

APPROVED - 8/19/15

7-22-15 RTAB

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1 CITY OF PONTIAC  
2 RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING  
3 JULY 22, 2015  
4 1:00 p.m.  
5  
6 Meeting before the RTAB  
7 Board at 47450 Woodward Avenue, Pontiac, Michigan, on  
8 Wednesday, July 22, 2015.

9  
10 BOARD MEMBERS PRESENT:  
11 Edward Koryzno - The Chairperson  
12 Keith Sawdon  
13 Robert Burgess  
Louis Schimmel

14 FROM THE CITY: Robert Widigan

15 OTHERS PRESENT:

16 Joseph Sobota  
Mayor Deirdre Waterman  
17 Nevrus Nazarko  
Martin Hoogasian  
18 Mark Holland  
Linda Hasson  
19 Andre' Sykes  
Billie Swazer  
20

21 REPORTED BY: Mona Storm, CSR# 4460  
22  
23  
24  
25

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1 Pontiac, Michigan  
2 Wednesday, July 22, 2015  
3 1:01 p.m.  
4 THE CHAIRPERSON: Good afternoon. It's 1:00  
5 p.m. and I'll call the City of Pontiac Receivership  
6 Transition Advisory Board meeting to order.  
7 Mr. Widigan, roll call, please.  
8 MR. WIDIGAN: Yes. Mr. Sawdon?  
9 MR. SAWDON: Here.  
10 MR. WIDIGAN: Mr. Burgess?  
11 MR. BURGESS: Here.

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12 MR. WIDIGAN: Mr. Koryzno?

13 THE CHAIRPERSON: Here.

14 MR. WIDIGAN: Mr. Schimmel?

15 MR. SCHIMMEL: Here.

16 MR. WIDIGAN: A quorum is present.

17 THE CHAIRPERSON: Thank you. A reminder to  
18 the public that, if you intend to speak during the  
19 public comment portion of the meeting, it's necessary  
20 for you to sign the sheet located on the table next to  
21 the agendas in the back of the room.

22 Next item is approval of agenda. I'd like to  
23 recommend a change to the agenda under the New Business  
24 Item Number 4. The change I am proposing is adding  
25 language that says, "Approve all ordinances and

5

1 resolutions from the July 2nd, 2015 Regular City  
2 Council Meeting with the exception of Resolution  
3 15-203, report received from City Planner regarding  
4 recommendation for a zoning map amendment." And then,  
5 subsequently, the -- we would have a -- entertain a  
6 motion to approve, deny or postpone Resolution 15-203.

7 MR. SAWDON: Motion to approve the agenda as  
8 amended.

9 MR. BURGESS: Second.

10 THE CHAIRPERSON: Moved by Sawdon, supported  
11 by Burgess to approve the agenda as presented with  
12 the -- the addition. Further discussion?

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

15 BOARD MEMBERS: Aye.

16 THE CHAIRPERSON: Opposed, same sign.

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17 The agenda is approved with the recommended  
18 change.

19 Item C, approval of minutes, Regular Meeting,  
20 June 17th, 2015 RTAB meeting minutes with noted  
21 clarifications. I'll entertain a motion.

22 MR. SCHIMMEL: I'll move.

23 MR. BURGESS: Support.

24 THE CHAIRPERSON: Moved by Schimmel,  
25 supported by Burgess to approve the June 17th, RTAB

6

1 meeting minutes. Any discussion?

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

4 BOARD MEMBERS: Aye.

5 THE CHAIRPERSON: Opposed, same sign.

6 The minutes are approved.

7 Next item is Special Meeting minutes of the  
8 RTAB for June 26, 2015. I'll entertain a motion.

9 MR. SCHIMMEL: I'll move.

10 MR. SAWDON: Support.

11 THE CHAIRPERSON: Moved by Schimmel,  
12 supported by Sawdon. Any discussion?

13 MR. SAWDON: Yeah, I did -- I did note one  
14 change. And maybe I missed it in these corrections.  
15 But under adoption of the fiscal year '15/'16 year  
16 budget, it has both Mr. Schimmel as the motion maker  
17 and the supporter. And unless there's a correction  
18 that I missed, I think we need to change that.

19 It would be New Business --

20 THE CHAIRPERSON: Yeah, I think Mr. Burgess

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21 supported that.

22 MR. BURGESS: Yeah.

23 THE CHAIRPERSON: If I'm not mistaken.

24 MR. SAWDON: Okay.

25 THE CHAIRPERSON: So --

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7

1 MR. SAWDON: With that correction, then, I --

2 THE CHAIRPERSON: All right. Anything --

3 MR. SCHIMMEL: Same, yeah.

4 THE CHAIRPERSON: All right. All right.

5 With the correction, all in favor of the motion say  
6 "aye".

7 BOARD MEMBERS: Aye.

8 THE CHAIRPERSON: Opposed, same sign.

9 The minutes are approved with the noted  
10 correction.

11 Next item is Old Business, of which there is  
12 none. The next item is New Business, approval of  
13 resolutions and ordinances for City Council meetings.  
14 Item one, June 11, 2015 regular City Council meeting.  
15 I'll entertain a motion.

16 MR. BURGESS: I move to approve.

17 MR. SCHIMMEL: Support.

18 THE CHAIRPERSON: Moved by Burgess, supported  
19 by Schimmel to approve the June 11, 2005 regular  
20 meeting minutes. Discussion?

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

23 BOARD MEMBERS: Aye.

24 THE CHAIRPERSON: Opposed, same sign.

25 The minutes are approved.

1 Next item is the June 18th, regular City  
2 Council meeting minutes. I'll entertain a motion.

3 MR. BURGESS: Move to approve.

4 MR. SCHIMMEL: I would support.

5 THE CHAIRPERSON: Moved by Burgess, supported  
6 by Schimmel to approve the minutes. Any discussion?

7 MR. SAWDON: I do have one question.

8 THE CHAIRPERSON: Yes, Mr. Sawdon?

9 MR. SAWDON: With that motion, I'd like to  
10 say with the exception of Resolution 15-191.

11 THE CHAIRPERSON: Is there a friendly  
12 amendment to that motion?

13 MR. SCHIMMEL: Tell me --

14 THE CHAIRPERSON: Mr. Sawdon, can you provide  
15 the --

16 MR. SAWDON: Yeah. That's the resolution  
17 that deals with the compensation for City Council and  
18 the Mayor as recommended by the Commissioners.

19 MR. SCHIMMEL: I'll support his amendment.

20 THE CHAIRPERSON: Okay. So it's been moved  
21 and supported to approve all of the resolutions and  
22 ordinances from the June 18, 2015 City Council meeting  
23 with the exception of 15-191.

24 Discussion?

25 Or can you --

1 MR. SAWDON: Well, I see that we're -- we're  
2 talking about 15-191 later on in the agenda.

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3 THE CHAIRPERSON: Yes.

4 MR. SAWDON: So I thought, rather than adopt  
5 it here, we should wait for that discussion that will  
6 appear under the Administrator section.

7 THE CHAIRPERSON: Mr. Sobota, do you have any  
8 comment on that -- on that procedural matter?

9 MR. SOBOTA: We can discuss that later.

10 THE CHAIRPERSON: All right. Very good.

11 All in favor of the motion to approve all  
12 ordinances and resolutions from the June 18th, 2015  
13 City Council meeting with the exception of 15-191 say  
14 "aye".

15 BOARD MEMBERS: Aye.

16 THE CHAIRPERSON: Opposed, same sign.

17 The June 18th minutes are approved.

18 Let the record show that, rather than vote on  
19 approval or denial or postponement of Item 15---  
20 Resolution 15-191, that that item will be addressed in  
21 the City Administrator items.

22 Okay. Next item is June 25, 2015 regular  
23 meeting minutes. I'll entertain a motion.

24 MR. SAWDON: Make that motion to approve.

25 MR. BURGESS: Support.

10

1 THE CHAIRPERSON: Moved by Sawdon, supported  
2 by Burgess to approve. Discussion?

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

5 BOARD MEMBERS: Aye.

6 THE CHAIRPERSON: Opposed, same sign.

7 The minutes of the June 25th meeting are  
Page 8



8 approved.

9 Next item, minutes of the July 2nd, 2015  
10 regular meeting. I'll entertain a motion. And you'll  
11 recall, this is the additional item for consideration.

12 MR. SAWDON: I'll make the motion with that  
13 exception that was cited in the change to the agenda,  
14 which would be 15-203.

15 THE CHAIRPERSON: Is there support?

16 MR. SCHIMMEL: I'll support.

17 THE CHAIRPERSON: Moved by Sawdon, support by  
18 Schimmel to approve all ordinances and resolutions from  
19 the July 2nd, 2015 regular City Council meeting with  
20 the exception of Resolution 15-203, report received  
21 from the City Planner regarding recommendation for a  
22 zoning map amendment.

23 Discussion?

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

11

1 BOARD MEMBERS: Aye.

2 THE CHAIRPERSON: Opposed, same sign.

3 The motion is approved.

4 Then the next item would be entertain a  
5 motion to approve, deny or postpone Resolution 15-203.

6 MR. SOBOTA: Mr. Chairman.

7 THE CHAIRPERSON: Oh, sorry.

8 MR. SOBOTA: I can explain.

9 THE CHAIRPERSON: Mr. Sobota?

10 MR. SOBOTA: Late yesterday afternoon, I  
11 became aware of two pieces of critical information that

12 Council used when considering the approval of this  
13 particular amendment to the zoning map that proved to  
14 be inaccurate.

