

Approved October 22, 2014

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1 CITY OF PONTIAC  
2 RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING  
3 SEPTEMBER 17, 2014  
4 1:00 p.m.  
5  
6 Meeting before the RTAB  
7 Board at 47450 Woodward Avenue, Pontiac, Michigan, on  
8 Wednesday, September 17, 2014.  
9

10 BOARD MEMBERS PRESENT:

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

15 OTHERS PRESENT:

16 R. Eric Cline  
17 Joseph Sobota  
18 Nevrus Nazarko  
19 Mayor Deirdre Waterman  
20 Glen Konopaskie  
21 Billie Swazer  
22 Robert D. Cluckey  
23 Kyle Westburg  
24 Patrice Waterman  
25

26 REPORTED BY: Mona Storm, CSR# 4460

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1 Pontiac, Michigan  
2 Wednesday, September 17, 2014  
3 1:00 p.m.

4 THE CHAIRPERSON: Good afternoon. It's  
5 1:00 p.m. and I'll call the City of Pontiac  
6 Receivership Advisory Board meeting to order.  
7 Mr. Cline, roll call.  
8 MR. CLINE: Yes. Ed 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 MR. CLINE: Quorum is present.  
17 THE CHAIRPERSON: Thank you. I'd like to  
18 remind the public that, if you wish to speak during the  
19 public comment in the agenda, that there's an  
20 assignment sheet in the back of the room and that, if  
21 you're not on the assignment sheet, you will not be  
22 recognized.  
23 Next item is Approval of the Agenda.  
24 Entertain a motion.  
25 MR. SAWDON: I'll move that.

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1 MR. SCHIMMEL: I second.  
2 THE CHAIRPERSON: It's been moved and  
3 supported. Any additions?  
4 Seeing none, all in favor of the motion, say  
5 "Aye".

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6 BOARD MEMBERS: Aye.  
7 THE CHAIRPERSON: Opposed, same sign.  
8 The agenda is approved as presented.  
9 Next item is Approval of Minutes of the  
10 August 26th, 2014 RTAB meeting with noted amendments.  
11 I'll entertain a motion.  
12 MR. BURGESS: I so move.  
13 MR. SCHIMMEL: Support.  
14 THE CHAIRPERSON: It's been moved and  
15 supported.  
16 Any corrections to the minutes by the Board  
17 Members?  
18 MR. SAWDON: No.  
19 THE CHAIRPERSON: Seeing none, all in favor  
20 of the motion, say "Aye".  
21 BOARD MEMBERS: Aye.  
22 THE CHAIRPERSON: Opposed, same sign.  
23 The motion to approve the minutes is  
24 approved -- or it's passed.  
25 The next item on the agenda is Old Business.

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1 The August 14, 2014 regular Meeting Revote.  
2 Mr. Cline, could you provide us with some  
3 background on this for us, please.  
4 MR. CLINE: Yes. At the last meeting, the  
5 resolutions from the City Council meeting of  
6 August 14th, which included the renewal of the City's  
7 Blue Cross/Blue shield health insurance and the  
8 approval of an amended industrial development district,  
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9 that was adopted by a vote of those present of  
10 two-votes/four with Mr. Burgess abstaining.

11 I went back and I looked and I believe that  
12 a -- a literal reading of the Board's Rules of  
13 Procedure would indicate that a strict interpretation  
14 of that is that three votes were necessary to approve  
15 that. But because we didn't have that, we weren't able  
16 to clarify that at the meeting, I thought that it would  
17 be appropriate to have their vote and re-address this  
18 issue. Staff is recommending that all resolutions from  
19 this meeting be -- be adopted but I believe a revote  
20 would be proper in this case to address this issue.

21 And then probably at next month's meeting  
22 we're going to look at a clarification or a Rules of  
23 Procedure to clarify the voting of the Board and what  
24 it takes to pass -- pass an item, so --

25 THE CHAIRPERSON: So are you asking for a

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1 revote on the Public Act 198 of 1974 issue?

2 MR. CLINE: No, that -- that was just -- that  
3 was our staff report from that prior meeting. I'm  
4 asking for a revote on the entire August 14th meeting.  
5 And we are recommending approval of all resolutions  
6 from that meeting.

7 MR. SCHIMMEL: I'll move that.

8 MR. SAWDON: I'll support it.

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

11 Any further discussion or questions for  
12 Mr. Cline?  
13 All right. Seeing none, all in favor of the  
14 motion, say "Aye".  
15 BOARD MEMBERS: Aye.  
16 THE CHAIRPERSON: Opposed, same sign.  
17 And the motion is approved.  
18 Next item is Income Tax  
19 Enforcement/Administrator.  
20 Mr. Cline?  
21 MR. CLINE: All right. This was postponed  
22 from our meeting last month. We asked the City to --  
23 to collect some additional information regarding the  
24 three options to either hire a full-time City employee,  
25 amend their contract with their current vendor to add

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1 collection duties and enforcement duties or to work  
2 with a collection agency.  
3 The City had recommended the hiring of a  
4 full-time employee. They can do some additional  
5 research. It appears that the major sticking point for  
6 the city is the ability to have a third-party vendor do  
7 enforcement. It -- research seems that it is unclear  
8 that that can be legally done by a third-party vendor.  
9 And there are other municipalities in the State that do  
10 a similar situation where they do have a vendor but  
11 they have a staff person do the enforcement and issue  
12 tickets for those that are in violation.  
13 The City is still recommending that they be

14 allowed to hire an employee for this. They do indicate  
15 that they do have the money in the budget for that. I  
16 do not know if the City Administrator wants to  
17 elaborate on this. Certainly, the Board can act on it  
18 if they feel they have sufficient information on it.  
19 So, really, what direction you wish to go on these  
20 three options is really at the Board's discretion at  
21 this point, so --

22 THE CHAIRPERSON: Mr. Sobota, do you have any  
23 additional information to provide the Board?

24 MR. SOBOTA: I don't recall if I had it at  
25 the time of the revised submittal but dealing with the

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1 potential third-party vendor that the Michigan  
2 Department of Treasury uses, I understand that there is  
3 a flat 20 percent fee on collections. So the more  
4 money that they collect, the more money that they are  
5 paid. Whereas the option of having a city employee,  
6 our costs are fixed at what that compensation level is  
7 going to be.

8 Essentially, if the third party collects  
9 \$1 million, you're looking at a \$200,000 payment. We  
10 have budgeted \$100,000 for this particular effort.  
11 However, a portion of that money was used to purchase  
12 the tapes from the State of Michigan in order for us to  
13 identify the nonfilers. So we have already expended a  
14 portion of this.

15 We believe that -- and I did check with

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16 Hamtramck as well as Mr. Burgess had indicated -- and  
17 Cathy Square has maintained an employee there that is  
18 handling the prosecutions of the third-party company,  
19 which is the same company that we use, was not under  
20 contract to do that.

21 And my discussions with Treasury also  
22 indicated that they have concerns as to whether or not  
23 a third-party vendor could issue tickets and go to  
24 court. And they were actually sending a request to the  
25 Attorney General because they thought that was a good

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1 question to have answered because this issue may come  
2 up with another community. I believe it's either  
3 Lansing or East Lansing uses a third party for  
4 collection services through the Michigan Department of  
5 Treasury's agreement.

6 So you've got Hamtramck, Highland Park,  
7 Lansing, East Lansing, one of those two, and Pontiac  
8 that all use a third party in some manner or another to  
9 collect the taxes. It's just that none of us, with the  
10 exception of Hamtramck, has actually a prosecution  
11 model for the -- those individuals who just refuse to  
12 comply with all Notices. And that is being handled by  
13 an employee who was retained by the Emergency Manager  
14 in Hamtramck.

15 We also learned that, in the past, the City  
16 had purchased the nonfiler tapes from the Michigan  
17 Department of Treasury. But after we ran our program  
18 and compared it to previous years, we firmly believe



19 that Notices were never sent to nonfilers in the past.  
20 so the program was purchased and never used. So we're  
21 essentially starting a new enforcement program, all new  
22 to the City, which would be the mailing, as a result of  
23 the nonfiler, and then the prosecution in the event  
24 that the City is totally ignored from all of the  
25 Notices that are going out.

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1 Mr. Nazarko did manage that program when he  
2 was Income Tax Director in Hamtramck to quite a bit of  
3 success. So we know it's a system that will work and  
4 there aren't any legal questions out there and we don't  
5 want to continue this process for too long, waiting for  
6 an AG's opinion to see whether or not we can actually  
7 utilize a third party to issue those tickets.

8 THE CHAIRPERSON: Thank you. Any questions  
9 for Mr. Sobota from the Board Members?

10 MR. SAWDON: I do have a few. At last  
11 month's meeting, it was brought to our attention that  
12 you have a vacancy in Treasury and that there could be  
13 a possibility of doing some reorganization of job  
14 descriptions. In particular, I had noted that I think  
15 it was at that meeting that the employee that had left  
16 had received some training in income tax, apparently  
17 there appeared to be some capacity for that employee to  
18 work in that area.

19 But I saw in your report no discussion about  
20 looking at Treasury and a redesign of job descriptions.

21 so then maybe we could avoid a new position but maybe  
22 re-work the work being done by current Treasury staff,  
23 once it's brought up to, say, a three-person level. I  
24 saw no discussion about that. What is -- what's your  
25 opinion?

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1 MR. SOBOTA: We actually are reorganizing the  
2 City Treasurer's office, it's present -- we had two  
3 options; a three-person office or a four-person office  
4 for the Treasury operations. The four-person office,  
5 which we officially have, consists of a Deputy  
6 Treasurer, a Treasury Analyst, who left, and two  
7 Customer Service Representatives.

8 What we are going to is a three-person  
9 office, which was the original intent of Mr. Schimmel.  
10 He was just unable to find a person to fill the  
11 position at the time of his departure, which is a  
12 full-time City Treasurer, a Deputy City Treasurer and  
13 one Customer Service Representative. The full-time  
14 City Treasurer is going to be responsible for the  
15 day-to-day cash flow management.

16 We actually have money in the City right now.  
17 So we're looking to develop an active investment  
18 program, complete with the cash flow projections, that  
19 will allow the City to move money and maximize  
20 interest. Presently, we receive pennies, if that,  
21 during the fiscal year. So that is the direction we  
22 are going with the Treasurer's office.

23 That is not to say that the City Treasurer  
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24 could not back up this particular person. But when the  
25 enforcement model was contemplated, when Mr. Schimmel

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1 created the budget a little bit over a year ago, we did  
2 allocate \$100,000 for either a person or a company to  
3 engage in these activities.

