

APPROVED – JULY 16, 2014

SR140618.txt

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1 CITY OF PONTIAC
2 RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING
3 JUNE 18, 2014
4 1:00 p.m.
5
6 Meeting before the RTAB
7 Board at 47450 Woodward Avenue, Pontiac, Michigan, on
8 Wednesday, June 18, 2014.

9
10 BOARD MEMBERS PRESENT:

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

15 OTHERS PRESENT:

16 Eric Cline, State of Michigan, Department of Treasury
17 Joseph Sobota, City Administrator
18 Mathieu Dube
19 Nevrus Nazarko
20 Mayor Deirdre Waterman
21 Linda Hasson
22 Walter Moore
23 Randy Carter
24 Darryl Fowlkes
25 Billie Swazer

26 REPORTED BY: Mona Storm, CSR# 4460

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1 Pontiac, Michigan

2 Wednesday, June 18, 2014

3 1:03 p.m.

4 THE CHAIRPERSON: It's one minute after 1:00.

5 And I'll call the Transition Boards Advisory meeting to
6 order.

7 Mr. Cline, roll call.
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8 MR. CLINE: Yes. Edward Koryzno.
9 THE CHAIRPERSON: Here.
10 MR. CLINE: Louis Schimmel.
11 MR. SCHIMMEL: Here.
12 MR. CLINE: Robert Burgess.
13 MR. BURGESS: Here.
14 MR. CLINE: Keith Sawdon.
15 MR. SAWDON: Here.
16 MR. CLINE: All present.
17 THE CHAIRPERSON: Thank you. A reminder: If
18 you wish to speak at public comment, there's a sign-up
19 sheet in the back of the room and that you need to sign
20 up and that, if you haven't signed, you will not be
21 able to be recognized.
22 Approval of the agenda: I'll entertain a
23 motion to approve the agenda as presented.
24 MR. SAWDON: I'll make that motion.
25 MR. BURGESS: I second.

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1 THE CHAIRPERSON: It's been moved and
2 supported to approve the agenda. Any 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 agenda is approved as presented.
8 Next item is approval of the minutes of the
9 May 21st, 2014 TAB meeting. I'll entertain a motion to
10 approve the draft minutes of the May 21st, 2014 meeting
11 as amended with the following corrections:

12 Page 1, Line 11, move "Eric Cline" to "Others
13 Present". And Page 15, Line 3, the word "lease" should
14 be changed to "release".

15 Does anyone else have any other corrections?

16 MR. SAWDON: I don't.

17 THE CHAIRPERSON: Seeing none, all in favor
18 of the amended minutes, say "Aye".

19 MR. CLINE: Mr. Chairman, I felt that --.

20 MR. SAWDON: I make that motion.

21 MR. CLINE: Oh, sorry.

22 MR. BURGESS: I second.

23 THE CHAIRPERSON: It's been moved and
24 supported to approve the minutes as amended. All in
25 favor of the motion, say "Aye".

5

1 BOARD MEMBERS: Aye.

2 THE CHAIRPERSON: Opposed, same sign.

3 The minutes are approved.

4 Thank you, Mr. Cline.

5 Old business. First item is Resolution

6 14-135, reappointment of Kone Bowman to the GERS Board

7 and Resolution 14-136, reappointment of

8 Charlie Harrison to the GERS Board.

9 I'll entertain a motion to deny Resolution

10 14-135 and Resolution 14-136 due to ineligibility of

11 these individuals under the Home Rule Cities Act by

12 being in default to the City of Pontiac.

13 MR. SCHIMMEL: I'll so move.

14 MR. SAWDON: Support.

15 THE CHAIRPERSON: Moved and supported. Any
16 discussion of the motion?

17 . I might add for the information of the
18 public, the Board has been informed that both
19 individuals are in default of the city. In section 5,
20 subparagraph F of the Home Rule City Act, which is
21 Public Act 279 of the 1909 or Michigan Compiled Law
22 117.5 prohibits the city from giving an official
23 position to an individual that is in default with the
24 city. Therefore, both individuals are ineligible for
25 the appointment.

9

6

1 Any further discussion?

2 MR. SAWDON: No.

3 THE CHAIRPERSON: Okay. All those in favor
4 of the motion, say "Aye".

5 BOARD MEMBERS: Aye.

6 THE CHAIRPERSON: Opposed, same sign.

7 The motion to deny Resolution 14-135 and
8 14-136 is approved.

9 New Business, approval of resolutions and
10 ordinances for City Council meetings.

11 MR. CLINE: Mr. Chairman?

12 THE CHAIRPERSON: Yes.

13 MR. CLINE: We have to step back to the
14 rescheduling our TAB meeting, the August meeting.

15 THE CHAIRPERSON: Pardon me?

16 MR. CLINE: The first New Business item is
17 the rescheduling of the August meeting, I believe, or
18 was that removed from the --

19 THE CHAIRPERSON: I think that was removed
20 from the agenda, Mr. Cline.

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21 MR. CLINE: Okay.
22 THE CHAIRPERSON: All right.
23 MR. CLINE: I apologize.
24 THE CHAIRPERSON: Thank you. So we'll go
25 back to approval of resolutions and ordinances for city

7

1 Council meetings. The May 15th, 2014 regular city
2 Council, I'll entertain a motion to approve all city
3 Council resolutions from the May 15th, 2014 meeting.

4 MR. BURGESS: I so move.

5 MR. SCHIMMEL: Support.

6 THE CHAIRPERSON: It's been moved and
7 supported. Any discussion?

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

10 BOARD MEMBERS: Aye.

11 THE CHAIRPERSON: Opposed, same sign.

12 The motion to approve the May 16th regular
13 meeting minutes is approved.

14 Next item is May -- the May 20th, 2014
15 special session. The RTAB addressed this issue, the
16 DTE agreement, at its May 2014 meeting, therefore no
17 additional RTAB action is necessary.

18 Next item is the May 22nd, 2014 regular
19 meeting. I'll entertain a motion to approve all city
20 Council resolutions from the May 22nd, 2014 meeting.

21 MR. SAWDON: I make that motion.

22 MR. BURGESS: I second.

23 THE CHAIRPERSON: It's been moved and
24 supported to approve the city Council resolutions from
25 the May 22nd meeting. Any discussion?

Page 6

1 MR. SAWDON: No.

2 THE CHAIRPERSON: Seeing none, all in favor
3 of the motion, say "Aye".

4 BOARD MEMBERS: Aye.

5 THE CHAIRPERSON: Opposed, same sign.

6 The motion to approve the May 22nd, 2014
7 meeting is approved.

8 Next item is the May 29th, 2014 regular
9 meeting. I'll entertain a motion to approve all city
10 Council Resolutions from the May 29th, 2014 meeting
11 with the exception of Resolution 14-207, the Malcheff v
12 Pontiac in Resolution 14-~~212~~, appointment of ~~Fran~~ Sykes
13 as a ZBA alternative. ²¹³ *Brent*

14 MR. SCHIMMEL: I'll so move.

15 MR. BURGESS: Second.

16 THE CHAIRPERSON: It's been moved and
17 supported. Any discussion?

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

20 BOARD MEMBERS: Aye.

21 THE CHAIRPERSON: Opposed, same sign.

22 The motion to approve all city council
23 resolutions for the May 29th, meeting with the
24 exception of Resolution 14-207 and 14-~~212~~ is approved.
²¹³

25 I'll entertain a motion to either approve or

1 deny the settlement regarding the Resolution 14-207 per
2 the recommendation of the City Administrator.

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Mr. Sobota?

MR. SOBOTA: Is this Mal --

THE CHAIRPERSON: Yes, this is Malcheff,
Malcheff?

MR. SOBOTA: Malcheff..

THE CHAIRPERSON: Malcheff?

MR. SOBOTA: The case in controversy involves
an allegation by a teacher of the Pontiac School
District who alleges during Homecoming festivities she
was forcibly removed from her vehicle by an officer of
the Pontiac Police Department and sustained injury as a
result of such removal.

This incident resulted -- or occurred back in
October of 2010. There was a lot of background and
discovery that was performed in this case. The
litigant had incurred some medical issues which delayed
the City in completing its due -- review in this issue.
Once the litigant was able to regain some health,
during depositions and just before moving to trial,
there is a proposed settlement in the case for
\$137,500. The insurance company believes that this
settlement is wise and due to the fact that the
insurance company had the risk for the City at a

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substantially higher number. So the recommendation of
our attorney and the recommendation of the City Council
is to accept the proposed settlement amount in the
amount of \$137,500. And I fully concur, considering
the details of the case that I have been privy to as a
result of some attorney/client privilege, which I would
rather not discuss in public, due to the sensitivity of

8 some of the information.

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

11 MR. SCHIMMEL: Mr. Chairman, I'll approve --
12 I'll move to approve, then, as the motion you'd like or
13 is being recommended, I believe. So I'll move to
14 approve the settlement.

15 MR. BURGESS: Second.

16 THE CHAIRPERSON: It's been moved and
17 supported to approve the settlement regarding
18 Resolution 14-207, per the recommendation of the City
19 Administrator. Any discussion?

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

22 BOARD MEMBERS: Aye.

23 THE CHAIRPERSON: Opposed, same sign.
24 Motion to approve settlement is approved.
25 Next item is to entertain a motion to

11

1 postpone consideration of Resolution 14-²¹³~~212~~ the
2 appointment of ~~Fran~~ Sykes as the ZBA alternate until
3 July -- July 2014 ^{Brent} RTAB meeting per the recommendation
4 of the City Administrator.

