

# FORMAL AGENDA MEETING

**Thursday, April 2, 2015**

**5:30 p.m.**

**67<sup>th</sup> Session of the 9<sup>th</sup> Council**

Call to order

Moment of Silence or Invocation

Pledge of Allegiance

Roll Call

Authorization to Excuse Members from Meeting

Amendments to and approve of the agenda

Approval of the Minutes

1. March 26, 2015

Mayor Report

Departmental Head Reports

Special Presentation

Community Announcements

Recognition of Elected Officials

Agenda Address

Agenda Items

Old Business

2. Report received from the City Administrator regarding a resolution for the Zoning Ordinance Amendments related to the Master Plan. **(Postponed on 3-26-2015 for one week.)**
3. Report received from the City Administrator regarding Senior Center Rental Rates. **(Postponed on 3-26-2015 for one week.)**

Communication/Correspondence

4. Report received from the City Administrator regarding a Resolution for the OPEB Actuarial Report.

Public Comments

Clerk and Council Closing Comments

Adjournment

March 26, 2015

**Official Proceedings  
Pontiac City Council  
66<sup>th</sup> Session of the Ninth Council**

A Regular Meeting of the City Council of Pontiac, Michigan was called to order in City Hall, Thursday, March 26, 2015 at 5:30 p.m. by President Patrice Waterman.

Invocation – Kermit Williams

Pledge of Allegiance

Roll Call

Members Present: Carter, Holland, Pietila, Taylor-Burks, Waterman, Williams and Woodward.  
Mayor Waterman was absent.

Clerk announced a quorum.

15-76            **Amendment to add two oral reports for the Law & 50 District and Real Estate Subcommittee Meeting and approval of the Agenda.** Moved by Councilperson Woodward and supported by Councilperson Taylor-Burks.

Ayes: Carter, Pietila, Taylor-Burks, Waterman, Williams and Woodward

No: None

**Motion Carried.**

**Holland was temporarily excused.**

15-77            **Journal of March 19, 2015.** Moved by Councilperson Woodward and supported by Councilperson Taylor-Burks.

Ayes: Carter, Pietila, Taylor-Burks, Waterman, Williams and Woodward

No: None

**Motion Carried.**

**Holland was temporarily excused.**

Departmental Head Reports – Joseph Sobota-City Administrator

Special Presentation – Water Resource Commission and Dennis Cowan

Community Announcements - Kermit Williams

Recognition of Elected Officials – State Representative Tim Greimel and County Commissioner David Bowman

There were 8 individuals who addressed the body during public comments

March 26, 2015

Councilman Don Woodward left the meeting at 7:26 p.m.

15-78            **Postpone for one week the report received from the City Administrator regarding a Resolution for the Zoning Ordinance Amendments related to the Master Plan.** Moved by Councilperson Williams and supported by Councilperson Holland.

Ayes: Carter, Holland, Taylor-Burks, Waterman and Williams

No: None

**Postponed for one week.**

**Councilwoman Pietila was temporarily excused.**

Councilman Woodward was excused from the meeting at 7:26 p.m.

15-79            **Postpone for one week the report received from the City Administrator regarding a Resolution for the Senior Center Rental Rates.** Moved by Councilperson Williams and supported by Councilperson Taylor-Burks.

Ayes: Carter, Holland, Taylor-Burks, Waterman and Williams

No: None

**Postponed for one week.**

**Councilwoman Pietila was temporarily excused.**

15-80            **Postpone for one month the report received from the City Administrator regarding a Resolution to offer the purchase of lots on Woodward, Wessen and 217 N. Saginaw.** Moved by Councilperson Williams and supported by Councilperson Taylor-Burks.

Ayes: Holland, Taylor-Burks, Waterman and Williams

No: Carter

Abstain: Pietila

**Postponed for one month.**

15-81            **Report received from the City Administrator regarding a Resolution for the 2015-2018 Emergency Medical Dispatch Service Agreement.** Moved by Councilperson Taylor-Burks and supported by Councilperson Pietila.

