

Casey asked which particular objective does he wish to accomplish or was there anything he would like to see done? Mr. Weidenbach answered, not really because it is flowing smoothly now. To give an example, the last election one of the school districts forgot to notify the City Clerk of a ballot proposal but everything was on the ballot. With the checks and balances in place, it picked it up before the election. We printed the ballots only once. Other than that it has been smooth going for us. Member Wrobel thanked him for stepping forward and thanked him for his current service on the commission. He had no questions for him. Mayor Pro Tem Staudt had no questions. He said he is very lucky to work with Maryanne. She does a great job. Member Mutch had no questions and thanked Mr. Weidenbach for stepping forward and offering to serve another term. Anything not running well in the area in the city, we would be the first to know about it. Member Mutch said at least in the last two years that he's been on the Commission things have run smoothly and actually for many years before that things have run smoothly. He was satisfied with the performance of the Commission and with his role on it. Member Fischer wanted to thank him as well and had no questions. Member Margolis asked Mr. Weidenbach what he learned most while on the Commission. Mr. Weidenbach answered it is a little more complicated than people think. As far as the City Clerk, she has done the job of collecting all this information and for staffing of all the precincts but trying to balance it between Republicans and Democrats becomes a little bit of a chore, but she has done a really good job with doing it. Member Margolis said people don't really realize what is involved so it was good for him to educate the voters. Mayor Gatt said he didn't have any more questions either. He just wanted to say thank him for his service to our community.

2. Scott Teasdale – Library Board – He wanted to start by saying he is a new Novi resident for the past 3 years. He said he is excited to be here and to be part of the community and start giving back and to start serving the community. So that is why he applied for the library board. A brief overview of his education was that he has a Bachelor's in Business from Western Michigan University, a teaching certificate in Business Education at the High School level and an MBA that he just completed at Eastern. Member Wrobel said on his application, he wished to be on Parks and Rec and Library Board and asked why the Library Board? Mr. Teasdale said it was a tie between both of those areas as he was passionate about physical education and activity and what that provides to the community. He was also passionate about education and resources to a community. That was reflected in his educational and business backgrounds. Mayor Pro Tem Staudt noticed on his application that his job was to help administer State and Federal Grants. How could that translate to his participation on the Library Board? Mr. Teasdale responded his main duties are budget development budget monitoring and general business administration tasks for daily operations of Federal/State grants at Eastern Michigan and he oversees a portfolio of grants that exceed three million dollars in operation budgets annually. Just the record keeping and budget development is a good skill to have that will lend itself into that. Also working with schools and working with different communities because we search three different school districts and working with different level of sponsors lends itself to seeing a larger picture and seeing how things integrate and how that could be served and seeing political trends for the library. Also, doing

proposals for grants is a simple way to help and his skills will lend itself there. Mayor Gatt said this was great and if this does not work out be sure to come back for Parks and Rec because we are always looking for grants there. Member Mutch stated that from the perspective of our library patrons they obviously have this beautiful new library to visit and use. What did he see as opportunities from services that we could offer to the community or new opportunities the library could take on that he would see as possibilities that he could pursue as a library board member. Mr. Teasdale replied technology and blending that technology service with a brick and mortar location is a tough blend it is going to become more predominate in the near future and is something the library is doing well. But as technology changes you have to be on your toes and keep that going. That is something that his skills will lend to it because of his business education background and certification is business marketing and technology where he can understand the technology and maybe see some trends that can lend itself to the library and serve the patrons and the citizens of Novi. Member Fischer said it was great to see residents especially early on in their residency to come forward. He asked if there was anything specific to our library kind of branching out to this opportunity thing but that he would push for as far as changes or opportunities that he would want to implement specific to the library as it is today. Mr. Teasdale said after looking at the strategic plan, the one thing is outreach. You always are trying to reach certain demographics and the one thing that he didn't see that was noted that he may lend some help in would be reaching mid 20's to early 30's patrons. Since everyone is busy with their career usually, especially in this area, maybe transient populations coming in to work at the local corporations is to maybe team with the local apartment complexes and see if we can get some media and some things in the leasing packages and maybe do an outreach similar to a senior outreach where you are doing the pickup on a Thursday once a month to pick up media and things like from those apartment complexes because most of the people in there are that age bracket and are working on school. They have late hours. Even though it is convenient to pull right up to the new drop box, they may not be aware of that. Another thing would be an outreach maybe doing a program off site at the apartment complexes and opening up that. Also do concerts more in tune with that since we have that great patio now to do a concert basically for that age group. Member Margolis thanked him for stepping forward as the Library Board was very near and dear to her heart. Since he talked about technology and marketing and based on his knowledge, she thought they do some wonderful things to embrace technology. She asked if had had any thoughts in terms of what they could do better in that area? Mr. Teasdale responded the tablet PC's would be great and reaching out doing that. Maybe job fairs networking is using that technology incorporated give it the 21st century job skills for the citizens. Specifically speaking though, would be the tablet PCs and keeping on board with that next newest trend where the media is going. Member Casey noted this board was also near and dear to her heart as well. She noted he had given Council a little bit of insight into his thoughts on outreach related to a particular age range. Were there other marketing initiatives that he would suggest or want to see carried forward if he became a member of the library board? Mr. Teasdale replied when he looked at the strategic plan, to measure your demographic in your marketing plan is going to be so specific to all those age