15 I have provided one bit of information to the  
16 Council and the other was provided by the developer. I  
17 was under the understanding that, after the property  
18 owner received the rezoning of the property, that he  
19 would be required to reappear before the Zoning Board  
20 of Appeals, which had postponed his request for a  
21 variance in this particular site.

22 The Council had wanted some restrictions  
23 added to the approval of that particular zoning map  
24 amendment and the recommendation was, well, since the  
25 property owner would be required to reappear before the

12

1 Zoning Board, that those restrictions could be added on  
2 at that time.

3 I since learned that the property owner would  
4 not be reappearing before the Zoning Board of Appeals  
5 and, if he chose to, his zoning variance would most  
6 likely have been denied because it would not have met  
7 the required threshold, therefore the restrictions that  
8 Council was seeking to have would not be officially  
9 added to the property.

10 I also obtained a copy of those proposed  
11 restrictions that the owner had informally agreed to  
12 with one of the Council Members and I have learned that  
13 one of the provisions is actually illegal. And the  
14 property owner would be in violation of State law for  
15 the business that he was proposing to operate at that  
16 particular location.

17                   with this -- with these two new bits of the  
18                   information, I have an obligation to inform City  
19                   Council of the recent changes and to ask them if they  
20                   want to continue with the approval or if they would  
21                   like to enter into a conditional zoning agreement with  
22                   the City so that the provisions that the property owner  
23                   is agreeing to, which are legal, can be officially  
24                   recorded on that particular property.

25                   Otherwise, the representations that were

13

1                   being made in writing that have no legal basis cannot  
2                   be enforced by the City and the property owner and  
3                   future property owners would not be required to comply  
4                   with these particular restrictions that Council had  
5                   discussed.

6                   So, therefore, I'm requesting that the Board  
7                   postpone approval of this particular ordinance. That  
8                   will allow me time to address this before City Council  
9                   tomorrow and also contact the property owner.

10                   Considering that the property owner on Number  
11                   5 indicates, "I will subscribe to anything that the  
12                   City Council asks for", I do not believe I will have  
13                   any difficulties having the property owner agreeing to  
14                   an additional zoning agreement. However, I need to be  
15                   sure that this is what Council has intended and, number  
16                   two, advise them that one of the representations made  
17                   by the property owner to the City Council is illegal  
18                   and, if that was a key factor in their determination,  
19                   they need to be made aware of that as well.

20                   THE CHAIRPERSON: So, in summary, you're

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21 asking the Board to consider postponing approval of  
22 this particular resolution because of the legality --  
23 or illegality of one of the items associated with this  
24 particular zoning map amendment and also that what the  
25 City Council had committed to acquiring from this

8

14

1 individual property owner cannot be done?

2 MR. SOBOTA: Correct.

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

5 MR. SAWDON: Would there be a new resolution  
6 coming before City Council, rather than an amendment to  
7 this resolution?

8 MR. SOBOTA: Well, if Council is satisfied  
9 based on the information that I share with them and  
10 they want this process to continue, then proper *procedure* would  
11 be to approve at a future meeting. In the event that  
12 Council would like to formalize the legal portion of  
13 the owner's representations, then a new document will  
14 be presented for Council to vote upon, which will be  
15 presented to the Board at a future meeting.

16 So it could go one of two directions.

17 MR. SAWDON: Okay.

18 THE CHAIRPERSON: Any other questions from  
19 the Board for Mr. Sobota?

20 MR. SAWDON: Motion to postpone.

21 MR. BURGESS: Support.

22 THE CHAIRPERSON: Moved by Sawdon, supported  
23 by Burgess to postpone. Further discussion?

24 All in favor of the motion say "aye".

25 BOARD MEMBERS: Aye.

1 THE CHAIRPERSON: Opposed, same sign.

2 The motion to postpone consideration of  
3 Resolution 15-203 is approved.

4 The next item is the minutes from the  
5 July 9th, 2015 Regular City Council meeting. I'll  
6 entertain a motion.

7 MR. SAWDON: I'll make that motion with the  
8 exception of Resolution 15-218.

9 MR. SCHIMMEL: I'll support it.

10 THE CHAIRPERSON: Moved by Sawdon, supported  
11 by Schimmel to approve all ordinances and resolutions  
12 from the July 9, 2015 Regular City Council meeting with  
13 the exception of Resolution 15-218, temporary increase  
14 in pension payments to retirees. 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 motion is approved.

20 Now consideration of Resolution 15-218,  
21 temporary increase in pension payments to retirees.

22 Mr. Sobota, can you provide an update on this  
23 matter for the Board?

24 MR. SOBOTA: I believe the City Council is  
25 planning on adopting an ordinance -- no, wrong one.

1 Could you read me the minutes of that  
2 particular so -- because there's a couple items

3 pending, I don't want to get those confused.

4 THE CHAIRPERSON: It's a temporary increase  
5 in pension payments to retirees.

6 MR. SOBOTA: Okay. This is the one that,  
7 when Mr. Schimmel -- just before he left as Emergency  
8 Manager, he instituted a two-year temporary increase to  
9 members of the GERS system. That increase in pension  
10 is going to expire in August.

11 The philosophy behind approving that  
12 temporary \$400 a month increase was to help the  
13 retirees offset the cost of health insurance, which  
14 they would be responsible for paying if they chose to  
15 continue health insurance as a result of the suspension  
16 of those benefits.

17 That particular matter has been under  
18 litigation and has not been settled. So, at the  
19 present time, the retirees are not receiving health  
20 insurance benefits from the City of Pontiac and, if the  
21 temporary increase is allowed to expire, the retirees  
22 will have to share -- shoulder 100 percent of the  
23 burden without any additional financial assistance from  
24 the City.

25 The proposed pension increase applies to all

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1 members of the GERS system, whether they are  
2 receiving -- who are in a retirement pension status,  
3 whether they were going to be receiving health  
4 insurance benefits or not. This was done two years ago  
5 to ensure that the increase was considered fair and  
6 across the board and would not be challenged.

7 Since the litigation for retiree healthcare  
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8 has not yet been settled, the Mayor had recommended  
9 that this extension be granted for an additional year.  
10 The proposed ordinance language was reviewed by the  
11 city attorney, it was changed to include all people who  
12 would be retired as of the new date and would be  
13 retiring in the future during such time that this  
14 benefit would be granted.

15 so the City Council, the Mayor and I are all  
16 in support of approving this pension -- slight pension  
17 increase extension for one additional year. There was  
18 an actuarial evaluation that was conducted. I want to  
19 say that the cost was about \$5.2 million. I don't have  
20 the information in front of me but there are more than  
21 adequate funds in the pension system to cover that cost  
22 and we hope that the litigation will be settled within  
23 the year so that we don't have to revisit this issue in  
24 the future.

25 THE CHAIRPERSON: Thank you, Mr. Sobota.

18

1 Mayor Waterman, did you wish to speak?

2 MAYOR WATERMAN: I was just here to give  
3 substance as to that, I have no addition, that is  
4 correct. That was my recommendation to Council.

5 THE CHAIRPERSON: All right. Thank you.

6 Any questions for the Mayor or Mr. Sobota  
7 from the Board?

8 MR. SAWDON: Just one really quick question.  
9 I know that you have it set to expire on August 31st of  
10 '16. But if we reach a settlement prior to that, then  
11 I wish there was language that would incorporate the

12 sunset date in relation to a litigation settlement.

13 MR. SOBOTA: We have two options. The  
14 attorney recommended that we do this for a set period  
15 of time and, if a settlement is reached, that can be a  
16 provision of the settlement, number one; or, number  
17 two, the City could always pass an ordinance and repeal  
18 that particular section.

19 MR. SAWDON: Okay.

20 THE CHAIRPERSON: Any other questions?

21 MR. SAWDON: Motion to approve.

22 MR. BURGESS: Support.

23 THE CHAIRPERSON: Moved by Sawdon, support by  
24 Burgess to approve Resolution 15-218. Discussion?

25 Seeing none, all in favor of the motion say

19

1 "aye".

2 BOARD MEMBERS: Aye.

3 THE CHAIRPERSON: Opposed, same sign.

4 Resolution 15-218 is approved.

5 Entertain a motion to approve -- or entertain  
6 a motion to consider a recommendation to the State  
7 Treasurer to amend EM Order S-307.

8 MR. SAWDON: Make that motion.

9 THE CHAIRPERSON: Mr. Sobota?

10 MR. SAWDON: Oh.

11 MR. SOBOTA: It's required in order for this  
12 to --

13 THE CHAIRPERSON: To take place, that's  
14 right.

15 MR. SOBOTA: -- to take place.

16 MR. SCHIMMEL: Do you need another motion on  
Page 16



17 that?

18 MR. SOBOTA: To recommend to the State  
19 Treasurer to approve the amendment of the EM Order.

20 THE CHAIRPERSON: And just for the audience's  
21 information, because Mr. Schimmel, when he was an  
22 emergency manager, issued an Emergency Manager Order  
23 which has the force of law, once he exited the City as  
24 Emergency Manager, not only here but in any RTAB city,  
25 an Emergency Manager Order can only be amended by

20

1 signature of the State Treasurer.

