

Finance Committee Minutes

November 2, 2020

Members present Mr. Daniels, Mr. Schaber, Mr. Meade

With a quorum present, Daniels called the meeting to order at 6:30PM.

Minutes

Schaber made a motion to approve minutes of 10/19/2020; Meade 2nd; Roll Call: Ayes – Daniels, Schaber, Meade; Nays – none.

MINUTES OF 10/19/2020 APPROVED (3-0)

Old Business:

Item 1. Discussion Only – Harding Centre Loan Forgiveness (Daniels)

Daniels and Mrs. Fisher, owner of Harding Centre, have met and discussed options, none of which included loan forgiveness. They discussed changing terms of two loans and Mrs. Fisher signing personally. One loan was 0% and the other was 2% and she had been making full payments. The change in terms would give a 10-year window of interest only payments. Payments on principle would not start for 10 years. They would also subordinate the mortgage, allowing the new lender to hold the 1st mortgage on the building. They have outlined some terms (agreeable to both) and are sharing with the committee this evening for review. Daniels feels that this gives the city a better position than before.

No legislation is currently available. Schaber advocated to get process started so that street can open.

Miss Warr-Cummings stated that she would need to get confirmation from the state that this was an acceptable action.

There is some urgency to this action because Orchard Street remains closed due to danger of falling debris from Harding Centre. Impending winter conditions are also a concern for construction.

No formal action taken. Staff will work on legislation for review at a later meeting.

New Business:

Item 1. REQUEST FOR TRANSFER OF FUNDS WITHIN DEPARTMENT APPROPRIATIONS (Landon)

Deputy Auditor Watts explained that these are requests to move money within department to cover short falls. No additional new funds are requested. Auditor is requesting movements, not departments. However, he has worked with departments to be sure that he was not moving money that was needed in a particular account.

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Meade made a motion to recommend to council; Schaber 2nd; Roll Call: Ayes – Daniels, Schaber, Meade; Nays – none.

REQUEST TO TRANSFER FUNDS APPROVED (3-0)

Item 2. ORDINANCE MAKING AN ADDITIONAL APPROPRIATION IN THE BELOW LISTED ACCOUNTS ENDING DECEMBER 31, 2020, TO COVER CURRENT COST AND FUTURE PAYMENTS (Landon)

Mr. Watts explained that the in most of the cases with Police and Fire, there were sufficient funds set aside to cover retirement. They just need to be appropriated. No additional general funds are being used. There are sufficient funds in the transfers out to cover these.

Mr. Watts confirmed to Mayor Schertzer that they are drawing down on the SAFER Grant throughout the year.

Meade made a motion to recommend to council; Schaber 2nd; Roll Call: Ayes – Daniels, Schaber, Meade; Nays – none.

Legislation sent to council (3-0)

Item 3. ORDINANCE MAKING AN ADDITIONAL APPROPRIATION IN THE CAPITAL CONTINGENCY FUND TO PROVIDE FUNDING FOR THE CITY OF MARION, OHIO WORKING CAPITAL GRANT PROGRAM, FOR ELIGIBLE BUSINESSES FOR YEAR ENDING DECEMBER 31, 2020, AND DECLARING AN EMERGENCY AS AMENDED (Landon)

Mr. Watts stated that they put this on the agenda. Last week, council passed ORD 2020-81 which deappropriated money from the COVID and put up to \$100,000 in capital contingencies. He would prefer to do it differently. He does not want federal funds not within the COVID line item. He is presenting this to rescind ORD 2020-81. It does not change ORD 2020-76. As the businesses request funds, they can encumber funds against capital contingency fund and then reimburse it out of COVID funds. He stated that the does not want to comingle the funds.

Mayor Schertzer stated that the Auditor, Deputy Auditor, Law Director, and he met this morning about the best way to handle this. Administration is on board with this and they think this is a cleaner way and more “audit proof.” They anticipate that these funds will be scrutinized by the State Auditor. He thanked the Auditor’s office for working with them to hash it out.

Mr. Schaber asked if they amended something to put funds into the general fund. Deputy Auditor Watts explained that Council had deappropriated \$100,000 out of 2020-76 which was the appropriation passed by council on Monday to appropriate the \$1.29

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million of COVID funds. They appropriated that \$100,000 into capital contingency to pay the small businesses out of that fund, then turn in to Service Director, and then get reimbursed from COVID funds. You cannot appropriate things twice. He does not want those steps. The previous strategy makes it appear as though we are taking COVID funds and putting it in a city fund. He wants to pay out the grant dollars through the capital contingency fund and then reimburse to capital contingency with COVID funds as they are spent. This would be similar to the way they are processing other CARES Act dollars.

Mr. Ratliff stated that his understanding that the grant is not for COVID expenses, it is for business expenses. Deputy Watts explained that these business expenses are eligible COVID expenses – PPE, rent, and utilities. Should it say “during” rather than “caused by”? He asked how this got here because no one on council said anything about a contingency fund. The language they used was intentionally vague, i.e. “appropriate fund”. How did this get to be in the wrong fund because no one from council put it in any specific fund?