4 So the Treasurer's office, of the three  
5 individuals, is for the normal day-to-day operations  
6 and to perform the functions that Treasurer normally  
7 should be performing, they can be used as backup.  
8 However, Mr. Nazarko is convinced that you're going to  
9 need a full-time person, dedicated to the income tax,  
10 just based on the number and level of outstanding  
11 invoices that we have and that we probably will have.

12 MR. SAWDON: So I want to make sure I  
13 understand. You want to have a Treasurer, a Deputy  
14 Treasurer and a --

15 MR. SOBOTA: Cashier.

16 MR. SAWDON: Cashier. Is the Deputy  
17 Treasurer going to perform income tax collection, then?

18 MR. SOBOTA: The Deputy Treasurer is more  
19 with the property tax administration, that's where her  
20 specialty is, and then she would be serving as a backup  
21 in the event that the cashier needs to take some time  
22 for lunch or something like that.

23 The Treasurer, more so, would be someone that  
24 could be involved with the income tax side. However,  
25 the amount of time that the Treasurer will need to

1 dedicate would take the Treasurer away from a lot of  
2 the other duties, especially the active cash  
3 management. Mr. Nazarko estimates that we could be  
4 losing about \$50,000 a year based on interest rates  
5 he's presently seeing.

6 MR. SAWDON: So the Treasury is going down to  
7 three positions and a fourth position is added for  
8 income tax administration?

9 MR. SOBOTA: That's what the proposal is,  
10 correct.

11 MR. SAWDON: So it's really not a new  
12 position, it's just a shifting --

13 MR. SOBOTA: -- of positions.

14 MR. SAWDON: Yeah, I was just trying to  
15 understand.

16 MR. SOBOTA: So the number of bodies remains  
17 the same, it's just how they're used would be  
18 different.

19 MR. SAWDON: So it's not -- what's the  
20 expansion of your expenditure budget, then? It sounds  
21 like the Cashier position is the one that's falling by  
22 the wayside. What would be the net result on the  
23 expenditure budget?

24 MR. SOBOTA: We're actually net zero. That  
25 was the beauty of the design that Mr. Schimmel left. A

1 three-person office would cost the same as a  
2 four-person office.

3 MR. SAWDON: Okay. Maybe you misunderstood.  
4 So with the Treasury Department now becoming -- or  
5 moving from four budgeted positions to three and with  
6 the expansion of a new income tax person, your net  
7 effect to the total budget is zero?

8 MR. SOBOTA: Correct. Because this position  
9 that we're discussing was included in the budget in  
10 terms of \$100,000 expenditure. How that was to be used  
11 was to be determined at a later time. That was  
12 something that Mr. Schimmel was not able to address  
13 prior to his departure.

14 MR. SAWDON: Thank you.

15 THE CHAIRPERSON: Any other questions for  
16 Mr. Sobota?

17 Thank you.

18 I'll entertain a motion.

19 MR. SAWDON: I do have one last question.  
20 Currently, Oakland County collects your personal  
21 property taxes. Did you do any exploration or  
22 exploring with them regarding income tax collection?

23 MR. SOBOTA: We did not.

24 MR. SAWDON: Just -- just as a -- I'm just  
25 curious.

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2 any role in income tax.

3 MR. SAWDON: Okay.

4 MR. SOBOTA: It would really be foreign to  
5 them, in our opinion.

6 MR. SAWDON: Thank you.

7 MR. SCHIMMEL: I could just add to that, we  
8 did explore one when I was there and they -- they don't  
9 want to do it.

10 MR. SAWDON: Okay. I was just curious.

11 THE CHAIRPERSON: What's the pleasure of the  
12 Board?

13 MAYOR WATERMAN: May I speak on this as well?

14 THE CHAIRPERSON: Yes, Mayor.

15 MAYOR WATERMAN: Okay. Yes, I know this  
16 question came up at another meeting and you depraved it  
17 until this meeting. This explanation is the  
18 understanding I had to add the additional person. But  
19 the staff allocation, I want to make sure the TAB  
20 Board -- RTAB Board's understanding because I'm hearing  
21 this, some of this. I think there will be a person who  
22 is left over after this allocation. I just want to  
23 make sure that is clear. And also, as I have been --  
24 recently come to the understanding, this might  
25 affect -- this allocation might also affect the

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1 community development person who's in place right now,  
2 who this budget is for. This person will be leaving  
3 soon for employment and I've been understood -- or led  
4 to understand that that might affect -- this allocation  
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5 might affect the rehiring of the person in that  
6 position, which is a very important position. That's  
7 the only staff position we have to effect or to help us  
8 with the blight elimination in the City.

9 So as we're ready launch that process -- and  
10 I will circulate some information to show where we are  
11 on that -- I just want to make sure that the RTAB  
12 understands and kind of make sure I understand that the  
13 staff allocation or reassignment will not affect that  
14 position as well and to explain where that one person  
15 is left over.

16 MR. SAWDON: Can I ask a question?

17 THE CHAIRPERSON: Yes.

18 MR. SAWDON: Is the City staff at 24  
19 positions right now? I'm a little confused.

20 MR. CLINE: I think it's --

21 MR. SOBOTA: I think 23.

22 MR. SAWDON: So --

23 MR. SOBOTA: Technically, the three that were  
24 created for the community centers were elevated from  
25 part time to full time, so are 23 full time.

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1 Technically, we have 22 presently hired. Because we  
2 have the one vacancy in a full-time position.

3 MR. SAWDON: So when this -- if this gets  
4 approved, then you'll be expanding to 24?

5 MR. SOBOTA: Or returning to 23 -- and then  
6 24, correct, we've got the additional.

7 MR. SAWDON: I just wanted to make sure I  
8 understand. Thank you.

9 MR. BURGESS: I guess the one problem that I  
10 had last time and maybe still this time is that it  
11 doesn't seem that the staff can get together on a head  
12 count and where it's going to be used and what have  
13 you. Could you address that?

14 MR. SOBOTA: I had discussions with the  
15 Mayor. This was a -- I guess you can say a different  
16 perspective when we were speaking about the creation of  
17 the position of Deputy Mayor. I believe that the  
18 person that was going to be hired was going to be kept  
19 to the four main duties and responsibilities as  
20 identified in the job description.

21 The Mayor indicated to me that she wants to  
22 assign that individual other duties and, as a result,  
23 is looking for additional staff support, in terms of  
24 some of the responsibilities for the blight elimination  
25 program. We just had this discussion yesterday. I

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1 have given that some consideration and will be  
2 following up with the Mayor regarding the staff  
3 allocation, in terms of support for the demolition  
4 program.

5 But there are things that are in the works  
6 that have not yet been finalized so I'm unable to make  
7 a firm commitment one way or the other until I have a  
8 firm understanding of the actual time that will remain  
9 to be left for a City employee to engage in that,



10 demolition tasks.

11 As the Mayor will be presenting to you later,  
12 that there is some additional people and resources that  
13 will be coming in that will be assuming much of the  
14 responsibilities. And the one main responsibility that  
15 will be left will be filing and I have an individual  
16 who is capable of doing the filing.

17 MR. BURGESS: It would be my wish that the  
18 Pontiac staff would come back at next meeting with a  
19 staff decision as to how you're going to use your head  
20 count.

21 MR. SOBOTA: In terms of this particular  
22 question that's pending, the income tax position is  
23 separated from the reorganization of the Treasurer's  
24 office; it just happens to be going on concurrently.  
25 But they're operating on separate tracks. So whether

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1 this position is hired or not is not going to have any  
2 impact on the planned reorganization for the  
3 Treasurer's office. It just so happens we happen to be  
4 here at the same time.

5 MR. BURGESS: I really don't have any  
6 problems with what you want to do. But I do have  
7 problems with one side not really negotiating with the  
8 other.

9 MR. SOBOTA: Right. And I understand that.  
10 And the Mayor and I have had some communications but  
11 we've had some difficulty sometimes getting some of our

12 schedules together. But I am talking to her. And the  
13 final decision as to what's going to happen with the  
14 staff allocation, assuming the City is able to attract  
15 and hire a new City Treasurer, will be made a couple  
16 months down the line, at least.

17 And we do have a staff person that will be  
18 able to get us through the next Board of Appeals  
19 meeting, which is the next key date when a lot of the  
20 work needs to be performed, and that's in November.

21 MR. BURGESS: May I ask you just to work it  
22 out?

23 MR. SOBOTA: Yes.

24 MR. BURGESS: And come back in October?

25 MR. SOBOTA: Nevrus, do you feel that --

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1 MR. NAZARKO: If that's what the Board wants.  
2 But, as Joe indicated, this income tax administration  
3 position shouldn't be factored into this discussion  
4 because, together, the Treasurer and Deputy Mayor,  
5 those were, in a way, permanent staff. And this,  
6 although it will be permanent, it will be evaluated  
7 from year to year. This income tax position that we  
8 are talking about, it will do strictly enforcement. It  
9 will be on a time schedule, meaning that, if it doesn't  
10 meet our expectation or is not financially profitable,  
11 so to speak, that position would not be -- you know,  
12 will not be around.

13 However, the Treasurer position, you know, is  
14 a Charter position and specific duties that are a long  
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15 time standing around here. So I want the Board to keep  
16 that in mind. Whatever discussion is going on between  
17 the Mayor and Joe, with the duties -- specific duties  
18 of the Deputy Mayor, blight elimination and all that, I  
19 don't see, in any way, shape or form, that discussion  
20 impacting the Income Tax Administrator.

21 MR. SAWDON: What is the reporting  
22 relationship of the income tax --

23 MR. NAZARKO: They will report to the Finance  
24 Director.

25 MR. SAWDON: Okay.

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1 MR. NAZARKO: Technically, currently, I am  
2 the acting Income Tax Administrator, too.

3 MR. SAWDON: Thank you.

4 THE CHAIRPERSON: Any further questions for  
5 Mr. Sobota?

6 Does the Board wish to entertain a motion?

7 MR. SCHIMMEL: I will move the -- the item.  
8 I'm sorry to say "the item". I will move the --

9 THE CHAIRPERSON: Recommending --

10 MR. SCHIMMEL: Yes.

11 THE CHAIRPERSON: -- hiring a full-time  
12 person for this function?

13 Is there support for the motion?

14 The motion dies for lack of support.

15 Next item --

16 MR. CLINE: Mr. Chairman?

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17 THE CHAIRPERSON: Yes.

18 MR. CLINE: Is there -- there could be a  
19 different motion made, if the Board wishes, before we  
20 move on.

21 THE CHAIRPERSON: Is there an alternate  
22 motion that anyone wishes to make?

23 MR. NAZARKO: Can I make another point before  
24 we discuss it? Any delay, at least we have to come to  
25 a conclusion among the Mayor, myself and Joe, we need

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1 to move in that direction. We just sent out and I'm  
2 going to mention that the financial reports, almost \$8  
3 million in past due income taxes.