2 So the Board has approved the action and now  
3 we're going to recommend that the State Treasurer sign  
4 an amendment to the -- Mr. Schimmel's prior order,  
5 allowing that to be enacted. So did I hear a motion?

6 MR. SAWDON: Yes, I made that motion.

7 MR. BURGESS: I support.

8 THE CHAIRPERSON: Okay. Thank you,  
9 Mr. Sawdon. Mr. Burgess support -- moved by Sawdon,  
10 supported by Burgess. Discussion?

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

13 BOARD MEMBERS: Aye.

14 THE CHAIRPERSON: Opposed, same sign.

15 The motion is approved to make a  
16 recommendation to the State Treasurer to amended EM  
17 Order S-307. That concludes the New Business.

18 The next item on the agenda is City  
19 Administrator items. Item 1, Local Officer  
20 Compensation Commission Recommendation. Mr. Sobota?

21 MR. SOBOTA: One of the provisions of the  
22 final order issued by Mr. Schimmel requires that this  
23 Board approve any change in compensation to elected  
24 officials as established by the local officer's  
25 Compensation Commission. In summary, the Commission

21

1 examined the salaries of both the Mayor and the Council  
2 member -- compensation of the Mayor and the Council  
3 Members. They decided to make no change, no  
4 substantive change to the compensation of the Mayor  
5 other than adding a provision that allows the Mayor to  
6 be reimbursed for travel, in accordance with the same  
7 policy as other City employees. However, with the City  
8 Council, the Commission is recommending that the  
9 maximum compensation of Council Members be increased  
10 from \$7,000 a year to \$15,000 a year.

11 Currently, Council Members are paid per  
12 meeting and per committee meeting. And the  
13 recommendation is that Council Members be paid monthly,  
14 whether they attend Council meetings or -- whether or  
15 not they attend Council meetings or Committee meetings.

16 The Commission convened for about eight or  
17 nine meetings during the year. There were requests  
18 from the Council Members to establish compensation  
19 between <sup>16</sup>20,000 and \$25,000 per year. However, the  
20 Council Members indicated they would not be requesting  
21 any benefits.

22 The Commission by a three to two vote  
23 recommended to set that annual compensation at \$15,000.  
24 In addition to the requests and petitions made by the  
25 current Council Members and the elected officials, the

1 commission was also provided information for comparable  
2 communities, in terms of compensation pay to those  
3 elected officials, information on the balance sheet of  
4 each community and the size of their budget.

5 If you reviewed that information which was  
6 provided to you, you'll see that, at the present time,  
7 Pontiac City Council Members are paid appropriately  
8 based on comparable communities. But the proposed  
9 level of compensation will put Pontiac as the second  
10 highest paid Council among comparable communities.

11 However, this was debated very thoroughly by  
12 the Commission and the Commission did come to the  
13 recommendation to change the compensation to \$15,000 a  
14 year.

15 City Council, knowing full well that the  
16 proposed compensation was proposed to be increased by  
17 the LOCC before approving the City's budget, increased  
18 expenditures to cover the total cost of additional  
19 compensation to the City Council in the budget that was  
20 finally adopted.

21 So the additional cost to the City with  
22 counting FICA is about \$64,000 a year. I have reviewed  
23 the information supplied by the Local Officers  
24 Compensation Commission and, even though I believe that  
25 the compensation level is high compared to comparable

1 communities, because the Commission had the same  
2 information that I had and deliberated and because the

3 allocation was authorized and appropriated accordingly  
4 in the City's budget, I would recommend that this Board  
5 approve that level of compensation. The City does have  
6 the funds to pay this for the next two years.

7 THE CHAIRPERSON: Thank you, Mr. Sobota.

8 Any questions from the Board for Mr. Sobota?

9 If not, I'll entertain a motion.

10 MR. SAWDON: Motion to deny.

11 MR. BURGESS: Support.

12 THE CHAIRPERSON: It's been moved by Sawdon,  
13 supported by Burgess to deny the motion. Discussion?  
14 Mayor Waterman?

15 MAYOR WATERMAN: I would like a chance also  
16 to remark on that. Although the comparables show that  
17 this is high for cities, comparable cities, in terms of  
18 City Council reimbursement, one of the things that  
19 makes this a little different situation is that our  
20 City Council does meet once a week, every week, and  
21 most other City Councils meet biweekly. So that brings  
22 into the extra time to do that. And also, this kind of  
23 restores our City Council to what it was prior without  
24 all the compensation packets that have been afforded to  
25 other City Councils.

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1 I do speak to that and I speak on behalf of  
2 myself as an employee that I also believe, with giving  
3 additional compensation to our employees who had their  
4 health benefits and their pension taken away. And, as  
5 you see, I have made proposals for that in the budget  
6 that we have before you. And you're going to consider  
7 the pension today. I just think people are -- we want  
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8 to -- to reward people, capable people, with the kind  
9 of standard compensation that -- for other cities.

10 So I do that in support of the City Council  
11 compensation package. We do have a financial situation  
12 now that would allow payment for that. And I speak for  
13 that, given the fact that I'm with the same Commission,  
14 made me the only full-time employee that would not  
15 receive any raise and, certainly, I'm not part of any  
16 pension plan. But I'm still challenging it for the  
17 others so I would just like to lend my voice to that  
18 amendment.

19 THE CHAIRPERSON: Thank you, Mayor.  
20 Mr. Sobota?

21 MR. SOBOTA: I do want to confirm that, prior  
22 to the appointment of the first emergency manager, the  
23 City Council Members were paid \$15,000 a year salary.  
24 However, they did receive additional benefits on top of  
25 that. So this is a restoration of the prior cash

25

1 compensation, direct cash compensation, for Council  
2 prior to emergency manager declaration and appointment.

3 THE CHAIRPERSON: But without the benefit?

4 MR. SOBOTA: But without the benefits and --  
5 and the Council Members when they made their  
6 presentations before the Compensation Commission, no  
7 one there was asking for benefits. They all realized  
8 that benefits are a thing of the past. So they were  
9 not asking for the benefits.

10 THE CHAIRPERSON: All right. Thank you. Any  
11 further questions for Mr. Sobota?

7-22-15 RTAB

12 All right. Thank you, Mr. Sobota.

13 Further discussion by the Board?

14 Seeing none, all in favor of the motion say

15 "aye".

16 BOARD MEMBERS: Aye.

17 THE CHAIRPERSON: Opposed, same sign.

18 Aye.

19 The motion is approved.

20 Next item is Annual Review, this is  
21 informational only.

22 Next item, Overpayment to Temporary Employee.

23 Mr. Sobota?

24 MR. SOBOTA: Well, I -- Mr. Nazarko was out  
25 and I had the pleasure of reviewing payroll and I

26

1 discovered that we had a situation -- no, wrong  
2 explanation.

3 I discovered this one, actually, a little bit  
4 earlier. One of the temporary employees that we had  
5 hired to help with the snow I saw working after  
6 April 30th when the period of time had expired. Turns  
7 out, there was a miscommunication as to whether the  
8 employee's time was capped at number of hours or by the  
9 calendar days when it was clear by resolution of the  
10 Board that the employee's time was capped by calendar  
11 days, meaning April the 30th.

12 The employee did work four days before I  
13 actually saw him on site so he was paid for that. But,  
14 for audit purposes, I would need to correct the record  
15 to indicate that this Board did authorize the employee  
16 to work those additional four days in the month of May.

17 And I have addressed this issue with the department  
18 head in question so we shouldn't have this confusion  
19 again in the future.

20 And we're also addressing the procedures that  
21 we use for hiring employees to make it clear on those  
22 forms, if the employee has a specific date of  
23 termination or a cap on the number of hours, that that  
24 be listed on the front of those forms as well.

25 THE CHAIRPERSON: Any questions for

27

1 Mr. Sobota?

2 I'll entertain a motion.

3 MR. SCHIMMEL: I'll move to approve.

4 MR. SAWDON: Support.

5 THE CHAIRPERSON: Moved by Schimmel,  
6 supported by Sawdon to approve overpayment to the  
7 temporary DPW employee. Any further discussion?

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

10 BOARD MEMBERS: Aye.

11 THE CHAIRPERSON: Opposed, same sign.

12 The motion is approved.

13 Next item, Amendment to Employee Letter of  
14 Agreement. Mr. Sobota?

15 MR. SOBOTA: Now I can talk about my review  
16 of payroll. During Mr. Nazarko's absence while I was  
17 reviewing payroll, I noticed that one of the employees  
18 that we had moved to full time in the Clerk's office  
19 had not had the time that she was granted under her  
20 employment agreement accrued accordingly. So,

21 therefore, she wasn't taking any time off.

22 And also, during this same period, the City  
23 Clerk suffered an injury that prohibited her from being  
24 in the building, thus requiring the employee who  
25 properly could have been taking time off from taking

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1 that appropriate time.

2 We also have an election that's coming up in  
3 August, therefore limiting the amount of time off. We  
4 need to be fair to the employee to allow the employee  
5 to take the time that they were given the opportunity  
6 to. So, while speaking with the employee, both of us  
7 have come to the agreement that, instead of the  
8 employee losing that time, to allow the employee until  
9 the end of the calendar year to use that time or then  
10 lose it.

