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CITY OF PONTIAC

RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING

DECEMBER 15, 2016

1:00 P.M.

Meeting before the RTAB

Board at 47450 Woodward Avenue, Pontiac, Michigan, on
Thursday, December 15, 2016.

BOARD MEMBERS PRESENT:

- Edward Koryzno - The Chairperson
- Keith Sawdon
- Robert Burgess
- Douglas Bernstein

OTHERS PRESENT:

- Patrick Dostine
- Deputy Mayor, Jane Bais-DiSessa
- Nevrus Nazarko
- City Attorney, Thomas McCarthy
- Linda Hasson
- Billie Swazer
- Councilmember, Mary Pietla

REPORTED BY: Mona Storm, CSR# 4460

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1 Pontiac, Michigan

2 Thursday, December 15, 2016

3 1:02 p.m.

4 THE CHAIRPERSON: Good afternoon. It's 2
5 minutes after 1:00 and I'll call the City of Pontiac
6 Receivership Transition Advisory Board meeting for
7 December 15th, 2016 to order.

8 Mr. Dostine, roll call, please.

9 MR. DOSTINE: Robert Burgess?

10 MR. BURGESS: Present.

11 MR. DOSTINE: Douglas Bernstein?

12 MR. BERNSTEIN: Here.

13 MR. DOSTINE: Keith Sawdon?

14 MR. SAWDON: Here.

15 MR. DOSTINE: Ed Koryzno?

16 THE CHAIRPERSON: Here.

17 MR. DOSTINE: You have a quorum, Mr. Chair.

18 THE CHAIRPERSON: Thank you. A reminder to
19 the public: If you wish to speak during the Public
20 Comment period of the meeting, there's a sign-up sheet
21 in the back of the room. If you do not sign up,
22 unfortunately, you will not be recognized to speak.

23 Next item, B, approval of agenda. I'll
24 entertain a motion to approve the agenda as presented.

25 MR. BERNSTEIN: So moved.

1 MR. SAWDON: I have a question for you. We
2 have two new items that we need to add under New
3 Business.

4 MR. BERNSTEIN: This would be the point in
5 time.

6 MR. SAWDON: I'd like to go ahead and amend
7 the agenda and add those two items; one being the
8 recognition of the Oakland County Law Enforcement
9 Service Agreement and the second item being the
10 Community Development Block Grant for Fiscal Year 2017.

11 MR. BERNSTEIN: I'll amend my motion to add
12 those two items.

13 THE CHAIRPERSON: It's been moved by Sawdon,
14 supported by Bernstein to amend the agenda to add two
15 items. Any discussion?

16 I will add those items to New Business and
17 make those items -- the; Oakland County Law Enforcement
18 Agreement as Item G and the Community Development Block
19 Grant Program is Item H.

20 Seeing no further discussion, all in favor of
21 the agenda as amended, say "aye".

22 BOARD MEMBERS: Aye.

23 THE CHAIRPERSON: Opposed, say "nay".

24 The agenda is approved.

25 Item 1C, Approval of Minutes. Entertain a

1 motion to approve the RTAB minutes of August 24, 2016
2 as presented.

3 MR. SAWDON: I do have a couple of
4 corrections that I'd like to present.

5 On Page 11, Line 19, I think that word should
6 be "approve" rather than "improve".

7 And then on Page 12, Item Line 1, I think
8 we're missing the word "motion". That "motion" carries
9 unanimously. But, with that, I'd like to go ahead and
10 motion with the changes --

11 THE CHAIRPERSON: All right.

12 MR. SAWDON: -- corrections.

13 MR. BURGESS: Second.

14 THE CHAIRPERSON: Moved by Sawdon, supported
15 by Burgess to approve the minutes as --

16 MR. DOSTINE: Excuse me, Mr. Chair.
17 Mr. Sawdon, would you tell me, again, the first change.

18 MR. SAWDON: Oh, sure. Yes. It's Page 11,
19 Line 19.

20 MR. DOSTINE: Okay.

21 MR. SAWDON: It should be "approved" rather
22 than "improved".

23 MR. DOSTINE: Okay. Got you.

24 MR. SAWDON: Are you okay on the second one?

25 MR. DOSTINE: Yep. Thank you.

1 THE CHAIRPERSON: All right.

2 Again, it's been moved by Sawdon, supported
3 by Burgess to approve the August 24th, RTAB minutes
4 with the noted corrections. Any further discussion?

5 Seeing none, all in favor of the corrected
6 minutes, say "aye".

7 BOARD MEMBERS: Aye.

8 THE CHAIRPERSON: Opposed, say "nay".

9 The minutes, as amended, are approved.

10 There is no Old Business so we will move on
11 to Item 3, New Business. Item 3A is approval of
12 Resolution 16-238, which is a budget roll-over
13 amendments for fiscal year 2016 and '17.

