

APPROVED - 4-22-15

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CITY OF PONTIAC

RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING

WEDNESDAY, MARCH 18, 2015

1:00 P.M.

Meeting before the RTAB Board at
47450 Woodward Avenue, 2nd Floor, Council
Chambers, Pontiac, Michigan 48342, on Wednesday,
March 18, 2015.

BOARD MEMBERS:

Edward Koryzno, Chairperson
Keith Sawdon, Member
Robert Burgess, Member
Louis Schimmel, Member (Absent)

ALSO PRESENT:

R. Eric Cline (Department of Treasury)
Joseph Sobota (City Administrator)
Nevrus Nazarko (Director of Finance)
Mayor Deirdre Waterman (City of Pontiac)

MEMBERS OF THE PUBLIC ADDRESSING THE BOARD:

Billie Swazer
Yvette Carson
Rick David
Darryl Fowlkes

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

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1 PONTIAC, MICHIGAN; WEDNESDAY, MARCH 18, 2015

2 1:00 P.M.

3 MR. CHAIRPERSON: Good afternoon.

4 It's 1:00 p.m. and I'll call the City of Pontiac
5 Receivership Transition Advisory Board meeting to
6 order.

7 Mr. Cline, roll call.

8 MR. CLINE: Edward Koryzno.

9 MR. CHAIRPERSON: Here.

10 MR. CLINE: Robert Burgess.

11 MEMBER BURGESS: Here.

12 MR. CLINE: Keith Sawdon?

13 MEMBER SAWDON: Here.

14 MR. CLINE: Louis Schimmel? Mr.

15 Schimmel is excused, but we do have a quorum.

16 MR. CHAIRPERSON: Thank you. Next
17 item is approval of the agenda. I'd like to add an
18 addition to the agenda at the request of the City
19 Administrator, Robertson versus the City of Pontiac
20 lawsuit. And I'd like to add that as Item Number 6
21 (sic) under the City Administrator's portion of the
22 agenda.

23 MR. CLINE: Mr. Chairman, one other
24 thing, just -- just for the clarity of the record.
25 Under monthly financial reports, it's listed as

1 February and March reports. It should actually be
2 January and February.

3 MR. CHAIRPERSON: All right. Thank
4 you, Mr. Cline. I'll entertain a motion to approve
5 the agenda as amended.

6 MEMBER BURGESS: I'll make a motion.

7 MEMBER SAWDON: Support.

8 MR. CHAIRPERSON: Moved by Burgess,
9 support by Sawdon to approve the agenda as amended.
10 Any further discussion? Seeing none, all in favor
11 of the motion say "Aye".

12 BOARD MEMBERS: Aye.

13 MR. CHAIRPERSON: Opposed, same sign.
14 The agenda is approved as amended.

15 Next item is Approval of Minutes, the
16 regular meeting January 21st, 2015 RTAB meeting
17 minutes. I'll entertain a motion.

18 MEMBER BURGESS: I'll make that
19 motion.

20 MEMBER SAWDON: Support.

21 MR. CHAIRPERSON: Moved by Burgess,
22 support by Sawdon to approve the January 21st, 2015
23 meeting minutes. Any further discussion? Seeing
24 none, all in favor of the motion say "Aye".

25 BOARD MEMBERS: Aye.

1 MR. CHAIRPERSON: Opposed, same sign.
2 The minutes are approved.

3 Item 2, Special Meeting of
4 February 4th, 2015. I'll entertain a motion to
5 approve these minutes.

6 MEMBER BURGESS: So moved.

7 MEMBER SAWDON: Support.

8 MR. CHAIRPERSON: Moved by Burgess,
9 support by Sawdon to approve the February ~~14~~⁴, 2015
10 meeting minutes. Any discussion? Seeing none, all
11 in favor of the motion say "Aye."

12 BOARD MEMBERS: Aye.

13 ~~4~~ MR. CHAIRPERSON: Opposed, same sign.
14 February ~~14~~⁴, 2015 meeting minutes are approved.

15 I'd like to bring to the audience's
16 attention that if you intend to speak during public
17 comment, there's a sign-up sheet in the back of the
18 room. And if you do not sign the sheet, then you
19 would not be recognized.

20 Old Business. There is none. So
21 we'll move right into the New Business.

22 Item A, Approval of Resolutions and
23 Ordinances for City Council meetings. The
24 January 15th, 2015 regular council meeting.

25 MEMBER SAWDON: I'll make that motion.

1 MEMBER BURGESS: Support it.

2 MR. CHAIRPERSON: Moved by Sawdon,
3 support by Burgess to approve the minutes. Any
4 discussion? Seeing none, all in favor of the motion
5 say "Aye."

6 BOARD MEMBERS: Aye.

7 MR. CHAIRPERSON: Opposed, same sign.
8 The minutes are approved.

9 Item 2, the January 22nd, 2015 regular
10 meeting minutes.

11 MEMBER SAWDON: I'll make that motion
12 for approval.

13 MEMBER BURGESS: Support.

14 MR. CHAIRPERSON: Moved by Sawdon,
15 support by Burgess to approve the January 22nd, 2015
16 meeting minutes. Discussion? Seeing none, all in
17 favor of the motion say "Aye."

18 BOARD MEMBERS: Aye.

19 MR. CHAIRPERSON: Opposed, same sign.
20 The minutes are approved for January 22nd.

21 Item 3, the January 29, 2015 regular
22 meeting minutes.

23 MEMBER SAWDON: Motion to approve.

24 MEMBER BURGESS: Support.

25 MR. CHAIRPERSON: Moved by Sawdon,

1 support by Burgess to approve the minutes.
2 Discussion? Seeing none, all in favor of the motion
3 say "Aye."

4 BOARD MEMBERS: Aye.

5 MR. CHAIRPERSON: Opposed, same sign.
6 The minutes are approved.

7 Item number 4, the February 5th, 2015
8 meeting minutes.

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

11 MEMBER SAWDON: Support.

12 MR. CHAIRPERSON: Moved by Burgess,
13 support by Sawdon to approve the minutes.
14 Discussion? Seeing none, all in favor of the motion
15 say "Aye."