11 So that way the Clerk's office is not  
12 negatively reflected and the employee not punished for  
13 being unable to take time that, number one, wasn't  
14 properly accrued to her account; and, number two, being  
15 unable to take it due to the absence of the Clerk from  
16 the building for a considerable period of time.

17 Once again, we discovered a little problem  
18 with some procedures and I have addressed those. So we  
19 won't have this issue again in the future.

20 THE CHAIRPERSON: Any questions for  
21 Mr. Sobota?

22 If not, I'll entertain a motion.

23 MR. BURGESS: I'll move to support.

24 MR. SAWDON: Motion to approve.

25 THE CHAIRPERSON: Umm. All right.



1 MR. SAWDON: Either way.

2 THE CHAIRPERSON: Okay. Moved by Sawdon,  
3 supported by Burgess to approve the amendment to the  
4 Employee Letter of Agreement. Discussion?

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

7 BOARD MEMBERS: Aye.

8 THE CHAIRPERSON: Opposed, same sign.

9 The motion is approved.

10 Next item, Benefits for City Employees.

11 Mr. Sobota?

12 MR. SOBOTA: Upon speaking with legal  
13 counsel, due to action taken by this Board at the last  
14 meeting, granting benefits to City employees, all the  
15 letters of agreement with the City employees who will  
16 be able to receive those benefits now need to be  
17 formally amended.

18 Working with the City attorney, I have  
19 drafted proposed language, which is before you, which  
20 references the benefit package that was approved by the  
21 Transition Advisory Board at the last meeting -- at --  
22 at the last meeting -- the Transition -- yes,  
23 Transition Advisory Board at the last meeting and also  
24 authorized by the State Treasurer.

25 So this is a legal technicality that will

1 change one paragraph in everyone's Letter of Agreement  
2 and also attach the details of the benefit to each

3 Letter of Agreement.

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

6 MR. SCHIMMEL: I'll move approval.

7 MR. BURGESS: Support.

8 THE CHAIRPERSON: Moved by Schimmel,  
9 supported by Burgess. 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 Next item, PEG Dispute with Comcast.

16 MR. SOBOTA: If you will recall, I think it  
17 was the last month or the prior month where I had  
18 requested additional funds to move ahead with a legal  
19 counsel in our PEG dispute that we're having with  
20 Comcast.

21 I have a lot of trouble with the Public  
22 Service Commission in terms of having the City  
23 receiving the right to fair representation before the  
24 Board. They finally relented and have scheduled a date  
25 when both our legal counsel and the City will be able

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1 to be present. So that is a good thing.

2 While preparing for the case, our legal  
3 counsel has advised and I have reviewed that we have a  
4 very good case of pursuing this particular dispute in  
5 the Federal Court system and would probably have a  
6 better chance of winning than we would in the State  
7 Court system and there is case law that supports this.

8                   We want to keep our options open. We are  
9                   still talking with Comcast, trying to avoid having to  
10                  go to some sort of a dispute resolution panel.  
11                  However, since this being the last Board meeting before  
12                  our August 12th resolution date, I'm asking for  
13                  authorization to proceed with filing a suit in Federal  
14                  Court against Comcast.

15                 I can also add that our attorney has  
16                 identified two other communities in the State of  
17                 Michigan that are in similar disputes with Comcast and  
18                 this may end up being, potentially, class action.

19                 So this is a value of at least \$900,000 to  
20                 the City of Pontiac. I asked about cost, of course,  
21                 and our attorney has assured me that the \$20,000 that  
22                 we have -- that he has been approved, to date, will get  
23                 us through the processes of filing the court action and  
24                 also appearing before the Public Service Commission in  
25                 the event that that's necessary.

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1                   I have informed the legislative bodies  
2                   through -- through a written update, Council  
3                   unanimously supported increasing the PEG fees from one  
4                   percent to two percent. So, in essence, we are  
5                   fighting for what Pontiac has already signed off on.

6                   I just want to keep my options open for  
7                   August the 12th.

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

10                  If not, I'll entertain a motion.

11                  MR. SAWDON: Motion to approve.

12 MR. SCHIMMEL: Support.

13 THE CHAIRPERSON: Moved by Sawdon, supported  
14 by Schimmel to approve.

15 Discussion?

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

18 BOARD MEMBERS: Aye.

19 THE CHAIRPERSON: Opposed, same sign.

20 The motion is approved.

21 Item 7, Change in Rate of Pay for Human  
22 Resources Specialist. Mr. Sobota?

23 MR. SOBOTA: If you will recall, over the  
24 past two years I have been requesting increases in pay  
25 for the Human Resources Specialist. We have determined

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1 that, since the person was brought on full time and the  
2 job has evolved and has been better defined that the  
3 duties and responsibilities and the value of that  
4 employee to the City of Pontiac far exceeds the \$45,000  
5 salary that the employee is presently earning.

6 As part of the comprehensive compensation  
7 package, I had recommended that this position salary be  
8 set at a base of \$60,000 with the ability for some  
9 potential enhancements. That was recommended based on  
10 what other comparable communities are paying to  
11 individuals in their Human Resources Department, not  
12 necessarily a Human Resources Director.

13 This person does not have any administrative  
14 managerial responsibilities, in terms of  
15 decision-making, however, the skill set and knowledge  
16 that the employee has is a great value to the City,

17 especially with regards to the retiree benefit  
18 situation.

19 So what has happened is that the employee has  
20 actually received a job offer from another employer,  
21 which obviously pays more money than what we are  
22 offering at the present time, even though the benefits  
23 have been added.

24 On a caveat, the employee was also involved  
25 in an automobile accident several weeks ago and has

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1 been unable to return full time to work. The absence  
2 also demonstrated the value that the employee has to  
3 the City.

4 We -- I spoke to Mr. Nazarko and he does not  
5 want to lose the employee and the employee is willing  
6 to stay if the compensation package is increased.  
7 However, being that the employee is not back full time,  
8 I do not believe it to be fair to either side that the  
9 employee be compensated at the new rate until such time  
10 that the employee is able to return full time, which  
11 Mr. Nazarko informs me will hopefully be by the end of  
12 this month.

13 The Finance Department, where this employee  
14 works, has been un-staffed for at least a year and we  
15 just filled the Purchasing Agent/Fiscal Analyst  
16 position.

17 We now have a department that is operating at  
18 full speed. The last thing that we need to do is put  
19 another hole in the department that will, again, set us  
20 back. And some things will have to be sacrificed if we

21 just don't have the staff to get things done or,  
 22 unfortunately, we may not be able to respond as quick  
 23 to some of the requests that are being made by the  
 24 Mayor and by our attorneys for assistance in the  
 25 retiree healthcare litigation. So this employee does

35

1 play a very key role.

2 The salary, I've given you a bit of an idea,  
 3 at \$60,000 would be higher than what customer service  
 4 representatives make. And a customer service  
 5 representative is essentially a secretary. And it  
 6 would be lower than what the Deputy Community  
 7 Development Director makes and various other department  
 8 heads. So we see this as more of a mid-management type  
 9 employee rather than a secretarial employee where the  
 10 salary's currently set.

11 So Mayor's fully on board with this,  
 12 Mr. Nazarko's fully on board with this recommendation.  
 13 And if you would like to hear their comments and  
 14 support, that would be fine. However, I hope that I  
 15 have been able to make an adequate case to approve this  
 16 compensation with the contingency that, until the  
 17 employee returns to work full time, that the  
 18 compensation level should not be raised.

19 THE CHAIRPERSON: Any questions from the  
 20 Board for Mr. Sobota?

21 Seeing none, I'll entertain a motion.

22 MR. SCHIMMEL: I will move to approve.

23 THE CHAIRPERSON: Is there support?

24 Seeing no support, is there an alternate  
 25 motion?

1                   Seeing no motion, there will be no action on  
2                   this item.

3                   Next item is Mayoral Items, Appointment to  
4                   the Arts Commission.

5                   MR. NAZARKO: Mr. Chair, I know the motion  
6                   failed and I'm probably a few seconds too late but I  
7                   just want to give TAB head's up that this particular  
8                   position being the only one, we have only that person  
9                   in the HR Department and we are in heavy mediation with  
10                  the retirees on the healthcare issue. This is a key  
11                  position that is helping the Mayor and I to the  
12                  mediation process.

13                  And not just mediation but if and when --  
14                  it's not if but when we restore the benefit by court  
15                  order or mediation purpose -- or means, without that  
16                  employee, it's going to be very, very, very difficult  
17                  and do not be surprised for me to come in front of you  
18                  to ask permission to hire, obviously, accountants.  
19                  That is going to cost a lot more for much less quality  
20                  of the employee that we currently have.

21                  THE CHAIRPERSON: Thank you, Mr. Nazarko.

22                  MAYOR WATERMAN: I'd also like to speak to  
23                  that the \$15,000 difference that we're asking for, a  
24                  decent compensation, not only as to good medical and  
25                  empirical figures but we will lose this employee. And

1                  the historical knowledge this employee has is worth far  
2                  more to the City than the \$15,000. In terms of the

3 time and all the things that she's been, in light of  
4 mediation, that's more valuable than the \$15,000. And  
5 I think that would be a pound -- a penny wise, pound  
6 foolish decision, which would be harmful to the City  
7 and it's certainly harmful to me as we mediate the OPEB  
8 mediation. So I just want to put that in more of a  
9 context than just the simple \$15,000.

