

PONTIAC CITY COUNCIL

Kermit Williams, District 7
President
Randy Carter, District 4
President Pro Tem



Patrice Waterman, District 1
George Williams, District 2
Mary Pietila, District 3
Gloria Miller, District 5
Dr. Doris Taylor Burks, District 6

It is this Council's mission "To serve the citizens of Pontiac by committing to help provide an enhanced quality of life for its residents, fostering the vision of a family-friendly community that is a great place to live, work and play."

Garland S. Doyle, M.P.A.
Interim City Clerk

FORMAL MEETING (AMENDED AGENDA)

November 26, 2019

12:00 P.M.

125th Session of the 10th Council

Call to order

Invocation

Pledge of Allegiance

Roll Call

Authorization to Excuse Councilmembers

Amendments to the Agenda (Move Item 7 after minutes and allow the public comments on VEBA; Postpone Items 14 and 15 for two weeks, Postpone Item 13 until second week of January, Add Resolution that Agenda Items are due on Wednesday because of the Holiday)

Approval of the Amended Agenda

Approval of the Minutes

1. November 19, 2019

Mayor's Office

2. Resolution to approve VEBA documents; and authorize Mayor and Irwin Williams, Acting Finance Director to execute the City of Pontiac VEBA Declaratory Trust Agreement; and pursuant to the terms of the Settlement Agreement to appoint an individual to serve as a trustee under the City of Pontiac VEBA Declaratory Trust Agreement; and to authorize the Mayor to execute the City of Pontiac Retiree Group Health Insurance Plan and direct Miller Canfield to submit all IRS documents; and authorize a trustee of the City of Pontiac's VEBA Trust to authorize Miller Canfield to submit the City of Pontiac VEBA Trust Application for Recognition of Exemption Under Section 501(a) (Form 1024); and authorize payment of all necessary IRS filing fees with the above referenced submissions.

Public Comment on VEBA

Subcommittee Reports

3. Department of Public Works (DPW)- November 21, 2019
4. Finance- November 12, 2019

Special Presentations

5. Pontiac Transportation Museum

Presentation Presenters: Rick David and Terry Connolly

6. Low-Income Tax Credit Development for Carriage Circle

Presentation Presenter: Ahmad Taylor, Executive Director, Pontiac Housing Commission

Recognition of Elected Officials

Agenda Address

Resolutions

City Council

7. Resolution honoring Eugene Jackson

Mayor's Office

8. Resolution to approve the salary pay range for the Finance Director position between \$100,000.00 and \$120,000.

City Clerk

9. Resolution to authorize the agreement between SRT Consulting, LLC and the City for SRT Consulting, LLC to serve as the Professional Expert-Financial Advisor to the City Clerk under Ordinance 2357(B) City of Pontiac Medical Marihuana Facilities Ordinance and authorize the Mayor to sign the agreement not to exceed \$120,000.
10. Resolution to authorize the agreement between Kesto Law, P.L.L.C and the City for Kesto Law, P.L.L.C to serve as the Professional Expert-Legal Advisor to the City Clerk under Ordinance 2357(B) City of Pontiac Medical Marihuana Facilities Ordinance and authorize the Mayor to sign the agreement not to exceed \$10,500.

Department of Public Works (DPW)

11. Resolution to authorize Mayor to sign a one year contract with Clean Net of Greater Michigan, Inc., for custodial services in an amount not to exceed \$228,126.74.

Planning/Community Development

12. Resolution to schedule two public hearings on December 10, 2019. A public hearing to establish an Industrial Development District for Challenge Manufacturing Company, LLC 2501 Centerpoint Parkway, parcel 19-03-200-021. A public hearing to consider an Application for Industrial Facilities Tax Exemption Certificate for Challenge Manufacturing Company, LLC 2501 Centerpoint Parkway, parcel 19-03-200-021.
13. Resolution to approval Mayoral recommendation to reappoint the following individuals to the Planning Commission: Mona Parlove for a term ending June 30, 2021 and Dayne Thomas for a term ending June 30, 2022.

Pontiac Youth and Empowerment Center (PYREC)

14. Resolution to approve a budget amendment for fiscal year 2019/2020 to allocate a total of \$51,456.09 (includes fringe benefits), from the Youth Recreation Fund's (208) fund balance to Youth Recreation Fund Recreation Facility Department (756) Personnel Accounts. The breakout of these funds into accounts is as follows; \$34,666.67 to Salaries and Wages account 208-756-702.00, \$2,652 to F.I.C.A City Contribution account 208-756-715.000, \$9,320.50 to Medical Insurance account 208-756-716.000, \$438.36 to Life Insurance account 208-756-717.000, \$2,333.33 to MERS Employer Contribution account 208-756-718.500, \$1,866.67 to Workers Compensation Insurance account 208-756-719.000, and lastly \$178.56 to Dental Insurance account 208-756-719.001. The total funds amount of \$51,456.09 are to be used to restore the Pontiac Youth and Empowerment Center's (PYREC) Youth Recreation Assistant Manager position to a full time status. (This item cannot be approved until after the resolution to authorize the City Clerk to publish the notice of the budget amendment has been approved and one week after the publication of the notice. It takes 5 votes to approve a budget amendment.)

- ~~15. Resolution to direct the City Clerk to publish the notice in a newspaper of general circulation at least one week before consideration of the proposed budget amendment for the Pontiac Youth Recreation and Enrichment Center (PYREC) for fiscal year 2019/2020 to allocate a total of \$51,456.09 (includes fringe benefits), from the Youth Recreation Fund's (208) fund balance to Youth Recreation Fund—Recreation Facility Department (756) Personnel Accounts. The breakout of these funds into accounts is as follows; \$34,666.67 to Salaries and Wages account 208-756-702.00, \$2,652 to F.I.C.A—City Contribution account 208-756-715.000, \$9,320.50 to Medical Insurance account 208-756-716.000, \$438.36 to Life Insurance account 208-756-717.000, \$2,333.33 to MERS Employer Contribution account 208-756-718.500, \$1,866.67 to Workers Compensation Insurance account 208-756-719.000, and lastly \$178.56 to Dental Insurance account 208-756-719.001. The total funds amount of \$51,456.09 are to be used to restore the Pontiac Youth and Empowerment Center's (PYREC) Youth Recreation Assistant Manager position to a full-time status.—~~

Communication from the Mayor

16. Phoenix Center Update

Public Comment

Resolution

Office of the City Clerk

17. Resolution that agenda items for the December 3, 2019 City Council Study Session will need to be provided to the City Clerk no later than 5:00 p.m. on Wednesday, November 27, 2019.

Mayor, Clerk and Council Closing Comments

Adjournment

#1

MINUTES

November 19, 2019 Study

**Official Proceedings
Pontiac City Council
123rd Session of the Tenth Council**

A Study Session of the City Council of Pontiac, Michigan was called to order in City Hall, Tuesday, November 19, 2019 at 6:00 p.m. by Council President Kermit Williams.

Call to Order

Roll Call

Members Present: Pietila, Taylor-Burks, Waterman, G. Williams and K. Williams.

Members Absent: Carter and Miller.

Mayor Waterman was present.

Clerk announced a quorum.

19-561 **Excuse Councilperson Randy Carter and Gloria Miller for personal reasons. Moved**
by Councilperson Taylor-Burks and second by Councilperson G. Williams.

Ayes: Taylor-Burks, Waterman, G. Williams and K. Williams

No: Pietila

Motion Carried.

19-562 **Motion to add a special presentation for Holiday Extravaganza after approval of**
minutes. Moved by Councilperson Pietila and second by Councilperson G. Williams.

Ayes: Pietila, Taylor-Burks, Waterman, G. Williams and K. Williams

No: None

Motion Carried.

Motion to remove Item # 5 from the agenda, there was no support. Motion Failed.

19-563 **Approve the agenda as amended. Moved** by Councilperson Taylor-Burks and second
by Councilperson Waterman.

Ayes: Waterman, G. Williams, K. Williams, Pietila and Taylor-Burks

No: None

Motion Carried.

19-564 **Approval of meeting minutes for November 12, 2019. Moved** by Councilperson
Waterman and second by Councilperson G. Williams.

November 19, 2019 Study

Ayes: G. Williams, Pietila, Taylor-Burks and Waterman
No: None
Abstain: K. Williams
Motion Carried.

Councilwoman Gloria Miller arrived at 6:05 p.m.

19-565 **Resolution to go into Closed Session.** Moved by Councilperson Waterman and second by Councilperson Taylor-Burks.

Whereas, Michigan open Meetings Act Section 8(h), MCL 15.268(h), allows a public body to go into closed session to consider material exempt from discussion or disclosure by state or federal statute; and Whereas, Michigan Freedom of information Act Section 13 (g) exempts from disclosure records subject to the attorney-client privilege; to discuss an attorney-client privileged memorandum exempt from disclosure pursuant to MCL 15.243(1)(g) regarding CPREA Settlement Agreement.

Ayes: K. Williams, Miller, Pietila, Taylor-Burks, Waterman and G. Williams
No: None
Resolution Passed.

19-566 **Motion to come out of Closed Session.** Moved by Councilperson Waterman and second by Councilperson Taylor-Burks.

Ayes: Miller, Pietila, Taylor-Burks, Waterman, G. Williams and K. Williams
No: None
Motion Carried.

19-567 **Suspend the rules.** Moved by Councilperson Waterman and second by Councilperson Pietila.

Ayes: Miller, Pietila, Taylor-Burks, Waterman, G. Williams and K. Williams
No: None
Motion Carried.

19-568 **Motion to move items #6, 7 & 8 before public comment.** Moved by Councilperson Pietila and second by Councilperson Taylor-Burks.

Ayes: Pietila, Taylor-Burks, Waterman, G. Williams, K. Williams and Miller
No: None
Motion Carried.

Communication from the Mayor

CPREA Lawsuit Chronology Report
City Council to select City's VEBA Trustee

19-569 **Resolution to appoint Linda Watson to serve as a Trustee for VEBA .** Moved by Councilperson Waterman and second by Councilperson Taylor-Burks.

BE IT FURTHER RESOLVED, that pursuant to the terms of the Settlement Agreement, the City Council appoints Linda Watson to serve as a trustee under the City of Pontiac VEBA Declaratory Trust Agreement.

Ayes: Taylor-Burks, Waterman, G. Williams, K. Williams, Miller and Pietila

No: None

Resolution Passed.

Sixteen (16) individuals addressed the body during public comment.

Discussion

Status Update on Professional Experts to the City Clerk

- a. Announcement of Selection of Professional Expert-Financial Advisor to the City Clerk. The Interim City Clerk announced the selection of Sherman J. Taylor, JD CPA, SRT Consulting, LLC as the Professional Expert-Financial Advisor to the City Clerk.
- b. Announcement of Selection of Professional Expert-Legal Advisor to the City Clerk. The Interim City Clerk announced the selection of Klint Kesto, Esq., Kesto Law, P.L.L.C. as the Professional Expert-Legal Advisor to the City Clerk.

Received Mayoral Veto Statement regarding resolution 19-531 Motion to extend Medical Marihuana Moratorium until January 6, 2020.

Received Communication from the City Clerk regarding his response to Mayor's Veto of resolution 19-531 Medical Marihuana Moratorium.

19-570 **Suspend the rules.** Moved by Councilperson Taylor-Burks and second by Councilperson Pietila.

Ayes: Waterman, G. Williams, K. Williams, Miller, Pietila and Taylor-Burks

No: None

Motion Carried.

19-571 **Motion to vote on items #14 & #15.** Moved by Councilperson Taylor-Burks and second by Councilperson Pietila.

November 19, 2019 Study

Ayes: G. Williams, K. Williams, Miller, Pietila, Taylor-Burks and Waterman

No: None

Motion Carried.

19-572 **Resolution to approve a budget amendment for the fiscal year 2019-2020 to decrease a total of \$320,035 from the General Fund's (101) fund balance and increase General Fund's – Police/Sheriff Department (303) line item for the City of Pontiac's Law Enforcement Services Agreement with Oakland County Sheriff's Department, account 101-301-818-068 Prof. Serv.-Oakland Co. Sheriff, for a total of \$320,035. Moved by Councilperson Taylor-Burks and second by Councilperson Waterman.**

Whereas, a resolution has been passed to accept the revised law enforcement services agreement with the Oakland County Sheriff's Department effective December 21, 2019; and,
Whereas, a budget amendment is required to increase the General Fund – Police/Sheriff Department (301) line item 101-301-818-068 Prof. Serv. – Oakland Co. Sheriff in the amount of \$320,035;
Now, Therefore, Be It Resolved that the City Council hereby approves a budget amendment for the fiscal year 2019-2020 to decrease a total of \$320,035 from the General Fund's (101) fund balance and increase General Fund's – Police/Sheriff Department (301) line item for the City of Pontiac's Law Enforcement Services Agreement with the Oakland County Sheriff's Department, account 101-301-818-068 Prof. Serv.-Oakland Co. sheriff for a total of \$320,035.

Ayes: K. Williams, Miller, Pietila, Taylor-Burks, Waterman and G. Williams

No: None

Resolution Passed.

19-573 **Resolution to authorize the Mayor to sign the amended Law Enforcement Services Agreement with the Oakland County Sheriff's Department effective December 21, 2019 for the calendar years 2019 through 2021 for the following amounts: \$596,154 for 2019, \$612,995 for 2020, and \$630,278 for 2021. (The budget amendment must be approved before the agreement can be authorized.) Moved by Councilperson Pietila and second by Councilperson Waterman.**

Whereas, an amended contract is necessary to improve law enforcement services with the Oakland County Sheriff's Department, and
Whereas, a Directed Patrol Unit is to be added for additional law enforcement services,
Now Therefore, Be It Resolved that the City Council approves an amendment to the City of Pontiac's Law Enforcement Service Agreement with the Oakland County Sheriff's Department effective December 21, 2019 for the calendar years 2019 through 2021 for the following amounts: \$596,154 for 2019, \$612,995 for 2020, and \$630,278 for 2021.

Ayes: Miller, Pietila, Taylor-Burks, Waterman, G. Williams and K. Williams

No: None

Resolution Passed.

Councilwoman Patrice Waterman was excused from the meeting.

19-574 **Suspend the rules.** Moved by Councilperson Taylor-Burks and second by Councilperson G. Williams.

Ayes: Miller, Pietila, Taylor-Burks, G. Williams and K. Williams

No: None

Motion Carried.