16 BOARD MEMBERS: Aye.

17 MR. CHAIRPERSON: Opposed, same sign.
18 The minutes are approved.

19 Item 5, the February 12, 2015 meeting
20 minutes.

21 MEMBER SAWDON: Motion to support --
22 or approve.

23 MEMBER BURGESS: Support.

24 MR. CHAIRPERSON: Moved by Sawdon,
25 support by Burgess to approve the minutes.

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

3 BOARD MEMBERS: Aye.

4 MR. CHAIRPERSON: Opposed, same sign.
5 Motion is approved.

6 Item 6, the February 19, 2015 meeting
7 minutes.

8 MEMBER BURGESS: Make that motion.

9 MEMBER SAWDON: Support.

10 MR. CHAIRPERSON: Moved by Burgess,
11 support by Sawdon to approve the minutes.

12 Discussion? Seeing none, all in favor of the motion
13 say "Aye."

14 BOARD MEMBERS: Aye.

15 MR. CHAIRPERSON: Opposed, same sign.
16 The February 19 minutes are approved.

17 Item 7, the February 26, 2015 meeting
18 minutes.

19 MEMBER BURGESS: I'll make that
20 motion.

21 MEMBER SAWDON: Support.

22 MR. CHAIRPERSON: Moved by Burgess,
23 support by Sawdon to approve the minutes.

24 Discussion? Seeing none, all in favor of the motion
25 say "Aye."

1 MR. CHAIRPERSON: Opposed, same sign.

2 The February 26th meeting minutes are approved.

3 Item 8, the March 5, 2015 meeting
4 minutes.

5 MEMBER SAWDON: Motion to approve.

6 MEMBER BURGESS: Support.

7 MR. CHAIRPERSON: Moved by Sawdon,
8 support by Burgess to approve the March 5 minutes.
9 Discussion? Seeing none, all in favor of the motion
10 say "Aye."

11 BOARD MEMBERS: Aye.

12 MR. CHAIRPERSON: Opposed, same sign.

13 The March 5th meeting minutes are approved.

14 Item B, City Administrator Item. Item
15 1, Approval of Purchasing Agent. Mr. Cline, could
16 you provide some clarification on this matter?

17 MR. CLINE: Yes. I just want to point
18 out that Mr. Sobota provided an updated
19 recommendation on this issue, which was transmitted
20 to the Board, that he would like to adjust his --
21 his recommendation and extend the contract for
22 Account Temp Services for this position through the
23 end of the fiscal year, which would be June 30th, at
24 an estimated cost of about \$16,000. So I believe
25 that was provided to you. If there's any questions

1 on that, certainly.

2 MR. CHAIRPERSON: Questions from the
3 Board Members?

4 MEMBER BURGESS: No.

5 MR. CHAIRPERSON: All right.

6 MEMBER SAWDON: I'll make that motion.

7 MEMBER BURGESS: I'll support it.

8 MR. CHAIRPERSON: Moved by Sawdon,
9 support by Burgess to authorize an additional
10 \$16,000 to allow the City to continue to use its
11 services of Account Temps through June 30, 2015.
12 Discussion? Seeing none, all in favor of the motion
13 say "Aye."

14 BOARD MEMBERS: Aye.

15 MR. CHAIRPERSON: Opposed, same sign.
16 Motion is approved. Item 2, Approval of Election
17 Specialist. I'll entertain a motion.

18 MEMBER BURGESS: I'll make that
19 motion.

20 MEMBER SAWDON: I'll support.

21 MR. CHAIRPERSON: Moved by Burgess,
22 supported by Sawdon --

23 MR. CLINE: To postpone or --

24 MR. CHAIRPERSON: To approve --

25 MEMBER BURGESS: Approve.

1 MR. CHAIRPERSON: To approve the
2 appointment of an election specialist. Discussion?

3 MEMBER SAWDON: I have a couple of
4 questions.

5 MR. CHAIRPERSON: Certainly, Mr.
6 Sawdon.

7 MEMBER SAWDON: We are elevating that
8 position to -- I'm just curious where the funding is
9 coming from. I know many times you say the budget
10 is -- there's money available in the budget, but you
11 never really specified reduction in expenditures,
12 increase in revenues. Could you clarify that for
13 me?

14 MR. SOBOTA: Well, for the ensuing
15 fiscal year --

16 MEMBER SAWDON: Right.

17 MR. SOBOTA: -- this was already
18 contemplated, so we're there.

19 MEMBER SAWDON: What about the
20 current --

21 MR. SOBOTA: For the current fiscal
22 year, we have savings from insurance, as one
23 example. We have a rather significant savings from
24 insurance. We had about \$400,000 refund that we're
25 able to recognize in the general fund.

1 MEMBER SAWDON: Okay. And the other
2 question I have is more about the need for expanded
3 hours for the position.

4 MR. SOBOTA: The City Clerk, when she
5 made her argument to the Mayor during the budget
6 prep last year, she indicated that other clerks'
7 offices have three or more full-time employees. So
8 that was the main justification at that time. I
9 have talked to the Clerk when I suggested bringing
10 this up to full-time at this point in time, and one
11 of the issues that we hear a lot from the City
12 Council is they don't have support staff, they don't
13 have support staff.

14 Well, during one of these meetings
15 where you recently approved the minutes -- I take
16 that back, it was the prior meeting, the City
17 Council wanted to conduct an audience survey of how
18 many people supported a potential road millage tax
19 increase, and they asked the City Clerk's office if
20 they wouldn't mind serving as the official recorder
21 of those phone calls as they were coming in.

22 So I sort of took that idea and ran
23 with it. And if the City Council has already asked
24 the Clerk's office to serve someone in that support
25 capacity, then the Clerk agreed she would be willing

1 to step up and be a little bit more vocal in that.
2 Hopefully that will be able to address the City's
3 Council's concern that they don't have the support
4 staff. So having the three people in the office
5 full-time, that allows usually to be two full-time
6 people in the office in the event someone is out on
7 vacation, and also will allow the Clerk's office to
8 have a more active role serving as the secretary to
9 the City Council, as by Charter she is required to
10 do.