10 THE CHAIRPERSON: Thank you, Mayor.

11 Okay. Next item is Mayoral Items.

12 Appointment to the Arts Commission.

13 Mayor Waterman, have you obtained the proper  
14 clearance to appoint this individual to the Arts  
15 Commission?

16 MAYOR WATERMAN: Yes.

17 THE CHAIRPERSON: All right. Thank you.

18 I'll entertain a motion.

19 MR. BURGESS: I move to approve.

20 MR. SCHIMMEL: Support.

21 THE CHAIRPERSON: Approved by Burgess,  
22 supported by Schimmel to approve the appointment to the  
23 Arts Commission. Discussion?

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

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1 BOARD MEMBERS: Aye.

2 THE CHAIRPERSON: Opposed, same sign.

3 The motion is approved.

4 Next item, Open Meetings Acts -- Open

5 Meetings Act Appointments.

6 Mr. Widigan?

7 MR. WIDIGAN: Yeah. This is in regards to  
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8 posting public notices on behalf of the Board in  
9 keeping with the Open Meetings Act and ensure that the  
10 public is informed as to when the meetings are held.  
11 It's being proposed that the three individuals from the  
12 state and two individuals from the City are authorized  
13 to post notices for meeting dates, special meetings and  
14 date changes and this will also keep this Board  
15 consistent with other TABs.

16 THE CHAIRPERSON: All right. So just for the  
17 public's information, this will be a motion to grant  
18 authority to post notices on behalf of this Board to  
19 Angela Dempkowski, Department of Treasury; Penny Ducat,  
20 Department of Treasury; Christina McAlvey, Department  
21 of Treasury; Sherikia Hawkins, City of Pontiac; and  
22 Jaki Holzer, City of Pontiac. And I'll entertain a  
23 motion.

24 MR. SAWDON: Move.

25 MR. BURGESS: Move to support.

39

1 MR. SCHIMMEL: I support.

2 THE CHAIRPERSON: Moved by Burgess, support  
3 by Schimmel. Discussion?

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

6 BOARD MEMBERS: Aye.

7 THE CHAIRPERSON: Opposed, same sign.

8 The motion is approved.

9 Next item is Non Action Items. Financial  
10 reports for the month ending June 30, 2015.

11 MR. NAZARKO: Good afternoon.

7-22-15 RTAB

12 THE CHAIRPERSON: Good afternoon,  
13 Mr. Nazarko.

14 MR. NAZARKO: Good afternoon. Again, the  
15 financial reports presented to you for the month ending  
16 June 30, 2015 as well as the quarter ending June 30,  
17 2014 do not have any additional items to report other  
18 than what I have outlined in my memo.

19 However, just this being the end of the  
20 fiscal year of financial reports, I'd like to announce  
21 that the financial situation of the year we just ended  
22 is strong, stronger than what we thought and puts us on  
23 the path to financial stability for the next  
24 foreseeable future.

25 THE CHAIRPERSON: Any questions for

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1 Mr. Nazarko from the Board?

2 Thank you, Mr. Nazarko.

3 MR. NAZARKO: Okay.

4 THE CHAIRPERSON: Next item is a report from  
5 Mayor Waterman.

6 MAYOR WATERMAN: Gentlemen, I stand before  
7 you as the Mayor of a city that has a \$10.8 million  
8 fund balance. Not only that, it is 30 percent of our  
9 expenditure budget. And, also, in our other funds, we  
10 now have anywhere from 15 to 20 percent fund balance in  
11 our other funds as well.

12 I stand before you as the Mayor of the city  
13 that increased its property values last year  
14 9.1 percent across the board. That was the highest  
15 increase of any city in Oakland County, and that's  
16 substantial.

17 I also stand before you as the Mayor of the  
18 city that has turned the corner, in terms of the  
19 narrative financial crisis. I think everybody can see  
20 we're no longer in financial crisis, the original  
21 intention for the Governor in placing us under the  
22 Emergency Manager and in receivership.

23 Not only that, but we've changed some other  
24 dynamics as we turned that corner of the narrative of  
25 Pontiac. We have, according to the Sheriff's own

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1 statistics, Oakland County Sheriff, a 37 percent  
2 decrease in crime, violent crime, in this community.  
3 So that was a narrative that we needed to overcome and  
4 that is being done. The statistics in some categories  
5 in crime now perfectly match our more notable cities in  
6 that regard in Oakland County.

7 At the State of the City Address, which I  
8 gave June 29th, I did outline for the attendees that we  
9 now have \$754 million of economic development projects  
10 somewhere in the pipeline, in terms of development,  
11 some which are just about near completion. And that  
12 includes M1 Concourse that broke ground about three  
13 weeks ago and they were happily able to report that  
14 their first phase of these car condos, which is a new  
15 concept, were sold out in two months, so that is done.

16 General Motors continues their expansion at  
17 the Metal Stamping Plant and the Power Train Plant as  
18 well as Bloomfield Park, which is 78 acres, the  
19 majority in Pontiac, a \$400 million development now has  
20 the motivated developer and they're moving along with a

21 very expansive concept, so that's happening in Pontiac  
22 right now.

23 And that certainly is a city that has turned  
24 a corner that's no longer in financial crisis and is  
25 now doing implementation and strategic planning and

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1 that's the stage we're in.

2 Now, I do still want to report on some of the  
3 other things that are going on that have been on my  
4 agenda. Phoenix Center, as I reported, there was a  
5 dismissal of the quiet title action that the City had  
6 brought and that has caused our attorneys to ask me to  
7 give them time to kind of really think what that means,  
8 in terms of the handling of the case. But in the  
9 meantime, there are ongoing talks in several quarters  
10 and that's where I will leave that right now.

11 But I will also report to you that the  
12 manager and son of the owner of the Ottawa Towers,  
13 which is the litigant in the lawsuit regarding the  
14 Phoenix Center, actually purchased eight of the vacant  
15 schools that were sold off by the school board. So  
16 they are actually doubling down, in terms of even  
17 though they are locked in this litigation with the  
18 City, they're doubling down in terms of their  
19 commitment and their need to invest in the city. So  
20 I've taken that message from them and we're opening  
21 talks about what happened with their vacant schools and  
22 how that could benefit the community.

23 The other thing is the blight. And right  
24 now, with the loss of the one community development  
25 staff who was working with blight, I have no staff

1 working on that. We're still -- we just received our  
2 CBDG allotment and for 2015 and we already have a  
3 hundred different residences in the pipeline that will  
4 be able to utilize those funds. So we're up to date.  
5 We've used up all the NSP3 and caught up to date on all  
6 the CBDG funds. So that project is well underway.

7 I do appreciate the fact that you allotted  
8 two additional staff for community development because,  
9 you see, with the things going, on a lot of the -- to  
10 follow the average outline, we need that community  
11 staff. So that's where our groove is; economic  
12 development. And that wasn't, of course, the financial  
13 crisis plan; that's the plan post-emergency manager,  
14 post the financial crisis as we move on to the next era  
15 of Pontiac's development.

16 And we are building up the City in other  
17 ways, too. But one of the things we're also doing is  
18 the Oakland University partnership and I gave for you  
19 the first newsletter that was done, one of our interns  
20 is here, Andre' Sykes. We have a number of public  
21 administration interns as well as journalism interns  
22 and they have produced that this was premiere at the  
23 state of the City because we realized there was enough  
24 good stories and news that we wanted all the citizens  
25 of Pontiac to buy into to take a share and ownership of

1 and to be a part of and that we need to tell that in  
2 our own internal way. So we have this newsletter that

3 we'll produce quarterly and that is going.

4 So, as the Mayor of all these things  
5 happening, I did receive the RTAB evaluation proceeding  
6 the evaluation that was done by Treasury and there were  
7 a number of comments made and I will choose another  
8 time to kind of respond to that in a more literal  
9 manner.

10 But the final bottom line is, of course, that  
11 we're still in receivership, even though we moved past  
12 the benchmarks in a number of ways. And -- so I'm a  
13 little perplexed, particularly, about some of the  
14 reasoning that reached that bottom-line conclusion.  
15 And I'll summarize it this way:

16 Is the fact that the greatest number of the  
17 citations that were listed in that report dealt with  
18 the things that have been assigned to the City  
19 Administrator to do. That he has, you know, regarded  
20 his authority to do that and so I've gone ahead and  
21 done the things that I think were not listed in S-334  
22 that we needed to grow the City that were not assigned  
23 to him.

24 So I just bring that to the attention and the  
25 fact that this evaluation is evaluating the format that

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1 was left in place by the Governor -- by the Order S-334  
2 so you're really evaluating your own system that was  
3 left in place. And there are things we need to change  
4 to move that forward in order to accommodate the  
5 situation that Pontiac is at right now in further time.  
6 I won't use up time right now. But in further time I  
7 want to elaborate on that. But I just wanted to bring

8 that to your attention.