4 Furthermore, we have -- in our estimation, we  
5 have close to, I believe, 6- to 800 businesses in town  
6 who are not in compliance with the income tax  
7 ordinance.

8 This is the only person or company, whichever  
9 direction we go, that will follow up with that issue.  
10 Every month that goes by, it's my firm belief and  
11 understanding that we are losing revenue to the City  
12 with that position. There is no other mechanism in  
13 place, currently, that will do what that position --  
14 that company or person is capable and -- and will do.

15 MR. CLINE: Mr. Chairman, I would recommend  
16 to avoid this issue being killed, if you will. So  
17 we're -- then we have to go back and reconsider that,  
18 if the Board wishes the City come back with more  
19 information or something, that you just vote to

20 postpone it until the October meeting.

21 THE CHAIRPERSON: Is there a motion to that  
22 effect?

23 MR. BURGESS: Yes, I would move that the  
24 staff -- I mean, that the Board discontinue this until  
25 next meeting and, during the interim, that the staff

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1 will get together and work out the overuse use of the  
2 head count for the City.

3 THE CHAIRPERSON: Is there a support for that  
4 motion?

5 MR. SAWDON: Can I -- can I ask for an  
6 amendment to that motion for --

7 THE CHAIRPERSON: (Nods head.)

8 MR. SAWDON: I think I'm -- I'm personally a  
9 little confused on how everyone's going to look once  
10 we're all done, as far as the way the organization is  
11 going to look. If that additional information could  
12 include an organizational chart before and after so I  
13 just have a better feel where all the positions are.  
14 Because I'm -- very frankly, the more it gets  
15 discussed, the more confused I get and which would  
16 cause some of my hesitation in supporting.

17 THE CHAIRPERSON: Would you accept that, an  
18 amendment to your motion --

19 MR. BURGESS: Yes.

20 THE CHAIRPERSON: -- Mr. Burgess?

21 And --

22 SR140917tab.txt  
MR. SAWDON: I would support.  
23 THE CHAIRPERSON: You would support that?  
24 Okay. It's been moved and supported to  
25 postpone this issue until the October RTAB meeting and

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1 to have the administration prepare background  
2 information about the impact of the administrator  
3 position on the organization, including presenting the  
4 Board with an organization chart depicting the  
5 organization before and after the proposed change.

6 Any further discussion?  
7 All in favor of the motion, say "Aye".

8 BOARD MEMBERS: Aye.

9 THE CHAIRPERSON: Opposed, same sign.  
10 Motion is approved.

11 Next item is New Business. Approval of  
12 Resolutions and Ordinances for City Council Meetings.  
13 Number one, August 21st, 2014 Regular Meeting.

14 Mr. Cline?

15 MR. CLINE: Yes. This -- this meeting,  
16 really mostly routine business, Approval of the  
17 Minutes, acceptance of Committee Reports. The major  
18 item within this meeting was the City adopted some  
19 Title 6 compliance plans because of their acceptance of  
20 federal -- federal monies. This is something they had  
21 to have in place. We looked at those, didn't have any  
22 concerns with it. We're recommending approval of all  
23 resolutions from this meeting.

24 THE CHAIRPERSON: Thank you.

25

MR. SCHIMMEL: I'll move.

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1 MR. BURGESS: Second.

2 THE CHAIRPERSON: It's been moved and  
3 supported to approve the resolution -- all the  
4 resolutions from the August 21st meeting.

5 Any further discussion?

6 Seeing none, all in favor of the motion, say  
7 "Aye".

8 BOARD MEMBERS: Aye.

9 THE CHAIRPERSON: Opposed, same sign.  
10 All of the resolutions from the August 21st,  
11 2014 meeting are approved.

12 Item two, the August 28th, 2014 Regular  
13 Meeting.

14 Mr. Cline?

15 MR. CLINE: Again, fairly routine meeting,  
16 you know, obviously they approved their minutes, the  
17 major business item was the appointment of Lucy Payne  
18 to the City Planning Commission. We did confer with  
19 the city. The appropriate qualifications were met for  
20 this appointment so we have no concerns about that. So  
21 we're recommending approval of all resolutions from --  
22 from the August 28th meeting.

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

24 MR. BURGESS: Second.

25 THE CHAIRPERSON: Been moved and supported to

1 approve all resolutions from the August 28th meeting.  
2 Any further discussion?  
3 Seeing none, all in favor of the motion, say  
4 "Aye".  
5 BOARD MEMBERS: Aye.  
6 THE CHAIRPERSON: Opposed, same sign.  
7 The motion is approved.  
8 Next item is Number 3, September 4, 2014  
9 Regular Meeting.  
10 Mr. Cline?  
11 MR. CLINE: Yes. Several -- several business  
12 items of importance that were in this issue and I'll go  
13 through my -- my conclusions on this. And then I don't  
14 know if the City Administrator will want to elaborate  
15 but one of the major items was the approval of the  
16 settlement offer for the case Baldwin v Pontiac, that  
17 would be in the amount of \$45,000. As I understand  
18 from the City, the Oakland County Water Resources  
19 Commission will be picking up the cost of that so there  
20 will be no impact on the City.  
21 The City is also asking for approval of a  
22 resurfacing project for Martin Luther King Boulevard in  
23 the amount of \$564,000. The City has reported several  
24 times, I believe, to this Board and in their weekly  
25 updates the condition of that road is -- is quite poor.



1 It did go out for bids on this. We did review that,  
2 have no real concerns about their bid process that they  
3 used. However, they do want to exercise a budget  
4 amendment in their major street fund to use \$600,000 of  
5 fund balance to help pay for this project. They do  
6 have a -- they do have sufficient fund balance for  
7 that. However, the budget amendment will require the  
8 approval of the State Treasurer to -- to implement this  
9 budget amendment.

10 So what we are recommending is that all the  
11 resolutions from this meeting be approved with the  
12 exception of Resolution 341, which is the proposed  
13 budget amendment to the Major Street Fund. We  
14 recommend approval of all those and then we will  
15 address the budget amendments in the subsequent motion,  
16 which we're also recommending an approval for.

17 THE CHAIRPERSON: Thank you.

18 Are there any questions for Mr. Cline from  
19 the Board members?

20 I'll entertain a motion.

21 MR. SCHIMMEL: I so move.

22 MR. BURGESS: Second.

23 THE CHAIRPERSON: It's been moved and  
24 supported to approve all resolutions from the  
25 August 28th, 2014 (sic) meeting with the exception of

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1 Resolution 14-341, the Major Street Fund Budget  
2 Amendment.

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3 Any further discussion?  
4 Seeing none, all in favor of the motion, say  
5 "Aye".  
6 BOARD MEMBERS: Aye.  
7 THE CHAIRPERSON: Opposed, same sign.  
8 Resolutions are approved.  
9 MR. CLINE: And just -- just for the record,  
10 we are recommending approval of Resolution 341 but that  
11 would be a recommendation to the State Treasurer to  
12 implement the budget amendment so we are recommending  
13 that the Board take this action.  
14 MR. SCHIMMEL: I'll move that as well.  
15 MR. BURGESS: I second.  
16 THE CHAIRPERSON: It's been moved and  
17 supported to approve -- or to recommend Resolution  
18 14-341 to the State Treasurer for approval.  
19 It's been moved and supported. Any further  
20 discussion?  
21 Seeing none, all in favor of the resolution,  
22 say "Aye".  
23 BOARD MEMBERS: Aye.  
24 THE CHAIRPERSON: Opposed, same sign.  
25 The Resolution is for recommendation to the

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1 State Treasurer is approved.  
2 Item B, City Administrator items, Number 1,  
3 Residential Target Market Analysis.  
4 Mr. Cline?  
5 MR. CLINE: Yes. The City is attempting to  
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6 partner with several other communities in the area to  
 7 apply for a statewide partnership grant from MSHDA to  
 8 conduct a Residential Target Market Analysis of the  
 9 downtown area. A Target Market Analysis basically  
 10 identifies an area's potential housing demand and it  
 11 will break it down by demographics and who moves in and  
 12 out of the area. And there's a lot of different  
 13 criteria with this.

14 what -- what the grant requires is a  
 15 50 percent local match. And these communities -- I  
 16 believe there are six communities have broken it down  
 17 based on -- partially upon size of their downtown area  
 18 and -- I don't have it in front of me but there were  
 19 some criteria.

20 The City has budgeted a maximum exposure of  
 21 \$16,266 for this project. They estimate the cost of  
 22 hiring a firm to come in and do this Target Market  
 23 Analysis will be approximately \$75,000. If more  
 24 communities were to join in, the City's amount may drop  
 25 a little bit. If one, for example, would drop out,

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1 they may have to pick up a slightly higher percentage.  
 2 But based on everything that they look at, they -- they  
 3 see it not to exceed costs of the 16,266, have reviewed  
 4 it, the City provided quite a bit of information on it.

5 I, myself, in communities I've worked for,  
 6 I've done a similar project. I do think that they are  
 7 pretty worthwhile. A lot of that information would

8 then be available for incorporation in, say, the City's  
 9 master plan. I think it would be useful for -- for  
 10 future downtown development. I personally don't have  
 11 any objection to this and I would recommend approval.

12 THE CHAIRPERSON: Mr. Sobota.

13 MR. SOBOTA: Yes. The reason we're  
 14 estimating maximum exposure, there's a caveat to the  
 15 grant. Remember, no -- there's no such thing as free  
 16 money. The string that is attached is as follows: If  
 17 we do not have any development, residential  
 18 development, within three years after the analysis is  
 19 completed, then the City will be responsible for paying  
 20 or repaying the balance of the grant. So we're putting  
 21 up 50 percent and we need some residential development.

22 I have very strong reason to believe, based  
 23 on recent media reports, that we will be having some  
 24 residential development downtown in the very near  
 25 future. I am also aware of another structure that was

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1 sold last year in which we granted an OPRA to that has  
 2 plans to convert to a residential building. So the  
 3 chances of having to pay the full \$16,000, I think, are  
 4 greatly reduced, we're looking more at the <sup>\$8,133</sup> ~~8133~~ as the  
 5 total cost to the City. But I, of course, need to  
 6 bring forward the possibility that there could be a  
 7 \$16,266 exposure.

8 MR. CLINE: And Mr. Chairman, if the Board  
 9 wishes to move forward with this, I would also  
 10 recommend that you put a not-to-exceed cost in the

11 approval of the \$16,266 number. And I do understand  
12 from the City Administrator that the City has  
13 identified funds within their existing budget to cover  
14 these expenses. So --

15 THE CHAIRPERSON: Thank you.

16 Any questions for Mr. Sobota or Mr. Cline?

17 MR. SAWDON: No.

18 THE CHAIRPERSON: All right. I'll entertain  
19 a motion.

20 MR. BURGESS: I so move.

21 MR. SCHIMMEL: I'll support.

22 THE CHAIRPERSON: It's been moved and  
23 supported.

24 Mr. Burgess, could you elaborate on whether  
25 you want to include the not-to-exceed?

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1 MR. BURGESS: Yes, \$16,266.