Whereas, the City is authorized by law to provide emergency medical service, as defined in the Agreement, for its residents; and,

Whereas, in order to provide effective emergency medical service for its residents, the City must also provide emergency medical communication and dispatch functions; and,

Whereas, the Oakland County Sheriff's Office provides emergency medical communication and dispatch functions and has the capability to provide emergency medical dispatch but, absent an agreement, is not obligated to provide "emergency medical dispatch service", as defined in the Agreement, for the City; and,

Whereas, the County and City may enter into an agreement by which the Oakland County sheriff's Office would provide emergency medical dispatch service for the City; and,

March 26, 2015

Whereas, the City has concluded that it is more cost effective to contract for emergency medical dispatch service with the Oakland County Sheriff's Office than to equip and staff its own emergency medical communication and dispatch center; and,

Whereas, the Oakland County Sheriff's Office agrees to provide emergency medical dispatch service for the City under the terms and conditions of the Agreement;

Now, Therefore, Be It Resolved, that the Pontiac City Council accepts the 2015-2018 Emergency Medical Dispatch Service Agreement between the County of Oakland and the City of Pontiac and authorizes the City Administrator to sign document as presented.

Ayes: Carter, Holland, Pietila, Taylor-Burks, Waterman and Williams

No: None

**Resolution Adopted.**

15-82           **Resolution for the March 2015 IT Subcommittee Meeting.** Moved by Councilperson Pietila and supported by Councilperson Taylor-Burks.

Be It Further Resolved that The Pontiac City Council has accepted the written and oral report for the March 2015, IT Subcommittee Meeting. The City Clerk will properly file and keep all records.

Ayes: Carter, Holland, Pietila, Taylor-Burks and Waterman

No: None

**Councilman Williams was temporarily excused.**

**Resolution Adopted.**

15-83           **Suspend the Rules to allow a vote on the Real Estate and Law & 50<sup>th</sup> District Court Subcommittee Resolutions.** Moved by Councilperson Pietila and supported by Councilperson Taylor-Burks.

Ayes: Carter, Holland, Pietila, Taylor-Burks and Waterman

No: None

**Councilman Williams was temporarily excused.**

**Motion Carried.**

15-84           **Resolution for Hattie Manley.** Moved by Councilperson Taylor-Burks and supported by Councilperson Pietila.

Whereas, the members of the Pontic City Council and Mayor acknowledge the importance of our seniors; and,

Whereas, *Ms. Hattie Manley* coming from humble beginnings in Nashville, Tennessee to the City of Pontiac has proved to be a trailblazer with a deeply rooted spiritual background, she is well-respected, trusted and a loved member of the church and community; and,

Whereas, in recognition of *Ms. Manley's* 90 years young and special events that are being held in her honor; and,

March 26, 2015

Whereas, *Hattie* has been an encouragement and blessing to her family and members of St. Stephens Missionary Baptist Church, where she has served on numerous ministries; such as Outreach Food Program, coordinating of breakfast and dinner programs, the training of volunteer nurses in the church and community, she received the Sojourner Truth Award in 2006 from the National Association of Business and Professional Women's Clubs, Inc. of Pontiac.

Now, Therefore, Be It Resolved, that the members of the Pontiac City Council and the Mayor extend our sincere congratulations to *Ms. Hattie Manley* as she celebrates this momentous occasion on Sunday, March 29, 2015 at 4:00 p.m., at the St. Stephens Missionary Baptist Church in the Clifford Coit Fellowship Hall, City of Pontiac.

Ayes: Carter, Holland, Pietila, Taylor-Burks and Waterman

No: None

**Councilman Williams was temporarily excused.**

**Resolution Adopted.**

15-85      **Resolution for Bishop and Dr. Rutley.** Move by Councilperson Williams and supported by Councilperson Pietila.

