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SR141022.txt

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1 CITY OF PONTIAC
2 RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING
3 OCTOBER 22, 2014
4 1:00 p.m.
5
6 Meeting before the RTAB
7 Board at 47450 Woodward Avenue, Pontiac, Michigan, on
8 Wednesday, October 26, 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 Robert D. Cluckey
21 Linda Hasson
22 Billie Swazer

23
24 REPORTED BY: Mona Storm, CSR# 4460
25

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1 Pontiac, Michigan
2 Wednesday, October 26, 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 Transition Advisory Board Meeting to
7 order.

8 Mr. Cline, roll call.

9 MR. CLINE: Edward Koryzno.

10 THE CHAIRPERSON: Here.

11 MR. CLINE: Robert Burgess.

12 MR. BURGESS: Here.

13 MR. CLINE: Keith Sawdon.

14 MR. SAWDON: Here.

15 MR. CLINE: Lose Schimmel.

16 MR. SCHIMMEL: Here.

17 MR. CLINE: Quorum present.

18 THE CHAIRPERSON: Thank you. I'd like to
19 remind the public that the sign-in sheet for the public
20 comment of the meeting is located in the back and that,
21 unless you're on the sign-up sheet, you will not be
22 recognized for public comment.

23 Next item is approval of agenda.

24 MR. CLINE: Mr. Chairman, we'd like to
25 recommend that we add one item to the agenda regarding

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1 a -- the Conway MacKenzie contract.

2 This is an item requested by the Mayor and
3 would require Board authorization to exceed budgetary
4 limits contained within the final EM order. I'd like
5 to place that maybe under City Administrator items,

6 maybe letter D, I believe it is.

7 THE CHAIRPERSON: All right.

8 MR. SCHIMMEL: I'll move.

9 MR. BURGESS: Second.

10 THE CHAIRPERSON: It's been moved and
11 supported to add the Conway Mackenzie contract increase
12 to the agenda. Any further discussion?

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

15 BOARD MEMBERS: Aye.

16 THE CHAIRPERSON: Opposed, same sign.

17 The item has been added to the agenda. Thank
18 you, Mr. Cline.

19 Now, approval of the agenda. I'll entertain
20 a motion to approve.

21 MR. SAWDON: I'll make that motion as
22 amended.

23 MR. BURGESS: Second.

24 THE CHAIRPERSON: Okay. It's been moved and
25 supported to approve the agenda as amended. Any

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1 discussion?

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

4 BOARD MEMBERS: Aye.

5 THE CHAIRPERSON: Opposed, same sign.

6 Motion is approved.

7 Next item is approval of the minutes, regular
8 meeting September 17th, 2014. I'll entertain a motion.

9 MR. CLINE: Just for the Board's know, we do
10 have several -- several corrections that were -- that
11 were noted, I believe, five different -- five different
12 corrections. I think those were provided to you so you
13 would want to approve them with the noted corrections.

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

16 MR. BURGESS: I so move.

17 MR. SAWDON: Support.

18 THE CHAIRPERSON: It's been moved and
19 supported. Any further discussion?

20 Seeing none, all in favor of the motion to
21 approve the regular meeting minutes of September 17th,
22 2014, say "aye".

23 BOARD MEMBERS: Aye.

24 THE CHAIRPERSON: Opposed, same sign.

25 The motion is approved.

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1 Next item is special meeting, September 29,
2 2014.

3 Mr. Cline, any comment on these?

4 MR. CLINE: No, it's just approval is
5 recommended.

6 THE CHAIRPERSON: All right. I'll entertain
7 a motion.

8 MR. SCHIMMEL: I'll move.

9 MR. BURGESS: Second.

10 THE CHAIRPERSON: It's been moved and

11 supported to approve the minutes for the special
12 meeting of September 29, 2014. Any discussion?

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

15 BOARD MEMBERS: Aye.

16 THE CHAIRPERSON: Opposed, same sign.

17 The minutes for the special meeting are
18 approved.

19 Old business, Item A, income tax
20 enforcement/administrator. Mr. Cline.

21 MR. CLINE: Yes. The -- the Board postponed
22 consideration from the last meeting on this issue and
23 asked the City to submit a staffing plan, if you will,
24 that would outline their requested staffing means and
25 what their organization would look like. Taken in and

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1 of itself, we're recommending the staff that this
2 position be approved because of the various options
3 investigated by the City. This seems to be the one
4 that is most beneficial to the City. However, I do not
5 know if what the City submitted regarding a staffing
6 plan meets the Board's expectations. I think it would
7 be appropriate if Mr. Sobota spoke to that before we
8 proceed.

9 If -- if it does meet the Board's
10 expectations and you agree with our recommendation,
11 then you could certainly approve this request. If this
12 staffing plan does not meet with your expectations, you
13 could postpone the issue further or you could act to

14 deny the recommendation for this position, whatever the
15 Board's preference is.

16 However, I would suggest you give Mr. Sobota
17 the opportunity to discuss the staffing plan and see if
18 you have any questions on it.

19 THE CHAIRPERSON: Okay. Thank you.

20 Mr. Sobota?

21 MR. SOBOTA: Good afternoon.

22 THE CHAIRPERSON: Good afternoon.

23 MR. SOBOTA: I hope everyone was able to view
24 the organizational charts in color as it provided the
25 best detail. I provided two charts; one is the

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1 staffing plan as of October 1st, 2014, which is when
2 this was created, and the second one is what is
3 proposed post-reorganization. Assuming all positions
4 that are requested are approved, all positions are
5 filled and we are able to locate a separate City
6 Treasurer.

7 Presently, the City Treasurer's position is
8 being filled by the Finance Director. The position of
9 Treasury Analyst is vacant and we have no right-of-way
10 inspector and the Deputy Mayor position is vacant as
11 well.

12 Under the proposed reorganization, where we
13 stand as of today, is the Deputy Mayor's position
14 remains vacant and the proposal is to create the
15 position of Income Tax Administrator. There is also a

16 proposal here to create the position of Right-of-way
17 Inspector. As of today, we still do not have an
18 independent City Treasurer so the old organizational
19 chart that you see on October 1st, under City
20 Treasurer, would remain in effect until such time that
21 we can find a suitable candidate to fill that position
22 independently.

23 So what we are looking to do is to create two
24 new positions; one is for income tax administrator and
25 the other one is for right-of-way inspector, which is

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1 discussed further along during the agenda.

2 And Mayor and I have discussed both the
3 Income Tax Administrator and the Right-of-way Inspector
4 and we agree that these are two positions that we need
5 at the present time. The other issue that we've been
6 having a discussion with, we're not even there yet, so
7 the issue has been separated for purposes of these two
8 positions.

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

11 MR. SAWDON: I'd like to comment. I think
12 the organizational chart really helped me understand
13 where you are today and where you expect to be in the
14 future. The one -- one thing that was kind of lacking
15 in some of the discussion that we had raised at the
16 last meeting was exploration of exploring a combination
17 of Treasurer and Finance Director and using the funding
18 of that treasury position to fund the income tax

19 position. I didn't see any real discussion about that.

20 I saw some notes about when you call up the
21 Treasurer what we'll do once the position is filled.
22 But I didn't see any discussion about exploring that
23 option. I wondered if you could spend some time on
24 that.

25 MR. SOBOTA: We have the current situation

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1 right now with the Income Tax -- I'm sorry -- with the
2 City Treasurer and the Finance Director combined. And
3 Mr. Nazarko and I both have concluded, based on how the
4 City is operating, it's not working to the level that
5 it needs to be for a City that has \$30 million of cash
6 sitting in the bank at this point in time. We really
7 do believe that we need a City Treasurer to be a little
8 bit more active, in terms of the day-to-day investing.

9 In addition, we would like to have someone
10 with a little bit more experience administering and
11 being on site in the City Treasurer's office that can
12 handle the property tax inquiries and the transactions
13 and having, essentially, another supervisor, in terms
14 of balancing the drawer.

15 We did discuss, amongst the two of us,
16 combining the City Treasurer and Income Tax Director.
17 And, at this point in time, we're having a difficult
18 time just trying to find one person who is -- who is
19 willing to accept the position of City Treasurer.

20 Income Tax Administrator has a certain skill

21 level. In trying to find a certain skill level that
22 would mend well with the City Treasurer, we don't
23 believe that we will be seeing that type of a candidate
24 coming forward at this time. If that was a
25 possibility, I'm sure we would have seen an application

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1 come in with someone of that level.

2 so it had been discussed but it was dismissed
3 very early on in the conversation. And I do apologize
4 for not exploring that option in writing but we did
5 examine that.

6 MR. SAWDON: I know you had discussions in
7 the packet. Looking at the performance of income tax
8 into the future, if it's effective and it's effective
9 quickly, the need may diminish in the future or, if the
10 position was not effective and you could analyze that,
11 then the need would fall by the wayside. That really
12 wouldn't be the case of Treasurer. I'm a little
13 concerned that -- I know 30 million seems like a lot
14 but I don't know if there's enough day-to-day activity
15 for a full-time treasurer, as you said. In essence, it
16 doesn't necessarily fall by the wayside. So I still
17 have that in the back of my mind.

18 MR. NAZARKO: To answer that question, we
19 have to go back to the current structure of the
20 Treasurer Office. We do have a Treasury Analyst who
21 have resigned and we have not filled that position.
22 Therefore, the combination of that position and
23 eliminating a current cashier will -- will be only one

24 person. So they used to be four people -- or they are
25 four people with the current structure, there will be

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1 only three left with the -- so there will be one
2 eliminated, basically.

3 And furthermore, you're absolutely right; the
4 income tax administration is going to be evaluated
5 annually and, if it's not going to be profitable to the
6 City to -- and I'm talking about a huge margin of
7 profitably -- that position is not going to exist.
8 It's not a permanent position, per se. It could turn
9 out to be, from my experience, however not that -- not
10 at this calling.

11 However, the Treasurer position, it needs to
12 be permanent. And given the fact, as I said, that we
13 are going to scale down to three positions in the
14 Treasurer's Office, we have an instance two weeks -- a
15 month ago when the Deputy Treasurer, the only person in
16 that office with knowledge, intimate knowledge, of the
17 property tax workings and distributions and
18 settlements, she was sick for two weeks and we had to
19 scramble to, basically, do -- do what the Treasurer
20 does.

21 So this -- this plan going forward, having a
22 full-time Treasurer, Deputy Treasurer and a Cashier,
23 not only does not add any additional cost to the
24 Treasurer's Office, however, it staffs the office
25 properly on the investment side, on the tax

1 distribution side, on the tax enforcement side and,
2 furthermore, on the collection of various receivables,
3 too, that -- that need to -- we need to go after them
4 more, you know, timely, so to speak, and forcefully.

5 So this is, I believe, the best plan and, God
6 forbid, that Deputy Treasurer currently, you know, gets
7 sick or does whatever, you know, we are going to have
8 great difficulty running that office. Myself again, I
9 have filled Treasurer's positions in my previous
10 positions, it's not uncommon for a city of this size to
11 have an active Treasurer, such as myself.

12 However, granted that the office has ample,
13 adequate personnel, that if one gets sick, you know, or
14 vacation or whatnot, the others step right in. And
15 currently we do not have that. We are at the mercy of
16 myself and the deputy treasurer to do that.

17 MR. SAWDON: That was all the questions I
18 had.

19 THE CHAIRPERSON: Any other questions from
20 the Board Members for Mr. Sobota or Mr. Nazarko?

21 Thank you. I'll entertain a motion.

22 MR. BURGESS: We are voting for the Treasurer
23 only?

24 THE CHAIRPERSON: well, could you clarify the
25 options for the Board?

1 MR. CLINE: Well, I believe that, if the
2 Board is satisfied with the staffing plan that was
3 presented to you, then you would have the option of
4 either approving or recommending -- or denying this
5 position.

