

APPROVED - 8/26/14

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1 CITY OF PONTIAC
2 RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING
3 JULY 16, 2014
4 1:00 p.m.

5
6 Meeting before the RTAB
7 Board at 47450 Woodward Avenue, Pontiac, Michigan, on
8 Wednesday, July 16, 2014.

9
10 BOARD MEMBERS PRESENT:

11 Keith Sawdon
Robert Burgess
12 Edward Koryzno - The Chairperson
Louis Schimmel

13

14 OTHERS PRESENT:

15 Nevrus Nazarko
Joseph Sobota
16 Mayor Deirdre Waterman
Linda Hasson
17 Steve Burman
Mark Holland
18 Kermit Williams
Billie Swazer
19 Claudia Filler
Walter Moore
20 Pam Britton
Patrice Waterman
21 Mitchell Foltz

22

23 REPORTED BY: Mona Storm, CSR# 4460

24

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1 Pontiac, Michigan

2 Wednesday, July 16, 2014

3 1:01 p.m.

4 THE CHAIRPERSON: Good afternoon. It's 1:01

5 and I'll call the City of Pontiac Receivership

6 Transition Advisory Board Meeting to order.

7 Roll call, Mr. Cline.

8 MR. CLINE: Edward Koryzno.

9 THE CHAIRPERSON: Here.

10 MR. CLINE: Robert Burgess.

11 MR. BURGESS: Here.

12 MR. CLINE: Keith Sawdon.

13 MR. SAWDON: Here.

14 MR. CLINE: Louis Schimmel.

15 MR. SCHIMMEL: Here.

16 THE CHAIRPERSON: Next item is Approval of

17 Agenda. I'll entertain a motion to approve the agenda

18 as it is presented.

19 MR. SAWDON: I'll make that motion.

20 MR. BURGESS: I second.

21 THE CHAIRPERSON: It's been moved and

22 supported. Any discussion?

23 Seeing none, all in favor of the motion, say
24 "aye".
25 BOARD MEMBERS: Aye.

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1 THE CHAIRPERSON: All opposed, same sign.
2 The agenda is approved.
3 Next item is approval of minutes for the
4 June 18th, 2014 TAB meeting with noted corrections.
5 I'll entertain a motion to approve the draft minutes of
6 the June 18, 2014 meeting with the noted corrections.

7 MR. SCHIMMEL: I'll move.

8 MR. SAWDON: I second.

9 THE CHAIRPERSON: It's been moved and
10 supported. Any discussion?

11 MR. SAWDON: No.

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

14 BOARD MEMBERS: Aye.

15 THE CHAIRPERSON: Opposed, same sign.

16 The minutes are approved.

17 I note that we have some new faces in the
18 room this afternoon. And if you're interested in
19 speaking, I want to let you know that the sign up sheet
20 is in the back of the room on the table and, if
21 you're -- if your name is not on the sheet when the

22 public comment period is on the agenda, you won't be
23 recognized to speak. So if you are interested in
24 speaking, please sign, ~~sign~~ the sheet.

25 Next item is old business, Resolution 14-168,

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1 the GERS ordinance Amendment, IRS compliance. This
2 item was postponed or was considered and postponed at
3 the May RTAB meeting.

4 Mr. Cline, can you provide some background on
5 this for us, please.

6 MR. CLINE: Yes, Mr. Chairman, since the last
7 RTAB meeting, my office has spent quite a bit of time
8 trying to research this -- this issue and get more
9 information as to -- as to the background and the
10 ramifications of proceeding with a 420 transfer were
11 the city to undertake that.

12 And we had -- we had requested a number of
13 items from -- from the Pension Board which we received.
14 We did some of our own research. We even had a couple
15 of different conversations with city officials on this.
16 Looking at everything, I mean, there's really a couple
17 of different components to the whole issue. The way
18 we -- the way we reviewed this.

19 Uprising the 420 transfer itself, just making
20 it compliant with -- the City ordinance compliant with

21 IRS rules and everything, we did note that the attorney
22 to the Pension Board had recommended to the Pension
23 Board, as far back, we believe, as 2012 or '13, that
24 they get a couple of pieces of information, one of
25 which was to incorporate the components of a 420

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1 transfer and the pensions actuarial valuations.

2 The most recent valuation received on the --
3 on the pension funds do not include that information.
4 We also understand, according to IRS regulations, that
5 all employees in the system have to be a hundred
6 percent vested. Information that we received indicates
7 that there are currently 16 non-vested employees in the
8 system.

9 There was also a recommendation to acquire an
10 opinion from the attorney general's office ~~to~~, I guess,
11 determine or clarify how IRS regulations would be --
12 might be resolved with potential conflicts with state
13 law regarding pensions. The City has requested that
14 opinion but, at this date, we understand that it's
15 going to be at least six months before this opinion is
16 available.

17 Another component of this, as best we can
18 determine, is that the pension fund is involved or
19 participating in a program with the IRS called

20 Involuntary Correction Program. And what that is is
21 a -- a process by which a pension fund, if it is not
22 compliant with current laws or current rules, can issue
23 a corrective action plan to make itself in compliance.

24 We had asked for some background on that
25 because we weren't sure how that issue tied into

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1 authorizing a 420 transfer. And despite the
2 information that we received, we still have a few
3 questions on that. Because we're not -- we haven't
4 been able to specifically identify what issues the
5 pension plan was trying to correct when it entered into
6 this program but one of the things that it stated as
7 its corrective action was the implementation of a 420
8 transfer.

9 We're not totally sure, as I said, how that
10 relates to authorizing this or what the ramifications
11 are, if -- if this doesn't occur right away. But we --
12 we do note that there has been some information
13 communicated to us that there's a potential penalty
14 that could be levied against the City and the
15 Pension Board if they fail to implement this.

16 However, through our research and our
17 reading, we cannot determine specifically -- and I'm
18 not saying it's not there but we can't determine where

19 that levy is -- is issued or -- or authorized under the
20 IRS Code. So I think that entire component of this is
21 still somewhat murky to our staff.

22 We also looked at the number -- I believe
23 there were six, funding models proposed by the City
24 to -- to fund this potential transfer, were it
25 authorized and we did do a bit of analysis on that and

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1 you have a summary of -- of that in the memo that I
2 provided. And there was an additional report filed by
3 Mr. Dube from my office that talks about it in a little
4 more detail. But I think that there are still some
5 questions regarding potential funding of this -- of
6 this transfer and how the City could assure that it
7 could make all the payments that are necessary.

8 I think it's also worth noting that the IRS
9 Section Code 420 expires December 31st, 2021, which is
10 only seven years from now. And I'm not certain at all
11 if -- if utilizing this method will really move the
12 City any closer to -- to making sure that all its
13 retiree healthcare is funded using this process, if
14 after that date they can no longer utilize it. I
15 haven't seen any information that indicates where they
16 would be at, at that point.