ranges all the demographics so maybe just being specific to that and after looking at more data then maybe if he was on the board, then a specific plan could be created for that and reach out. Mayor Gatt did not have any questions but just wanted to thank him for coming out. It was gratifying to see somebody who has only been here for only a short time to want to volunteer. That is what makes Novi so great.

3. Carol Spennachio – Public Access Promotion Committee – She thanked them for the opportunity for the Pomo committee in 2011. It has been a great experience, great people and great energy. David and Brian put together an eight week program to train people. People are still working through this presenting their own program so really great things are happening. And we have created some advertisement that was shown on the overhead screens at the Farmington civic theatre. We have a lot of plans for this year and she hoped Council would give her that opportunity of being part of that committee again. She looked forward to putting forth more energy this next year and getting more involved in the training. Possibly writing the manuals with David's and Brian's expertise. She could put that together from her business background and her own private interest was of course seeing some additional health programs put on the air. Mayor Pro Tem Staudt said he was the newest appointee to the SWOCC board and looking forward to finding out a lot about what is going on there. He didn't have any questions at this point. Member Mutch thanked Ms. Spennachio for stepping forward again and being willing to serve. The question he had was that she alluded to a number of forth coming projects that the group will be working on asked if she could talk about one of those items coming forward that she was most excited to see come to fruition? Ms. Spennachio one of the things was about this curriculum that David and Brian Golden have developed. It is an eight week program the people have been coming every single week. They spend two to three hours and were developing their own program working together. We are developing new ideas of how we can reach out to people that have taken the training in the past but have kind of slipped through the cracks. So we would like to get in touch with those people do a face to face, voice to voice, email to email or whatever we can do to see if we can stir up some more interest because it is a phenomenal tool that many countries would want to be able to do. So we are very fortunate to have this SWOCC studio that we do and the support staff that is there. Member Mutch said he was looking forward to seeing that come forward and seeing the results of that work and her continued involvement on the committee. Member Fischer thanked her for stepping forward again and he looked forward to her to continue to serve and bring some of those programs to light. He asked about which groups should be targeted for outreach or more general. Ms. Spennachio said she'd like to spend an evening dedicated to brainstorming to explore all of the possibilities to see who has strength in what area. This year was a lot of fact finding for her and she's done a lot of training with choir directing and theatre work but not specifically in the television industry. The energy we have been building this year she sees as growing and would like to see a really great brainstorming session and maybe even Mr. Staudt would like to join us or at least be invited. The training they offered in the summer time was well attended. We had about 20 people who came and we need to reach out to

those people to pull them back in to say you know you were on fire then let's build on that let's really bring this to the community to see where it goes. Member Fischer appreciated the enthusiasm she brought. Member Margolis remembered when Ms. Spenacchio came to interview before. She was impressed then and really appreciated the time that she put in. She noticed Ms. Spenacchio attended every single meeting during that time and appreciated that and definitely had her support. Member Casey had no questions but echoed Member Fischer's comments that appreciated her enthusiasm. It shines through. Member Wrobel also served on the committee years ago for a number of years. It was very interesting and there were a lot of opportunities to do things. He asked what the biggest hindrance SWOCC has right now. Ms. Spennachio the positive side is a little bit stronger. We have a phenomenal team. We have so much energy together. We are really great. We have support from the staff, and we are looking forward to just doing more than we did last year. Mayor Gatt didn't have any question but wanted to say her for your enthusiasm and volunteering.

