take as much time as necessary to determine whether there has been action by anybody in Administration or Council that violated the law or constituted misfeasance and malfeasance in order that appropriate action can be taken.

Mooney read the allegation stated in each memo and summarized the task of the Finance Committee. Council will relieve the Finance Committee of any obligation with regard to the budget so it can proceed with this assignment. In response to an inquiry, Mooney said that Council would consider another referral to this body if the Committee were to propose an idea that would assist the Village with its current financial situation.

Motion by Hitz that each member of the Finance Committee work on their assigned memorandum over the next several months and advise the chairperson of their status on a monthly basis. The chair will schedule the next meeting at an appropriate date at which time members will report their findings.

Committee members discussed the motion. It was agreed that the Finance Committee would be available to meet if there were other requests from Council.

Motion failed for lack of support.

Motion by Lanigan, second by Westerlund, that members of the Finance Committee work on their chosen memorandum and provide updates at regularly scheduled monthly meetings.

Yes: Calder, Kleppert, Lanigan, MacDonald and Westerlund
No: Hitz
Motion passed (5 - 1).

PUBLIC COMMENTS

None

COMMITTEE MEMBERS

Members welcomed Paul Kleppert to the Finance Committee.

MacDonald stated that the agenda for the next Finance Committee meeting will include the election of Chairperson and Vice-Chair. Members will present updates on the current Committee assignment.

Hitz commented that he spent more than eight years on the previous Finance Committee where its actions and recommendations were designed to assist various councils in recognizing and avoiding a budget crisis. The disbanding of the Finance Committee in 2002 allowed past councils to avoid decisions that, with the support of a Finance Committee, could have assisted with the current budget situation. Hitz stated that this Finance Committee as well as the former group has more business acumen and financial experience than any sitting Council. The Council has voted that the Finance Committee will only meet when given a specific assignment. The Committee's only task is to gather information to challenge a campaign flyer. Hitz said that he was insulted and saddened by the direction of the new Council.

MacDonald stated that, prior to disbanding the Finance Committee in 2002, Council had a robust five year plan from an expense side and a capital side looking at revenue and expenses. These items are lacking today. To give the Finance Committee a task like this when the Village is having severe financial problems is not the best use of the talent on this committee.

Motion by Westerlund, second by Lanigan, to adjourn the meeting at 8:12 p.m.

Motion passed.