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CITY OF PONTIAC
RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING
WEDNESDAY, JANUARY 20, 2016
1:00 P.M.

Meeting before the RTAB Board at
47450 Woodward Avenue, 2nd Floor, Council
Chambers, Pontiac, Michigan 48342, on Wednesday,
January 20, 2016.

BOARD MEMBERS:

- Edward Koryzno, Chairperson
- Keith Sawdon, Member
- Robert Burgess, Member
- Douglas Bernstein, Member

ALSO PRESENT:

- Robert Widigan (Department of Treasury)
- Joseph Sobota (City Administrator)
- Nevrus Nazarko (Director of Finance)
- Mayor Deirdre Waterman (City of Pontiac)
- Deputy Mayor Jane Bais-DiSessa (City of Pontiac)

MEMBERS OF THE PUBLIC ADDRESSING THE BOARD:

- Billie Swazer

REPORTED BY: Quentina R. Snowden, (CSR-5519)
Certified Shorthand Reporter,
Notary Public

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1 PONTIAC, MICHIGAN; WEDNESDAY, JANUARY 20, 2016

2 1:00 P.M.

3 CHAIRPERSON KORYZNO: All right. Good
4 afternoon. I'll -- it's 1:00 p.m., and I'll call
5 the City of Pontiac Receivership Transition Advisory
6 Board meeting to order.

7 Mr. Widigan, roll call.

8 MR. WIDIGAN: Mr. Sawdon?

9 MEMBER SAWDON: Here.

10 MR. WIDIGAN: Mr. Burgess?

11 MEMBER BURGESS: Here.

12 MR. WIDIGAN: Mr. Koryzno?

13 CHAIRPERSON KORYZNO: Here.

14 MR. WIDIGAN: Mr. Bernstein?

15 MEMBER BERNSTEIN: Here.

16 MR. WIDIGAN: All is present.

17 CHAIRPERSON KORYZNO: Thank you. I'd
18 like to welcome Mr. Doug Bernstein to the Board.
19 Mr. Bernstein replaces Mr. Schimmel who resigned,
20 and was appointed by the Governor, so welcome, Mr.
21 Bernstein.

22 MEMBER BERNSTEIN: Thank you.

23 CHAIRPERSON KORYZNO: Next item -- let
24 me remind everyone that if you intend to speak at
25 the public comment portion of the meeting, it would

1 be necessary for you to sign the sheet at the back
2 of the room, otherwise you will not be recognized.

3 Next item, approval of the agenda.

4 Subsequent to the agenda being sent out to the Board
5 members, we had several items come up. One, Mr.
6 Sobota has requested that the Tsehay versus the City
7 of Pontiac be removed; is that correct, Mr. Sobota?

8 MR. SOBOTA: That's correct.

9 CHAIRPERSON KORYZNO: Additions.

10 Mayor Waterman has asked that we add the Michigan
11 Blight Grant Application to the agenda. And Mr.
12 Widigan has placed information regarding that item
13 at your places. And then two corrections. One, is
14 that the grant that the City is applying for is the
15 CNU Grant, not the CMU Grant.

16 MR. WIDIGAN: Correct.

17 CHAIRPERSON KORYZNO: It's not Central
18 Michigan University.

19 And then secondly, she has asked that
20 we approve her nomination to the Arts Commission.

21 So with those corrections, I'll
22 entertain a motion to approve the agenda.

23 MEMBER SAWDON: I'll make that motion.

24 MEMBER BURGESS: Second.

25 CHAIRPERSON KORYZNO: Moved by Sawdon,

1 supported by Burgess. Discussion?

2 Oh, I might add that, if approved,
3 will place the Michigan Blight Grant Application as
4 Item 4 under the City Administrator's Items.

5 Any further discussion? Seeing none,
6 all in favor of the motion say "Aye."

7 (All ayes.)

8 CHAIRPERSON KORYZNO: Opposed, same
9 sign. The agenda is approved.

10 Item C, Approval of the Minutes. I'll
11 entertain a motion to approve the RTAB minutes for
12 December 15th of 2015.

13 MEMBER BURGESS: I'll make that
14 motion.

15 MEMBER SAWDON: Support.

16 CHAIRPERSON KORYZNO: Moved by
17 Burgess, support by Sawdon. Discussion? Seeing
18 none, all in favor of the motion say "Aye."

19 (All ayes.)

20 CHAIRPERSON KORYZNO: Opposed, same
21 sign. The minutes are approved.

22 Item II, Old Business. There is no
23 old business, so we'll move on to New Business.

24 Selection of a vice chair. Because of
25 Mr. Schimmel's resignation and the addition of Mr.

1 Bernstein to the Board, it's necessary to revisit
2 the Board offices of vice chair and secretary.

3 Having said that, I'll entertain a
4 motion -- or a nomination for vice chair.

5 MEMBER BURGESS: I make a motion to
6 select Keith Sawdon as the vice chair of the City of
7 Pontiac Receivership Transition Advisory Board.

8 CHAIRPERSON KORYZNO: Is there
9 support?

10 MEMBER BERNSTEIN: Support.

11 CHAIRPERSON KORYZNO: All right. It's
12 been moved by Mr. Burgess, supported by Mr.
13 Bernstein to select Mr. Sawdon as vice chair. Any
14 discussion? Seeing none, all in favor of the motion
15 say "Aye."

16 (All ayes.)