Whereas, the Pontiac City Council and Mayor acknowledge the importance of clergy and community leaders; and,

Whereas, Bishop and Dr. Rutley have truly been a blessing to the Pontiac Community, dedicated to both family and the work of the ministry; and,

Whereas, Bishop Rutley served as PTA President two years straight in the late 90's for Pontiac Northern High School and,

Whereas, Berea has given away school supplies every year to the community under Bishop & Dr. Rutley's Leadership; and,

Whereas, Berea started a Drug and Alcohol Recovery program in 2013 under their leadership; and,

Whereas, Bishop and Dr. Rutley have been active supporters of the Oakland County Ministerial Fellowship for years; and,

Whereas, In 2013 Dr. Dara Rutley released her first book, "The Secret To Successful Relationships", which has carried her across the U.S. to do television and radio interviews, speaking engagements, book signings, and more and,

Whereas, In late 2014 after 23 years of Pastoring, Bishop Rutley felt that he had served his time as the under Shepherd. He officially stepped down as senior pastor and passed the mantel to his son Pastor Darick Rutley, who has served under him as associate pastor for nearly 7 years, Now, therefore, be it resolved, that the members of the Pontiac City Council and the Mayor extend our sincere congratulations to Bishop and Dr. Rutley on their tremendous service to the Pontiac Community.

Ayes: Carter, Holland, Pietila, Taylor-Burks, Waterman and Williams.

No: None

**Resolution Adopted.**

March 26, 2015

**15-86 Suspend the Rules to allow a vote on the Report from the City Administrator regarding a Resolution for Property Policies.** Move by Councilperson Pietila and Councilperson Taylor-Burks.

Ayes: Carter, Holland, Pietila, Taylor-Burks, Waterman and Williams.

No: None

**Motion Carried.**

**15-86 Report received from the City Administrator regarding a resolution for Property Policies.** Move by Councilperson Pietila and supported by Councilperson Taylor-Burks.

Whereas, The City of Pontiac previously sold parcels with a clause in deeds that required the new owner to reach certain date specific milestones; and,

Whereas, in certain instances, the new owner failed to attain the milestones, and,

Now, therefore, be it resolved, that when the City is made aware of the proposed sale of a parcel previously sold by the City that contains a performance based metric which was not met, the City shall not allow for the proposed sale of the property to be completed until such time that the City receives 94% of the proceeds from the sale with the balance of the proceeds being retained by the seller.

Whereas, the City of Pontiac owns several surplus parcels, and,

Whereas, the City of Pontiac may receive an offer to purchase the property that is not in conformance with Order S-334 or for which no sales price has been established;

Now, therefore, be it resolved, the City Council shall not consider any offer for any property that is larger than .25 acres for which the offer is not in accordance with Order S-334 or is not within five percent of a current and appropriate appraisal.

Be it further resolved, that the City Council desires that a proposed ordinance codifying this policy be presented to the City Council for consideration.

Ayes: Carter, Holland, Pietila, Taylor-Burks, Waterman and Williams.

No: None

**Resolution Adopted.**

**15-87 Postpone to the Real Estate Subcommittee for Review the report received from the City Administrator regarding a Resolution for offer to purchase lots 10.4 acres of Residential land.** Moved by Councilperson Holland and supported by Councilperson Taylor-Burks.

Ayes: Carter, Holland, Pietila, Taylor-Burks, Waterman and Williams.

No: None

**Postpone to the Real Estate Subcommittee for Review.**

**Patrice Waterman left at 8:26 p.m.**

March 26, 2015

City Clerk Sherikia Hawkins, Councilman Kermit Williams, Councilwoman Taylor-Burks, Councilman Mark Holland, Councilman Carter and Pro Tem Mary Pietila all made closing comments.