4. John MacInnis – Historical Commission – He would like to be reappointed to the Historical Commission. He has lived in Novi for 34 years and was retired from the construction industry. He has a degree in Civil Engineering and a strong interest in history. He's read quite a few of Civil War books. He belongs to the Northwood Genealogical Society. He's been on the commission for three years. Member Mutch was very familiar with his background and service on the Historical Commission. He's attended just about every Historical Commission event or been present serving on behalf of the Commission as much as some of the other members. He was one of the faces that people most recognize with the Historical Commission in Novi. He asked what was the one initiative he was most interested in pursuing. Mr. MacInnis replied there were a lot of projects that we are working on. The first project that we are working on is trying to improve all the communication we have with the City, our mapping better, get our historical sites better and then he would like to particularly to have tours at the historical sites. We are strongly trying to improve our information in the Historical room at the library. In the short run, he would like to see us have something related to the Civil War because we are currently in the 150th anniversary of the Civil War and how Novi ties into the Civil War. We have a few events that are going on. Those are some of the things we are working on. Member Fischer stated he's met him several times and gotten to know him a little better at many events in the past year. He was definitely one of the more familiar faces on the Commission. What can Council do to assist in reaching their goals and objectives? Mr. MacInnis thought Council has been very good, particularly this past year encouraging them to build the obelisk on Eight Mile. That was their biggest project this year. Member Margolis stated the baseline project was a wonderful event and really raised the profile of the Historical Commission. She loved the idea about the City tours. She found that when she walked the City, she would run across a historical marker that she hadn't seen before. She asked if they've done any work on that and is the Commission looking at that closely? Mr. MacInnis said one tour was held a year ago led by Kathy Mutch. It was very enlightening to him. He lived and worked in Novi in over 40 years and was surprised how little he knew about the history of Novi. I think we need to communicate much

better on what we are doing and where all the historical sites are. One of the things we want to do is to put signs up and to get the places noted on city maps with the help of the GIS Department. Member Casey appreciated him seeking another term on the Historical Commission and asked if he had any thoughts around ways to market or to bring people in some of your events and get larger attendants? Mr. MacInnis said we wanted more people to come to their events. Their big event is the Heritage Festival in June. It is a wonderful event. They are looking for ways to communicate. Our main communication is through the schools. We are not getting to the slightly older group of the City. We had a display this past year and he was a little disappointed how many showed up for that event. Member Wrobel asked about the Landings and their ideas to commemorate it. Mr. MacInnis noted they wish to put some signs up there. They have not done enough work in that in that area. Mayor Pro Tem Staudt said he noted there were so many residents near that property that have a huge amount of history. Also, with former Chief Begole having been there when the casino burnt down, there are a lot of things we can bring to the forefront. In addition to the Indian burial ground, he would like to see a review done of that property because as time goes on, he thought that was going to be one of the ear marks that Council would spend some effort to bringing that forward. It would be nice if they could help with that process.

5. Kimberly Holdaway – Historical Commission – She thoroughly enjoyed the opportunity to serve the community through the work of the commission. She has been a resident for about 7 years now. Local history was extremely important to her. She had driven by the Landings site for ever and never knew what was there until she served on the Historical Commission. She liked the opportunity to interact with the community in some of our events. Especially, at the Historic Fair the festival that they host. It was fun to give the community a little taste a little of the history of the area and how we lived in the past. She would appreciate a reappointment on this Commission. Member Fischer asked what could Council do to better support their goals and objectives as a Commission. Ms. Holdaway said she appreciated having the local history room in the new library. It was a great welcoming environment for the public. It would be better if more people knew about this room. She also suggested some type of publication in Engage to have the support of the community in the local history room. Member Margolis noted in terms of the outreach of the Historical Commission, the City certainly could do more to help. People like to learn in little nuggets these days. She's learned as she walked around the City as she ran across a marker. She asked how they could promote the knowledge in new ways? Ms. Holdaway said she was working toward an on-line map with historical markers of what remains within the City. A lot of the history of Novi is gone. There is the possibility of an on-line tour. We took a tour as a commission and it was very interesting. Member Casey asked if she had any goals or objectives to accomplish in her next term? Ms. Holdaway answered they are working toward a display to educate the public what the Commission does. Her favorite event is Fall for Novi because it is an opportunity to be in the community and talk to people. We tell them about the library historical room. Member Wrobel thanked her for her service and for stepping forward again. He noted it seemed like opportunities are there to teach to school children and wondered if there could be

a partnership with the schools to put on presentations? Ms. Holdaway said it was a great idea and she knew that in third grade, the focus on history is local. She noted their experience with the obelisk project based on the information they had on Novi's history. We have a lecture series that we could bring into the schools. Mayor Pro Tem Staudt appreciated her efforts. One of the first things he saw on cable was the special on the Walled Lake casino. He thought if they could put together what they learn in the Commission, that would be of great value. This is a good time to relay our priorities. There hasn't been much of a funding request in the past several years. Keep doing a good job and produce those TV shows. Member Mutch noted looking at the business history of Novi and corporate community members who have been a part of Novi's history, the corporate community tends to turn over a lot more. Many have been key pieces of the City of Novi. He would like to see the Commission identify some of those members and give recognition to them. The cost of signs has always been an issue. Maybe on the technology side, we could take things like the mapping concept and identify sites around the community of business members and have it online or through a smartphone application. It would be a way for us to share a lot more information with a broader audience. Mayor Gatt noted they could focus on people as well as places with all the history in Novi.