19-575 **Resolution to schedule a Public hearing for Community Development Block Grant Program Year 2020 on December 3, 2019.** Moved by Councilperson Miller and second by Councilperson G. Williams.

Resolved that the Pontiac City Council schedule a public hearing on the Community Development Block Grant Application for Program Year 2020 on December 3, 2019 and instruct the clerk to have the public hearing published in the newspaper on or before November 21, 2019.

Ayes: Pietila, Taylor-Burks, G. Williams, K. Williams and Miller

No: None

Resolution Passed.

Council President Kermit Williams adjourned the meeting at 8:51 p.m.

GARLAND S. DOYLE
INTERIM CITY CLERK

#2

RESOLUTION

FINAL

CITY OF PONTIAC VEBA DECLARATORY TRUST AGREEMENT

November __, 2019

THIS CITY OF PONTIAC VEBA DECLARATORY TRUST AGREEMENT (the "Trust Agreement") is made and entered into November __, 2019, by the City of Pontiac, Michigan (the "City") and the Trustees (as hereinafter identified) and their successors. The City and the Trustees are collectively referred to herein as "Parties" and individually as a "Party."

WHEREAS, the City provides certain medical, prescription, dental, and vision benefits to eligible City retirees and their eligible spouses, dependents, and beneficiaries who elect to participate in the City of Pontiac Retiree Group Health and Insurance Plan (the "Plan") in accordance with provisions of the settlement agreement entered into in *City of Pontiac Retired Employees Association et. al. v. Schimmel et. al.*, Docket #64-2, Case No. 2:12-cv-12830-AC-PJK dated March 30, 2018 (United States District Court Eastern District of Michigan) ("the "Settlement Agreement") and the Plan ("Retiree Health Benefits"), both of which are incorporated herein; and

WHEREAS, the funds which will be contributed to and/or any insurance policies held by the trust created by this Trust Agreement will constitute a trust fund created for the purpose of funding the payment of Retiree Health Benefits (the "Trust Fund"); and

WHEREAS, the City desires to establish a trust exempt from taxation under Internal Revenue Code section 501(c)(9), which when combined with the Plan constitutes a voluntary employees' beneficiary association and conforms with the requirements of Internal Revenue Code section 501(c)(9) and its implementing regulations; and

WHEREAS, the City desires to establish this trust in order to provide Retiree Health Benefits through the Trust Fund, to irrevocably receive and hold in trust the Trust Fund assets, and to hold, invest and distribute the Trust Fund assets, all in accordance with this Trust Agreement ("Trust"); and

WHEREAS, the City desires for the Trust Fund to (1) comply with the applicable requirements of the Public Employee Health Care Fund Investment Act, Public Act 1999, No. 149, MCL 38.1211 *et. seq.* ("Act 149"), (2) to comply with the applicable requirements of Protecting Local Government Retirement and Benefits Act, Public Act 2017, No. 202, MCL 38.2801 *et. seq.* ("Act 202"), and (3) satisfy the applicable requirements of Statements No. 74 and 75 of the Governmental Standards Accounting Board ("GASB"); and

WHEREAS, the City desires the Trustees to hold and administer the Trust Fund, and the Trustees are willing to hold and administer such Trust Fund pursuant to the terms of this Trust Agreement; and

WHEREAS, on November __, 2019, the Pontiac City Council approved a resolution authorizing the adoption of this Trust Agreement.

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NOW, THEREFORE, the Parties agree and declare that this Trust Agreement is hereby entered into and the Trust Fund is hereby declared established to provide funding for Retiree Health Benefits.

ARTICLE 1 **DEFINITIONS**

The following definitions shall govern the following terms when used in this Agreement, unless otherwise specifically required by the context.

1.1 “Act 149” means the Public Employee Health Care Fund Investment Act, Public Act 1999, No. 149, MCL 38.1211 *et. seq.*

1.2 “Act 202” means the Protecting Local Government Retirement and Benefits Act, Public Act 2017, No. 202, MCL 38.2801 *et. seq.*

1.3 “Act 314” means the Public Employee Retirement System Investment Act, Public Act 1965, No. 314, MCL 38.1132 *et. seq.*

1.4 “Additional Contribution” has the meaning set forth in Section 3.5.

1.5 “Administrator” means the person, persons, firm, corporation or insurance company or companies, appointed by the Trustees to administer the Trust (or a function of the trust) as set forth in Section 5.3.

1.6 “Board of Trustees” means the seven Trustees appointed pursuant to Article 4.

1.7 “City” means the City of Pontiac, Michigan.

1.8 “Code” means the Internal Revenue Code of 1986, as may be amended from time to time.

1.9 “City of Pontiac Retired Employees Association” means the representative party in *City of Pontiac Retired Employees Association et. al. v. Schimmel et. al.*, Case No. 2:12-cv-12830-AC-PJK (United States District Court Eastern District of Michigan).

1.10 “Excess Assets” means the assets held within the GERS on the GERS Approved Termination Date which exceed 130% the GERS pension liabilities on that date.

1.11 “Fiscal Year” means the fiscal year under which the Trust shall be maintained beginning on July 1.

1.12 “GASB” means the Governmental Standards Accounting Board.

1.13 “GERS” means the City of Pontiac General Employees’ Retirement System.

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1.14 “GERS Approved Termination Date” means the date on which the GERS’ application for determination of plan termination (IRS Form 5310) is approved by the Internal Revenue Service.

1.15 “IRS Approval Date” means the date the IRS approves the Trust and the Plan as a VEBA Trust.

1.16 “Participant” means a Retiree (or his or her spouse and/or dependent) who is participating in the Plan.

1.17 “Parties” means the City and the Trustees.

1.18 “Plan” means the City of Pontiac Retiree Group Health and Insurance Plan.

1.19 “Retiree” means an employee who has retired from employment with the City and who is a member of the class which was a party to the Settlement Agreement.

1.20 “Retiree Health Benefits” means the medical, prescription, dental, and vision benefits made available and provided under the Plan.

1.21 “Settlement Agreement” means the settlement agreement entered into in *City of Pontiac Retired Employees Association et. al. v. Schimmel et. al.*, Docket #64-2, Case No. 2:12-cv-12830-AC-PJK dated March 30, 2018 (United States District Court Eastern District of Michigan).

1.22 “Trustees” means the trustees nominated and appointed and successor Trustees designated in the manner provided in Article 4. The term “Trustee” means all persons or entities who occupy the office of Trustee under this Trust Agreement, when such persons or entities occupy such office, whether one or more persons or entities occupy the office of Trustees at the same time or times, and includes any successor Trustee(s).

1.23 “Trust” means the City of Pontiac VEBA Trust.

1.24 “Trust Agreement” means this City of Pontiac VEBA Declaratory Trust Agreement.

1.25 “Trust Fund” means the funds which will be contributed to and/or the insurance policies held by the trust created by this Trust Agreement which constitute a trust fund created for the purpose of funding the payment of Retiree Health Benefits.

1.26 “VEBA Trust” means a voluntary employees’ beneficiary association which is established and maintained pursuant to the requirements of Code section 501(c)(9) and its implementing regulations.

FINAL

ARTICLE 2

GENERAL

2.1. Establishment. The City, as settlor, hereby establishes, and the Trustees hereby agree to act as fiduciaries of the Trust.

2.2. Purpose. The purpose of this Trust Agreement and the Trust is to provide, through insurance contracts, contracts with health maintenance organizations, preferred provider organizations, other similar health care provider organizations, or otherwise for medical benefits for Retirees and their spouses and dependents, pursuant to the terms of the Plan, and for such life, sickness, accident or other benefits as defined in Code section 501(c)(9) for Retirees and their spouses and dependents, as the City and the Trustees shall from time to time agree shall be funded through this Trust or as may be required to be funded through this Trust pursuant to the terms of the Settlement Agreement. Together with the Plan and any other benefit plan funded through this Trust, this Trust shall constitute a VEBA Trust and shall be administered and interpreted so as to comply with the requirements of Code section 501(c)(9). This Trust is created for the exclusive purpose of providing for the funding of and payment of Retiree Health Benefits through any lawful means in accordance with the Plan and the Settlement Agreement for the exclusive benefit of Participants and beneficiaries.

2.3. Part of Plan. This Trust forms a part of the Plan and is used to provide benefits thereunder. The City agrees to furnish the Trustees with a true and correct copy of the Plan as currently in effect. The City agrees that promptly upon the adoption of any amendment to the Plan it will furnish the Trustees with a copy of the amendment and with an appropriate certificate evidencing its due adoption. The City further agrees that no amendment of the Plan shall have the effect of changing the rights, duties, and liabilities of the Trustees without their written consent. The Trustees may rely on the latest Plan documents furnished to them as provided above without further inquiry or verification.

2.4. Certification of Fiduciaries and Administrator. The City will certify to the Trustees the name of the person or persons who have authority on behalf of the City to communicate with the Trustees with respect to any matters relating to the Trust. The Trustees shall recognize the City as the administrator of the Plan unless and until receipt from the City of a certification evidencing the appointment of some other person or persons as said administrator. The City shall provide the Trustees with a specimen signature of each of said persons. The Trustees may rely on the latest certificate without further inquiry or verification. The Trustees shall be fully protected in acting upon written instructions received from the City or the Administrator.

2.5. Principal Office. The principal office and site of the Trust shall be 47450 Woodward Avenue, Pontiac, Michigan 48342. The Trustees shall have the power to move the principal office of the Trust to another location and to establish other offices, as they deem necessary.

2.6. Conformity with Applicable Law. The Trust shall conform to all applicable sections of the Code, Act 149, Act 314, the statement of purposes set forth in this Trust

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Agreement, and all statutes, ordinances, rules, regulations, arbitrators' awards and judicial decisions interpreting the foregoing provisions.

2.7. Funding. The Trust shall receive contributions made by the City and the Excess Assets into the Trust Fund to pay its obligations to provide Retiree Health Benefits. The Trust may also receive contributions from (a) Participants and beneficiaries related to the election of coverage in addition to that required to be paid for by the City pursuant to the Settlement Agreement and Plan, (b) investments made or held under Trust and all income, proceeds, earnings, and accumulations therefrom (both received and accrued) and (c) any other property that may be received or held by reason of this Trust.

2.8. Permitted Uses of Trust Assets / Impossibility of Diversion. No part of the net earnings of the Trust may inure to the benefit of any Participant or beneficiary other than through the payment of Retiree Health Benefits or for the payment of reasonable and necessary administrative expenses incurred by the Trustees in their administration of this Trust. To the extent consistent with the Trust's qualified status as a VEBA Trust, a portion of net earnings may be used for payment for reasonable and necessary administrative expenses incurred to assist the Trustees and Administrator in the operation of the Trust. The Trustees shall determine what expenses are reasonable and necessary in accordance with applicable law. No Participants (or their eligible beneficiaries) or any other City retiree shall have a preferred claim on, or any other beneficial ownership interest in, any specific Trust assets.

ARTICLE 3 CONTRIBUTIONS TO THE TRUST FUND

3.1. General. The Trust shall receive contributions made by the City and the Excess Assets into the Trust Fund to pay its obligations to provide Retiree Health Benefits as set forth in this Article 3. Subject to the requirements of Section 3.3, Section 3.4, Section 3.5, and the Settlement Agreement, the City has sole authority to decide the amount of contributions and deposits into the Trust Fund and shall consult with an actuary regarding the funding levels necessary to fund Retiree Health Benefits on an actuarially sound basis taking into account any amounts payable by Participants or their spouses and/or dependents under the terms of the Plan. The City, in its sole and absolute discretion, may cause additional funds to be irrevocably transferred or contributed to the Trust, and such funds, if any, shall be subject to the terms of this Trust Agreement. However, this Trust Agreement does not create any obligation for the City to provide additional funds to the Trust above and beyond the funding obligations described in the Settlement Agreement and applicable law.

3.2. Composition. All sums and all securities and other property acceptable to the Trustees and received by them to be held in this VEBA Trust, as evidenced by their receipts, from whatever source received, together with all investments made therewith, the proceeds thereof, and all earnings and accumulations thereon, and the part thereof from time to time remaining, shall be held and administered by the Trustees in the Trust Fund. The Trust Fund shall be held, administered and disbursed by the Trustees without distinction between principal and income.

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3.3 Initial Contribution. The City shall make an initial contribution of \$100.00 to the Trust Fund as soon as administratively feasible after execution of this Trust Agreement. Thereafter, the City shall make an initial contribution to the Trust Fund of up to \$4,250,000.00, as required by Settlement Agreement §8.a, within ninety (90) days of the later of the IRS Approval Date and the GERS Approved Termination Date.

3.4 Excess Assets Contribution. As soon as reasonably feasible after the IRS Approval Date and the GERS Approved Termination Date, the Excess Assets shall be transferred into the Trust Fund, as required by the Settlement Agreement.

3.5 Additional Contributions. In any Fiscal Year (after the Fiscal Year in which the City's initial contribution to the Trust Fund of up to \$4,250,000.00 is made pursuant to Section 3.3) in which actuaries hired by the Trustees determine that additional contributions are required by the City to the Trust Fund to fund the Retiree Health Benefits' unfunded liability (e.g., if such actuary determines that there are not enough funds in the Trust Fund to last through the life of the last Participant), the City shall make a contribution to the Trust Fund on or before June 30 of such Fiscal Year in the amount of the lesser of the actuarial required contribution to satisfy the unfunded liability, or \$1,500,000.00 ("Additional Contribution"). The City's Additional Contribution shall be due within one (1) year and six (6) months of the date that an actuarial valuation determines that such contribution to the Trust Fund is required (e.g., if an actuarial valuation dated December 31, 2018 determines that a contribution is required because the Plan is less than 100% funded then that contribution will be due on July 1, 2020). Under no circumstances shall the Additional Contribution exceed \$1,500,000.00 in any Fiscal Year.

3.6 Participant Contributions. Participants are not responsible for paying any part of the premium for Retiree Health Benefits unless the Trust Fund has insufficient funds to provide the level of benefits and coverage specified in the Plan in a given Fiscal Year or otherwise required by the Settlement Agreement. If and when the Trust Fund has insufficient funds to provide the level of benefits and coverage specified in the Plan, the Trustees shall have the discretion to make reasonable plan design changes, and change benefit, and coverage levels.

3.7. Payments.

(a) The Trustees may compel and enforce payments of contributions in any manner they deem proper.