**Councilman Williams left at 8:48 p.m.**

**President Patrice Waterman adjourned the meeting at 9:06 p.m.**

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
SHERIKIA L. HAWKINS  
CITY CLERK

# OLD BUSINESS



# Memorandum

**To:** Pontiac City Council

**From:** Joseph M. Sobota, M.P.A., City Administrator 

**Date:** February 23, 2015

**Re:** Zoning ordinance amendments related to master plan

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Late last year, the Planning Commission adopted a new master plan for the City of Pontiac. The plan contained several new components, among which are: the creation of entrepreneurial residential-commercial and entrepreneurial industrial-commercial overlay districts, adoption of a complete streets program, and the development of a transit oriented development overlay district. Each of these components requires the preparation of separate amendments to the City's zoning ordinance. Under the terms of the contract with Wade Trim, these types of amendments to the zoning ordinance are extra charges.

Attached, you will find a proposal from Wade Trim that describes each of the components, deliverables, meetings, the fee, and a completion date, if approval was confirmed by the Transition Advisory Board at their March 17 meeting.

These components were reviewed with the Community Development Committee during the meeting on February 17. Mayor Waterman expressed her full support for the need to proceed with the development of the language to amend the zoning ordinance.

Sufficient funds are available for the current fiscal year. If work is not completed by June 30, a budget amendment may be required for the ensuing fiscal year; however, the City will have adequate reserves to cover any expenditures of this level.

**Assuming Council supports the preparation of these amendments to the zoning ordinance, the City Council is requested to adopt the following resolution no later than March 5:**

*WHEREAS, the 2014 Master Plan calls for the creation of three new overlay districts and the implementation of a Complete Streets program; and*

*WHEREAS, the Pontiac City Council believes that these components of the Master Plan should be implemented; and*

*WHEREAS, the Pontiac City Council has received a proposal from Wade Trim dated February 13, 2015 for additional zoning projects;*

***NOW, THEREFORE, BE IT RESOLVED*** that the Pontiac City Council accepts the proposal from Wade Trim dated February 13, 2015 for additional zoning projects as presented in the amount of \$37,000.



# WADE TRIM

February 13, 2015

Mr. Joseph Sobota, City Administrator  
City of Pontiac  
47450 Woodward Ave.  
Pontiac, MI 48342

Re: Proposal for additional zoning projects

Dear Mr. Sobota:

The first step in implementing the action items contained in the City's updated Master Plan is to do an update of the Zoning Ordinance. There is a significant amount of minor updating that Wade Trim staff will perform in the normal course of duty. For these text and map amendments, James Sabo will coordinate all updates with the Planning Commission, who will ultimately recommend adoption to City Council.

There are three major zoning updates that fall outside of the scope of services contained in our contract. All of these projects are recommended specifically in the Master Plan and called out in the Implementation Plan. We believe that it is important to capitalize on the community enthusiasm and support for the Master Plan and to build on that energy to complete the necessary zoning updates.

These projects, proposed professional fees and proposed schedule are listed below:

**1. Develop Entrepreneurial Residential-Commercial and Entrepreneurial Industrial-Commercial Overlay District standards.**

Developing new overlay district language for the two proposed entrepreneurial districts is the foundation of the City's neighborhood economic development strategy and should be the top priority.

Wade Trim staff will develop draft ordinance language and present to the Planning Commission for initial review. Following the first review by the Planning Commission, staff will revise the ordinance language based on comments from both the public and Planning Commission. The revised ordinance language will be presented to the Planning Commission as part of a public hearing. Following the public hearing, Planning Commission will vote to recommend that Council adopt the ordinance language and map. Staff will also present the proposed ordinance to City Council for a first reading and public hearing. At this point, council may offer and changes to the ordinance text or map. At the second reading, Council will be asked to adopt the proposed ordinance and map.