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

6 MR. SCHIMMEL: I'll support.

7 THE CHAIRPERSON: Been moved and supported.
8 Any discussion?

9 Seeing none, all in favor of the motion, say
10 "Aye".

11 BOARD MEMBERS: Aye.

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12 THE CHAIRPERSON: Opposed, same sign.

13 Motion to postpone consideration of

14 Resolution 14-²¹³~~212~~ until July is approved.

15 Next item is the June 5th, 2014 regular
16 meeting. I'll entertain a motion to approve all City
17 Council Resolutions from the June 5th, 2014 meeting
18 with the exception of Resolution 14-226, the McLendon v
19 Pontiac Resolution; 14-231, TIFA budget amendment,
20 Resolution 14-232 resolution from City Council
21 considering the FY, fiscal year 2015/16 proposed
22 budget; Resolution 14-233 resolution regarding legal
23 counsel; and Resolution 14-234, the fiscal year of
24 '14/'15 budget.

25 MR. SCHIMMEL: Mr. Chairman, I -- I would

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1 move, although I need to add another resolution. How
2 would you like me to handle that? Or how would you
3 like the motion to -- to read?

4 THE CHAIRPERSON: You have another
5 resolution?

6 MR. SCHIMMEL: Yeah. I would make that
7 motion, if you would add to it Resolution 14-236,
8 correct, the budget?

9 Yes, 14-236 is the '15/'16 budget. So I
10 would make a motion as you have stated, plus adding
11 excluding the approval of the '15/'16 budget.

12 THE CHAIRPERSON: All right.

13 MR. SCHIMMEL: 14-236.

14 MR. CLINE: 14-236. All right. I'll
15 entertain a motion including that addition.

16 MR. SAWDON: I also would like to add 14-235.

17 It is somewhat connected to the '14/'15 budget.
18 MR. SCHIMMEL: Yeah, that works.
19 THE CHAIRPERSON: So -- all right. And let
20 me read the motion in its entirety again. Entertain a
21 motion to approve all City Council Resolutions from the
22 June 5th, 2014 meeting with the exception of
23 resolutions 14-226, 14-231, 14-232, 14-233, 14-234,
24 14-236 and 14-235.
25 MR. SAWDON: I'll support the amendment.

13

1 MR. BURGESS: I'll second.
2 THE CHAIRPERSON: It's been moved and
3 supported.
4 Discussion?
5 MR. SCHIMMEL: I'd be glad to at least
6 indicate why I wanted those two other resolutions
7 added. The balancing of the '15/'16 budget based on
8 the use of the 420 transfer is unacceptable, in my
9 opinion, because of the reasons that have been cited.
10 So many times during the time I was emergency manager
11 and continued to stay is the provision provides that,
12 if the Pension Board cannot generate enough revenue,
13 the city would be on the hook for the remaining amount,
14 which would very likely, based on the history of 420
15 transfers, result in either a bankruptcy or a huge
16 increase in the taxes for the residents of the city of
17 Pontiac.
18 So for those reasons, I can't approve it.
19 Plus, I guess, I'd add, as I've also said so many
20 times, there's a very simple solution to this whole

21 problem, which is for the Pension Board and for the
 22 MERS system to get together and have a meeting, which,
 23 to my knowledge, has never happened, and try to work
 24 out a resolution, which I know could be worked out
 25 where all the pensioners get their full retiree

14

1 healthcare and their pensions.

2 So that's a simpler way to go but if the
 3 Council and Mayor don't want to do that, then they
 4 could also balance the budget by eliminating retiree
 5 healthcare altogether, which I don't think anybody
 6 wants or, thirdly, carry on with what I put in place,
 7 which I don't think is a final solution at all. But
 8 it's a temporary solution that would be another way to
 9 balance the budget. Those three things would balance
 10 the budget. But a fourth option, in my opinion, is not
 11 a 420 transfer.

12 THE CHAIRPERSON: All right. Thank you,
 13 Mr. Schimmel.

14 MR. SAWDON: I'd like to add to those
 15 comments. I think when the 420 came up and some of the
 16 responses from the Retirement system's attorney
 17 similarly raised some questions in my mind that I think
 18 I need to get answered before moving forward on a 420
 19 transfer.

20 And in looking at that letter that she
 21 generated, it really indicated that a 420 transfer is
 22 only available after healthcare has been provided. And
 23 in looking at that budget, it, in fact, looks like it
 24 provided the income in the same year in which they're
 25 doing the payment.

1 In looking at her letter, it appears that,
2 really, you do the payment for the healthcare and then,
3 the following year, you receive the reimbursement from
4 the 420 transfer. So I think I have a lot of questions
5 still related to the 420 before I could even begin to
6 support it.

7 THE CHAIRPERSON: Okay. Any other discussion
8 on the motion?

9 Seeing none, all those in favor, say "Aye".

10 BOARD MEMBERS: Aye.

11 THE CHAIRPERSON: Those opposed, same sign.

12 The motion to approve all city council
13 Resolutions from the June 25th, 2014 meeting with the
14 exception of 14-226, 231, 232, 233, 234, 236 and 235 is
15 approved.

16 A secondary motion is entertain a motion to
17 approve or deny the settlement regarding Resolution
18 14-226, McLendon V Pontiac.

19 Mr. Sobota?

20 MR. SOBOTA: This is an allegation by a
21 person who alleges that, as the city was moving its
22 vehicles from the DPW yard to the site of the auction
23 in which city vehicles were being sold, and this was an
24 ambulance, that the DPW employee who was driving the
25 ambulance hit the individual on the back bumper. There

16

1 was no damage to either vehicle, however, the driver
2 alleges injury.

3 The -- we are in the case evaluation phases
4 of the proceedings. And the three-member panel issued
5 an evaluation of \$15,000 in the Plaintiff's favor. The
6 city's attorney is recommending that we accept the case
7 evaluation award. And I believe each of you understand
8 what case evaluation means.

9 so it is our recommendation as the City
10 Council and as the City Administrator that we accept
11 that \$15,000 case evaluation award at this time and
12 we'll take it from there. We'll see if the Plaintiff
13 accepts or rejects.

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

16 MR. SAWDON: I'd make a motion to approve the
17 settlement.

18 MR. BURGESS: I second.

19 THE CHAIRPERSON: Been moved and supported to
20 approve the Resolution 14-226 per the recommendation of
21 the City Administrator. Any further discussion?

22 All those in favor of the motion, say "Aye".

23 BOARD MEMBERS: Aye.

24 THE CHAIRPERSON: Opposed, same sign.

25 Resolution 14-226 is approved.

17

1 Next item is a motion to -- I'll entertain a
2 motion to recommend to the State Treasurer approval of
3 the TIFA Budget Amendment Resolution 14-231, per the
4 recommendation of the City Administrator.

5 MR. SCHIMMEL: I'll so move.

6 MR. BURGESS: Second.

7 THE CHAIRPERSON: It's been moved and
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8 supported. Any discussion?

9 MR. SAWDON: Yes. Generally, you have an
10 appropriation before you spend the money and not come
11 and look for an amendment after the fact. So I'm a
12 little -- I'm a little hesitant to support the
13 resolution, simply because it's coming after the fact
14 rather than before the expenditure was incurred. So
15 I'm having trouble with it because of that reason.

16 THE CHAIRPERSON: Perhaps Mr. Sobota could
17 shed some light on that.

18 MR. SOBOTA: Right. We had a couple of
19 issues going on concurrently at the time that the
20 appropriation request was made and approved by the TAB.
21 We did not know exactly where we were going to be with
22 the TIFA fund in terms of property tax captures and
23 roll over a fund balance from the prior fiscal year.
24 Furthermore, we didn't know exactly how deep we would
25 go into expenditure territory. I had fully intended in

18

1 the event that the TIFA funds were unable to subsidize
2 the expense to use general fund moneys to do this.
3 Once everything came together, we discovered that the
4 amount originally approved, authorized by this Board
5 for the attorney fees, \$3,500, was, in fact, incurred
6 by the TIFA Board. We also learned around that time
7 that the City's audit demonstrated that we had
8 approximately a \$200,000 fund balance from the year-end
9 of June 30 of 2013, which was unanticipated, meaning
10 that the City's contribution to the TIFA fund could be
11 reduced by \$200,000 for the current fiscal year.

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12 so taking all three of those items into
13 consideration, a proper budget amendment was proposed
14 and supported by the City Council and this budget
15 amendment covers all of the debt payments that the City
16 needed to make for the fiscal year as well. So we had
17 all three items converge at the same time and it just
18 so happened that it occurred in the month of May.

21 MR. SAWDON: Not really.

5

THE CHAIRPERSON: Any other questions for
Mr. Sobota?

9 Any further discussion?

12 BOARD MEMBERS: Aye.

13 THE CHAIRPERSON: opposed?

14
15 THE CHAIRPERSON: The motion is approved

Page 16

17 approved.

18 Next item is a motion -- I will entertain a
19 motion to postpone Resolution 14-232, resolution from
20 City Council concerning the 2015/'16 proposed budget.