17 I know this is a very important issue and I

18 think it's one that needs further research. But I
19 believe that -- and it does need resolution. But I
20 believe at this point, the RTAB, given that there are
21 pieces of information that the Pension Board attorney
22 has recommended be acquired, they have not been
23 acquired. I -- I don't see where the Board is in a
24 position where it can render a decision today on this
25 issue.

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1 So, therefore, what -- what our
2 recommendation was is that we continue to postpone this
3 final decision on this and we work with the City and
4 the Pension Board, perhaps have some sort of discussion
5 with the IRS and anyone else that we believe is
6 relevant to the discussion and try and work through
7 this and get a better understanding of it because I
8 know that the timeline for when it went from the
9 Pension Board to the City was relatively narrow and
10 then it was even tighter, I think it went to the City
11 in April and came to the Board in either May or June,
12 which hasn't provided a lot of time to -- May, I
13 believe --

14 THE CHAIRPERSON: That's correct.

15 MR. CLINE: -- to -- to really research this
16 in depth. So while we have gotten a lot of questions

17 answered, I believe we still have additional questions
18 pending, as far as the ramifications of all of this.
19 And I -- and I don't believe my office is in a position
20 to provide the Board any more detail on it than what
21 we've already provided, so --

22 THE CHAIRPERSON: So if -- if the Board were
23 to make a motion to ask for additional information,
24 what would you recommend?

25 MR. CLINE: Well, I think, at a minimum, we

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1 can certainly communicate this with the City. But
2 there were some memos transmitted from the Pension
3 Board back to the IRS in 2013, in May and November, I
4 believe. And as I read those memos, I don't believe
5 that we were provided copies that had all the

6 attachments that were sent. So I think that would
7 be -- that would be very beneficial.

8 By our understanding of the IRS process,
9 there are two forms out there called Form 8950 and 8951
10 which allows a program to enter this voluntary
11 compliance program. I think that would provide us a
12 lot of background information that we're lacking and I
13 think that would be very beneficial.

14 I think that we need some additional
15 financial information on, like, the dollar amount and

16 the interest being generated by the pension plans. I
17 think that we need some information -- let's see. I
18 had a list here. And I think we need some more
19 information on the actuarial valuations.

20 So unfortunately this is one of those issues
21 that, it seems like to some degree, the more
22 information we get, the more questions we have. But at
23 the moment, that's -- that's what it looks like we're
24 going to need to move this along. And I think what
25 it's going to take is it's going to take some

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1 additional collaborative conversations with the City
2 and the Pension Board. And -- and possibly the Federal
3 Government to really know how to proceed clearly with
4 this.

5 THE CHAIRPERSON: Thank you. Any questions
6 from the board members for Mr. Cline?

7 MR. SCHIMMEL: Well, Mr. Cline, I -- it just
8 seems to me there's one question is all I have on the
9 420 transfer before you go through all of this other
10 stuff and legal opinions and so on. The one question
11 is, does the City have to make up the difference if the
12 420 contribution is insufficient? And the answer that
13 I've gotten all along is absolutely, they do.

14 So if you can't get over that hurdle, from my

15 standpoint, that's a potential to bankrupt the City.
16 So, to me, it's kind of down to one question. If you
17 can't get over that hurdle, all the rest of the
18 questions don't matter. That's just my comment.

19 MR. CLINE: I understand. My -- my
20 understanding, at the moment, is that the City Attorney
21 has indicated that the City would have to make up that
22 difference.

23 MR. SCHIMMEL: That -- that's where I -- now,
24 if we're wrong, see the mayor came here last week and I
25 agreed with her recommendation, except that that was

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1 the hurdle. In other words, the recommendation was
2 great, I agree with what she recommended, except it's
3 illegal. That's the only problem, I think, she has, I
4 have and we all have.

5 THE CHAIRPERSON: Further discussion?

6 I'll entertain a motion.

7 MR. SAWDON: I'll move for postponement.

8 MR. SCHIMMEL: I'll support it.

9 THE CHAIRPERSON: All right. Let me suggest
10 that we might want to include in that motion the
11 request for the additional information that Mr. Cline
12 had mentioned. So I would say that we -- we would ask
13 for -- and this would -- would include but not be

14 limited to the attachments submitted with the May 24,
15 2013 and November 8th, 2013 letters to the IRS from the
16 GERS board. The -- I completed IRS form 8950 and 8951,
17 the letter requesting IRS Section 420 required
18 actuarial report components to the actuary and the
19 dollar amount of the interest being generated from the
20 pension plan excess for the past five years. And will
21 the maker of the motion accept that Amendment?

22 MR. SAWDON: I accept it.

23 THE CHAIRPERSON: All right. Okay. Any
24 further discussion?

25 All right.

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1 All in favor of the motion, say "aye".

2 BOARD MEMBERS: Aye.

3 THE CHAIRPERSON: Opposed same sign.

4 The motion is approved.

5 Next item is Resolution 14-169, GERS

6 ordinance Amendment 420 transfer.

7 Mr. Cline, can you provide some background on
8 this, please.

9 MR. CLINE: Well, this was sort of the second
10 piece of what the city proposed, which this Amendment
11 would actually permit them to be able to make those
12 transfers. And though our recommendations were sort of

13 wrapped up in the previous dates would more or less
14 encompass this. Because, if we can't specifically
15 determine the ramifications and requirements necessary
16 to move forward with a 420 transfer, I don't see how we
17 can authorize it.

18 So what we're recommending is, at this time
19 until we can get everything clarified, is to just
20 postpone this as well. Because they wouldn't be able
21 to proceed, anyway, because we haven't taken action on
22 the prior items so we would -- we are recommending
23 postponement of this issue until the other item is
24 resolved.

25 THE CHAIRPERSON: Any questions from the

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1 Board for Mr. Cline on this?

2 I'll entertain a motion.

3 MR. SCHIMMEL: I'll move.

4 MR. SAWDON: Support.

5 THE CHAIRPERSON: Been moved and supported to
6 postpone this request until the prior motion -- or the
7 prior issue regarding the 420 transfer is resolved.

8 Any discussion? All in favor of the motion,
9 say "aye".

10 BOARD MEMBERS: Aye.

11 THE CHAIRPERSON: Opposed, same sign.

12 The motion is approved.

13 Item C, Resolution 14-213, appointment of

14 Brent Sykes as ZBA Alternate. I'll entertain a motion.

15 MR. SCHIMMEL: I'll move.

16 MR. SAWDON: Support.

17 THE CHAIRPERSON: It's been moved and

18 supported to approve this request. Any discussion?

19 Seeing none, all in favor of the motion, say

20 "aye".

21 BOARD MEMBERS: Aye.

22 THE CHAIRPERSON: Opposed, same sign.

23 The motion to approve Brent Sykes as ZBA

24 Alternate is approved.

25 Item D, Resolution 14-232, Resolution from

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1 Council regarding the 2015/'16 budget.

2 Mr. Cline?

3 MR. CLINE: Mr. Chairman, I'd just like to

4 point out on this particular issue, this was a

5 resolution adopted by the City Council regarding

6 compliance with the City Charter, I believe. But I

7 haven't really received any clear indication from the

8 City as to the exact purpose of this resolution. And

9 cognizant of the fact that we don't want to

10 inadvertently adopt anything that could be in violation

11 of an emergency manager -- standing emergency manager
12 order, I -- I am recommending denial of this
13 resolution.