9 And two things -- several things that I think  
10 were related to litigation, unseen facts from the  
11 building of receivership and I just wanted to bring to  
12 your attention that we are moving ahead with mediation.  
13 I can't move any faster. We're really intently  
14 involved in that and the things that are holding it up  
15 is something that I have no control of. But it is my  
16 intent to use that mediation to the fullest extent. We  
17 have had our Human Resources Department, the key person  
18 we just didn't give the raise to, who had worked  
19 intently with the representatives from the side to make  
20 sure that we had the same documentation and the same  
21 census and the same numbers.

22 In looking, we had to look back through a lot  
23 of different CBAs, et cetera, et cetera, in order to  
24 make sure that we were dealing with the same facts and  
25 the same statistics going into this mediation.

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1 So that is going to -- any change in that  
2 situation is going to handicap this whole -- I'll just  
3 tell you very bluntly, given where we are and given the  
4 amount of time we've spent working through this  
5 mediation in the last eight months or so. So that I  
6 leave to you.

7 And as I told the City at the State of the  
8 City, Pontiac is moving forward in a great way. We've  
9 changed the narrative and we want to be able to be  
10 given the leeway to be able to move forward in the way  
11 that we'll be productive in the City. Thank you.

7-22-15 RTAB

12 THE CHAIRPERSON: Thank you, Mayor Waterman.

13 Mr. Sobota, City Administrator report.

14 MR. SOBOTA: Today I do not believe in a  
15 one-hour meeting. I have some additional information I  
16 would like to share with the Board. I want to put the  
17 \$10.8 million fund balance in the general fund as of  
18 June 30th in a bit of perspective. The financial  
19 reports that you were presented with indicate that the  
20 city has a \$10.6 million fund balance.

21 After the reports were printed, we noticed  
22 that there was at least another \$350,000 in unposted  
23 revenue. And we do anticipate that there will be some  
24 accounts payable through the end of the year. So we're  
25 looking at about \$10.6 to \$10.8 million in fund

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1 balance.

2 However, if you examine that number, where  
3 did that fund balance come from? At least \$3 million  
4 of that money came from one-time revenue sources,  
5 nearly \$1 million came from the collection of  
6 delinquent income tax and \$2 million from a bunch of  
7 other possibilities. \$1 million of that \$10 million is  
8 considered un-spendable because it's for prepaid  
9 expenses.

10 Another \$1 million is the result of an  
11 increase in income tax collections for the fiscal year  
12 that just ended. We've already accounted for that on a  
13 going forward basis so you can consider that another  
14 one-time infusion of income.

15 There has been at least \$1.7 million less in  
16 property tax chargebacks over the last two fiscal years



17 than we had anticipated based on prior year  
 18 projections. We believe that the trend is now  
 19 stabilized and we have assumed a normal chargeback in  
 20 the going-forward basis.  
 21 *\$1.7 million there, \$2.7 million plus \$3 million is \$5.7 million*  
 22 plus \$1 million in un-spendable is \$6.7 million. That  
 23 really leaves the City with about \$4 million in what  
 24 I'm going to call usable fund balance in that we earned  
 25 that money not based on one-time tricks.

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1 A couple of the other things that have  
 2 occurred over the past two years is that we have seen  
 3 an increase in our property tax base. We don't know  
 4 how long that's going to continue. We're  
 5 conservatively projecting no increase for next year.

6 Income tax also has seen an increase. We  
 7 believe it to be as a result of greater enforcement.  
 8 However, we haven't really started full enforcement  
 9 yet. We may have some possibilities there but that may  
 10 also be a one-time infusion of revenue. And the State  
 11 Revenue Sharing payments have increased as well over  
 12 the last two years. So from a revenue standpoint,  
 13 things are looking good but we believe that trends will  
 14 be normalizing for the next several years.

15 On the expense side, there are two major  
 16 expenditures that we have seen a reduction in and we  
 17 are finally realizing the savings as a result of  
 18 actions taken by the Emergency Manager. We had  
 19 budgeted last year around \$1.1 million for liability in  
 20 property insurance. We ended up paying approximately

21 half of that amount.

22 This year, once again, we were looking at  
23 about \$800,000 in property and liability insurance  
24 expenditures due to a refund from the MMRMA. Because  
25 of the money that we have had in our loss reserve, our

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1 cash outflow will be a little bit over \$100,000 this  
2 fiscal year.

3 The reason that the liability is going down  
4 is because we no longer are engaging in high risk  
5 activity, in terms of having our own police department,  
6 our own fire department, our own DPW. The only  
7 liability risk that we have that we are getting sued on  
8 is the result of sidewalks that are considered to be  
9 hazardous. And we will be implementing a sidewalk  
10 inspection program and hope to remedy that over the  
11 course of this fiscal year.

12 When I asked our insurance agent, is there  
13 anything else that we can do, from a liability  
14 standpoint, to reduce our risk. He said no, we've  
15 pretty much done everything that we can possibly do.

16 On the workers' compensation side, the City  
17 used to be self-insured for workers' compensation.  
18 Over the past two fiscal years, the City has saved --  
19 or not expended over \$600,000 in anticipated  
20 expenditures. We have been settling workers'  
21 compensation cases. We are no longer incurring new  
22 self-insured workers' compensation cases. We are now  
23 in a fully-insured workers' compensation program where  
24 our annual premium decreased by \$8,000.

25 So these are savings that were fully  
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1 anticipated when the City made the changes that we  
2 needed to make several years ago that we are only  
3 beginning to realize. And I am confident, as we  
4 continue to settle our large lawsuits, especially  
5 regarding public safety, police department in  
6 particular, that our total cost for future liability  
7 insurance will decrease significantly.

8 Now, on the other hand, we do have that  
9 \$3.5 million judgment sitting out there for the  
10 nonpayment of one of the VEBA contributions. I believe  
11 that the Court does not understand governmental  
12 budgeting, which is why the City did not pay a  
13 particular bill and which is why the City lost the  
14 particular case but we have appealed that.

15 However, that is a \$3.5 million potential  
16 liability which we obviously have enough adequate  
17 reserves to cover. This being said, I'd like to  
18 express some concerns that I'm hearing, especially from  
19 the City Council now, since we have this great  
20 financial condition.

21 At a recent Council meeting, a statement was  
22 made we need to do something to re-call our laid-off  
23 City employees and to start hiring Pontiac residents,  
24 particularly the goal is to bring back the Department  
25 of Public Works.

1 The first attempt will be to hire City  
2 employees and acquire equipment to perform the street

3 sweeping services. As you've seen in your agenda  
4 packet, the Council did reject the contracting of  
5 street sweeping services. They want me to examine what  
6 the costs are of renting vehicles and hiring City  
7 employees to do the work.

8 And the reason I am bringing this up is that  
9 this is not a simple exercise. The cost of providing,  
10 for example, street sweeping services is not a man and  
11 a machine but you also have to consider the liability  
12 that we are no longer incurring the workers'  
13 compensation. If you start hiring more and more City  
14 employees, your legality costs are going to increase.  
15 I do not believe that the City's department will have  
16 the administrative capacity to handle additional  
17 employees so we may have to hire additional  
18 supervisors.

19 With more employees, you have additional  
20 stress on Human Resources and additional stress on the  
21 accountants. If you acquire vehicles, either for lease  
22 or for purchase, where are you going to house the  
23 vehicles; what type of facility do you need to acquire?  
24 What are the expenses for those facilities, once again,  
25 utilities and the liability?

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1 You have vehicles. If you have vehicles, you  
2 have to maintain the vehicles. Who's going to maintain  
3 the vehicles? By bringing DPW back in-house, you're  
4 going to have additional purchasing requirements that  
5 will require more bidding. And then, overall, from an  
6 administrative oversight standpoint, the City appears  
7 right now to be properly sized for the administrative

8 structure that we have.

9 will the City require additional  
10 administrative oversight in the event that the  
11 department is expanded? And we're not only talking  
12 street sweeping. There have also been talks of hiring  
13 City employees to do road patching and to do  
14 snowplowing. Because the argument being that the cost  
15 to hire an outside contractor is too expensive or we  
16 may have had some issues with some of our contractors  
17 and, in order to eliminate those issues, if we hire  
18 City employees, they'll just simply go away.

19 I bring this up today because I don't want to  
20 engage in what's essentially going to be a wild goose  
21 chase. I'm going to go out and try and come up with  
22 some sort of a cost structure on all of these  
23 under-the-water costs for bringing these types of  
24 services in-house. In addition, we will have to hire  
25 employees.

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1 The decision to hire employees is solely at  
2 the discretion of this Board. And if this Board is in  
3 no way going to be considering increasing the size of  
4 the City workforce, I can find better and more  
5 productive uses of my time to help address some of  
6 issues that were identified in the annual report than  
7 having either myself or my staff going out and trying  
8 to quantify all of the costs I have presented to you  
9 earlier.

10 Now, there was something else that I think  
11 the Board needs to be made aware of. The facility

12 question may not be an issue very soon. I was  
13 approached by the RACER Trust who has informed me that  
14 sometime back in the 1980's or in the 1990's, the City  
15 of Pontiac sold a section of parkland to General  
16 Motors. General Motors constructed a building on that  
17 site, along with a retention pond for a storm water  
18 system.