6 If the staffing plan is not adequate, in your
7 minds, you could postpone the issue, again, and we
8 could provide the City with additional clarity as to
9 what to come back with that you feel is missing from
10 the plan.

11 That's -- that's really it. You can either
12 approve, deny or you can postpone again.

13 THE CHAIRPERSON: Postpone.

14 MR. CLINE: If -- because the -- the issue
15 was that the consideration of the position was
16 tie-barred to the presentation of the staffing plan.

17 THE CHAIRPERSON: Thank you.

18 MR. SAWDON: I'll make a motion to approve
19 the position of an Income Tax Enforce -- or Income Tax
20 Enforcement position.

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

23 Any further discussion?

24 Seeing none, all in favor of the motion to
25 approve an Income Tax Enforcement Administrator, say

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1 "aye".

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BOARD MEMBERS: Aye.

THE CHAIRPERSON: Opposed, same sign.

The motion is approved.

That is all for old business.

Under new business, Approval of the Resolutions and Ordinance for City Council Meetings. Item one, September 11, 2014 regular meeting.

Mr. Cline.

MR. CLINE: Yes. We're recommending approval of all the resolutions for this meeting. It was a fairly routine meeting. Some public hearings were scheduled and approval of minutes, the postponement of a couple of items, that type of thing, nothing of -- that requires any further consideration so we're recommending approval.

MR. SAWDON: I'll make that motion.

MR. BURGESS: I'll second.

THE CHAIRPERSON: Been moved and supported to approve the minutes of the September 11, 2014 meeting. Any further discussion?

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

BOARD MEMBERS: Aye.

THE CHAIRPERSON: Opposed, same sign.

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Motion is approved.

Item 2, September 18th, 2014 regular meeting.

Mr. Cline.

MR. CLINE: This also was some routine
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5 business. However, this is the meeting where the City
6 Council addressed the parking ordinance issue that we
7 addressed -- that we took care of at our special
8 meeting. Therefore, we're recommending approval of
9 everything on this agenda, so --

10 MR. SCHIMMEL: I'll move.

11 MR. SAWDON: Support.

12 THE CHAIRPERSON: It's been moved and
13 supported to approve the September 18, 2014 regular
14 meeting minutes. Any further discussion?

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

17 BOARD MEMBERS: Aye.

18 THE CHAIRPERSON: Opposed, same sign.

19 The minutes are approved.

20 Item 3, September 25, 2014 regular meeting.

21 MR. CLINE: Again, a fairly routine business
22 meeting. The only item of significance that I noticed
23 was that the City has placed some unpaid fines on
24 their -- on their tax rolls for collection and had a --
25 one committee reported received and they may have

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1 postponed a couple of items until their October
2 meeting. So we're recommending approval of all
3 resolutions.

4 MR. BURGESS: I'll make that motion.

5 MR. SCHIMMEL: I'll support it.

6 THE CHAIRPERSON: It's been moved and

7 supported to approve the minutes of the September 25,
8 2014 meeting. Any further discussion?

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

11 BOARD MEMBERS: Aye.

12 THE CHAIRPERSON: Opposed, same sign.

13 The minutes of the September 25 meeting are
14 approved.

15 Next item, the October 2nd, 2014 regular
16 meeting.

17 MR. CLINE: All right. This was really the
18 Major Business meeting of the Council during this --
19 this period. They did approve a couple of -- well,
20 they submitted -- I'm sorry. Let me start over.
21 They -- they authorized going to binding arbitration on
22 a legal matter that they have with -- with a vendor. A
23 couple of industrial facility tax certificates for
24 Challenge Manufacturing and for General Motors was
25 approved. There was adoption of a mobile food vendor

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1 ordinance. There is the spreading of the drain
2 assessments and approval of a contract for Pitney Bowes
3 and approval of some testing equipment that needed to
4 be addressed.

5 we're recommend approval of all this. One
6 item that I am recommending be postponed, because we
7 need some clarification from the City and, as I looked
8 at this and looked at Rules of Procedure, all the
9 members of the City Council were present at that

10 meeting, however, at the time, the Resolutions 14-394
11 was the appointment of an individual to the City
12 Planning Commission.

13 There were two individuals from the --

14 THE CHAIRPERSON: Are you -- I think you've
15 moved onto the October 9 meeting. We're on October the
16 2nd.

17 MR. CLINE: Oh, I'm sorry. I did.

18 MR. SOBOTA: But what you talked about
19 occurred October 2nd.

20 MR. CLINE: No, I believe it occurred
21 October 9th.

22 MR. SOBOTA: The 9th? Okay.

23 MR. CLINE: My apologies. I skipped ahead.

24 THE CHAIRPERSON: All right.

25 MR. CLINE: We're recommending approval on

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1 October the 2nd.

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

3 MR. SCHIMMEL: Second.

4 THE CHAIRPERSON: It's been moved and
5 supported to approve the October 2nd regular meeting
6 minutes. Any further discussion?

7 Seeing none, all in favor of the motion, say
8 "aye".

9 BOARD MEMBERS: Aye.

10 THE CHAIRPERSON: Opposed, same sign.

11 The October 2nd, 2014 regular meeting minutes

12 are approved.

13 Item 5, the October 9, 2014 regular meeting
14 minutes.

15 MR. CLINE: All right. I'll try this again.
16 Everything I just said, Resolution 14-394, which is
17 appointment to a City Planning Commission, all seven
18 members of the City Council were present at that
19 meeting, which would have made a voting quorum of four
20 to pass.

21 At the time that vote was taken, due to
22 reasons unrelated to the meeting, two members of the
23 City Council were not present. The issue came up, it
24 was voted, it was passed by a vote of three to two and
25 I believe that it was recorded as passage, based on a

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1 quorum of five, which actually did not exist because it
2 should have been based on seven.

3 Therefore, by my understanding the motion
4 would have failed but I think that the City needs to
5 look at that and get that clarified. So what I am
6 recommending is approval of all of the resolutions and
7 actions from this meeting with the exception of
8 Resolution 14-394, which I'm recommending in a
9 subsequent motion that the Board postpones
10 consideration until the City can clarify this issue for
11 us.

12 THE CHAIRPERSON: All right. Mr. Sobota?

13 MR. SOBOTA: I can clarify. We have
14 confirmed that the City Charter does require a vote of
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15 four when there are seven council members elected and
16 serving at the time. So all actions taken by
17 city council, provided we have seven council members,
18 who are elected and serving is four. So if there's
19 only four members at the meeting, all four must agree
20 in order to pass a motion.

21 THE CHAIRPERSON: So just for this particular
22 issue, 14-394, there were not four members?

23 MR. CLINE: Correct.

24 THE CHAIRPERSON: Okay.

25 MR. CLINE: I assume, though -- I don't know

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1 but I assume that the City Council is going to
2 reconsider that action. Therefore, if we simply
3 postpone it, then we don't have to take a vote to
4 reconsider it because it will just be sitting there,
5 waiting for us until they re-address it and give us
6 direction as to how they're going to proceed with this.

7 THE CHAIRPERSON: All right. Any questions
8 for Mr. Cline from the Board?

9 I'll entertain a motion, then.

10 MR. SAWDON: I'll motion approval with the
11 exception of Resolution 14-394.

12 MR. BURGESS: I'll second.

13 THE CHAIRPERSON: It's been moved and
14 supported to approve all of the resolutions from the
15 October 9th, 2014 meeting with the exception of
16 Resolution 14-394. Any further discussion?

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

18 "aye".

19 BOARD MEMBERS: Aye.

20 THE CHAIRPERSON: Opposed, same sign.

21 The motion is approved.

22 Now --

23 MR. CLINE: Mr. --

24 MR. SCHIMMEL: Pardon me.

25 MR. CLINE: I was going to just recommend, if

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1 the Board wishes to postpone that issue, it should do
2 it as an additional motion, postpone consideration of
3 Resolution 394.

4 MR. SAWDON: I make that motion.

5 MR. BURGESS: I'll second.

6 THE CHAIRPERSON: It's been moved and
7 supported to postpone Resolution 14-394, pending
8 further clarification from the City.

9 Any further discussion?

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

11 "aye".

12 BOARD MEMBERS: Aye.

13 THE CHAIRPERSON: Opposed, same sign.

14 The motion is approved.

15 Item B, City Administrator items, Item 1,
16 staffing update addressed in the old business portion
17 of the agenda. Item 2, the financially distressed
18 city's Villages and Township Grant Applications.

19 Mr. Cline.

20 MR. CLINE: Yes. The City has submitted six
21 applications to us and I do know, in speaking with the
22 City Administrator, he'd like to clarify one of those
23 items. Just very briefly, the City has submitted --
24 there's 8 -- if you are not familiar with this, there's
25 \$8 million statewide for this grant program. I'm not

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1 entirely sure how the funding is going to be allocated
2 or -- but we have encouraged communities to submit, you
3 know, worthwhile projects for this. They have
4 submitted six. I think they have very good
5 applications in here. One of them is for a major
6 reconstruction -- road reconstruction of Franklin Road.

7 The -- another one is for fire station
8 renovations, which I believe the City Administrator
9 wishes to speak on. They're proposing a business
10 license fee reduction program. They're also proposing
11 an application to help with the administration of their
12 blight management program. And they're also using
13 some -- some fund -- or proposing the use of some funds
14 to develop some programs for their senior center.

15 The final project is for -- to study
16 alternatives to the demolition of the Phoenix Center.
17 I -- you know, I know Mr. Sobota would like to speak to
18 the -- I believe it's the fire station. I'm a little
19 uncertain how to proceed with this. But regarding the
20 Phoenix Plaza issue, I'm recommending that the Board
21 approve these grant applications. However, regarding

22 the Phoenix Center, we have an issue that there's a
23 standing emergency manager order to demo, to demolish
24 the Phoenix Center.

25 Now, there were some issues that had

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1 developed in the last day or so regarding that. I'm
2 not certain how to proceed, if approving -- even if we
3 approve this grant application, it doesn't -- does not
4 mean it will be funded. But I do not know if our
5 approval would technically violate the standing
6 emergency manager order. So I think that's something
7 that the Board needs to weigh on this application.

8 In and of itself, I don't really have a
9 problem with the concept of that proposal. But,
10 because we have this emergency manager order out there,
11 I think that complicates consideration to this and I
12 need to bring that to the Board's attention. The rest
13 of the programs, I have no problem with and think, on
14 their merits, they should be passed forward. But I do
15 believe that Mr. Sobota wants to speak to one of the
16 programs.

17 THE CHAIRPERSON: Mr. Sobota.

18 MR. SOBOTA: In terms of the fire station
19 renovation, as I had indicated in my cover memo, that
20 it is possible that we may change some things around
21 when we get some additional supporting information
22 before the grant is actually submitted. But we did not
23 intend to change the nature of the grant. Over the
24 last two days, I have -- actually, I think -- yes, it

25 was yesterday, I received notification that the City is

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1 facing a potential exposure, rough estimates
2 preliminary between 30- and \$60,000 for the cleanup of
3 contaminated soil as a result of the removal of an
4 underground storage tank at the Huron Street Fire
5 Station, which, according to DEQ records, was removed
6 fifteen years ago.