21 MR. SCHIMMEL: I'll move.

22 MR. SAWDON: Support.

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

25 Discussion?

20

1 Mr. Dube is here from the Department of
2 Treasury.

3 MR. CLINE: Mr. Chairman, this particular
4 resolution does not directly deal with the adoption of
5 the amended '14-'15 budget. This was a resolution
6 adopted by the City Council. I have to specifically
7 come up with the language but it primarily addresses
8 compliance with the City charter.

9 THE CHAIRPERSON: All right. So this is not
10 the --

11 MR. CLINE: This is not directly --

12 THE CHAIRPERSON: Okay.

13 MR. CLINE: -- the '14/'15 budget. That
14 would be under -- that would be under
15 Resolution 14-234.

16 THE CHAIRPERSON: 234?

17 MR. CLINE: Yes.

18 THE CHAIRPERSON: Thank you.

19 All right. And for the edification of the
20 Board, could you clarify this, since it does say the

21 budget?

22 MR. CLINE: Yes. That -- that was how it was
23 titled. The resolution is specifically titled
24 Resolution from Council Concerning the '15/'16 Proposed
25 Budget. And it talks about the -- let's see. It talks

21

1 about a concern of the Council over the financial
2 condition and it resolves that the Department Head of
3 Finance and Auditors and others in place are
4 responsible for upholding the City of Pontiac Home Rule
5 charter of 1982. That is how the resolution concludes.
6 And this was adopted by the City Council at their
7 June 5th meeting. I'm a little unclear, honestly, as
8 to the intent of this resolution and our analysis. So
9 if the Board so wishes to postpone it, that would give
10 us time to seek a little more clarification on this.

11 THE CHAIRPERSON: All right.

12 MR. BURGESS: Yep.

13 THE CHAIRPERSON: Do you want to make a
14 motion?

15 MR. SAWDON: Yeah, I'll make a motion to
16 postpone.

17 MR. CLINE: Mr. Schimmel also made a motion
18 on that.

19 THE CHAIRPERSON: Okay.

20 MR. CLINE: And Mr. Sawdon seconded it.

21 THE CHAIRPERSON: I failed to write that
22 down. All right. It's been moved and supported. Any
23 further discussion?

24 Seeing none --

25 MR. SAWDON: Could you read back what we
Page 18

1 actually vote again?

2 THE CHAIRPERSON: Entertain a motion to
3 postpone Resolution 14-232, which is a resolution
4 concerning the 2015/'16 proposed budget.

5 MR. SAWDON: Okay.

6 THE CHAIRPERSON: But with the information
7 that Mr. Cline submitted.

8 Seeing no further discussion, all those in
9 favor of the motion, say "Aye".

10 BOARD MEMBERS: Aye.

11 THE CHAIRPERSON: Opposed, same sign.

12 Motion to postpone Resolution 14-232 is
13 approved.

14 Next item is a -- the -- I'll entertain a
15 motion to deny Resolution 14-233, Resolution for
16 Independent Legal Counsel due to a lack of adequate
17 justification for such a position.

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

19 MR. SCHIMMEL: I'll support it.

20 THE CHAIRPERSON: Okay. It's been moved and
21 supported to deny Resolution 14-233, Request for
22 Independent Legal Counsel for the City Council. Any
23 discussion?

24 MR. BURGESS: Yes, I guess I would like to
25 know why the request was made.

1 MR. SOBOTA: Properly, the City Council would
2 need to answer that question. My understanding is that

3 in the past the way that the Charter reads, that the
4 city Council can have their own attorney under the
5 title of Legislative Auditor who is completely
6 independent of the City Attorney and answers and
7 reports directly to the City Council. And the City
8 Council, I would assume, believes that they want to
9 have that same structure here where they have their own
10 attorney, independent of the City Council to provide
11 legal advice.

12 THE CHAIRPERSON: Thank you, Mr. Sobota.

13 MR. BURGESS: Well, the reason for -- for the
14 motion is because we do not have independent or
15 sufficient data. It sounded like they do.

16 MR. SOBOTA: We do provide the City Attorney
17 on a -- they actually have a law committee that meets
18 with the City Attorney on a monthly basis that provides
19 updates on City information. Any documents that are
20 presented to City Council for final approval, in terms
21 of contracts, et cetera, are always forwarded to the
22 City Attorney for review. So that information is being
23 provided.

24 We have even identified in the '15/'16 budget
25 that there will be an allotment for use by the city

24

1 Council to have a City Attorney even present at their
2 meetings, if they so wish, but it would be the City
3 Attorney, not an independent attorney.

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

6 MR. SAWDON: No.

7 THE CHAIRPERSON: Any additional discussion?
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8 Seeing none, all in favor of the motion to
9 deny Resolution 14-233, say "Aye".

10 BOARD MEMBERS: Aye.

11 THE CHAIRPERSON: Opposed, same sign.

12 MR. BURGESS: No.

13 THE CHAIRPERSON: The Resolution is approved.

14 Next item is the proposed amendment of the
15 City's '14/'15 fiscal year budget. This would be a
16 recommendation to -- to the State Treasurer per the
17 City Administrator. I would entertain a motion to
18 postpone the proposed amendment of the City fiscal year
19 '14/'15 budget to the State Treasurer.

20 MR. BURGESS: I so move.

21 MR. SAWDON: I'll support.

22 THE CHAIRPERSON: It's been moved and
23 supported. Now I believe it is time for Mr. Dube to
24 share his information with the Board regarding his
25 analysis of the budget.

†

25

1 MR. DUBE: Mr. Chairman, Members of the
2 Board, I was asked to examine the City's proposed
3 '14/'15 budget and, in looking at it, I was asked to
4 make a comparison to the Emergency Manager's '14/'15
5 budget as a point of comparison. In doing so, I looked
6 at it from a relatively high level and then into more
7 and more granular to try and get a basis for -- a
8 feeling for how the two budgets have shifted. One of
9 the first things I looked at is, very simply, how many
10 funds have anticipated annual surpluses, how many funds
11 have anticipated annual deficits and which funds have

12 anticipated break evens.

13 From the Emergency Manager's '14/'15 budget,
14 there were six funds with anticipated surpluses, there
15 are now two. The Emergency Manager had anticipated
16 seven deficit funds to occur on an annual deficit
17 during the year, the City now anticipates ten. And the
18 number of budgets without change or number of funds
19 without change went from seven to nine. This gives me
20 pause in looking at this, as the City is shifting
21 towards a greater number of funds which will incur
22 annual deficits.

23 Further examination then looked at, on a
24 fund-by-fund basis, how much of the current City's
25 '14/'15 budget, how much annual deficit is anticipated.

26

1 The City now has ten funds with annual deficits
2 anticipated for '14/'15, including the general fund,
3 approximately 363,000 of deficit; the Cable Fund, Major
4 Streets, Senior Activities, the Drain Fund, Brownfield,
5 Capital Improvement, Drug Enforcement, Parking and
6 Insurance. Some of these funds may naturally incur
7 annual deficits. Some of them may have a fund balance
8 for use in those areas. But, in general, when we're
9 seeing ten or one-half of the City's funds incurring
10 annual deficits, this should give us pause.

11 Looking at how much fund balance is
12 available, these ten different funds which are
13 anticipated to incur just shy of \$5.3 million of annual
14 deficits, just in one year, they have a combined \$19.4
15 million of fund balance, most of which is in the
16 Parking Fund, going into a greater level of detail

17 examining what major categories of expenditures and
18 revenues shifted. And as part of the analysis I looked
19 for large dollar amounts and large percentages,
20 anything more than a ten percent shift, anything more
21 than a hundred thousand dollars of change between the
22 emergency manager's original budget and the city's most
23 current budget.

24 The city's anticipating other revenues to
25 increase by 14 percent or 132,000. It's anticipating

27

1 Public Works expenditures to increase by 138,000 or
2 more than ten percent. Community Economic Development
3 has an anticipated increase of over 850,000 or
4 251 percent.

5 Overall, the General Fund's expenditures are
6 anticipated increase \$1,596,000 compared to the EM's
7 original '14/'15 budget. Other funds which have -- or
8 which have significant increases: Major Streets,
9 \$820,000, 32.8 percent; the Capital Improvement Fund,
10 \$625,000, 104 percent; and the Insurance Fund has a
11 decrease in revenue of 431,000 or 30 percent.

12 Because of these very significant changes
13 from the EM's budget and the apparent significant
14 increases in expenditures, I further looked at, in a
15 little bit more detail, are there enough small revenue
16 increases to offset some of this. Total, in the
17 General Fund from the EM's budget to the current city
18 budget, it's anticipated that the city will generate
19 \$735,000 more in revenues, a 2.47 percent increase.
20 But that is substantially more than offset by the

21 \$1,595,000 worth of expenditure increases, an increase
22 of 5.56 percent. In essence the city is spending \$2
23 for every \$1 of additional revenue it's garnishing.

24 THE CHAIRPERSON: Any questions for Mr. Dube?

25 MR. SAWDON: I do have one question.

28

1 MR. DUBE: Yes?

2 MR. SAWDON: It's not unusual to have one
3 year be a deficit and another year, if it's one time
4 expenditures, mostly in capital projects. Major Roads,
5 for instance, would be maybe Chapter 20 drains. But
6 I'm a little concerned with the General Fund and maybe
7 even Insurance because those, generally, you don't see
8 those kind of capital improvements. Are -- are
9 one-time expenditures driving the deficit or are we
10 just drifting into higher expenditures?