6. David Ghannam – Zoning Board of Appeals – Mr. Ghannam stated he is the Chairman of the Zoning Board of Appeals and an attorney with an emphasis on real estate. Member Margolis appreciated his service on this Board. She had no questions. Member Casey thanked him for stepping forward and for his past service. Member Wrobel mentioned he had the opportunity to work with Mr. Ghannam. He supported him for another term. Mayor Pro Tem Staudt appreciates him continuing to serve. He had no questions. Member Mutch appreciated the care with which he handles the ZBA board and decision making process as he is a good role model. It is not an easy position. He liked the way he handled unusual requests. Member Fischer said he also had the opportunity to serve with him and agreed he was one of the better minds on the board and had no questions. Mayor Gatt thanked him for coming out and for his service

7. James Gerblick – Zoning Board of Appeals – He began that he's the newest full time member and voted in the last meeting. He is a CPA with a wide range of experience with government compliance and financial audits. He's enjoyed serving and learned a lot the last couple months and would like to serve another term. He would like to learn what the ZBA board is responsible for. Member Casey thanked him for coming out and had no questions. Member Wrobel asked what was the biggest challenge he's faced being on the Board for such a short time. It is a unique position. Mr. Gerblick replied that many members are attorneys by trade. The legal aspect and compliance with ordinances. Your decisions are more of a judicial decision. You have to apply the ordinances and make sure the request fits within them. It has been a challenge but definitely a welcoming one. Mayor Pro Tem Staudt said he will support him for a full term. He thanked him for his service and the city is very fortunate to have attorneys and CPA's to serve. Member Mutch thanked him for stepping forward again and had no questions. He was glad he could take on the role as a full time member and looked forward to him serving in that capacity

for several more years. Member Fischer asked about one of the more challenging cases that he saw in the last few months. Mr. Gerblick said a case that first comes to mind where he voted against it and the rest voted for it. It was actually approved. He found it challenging because when you look at these ordinances there is a very strict set of guidelines that the requests have to meet and if they don't meet the guidelines you really aren't supposed to grant approval. The particular case was to move a sign forward for an apartment complex. He felt the need was more for a desire of the apartment owners rather than a need. Member Margolis said that having the courage to vote against the other board members in the first meeting was impressive. She noted that he had perfect attendance. His interest in learning was an important attribute. Member Gatt had no questions and thanked him for his service.

8. Jeffrey Gedeon – Zoning Board of Appeals; Board of Review - He is a four year resident of Novi. He now works at the law firm of Carrier, Blackman & Assoc. He's served on the ZBA for 18 months and is up for re-appointment. Member Mutch thanked Mr. Gedeon for stepping forward again. You are a brave soul who is willing to serve on the ZBA which is challenging enough. It shows that he obviously must care a lot about this community and with his background was willing to put it to where it best can be used. Member Fischer said he didn't have any specific questions as related with the Zoning board. Member Margolis said she didn't have any questions. She was very familiar with his work. She really appreciated him stepping forward being willing to serve. We are very fortunate. Member Casey had no questions but thanked him for his term on the ZBA and his willingness to serve another term. We need more residents like him to step forward and serve the City. Mayor Gatt had no questions. He thanked him for his time and his service.
9. Ronald Boron – Board of Review – He could not attend.

PUBLIC HEARING - None

PRESENTATIONS

1. City of Novi identified as one of seven Top Performing Communities in the State for fostering entrepreneurial growth and economic development; and City of Novi recognized as a Four Star Community – Ara Topouzian, Economic Development Director for Novi, said the City of Novi has been identified as one of seven Top Performing Communities in the State for fostering entrepreneurial growth and economic development. A study had been done by researchers at I Labs, which is part of the University of Michigan Dearborn Center for Innovation Research. More than 100 cities, townships and villages participated in this annual project which helps local governments understand how to encourage small business growth and benchmark their economic development efforts. In addition to performing all the numerical portions for 2010, the seven top performing communities are recognized for programs that foster entrepreneurial growth. These communities demonstrate that they understand what small businesses need to be successful by communicating with them and providing connections to broader resources and

insight on trends. Novi along with other communities was honored a few weeks ago at a ceremony at the U of M Dearborn campus and presented the award for our accomplishments.