17 CHAIRPERSON KORYZNO: Opposed, same
18 sign. Mr. Sawdon, you're the new vice chair.
19 Congratulations.

20 MEMBER SAWDON: Well thank you.

21 CHAIRPERSON KORYZNO: Next item is
22 selection of secretary. Are there any nominations
23 for the position of secretary?

24 MEMBER SAWDON: I'd like to go ahead
25 and nominate Robert Burgess for that position.

1 CHAIRPERSON KORYZNO: Is there
2 support?

3 MEMBER BERNSTEIN: Yes, support.

4 CHAIRPERSON KORYZNO: Okay. Nominated
5 by Mr. Sawdon, supported by Mr. Bernstein to elect
6 Mr. Burgess as the secretary. I should note that
7 the position of secretary for the Board is
8 perfunctory and merely more of a ceremonial than a
9 task to prepare minutes or otherwise.

10 Any other discussion? Seeing none,
11 all in favor of the motion say "Aye."

12 (All ayes.)

13 CHAIRPERSON KORYZNO: Opposed, same
14 sign. The election of Mr. Burgess is approved.
15 Congratulations, Mr. Burgess.

16 MEMBER BURGESS: Thank you.

17 CHAIRPERSON KORYZNO: Next item.
18 Amendment of Rules of Procedure. Mr. Widigan, could
19 you summarize this item for the Board?

20 MR. WIDIGAN: All right. So currently
21 the rules and procedures, Section 4.1 states that
22 the Receivership Transition Advisory Board shall
23 consist of Louis H. Schimmel as a representing
24 member with relevant professional experience. With
25 the resignation of Mr. Schimmel and the appointment

1 of Mr. Bernstein, it's recommended that the Board
2 amend the rules of procedure to remove Lou
3 Schimmel's name from the list and state Mr.
4 Bernstein as the member with relevant professional
5 experience.

6 CHAIRPERSON KORYZNO: So in essence
7 Mr. Schimmel's name will be replaced with Mr.
8 Bernstein?

9 MR. WIDIGAN: Correct.

10 CHAIRPERSON KORYZNO: All right. I
11 will entertain a motion.

12 MEMBER SAWDON: Motion to approve.

13 MEMBER BURGESS: Support.

14 CHAIRPERSON KORYZNO: Moved by Sawdon,
15 supported by Burgess to replace Mr. Schimmel's name
16 with that of Mr. Bernstein. Any discussion? Seeing
17 none, all in favor of the motion say "Aye."

18 (All ayes.)

19 CHAIRPERSON KORYZNO: Opposed, same
20 sign. The motion is approved.

21 Item D, Amendment of Emergency Manager
22 Order S-277. Mayor Waterman, could you provide a
23 summary for this, or is Mr. Sobota?

24 MR. SOBOTA: I can. I believe that
25 the request was made to allow the City to hire

1 additional legal services for a certain test that
2 Mayor Waterman had requested. And upon review of
3 the orders, especially Order S-334, we did have that
4 ability. So, that additional law firm was used and
5 is presently under contract for up to \$10,000. So I
6 don't really see any reason to amend order S-277
7 since the City already has the ability to hire
8 additional legal counsel.

9 MAYOR WATERMAN: Yeah, one caveat to
10 that. It does need to be approved, because of the
11 issue that we needed additional real estate attorney
12 support for. We needed to engage this attorney very
13 quickly. So, to the extent that we were able to do
14 that, we limited that first engagement up to 10,000,
15 but for a continuing engagement as part of the old
16 Phoenix Center litigation and settlement action, we
17 do need to have approval for ongoing involvement.

18 The attorney representing -- a firm
19 that has done business in terms of bonds for the
20 City of Pontiac and is experienced in real estate
21 was interviewed by Mr. Workman, who is familiar with
22 her, and so, we did present the contract to continue
23 the engagement as needed for the old Phoenix Center
24 matter.

25 CHAIRPERSON KORYZNO: So the amendment

1 of Order S-277 is required because the contract
2 exceeds \$10,000, is that your --

3 MAYOR WATERMAN: We don't know. So
4 far we've spent half a million dollars in this
5 litigation going back three years.

6 So, you know, we want to, as I said,
7 open up other avenues for dealing with this matter.
8 And so that's why we needed the kind of expertise of
9 real estate to be able to do the kind of creative
10 solution thinking that we wanted to have available
11 for us.

12 So, we need to start immediately,
13 because of some talks that were going on, but we
14 need to be able to continue that, to finalize that.
15 So that's why the order amendment is needed.

16 CHAIRPERSON KORYZNO: Any questions
17 for the Mayor from the Board?

18 MEMBER SAWDON: I'm not really clear
19 on what we're amending.

20 CHAIRPERSON KORYZNO: Mr. Widigan?

21 MR. WIDIGAN: All right. So the
22 intent was to amend the -- Order 277 allows us to
23 hire, I believe it's Mr. Clark's firm, Giarmarco,
24 Mullins?

25 MAYOR WATERMAN: That's Mr. Clark's

1 firm, yes.

2 MR. WIDIGAN: Okay. So Giarmarco,
3 Mullins, and in order for the City to work on the
4 Phoenix Center project, they wanted to hire counsel
5 that specializes in real estate.

6 So, the intent was for the Board to
7 approve a recommendation to the Treasury to amend
8 Order S-277. It will be amended to allow the City
9 to hire outside counsel besides Giarmarco, Mullins,
10 and the counsel that specializes in real estate.