11 MR. DUBE: The level of detail provided on
12 the budget for analysis did not provide enough --

13 MR. SAWDON: Thank you.

14 MR. DUBE: -- information to really
15 substantiate enough to say "yes" or "no", whether it's
16 just cap ex driven or if it's a mixture of capital
17 expenditure with other cost drivers.

18 MR. SAWDON: Thank you.

19 MR. SCHIMMEL: Mr. chairman, I'd like to
20 provide an opportunity for either one of those
21 gentleman, Mr. Nazarko, maybe, to respond. Do you --
22 do you have some comments?

23 MR. NAZARKO: While I don't have the details
24 on the other funds, General Fund we are mainly
25 concerned about because of the -- the situation of the

1 deficits that we've had before. I am not -- I have not
2 reconciled my numbers so -- with Mr. Dube's, however
3 those numbers, at least at the General Fund level, are
4 not matching with what I have in the detailed budget
5 amendments as to enclose and upload revenues and
6 expenditures out of General Fund.

7 However, two items that are of interest or
8 drive -- are driving the increase in expenditures.
9 Well, there are a few items. But the major one is the
10 subsidy to the TIFA bank. We discussed this with the
11 TAB. There was a 520 -- \$533,000, I believe it was 528
12 in the current fiscal year that we already made a
13 budget amendment and the TAB approved it. We had no
14 choice but to pay that. It was omitted from the
15 original budget. And subsequently '14/'15 and '15/'16
16 had missed that payment, did not have that in the
17 original budget.

18 So that is inserted in the expenditures. So
19 whatever the amount of the expenditures that we have
20 proposed to amend the '14/'15 budget, \$533,000 of that
21 is the TIFA subsidy that we have no other way to handle
22 that.

23 That being said, the -- a couple other items
24 that have increased. The workers' compensation we have
25 increased or proposed -- based on the current

1 information, we have proposed to increase the
2 expenditure by \$285,000, given the settlement of cases

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3 that have occurred recently. So meaning that the
4 transfer from General Fund's to the Workers'
5 Compensation Insurance Fund is proposed to be increased
6 by that much.

7 I am not aware of any -- the other items in
8 the proposed amendments are allocations or are
9 decreasing. As a matter of fact, the majority of the
10 items that we are proposing in the budget amendment are
11 proposed decreases in the level of expenditures that
12 the City -- the Emergency Manager had budgeted before
13 he left.

14 And I'll point out, for example, one of the
15 contracts that we were able to reduce by a hundred
16 thousand dollars, the SARCOM contract. And there are
17 other telephones, the telephone expenditures are
18 proposed to be decreased by \$11,000, based on the new
19 contract we signed with AT&T.

20 The other major savings that we are proposing
21 is to -- the transfer to the court. We are decreasing
22 or proposing to decrease that by \$167,000. And
23 overall -- overall, the proposed increase -- or
24 revenues, the expenditures, at least in my documents,
25 are not -- are not showing a major deficiency. Those

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1 are well thought out, well documented or we have tried
2 to -- to document the proposed increases.

3 And we do have another major item for the
4 General Fund that -- that has not made its way through
5 the budget amendment yet and that is the increase or I
6 do -- I believe we have the increase in the pension
7 payment to the police and fire pension for 2014/'15.

8 We are -- the Emergency Manager budgets -- budget,
9 original budget, had a \$2 million to be made. And
10 based on the reports, the actuary reports that we have
11 received, that payment should be 300 -- \$2,328,000. So
12 there is an increase to that contribution.

13 However, this year, as I mentioned in the
14 last meeting and as I have put that down in my report,
15 we are going to make a \$1.4 million less in the
16 contribution to the -- to the Police and Fire Pension.
17 In other words, we have budgeted \$2.3 million, 2.34 to
18 be exact, to be made in this fiscal year, next week.
19 And the actual contribution that -- based on the
20 reports, again, the actuary reports will be only
21 \$901,797.

22 As a result, we are going to have a cushion
23 in fund balance, approximately \$1.4 million, that is
24 enough to -- to account for the 3 -- \$328,000 that we
25 did not have in the original budget plus some for the

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1 '15/'16 budget but that's another topic.

2 So to summarize my view on the proposed
3 amendments is that, again, I do not see the outflow out
4 of the General Fund in the tune of \$1.3 million. And I
5 don't want to quote Mr. Dube. However, I would like to
6 ask the TAB that Mr. Dube, myself and the City
7 Administrator to sit down and look through those budget
8 items line by line and see where the discrepancy is.

9 Because overall the proposed budget
10 amendments are not deviating from the original intent,
11 from the budgeted numbers. However, we are a year and

12 some late from when it was adopted and, you know,
13 budgets are moving targets. We all -- we amend budgets
14 all the time and I don't see this as a major concern in
15 my practice as Finance Director. This is a -- this is
16 a budget amendment that rectifies some discrepancy and,
17 again, a major one was \$533,000 in the TIFA Fund.

18 However, I can guarantee you that it's not
19 going -- based on the numbers that I have in front of
20 me, it's not going to change the anticipated fund
21 balance that the city and the TAB anticipated last year
22 or this year.

23 THE CHAIRPERSON: I think Mr. Nazarko brings
24 up a good point, that the treasury staff and he and
25 Mr. Sobota could sit down. There is a motion to

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1 postpone. During the course of the next month, they
2 can come back and report to us. There is a budget in
3 place adopted by the EM so it's not as if the city is
4 without a budget -- without an adopted budget and would
5 be in violation of the Uniform Budgeting Act.

6 Any further discussion?

7 Seeing none, all in favor of the motion to
8 postpone the proposed amendment of the city's fiscal
9 year '14/'15 budget to the State Treasurer, say "Aye".

10 BOARD MEMBERS: Aye.

11 THE CHAIRPERSON: opposed same sign.

12 The motion to postpone the amendment is
13 approved.

14 The next item is the addition from

15 Mr. Schimmel, Resolution 14-236.

16 Mr. Cline, could you just summarize that?

17 MR. CLINE: Yes. And I do apologize that in
18 some of my analysis this information was left off in
19 some capacity. Budget Resolution -- let me back up.
20 Resolution was -- labeled 14-235 was consideration by
21 the City Council to adopt the '15/'16 budget, which was
22 defeated by the City Council. And then they
23 reconsidered it with an addition to -- a \$300,000
24 increase in revenue. And that was subsequently adopted
25 by -- by the City Council. So, really, the difference

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1 between these two resolutions is a difference of 3 --
2 or \$300,000. And that one that was actually adopted is
3 the one that our office based our analysis on, was that
4 information.

5 So when you discuss these two resolutions, in
6 effect, you're discussing, really, 14-236, which is the
7 one that was actually adopted.

8 THE CHAIRPERSON: All right. Thank you.
9 So Mr. Schimmel, do you care to make a
10 motion?

11 MR. SCHIMMEL: Well, I believe we've done it
12 already when we added it to the other motion. Or am I
13 wrong?

14 MR. CLINE: No, you -- you -- in the original
15 motion, you separated this out.

16 MR. SCHIMMEL: Okay.

17 MR. CLINE: For additional consideration.

18 THE CHAIRPERSON: Additional consideration.

19 MR. CLINE: So we would need to separate
20 this. You know, we need to have an additional motion

21 on this as to how to -- how to react, either to approve
22 it or postpone it or deny it.

23 Mr. Dube has done another analysis, if the
24 Board cares to -- to entertain his comments on this or
25 we can just proceed, whatever the -- whatever the Board

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1 desires here.

2 THE CHAIRPERSON: I'd just as soon hear
3 Mr. Dube's analysis. I think it would be beneficial.

4 MR. DUBE: For the '15/'16 budget, as the
5 city provided, I looked at it on a fund-level basis
6 with some level of detail, looking for kind of general
7 trends. Similar to how I was discussing the '14/'15
8 budget, I looked at what is the general standing of the
9 city's funds. For 2015/'16 the city's anticipating
10 four funds with annual surpluses, six funds with a
11 deficit and ten funds with a no change in fund balance.

12 Those funds with an annual deficit, the total
13 of those annual deficits is 1,916,000. Those funds
14 with an annual surplus, it's 593,000. There are six
15 funds shown with an annual deficit for '15/'16; Major
16 Streets, Senior Activities, Chapter 20 Drain,
17 Sanitation, Drug Enforcement and Insurance.

18 Because I did not have an easy way of
19 comparing, as I did with the '14/'15 the EM's budget,
20 what I did is I looked at, based on anticipated fund
21 balance as provided by the city, after 2015/'16 but at
22 a rate of deficiency -- or a deficit -- annual deficit
23 that the city's incurring, how long would these fund
24 balances last? How long does the city have resources
25 for? At this budgeted level, Major Streets has

1 approximately two years of fund balance; Senior
2 Activities has about two years of fund balance; Chapter
3 20 Drain has a year; the Sanitation Fund, four years;
4 and Drug Enforcement, one. The only fund with a
5 substantial amount of fund balance to absorb the
6 anticipated annual deficits is the Insurance Fund; it
7 would have about 22 years of remaining fund balance at
8 this level of -- of annual deficit rate.

9 THE CHAIRPERSON: Thank you. Any questions
10 for Mr. Dube?

11 MR. SAWDON: No.

12 THE CHAIRPERSON: All right.

13 MR. CLINE: Mr. Chairman, if -- if I may just
14 make a parliamentary comment here on the procedure.
15 Since the City Council failed to adopt Resolution
16 14-235, I would think that any motion made by the Board
17 should include an approval of that, just recognizing
18 their -- their non-adoption of it.