2. Comprehensive Annual Financial Report Audit Presentation for Fiscal Year Ended June 30, 2011 - Andrews Hooper & Pavlik – Randy Morse congratulated Novi on an overall good year. He thanked Kathy Smith-Roy, Marina Neumaier, and all their staff. What Council sees is their financial report. What belongs to Andrews, Hooper and Pavlik (AHP) is their opinion. Everything else is prepared by the Finance Department and pulled together. It is presented to AHP for them to audit. A lot of the work goes into it by the Finance Department. The big booklet is prepared by the Finance Department. They have done a lot of great work. They had great cooperation with management, but recognize they report to City Council and their responsibility is with Council. They prepared required communication and they are all to the affirmative. There were no significant matters noted during their audit. They did have an unqualified opinion which is the top opinion they can provide. The City continues to be a low risk which means for the past two years there have no findings or questionable costs to the expenditures. There were no internal control deficiencies. Also, there was no letter of recommendations. On an overall basis, there were just excellent results. In addition, Novi is one of the first large cities to have their consolidated annual financial report uploaded to the State's website. That means that the systems in place to close the books and get the audit completed and uploaded are very efficient in their function. That is a great accomplishment, also. One thing when going through the financial report, when reading the discussion analysis, it does provide a good set of results. As you go through you can look at the fluctuations from one year to the next. A lot of the explanations are in there. The City has a Standard and Poor's bond rating of AA+. Population increase is 16.5% based on the 2010 census. Family Circle Magazine rated Novi one of the top ten best cities for families. Opening of Novi Public Library this year. For the city as a whole, an increase in government wide net assets of 5.5 million to 331 million. There was a decrease in bond payable of 8.7 million to 56 million. Government-wide revenue increased approximately 1.7 million. Government expenses increased about 1 million to get to government wide net assets at June 30, 2011 of approximately 331 million. Related specifically to the general fund, there was an increase of fund balance of 1.7 million. General fund revenue transfers increased approximately 2.1 million and general fund expenditures decreased slightly about 200,000 dollars. The increases are where they need to be and expenses are controlled. Good job by the City. Property taxes show a decrease from 37 million to 32.5 million. State shared revenue is up to 3.7 million and that is based on the population increase. Investment earnings and all other stay pretty consistent from one year to the next. The trends are favorable. Governmental funds, general fund, and the total governmental funds from 2010 to 2011 are 66 million compared to 59 million. The fluctuations include decreases in personnel costs. We had a 14% staff reduction. We also had wage and benefit concessions go throughout the year to continue to keep those expenses down from one year to the next. Government expense trends are pretty consistent from one year to the next. The revenue trends have property taxes with a slight decrease and

building & planning reviews with a slight increase. No big significant changes but consistent from one year to the next. The constitutional part of the State shared revenues was where the increase was. The expenditure trends in the general fund are consistent from one year to the next. There's a good show of monitoring expenses. General fund balances was in total, 11.4 million for 2011 compared to 9.7 million. There's an increase in the general fund balance. The unassigned fund balance last year was 8.5 million to approx. 7.1 million this year. The unassigned fund balance as a percentage of budgeted of annual expenditures, 2011 is 24.6% compared to 28.6% for previous year. It is consistent going through each of those years. Unrestricted net assets from the governmental activity side of the equation is 12.2 Financial net assets, which takes the total net assets on your government wide set of statements, subtract what is invested in capital assets and then pull out your unfunded pension to get to 23.1 million. For water and sewer operations, revenues were 18.4, operating expenses 16.9 to get you to the working capital of 43.3. It excludes depreciation. Then on working capital for the 2011 year includes 31.3 in capital replacement at June 30, 2011. To summarize the results of the audit, there were no issues. The good news was there were no surprises. They want to make sure they do their professional skepticism and make sure that they ask those questions so that they can provide the opinion and give Novi the results they need to see. On an overall basis, a clean opinion, no findings questioned costs, great cooperation with management and the results were very good.

Mayor Gatt said the document was a testimony to our City manager and his staff and City Council for being economically conscious. Member Mutch' question was in reference to page 34, not having a policy for custodial credit risks of investments. He was curious if that was typical for a community this size in the nature of the deposits investments and where those funds are invested or is that is something the City should put in place. Mr. Morse said it is typical. The footnote is a general requirement. Member Mutch asked if there was any harm in having a policy or is it not applicable in this situation. Mr. Morse it comes down to whether it is needed. No sense in having the policy just to have the policy. Member Mutch asked about the processes in the audit where they might want to do something different or was flagged to be evaluated further. Mr. Morse did not have any of those recommendations. He was glad he mentioned what an audit entails. It is not 100% sampling. It is a risk based approach. They look at the significant systems in place. He talked about Novi being one of the first large cities to upload the financial reports to the State web site. A good system is in place. In order for that to work, they look at financial reporting as significant system with many transactions and a lot of dollars flow through. They look at that as a significant system so then they are going to document that system and look for the controls in place. There are two aspects they look at. One, is the system properly designed and is it functioning the way it is supposed to be designed. Novi has a good system in place and then they implement that system to make it very efficient. Every time they come in, they are still looking through the systems taking their experience dealing with other governmental entities and also dealing with business enterprises and seeing if it is more efficient or more effective to do it a certain way. Each year we have come through with those systems and felt Novi had a good system in place and operating