19 When we sold the property to General Motors,  
20 there was a reversion clause in the deed that basically  
21 said when the facility is not being used, the property  
22 returns to the City of Pontiac. RACER has contacted me  
23 and has basically told us, "Well, according to that, we  
24 believe, Pontiac, that you own the property now.  
25 However, we're willing to work with you before you

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1 acquire formal title." And what they have offered to  
2 do is if the City agrees to accept not only that  
3 parcel, the two neighboring parcels which can be  
4 considered right-of-way on the opposite side of the  
5 street, they will remove the retention pond and return  
6 the building to the City.

7 Our DPW Director has inspected the building  
8 and believes that the building will adequately fulfill  
9 his needs. He has identified the building and the  
10 property as an area where contractors could potentially  
11 store equipment and supplies and, in theory, then the  
12 City would not be charged so much, in terms of the  
13 contractual amounts.

14 So these are some things that I wanted to  
15 advise you of. I have already contacted our City  
16 attorney and asked him to prepare some paperwork that

17 could be presented so that the City rejects the receipt  
18 of that particular facility. But if there is openness  
19 to this Board to restoring a Public Works Department at  
20 some point -- and I think we're going to be starting  
21 off slower and slowly building up -- then I will  
22 proceed along that path and do all of the research and  
23 get the information.

24 I know that there is another community that  
25 is in a similar transition state where there is, I

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1 believe, an effort and I don't know if it's been  
2 approved by this Board yet to once again restore the  
3 Department of Public Works and to begin hiring City  
4 employees to begin performing similar services as I've  
5 indicated over here.

6 So, hopefully, during your Board Comments  
7 you'll find the time to give me some feedback to this  
8 latest -- I'm going to call it a dilemma that's been  
9 posed recently. Yes, the financial situation of the  
10 City is good now. Most of it was the result of  
11 one-time fixes. And I think the Mayor's budget clearly  
12 demonstrates if we have one-time revenue, we should use  
13 it for one-time expenditures, maintain a proper fund  
14 balance.

15 Be keenly aware that we still have some  
16 potential litigation that could potentially harm the  
17 City and not necessarily move forward in a manner that  
18 could potentially, in the next course of years, result  
19 into a higher expense than what the anticipated expense  
20 is going to be in the short term.

21 So that would conclude my comments for this  
22 afternoon. Thank you.

23 THE CHAIRPERSON: Thank you, Mr. Sobota.

24 The next item is Public Comment.

25 Mr. Widigan, will read your name off for

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1 those who have signed the sign-up sheet. By Commission  
2 Policy Rules, you'll have two minutes to speak. And I  
3 will be the timekeeper, if I can operate this.

4 MR. WIDIGAN: The first person is

5 Martin Hoogasian. I'm sorry if I --

6 MR. HOOGASIAN: My name is Martin Hoogasian.

7 I live at 240 Chippewa in Pontiac. I'm glad that  
8 660 West Huron got sent back to where it belongs to,  
9 City Council, where District 2 can come and finally  
10 voice their opinion on that fiasco that has been  
11 advanced, foisted upon us.

12 I would like to take my time to protest the  
13 use of putting ordinance amendments, posting them in  
14 the legal news. It's supposed to be a newspaper, a  
15 general circulation in the City. I would ask how many  
16 people here subscribe to the Oakland County Legal News?  
17 Not only is it used to post ordinance amendments, but  
18 it's untimely.

19 In this particular case, it was posted on the  
20 25th for a meeting that was conducted on the 28th.  
21 When I called -- or when I wrote to find out what it  
22 meant to have a newspaper of general circulation in the  
23 City, that Mr. Sobota told me he didn't understand that  
24 because he wasn't present at the time that that was  
25 written in 1980. It's easy to understand that.



1           We want to be notified when these meetings  
2           are being conducted. I do not subscribe to the  
3           Legal News and it would be easy to post it if you want  
4           us to know when these meetings are. Thank you.

5           THE CHAIRPERSON: Thank you, Mr. Hoogasian.

6           MR. WIDIGAN: Councilman Holland.

7           THE CHAIRPERSON: Good afternoon.

8           MR. HOLLAND: You know, it's sad when you get  
9           elected by the people and put in hard work for the  
10          people and then they deny to fairly compensate. And I  
11          read the letter that was sent to the Governor that was  
12          orchestrated by the TAB. And what's sad is that things  
13          that you said that this Council is not doing are the  
14          things that Joseph is in control of.

15          No one is telling you guys the meetings that  
16          we attend and the compensation that we're bringing to  
17          the City. I don't know what this Council or that  
18          Council has done to Mr. Schimmel to make you treat the  
19          Council so -- so horrible. They're the Compensation  
20          Committee that was appointed by Mr. Schimmel that  
21          thought that we were fairly compensated. According to  
22          the State Treasury, we assumed that this was going to  
23          be approved.

24          And so now I'm asking humbly, what is it that  
25          we have done to you guys to make you treat us so bad?

1           The letter that was sent and then to deny it  
2           without explanation, that's an insult to injury and

3 then to read the letter that you guys sent to  
 4 Governor Snyder -- I mean Governor -- yeah, that's his  
 5 name; Governor Snyder. And to say that this Council is  
 6 not being cooperative and the things that you guys put  
 7 in there is totally untrue.

8 And the parts that you guys say that we are  
 9 not responding to is the position you gave Sobota. So  
 10 I don't understand what it is that we have to do to get  
 11 respect by this RTAB. It just seems like everyone gets  
 12 fair compensation, you agree with regardless. When it  
 13 comes to the Council, it's like we really don't exist.  
 14 It's just heartbreaking and it's a disservice to the  
 15 City.

16 THE CHAIRPERSON: Thank you,  
 17 Councilman Holland.

18 MR. WIDIGAN: Linda Hasson.

19 MS. HASSON: Hi, Councilman Holland. I -- I  
 20 would like to know from this Board, I was instrumental  
 21 in being involved in the compensation. I recommended  
 22 \$12,500 for the City Council. I had concerns that the  
 23 Board was closing down for the year or two, whenever  
 24 they come back next before you made your decision.

25 What does this Council have, their options

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1 now, to go back to that Board that has not been --  
 2 because it was not brought to you until July. The  
 3 decision was made, I believe, in May and I said at the  
 4 meeting I want it brought to you sooner. So that,  
 5 while they are inconvenienced, they are -- they can go  
 6 back to the Board and try to come up with a different  
 7 dollar amount that -- you know, that is a Board that is

8 mandated by the State of Michigan, just like the  
9 Planning Commission Board.

10 And so I'm asking you to reconvene, possibly  
11 take your decision back because of the fact that they  
12 cannot -- they have no Board to go back to now. This  
13 should have been filed in a timely manner with you so  
14 that they had ample opportunity to go back to that  
15 local Compensation Board. That right has been taken  
16 away from them.

17 And secondly, I would like to also -- I'm  
18 trying to understand how our pension fund can be a  
19 single employer now that we have GERS employees, that's  
20 their employer. So I was trying to also -- maybe  
21 Mr. Schimmel can expand on this. How we can be filing  
22 as a single employer with the IRS if we have other  
23 people's employees under our plan?

24 But I really do -- I think that this is one  
25 of those things where people's rights have been

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1 infringed on. This decision for the Council should  
2 have been made while that Board was still there, it  
3 should have been brought to you sooner. It is not  
4 right. I don't agree with everything they do but this  
5 is not right.

6 THE CHAIRPERSON: Thank you, Ms. Hasson.

7 MR. WIDIGAN: Linda Watson.

8 MS. WATSON: I'm just not understanding why  
9 you do not give a reason when you reject something.  
10 I'm talking about a compensation for that HR person.  
11 What's your reasoning for denying her? I think you

12 ought to provide some feedback.

13 THE CHAIRPERSON: Thank you, Ms. Watson.

14 MR. WIDIGAN: Andre' Sykes.

15 MR. SYKES: Good afternoon.

16 THE CHAIRPERSON: Good afternoon.

17 MR. SYKES: Good afternoon. My name is  
18 Andre' Sykes. I'm the internist the Mayor pointed out  
19 from Oakland University. And I just wanted to say I  
20 was born and raised in Detroit and -- but every  
21 morning, you know, I take the two-hour bus ride  
22 because, unfortunately, I don't have a car, and I come  
23 here. And I see the dedication of the Mayor, the  
24 dedication of the City Administrator, City Council.  
25 And, you know, coming from, hopefully, a future

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1 politician myself, I do think that it is a bit unfair  
2 and unjust and for all intents and purposes a tad bit  
3 stingy.

4 Now, while I may not know the true  
5 complexities of the City because, as I -- as I said,  
6 now I'm just an intern, you know, some of the things  
7 that I have observed and some of the things that I have  
8 seen, I think that, you know, fair compensation is, you  
9 know, right and fair, you know, comparable to -- I  
10 won't say, you know, the City of Detroit because, the  
11 City of Detroit, it's a very, very big city. But they  
12 get paid <sup>16</sup>76,000 each year and it's a guaranteed  
13 four-year term.

14 I think that, you know, fair compensation for  
15 the HR Specialist who is very important to these talks  
16 and would be a detrimental loss to these talks and to

17 the City Council, who it is not even really an  
18 increase, it's more restorative to the original -- the  
19 original compensation, I think, that would not only,  
20 you know, be an incentive for City Council to maybe  
21 improve in the areas that you guys think that they're  
22 lacking but it would also benefit the City as well.