19 THE CHAIRPERSON: Right.

20 MR. CLINE: And that way we're not confusing
21 the records. And then whatever action the Board wishes
22 to take would apply only to Resolution 14-236.

23 THE CHAIRPERSON: All right. So we're
24 dealing with 14-236.

25 So Mr. Schimmel, do you --

1 MR. SCHIMMEL: Well, would you like a motion
2 on 14-235, to say we --

3 MR. CLINE: I think we can do it all in one
4 motion.

5 THE CHAIRPERSON: Okay.

6 MR. SCHIMMEL: All right. So I would like to
7 move something that I need your help on, which is to
8 describe what you just described on 235 plus on 236. I
9 think it's the general feeling that we would like to
10 postpone that, correct? To give everybody an
11 opportunity to continue to work on the '15/'16 budget.

12 MR. CLINE: Okay.

13 MR. SCHIMMEL: Is that --

14 MR. CLINE: Then perhaps language that would
15 say that you recommend the approval of Resolution
16 14-235 and the postponement of 14-236 until the, I
17 assume, July meeting and then we can readdress it next
18 month.

19 MR. SCHIMMEL: Yeah, but I wouldn't put July
20 in there because '15/'16 is a year away and I would not
21 want to be under the gun to adopt a '15/'16 budget or
22 have the Mayor or Council or anybody give them the
23 feeling they got to do something in 30 days.

24 MR. CLINE: All right.

25 MR. SCHIMMEL: I think we've got six months,

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1 quite frankly, to keep working on a '15/'16 budget
2 so --

3 MR. CLINE: Okay. So --

4 MR. SCHIMMEL: So I would just say to
5 postpone, continue to work on '15/'16 budget.

6 MR. CLINE: Okay. So we can -- we can
7 postpone temporarily and we'll follow up with the City
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8 and then return that item to the Board at an
9 appropriate date.

10 THE CHAIRPERSON: So if I understand your
11 discussion, your motion would consist of motion to
12 approve Resolution 14-235 and to postpone Resolution
13 14-236?

14 MR. CLINE: Yes, that's -- that's the way I
15 believe Mr. Schimmel intended.

16 THE CHAIRPERSON: All right.

17 MR. SAWDON: I support.

18 THE CHAIRPERSON: Further discussion?
19 Seeing none, all those in favor of the
20 motion, say "Aye".

21 BOARD MEMBERS: "Aye".

22 THE CHAIRPERSON: Opposed, same sign.

23 The motion to approve Resolution 14-235 and
24 to postpone Resolution 14-236 is approved.

25 Next item is City Administrator items. Item

39

1 one, Acting City Administrator Request. I'll entertain
2 a motion to receive and file this request.

3 MR. SAWDON: So move.

4 MR. SCHIMMEL: Support.

5 THE CHAIRPERSON: Been moved and supported.

6 The Board has no authority to take action on your
7 request, Mr. Sobota. There is no EM order that allows
8 for that provision. so it would be an internal matter
9 that would be handled by you.

10 MR. SOBOTA: Okay.

11 THE CHAIRPERSON: Any further discussion on

12 this?

13 MR. SAWDON: No.

14 THE CHAIRPERSON: All in favor of the motion,
15 say, "Aye".

16 BOARD MEMBERS: "Aye".

17 THE CHAIRPERSON: Opposed, same sign. Motion
18 to receive and file the request is approved.

19 Item 2, salary Adjustments, I'll entertain a
20 motion to reject these requests due to a lack of
21 justification.

22 MR. SAWDON: I make that motion.

23 MR. SCHIMMEL: I'll support it.

24 THE CHAIRPERSON: Been moved and supported.
25 Discussion?

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1 From my perspective, I don't believe
2 substantive written justification has been provided for
3 the salary increase, Mr. Sobota. There's been a number
4 of requests that have -- that the Board has received to
5 increase salaries and, given the financial -- continued
6 financial stress on the City, we're rejecting those at
7 this time -- we're considering rejection at this time.
8 Any further discussion?

9 All those in favor of the motion, say "Aye".

10 BOARD MEMBERS: Aye.

11 THE CHAIRPERSON: Opposed, same sign.

12 Motion to reject the Request for salary
13 Adjustment is approved.

14 Item 3, Approval of Temporary Hire, I'll
15 entertain a motion to approve this request, per the
16 recommendation made by the City Administrator in his

17 June 6, 2014 report.

18 MR. BURGESS: So move.

19 MR. SAWDON: Support.

20 THE CHAIRPERSON: Moved and supported.

21 Discussion?

22 Seeing none, all those in favor of the
23 motion, say "Aye".

24 BOARD MEMBERS: Aye.

25 THE CHAIRPERSON: Opposed, same sign.

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1 The motion to approve a temporary hire is
2 approved.

3 Item 4, Senior Center reorganization. I'll
4 entertain a motion to postpone this request until the
5 July 2014 meeting due to a lack of sufficient
6 information.

7 MR. BURGESS: So move.

8 MR. SAWDON: Support.

9 THE CHAIRPERSON: Been moved and supported.

10 Discussion?

11 I might note that, in addition to the lack of
12 sufficient information, the senior center budget
13 continues to operate at a deficit.

14 Any other discussion?

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

17 BOARD MEMBERS: Aye.

18 THE CHAIRPERSON: Opposed, same sign.

19 A motion to postpone the Senior Center
20 reorganization until the July 2014 meeting is approved.

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21 Item 5, Creation of Right-of-Way Inspector
22 position. Entertain a motion to postpone this request
23 until the July 2014 meeting.
24 MR. BURGESS: So move.
25 MR. SCHIMMEL: Support.

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1 THE CHAIRPERSON: Been moved and supported.
2 Discussion?
3 Again, additional information justifying his
4 position is necessary for the Board to -- to make a
5 long-term decision regarding this position. Any other
6 discussion or questions regarding this motion?
7 Seeing none, all those in favor of the motion
8 to postpone until the July 2000 (sic) meeting, say
9 "Aye".

10 BOARD MEMBERS: Aye.

11 THE CHAIRPERSON: Opposed, same sign.

12 Motion to postpone until the July '14 meeting
13 is approved.

14 Item 6, City Council Resolution regarding
15 independent legal counsel. This was addressed in the
16 New Business portion of the meeting.

17 Nonaction Items, the Monthly Financial Report
18 for May 2014. This is -- I want to remind the City
19 officials that the -- this report needs to be submitted
20 in a timely fashion. Again, this was --

21 Well, Mr. Cline, when did we receive this
22 report?

23 MR. CLINE: I believe it was this past
24 Friday.

25 THE CHAIRPERSON: The deadline?
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1 MR. CLINE: The deadline was June the 6th --
2 or no, I'm sorry. June the --

3 MR. SOBOTA: 20th.

4 MR. CLINE: -- 20th.

5 MR. SOBOTA: The 20th calendar day of every
6 month for the prior months.

7 MR. CLINE: Yes, we do -- we do have that
8 issue that has crept up. The Emergency Manager Order
9 requires that the report be provided on the 20th of
10 each month. But to prepare the packets for the Boards
11 to consider, we have set a deadline for agenda items,
12 which sometimes they are in conflict. And this is an
13 issue that I think, as we go forward with RTABs and get
14 more comfortable with the operation, we're going to
15 have to consider because sometimes the deadlines don't
16 line up with -- with the due dates and it takes time
17 for the City to process this.

18 Normally, it's not a -- that big of an issue
19 but it is something that we want to have -- give the
20 Board sufficient time to discuss. So I think we're
21 going to have to discuss with the City how we can make
22 sure this doesn't, you know, stay streamline.

23 THE CHAIRPERSON: I think the Treasurer staff
24 and the City staff can work that out.

25 MR. CLINE: Yes.

1 THE CHAIRPERSON: So, for the record, the
2 report was submitted on time.

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3 MR. NAZARKO: Please. And, for the record,
4 the last time you made the same comment, Mr. Chair.

5 THE CHAIRPERSON: Yes, I stand corrected.

6 MR. NAZARKO: Thank you.

7 MR. CLINE: Mr. Chairman, just as a reminder
8 to the city, they do have a quarterly financial report
9 that's due next month.

10 THE CHAIRPERSON: Thank you, Mr. Cline.
11 Yeah, we would expect a separate quarterly report
12 submitted to the Board.

13 MR. SOBOTA: We'll have that by the 20th.

14 THE CHAIRPERSON: Very good.

15 Next item is a New Agenda Item, report by
16 Mayor Waterman.

17 MAYOR WATERMAN: Gentlemen, Citizens, I do
18 welcome this opportunity to be added to the agenda and
19 to be able to address the TAB as well as the community
20 about the items that have been assigned to me, not only
21 the ones that were recently put in my purview under the
22 reorganization of acts of the Order 5334 but also in
23 the purview of my responsibilities and obligations as
24 Mayor of the City of Pontiac.

25 And I did -- in the -- just the few days

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1 since you had added me to this agenda. So I did
2 prepare, in advance, the assistant bullet points that
3 you have in front of you I have at the podium there.

4 The first item I'm going to address is
5 something that you have talked about in your
6 deliberations this afternoon and that's the 2015/2016
7 budget. This was the first budget post-EM that I and

8 the City Council had worked on independently and had
9 thought we had prepared quite a good process for doing
10 that and was very happy that, in accordance with the
11 charter and what I thought we were obligated to do was
12 to deliver a balanced budget to the City Council, which
13 after some discussion, as you have already noted, they
14 did approve.