11 And what the Mayor is saying, and Mr.
12 Sobota was stating that he doesn't believe it needs
13 to be amended, but from our Treasury's review, we
14 believe it needs to be amended to allow the City to
15 do this.

16 MEMBER BURGESS: Do we have a
17 not-to-exceed amount?

18 MAYOR WATERMAN: It's -- it's capped
19 at the same thing the whole old Phoenix Center
20 matter is capped by, that as we needed incremental
21 amounts, we come back and ask for an incremental
22 amount for that Phoenix Center matter.

23 There is another instance where there
24 is another law firm other than Giarmarco, Mullins
25 that has been brought into consideration. That's

1 the instance of the GERS Board or retiree health
2 mediation. There is another law firm that is
3 involved in that, but that was retained with the
4 understanding through Treasury, and the Treasury
5 does reimburse us for that, so that's a little
6 different situation, but that's why that did need to
7 be amended to be able to bring in the law firm that
8 is helping us with the GERS mediation.

9 CHAIRPERSON KORYZNO: Does that
10 clarify the issue for you?

11 MEMBER SAWDON: So we're requesting
12 the State Treasurer to amend 277 to add language
13 "Other counsel as needed"; is that what we're in
14 effect doing?

15 MR. WIDIGAN: Correct.

16 MEMBER SAWDON: Okay.

17 MR. WIDIGAN: It would be special
18 counsel for real estate matters.

19 MEMBER BURGESS: Are we requesting
20 funds in order to do this?

21 MAYOR WATERMAN: No. The order that
22 we're talking about, only relates to which law firm
23 can be used. It limits us to one particular law
24 firm. And we're saying for certain issues we'll
25 need to reach outside the expertise of the offering

1 of that particular law firm.

2 MEMBER BURGESS: And you will come
3 back if additional funds are required?

4 MAYOR WATERMAN: Yes.

5 CHAIRPERSON KORYZNO: I might add that
6 the motion should read, "To approve, deny, postpone
7 a recommendation to the State Treasurer to amend EM
8 Order S-277."

9 MEMBER SAWDON: I'll make a motion to
10 recommend to the State Treasurer the adjustment to
11 277 to add additional counsel as needed.

12 MEMBER BURGESS: I support.

13 CHAIRPERSON KORYZNO: Moved by Sawdon,
14 support by Burgess to recommend to the State
15 Treasurer, the amendment of EM Order S-277 regarding
16 hiring of outside legal counsel.

17 Further discussion? Seeing none, all
18 in favor of the motion say "Aye."

19 (All ayes.)

20 CHAIRPERSON KORYZNO: Opposed, same
21 sign. Motion is approved.

22 Item E, Approval of Resolution and
23 Ordinances for City Council Meetings. There are
24 four City Council meetings that we'll be considering
25 approval of the minutes.

1 And let me suggest this, unless one of
2 the Board members wishes to pull out a particular
3 item from any of these four meetings, you may want
4 to consider approving all four meetings in one
5 motion, if you so desire.

6 MEMBER BURGESS: I move to approve all
7 four meetings.

8 MEMBER SAWDON: Support.

9 CHAIRPERSON KORYZNO: Moved by Burgess
10 supported by Sawdon to approve the minutes for the
11 regular City Council meetings of December 10th,
12 2015; December 17th, 2015; December 21st, 2015; and
13 December 28th, 2015.

14 Is there any discussion? Seeing none,
15 all in favor of the motion say "Aye."

16 (All ayes.)

17 CHAIRPERSON KORYZNO: Opposed, same
18 sign. The minutes for those four meetings are
19 approved.

20 Next item is Item F, City
21 Administrator Items. Application for Federal Road
22 Funds. Mr. Sobota.

23 MR. SOBOTA: This appears to be an
24 annual request coming before the Board. The City
25 has the ability to apply for funds, Federal funds,

1 to assist with the reconstruction of some of the
2 roads. Our City engineer has identified four roads:
3 Featherstone, University, South Boulevard and
4 Orchard Lake. The City's costs are estimated, as
5 indicated. The chances of all four roads being
6 funded is very slim, and actually, I'm not even sure
7 what the chances are of having one road being
8 funded. The highest point total that we're
9 estimating receiving is 54 points for South
10 Boulevard, and obviously, that's a long ways from 75
11 or 100. And the South Boulevard exposure would only
12 be about \$390,000. Being that this is for fiscal
13 year 2019, and the fact that we fully anticipate the
14 new MDOT Act 51 formula coming into full effect by
15 that time, even if all of these projects were
16 awarded, we would probably be able to fund all four.
17 However, funding only one or two would not be an
18 issue with the increased revenue coming in for the
19 major streets. So we're requesting permission to
20 apply for this grant.

21 MEMBER SAWDON: Motion to approve.

22 MEMBER BURGESS: Support.

23 CHAIRPERSON KORYZNO: Moved by Sawdon,
24 supported by Burgess to approve approval of the
25 application for Federal road funds.

1 Any discussion? Seeing none, all in
2 favor of the motion say "Aye".

3 (All ayes.)