2 THE CHAIRPERSON: So it would be your -- your  
3 motion to approve the request for a Target Market  
4 Analysis and with a not to exceed a price of -- or a  
5 commitment of \$16,266?

6 MR. BURGESS: That's correct.

7 THE CHAIRPERSON: All right. It's been moved  
8 and supported.

9 Any further discussion?

10 MR. CLINE: I'm sorry. Who supported?

11 MR. SCHIMMEL: I did.

12 THE CHAIRPERSON: Mr. Schimmel made the

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13 motion and Mr. Burgess supported it -- or reverse.  
14 Reverse.  
15 MR. CLINE: Okay.  
16 THE CHAIRPERSON: I'm sorry. Reverse.  
17 Seeing no further discussion, all in favor of  
18 the motion, say "Aye".  
19 BOARD MEMBERS: Aye.  
20 THE CHAIRPERSON: Opposed, same sign.  
21 The motion is approved. Item Number 2 under  
22 the City Administrator's items. Income tax  
23 enforcement, that was addressed under the old business  
24 portion of the agenda. Item Number 3, Downtown Parking  
25 Management.

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1 Mr. Cline?  
2 MR. CLINE: Yes. We received quite a bit of  
3 information on this so I'll try and summarize it this  
4 way: The City is considering amendments to their  
5 parking ordinance which would, in effect, turn over  
6 parking management in the downtown area to the local  
7 Downtown Business Association. The City, the way it  
8 has been explained, needs to look at adopting these  
9 various ordinance amendments that we will then review.  
10 They have also worked out, apparently, an operational  
11 agreement with the business association.  
12 However, the City Council did not adopt the  
13 ordinance amendments in time for this meeting. There  
14 was some consideration that they adopted it in a  
15 subsequent meeting prior to today, we still consider it

16 but that also did not occur. The agreement with the  
17 Business Association was adopted. However, that also  
18 fell outside of our normal review period for this  
19 meeting.

20 But in light of the fact that the ordinance  
21 amendments have still not been adopted by the City, I  
22 would not consider it prudent on our part to adopt an  
23 agreement without the subsequent ordinance amendments.  
24 Therefore, I think the City is still in the process of  
25 working this out.

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1 So this, naturally, would fall within the  
2 review period of our October meeting. So in light of  
3 all of that, I'm recommending, given all the  
4 information that we received, that the Board just file  
5 a motion to receive and file and we will address this  
6 issue in October.

7 THE CHAIRPERSON: Mr. Sobota?

8 MR. SOBOTA: I have no objection to that  
9 suggestion. I think it's in the best interest that  
10 this process continue to be evaluated.

11 THE CHAIRPERSON: Yes, Mayor.

12 MAYOR WATERMAN: Thank you for this  
13 opportunity to address on this issue. This is an  
14 important issue for the City for downtown development  
15 and I did forward you -- I was one of the ones who  
16 forwarded some information, particularly from the PDBA  
17 members, the president of whom is here right now, as

18 well as a Board Member who have spoke on behalf and who  
19 were part of the arrangement to work out this  
20 arrangement between the City and the PDBA as well as  
21 the Court, which was involved in this whole process.

22 The initial process had to be forestalled  
23 because of some issues with the original State  
24 statutes. And so, with the City attorneys, they  
25 drafted these ordinance amendments as well as the fact

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1 that these contract amendments were also devised.

2 Now, I know everybody knows that this needs  
3 to be done for downtown. The businesses are dying  
4 downtown and the fact that the PDBA wants to work with  
5 this expeditiously because they want to get these  
6 meters installed before winter hits. This is the  
7 original contract that you set out, Mr. Schimmel,  
8 before you left. So I would --

9 One of the things that they're trying to do  
10 is go ahead and get this passed so that they can get  
11 this contract started. And I think they're here, they  
12 may have sent some additional information but I did  
13 send letters from a number of people, including the  
14 head of the group, the Core Group that just announced  
15 \$40 million to development downtown. And they're using  
16 this issue as a litany of tests to see whether Pontiac  
17 is ready for this kind of development.

18 So I -- Counsel, in his great prudence, was  
19 concerned that their wishes, in terms of the amendment  
20 for the contract, would not be honored.



21           There is already an ordinance in place.  
22       There was a parking ordinance in place. The thing that  
23       this ordinance will allow is the creation of a Parking  
24       Bureau, which is necessary for the Court to -- they say  
25       the Court couldn't enforce it the way it was originally

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1       conceived.

2           So passing this contract amendment right now  
3       would allow the PDBA to go ahead and move on with  
4       ordering of the meters and get that in place in the  
5       time that they had hoped for. And a number of  
6       organizations and businesses are holding on downtown,  
7       just hoping that we can move forward.

8           That was my interest in getting involved with  
9       this process when I saw that it was not moving the way  
10      we originally had intended. And we have all the  
11      agreements from all respective parties. We hope the  
12      RTAB will also expedite this process and realize the  
13      importance to downtown development and get this passed.

14           They can move ahead with the ordinance with  
15      amendments. The ordinance, City Council has indicated  
16      that they will take that up once they know that the  
17      contract has been approved.

18           THE CHAIRPERSON: Mr. Sobota.

19           MR. SOBOTA: The current situation is that  
20      the PDBA and the City have an active enforceable  
21      agreement in place. The PDBA can execute the  
22      implementation of the parking management system today,

23 if they so chose. There is a Parking Violation Bureau  
24 in place in the City, it is the 50th District Court.  
25 The proposed amendment would have moved it to City

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1 Hall, which has caused a bit of controversy. The only  
2 amendment that was required for the PDBA to fully  
3 operate the system, as they had intended, was to  
4 create, amend one small portion that would indicate  
5 that the failure to pay a violation would result in a  
6 civil infraction.

7 So, in other words, if people don't pay, the  
8 present ordinance doesn't have an enforcing mechanism.  
9 But there's nothing that prevents the PDBA from  
10 operating, at this time. Our City attorney confirmed  
11 that at the last City Council meeting last week. I  
12 have expressed my disagreement with the proposed  
13 contract. And I don't want to get into that at this  
14 time. I believe that the recommendation from Mr. Cline  
15 is probably very wise.

16 I'm confident that the PDBA will be able to  
17 move forward and that the City Council, the elected  
18 officials, the PDBA and myself will all be able to be  
19 on the same page. But right now we're not.

20 THE CHAIRPERSON: Questions for Mr. Sobota?

21 So are you saying that the -- the proposal  
22 for parking meters and so forth could begin moving  
23 ahead now and would not be forestalled until October if  
24 the Board took no action on this?

25 MR. SOBOTA: That's correct, there's no legal  
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1       impediment to move ahead with the process. The only  
2       problem -- and they're not even going to get there in a  
3       month -- is that if violations were issued and not  
4       paid, there's no enforcing mechanism to collect on  
5       those.

6               MR. SCHIMMEL: Mayor, I'd just like your  
7       response. I'd like to do this but I -- I -- I'm  
8       hearing that you can't. So I guess I'm -- we're  
9       sitting up here, we'd like to know what to do.

10              MAYOR WATERMAN: And I'd like to be able to  
11       help you. I think there are some people here who would  
12       like to be able to help you, too. This contract  
13       amendment was agreed to by all of the respective  
14       parties. We brought everybody to the table because we  
15       realized that there was -- initially, it was botched  
16       and got misconstrued.

17              So when I was asked by Council and by the  
18       Court to get involved, I was able to bring them  
19       together and we came to this agreement. That's here  
20       and that's ready and every --

21              And, in fact, when the City attorney was  
22       drafting these responses, Mr. Sobota signed off on  
23       those, apparently. So it was quite a surprise when  
24       Council was ready to vote on this last Thursday and  
25       Mr. Sobota was questioned about, you know, what was it

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1 going to take on these contract amendments and he, you  
2 know, then admitted to Council that he was going to go  
3 against them.

4 So Counsel decided that they would rather  
5 make sure that the contract amendments that they had  
6 proposed would be accepted and then they would be  
7 willing to go ahead and pass the ordinance amendments.

8 So I think -- I don't know who works first  
9 here but I'm just trying to move this along. ~~PDA (STC)~~ PDBA  
10 wants to move this along. Everybody's agreed, the  
11 attorney has reviewed it, it's just for you to review  
12 and to approve. And I think Council has indicated an  
13 interest in going ahead and getting the Parking  
14 Violation Bureau started at the next meeting. So I  
15 don't know what the -- I don't know why ---

16 MR. SCHIMMEL: So Mayor, is this a matter of  
17 who does what first?

18 THE CHAIRPERSON: You're shaking your head,  
19 Mr. Sobota.

20 MR. SOBOTA: No.

21 MR. SCHIMMEL: What -- there's an issue here.

22 THE CHAIRPERSON: What is the issue?

23 MR. SCHIMMEL: We need to know what the issue  
24 is here. What's going on?

25 MR. SOBOTA: The issue is that the City and

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2 amendment to the contract is only made where the  
3 elected official has indicated, "If you want this  
4 ordinance passed, we need money." So one of the PDBA  
5 members came on and said, "well, how much do you need?"

6 The mayor said, "\$8,000."

7 Council said, "well, we're not voting on it  
8 until we have an agreement."

9 So the PDBA, I'll say, was strong-armed into  
10 agreeing. They agreed to the agreement. I have  
11 represented my objections as to, number one, the method  
12 in which this negotiation, if you call it such, took  
13 place and the significant economic detriment to the  
14 city in the event that this agreement actually goes  
15 into effect.

16 I have over -- I have identified at least six  
17 reasons why this should not even be considered and I  
18 think that we need to work with the -- I need to work  
19 with the elected officials to have them understand what  
20 the financial -- true financial implications are. I  
21 honestly believe that this amendment will cost the city  
22 money. It is not required.

23 And in the proper business situation, the  
24 only item that the PDBA would need to complete their  
25 program is a small amendment to the ordinance that

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1 would allow for the collection of unpaid violations.  
2 There is no amendment needed to the contract. That is  
3 what the elected officials have agreed to say; "We need

4 this passed first before we even consider the amendment  
5 to the ordinance." I don't think it's a proper method.

6 And I will say this: I firmly believe that,  
7 if the elected officials could, that this contract  
8 would be broken because there is a belief that the  
9 industry should be managing downtown parking and the  
10 parking system and, through all of the strong-arm  
11 arguments that were made, this is what actually  
12 resulted and the PDPA was placed in a position where  
13 they couldn't quite say no.