15 Now, when I was first given the draft of the
16 budget for consideration by both the City Administrator
17 and the Financial Director, of course that budget
18 reflected the fact that there were some structural
19 deficits that begin to kick in for the 2015/'16 years
20 for matters that were only temporarily resolved by the
21 departure of the Emergency Manager solutions. And that
22 budget had a \$13 million deficit.

23 Now, that was something that, by working with
24 the City Administrator, the Council and others, that we
25 were -- we had to make certain assumptions in order to

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1 achieve a balanced budget because that was what I was
2 determined to do in terms of my obligation. And that
3 required certain assumptions of settlements and,
4 because there was no \$13 million increase in revenue
5 that I could find and there's certainly not \$13 million
6 worth of expenses that we could cut, as we had been
7 determined to balance this budget.

8 So that was what we did and we did come up
9 with a total of a balanced budget and including a fund
10 balance, which was going to be increased from the end
11 of the 2013/'14 year, which I thought was a great

12 achievement.

13 Now, in these assumptions -- and I did think
14 you had mentioned that in your deliberation. The
15 assumption that I chose to use was based upon some
16 early discussion we've had with respective parties in
17 terms of the -- particularly, the police and fire
18 Abreva litigation as well as the Retiree Health
19 Litigation. And we've had the sense to talk about the
20 420 transfer.

21 And Mr. Schimmel, you did point to the fact
22 that the 420 transfer, as it was proposed originally
23 and considered, did put the city at risk if there were
24 deficiencies in the excess earnings that could be paid
25 toward retiree health.

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1 Now, I went with a different assumption and,
2 instead of putting the city at risk for the deficiency
3 and excess earnings, I put the retirees at risk for
4 this, which then did not increase the expenditures to
5 the city in that regard. So that's a little different
6 than what you considered and I think that was the point
7 of your asking for this denial of this particular
8 budget consideration.

9 And I understand there's some other questions
10 that were submitted that we had the Finance Director
11 did work on and, as late as yesterday, we were still
12 getting some answers from the GERS Board so that may
13 have not had enough time to consider that for your
14 deliberation. But I did say that, in terms of I'm a
15 little -- and, as you say, we'll have to work with
16 the -- our City Administrator and Finance Director with

17 your State Treasury Department Financial Analysis.

18 But this process started months ago. You
19 know, we wanted to make this inclusive of Council
20 because this is the first time that we had a chance to
21 work together on this budget. We started back in
22 February, telling Council we wanted you to work with us
23 in setting goals -- having a goal-setting session and
24 we were receptive all along to this.

25 So now if we get to the end of this process,

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1 after doing all that, and then find out there was some
2 expectations of how fund balances were organized, then
3 that's something we should have known at the beginning,
4 you know.

5 And that's one of the things that I addressed
6 to the TAB early on is, you know, if we're going to
7 call best practices, then we got to know what the
8 benchmarks are from the beginning, not after the fact,
9 after we had gone through the whole process and now you
10 say, "Well, we really meant for you to do this instead
11 of what this actually says in the charter." So that's
12 my one misgiving to that.

13 And I would ask that -- for your
14 consideration that there be time for discussion of
15 that. We will have discussion after the fact now,
16 we'll go back and revisit, according to the analysis
17 that's been done. But, you know, we were looking at
18 total balancing the budget and coming up with a fund
19 balance with an increase from the prior year. We did
20 that with the budget that we have before us. So we

21 will go from there.

22 The other items here I will take a little
23 less time on, just to let you know, the Master Plan
24 that we are visiting, it was last -- rewritten in 2008,
25 it was due to be revised. I decided to make this an

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1 open process in which we got a lot of community
2 engagement. There's been a paradigm shift in Pontiac's
3 economic situation since that last Master Plan was
4 re-written. We had a very engaging process, had a
5 steering committee that was very voluntarily committed
6 to looking at the City's goals in terms of livability
7 place, making all the things now that we want to have
8 as we rediscover Pontiac and discover that in the
9 spirit that we talked about.

10 And we had over 20 visioning sessions in
11 which we took that master plan concept out to the
12 community to see how they wanted to re-purpose
13 buildings, how they wanted us to deal with situations
14 of blight but also rehabbing and renovating and
15 bringing the new spirit and the new developments to
16 Pontiac. And, certainly, economic development is
17 certainly one of the key areas that we worked with in
18 terms of my administration.

19 And that was approved by the Planning
20 Commission, will be taken out and will certainly help
21 to guide future land use in Pontiac. And the kind of
22 land we have available and properties is certainly one
23 of the resources that we have in Pontiac that makes us
24 unique in Oakland County right now. So we wanted to
25 make sure we avail ourselves of having that be a clear

1 part of our package of economic development in the
2 city.

3 We actually are starting to work now, which
4 is a third item on the economic development grant for
5 the economic recovery plan for Pontiac that's certainly
6 going to help with our budgets as we go forward, as we
7 develop that plan that's being done in conjunction with
8 Oakland County, we have developed a steering committee
9 for that. I am going to be co-chair along with
10 Dan Hunter, who is the Oakland County Deputy Director
11 and also Director of Economic Development and Community
12 Affairs for Oakland County. So we look forward to that
13 process.

14 We're going to have a large stakeholder group
15 representing all the stakeholder entities that I
16 mentioned there. And I won't go further into that
17 process. But that is underway, in terms of blight
18 removal. And that's one of the categories that you put
19 under my auspices as well.

20 The Pulte organization has come to town in a
21 big way. They have offered to use their expertise in
22 incentives and, also, a power to raise additional
23 funds, to come and make sure that we increase our
24 capacity for removing blight; that's a very important
25 part of stabilizing our neighbors and stabilizing this

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1 community. So we're very happy to work with them. We
2 want to work with a day-driven approach. The first

3 phase of that is going to be to do a complete survey of
4 all the commercial as well as residential properties in
5 the community. So we can not only talk about
6 eliminating blight, both structural blight as well as
7 nonstructural blight. And that is also a way in which
8 you can increase the economic viability of the
9 community.

10 So that's very much a part of the process.
11 And I have some other bullet points there. I won't go
12 into that further. Business litigation -- and I may be
13 using up my time, Mr. Chair. I'm trying to work with
14 them --

15 THE CHAIRPERSON: You have the time you need.

16 MAYOR WATERMAN: This is better than two
17 minutes, though; I'll tell you that. All right. I do
18 have some bullet points there, it's just that there was
19 the proceedings that started on May 14th; we talked
20 about that.

21 I think we have reengaged now. This is a
22 milestone that we've been able to get the opposing
23 attorneys of this litigation to the table together
24 and -- as well as the owner and are talking to see if
25 there are opportunities for settlement. To the extent

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1 it helps our bottom line not to continue to hammer out
2 these things in litigation, I want to look for
3 available opportunities, which may or may not be
4 possible. But you -- unless you avail yourselves of
5 the opportunity to sit down and talk and look for
6 mutual points of interest, it will never happen. So
7 that has been a part of engagement that we're doing.

8 The retiree health issue -- and there are
9 some retiree health board members here from GERS. That
10 was part of the structural deficit because of that
11 issue. That was part of the '15/'16 budget. We're
12 beginning to outline options, not only with our own
13 attorneys but also with various board members and the
14 attorneys of both the -- both entities, retiree
15 entities, to see if there are other options, other than
16 hammering this out in court.

17 And there are a number of different options
18 that have been imposed by other cities. I attended
19 the -- yesterday, the pension seminar that was held by
20 the governor's office and many cities who are faced
21 with the same legacy costs, not only ^{OPEB}~~OPEB~~, which is
22 pension cost. And Pontiac's not alone so we want to
23 avail ourselves of the opportunities to share those
24 kind of initiatives and thought processes and to see
25 where we are, in terms of maybe reaching out to some

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1 other solution that may be sooner than waiting to see
2 what will happen in First Circuit Court of Appeals and
3 District Court and wherever else this litigation may
4 take us.

5 So that's where we are. I think I will leave
6 it at that. This has gone -- is certainly an ongoing
7 process and I do look forward to keeping you updated at
8 future TAB meetings.

9 THE CHAIRPERSON: Do any of the board members
10 have questions for her?

11 MR. SCHIMMEL: I'd like to respond. First of

12 all, I want to make sure I compliment you on all the
13 work you're doing on this budget. I don't mean to, in
14 any way, demean that effort. I think it's terrific
15 what you're doing. I think the information about a 420
16 is not something that I'm dropping on you here at the
17 end, I think it's been out there for a long time.

18 And I think, Mayor, unless I'm dead wrong,
19 that under a 420 transfer, what you propose, I would
20 love to do but it's illegal; it's flat out illegal.
21 You cannot, if you accept a 420 transfer, dump the
22 burden on the retirees if the pension fund does not
23 come up with the sufficient money. The City would be
24 mandated to pay that difference from its General Fund.
25 So that's the --

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1 MAYOR WATERMAN: We'll see.