4 CHAIRPERSON KORYZNO: Opposed, same
5 sign. The motion is approved.

6 Item 2, Tsehay versus the City of
7 Pontiac was removed from the agenda.

8 Item 3, financial condition of the
9 City was for informational purposes only.

10 And then we have additional Item 4,
11 the Michigan Blight Grant Application.

12 MR. SOBOTA: In 2012, the City of
13 Pontiac applied for and received about \$900,000 from
14 the Michigan Blight Grant to perform demolitions.
15 That was actually the first big round of demolitions
16 that we started doing under our current demolition
17 program. We, once again, applied last year for
18 funding for commercial properties, however, we were
19 denied.

20 This year, the opportunity arises for
21 the City to apply, once again, for up to \$250,000 to
22 demolish commercial properties with the Michigan
23 Blight Grant. The City has already condemned
24 approximately 15 commercial structures. \$250,000
25 will hardly go very far in assisting, however, every

1 dollar helps. So we would request permission to
2 apply for this grant. Application is due in the
3 early part of February. So, authorization is
4 requested at this meeting. I believe that the MSHDA
5 information sheet was made available to Board
6 members just before the meeting. We found out about
7 this grant, actually, I think was this past Friday,
8 so we didn't have much time for turnaround.

9 CHAIRPERSON KORYZNO: Any questions
10 for Mr. Sobota?

11 MEMBER SAWDON: No.

12 CHAIRPERSON KORYZNO: Seeing none,
13 I'll entertain a motion regarding the request to
14 submit a Michigan Blight Grant Application for round
15 3.

16 MEMBER BURGESS: I move to approve.

17 MEMBER BERNSTEIN: Support.

18 CHAIRPERSON KORYZNO: Moved by
19 Burgess, supported by Bernstein. Discussion?
20 Seeing none, all in favor of the motion say "Aye."

21 (All ayes.)

22 CHAIRPERSON KORYZNO: Opposed, same
23 sign. Grant application is approved.

24 Next item is Mayor items. We've
25 corrected the agenda to reflect that it's the

1 Congress for New Urbanism Grant as opposed to the
2 Central Michigan University grant.

3 MAYOR WATERMAN: Yes, I did want to
4 make that clear. But, that was the grant that we
5 brought before you last month to apply for. And it
6 has been granted. And the matching funds we have
7 determined is about \$15,000. This is a -- will
8 bring a whole team in, in April, and have asked us
9 to contribute to that team, in which we have asked
10 help from Oakland County as well as internally our
11 own staff. And it's going to be a discussion and
12 charrette about how we develop that multi-level
13 transportation center in the center of town, which
14 also affects the talks we're having about the other
15 entities, properties in the center of town,
16 including the Phoenix Center, and also incorporate
17 the other strategies that we have within the Master
18 Plan, such as a walkable urban fabric community.

19 So that is just to announce to you
20 that that was the outcome of that. It happened very
21 quickly, and we're very much looking forward to
22 having that forum here in the City. Because of the
23 amount of matching funds within the budget, there's
24 no action required that we're asking. We're just
25 reporting back to you the result of the matter that

1 we had brought before you last month. Shall I go
2 on?

3 CHAIRPERSON KORYZNO: Certainly.

4 MAYOR WATERMAN: All right. The next
5 one is relating to -- I was asked to follow up on
6 what was happening with the allocation of the
7 Hardest Hit Funds. As you know, from the time that
8 the State Administrator had signed the application
9 to receive the Hardest Hit Funds, there were some
10 changes in the policies in dealing with Hardest Hit,
11 which resulted in some funds that we thought we
12 could utilize that. Because of the change in the
13 situation and administration for Hardest Hit, we
14 were not able to utilize by the fullest to the
15 deadline date.

16 So we have worked upon various ways
17 and strategies to continue to utilize that. We're
18 not going to send any money back, we're not going to
19 do that, but we were able to get an extension of the
20 deadline from March 31st of this year to April 30th
21 of next year, which should allow us to set up
22 additional strategies that we are working very hard
23 to find the other kinds of entities that we can use
24 and initiatives so that we can fully utilize those
25 funds, and we need every dollar in order to complete

1 the Blight Eradication Program in Pontiac.

2 So that is the report for that
3 assignment I was given.

4 And the last item on my agenda was the
5 nomination to the Arts Commission. There are three
6 positions open. With the process that we have
7 currently in Pontiac outlined to vet the candidates,
8 there is one that has completed that, so there is
9 one before you for approval, that's Sabrina
10 Jefferson, who I do thoroughly recommend. She is
11 now Executive Director of the Creative Arts Center,
12 and will bring that knowledge and that influence
13 from the Creative Arts Center to the very extensive
14 agenda that the Arts Commission has already put in
15 place. I'm very proud of the work they are doing to
16 restore that arts collaborative in the community in
17 the City of Pontiac. So I do recommend her and ask
18 for your ratification of her nomination.

19 CHAIRPERSON KORYZNO: Just for
20 clarification, you're saying that Sabrina Jefferson
21 has been vetted?

22 MAYOR WATERMAN: She has been vetted,
23 yes.

24 CHAIRPERSON KORYZNO: But the other
25 two have not?

1 MAYOR WATERMAN: The other two may
2 take a little longer --

3 CHAIRPERSON KORYZNO: All right. So
4 we'll just approve Ms. Jefferson?

5 MAYOR WATERMAN: Ms. Jefferson, yes.

6 CHAIRPERSON KORYZNO: All right. Then
7 I'll entertain a motion to approve Sabrina Jefferson
8 as the nomination to the Arts Commission.