11 MEMBER SAWDON: I take it you're
12 satisfied with that answer then?

13 MR. SOBOTA: I -- I do believe that
14 there are some downtimes definitely in the Clerk's
15 office when there are not elections, however it's
16 quite possible that with the changes in the City
17 Charter, that could potentially be enacted with the
18 May election, as well as more activity by the City
19 Council in the week-to-week administration of the
20 City. We do get provided a lot of information.
21 We're -- it could be considered justified at this
22 point in time.

23 And I will say this: We did receive
24 -- and I know it came after the deadline, we did
25 receive annual reports from all of the departments,

1 and I asked the City Clerk to provide some
2 information. And one of -- of the things that the
3 office is doing, and one of the statistics that she
4 provided is that her office is answering about, I
5 think it was 12,000 telephone calls because she
6 serves as the central telephone operator for City
7 Hall. So she -- they were counting and they said
8 they processed about 12,000 calls. Now, granted
9 during election time, it's up for that reason. But
10 they do serve that capacity. And if I were to move
11 that from the Clerk's office, I don't believe I have
12 another office that would be able to absorb that
13 volume of telephone calls.

14 MEMBER SAWDON: Thank you.

15 MR. CHAIRPERSON: Any further
16 questions, Mr. Sawdon? Mr. Burgess?

17 MEMBER BURGESS: No.

18 MR. CHAIRPERSON: All right. Motion
19 on the floor is to approve the appointment of an
20 election specialist. I see no further discussion.
21 So all in favor of the motion, say "Aye."

22 BOARD MEMBERS: Aye.

23 MR. CHAIRPERSON: Opposed, same sign.
24 The motion is approved.

25 Item 3, Approval of Change in Rate of

1 Pay for Mickie Howard.

2 MEMBER SAWDON: Motion to approve.

3 MEMBER BURGESS: Support.

4 MR. CHAIRPERSON: Moved by Sawdon,
5 support by Burgess. Discussion? Seeing none, all
6 in favor of the motion say "Aye."

7 BOARD MEMBERS: Aye.

8 MR. CHAIRPERSON: Opposed, same sign.
9 The motion to change the rate of pay is approved.

10 Item 4, approval of payment to Peter
11 Letzmann Associates. I'll entertain a motion.

12 MEMBER SAWDON: I'll make a motion for
13 discussion.

14 MR. CHAIRPERSON: All right.

15 MEMBER BURGESS: I'll second.

16 MR. CHAIRPERSON: Motion to approve,
17 postpone or deny?

18 MEMBER SAWDON: I guess make it
19 approval.

20 MR. CHAIRPERSON: Support, Mr.
21 Burgess?

22 MEMBER BURGESS: I'll support.

23 MR. CHAIRPERSON: Moved by Sawdon,
24 supported by Burgess to approve the payment of Peter
25 Letzmann Associates. Discussion?

1 MEMBER SAWDON: I have a number of
2 questions I'd like to ask.

3 MR. CHAIRPERSON: All right. Mr.
4 Sobota.

5 MEMBER SAWDON: The selection of the
6 firm, how was the selection done? Was it done
7 through a request for proposal? I mean, how did we
8 arrive at this firm being the selected firm?

9 MR. SOBOTA: I believe the Mayor has
10 the answer because she was a member of the Charter
11 Revision Commission at the time that the selection
12 was made.

13 MAYOR WATERMAN: The Charter Revision
14 Commission, elected with a three-year term, was --
15 did not have any budget to work with to start with,
16 did not have any consultation, did not have any way
17 of having any kind of experience brought to that
18 Commission.

19 So, they went to non-profit agencies
20 which are well-known for their civic municipality --
21 municipal expertise. They went to the Michigan
22 Municipal League. Michigan Municipal League
23 recommended this person, Mr. Peter Letzmann, who had
24 also worked with the 1981 revision of the Charter
25 and was experienced with Pontiac's structure.

1 So, he worked -- originally there was
2 no provision to pay him, and he said he would work
3 in concert with the Charter Revision Commission pro
4 bono until they found the funding to pay him.

5 So, for two and a half years, he did
6 all the redraft, the research, and also did all of
7 the -- the communication with the Attorney General's
8 Office to get the final draft approved by the
9 Attorney General. So he did that just on the faith
10 that somewhere along the line, he would be in some
11 way be remunerated for his efforts; and this was the
12 cost of that. This is the only expense that the
13 City has been charged by the Charter Revision
14 Commission to complete their task.

15 MEMBER SAWDON: The other question I
16 had, or an additional question I had was funding.
17 Where -- where would you -- you're proposing ^{\$}15,000.
18 Where in the budget were you going to find that?

19 MR. SOBOTA: In our Legal Department.
20 I had actually contemplated that at some point we
21 would have to engage the services of our City
22 attorney to assist with the transmittal of the
23 Charter to Lansing. So we had placed some extra
24 funds in the City's attorney's account, and I have
25 funds available there.

1 MEMBER SAWDON: Okay.

2 MEMBER BURGESS: Do we have any
3 additional invoices coming from this effort?

4 MR. SOBOTA: I do not believe we will.
5 The Chairman of the Charter Revision Commission sent
6 this invoice to me asking that it be paid, and there
7 was no indication on there that additional invoices
8 would be forthcoming. And by reviewing the details
9 of the invoice, I believe that this is the one and
10 only invoice that he would be submitting to the City
11 for consideration.

12 MEMBER SAWDON: If we vote to approve,
13 we're approving \$15,000 period?

14 MR. SOBOTA: Yes. And the reason I am
15 only recommending \$15,000, is that based on the
16 minutes of the Charter Revision Commission, that was
17 the dollar amount that they approved. So I don't
18 see how this Board can approve an invoice higher
19 than that that was approved by the Charter Revision
20 Commission.