(b) Time is of the essence for all contributions to this Trust Fund. The Parties recognize that regular and timely payments of contributions are essential to the operation of the Trust and the provision of Retiree Health Benefits. Unless otherwise indicated in this Article 3 or required by law, contributions shall be deposited into the Trust no later than the last day of the Fiscal Year in which they relate.

(c) Nothing contained herein shall be deemed to modify or limit in any way the rights that the parties to the Settlement Agreement may have, any supplements or memoranda thereto, or any arbitrator's award to enforce collection of any amounts due to this Trust Fund, including the right of the parties to sue for same.

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3.8 Initial Qualification. Except for the initial \$100.00 contribution set forth in Section 3.3, all contributions to the Trust Fund are conditioned on the initial qualification of the Trust as a VEBA Trust. If the Trust is determined to not be a tax-exempt VEBA Trust, the Parties shall, consistent with the terms of the Settlement Agreement, make good faith efforts to modify the terms of this Trust Agreement in order to obtain IRS approval of the Trust as a VEBA Trust. If thereafter the Trust is still determined to not be a tax-exempt VEBA Trust, then the Trust shall terminate.

3.9 Mistakes. If a contribution is attributable in whole or in part to a good faith mistake of fact, then an amount may be returned to the City or Participant which, as determined by the Trust's actuary, is equal to the excess of the amount contributed over the amount which would have been contributed had the mistake not occurred. Earnings attributable to any such excess contribution will not be returned and will be credited to fund Retiree Health Benefits, but losses attributable to the excess contributions will reduce the amount so returned.

ARTICLE 4 **TRUSTEES**

4.1. Composition of Board of Trustees. The Trust Fund shall be administered by a seven-member Board of Trustees which shall be composed as follows:

- Two Trustees chosen by the Mayor of the City of Pontiac (with no Pontiac City Council approval required);
- One Trustee chosen by the Pontiac City Council;
- Three Trustees chosen by Retiree-Participants by election and ballot as follows: (i) one Trustee shall be chosen by and from the members of the Police and Fire Retirement System; (ii) one Trustee shall be chosen by and from the members of the City's general defined benefit plan; and (iii) one Trustee shall be chosen by and from the membership of the Plan as a whole; and
- The six Trustees referenced above shall confer and select the seventh Trustee.

Each Trustee shall be a fiduciary and have fiduciary responsibilities under applicable law and shall act prudently and in the best interests of the Trust and its beneficiaries.

4.2. Initial Trustees. The seven initial Trustees who are hereby appointed to serve as Trustees are:

1. Trustee appointed pursuant to the terms of the Settlement Agreement (as chosen by the Mayor of the City, with no Pontiac City Council approval required)

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2. Trustee appointed pursuant to the terms of the Settlement Agreement (as chosen by the Mayor of the City, with no Pontiac City Council approval required)
3. Trustee appointed pursuant to the terms of the Settlement Agreement (as chosen by the Pontiac City Council)
4. Claudia Filler (as chosen by the members of the City's general defined benefit plan)
5. Walter L. Moore (as chosen by and from membership of the Plan as a whole)
6. Lon G. Britton (as chosen by the members of Police and Fire Retirement System)
7. Trustee selected by the above six Trustees

The above named Trustees individually accept their appointment as Trustees under this Trust Agreement and consent to act as Trustees hereunder until their successors are designated as provided in this Trust Agreement, and they declare and agree that they will receive and hold the Trust Fund as Trustees by virtue of the terms, conditions and provisions of this Trust Agreement.

4.3. Acceptance of Duties. The seven initial Trustees, as designated, shall sign this Trust Agreement and their signature shall constitute acceptance of office and agreement to act under and be subject to the terms and conditions of this Trust Agreement. The appointment of a successor Trustee shall be effective when such Trustee signs an acceptance of this Trust Agreement. Notice of the acceptance of this Trust Agreement shall be provided to the City. Each successor Trustee shall have the identical powers, rights, duties and obligations of the initial Trustees named in this Trust Agreement.

4.4. Chairperson and Secretary. Prior to the commencement of their duties, the initial Trustees shall select a Chairperson and a Secretary from the group of then existing Trustees and the Chairperson and Secretary shall serve a term of one year or until a new Chairperson and Secretary is elected. In the event of the absence of the Chairperson and the Secretary from a meeting of the Board of Trustees, the Trustees shall designate another Trustee as acting Chairperson and/or acting Secretary until such person's return.

4.5. Appointment of the Seventh Trustee. The seventh Trustee may resign at any time and be discharged from duties and liabilities under this Trust Agreement by giving at least thirty (30) days advance written notice to the remaining Trustees. A successor seventh Trustee shall be appointed by unanimous vote of the first six Trustees within thirty (30) days of any vacancy. Any successor Trustee appointed under the terms of this Agreement shall, upon appointment, and without further act, deed or conveyance, succeed to all the rights, duties, titles, and powers, of every type and description of his or her predecessor. If the six Trustees cannot agree on seventh member within thirty (30) days of the initial effective date of the resignation, they will, within fourteen (14) days after the thirty (30)-day deadline, select an arbitrator and submit proposals to the arbitrator (who will be paid for by both sides in equal amounts), who shall decide the seventh Trustee. The Parties agree that the arbitrator's decision is final and may not be appealed. If the six Trustees cannot agree on the selection of an arbitrator within thirty (30) days, the Trustees selected by the Mayor of the City, on the one hand, and the three trustees

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selected by the Retiree-Participants, on the other hand, shall each select one person per side, with the only selection prohibition being that these two individuals must not be participants in the Plan, or be employed by, or represent the City. These two individuals shall then select the arbitrator within fourteen (14) days of the thirty (30)-day deadline.

4.6. Term of Trustees. The term of service for each Trustee shall be four years, unless such Trustee holds a public office or is appointed by a person holding a public office in which case the term shall be the person's or appointer's term of office. However, for purposes of the appointment of Claudia Filler, Walter L. Moore, and Lon G. Britton as initial Trustees, their initial terms shall be three years, four years, and two years respectively.

Each Trustee shall serve until the expiration of his/her term of service or until his or her death, incapacity, resignation or removal.

4.7. Vacancy. A vacancy or vacancies in the office of the Trustees shall not impair the powers of the remaining Trustees to administer the affairs of the Trust, provided there are sufficient Trustees to constitute a quorum hereafter.

If a mid-term vacancy in the office of the Trustee occurs due to death, incapacity, resignation, or removal, then an interim Trustee shall be appointed for the remainder of the vacating Trustee's term as follows:

- If the vacating Trustee is one of the two Trustees chosen by the Mayor of the City of Pontiac, then the Mayor of the City of Pontiac shall appoint the interim Trustee;
- If the vacating Trustee is the Trustee chosen by the Pontiac City Council, then the Pontiac City Council shall appoint the interim Trustee;
- If the vacating Trustee is one of the three Trustees chosen by Retiree-Participants by election and ballot, then the members of the applicable representative group (e.g., members of the City's general defined benefit plan, members of Police and Fire Retirement System, or members of the Plan as a whole) shall appoint the interim Trustee; and
- If the vacating Trustee is the seventh Trustee, then the interim Trustee shall be appointed as set forth in Section 4.5.

4.9. Quorum. Four attending Trustees shall constitute a quorum at any meeting of the Board of Trustees. Each attending Trustee shall be entitled to one vote. All decisions of the Board of Trustees shall be made by at least four affirmative votes, unless otherwise noted in this Trust Agreement.

4.10. Meetings. The Trustees shall meet at least once quarterly. The Trustees shall determine the time for the regular meetings of the Trustees and the place or places where such meetings shall be held. The Secretary of the Trustees or his designee, shall be responsible for

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giving notice of the time and place of such meetings to the other Trustees. Notice of such regular meeting shall be provided to the Trustees at least ten (10) days prior to the scheduled meeting. Special meetings of the Trustees may be held at the call of the Chairperson, the Secretary, or any two Trustees upon five days written notice to each Trustee. Special meetings of the Trustees may also be held at any time, without notice, if all Trustees consent in writing thereto. Notice of all meetings of the Trustees, both regular and special, shall be given to the City and to the City of Pontiac Retired Employees Association. All meetings of the Trust shall be held subject to the provisions of the Michigan Open Meetings Act, if and to the extent so required.

ARTICLE 5

POWERS AND DUTIES OF THE TRUSTEES

5.1. Power. The Trustees shall have the entire care and custody of all assets of the Trust, except that the Trustees shall appoint a professional management company experienced in managing public and private sector VEBA Trusts to act as the Trust Fund's investment manager, as described in Section 5.6. The Trustees shall hold all the powers of Trustees that are necessary to carry out the purposes of this Trust that are generally available to Trustees under the laws of the State of Michigan, except as limited by this Trust and by federal law. It is intended that this Trust shall be tax exempt and shall qualify as a VEBA Trust. The Trustees shall have the continuing power and duty to amend this Trust Agreement to the extent it becomes necessary to qualify the Trust under the Code, to continue the tax exempt status of the Trust Fund, and/or to comply with applicable Michigan and federal law. The Trustees shall take no action nor make any determination inconsistent with any qualification or ruling of the Internal Revenue Service, an arbitrator, or the courts with respect to this Trust Fund. In the case of amendments to the Internal Revenue Code or changes of regulations by the Internal Revenue Service or other controlling government agencies, the Trustees are empowered to take all necessary action to continue the qualifications of this Trust as a qualified VEBA Trust and to continue its contributions to it as tax-free deductions. The Trustees are also authorized to take all necessary action to maintain the Plan in compliance with applicable federal and state law. Except as expressly otherwise provide herein, the Trustees shall have exclusive authority and discretion to manage and control the assets of the Plan held in the Trust Fund, and shall be the investment fiduciary for the Trust Fund as required by Act 149, provided that the Trustees may delegate such authority and discretion to an investment manager as described in Section 5.6.

5.2. Duties.

(a) The Trustees shall carry out the purposes of this Trust Agreement, and may maintain any Retiree Health Benefits now in force and effect and available to Participants or may substitute other comparable or more comprehensive policies in lieu thereof. In providing Retiree Health Benefits to the Participants of the Plan so as to effectuate the purposes of this Trust Agreement, the Trustees shall be bound by the terms of this Trust Agreement and the Settlement Agreement and shall comply with all applicable laws. The Trustees may make application to insurance companies, duly authorized to conduct the business of insurance in the State of Michigan for the issuance of insurance policies providing for life, sick, accident or other benefits as defined in Code section 501(c)(9). In addition to, or in lieu of, policies of insurance

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obtained through commercial or other companies, the Trustees may, consistent with applicable federal and Michigan laws, adopt a self-insured plan. The Trustees may arrange for a continuation of the present arrangements regarding the provision of benefit coverage by the employer through the employer's self-insured arrangement and all existing policies between the City and applicable insurance carriers.

(b) The Trustees shall establish a uniform system for the timely transmission of required reports and contributions from the City on behalf of Participants. The Trustees shall have the right and duty to enforce payment of all contributions provided for in the Settlement Agreement, and the performance of all obligations provided in this Trust. The Trustees shall immediately notify the City, the City of Pontiac Retired Employees Association, and the Administrator of a delinquency, mistake or discrepancy in any report or contribution. In a suit or action brought by the Trustees pursuant to this paragraph, the Party in default agrees to pay all costs and expenses, including reasonable attorneys' fees incurred and paid by the Trustees. Delay by the Trustees in bringing this suit to recover delinquent contributions from the City shall not be considered a waiver of any of the rights reserved to the Trustees.

(c) The Trustees, in accordance with the requirements of law, may, upon their own initiative or upon the City becoming delinquent, direct an impartial firm of independent certified public accountants to act as agent of the Trustees at any reasonable time during business hours, to enter upon the premises of the City and to examine only the payroll records, papers and reports pertaining thereto as may be necessary to determine the moneys due on behalf of a Participant covered by this Trust and to make a written report to the Trustees, with an identical copy to the City. This procedure is to ensure that the Trustees can fully ascertain whether the City is making payments to the Trust, as required by the Settlement Agreement, and any amendment thereto, court decisions or arbitration awards. Reports required by this paragraph shall be confidential and released only to the Trustees and the City, except to the extent that disclosure would otherwise be required by law.

(d) Notice given to all Parties shall, unless otherwise specified, be sufficient if in writing and delivered or sent by prepaid first class mail or electronic mail. Except as otherwise noted, the distribution or delivery of any statements or documents required under this Trust Agreement shall be sufficient if delivered in person, by prepaid first class mail, or by electronic mail.

(e) The Trustees shall maintain proper books of accounts and records of administration of the Trust, including written records of all meetings. The Trustees shall keep accurate and detailed accounts of all investments, receipts, disbursements, and other transactions hereunder as may be required by Treasury Regulation section 1.501(c)(9)-5, and all such accounts and other records relating thereto shall be open to inspection and audit at all reasonable times by any person designated by the City. The Trustees shall furnish to the City a written statement of account within sixty (60) days after the end of the Fiscal Year setting forth all receipts and disbursements, if any. The City shall acknowledge receipt thereof in writing and advise the Trustees of approval or disapproval thereof. Failure of the City to disapprove any such statement of account within thirty (30) days after its receipt thereof shall be deemed approval thereof. The approval by the City of the statement of account shall serve to release and

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discharge the Trustees from any liability or accountability to the City as respects the property of the Trustees' act or transactions shown in the statement of account, except with respect to any acts or transactions as to which the City shall file written objections with the Trustees within the thirty (30)-day time periods prescribed. The Trustees shall retain their records relating to the Trust as long as necessary for the proper administration thereof and at least for any period required by law.

(f) The Trustees shall compile and furnish to each individual Trustee all records which they individually or collectively require to properly discharge their duties. The books of accounts and records of administration of the Trust, including the minutes of all meetings, shall be available for inspection at the permanent office of the Trust during reasonable business hours by the City, by the City of Pontiac Retired Employees Association, or any Participant covered by this Agreement.

(g) The Trustees shall make available to the City of Pontiac Retired Employees Association information relating to contributions from the City, pursuant to the Settlement Agreement and the status of coverage of their covered Participants.

(h) The City shall be entitled to receive from the Trustees records pertaining to its contributions and any Participant shall be entitled to receive records of the Trustees relating to his or her own accounts.

(i) The Trustees shall make reports to and file such information with the Internal Revenue Service, or any other appropriate public authority as may be required by state or federal law.