14 I don't see any -- any ramifications for
15 denial. And if the City feels it's important, I'm
16 certain that they would -- they would readopt it with a
17 little more clarity and resubmit it and I have no
18 problem looking at it again. But at this time I feel
19 that the language is rather vague and confusing and
20 I -- just to ensure that we don't have any unintended
21 consequences, I would recommend that we reject this
22 resolution.

23 THE CHAIRPERSON: Thank you.

24 MR. CLINE: And I just want to just for
25 clarity, this does not affect the status of their

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1 proposed '15/'16 budget, which is still -- still
2 pending approval by this Board. This is just merely a
3 resolution and this is how it was titled in the City
4 Council meetings so we just copied that verbiage. So I
5 just wanted to clarify that for the record.

6 THE CHAIRPERSON: Any questions for
7 Mr. Cline?

8 All right. I'll entertain a motion.

9 MR. SCHIMMEL: I'll move.

10 MR. SAWDON: Support.

11 THE CHAIRPERSON: It's been moved and
12 supported to deny this resolution. Any further
13 discussion?

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

16 BOARD MEMBERS: Aye.

17 THE CHAIRPERSON: Opposed, same sign.

18 The motion is approved.

19 Next item is Resolution 14-234, Budget and
20 2014 Tax Rate.

21 Mr. Cline?

22 MR. CLINE: After the last meeting, Mr. Dube
23 and I from my office came down and we met with Mayor
24 Waterman and the City Administrator and Finance
25 Director and looked in depth at the proposed '14/'15

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1 budgeted to clarify some of the confusion on the
2 information that -- that was presented and looked at
3 the numbers. And Mr. Dube has provided -- he did some
4 follow-up with the City after our meeting and provided
5 a short report for the Board.

6 We are satisfied that the recommended budget
7 Amendment is satisfactory. There were a number of
8 projects slated for this past ^{Fiscal} physical year that did

9 not occur and will be picked up in this fiscal year
10 which led to some adjustments in the numbers. We want
11 to remind the Board that this would be a recommendation
12 to the State Treasurer to amend the '14/'15 budget,
13 which is part of their two-year budget that was adopted
14 by the emergency manager prior to his departure. So we
15 will need to get State Treasurer approval on that.

16 THE CHAIRPERSON: Okay. Thank you.

17 Any questions for Mr. Cline from the Board?

18 I'll entertain a motion.

19 MR. SAWDON: I move it.

20 MR. BURGESS: Support it.

21 THE CHAIRPERSON: Okay. It's been moved and
22 supported to recommend to the State Treasurer that
23 Amendment to the City's fiscal year 2014/15 budget be
24 approved as proposed by the City.

25 Any further discussion?

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1 All those in favor of the motion, say "aye".

2 BOARD MEMBERS: Aye.

3 THE CHAIRPERSON: Opposed, same sign.

4 The motion is approved.

5 Next item is Senior Center reorganization.

6 Mr. Cline?

7 MR. CLINE: This was postponed from -- pardon

8 me -- postponed from the last meeting. City
9 Administrator was recommending some reorganization of
10 the staffing at the Senior Center. We, at the staff
11 level, would like to get some -- some additional
12 information, just to -- you know, providing some
13 further justification and clarity on this request and
14 what the financial implications of this reorganization
15 would be.

16 Given some of the other issues that had been
17 before us today, we haven't completely gotten there
18 with this request. So we believe -- or we would like
19 to recommend a further postponement of this item until
20 the next meeting. We don't believe it would create any
21 undue complications for the City but we want to make
22 sure that we have all of our questions answered. So
23 I'm recommending an additional postponement.

24 THE CHAIRPERSON: Any questions for
25 Mr. Cline?

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1 Seeing none, I'll entertain a motion.

2 MR. SAWDON: I'll make that motion.

3 MR. SCHIMMEL: I'll support it.

4 THE CHAIRPERSON: It's been moved and
5 supported to postpone the request for the Senior Center
6 reorganization. Any further discussion after the

7 motion?

8 Seeing none, all in favor of the motion, say

9 "aye".

10 BOARD MEMBERS: Aye.

11 THE CHAIRPERSON: Opposed, same sign.

12 The motion is approved.

13 Last item of old business is the creation of

14 a Right-of-Way inspector position. The City

15 Administrator has asked that this request be withdrawn

16 at this time. Therefore, no further action is

17 necessary.

18 New business. Approval of resolutions and

19 ordinances for City Council meetings. The June 12th,

20 2014 regular meeting. I'll entertain a motion to

21 approve all the City Council resolutions from this

22 meeting.

23 MR. SAWDON: I'll make that motion.

24 MR. BURGESS: Support.

25 THE CHAIRPERSON: It's been moved and

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1 supported. Any discussion?

2 Seeing none, all those in favor of the

3 motion, say "aye".

4 BOARD MEMBERS: Aye.

5 THE CHAIRPERSON: Opposed, same sign.

6 A motion to approve the June 12, 2000 (sic)
7 regular City Council meeting minutes are approved.

8 Next item, the June 19th, 2014 regular
9 meeting. I'll entertain a motion to approve all City
10 Council resolutions from the June 19th, 2014 meeting.

11 MR. SAWDON: I'll move it.

12 MR. BURGESS: I'll support.

13 THE CHAIRPERSON: Okay. Been moved and
14 supported. Any discussion?

15 All those in favor of the motion, say "aye".

16 BOARD MEMBERS: Aye.

17 THE CHAIRPERSON: Opposed, same sign.

18 The June 19th, 2014 regular meeting is
19 approved.

20 Next item, the June 26, 2014 regular meeting.

21 Entertain a motion to approve all City Council

22 resolutions from the June 26th, 2014 meeting.

23 MR. SCHIMMEL: I'll move.

24 MR. SAWDON: Second.

25 THE CHAIRPERSON: It's been moved and

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1 supported. Any discussion?

2 Seeing none, all in favor of the motion, say

3 "aye".

4 BOARD MEMBERS: Aye.

5 THE CHAIRPERSON: Opposed same sign.
6 June 26, 2014 regular meeting is approved.
7 Next item is the July 3rd, 2014 meeting.
8 I'll entertain a motion to approve all the City Council
9 resolutions from the July 3rd, 2014 meeting.
10 MR. SCHIMMEL: I'll move.
11 MR. BURGESS: Support.
12 THE CHAIRPERSON: Moved and supported.
13 Discussion?
14 All those in favor of the motion, say "aye".
15 BOARD MEMBERS: Aye.
16 THE CHAIRPERSON: Opposed, same sign.
17 The July 3rd, 2014 regular meeting is
18 approved.
19 Next is City Administrator items. Item 1 is
20 the Senior Center reorganization which was addressed
21 under old business.
22 Item 2 is creation of the Right-of-Way
23 inspector position. This was addressed as well under
24 old business.
25 Next item is the August 20, 2014 RTAB meeting

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1 date change. A board member has a conflict on the
2 August 20th, 2014 regular meeting date and it's
3 suggested -- it's been recommended to change the next

4 meeting from August 20 to August 26, 2014.

