

Pontiac Receivership Transition Advisory Board (TAB)
Minutes (Approved October 23, 2013)
September 25, 2013
1:00 PM

Pontiac City hall
Council Chambers – 2nd Floor
47450 Woodward Avenue
Pontiac, MI 48342

Members Present

Edward Koryzno
Robert Daddow
Keith Sawdon
Louis Schimmel

Members Absent

None

I. CALL TO ORDER

A. Roll Call

Mr. Koryzno called the meeting to order at 1:02 pm. Let the record show that all Board Members are in attendance.

B. Approval of Agenda

By motion made (Schimmel), and supported (Daddow) the Board unanimously voted to approve the September 25, 2013 TAB agenda.

II. BOARD ORGANIZATION

A. Selection of Chair, Vice Chair, Secretary

1. Chair – Edward Koryzno nominated.

By motion made (Schimmel) and supported (Daddow), the Board unanimously approved the motion to elect Edward Koryzno as Chair.

2. Vice Chair – Louis Schimmel nominated.

By motion made (Daddow) and supported (Sawdon), the Board unanimously approved the motion to elect Louis Schimmel as Vice Chair.

3. Secretary – Keith Sawdon nominated.

By motion made (Schimmel) and supported (Daddow), the Board unanimously approved the motion to elect Keith Sawdon as Secretary.

B. Adoption of TAB Rules of Procedure

There was discussion by the board as to whether the public comment time should be extended from 2 minutes per person to 5 minutes per person. It was decided to leave public comment time at 2 minutes per person.

By motion made (Schimmel) and supported (Sawdon) the Board unanimously approved the Pontiac Receivership Transition Advisory Board Rules of Procedure as presented.

C. Adoption of 2013 Meeting Schedule

By motion made (Daddow) and supported (Schimmel), the Board unanimously approved the 2013 TAB Meeting Schedule as presented.

III. DISCUSSION ITEMS

A. TAB Web Page

The Board discussed the following items be included on the Department of Treasury Transition Advisory Board web page: TAB appointment letter, EM Final Order S-334, TAB meeting schedule, TAB Agendas without attachments, TAB minutes, and TAB Rules of Procedure.

By motion made (Schimmel) and supported (Sawdon), the Board unanimously approved the motion.

B. Guidelines for Approving Resolutions and Ordinances

The Board discussed agenda items submitted for the TAB agenda should be submitted no later than eleven (11) days in advance of a scheduled TAB meeting.

C. Guidelines for Litigation Settlement Items

Koryzno – The Board has the authority to review all settlements before they are settled by the City Administrator. City Administrator shall provide all settlement information to the TAB for approval.

Hitchcock – Addressed the Board stating that all settlement information will be provided to TAB for approval.

D. Governor's Appointment Letter

Koryzno – Brought the following information from the Governor's Appointment Letter to the Board.

1. Fulfill the Board Responsibilities outlined in Emergency Manager Order No. S-334.
2. Recommend amendments, modifications, repeal, or termination of Emergency Manager Order No. S-334, or any other Pontiac Emergency Manager Orders, to the Treasurer of the State of Michigan. Recommended amendments, modifications, repeal, or termination of Emergency Manager Orders must be approved by the Treasurer before any such modification becomes effective.
3. Conduct a formal annual evaluation of the City's operational and financial progress by identifying strengths, weaknesses, benchmarks achieved, and benchmarks not yet achieved, including a list of specific recommendations, potential resources available to assist City officials, and any other constructive feedback that informs City officials, residents, and other stakeholders concerning how the City can promote and ensure its long-term sustainability.

IV. **BOARD ACTION**

A. Approval of Resolutions and Ordinances for City Council Regular meetings of August 22, 2013, August 29, 2013, September 5, 2013, September 12, 2013 and Special Meeting of August 26, 2013.

Koryzno – I would entertain a motion that the Board approves all resolutions and ordinances enacted at the Regular City Council meetings of August 22, 2013, August 29, 2013, September 5, 2013, September 12, 2013, and Special City Council meeting of August 26, 2013 with the exception of emergency ordinance 13-171, resolution 13-179, and resolution 13-173.

By motion made (Schimmel) and supported (Sawdon), the Board unanimously approves the motion.

1. Resolutions 13-171 and 13-179

Koryzno - City Council adopted an emergency ordinance 13-171 of protest purportedly recognizing the City Charter as the only document controlling the City (thus invalidating EM Orders and State law by implication). Mayor Jukowski vetoed this resolution and City Council overrode the Mayor's veto 13-179. The Board does not approve these actions as they are contrary to State Law.

2. Resolution 13-173

Koryzno - City Council appointed Shila Grandison as Acting City Clerk. EM order S-334 (1)(C)(c) grants TAB oversight to such action.

Koryzno – I would entertain a motion made that Board request the City Administrator to provide more information about Shila Grandison.

By motion made (Sawdon) and supported (Schimmel), the Board unanimously approves the motion.

B. Approval of Legal Settlements (per EM Order S-334 (1)(A)(r))

1. Wentz v. Pontiac

Memo from City Administrator dated September 10, 2013 - Wentz v. Pontiac – Whistleblower claim has reached settlement originated by EM Schimmel and recommended by City Attorney in the amount of \$65K (City \$15K, Insurance \$50K).

