

**September 26, 2017**  
**Regular Meeting**

**MINUTES OF THE CITY COUNCIL MEETING**

A Meeting and Work Session of the City Council of the City of Hopewell, Virginia, was held Tuesday, September 26, 2017, at 5:30 p.m. in the City Council Chambers, Municipal Building, 300 North Main Street, Hopewell, Virginia.

PRESENT: Jasmine E. Gore, Vice Mayor  
Christina J. Luman-Bailey, Councilor  
Arlene Holloway, Councilor  
Anthony J. Zevgolis, Councilor  
Janice B. Denton, Councilor (arrived at 7:00 pm)  
Brenda S. Pelham, Councilor (arrived at 6:33 pm)

Charles Dane, Interim City Manager  
Stefan M. Calos, City Attorney  
Ronnieye L. Arrington, City Clerk

**ROLL CALL**

Vice Mayor Gore opened the meeting at 5:30 p.m. Roll call was taken as follows:

Mayor Shornak	-	absent
Vice Mayor Gore	-	present
Councilor Luman-Bailey	-	present
Councilor Holloway	-	present
Councilor Zevgolis	-	absent (arrived at 5:37 p.m.)
Councilor Denton	-	present
Councilor Pelham	-	present

**AMEND/ADOPT AGENDA**

Vice Mayor Gore advised that the Interim City Manager was requesting an amendment to the agenda to add a grant to section C-10 of the Consent Agenda. Motion was made by Councilor Luman-Bailey, and seconded by Councilor Holloway to amend the agenda accordingly, and to adopt the amended agenda. Upon the roll call, the vote resulted.

Vice Mayor Gore	-	Yes
Councilor Denton	-	Yes
Councilor Pelham	-	Yes
Councilor Luman-Bailey	-	Yes
Councilor Holloway	-	Yes
Councilor Zevgolis	-	absent

**WORK SESSION**

At 5:35 p.m. Vice Mayor Gore started the work session with Cherry Bekaert (CB) regarding the 2015 CAFR. She advised all that, even though some of the questions Council may ask during the Work Session would seem pointed, they were not aimed at any department or any individual. She said that the questions were just aimed at getting to the heart of the issues with the CAFR. She then asked that Rob Churchman, Partner of the Government Services Group, come forward to the podium so that he could be

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heard, which he did. Gore asked if Churchman had a copy of the 2015 CAFR with him. Churchman said that he did not because no one had told him about what the work session would be. Councilor Pelham admonished Churchman stating that he should have had his own work product with him, at a minimum, regardless. Lance Wolff, Interim Finance Director, stated that he had extra copies of the 2015 CAFR in his office and that he would bring Churchman a copy, which he did.

In the interim, Councilor Denton asked the rest of Council and Mr. Dane if it was normal procedure to have a work session for a CAFR that was already completed, could not be changed and was done. She stated that, to her, this work session was a moot point. Vice Mayor Gore explained that a work session for the CAFR had not been done previously because the City of Hopewell, Virginia had never had a CAFR that was two years late. Gore further explained that this was necessary so that Council could understand what went wrong with the 2015 CAFR, and what steps needed to be taken to ensure that the issues were not repeated.

Councilor Luman-Bailey asked if CB had communicated with PB Mares (PBM) yet. Churchman advised that the normal process is that the City would issue them (CB) a letter advising them that they could speak with the new auditors. To date, CB had received no such letter. Dane then told Council that the City had spoken with PB Mares some time ago and that PBM had requested a completed 2016 Trial Balance. He further stated that, to prevent a repeat of the multiple trial balances that had been given to CB, the City was working on the 2016 Trial Balance and that, once done, the City would then issue the appropriate letter to CB.

Councilor Pelham asked if the cash reconciliation had been completed for the 2016 CAFR. Dane replied in the affirmative. Pelham asked if PBM was working on the City audit at all, and if so, were they being paid. Dane responded that PBM was not doing any work for the City right now, and thus they were not being paid.