14 This item has been approved by the City
15 Council at their September 1st, 2016 meeting.

16 I understand Mayor Waterman is unavailable so
17 Deputy Mayor DiSessa is our point of contact.

18 DEPUTY MAYOR DiSESSA: Pinch hit, as they
19 say.

20 Well, good afternoon, everyone. Thank you
21 for joining us and thank you to everyone in the
22 audience for joining us, again.

23 Just want to give a quick summation of what's
24 before you and I'll be very, very brief. As you know,
25 as we got closer to the end of the fiscal year that

1 ended on '15/'16, we determined that several budget
2 appropriations had not been spent. These
3 appropriations included various projects and/or capital
4 items, are very important to our operations. However,
5 in order to complete them, we are recommending that
6 this rollover occur. Now, I know you have this
7 paperwork in front of you so I won't go into great
8 detail.

9 But, very briefly, these projects will be
10 coming from the General Fund, the Major Street Fund,
11 local funds, the Senior Activities Fund, our Cable Fund
12 and the Capital Improvement Fund.

13 As I said, these funds include projects that
14 were fully funded in the previous fiscal year. Please
15 know that the increased appropriations for the current
16 fiscal year will be funded from the unused fund
17 balance, the previous fiscal year. The recommended
18 rollover amendments will not have a negative impact on
19 the City's fund balance.

20 And I am surprised to tell you, it's -- based
21 on the current information that we have, we're
22 currently at the 45 percent level. Ordinarily, most
23 cities are between 15 and 25 in their fund balances.
24 And it's grown to such a success that we're at
25 45 percent. So this will not have a negative impact on

1 our budget.

2 THE CHAIRPERSON: Thank you. Any questions
3 from the Board Members for Ms. DiSessa?

4 MR. SAWDON: No. Motion approval.

5 MR. BURGESS: Second.

6 THE CHAIRPERSON: Moved by Sawdon, supported
7 by Burgess to approve the budget rollover amendments.
8 Discussion?

9 Seeing none, all in favor of the motion, say
10 "aye".

11 BOARD MEMBERS: Aye.

12 THE CHAIRPERSON: Opposed, say "nay".

13 The motion is approved.

14 Next item is Item 3B, approval of Resolution
15 16-244, the T-I-F-A, TIFA Deficit Elimination Plan.
16 This item has been approved by City Council at their
17 September 8th, 2016 meeting.

18 Ms. DiSessa?

19 DEPUTY MAYOR DiSESSA: Board members, as you
20 know, the State's Treasury Department mandates that a
21 Deficit Elimination Plan be developed for any
22 governmental funds that ends in a deficit in any given
23 year.

24 Unfortunately for us, as a result of GASB ~~Gatsby~~
25 70, which we began implementing at the end of Fiscal

1 Year 2014, our combined TIFA 2 and TIFA 3 funds ended
2 with a deficit. A copy of the Elimination Plan was
3 provided to you. However, the State Treasury Office
4 has requested that it receive approval from both the
5 City and the TAB.

6 Now, just to give the audience a little
7 explanation as to how this is going to work, I have
8 asked our Finance Director, Mr. Nevrus Nazarko, to give
9 you just a very brief explanation, if you'd like. Is
10 that okay?

11 THE CHAIRPERSON: Certainly.

12 MR. NAZARKO: Good afternoon. The --

13 THE CHAIRPERSON: Good afternoon.

14 MR. NAZARKO: -- explanation will be brief,
15 indeed. What is presented in front of you pertains to
16 the fiscal year ending on June 30, 2015 and we are well
17 into the Fiscal Year 2017. So, for 2016, the good news
18 is that that Deficit Elimination Plan work is not going
19 to be required because we found a loophole, so to
20 speak, in the classification of that liability, which
21 is the financial guarantee to classify that which
22 indeed, it is more than a 12-month -- more than a year
23 due because there is no current funds to pay back that.

24 And once we made that classification, the
25 government-wide financial statements were impacted in

1 such a fashion that the Deficit Elimination Plan will
2 not be required because that Deficit Elimination Plan
3 is frequent to occur in asset -- current liabilities, I
4 should say, secrete assets. And that's not going to be
5 the case for the 2016 Fiscal Year.

6 So please approve that well-past-due Deficit
7 Elimination Plan that was approved by City Council, was
8 submitted to the Treasury and both those entities
9 concur with my explanation.

