



**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:** May 21, 2013

**ORDER NO. S-271**

**RE: Resolution requesting termination of revolving loan program**

**TO: Sherikia Hawkins, City Clerk**  
**John Naglick, Finance Director**  
**Joseph M. Sobota, Director, Department of Community Development/Assistant to Emergency Manager**

The Local Financial Stability and Choice Act (Act 436 of 2012/MCL 141.15411, et. seq.) in Section 10 empowers an Emergency Manager to issue orders to the appropriate local elected and appointed officials and employees, agents, and contractors of the local government a Manager considers necessary to accomplish the purposes of the Act and any such orders are binding on the local elected and appointed officials and employees, agents, and contractors of the local government to whom they are issued.

Section 12(1) of the Act provides that “[a]n emergency manager may take 1 or more of the following additional actions with respect to a local government that is in receivership, notwithstanding any charter provision to the contrary: (ee) [t]ake 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.”

*WHEREAS*, the U.S. Department of Commerce, Economic Development Administration (EDA), has made a grant to the City of Pontiac, EDA Award No. 06-39-01985, in the amount of \$1,000,000 for the purpose of establishing and operating a revolving loan fund (RLF); and,

*WHEREAS*, the City of Pontiac provided a matching contribution of \$333,000 for the RLF; and,

*WHEREAS*, there are no outstanding loans in the program; and,

*WHEREAS*, the City of Pontiac no longer has the capacity to administer the revolving loan program, has employees with any historical knowledge of the program, or employees with any understanding of the rules of the program; and,

*WHEREAS*, the Economic Development Administration has recommended that the City terminate the program for convenience because of the reasons identified above and the City of Pontiac has agreed; and,

*WHEREAS*, the City of Pontiac is holding approximately \$1,268,563.03 in trust that represents funding from the City of Pontiac and the Economic Development Administration; and,

*WHEREAS*, the City of Pontiac desires to be released from the requirements of, and responsibilities to, the EDA with regard to the future use of the assets of the RLF; and,

**WHEREAS**, the EDA has indicated that the Commission can be released from the requirements of, and responsibilities to, the EDA with regard to the assets of the RLF, by repayment to the EDA in cash of its proportionate share of the current RFL capitalization.

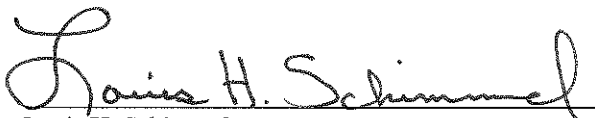
**It is hereby ordered:**

1. The City of Pontiac concurs with the recommendation of the Economic Development Administration and hereby requests that the Economic Development Administration approve the City's request for termination for convenience.
2. Mr. Joseph M. Sobota shall provide all assistance required by the Economic Development Administration to terminate the program.
3. Mr. Joseph M. Sobota shall submit to the EDA an Offer for Mutual Termination and Deobligation of Grant Agreement for Convenience from EDA, and the Mr. John Naglick shall pay the EDA its proportionate share of the RFL capitalization from the RFL cash reserves at the time of the grant agreement's termination.
4. All resolutions or parts of resolutions in conflict with any of the provisions of this Resolution are hereby repealed.

**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.**).

This order is effective as indicated and is necessary to carry out the duties and responsibilities required of the Emergency Manager as set forth in the Local Financial Stability and Choice Act (Act 436 of 2012/MCL 141.15411, et. seq.) and the contract between the Local Emergency Financial Assistance Loan Board and the Emergency Manager.



Louis H. Schimmel  
City of Pontiac  
Emergency Manager

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