21 MEMBER SAWDON: Thank you.

22 MR. CHAIRPERSON: Any further
23 questions? Seeing no further discussion, all in
24 favor of the motion to approve a \$15,000 payment to
25 Peter Letzmann Associates say "Aye."

1 BOARD MEMBERS: Aye.

2 MR. CHAIRPERSON: Opposed, same sign.

3 The motion is approved.

4 Next Item 5, Approval of Amended and
5 Restated Conditional Zoning and Development
6 Agreements for the M1 Concourse. Mr. Cline?

7 MR. CLINE: Yes, Mr. Chairman. I just
8 wanted to point out that the last emergency manager
9 ordered us -- 334 gives the City Administrator
10 approval to sign off on these rezoning agreements
11 with concurrence of the Board. So I just wanted to
12 draw your attention to that point, so --

13 MEMBER SAWDON: Motion to approve.

14 MEMBER BURGESS: I support.

15 MR. CHAIRPERSON: Moved and supported
16 to approve the Amended and Restated Conditional
17 Zoning and Development agreements. Any further
18 discussion? Seeing none, all in favor of the motion
19 say "Aye."

20 BOARD MEMBERS: Aye.

21 MR. CHAIRPERSON: Opposed, same sign.

22 The motion is approved.

23 Item number ^{SIX}~~5~~ (sic), Mayoral Request.
24 Request to Increase the Compensation Package of the
25 Deputy Mayor. Mr. Cline?

1 MR. CLINE: Yes. I wanted to point
2 out for the Board, as you know, Treasury has been
3 working with the City on a search process that
4 unfortunately needs to be restarted. And, in
5 consideration of restarting this process, there's
6 been a suggestion or -- to increase the salary range
7 from the initially projected \$85,000 per year to a
8 range between ^{\$}85 and \$100,000 per year. Plus, there
9 was a recommendation from the Mayor regarding
10 vacation time, which was transmitted to you, and
11 also to provide a stipend to cover healthcare costs
12 which corresponds to the hard cap amounts outlined
13 in State law.

14 So, that information was sent to the
15 Board. I just wanted to make sure that if this is
16 approved, that those -- those -- you're aware that
17 those three aspects are -- are being taken into
18 consideration.

19 MR. CHAIRPERSON: Thank you. Any
20 questions for Mr. Cline?

21 MEMBER SAWDON: No.

22 MR. CHAIRPERSON: All right. I'll
23 entertain a motion.

24 MEMBER BURGESS: I'll make a motion.

25 MR. CHAIRPERSON: To?

1 MEMBER BURGESS: To approve.

2 MR. CHAIRPERSON: To approve. Okay.

3 Thank you.

4 MEMBER SAWDON: I'll support.

5 MR. CHAIRPERSON: Moved by Burgess,
6 supported by Sawdon to approve the request to
7 increase the compensation package of the Deputy
8 Mayor. Any discussion?

9 MEMBER SAWDON: I do have a couple of
10 questions. Obviously it's going to be an increase
11 in what is currently budgeted. What's the offset
12 for that increase in the budget?

13 MR. SOBOTA: I think the Mayor will
14 agree that the chances of having a deputy mayor on
15 board by July 1st are slim and none. And if that is
16 the case, we have budgeted \$95,000 in health
17 insurance benefits in the ensuing fiscal year's
18 budget.

19 MEMBER SAWDON: Okay. Good. The
20 other question I have is, what -- what is that
21 stipend for healthcare that we're really talking
22 about, what is it in terms of dollars, do you know?

23 MR. SOBOTA: It depends on, I'm
24 assuming, the plan that the person would be coming
25 in for. If they had a family, instead of taking the

1 family health insurance, what we're essentially
 2 saying is taking whatever the City would pay, which
 3 is the hard cap limit ~~15,500~~ ^{\$15,500}, ~~16~~ ^{\$16,000}.

4 MR. NAZARKO: ~~16,300~~ ^{\$16,300} currently.

5 MR. SOBOTA: ~~16,300~~ ^{\$16,300} currently, and

6 that's what would be given to the deputy mayor so he
 7 in turn could buy health insurance. We have a
 8 similar situation with Mr. Nazarko, if you recall,
 9 when Mr. Nazarko was hired in. And then if there's
 10 any increases in cost, Mr. Nazarko is responsible,
 11 just like the deputy mayor would be responsible.

12 MR. CLINE: The -- the information
 13 that I received is that the hard cap amounts that
 14 will go into effect July 1st of this year, for
 15 single coverage are ~~5,900~~ ^{\$}5,900. I'm rounding off. And
 16 an employee plus one would be ~~12,500~~ ^{\$}12,500, and as they
 17 indicated, the family coverage is ~~16,300~~ ^{\$}16,300.

18 MEMBER SAWDON: Okay. So it will
 19 range somewhere, roughly between ~~6,000~~ ^{\$}6,000 and ~~16,300~~ ^{\$16,300}?

20 MR. SOBOTA: Correct.

21 MEMBER SAWDON: Okay. Thank you.

22 MR. CHAIRPERSON: Any further
 23 discussion? Seeing none, all in favor of the motion
 24 say "Aye."

25 BOARD MEMBERS: Aye.

1 MR. CHAIRPERSON: Opposed, same sign.
2 The motion to increase the compensation package for
3 the deputy mayor is approved.

4 Next is the Non-Action Items, Monthly
5 Financial --

6 MR. CLINE: Mr. Chairman?

7 MR. CHAIRPERSON: I'm sorry, the
8 additional item.

9 MR. CLINE: Yes.

10 MR. CHAIRPERSON: Thank you, Mr.
11 Cline.

12 Item 6 (sic) is the additional -- the
13 addition to the agenda of Robertson versus the City
14 of Pontiac. Mr. Sobota?

15 MR. SOBOTA: Classic slip and fall
16 greater than two inches. We believe the \$100,000
17 case evaluation is wise, considering that in the
18 event that Plaintiff prevails at trial, he only
19 needs to be ~~award~~^{awarded} \$110,000, in which the City then
20 would be responsible for all of his legal costs. To
21 date, the City has spent \$50,000 defending this
22 case, and I don't believe that the Plaintiff's
23 attorneys is charging him at such a good rate as the
24 City's attorneys are.