2 MR. SCHIMMEL: That's the dilemma that -- I
3 just wanted to clear that up.

4 THE CHAIRPERSON: Any other questions for the
5 Mayor?

6 MR. SAWDON: No.

7 THE CHAIRPERSON: All right. Thank you very
8 much, Mayor Waterman, for the informative report.

9 Next item on the agenda is the City
10 Administrator Report. Mr. Sobota?

11 MR. SOBOTA: On June the 4th our Treasury
12 Analyst, Lisa Rawls, resigned. That's the reason for
13 the temporary hire in the Treasurer's Office to help
14 with processing. Speaking with Mr. Nazarko and knowing
15 that we have a huge income tax possibility, in terms of
16 additional revenue to the City sitting in front of us,

17 Mr. Nazarko and I have discussed the matter and have
18 decided that we'd like to redefine the position of
19 Treasury Analyst and make it more of an income tax
20 Administrator and that person would be responsible for
21 initiating court action against the various individuals
22 who are in -- not in compliance with the City's Income
23 Tax Ordinance and representing the City in court.

24 That is some -- that is a duty that is not
25 one of the responsibilities of our current Income Tax

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1 vendor. So we are anxiously awaiting the State's tapes
2 from the Treasury Department. We were hoping for five
3 years. They have since advised us that we'll only be
4 able to go back three years, in terms of the tapes.
5 And as soon as those tapes come in, we'll have an idea
6 as to how large of a potential amount of money is owed
7 to the City of Pontiac. And then we'll be able to make
8 an educated determination as to how much will actually
9 be collectible.

10 So the recreation, redesign of that position,
11 will probably be before this Board next month so that
12 we can begin advertising with an appropriate job
13 description. We're hoping to use the salary of the
14 Treasury Analyst and we also have set aside in the
15 budget a hundred thousand dollars for delinquent income
16 tax collections, offset by a hundred thousand dollars
17 in revenues from that program.

18 So, using a combination of those funds,
19 hopefully we'll be able to track someone who is
20 qualified for that type of work.

1 Board Members for Mr. Sobota?

2 Thank you, Mr. Sobota.

3 Next item on the agenda is Public Comment.
4 You'll have two minutes to speak and Mr. Cline will be
5 the timekeeper.

6 The first individual is Linda Hasson.

7 MS. HASSON: Good afternoon.

8 THE CHAIRPERSON: Good afternoon.

9 MS. HASSON: Mr. Dube, please send my regards
10 to the State of Michigan for sending you, enlightening
11 us on this information.

12 I would like to state that I do have
13 concerns. I had concerns about the budgets. I have
14 concerns about money being spent, the -- and the
15 appropriation and the money not being there for the
16 department.

17 Mr. Schimmel has a point in regards to the
18 retirement. I am very concerned -- you would think it
19 could be easier to settle. Our mayor sits on both
20 sides of the table. She is a creditor and a debtor.
21 She sits on the -- as the Mayor, that makes the -- you
22 know, helps decide and she also sits on the Board for
23 the retirees.

24 The president of the City Council,
25 Patrice Waterman, she sits on the one side and makes a

1 decision, a creditor, and then the debtor on the other
2 side, sits on the Board, a voting person. Plus we have

3 our Finance Director, who is a voting person on the
4 Board for the retirees. You'd think that this could be
5 a simple solution to be had. Instead, I have to worry
6 and wonder which side they're going to take in court
7 and I have to worry and wonder if it's going to go on
8 the tax roll.

9 I am beginning to understand through
10 everything that I have learned that it's probably
11 better to go to MERS for the taxpayers and for the
12 employees, as long as we can guarantee everybody will
13 get what they put into it. Because I don't think it's
14 a viable solution for anybody to be stuck with this
15 when there is money there that can buy us some time.
16 And I just -- this is such an issue that has been very
17 difficult to swallow. But I do agree, at this point,
18 with Mr. Schimmel; we have to figure out a way to do
19 this without these court battles; they're costing us.
20 And then you don't know where they're going to end up.

21 And the packet that I gave Mr. Cline, the
22 clipped ones, there's one there for all of you, it has
23 a lot of explanation about what's been going on. Thank
24 you.

25 THE CHAIRPERSON: Thank you, Ms. Hasson.

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1 Next individual is Walter Moore.

2 MR. MOORE: I came in last.

3 THE CHAIRPERSON: It doesn't matter. They're
4 not numbered.

5 MR. MOORE: You know, I -- my question is
6 very different. First of all, I'd like to know, what
7 are we paying the Michigan Municipal League for the

8 Deputy Mayor search? If someone can answer that. I
9 don't know if you take the questions and then you
10 answer it later on at some particular time. But I'd
11 like to know how much are we paying the Michigan
12 Municipal League to find or to screen applications for
13 Deputy Mayor.

14 The next thing that really concerns me are
15 these bonds that was just floated. What -- I want to
16 know, first of all, are -- is the City of Pontiac at
17 its tax limit? I know we have a certain bonding
18 capacity and anything over that bonding capacity, it
19 has to be taken to the vote of the people. I was of
20 the understanding that we were at the maximum but, if
21 we're not, I'd like to know where we are and how much
22 bonding capacity we have. And if we were at the
23 bonding capacity, I want to know how were you able to
24 issue the bonds for St. Joseph Hospital and the new
25 development over in that area.

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1 The only thing -- the other thing I'd like to
2 say is more in line with a comment. You know, it is a
3 bit disgraceful that we live in a community where we
4 have an elected mayor and the mayor has to come to this
5 Board, first of all, to get things approved but even to
6 speak. And I think that, with all of the individuals,
7 there are certain commonalities that we have on this
8 Board. You're all men. Not to discriminate against
9 men but it seems to me that you're discriminating
10 against women.

11 We have --- in our Mayor, we have two-fold.

12 We have a -- a mayor that happens to be the mayor that
13 happens to be a woman. I don't know if there's
14 anything that prohibits the mayor in being a part, but
15 it would seem to me that she would have more value on
16 this Board than some of the individuals up here that's
17 right here right now that have no responsibilities --

18 THE CHAIRPERSON: Thank you, Mr. Moore.

19 MR. MOORE: -- or obligations to this
20 community at all.

21 THE CHAIRPERSON: Thank you. Your time is
22 up.

23 MR. MOORE: And the last thing I'd like to
24 say --

25 THE CHAIRPERSON: Your time is up, Mr. Moore.

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1 Thank you.

2 MR. MOORE: I understand that but I'm going
3 to say it anyway. These meetings need to be put on TV
4 so that the citizens of Pontiac can view them
5 themselves.

6 THE CHAIRPERSON: Thank you, Mr. Moore.

7 Next individual is --

8 MR. MOORE: When do I get my answer?

9 THE CHAIRPERSON: -- Randy -- Randy Carter.

10 MR. CARTER: Thank you. Good afternoon.

11 THE CHAIRPERSON: Good afternoon.

12 MR. CARTER: Councilmen Randy Carter. I'll
13 try to be firm, thereby some questions, and I'll try to
14 be brief. I'm trying to deal with this two-minute
15 clock. One is that I wanted to apologize that I
16 disagree with the budget hearing of -- for the 2'13 and

17 2'14 from the other week. And the other reason was --
18 and I will accept responsibility because I assumed
19 there was a whole lot of things that lacked
20 professionalism, lacked information to discuss that
21 day. Also, I believe that the 2'13, 2'14, 2'15 and
22 2'16 budget should have been separated.

23 I believe when it was put in the paper for
24 the public to come out at 5:30, the only item on the
25 agenda should have been the public. And the public

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1 shouldn't have to sit here, like I did, towards 9:00 or
2 later to discuss that.

3 The second question I have is that I have
4 suggested before and I will again that I think that the
5 GERS board should have been dissolved. And the reason
6 is that it is not the taxpayers' responsibility to be
7 paying for services or any other friends and family
8 benefit that was created by former employees, former
9 elected officials.

10 I believe that if the GERS -- and I suggested
11 before -- it should have been eliminated and went to
12 Fidelity or Prudential, the insurance company. That
13 way the pension -- or the retirees would receive their
14 full pensions; that would have been bonded. Also, they
15 could have had their own healthcare since the Attorney
16 General that they are looking for is not going to
17 happen. The calvary is never coming in; it's just BS.
18 By that way, they could have had the healthcare. That
19 way, that burden would never show up on the tax rolls
20 again for the public.

21 The third question I have -- as a matter of
 22 fact, I'll just leave it alone and leave it at that,
 23 that the 420 transfers are illegal, there's no way we
 24 can do it. The city hasn't paid into it in the last 15
 25 years. Financially, the employees haven't paid.

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1 There's only what, 20 employees? There's not enough
 2 fricken people to go ahead and pay to make a dent in
 3 it, anyway.

4 So that or the Attorney General -- it just
 5 can't happen. There's no way it can happen. Just
 6 dissolve the GERS board and give it to another entity
 7 to satisfy it and hold the taxpayers harmless. Thank
 8 you.

9 THE CHAIRPERSON: Thank you, Council Member.
 10 Next individual is Darryl Fowlkes.

11 MR. FOWLKES: Darryl Fowlkes, Chairperson of
 12 the City of Pontiac Charter Revision Commission. The
 13 main thing that I'm here for is, Mr. Schimmel, I put
 14 before you when our Council Commission first started a
 15 small budget. At that time, you told me that there was
 16 not \$5,000 to be found.

17 Two years later, are you still trying to tell
 18 me that you can't even come up with \$5,000 to help the
 19 Commission out in their duty?