10 MR. SAWDON: So you're seeking approval for a
11 document you don't really need?

12 MR. NAZARKO: For 2015, that was the case
13 because we classified that there's a short-term and now
14 we moved that to the other side.

15 MR. SAWDON: Okay.

16 MR. BERNSTEIN: Any other questions for
17 Mr. Nazarko?

18 Seeing none, I'll entertain a motion.

19 MR. SAWDON: Motion to approve.

20 MR. BERNSTEIN: Second.

21 THE CHAIRPERSON: Moved by Sawdon, supported
22 by Bernstein to approve Resolution 16-244. Any further
23 discussion?

24 Seeing none, all in favor of the motion, say
25 "aye".

1 BOARD MEMBERS: Aye.

2 THE CHAIRPERSON: Opposed, "nay".

3 The motion is approved.

4 Item 3C, Approval of Resolution 16-266,
5 Budget Amendment for the Court Fund for Fiscal Year
6 2016/'17. This item was approved by City Council at
7 their September 29th, 2016 meeting.

8 Ms. DiSessa, could you provide some
9 background, please.

10 DEPUTY MAYOR DiSESSA: Yes, sir. The
11 contract negotiations between the 50th District Court
12 and the -- in May -- the union representatives began
13 sometime in March of 2016, of this year. Both myself,
14 the Finance Director and the union representatives
15 worked very hard to come up with an agreement with
16 them.

17 We did receive an agreement with them, a
18 tentative three-year agreement was reached. This
19 contract will start July 1st, 2016 and will end on
20 June 30th, 2019. Due to an unexpected increase in
21 healthcare-related expenses, a budget amendment in the
22 amount of \$212,508 for personal expenditures is
23 recommended.

24 The appropriation will be funded through a
25 Court's fund and an equal transfer from the insurance

1 fund. And Mr. Nazarko is here as well, Board Members,
2 to help me address any questions you may have.

3 THE CHAIRPERSON: Any questions from the
4 Board Members?

5 Thank you, Ms. DiSessa.

6 Seeing none, I'll entertain a motion.

7 MR. BERNSTEIN: I'll make that motion.

8 MR. BURGESS: Second.

9 THE CHAIRPERSON: Moved by Bernstein,
10 supported by Burgess to approve Resolution 16-266,
11 Budget Amendment for the Court Fund.

12 Any further discussion?

13 Seeing none, all in favor of the motion, say
14 "aye".

15 BOARD MEMBERS: Aye.

16 THE CHAIRPERSON: Opposed, say "nay".

17 The motion is approved.

18 Item 3D, Approval of Resolution 16-267,
19 Emergency Ordinance 2340. This item was approved by
20 City Council at their September 29th, 2016 meeting.

21 Ms. DiSessa?

22 DEPUTY MAYOR DiSESSA: I hope I have all
23 these numbers correct. As you know, Ordinance Number
24 2301 provided for a limited increase in the pension
25 payments for certain fire -- or police and fire

1 members. And these were pre-1996 retirees. And that
2 amount equaled to about -- well, not about, but equaled
3 to \$400 per month.

4 This expired on August 31st, 2015. In order
5 for this temporary increase to continue, it is our
6 recommendation that the Emergency Ordinance Number 2340
7 be approved and authorize City Officials to initiate
8 this temporary increase via amendment to Section
9 92-122.2 of the PFRS ordinance, and that it be
10 retroactive to September 1st, 2016.

11 Please know that this will expire on
12 August 21st, 2017 or when the CPREA healthcare
13 litigation is resolved, whichever comes first.

14 THE CHAIRPERSON: Any questions from the
15 Board Members?

16 MR. SAWDON: That is retro, right, back to
17 September; is that what you said?

18 DEPUTY MAYOR DiSESSA: Yes, sir.

19 MR. SAWDON: Motion approval.

20 MR. BERNSTEIN: Second.

21 THE CHAIRPERSON: Moved by Sawdon, support by
22 Bernstein to approve Resolution 16-267 the Emergency
23 Ordinance 2340. Any further discussion?

24 Seeing none, all in favor of the motion, say
25 "aye".

1 BOARD MEMBERS: "Aye".

2 THE CHAIRPERSON: Opposed, say "nay".

3 The motion is approved.

4 Item 3E, Amendment to EM Final Order S-344.

5 MR. BERNSTEIN: 334.

6 THE CHAIRPERSON: 334. Thank you,

7 Mr. Bernstein.

8 DEPUTY MAYOR DiSESSA: Mr. Chairman with your
9 permission, I'll ask our City Attorney, Tom McCarthy,
10 to address the Board.