5 MR. SAWDON: I'll move.

6 MR. BURGESS: Supported.

7 THE CHAIRPERSON: Been moved and supported.

8 Any further discussion?

9 Seeing none, all those in favor of the

10 motion, say "aye".

11 BOARD MEMBERS: Aye.

12 THE CHAIRPERSON: Opposed, same sign.

13 The motion to change the August meeting has

14 been approved.

15 Next are Non Action Items, Monthly Financial

16 Report for June 2014.

17 Mr. Nazarko.

18 MR. NAZARKO: Good afternoon --

19 THE CHAIRPERSON: Good afternoon.

20 MR. NAZARKO: -- members.

21 The quarterly financial reports were

22 submitted to the City Administrator and to the TAB in a

23 timely fashion and are -- the summary of those is in my

24 memo that -- on the cover of the reports.

25 The June 30, 2013, the report -- and month,

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1 as we all know, because it's the end of the fiscal year

2 for the City of Pontiac for the financial statements,

3 the reports indicate that we ended the year on a
4 positive note, meaning that, with the information we
5 had at hand, at the time we prepared the reports, we
6 had met all the budgeted -- we did not exceed, I should
7 say, the appropriations and the revenues came in as
8 budgeted, as a matter of fact, a little bit higher.

9 So the -- the -- we're preparing to go
10 through the audit process, met with the auditors last
11 month to have a timeline and they, at least, advised us
12 what they want from us and this was done with the
13 purpose to avoid being very close to the deadline
14 producing financial statements.

15 We do have a very aggressive deadline that
16 has not been the norm in the past. However, this year,
17 we are confident that we will produce the financial
18 statements and the audit that comes with that sometime
19 in November. And I don't want to have a deadline but
20 it's not going to be past November, I can assure you
21 that.

22 The cash flow projection that has been
23 provided to the Board as required by the Order of --
24 the Emergency Management Order S34 indicates that in
25 the next six months we are not going to face any cash

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1 flow issues. However, the cash flow is prepared for

2 the next 12 months. But as we know, with the
3 limitations that come with that projection, I cannot
4 say with certainty that past December 31st we're not
5 going to. However, the cash flow presented to you
6 indicates that we're not going to face next year any
7 cash flow shortages issues.

8 Other than that, there are a few items that
9 we're in the process of clearing up, outstanding debt
10 from the past reports and they have been indicated in
11 the previous reports as well. And the major ones are
12 the receivables for the income tax and the receivable
13 from the school district. We're working on both those
14 cases and will have more updated information in the
15 next monthly report.

16 We are going to and we are anticipating to
17 end the year in a positive fund balance to -- to add to
18 the previous year's fund balance, positive fund
19 balance, in the general fund, for sure and the other
20 major funds that are under our control. So those were
21 the major items that I'd like to present today.

22 However, my memo has more details when it
23 comes to those numbers that I presented in the reports
24 and I'll be happy to answer any questions you have in
25 that regard.

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1 THE CHAIRPERSON: Any questions for
2 Mr. Nazarko?

3 Okay. Thank you, Mr. Nazarko.

4 Next item is the quarterly report. Just a
5 reminder to the City that submission of a separate
6 written quarterly report was requested.

7 MR. SOBOTA: Chairman, that was the quarterly
8 report as well.

9 THE CHAIRPERSON: Okay.

10 MR. SOBOTA: The financial and the quarterly
11 were all included in the same packet.

12 THE CHAIRPERSON: I missed that. I'm sorry.

13 MR. CLINE: Mr. Chairman, I'm sorry, we had
14 made a note in there to make sure that we had that and
15 we forgot to remove it so my apologies on your note for
16 that.

17 THE CHAIRPERSON: All right. Next item is
18 the Mayor's report. Mayor Waterman.

19 MAYOR WATERMAN: Yes, gentlemen.

20 THE CHAIRPERSON: Good afternoon.

21 MAYOR WATERMAN: I'll start -- good afternoon
22 to you. I'll start by talking about the position of
23 the Deputy Mayor, which, after the process that we've
24 gone through for a selection of Deputy Mayor, it has
25 been posted now by the MML, it's been on the website

S T O R M R E P O R T I N G

1 for about a week now. So we are having inquiries and
2 are going to go through that process. No one is
3 happier than me that we are in the process and finally
4 going to get that position filled. I've been pedaling
5 as fast as I could with all the things going on with
6 the City, fortunately, with the message of Discover the
7 Spirit of Pontiac, that certainly has unleashed a lot
8 of energy, a lot of people want to come forward to work
9 on behalf of the City.

10 A lot of investors, both current businesses
11 and new businesses are coming and investing in the
12 City. Developers are looking at the City now as an
13 opportunity for investment. So that is certainly one
14 of the skill sets that I had written into this
15 newly-described position of Deputy Mayor in order to
16 help with the development, economic development of the
17 city.

18 Because that is one of the ways we will help
19 to build our revenue. You know, there is so far that
20 you can cut expenditures and then you need to build
21 revenue. And economic development is a sureful way to
22 do this and that's where a lot of the energy and a lot
23 of the direction of my administration has been led
24 toward.

25 Now, let's talk about the budget. And I kind

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1 of rewrote parts of my report as you were going through
2 your agenda today. I'm very happy that you did pass
3 the Amendment to the '14/'15 budget. And I'm glad that
4 that cleared up. I think at the last meeting there was
5 some reports that there were some perceived
6 discrepancies. We did resolve that.

7 I think it was just a matter that somehow the
8 left hand didn't tell the right hand what was going on
9 and the Treasury didn't know that there had been some
10 Amendments, from what I understand previously so
11 weren't looking at the same figures that we were.

12 So we were able to clarify all that. And I
13 think I just wanted to clear the air that there was
14 no -- because there was some negative verbiage about
15 the way that '14/'15 budget Amendment had been
16 configured, that we just wanted to indicate that that
17 was not a discrepancy, that was just a matter of
18 miscommunication or not all the information was had.
19 So we're happy to have that done.

20 And we would like to see if you can have any
21 hand in kind of getting Treasury to expedite their
22 sign-off on that as well. Because until that is
23 actually approved by Treasury, we won't be able to
24 access the actual funds. And there's some City ~~VG~~ CDBG
25 funds I would like to use very much to help with

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1 cleanup of the neighborhoods. And that is part of what
2 we'll be able to access once this Amendment has been
3 approved by Treasury.

4 So I know, some of these, Treasury can
5 respond quickly sometimes and it takes a longer time at
6 other times. So to the extent that this August body
7 can help with making sure that gets approved sooner
8 rather than later, we would appreciate that and it
9 would certainly help the programs that are going forth
10 here in the City.