20 Now, we put before you -- if you remember, I
 21 put before you last month one for \$50,000 so that most
 22 of that concerns paying off the lawyer. I don't know
 23 how you guys operate. I don't know if I'll ever get an
 24 answer. I don't know where this needs to go. I don't
 25 know if that's something that needs to go straight

1 through Council first or whatever. I didn't really get
2 an answer last month to let me know which direction to
3 go.

4 We're almost done and we're at the final
5 stages and we're preparing -- they're preparing to send
6 us up to Lansing next month for their approval. But we
7 still need the funds to do what we need to do and I --
8 every week that Sobota speaks, he's tossing money out
9 left and right. But from two years ago, I still
10 haven't gotten an answer from Mr. Schimmel as to why he
11 can't help out the Commission.

12 THE CHAIRPERSON: Thank you, Mr. Fowlkes.

13 Billie Swazer -- Swazer. I apologize.

14 MR. FOWLKES: For the short person.

15 MS. SWAZER: That's right, we short, we know
16 it.

17 Hl.

18 THE CHAIRPERSON: Good afternoon.

19 MS. SWAZER: I have a few questions. The
20 first question is about the reappointment of
21 Kone Bowman and Charlie Harrison. You said it was
22 denied because of default to the City of Pontiac in
23 violation of Home Rule Charter so their appointments
24 were denied. Is that public information, whatever the
25 denial basis was?

1 And would I be able to obtain it when you get
2 to that?

3 Okay. And the second thing is I am a City of
4 Pontiac retiree. I worked for the city for 34 years.
5 I earned my retirement. I earned my benefits as well
6 as many others did. We're not going to MERS. We're
7 not going to give up our retirement system for
8 something that we don't know and don't work.

9 I talked to several people from other
10 organizations that are part of MERS and their
11 retirements are reduced. Whenever MERS takes a notion
12 to lose the money, they lose the money and then those
13 cities are responsible. I don't know, I couldn't
14 understand everything Mr. Schimmel said and I would
15 appreciate it if you would advertise these meetings so
16 that I could look back and see what the conversation is
17 and be able to analyze it and see what answers I
18 could -- not answers but what information that I could
19 gather from the analysis of the -- both to the 420
20 transfer and our retirement benefits. Because they are
21 retirees that look every month to getting our checks
22 without reduction and also looking to get our benefits.

23 Whether the City somehow thinks that they can
24 do it through a 420 transfer or have to put it on the
25 tax rolls, if we have to go to court, we will. But we

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1 are going to get our benefits. Thank you.

2 THE CHAIRPERSON: Thank you, Ms. Swazer.
3 That is all the individuals that signed up for the
4 public comment. This is Board Comment now. And so,
5 first of all, did you have anything to say,
6 Mr. Schimmel?

7 MR. SCHIMMEL: I would like to turn on the --
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8 on the system.

9 UNIDENTIFIED MALE: There were other people's
10 names wrote on the clipboard down at the clerk's office
11 for --

12 THE CHAIRPERSON: I'm sorry. We use the one
13 here.

14 UNIDENTIFIED MALE: Excuse me?

15 THE CHAIRPERSON: The public comment sheet
16 was up here in this room.

17 UNIDENTIFIED MALE: Oh.

18 THE CHAIRPERSON: Not down in the Clerk's
19 office. I'm sorry.

20 MR. SCHIMMEL: Mr. Moore had a couple
21 questions I'd like to respond to. One is, Mr. Moore,
22 you alluded to some bonds and I'm not sure what bonds.
23 I just wanted to clear up, the City has not issued any
24 bonds. Okay? So -- but then your other comment about
25 St. Joe's, all of that is St. Joe's and it's not part

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1 of the City, all their bonding and all their --

2 MR. MOORE: No, I'm talking about the water
3 and sewer bonds that was passed by the City Council a
4 couple of weeks ago, to the tune of about ten -- nine
5 or ten million dollars --

6 MR. SCHIMMEL: Oh, okay.

7 MR. MOORE: -- to put in the infrastructure
8 over as a result of St. Joseph Hospital being built --

9 MR. SCHIMMEL: Okay.

10 MR. MOORE: -- a new development proposal.

11 MR. SCHIMMEL: All right.

12 THE CHAIRPERSON: That's not on this.

13 MR. SCHIMMEL: Okay. So Mr. Sobota will
14 circle or Mr. Nazarko, I don't know, one of them can
15 answer all that one for you and tell you -- clear that
16 up for you as to what's going on.

17 I wanted to comment on Mr. Fowlkes. Is he
18 here?

19 THE CHAIRPERSON: I think he left.

20 MR. MOORE: I'll communicate with him.

21 MR. SCHIMMEL: All right. I was just going
22 to indicate to him that, regarding the Charter
23 Commission, there were a lot of things besides the
24 Charter Commission that the City was responsible for
25 paying for that I didn't pay for because of the

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1 situation of the City. And -- but he's not here to
2 hear that so I'm not going to go on about that.

3 And then you made the comment about the --
4 again, about the 420 transfer and the retirees are
5 never going to -- so on and so on. You know, I think
6 I'll say it one more time. Speaking for just me alone,
7 there's going to be a transition board here forever,
8 if -- if the powers to be here at the City don't
9 realize that this 420 transfer is not going to work.
10 It's not going to work. Unless the Federal Government
11 makes some changes in it or something like that, it's
12 not going to work.

13 So as we go back -- and I say "we". But as
14 the Mayor and the Council go back and the City
15 Administrator and so on go back to deal with the
16 budget, you just got to realize that that's not a tool

17 that you can use. And you got to revisit and I just --
18 again, I plead with you to do what the Pension Board
19 said they would do, to my knowledge never has. Just
20 have one meeting with MERS, let them tell you what they
21 have to offer, walk out, come back home and say, "The
22 heck with it, we don't want anything to do with it," if
23 you want. But at least have the meeting.

24 I think if you had the meeting -- well, I'm
25 not going to go on. You just have the meeting and see

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1 what happens. Before you sit here and say, "I'm never
2 going to ever go up to MERS," before you say that, at
3 least let them have their day to talk to you. I'm
4 done.

5 THE CHAIRPERSON: Any other Board comments?

6 MR. SAWDON: No.

7 THE CHAIRPERSON: I'd like to -- Mr. Burgess?

8 MR. BURGESS: No.

9 THE CHAIRPERSON: No? All right -- respond
10 to a couple of questions that were proposed. One was
11 that the cost of the -- search for the Michigan --

12 UNIDENTIFIED MALE: Excuse me, sir. There is
13 just -- we had the clipboard downstairs and -- and you
14 got a Board up here. Well, you know, it's -- you know,
15 I'm a taxpayer just like everybody else. I come here
16 talking about bringing money to the city and I
17 haven't -- this is the same reason why we having all
18 the problems that we're having.

19 THE CHAIRPERSON: I'm sorry, sir. The --

20 UNIDENTIFIED MALE: The clipboard --

21 MR. SOBOTA: -- sign-up sheet was here. This
 22 is the Board's comment period time. I'm sorry.
 23 UNIDENTIFIED MALE: Then bring it up. Then
 24 bring it up from downstairs.
 25 MR. DUBE: I'm sorry, we're not going to --

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1 we're done.
 2 UNIDENTIFIED MALE: No. You may be done.
 3 THE CHAIRPERSON: The Michigan --
 4 UNIDENTIFIED MALE: You may be done.
 5 THE CHAIRPERSON: -- cost of 8,000 --
 6 UNIDENTIFIED MALE: That's the reason why
 7 people --
 8 THE CHAIRPERSON: The Michigan --
 9 UNIDENTIFIED MALE: That's the reason why
 10 people have problems.
 11 THE CHAIRPERSON: Sir, you had your -- the
 12 opportunity for public comment is over. This is time
 13 for the Board. I'm sorry.
 14 UNIDENTIFIED MALE: Two minutes. Two
 15 minutes.
 16 THE CHAIRPERSON: I'm sorry, sir.
 17 UNIDENTIFIED MALE: Two minutes --
 18 THE CHAIRPERSON: The Michigan municipal --
 19 UNIDENTIFIED MALE: -- for --
 20 THE CHAIRPERSON: -- cost, \$8,000. Our TAB
 21 Board has no authority to disband the GERS board. All
 22 of this is in regards to an earlier comment from
 23 Ms. Swazer. All the information that is reviewed by
 24 this Board is public information. So -- so there's
 25 minutes and so forth, there's information on -- either

1 through the City Hall or online at the State Department
2 of Treasury's website regarding the RTAB minutes.

3 MR. MOORE: So it cost \$8,000 --

4 THE CHAIRPERSON: I'm sorry, sir. Public
5 comments' over, I'm not answering any other questions.
6 Any other questions from the Board?

7 If not, I'll entertain a motion to adjourn.

8 MR. BURGESS: So move.

9 MR. SAWDON: Support.

10 THE CHAIRPERSON: Moved and supported to
11 adjourn. All in favor of the motion, say "Aye".

12 BOARD MEMBERS: Aye.

13 THE CHAIRPERSON: Thank you.

14 (Meeting concluded at 2:32 p.m.)

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C E R T I F I C A T E

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3 I, Mona Storm, do hereby certify that I have
4 recorded stenographically the proceedings had and
5 public comment taken in the meeting, at the time and
6 place hereinbefore set forth, and I do further certify
7 that the foregoing transcript, consisting of (72)
8 pages, is a true and correct transcript of my said
9 stenographic notes.

10

11 Date _____

12

Mona Storm
CSR-4460

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