25 So in light of that information, and

1 the fact that we believe that this is very
2 reasonable considering ^{what} ~~where~~ the Plaintiff was
3 asking, that this should definitely be approved.
4 And we have until tomorrow to actually make this
5 decision, otherwise we're considered rejected and we
6 take our chances at trial.

7 MR. CHAIRPERSON: So you're asking the
8 Board to approve \$100,000?

9 MR. SOBOTA: Correct. Case
10 evaluation.

11 MEMBER SAWDON: Motion to approve.

12 MEMBER BURGESS: Support.

13 MR. CHAIRPERSON: Moved by Sawdon,
14 supported by Burgess to approve the recommendation
15 of the City Administrator to settle the lawsuit for
16 \$100,000. Discussion? Seeing none, all in favor of
17 the motion say "Aye."

18 BOARD MEMBERS: Aye.

19 MR. CHAIRPERSON: Opposed, same sign.
20 The motion to settle is approved.

21 Now Non-Action Items, Monthly
22 Financial Reports. Mr. Nazarko?

23 MR. NAZARKO: Good afternoon.

24 MR. CHAIRPERSON: Good afternoon.

25 MR. NAZARKO: The financial reports

1 presented for the month of January and February, as
2 indicated, were provided timely to the RTAB. I
3 would like to summarize it briefly for the Board and
4 for the audience.

5 Our financial situation appears stable
6 for the last two months that we are reporting on,
7 January and February. A few items. We are tracking
8 with the budget on the expenditure side. We are
9 bringing in more revenue on the income tax
10 collections and the property tax collections that
11 ended on February 28th. We're ahead compared to
12 last year, not by much, but every little bit helps.
13 So there is improvement on both those major sources
14 of revenue for the City of Pontiac.

15 We are working on some items more --
16 the most important one is the budget, preparation
17 for 2016 and '17 tax year -- or fiscal year, I
18 should say. The department heads at this time have
19 submitted, with the exception of the court, which is
20 a separate fund, has submitted to me their requests.
21 I am working with that. So by the end of next week,
22 we have established an interim deadline, I'll
23 provide those numbers to the Mayor. We are on
24 target to meet the deadlines and to hopefully have a
25 balanced budget from the Mayor to the City Council

1 and through the whole process. We are -- again, we
2 are doing okay with the time and for the numbers,
3 although they need some adjustments, and they are
4 looking okay for the time being.

5 Another item that I've been working
6 for the past few months has been the need to
7 appraise our infrastructure. And I cannot emphasize
8 that enough, because the City of Pontiac, as we
9 speak, is not in compliance with GASB 34, nor has it
10 ever been in compliance with GASB 34. We have been
11 written up in the audit reports every year, and we
12 decided to put a stop to that hopefully.

13 I tried to contact three firms. It's
14 kind of like hard to find specialized firms in that
15 area for GASB 34. Mr. Sawdon probably has another
16 one, I have not approached him too. But after I
17 sent correspondence or e-mails to three firms I
18 decide -- both Joe and I had decided to settle with
19 a firm out of state, I believe Illinois, it's called
20 American Appraisals. And they had done for -- work
21 for us in other municipalities satisfactorily
22 speaking. They did good work. And they came below
23 \$10,000 threshold that we are required to go out
24 there and get -- get bids, at this time, that's
25 their quote. We got a lot of help from our City

1 Engineer, Mr. Balint, because they wanted to know
2 our current situation. As you know, we do not have
3 to appraise our -- our water and sewer systems
4 because of the sale of the assets to the DWRC,
5 however, we have some drainage that we need to
6 appraise along with the roads and bridges. Those
7 are -- and some buildings. So those are the major
8 items.

9 And so, the firm, again, through the
10 data that we were provided from Mr. Balint, and I'm
11 not sure if they realized what they're getting into
12 yet, but they -- they are satisfied that they can
13 perform this job under \$10,000. I'm moving forward
14 to -- if we can complete that so we can have the
15 financial statements for this fiscal year on
16 June 30, 2015 to detail our assets as well as be in
17 compliance with GASB 34. So this is kind of like an
18 open item that you'll hear reporting from me every
19 month.

20 Another item is that I was concerned,
21 and I still am, about the reports that we have
22 been -- the actuarial reports for both Pension
23 Boards and OPEB. We -- during the last year, I have
24 been working as a financial director and at the same
25 time a Board member of both pension plans and VEBA.

1 I've had some concerns about the accuracy of this
2 (sic) reports, so I -- we had approached an
3 independent actuarial firm, and I gave them two
4 years' worth of reports, 2011 and 2012, for the
5 Police and Fire Pension Plan, because the -- my
6 concern is that we contributed to them and the
7 contribution jumped from \$900,000 in one year to
8 \$2.3 million the following year. And I -- I have
9 not seen that big of a swing in a plan that is doing
10 well, and more importantly a closed plan.

11 The review came back. We didn't spend
12 a lot of money, \$3,500. The review came back kind
13 of positive saying that, in a nutshell, they said
14 that the reports look okay to the fact that they do
15 not -- we do not need to go out there and conduct a
16 full-blown actuarial report. Remind you that we do
17 those every year. And there's some news in that
18 regard, accounting, we're going to switch firms for
19 the current year. But, they gave me some points to
20 pass on, and I'm holding a session with the current
21 vendor who did those reports for 2011, '12 and I
22 have a list of items to talk to them as to ask them
23 for their response and why those items are different
24 in different places.

25 So I believe it was worth money spent.

1 And still my concern has not been alleviated because
2 I still believe that there is room for improvement
3 in that area, and especially since it's affecting
4 our budget, you know, we contributed \$2.3 million a
5 year to that pension fund not including the OPEB
6 litigation -- or OPEB contribution.