14 It was made clear that Council wasn't going  
15 to vote on the ordinance. They saw it for themselves  
16 at a prior meeting where the Council wouldn't even give  
17 notice that they would be giving a vote on the  
18 ordinance, which was all that would have been  
19 requested, which would allow for the ordinance to make  
20 the TAB deadline.

21 It's a process issue, it's an economics issue  
22 and, personally, I -- I believe that this is really a  
23 bad contract for the City and it is unnecessary. And  
24 probably another month would be a perfect opportunity  
25 for all parties involved to discuss this issue again

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1 and come to a -- another TAB meeting in October with  
2 a -- hopefully, a better recommendation. But what I'd  
3 really like to see, at some point, is the ordinance  
4 voted on, up or down.

5 THE CHAIRPERSON: The ordinance to create a  
6 Civil Infractions Bureau?

7 MR. SOBOTA: Correct -- oh, no, not to create  
8 a Civil Infractions Bureau. We already have a  
9 municipal Traffic Violation Bureau, that's the 50th  
10 District Court. So that isn't required.

11 The suggestion that was made was to move it  
12 to the City Treasurer's office, which I had agreed to,  
13 being that the court is complaining that they already  
14 have some staffing issues, et cetera. And at the time  
15 that Mr. Schimmel signed the contract, we were going to  
16 be closing our Treasurer's office and moving it to  
17 Oakland County.

18 So having the Parking Violation Bureau in  
19 City Hall was never an option. Now it's a viable  
20 option. It's a much better option for the City. It  
21 alleviates the issues that the 50th District Court have  
22 identified so that's also addressed in the ordinance  
23 but it isn't necessary to move forward at the present  
24 time because the 50th District Court was serving as the  
25 Parking Violation Bureau when the Downtown Development

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1 Authority was managing the parking system for the City.  
2 so all the systems are already in place and are still  
3 being used to this day because we have tickets that are  
4 still coming that haven't been paid.

5 MR. SCHIMMEL: Mr. Chairman, is it out of  
6 order here for me to ask somebody in the audience a  
7 question?

8 THE CHAIRPERSON: If the Board is in

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9 agreement, I have no objection.  
10 MR. BURGESS: I have no disagreement.  
11 THE CHAIRPERSON: Mr. Sawdon?  
12 MR. SAWDON: Go ahead.  
13 MR. SCHIMMEL: I don't like to do this but  
14 the only reason, fellow Board Members here, I do is  
15 this is sort of a favorite of mine with Glen, forever  
16 and ever, to do this and I'm kind of interested in what  
17 his thoughts are on all of this.  
18 MR. KONOPASKIE: My name is Glen Konopaskie.  
19 I'm president of the Pontiac Downtown Business  
20 Association. For us, our businesses are dying, plain  
21 and simple. Delaying things another month, some people  
22 don't think is an issue. We are going to lose  
23 businesses over the next eight weeks. The only way  
24 we're going to get meters installed is if our partner,  
25 SP+ decides to make a \$130,000 investment in us. We

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1 have struck a management agreement with them. It's up  
2 to them to assess the risk assessment on whether to  
3 come in or not.

4 MR. SCHIMMEL: Okay. So now I know where  
5 you're coming from here but I want to know, I guess --  
6 I guess I'm back to Joe here. If we pass this -- what  
7 worries you if this is passed; what is your worry here?

8 MR. SOBOTA: I have six reasons that I have  
9 identified. The first reason is that we are treating  
10 one contractor differently than others in the City.  
11 When Mr. Schimmel was here, he signed three agreements



12 with contractors to provide services to the City, in  
13 which the City would have some sort of responsibility,  
14 potentially some sort of oversight but, really, without  
15 any reimbursement, if you will, coming into the City.  
16 That was with Star EMS, Detroit Memorial Park, the  
17 cemetery services, and with the PDBA.

18 With the PDBA, we did provide PDBA \$50,000 in  
19 start-up funds in order to have this system operate.  
20 Because we knew, as the City and the PDBA, that they  
21 would be unable to implement any sort of a program  
22 without some money. There was a small administrative  
23 fee that was incorporated in the agreement, about one  
24 percent of violations processed. At the time we had  
25 estimated \$50,000 in tickets, which was about \$500,

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1 which more than covers any sort of the time that the  
2 City would be incurring.

3 So there is a difference now because there is  
4 a proposed amendment that, instead of -- that would  
5 require the PDBA to pay the City \$8,000 a year. We now  
6 know an estimate that there are about 2,000 violations  
7 that will be issued.

8 MR. SCHIMMEL: Can I interrupt you right  
9 there? The PDBA pays the City \$8,000. The PDBA is  
10 sitting right behind you there. Does he have an  
11 objection to that?

12 PATRICE WATERMAN: No, he didn't.

13 MR. SCHIMMEL: Do you have an objection to

14 that?

15 MR. KONOPASKIE: Our Board's actually agreed  
16 to it and we're putting it to a vote this evening.

17 PATRICE WATERMAN: Thank you.

18 MR. SCHIMMEL: Okay.

19 MR. KONOPASKIE: Our -- one thing in the  
20 addendum is, right now, we reevaluate it at the end of  
21 each year, to make sure that the City's costs were  
22 covered. It would be nice if it was covered both ways.

23 MR. SCHIMMEL: So from a cost standpoint,  
24 Joe, what's --

25 PATRICE WATERMAN: What's the problem?

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1 MR. SCHIMMEL: We're getting money here.

2 PATRICE WATERMAN: Thank you.

3 MR. SCHIMMEL: Please. Please don't  
4 interrupt. Okay?

5 PATRICE WATERMAN: But thank you.

6 MR. SOBOTA: The \$8,000 charge to cover the  
7 City's costs for processing, the payment is really  
8 unjustified. Both Mr. Nazarko and I have repeatedly  
9 stated that, if the Parking Violations Bureau were  
10 moved to the Treasurer's office, the City would not be  
11 incurring any additional costs.

12 MR. SCHIMMEL: Okay. What are your other  
13 objections?

14 MR. SOBOTA: Okay. This is a -- this is a  
15 major one. All money that the PDDBA was going to  
16 realize from this program was going to be reinvested in

17 downtown Pontiac, which is part of the National Main  
18 Street Program. The National Main Street Program has  
19 empirical data that demonstrates, for every dollar that  
20 is invested in downtown management, there is a return  
21 of \$33.28. So that \$8,000 will cost the City of  
22 Pontiac \$266,240 per year and \$2,396,160 during the  
23 life of the agreement in lost reinvestment value in  
24 downtown, which, of course, will result in the  
25 un-realization of property taxes and income taxes

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1 that -- that comes from that reinvestment.

2 So from a financial standpoint, those are  
3 the -- that -- those are the three main ideas.

4 MR. SCHIMMEL: Okay.

5 MR. SOBOTA: I'm looking at the long term and  
6 the economic impact, rather than at the short term  
7 because the City Council has indicated they're going to  
8 take the \$8,000 and put it in fund balance. I would  
9 rather see that money reinvested.

10 MR. SCHIMMEL: It's pennies.

11 MR. SOBOTA: I know it's pennies. And  
12 actually, when you look at what the costs are for the  
13 City, if you will, to process this, we're looking at a  
14 minute a transaction and --

15 MR. SCHIMMEL: Okay.

16 MR. SOBOTA: -- we don't -- the costs just  
17 aren't justified. And I believe that the tactics that  
18 were used to get to this point were unfair to the PDDBA

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19 and placed them in a bad position.

20 MR. SCHIMMEL: Okay. I'm -- thank you for  
21 going along. I'm -- I'm good, guys. Thanks.

22 THE CHAIRPERSON: The question I have is, if  
23 we were to pass this amendment, what's -- what's the  
24 next step the PDPA is going to take?

25 MR. KONOPASKIE: The amendment allows us to

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1 move forward with confidence with our vendors to place  
2 a \$130,000 order for equipment and a \$120,000 order for  
3 new signage and plan the installation and roll out over  
4 the next six to eight weeks. And we can start that  
5 tomorrow.

6 THE CHAIRPERSON: All right. And if we did  
7 not pass it today, you would not proceed with that  
8 contractor?

9 MR. KONOPASKIE: It's up to them. We have a  
10 management agreement with them. They're actually  
11 paying the full cost of the roll out, out of their own  
12 pocket, for the metering system. It's up to their  
13 executive team, whether they want to take that risk or  
14 not. I'd rather not put them in that position to make  
15 that decision. That could significantly have a  
16 financial impact on the downtown.

17 MR. SCHIMMEL: Mayor, is the -- is the  
18 Council going to respond favorably if this were passed  
19 today and do what they're supposed to do?

20 MAYOR WATERMAN: The Council --

21 MR. SCHIMMEL: You --  
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22 MAYOR WATERMAN: -- would --  
23 MR. SCHIMMEL: -- may --  
24 MAYOR WATERMAN: -- look --  
25 MR. SCHIMMEL: -- talk.

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1 MAYOR WATERMAN: -- favorably. Yes, they  
2 would.  
3 MR. SCHIMMEL: All right. I know what I need  
4 to know. Thanks.  
5 THE CHAIRPERSON: All right.  
6 MR. SCHIMMEL: Can I make a motion or not?  
7 THE CHAIRPERSON: Is there any further  
8 discussion from the Board Members?  
9 Seeing none, I'll entertain a motion.  
10 MR. SCHIMMEL: I just think we need to put  
11 this to rest and I guess I don't see the danger here of  
12 passing it, Mr. Sobota. So I'm going to make a motion  
13 that -- not to delay it but to approve it.  
14 MR. CLINE: Just for clarification, this  
15 would be the agreement between the City and the  
16 Business Association? Because the Council has not  
17 acted on any ordinance amendments so we -- we cannot  
18 act on that because there's nothing to act on.  
19 MR. SCHIMMEL: A good point. Yes.  
20 MR. CLINE: And, by my understanding, we did  
21 not -- I did not review this from the standpoint that  
22 any of this could be implemented from the existing  
23 agreement. I -- I entered -- I reviewed this from the

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24 standpoint of what was being asked of us, which was to  
25 look at the ordinance amendments, which,

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1 conceptionally, we really have no concern over. But  
2 the issue that we have is that we cannot act upon it  
3 because the City Council has not acted upon it.

4 Now, my understanding is that this new  
5 agreement between the City and the Downtown Business  
6 Association is somewhat, to some degree, predicated  
7 upon how the situation will be with the agreement -- or  
8 with the ordinance amendments in place.

9 Now, if I understood correctly, the Downtown  
10 Business Association hasn't even approved this  
11 agreement. The City has but, if I understood  
12 correctly, they are the only one. So we would be  
13 granting approval for an agreement that one party to  
14 the agreement has not yet approved itself, which is  
15 also predicated upon ordinance amendments which haven't  
16 even been adopted. Now, if the Board wishes to act on  
17 that, that's perfectly fine. I just want to make it  
18 clear that, as I see it, those are the conditions under  
19 which we are asked to make a decision here.