11 THE CHAIRPERSON: All right. Thank you.

12 DEPUTY MAYOR DiSESSA: Thank you.

13 MR. MCCARTHY: Members of the Board, my name
14 is Thomas McCarthy. I'm here at the Mayor's request.
15 She is out of town.

16 As you know, the City of Pontiac filed a
17 condemnation case to acquire the easement interests
18 that are on the Phoenix Center. That condemnation case
19 was opposed by the owners of Ottawa Towers and they
20 obtained a dismissal of the case in Oakland County
21 Circuit Court.

22 The City appealed to the Michigan Court of
23 Appeals, which affirmed the dismissal. Thereafter, the
24 City filled an Application for Leave with the Michigan
25 Supreme Court which was not accepted by the Michigan

1 Supreme Court. So the condemnation case that the City
2 filed has effectively ended at this point, but for the
3 fact that the property owner is entitled to obtain
4 reimbursement of its attorney fees and costs.

5 So, for the City to pursue further
6 condemnation actions to acquire the remaining easement
7 interest on that garage, it would have to renew its
8 condemnation efforts, in all likelihood would have to
9 obtain new appraisals and make a new good faith written
10 offer.

11 In addition, this condemnation action has
12 been complicated by the fact that the owners of
13 Ottawa Towers have recorded liens on the City-owned
14 Phoenix Center, which they've recorded five liens so
15 far which total \$3 million. And the City would be
16 required to include compensation for those liens in its
17 offer.

18 The City continues to disagree with the legal
19 rulings that were rendered. Nevertheless, we're stuck
20 with the position we're in.

21 Therefore, it is the Mayor's recommendation
22 to the RTAB that the City be relieved of the obligation
23 to acquire the easement interest on the Phoenix Center
24 and to demolish the Center. There's very strident
25 opposition to that by the owners of Ottawa Towers,

1 which, you know, their position is understandable and
2 they've articulated their reasons, which the City
3 respects.

4 And therefore, the City does not believe it's
5 in the best interest of the City to pursue further
6 condemnation actions and we would like to request that
7 the Receivership Transition Advisory Board amend
8 EM Final Order S-334 to relieve the City of that
9 obligation.

10 THE CHAIRPERSON: Any question from the Board
11 Members for Mr. McCarthy?

12 Thank you, Mr. McCarthy.

13 MR. McCARTHY: Thank you.

14 THE CHAIRPERSON: It should be noted that
15 this would be a recommendation, the Board's
16 recommendation to the State Treasurer to amend the
17 order since the Board does not have that authority.

18 MR. DOSTINE: Correct.

19 THE CHAIRPERSON: And so I'll entertain a
20 motion.

21 MR. BERNSTEIN: I will make that motion.

22 MR. BURGESS: I'll second.

23 THE CHAIRPERSON: All right. Moved by
24 Bernstein, supported by Burgess to recommended to the
25 State Treasurer to amend EM Final Order S-334. Any

1 further discussion?

2 Seeing none, all in favor of the motion, say
3 "aye".

4 BOARD MEMBERS: Aye.

5 THE CHAIRPERSON: Opposed, say "nay".

6 The motion is approved.

7 Next item is item 3F, Approval of Resolution
8 16-237, Budget Amendment, City Council personnel. This
9 item was approved by City Council at their
10 September 1st, 2016 meeting.

11 Ms. DiSessa?

12 DEPUTY MAYOR DiSESSA: Thank you, again.
13 After much discussion, the City Council has agreed to
14 upgrade their currently budgeted Customer Service
15 Representative position to a Legislative Office
16 Coordinator/Administrator position.

17 The City's current annual budget includes a
18 total compensation of 53,000 for this position. The
19 newly-upgraded position will require an additional
20 amount of 18,000 for compensation and fringes in this
21 fiscal year. This position will work under the
22 auspices of the Council President and the City Council
23 and will help them with their administrative and
24 clerical needs.

25 It is our recommendation to the Board that

1 they consider a budget amendment for the function of
2 personnel expense to the general government for an
3 additional 18,000. This will increase a total budget
4 for this position to 71,500.

5 THE CHAIRPERSON: Any questions from the
6 Board?

7 MR. SAWDON: I have a couple.

8 That's a 33, almost 34 percent increase. Is
9 the magnitude of the job changing that much for a
10 34 percent increase?

11 DEPUTY MAYOR DiSESSA: I believe so. This
12 individual also deals with legislative issues. They
13 will help address whatever needs the City Council will
14 require. I think they will -- it -- the type of person
15 that they're looking for is more than just clerical,
16 that they will be interacting with executive staff as
17 well, they will probably even be making presentations.
18 And so I do believe in -- that this position is
19 warranted.