7 And the -- those are the items of
8 interest that I would like to bring to the Board
9 this morning (sic).

10 MR. CHAIRPERSON: All right. Any
11 questions for Mr. Nazarko from the Board?

12 MEMBER SAWDON: No, he answered mine,
13 I think.

14 MR. CHAIRPERSON: All right. Thank
15 you.

16 MR. NAZARKO: Thank you.

17 MR. CHAIRPERSON: Next item is the
18 report from Mayor Waterman.

19 MAYOR WATERMAN: Yes. I'm very happy
20 to bring you the report for this month here.

21 MR. CHAIRPERSON: Good afternoon.

22 MAYOR WATERMAN: I'd like to start
23 with the fact that -- you just approved the search
24 firm for deputy mayor, which is a matter which is
25 near and dear to my heart here. I've been working

1 with Treasury on the responsibilities for that
2 position. I'm looking forward to having a partner
3 and ally in helping to develop the many things that
4 are going on in Pontiac right now.

5 We have galvanized a number of groups
6 who are helping with moving the Pontiac situation
7 further, including I talked previously about the
8 economic recovery plan that's going forward with --
9 in concert with Oakland County. We are -- have had
10 a number of meetings now, including with many
11 project advisors, have adopted certain momentum
12 projects that I won't take time to go through right
13 now. But we do -- one of the main things that
14 they're concerned about in developing the momentum
15 projects is we have to find resources to be able
16 to -- and manpower to be able to implement these,
17 and to get all of the necessary people at the table
18 to be able to bring them into realization. So the
19 deputy mayor position will be one of those people
20 will be assigned to make sure that that happens.

21 We also are developing more the
22 Oakland University partnership. That's developed
23 into a really working organization here with
24 President Hynd has made that one of his top two
25 agenda items, and we have divided into four work

1 committees based upon the needs of the City, and
2 those are reporting back with real projects, and
3 they're going to help with such things as having an
4 on-site presence of Oakland University to help with
5 both school facilitation, college readiness for our
6 children, as well as a number of other issues.

7 So that's a couple of groups that have
8 been galvanized to help with the City, as well as
9 the next thing I'm going to talk about is blight.

10 And you do have before you an article
11 which was -- followed a press release that we did
12 last month. I'm not sure if I had a chance to bring
13 that to you, because we had the special meeting
14 earlier, but it reports on where we are in terms of
15 eradicating blight. One of things that -- with the
16 resources we have, I have put on top of my agenda to
17 work toward eradicating neighborhood blight in
18 Pontiac in three years, and we are on target with
19 that. We're one-third of the way through. And
20 we've had a number of helpers in this regard,
21 including the Pulte organization, as well as some
22 other groups that have donated funds to this,
23 including most notably St. Joseph Mercy Oakland
24 Hospital, which is donating \$60,000 to do some
25 demolitions in their area.

1 Also as an outgrowth of the blight
2 project, we are of course working still on finishing
3 the City-wide survey I talked to you about. We've
4 found another means to do that for less cost, and so
5 that's going to be completed, and that's going to
6 centralize that whole effort. And we will well put
7 to use the Blight Grant Management Grant that we got
8 from the Distressed Cities Grant for \$125,000 that
9 will help to accelerate that whole management
10 process from identifying vacant and dangerous
11 buildings to take into the whole process of
12 demolition. So that process is being accelerated,
13 expedited and centralized.

14 In addition to that, it's something
15 that has required a lot of moving parts that we've
16 been working on for a while. I'm happy to say we're
17 about to launch the pilot project, and that's a
18 deconstruction project. By "deconstruction", we
19 mean several things. We are taking -- before
20 demolition, we're taking salvageable components from
21 the structures, and that we're going to see if we
22 can recycle them.

23 So there are several things that are
24 accomplished by this. Number 1, we want to lower
25 the cost of demolition by taking away, doing the

1 previous deconstruction.

2 Number 2, we plan on using unemployed
3 or trainable workforce to do these projects. So
4 we're also helping with our workforce development.
5 And we're using several State agencies to help to
6 fund that part of it.

7 Number 3, we want to have a renewable
8 revenue cycle so that we take the salvageable
9 products and then they can be generated and used in
10 other kinds of artisans or maker crafts activities.
11 So that is now going to be part of the pilot
12 project. We were trying to get a business model.
13 But that will be the -- take a part of the project
14 and enlarge it.

15 The other thing we're doing is we are
16 decreasing the waste going to landfills, so it has a
17 green project component to it as well.

18 So all of these components of the
19 deconstruction project that we hope to bring to
20 Pontiac, and I'm very happy to say that we have the
21 first five homes that we're going to do that, we're
22 going to take that as a model in which we can move
23 forward with a bigger component for blight removal
24 in Pontiac. So that is going forward.

25 Also, economic development, which is

1 -- we follow very closely in Pontiac. Economic
2 development is certainly the key to increasing --
3 one of the keys to increasing our revenue streams.
4 And we have started generating a chart of the
5 economic development projects, either of which have
6 been completed or approved or have at least gone
7 through the planning stage. We -- of course this
8 list started out with St. Joseph Mercy Hospital
9 which was \$125 million economic development project,
10 but so far in the -- this year and the last part of
11 last year we have another 76 million dollars' worth
12 of projects which are -- either have been presented
13 site plans, are in the planning stage or about to be
14 started. And so, that is even including Bloomfield
15 Park, which we don't even have the figures on or the
16 site plans. So that is good news indeed for
17 Pontiac, and we are moving forward in that regard.

18 The last two items I'll just touch
19 upon, and that is the OPEB litigation which
20 continues in mediation, and Phoenix Center which
21 continues in discussion. I had discussion with
22 Treasury as late as last week in terms of what the
23 philosophy should be in terms of how we proceed with
24 the plan for dealing with that center city structure
25 as well as downtown development. So gentlemen, that

1 completes my report.