7 A portion -- the grant was being developed at
8 the time when the UST was discovered and we really
9 haven't been able to conduct the testing. So I was
10 able to put in enough money to actually cover the costs
11 that we have already incurred. Knowing now that we
12 have some question as to whether or not all of these
13 grants are going to be approved, what I would be
14 suggesting is, rather than maybe shorting us on some of
15 the money for the fire station renovations, if, for
16 some reason, the Phoenix Plaza Urban Redesign
17 Redevelopment Grant is not considered, I don't want to
18 go up to Lansing with grant applications \$40,000 short
19 of the ultimate -- of the total amount that we could
20 actually request.

21 So I would be looking for some flexibility to
22 allow me to take that \$40,000 and add it to one of the
23 other projects, either the fire station renovation or
24 the Franklin Road or -- I don't really think we need
25 anything more for business license or blight management

1 but at least a little bit of flexibility there. I
2 still don't know what the actual cost is going to be.
3 I just authorized additional testing today
4 that the DEQ said, "well, we'll try this. We may be
5 able to not have to remove the soil if these tests come
6 back in a certain manner." So this is something that I
7 just authorized within the last hour. At the worst
8 case scenario, we could potentially be looking at
9 another \$60,000 exposure to the fire. If not, then the
10 \$200,000 appears to cover that.

11 Hearing the Phoenix Plaza situation, like I
12 say, I don't want to lose applying for the whole
13 2 million, I'd at least like to have that flexibility.
14 And I'm sure the Mayor has some comments as well.

15 THE CHAIRPERSON: The deadline for the
16 application is the October 31st?

17 MR. SOBOTA: Correct. So I would need
18 approval today by the Board.

19 THE CHAIRPERSON: All right. Mayor?

20 MAYOR WATERMAN: Yes. All of these -- excuse
21 me -- grant applications were reviewed by myself and
22 the City Administrator and we agreed that these were
23 projects that we would like to see additional funding
24 for. Now, I would like to speak, in this instance, to
25 the one related to the Phoenix Plaza area. And I think

1 that has been depicted in the report that you have
2 today as a plan for an alternative to demolition of the
3 Phoenix Center; that's not the way this grant was
4 written.

5 This grant was written as an economic
6 development plan for the central area of town,
7 harboring on that whole Phoenix Plaza area. There is
8 no plan, that I know of, in place, institution plan for
9 that. So it's not specifically related to the
10 demolition. Although, under the S334 order, the
11 demolition is ordered as well as the auction of the
12 remaining parcels.

13 Now, the auction of the remaining parcels is
14 something of concern to me and a number of others who
15 are concerned that City Planning should be the
16 prevailing force in deciding what happens with this
17 area and that that -- an auction does not allow plans
18 to be put in place that are credible and that are
19 methodical and that are strategic. So I have had that
20 conversation, trying to ascertain why this should be a
21 mandate for the City and have talked with a number of
22 people.

23 I have also enlisted the ear of Treasury to
24 discuss that issue, to see if that might be changed, in
25 terms of the mandate, have some support in doing that.

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1 we now have had a couple of meetings that have been set
2 up and had to, for one reason or other, have been

3 canceled but I do want to continue that conversation.

4 But, in terms of this particular grant, it
5 has nothing to do with whether or not it's demolished,
6 it has to do with what is the best economic plan for
7 this area. And it will allow us to get some real
8 concrete ideas and it allows almost a contest for the
9 best heads coming from schools, Urban Planning,
10 Engineering and Urban Design who can give us an idea
11 about how best to utilize this very pivotal area that
12 will affect not only the revitalization of our downtown
13 but also will be part of the whole transit picture in
14 connecting us with the Woodward corridor, to the other
15 Woodward corridor community. So just how this is
16 developed is important to this area.

17 Now, this idea we had for this particular
18 grant, it goes conjointly with the fact that we have
19 just started the Economic Recovery Plan Committee. The
20 first meeting of the steering committee was last night.
21 As you recall, we do have an Economic Recovery Grant
22 Application that was provided approved by the EDA and
23 we are in the process of doing these plans. But
24 there's nothing, specifically, within that Grant
25 Application that addresses this particular central

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1 area. This was just a way to highlight that, to bring
2 additional resources, in terms of expertise, to look at
3 how we develop this area.

4 Now, one previous administrator said that the
5 plan, once it was demolished -- the Phoenix Center

6 garage was to pick up the rubble. Well, obviously,
7 that's not a very salable plan. So I want to come up
8 with something that's a lot more methodical, a lot more
9 thoughtful, a lot more in keeping with the kind of
10 economic revival that we want the City to have. And
11 that's why that was done, to spur some interest and
12 some thought because right now there is not prevailing
13 opinion about how we develop the whole central area in
14 conjunction with what we're doing with downtown. And
15 that's why we set that up.

16 THE CHAIRPERSON: Thank you, Mayor.

17 MR. SCHIMMEL: Mr. Chairman, I'd like to
18 comment on the Phoenix.

19 And Mayor, while you're standing, would you
20 comment on the study that was done by Oakland County.
21 Is that of any value or help to you?

22 MAYOR WATERMAN: Which study?

23 MR. SCHIMMEL: The one that was done by --

24 MAYOR WATERMAN: The transportation study?

25 MR. SCHIMMEL: Is that the one; is that how

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1 it's titled? Yes.

2 MAYOR WATERMAN: The transportation study
3 regarding the Woodward Loop project?

4 MR. SCHIMMEL: Yeah, right.

5 MAYOR WATERMAN: Okay.

6 MR. SCHIMMEL: I'm just curious, if that has
7 any merit or help or --

8 MAYOR WATERMAN: Well, that's been very well
9 received by this community. In fact, it's been
10 presented to both the Planning Commission and the
11 City Council, which we tacitly endorse it.

12 MR. SCHIMMEL: So this, that you're asking
13 for, is just more of an enhancement to the whole --

14 MAYOR WATERMAN: Absolutely.

15 MR. SCHIMMEL: -- what you're trying to do?

16 MAYOR WATERMAN: Absolutely.

17 MR. SCHIMMEL: Okay.

18 MAYOR WATERMAN: And it's nothing binding.
19 It's just a way for people to come up with concepts,
20 have the ideas and to prompt the thinking about what we
21 do, in terms of the thinking of the downtown area of
22 which this -- I think this is a seminal moment for
23 Pontiac. What happens with that area will affect, for
24 years and years, what happens with the economic
25 survival picture in my mind.

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1 MR. SCHIMMEL: I agree. I agree. If I could
2 comment, I guess this would be the time on a couple of
3 things. Regarding the Phoenix, I'm not a lawyer, I'm
4 not a judge, just a simple finance guy. But I think,
5 in light of the decision that this came down, I guess
6 I've never been able to understand why a city doesn't
7 have a right to condemn and demolish its own property.

8 I mean, I've just -- I just don't understand
9 that. I don't understand how a city that owns a
10 building has no right to deal with someone from the

11 outside coming in and making all kinds of changes to
12 the building that it doesn't even own; I've never been
13 able to understand that.

14 And I guess I don't understand the recent
15 decision given by the judge, which, to me, if you have
16 a problem with the offer, you would go back to the
17 party making the offer and say, "You know, you need to
18 include this, this and this in your offer", rather than
19 simply using that as a technicality to dismiss a
20 lawsuit. But I'm not a judge, I'm not, a lawyer, so we
21 live with what we have.

22 I think that decision just leaves us twisting
23 in the air. It seems to me that it creates what I've
24 always thought was a negative financial impact upon the
25 city. But I think it's -- I want to make it clear, I'm

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1 not driving the boat on this issue anymore and I
2 believe your comment that I read is exactly the same as
3 what I would say because this is just another move on
4 the chessboard and I'm no longer making those moves,
5 you and the City Council are making those moves.

6 And I -- just speaking for myself, I'm
7 certainly willing to support whatever can be worked out
8 at some point. I do believe, also, you and I have had
9 a conversation on this and I want to emphasize it
10 again, I believe the final order -- my intention in the
11 final order I made as an emergency manager was the
12 understanding that any part of that order could be

13 changed at any time. And if any kind of a financial
14 solution makes sense and the order needs to be changed
15 in order to implement it, I'm -- I'm there for you, you
16 know, I agree with that.

17 MAYOR WATERMAN: I appreciate that.

18 THE CHAIRPERSON: Any other comments from the
19 Board Members, gentleman?

20 MR. SAWDON: Well, I do have a question.
21 Normally, we're approving actions that are taken by
22 City Council and/or impact the budget. But we have
23 this Grant Application in front of us. I'm a little
24 confused what our role is in the Application. Is it
25 the deadline that's bringing this item to our agenda

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1 rather than looking at actions of City Council in
2 approval of the Application to Treasury? I'm a little
3 confused as to why it's imputing at -- it leaves the
4 impression that we're acting in a form of a city
5 council, by reviewing the application prior to Council
6 action. It could be just a deadline that's forcing it.
7 I just need that clarification in my mind before -- I'm
8 all supportive of the act.

9 THE CHAIRPERSON: No, I understand.

10 MR. SAWDON: I just don't understand why it's
11 on the agenda.

12 THE CHAIRPERSON: Yeah. Mr. Sobota, have
13 these gone before the City Council?

14 MR. SOBOTA: No. Actually, the final order
15 stipulates that, before the City applies for any sort

16 of a grant, the application must be approved by the TAB
17 because a submission of a grant application is not a
18 legislative function but an administrative function.
19 And, based on the prior behavior of the administrative
20 officials in the City of Pontiac, grants were submitted
21 without being properly vetted and approved by the Chief
22 Executive, at least there was no indication of such.

23 So when Mr. Schimmel created this provision,
24 it was -- it's not legislative action. Yes, we want to
25 submit a grant. And this is the way that the

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1 Transition Advisory Board can evaluate the City to
2 determine whether or not the City has taken all items
3 into consideration before applying for a grant.

4 Is there going to be a financial commitment
5 to the City? If so, how much, how long? Is this
6 something that's in the best interest of the city? Is
7 this something that's going to have a positive impact
8 on the City? Is this consistent with the City policy?
9 Things of that. So that way it eliminated employees
10 submitting grant applications on their own and we
11 receive a letter in the mail saying, "Congratulations,
12 you applied for and were awarded this grant" and people
13 didn't know anything about it. And then we have to
14 scramble and find ways to fund, which has been,
15 unfortunately, the past history here in recent years.

16 THE CHAIRPERSON: Does that answer your
17 question?

18 MR. SAWDON: Yes, it does. Thank you.

19 THE CHAIRPERSON: Before you leave the
20 podium, Mr. Sobota, I just want a clarification. The
21 Grant Applications for the repairs to fire stations, is
22 that for existing fire stations or a proposed -- or all
23 fire stations?

24 MR. SOBOTA: Those are for the existing fire
25 stations located within the corporate limits of the

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1 City of Pontiac.

2 THE CHAIRPERSON: I know at one time there
3 was some talk about reopening a fire station and I'm
4 curious as to whether this is --

5 MR. SOBOTA: I believe that a couple of the
6 repairs are for that facility but they need to be done,
7 anyways. If they're not, the facility will fall into
8 further disrepair. It's just standard maintenance-type
9 issues.

10 THE CHAIRPERSON: All right. Thank you.

11 All right. I'll entertain a motion.

12 MR. SAWDON: I'll make that motion and I'd
13 like to, also, include the item on the Phoenix Center
14 because I think it's more of what to do with that
15 property, either as it exists today or as it may exist
16 into the future. And I think that's an appropriate
17 action.

18 MR. SCHIMMEL: I agree. I support.

19 MR. BURGESS: I second.

20 THE CHAIRPERSON: So it's been moved and

21 supported that the Board approve all of the FDCVT grant
22 applications as proposed.