20 MR. SAWDON: The other question I had is how
21 does that fall within the other compensation of the
22 other City employees; is it similar in pay range as
23 those with additional -- same responsibilities?

24 DEPUTY MAYOR DiSESSA: It is very similar to
25 the positions in the executive session, particularly

1 the Mayor's -- in position to the Mayor and also our --
2 our Executive Secretary as well.

3 MR. SAWDON: Thank you.

4 THE CHAIRPERSON: Any additional questions?

5 Thank you.

6 Seeing no further questions, I will entertain
7 a motion.

8 MR. SAWDON: Motion approval.

9 THE CHAIRPERSON: Is there support?

10 MR. BURGESS: Second.

11 THE CHAIRPERSON: All right. Moved by
12 Sawdon, support by Burgess to approve Resolution
13 16-237. Any further discussion?

14 Seeing none, all in favor of the motion, say
15 "aye".

16 BOARD MEMBERS: Aye.

17 THE CHAIRPERSON: Opposed, say "nay".

18 The motion is approved.

19 The next item is the first of the two
20 additions to the agenda, Item G Approval of Resolution
21 16-321, Oakland County Law Enforcement Services
22 Agreement.

23 The agreement was considered and approved by
24 the City Council at their December 8th, 2016 meeting.

25 DEPUTY MAYOR DiSESSA: Okay. First of all,

1 I'd like to say that we are very pleased with the
2 services -- oh, I'm sorry.

3 Board Members, I was just informed that --
4 the financial quarterly report, do you want to put that
5 last?

6 THE CHAIRPERSON: Yes, we'll move that last.

7 DEPUTY MAYOR DiSESSA: You'll move that last.
8 Okay.

9 THE CHAIRPERSON: So for the purpose of the
10 agenda, that will become Item I as opposed to G.

11 DEPUTY MAYOR DiSESSA: Okay. Thank you.

12 THE CHAIRPERSON: Thank you for that note.

13 DEPUTY MAYOR DiSESSA: As I said, we are very
14 pleased with the services that are provided by the
15 Oakland County Sheriff's Office. As you know, their
16 contract ends on December 31st, 2016. As a matter of
17 fact, the Mayor went through great resources in order
18 to ensure that we received input from everyone.

19 A small town meeting, as I call it, was held
20 just this past -- in December, just a few weeks ago. I
21 am pleased to report that it was very well attended
22 and well received Sheriff ~~Pritchard~~ Bouchard was
23 there, also Captain Gary Miller was there as well to
24 answer questions from our residents. I think they
25 did a great job. They also addressed any concerns
that the citizens would

1 have.

2 I think that their records would show, the
3 reports will show, that they're doing very well as it
4 relates to some of the concerns that are in our
5 community. However, I know that there's still more to
6 do and our City is still working towards that.

7 I know that Mayor Waterman and the City
8 Council believes that this is a good contract. The
9 contract before you is for two years in 2017 -- or for
10 2017 and for 2018. And I know that the first year
11 includes -- perhaps is it a one percent reduction?

12 MR. NAZARKO: Yeah, a 1.6 percent.

13 DEPUTY MAYOR DiSESSA: 1.6 percent reduction
14 the first year and then the second year reflects a
15 small increase of about --

16 2 percent; am I right?

17 Yes. Two percent. Again, we are working
18 very closely with the Sheriff's Department to make sure
19 that we improve -- and, particularly, the one area that
20 many of our residents and the Council express and that
21 dealt with community policing; that's something that's
22 a big interest for our City.

23 We are recommending, as part of this
24 agreement, two additional Sheriff's officers for this
25 contract. I know that they have applied for a COPS

1 grant as well. We're holding off a little, just a
2 little.

3 But I understand that, even if we wanted to
4 fill these positions immediately, we wouldn't be able
5 to do that until -- until February because it takes a
6 while to fill the positions.

7 And the reason I'm mentioning the COPS grant
8 is that they may be able to -- if we were to get some
9 funds from COPS, then they would be able to help us
10 fund these positions as well.

11 So I hope I didn't confuse anybody up there
12 on the process but we have a good rapport with the
13 Sheriff's office and we are very pleased. Happy to
14 answer any questions.