23 Because, you know, these people are elected,  
24 they're elected by the citizens and the citizens want  
25 to know that, you know -- they want to know that

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1 Council is doing their job. And I just -- I don't  
2 know, I believe that that would be a real nice  
3 incentive for, perhaps, Council to --

4 THE CHAIRPERSON: Thank you, Mr. Sykes. Your  
5 time is up, I'm sorry.

6 MR. SYKES: Oh, no problem.

7 MR. WIDIGAN: That was it for public comment.

8 MS. SWAZER: No, no, no, no, I signed my --

9 MR. WIDIGAN: Oh, I'm sorry. Billie Swazer.

10 THE CHAIRPERSON: Good afternoon, Ms. Swazer.

11 MS. SWAZER: Good afternoon. I have to  
12 reiterate what Linda Watson and what Councilman Holland  
13 has said, you know, our Councilmen are not like other  
14 people, you just contact the City and somebody in the  
15 city will do the work. These people not only live in  
16 our community, but they work in our community. And  
17 whenever we have a question about some city services,  
18 we call them because we have been devastated by going  
19 from full city service to the shrinking or shrank, I  
20 don't know, what's called a miniature city service

21 where you can hopefully get a city service come by.

22 Now, it seems like Mr. Sobota is not in  
23 support of us returning to City employees, such as DPW,  
24 police and fire. But this is something that we, as  
25 citizens of Pontiac, would really like to restore,

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1 especially DPW. Because when you have a snow removal  
2 and you can't get out of your street, you have to pay  
3 somebody to plow your street to -- because this guy's  
4 going to come down and do one path.

5 I go out to Rochester and I go out there and  
6 try to clean out their streets like I do mine, go out  
7 and clean not only my sidewalk and my driveway but I  
8 have to clean out the street and the plowing and they  
9 come by and laugh at me like, "Hey, we got somebody  
10 that's going to come plow our streets. We're going to  
11 make sure we plow by the thing and get it paid."

12 Now the little bit of money we're paying the  
13 Council, this is where we have enough money in the  
14 budget, we should go ahead and make sure we pay them.  
15 If you're not going to pay them, we're not going to  
16 have our City service. Tell us, what is the path that  
17 we're getting back to having a City again? Because  
18 this is not a City, this is a shadow of what we were  
19 formally. Thank you.

20 THE CHAIRPERSON: Thank you, Ms. Swazer.

21 MR. WIDIGAN: That's it for public comment.

22 THE CHAIRPERSON: That is the end of public  
23 comment. Next item is Board Comment. Any comments  
24 from the Board?

25 MR. SAWDON: No.  
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1 MR. BURGESS: Yes, I think.

2 THE CHAIRPERSON: Mr. Burgess.

3 MR. BURGESS: Yes. I was able, today, to  
4 detect more cooperation between the City Manager and  
5 the Mayor. It seemed that they have discussed some  
6 items before it came here and we really appreciate  
7 that.

8 The second issue is fair compensation. That  
9 doesn't have a standardized meaning. It means  
10 something to you and it means -- and it may mean  
11 something different to someone else.

12 The rules that we operate here is that what's  
13 presented is the only thing that we can vote on. You  
14 know, we can't say that we think that's too much or,  
15 "why don't you drop it to here." We can't say that.  
16 We have to say "yes" or "no". Thank you.

17 THE CHAIRPERSON: Mr. Schimmel?

18 MR. SCHIMMEL: Yes. I'd like to really make  
19 three comments, if I could. One is, I think, to the  
20 Mayor, in saying -- and to everybody, in saying that at  
21 least I believe three of us up here on the Board are  
22 here because we were asked to serve on this Board and  
23 we do not make the determination as to how long this  
24 Board stays in business or not.

25 So I think the case to be made for doing away

1 with us -- which I think I've talked to some of the  
2 others, we'd all like to be done away with. I think

3 the case to that needs to be made with the Treasury and  
4 the people in Lansing. We won't make that decision  
5 and -- and <sup>aren't</sup> ~~are~~ empowered to.

6 Am I correct, Board Members; do you agree  
7 with that?

8 THE CHAIRPERSON: Yes.

9 MR. SCHIMMEL: I think the second thing I  
10 wanted to say to Councilman Holland and others, I don't  
11 dislike you like you seem to think I do. It's a  
12 philosophy thing. I'm sure you and I don't agree. But  
13 I'd at least like to give my side of the story. And my  
14 side of the story is and my philosophy has always been  
15 that it's the opposite of Ms. -- is it Swazey?

16 MS. SWAZER: Swazer.

17 MR. SCHIMMEL: Swazer?

18 MS. SWAZER: Swazer.

19 MR. SCHIMMEL: It's the opposite of yours.  
20 And, again, it's a friendly disagreement, I'd hope.  
21 But, again, it's the opposite and my feeling is the  
22 City ought to be run by the Mayor and the City staff  
23 and the people at the City, not the Councilmen. The  
24 Councilmen, in my view, are to make policy and not be  
25 high-paid employees.

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1 And I guess I have to bring up the question,  
2 where is Pontiac headed with its Council people? Do  
3 they want their Council people to be full-time  
4 employees or are they part-time employees? So it's a  
5 difference and, of course, you know where my view is.  
6 My view is I think they should come to meetings not  
7 once every week and I think they ought to meet every



8 other week and I think they ought to set policy.

9 But I don't think those are the people that  
10 you should be calling to get the streets swept and  
11 all these other things. And then my third thing that  
12 I'd like to point out is really along the lines of what  
13 Mr. Sobota brought up. I believe the surplus  
14 conversation which I've been very quiet about, but I  
15 guess I need to comment on it today, are along the same  
16 lines that Mr. Sobota brought up. I believe the  
17 surplus is made up of a lot of one-time items.

18 I think the one-time items have misled the  
19 City Council, especially, into thinking there's a lot  
20 of money that's now disposable by them and it gets us  
21 into conversation like, "Well, gee, let's make us be  
22 the second highest paid Council", you know, and  
23 ignoring the fact that we have a possible VEBA  
24 liability, we've got the Phoenix thing going on, we've  
25 got the healthcare issue unresolved and those sorts of

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1 things.

2 In conclusion, I mean, I don't mind this  
3 Board going away but I think the Council and the Mayor  
4 and everybody has to realize that, if we go away, I  
5 don't think the surplus you're counting on is there.  
6 Thank you.

7 THE CHAIRPERSON: Thank you, Mr. Schimmel.  
8 Mr. Sawdon, do you have any comment?

9 MR. SAWDON: No.

10 THE CHAIRPERSON: All right. Comments I have  
11 are that, in terms of your question to the Board,

12 Mr. Sobota, regarding reestablishing a DPW in some form  
13 or fashion, we would -- we would consider that as a  
14 resolution from City Council directing you to pursue  
15 that and that would come to -- before the Board as a  
16 normal course of action and that's how I believe we  
17 would deal with that.

18 In regards to Ms. Hasson's question regarding  
19 options, I think that's a question for the City  
20 attorney, what the -- whether the Compensation  
21 Commission's term is finite.

22 And then lastly, Mr. Sobota, in the future, I  
23 think the Board would appreciate it if you have a long  
24 presentation, as you did today, rather than receive it  
25 verbally, we'd prefer to have a written report

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1 submitted so we can read it and consider it and then  
2 you could answer questions and provide a summary at the  
3 meeting itself.

4 MR. SOBOTA: And I do apologize. However,  
5 much of this came on over the last 48 hours, you know,  
6 so I felt that this was the perfect forum in order to  
7 bring this forward. And I can recap my statements in  
8 writing with a follow-up statement as well.

9 THE CHAIRPERSON: All right. Thank you.

10 MR. SCHIMMEL: Could I make one more comment?

11 THE CHAIRPERSON: Yes.

12 MR. SCHIMMEL: I would just like to because  
13 you brought -- hit so heavily on the street sweeper  
14 issue. I would just -- I'm talking about just me as  
15 myself now.

16 I mean, Joe, you and I have been through  
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17 this. This is why I'm bringing this up. But I guess  
18 it's a caution I try to send out there to the Mayor and  
19 to the Council. Costs on contracted services, most  
20 people don't consider all of the costs of doing it  
21 in-house. And I just want to reemphasize, if you had a  
22 street sweeper, you go back into insurance liability  
23 problems, workers' comp problems, legal problems, admin  
24 problems, humanity -- Human Resource problems, as you  
25 pointed out, you're going to buy fuel, you're going to

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1 have housing. That's what worries me about the TAB  
2 Board going away is, if you go headlong into the Public  
3 works' business and start reestablishing all of these  
4 things, it's the road back to another Emergency Manager  
5 in the future. That's my opinion.

6 Thanks for allowing me to talk so long.

7 THE CHAIRPERSON: Any other comments?

8 MR. SAWDON: No.

9 THE CHAIRPERSON: If not, I'll entertain a  
10 motion to adjourn.

11 MR. SAWDON: So move.

12 MR. BURGESS: Support.

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

16 BOARD MEMBERS: Aye.

17 THE CHAIRPERSON: Opposed, same sign.

18 The motion is approved. The meeting is  
19 adjourned at 2:27 p.m. Thank you.

20 (Meeting was concluded at 2:27 p.m.)

7-22-15 RTAB  
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