effectively. They also do a little bit extra work that may not be a normal part of an audit. It shows that the staff is always looking for ways to improve also. Member Mutch wanted to note that the City paid off 8.6 million in debt obligation and that was a real testament to the focus Council has in paying off long term costs. Some of it is mandated. It is showing that we are making a real effort as a city to take care of the long term costs especially if you look at other communities across the State and see they haven't been as diligent or they simply don't have the financial resources to pay off those debts. We continue to move in the right direction. Mayor Pro Tem Staudt noted Council was looking at going to a two year budget cycle. He asked what their experience was with that and what are the pros and cons? Mr. Morse stated you always have to operate on a going forward basis thinking five to ten years out. The expenditure side is generally easy to budget. As long as your first year budget is good, that you are making sure to understand the assumptions being used in the second year, using it for your higher level of decisions not the lower level type decisions because things may change from one year to the next. When looking back on the crash we had nobody expected the result to be what it was. The expenditure side will be easier to do than the revenue side of the equation. Two years out isn't as bad. He said when management is doing the budget they are always thinking through the future. It is evident in the expenditure control. It wasn't that you had to cut 30% because you had no controls. Again next year's budget, if you do two or three years, just remember when you start making decisions on those, understand the assumptions, especially on the revenue side of the equation because they are going to be less easy to control. Mayor Pro Tem Staudt noted some people at the County feel we are anywhere from 2-6 years away from recovering. Mr. Morse stated everything he has heard with emphasis on the residential mortgage side of the equation and they have a very large financial institutional practice; they continue to say that we haven't seen rock bottom. The property taxes will continue to decrease and many banks have a lot of real estate on their books or reposed property. They can't sell it at depressed prices. It costs banks to hold on to that. They are going to start to get rid of that and if they start to do wholesale sales, that would have a significant impact on the overall market from that stand point. We are seeing improvement in Michigan economy. He would say you should look outward to a three year time frame. Mayor Pro Tem Staudt said that some of these large bond holding organizations are selling a significant property at extremely low prices. They mentioned some properties in and around Novi. One was his old office building. What kind of effect do those kinds of commercial sales where an entity that has tens of billions of dollars of bonds and are dumping property? They are getting rid of the properties partly because of maintenance costs and nothing to do with the actual value of the property but with the long term upkeep of the property. Mr. Morse explained that there are banks that have a significant amount of commercial properties. We have to ask how many new businesses are coming into the State. That commercial property is not moving. As mentioned, if you hold a building there is a cost to it. So at some point it is better to move than to hold on to it and that has to have a negative impact from an economic standpoint. Mayor Pro Tem Staudt asked how he would characterize where we are currently in our policy maintaining an 18 - 22% minimum fund balance. Mr. Morse explained that it is not an easy answer when you look at that.

The reason is there are a number of municipalities within the State that would love to have Novi's balance sheet. Maintenance costs going forward are going to be less on new buildings like the library. If you have older buildings and have a deferred maintenance, it will require you to have a larger fund balance than somebody else that has 10% fund balance but everything they have is relatively new. It is not easy. When he looked at the fund balance, he thought the fund balance policy is a good policy to have and Novi has been staying within that. On a personal level you don't always spend your entire paycheck. You are always putting something away on an annual basis because you never know when you are going to have something that you will need to take care of. Member Fischer asked about a GASB classification change? Mr. Morse said it happened this year but didn't have a significant impact. It is just differences in wording. Member Fischer mentioned revenue was greater and expenditures were lower and less than 1% difference or variation. He commended the staff on getting that variance down year after year. Member Margolis asked about the financial highlight section, page 2 from the Leadership group memo and asked if he could explain it to her. It said that we made excess contributions of 375,000 into post-retirement health care and it talks about the standard that was used when we made those excess contributions was a percentage of payroll. In other words, for those who have retired prior to June 30, 1994. So we were paying for those employees a percentage of current payrolls? Kathy Smith-Roy, Finance Director, stated how the retiree health care works and how that additional contribution is being figured is a percentage of payroll and actuarial amount that we are given to contribute is a fixed amount, so there is a slight variance there. There is a slight additional contribution from that. The larger portion from the contribution comes from the retirees that were on the pension plan for 1994. So we made a conscious decision when we started the retiree health care program to start funding it forward, however the general fund funds those retirees before 1994. So we weren't draining the fund that we were trying to build. So that counts towards our additional contributions because they are part of the retiree health care plan in total. Member Margolis mentioned our funded ratio for the post-retirement health care based on the valuation of 2009 and asked if she was correct that since this was published, that we got another valuation? Kathy Smith-Roy said that is correct we are now at 60% funded in the retiree health care. Member Margolis said we see a lot of indications of our financial health. There are always the pieces the public doesn't see. We are still collecting 99.5% on our tax levies. It is higher than in previous years. Our assessments are still holding on and we are collecting on our assessments. The City has been paying down debt without issuing a lot of new debt. We have been paying a lot of capital projects through current dollars that we used to issue bonds four years ago. Debt to value is the lowest it has been when you go back to 2002, it was 2.3 and now it is 1.0. So many things in the audit including the number of employees is lower than the employees we had in 2002 even with a huge population boom. She thanked the staff, City Manager, Administration and to have this kind of financial statement with a drop in staff and a huge raise in population is impressive. Thanks for making our job easier by what you do every day. Mr. Pearson, City Manager, thanked the Mayor for the comments and for all the work of the staff and the auditing firm. He noted this is their second year with us. They have given us a fresh perspective and he challenged them to find