15 THE CHAIRPERSON: Any questions?

16 MR. SAWDON: Just curiosity. How many
17 officers do you contract for?

18 DEPUTY MAYOR DiSESSA: We have about -- I'll
19 turn that over to --

20 MS. PIETLA: 77.

21 MR. NAZARKO: We have 77 and the ~~union~~
22 contract calls for 79.

23 MR. SAWDON: Thank you.

24 DEPUTY MAYOR DiSESSA: Thank you.

25 MR. SAWDON: Motion to approve.

1 MR. BERNSTEIN: Second.

2 THE CHAIRPERSON: Moved by Sawdon, support by
3 Bernstein to approve Resolution 16-321. Further
4 discussion?

5 Seeing none, all in favor of the motion, say
6 "aye".

7 BOARD MEMBERS: Aye.

8 THE CHAIRPERSON: Opposed, say "nay".

9 The motion is approved.

10 Next item is Item H, which is the second of
11 the two additions to the agenda. It's the Approval of
12 Resolution 16-322, the Community Development Block
13 Grant for fiscal year 2017 proposed allocations. City
14 Council considered and approved this at their
15 December 8th, 2016 meeting.

16 Ms. DiSessa?

17 DEPUTY MAYOR DiSESSA: Yes. Thank you,
18 again. Please know that, in accordance with CDBG
19 regulations, on December 1st, 2016, the City Council
20 held a public hearing to obtain citizen input for our
21 2017 CDBG funds.

22 I'd like to inform the Board that,
23 originally, we had recommended the following for our
24 programming for CDBG:

25 The first was for \$300,000 towards sidewalks.

1 And, again, this would help us to improve our low
2 income areas and their sidewalks.

3 And then the second one was for a youth
4 center and we propose a total of 250,000. And then the
5 last was to continue our clearance and demolition
6 program, a total of 181,526.

7 And when we met with the Oakland County CDBG
8 folks, they informed us that, until we identified an
9 actual building or a place, we could not set aside
10 monies for our Youth Center. So we had to go back and
11 redo our application and, instead -- and this was held
12 in the public hearing and I did mention this as well,
13 that instead we are recommending that the CDBG 2017
14 funds be spent for the following:

15 300,000 for sidewalk repairs and 431,526 for
16 demolition and clearance. This application, as you
17 know, is due to Oakland County by tomorrow,
18 December 16, 2016. So your approval is respectfully
19 requested.

20 THE CHAIRPERSON: Any questions?

21 MR. SAWDON: No.

22 MR. BERNSTEIN: Out of curiosity, where do
23 things stand, going forward, about finding a site for
24 the Youth Center?

25 DEPUTY MAYOR DiSESSA: There are many, many

1 individuals that are already meeting. As a matter of
2 fact, we had our first meeting just a few days ago. We
3 received input from the residents but we still have a
4 bit of ways to figure out where we're going.

5 There were several recommendations at the
6 meeting that we held, particularly in some areas that
7 we may want to consider. One I know is the Ewald and
8 then I know that there was another -- another facility
9 mentioned by one of our council members. And forgive
10 me, I forget the name of it but there are other places
11 that they're looking at.

12 MS. PIETLA: Le Baron School.

13 DEPUTY MAYOR DiSESSA: Le Baron School?

14 Thank you.

15 MR. BERNSTEIN: So that's possibly something
16 we'll see down the road?

17 DEPUTY MAYOR DiSESSA: Yes.

18 MR. BERNSTEIN: Hopefully. In light of the
19 last time we were here, the community support was
20 impressive.

21 DEPUTY MAYOR DiSESSA: Very, very -- very
22 supportive. I was very pleased with the people that
23 attended. They were all very much involved in the
24 discussions and I know that the Mayor and the City
25 Council want to make sure that we include citizen

1 support. So that I know that they are forming a
2 committee to make sure that we address the needs and
3 the wants of our residents.

4 MR. BERNSTEIN: Thank you.

5 THE CHAIRPERSON: Any further questions?

6 Seeing none, I'll entertain a motion.

7 MR. SAWDON: Motion to approve.

8 MR. BERNSTEIN: Second.

9 THE CHAIRPERSON: Moved by Sawdon, support by
10 Bernstein to approve Resolution 16-322.

11 Any further comments?

12 Seeing none, all in favor of the motion, say
13 "aye".

14 BOARD MEMBERS: Aye.

15 THE CHAIRPERSON: Opposed, say "nay".

16 The motion is approved.

17 That concludes the business and action items
18 portion of the agenda. We now will hear the financial
19 quarterly report.

20 DEPUTY MAYOR DiSESSA: Thank you. I'll turn
21 that over to our Director of Finance, Nevrus Nazarko.
22 He's doing an outstanding job for us, in my opinion.

23 MR. DOSTINE: Thank you.

24 MR. NAZARKO: Hello, again. The quarterly
25 financial reports that were submitted timely to the

1 Treasury represent the activity for the first quarter
2 of the fiscal year ending on September 30, 2016. There
3 is nothing unusual to report. The expenditures are
4 tracking with the budget, trending with the budget, as
5 well as the revenues at this point in time.