**Wade Trim Associates**  
500 Griswold Avenue  
Suite 2500  
Detroit, MI 48226

313.961.3650  
800.841.0342  
313.961.0898 fax  
[www.wadetrिम.com](http://www.wadetrिम.com)

Deliverables:

- Entrepreneurial Residential-Commercial and Entrepreneurial Industrial-Commercial Overlay District text and maps. Additionally, these overlay districts will include the following:
  - Purpose statements
  - Listing of allowable uses
  - Building and design standards
  - Performance standards
  - Review and approval procedures

Meetings:

- Attend two Planning Commission Meetings
- Attend up to two City Council Meetings (or one City Council meeting and one Community Development subcommittee meeting)
- Additional meetings will be billed at \$500 per meeting

Professional Fees: \$17,000. Target completion date: June 2015.

**2. Develop and adopt a new ordinance and policy document for a Complete Streets ordinance.**

The Master Plan contains a recommendation to “create a safe and connected multi-modal transportation network that provides an expanded range of transportation options and alternatives for all residents.” Specifically, the plan calls for the adoption of a Complete Streets Ordinance.

Wade Trim will work with the City Engineer, our transportation staff and City Council to develop a Complete Streets Ordinance. The final deliverable will be an ordinance based on industry best practices and practical design solutions.

Deliverables:

- Complete Streets Ordinance

Meetings:

- Attend up to two Planning Commission Meetings
- Attend up to two City Council Meetings (or one City Council meeting and one Community Development subcommittee meeting)
- Coordinate on kick-off and one review meeting with City Engineer.
- Additional meetings will be billed at \$500 per meeting

Professional Fee: \$10,000. Target completion date: July 2015

**3. Develop Transit Oriented Development Overlay District and incentives.**

Wade Trim will work with the Planning Commission to develop language for the Transit Oriented Development (TOD) Overlay district. Process will include at least two coordination meetings with City Engineer, Oakland County Planning & Economic Development staff and SMART officials.

Wade Trim staff will develop draft ordinance language and present to the Planning Commission for initial review. Following the first review by the Planning Commission, staff will revise the ordinance language based on comments from both

the public and Planning Commission. The revised ordinance language will be presented to the Planning Commission as part of a public hearing.

Following the public hearing, Planning Commission will vote to recommend that Council adopt the ordinance language and map. Staff will also present the proposed ordinance to City Council for a first reading and public hearing. At this point, council may offer and changes to the ordinance text or map. At the second reading, Council will be asked to adopt the proposed ordinance and map.

Deliverables:

- Transit Oriented Development Overlay District and Map
  - Includes potential development incentives
  - Purpose statement
  - Listing of allowable uses
  - Building and design standards
  - Performance standards
  - Review and approval procedures

Meetings:


- Attend two Planning Commission Meetings
- Attend up to two City Council Meetings (or one City Council meeting/public hearing and one Community Development subcommittee meeting)
- Additional meetings will be billed at \$500 per meeting

Professional Fee: \$10,000. Target completion date: October 2015.

Again, we the opportunity to be a part of the Pontiac team and look forward to discussing this further at your convenience.

Very truly yours,

Wade Trim, Inc.


A handwritten signature in black ink, appearing to read 'CS' or similar initials, written in a cursive style.

Charles Smith, AICP  
Project Manager

CFS:xxx  
PON7000-01d

# Memorandum

To: Pontiac City Council

From: Joseph M. Sobota, M.P.A., City Administrator 

Date: March 23, 2015

Re: Senior Center rental rates - revised

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On December 9, 2015, Mayor Waterman submitted a memorandum requesting a change in the proposed rental rates at the senior center. There have been several committee meetings on this subject. I understand that there was some confusion with the original request, so I have prepared the following language to improve the clarity of the resolution:

Approval of the State Treasurer is also required since this resolution seeks to amend an existing Order.