new ways for the city to work on things. He wanted to say something about the City transparency efforts as we have the web dashboard and it has a link to the Munetrix website that compares the City of Novi audit numbers to others. It gives people a taste for not only how we are doing but compared to other jurisdictions that we try to bench mark against. It is available on line now with the help of the staff. Mayor Gatt thanked them for coming out and for their service to the city.

REPORTS:

1. MANAGER/STAFF – Novi Road Link Opening - Mr. Pearson reported on the Novi Road Link Opening last Wednesday. The Road Commission for Oakland County opened all 5 lanes of Novi Road, Wednesday, He thanked both the Road Commission and staff Engineers for their work on this project.
2. ATTORNEY - None

AUDIENCE COMMENT – Kathy Crawford, County Commissioner, was present to congratulate everyone on the election. She also noted how fortunate the community was with all those who volunteered for the City of Novi. She brought brochures that explained what Oakland County Commissioners did and she also brought the Oakland County Directory for all Council members. She will be presenting a proclamation to the Library for receiving the award as a Library leader, as the Library received the only award in the State. She was pleased to hear Council talk about the history of the community. She reported that \$4,000 would go toward having a Novi history display cabinet on the first floor of the Library. She also noted she hosts a Commissioner's Corner cable TV show. She will interview George Miller, Oakland County Medical Director. She will also interview Jean Meyer about Providence Hospital's services. The City staff and administration have been doing this work for a very long time and contributed to this for many years. She noted the familiarity with the two word story. Novi's would be Open? Open. This includes transparency, creative solutions, open and welcome to diversity, partnerships, etc. Novi was excelling because of forward thinking.

CONSENT AGENDA REMOVALS AND APPROVALS (See items A-J)

CM-11-11-175 Moved by Fischer, seconded by Mutch; CARRIED UNANIMOUSLY:

To approve the Consent Agenda as presented

Roll call vote on CM-11-11-175

Yeas:	Fischer, Margolis, Mutch, Wrobel, Gatt, Staudt, Casey
Nays:	None

- A. Approve Minutes of:
 1. November 14, 2011 – Regular meeting

- B. Approval of the final pay estimate to Matzak, Inc. for the 2010 Sanitary Pump Station Upgrades project in the amount of \$8,840.95.
- C. Approval of the final balancing change order and final pay estimate to Metropolitan Power & Lighting, Inc. for the Beck Road and Cider Mill Traffic Signal Installation project in the amount of \$10,394.54.
- D. Approval to award an amendment to the engineering services agreement to URS Corporation for additional construction inspection services related to the Beck Road and Cider Mill Traffic Signal Installation project in the amount of \$1,998.75 (which is offset by the charges to the construction contractor for exceeding the number of crew days that were in the construction contract).
- E. Approval to award a unit price Pathway Snow Clearing Contract to Brien's Services, Inc., the low bidder, in an annual estimated amount of \$29,000.
- F. Approval to Award the Purchase of Natural Gas Supply for the April 2012 through the March 2013 billing cycle to Interstate Gas Supply, Inc. (IGS).
- G. Approval to award an engineering services agreement for design engineering services for SAD 176 Woodham Road Water Main extension to Spalding DeDecker Associates, Inc., in the amount of \$9,023.
- H. Approval of Change Order No. 1 to V.I.L. Construction, Inc. for the Meadowbrook Lake Dam Renovations project in the amount of \$77,284.
- I. Approval to execute an affidavit terminating escrow and returning a sanitary sewer easement to Tasmin Devco, LLC, associated with site plan approval requirements for the Neher Sales office development proposed to be constructed at 41700 Eleven Mile Road.
- J. Approval of Claims and Accounts – Warrant No. 856