6 There is an update from the time I submitted
7 those reports, and the update is that we did finish our
8 audit and submitted the financial statement, the
9 audited financial statements to the State of Michigan,
10 timely of course. They were submitted last week. And
11 we received a clean, unqualified opinion -- unmodified
12 is the term.

13 And the good news is that the fund balance
14 has gone up to \$14.1 million. However, the unassigned
15 fund balance is \$12,004,000, to be exact. That's the
16 good news.

17 However, I would like to caution the folks
18 who are looking at this information and to the Board
19 that the future, I am cautiously optimistic that we
20 will be able to maintain the current fund balance
21 because the -- there are some signs in horizon that the
22 fund balance may go down. And there I'll name two
23 major items that I know of as of today.

24 Our account before the City Council and
25 contact the TAB at some point next three months because

1 one of our TIFA funds, the one that we were discussing,
2 the Deficit Elimination Plan earlier, has a negative
3 capture. As a result, we had not budgeted for that,
4 not to have any capture at all. Therefore, the
5 contribution from general fund to the TIFA fund as of
6 today is expected to approach \$300,000 in addition to
7 what expenditures we have. And this is this fiscal
8 year. And the fiscal year starting -- remember, we
9 have two-year running budgets and we do have the budget
10 approved for '17/'18.

11 However, in the course of the two-year budget
12 that we presented to you last June, there is another
13 increase, the contribution to the Police and Fire
14 Pension System. That contribution was budgeted at \$2.1
15 million based on information I had at the budget time.
16 However, the -- the subsequent actuarial report pegs
17 the ARC contribution to \$2.9 million, for an increase
18 of \$800,000. And that, again, is going to affect next
19 year's budget.

20 The reason why I bring those items up before
21 the folks here and the TAB is because -- because I
22 don't want anyone to be lulled into this false idea
23 that the general fund, from a negative balance in 2012,
24 we're standing at \$14 million today but there are items
25 that the City did as one-time operations that we cannot

1 continue to operate on a skeleton crew.

2 For example, we have four unfilled positions
3 currently in City Hall and one of them is at the
4 director level approaching a salary of \$95,000 and the
5 other ones are of upgraded salary as well.

6 So what I'm trying to say is that this fund
7 balance that we increased from last year to this year
8 was as a result of a few factors that I do not see them
9 being in the same situation in the next few years.

10 So, although we are going to do our best to
11 have a balanced budget come April, March and April, and
12 I'm confident that we will, however, we have to remain
13 on alert and cautiously optimistic that we cannot allow
14 the cost overruns and we cannot allow this to get out
15 of whack to bring the situations that we had a few
16 years back.

17 So, with that, I'll conclude my comments on
18 financial statements.

19 THE CHAIRPERSON: Any questions for
20 Mr. Nazarko?

21 MR. SAWDON: Just curious about the increase
22 on the ARC payment on the Police and Fire Pension. Is
23 that a one-time issue or is it changes that are going
24 to be going forward every year?

25 MR. NAZARKO: That's a good question,

1 Mr. Sawdon. I believe that we're going to have an
2 issue the next three, four years that is going to
3 require a higher contribution and that is because the
4 plan, although it's closed, the amortization period of
5 the unfunded liability used to be 29 years and now it's
6 going down towards 20 because that's the acceptable
7 recommendation from the society of actuaries. And
8 that's one, you know, first major item that impacts the
9 increase in ARC.

10 The other one is that, in any given year, if
11 the stock market or the assets do not do well, we are
12 on hook to increase the contribution as well. So I see
13 that situation prevailing for the next two, three years
14 or at least that's what I'm planning on.

15 MR. SAWDON: Okay. Thank you.

16 MR. BERNSTEIN: So, to be clear, the
17 recommendation went from a 29-year amortization to a
18 20?

19 MR. NAZARKO: To 20. But -- and that's a
20 great question, Mr. Bernstein. Because the Board,
21 although I was the -- I vote against it, the Board
22 decided to lower that from 29 to 20 in one year.

23 As a result of that, this -- this ARC jumped
24 to \$2.92 million, \$2,920,000. And I went to the Board
25 and convinced them to review the issue again and the

1 Board agreed to have another report done that took the
2 amortization schedule from 29 to 27. And based on
3 their report, the ARC is going to go to \$2.4 million
4 from 2.1 budgeted. But that has not finalized yet.
5 I'm in the process of finalizing that with the Board.

6 And, if that's the case, again, I'm not going
7 to plan for \$800,000, I'm going to increase \$300,000
8 but that's something that has not materialized yet.
9 That's why I didn't bring that up before you. But
10 you're correct, we're going from 29 to 20, however they
11 changed their mind. Now we're going gradually one year
12 at a time instead of nine years in one year.