Vice Mayor Gore asked if the completed 2015 CAFR provided the material for the 2016 Trial Balance. Dane responded that the 2015 CAFR contained information that had happened in 2015; but the 2016 Trial Balance consisted of what the City projected. Gore asked if the City would be making corrections to make the 2016 Trial Balance match, to which Dane responded in the affirmative. Gore then pointed out to Churchman that our 2011 CAFR listed the City as a “low risk auditee,” but that we lost that rating by the 2012 CAFR. She sought clarification of her understanding that once the low risk auditee status was lost, it would take two years of no mistake audits to restore that status, which Churchman confirmed. Gore asked what the change in status meant to the City’s audit, clarifying the question to mean would the City have a more intense audit due to the status. Churchman confirmed that this was true, and that it would have to check federal items closely until all issues were resolved. He mentioned that in 2011, many entities had a change in status due to an influx of Medicaid participants.

Councilor Luman-Bailey asked Churchman was it uncommon for municipalities to have issues with Medicaid, even now? Churchman replied that many cities, including very large cities with far more resources than Hopewell, had issues with Medicaid.

Councilor Pelham asked Churchman if the CAFR could be amended. Churchman said that ultimately, it was the City’s CAFR, and “if you need to fix it, you have to fix it.” He said that it is the City’s document, but that normally, if a mistake is found in a previous-year CAFR, the mistake is noted in the current-year CAFR. Dane added that this was known as a prior-year adjustment. Councilor Pelham then went through several pages of the CAFR, asking questions, including specifically, how if the City’s staff only increased by 7 people, how did the personnel budget increase by \$7 million. Churchman had no reply to that, but Dane said he would look into it and would let Council know the answer.

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Councilor Zevgolis told CB that he understood that he received the necessary documents late. He further stated that he was aware that sometimes, when compiling information, a locality can have balances that look okay, but mask an underlying problem. He asked if CB had found any evidence of fraud or malfeasance, and if they had, how would they handle it. Churchman responded that they would only see fraud or malfeasance if it was blatant, or if administration told them they had a concern and gave them specific instructions to look for it; however, they saw no evidence of anything amiss in their audit. Zevgolis responded that CB receiving the information so late from the City should, in and of itself, be a red flag. He then asked Churchman if CB's audit would pass a forensic audit. Churchman replied that a forensic audit had different standards entirely. Zevgolis noted that a good audit was not evidence that there was no malfeasance. He then cited incidents of which he was aware where the company had great audits but was being embezzled. He then asked Churchman to whom would a City go if it were having issues. Dane responded that if the City had an issue, it would go to the Attorney General. He further stated that their review of the issues surrounding the 2015 CAFR appeared to be just entry errors that resulted in no actual loss of cash.

Vice Mayor Gore responded that, if there were issues, it was up to Council to institute new policies and procedures to ensure that these issues were not repeated. She then told Churchman that, given the notes and errors noted in the 2014 CAFR, it was no surprise that there were also errors in the 2015 CAFR since the previous errors had not been fixed. Gore then asked why the 2015 CAFR noted that they had been given statements in lieu of minutes, and what minutes were missing. Churchman replied that it was just standard language and all minutes had been given to CB.

Gore then asked questions regarding Munis security, as noted on page 131 of the CAFR. She wanted to know who could do what in Munis. Dane said that directors could move funds within operational items, but could not move money from things like salary. Gore asked if transfers made by staff would note the date such transfers were made. Wolff replied that all transactions in Munis have date stamps. Dane said that the Finance Director should only have the same approval limits as any other director, and that anything more should require city manager approval.

Dane advised Council that he fully agreed with the notes in the 2014 and 2015 CAFR's and that the City needs to be able to hire more accounting staff. He stated that CB and Davenport both reported that the City needs additional staffing to stay on track.