Koryzno – I would entertain a motion that the Board approve the settlement Wentz v. Pontiac in the amount of \$65K (City \$15K, Insurance \$50K).

Discussion was held regarding why the City handled this settlement. The City is approved to handle settlements in certain matters and it was decided that the City would handle this particular case. Partial payment will come from lost account, only the payroll portion will come out of the General Fund.

By motion made (Daddow) and supported (Schimmel), the Board unanimously approves the motion.

2. Hodges v. Pontiac

Memo from City Administrator dated September 18, 2013. Hodges v. Pontiac – Settlement in the amount of \$25K, as recommended by City Attorney and is good for 45 days. Case evaluation rejected.

Koryzno – I would entertain a motion that the Board approve the settlement Hodges v. Pontiac in the amount of \$25K.

By motion made (Daddow) and supported (Sawdon), the Board unanimously approves the motion.

3. Completion House v. Pontiac

Memo from City Administrator dated September 18, 2013. Completion House v. Pontiac – Completion House property Tax Exemption Appeals.

Koryzno - Completion House v. Pontiac – Settlement reached by City Attorney concerning the tax-exempt status of a halfway house based in Pontiac. No dollar amount is known and City plans to pay settlement using chargeback monies. If chargeback exceeds the budget, a budget amendment will be necessary. What is the settlement amount?

Naglick – This settlement was handled by Brother Morris as the City had a conflict of interest. A claim was filed for eight (8) homes that are used for halfway houses. Seven (7) of the claims were dropped as those properties did not meet the requirements to be tax exempt. One (1) property did meet the requirements to be tax exempt and this was Council approved.

Daddow – Brought up the fact that the equalization staff reports to him but he does not see a conflict of interest and he will not abstain from voting on this item as it is already approved by Council.

Koryzno – I would entertain a motion that the Board requests from the City Administrator the dollar amount of settlement before approving any settlement.

Sawdon - Motion modified that the Board, upon the recommendation of the City Administrator, approves the settlement agreement in the Completion House property tax exemption appeals and authorizes the City Administrator to execute all documents and authorize all payments as required by the agreement and directed and recommended by the City's attorney in the communication dated September 13, 2013.

By motion made (Sawdon) and supported (Schimmel), the Board unanimously approves the motion.

C. Approval of Legal Counsel for Condemnation Proceedings (per EM Order S-334 (1)(A)(y))

Memo from City Administrator dated September 10, 2013 - City Attorney has requested that Monaghan, P.C. be contractually added as special counsel at an hourly rate not to exceed \$275 per hour for condemnation proceedings against parties which claim an interest in the Pontiac Center. Questions?

Koryzno – I would entertain a motion that the Board requests from the City Administrator the estimated cost of this arrangement.

Sobota – This attorney specializes in condemnation proceedings. We do not know what the ultimate expense will be as it is difficult to estimate.

Sawdon – The attorney’s hourly rate seems high. Did you solicit bids?

Hitchcock – Yes, we looked at three (3) firms and the hourly rates were the same. Attorney’s that specialize in condemnation proceedings charge more.

Koryzno – If the charges exceed 10K, the City will come back to the TAB for approval.

Sawdon – I would like to modify the motion to include a not to exceed dollar amount.

Sawdon - Motion made that the TAB, upon recommendation of the City Administrator, approves the agreement with Monaghan, P.C. in accordance with the letter dated August 19, 2013, and authorizes the City Administrator to execute all documents and authorize all payments as required by the agreement and directed by the City’s attorney for an amount not to exceed \$10K.

By motion made (Sawdon) and supported (Koryzno), the Board unanimously approves the motion.

V. PUBLIC COMMENT

1. Patrice Waterman – Three questions: 1) Spell your names and list your positions; 2) Provide the TAB meeting schedule; 3) Why is this meeting not televised?
2. Walter Moore – Expressed concern that there is no City representation on the TAB.
3. Robert Cluckey – Expressed his opinion that there is disrespect for the Mayor and Council and the TAB should not be telling them what to do.
4. Deidra Holloway-Waterman – Would like to know what is the duration of the TAB? How does the City get out of receivership? She would like to have best practices restored and have measurable objectives.

VI. OTHER BUSINESS

1. Schimmel – Should the Erebus Entertainment parking management issue be a TAB matter?

Sobota – There was not an agreement that could be worked out to manage the parking lot. A draft was presented and will be submitted to the attorney for consideration. By the time the TAB approves this matter the season will almost be over.

Koryzno – I would entertain a motion that the City Administrator negotiate with Erebus Entertainment to a conclusion and report back to the TAB at its next meeting.

By motion made (Daddow) and supported (Sawdon), the Board unanimously approves the motion.

2. Schimmel – The Phoenix Center litigation is taking many turns. It may be a good idea that a TAB member be designated to assist the City Administrator to have oversight before it comes back to the Board.

Koryzno – Would like to check to make sure this is appropriate for the TAB. Will discuss at next TAB meeting.

VII. ADJOURNMENT

There being no further business, the meeting was adjourned at 1:54 pm.