9 MAYOR WATERMAN: I just heard late
10 breaking news. Owens Edwards is also vetted. Yes.
11 Okay. So there's two.

12 CHAIRPERSON KORYZNO: Two? So Sabrina
13 Jefferson and Owens Edwards?

14 MEMBER SOBOTA: Owens.

15 CHAIRPERSON KORYZNO: Owens?

16 MAYOR WATERMAN: No, it's Owen
17 Edwards.

18 MEMBER SOBOTA: Owens. Legal name is
19 "Owens".

20 MAYOR WATERMAN: Okay.

21 CHAIRPERSON KORYZNO: Owens Edwards.
22 Thank you.

23 MEMBER BURGESS: I'll make that motion
24 to approve.

25 MEMBER SAWDON: Support.

1 CHAIRPERSON KORYZNO: All right.
2 Moved by Burgess, support by Sawdon to approve
3 Sabrina Jefferson and Owens Edwards as the Mayor's
4 nominees to the Arts Commission.

5 Any further discussion? Seeing none,
6 all in favor of the motion say "Aye."

7 (All ayes.)

8 CHAIRPERSON KORYZNO: Opposed, same
9 sign. The motion is approved. Thank you, Mayor.
10 Next agenda item is Non-Action Items,
11 financial report.

12 MR. NAZARKO: Good afternoon, Board.

13 CHAIRPERSON KORYZNO: Good afternoon.

14 MR. NAZARKO: The financial reports
15 presented in front of you today are showing a stable
16 financial picture for the next six months -- or cash
17 flow situation, I should say, for the next six
18 months, as well as a clear financial picture as of
19 December 31st, 2015.

20 There are a couple of items that I'd
21 like to bring to your attention in regards to some
22 future obligations that can pose a threat to our
23 stability of the financial situation. And the first
24 one is the -- my last bullet point on the report, on
25 the third page, I talked about the Police and Fire

1 Pension Board, we had a meeting last week. And the
2 Mayor and I are members of that Board, by virtue of
3 our positions. However, the other members of that
4 Board seem to not look eye to eye with the City.
5 And during that meeting, there were two things that
6 were adopted based on the proposal of their current
7 actuary. They switched actuaries. The one that had
8 been doing our reports for a long time, actuary
9 reports for a long time, was let go in favor of
10 another one, which is normal process, I agree to
11 that as well. However, the new actuary who was
12 present during that meeting, proposed to switch the
13 longevity table from the current one that we're
14 using, which was the one from 1994, to a 2014 table.
15 Again, nothing unusual there, because most of the
16 tables, longevity tables, have been updated and the
17 current ones are being used in many situations, so
18 in many other pension funds.

19 However, the unusual item about this
20 was, this was the first proposal we didn't get a
21 chance to discuss, and I brought up the question as
22 to, okay, the 2014 table is acceptable because
23 obviously it's universal in all the United States,
24 but have we done any study to reflect our current
25 situation? In other words, how is our historical

1 death rate in the last five, six or ten years
2 compared to the 1994 table, 2000 table, 2014 table.
3 Because the decisions you make to switch from one
4 actuarial table to another, may have a major impact
5 on our contribution rate, because this particular
6 pension fund is not a hundred percent funded.

7 In any event, I agreed to switch to
8 the 2014 table, because it's prudent, it is
9 conservative. And as a result of that, we project
10 that our contribution rate from what we expected
11 before that adoption of that new table, is going to
12 increase by approximately \$360,000 for the fiscal
13 year starting July 1st, 2017, which is, you know,
14 one hit that we have not factored in in our
15 projections with the City Administrator and the
16 Mayor.

17 The other one, which I was displeased,
18 was the fact that they decided they wanted to switch
19 the amortization period from -- used to be 30 years,
20 you know that. We started two years ago to reduce
21 that amortization of the unfunded liability from 30
22 years to 29, 28, so one year at a time until we
23 reached 20 years of amortization of the unfunded
24 liability. And, again, the purpose was to be
25 conservative and to make sure that we do not kick

1 the can down the road. This fund, mind you, is
2 close to 93 percent funded. This is not a 50
3 percent funded situation.

4 So, in any event, at the last meeting
5 they voted -- aside from switching the longevity
6 table to the 2014, they voted to drop the
7 amortization table of the unfunded liability from 28
8 years currently, was to go to 27, to down to 20
9 years. And that, in my point of view, is going to
10 increase our current ARC for that particular year,
11 or our future ARC I should say, for the year
12 starting June 1st, 2017, by another 250- to
13 \$300,000.

14 Now we all are witnessing the last two
15 weeks how brutal the market has been, and obviously,
16 we have invested heavily in those markets, and I
17 expect a big drop in the market value of our assets
18 for both funds, for that matter. That being said,
19 for this particular pension fund, probably the two
20 items that I just mentioned, the amortization table
21 plus the longevity table, if you add to that the
22 market situation, I'm afraid that we are going to be
23 in the hole another \$1 million -- on the hook, I
24 should say, for another \$1 million, over and above
25 the approximate \$2 million that I was expecting to

1 pay to that pension fund.

2 So this is something that into the
3 horizon is looming to have a negative impact on our
4 financial situation. We have not had time to confer
5 with the Mayor, the Deputy Mayor and the City
6 Administrator, because I'll recommend that we
7 approach our Legal Department to see if the Pension
8 Board has all that authority to do all these things
9 at once without regard to the employer situation.
10 Because after all, we are just trying to come out of
11 our financial mess, so to speak.