Zevgolis noted that in a recent *Journal in Practice & Theory* article regarding audits, the article noted that out of 3500 companies that were audited, 1500 of those reported incidents of material weakness, and of those 1,500, 127 companies had incidents of fraud committed within a year of the audit. Given that the City had notes of material weakness in its 2014 and 2015 CAFR, Zevgolis said he wanted to get an outside firm to determine if the City needed a special audit. Gore noted that PB Mares was affiliated with a company that provided that.

Dane suggested that Council create a Budget/Audit Committee to meet with finance throughout the year, at least once a month regarding the audit. Gore advised that the Finance Committee was designed to fulfill that function, but that somehow it got lost along the way, and that she would be in support of the Finance Committee going back to its original function.

Denton asked Churchman if it had seen any evidence of fraud in the City's audit. Churchman responded that CB had not seen any signs of anyone taking money, but acknowledged that CB had not performed a forensic audit.

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Pelham asked Churchman to explain how the City balanced its budget annually. Churchman explained that, generally, the City made a transfer between its General Fund and its Capital Fund to fill any deficits in its budget so that it balanced. The City also often uses revenues from bonds that issued from one year to the next. Dane expanded that, without these transfers and bonds, projects would not have been completed. As an example, he referred to page 110 of the CAFR and stated that the transfers out were money for schools and other agencies that the City supported; and that transfers in were from the Enterprise Fund, etc. Pelham noted that Wastewater always seemed to show a negative balance without capital fund transfers.

Gore referred Churchman to page 128 of the CAFR. She noted that it said that the Finance Department was ultimately responsible for overseeing the CAFR, but for clarity, wanted to know what responsibility did the Treasurer's Office have, and what part did they pay in the CAFR. Terri Batton, the Treasurer, was in the audience and came forward to respond. She said that the Treasurer's Office was responsible for reconciling the cash, bonds and investments. She said that the bonds was a new responsibility for them. Gore advised Batton that her goal was not to cast blame on the Treasurer's Department, but rather to find out if they had sufficient staff for the new responsibility. Batton thanked Gore for asking and advised that the Treasurer's Office did indeed need help. Councilor Pelham asked Batton exactly what type of staff was needed. Batton said that if they could have one more full time employee who was a CPA, it would be a big help. Batton further noted that even short-staffed, the Treasurer's Office was close to completing the 2017 cash reconciliation.

Gore thanked Cherry Bekaert, Rob Churchman and staff for their assistance and input into the Work Session. She closed the work session at 6:56 p.m.

**CLOSED MEETING**

Motion was made at 6:57 p.m. by Councilor Pelham, and seconded by Councilor Luman-Bailey, to go into Closed Meeting for 1) discussion and consideration of prospective candidates for employment (city manager, city attorney); (2) discussion of appointment of specific appointees of city council (HRHA, CPMT, Oversight Committee, acting city manager succession); and (3) consultation with legal counsel employed or retained by city council related thereto and regarding specific legal matters requiring the provision of legal advice by such counsel, in accordance with Virginia Code § 2.2-3711 (A) (1) [two items] and (8), respectively. Upon the roll call, the vote resulted:

Vice Mayor Gore	-	Yes
Councilor Denton	-	Yes
Councilor Pelham	-	Yes
Councilor Luman-Bailey	-	Yes
Councilor Holloway	-	Yes
Councilor Zevgolis	-	Yes

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**RECONVENE OPEN MEETING**

Council convened into Open Session at 7:40 p.m. and responded to the question pursuant to Virginia Code § 2.2-3712 (D): were only public business matters (I) lawfully exempted from open-meeting requirements and (II) identified in the closed-meeting motion discussed in closed meeting? Upon the roll call, the vote resulted:

Vice Mayor Gore	-	Yes
Councilor Denton	-	Yes
Councilor Pelham	-	Yes
Councilor Luman-Bailey	-	Yes
Councilor Holloway	-	Yes
Councilor Zevgolis	-	Yes

**PRAYER AND PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA**

Vice Mayor Gore called the meeting to order, and thanked all for attending. There was then prayer by Chaplain Judy Bailey of John Randolph Medical Center Pastoral Care, followed by the Pledge of Allegiance to the Flag of the United States of America, led by Vice Mayor Gore.