**Assuming Council approves the change in rental rates, the City Council is requested to adopt the following resolution no later than April 10 to be considered by the Transition Advisory Board at their meeting of April 22:**

*WHEREAS, the citizens of Pontiac have two senior community centers, the Bowen Center and the Ruth Petersen Center, that are being funded through a millage until 2016; and*

*WHEREAS, the 9<sup>th</sup> Council and the Mayor desire to make every effort for all residents of the City of Pontiac to be able to utilize the said facilities; and*

***NOW, THEREFORE, BE IT RESOLVED** that the Pontiac City Council establishes the following fee schedule for use of both senior centers in Pontiac:*

- *Hall rental for party or dance, \$100 per hour, four-hour minimum. Cleaning deposit, \$100, \$250 if more than 150 attendees.*
- *Funeral luncheons during normal business hours, \$35 per hour, four-hour minimum. Cleaning deposit \$100.*
- *Funeral luncheons during non business hours, \$50 per hour, four-hour minimum. Cleaning deposit \$100.*
- *Weekday meeting of registered non-profit organization during times outside of normal operation hours provided that a member is a resident of the City of Pontiac, \$25 per hour. Organization to provide certification of ACTIVE registration status with LARA. Cleaning deposit, \$100.*

- *Weekend meeting of registered non-profit organization during times outside of normal operation hours provided that a member is a resident of the City of Pontiac, \$35 per hour. . Organization to provide certification of ACTIVE registration status with LARA. Cleaning deposit, \$100.*
- *Meeting of registered non-profit organization during times outside of normal operation hours provided that a member is not a resident of the City of Pontiac, \$35 per hour. Organization to provide certification of ACTIVE registration status with LARA. Cleaning deposit, \$100.*
- *Use of center by an official government body of the City of Pontiac, County of Oakland, or State of Michigan for a meeting at any time, no charge.*
- *Non-exclusive use of center during normal business hours by any organization whose membership is primarily senior citizens and whose scope of activity is geared toward providing programming, educational, social networking activities for seniors and who are non-partisan, non-religious and not tied to any commercial enterprise and where a member is a resident of the City of Pontiac, no charge. Cleaning deposit, \$100. At no point may such organization charge admission to the facility or event except for an annual membership fee.*

**BE IT FURTHER RESOLVED** that the City Council requests the State Treasurer to approve an amendment to Order S-330 so such change in rates can be effective May 1, 2015.

COMMUNICATION/CORRESPONDENCE

# Memorandum

**To:** Pontiac City Council

**From:** Joseph M. Sobota, M.P.A., City Administrator 

**Date:** March 24, 2015

**Re:** OPEB actuarial report

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GASB 45 requires the City to obtain an updated actuarial report on its other post employment benefits every two years. The City is required to obtain an OPEB evaluation on all non-police and firefighter VEBA benefits.

Mr. Nazarko sought estimates from four different companies, although he was not required to obtain estimates per the Code of Ordinances. The estimates ranged from \$9,500 to \$20,000 (see attached). Mr. Nazarko is recommending that the City enter into an agreement with Findley-Davis for an amount not to exceed \$12,000.

Findley-Davies is based in Toledo, Ohio. They recently provided a service to the City of Lincoln Park. The Michigan Department of Treasury previously has approved the vendor for providing services to fiscally distressed communities.

This study must be completed for the fiscal year ending June 30, 2015, so time is of the essence.

**Assuming Council approves the recommendation to select Findley-Davies, the City Council is requested to adopt the following resolution no later than April 10 to be considered by the Transition Advisory Board at their meeting of April 22:**

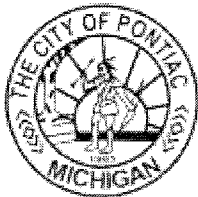
*WHEREAS, the City of Pontiac is required to obtain an actuarial evaluation of OPEB liabilities every two years; and*

*WHEREAS, the Finance Director solicited estimates from four qualified firms to perform the study; and*

*WHEREAS, the Finance Director believes that the estimate received from Findley-Davies of Toledo, Ohio is the lowest qualified estimate;*

***NOW, THEREFORE, BE IT RESOLVED*** that the Pontiac City Council authorizes the City Administrator to enter into an agreement with Findley-Davies of Toledo, Ohio to perform an actuarial evaluation of OPEB for an amount not to exceed \$12,000 and authorizes the City Administrator to execute the Engagement Letter dated March 24, 2015.