(j) A written instrument signed by the Trustees shall be evidence of the action of the Trustees. Whenever the signature of a Trustee is required on any document, signature of the Chairperson or acting Chairperson and Secretary or acting Secretary shall be required, unless such authority has been delegated to an individual Trustee pursuant to the provisions hereof; and as to any person doing business with the Trustees, any such instrument so signed shall be conclusively presumed to be authentic and all facts and matters stated therein shall be conclusively presumed to be true and said persons may rely on such instrument for all purposes.

(k) The Trustees may assign or allocate specific responsibilities or duties among the Trustees, or appoint committees for the purpose of overseeing any activity or pursuing or investigating any activity or transactions in which the Trustees are interested. The Trustee or committee of Trustees may be assigned the responsibility to take action without prior approval by the remainder of the Board of Trustees. Any such action taken under such circumstances shall be valid, proper and not a breach of fiduciary responsibility of the Trustee or committee so appointed and so acting. The Trustees may rely on the report the individual Trustee or committee of Trustees who prepared the report or recommended the action which was undertaken by the full Board of Trustees after receiving the report of the Trustee or committee of Trustees. No Trustee shall be liable for the acts of any Trustee or committee of Trustees under these circumstances because of any act or omission on the part of the Trustee or committee of Trustees to whom such responsibilities, obligations or duties have been assigned or allocated,

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unless he/she participates with the knowledge that such act or omission is a breach of fiduciary responsibility or if he/she has knowledge of a breach by such other fiduciary without making reasonable efforts under the circumstances to remedy the breach.

(l) In the event of any suit brought against the Trustees arising out of the acts within the scope and powers and duties of the Trustees, or in the event of any lawsuit brought by the Trustees as authorized herein, the cost of the defense or prosecution of such lawsuit by the Trustees shall be charged to the Trust Fund, and shall be paid directly from the Trust Fund, provided such costs are not incurred by reason of bad faith, gross negligence, or breach of a fiduciary obligation to the Trust Fund or to the beneficiaries thereof.

(m) All income, profits, recoveries, contributions, forfeitures, and any and all moneys, securities and properties of any kind at any time received or held by the Trustees hereunder, shall become part of this Trust Fund when received, and shall be held for the uses and purposes hereof.

(n) The Trustees may authorize the purchase of insurance for the Trust Fund and for the Trustees to cover liability or losses occurring by reason of an act or omission (errors or omissions) of a fiduciary, including the Trustees.

5.3 Appointment of Administrator. The Trustees may employ such clerical personnel or administrative personnel to perform whatever administrative activities are required in the proper performance of the Trust. In addition thereto, the Trustees may, contract with a third-party Administrator to perform such clerical and administrative duties as they may, in their discretion, determine is reasonable and prudently necessary to carry out the Trust Fund's activities and purposes. The Administrator so appointed, or with whom the contract was made, may be assigned the activities of receiving the City's reports, entering the information of those reports on permanent records, maintaining such records, receiving contributions from the City and/or on behalf of Participants in the form of checks or drafts solely for the purpose of forwarding the contributions to the Trustees' bank or investment accounts, preparation of governmental reports, furnishing reports required by law to Participants, the preparation of checks for the payment of obligations of the Trustees, and all related activities and other activities necessary to help administer the Trust Fund. The Trustees are further authorized to enter into contracts with such Administrator for the administration of said Plan or Plans and Trust Fund for whatever periods, in their discretion, the said Trustees deem advisable. The Trustees shall be entitled to rely on the reports and recommendations of said Administrator or any actions taken by said Administrator with the authority granted him/her. The Trustees shall not be responsible for any act taken with respect to the appointment, designation, retention, discharge, or employment of such Administrator which is taken prudently and in good faith. Under no circumstances shall said Administrator have control or authority with respect to the management of the Plan or its assets. The Administrator so appointed, or with whom the contract was made, may be assigned the activities of receiving the City's reports, entering the information of those reports on permanent record, maintaining such records, receiving contributions from the City and/or on behalf of Participants in the form of checks or drafts solely for the purpose of forwarding the contributions to the Trustees' bank or investment accounts, preparation of governmental reports, furnishing reports required by law to Participants, the

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preparation of checks for the payment of obligations of the Trustees, and all related activities and other activities necessary to help administer the Trust Fund. The Trustees are further authorized to enter into contracts with such Administrator for the administration of the Plan and Trust Fund for whatever periods, in their discretion, the said Trustees deem advisable. The Trustees shall be entitled to rely on the reports and recommendations of said Administrator or any actions taken by said Administrator with the authority granted him/her. The Trustees shall not be responsible for any act taken with respect to the appointment, designation, retention, discharge, or reemployment of such Administrator which is taken or made in good faith. Under no circumstances shall said Administrator have control or authority with respect to the management of the Plan or its assets. The said Administrator shall not have any type of authority or power which will constitute the administrator as a fiduciary. Said Administrator will not have the power or authority to act as an investment counselor or manager and will not be authorized to furnish investment advice. The Administrator will not be clothed with the discretion to act in any way with respect to the Plan or management or its assets. In the event of the Administrator's discharge, the Trustees shall require the Administrator to return all necessary books, records, and documents in the possession of said Administrator which are necessary for the proper administration, handling, and operation of this Trust. If the Trustees have appointed, employed, hired, or contracted with an Administrator, a provision to this effect shall be incorporated in the written agreement between the Trustees and Administrator. The Trustees may, in their discretion, assign certain administrative duties to the City; provided, however, that the direction and management of such activities shall be within the exclusive control of the Trustees.

5.4 Appointment of Accountant. The Trustees shall employ an independent certified public accountant or licensed public accountant who is not providing services to the City, the City of Pontiac Retired Employees Association, or any other association representing the Retirees. Said accountant shall be employed to perform the services as may be required by the Trustees. The Trustees shall cause the Trust Fund to be audited at least once each year. Copies of such audit report shall be furnished to the Parties and a copy shall be made available at the principal office of the Trust for inspection by Participants or current beneficiaries. Such audit shall contain a summary of the assets and liabilities of the Trust Fund, a resume of the operations for the preceding year, together with such other data as the Trustees request or is required by law. The audit report shall be published to the extent required by applicable state and/or federal law.

5.5 Appointment of Legal Counsel. The Trustees may employ legal counsel with whom they may seek advice, consult with, and require attendance at Trustees meeting and to represent the Trustees whenever necessary, including the preparation of any documents, legal or otherwise, which may have any legal consequences. In choosing said counsel, the Trustees may, with prudence, give consideration to the developed skills and expertise of the attorney and experience and reputation he/she has achieved. The Trustees may rely upon the opinion of such counsel so chosen in respect to any action taken or suffered by the Trustees hereunder in good faith, in accordance with the opinion of said counsel, and the Trustees shall not be liable therefore.

5.6 Appointment of Investment Manager. The Trustees shall appoint (an) investment manager(s) to manage and hold the Trust Fund after a request for proposal is issued for qualified

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applicants. Such investment manager shall be experienced in managing public and private sector VEBA Trusts. The fee for the services of such management shall be paid out of the Trust's assets. Such investment manager(s) must be registered under the Investment Advisor's Act of 1940 and must meet any applicable state and/or federal requirements to act as investment manager. Such appointment may include the power to acquire and dispose of the assets of the Trust Fund; provided, however, that if any state or federal agency promulgates any rules with respect to limitation of liability on the part of the Trustees in choosing an investment manager or counselor, then the Trustees shall follow said regulations to the extent that they can maximize the protection available to them.

The Trustees shall enter into a written agreement with said investment manager, which will provide for the investment or reinvestment of the assets of the Trust Fund; and upon such execution, the Trustees may convey, if it is so provided, to such investment manager, any assets of the Trust Fund so that said investment manager may engage in such transactions which are legal for trust funds in the State of Michigan and in the United States and which are prudent for the Trustees to undertake. The Trustees shall not be liable for the acts or omissions of such investment manager or under any obligation to invest or otherwise manage the assets of the Trust Fund, which assets are subject to the management of such investment manager.

The Trustees may, if they deem proper in their discretion, or if the circumstances require it, appoint such investment manager, managers, banks or insurance companies as fiduciaries and enter into an agreement with such institution, naming it a fiduciary and conveying to such fiduciary all or a portion of the assets of the Trust Fund, so that said fiduciary may handle, manager and hold those assets conveyed to it. All assets conveyed to said fiduciary shall be subject to the provision of the agreement or agreements between the Trustees and the fiduciary.

Except as otherwise provided in this Trust Agreement, the Trustees (or investment manager to the extent such responsibility is delegated thereto) shall invest and reinvest the assets of the Trust subject to the terms, conditions, limitations and restrictions imposed by the State of Michigan on the investments of public employee retirement systems by Act 314, made applicable to public employee health care funds through Act 149 and specifically, MCL §38.1214. In exercising their discretionary authority as to the management of the Trust Fund, the Trustees (or investment manager) shall be investment fiduciaries (in accordance with MCL §38.1214) and shall exercise the care, skill, prudence and diligence under circumstances then prevailing, that a prudent person, acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims, as further described in MCL §38.1133(3), and shall not engage in transactions prohibited by law and as described in MCL §38.1133. This shall include diversifying the assets of the Trust so as to minimize the risk of large losses, unless under the circumstances it appears prudent not to do so. This standard shall not be applied to investments in isolation, but rather in the context of the Trust's overall portfolio and as part of the overall investment strategy, which shall incorporate risk and return objectives reasonably suited to the purposes of the Trust.

ARTICLE 6
TRUSTEE COMPENSATION

Administrative costs of the operation of the Trust shall be paid out of the Trust Fund's assets. The Trustees shall not receive any compensation for performing any services for the Trust. Each Trustee shall be reimbursed for any reasonable and necessary costs, expenses, and disbursements properly and actually incurred in the performance of his/her duties to the Trust. Included in such reasonable expenses properly and actually incurred in the performance of services to this Trust is the attendance at educational meetings and seminars organized and designed to instruct the Trustees in the proper performance of their duties as Trustees and fiduciaries and to instruct, familiarize and acquaint the Trustees with all the provisions of all applicable laws. Included in such reasonable costs and expenses will be per diem allowance, costs and travel expenses, lodging and food expenses and other reasonable and necessary expenses involved in the participation in such educational conferences conducted and carried out for the purposes expressed herein. The Trustees may further authorize any of the experts who they may retain, including administrators, insurance experts, actuaries, auditors, accountants, attorneys or others, to attend such educational conferences for the purpose of becoming informed of any new developments or for the purpose of keeping current as to the developments in their proper area of expertise. The Trustees are authorized to pay for or reimburse such persons the cost of attending such meetings and/or compensation as the person would ordinarily earn representing the Trustees and familiarizing themselves with the developments in their area of expertise for the purpose of properly serving the Board of Trustees. Any Trustee who is actively employed by the City shall be permitted attendance at any and all functions of the Trust, including travel to educational programs and seminars without loss of pay, benefits, or status.

Notwithstanding any provision in this Trust Agreement to the contrary, no Trustee shall be entitled to any fees or expenses claimed to be owing because such Trustee is resigning, being removed, or is no longer serving as a Trustee for any reason; provided, however, that any Trustee shall be eligible to receive any Retiree Health Benefits to which he or she is entitled by virtue of employment with the City.

ARTICLE 7
LIABILITIES OF THE PARTIES

The City shall not be liable for payment to the Trust of any amounts other than those required of it by this Trust Agreement. The City shall not be liable to make contributions to the Trust or pay any expenses whatsoever in connection therewith, except as provided by the terms of this Trust Agreement. Neither the City, nor any Participant or Trustee shall be liable for any debts, liabilities, or obligations of the Trust except as set forth in this Trust Agreement. Neither the City nor any Participant shall have any right to return of any money properly paid into the Trust Fund, except as otherwise specifically provided herein, or to money improperly paid which has already been invested or distributed. Any contribution improperly paid into the Trust Fund by the City or on behalf of a Participant shall be returned by the Trustees upon the request of the City or the Participant or upon discovery by the Trustees that such moneys have been improperly paid into the Trust Fund, unless those moneys have already been invested or distributed in which case the contributor shall be given a credit towards the payment of required future contributions.

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No part of the Trust Fund or any benefits payable by the Trustees shall be subject to alienation, sale, transfer, assignment, pledge, or encumbrance charge by any person.

ARTICLE 8 **CLAIMS PROCEDURE**

The claims procedures associated with denials of Retiree Health Benefits are set forth in the Plan. However, in general adequate notice shall be provided to any Participant or beneficiary whose claims for Retiree Health Benefits have been denied, setting forth the specific reasons for such denial, written in a manner calculated to be understood by the Participant. Further, the Trustees shall afford a reasonable opportunity to any Participant whose claim for Retiree Health Benefits has been denied for a full and fair review of the decision denying the claim in accordance with the terms of the Plan. The Trustees shall have the authority to promulgate rules setting forth the precise conduct of any such claims procedure.

ARTICLE 9 **TERMINATION OF THE TRUST**

9.1 Termination. This Trust shall continue during such period of time as may be necessary to carry out the provisions of the Settlement Agreement and shall continue for a period of time sufficient to wind up the affairs of the Trust.

Provided there are no longer any Participants eligible for benefits from the Trust Fund, this Trust may be terminated at any time by the Trustees or their successors in office who are signatories hereto by the execution of an instrument in writing, so long as the termination is not inconsistent with the Settlement Agreement. It shall not be necessary for the City, the City of Pontiac Retired Employees Association, or the Retirees to execute such an agreement for the Trust to terminate. This Trust shall terminate in any case upon the death of the last survivor of such persons who are living at the time of its creation or entitled to receive Retiree Health Benefits.

If this Trust shall terminate, the Trustees shall notify any insurance carrier or carriers then providing Retiree Health Benefits and any investment managers.

9.2 Remaining Assets. In the event of the termination of this Trust, the remaining funds available after providing for all the outstanding obligations, shall be used in a manner as will, in the opinion of the Trustees, comply with Code section 501(c)(9) and best effectuate the purposes of this Trust, including, but not limited to, the purchase of insurance benefits.

9.3 Spendthrift Provision. The Trustees are hereby vested with full and complete equitable and legal title to all of the property which becomes subject to the terms of this Trust Agreement, until the termination of this Trust Agreement and until the entire Trust assets shall have been distributed as otherwise provided herein. No person who is a beneficiary of this Trust or an employee benefit that will be funded by this Trust, or to the income therefrom, shall take or have any title or interest in such Trust, or income, until the same shall be actually received by

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such person. No disposition, charge or encumbrance by way of anticipation of such Trust or income, or any part thereof, by any beneficiary hereunder shall be of any validity or legal effect, or be in any way regarded by Trustees.