**AMEND/ADOPT AGENDA**

Vice Mayor Gore noted that there was another section on the Agenda to amend or adopt the Agenda. She asked the Clerk if that had to be done again since it had been done previously. The Clerk replied that it only needed to be done if something had occurred in Closed Meeting that required the agenda to be changed. Vice Mayor Gore responded that there was no such change needed, and that she would be skipping that section of the Agenda.

**CONSENT AGENDA**

Vice Mayor Gore orally reviewed the items listed under the Consent Agenda. Interim City Manager Dane then announced that Homeland was filming in Downtown Hopewell, and noted that the filming was causing some minor street closings and traffic delays. Dane then announced that the APA Survey would be sent back to the APA within the next couple of days and that Cherry Bekaert was working with Staff on the requested data. He further announced that the revised Budget and an updated Budget Resolution would be sent to Council electronically, and would be included in the agenda packet for the October 10, 2017 meeting. Vice Mayor Gore asked if the APA survey would be provided to Council for its input. Dane said no, and stated that he had seen all of Vice Mayor Gore's comments, but asked that other council members provide him with any issues, concerns or questions as soon as possible. Gore asked Dane if, in the new budget, the columns would be better labeled, to which Dane replied in the affirmative. Gore also asked that, in the new line item report, the rainy day balance, as well as the unassigned and assigned fund balances. Dane said he would get with the Wolff to get her that report, but that it was a fluid report that changed daily. Gore said that was fine as all she wanted was a current snapshot. Wolff said he had concerns about the accuracy of the numbers. Dane said that he would get that information for Gore. Dane then announced that Joe Battiata, the Stormwater Program Manager, had received a \$450,000 grant from National Fish and Wildlife Foundation for our use with the Stormwater

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Project. Dane announced that, with this grant, and the grant the City received from the DEQ in March of 2017 for almost \$1.2 million, the project that was going to cost the city \$2.7 million, was now reduced to just slightly over a million dollars, which was a great coup for the City.

A motion was made by Councilor Pelham, and seconded by Councilor Holloway to approve the consent agenda: Personnel Change and Financial Reports; Public Hearing Announcement that KMRRT would be heard on October 10, 2017 to vacate a portion of Poplar Street; Information for Council Review: Minutes from the HRHA (June 12, 2017) and the School Board (August 10, 2017); the revised Talent Bank Form (revised to include lines for date of birth and social security numbers); and the announcements by staff. Upon the roll call, the vote resulted:

Vice Mayor Gore	-	Yes
Councilor Denton	-	Yes
Councilor Pelham	-	Yes
Councilor Luman-Bailey	-	Yes
Councilor Holloway	-	Yes
Councilor Zevgolts	-	Yes

**Public Hearings**

There were no public hearings.

**COMMUNICATIONS FROM CITIZENS:**

There were no communications from citizens.

**REGULAR BUSINESS**

**Reports of City Manager:**

**R-1 KMRRT LLC request to vacate a portion of Poplar Street** – Tevya Griffin, Director of the Department of Development presented information regarding this requested vacation. She noted that this request had come before Council previously, and that the request had been refused because there was another landowner who used the property for parking. She explained that that landowner had moved, and thus, the renewed request. Councilor Pelham wanted to know if Council could request that the person requesting the vacation use something other than asphalt to pave the parking space he would be creating. Stefan Calos replied that Council could make that requirement if it wished. Dane noted that this would be costly to the requestor, but that he agreed it was a good idea. Pelham tasked Griffin with getting with Councilor Luman-Bailey and KMRRT to see what could be used that would be cost-effective for them and kind to mother earth. This matter will appear on the October 24<sup>th</sup> agenda for finalization.

