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MAYOR
CITY OF PONTIAC

For Immediate Release
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CITY OF PONTIAC ANNOUNCES SETTLEMENT
OF RETIREE HEALTHCARE LITIGATION

After almost three years of litigation and active mediation, the City of Pontiac and the City of Pontiac Retired Employees Association (CPREA), are pleased to announce that they have reached a tentative agreement to settle the retiree health litigation, once completed. This settlement concludes CPREA's litigation against the City, which began when the former Emergency Manager decided to eliminate all retiree health care and related benefits in favor of a monthly trend.

The key parts of this settlement include the City's continued guarantee of 100% of pension benefits as well as the restoration of health, dental and optical benefits for all eligible retirees.

Today, the CPREA Board announced through their President, Claudia Filler, that they had ratified the settlement agreement this past Monday. This is one step in a multi-level certification process that will involve approval by the Federal District Court, Pontiac City Council, CPREA membership and the RTAB. Once the Settlement receives final approval, it will end the long-standing litigation which began in 2012 when former Emergency Manager Louis Schimmel eliminated retiree health care as a cost-saving initiative during the City's financial crisis.

Upon receiving news of CPREA's notification, Pontiac Mayor Deirdre Waterman commented: "I am most pleased that our negotiations have been successful. This agreement is the fulfillment of a long process to resolve this difficult issue amicably. This is a great win for both the City and the retirees that we have structured a unique agreement that will restore and protect benefits to the retirees while not adding additional financial stress to our taxpayers."

CPREA President, Claudia Filler, declined public comment until the Board notifies their retiree members of the Board's decision.

Pontiac's Emergency Manager was terminated August 19, 2013, but financial oversight was assigned by Governor Snyder to the RTAB and the operational control of a City Administrator who controlled the City's budget until June 30, 2016. The City Administrator's position was terminated when Mayor Waterman appealed to the State Treasury that financial control should be returned to the elected officials, since the financial crisis had been resolved and financial benchmarks set by the State Treasury had been met and exceeded.

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This settlement will continue the City's progress towards financial recovery and stability. In addition, the settlement represents one of the City's last significant hurdles to finally emerge from State control. The settlement also resolves the funding dispute between the City and the Police and Fire VEBA, which is currently pending before the Michigan Supreme Court.

City Attorney John Clark stated: "While we were confident in defending the City's legal position, it is always more advantageous when a dispute can be resolved amicably. This is a great result from the City's perspective and is a significant step towards the complete and final restoration of local control."

A joint press conference of the City and CPREA has been scheduled for Friday, April 7, 2017, 10:00 am in Council Chambers at Pontiac City Hall.