ARTICLE 10 **AMENDMENTS**

10.1 Right to Amend. The provisions of this Trust Agreement may be amended at any time, by (A) negotiation between the City of Pontiac Retired Employees Association and the City and (B) by a unanimous vote of the seven Trustees, concurred in by the Pontiac City Council provided, however, that such amendments are not inconsistent with the Settlement Agreement, and do not adversely affect the tax exempt status of the VEBA Trust. Except as otherwise provided in this Trust Agreement, the Trustees shall have no power to amend the provision of this Trust Agreement as to the amount of contributions required of the City.

10.2 Restrictions. The Trustees shall not have the power to adopt any amendments to this Trust Agreement which:

(a) alters the basic purposes of this Trust, as set forth herein or divests any Participant or beneficiary of any rights which have already vested and to which they have already become entitled to and for sums of money which they are entitled to receive then or in the future;

(b) conflicts with any applicable law or government regulation;

(c) causes the use or diversion of any part of the Trust Fund for purposes other than those generally authorized herein; or

(d) conflicts with the Settlement Agreement.

10.3 Legal Compliance. Despite any provision to the contrary above, or which may be inconsistent herewith, the Trustees may amend and shall have the duty to amend this Trust Agreement to comply with any rule or regulation of the Internal Revenue Service for qualification under the Internal Revenue Code, continuation of tax exemptions of the Trust to obtain a favorable determination letter from the Internal Revenue Service, or to comply with applicable Michigan law. In the event any amendment is made, a copy of such Amendment bearing requisite signatures of the Trustees, shall be sent to all parties required by law to receive such notice.

ARTICLE 11 **RULEMAKING POWERS**

Consistent with the terms of the provisions of state and federal law, the Trustees shall have the power to promulgate rules and regulations for the day to day management of the Trust, the investment of moneys held by the Trust, the establishment of eligibility and benefit levels, to determine all questions regarding the interpretation of the Trust, and such other subjects as shall

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be deemed necessary and proper by the Trustees. All such rules and regulations shall be reduced to writing and shall be kept in the permanent office of the Trust and available for inspection by the City, the City of Pontiac Retired Employees Association and the Participants. Any such rule or regulation promulgated by the Trustees shall be adopted, repealed, or amended by an affirmative vote of four of the Trustees. If any rule or regulation of the Trust is found to be in conflict with the Settlement Agreement, law, statute, judicial decision, arbitration decision, or any other competent body or tribunal, such rule or regulation shall be deemed voided and, all other rules and regulations of the Trust shall remain in full force and effect. The City, the City of Pontiac Retired Employees Association, and the Participants shall be given appropriate notice of all pending rulemaking meetings and all such parties shall be afforded an opportunity to be heard at said meetings.

ARTICLE 12

MISCELLANEOUS

12.1. Construction of Trust. This Trust shall be construed and enforced according to the laws of the State of Michigan. If any provision of this Trust shall be held illegal or invalid for any reason, such determination shall not affect the remaining provisions of this Trust.

12.2. No Assignment. The right of an individual to any benefit from the Trust and the moneys and assets of the Trust Fund shall not be subject to execution, garnishment, attachment, the operation of bankruptcy or insolvency law, or other process of law, except as specifically required by the Michigan or federal law and shall be unassignable except as required by Michigan or federal law. Nothing contained herein shall be construed as giving an employee or other person, any legal or equitable rights against the City or the Trustees, except as expressly granted herein.

12.3. Counterparts. This Trust Agreement may be executed in any number of counterparts, each of which shall be deemed an original. Such counterparts shall constitute but one and the same instrument, which may be sufficiently evidenced in any one counterpart.

12.4. Errors. The Trustees shall correct errors in the records of the Trust. The Trustees shall seek to recover overpayments.

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EXECUTION

This Trust Agreement shall become effective as of the date it is executed and pursuant to the terms and conditions set forth in the Settlement Agreement.

IN WITNESS WHEREOF, the Parties have caused this instrument to be signed and/or executed by duly authorized officers in the City of Pontiac, Michigan and the Trustees, as of the day and year first above written.

Signed, sealed and delivered CITY OF PONTIAC, MICHIGAN in the presence of:

By: _____
Dr. Deirdre Waterman, Mayor

By: _____
Finance Director

TRUSTEES:

- _____

1. Claudia Filler
 2. Walter L. Moore
 3. Lon G. Britton
 4. _____
 5. _____
 6. _____
 7. _____

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City of Pontiac

Retiree Group Health and Insurance Plan

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City of Pontiac Retiree Group Health and Insurance Plan

Preamble

City of Pontiac, Michigan has adopted a welfare benefit plan for its Retirees. This Plan is the overall plan by the Employer to provide certain health and welfare benefits to its Retirees through self-funded programs and through contracts with various insurance companies and/or administrative service organizations. The Plan, when combined with the City of Pontiac VEBA Trust, is intended to constitute a voluntary employees' beneficiary association and is intended to comply with the requirements of Internal Revenue Code section 501(c)(9) and its implementing regulations.

Each of the underlying benefit programs is summarized in a certificate of insurance booklet issued by an insurance company, a summary plan description and/or another governing document prepared by the Employer. Because of the involvement of third-party insurers, administrators, and/or providers, this Plan necessarily incorporates by reference the various certificates of coverage, insurance contracts and/or other documents which provide relevant terms of this Plan. This Plan, accompanied by the above-referenced documents, constitutes the plan document. Moreover, the Plan shall be treated as a single employee welfare benefit plan. However, this Plan does not expand the responsibilities regarding the included benefits beyond the requirements of federal and state law. It is intended that the health and welfare benefits provided through the underlying benefit programs are eligible for exclusion from income under Internal Revenue Code section 105.

Article 1

Definitions

When used in this Plan, the following words shall have the following meanings, unless the context clearly indicates otherwise:

1.1 **"Administrative Simplification Rules"** means the Breach Notification Rules, Privacy Rules, and Security Rules.

1.2 **"Administrator" or "Plan Administrator"** means the City or another person or entity designated by the City Council to administer the Plan.

1.3 **"Benefits"** means the benefits provided under any of the Component Benefit Programs.

1.4 **"Breach Notification Rules"** means the Standards and Implementation Specifications for Notification in the Case of Breach of Unsecured Protected Health Information under 45 C.F.R. Part 160 and Part 164, Subparts A and D, and as may be amended from time to time.

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1.5 **“City Council”** means the city council for the Plan Sponsor and is the Plan’s Sponsor’s governing body.

1.6 **“Claimant”** means any Participant who seeks to file a claim pursuant to the terms of this Plan.

1.7 **“COBRA”** means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended from time to time. References in the Plan to any COBRA section shall include any comparable or succeeding provisions of any legislation which amends, supplements, or replaces the section.

1.8 **“Code”** means the Internal Revenue Code of 1986, as amended from time to time. References in the Plan to any Code section shall include any comparable or succeeding provisions of any legislation which amends, supplements, or replaces the Code section.

1.9 **“Component Benefit Programs”** means all programs and plans offered by the Employer providing benefits which are being combined under this Plan, whether through Insurance Contracts or otherwise. Specifically, the Component Benefit Programs offered under this Plan are:

- Medical and prescription benefits through the insurance carrier(s) selected by the Administrator (“Pre-Age 65 Medical Plan”)
- Medicare supplemental benefits (including prescription benefits) through the insurance carrier(s) selected by the Administrator (“Age 65+ Medical Plan”)
- Vision benefits through the insurance carrier(s) selected by the Administrator (“Vision Plan”)
- Dental benefits through the insurance carrier(s) selected by the Administrator (“Dental Plan”)

The Component Benefit Programs are attached at Exhibit A.

1.10 **“Contract Administrator”** means any third-party with whom Plan Sponsor has contracted to provide and/or administer benefits under the Plan.

1.11 **“Dependent”** generally means a Participant's Spouse and any person who is a dependent of the Participant within the meaning of Code section 152 (however, for health benefits, a Dependent generally means any person who is a dependent as defined as set forth in Code sections 105(b), 106 and the regulations and other authority thereunder), who is a member of the class which was a party to the Settlement Agreement, and who is eligible to participate in the underlying Component Benefit Programs. Dependents may also include those Dependents allowed continued participation under Michelle’s Law, Pub. L. No. 110-381 (2008). Dependents may or may not be eligible to participate in certain Benefits within the Component Benefit Programs. Each Component Benefit Program may have a specific definition of Dependent with respect to that Component Benefit Program.

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1.12 **“Effective Date”** of this Plan is November [], 2019.

1.13 **“Electronic Protected Health Information (EPHI)”** means PHI that is transmitted by electronic media or maintained in electronic media, as specifically defined in the Security Rules.

1.14 **“Employer”** means the City of Pontiac, Michigan and any successor which shall maintain this Plan.

1.15 **“GERS Approved Termination Date”** means the date on which the City of Pontiac General Employees’ Retirement System’s application for determination of plan termination (IRS Form 5310) is approved by the Internal Revenue Service.

1.16 **“GINA”** means the Genetic Information Nondiscrimination Act of 2008, as amended from time to time. References in the Plan to any GINA section shall include any comparable or succeeding provisions of any legislation which amends, supplements, or replaces the section.

1.17 **“Health Care Component”** means the Component Benefit Programs which are subject to the Administrative Simplification Rules. Specifically, the Health Care Components within this Plan and which, if separate entities, would also be covered entities under HIPAA are each of the Component Benefit Programs listed in Section 1.9.

1.18 **“Highly Compensated Individual”** means an individual defined under Code section 105(h), as amended, as a “highly compensated individual” or “highly compensated employee.”

1.19 **“HIPAA”** means the Health Insurance Portability and Accountability Act of 1996, as amended by the HITECH Act, and as may otherwise be amended from time to time, and their implementing regulations. References in the Plan to any HIPAA section shall include any comparable or succeeding provisions of any legislation which amends, supplements, or replaces the section.

1.20 **“HITECH Act”** means Subtitle D of the Health Information Technology for Economic and Clinical Health Act as Title XIII of Division A and Title IV of Division B of the American Recovery and Reinvestment Act of 2009, and as may be amended from time to time.

1.21 **“HMO”** as used in Article 4, means a federally qualified health maintenance organization (HMO), an organization recognized as an HMO under state law, or a similar organization regulated for solvency under state law in the same manner and to the same extent as such an HMO.

1.22 **“Individually Identifiable Health Information”** means the information that is a subset of health information, including demographic information collected from an individual, and: (a) is created or received by a health care provider, health plan, employer or health care clearinghouse; and (b) (i) relates to (i) the past, present or future physical or mental health or condition of an individual; (ii) the provision of health care to an individual; or (iii) the

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past, present, or future payment for the provision of health care to an individual; and (2) that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual.

1.23 **“Insurance Contracts”** means any insurance contracts, certificates of coverage, certificates of insurance, benefit booklets, policies or other contracts between the Plan Sponsor and Contract Administrators providing and/or administering Benefits under the applicable Component Benefit Programs to Participants and their eligible Dependents.

1.24 **“IRS Approval Date”** means the date that the IRS approves the Trust and this Plan as a voluntary employees’ beneficiary association under Code section 501(c)(9) and its implementing regulation.

1.25 **“MHPA”** means the Mental Health Parity Act of 1996, as amended from time to time. References in the Plan to any MHPA section shall include any comparable or succeeding provisions of any legislation which amends, supplements, or replaces the section.

1.26 **“MHPAEA”** means the Mental Health Parity and Addiction Equity Act of 2008, as amended from time to time. References in the Plan to any MHPAEA section shall include any comparable or succeeding provisions of any legislation which amends, supplements, or replaces the section.

1.27 **“Named Fiduciary”** means the Plan Sponsor and Plan Administrator. The Named Fiduciaries for purposes of benefits claims and appeals for each Component Benefit Program are the insurance carriers for the applicable Component Benefit Programs.

1.28 **“NMHPA”** means the Newborns’ and Mothers’ Health Protection Act of 1996, as amended from time to time. References in the Plan to any NMHPA section shall include any comparable or succeeding provisions of any legislation which amends, supplements, or replaces the section.

1.29 **“Participant”** means a Retiree who has satisfied the eligibility requirements of Article 2 and who is participating in the Plan pursuant to the terms of the Plan or any continuation requirements of state or federal law. A surviving Spouse shall also be deemed a “Participant” to the extent he or she is eligible for and continues participation in the Plan after the participating Retiree’s death.

1.30 **“Plan”** means the City of Pontiac Retiree Group Health and Insurance Plan set forth in this document and all subsequent amendments. The Plan is referenced within and is a part of the Trust Agreement.

1.31 **“Plan Sponsor”** means the City of Pontiac, Michigan.

1.32 **“Plan Year”** means the 12-month period ending on each June 30; however, there may be different plan years for each individual underlying benefit as set forth in the Component Benefit Programs. However, the initial Plan Year for the Plan shall be a short plan year beginning on November [], 2019 and ending on June 30, 2019.

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1.33 **“PPACA”** means the Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010, and as may be further amended from time to time. References in the Plan to any PPACA section shall include any comparable or succeeding provisions of any legislation which amends, supplements, or replaces the section.

1.34 **“Privacy Rules”** means the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Part 160 and Part 164, Subparts A and E, as amended by the HITECH Act, and as may otherwise be amended from time to time.

1.35 **“Protected Health Information (PHI)”** means Individually Identifiable Health Information, except as provided below in this definition, that is transmitted by electronic media; maintained in electronic media; or transmitted or maintained in any other form or medium. Protected Health Information excludes Individually Identifiable Health Information (a) in education records covered by the Family Educational Rights and Privacy Act, as amended, 20 U.S.C. 1232g; (b) in records described at 20 U.S.C. 1232g(a)(4)(B)(iv); (c) in employment records held by a covered entity in its role as employer; and (d) regarding a person who has been deceased for more than 50 years.

1.36 **“Qualified Beneficiary”** means the term “qualified beneficiary” as defined in 26 U.S.C. §4980B(g)(1).

1.37 **“Qualifying Event”** means those events specified in Section 5.3.

1.38 **“Retiree”** means an Employee who has retired from employment with Employer and who is a member of the class which was a party to the Settlement Agreement.

1.39 **“Security Rules”** means the Security Standards and Implementation Specifications at 45 C.F.R. Part 160 and Part 164, Subparts A and C, as amended by the HITECH Act, and as may otherwise be amended from time to time.