23 Any further discussion? Seeing none, all in
24 favor of the motion, say "aye".

25 BOARD MEMBERS: Aye.

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1 THE CHAIRPERSON: Opposed, same sign.

2 The motion is approved.

3 Item 3, creation of a right-of-way inspector
4 position. Mr. Sobota?

5 MR. SOBOTA: I had presented this proposal to
6 the Board several months ago and requested that the
7 item be pulled from the agenda because I realized a
8 question that was going to be asked that we did not
9 have an answer to. And that question was, "Did you
10 look at an alternative rather than hiring an employee?"
11 So now I can honestly say, yes, we did look at an
12 alternative and that alternative was to put out an RFP,
13 to have the electrical staking services performed by a
14 third-party vendor.

15 We made personal contact with DTE and
16 Consumers who are the two utilities that primarily
17 serve Pontiac to see who they use. We learned that
18 they don't use themselves, they actually use a
19 third-party and we sent those RFPs to their service
20 providers as well as several others that we had
21 identified through professional affiliations. We
22 received two bids in response to that RFP. And the low

23 bid was for cost of \$482,800 over two years and the
24 other bid was for \$509,000 for a two-year contract,
25 essentially about \$250,000 a year to have someone do

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1 the right-of-way staking, being on call for MISS DIG.
2 Needless to say, we don't have that
3 contemplated in any budget appropriation and going in
4 that direction would limit the City to using that
5 service only for the staking operation. We do not
6 believe that the right-of-way inspector is only going
7 to be used for staking operations. There just isn't
8 enough work in one day to justify a person being on the
9 road eight hours a day, doing staking. We believe that
10 that person can be used in other instances, and one
11 example would be during the winter, when there is less
12 construction going on but when there is snow falling
13 that we could have a second set of eyes out on the road
14 to make sure that our snow contractor is performing his
15 duties properly.

16 Being that we are in litigation with the
17 current vendor, we believe that it's a good insurance
18 policy to have a second set of eyes out on the road.
19 In addition, this right-of-way inspector would also be
20 doing sidewalk inspections. We've had two slip and
21 falls filed in the City within the last week. So it's
22 important to have one out on the road doing the
23 sidewalk inspection so we can shift that liability in
24 the City to the adjoining property owner. So those are
25 the three main duties that the right-of-way inspector

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1 will be performing.

2 MISS DIG. The law that regulates MISS DIG
3 was amended and took effect in April and we are not
4 fully compliant with the new law. So there is a little
5 bit of urgency here in moving on this option one way or
6 the other. But those are the three main duties that
7 the DPW superintendent has identified that would be the
8 right-of-way inspector's.

9 And needless to say, we believe that that
10 position funded on a \$20 per hour without benefits
11 would grant more value than signing a contract with a
12 third-party vendor for a quarter of a million dollars.

13 THE CHAIRPERSON: Approximately how many
14 MISS DIG calls do you receive in a year?

15 MR. SOBOTA: I wish I had the RFP. We had
16 that information included in the RFP. The fun part is
17 we may receive the MISS DIG requests but, because we
18 only operate streetlights on the main roads, many of
19 those, we don't have to go out and do any marking on.
20 But we still have to process and respond to the
21 MISS DIG. So a person needs to be familiar with the
22 city when they see something coming in to know whether
23 or not they actually have to go out there and mark it.

24 THE CHAIRPERSON: So this is something that a
25 current employee cannot do, given the fact that it's --

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MR. SOBOTA: We've been limping along for the last 18 months and we're behind, significantly behind. And then there are some additional requirements that MISS DIG has placed on with the 24-hour notification process and the emergency notification and we just don't have the employees available to cover.

THE CHAIRPERSON: And then this would be funded through which fund?

MR. SOBOTA: Major health -- mostly major street funds. And when the person's on winter maintenance, all major and local.

THE CHAIRPERSON: Okay. Any questions for Mr. Sobota?

MR. SOBOTA: And I will remind the Board that this position was included in the budget that's adopted and in effect right now. So we do have the position budgeted so it's not like this is something new. It was contemplated, we just never effected the request.

THE CHAIRPERSON: Questions from the Board for Mr. Sobota?

If not, I'll entertain a motion.

MR. SCHIMMEL: Per the discussion, I'll make -- I'll move that the position be filled.

THE CHAIRPERSON: Is there support?

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Motion dies for a lack of support. Is there
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2 a motion to postpone this item?

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

4 THE CHAIRPERSON: All right. It's been moved
5 to postpone consideration of this item. Is there
6 support for that?

7 MR. SCHIMMEL: I'll support it.

8 THE CHAIRPERSON: All right. It's been moved
9 and supported to postpone the request for a creation of
10 a right-of-way inspector position.

11 Further discussion by the Board?

12 Is there information that the Board desires
13 to see from the administration, further additional
14 information?

15 MR. SAWDON: I know I'm just struggling with
16 the need for a full-time position and I -- whenever --
17 I know you've given us a lot of information to date.
18 I'm still struggling with that. You had an employee
19 retire in 2011 and she had been getting by, if you
20 will, for three years. So I'm a little --

21 MR. SOBOTA: The employee retired --

22 MR. SAWDON: well, it was --

23 MR. SOBOTA: -- in 2013, April 2013.

24 MR. SAWDON: Your report says 2011.

25 MR. SOBOTA: well, that was a typo on my

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1 part, then.

2 MR. SCHIMMEL: Yeah, I want to indicate, too,
3 I mean, I would like to see a continued aggressive

4 effort to try to fill this without having somebody
5 added to the payroll.

6 THE CHAIRPERSON: Any further discussion?
7 All in favor of the motion, say "aye".

8 BOARD MEMBERS: Aye.

9 THE CHAIRPERSON: Opposed, same sign.
10 The motion to postpone is -- passes.

11 Item C, RTAB Business Items. Item 1,
12 Amendment to the Rules of Procedure.

13 Mr. Cline?

14 MR. CLINE: Yes, recommending two amendments
15 to the Board's Rules of Procedure. The first one and
16 the primary one deals with the voting section and we're
17 just recommending a minor change that would base our
18 voting requirements based on the quorum -- on the
19 members present at a meeting that are eligible to vote
20 versus the entire membership. That way if, say, for
21 example, we only have three members present, two could
22 pass an item as opposed to needing all three because
23 one member is -- is absent. So we are recommending
24 that will change.

25 The second one, a settlement is really not a

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1 settlement, per se, it's just more of a clarification.
2 Because this is something that we are asked about in
3 multiple communities. So I thought it appropriate to
4 just note in there that all members of the RTAB serve
5 on this Board without compensation. So I just thought
6 it appropriate that we document that.

7 We have vetted this real change on the voting
8 through the Attorney General's Office and they had no
9 concerns with it. So we're recommending approval of
10 these amendments and then we'll provide you with
11 updated copies of our Rules of Procedure.

12 THE CHAIRPERSON: Any questions for Mr. Cline
13 from the Board?

14 If not, I'll entertain a motion.

15 MR. BURGESS: I'll make that motion.

16 MR. SCHIMMEL: I'll support it.

17 THE CHAIRPERSON: It's been moved and
18 supported to approve the amendment to the Rules of
19 Procedure. Any further discussion?

20 Seeing none, all in favor of the motion, say
21 "aye".

22 BOARD MEMBERS: Aye.

23 THE CHAIRPERSON: Opposed, same sign.

24 The motion to amend the Rules of Procedure is
25 approved.

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1 Item 2, authorization to begin annual RTAB
2 evaluation process. Mr. Cline.

3 MR. CLINE: Yes. As you know, in the
4 governor's appointment of this Board, he required the
5 RTAB to conduct an annual evaluation of the community
6 and provide comments and report back to him on the
7 progress that the City is making.

8 There was no real in-depth discussion of how

9 that process was to occur. So my office was tasked
10 with developing a mechanism, if you will, to -- to work
11 this through. And over the period of a couple of
12 months, as I recall, we developed a document that we
13 call our Community Evaluation Criteria.

14 That was approved, it has been implemented in
15 the City of Ecorse. Though that process, due to
16 circumstances beyond this document, has not been
17 completed yet but it -- the evaluation has actually
18 taken place.

19 There's really no internal mechanism in our
20 Rules of Procedure or anything that covers this
21 particular process. But what I thought would be
22 appropriate would be to provide this to the Board today
23 to vote to begin the process, whereby my office will
24 meet with City officials, will conduct the evaluation,
25 will formulate a report that will be provided for your

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1 review.

2 I fully anticipate, at some point, there will
3 be some discussion with the RTAB members on their
4 perceptions of how things are progressing, any comments
5 or recommendation and the like that you have.

6 Then, once the final draft report is provided
7 to you, upon your approval, it will be transmitted to
8 the governor's office and, in -- to be consistent with
9 some of the provisions within Public Act 436, a copy
10 will be provided to the City and a copy will be
11 provided to the State Representative and the State

12 Senator for the City of Pontiac.

13 I think that this document we have tried to
14 cover, as I believe I mentioned last month, a number of
15 areas that, in an optimal situation, the City would
16 already be doing. So we're gauging it, you know, where
17 they're at, against that. We've tried to remove as
18 much subjective analysis as possible and made it more
19 of a black and white evaluation. "Are you doing X; yes
20 or no?" And then providing an opportunity for comments
21 as to why or why not a particular thing is being done
22 or not done.

23 And then to provide an area where sort of
24 some overall comments to kind of tie everything
25 together can occur. As I said, this will only be the

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1 second time this was used. We are trying to get
2 through all the existing communities once before we --
3 we evaluate it to see, you know, if we need to make any
4 substantive changes. But a lot of eyes have looked at
5 this already. There is input from my office. There is
6 input from several divisions of Treasury.

7 It's been everyone believes that this is a
8 solid way to go and they were very supportive of the
9 process that we used to develop it. Overall, it worked
10 well in the City of Ecorse, though they have some
11 internal issues that have delayed, you know, final
12 implementation.

13 But I think that -- I think that it will work

14 well here and I would like the Board to authorize us to
15 proceed with this evaluation and then we don't have a
16 specific timetable on this because it is rather
17 time-consuming. But we will, at our first available
18 opportunity, meet with the City, conduct the evaluation
19 and then get it back to you in an as timely a manner as
20 possible.

21 THE CHAIRPERSON: Any questions for
22 Mr. Cline?

23 MR. SAWDON: I looked at the evaluation and
24 it's pretty thorough. I thought it was --

25 THE CHAIRPERSON: I would agree.

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1 MR. SAWDON: I thought it was well done,
2 actually.

3 THE CHAIRPERSON: I would agree.

4 MR. CLINE: Thank you.

5 THE CHAIRPERSON: Given that, I will
6 entertain a motion.

7 MR. BURGESS: I will make that motion.

8 MR. SAWDON: Support.

9 THE CHAIRPERSON: It's been moved and
10 supported to authorize the annual RTAB evaluation
11 process. Any further discussion?
12 Seeing none, all in favor of the motion say
13 "aye".

14 BOARD MEMBERS: Aye.

15 THE CHAIRPERSON: Opposed, same sign.

16 The motion is approved.

17 Now move on to Nonaction Items, Item A.

18 MR. CLINE: Mr. Chairman, we have our --

19 THE CHAIRPERSON: Oh, I'm sorry. Item --

20 yes, Item D. Yes, thank you, Mr. Cline. The request
21 for the consideration of the Conway MacKenzie contract
22 increase.

