

REGULAR MEETING OF THE COMMON COUNCIL (JUNE 1, 2010)
111 EAST JEFFERSON STREET, GOSHEN, INDIANA

The Common Council of the City of Goshen, Indiana, met in the Council Chambers for a regular session on June 1, 2010 at 7:00 P.M. Presiding Officer was Mayor Kauffman with members of the Council present as follows:

PRESENT: COUNCILMAN LANTZ, RIEGSECKER, STUMP, STUTSMAN, THOMAS
COUNCILWOMAN GAUTSCHE, ROBINSON

ABSENT: NONE

SPECIAL PRESENTATIONS

Denise Cole Hernandez of the Elkhart County Convention and Visitors Bureau gave a presentation updating the Council on the 2010 Quilt Gardens event happenings. Ms. Cole Hernandez stated the ECCVB presents communities as treasures with many hidden finds and shares this with visitors. The ECCVB won a prestigious award for the quilt gardens along the heritage trail. The \$25,000 award is given to non-profit organizations to encourage and share exceptional practices in tourism development. Goshen's specific sites on the tour are the Bag Factory, the Chamber of Commerce and Goshen College.

RESOLUTION NUMBER 2010-20

Council President Stump introduced Resolution Number 2010-20 entitled "AUTHORIZING A LOAN TO THE HOUSING AUTHORITY OF THE CITY OF GOSHEN."

Council President Stump asked the Clerk-Treasurer to read the Resolution by title only and moved its passage by roll call vote. Motion seconded by Councilman Stutsman.

Wayne Kramer, 315 Park Ave, GHA Commission member, spoke in favor of the Resolution and stated the commission is trying to seek a financial solution for a situation the housing authority is facing. Further unless they secure a low cost loan for the purpose of refinancing the current debt there is a 99% likelihood the Goshen Housing Authority will cease to exist.

Carl VanGilst, 2922 Bashor Road, spoke in opposition of the Resolution and stated the Council Members were not elected to be bankers.

Virgil Martin, 1008 S. 8th Street, spoke in opposition of the Resolution and questioned if the money is available why not help local landlords.

Jason Lehman, 401 S. Riverside, GHA Commission member, spoke in favor of the Resolution and stated the housing authority does want to help landlords in Goshen by assisting individuals with rent payments. Mr. Lehman presented the Council with a packet of information including a proposed business plan, the outlined proposed uses of the loan money and a budget running through December, 2011 showing revenue, expense, net cash flow and monthly cash flow.

Mayor Kauffman stated he appreciates Mr. Lehman being on the GHA board and the energy of all of the members. Further it was digging into the financials by Mr. Lehman that really started the awareness of the situation.

Bonnie Westphal, 18254 Highway 6, GHA Director of Development, spoke in favor of the Resolution and explained the personable side of the GHA helping place families in homes, resolving differences and giving direction to help become self-sufficient.

Tim Doyle, 640 S. 7th Street, spoke in opposition of the Resolution and stated he does not believe the benefits of the GHA is the merit of the discussion tonight but rather should focus on the value of extending a \$500,000 loan on the merits of the ability to repay.

Rick Kauffman, 60706 C.R. 21, spoke in favor of the Resolution, stating he is a landlord that provides some Section 8 housing and would appreciate being able to keep the housing authority in Goshen.

Don Riegsecker, 714 Reliance Road, spoke in opposition of the Resolution and stated he also would not argue the merits of the GHA and stated several facts that need to be questioned regarding several questionable actions under the previous director. He is not comfortable giving \$500,000 to an entity that benefits 4% of the population of the City.

After being questioned by Council President Stump, City Attorney Larry Barkes stated the Council has no oversight responsibilities or control except if the housing authority was going to proceed with a special project they were supposed to come to the Council to ask for approval.

After some Council discussion regarding vouchers for Maple Court Place, Jason Lehman stated 30 vouchers were committed to the project and there was a process to follow that was never completed therefore the vouchers were committed but it was a hollow commitment. Mr. Lehman stated the hope and intent is to refinance the mortgage after 5 years of receiving the loan from the City.

Fred Ramser, 19824 Peachridge Road, spoke in opposition of the Resolution stating the GHA does add merit & value to the community but the Council needs to do their due diligence and remember that this is a business decision rather than an emotional decision and how can they ensure the citizens of Goshen will not lose their money.

Glenn Null, 319 Dewey Ave, spoke in opposition of the Resolution and stated the 2% interest rate is low with no real collateral backing the loan and bad decisions were made at the GHA.

Doug Nisley, 1929 W. Lincoln Ave, spoke in opposition of the Resolution and stated he spoke with Jennifer Charles from HUD who stated there is an investigation ongoing and there is no guarantee that Goshen will still receive the vouchers even if the loan goes through.

Bob Schrameyer, 901 Player Drive, spoke in opposition of the Resolution and stated the GHA did not pay the City rent on houses they should have and questioned where the guarantee is that the same questionable acts will not happen again and the City will not receive its money for the loan back.