11 You did hear the Finance Director's report
12 about the '13/'14 budget. And I just want to
13 underscore what he said, in terms of as we're looking
14 at the final figures, that we will as a result of that
15 budget now have a \$2 million fund balance, much more
16 than we were anticipating certainly and move forward
17 from '13 and '14.

18 And I also, as we do the calculations here,
19 indicate that fund balance will be halfway toward
20 creating that 15 percent surplus funds, 15 percent of
21 revenue, that's halfway there. So that's a stride
22 forward, certainly a way to go. But at least that is
23 something to be positive about.

24 I'm also looking at that \$2 million that is

25 in the parking enterprise fund that's being held for

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1 the demolition of the Phoenix Center because, if I had
2 another way or didn't have to expend that for \$2
3 million, I certainly would be able to add that to our
4 fund balance and I would be there. That would be one
5 of the benchmarks we would have achieved. So that's
6 why I'm looking very jealously at that money and seeing
7 if there's other ways to accomplish that, which allows
8 me to segue to the Phoenix Center.

9 The most recent accomplishment was that we
10 opened the tunnel connecting east and westbound
11 Orchard Lake, much to the happiness of citizens such as
12 myself who have been inconvenienced by that, we were
13 able to find a way to fund that on -- and repair the
14 lighting and the electrical systems there with the help
15 of both the DPW, the Building and Safety Department as
16 well as the Alba Tower owners as well as have to go
17 through several sets of attorneys to get this done.
18 But that has been accomplished and I think that is an
19 idea that we can look for ways to augment the
20 situation.

21 There have been some other options proposed.
22 The paradigm has changed since the emergency manager
23 was here. I continue to explore those to vet options

24 for how we deal with that development of that part of
25 the city. Nothing that we have had a chance to really

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1 explore fully or to look into the parameters. But
2 certainly that is part of what the negotiations that
3 are going on, as we pursue that.

4 As far as retiree health, we did talk
5 extensively about the 420 transfer. And based upon the
6 decisions that were made, they had postponed that issue
7 again for further discovery, it just -- I think the
8 thing that I'm most concerned about is now we're in
9 this penalty period. And the way I understand it the
10 penalty accelerates for not having met certain of the
11 IRS qualifications for tax exempt status to the range
12 of about \$15,000. And for me, it's just who gets to

13 pay that and who's responsible. And that's just
14 something I would have to make further inquiries about
15 because anything that affects the bottom line is
16 something of concern to me.

17 But we are continuing to investigate options
18 for settlement of retiree health care. I think the
19 list that Mr. Cline was talking about that we had sent
20 was a spreadsheet that the Finance Director had
21 prepared, in which he was talking about options.

22 As we initially sat down with talks -- with

23 the attorneys and with representatives of the various
24 health insurance boards -- retiree boards, rather, we
25 looked to see whether there were -- what the total

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1 options were for solving or possibly other alternatives
2 for solving this -- this litigation and these problems.

3 So we came up with seven, and those were not
4 just related to the 420 transfers, as we stated, those
5 were just options for an overall solution. Some of
6 those, of course, were more workable than others but we
7 thought until we had everything on the table, that we
8 needed to do that as complete edification of this
9 issue.

10 Now, the city attorneys have enlisted further
11 expertise and help so that we can further vet what the
12 other options are and including that 420 transfer. I
13 understand there's still one other solution about that.
14 I don't know what the answers are. This is an area of
15 expertise even the city attorneys aren't aware of so
16 that's why we have elicited other help to be able to
17 find whether the options are available.

18 And lastly, police and fire ^{YEBM} ~~Aviva~~, after
19 initial discussions with the Finance Director who had
20 some questions about how the actuarial valuations were
21 being considered and he's waiting for further

22 information about that. So pending that, we are
23 assuming that we will have further talks.
24 And the -- the blight, which I'm trying to
25 work very hard on removing in the city, that's very

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1 much a part of economic development. Because having
2 strong communities helps to entice economic development
3 in your community as well. So that's where we would
4 like to start using the city ^{CDBG} ~~VG~~ money. We've had help
5 from the Pulte organization and we're about to start a
6 city-wide survey to, again, expedite the removal of
7 blight in this community. That was one of the areas of
8 responsibility you gave me to work with.

9 And one of the things I've been able to do is
10 to find out where the bottlenecks were in the processes
11 from identifying condemned properties, blighted
12 properties to being able to actually get them
13 demolished and get them off the roles.

14 So we have found where the bottlenecks are,
15 gotten help from the utilities, strengthened that
16 referral process and completion process. And I think
17 at this point, we have had a hundred -- plus a hundred
18 some residences out for contract at this point to be
19 demolished.

20 We are also looking at nonstructural blight

21 in the communities, these -- then we have vacant
22 properties that need to be cared for, we have to find
23 funding for that. And we've had a number of nonprofit
24 organizations to step up to the plate to help us do
25 that, absent real funding.

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1 So we're proceeding on a number of fronts. I
2 ~~think~~ ^{thank} the Pulte organization as well as all of those
3 who stepped forward, we have a magnificently configured
4 blight taskforce as well as subcommittees who are
5 working on that issue. We are attacking blight in the
6 Pontiac community full force. And I am happy to report
7 the success we've achieved so far on that. Thank you.

8 THE CHAIRPERSON: Any questions from the
9 Board for Mayor Waterman?

10 Thank you, Mayor.

11 City Administrator report, Mr. Sobota.

12 MR. SOBOTA: Good afternoon.

13 THE CHAIRPERSON: Good afternoon.

14 MR. SOBOTA: I want to point out a couple of
15 items of note with our financial statements that will
16 help you in determining exactly where the City is as of
17 June 30th. Number one, we have accrued our State
18 revenue sharing for the final payment for the year so
19 that information is included in financials. We have

not accrued our final property tax settlement. We need additional detail from the County Treasurer to make that journal entry.

However, the cash flow statement identifies what that revenue will be, that cash is not indicated on our balance sheet. So, if you took that cash that

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we have not yet recorded on our cash flow and added it to our balance sheet, you will be pleasantly surprised what the fund balance is as of June 30th, ²⁰¹⁴2013. However, we still have adjustments that need to be made.

The reason for the significant increase in fund balance was primarily as a result of Mr. Nazarko's diligence in reviewing the contribution that was anticipated to be made to the police and fire pension fund. And as a result of his diligence, the general fund was saved \$1.4 million this fiscal year.

Keep in mind that we're talking about \$350,000 to make the contribution next fiscal year. So the net savings to the City on the balance sheet is about \$1.1 million.

We also determined that the tax increment finance authority as a result of the audit had approximately \$200,000 in fund balance as of June 30th,

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19 2013. As a result of that, the City's contribution to
20 supplement the bond payments will be reduced by at
21 least \$200,000. And once we have the final charge-back
22 numbers confirmed for the TIF districts, it's possible
23 that that savings may be even greater and I fully
24 anticipate that.

25 Overall, it appears as though, when we back

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1 out what we do not anticipate receiving by August 31st,
2 and by recording what we already have received or will
3 receive by August 31st, the City's general fund revenue
4 will be approximately \$200,000 more than anticipated
5 for the budget.