20 MR. SCHIMMEL: Now, Mr. Cline, you make a  
21 good point. I -- you know, I think we have to be  
22 careful as a Board not to be running the City and we  
23 were to -- were to approve or disapprove of whatever  
24 the City does. So I guess that is somewhat of your  
25 point, is it not?

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1 MR. CLINE: Yes.  
2 MR. SCHIMMEL: Somewhat of the dilemma?  
3 MR. CLINE: Which is why we're waiting for  
4 this to sort itself out. If it is correct that all  
5 parties can move forward under the existing  
6 arrangements, we would be considering the amendments in  
7 the October meeting anyway and it would give an  
8 additional period of time for all these details to sort  
9 themselves out, which is why the recommendation was to  
10 made -- made to receive and file this information and  
11 then we would just take it up again next time.  
12 However, if the Board wishes to go in a different  
13 direction, I understand. I just wanted to point this  
14 out for -- for clarity for all of you.  
15 MR. SCHIMMEL: Well done. I guess I'll let  
16 my fellow Board Members decide in what direction you  
17 want to go. I don't want to make a motion.  
18 MR. CLINE: Well, are you withdrawing your  
19 motion?  
20 MR. SCHIMMEL: I'm withdrawing it for the  
21 moment, yes.  
22 THE CHAIRPERSON: All right. Is there a  
23 motion?  
24 MR. SAWDON: Well, I'll make a motion to file  
25 and receive.

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1 MR. BURGESS: I'll second.

2 THE CHAIRPERSON: It's been moved and  
3 supported to file and -- receive and file the  
4 Information. Further discussion?

5 MR. SCHIMMEL: I believe this is like the  
6 issue we had earlier. I guess we just got to get  
7 everything in order.

8 THE CHAIRPERSON: Any further comments?

9 All in favor of the motion to receive and  
10 file the Information regarding the Downtown Parking  
11 Management issue, say "Aye".

12 BOARD MEMBERS: Aye.

13 THE CHAIRPERSON: Opposed, same sign.  
14 Motion is approved.

15 Next item on the agenda is Non Action Items,  
16 Monthly Financial Report, July of 2014.

17 MR. NAZARKO: Actually, this should be  
18 August 2014, Mr. Chair.

19 THE CHAIRPERSON: Thank you.

20 MR. NAZARKO: Given the fact that we had long  
21 discussions on previous issues, I'm going to keep this  
22 short and sweet. Our financial situation looks stable.  
23 During the month of -- the first two months of the  
24 fiscal year, we collected, more than the same period,  
25 for 2013 income taxes, in the tune of \$102,000.

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1 The other item that I'd like to mention is  
2 that during the month of August 2014, as I indicated  
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3 earlier, we sent out 70,450 letters to delinquent  
4 taxpayers; that includes delinquent non-filers for the  
5 years 2010, '11 and '12. So some of those are repeat  
6 non-filers and some others are new.

7 We have had a huge response back from the  
8 recipients, via our office and via the contractor. I  
9 was given a stat that, last week, every five seconds  
10 there was a call into their offices or our offices for  
11 some type of clarification or help with the issue.  
12 We're working very hard in that regard and I'm  
13 expecting some positive outcome from that effort.

14 And the last item I'd like to mention, I  
15 believe I brought that before the Board in previous  
16 reports. But during the process of myself reviewing  
17 the bank accounts that we had with various  
18 institutions, one of them was the Affinity Credit  
19 Union, next door, and I discovered that there was a  
20 \$40,000 -- approximately \$40,550 or \$-49 that was  
21 sitting there with kind of like a dual ownership, so to  
22 speak. The City of Pontiac was there, so was the  
23 Library. However, the tax ID was ours and the  
24 authorized signer on the account was my predecessor  
25 from 15 years ago.

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1 Therefore, I decided to -- I kept -- first,  
2 my step was to keep that money from escheating to the  
3 State of Michigan because then it becomes, you know,  
4 more difficult to get that money back. So I succeeded

5 in that by making a small deposit in the account.

6 I have talked with the Mayor, City  
7 Administrator and the Library how to because the  
8 Library has put a claim forward to that money, saying  
9 that since the name is there, "It says 'The City of  
10 Pontiac Library', it's ours."

11 However, I read the separation agreement  
12 under Mr. Schimmel's -- the Library and the City. And  
13 it's my firm belief that that money belongs to the City  
14 of Pontiac. However, to -- to avoid any litigation  
15 costs that has now been -- anybody. I believe we're  
16 about to lose, the Library and us, I have put forward  
17 the proposal that Mayor did not -- Mayor withdrew from  
18 that, having her approval, because she's a member of  
19 the Library Board --

20 -- it's my understanding, Mayor ---

21 And however, the City Administrator and I  
22 have an agreement saying that if the Library agrees to  
23 split that \$40,000, 50/50, that will -- you know, we  
24 will go forward. However, that will go before the City  
25 Council for their approval. And if they approve, you

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1 will see it at the meetings next month on the agenda,  
2 just to give you a heads up. And just so you know that  
3 that was not booked. You know, the reason I'm bringing  
4 it up is because it did not show up in any financial  
5 statements from before.

6 However, as of June 30, 2014, that \$40,000 is  
7 there as cash in the City's account for now. But, you  
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8 know, when we resolve it, I will have more information  
9 for you.

10 And that concludes my Financial Report  
11 presentation.

12 THE CHAIRPERSON: Thank you.

13 Any questions for Mr. Nazarko?

14 Thank you, Mr. Nazarko.

15 Next is the Mayor's report.

16 Mayor Waterman.

17 MAYOR WATERMAN: Yes. Good afternoon.

18 THE CHAIRPERSON: Good afternoon.

19 MAYOR WATERMAN: Gentlemen, I wanted to start  
20 out with the fund balance, because that's good news but  
21 I just -- in light of the previous discussion, I just  
22 feel that I have to say this: what happened could be  
23 injurious to the City and the relationship with the  
24 City of the downtown businesses who had been in faith  
25 that we were going to move in their best interest and

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1 move this forward.

2 I know you seem confused because of the  
3 discussion that was going on, which was really  
4 unnecessary. It started out just to kind of lay it  
5 down to you for further consideration. The Court early  
6 on, apparently for -- since April or May, had been  
7 sending indications that the -- the contract, as it was  
8 negotiated between the PDBA and the vendor, was  
9 against -- they couldn't enforce it, according to the

10 way the State Statute was.

11 Now, I try to stay in my own lane, you know.  
12 I know there's certain things I'm assigned to and  
13 Mr. Sobota is allowed to do the same. So I stayed in  
14 my own lane. But when I got that information from the  
15 Court, I asked Mr. Sobota, "What about this? How are  
16 we going to, you know, accommodate for that?"

17 And he said, "That's okay. I got it taken  
18 care of." So I didn't pay any attention to it. There  
19 is a subcommittee of the City Council that also was  
20 wary of the same thing. And so they also asked me to  
21 get involved and see what was going on and I'm  
22 realizing and I went back to Mr. Sobota. And he said,  
23 "It's okay. We know that the Court can enforce it with  
24 the meters. We're going to throw up some speed signs  
25 and that will be okay."

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1 And I said, "No, you can't do it that way  
2 because the whole contract is based on meters, you  
3 can't run a delusion on the City of Pontiac, we got to  
4 do it the right way."

5 So we went back to the City Attorneys. They  
6 redrafted that ordinance, according to the State  
7 Statute. And that's what this is all about. So when  
8 and if it was redrafted, instead of having the Civil  
9 Infractions, there were violations that were going to  
10 be issued, to -- to make sure that this complied with  
11 the State Statute. And once there were violations,  
12 that means we had to create a Parking Violation Bureau

13 within the City.

14 So now under the original contract that you  
15 drafted, Mr. Schimmel, the City was to get 1 percent of  
16 the collections, okay, minus some costs. So, as there  
17 were \$50,000 collected in fees, the City would get  
18 \$350. All right?

19 Now, because the Court was no longer able to  
20 administer their part of it and the City was going to  
21 have to administer, we just -- and the PDBA agreed we  
22 need to renegotiate that so the City can recover their  
23 costs for having to assume that level of  
24 responsibility.

25 Now, I'm hearing, you know, and Mr. Sobota's

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1 put in his objections, as you've heard, you know, some  
2 of them have been -- I don't understand where he's  
3 coming from on some of them. But there are costs.  
4 We -- we spent maybe \$4,000 just in attorney's costs.  
5 So there are costs adhered to the City for taking their  
6 part in that.

7 And that's what the PDBA agreed with; there's  
8 no problem with the City having some value in the  
9 services it does. So this is what this is all about,  
10 in addition to the fact that there were some other  
11 minor twinges and changes.

12 So we got everybody around the table, the  
13 Court, PDBA, Counsel, myself, City Administrator, and  
14 they all agreed on this. So now that this is being

15 hammered as some kind of strong-armed arrangement is, I  
16 think, a little ludicrous. And I think it also  
17 reflects the fact -- and one of the things that's  
18 holding us up is that there's kind of a loss of faith  
19 between the Counsel and Mr. Sobota because of the  
20 way -- and you can see the way this -- this has been  
21 going on, this controversy has been dragging out.

22 And that's why I interceded, you know,  
23 because I felt that it's being -- the controversy is  
24 being drug out and we needed to come to real answers  
25 that would be amenable toward the kind of situation we

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1 needed for the Downtown Business Association for the  
2 City of Pontiac.

3 So that's what this is about, you know. And  
4 I think there has been no harm in the amendments to the  
5 contract that would allow the PDBA to move forward,  
6 with some certainly, would allow the -- some of those  
7 ill will feelings to have been resolved. I think -- I  
8 think part of <sup>Council's</sup> Counsel's trepidation was the fact that  
9 they were -- you know, condescended to when they were  
10 talked to in Council meetings.

11 And when I was at the podium, I was, at one  
12 point, interrupted and shouted down by Mr. Sobota. He  
13 had to be brought under order. So this is the kind of,  
14 you know, lack of faith that's going on right now and  
15 underseeds the issue. But I'm disappointed that didn't  
16 happen. There were a lot of people who I was pushing  
17 along was hoping that I could move this issue. But in  
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18 your better wisdom, it's going to be deferred so we  
19 will see where it goes from here.

20 Getting back to the fund balance, I think we  
21 talked about the fact that the fund balance has now  
22 reached 15 percent at the end of June 30th, that we  
23 closed the books, we've reached that 15 percent surplus  
24 revenue budget. That's one of the benchmarks that we  
25 were asked to achieve. So we're happy to do that.

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1 Treasury had asked us to do a fund balance policy. It  
2 has been drafted in collaboration with myself, the  
3 Finance Director and Mr. Sobota.