13 MR. BERNSTEIN: What was the recommendation
14 in prior years; was it 29?

15 MR. NAZARKO: It used to be 29 and it was 30
16 and then they started taking it down to one year at a
17 time, eventually to go to 20-year level. And the
18 Board, again, felt that they wanted to have the City
19 pay more money, basically; that's what that amounts to.
20 And therefore, they, the Board, voted to have that
21 amortization changed from the current 28 to 20.

22 MR. BERNSTEIN: Okay. Thank you.

23 MR. NAZARKO: You're welcome.

24 THE CHAIRPERSON: Any additional questions?

25 Thank you, Mr. Nazarko.

1 MR. NAZARKO: Thank you.

2 THE CHAIRPERSON: That concludes Item 3.
3 Next Item is Item 4, Public Comment. Pursuant to the
4 Board rules, you will have two minutes to speak.
5 Please approach the podium and identify yourself and
6 Mr. Dostine will announce --

7 MR. DOSTINE: Sure.

8 THE CHAIRPERSON: -- the lineup.

9 MR. DOSTINE: Now, Mr. Chair, we have two
10 requests. The first is Billie Swazer.

11 MS. SWAZER: Good afternoon. I'm
12 Billie Swazer.

13 THE CHAIRPERSON: Good afternoon.

14 MS. SWAZER: And my comment is about the 2017
15 CDBG grant that was approved on 12-8 of -- during that
16 Council meeting it was indicated that there are no City
17 buildings that belong to the City of Pontiac that need
18 to be demolished. So I -- and the only buildings in
19 the City that need to be demolished are either
20 industrial or Oakland County. So I don't see why we
21 are spending or setting aside 431,526 for the
22 demolition. Thank you.

23 THE CHAIRPERSON: Thank you, Ms. Swazer.

24 MR. DOSTINE: Mr. Chair, the next request
25 comes from Linda Hasson.

1 MS. HASSON: Good afternoon.

2 MR. DOSTINE: Good afternoon.

3 MS. HASSON: When I moved here to Pontiac in
4 2010, budgets were brought forward and elimination
5 plans, which included we don't pay the bill, you sue us
6 and we concede, judgment levies. I'm very concerned.
7 I've been watching the pattern of turning things into
8 judgment levies for several years. I've accumulated
9 quite a bit of documentation.

10 When I was at the School District, when they
11 had the MESSA situation where the healthcare was not
12 paid and it ended up as a judgment levy, that day when
13 I was there, the Attorney General's office was there
14 and he had agreed that these were not allowed to
15 happen, that they circumvented the Headlee Amendment.

16 So I'm asking you that, if any judgment
17 levies come down the pipe, you know, that we have a
18 very good conversation in regards to if they were prior
19 conspired. Because there was plans that were approved
20 by the State of Michigan Treasury to allow judgment
21 levies before suits were even filed. And this is a
22 great concern of legislators in Lansing that this will
23 be a trend.

24 And so I want to have that conversation with
25 you now in case any lawsuits come down the pike that it

1 would be automatically put on the taxpayers because I
2 do have records from 2010 until now that show that
3 plans were in the making to do this.

4 And I don't think it's right and I will
5 utilize my opportunity, as the Attorney General's
6 office said, to contact him if a judgment levy comes
7 down the pike. So, if it does, I want you to look at
8 it as careful as possible and have as much conversation
9 as possible.

10 Thank you.

11 THE CHAIRPERSON: Thank you, Ms. Hasson.

12 MR. DOSTINE: Mr. Chair, that concludes
13 public comments.

14 THE CHAIRPERSON: All right. Thank you,
15 Mr. Dostine.

16 Next item is Item 5, Board comment. Any
17 comments from board members?

18 MR. BURGESS: No.

19 MR. SAWDON: Not me.

20 MR. DOSTINE: So none. I'll entertain a
21 motion to adjourn.

22 MR. SAWDON: So move.

23 MR. BURGESS: Second.

24 THE CHAIRPERSON: Moved by Sawdon, support by
25 Burgess. All in favor of the motion, say "aye".

1 BOARD MEMBERS: Aye.

2 THE CHAIRPERSON: Thank you for coming.

3 We're adjourned at 1:41 p.m.

4 (Meeting was concluded at 1:41 p.m.)

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C E R T I F I C A T E

I, Mona Storm, do hereby certify that I have recorded stenographically the proceedings had and testimony taken in the meeting, at the time and place hereinbefore set forth, and I do further certify that the foregoing transcript, consisting of (36) pages, is a true and correct transcript of my said stenographic notes.

Date

Mona Storm
CSR-4460