6 So as a result of those significant -- and I
7 will call those one-time financial transactions, the
8 City's financial position for the ~~General~~ ^F fund will be
9 very healthy on a going-forward basis and, as a result
10 we, won't -- do not anticipate having any cash flow
11 difficulties.

12 We are in the process of performing a
13 critical review of our accounts receivable and our
14 liabilities. Now that we are no longer in
15 crisis-operation mode, we have a little bit more time
16 to dedicate to the thorough analysis of the various
17 accounts and charges on the City's books. So this is a

18 good period of time, up until the audit, that we will
19 use for the purpose of clarifying.

20 On the other hand, we did discover that the
21 City's insurance fund, fund balance, is rather
22 significantly overstated. We have determined that
23 items have been billed and are seen on the financials
24 as receivable, but, in fact, have been paid but the
25 receivable was not relieved. So we are determining

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1 what was the cause of that situation, so that ~~that~~ fund
2 is not overstated in the future. That's the good news.

3 Unfortunately, we do have a little bad news.
4 We had a periodic audit of petty cash that was done
5 before the end of the fiscal year and it was discovered
6 that we have a difference of \$250 from what was
7 recorded on the general ledger. Mr. Nazarko and I
8 investigated the situation and we are unable to
9 determine, based on the procedures that were used in
10 prior petty cash audits, whether the money was stolen
11 or if the money never existed in the first place. So
12 as a result of our investigation, we have reviewed our
13 internal controls and have instituted new controls to
14 ensure that this situation does not occur again.

15 Going back to some positive news, it appears
16 as though we are in a good position to have a couple of

17 our workers' compensation claims settled within the
18 next couple of months as well as some additional
19 lawsuits. That will reduce the overall liability of
20 the City on a going-forward basis. And if we continue
21 to settle these cases well below the anticipated
22 levels, that means that the City's contribution from
23 the ~~G~~eneral ~~F~~und to the workers' compensation and the
24 insurance funds will not be required to be as high as
25 budgeted. So we have some potential savings that we

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1 could potentially realize in the forthcoming years.

2 And that would conclude my report, unless the
3 Board has some questions.

4 THE CHAIRPERSON: Any questions for

5 Mr. Sobota from the Board?

6 That you, Mr. Sobota.

7 Next item is Public Comment. You will have
8 two minutes to speak and please state your name for the
9 record and Mr. Cline will be the timekeeper.

10 Linda Hasson.

11 Is that correct, Ms. Hasson?

12 MS. HASSON: Yes.

13 THE CHAIRPERSON: Then you won't need to
14 repeat it.

15 MS. HASSON: Good afternoon.

16 THE CHAIRPERSON: Good afternoon.

17 MS. HASSON: I have -- I'm glad that you're

18 doing your due diligence in looking out to see about us

19 having a good, solid budget. I have some concerns in

20 regards to the situation with the GERS Board. I was

21 recommended to possibly ask some questions of

22 Mr. Schimmel. But I realize here that there are some

23 pending lawsuits so I don't know if those questions can

24 be answered. I'm perplexed because on July 24th, 2013,

25 the GERS Board had a resolution, a Resolution 13-062 by

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1 Moore, supported by Gaffney, resolved that the Board

2 approves the City's request for a cost study to

3 implement a \$400 per month increase to pension benefits

4 for two years for all retirees of the system effective

5 September 1st, 2013 and it says the vote was yes, six.

6 And the trustees present were Kone Bowman, Janice

7 Gaffney, Robert Givens, Walter Moore, John Naglick and

8 Patrice Waterman.

9 I'm perplexed in regards to this lawsuit and

10 because of what I'm looking at is that these things

11 were voted on by certain parties in agreeance with some

12 of these aspects. So I just know that this is a very

13 contentious situation, it needs to be looked into very

14 carefully. And I am looking for any sense of, you

15 know, direction, that may be appease-able -- good,
16 whatever, to have certain things looked at and see what
17 the situation is and what the options are.

18 Because I do want to see the retirees get
19 their healthcare. But we want to do it in a certain
20 way so that everybody can prosper, hopefully.

21 Thank you.

22 THE CHAIRPERSON: Thank you, Ms. Hasson.

23 Stephen Burman.

24 MR. BURMAN: Good afternoon.

25 THE CHAIRPERSON: Good afternoon.

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1 MR. BURMAN: I thank you for this opportunity
2 to bring my problem to this Board. I am a homeowner
3 here in Pontiac. I bought my house in 2012, October,
4 from the Oakland County foreclosure auction. At that
5 time, I completed all the paperwork necessary.
6 However, in November 2013, I added my partner's name to
7 the title. At that time, I have been notified this
8 year I should have filed a personal transfer of assets
9 with the City. I wasn't aware of that at the time.

10 When I did the paperwork with the County,
11 they informed me there were no fees involved and I had
12 done everything I needed to. Now, two years later,
13 I've been notified on my taxes this year that I had

14 been assessed a transfer penalty of \$200 for not filing
15 this paperwork with Pontiac in 2013.
16 I don't feel that this is justified. I did
17 everything I could to make sure that all fees were
18 taken care of, everything I should have done on my part
19 were taken care of. I was never notified by the City
20 or any office of the City that this paperwork needed to
21 be done or that there was a fee. I would have been
22 happy to do it and pay it. I'm happy to pay taxes.
23 I'm ready to pay my taxes this year but I don't want to
24 do that until I have this issue settled. And I need to
25 have it settled before Monday; that's when my taxes are

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1 due.
2 I've gone from the Treasurer's office, the
3 Clerk's office, the City Council, just about everybody
4 I could talk to. And the City Council informed me
5 today that they can't do anything because the emergency
6 manager's -- whatever they are, have their hands tied
7 financially in this matter and they can't do this.
8 I was also informed today that the City has
9 no assessing office so I'm wondering who assessed my
10 taxes in the first place. So I'm asking this Board to
11 please help me to get this removed from my taxes so I
12 can go ahead and pay my taxes. And I need an answer as

13 soon as possible. Monday's coming fast.

14 Thank you.

15 THE CHAIRPERSON: Thank you, Mr. Burman.

16 Mark Holland.

17 MR. HOLLAND: Good afternoon.

18 THE CHAIRPERSON: Good afternoon.

19 MR. HOLLAND: To this Board, you know, I

20 guess my issue is regarding Charley Harrison, III and

21 Kone Bowman. And them articles that was put in the

22 paper regarding their personal business was quite

23 embarrassing. And they have families as well and these

24 are great guys. You have Charlie Harrison, III whose

25 dad was a State Rep, who was also mayor in this

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1 community. And Kone Bowman's uncle was a judge in

2 Circuit Court and he was also, Kone was also a

3 Councilperson. And to embarrass them regarding the

4 default, which is not a default, they are making

5 payments.

6 And the reason why I'm bringing this up is

7 because I'm trying to have a meeting with these

8 individuals with the subcommittee to find out solutions

9 for GERS. What I mean by that, to figure out how can

10 we help the healthcare get reestablished in our City.