12 So things like this, if they go
13 unchecked, if we do not pay attention, may have a
14 negative impact and major impact on our financial
15 situation. So that's the item that I was going to
16 bring before the Board, that I foresee as being a
17 problem in the future, in the near future.

18 CHAIRPERSON KORYZNO: Any questions
19 for Mr. Nazarko?

20 MEMBER SAWDON: What was the intent to
21 jump from -- you had a plan to move your
22 amortization schedule, and it makes some sense, but
23 what was the thought behind jumping from 27 to 20?

24 MR. NAZARKO: While they did not
25 discuss that reasoning, I would just say that we

1 want to be conservative. My guess is that there is
2 a mood out there in the people from the community
3 who does not have a vested interest in the City of
4 Pontiac anymore, because, for obvious reasons, there
5 is a mood that, you know what, get as much money
6 from this place as you can, because, you know,
7 that's the -- let's pad our pension plans, but who
8 cares about paving the streets or doing other
9 necessities that our residents pay for and deserve.

10 So I've seen that in couple other
11 occasions, this sense of entitlement that you owe
12 it. And the City has been really good with that
13 pension plan and other pension plans that we have
14 met our obligations. We are one of the best funded
15 pension plans in the State of Michigan, if not the
16 United States. You know, one is 50 percent funded,
17 this particular one is 93 percent funded, and soon,
18 if we have followed that path down one year at a
19 time, I was projecting that the next five years we
20 still would be 100 percent funded. However, this
21 may force us to fund that in 2017, which, in turn --
22 again, the short-term effect will have a negative
23 impact. The long-term, we all know that, again,
24 tends to even out. But we are in need of cash in
25 the next five years. Five years from now we may be

1 in a different situation.

2 CHAIRPERSON KORYZNO: Any other
3 questions? Seeing none. Thank you, Mr. Nazarko.

4 MR. NAZARKO: Thank you.

5 CHAIRPERSON KORYZNO: Item B, City
6 Administrator Report. Mr. Sobota.

7 MR. SOBOTA: Just as I did last year,
8 I have requested the department heads to prepare an
9 annual report. We are anticipating a draft due from
10 the department heads this Friday hopefully having a
11 final copy by the end of the month. So that will
12 provide information on the operations of each
13 department in the City to the public and to the
14 Board. This is going to be good information data
15 that we can use to benchmark ourselves against other
16 communities. And the City of Pontiac joined the
17 Michigan Benchmarking Consortium, so I actually have
18 data that we can use from prior years to compare
19 ourselves, to see how we compare in terms of various
20 data points to other communities, especially those
21 comparable in size and financial condition to the
22 City of Pontiac. So that is good information that
23 can be used to judge how well we're doing or where
24 we need improvement.

25 But my main purpose today is to expand

1 on the financial condition of the City report that I
2 had submitted to the Board last week in terms of
3 benchmarking. And what I did is I took the cities
4 in Oakland County, there are 28, 26 of which, Auburn
5 Hills and Rochester Hills are not included, that had
6 fiscal years end June 30th, 2015, and have audits on
7 file with the State of Michigan Department of
8 Treasury; and just to see what Pontiac's finances
9 looked like compared to our neighbors. And I can
10 tell you that Pontiac is ranked 14 out of 26 cities
11 in Oakland County in terms of spendable fund balance
12 as a percentage of expenditures. We had 35.1
13 percent. So we're right in the middle of the pack,
14 which is good.

15 However, when you look at the size of
16 our total budget, total expenditures and the size of
17 our spendable fund balance, we move up to 7th out of
18 26 cities in Oakland County where we spend \$28.1
19 million with a spendable fund balance of \$9.8
20 million. So that is obviously looking a lot better.

21 But the key point that I made in
22 writing and I want to make orally, and I have made
23 this orally at the City Council meeting, if you look
24 at the unrestricted net position of the City of
25 Pontiac, compared to all of the cities in Oakland

1 County -- and this is as a result of the new change
2 in accounting where the excess assets of the pension
3 funds are now booked government-wide -- the City of
4 Pontiac ranks first out of 26 communities in Oakland
5 County. So at least for the next couple of years,
6 we can honestly say that based on unrestricted net
7 position, the City of Pontiac is the best city in
8 Oakland County from a financial perspective. Now,
9 right behind us at \$127 million is the City of Troy.
10 And both Pontiac and Troy are the only communities
11 in Oakland County that have a net pension asset
12 that's available and contributing to the
13 unrestricted net position.

14 However, if you go into the footnotes
15 of each of the cities in Oakland County and you look
16 at the OPEB obligations, only Pontiac has enough
17 money in the over-funding of the pension plan to
18 actually cover the unfunded liabilities for OPEB.
19 And we know what the mechanism is to make that money
20 available to actually realize the funding of OPEB,
21 and that is elimination of the current GERS plan,
22 closing of that and transferring those assets to
23 MERS.

24 So as I informed City Council a couple
25 of weeks ago, the City of Pontiac is poised to be

1 one of the most financially stable communities,
2 cities in Oakland County. And that is excellent
3 news that I want to share, and I want to make sure
4 that the public understands. And other information
5 I would like to share, is how did we get in this
6 position at least from the general fund? When Mr.
7 Schimmel left, he was required to leave the City
8 with a two-year budget. That budget was prepared
9 back in April, May of 2013. He didn't make an
10 amendment before he left. However, I took the
11 original budgets prepared by Mr. Schimmel and
12 compared them to the actual revenues and
13 expenditures. And in some cases, the City of
14 Pontiac did well in the general fund, because of
15 sheer luck, we had a good economy, and in other
16 cases, it was due to hard work here in City Hall
17 that we were able to move forward.