1.40 **“Settlement Agreement”** means the settlement agreement entered into in *City of Pontiac Retired Employees Association et. al. v. Schimmel et. al.*, Docket #64-2, Case No. 2:12-cv-12830-AC-PJK dated March 30, 2018 (United States District Court Eastern District of Michigan). The Settlement Agreement is attached as Exhibit B.

1.41 **“Spouse”** means an individual who is a member of the class which was a party to the Settlement Agreement and continues to be legally married to a Participant as determined under applicable Michigan state law and who is treated as a spouse under the Code.

1.42 **“Summary Health Information (SHI)”** means information, that may be Individually Identifiable Health Information and (a) that summarizes the claims history, claims expenses, or type of claims experienced by individuals for whom a plan sponsor has provided health benefits under a group health plan; and (b) from which the information described at 45 C.F.R. §164.514(b)(2)(i) has been deleted, except that such geographic information described in 45 C.F.R. §164.514(b)(2)(i)(B) need only be aggregated to the level of a five digit zip code.

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1.43 "Trust" means the City of Pontiac VEBA Trust which is a tax-exempt voluntary employees' beneficiary association under Code section 501(c)(9).

1.44 "Trust Agreement" means the City of Pontiac VEBA Trust Agreement.

1.45 "Trustee" means the trustees of the Trust, as specifically listed in the Trust Agreement.

1.46 "WHCRA" means the Women's Health and Cancer Rights Act of 1998, as amended from time to time. References in the Plan to any WHCRA section shall include any comparable or succeeding provisions of any legislation which amends, supplements, or replaces the section.

Article 2

Eligibility and Participation

2.1 **Eligibility and Participation Requirements.** The eligibility requirements for this Plan and requirements for commencing participation are governed by the terms and conditions of the Component Benefit Programs, attached as Exhibit A, and by the Settlement Agreement.

(a) Retiree Coverage. A Retiree shall be eligible to participate in the Component Benefit Programs pursuant to the terms, conditions, and limitations set forth in the Settlement Agreement and the Component Benefit Programs. Some of the Component Benefit Programs may require the Retiree to make an annual election to enroll for coverage. The details of such annual elections are described in the underlying documents. In certain circumstances, enrollment may occur outside the open enrollment period.

(b) Dependent Coverage. Coverage may also be provided to Dependents who are eligible to participate in the underlying Component Benefit Programs. Dependents may or may not be eligible to participate in certain Benefits within the Component Benefit Programs. A Spouse, surviving Spouse, and Dependent child shall be eligible to participate in the Component Benefit Programs pursuant to the terms, conditions, and limitations set forth in the Settlement Agreement and Component Benefit Programs. Please see the underlying Component Benefit Programs and Settlement Agreement for more information on Dependent eligibility.

Coverage for a Dependent will be effective on the date the Retiree's coverage becomes effective if he applies for Dependent coverage when he enrolls in the Plan. Unless otherwise required by the Settlement Agreement, in no event will the Retiree's Dependents be covered before the date the Retiree's coverage begins.

This Plan is intended to comply with OBRA '93 with respect to dependent child eligibility and any national medical support notice.

NOTE: The Participant shall be required to present, upon request, to the Employer certified documentation providing proof of parentage, spousal, and/or dependent relationships,

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proof of the physical or developmental disability, and proof of dependent eligibility status. This required documentation may be requested by the Employer at any time to determine eligibility status.

The Retiree may not be covered under this Plan as both a Retiree and a Dependent. Eligible Dependent children of two parents who are both covered as Retirees under this Plan may be enrolled as Dependents of only one of the Retirees. In the event that one Retiree's coverage should terminate, his eligible covered Dependents will be eligible to become covered Dependents under the remaining parent's Retiree coverage.

2.2 Election Periods.

(a) Initial Election Period. A Retiree must affirmatively elect to receive coverage under the Plan within the later of (1) the 30-day period immediately prior to meeting the eligibility requirements set forth in Section 2.1; or (2) the 90-day period immediately following the later of the IRS Approval Date and the GERS Approved Termination Date. A Retiree who does not affirmatively elect to receive coverage within the applicable initial election period shall be deemed to have irrevocably opted out of coverage under the Plan and shall not be eligible to participate in the Plan in the future.

(b) Open Enrollment / Election Period. A Retiree who wishes to make an election change may do so only during the open enrollment / election period. However, an election change may be made before the open enrollment/election period if a special enrollment event occurs which legally requires mid-year enrollment pursuant to the terms of the underlying Component Benefit Program documents. The change in election request must be timely submitted. Please see the underlying Component Benefit Programs for information related to any permissible mid-year special enrollment rights. Once a Participant elects to opt-out of coverage for a particular Component Benefit Program, he or she shall be ineligible to participate in that Component Benefit Program in the future.

2.3 **Date of Participation.** Unless otherwise provided in the Component Benefit Programs, and as long as the Retiree has timely and properly elected coverage pursuant to Section 2.2, a Retiree will become a Participant on the later of 90-day period immediately following the later of the IRS Approval Date and the GERS Approved Termination Date, or the date the Retiree becomes eligible to participate pursuant to Section 2.1 with respect to a particular Component Benefit Program.

2.4 Cessation of Participation and Loss of Benefits.

(a) Retiree Coverage. Unless provided otherwise in the Component Benefit Programs, the Settlement Agreement, or pursuant to COBRA, a Participant's participation in the Plan will automatically cease at 11:59 p.m. on the earliest of the following dates:

(1) the last day of the month in which the Participant fails to make any required contribution for coverage;

(2) the date the Plan is terminated;

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- (3) the date the Employer terminates coverage;
- (4) (i) the original effective date of coverage if coverage is rescinded due to misrepresentation on the Participant's enrollment application;
- (5) the last day of the month of the Participant's death (unless coverage is continued for a surviving Spouse); and
- (6) the date the Participant revokes his or her election as permitted under the terms of the relevant Component Benefit Program.

(b) Dependent Coverage. Generally, Dependents will lose coverage under the Component Benefit Programs as of the earlier of the date they are no longer eligible or at the same time the Participant loses coverage for any of the events listed above. Please see the Component Benefit Programs and Settlement Agreement for more details. Additionally, and unless otherwise provided in the Component Benefit Programs or Settlement Agreement, coverage of any Dependent under the Component Benefit Programs will automatically cease at 11:59 p.m. on the earliest of the following dates, unless coverage is otherwise required to continue by law:

- (1) for Spouses:
 - (A) upon judgment of separate maintenance or legal separation (if applicable within the applicable State);
 - (B) upon divorce; or
 - (C) upon otherwise losing eligibility under the terms of the applicable Component Benefit Program or Settlement Agreement.
- (2) for Dependent children:
 - (A) upon reaching the limiting age set forth in the applicable Component Benefit Program;
 - (B) upon no longer meeting the eligibility requirements for extension of coverage due to disability under the terms of the applicable Component Benefit Program; or
 - (C) upon otherwise losing eligibility under the terms of the applicable Component Benefit Program or Settlement Agreement.

(c) Other. Other circumstances can result in the termination, reduction or denial of benefits. The Participant should consult the underlying Component Benefit Program documents for additional information. Termination of participation will automatically revoke elections and benefits as of the dates specified in the Component Benefit Programs. The Participant may also be entitled to continue certain benefits pursuant to state and federal law after participation ends. Pursuant to COBRA, a former Participant (or his or her covered Spouse

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or Dependent children) may be able to elect to continue certain group health plan benefits provided under this Plan for a limited period of time by paying the cost of the benefits.

Article 3

Benefits Offered and Method of Funding

3.1 **Insured Benefits.** This Plan offers certain fully-insured benefits to Participants in the Plan and their eligible Dependents. Specifically, the fully-insured benefits offered under this Plan are the Pre-Age 65 Medical Plan, the Age 65+ Medical Plan, the Vision Plan and the Dental Plan. Any Insurance Contracts between the Plan Sponsor and third-party insurers providing benefit coverage to Participants are incorporated by reference. The rights and conditions with respect to the benefits payable under the Insurance Contracts shall be determined from the terms of those contracts. This Plan is not intended to expand or in any way increase the benefits available under those contracts. Any Participant (or Dependent of a Participant) who is receiving coverage under the fully-insured Component Benefit Programs shall not have any claim against the Employer for any benefits provided. The Participant (and/or his or her Dependents) shall only have a right to recover from the insurer for such benefits.

3.2 **Employer-Funded Benefits.** Additionally, the Plan may offer Participants and their eligible Dependents the opportunity to participate in certain self-funded benefits. However, there are not currently any self-funded benefits being offered under this Plan. Any Insurance Contracts between the Plan Sponsor and Contract Administrators providing and/or administering benefit coverage to Participants are incorporated by reference. The rights and conditions with respect to the benefits payable under these documents shall be determined from the terms of those documents. This Plan is not intended to expand or in any way increase the benefits available under those contracts.

3.3 **Contributions and Funding.** The cost of the benefits provided through the Component Benefit Programs will be funded as provided in the Trust Agreement through Employer, Participant, and/or other contributions. The Participant is also responsible for any deductible, co-payment, and coinsurance that may be required under the terms of the Component Benefit Programs. Unless provided otherwise in the Settlement Agreement, the Employer will determine and periodically communicate the Participant's cost of the benefits provided through each Component Benefit Program, and it may change that determination at any time. The self-funded Component Benefit Programs are funded by the Employer and are not insured by an insurance company. Furthermore, and unless otherwise required by law, nothing herein shall be construed to require the Employer or the Administrator to maintain any fund or segregate any amount for the benefit of any Participant, and no Participant or other person shall have any claim against, right to, or security or other interest in, any fund, account or asset of the Employer from which any payment under the Plan may be made.

3.4 **Component Benefit Program Limitations and Exclusions.** Each Component Benefit Program sets forth the scope of benefits provided and may contain specific limitations to and/or exclusions from coverage. Please see the underlying Component Benefit Program documents for detailed information.

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3.5 **Reimbursements to Highly Compensated Individuals.** It is the intent of this Plan not to discriminate in violation of the Code and the Treasury Regulations thereunder. Therefore, reimbursements under any self-funded Component Benefit Program to Highly Compensated Individuals may be limited or treated as taxable compensation in order to comply with Code section 105(h), as may be determined by the Administrator in its sole discretion. Any act taken by the Administrator under this Section shall be carried out in a uniform and nondiscriminatory manner.

3.6 **Applicable Laws.** With respect to Component Benefit Programs that are group health plans, the Plan will provide benefits in accordance with COBRA, GINA, HIPAA, MHPA, MHPAEA, NMHPA, WHCRA, PPACA and other group health plan laws to the extent required by such laws.

Article 4

HIPAA Privacy and Security Health Information for Self Insured and Fully Insured Group Health Plans

4.1 **Limited Application of HIPAA to Health Care Components.** It is contemplated that the Plan may contain both self-funded and fully-insured Component Benefit Programs.

(a) Exclusively for Administrative Simplification Rules purposes, the self-funded and fully-insured Health Care Components shall be considered separate group health plans. Sections 4.1, 4.2, 4.3, 4.5, 4.7, 4.8, 4.10, 4.11, and 4.12 shall apply to the fully-insured Health Care Components. Sections 4.1, 4.2, 4.4, 4.5, 4.6, 4.8, 4.9, 4.10, 4.11, and 4.12 shall apply to the self-funded Health Care Components.

(b) This Article does not extend application of HIPAA to create any obligations for the Plan (or any Component Benefit Program or portion thereof) or the Plan Sponsor that they would not otherwise have under HIPAA. Additionally, under no circumstances does this Article extend the rights and obligations of HIPAA to benefits that would otherwise be outside the scope of the Administrative Simplification Rules (e.g., the Component Benefit Programs which are not Health Care Components).

(c) This Article does not apply and has no legal effect on the Plan (or a Component Benefit Program) if the Plan (or Component Benefit Program) does not meet the definition of "health plan" or "group health plan" as defined by 45 C.F.R. 160.103. Under HIPAA, a "Group Health Plan" is defined as an employee welfare benefit plan (as defined in §3(1) of ERISA, 29 U.S.C. 1002(1)), including insured and self-insured plans, to the extent that the plan provides medical care (as defined in §2791(a)(2) of the Public Health Service Act, 42 U.S.C. 300gg-91(a)(2)) including items and services paid for as medical care, to employees or their dependents directly or through insurance, reimbursement, or otherwise, that: (1) has 50 or more participants (as defined in §3(7) of ERISA, 29 U.S.C. 1002(7)); or (2) is administered by an entity other than the employer that established and maintains the plan.

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(d) When permitted, it is the intention of the Plan (or any Component Benefit Program or portion thereof) to qualify as an exempted group health plan under 45 C.F.R. 164.520(a)(2) and 164.530(k), or qualify under any exemption of any requirement under HIPAA.

4.2 Permitted and Required Uses and Disclosures of Summary Health Information. Except as prohibited by 45 C.F.R. §164.502(a)(5)(i) (related to the prohibition against using or disclosing PHI that is genetic information for underwriting purposes), the Plan (or a health insurance issuer or HMO with respect to the Plan) may disclose SHI to the Plan Sponsor, if the Plan Sponsor requests the SHI for the following purposes:

(a) Obtaining premium bids from health plans for providing health insurance coverage under the Plan.

(b) Modifying, amending or terminating the Plan.

4.3 Permitted and Required Uses and Disclosure of Protected Health Information for Fully-Insured Health Care Components . For the fully-insured Health Care Components, except as permitted in Sections 4.2 and 4.5, the Plan will not be disclosing any PHI to the Plan Sponsor in its capacity as Plan Sponsor, and no PHI may be disclosed to the Plan Sponsor unless such disclosure is otherwise permitted by an exception to the HIPAA Privacy Rules, keeping in mind 45 C.F.R. 164.520(a)(2) and 164.530(k).

4.4 Permitted and Required Uses and Disclosure of Protected Health Information for Self-Funded Health Care Components. Unless otherwise permitted by law, Section 4.2 or Section 4.5, only the self-funded Health Care Components may disclose PHI to the Plan Sponsor, provided the Plan Sponsor uses or discloses such PHI only for the purpose of carrying out plan administration functions (as defined under applicable HIPAA guidance) that the Plan Sponsor performs. In all other cases and situations, the Plan will not be disclosing any PHI to the Plan Sponsor in its capacity as Plan Sponsor, and no PHI may be disclosed to the Plan Sponsor unless such disclosure is otherwise permitted by the Administrative Simplification Rules.