23 MR. CLINE: Yes.

24 THE CHAIRPERSON: Mr. Cline.

25 MR. CLINE: We have some information that was

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1 provided by the City. The City has retained the firm
2 of Conway MacKenzie to assist them with some
3 pension-related analysis. Expenditures up to \$10,000
4 do not require the Board's approval. The City, as I
5 understand it, has expended \$10,000 in their services.
6 They are requesting an additional 15,000 for this
7 service.

8 You do have a copy of their contract in the
9 information that was provided to you. The -- I believe
10 this request came directly from -- from the Mayor.
11 Unfortunately, we received the -- well, we received the
12 contract last Friday, regarding the exact services that
13 Conway MacKenzie has provided. Unfortunately, due to
14 my scheduling, since we received this, I've really not
15 had time to go into it and do any -- any in-depth
16 analysis on this contract.

17 So I don't know if you want to ask any
18 particular questions of the City Administrator or the

19 Mayor on this issue. I think that the Board should
20 have any clear idea as exactly what this firm is doing,
21 you know, in order to authorize this additional
22 expenditure. So if the Board is comfortable with
23 whatever explanation the City provides, then I -- then,
24 you know, approval certainly could occur.

25 If -- if the Board wants to take more

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1 information, because I know we just added it today --
2 or more time, excuse me -- to evaluate this, then we
3 could certainly postpone it until next month. Whatever
4 your preference is on that. But I would suggest that
5 you get a more in-depth report from the City on this.

6 THE CHAIRPERSON: Mayor?

7 MAYOR WATERMAN: I'll be happy to explain
8 that. And we did this proposal as a matter of
9 precaution, just to make sure all our fences were
10 covered here.

11 Actually, this contract with Conway Mackenzie
12 is not with the City. The City Attorney,
13 Giarmarco Mullins which is handling the retiree health
14 lawsuit matters for us, as we began to get into
15 negotiations and talked with them and try to figure out
16 what were the best solutions for this particular issue,
17 the attorneys and myself needed some additional data
18 analysis and research to be done and we needed
19 expertise to do that.

20 So given the fact that we wanted to cover
21 this under the line item for what was already provided

22 for the City attorneys, the City attorney did draft a
23 contract with Conway MacKenzie as an in-consultation
24 with -- with Giarmarco, Mullins. So the contract is
25 actually with the City Attorney.

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1 Now, because of the fact that we were
2 entering facilitation and we're going to need this
3 consultation and expertise very quickly, just to make
4 sure that we weren't going to have a problem with this
5 line item, I went ahead and submitted this, too, just
6 to make sure that all the bases were covered. But it
7 is true that Conway MacKenzie did submit the first
8 amount of their bill for \$2,000, which should have
9 been -- which, from now on, will be submitted through
10 Giarmarco, Mullins because that's who they are
11 contracted with, actually, as a consultant.

12 But their information has been very helpful.
13 They have submitted a draft report, which was given to
14 the facilitator, who is Mr. Eugene Driker. And the
15 importance of having this kind of information was not
16 only emphasized by Attorney John Clark, who I believe
17 has a letter of support indicating why they needed to
18 obtain this consultation but, also, by Mr. Driker
19 himself.

20 We had the first mediation session this
21 Monday. And Mr. Driker said that, if it was necessary,
22 he felt that -- he felt it was important to have
23 experts talking to experts and appreciated the reports

24 that Conway MacKenzie was able to supply. And we
25 realized that, although there were several other

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1 sessions planned for this week, Mr. Driker did postpone
2 that so that Conway MacKenzie could continue their
3 investigation.

4 There was a lot of information that was
5 needed to further vet the proposals that were possible,
6 including other actuarial studies, given different
7 assumptions, also MERS was not able to give us the
8 right studies because of the fact they needed more
9 data. They agreed to give us a preemptory evaluation.
10 But, in order to give us a real substantive evaluation,
11 they needed the kind of information that Conway
12 MacKenzie had requested.

13 We have requested some of this information
14 earlier. The GERS Board has been kind of circuitous in
15 their process by which we could get a request for
16 information obtained. Mr. Driker, in this session, did
17 talk with the GERS Board as well as the police and fire
18 a VEBA attorneys and representatives and did propose to
19 them that he would be very -- it would be very helpful
20 to the situation if they would streamline their --
21 their procedure for us getting information. And that
22 is now pending before the GERS Board and a separate
23 board.

24 But we do hope that they will comply because
25 that will certainly facilitate this process and in the

1 hopes of obtaining this information so that we can
2 continue the kind of research we needed to make -- to
3 be in alliance and to make a proposal, as Mr. Driker
4 has asked it to do, by November 26. So we do need this
5 information.

6 Mr. Driker said that if this Board needed
7 further information to substantiate the need for this
8 kind of consultant expertise, that he would be pleased
9 to provide that as well.

10 THE CHAIRPERSON: Any questions for the
11 Mayor?

12 Mr. Cline.

13 MR. CLINE: Mr. Chairman, I'm kind of
14 thinking out loud on this. But if the contract is
15 between Conway and Mackenzie and Giarmarco, Mullins,
16 that sounds like a subcontract relationship, unless
17 that cost is passed directly on to the City. Am I not
18 wrong that the City's attorney line item or whatever
19 they identify it as would absorb those costs and, if
20 there's insufficient funds, then the City would be
21 needing to make a budget amendment?

22 THE CHAIRPERSON: I think that assumption's
23 correct.

24 MR. CLINE: So I'm not entirely certain that
25 we need to take action on this item. Unless there's

1 something in that -- in what I just described that I'm
2 missing, in the relationship between the City and its
3 law firm and then this contract.

4 THE CHAIRPERSON: Yes, Mayor?

5 MAYOR WATERMAN: I think the confusion was
6 and the reason why we decided to take the poach as a
7 safeguard was the fact that when Conway MacKenzie
8 presented an initial bill to Giarmarco, Mullins.
9 Giarmarco, Mullins sent that bill to the City and that
10 was what was authorized to be paid. So, although that
11 kind of wasn't what we had configured it to be
12 originally because of the fact that we had acceded and
13 gone ahead and paid it that way, future bills can be
14 submitted through Giarmarco, Mullins.

15 Also, doing it that way and abiding by the
16 contract the way it was set up, will mean that the
17 research that is done will be a subject to
18 attorney/client privilege, which might be a better
19 stance for us to be in, given the fact that we want to
20 use this material for our negotiation.

21 THE CHAIRPERSON: I know I had asked
22 Mr. Cline to contact Mr. Sobota with some requests as
23 to questions regarding the information that
24 Conway MacKenzie has provided. So, if the Board's
25 going to consider this, it would be my feeling that we

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1 postpone it until at least I could see that
2 information.

3 Mr. Sobota has his hand up there.

4 MR. SOBOTA: In terms -- in terms of our
5 agreement with Giarmarco, Mullins & Horton, I was
6 unable to find anything in the contract that allowed
7 them to subcontract any work prior to this agreement.
8 Any work that they used that, essentially, they
9 subcontracted either to an appraiser or to another
10 attorney, they approached the City, we approved those
11 expenditures in advance and we paid those vendors
12 directly. So this is a consistent practice.

13 So when this \$10,000 limit was reached,
14 obviously the red flag went out and, just like we're
15 doing with the other attorneys that we're using,
16 anything over 10,000 is being presented to the Board.
17 Because the last thing we want is something said that
18 we're trying to do something that is not consistent
19 with the practice that we had been handling for every
20 other situation such as this.

21 THE CHAIRPERSON: Thank you. Mr. --

22 MR. SCHIMMEL: Can this first bill be
23 resubmitted to Giarmarco and handled that way or --

24 MR. SOBOTA: Well, the first bill was
25 actually paid, all except \$40. They went \$40 over so

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1 we didn't pay the \$40. But I think what the Mayor is
2 looking for is for work that needs to be done from
3 today through whenever the facilitation is.

4 MR. SCHIMMEL: Well, I think this is the

5 proper format to try to get this matter resolved. I
6 mean, I like the mediation idea and you're including
7 MERS, are you; my front horse? So I think I'm asking
8 my fellow board members here, I think we need to do
9 whatever we need to do to let this go forward. I hate
10 to delay it. It's a big issue for the City to get
11 resolved. So what would you suggest we do here?

12 THE CHAIRPERSON: My feeling is it's a big
13 issue but I'd just like to -- from my standpoint, I
14 just would like to see some of the information I had
15 requested Mr. Cline propose to the City Administrator.

16 MR. SAWDON: I'm still a little unclear.
17 Would we be approving the addition of another 15,000 in
18 the budget for the City Attorney?

19 THE CHAIRPERSON: Well, that's the other
20 issue.

21 MR. SAWDON: Yeah.

22 THE CHAIRPERSON: Does this even need to be
23 before us or is this a budget assessment? So there's a
24 couple of items --

25 MR. SAWDON: Yeah.

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1 THE CHAIRPERSON: -- that are unclear. And
2 so my preference is we postpone it.

3 MR. SOBOTA: I see this as an authorizing
4 expenditure request with the new S334 professional
5 services that exceed \$10,000 have to be pre-approved.
6 Because this matter is exclusively reserved to the
7 Mayor, we did not require Counsel approval for this,

8 just as we do not require Counsel approval when we're
9 obtaining additional authorization for expenditures for
10 Monaghan, P.C., which is the attorney leading the
11 condemnation case.

12 There are sufficient appropriations in the
13 budget at this time. The question is can we incur
14 expenditures with one firm for the same issue in excess
15 of \$10,000 without Board approval?

16 THE CHAIRPERSON: Yeah, I would say no. But
17 that deems further research as well, as far as I'm
18 concerned.

19 MR. CLINE: I would think my initial thought
20 would be, if they cannot expend beyond \$10,000, that
21 they could not, without approval of the Board.

22 THE CHAIRPERSON: Right.

23 MR. CLINE: And the Board is not willing to
24 take action at this time, then -- then they would have
25 to cease work until we get this clarified and get the

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1 information.

2 THE CHAIRPERSON: Correct.

3 MR. CLINE: Correct.

4 THE CHAIRPERSON: If the Board postpones it.
5 I expressed my feelings that the Board -- so I'll
6 entertain a motion -- oh, Mr. Nazarko.

7 MR. NAZARKO: Mr. Chair, that I believe that
8 we may be in a conundrum there or a special situation
9 there. It's my understanding that, in the meantime,

10 from the last invoice of \$10,000 that we already paid,
11 Conway MacKenzie may have already incurred expenses
12 beyond that invoice.

13 Because we had mediation, they appeared at
14 the GERS Board meeting with me, therefore, by the Board
15 not acting, authorizing the expenditure, we may already
16 be in a dangerous situation or area that, when they
17 submit the bill it's not authorized. Although the
18 Mayor is authorizing up to 10,000.

19 But then it becomes a legal question that the
20 first 10,000 was expended and now this is beyond the
21 10,000. However, this is not a budget question, as
22 Mr. Sobota had said, because we do have ample funds in
23 the "legal" line item.

24 And given the fact that the contract from
25 Giarmarco, Mullins does not allow for subcontracting

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1 without approval of the Board and Mayor, we -- this is
2 a special situation I'd like -- what I'm thinking is
3 that, if you postpone this, as I see the intention is
4 here, we may be in a difficult situation by the
5 mediator, once by November 26th, certain information,
6 Conway MacKenzie may very well exceed the \$10,000, from
7 what I have seen them, their work do and their hourly
8 rates.

9 So I don't think that we can wait for that
10 type of action until the next Board meeting. We may be
11 in a -- in a situation that is not going to allow us to
12 expend any more after today, as a matter of fact.