Kalaine Fields, 416 N. 7th Street, stated she usually supports items such as this but is concerned about how the GHA will pay back the loan. Further there was a lot of mismanagement of the GHA.

Jason Lehman, 401 S. Riverside, explained there are three outstanding mortgages with rates ranging from 6 ½% to 8% and outlined the business plan steps as:

- Refinancing the building
- Clean up the accounting records
- Audit the accounting records
- Fill the vacant Executive Director position
- Retain the services of an accounting service to compile monthly financial statements and make any necessary adjusting entries.

Mayor Kauffman stated the information the Council received tonight is a lot to absorb and if the Council is not prepared to pass or kill the Resolution he suggests they table the Resolution as there are more public meetings of the housing authority before the next Council meeting therefore they have an opportunity to learn more.

Councilman Stutsman stated he is not ready to vote and would appreciate the two weeks longer to consider more factors.

Councilwoman Robinson stated she gives a lot of credit to the new board members but the Council also owes it to the residents to be good stewards of their money. Further all of the phone calls she has received have been residents asking her to vote no on the loan.

Councilman Lantz stated he has been attending some of the GHA board meetings for the last six years and feels Goshen needs to have a housing authority but also is not in favor of making this decision tonight.

Councilman Riegsecker stated he has sat on boards as a member and usually the board knows what is going on with the executive director and maybe the banks would renegotiate the mortgage loans. Further he is going to say the same thing in two weeks as the City is not a bank, the Council needs to protect the City's money and he would have a hard time supporting a high risk organization.

Councilman Thomas stated his concerns are unbalanced budgets that are fully funded. Due to lower property taxes being received by the City, to have the balanced budgets the money has to come from the City's cash reserve. Further the timing is bad in these unprecedented times.

Mayor Kauffman stated he is proposing the loan comes from the Electric Utility Sale Fund and not tax dollars. The City cannot get into a situation of permanent upside down budgets and he thinks something will change down state in the next couple of years. Further he would never suggest using this money if the City were in a deficit and needed the EUS money to run the City. Councilwoman Gautsche stated her family owns two properties that receive Section 8 vouchers so from a landlord's perspective she knows how the assistance can help landlords to provide affordable housing. The City Attorney assured her there is not a conflict of interest with her voting on the Resolution. Further what the Council needs to take under consideration is the money that people lost as their savings with the housing authority and the 300 vouchers that Goshen does receive which if taken away could mean 300 vacant properties.

Councilman Lantz moved to postpone the Resolution to the July 6, 2010 meeting of the Council. Motion seconded by Councilman Stutsman.

The Council roll call vote was as follows:

AYES: LANTZ: STUTSMAN:

NAYS: GAUTSCHE: RIEGSECKER: ROBINSON: STUMP: THOMAS

By a 2-5 vote of the Council, the motion failed.

Councilman Stutsman moved to postpone the Resolution to the June 15, 2010 meeting of the Council. Motion seconded by Councilwoman Gautsche.

The Council roll call vote was as follows:

AYES: GAUTSCHE: LANTZ: STUTSMAN: THOMAS

NAYS: RIEGSECKER: ROBINSON: STUMP

By a 4-3 vote of the Council, the Resolution was postponed to 6-15-10.

ORDINANCE NUMBER 4592

Council President Stump introduced Ordinance Number 4592 entitled "ADDITIONAL APPROPRIATION ORDINANCE."

Council President Stump asked the Clerk-Treasurer to read the Ordinance by title only for its first reading and moved its passage. Motion seconded by Councilman Stutsman.

Councilman Thomas moved to postpone the Ordinance to the June 15, 2010 meeting of the Council. Motion seconded by Councilman Stutsman. After discussion Councilman Stutsman withdrew his second and the motion died for lack of a second.

Glenn Null, 319 Dewey Ave, questioned a couple of items from the documents Jason Lehman presented as follows:

- Who has the tax lien for \$150.00 – Mayor Kauffman explained that it was a transposed error when the housing authority sent a check to the State and it was found too late and then appeared as a tax lien.
- What is FSS – Mayor Kauffman explained that is the Family Self Sufficiency Program and that is money that belongs to the clients.

Mr. Null stated he would like to see the Ordinance killed tonight and requested the Council spend his tax dollars wisely.

Virgil Martin, 1008 S. 8th Street, stated he would like to have the City pay for services for him such as a janitor and then maybe he could pay his property taxes. After being questioned by Councilwoman Gautsche, Mr. Martin stated he does not have any Section 8 housing.

Mayor Kauffman stated it is not the purpose of the loan to pay for cleaning services, the rental income of the nine units pays for the upkeep of the building. The purpose of the low interest loan is to preserve their cash up front to work their way out of the situation they are in now. Further he hopes the Council will pass the Ordinance on first reading tonight and at least keep this moving for another two weeks while the Council has the opportunity to learn more. He does not disagree the City's primary purpose is not to be in the banking business, if there is a local bank that will give the housing authority a 2 or 3 percent loan as part of their community reinvestment act that would be fine with him but the probability is that the Council is the only one who could be willing to give them a low interest loan. It is a moral responsibility to repay the client money back and the City will never know what happened without cleaning up the accounting and audits. It is an unfortunate situation and the Section 8 housing families need the reduced rent. The housing authority needs a hand up not a hand out from the Council and the City will not be losing money.