However, enrollment and disenrollment functions performed by the Employer are performed on behalf of Plan participants and beneficiaries, and are not plan administration functions. Health information that the Employer receives, creates, maintains, and/or transmits in conjunction with performing enrollment and/or disenrollment functions on behalf of the Participant is deemed employment information to the extent it remains in the Employer's hands, and is not PHI.

4.5 Permitted Disclosure of Enrollment/Disenrollment Information. The Plan (or a health insurance issuer or HMO with respect to the Plan) may disclose to the Plan Sponsor information on whether the individual is participating in the Plan, or is enrolled in or has disenrolled from a health insurance issuer or HMO offered by the Plan. Health information that the Employer receives, creates, maintains, and/or transmits in conjunction with performing enrollment and/or disenrollment functions on behalf of the Participant is deemed employment information to the extent it remains in the Employer's hands, and is not PHI.

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4.6 Obligations of Self-Funded Plan Sponsor. The Plan Sponsor agrees that with respect to any PHI and EPHI, as applicable, disclosed to it by the self-funded Health Care Components or any other covered entity, the Plan Sponsor shall:

(a) Not use or further disclose the information other than as permitted or required by the Plan documents or as required by law.

(b) Ensure that any agents to whom it provides PHI received from the Plan agree to the same restrictions and conditions that apply to the Plan Sponsor with respect to such information.

(c) Not use or disclose the information for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Plan Sponsor.

(d) Report to the Plan any use or disclosure of the information that is inconsistent with the uses or disclosures provided for of which it becomes aware.

(e) Make PHI available in accordance with 45 C.F.R. §164.524 (related to access of individuals to PHI).

(f) Make PHI available for amendment and incorporate any amendments to PHI in accordance with 45 C.F.R. §164.526.

(g) Make available the information required to provide an accounting of disclosures in accordance with 45 C.F.R. §164.528.

(h) Make its internal practices, books and records relating to the use and disclosure of PHI received from the Plan available to the Secretary of Health and Human Services for purposes of determining compliance by the Plan with 45 C.F.R. Part 164, Subpart E.

(i) If feasible, return or destroy all PHI received from the Plan that the Plan Sponsor still maintains in any form and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.

(j) Ensure that the adequate separation required by 45 C.F.R. §164.504(f)(2)(iii) is established.

(k) Implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the EPHI that it creates, receives, maintains, or transmits on behalf of the Plan.

(l) Report to the Plan any security incident, as defined by the HIPAA Security Rules, of which it becomes aware.

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(m) Ensure that any agent to whom it provides EPHI agrees to implement reasonable and appropriate security measures to protect the EPHI that is created, received, maintained or transmitted to or by the Plan Sponsor on behalf of the group health plan.

(n) Ensure that adequate separation required by 45 C.F.R. §164.504(f)(2)(iii) is supported by reasonable and appropriate security measures.

4.7 Obligations of Fully Insured Plan Sponsor. The Plan Sponsor agrees that with respect to any EPHI disclosed to it by the fully-insured Health Care Components or any other covered entity, the Plan Sponsor shall:

(a) Ensure that any agent to whom it provides EPHI agrees to implement reasonable and appropriate security measures to protect the EPHI that is created, received, maintained or transmitted to or by the Plan Sponsor on behalf of the group health plan;

(b) Ensure that adequate separation required by 45 C.F.R. §164.504(f)(2)(iii) is supported by reasonable and appropriate security measures;

(c) Implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the EPHI that it creates, receives, maintains, or transmits on behalf of the Plan; and

(d) Report to the Plan any security incident, as defined by the HIPAA Security Rules, of which it becomes aware.

4.8 Adequate Separation. For the self-funded Health Care Components, the Plan Sponsor shall only allow employees with specific classifications/designations access to PHI and EPHI. The Plan Sponsor shall designate these employees or classes of employees from time to time. A list of such employees or classes of employees may be obtained from the Plan Sponsor. These specified employees or classes of employees shall only have access to and use PHI and EPHI to the extent necessary to perform plan administration functions that the Plan Sponsor performs for the Plan. In the event that any of these specified employees or classes of employees do not comply with the provisions of this Article, the non-complying employee(s) shall be subject to disciplinary action by the Plan Sponsor for noncompliance pursuant to the discipline and termination procedures of the Plan Sponsor.

For the fully-insured Health Care Components, the Plan Sponsor shall only have access to certain SHI, and/or enrollment/disenrollment information as permitted by Sections 4.2, 4.3, and 4.5. With respect to such limited information, the Plan Sponsor shall only allow employees with specific classifications/designations access to such information. The Plan Sponsor shall designate these employees or classes of employees from time to time. A list of such employees or classes of employees may be obtained from the Plan Sponsor. In the event that any of these specified employees or classes of employees do not comply with the provisions of this Article, the non-complying employee(s) shall be subject to disciplinary action by the Plan Sponsor for noncompliance pursuant to the discipline and termination procedures of the Plan Sponsor.

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The Plan Sponsor shall ensure that the provisions of this Section are supported by reasonable and appropriate security measures to the extent that the persons designated above create, receive, maintain or transmit EPHI on behalf of the Plan.

4.9 Certification of Plan Sponsor. The Plan (or health insurance issuers or HMO with respect to the Plan) shall disclose PHI to the Plan Sponsor only upon receipt of a certification by the Plan Sponsor that the Plan documents have been amended to incorporate the provisions of section 164.504(f)(2)(ii) of the Privacy Rules and that the Plan Sponsor agrees to the conditions of the disclosures set forth in this Article.

4.10 Miscellaneous Interpretive Provision. Notwithstanding the provisions of this Plan to the contrary, in no event shall the Plan or the Plan Sponsor be permitted to use or disclose PHI in a manner that is inconsistent with HIPAA. Any ambiguity in this Article shall be resolved in favor of a meaning that permits the Plan and Plan Sponsor to comply with HIPAA. This Article does not create any contractual rights or obligations between the Plan and other parties to Plan benefits that would otherwise be outside the scope of HIPAA.

4.11 HITECH Act. This Plan shall comply with the HITECH Act, and any authoritative guidance issued pursuant to that Act, if and as they become applicable to the Plan. If there is any conflict between the requirements of the HITECH Act, and any provision of this Plan, applicable law will control.

This Article only applies to health plan coverage within the Component Benefit Programs.

Article 5

Continuation of Coverage for Group Health Plan Benefits

5.1 In General. The following provisions may apply to benefits provided to eligible Participants and their Qualified Beneficiaries under the Plan, but only to the extent that the benefits selected pertain to group health plan coverage pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272) Title X (COBRA).

Importantly, this Article only applies to group health plan coverage within the Component Benefit Programs. It does not apply to non-health benefits.

5.2 Continuation of Coverage. To the extent required by Section 5.1 above, a covered Retiree or Qualified Beneficiary who would lose coverage under this Plan as a result of a Qualifying Event is entitled to elect continuation coverage within the election period under this Plan. Coverage provided under this provision is on a contributory basis. No evidence of good health will be required.

Except as otherwise specified in an election, any election by a covered Retiree or Qualified Beneficiary who is a spouse of the covered Retiree will be deemed to include an election for continuation coverage under this provision on behalf of any other Qualified Beneficiary who would lose coverage by reason of a Qualifying Event.

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If this Plan provides a choice among the types of coverage under this Plan, each Qualified Beneficiary is entitled to make a separate selection among such types of coverage. However, the Qualified Beneficiary may only be able to continue that type of coverage which he or she would have lost as a result of the Qualifying Event.

5.3 Qualifying Event. The term "Qualifying Event" means any of the following events which, but for COBRA continuation coverage, would result in the loss of coverage of the covered Retiree or Qualified Beneficiary:

- (a) death of the covered Retiree;
- (b) divorce or legal separation of the covered Retiree from the Retiree's spouse;
- (c) covered Retiree becoming entitled to benefits under Title XVIII of the Social Security Act (Medicare);
- (d) a dependent child ceasing to be a dependent child of a covered Retiree under the generally applicable requirements of the Plan; or
- (e) with regard to a covered Retiree, a bankruptcy proceeding under Title 11 of the United States Code, with respect to the Employer from whose employment the covered Retiree retired at any time. For purposes of an employer's bankruptcy proceedings, a loss of coverage includes a substantial elimination of coverage with respect to a qualified beneficiary (covered Retiree who retired on or before the date coverage was substantially eliminated, or spouse, surviving spouse, or dependent child of said covered Retiree if, on the date before the bankruptcy event, the spouse, surviving spouse, or dependent child is a beneficiary under the group health plan) within 12 months before or after the date the proceeding commenced.

An event described above is only a Qualifying Event if it causes a loss of coverage for the covered Retiree, or Qualified Beneficiary under the group health plan. For this purpose, "loss of coverage" generally means to cease to be covered under the same terms and conditions as in effect immediately before the Qualifying Event (including any increase in the premium or contribution that must be paid by a covered /Retiree (or his/her spouse or dependent child) for coverage under the group health plan). If coverage is reduced or eliminated in anticipation of an event (for example, an employer's eliminating an employee's coverage in anticipation of the termination of the employee's employment, or an employee's eliminating the coverage of the employee's spouse in anticipation of a divorce or legal separation), then the reduction or elimination is disregarded in determining whether the event causes a loss of coverage.

5.4 Type of Coverage. Continuation coverage under this provision is coverage which is identical to the coverage provided to similarly-situated beneficiaries under the group health plan with respect to whom a Qualifying Event has not occurred as of the time coverage is being provided. If coverage under the group health plan is modified for any group of similarly-situated beneficiaries, then coverage shall also be modified in the same manner for all Qualified Beneficiaries under the group health plan in connection with such group.

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5.5 Duration of Coverage. The coverage under this provision will extend for at least the period beginning on the date of a Qualifying Event (unless otherwise provided) and ending not earlier than the earliest of the following:

(a) In case of a loss of coverage due to bankruptcy proceeding under Title 11 of the United States Code, with respect to the Employer from whose employment the covered Retiree retired at any time, (i) for a qualified beneficiary who is the covered Retiree, the date of the covered Retiree's death, or (ii) for a Qualified Beneficiary who is the spouse, surviving spouse or dependent child of the covered Retiree, the earlier of the date of the Qualified Beneficiary's death or the date that is 36 months after the date of the covered Retiree's death;

(b) In the case of any Qualifying Event except as described in Section 5.5(a) for the Qualified Beneficiaries, the date which is 36 months after the date of the Qualifying Event;

(c) The date on which the participating Employer ceases to provide any group health plan to any Retiree;

(d) The date on which coverage ceases under the Plan by reason of failure to make timely payment of the required contribution pursuant to this provision;

(e) The date on which the covered Retiree or Qualified Beneficiary first becomes, after the date of the election, covered under any other group health plan (as an employee or otherwise), or becomes entitled to benefits under Title XVIII of the Social Security Act (Medicare). However, if the other group health plan has a preexisting condition limitation, coverage under the plan will not cease while such preexisting condition limitation under the other group plan remains in effect, subject to the maximum period of coverage limitations set forth in this Section; or

(f) COBRA may be terminated for any reason the plan would terminate coverage of a participant or beneficiary not receiving COBRA coverage (such as fraud).

5.6 Cost of Coverage. COBRA permits the Plan to require payment of an amount that does not exceed 102 percent of the applicable premium (i.e., the full cost to the Plan (including both employer and employee contributions) for coverage for similarly situated beneficiaries with respect to whom a Qualifying Event has not occurred). If coverage is continued due to a disability, COBRA permits the Plan to require the payment of an amount that does not exceed 150 percent of the applicable premium for any period of COBRA coverage if the coverage would not be required to be made available in the absence of a disability extension (e.g. for the last 11 months of the 29-month period during which coverage may continue).

5.7 Payment of Premium.

(a) A covered Retiree or Qualified Beneficiary shall only be entitled to continuation coverage provided the Qualified Beneficiary or covered Retiree pays the applicable premium required by the Employer in full and in advance, except as provided in (b) below. Such premium shall not exceed the maximum thresholds of applicable federal law. A Qualified

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Beneficiary or covered Retiree may elect to pay such premium in monthly installments. The Plan may also permit payment at other intervals.

(b) Except as provided in (c) below, the payment of any premium shall be considered to be timely if made to the Plan within 30 days after the first day of the applicable period of coverage, or within such longer period of time as permitted under this Plan.

(c) Notwithstanding (a) and (b) above, if an election is made after a Qualifying Event during the election period, this Plan will permit payment of the required premium for continuation coverage during the period preceding the election to be made within 45 days of the date of the election.

5.8 Qualified Beneficiary Must Notify Plan Administrator of Certain Qualifying Events.

(a) It is the responsibility of the covered Retirees and Qualified Beneficiaries to provide the following notices to the Plan Administrator:

(1) Notice of the occurrence of a Qualifying Event that is a divorce or legal separation of a covered Retiree from his or her spouse;

(2) Notice of the occurrence of a Qualifying Event that is a Qualified Beneficiary ceasing to be covered under the Plan as a dependent child; and

(3) Notice that a covered Retiree or Qualified Beneficiary subsequently becomes entitled to Medicare or covered under other group health coverage (but only after any preexisting condition exclusions of the other plan have been exhausted or satisfied).

(b) Notice to the Plan Administrator must be made in writing and must be mailed or hand-delivered to:

City of Pontiac
Human Resources Department
47450 Woodward Avenue
Pontiac, Michigan 48342

Oral notice or electronic notice (by e-mail or facsimile) is not acceptable. If mailed, the notice must be postmarked no later than the deadline described below. If hand-delivered, notice must be received by the individual at the address above no later than the deadline described below.

(c) Required Contents of Notice. The notice must at a minimum contain the following information:

(1) the name of the Plan;

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- (2) the name and address of the Retiree who is or was covered under the Plan;
- (3) the nature of the Qualifying Event, and, if applicable, the nature of the initial Qualifying Event that started the COBRA coverage, including any verifying documentation which may be required by the Plan Administrator;
- (4) the date of this Qualifying Event, and, if applicable, the initial Qualifying Event;
- (5) the name(s) and address(es) of all Qualified Beneficiary(ies) who lost coverage due to the Qualifying Event or initial Qualifying Event, and, if applicable, whether those individuals are receiving COBRA coverage at the time of this notice;
- (6) if the notice is regarding subsequent entitlement of Medicare or coverage under another group health plan, the initial Qualifying Event and the subsequent event terminating coverage and the dates they occurred; and
- (7) the signature, name, and contact information of the individual sending the notice.