18 For that first fiscal year of 2013 and
19 2014, we brought in \$2.1 million in revenue over
20 than what Mr. Schimmel had originally estimated.

21 CHAIRPERSON KORYZNO: Mr. Sobota, I
22 believe this information's in your report?

23 MR. SOBOTA: This isn't.

24 CHAIRPERSON KORYZNO: It's not. Okay.
25 All right. Could you share with the Board -- I

1 think that would be good for the Board to have this
2 in writing, so if you could share it with us in
3 writing, that would be great.

4 MR. SOBOTA: I will do that.

5 CHAIRPERSON KORYZNO: All right.

6 Thank you.

7 MR. SOBOTA: Okay.

8 CHAIRPERSON KORYZNO: Any questions
9 for Mr. Sobota? Thanks.

10 Next agenda item is the Mayor.

11 MAYOR WATERMAN: I will keep this
12 report concise. I just always use this opportunity
13 to report to you some of the advances that we're
14 doing in the City, particularly in the areas of
15 economic development, and I also talk about some
16 transition items in terms of how that is going as
17 well.

18 In terms of economic development --
19 and I think we included in your packet -- this is
20 actually hot off the press, you probably have these
21 maps. Economic development, there are several
22 projects moving along quite well, including the M1
23 Concourse project, which is getting a lot of
24 publicity for us. Getting ready for Dream Cruise,
25 the new Challenge Manufacturing, the robotic

1 stamping plant that is almost near completion, 400
2 jobs here in Pontiac, including Unity Park Rentals,
3 which is another 12 units that were just announced
4 that will complete the stabilization of that
5 neighborhood on the near southeast side of the City
6 where they've already done a number of rentals that
7 changed the whole specter of that whole area of the
8 City, in addition to the fact that we are moving
9 right ahead with our Blight Eradication Program in
10 order to stabilize our neighborhoods.

11 But the map I have for you here, is
12 just -- we just left a JDC meeting for the Village
13 of Bloomfield, and that is the project, it used to
14 be called Bloomfield Park, it's the -- I call it the
15 "Ghost City" that's right north of Square Lake as
16 you're coming to Pontiac on Telegraph. And this is
17 the conceptual plan for that. We actually have a
18 vision of what that might look like. That was
19 presented to us by the developers at the JDC meeting
20 this morning. And I won't go and identify the
21 buildings, they'll have that clear, but it's just
22 good to see how that is going to come to life.
23 They've already started demolition of most of the
24 things that need to be demolished. They will
25 continue, they think, to do a few more demolition

1 items. They plan to start construction late this
2 fall with the hopes there will be some things
3 opening in the spring 2017. So this is a very happy
4 -- one of the things that will bring into the
5 community is a theater, a big anchor retail, as well
6 as other retail and restaurants, and just bring
7 vitality to that whole area. Phase two is also
8 residential, which they have a concept here for
9 along the wetlands. And then the other entity is
10 American House Senior Living, which will also be
11 part of phase two. So I will be showing that to
12 various entities within the City neighborhood groups
13 to see what is being brought to their City. But I
14 would like to share that, because it's nothing like
15 putting a picture to a concept, particularly a
16 project that's been sitting foul for eight years now
17 that many of us would like to see come to life, and
18 it looks like they'll be doing so very shortly here.
19 So that is good news for the City of Pontiac.

20 The other thing I'd like to report on,
21 and I'd like to preface this by talking about a Wall
22 Street Journal article that appeared December 24th.
23 It talks -- the title is "Troubled Pontiac,
24 Michigan, Taps Interns to Augment City Hall." Now
25 the idea of the article was that we are -- we're

1 troubled and we're kind of resurging, and they use
2 that word, and they eventually get to that point,
3 but they talk about the fact that we have the
4 interns from Oakland University to supplement the
5 capacity, because going from 800 employees to 25 or
6 30 that we have right now, this is how we manage to
7 move these things to extend our capacity, by having
8 the help of Oakland University. And let me preface
9 this by saying it's not quite as dire, in terms of
10 the need for interns as they put right here, but
11 Oakland University and the partnership has been
12 great for us, and we have had a year anniversary now
13 and are continuing with the kinds of things that
14 Oakland University with a partnership has brought to
15 help our strategies. They're very keen in not only
16 supporting our school system as they have, because
17 their primary focus is education, but they also have
18 been of great help in advancing the strategies that
19 have been proposed by the Economic Development Plan.

20 So where we lack sometimes the
21 capacity with the employee staff that we have right
22 now, they have helped us by taking on parts of these
23 challenges and have brought in a number of people,
24 not only people from the community, but also from
25 professors to students to outside organizations and

1 have -- now we have two grants that we have pending
2 that we're going to do in collaboration with them in
3 terms of bringing fresh food and having an idea for
4 nutrition, and those standards to be increased in
5 the community. So I'm very happy to say that that
6 partnership is moving along with great stride.