Deputy Auditor Watts says that when Council deappropriated \$100,000 from COVID expenses that makes it look like \$100,000 was moved into capital contingencies. He believes that state auditors may believe that as well.

Service Director Chaffin stated that this is a special revenue fund (COVID). Most of these types of funds require that you spend the money out of another line item first then you get a refund/reimbursed. That is why the CARES Act has one line item refunds/reimbursements. We passed previous audits using this methodology and this is the process she would recommend.

Deputy Auditor Watts said that this needs to be passed to pay small business grants. They are currently taking applications and holding them until this is passed. They can take applications through 11/10.

Mayor Schertzer stated that because this is an appropriation it does not require an emergency clause. They are requesting that the three readings be waived on 11/09.

Mr. Daniels asked how this would impact the city’s audit if not changed. Mayor Schertzer expressed that they could have a recovery for a finding because this has not been done correctly, nor does he want to jeopardize additional CARES Act money. Deputy Auditor Watts echoed this opinion and expressed concern that it could result in a finding for the entire CARES Act appropriation.

Law Director Russell said that when Council makes an appropriation, there has to be a source of the funds. He believes that this appropriation makes it audit friendly. They met this morning and found a way that the Auditor’s office felt more comfortable with. This ordinance will amend the previous ordinance that was passed.

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Mayor Schertzer explained that the group brainstormed the issue this morning and came up with multiple ways to proceed. However, they thought this would be the best way to proceed. Checks cannot be written until the money is appropriated. If council passes this, he will sign it.

Mr. Ratliff stated that checks will be written sometime between the 11th and the 20th. It will not affect the deadline that was previously set. Auditor Landon explained that they just have to have the money encumbered by the 20th.

Deputy Auditor Watts stated he will work with Law Director Russell apply any changes that the committee makes in the ordinance. He will get the finalized document to the Clerk as soon as possible for Monday night.

Mr. Ratliff observed that there seems to be a fundamental misunderstanding about the way things are supposed to happen. The unapproved applications that were sent out, last week's series of meetings, and the statement that we will get it reworked and passed on to Council meeting. That's not how things are supposed to happen. The procedure is that the committee passes something on to council's agenda exactly as the way the committee passed it. It does not get reworked or rewritten between committee and council or after council passes it. This is error prone.

Deputy Auditor Watts stated that he meant that they (he and Law Director) would listen to the meeting and assure that the language that was expressed by committee is in the legislation and that it is in proper form.

If someone fills out the wrong (i.e. old) application for the small business grant, they will accept it. They have only had a couple of old ones come in. They have been passing out the new applications.

Mr. Ratliff asked how did the applications get reworked after council? How, why, and who? Deputy Director Watts stated that they put their name on the top of everything from their office. On the original form, it says that there are certain things required, including provide documentation of expenses and other items. They changed it only to clarify what they determined to be the proof of the other items. They wanted a W9 – to cut check – they have to make them a vendor. They requested a 941 to prove how many employees that they have -- or -- they had to have a notarized statement that they were a sole proprietorship --or -- a notarized statement regarding the number of employees. They changed the application only to clarify what the original said when it said other information as needed. This allowed business owners to know what they would need to have.

Mr. Ratliff suggested that in the future, especially because they had 7-10 hours of meetings on this, that requested changes be brought up prior to the passage of legislation. It is not appropriate to change the form or any ordinance after it has passed.

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That is just not the way things are done. Deputy Auditor Watts agreed that he had learned a lot through this process.

Mrs. Fosnaugh asked what happens if we pull back the amendment for the appropriation of the original 100,000. If we pull this amendment, does this revert to all COVID money where it originally was, and we would have to start all over again? Auditor Landon said that they would revert to the original ordinance. Deputy Auditor Watts said that the finance committee does not have the authority to pass or rescind in a committee meeting. This would need to be done at a council meeting. Deputy Auditor Watts concurred.

Mr. Schaber requested that they clean up the heading and look at adding the legislation to the agenda on Monday with three people making a motion.

No action was taken by committee pending updated written version of legislation.

<<Once complete and reviewed, Ratliff made a motion to add to full council agenda, Daniels 2nd, Meade 3rd.>>

No questions, comments, or concerns.

Items not on the agenda:

Mr. Daniels addressed Public Works Director Bischoff regarding flooding in the area of Nachurs and Ohio Galvanizing. The city cleaned out the tile under the tracks and to the ditch underneath Fairground street. It has flooded again. He thinks the problem is further on down the stream. There is 4' culvert within 8" of being submerged. It is plugged and flooding. It creates a perfect dam from the railroad over towards Kellogg parkway across what was the ditch. It is probably in the county. Fairground to Williamsport probably needs put under maintenance. Bischoff stated that this does cover a large area, including Leader. They have cleaned it all out. All of the tiles are in good shape, it is the outlet issue.

With no other business, Daniels adjourned the meeting at 7:28 PM.

Chairman Daniels

Clerk of Council