13 THE CHAIRPERSON: I appreciate the
14 explanation, Mr. Nazarko, but I -- I'm troubled by the
15 fact that the bill had been submitted, they've
16 expended, they billed for one bill to -- help me out
17 here. They've sent one billing to the City for
18 \$10,000?

19 MR. SOBOTA: Yes -- two bills.

20 THE CHAIRPERSON: Two bills. And so when the
21 first bill came in, did you have any idea that the next
22 bill was going to be over --

23 MAYOR WATERMAN: Because we just got -- the
24 bill was just paid, maybe two weeks ago, we didn't know
25 what the situation would be, in terms of the amounts.

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1 As we said, the line item for the attorneys for this
2 particular matter will not be exceeded, we still have
3 enough in that. The idea of bringing someone like
4 Conway MacKenzie in is to hopefully be able to lessen
5 the amount we spend on litigation.

6 THE CHAIRPERSON: Certainly.

7 MAYOR WATERMAN: So that's the item. Also,
8 we've got mediation going, you know, it needs to have
9 this expertise in all this go forward at this point.
10 This becomes a nonissue and maybe this is moot if the
11 whole question of whether the attorneys in their field
12 of expertise have the right to hire other experts that
13 they need to do their job.

14 Mr. Sobota makes the point that their

15 contract with the City does not allow them to
16 subcontract. Well, it doesn't specifically prohibit
17 them from subcontracting or from hiring experts,
18 whether it's, you know, the corridors or, you know,
19 whoever they might need in order to extend upon the
20 kind of service that we need to do to get this job done
21 and maybe the fact that they don't have in-house. They
22 don't have in-house to go do data analysis or to do,
23 you know, I don't know, calculations based upon
24 actuarial studies.

25 So that is what they needed to be able to

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1 assist me to be able to carry out this function.

2 THE CHAIRPERSON: Mr. Sobota.

3 Thank you, Mayor.

4 MR. SOBOTA: If I may, speaking in support of
5 the Mayor's request, generally, on average, the City
6 spends \$12,000 a month for City attorney services.
7 what the Mayor is asking is for \$15,000 to get us
8 through a month of service. In terms of our spending
9 ratio for City attorney services, that sounds
10 reasonable. I haven't seen their work product so I
11 can't speak to it and I'm not familiar.

12 And I understand the Board's concerns but I
13 also understand the Mayor's responsible for leading the
14 retiree healthcare litigation through to its conclusion
15 and she has stated that she believes that she needs
16 this assistance.

17 Apparently, the City Attorney has represented
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18 that they're finding that this assistance is advisable
19 as well. So I would recommend and request that the
20 Board consider, at least this one time, to grant for
21 the \$15,000 so that the total authorized expenditure
22 for Conway MacKenzie is \$25,000. That lets us pay them
23 the \$40 that we still owe them.

24 And then, at the next meeting, whatever
25 information that you need hopefully the Mayor will be

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1 able to provide so that, if their service needed to be
2 continued, you'll be able to have enough information at
3 your hands to make that accommodation.

4 From a budgeting standpoint, both Mr. Nazarko
5 and I agree, we don't have a concern for the additional
6 \$15,000. The Mayor has indicated that she needs this
7 service to get us through this particular mediation.
8 The mediator was kind enough to postpone, as she has
9 represented, anticipating that this approval would be
10 granted.

11 I think all three of us would request, in
12 order to at least put this issue to rest today, that at
13 least limited authorization be granted and then we can
14 look over the next couple of weeks as to how we can
15 handle this in the future.

16 MR. BURGESS: Is the 25,000 the maximum
17 amount that we're going to need for this project?

18 MR. SOBOTA: We've spent 10,000 to date,
19 10,040 to be exact. And the Mayor had requested an

20 additional 15,000.

21 THE CHAIRPERSON: Excuse me. The 10,000 is
22 one month's worth of work, two months'?

23 MR. SOBOTA: It was two bills. Probably
24 three months', four months' of work.

25 MR. CLINE: Mr. Chairman, if you -- I noted

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1 in the contract the contract was signed between the two
2 law firms in July. So I don't know if they immediately
3 preceded working on that. But it's been over that
4 period of time and I think this is an issue where we've
5 had a sort of a conflict of calendars in the sense
6 that, you know, perhaps, you know, this could have been
7 better anticipated.

8 But my office was not made aware of -- of
9 this contract or this need until the first part of this
10 month and then we didn't receive the contract until
11 last week.

12 Now, we're up right against the meeting and,
13 if we have questions, we're in this, I believe, as
14 Mr. Nazarko said, "conundrum".

15 THE CHAIRPERSON: Uh-huh.

16 MR. SOBOTA: And if I may also, I don't think
17 it's a wise policy to allow contracted vendors to enter
18 into subcontracts with other agencies without the city
19 having some sort of budgetary control or limits. So
20 that is, I believe, the reason why Mr. Schimmel signed
21 the agreement that he did with Giarmarco. And we've
22 been operating ever since that, whenever they need

23 outside Counsel, they come to us, we authorize that and
24 we pay the vendor directly. Or if they needed an
25 appraiser, on several occasions, I believe we've had to

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1 do that for different cases, they've come to us, I
2 received the estimate. And as long as it's under
3 10,000, we've approved that and paid the vendor
4 directly. So that's the way we've been handling it and
5 I think this is a good practice because, otherwise, you
6 have no control over the expenditures.

7 THE CHAIRPERSON: Thank you. Any more
8 questions?

9 MR. SAWDON: well, I'm a little concerned.
10 We have invested the City has invested 10,000 to get us
11 to this point and, by postponing, I'm wondering if we
12 postpone and we run up against a mediation issue, that
13 our investment has kind of been lost. And so I'm
14 really kind of a little concerned, I don't like items
15 coming to the table -- I mean, I read it, as you were
16 talking, so I haven't had a lot of time to really think
17 the process through.

18 But I know that you've invested some funds
19 into it already. And if we postpone, I'm not sure,
20 will we lose that investment? And how will we perform
21 in the mediation front, too? And we may end up really
22 losing more in the long run than we may by having a
23 walk-on item. So I have concerns about walk items, I
24 have concerns that, if we're -- that the City's not

25 really in control of the amount being spent on a

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1 third-party. So that I have concerns there.

2 But I think I don't like to see the 10,000
3 investment lost and what that may mean to us in a
4 mediation or, eventually, litigation. So I have some
5 concerns with postponing.

6 THE CHAIRPERSON: All right. Any other
7 comments?

8 I'll entertain a motion.

9 MR. SCHIMMEL: I'll move that we approve it
10 and -- and scold everybody for not doing things on
11 time. But other than that, I'm going to move that we
12 approve it.

13 MR. SAWDON: I support.

14 THE CHAIRPERSON: Okay. It's been moved and
15 supported to increase the Conway MacKenzie contractual
16 amount by \$15,000 for a total of \$25,000.

17 Any further discussion?

18 Seeing none, all in favor of the motion, say
19 "aye".

20 BOARD MEMBERS: Aye.

21 THE CHAIRPERSON: Opposed, same sign.

22 Aye.

23 Motion passes.

24 Nonaction items, Monthly Financial Report,
25 September 2014.

1 MR. NAZARKO: I'll keep this short, light and
2 mostly positive.

3 Financial reports, as presented to you for
4 the period ending September 30, 2014, show what we have
5 been indicating in the last four months that the
6 financial picture of the City of Pontiac has improved
7 greatly from the last year, from the period ending
8 6-30-2013. We do -- we are in process of wrapping up
9 the audits, writing down. Auditors have been working
10 all this month throughout.

11 The fund balance for the general fund that we
12 are mostly concerned with is a healthy 4 point --
13 exceeds \$4.8 million at this point with a few minor
14 adjustments, probably, in the wings but I do not expect
15 anything -- it should be between 4.8 and \$4.9 million.
16 That's a \$4 million improvement from the last fiscal
17 year.

18 And, again, it shows that we are in -- based
19 on my financial opinion, we are in the right path. And
20 the actions that the administration, the Mayor and
21 City Council and this Board has been taking all along
22 are working, in my point of view.

23 We have a lot to do going forward. The
24 picture, although it has greatly improved, we cannot
25 lose sight of the fact where we came from and we need

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1 to keep this going and watch every single bill.

2 As we have demonstrated, with this exceptions
3 that occurred a few minutes ago, we have done, I -- I
4 believe, a pretty good job scrutinizing every penny
5 that comes to our desks.

6 We had a cash flow projection for the next 12
7 months is on the fourth page of the package. It is --
8 it shows that we are not expecting, at this point,
9 again, aside from the litigations that we have been
10 discussing, if anything comes, that I don't see at this
11 point. But the normal operating expenditures, the cash
12 flow projection for the next 12 months is in great
13 shape to the point that I don't believe that the cash
14 flow projections that have been provided to you would
15 be useful. Again, I'll agree to provide that based on
16 the order. However, it is a good picture, a picture
17 that shows the financial strength and we'll try to keep
18 it that way.

19 We do have a couple of weak points and those
20 are the investments, that we are not -- we are not
21 doing what we need to do on that front, the resolution
22 to authorize me to invest to a certain investment pool
23 is still pending in the Council. I believe we made
24 some headway last finance staff meeting with the
25 Council last Monday.

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1 Finally, I believe I have them on board to
2 approve that resolution as soon as I get that, that
3 some -- again, some interest will be run from the stale

4 deposits that we currently have and I'm not hurting
5 anything that's one weak point. The other weak point
6 is our subcontractor that handles the income tax
7 collections and operations.

8 I have done -- I've -- I think I have done a
9 lot to try to get them to perform to the expect -- to
10 our expectations and I'm -- I'm sad to say that I don't
11 think we are there yet. And there are a few fronts.
12 You know, the latest one came during the audit process
13 that they are not supplying information that should be
14 readily available to the auditors to the verify the
15 tax -- the accounts receivable balance on an income tax
16 front.

17 Again, I'm working with that, it's work in
18 progress but this action that the Board took today, I
19 believe, will help me in that regard, too, because an
20 income tax administrator could be involved heavily or
21 more than I have been in the past. Because of timing
22 issues, as you can imagine, that can help us in that
23 regard, besides collections, collection activity.

24 In the last two months, since we sent out the
25 delinquent tax notices, we have increased our tax

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1 collections, compared to the same period from last
2 year, by \$432,000. And I'm talking about the first
3 three months of the fiscal year, July, August and
4 September.

5 I'm expecting that number to go higher.

6 Again, I don't have any numbers now as to how high.
7 But it's a positive sign that already we are \$400,000
8 ahead. And that's a positive sign as well.

9 Other than that, I believe that the other
10 things are normal. One quick -- I'm looking for a
11 word -- to have the fund balance policy as approved by
12 the Treasury to be approved now and the final action is
13 by City Council. And what's good about that is that
14 not that only puts us, in part, with financially stable
15 municipalities but it's a safeguard that we cannot
16 spend this hard cumulated fund balance is now on items
17 that could not and should not be spent. So that's a
18 safeguard and I see that as a very good development and
19 I'd like to thank all people involved that helped with
20 that policy.

21 So, other than that, I believe that the other
22 reports are self-explanatory. All the funds are in
23 good shape, fund balance-wise, and we are safe to move
24 on.

25 THE CHAIRPERSON: Any questions from the

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1 Board Members for Mr. Nazarko?