2 MR. CHAIRPERSON: Okay. Thank you.

3 Any questions for the Mayor?

4 MEMBER SAWDON: No.

5 MR. CHAIRPERSON: All right. Thank
6 you, Mayor Waterman.

7 MAYOR WATERMAN: All right.

8 MR. CHAIRPERSON: Mr. Sobota, your
9 report.

10 MR. SOBOTA: I hinted earlier in the
11 meeting that each of the departments have completed
12 the first annual report for the City of Pontiac that
13 was transmitted to staff yesterday or Monday. So
14 you should receive that for your review for the next
15 meeting.

16 The report comes in four different
17 parts. The first part is essentially from the Code
18 of Ordinances or the chart that identifies the
19 responsibilities of the various departments. Then
20 there's a section on statistics. We're trying to
21 compare 2014 to calendar year 2013, what the key
22 accomplishments were in 2014 and also long-term
23 goals. And those departmental reports have been
24 posted on the City's website for all of the public
25 to view.

1 So some of the information and some of
2 the statistics, if you don't know really know about
3 the day-to-day operations of the City, or things
4 that we have done, that would be a good point of
5 reference.

6 Leads me to my next point is that I'm
7 now starting to try and build on the nuts and bolts
8 of operating the City. We seem to be beyond crisis
9 management mode. Now we can start to develop some
10 -- a sense of normalcy here. So annual reports,
11 reviewing policies, procedures, ordinances, doing
12 one nice thorough review of everything so that we
13 can get a system going so in future years this will
14 not be as a time-consuming process and it will be a
15 good sense of management for the elected officials
16 in the coming years.

17 Over the next three weeks, I will be
18 heavily engaged with Mr. Nazarko next week, and Mr.
19 Nazarko and the Mayor for weeks two and three for
20 the preparation of the budget. We anticipate having
21 this sent up to Treasury before tax day. I do know
22 that there will probably be some requests coming
23 before the Board in April where you're going to be
24 asking well how -- what's the impact on the budget.
25 So we feel we'll have the budget done first and that

1 way you'll be able to have some good discussion and
2 consideration of any requests that may be coming
3 before you in April.

4 And other than that, everything seems
5 to be operating normally. The Council seems to be
6 working well in terms of the decisions that they're
7 making. And as can be seen, nothing was rejected.
8 And as long as we continue to move in that right
9 path, Pontiac is going in the correct direction.

10 MR. CHAIRPERSON: All right. Any
11 questions for Mr. Sobota from the Board members?

12 MEMBER SAWDON: No.

13 MR. CHAIRPERSON: Thank you, Mr.
14 Sobota.

15 Next item is Public Comment. Per the
16 Board rules, you will have two minutes to speak to
17 the Board. Mr. Cline will announce the speakers.
18 Mr. Cline, our first, please.

19 MR. CLINE: Yes. Billie Swazer.

20 MS. SWAZER: I just have one question.
21 Mr. Burgess, a couple months ago I asked about the
22 decision to reject the two appointees for the GERS
23 Retirement Board, and you said you would so review
24 your notes and give me an answer as to why you
25 rejected them. Thank you.

1 MR. CLINE: All right. Darryl
2 Fowlkes.

3 MR. FOWLKES: Darryl Fowlkes, former
4 Chair of the City of Pontiac Charter Revision
5 Commission.

6 The question came about of the \$20,000
7 that Mr. Letzmann billed the City. Somewhere in the
8 translation it's lost. Mr. Letzmann said he would
9 do this without pay until the Charter was put to
10 bed. He never said he was doing this total
11 100 percent pro bono, and I'll get it on the back
12 end.

13 Also, in that same time limit, I put
14 before your TAB last year, or even 2013, a \$5,000
15 budget that was never approved for us to do our job.
16 Now that the Charter is done and put to bed, I think
17 that Mr. Letzmann, who probably could have charged
18 us two to three times as much of that for what he
19 did just in travel alone from Grand Rapids to
20 Pontiac two to three times a week, should be paid
21 his full amount of \$20,000, not a -- a stipend of
22 \$15,000. I know as someone who used to work and you
23 guys who have been employed by somebody, you
24 wouldn't want somebody to short-change you for what
25 you've done, knowing you could have charged two to

1 three times as much more for the work that was done.

2 At this time, the Charter has been put
3 to bed, everything is said and done, so I'm asking
4 that he be compensated for what he nicely billed the
5 City. Thank you.

6 MR. CHAIRPERSON: Thank you, Mr.
7 Fowlkes.

8 MR. CLINE: Yvette Carson.

9 MS. CARSON: Hello.

10 MR. CHAIRPERSON: Good afternoon.

11 MS. CARSON: To everyone on TAB and
12 everyone listening, about the Charter, you know,
13 several of us put money into that Charter and did
14 paperwork too. I am a (sic) Charter Revision
15 Commission, and we put our own money in there in
16 that Charter too, and we get our own, not just Mr.
17 Letzmann.

18 And another thing is, we're going to
19 give the Mayor a deputy manager (sic) and I want to
20 know since we're on such a budget and the Council
21 and the Mayor is doing a good job, I take it from
22 what you guys are saying, because you all opened up
23 the door for the Council and the Mayor, when is Mr.
24 Sobota -- not that he's doing a bad job, but we need
25 to start deducting from our expenses. So we want --

1 and the City and people of Pontiac, we want to know
2 with the deputy manager (sic) when Sobota leaving?
3 Thank you.

4 MR. CHAIRPERSON: Thank you, Ms.
5 Carson.

6 MS. CARSON: Wait a minute. I forgot
7 one thing. And the Bowen's Center. I'm a member of
8 the Bowen's Center. We're a group over there, we're
9 doing our best, we're entertaining the citizens and
10 the community, and we have a nice building over
11 there, and we want to know why is it -- why are we
12 having an issue about the way that we're producing
13 money for -- to the -- to our program, and we want
14 to know since we're mainly doing our own issues
15 through our -- our money and we do have a millage,
16 we want to know why is it that there is being issues
17 that is being brought up against the Bowen's Center.
18 Thank you.

19 MR. CHAIRPERSON: Thank you.

20 MR. CLINE: All right. One last
21 individual. I'm afraid I'm going to -- I'm having a
22 little trouble understanding the name here. They
23 wanted to speak on benchmarks.