11 And every time I try to have a meeting, I am told that

12 Mr. Harrison and Mr. Bowman are not members of that
13 Board.

14 But from my understanding, they will be
15 members of this Board until the City Council, which I
16 am a part of, will replace them. And I don't see us
17 replacing them because they are very outstanding
18 individuals.

19 So what I'm asking this TAB to do is to call
20 Dustin at the Oakland Press to recant or put out an
21 apology to those two individuals and their families
22 regarding that default, which is not -- they're not in
23 default. They have made payment arrangements and to
24 give them recognitions that they are a part of that
25 Pension Board so we can sit to the table with the

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1 Council, a subcommittee and figure out a viable plan
2 with the GERS as far as healthcare retirees.

3 They have that money. They want to help us.
4 They definitely want to be a part of the process and
5 I'm asking this TAB to do what's right regarding their
6 families. Thank you.

7 THE CHAIRPERSON: Thank you, Mr. Holland.

8 Next individual is Kermit Williams.

9 MR. WILLIAMS: Good afternoon TAB Board. I'm
10 Councilman Kermit Williams. Good afternoon to the

11 citizens of Pontiac. I'm going to speak because I know
12 you guys have deferred on the 420 to next month or
13 whatever. So I'm going to hold those comments. The
14 two concerns is Item Number 2 under Section B, under
15 the City Administrators, the creation of the
16 Right-of-Way Inspector position. I know it was, I
17 guess, deferred or taken off the table for today.

18 But I think that position would -- if it was
19 created, will be a huge benefit to our city because we
20 no longer really have DPW staff to take care of the
21 issues. There's nobody going out, checking our
22 right-of-ways and following up with the contractors
23 that we have in the city. And if that can be funded
24 through Act 51 money and not out of General Fund money,
25 I don't see why that wouldn't be a win/win situation

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1 for the City.

2 The second thing I want to concentrate on is
3 in the Mayor's report she mentioned and I think
4 Mr. Sobota also mentioned the \$2 million for the
5 parking structure.

6 Martin Luther King Boulevard, the stretch
7 from M-59 to Perry Street, is in disrepair to the point
8 where they might have to close the road. I know that
9 the City staff submitted a proposal to the State to get

10 some of that funding from the Carter's Hit Road Funds.
11 And I guess they were denied or didn't make the cut, as
12 far as what got funded. And that's about \$5 million.
13 The road hadn't been fixed since 2001. And the patch
14 they put over it no longer works so they have to
15 reconstruct the whole road, which will cost about \$5
16 million.
17 And so if there's any way to move those funds
18 from the parking to deal with a road closure that's
19 going to affect thousands of residents in the City, I
20 think that needs to be taken a look at. And so I
21 wanted to make sure that that was on the TAB Board's
22 radar before that road is closed because that's going
23 to be a pressing issue. I think the next funding round
24 they can apply for is 2018. I'm still getting facts on
25 it but I would ask you to address that. That would be

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1 very helpful.
2 Thank you.
3 THE CHAIRPERSON: Thank you, Mr. Williams.
4 Billie Swazey (sic).
5 I'm sorry. Is that Swazer?
6 MS. SWAZER: Swazer.
7 THE CHAIRPERSON: I apologize.
8 MS. SWAZER: That's okay. Hi, I'm

9 Billie Swazer. As many of you know I'm glad to see a
10 number of you retirees here tonight -- today. We --
11 I'm here about the 420 transfer. As you know, at the
12 last few meetings I have supported it and I continue to
13 support it.

14 I would like to know what is the position of
15 R. Eric Cline for the Board, for your TAB Board and
16 what his position is with the State because he's
17 talking about Mr. Dube, so that I can know. And can we
18 get a copy of that Dube's statement that he gave for
19 the analysis of the 420 transfer? That's basically it.
20 Thank you.

21 THE CHAIRPERSON: All right. Thank you.

22 MR. SCHIMMEL: What are you trying to tell
23 me?

24 UNIDENTIFIED MALE: Turn the clock on.

25 MR. SCHIMMEL: Oh, turn the clock on.

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1 I'd like to point out, I'm not the
2 timekeeper.

3 THE CHAIRPERSON: Thank you. Claudia Filler.
4 Is that correct?

5 MS. FILLER: That's correct. Good afternoon.

6 THE CHAIRPERSON: Good afternoon.

7 MS. FILLER: Claudia Filler with -- I am the

8 president of the City of Pontiac Retired Employees
9 Association. And I'm here to speak about the IRS
10 compliance resolution, along with the 420 transfer
11 resolution. I'm still puzzled.

12 Cynthia Billings, who is the GERS attorney
13 made her presentation to the City Council and
14 essentially told the City Council that this was
15 strictly a housekeeping matter that had to be done
16 every five years and failure to do so resulted in
17 penalties starting with \$500 if you missed a month and,
18 as Mayor Waterman stated, we're now facing a \$15,000
19 penalty for essentially failure to enact a simple
20 housekeeping matter that attests that the GERS is a --
21 still complies with the tax exempt status.

22 The 420 transfer capability, I understand,
23 is -- has to be in place before you implement it. And
24 I can understand Mr. Cline's taking due diligence in
25 finding out how to implement and how to implement

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1 legally without negative ramifications.

2 But my understanding is that passing a
3 resolution, allowing it does not require you to
4 implement. And I just don't understand why that
5 particular step cannot be -- be taken. And I'd like to
6 ask Mr. Cline how many times or how many meetings or

7 conversations you had in this past two months with the
8 IRS and how many meetings or conversations have you had
9 with the GERS attorney about this matter?

10 I -- again, I'm -- I'm just extremely puzzled
11 as to why you cannot take action on this matter and
12 save the City and the GERS funds \$15,000. Thank you.

13 THE CHAIRPERSON: Thank you, Miss Filler.

14 Walter Moore.

15 MR. MOORE: I don't have anything to say. I
16 know that's unusual but --

17 THE CHAIRPERSON: Pam Britton.

18 MS. BRITTON: Good afternoon.

19 THE CHAIRPERSON: Good afternoon.

20 MS. BRITTON: I just wanted to say that I,
21 too, am supportive of the 420 transfer, at least, you
22 know, approving and authorizing -- or maybe not
23 authorizing the transfer but approving it so that the

24 City and/or the Board aren't subjected to fines.

25 I also wanted to urge you all to just kind of

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1 look out around at all of these people that are here.
2 And they -- they worked for the City 20, 25, 30, 35
3 years. And during all that time, you know, it was
4 promised that we would have our health benefits. And
5 we had optical and hearing. We had dental. We had

6 life insurance. We had health insurance. And all of
7 that has been stripped.

8 And \$400 a month, which is not coming from
9 the City, it's coming from the Retirement Board, does
10 not even begin to put a dent in what has been taken
11 away from us.