Council President Stump stated there is no guarantee the City will get the money repaid and Goshen will still have the Section 8 vouchers at least temporarily. Further he agrees the client money definitely should be paid back and the first people he would look toward paying it back are the people that run the housing authority and the board of directors.

Wayne Kramer, 315 Park Ave, stated what happened in the past could be called instructive and it is the board's objective to see what can be done, if worth doing, to make the program functional again and on a solvent basis. It will not be the same housing authority the City has had in the past if the Council decides to go forward and support the loan.

Councilman Thomas stated he can see spending some money to see the books straightened out but not the \$500,000 loan given upcoming unbalanced budgets.

Councilwoman Gautsche recommended the Council pass the Ordinance on first reading and do their due diligence and look through the numbers and decide in two weeks regarding approving the whole process.

After discussion, the Council roll call vote was as follows:

AYES: GAUTSCHE: LANTZ: STUTSMAN: THOMAS

NAYS: RIEGSECKER: ROBINSON: STUMP

By a 4-3 vote of the Council the motion passed.

(ORDINANCE NUMBER 4592 DULY PASSED ON FIRST READING ONLY THIS 1ST DAY OF JUNE 2010.)

MOOSE LODGE REQUEST FOR ADJUSTMENT TO SEWER CONNECTION FEE

City Attorney Larry Barkes explained the Council is being asked to adjust the City's sewer connection fee. The Council can either make a motion tonight or instruct the Legal Department the Council's preferences and a Resolution can be created for the next meeting for the Council to pass.

Rick Pharis of Brads Ko Engineering, 1009 S. 9th Street, stated the Moose Lodge is looking to add sewer connections to 22 campsites by running lines to each site and tying into the existing sanitary sewer manhole. Since the sites are only used approximately four months of the year, the request is to lower the fee to 1/3 of the normal fee.

After discussion of the Council regarding a memorandum from Utilities Administrative Engineer Dustin Sailor, Council President Stump stated he thinks it is reasonable to give the reduced rate.

Glenn Null, 319 Dewey Ave, stated the Council sets the rates and questioned why they would give a break and requested they be consistent.

Fred Ramser, 19824 Peachridge Road stated sometimes the Council has to be flexible and he does not see a problem with negotiating and allowing the landlord to improve his property.

Councilman Stutsman clarified that this will not cost the City any money as the fees are just being waived.

After discussion the Legal Department was instructed of the \$750.00 tap fee, the Council reserves the right to charge future tap fees and is requiring the lodge to provide a map of the existing water & sewer lines on the entire property.

ORDINANCE NUMBER 4591

Council President Stump introduced Ordinance Number 4591 entitled "AMEND LOCATIONS EXCLUDED FROM THE APPLICABILITY OF THE RANK VEGETATION AND NOXIOUS WEED REGULATIONS."

Council President Stump asked the Clerk-Treasurer to read the Ordinance by title only for its first reading and moved its passage. Motion seconded by Councilman Thomas.

City Attorney Larry Barkes explained this is an amendment to the existing Ordinance and provides an exception for golf courses. The golf courses would still have to meet some requirements but also would have some exceptions.

Council President Stump explained the golf course had a variance which was difficult to comply with some of the terms for example controlling the growing of Kentucky Blue Grass. After talking with the homeowner's association president and past president it seems the majority of homeowners find the amendment acceptable.

By a 7-0 unanimous vote of the Council the motion passed.

Mayor Kauffman asked for unanimous Council consent to consider the Ordinance for passage during one meeting. As there were no objections, the Mayor declared that the Ordinance would be heard on second reading.

Council President Stump asked the Clerk-Treasurer to read the Ordinance by title only for second and final reading and moved its passage by roll call vote. Motion seconded by Councilman Stutsman.

The Council roll call vote was as follows:

AYES: GAUTSCHE: LANTZ: RIEGSECKER: ROBINSON: STUMP: STUTSMAN:
THOMAS

NAYS: NONE

(ORDINANCE 4591 DULY PASSED AND ADOPTED THIS 1ST DAY OF JUNE 2010.)

PRIVILEGE OF FLOOR

Glenn Null, 319 Dewey Ave, stated he would like to see the order of the voting of the Council rotated sometimes. Mayor Kauffman explained Robert's Rules of Order state the voting is to be taken alphabetically unless the Council amends the bylaws.

Don Riegsecker, 714 Reliance Rd, stated the cruising night in Goshen is July 2 and bike night is July 3, 2010.

After being questioned by Council President Stump, Goshen Chamber of Commerce President Dave Daughtery stated Mark Brinson and he did get together on discussing changes that could be made to the City's tax phase-in application and he believes they have some changes to present to the Council that simplifies the application and makes the Council job easier also.

Councilman Thomas moved to adjourn. Motion seconded by Councilwoman Gautsche and the meeting adjourned at 9:10 P.M.