24 MR. DAVID: Rick David is my name.

25 MR. CLINE: Oh, okay. Yes. I'm

1 sorry. Please, go right ahead.

2 MR. DAVID: Good afternoon. My name
3 is Rick David. I'm a businessperson here, retired
4 head of the United Way of Oakland. Now I have a bed
5 and breakfast and art gallery, and I'm head of the
6 Historic Commission in Pontiac, active in the City's
7 well-being; was supportive originally of the -- of
8 the EM concept, concerned and weary, as a lot of
9 citizens are, about the lack of understanding of
10 when this ends, and the lack of training wheels --
11 sufficient sophistication for and training wheels
12 for our City Council and Mayor to have more power.
13 Just as a person observing, you see Mayor Duggan
14 very visible in -- in Metro Detroit. We don't see
15 that for our -- for our community of Pontiac. We're
16 just quite weary.

17 The new Charter does provide two
18 really wonderful changes that would have probably
19 prevented the EM from having to come. One is an
20 ethics area, strong ethics area that -- that is
21 against nepotism, and that was always a challenge
22 here in Pontiac. Another is sufficient financial
23 oversight that is -- was not there in the earlier
24 Charter. And I would encourage the TAB to look at
25 that. But as just a citizen of Pontiac, I'm eager

1 to understand what are you still looking for? We
2 get confused here.

3 And finally, I just wanted you to be
4 aware that a fellow who's an active attorney in
5 Detroit, for the creditors, for -- and myself are
6 looking at a ten-year kind of process of what was
7 the best outcome: A bankruptcy for Detroit or an EM
8 for Pontiac? And we really -- we're looking at a
9 ten-year window on this, to just see at the end of
10 the day what -- what strategy really worked.

11 And so, again, I just want you to look
12 at that.

13 And finally, I believe the City
14 Council members need again to look at salary. You
15 know, it's sort of like the Iranian negotiations and
16 everything along that order. I think that they need
17 some sort of further substance and help. And while
18 the City Manager -- the City Administrator won't be
19 offering anything in that area, I think
20 strategically it's an important thing. Thank you.

21 MR. CHAIRPERSON: Thank you, Mr.
22 David.

23 MR. CLINE: That's all of the public
24 comment.

25 MR. CHAIRPERSON: Thank you, Mr.

1 Cline. Next item is Board Comment. Board Members,
2 any comment?

3 MEMBER BURGESS: Yes.

4 MR. CHAIRPERSON: Mr. Burgess?

5 MEMBER BURGESS: At the January RTAB
6 meeting, Ms. Swazer asked why I did not -- sorry --
7 why I voted not to place Mr. Harrison and Bowman to
8 the Pension Board. I promised to revisit the facts
9 and give her an answer, and I will do so at this
10 time.

11 I would like to first commend the
12 Pension Board for making the pension fund and
13 ensuring that it is fully funded to protect the
14 individuals who have paid into that fund. You have
15 one of the two I think pension funds in the State
16 that has a sizeable surplus. I understand that the
17 pension fund has about \$500 million in assets.
18 That's an outstanding accomplishment. However,
19 along with that accomplishment comes some
20 responsibilities. Since I've been a member of this
21 Board, I've heard many former employees and citizens
22 requesting assistance with their medical insurance.
23 I am unsure if you would be prudent, from a Pension
24 Board perspective, to consider assisting them,
25 because the Pension Board's primary responsibility

1 is to its pensioners. I get that.

2 Also, I believe that you have a
3 responsibility to help one another, if possible. I
4 understand that the Pension Board has been asked to
5 listen to a presentation by MERS staff to just get
6 the facts and see if it would make sense to draw
7 down some of the assets that you have in order to
8 help your citizens.

9 It is my understanding that the
10 Pension Board has refused to even listen to a
11 presentation to determine if they could assist their
12 fellow citizens and coworkers without jeopardizing
13 their own members. Failure to listen and make an
14 informed decision, to me, is unreasonable.

15 So going forward, I'm looking, as a
16 Board member, to at least get members on the Pension
17 Board who will listen to all options and then make
18 an informed decision. That's my only requirement;
19 and I think that is the Pension Board's
20 responsibility.

21 MR. CHAIRPERSON: All right. Thank
22 you, Mr. Burgess. And I'll respond in general to
23 the two comments regarding the potential exit from
24 receivership, and also the community center. Those
25 two items are local issues that would be resolved

1 between the City and Treasury, and then brought
2 before the RTAB. So it would be initiated locally
3 and then the RTAB would -- would then decide upon
4 those.

5 In terms of Mr. David's question about
6 criteria for exit, there's an annual -- as part of
7 the Governor's appointment of this Board, there's an
8 annual evaluation that takes place, that will be
9 done shortly in terms of specific criteria that the
10 City is being evaluated upon. And once that report
11 is completed and approved by the Board, it's then
12 transmitted to the Governor who ultimately decides
13 whether the RTAB remains in place or not.

14 That's the only comments I have. So
15 I'll entertain a motion to adjourn.

16 MEMBER BURGESS: I'll make that
17 motion.

18 MEMBER SAWDON: Support.

19 MR. CHAIRPERSON: Moved by Burgess,
20 supported by Sawdon to adjourn. All in favor say
21 "Aye."

22 BOARD MEMBERS: Aye.

23 MR. CHAIRPERSON: The meeting is
24 adjourned at 1:49 p.m. Thank you.

25 (At 1:49 p.m., proceedings concluded.)

C E R T I F I C A T E

I, Quentina Rochelle Snowden, do
hereby certify that I have recorded stenographically
the proceedings had and public comment taken in the
meeting, at the time and place hereinbefore set
forth, and I do further certify that the foregoing
transcript, consisting of (47) pages, is a true and
correct transcript of my said stenographic notes.

Dated: March 23, 2015



Quentina R. Snowden, CSR-5519

Notary Public, Genesee County, Michigan

My commission expires: 1/4/2018