2 Thank you, Mr. Nazarko.

3 MR. NAZARKO: Thank you.

4 THE CHAIRPERSON: Item B, Mayoral Report.
5 Mayor Waterman.

6 MAYOR WATERMAN: Yes.

7 Yes, gentlemen. There's a lot to report on
8 today as well as some late-breaking news. So I think
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9 I'll start with the issues for which the items that I
10 was able to know enough in advance to be able to send
11 you some documents to support what we -- what's been
12 going on.

13 To start with, one of the ways that Pontiac
14 has extended its ability to perform functions and to --
15 to promote its economic plans for the City and
16 community development plans is to develop partnerships.
17 And I'm happy to report that Oakland University,
18 through its new president, George Hynd, has reached out
19 to offer one of those partnerships. And that is the
20 letter that you see right here.

21 Mr. Hynd has just been inaugurated as
22 President of Oakland University in the last eight
23 weeks. He has a very impressive attitude, reached out
24 to Pontiac and said, "I want to restore the binds of
25 friendship and cooperation." He also wants to be able

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1 to offer his resources for the University as well as
2 the aspects of his faculty and students to provide them
3 a more community-based experience as well. So we have
4 mutual opportunities here.

5 And to that, he wanted to meet the community
6 where we are and has already planned to have a
7 Town Hall on November 1st. We have some great number
8 of people involved in the community invited to that in
9 which we can share ideas for how Oakland University can
10 use its resources.

11 I already have some ideas that I have
12 promoted, including providing internships or providing
13 capacity for grant writing or augmenting the education
14 in our classrooms to supplement some of the programs
15 and educational curriculum opportunities that we have.
16 So that's going to be supported further November 1st.

17 He has -- the president has the number of his
18 deans who have worked with us in promoting that
19 particular juncture and we do receive Oakland
20 University in partnership and are happy for that
21 opportunity.

22 Secondly, I've that talked a lot about the
23 blexting project that we here in the city-wide survey
24 that kicked off last Saturday. We are now on the
25 platform of the Loveland technology that blexting is

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1 where you have an online way of collating all data
2 about a property. And we are going to do a city-wide
3 survey.

4 we have collated information that Oakland
5 county has provided us, in terms of each parcel or
6 parcels identification number, collating that with
7 addresses so that now we can update all the information
8 we have about the status of properties. This will help
9 our whole blight eradication process because we will
10 have all that information collated. People can -- who
11 are part of the process can then access it in realtime
12 and, also, off of realtime adjuncts to the information.

13 So one of the ways we're holding down the
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14 cost of that, although there is some funding that was
15 elicited by the Pulte organization through
16 Mr. Bill Pulte and through PNC Bank to provide the
17 funding to do the -- to have the software. So anybody
18 with a smartphone who is logged onto this platform can
19 do this process. And we had 20 volunteers here. We
20 taught the process and taught them how to evaluate for
21 building and safety conditions.

22 So we are doing first the southwest area of
23 the City. This can be done on their own time. And we
24 will and able to close this information, what we
25 already have and also will be providing some realtime

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1 updates in terms of the database so that we can
2 identify properties status and what happens to them.

3 In the meantime, we are certainly going ahead
4 with doing the demolitions that need to be done for any
5 properties that have been identified as condemned. And
6 I will be happy to report to you that, with the latest
7 round of demolition contracts I've just sent out, we
8 will have expended the CBDG 2012 money as well as the
9 2013 money.

10 We just received the amount of the allotment,
11 seven hundred and some thousand dollars for CBDG in
12 2014 and we will begin working on that. So, as we
13 identify additional residences that need to come
14 down -- mostly we are working on neighborhood not
15 commercial structures right now. That would certainly

16 help that process and we do help -- we do -- are very
17 gratified that we have so many volunteers who are
18 willing to help with this process.

19 Deputy Mayor. I'm very happy to know where
20 that process is in place. I think I reported to you
21 that we did have a good number of candidates in the
22 first round that were considered. We were doing
23 interviews this week. There were several more that
24 could not be accommodated this week and so we will
25 resume those in Number 6.

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1 Mr. Reynold Burns that you know from Treasury
2 was also sitting in on those interviews and we will
3 resume that last interviews, in the first round,
4 November 6, when he's back in town. Because he will be
5 away for a while.

6 So I'm very pleased with the kind of vigor,
7 the kind of vitality, the kind of experience that has
8 presented for this. And I do fully expect to be able
9 to have someone who will come forth from that group who
10 will be able to filter through all of the
11 qualifications that we had set forth that we had agreed
12 that would be kind of the demarcations that we wanted
13 that person to have, particularly in the fields of
14 economic development, which is an expertise the City
15 will well use as we are moving forward in our strategic
16 plans as well as data analysis, contract review and
17 five-year budgeting cycles.

18 So we are looking for that particular kind of
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19 experience and I'm happy to report that I see some
20 valuable candidates and I'm very happy for that process
21 to be completed.

22 Also, you have in your body of documents that
23 were submitted to you for review, one of the things
24 that had been brought to my attention was a senior
25 citizen millage fund balance is one of the things we

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1 were operating as a structural deficit.

2 And so one of the things I wanted to do was
3 to both see what we should do in terms of the senior
4 centers -- and I want to get the seniors involved in
5 helping make those decisions -- was able to organize a
6 meeting with some of the senior citizen stakeholders
7 that was sponsored, a luncheon, by the AARP, which also
8 works with me on wanting me to initiate programs within
9 the City both to increase the accessibility and
10 usability of the senior centers but also to have the
11 seniors involved in what happens with the future of
12 these senior centers and how we would effectively
13 budget the monies that had been allotted through the
14 millage.

15 And so that was a very productive discussion.
16 They will take that back to their respective bodies and
17 constituents. We presented to them a ten-year look
18 back at how the monies in the millage had been spent.
19 They wanted to know where the money had gone and why
20 they were in a structural deficit. But also we

21 presented to them a review and an inventory of all the
22 capital improvements that needed to be done at the two
23 senior centers so they can prioritize where they want
24 their money to be spent and how they wanted to increase
25 the accessibility for those two senior centers and what

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1 would happen with the viability of those centers.

2 We also want to make this a more
3 senior-friendly community and so those kinds of
4 initiatives were also considered. And we wanted the
5 senior citizens to be actively involved in determining
6 what were the priorities for the use of their millage.

7 We touched upon -- we talked about the
8 Conway MacKenzie contract, about the mediation that's
9 going on for the retiree health issue. That is going
10 forward and I think I summarized what was happening
11 with that.

12 Mr. Driker, as I said, did postpone the rest
13 of the meetings because he thought that the path that
14 we're on to gather information was necessary for the
15 process, it's helpful for him and, as I say, we are
16 under that deadline of to have a proposal from the City
17 by November 26th. So we are working steadfastly to be
18 on that deadline, to be able to present that at that
19 time.

20 In the meantime, I did forward to you -- as
21 you recall, we were waiting for the Attorney General's
22 office to give us an opinion that was requested on
23 the -- on the applicability of the 420 transfer rules.

24 And so that is a letter that we received from the
25 Attorney General through a representative of Granholm's

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1 office, is included in your packet. It is, as you see,
2 a kind of a nonanswer and the Attorney General punted
3 in answering the question because he deferred to the
4 fact that there was litigation going on.

5 We thought that that was a hindrance to our
6 being able to get some new answers to see what the
7 actual eligibility was and whether this was something
8 that should be considered, in terms of our options. So
9 through the representatives of the office, we did
10 request that the Attorney General give us a more
11 definitive answer. We've also made some outreach to
12 Treasury to see if they could also prompt the Attorney
13 General to be more decisive, in terms of the answers
14 that they were giving us. So that is where that
15 stands.

16 And then I think Mr. Schimmel alluded to the
17 fact that there was some late-breaking news, in terms
18 of the Phoenix Center litigation. And for those of you
19 who weren't aware, yesterday, the Honorable
20 Michael Warren in whose court this matter has been
21 tried did dismiss, without prejudice, the condemnation
22 lawsuit that had been brought by the City of Pontiac.

23 Now, I had some discussion with our law firm
24 that's handling the condemnation suit to kind of
25 understand what the basis of the opinion was. It seems

1 like it was a procedural matter. And the procedural
2 matter related to the fact that Ottawa Towers has been
3 doing ongoing repairs and other work at the garage, the
4 southern part where they park cars of their tenants.

5 The City, of course, does not have any
6 substantiation of these amounts or it has not had any
7 inspection of these amounts and had no way of verifying
8 that these amounts have been expended. But yet
9 Ottawa Towers has placed a lien for the amount of
10 \$1 million.

11 And the judge said that, in his opinion --
12 and he cited some old case law for this -- that because
13 the fact that this \$1 million was not included in the
14 offer that the City made for the payment of the
15 easement rights, that it was not a good faith offer
16 and, therefore, he dismissed because the -- in his
17 opinion, the Court did not have jurisdiction to decide
18 this matter.

19 Our attorneys respectfully disagree and they
20 cite that there are other points of law that were very
21 much in opposition to this particular ruling. And so
22 the thought was -- and we had a consultation this
23 morning, as a matter of fact, on what were the next
24 steps.

25 One option was to file for a motion for

1 preemptory reversal, which would also be tried in
2 Judge Warren's court. The other option was to file for
3 immediate review on the 6th Circuit Court of Appeals.
4 It's the latter that we conjointly decided to go
5 forward with because of the fact that, going back to
6 Judge Warren's court, the history there has been that
7 there has been quite a long period of time in getting
8 these rulings.

9 And, whereas, they thought that the matters
10 of law to be decided here, they would rather have fresh
11 pair of eyes look at them and so going to a three-judge
12 panel at the 6th Circuit Court of Appeals is, as of
13 this point, the path that we will take.

14 In the meantime, we continue to offer
15 opportunities to reach out to the plaintiffs in the
16 case or the defendants, in this case, in this matter,
17 to see if we can reach any other bitter of
18 understandings, that is always an open opportunity,
19 there's nothing to report in that regard.

20 Bloomfield Park, that ghost town that's been
21 sitting over there for quite a while that is a project
22 of both Pontiac and Bloomfield Township. As you
23 probably have read an article in Crain's, that there's
24 some movement in regards to getting this out of
25 bankruptcy court from wells Fargo and, also, buying

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(1 mortgage rights, foreclosure rights.

2 So that, as Matt Gibb, who is the Oakland
3 County point person on this said that this is the first
4 step in a process that we hope would be fruitful. But
5 in anyway, we are preparing, hoping that will be the
6 eventual eye that is recognized and that long, vacant
7 property, half-built property, will become vital again.
8 That's quite a dream for us.

9 So, in doing that, of course, the ground
10 field had been reinstated for that property. And so
11 that had been done in preparation for this eventuality,
12 as well as the fact that the Joint Development Council
13 between Bloomfield Township and Pontiac is being
14 reconstituted now in anticipation that we will need
15 that.

16 Leo Savoie from Bloomfield Township has been
17 placed as the representative from Bloomfield Township.
18 Pontiac will need a representative, too, to represent
19 our interest and I have indicated to the City Council
20 that I'm going to step up to serve in the
21 representation for Pontiac in that position, that it
22 will be reporting to City Council next Thursday at next
23 Council's meeting to explain what the parameters are
24 and to see where do we take off from here.

25 So Bloomfield Township's evaluation you

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1 talked about, I'll save any comment on that for
2 further. We'll -- we are waiting to see what that
3 process will entail.

4 And the other thing I would like to bring you
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5 up-to-date on is the fact -- and I did talk about this
6 a little earlier when I had a chance to make some
7 comments. But the fact that the EDA grant that was
8 applied for through the County has been granted, of
9 course, and we are starting an economic recovery plan.