12 So with that, I urge you not to keep
13 postponing. You know, think about the real people,
14 think about whether this was your mom or dad or whether
15 it was you. And it seems to me that, with all of the
16 bright people -- I'm sure you're all business people
17 and I know the General Retirement Board, their
18 attorneys are very highly thought of in this state. I
19 am sure if you really put your heads together, you
20 could come to some -- some kind of action to take
21 instead of just constantly postponing everything.

22 There's people's lives, you know, things that
23 people will never be able to regain. And with that, I
24 want to let you know that I worked for the City for 26
25 and a half years and it was my pleasure. But I'm very,

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1 very sad to see this day.

2 THE CHAIRPERSON: Thank you, Ms. Britton.

3 Patrice Waterman.

4 MS. WATERMAN: Good afternoon.

5 THE CHAIRPERSON: Good afternoon.

6 MS. WATERMAN: Patrice Waterman, President of
7 Pontiac City Council. Because of your actions taken
8 here this afternoon regarding the renewal for the
9 Letter of Determination for the City of Pontiac General
10 Employees Retirement System tax exempt status, because
11 of your delay, you have placed the retirement system in
12 a grave danger for sanctions to be imposed and harm to
13 the retirees.

14 The harm to the retirees is, if the
15 Amendments are not adopted and the retirement system
16 loses its tax exempt status, the full value of all
17 benefits earned by members, regardless of when they are
18 paid to the members, will be immediately taxable to the
19 members.

20 In addition, the retirement system may be
21 forced out of certain investments prematurely. If the
22 investments are only permitted to have tax qualified
23 investors. Further stated that the adoption of Section
24 420 Amendments does not mean that a 420 transfer can
25 occur. You need to rethink what you have just done to

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1 all of these people sitting in this audience and to all
2 that are not here today.

3 Thank you.

4 THE CHAIRPERSON: Thank you, Ms. Waterman.

5 That's the end of public comment.

6 Board comments?

7 MR. SAWDON: None.

8 MR. SCHIMMEL: None.

9 THE CHAIRPERSON: All right. I'll address

10 several of the speakers in regards.

11 MR. FOLTZ: Sir, I know my name was on the

12 list, Mitch Foltz.

13 MS. WATERMAN: Mitchell?

14 MR. FOLTZ: Yes.

15 THE CHAIRPERSON: It's not on.

16 MS. WATERMAN: It should have been up because

17 the stenographer, she wrote it down on her paper, too.

18 Maybe we just didn't transfer.

19 THE CHAIRPERSON: Hold on. I believe we

20 dropped the sheet.

21 Mr. Foltz, we'll --

22 MR. FOLTZ: Okay. Thank you.

23 THE CHAIRPERSON: -- allow you to speak.

24 MR. FOLTZ: Again, my name is Mitch Foltz,

25 F-O-L-T-Z. I'm here to report on my financial cash

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1 flow as relates to what's happened to me.

2 I was born in 1953, hired into the City of

3 Pontiac when I was 19 and retired after 31 years of
4 service. Okay? I was in Budget Finance, Purchasing,
5 all kinds of different jobs over my career. The bottom
6 line is that when my benefits were set aside -- I would
7 rather use the word confiscate -- I tried to find and
8 purchase my own insurance for my wife and I was unable
9 to do so because she had preexisting conditions of
10 being a diabetic and I have high blood pressure.

11 So thankfully, Mr. Schimmel was able to
12 arrange something through Blue Cross/Blue Shield and we
13 went through the bypath. But because of the potential
14 financial impact to me, we chose one of the more
15 expensive packages and now each and every single month,
16 my pension is diminished by \$1,365 per month or \$16,000
17 per year for medical coverage which has very high
18 deductibles and co-pays.

19 In addition with -- to that, being born in
20 1953, I also was hit with a pension tax at the State of
21 Michigan. So, as a consequence of the GOP actions in
22 this state and their appointees, \$20,000 per year has
23 been confiscated from me as a result of these actions
24 between the healthcare, dental, optical, hearing, life
25 insurance and pension tax.

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1 My cash flow as a result of legislative

2 incompetence is becoming critical. I am now 61, I'll
3 be 62 very quickly. I will now have to apply for
4 Social Security early just to pay my healthcare. I
5 just wanted to let you know the impact that some of you
6 gentlemen are doing and what it has to do with people
7 like me.

8 Thank you.

9 THE CHAIRPERSON: Thank you, Mr. Foltz.

10 In regards to Ms. Hasson's questions about
11 the lawsuit, I would direct you to either Mayor
12 Waterman or Mr. Sobota for further information on
13 those.

14 Mr. Burman, I would direct you to Mr. Sobota.
15 The Board does not get involved in matters such as
16 yours. We're primarily reviewing actions by City
17 Council. And so your -- your issue is with the City
18 Administration.

19 MR. BURMAN: Bounce, bounce, bounce.

20 THE CHAIRPERSON: Mr. Williams, in regards to
21 the MLK Road project, I would suggest that the City
22 investigate that further and come up with a proposal --

23 MR. BURMAN: Useless.

24 THE CHAIRPERSON: -- to address that and then
25 come up with a plan or a proposal to deal with that.

S T O R M R E P O R T I N G

1 In response to Ms. Swazer's questions about
2 Mr. Cline, Mr. Cline is an operation specialist with
3 the Michigan Department of Treasury and has long
4 experience in local government matters.

5 And lastly, in regards to the 420 decision,
6 it was the hope of this Board to have made a decision
7 regarding this issue today but, unfortunately, we were
8 unable to secure the necessary information from the
9 GERS Board to fully vet the 420 transfer and the
10 potentially other issues related to that. It's our
11 hope that -- shortly that we could get together with
12 the City and GERS and perhaps the IRS and resolve this
13 issue before -- before any additional time passes.

14 So --

15 MS. FILLER: Sir, I asked the questions about
16 how many meetings have been held with the IRS.

17 THE CHAIRPERSON: We have not had any
18 meetings with the IRS, ma'am. Because they -- the
19 negotiations between the IRS and the GERS Board are
20 private and we're not privy to that information. So --

21 MS. FILLER: How are you going to get the
22 answers, then?

23 THE CHAIRPERSON: We need to sit down with
24 the GERS Board.

25 MS. FILLER: Have you made contact with the

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1 GERS Board to do that?

2 THE CHAIRPERSON: We've been going through
3 the City and we'll be going through the City to do
4 that, yeah.

5 That's all I have. So I'll entertain a
6 motion to adjourn.

7 MR. BURGESS: So moved.

8 MR. SAWDON: Support.

9 THE CHAIRPERSON: It's been moved and
10 supported. All in favor of the motion, say "aye".

11 BOARD MEMBERS: Aye.

12 THE CHAIRPERSON: The meeting is adjourned at
13 2:10 p.m.

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1 C E R T I F I C A T E

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3 I, Mona Storm, do hereby certify that I have
4 recorded stenographically the proceedings had and
5 public comment taken in the meeting, at the time and
6 place hereinbefore set forth, and I do further certify
7 that the foregoing transcript, consisting of (54)
8 pages, is a true and correct transcript of my said
9 stenographic notes.

10

11 Date _____

12

Mona Storm
CSR-4460

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