## **MEMORANDUM**

**City of Pontiac**  
**Finance Director**  
**Nevrus P. Nazarko, CPA**  
47450 Woodward Avenue  
Pontiac, Michigan 48342  
Phone: 248.758.3118  
Fax: 248.758.3197

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**DATE:** March 20, 2015

**TO:** Joseph Sobota, MPA,  
City Administrator

**FROM:** Nevrus P. Nazarko, CPA  
Finance Director

**CC:**

**SUBJECT:** OPEB actuarial report

Mr. Sobota,

City is required by GASB standards to have an OPEB actuarial valuation report done at least every two years. The last report was done for the period ending 12/31/2012, therefore we are due to have another done for the period ending 12/31/2014.

This report will spell out the City of Pontiac liability to provide health insurance to the GERS retirees. Also, we may use this same report in the course of our mediation proceedings with our current OPEB litigation.

I contacted 4 firms to get the quotes and they were:

- 1- BenStaff, Inc. for a fee of \$20,000
- 2- Findley-Davies for a fee of \$9,500 to \$12,000
- 3- Rodwan Consulting for a fee of \$14,000
- 4- CBIZ Retirement Plan Services for a fee of \$15,000

All the above quotes came in in writing and we gave them pertinent information on the scope of services as well as the last year's report (12/31/2012)

After evaluating the quotes I am recommending to engage the firm of Findley Davies for our OPEB actuarial needs.

Please let me know if you have any questions or need additional information.



March 24, 2015

**CONFIDENTIAL**

Mr. Nevrus P. Nazarko, CPA  
Finance Director  
City of Pontiac  
[nnazarko@pontiac.mi.us](mailto:nnazarko@pontiac.mi.us)

Re: Engagement Letter – City of Pontiac Valuation of Other Postemployment Benefits (OPEB)

Dear Nevrus:

On behalf of Findley Davies, Inc., we very much appreciate the opportunity to provide a Valuation of Other Postemployment Benefits (OPEB) for the City of Pontiac. This letter will confirm our understanding of the scope of this project and provide a fee estimate.

**Background**

Relatively recently, the former emergency manager eliminated the retiree health care benefits program. That elimination is now being reviewed in a Michigan court and it is possible that the court will order reinstatement. That reinstatement possibility is why Pontiac wants a valuation of the liability. Pontiac opposes reinstatement and wants to present to the court the liability as determined by an independent actuarial firm so that the court can understand the material cost and liability of the retiree health benefits.

Dave Sheeran of Meadowbrook Insurance Agency is the broker of record for the City of Pontiac. Mr. Sheeran has advised the city regarding health care plan benefits and obtaining insured benefits. Mr. Sheeran originally contacted Findley Davies and made us aware of the need by the City of Pontiac for a valuation of the retiree medical benefits, if those were to be reinstated. As a consequence, we are providing this proposal to provide that retiree medical plan valuation to the City of Pontiac.

**Scope of Services and Timing**

Findley Davies will provide to the City of Pontiac a valuation of the liability of the now terminated retiree medical plan if that plan or program would be reinstated. All data and other information regarding the design of that terminated plan will be provided by Mr. Sheeran and you.

Depending on the results, you may want additional liabilities calculated. This might entail a change in the benefit provisions, trend rates, discount rate, mortality table, or some combination of the preceding. These would be considered additional scenarios and will result in additional fees.

While this valuation may be used in litigation, we have not quoted any time or fees for presentations in court (or elsewhere) or testimony. Should that need arise, Findley Davies will need to discuss with you or your counsel the additional fees for court time.