4 Council -- we have not shared with Council.  
5 I want to do that as part of the budgetary process so  
6 they can also know what the fund balance policy means.  
7 But, as somebody said, it's nice to have a fund so you  
8 can have a policy. One of the things, as we drafted  
9 ours, we had to look hard, the Finance Director had to  
10 look hard to find a City that we can compare with and  
11 the only cities he could find close -- that he used for  
12 an example was Rochester, Michigan and then El Paso,  
13 Texas, of all things.

14 So anyway, it's nice to have a fund balance  
15 and that was one of our benchmarks and I mentioned  
16 that, particularly, because that was a benchmark that  
17 we -- when we achieved, we would have some  
18 discretionary spending. So I just wanted to bring that  
19 back up. I see now -- it was just handed to me -- that

20 we do have something called an RTAB Community  
21 Evaluation Criteria, which is other criteria. I hope  
22 this doesn't differ from what we were told originally  
23 when I asked what the benchmarks are. But I haven't  
24 had a chance to review that yet.  
25 I'll go over the other things quickly. The

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1 Phoenix Center litigation. The condemnation case  
2 that's proceeding. And this is, as I told the RTAB,  
3 one of the most controversial issues in the city. I  
4 get more questions about this than any other. And one  
5 of the things that I try to make sure is to set in  
6 place something that people can have a factual -- you  
7 know, the real facts as opposed to facts that are  
8 skewed for one side or the other.  
9       whichever side of the issue, you'll find that  
10 there's a lot of passion in it. And I passed out some  
11 literature that has been going out recently just to  
12 show you how passionate this can come. So we still  
13 want to have that kind of community dialogue. I think  
14 people are entitled to know how their tax dollars are  
15 being spent. But the most important thing is to have a  
16 plan. I tell people either way, you know, you need to  
17 have a plan that meets our financial obligations. So  
18 that's where that is right now. I have more to report  
19 to you.

20       The retiree health issues, Judge Avern Cohn  
21 is the newly assigned judge for this matter and he has  
22 ordered facilitation which the City -- on behalf of the



23 City, were agreed to. I've already been in contact  
24 with the Treasury about ways we can be in communication  
25 as this proceeds so that we can make sure that you're

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1 informed and don't have to double back later on, if we  
2 are able to come to some conclusions.

3 In talking with the City Attorney, the only  
4 things are some settlement things about who's -- about  
5 sharing costs for the facilitation. And one of the  
6 things -- one of the inclinations he has is that,  
7 although this particular case revolves around the two  
8 years in which the retirees were given \$400 in place of  
9 their health insurance payments, that he had some  
10 information from the judge that there might be a more  
11 global settlement even going forward because of the  
12 people that the judge wanted to be part of the  
13 facilitation. This is just an inclination but we'll  
14 see what turns out with that.

15 blight. And we are really ready to move  
16 ahead with this blight project. I've talked to you  
17 both in the past about Mr. -- the Pulte organization  
18 that wants to help us with this. Bill Pulte himself  
19 has stepped forward to be the lead person on this and  
20 what I've circulated to you is just the draft of the  
21 demolition plan that he had put forth, sent to me a few  
22 days ago.

23 And one of the costs of this is the software  
24 to do this city-wide survey as well as the -- the "At

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25 will" contract that has the software to also follow the

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1 demolition process from start to beginning, which there  
2 is no funding for right now. So, as we're ready to do  
3 this, we've accumulated a very large group of people  
4 who are ready to move as well as to keep down the cost  
5 for some of this. We've also gotten volunteers who are  
6 ready to be trained.

7 And so, as we do this, that's why I brought  
8 up earlier, I'm just concerned that, you know, we do  
9 have a staff person to handle this. We got one half  
10 person who is here and they're getting ready to leave  
11 full time and I told Mr. Sobota we need to, you know,  
12 get somebody in place and found out that this  
13 placement, in some way, was tied up with, you know, his  
14 other staff allocations. But I'm glad you asked for  
15 staff allocation.

16 On one hand, I hear there are some people who  
17 are -- don't have enough to do and, on the other hand,  
18 this is a very big project. If we want to carry it  
19 forward and have our City be able to do their part of  
20 it, have this be a project which the whole plan is to  
21 eliminate blight in the City of Pontiac, both  
22 structural and un-structural blight, I can't tell you  
23 what a value that would do for the City of Pontiac.

24 So I wanted to move forward with this but we  
25 need to know that we have staff support in place.

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1 There are certain clerical and just environmental  
2 things that need to be done that we need to have that  
3 kind of person.

4 I didn't think since that Mr. Sobota felt  
5 that that was something that should be assigned to a  
6 Deputy Mayor who's here for a managerial and executive  
7 position as opposed to the staff position that involves  
8 those kinds of skills. So that's where we are on the  
9 blight elimination and I will hold more to report to  
10 you next month.

11 THE CHAIRPERSON: Thank you, Mayor Waterman.  
12 The next item is the City Administrator  
13 Report.

14 Mr. Sobota?

15 MR. SOBOTA: Since our last meeting, I have  
16 some good news to report from the litigation side.  
17 Three cases, lawsuits against the City, have been  
18 dismissed; two regarding Mr. Clixby who was alleging in  
19 both Federal and in State court that the City's rental  
20 fees are in violation of State law. Both cases were  
21 dismissed.

22 And the third case that was dismissed was an  
23 allegation that the City had a home improperly  
24 demolished. We were not the contracted party for that  
25 particular incident so we were dismissed from that

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1 particular litigation. So I anticipate, on the next  
2 report from the MMRMA, that our loss exposure will  
3 continue to decrease.

4 On the other side of the ledger, with  
5 workers' compensation liability, the cases that we are  
6 actively pursuing for settlement appear on our books  
7 for long-term liability, however, these are employees  
8 who were associated with the water and sewer funds.

9 And as a result of the transfer of assets to  
10 Oakland County Water Resources Commission, if we are  
11 able to agree to any settlements with these  
12 individuals -- and the WRC is involved in talks as  
13 well -- that such settlements will be reimbursed to the  
14 city. So on that particular balance sheet, you're  
15 going to see a decrease in projected exposure to the  
16 city for liability. So on the liability side, we're  
17 doing pretty -- pretty good and we're moving in the  
18 right direction.

19 Now, a result of these cases that are being  
20 settled, we are going to be freeing up some money in  
21 the general fund that we had planned to set aside for  
22 the settlement of these cases or for losing the cases.  
23 So we do have a good impact on the general fund.

24 A couple of weeks ago, I had arranged for  
25 Plante Moran to do an educational session with the

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1 elected officials regarding accounting, budgeting, a  
2 little bit more in detail than I had done for the  
3 orientation. And after that particular class, based on  
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4 the feedback that I received from the presenters, we're  
5 going to need to spend a little bit more time with the  
6 elected officials, in terms of the education to make  
7 sure that they have a good, solid understanding of how  
8 to read, interpret a financial report, where to find  
9 the information.

10 I may also look at bringing in an outside  
11 organization. Because even though the presentation was  
12 geared to information without being specific to the  
13 City of Pontiac, there were questions that were raised  
14 that really weren't part of the presentation and some  
15 questions that could not even be answered by  
16 Plante Moran. So I feel that, maybe if you could find  
17 another third party to come in and do some sort of  
18 education, that may help.

19 But it's very important that the elected  
20 officials understand what type of information they're  
21 receiving in the financial reports. And I sort of  
22 dovetail to this the reports I'm receiving from  
23 Mr. Nazarko from the Finance Committee. The purpose  
24 behind the Finance Committee Meeting is for the elected  
25 officials to review the financial reports that

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1 Mr. Nazarko prepares and has presented to the TAB and  
2 to the elected officials as well.

3 And maybe, out of one meeting, there was  
4 discussion of the financial reports. So there doesn't  
5 seem to be that understanding of the importance of

6 these reports that are coming out. So that is  
7 something that we'll be working with.

8 I did happen to speak to one of the Council  
9 members today who is on the Finance Committee and  
10 shared that concern with him and he had indicated that  
11 he'll bring that up to the Chair, that really that  
12 should be the first item on the agenda to see if any of  
13 the officials have any questions about the reports or  
14 if the Finance Director wants to make some comments  
15 that the elected officials should be made aware of.

16 So we are proceeding in that direction. We  
17 may look at doing another training and an open meetings  
18 act. It's going to be a year in December since we've  
19 done one of those so I'll be looking into that as well.

20 Overall, we are preparing to move forward  
21 into the winter season. Most of our agreements for  
22 Public Works services, street sweeping, street signs,  
23 grass cutting are expiring at the end of this year. So  
24 you will be seeing quite a few RFPs and requests to  
25 award contracts coming before Council and you within

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1 the next couple of months. So that is happening.

2 So, overall, in some cases, we're resetting  
3 ourselves and other cases we're reexamining. I would  
4 like to make a comment about the income tax situation  
5 that Mr. Nazarko did not make. We know for a fact that  
6 the City previously obtained the non-filer tapes from  
7 the State of Michigan up until it was either 2006 or  
8 2007.

9                   what we were finally able to confirm, based  
10                   on the data presented, even though the City received  
11                   those tapes, they never did anything with it. On the  
12                   other hand, in terms of enforcement, we have spoken to  
13                   past employees' directors of the Income Tax Department  
14                   and we learned that the elected officials, at the time,  
15                   did not want the City to proceed with any active  
16                   enforcement on the income tax side either.

17                   And I saw a document that sort of leads me to  
18                   believe that that's true. It was a request to City  
19                   Council and a note from the City Attorney saying,  
20                   "Well, Council's not taking any action on this, so  
21                   don't proceed."

22                   And when I had announced to the City Council  
23                   that we were planning to do income tax enforcement, I  
24                   was asked, "Well, what gives you the authority to make  
25                   that decision?" So I know that there's a little bit of

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1                   hesitation from the elected officials to actually move  
2                   forward with this program. However, we are working  
3                   with those individuals who have been invoiced, entering  
4                   into payment plans with them. We are looking for  
5                   compliance. We are being reasonable. Mr. Nazarko has  
6                   given direction to the processing company as to what  
7                   the parameters are.

8                   And finally, we have posted the position of  
9                   City Treasurer. We're hoping that we are going to be  
10                   able to attract a qualified candidate. I know, when we

11 were looking over a year and a half ago, we had some  
12 difficulties in finding someone. We're hoping that  
13 that does come into fruition. I will say that, if we  
14 are unable to find an attractive, qualified candidate  
15 for the position of City Treasurer, then we will not go  
16 to that three-member City Treasurer office, we will  
17 continue with the four-person office and may look to  
18 fill the Treasury Analyst position in one form or  
19 another.

20 But Mr. Nazarko firmly believes that we're  
21 losing probably \$50,000 a year in lost interest just  
22 because we do not have an active cash management  
23 program. And hopefully, this will be an issue that we  
24 will be able to resolve relatively soon.

