

JOHNSTOWN CITY COUNCIL
SPECIAL MEETING MINUTES
Wednesday, May 16, 2018

City Council met in a stated session for the general transaction of business. Mayor Frank Janakovic called the meeting to order at 6:00 p.m.

Reverend Sylvia King offered the invocation, and the Pledge of Allegiance was recited.

Mayor Janakovic noted an Executive Session was held prior to the commencement of the meeting with regard to personnel. Ms. Benjamin explained the Executive Session was followed by a closed informational session with a representative of Ernst and Young, which contained confidential information and additional information not appropriate for public session.

The following members were present for roll call:

Mr. Britt, Mayor Janakovic, Reverend King, Mrs. Mock, Mr. Vitovich (5)
Absent: Mrs. Stanton, Mr. Williams (2).

Curt Davis, Interim City Manager, and Elizabeth Benjamin, Esquire, City Solicitor, were also present.

City Manager noted that the special meeting was originally called for by Councilman Williams and Councilperson Stanton.

PUBLIC COMMENT

None.

REVIEW AND ACCEPTANCE OF THE FORENSIC AUDIT OF THE CITY'S
ECONOMIC DEVELOPMENT LOAN PROGRAM INFORMATION

Mr. Vitovich made a motion to approve. Mr. Britt seconded the motion. Council had further discussion regarding the motion.

Mayor Janakovic stated a meeting was held with representatives of Ernst and Young to receive information already known to Council and which Council had been acting on over the last number of years. Councilmembers were asked to provide further comments.

Mrs. Mock commented that the accounting firm noted that approximately 11 percent of the high-risk loans were defaulted upon between 2002 and 2015, which the

firm considered "pretty good." She noted a concern of the firm regarding the disorganized information between 2002 through 2006, but the firm noted that the files available from 2007 through 2015 were more organized and comprehensive. The firm found "no malfeasance, no misappropriations, nothing illegal."

Mayor Janakovic commented that only \$20,000 was allocated to the wrong account out of \$5.5 million.

Mrs. Mock further stated the cost of the audit was \$90,000. She indicated it was misrepresented to the public that there was this "major fraud", "major misappropriation" and that "certain people were going to be held to the fullest extent of the criminal law", which did not occur. Mrs. Mock stated the cost of the audit was a "disservice to the public," and that as a taxpayer, she was "outraged."

Mayor Janakovic noted the forensic audit was put on a referendum that people did not have "full knowledge of what they were voting on," that the referendum was submitted by two Council members who were not present at this meeting to receive the audit report.

The \$90,000 could have been used to repair roads among other things. Mr. Vitovich commented that \$90,000 could have been used to address blight in the City and help homeowners with sewage projects. He stated Von Lunen Road could have been paved.

Mr. Britt commented that \$90,000 was something that Johnstown does not have to waste and called it a "shame," especially since the two Councilmembers responsible were not even present at this meeting.

Mrs. Mock further referred to the matter as a "virtual witch hunt" and a "personal attack on somebody" that was not true.

Reverend King commented she was "glad it's over."

Ms. Benjamin clarified that when a matter needs adopted via referendum, the City does not have the ability to change the rule. That is the idea, to give the voters the right to make that adoption. However, once the rule is implemented, the City for two years cannot appeal it, repeal it or amend it. So if an ordinance requires the City to take that proposal for this forensic audit to be completed as adopted via voter referendum, which is where that obligation arises.

Mayor Janakovic again commented that the facts and referendum were misrepresented to the public, and that a workshop could have addressed the matter without spending \$90,000.

Ms. Benjamin further explained that Ernst and Young requested the opportunity to have an exit conference with Council in closed session, because they were not able to anticipate what the question and answer session might consist of and could potentially involve confidential information. For that purpose, this session was held in that particular fashion. However, it was an informational only question and answer session; absolutely no deliberation from Council occurred. It was simply to accept information received, most of which was requested within the report. However, additional commentary was offered, some of which Council members shared today. She indicated the motion at this point would be to accept the information received.

The motion passed by the following vote:

Yeas: Mr. Britt, Mayor Janakovic, Reverend King, Mrs. Mock,
Mr. Vitovich (5).

Nays: None (0).

There being no further business, the Special Meeting adjourned at 6:32 p.m.