MATTERS FOR COUNCIL ACTION – Part I

- 1. Acceptance of proceeding with items approved and deferred in the 2011-12 budget (Civic Center roof, Single axle dump truck, Customer Relations Management software, Gasboy Fuel Management System, and Senior van), and the design phase of the City Council Chambers Video/Audio enhancements using restricted PEG cable fees. **REMOVED FROM AGENDA**
- 2. Policy discussion on the repair and replacement of mailboxes damaged as a result of winter maintenance operations. **NO ACTION TAKEN**

Rob Hayes, Public Services Director/City Engineer spoke about all the other communities that do not physically replace the damaged mail boxes. They either provide a standard mailbox or in-kind cash. DPS spends \$20,000- \$30,000 a year and

400-500 man hours replacing mailboxes. They are looking for a practice or policy going forward. Member Wrobel asked if the amount spent is a constant amount? Mr. Hayes said it is an estimated amount. It was probably in the upper \$30,000 last winter because it was a more severe winter. Member Wrobel asked what steps have we taken to reduce damage. Mr. Hayes said the damage is usually not from the plow but from the snow thrown into the mailboxes. Also, they encouraged residents to shake their mailboxes to make sure they are sound. Member Wrobel asked if the style of the mailbox is a USPS requirement or could it be an ordinance? Mr. Hayes said the USPS has minimum standards of what type of mailbox is required. The standards are loose and lets a homeowner improve the minimum standard. Member Wrobel was leaning towards a policy where the homeowner gets a minimal reimbursement. Mayor Pro Tem Staudt thought we should not go cold turkey this winter. He suggested we use this year to evaluate it and restrict the amount to be reimbursed. He could not support it now. He asked Mr. Hayes to provide detailed information documented on a per instance basis after this year. Mr. Hayes said our practice is to put up a temporary mailbox immediately, then in the spring put in the mailbox in April. Mr. Wrobel said he would like more documentation. If we had some firm numbers in the future he would be able to support something. Member Fischer asked if the \$20,000- \$30,000 included the man hours? He continued to ask if there are three mailboxes, would we reimburse the homeowner \$150 or \$50 for each mailbox. Mr. Hayes said the way he has it written in the draft policy resolution is a little more detailed. If only the box is damaged, we recommend only a \$25 reimbursement. In case one or more it would be \$25 each and if the post was damaged it would be another \$25. Member Fischer asked if there is a difference in the policy if the plow does the damage or the snow does the damage. Mr. Hayes said he didn't differentiate but it could be a component of a policy. He commented that he could support some kind of policy based on the dollar amount the City spent. He wanted to see additional data. Member Margolis noted a resident near her had their mailbox exploded. She had called the City and asked what they do. The City had come out and fixed it. She said it is a positive thing for the City. She was not in favor of this policy based on her experience. Mayor Gatt commented and agreed with everything Member Margolis said related to mailboxes. His concern for residents is that someone may not have the ability to have someone assist them. He suggested hiring part-time staff to replace the mailboxes. This was a public relations issue. We usually compare ourselves to other cities, but not in this instance. Let us try to reduce the cost. He said the USPS has a specific criterion for replacement. He would not be in favor of a policy. Mayor Pro Tem Staudt questioned three houses side by side that had very decorative mailboxes that were all damaged on the same day. To him it was more than coincidental. He said something happened in that area that needs to be identified because we shouldn't have three houses on the same day with their mailbox damaged. He continued to say that communication is needed with the Association, resident, or if it is the design of the mailbox. Mr. Hayes said he was not familiar with that specific case but what will happen in cases like that, the posts may be rotted through and the mailboxes will go in succession like that. Mayor Pro Tem Staudt said we should not have liability where the posts are rotted. There are things down the road we have to think about that should go in to this policy. Member Margolis said she didn't want staff to stop bringing these things to our attention. They appreciated DPS approaching Council with it. Mr. Pearson noted we will get more documentation.

AUDIENCE COMMENT – None

MATTERS FOR COUNCIL ACTION – Part II - None

COMMITTEE REPORTS - None

MAYOR AND COUNCIL ISSUES - None

CONSENT AGENDA REMOVALS FOR COUNCIL ACTION: None

AUDIENCE COMMENT - None

ADJOURNMENT

There being no further business to come before Council, the meeting was adjourned at 9:07 P.M.

Robert J. Gatt, Mayor

Maryanne Cornelius, City Clerk

Transcribed by Jane Keller

Date approved: December 5, 2011