



CITY OF PONTIAC
OFFICE OF THE EMERGENCY MANAGER
LOUIS H. SCHIMMEL

47450 Woodward Avenue
Pontiac, Michigan 48342
Telephone: (248) 758-3133
Fax: (248) 758-3292

Dated: April 20, 2012

ORDER NO. S-197

RE: Non-Union Retiree Health Insurance Recipients

TO: Sherikia Hawkins, City Clerk
Cathy Square, Human Resources Director

The **Local Government and School District Fiscal Accountability Act (Public Act 4 of 2011)** in **Section 17(1)** empowers an Emergency Manager to issue the orders the Manager considers necessary to accomplish the purposes of the Act and any such orders are binding on the local officials or employees to whom they are issued. **Section 19(1)** provides that an Emergency Manager may take on one or more additional actions with respect to a local government in receivership: **(g)** Make, approve or disapprove any appropriation, contract, expenditure...”; **(k)** After meeting and conferring with the appropriate bargaining representative and, if in the emergency manager’s sole discretion and judgment, a prompt and satisfactory resolution is unlikely to be obtained, reject, modify, or terminate 1 or more terms and conditions of an existing collective bargaining agreement. The rejection, modification, or termination of 1 or more terms and conditions of an existing collective bargaining agreement under this subdivision is a legitimate exercise of the state’s sovereign powers if the emergency manager and the state treasurer determine that all of the following conditions are satisfied...; **(l)** Act as sole agent of the local government in collective bargaining with employees or representatives and approve any contract or agreement; **(ee)** Take any other action or exercise any power or authority of any officer, employee, department, board, commission, or other similar entity of the local government, whether elected or appointed, relating to the operation of the local government. The power of the emergency manager shall be superior to and supersede the power of any of the foregoing officers or entities...; and **19(2)** ...the authority of the chief administrative officer and governing body to exercise power for and on behalf of the local government under law, charter, and ordinance shall be suspended and vested in the Emergency Manager.

It is hereby ordered:

- I. Concerning only non-union retirees* to the extent the retirees are eligible and currently receive the benefits of health insurance, the following provisions shall apply.

Healthcare

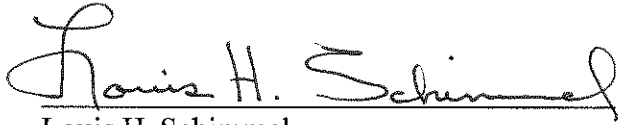
- A. The City shall provide all pre-age 65 retirees with healthcare insurance in the form of Humana PPO - 08 Plan or a comparable plan with another carrier. The Medicare aged retirees will be provided one Medicare Advantage Plan, Plan G with \$10/\$20/\$40/\$40 RX. (Provision retained from previous Order.)
- B. It is mandatory for current and future retirees to enroll in Medicare upon reaching eligible age. The retirees may, at the City's discretion, be required to participate in a Medicare Advantage plan. (Provision retained from previous Order.)
- C. The City will not pay any Medicare Part B premium. (Provision retained from previous Order.)
- D. Current pre-65 age retirees shall pay by deduction from their pension checks the amount above the "hard-cap" (as defined in Public Act 152 of 2011), or twenty percent (20%) of the annual rates, whichever is higher, to be effective July 1, 2012.
- E. The City shall be permitted to modify the existing health insurance coverage for pre-65 age (non-Medicare) retirees, including the authorization to use any type of plan (PPO, EPO, HMO, etc.), provided by any carrier (BC/BSM, HAP, Humana, Aetna, etc.) and use any plan design (HAS, HRA, fully-insured, self-funded, etc.), to be effective July 1, 2012.
- II. The Human Resources Director is directed to take all steps necessary to advise the retirees and the various insurance providers of the changes in coverage.

The Order shall have immediate effect.

Copies of the documents referenced in this Order are to be maintained in the offices of the City Clerk and may be reviewed and/or copies may be obtained upon submission of a written request consistent with the requirements of the Michigan Freedom of Information Act and subject to any exemptions contained in that state statute and subject to any exemptions allowed under that statute (**Public Act 442 of 1976, MCL 15.231, et. seq.**).

***Unless otherwise noted, retirees shall include both eligible spouses of retirees as well as eligible dependent.**

This Order is necessary in order to carry out the duties and responsibilities required of the Emergency Manager as set forth in the **Local Government and School District Fiscal Accountability Act (Public Act 4 of 2011)** and the contract between the State of Michigan and the Emergency Manager.

A handwritten signature in black ink that reads "Louis H. Schimmel". The signature is written in a cursive style with a horizontal line underneath the name.

Louis H. Schimmel
City of Pontiac
Emergency Manager

cc: State of Michigan Department of Treasury
Mayor Leon B. Jukowski
Pontiac City Council