**R-2 Ordinance revising Chapter 15, Article III, Sec. 15-49 of the City Code** – Heather Marks, Fire Marshal, Dane and Calos all presented the revised ordinance revising Chapter 15, Article III, Sec. 15-49 of the City Code so that parking in a fire lane or in front of a fire hydrant is now a class 1 misdemeanor, or is punishable by a \$200 fine. The revised ordinance allows the Fire Marshal to issue the \$200 citation or a summons, depending on the severity of the situation (copy attached). Councilor Pelham requested that the revised ordinance be posted on the website, and wanted to know if it could be sent to the citizens by mail so that all would be aware. She requested that discussion of how to disseminate vital information, such as this ordinance, to the public be added to the next agenda.

Calos then pointed out the revised agenda format for R items, which no longer included the wording of the motion itself, but rather included it in the Recommendation section. He noted that this was a suggestion made by Vice Mayor Gore, and one of which he approved. From now on, it will be up to Council to word

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its motions as it sees fit, using the Recommendation as a guide if it wished. Councilor Luman-Bailey moved to approve the revised ordinance amended Chapter 15, Article III, Sec. 15-49 of the City Code. Her motion was seconded by Councilor Denton. Upon the roll call, the vote resulted.

Vice Mayor Gore	-	Yes
Councilor Denton	-	Yes
Councilor Pelham	-	Yes
Councilor Luman-Bailey	-	Yes
Councilor Holloway	-	Yes
Councilor Zevgolis	-	Yes

**R-3 Review of revised City Council Rules** – Council reviewed and discussed questions concerning its Rules as revised by Calos. It was agreed by Council that a more fulsome discussion would occur at the Council Retreat on October 20 and 21<sup>st</sup> of this year.

**Reports of City Attorney** – there was nothing to report.

**Reports of City Clerk** – the Clerk advised that there were numerous openings for Board, Committees and Commissions and requested that citizens apply so that their voices could be heard. She stated that she would be soon updating the website so that all could see what openings were available. She also mentioned that the HRHA had a current opening.

**Reports of City Council** – Councilor Luman-Bailey thanked Jake Elder, Economic Development Specialist, and Dane for the ribbon-cutting ceremony for the three electric car charging stations. There is one at the Boathouse and two are on Appomattox by the Library. Luman-Bailey spoke of the hope that having these charging stations would bring more people into Hopewell.

Councilor Pelham asked all citizens to be safe, and don't park in fire lanes. She stressed the need to report truancy if it is seen. She especially implored store owners not to allow children to be in their stores during school hours. She asked everyone to report it.

Councilor Zevgolis attend the 100<sup>th</sup> Anniversary of St. Elpis Greek Orthodox Church. He said that there was a proclamation by Prince George, but nothing from Hopewell. He asked that a proclamation be prepared and added to the October 10<sup>th</sup> or 24<sup>th</sup> agenda so that St. Elpis can receive it.

Councilor Denton thanked the employees of the City for all of their hard work. She spoke about the grief counseling called Grief Share being offered by her church every Thursday for 13 weeks. She reached out to all that have a need, and asked them to look it up to see if Grief Share was being offered by their Church, or a person could join her, if they wished.

Councilor Luman-Bailey advised that there is a VML Conference in Williamsburg next week, and that the theme of the conference is Healthy Living. She noted that Clifford Norris, a well-known cardiologist in Hopewell, will be speaking at this conference.

Councilor Gore remarked on the Council Retreat and asked who would be preparing the agenda. She asked that Council provide Calos with their revisions to his revised Rules. Dane advised that the Retreat advisor, Tyler St. Clair, would be preparing the agenda, and asked Council to provide him with anything they needed added to the agenda by Thursday of this week.

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**ADJOURN**

At 8:53 p.m., motion was made by Councilor Pelham and seconded by Councilor Holloway to adjourn. Vice Mayor Gore asked that Council respond with ayes or nays, with all Council responding with aye.

/s/ Jasmine E. Gore  
Jasmine E. Gore, Vice Mayor

/s/ Ronnieye L. Arrington  
Ronnieye L. Arrington, City Clerk