7 And the last thing that we've been
8 charged to do is, we talked about the transition of
9 City government. We're in this kind of hybrid state
10 right now, and there's a number of things going on
11 in terms of changing some of the orders. Of course
12 there are things in that process that we are doing.
13 I would like to expedite the exchange of information
14 now that we have a deputy mayor in place and she is
15 ready and willing to go. And we've got her plate
16 full already, but we need to expedite the exchange
17 of information so she has access to the things we
18 need to proceed with in order to be able to be fully
19 cognizant of the operations of the City, which is
20 what her job description entails, of being able to
21 be fully cognizant about the operations.

22 One of the things that we didn't have
23 to complete for the transition was the 2016, 2017
24 budget. That is now in the hands of the Treasury
25 for their pre-review and they are working on that

1 now as we speak. We were a little held up. I
2 wanted to get that to Treasury a little earlier.
3 One of the things that held it up was that we don't
4 yet have -- the appropriate officials do not have
5 all of the access to the information they need to
6 proceed. There's a budget template which was
7 controlled by the City Administrator, which only
8 within the last month or two has been made available
9 to the Finance Administrator. So we want to be able
10 to make sure that that transfer of information
11 happens a little smoother, and we will continue to
12 work in that regard so that we can make this --
13 continue the progress that we have made in all of
14 the areas of economic and community development, as
15 well as stabilizing our finances.

16 That completes my report.

17 CHAIRPERSON KORYZNO: Thank you,
18 Mayor. Any questions from the Board for Mayor
19 Waterman?

20 All right. The next agenda item is
21 Public Comment. Mr. Widigan is securing the page.
22 The Board rules are you will have two minutes to
23 speak. And Mr. Widigan will call the names of the
24 individuals that have signed up.

25 MR. WIDIGAN: We have one individual,

1 that's Billie Swazer.

2 CHAIRPERSON KORYZNO: Okay.

3 MS. SWAZER: Hello, gentlemen. My
4 name is Billie Swazer. I'm going to speak briefly.
5 Tonight -- or today, Mr. Sobota mentioned the GERS
6 money going to the Michigan -- the MERS. Anyway, I
7 am a retiree. I've been a retiree from the City of
8 Pontiac for 11 years and I worked for the City for
9 34 years. I do not want my money going to Michigan
10 Employment -- Employees' Retirement System. No.
11 The GERS is a fine retirement board. They have
12 handled this money well. And that money should stay
13 in Pontiac. We should have local control of our
14 local money. We should not have to take our money
15 and send it to Lansing for them to take over and
16 take away local control. We've given to other
17 cities and other contractors authority over Pontiac.
18 It's time now for Pontiac to stand on its own and
19 take care of itself, and we can take care of
20 ourself.

21 When GERS was in this building, or the
22 General Employees Retirement System was in this
23 building, Schimmel kicked them out. We asked for
24 space in the building. They're not even using it.
25 They said, "No, you can't stay here." We said we'd

1 pay rent. "No, you can't stay here. You got to
2 go." Well, we found our own location and we're
3 there. We're surviving. We're thriving. And I go
4 to the GERS meeting every month to make sure that
5 those pension funds are still there for us retirees.
6 Thank you.

7 CHAIRPERSON KORYZNO: Thank you, Ms.
8 Swazer.

9 MR. WIDIGAN: That's it for public
10 comment.

11 CHAIRPERSON KORYZNO: That's all we
12 have for public comment.

13 The next agenda item is Board comment.
14 Any comments from the Board members?

15 MEMBER SAWDON: Nothing here.

16 CHAIRPERSON KORYZNO: Once again,
17 welcome, Mr. Bernstein, to the Board.

18 MEMBER BERNSTEIN: Thank you.

19 MR. WIDIGAN: Mr. Chair, may I speak
20 on the --

21 CHAIRPERSON KORYZNO: Oh, yes.

22 MR. WIDIGAN: Okay. So Treasury staff
23 met with the City, which was the Mayor, Deputy
24 Mayor, Mr. Sobota and Mr. Nazarko on the 14th to
25 conduct the interview portion of the evaluation. A

1 rough draft will be sent to the Board later this
2 week for your review. If you have any comments, you
3 can always get back with me, or any corrections.
4 And then with the tentative plan that the Board will
5 act on a final draft of the evaluation next month.

6 CHAIRPERSON KORYZNO: All right. Any
7 questions for Mr. Widigan? Thank you, Mr. Widigan.
8 Having said that, the final item is adjournment.
9 I'll entertain a motion to adjourn.

10 MEMBER BURGESS: I'll make that
11 motion.

12 MEMBER SAWDON: Support.

13 CHAIRPERSON KORYZNO: Moved by
14 Burgess, support by Sawdon to adjourn the meeting.
15 All in favor of the motion say "Aye".

16 (All ayes.)

17 CHAIRPERSON KORYZNO: Opposed, same
18 sign. The meeting is adjourned at 1:44 p.m. Thank
19 you.

20 (At 1:44 p.m., proceedings concluded.)
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C E R T I F I C A T E

I, Quentina Rochelle Snowden, do hereby certify that I have recorded stenographically the proceedings had and public comment taken in the meeting, at the time and place hereinbefore set forth, and I do further certify that the foregoing transcript, consisting of (42) pages, is a true and correct transcript of my said stenographic notes.

Dated: January 25, 2016



Quentina R. Snowden

Quentina R. Snowden, CSR-5519

Notary Public, Genesee County, Michigan

My commission expires: 1/4/2018