### **Fees and Payments**

Our consulting fees are based on time and consultant level required to deliver quality results. We estimate our fees to be \$9,500 to \$12,000. These fees reflect the time and effort it will take to program the plan design and assumptions into our valuation system. Running later iterations will be less expensive. This fee also includes some data understanding and set-up so that our valuation system can properly value the liability. If additional calculations are required, we estimate each new calculation to be approximately \$1,000 per scenario. Our normal practice is to issue monthly invoices for the fees and expenses incurred as the work progresses. Our invoices are payable upon receipt.

### **Timing**

We will deliver the valuation report within 4 weeks of receiving all plan design and cost data. If this does not meet your needs, we can discuss an alternative due date.

### **Actuarial Team**

The lead actuary on this project will be Amy Kennedy and she will work with Amy Gentile. They both have a proven track record of producing high quality work. We can provide bios for them upon request.

### **Confidentiality and Privacy**

As a matter of professional responsibility and ethics, we strive to preserve the confidences and secrets of our clients and their employees. We can perform truly beneficial services for the City of Pontiac only if we are aware of all information that might be relevant to our representation. Consequently, we trust that our relationship with you on behalf of the City of Pontiac will be based on mutual confidence and unrestricted communication that will facilitate our ability to provide the highest quality services to the City of Pontiac. You should note, however, that there is no legally enforceable absolute confidentiality privilege between a consultant and its clients in most jurisdictions.

Use of the work product and information produced under this agreement is limited to use or disclosure by the City of Pontiac and other designated third-party users (*e.g.*, auditor, legal counsel, etc.) only on a need-to-know basis for the purposes for which the work is intended. Again, we understand that this valuation may be used in litigation and as a consequence, Findley Davies understands and agrees that the valuation may be disclosed to the City of Pontiac's legal counsel, to any litigants involved in the review of eliminating the retiree health care benefits, and to the court.

Findley Davies will provide a Business Associate Agreement to both the City of Pontiac and Meadowbrook, so that if any PHI is disclosed all of us are properly protected and meeting our respective HIPAA responsibilities. While we expect that there will be no PHI disclosed to Findley Davies, nonetheless signing a BAA is a "best practice" to remove any concern regarding HIPAA compliance.

Mr. Nevrus P. Nazarko, CPA  
Page 3  
March 24, 2015

### **Termination of Services**

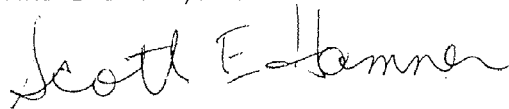
The City of Pontiac shall at all times have the right to terminate our services. We would appreciate this request in writing. Such termination shall not, however, relieve the City of Pontiac of the obligation to pay for all services we have performed and the expenses paid or incurred on the city's behalf prior to the date of such termination, regardless of the form of the fee arrangement set forth above, to the extent that such fees and expenses are reasonable and related to the agreed upon services set forth in this agreement.

We reserve the right to withdraw from our representation if the City of Pontiac fails to honor the terms of this letter or if any other fact or circumstance arises which would, in our view, render our continuing representation unlawful, unethical, or unworkable. If we elect to withdraw, we will be entitled to be paid for all services we have performed and the expenses paid or incurred on the city's behalf to the date of withdrawal. If we withdraw, we will take reasonable steps required to avoid foreseeable prejudice of the city's rights. Completion of services under this agreement and the provision of any transition services or information to prospective new third-party vendors (*e.g.*, consultants, actuaries, administrators, etc.) are contingent upon resolution of any outstanding fee issues.

### **Summary**

If any part of this letter differs from your understanding of this engagement, please notify us at once so we can establish and document a proper mutual understanding. We appreciate the opportunity to assist you and look forward to begin working on this project.

Sincerely,  
FINDLEY DAVIES, INC.



Scott E. Hamner  
Principal

### **Acceptance**

If this letter meets with your approval, please sign and return one original to my attention at Findley Davies, Inc., One SeaGate, Suite 2050, Toledo, OH 43604.

Agreed to and accepted by:  
**City of Pontiac, MI**

Nevrus P. Nazarko  
Finance Director  
City of Pontiac

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

# NOTES