25 And that concludes my report.

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1 THE CHAIRPERSON: Any questions for  
2 Mr. Sobota from the Board Members?

3 Seeing none, thank you, Mr. Sobota.

4 Next item on the Agenda is Summary of RTAB  
5 Evaluation Criteria.

6 Mr. Cline.

7 MR. CLINE: Yes. The City passed its one  
8 year deadline last month for being under our Transition  
9 Board, per the Governor's requiring that we are to do  
10 an annual evaluation of the City and its status. As  
11 with all RTABs, there's been an evaluation tool that  
12 has been developed that is currently being implemented  
13 in one community. Now, we are ready to use that for --



14 for Pontiac.

15           What we have done is we have taken the broad  
16 categories here and we've put them in a one-page  
17 summary of some of the things that we'll be looking at.  
18 There are sub-points to all of this. But it's a pretty  
19 extensive tool. We have provided a copy to the Mayor  
20 and the City Administrator. We wanted to provide this  
21 to you. What we are looking at is next month we'll  
22 bring the entire process for the RTAB, letting you  
23 consider it to sort of officially give a kickoff to  
24 this process.

25           And then we'll proceed with the evaluation of

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1 the City and then bring our Summary Report back which  
2 will then have to be transmitted to the Governor's  
3 office. So it's a fairly lengthy process but I believe  
4 it's very thorough and detailed and, I think, worked  
5 well the last time that it was used. So I think there  
6 should be -- I think it should proceed okay. I think  
7 if the Board Members have any questions about this  
8 summary, please get ahold of me. But that's where  
9 we're at at this point. So --

10           THE CHAIRPERSON: Thank you. Any questions  
11 for Mr. Cline regarding the RTAB evaluation tool?

12           MR. SAWDON: Not at this time.

13           THE CHAIRPERSON: All right. Next item is  
14 public comment. Mr. Cline will be the timekeeper. You  
15 will have two minutes for comments under this part of

16 the agenda.  
17 Okay. The first individual will be --  
18 MR. CLINE: Glen Konopaskie.  
19 THE CHAIRPERSON: Konopaskie.  
20 MR. KONOPASKIE: Konopaskie.  
21 MR. CLINE: Konopaskie. I'm sorry for the  
22 pronunciation.  
23 MR. KONOPASKIE: That's okay. I'll take  
24 that.  
25 MR. CLINE: Here we go.

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1 THE CHAIRPERSON: Set that at 2.  
2 MR. CLINE: That's at 2, yeah.  
3 MR. KONOPASKIE: The PDBA is a nationally  
4 accredited, award-winning Main Street Program that  
5 operates as a downtown management corporation,  
6 effectively. The City used to fund it at over a half  
7 million dollars a year. We're running it as a  
8 nonprofit volunteer organization with a certified City  
9 Planner with 17 years experience on staff now.  
10 It frustrates me that this Board does not  
11 understand its position and City oversight on the  
12 parking contract addendum. The PDBA cannot affect  
13 changes to our contract with our vendor until the City  
14 approves a contract addendum. You have the final say  
15 on that. We are forced to negotiate with four  
16 different bodies but you placed us as the holdup to  
17 approve the addendum.  
18 The conservatism of the panel today could  
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19 result in the collapse of the economic recovery in  
20 downtown. You are now pinning our recovery of the  
21 PDBA's parking vendor for them to take yet another risk  
22 on the City. There is no valid business position shown  
23 in this delay. The insight -- the -- oh. Out of the  
24 six vendors which responded to the RFP, only SP+ was  
25 willing to take the risk to make the investment in

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1 downtown. Now you're requiring them to take additional  
2 risks to be able to move forward.

3 Your current plan delaying the vote until  
4 October, if our vendor does not choose to take yet  
5 another risk on the City, means that the roll out could  
6 be delayed to January or February of 2016. The impact,  
7 the massive negative impact, on our businesses leaving  
8 downtown in December if the system is not operational  
9 in October or November of this year could be  
10 devastating.

11 I'm very sad with the position that's been  
12 taken because of the potential severe regression that  
13 we will go into in downtown. We have had other cities  
14 come to us and say, "How have you recovered your  
15 downtown so quickly?" And it's because we were given  
16 the Main Street Program to operate and learn from and  
17 now, just as we're about to take a huge step forward,  
18 we have been stopped.

19 THE CHAIRPERSON: Thank you.

20 MR. CLINE: Okay. Kyle Westburg.

21 MR. WESTBURG: Hello. My name is  
 22 Kyle Westburg. I'm the owner of West Construction,  
 23 we're out there on Oakland Avenue, a multiple real  
 24 estate developer and owner of Lafayette Place Lofts  
 25 development. And the reason I wanted come up here was

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1 to talk about the Strand Theatre project. We are --  
 2 just to keep the Board up to speed and the folks in the  
 3 audience -- we are moving forward on the project. We  
 4 are still in the due diligence and the predevelopment  
 5 process.

6 We are spending money on architectural fees  
 7 and everything else. We anticipate closing our  
 8 financing within four to six months. I'm hoping closer  
 9 to four months. We do have our Encore nonprofit is  
 10 going to run the theatre and they have their Executive  
 11 Director selected and they have to do a fundraising  
 12 event that they are going to be moving forward here.

13 We also have the restaurant operator in  
 14 place. We are almost finalized, we're finalizing our  
 15 lease on that. I think everybody is going to be  
 16 pleased with that when it's all said and done.

17 I'm going to use the next minute to reiterate  
 18 what Glen just said. As a real estate developer and  
 19 business owner, I've -- I've been involved with about  
 20 \$20 million in real estate development. I'm working on  
 21 another \$20 million real estate development and I know  
 22 a good friend of mine, Bob Wand, has brought in a lot  
 23 of real estate developers and investors that are

24 interested in Pontiac.

25 When he said \$40 to \$60 million, that's just

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1 a starting point. We have potential to do half a  
2 billion dollars in real estate development in the next  
3 five years in downtown Pontiac. The issue that we have  
4 in front of us with parking, this parking issue, the  
5 \$8,000 is irrelevant. Everybody understands it's  
6 irrelevant. The process to go through the \$8,000 is  
7 what has caused Mr. Sobota his anxiety, understandably.  
8 There were some issues there that our Board wasn't all  
9 a hundred percent on board on. They've finally come to  
10 terms with it and moving forward and our membership  
11 will vote and pool with this tonight. But it's a  
12 canary in a coal mine.

13 As business developers, we're looking at  
14 dealing with four different entities to try to do a  
15 deal and it's impossible to do this. So anybody that's  
16 going to do an investment in this community is not  
17 going to do it because that headwind is too big. We  
18 need to solve that. We need you guys working to solve  
19 that issue.

20 THE CHAIRPERSON: Thank you, Mr. Westburg.

21 MR. CLINE: Billie Swazer.

22 MS. SWAZER: Linda, did I give it to you?

23 Yes, thank you. At the last month's TAB  
24 Board Meeting Councilman Carter said some things  
25 against the General Employees Retirement System. I'm a

1 resident and a retiree. The General Employees  
2 Retirement System moved to its current location because  
3 then emergency manager and now TAB Board Member  
4 Schimmel kicked the retirement system out of City Hall.  
5 This is the citizen's building, we pay for it but he  
6 kicked them out.

7 other contractors like the income tax person  
8 and the Building and Safety firm are given free space  
9 at the taxpayers' expense. We, the retirees, oppose  
10 going to MERS. There is no benefit for us for -- to go  
11 to them. MERS makes risky investments. Just ask the  
12 teacher's union who I'm told MERS spent money when  
13 going into a movie studio and it was lost. Others have  
14 lost money and have had their retirements reduced. We  
15 don't want to have our retirements reduced. We don't  
16 want MERS.

17 The citizens of Pontiac are responsible for  
18 our retirement and benefits, just as we're responsible  
19 for the tax losses that result when Council persons and  
20 the TAB Board approves tax breaks, just as we are  
21 responsible for the tax hikes, like the water bill  
22 increases that were approved for the Oakland County  
23 Water Resource Commission.

24 And by the way, how did the Oakland County  
25 Water Resource pay for the Water Department or was this

1 a Schimmel gift?

2 My final comment is going to be on the  
3 incomes tax. Yes, they sent out \$8 million in bills.  
4 Anybody can send out \$8 million in bills. But are all  
5 those bills valid? A lot of people will pay a bill  
6 just because they get a bill. Some of us will question  
7 it and some of them won't.

8 Now, one of the things that they have on  
9 there is that they're going to tax pensions. The State  
10 taxes pensions but the City never did. And they did  
11 get the tax, those State rolls, and they did take  
12 action on them. And Mr. Schimmel -- I mean -- excuse  
13 me -- Mr. Sobota, it's a mistake. Thank you.

14 THE CHAIRPERSON: Thank you, Ms. Swazer.

15 MR. CLINE: All right. Robert Cluckey.

16 MR. CLUCKEY: Good afternoon, Ladies and  
17 Gentlemen and Citizens of Pontiac and the present  
18 Mayor, District Executive Officers, TAB, Ladies and  
19 Gentlemen of the TAB. I had my questions answered by  
20 your review of your summary up here, RTAB.

21 I'd like to hear some more of that in the  
22 next coming meetings on how you may arrange departure.  
23 Because I think the last request, when I was here,  
24 was -- might have been on when or could you leave early  
25 and restore the solvate and keys back to the City Hall,

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1 to our mayor and our elected officials.

2 SR140917tab.txt  
3 And -- but most of my concerns were answered  
4 with that and I'll like to hear some more of that as  
5 months come on. Thank you.  
6 THE CHAIRPERSON: Thank you, Mr. Cluckey.  
7 That is the end of Public Comment.  
8 Next item is Board Comments. Any comments  
9 from the Board Members?  
10 MR. BURGESS: None.  
11 MR. SAWDON: None.  
12 THE CHAIRPERSON: All right. The last item  
13 is adjournment. I'll entertain a motion to adjourn.  
14 MR. BURGESS: I so move.  
15 MR. SAWDON: Second.  
16 THE CHAIRPERSON: Moved and supported to  
17 adjourn the meeting. All in favor of the motion, say  
18 "Aye".  
19 BOARD MEMBERS: Aye.  
20 THE CHAIRPERSON: Opposed, same sign.  
21 Motion is approved. The Pontiac RTAB meeting  
22 is adjourned at 2:34 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  
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5 recorded stenographically the proceedings had and  
6 public comment taken in the meeting, at the time and  
7 place hereinbefore set forth, and I do further certify  
8 that the foregoing transcript, consisting of (79)  
9 pages, is a true and correct transcript of my said  
10 stenographic notes.

11

12 Date

13

Mona Storm  
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