10 We had the GERS meeting of the Steering
11 Committee, about nine members as well as other people
12 from Oakland County who are going to provide some of
13 the hours that are needed to do some of the research,
14 et cetera. And we met with Oakland -- the OHM advisors
15 who will be the consultants on this. They have a very
16 aggressive schedule for this because we got to do this
17 in eight months. The final report is due to the EDA in
18 May. So there's a lot of work to be done.

19 But we have a group of stakeholders who will
20 be part of this, in terms of offering their expertise
21 to help with the process and we will have a
22 presentation on December 8th from the Federal Reserve
23 Bank of Chicago which did the industrial initiative
24 from the City's report, in which they talked about
25 investigating cities -- in comparing cities, rather,

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1 that were overwhelmed and how they became
2 transformative. And there were a lot of applications.
3 Pontiac was one of the cities in that study. And we
4 want the people who were involved in this economic
5 recovery process to be able to have that information to
6 be advisory as we move forward with our planning.

7 So I had great hopes for this process.
8 There's a lot of interest in people who want to help us
9 go forward with this and I will be reporting more about
10 this process as we go forward. That completes my
11 report.

12 THE CHAIRPERSON: Thank you, Mayor. Any
13 questions from the Board members for the Mayor?

14 All right. Thank you, Mayor Waterman.

15 Next item is Item C, the City Administrator
16 Report.

17 Mr. Sobota.

18 MR. SOBOTA: I guess you can call me Gloomy
19 Gus after I give my report this afternoon. We have had
20 a very bad week, in terms of various things that have
21 gone against the City.

22 My week, obviously, started off with the
23 report from the consultant who was working on the
24 removal of the underground storage tanks, that they
25 conducted ten soil borings, nine came back good, 90

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1 percent is a B. When you go to school, you needed an A
2 to pass. We had one that did not pass, they discovered
3 fuel contamination in the soil. DEQ was promptly
4 notified and, probably two hours ago I authorized an
5 additional test to be performed on the soil samples.

6 The original estimate from the consultant was
7 that the City would be looking anywhere between 30-
8 and \$60,000 for two options that they could consider to
9 remediate the site. But based on the consultant's

10 conversation with the DEQ, we're going to try another
11 test and we may be able to avoid some of those costs.
12 We're going to knock on wood and hope that that turns
13 out to be in the City's favor.

14 The underground storage tanks were, according
15 to the DEQ and reports that were submitted, were
16 allegedly removed 15 years ago. And I'm still trying
17 to get down to the bottom of how they were reported
18 being removed when, obviously, there was one still
19 discovered.

20 Obviously, the decision on the Phoenix Center
21 was very disappointing and I find it very interesting
22 that the judge would dismiss a case on a lien that he
23 indirectly authorized to be placed on the property when
24 he would not allow the City to stop the work that was
25 being done at the Phoenix Center. So it's as a result

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1 of his not permitting us to stop the work that the lien
2 was incurred. We don't even know if it was a
3 legitimate lien placed on the property.

4 So I'm very disappointed over that ruling and
5 I'm glad that the Mayor has made the decision to file
6 to the Michigan Court of Appeals on that particular
7 action.

8 The third item that I learned this week,
9 Mr. Nazarko reported to me that the two members that
10 the City Council had appointed to the GERS pension
11 Board who were not approved by this Board continue to

12 serve in that capacity, despite the fact that the City
13 Attorney has submitted a letter indicating that they
14 are not eligible to serve until they are properly
15 reappointed and confirmed by the TAB.

16 I will say that one of the members is
17 eligible for reappointment now, that the member is no
18 longer in default, that the former member is no longer
19 in default of the City and I have been advising City
20 Council for the past three or four weeks and they have
21 not taken action on the appointment.

22 While the other member, as recently as noon,
23 is still considered in default and is blatantly serving
24 on the Pension Board.

25 We will obviously need to take some sort of

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1 action to address this issue because the Pension Board
2 is expected to be of hiring an Executive Director. And
3 I don't believe that it is proper that two people are
4 representing the City who legally, according to our
5 City Attorney, have no right but, according to the
6 Pension Board attorney, who obviously trumps the City
7 Attorney, indicates that these individuals are full
8 members of the Pension Board.

9 And then finally, along the same lines, a
10 rather disturbing discussion was held at the Finance
11 Committee meeting this past Monday. If you remember,
12 last year the City Council passed an ordinance that
13 would authorize, based on the wording of the ordinance,
14 all vested members of the GERS system to be eligible

15 for retirement benefits immediately, while orally they
16 were representing that they were only looking to cover
17 just the four members of the dispatch union who were
18 not offered an early retirement.

19 Well, that discussion has come full circle
20 and is now back before the Finance Committee where the
21 attempt is going to probably be made again to have
22 those 69 members added to the pension rolls immediately
23 again.

24 I have advised the Finance Committee in an
25 e-mail today that this action was previously presented

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1 to this -- or to this Board and was rejected because
2 the Board felt that there was no justification as to
3 how the City would benefit financially. And, on the
4 merits of this type of a move, the City is only going
5 to be incurring additional costs. Because once the
6 member begins receiving a pension, immediately that
7 obviously depletes the reserve but would also make
8 those 69 members eligible for retiree health insurance
9 benefits, if they were members of the union, which the
10 City presently doesn't even have the money to fund.

11 So I don't understand the logic behind this
12 and I'm hoping that the Council members realize this
13 and do not push this ordinance forward. However, they
14 do have every right to do so and the Board will have
15 the ability to consider this.

16 Regarding the Police and Fire Pension Fund,

17 we did receive the latest actuarial report and there is
18 a flaw in the actuarial report that I believe favors
19 the City and we will be requesting the Board to redo
20 that actuarial report and we will also probably
21 recommission a separate independent analysis.

22 Before Mr. Schimmel left, he adopted an
23 ordinance that authorized that the pension, for certain
24 members of the police and fire pension system, be
25 increased by \$400 a month for a period of two years.

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1 The Pension Board refused to grant that pension
2 increase, yet the actuarial report indicates that
3 pension increase has been granted and will continue to
4 be granted during the time that Mr. Schimmel
5 authorized.

6 So that, in turn, has changed the amount of
7 money that the City owes to the pension on an
8 actuarially determined basis. So we will be asking the
9 Pension Board to note the obvious error in their
10 calculation and to recalculate so that the actuarially
11 required contribution is probably going to be less than
12 what has been anticipated or budgeted.

13 So that's my Gloomy Gus report for the month
14 and, hopefully, we'll have better news next month.

15 THE CHAIRPERSON: Any questions for
16 Mr. Sobota from the Board?

17 Thank you, Mr. Sobota.

18 Next item on the agenda is Public Comment.

19 You will have two minutes, per the Board rules, to

20 speak to the Board and --
21 MR. CLINE: Three individuals.
22 THE CHAIRPERSON: Pardon?
23 MR. CLINE: Three individuals.
24 THE CHAIRPERSON: Okay. And the first person
25 is Robert Cluckey.

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1 MR. CLUCKEY: Good afternoon, members of TAB.
2 I'm a little horse but I'll try to do my best.
3 Good afternoon, Madam Mayor, City
4 Administrators, City officials.

5 I have a couple things. One is that TDTB
6 fund. And I left paperwork on distributing that HUD
7 money. 70 percent of that has come to restoring
8 housing for low and middle income, not just tearing
9 down houses. And I brought that up at the last
10 Council.

11 And, since I'm only two minutes on this other
12 one, we're spending a lot of, lot of, lot of time. And
13 I apologize right now because I might be offensive.

14 We spending a lot of lot of time on a
15 carousel of many discussions that probably aren't
16 important to some and not so to others. But the I's --
17 the T's are not being crossed. There's a lot of time
18 at the TAB now. The tapes run out. It's going to be
19 short.

20 A lot of this stuff could be told at Council
21 and it could be brought up in your approval that we're

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22 to the hearing. A lot of this stuff needs to come to
23 City Council in reports, like our gentlemen here and
24 our Madam Mayor, they're not presenting this much
25 information to us at City Council where the bulk of the

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1 people is.

2 Now, as far as I know, you all had ten months
3 and you're getting more and more and more business and
4 you're going to have harder and harder ties to cut.
5 You need to start cutting the ties now, putting the
6 benchmarks up and, when we're meeting them. So, when
7 this ten months, either new governor or old governor
8 comes, we can politely shake hands, say "goodbye" and
9 restore the leadership to our community.

10 Now two, years here, we've had three
11 emergency managers. And my time's running out so I'll
12 say thank you for the opportunity and say good day.

13 THE CHAIRPERSON: Thank you, Mr. Cluckey.
14 The next individual is Linda Hasson.

15 MS. HASSON: Good afternoon.

16 THE CHAIRPERSON: Good afternoon.

17 MS. HASSON: Some people say that promises
18 were made to them for their retirement benefits and
19 their healthcare. I say that the retirees need to hold
20 their Board members accountable and ask them, where is
21 the money? why didn't you make sure the money was
22 there, the obligation?

23 Mrs. Billings reported that, as a general
24 rule, the retirement system cannot fund retiree

25 healthcare, it can only pay for pension benefits. The

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1 State statute is a simple, one-page mandate and states
2 that 50 percent of the interest earned on contributions
3 put into the retirement system can be used to fund
4 retiree healthcare. Since the City is not making
5 contributions to the retirement system, there can be no
6 earnings on contributions.

7 She emphasized that both the IRS and the
8 State Directives have to be met in order for the funds
9 to be transferred. In this case, the IRS mandates may
10 be met, the State statute is not and it would be a
11 violation of state statute. The text must be run side
12 by side. Ms. Billings said that this point -- at this
13 point, the City would have to file a lawsuit against
14 the retirement system to force transfer. Based on her
15 research, such a transfer is impermissible.

16 If the trustees were to approve it in
17 violation of law, they could be permissibly liable.
18 Further, they should not rely on governmental immunity,
19 especially if they act outside their scope of their
20 authority. What is going on here?

21 Maybe a good lesson needs to be learned on
22 how to pick leadership that can plan ahead. I don't
23 like this when people come to you after they have done
24 something for your approval. How many times have we
25 heard, at this meeting, that people are showing up

1 after the fact?

2 Don't get into that rut with us because we
3 will not get ahead anyway. So I'm asking you, please,
4 do leadership. We need leadership very bad.

5 And Mr. Schimmel, I know that you're not the
6 leader anymore but the decisions that you've put in
7 this city will follow you and us forever.

8 Thank you.

9 THE CHAIRPERSON: Thank you, Ms. Hasson.
10 Next individual is Billie Swazer.

11 MS. SWAZER: I don't have anything to say.
12 Thank you.

13 THE CHAIRPERSON: Okay.

14 MS. SWAZER: I just signed up in case.

15 THE CHAIRPERSON: All right. Thanks.

16 MS. SWAZER: Just in case.

17 THE CHAIRPERSON: All right. Any comments
18 from the Board members?

19 MR. SAWDON: None from me.

20 THE CHAIRPERSON: Seeing none, I'll entertain
21 a motion to adjourn.

22 MR. BURGESS: I'll make that motion.

23 MR. SAWDON: Second.

24 THE CHAIRPERSON: It's been moved and
25 supported to adjourn the meeting.

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1 All in favor of the motion, say "aye".
2 BOARD MEMBERS: Aye.
3 THE CHAIRPERSON: Opposed, same sign.
4 The meeting is adjourned at 2:54 p.m.
5 Thank you.

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I, Mona Storm, 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 (91) pages, is a true and correct transcript of my said stenographic notes.

Date

Mona Storm
CSR-4460

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