Furthermore, the Plan requires that the following documents, if relevant to the particular Qualifying Event, be provided with the notice: Death Certificate; Divorce Decree or Legal Separation Agreement; Birth Certificate or Order of Adoption; Marriage Certificate;; Spouse's Notice of Employment Termination or Proof of Loss of Coverage; Qualified Domestic Relations Order.

Any notice that does not contain all of the information required by the Plan must be supplemented in writing within 15 business days with the additional information necessary to meet the Plan's reasonable content requirements for such notice in order for the notice to be deemed to have been provided in accordance with this section.

(d) Time Periods to Provide Notice. If written notice is not provided within the time periods provided below, the covered Retiree and Qualified Beneficiaries will lose the right to elect COBRA.

(1) Time limits for notices of Qualifying Events. The notice described in Section 5.8(a)(1) or (2) must be furnished within 60 days after the latest of:

- (A) the date on which the relevant Qualifying Event occurs; or
- (B) the date on which the covered Retiree or Qualified Beneficiary loses (or would lose) coverage under the plan as a result of the Qualifying Event.

(2) Time limits for notice of subsequent Medicare entitlement, or coverage under another group health plan. The notice described in Section 5.8(a)(3) must be furnished within 30 days after the date the covered Retiree or Qualified Beneficiary becomes entitled to Medicare or covered under other group health coverage.

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(e) Person to Provide Notice. With respect to each of the notice requirements of this section, any individual who is either the covered Retiree, a Qualified Beneficiary with respect to the Qualifying Event, or any representative acting on behalf of the covered Retiree or Qualified Beneficiary may provide the notice, and the provision of notice by one individual shall satisfy any responsibility to provide notice on behalf of all related Qualified Beneficiaries with respect to the Qualifying Event.

5.9 Employer Must Notify Plan Administrator of Certain Qualifying Events. Upon the occurrence of a Qualifying Event that is the covered Retiree's death, Medicare entitlement, or commencement of a bankruptcy proceeding of the Employer, the Employer must notify the Plan Administrator within 30 days after the date of the Qualifying Event.

5.10 Notification to Qualified Beneficiary.

(a) The Plan Administrator (or entity which it has hired) shall provide written notice within 14 days after receipt of the notice of Qualifying Event to each covered Retiree and spouse of such covered Retiree of his/her right to continuation coverage and the cost, if any, under this provision as required by federal law. However, in the case where the Employer is the Plan Administrator and the Employer is otherwise required to furnish a notice of a Qualifying Event to the Plan Administrator, the Plan Administrator shall provide written notice within 44 days after the date of the Qualifying Event.

(b) The Plan Administrator (or entity which it has hired) shall notify any Qualified Beneficiary of the right to elect continuation coverage under this provision as required by federal law. If the Qualifying Event is the divorce or legal separation of the covered Retiree from the covered Retiree's spouse or a dependent child ceasing to be a dependent under the terms of this Plan, the Plan Administrator shall only be required to notify a covered Retiree or Qualified Beneficiary of his/her right to elect continuation coverage if the covered Retiree or the Qualified Beneficiary notifies the Employer of such Qualifying Event as previously stated. Additionally, the right to extend COBRA coverage may only be provided upon the Plan Administrator receiving proper notice.

(c) Notification of the requirements of this provision to a Qualified Beneficiary who is the spouse of a covered Retiree shall be treated as notification to all other Qualified Beneficiaries residing with such spouse at the time notification is made.

5.11 Election of COBRA. A covered Retiree and Qualified Beneficiaries each will have an independent right to elect COBRA continuation coverage and shall have 60 days to elect COBRA from the later of (1) the date on which coverage would be lost on account of the Qualifying Event; or (2) the date notice of the right to elect COBRA continuation coverage is provided. Covered Retirees and spouses who are Qualified Beneficiaries may elect COBRA coverage on behalf of all other beneficiaries, and parents may elect COBRA coverage on behalf of their minor children. Any covered Retiree and/or Qualified Beneficiary for whom COBRA is not elected within the 60-day election period specified in the Plan's COBRA election notice will lose his or her right to elect COBRA coverage.

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A covered Retiree and/or Qualified Beneficiary then shall have 45 days after the date on which the COBRA election is made to pay for any required premium. Thereafter, payment is timely if made within the time periods of the Plan or 30 days of the due date.

5.12 **Special Election Period.** Special COBRA rights apply to certain Retirees who are eligible for federal trade adjustment assistance (TAA) or alternative trade adjustment assistance (ATAA). These individuals are entitled to a second opportunity to elect COBRA for themselves and certain family members (if they did not already elect COBRA) during a special second election period. This special second election period lasts for 60 days or less. It is the 60-day period beginning on the first day of the month in which an eligible Retiree becomes eligible for TAA or ATAA, but only if such election is made within the six months immediately after the date of the TAA/ATAA-related loss of coverage. If the Retiree qualifies for TAA or ATAA, he/she must contact the Employer promptly or the Retiree will lose the right to elect COBRA during a special second election period.

Article 6

Fiduciary Responsibilities

6.1 **Named Fiduciary.** The Named Fiduciaries shall have the authority to control and manage the operation and administration of the Plan. The specific powers, duties, responsibilities, and obligations as are specifically given them under the Plan including, but not limited to, any agreement to allocate or delegate responsibilities, the terms of which are incorporated herein by reference. In general, the Plan Sponsor shall have the sole authority to appoint and remove the Administrator; and to amend Plan provisions or terminate, in whole or in part, the Plan. The Administrator shall have the sole responsibility for the administration of the Plan, which responsibility is specifically described in the Plan. Furthermore, each Named Fiduciary may rely upon any such direction, information or action of another Named Fiduciary as being proper under the Plan, and is not required under the Plan to inquire into the propriety of any such direction, information or action. It is intended under the Plan that each Named Fiduciary shall be responsible for the proper exercise of its own powers, duties, responsibilities and obligations under the Plan. Any person or group may serve in more than one fiduciary capacity.

6.2 **General Fiduciary Responsibilities.** The Administrator and any other fiduciary shall discharge its duties with respect to this Plan solely in the interest of the Participants and their beneficiaries and —

(a) for the exclusive purpose of providing Benefits to Participants and their beneficiaries and defraying reasonable expenses of administering the Plan;

(b) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

(c) by diversifying the investments of the Plan (if any) so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

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(d) in accordance with the documents and instruments governing the Plan insofar as such documents and instruments are consistent with applicable law.

Article 7

Record Keeping and Administration

7.1 **Administrator.** The Administrator shall be designated by the City Council and shall carry out the duties assigned to the Administrator under the Plan. The administration of this Plan shall be under the supervision of the Administrator. It is the principal duty of the Administrator to ensure that this Plan is carried out, in accordance with its terms, for the exclusive benefit of persons entitled to participate in this Plan without discrimination among them.

7.2 **Applicability of Article and Power and Authority of Contract Administrators.** This Article shall only apply to this Plan and to the underlying Component Benefit Programs which are self-funded and administered by the Plan Administrator. For all other Component Benefit Programs, this Article does not apply, and the Contract Administrators shall administer the Component Benefit Programs as provided in the Insurance Contracts and other governing documents; the Plan Administrator shall retain no responsibility for such acts. Moreover, the Contract Administrators for the fully-insured Component Benefit Programs are responsible for (1) paying claims; (2) determining eligibility for and the amount of any benefits payable under their respective Component Benefit Programs; and (3) prescribing legally compliant claims procedures to be followed and the claims forms to be used by employees pursuant to their respective Component Benefit Program.

7.3 **Powers of the Administrator.** The Administrator shall have such duties and powers as it considers necessary or appropriate to discharge its duties. It shall have the exclusive right to interpret the Plan and to decide all matters thereunder, subject to the pertinent provisions of the Code and Treasury Regulations. All determinations of the Administrator with respect to any matter hereunder shall be conclusive and binding on all persons. Without limiting the generality of the foregoing, the Administrator shall have the following discretionary authority:

(a) to make and enforce rules and regulations necessary or proper for the efficient administration of the Plan, including the establishment of any claims procedures that may be required by applicable provisions of law;

(b) to construe and interpret this Plan, including all possible ambiguities, inconsistencies and omissions in the Plan and related documents, and to decide all questions of fact, questions relating to eligibility and participation, and questions of Benefits under this Plan;

(c) to approve reimbursement requests and to authorize the payment of Benefits;

(d) to prepare and distribute information explaining this Plan and the Benefits under this Plan in such manner as the Administrator determines to be appropriate;

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(e) to furnish each Participant with such reports with respect to the administration of this Plan as the Administrator determines to be reasonable and appropriate and/or as required by law;

(f) to allocate and delegate its responsibilities under the Plan and to designate other persons to carry out any of its responsibilities in writing (such delegation shall expressly identify the delegate(s) and expressly describe the nature and scope of the delegated responsibility).

(g) to sign documents for the purposes of administering this Plan, or to designate an individual or individuals to sign documents for the purposes of administering this Plan; and

(h) to secure independent medical or other advice and require such evidence as it deems necessary to decide any claim or appeal.

The Plan Administrator, and other fiduciaries of the Plan (including any named fiduciary for claim appeals), have the requisite discretionary authority and control over the Plan to require deferential judicial review of its decisions, as set forth by the U.S. Supreme Court in Firestone Tire & Rubber Co. v. Bruch.

7.4 Examination of Records. In accordance with applicable law, the Administrator will make records available to each Participant for examination at reasonable times during normal business hours.

7.5 Reliance on Participant, Tables, etc. The Administrator may rely upon the information submitted by a Participant as being proper under the Plan and shall not be responsible for any act or failure to act because of a direction or lack of direction by a Participant. The Administrator will also be entitled, to the extent permitted by law, to rely conclusively on all tables, valuations, certificates, opinions and reports that are furnished by accountants, attorneys, or other experts employed or engaged by the Administrator.

7.6 Nondiscriminatory Exercise of Authority. Any procedure, discretionary act, interpretation or construction taken by the Administrator shall be done in a nondiscriminatory manner based upon uniform principles consistently applied and shall also be consistent with the intent that the Plan shall continue to comply with the terms of Code section 105(h) and the Treasury Regulations thereunder.

7.7 Indemnification of Administrator. The Employer agrees to indemnify and to defend, to the fullest extent permitted by law, any employee serving as the Administrator or as a member of a committee designated as Administrator (including any employee or former employee who formerly served as Administrator or as a member of such committee) against all liabilities, damages, costs and expenses (including attorneys' fees and amounts paid in settlement of any claims approved by the Employer) occasioned by any act or omission in connection with the Plan, if such act or omission is in good faith.

7.8 Bonding. The Administrator shall be bonded to the extent required by applicable law.

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7.9 Records. The Administrator shall keep records containing all relevant data and information pertaining to the administration of the Plan.

7.10 Assurance of Receipt of Benefits. The Administrator shall take all necessary action to ensure that Participants receive the Benefits to which they are entitled under the Plan.

7.11 Conflict of Interest. The Administrator may not decide any matter relating solely to the Administrator's rights or benefits under the Plan. These decisions shall be made by an individual appointed by the City Council.

7.12 Exercise of Discretion on a Uniform Basis. In those instances where the Administrator is granted discretion in making its determinations, and the decision of the Administrator affects the benefits, rights or privileges of Participants, such discretion shall be exercised uniformly so that all Participants similarly situated are similarly treated.

7.13 Timely Filing of Reports. The Administrator shall cause to have prepared and filed or furnished, as the case may be, in a timely fashion, such information and reports as are required by applicable law and regulations to be filed or furnished by the Plan.

7.14 Employment of Agents. The Administrator has the right to employ agents and advisors to assist the Administrator in the performance of its duties.

7.15 Provision for Third-Party Plan Service Providers. The Administrator, subject to approval of the Plan Sponsor, may employ the services of such persons as it deems necessary or desirable in connection with the operation of the Plan. Unless otherwise provided in the applicable service agreement, obligations under this Plan shall remain the obligation of the Employer.

7.16 Insurance Contracts. The Plan Sponsor shall have the right to enter into a contract with one or more insurance companies for the purposes of providing any Benefits under the Plan and to replace any such insurance companies or contracts. Any dividends, retroactive rate adjustments or other refunds of any type that may become payable under any such insurance contract shall not be assets of the Plan but shall be the property of, and be retained by, the Employer, to the extent that such amounts are less than aggregate Employer contributions toward such insurance.

7.17 Reliance Upon Information and Advice. The Administrator may rely upon the written information, opinions or certificates supplied by any agent, counsel, actuary, investment manager, physician or fiduciary.

7.18 Administration of Claims. The Administrator shall administer all claims procedures under the Plan, except as otherwise provided.

7.19 Compensation of Administrator. The Administrator, if not an employee of Employer, shall be paid a reasonable compensation for services on behalf of the Plan as may be agreed upon from time to time by Plan Sponsor and the Administrator. Unless otherwise determined by the Plan Sponsor and permitted by law, any Administrator who is also an

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employee of the Employer shall serve without compensation for services rendered in such capacity, but all reasonable expenses incurred in the performance of their duties shall be paid by the Employer.

7.20 Liability Limitations. The Administrator is not liable or responsible for the acts or omissions of another fiduciary, unless:

- (a) the Administrator knowingly participated in, or knowingly attempted to conceal, the act or omission of another fiduciary and the Administrator knew the act or omission was a breach of fiduciary responsibility by the other fiduciary,
- (b) the Administrator had knowledge of a breach by the other fiduciary and did not make reasonable efforts under the circumstances to remedy the breach, or
- (c) the Administrator's breach of the Administrator's fiduciary responsibility permitted the other fiduciary to commit a breach.

7.21 Resignation of Administrator. The Administrator may resign by giving written notice to Plan Sponsor not less than 15 days before the effective date of the resignation.

7.22 Removal of Administrator; Filling Vacancy. The Administrator may be removed at any time, without cause, by the City Council. In such case, the City Council shall fill the vacancy as soon as reasonably possible after the vacancy occurs. Until a new Administrator is appointed, the City Council has full authority to act as the Administrator.

Article 8

Claims Procedure and Appeal

8.1 Applicability of Article. As used within this Article only, the term "Administrator" shall also mean "Contract Administrator." Specifically, the term "Administrator" shall mean the Plan Administrator or relevant Contract Administrator, as applicable, who is administering benefits with respect to a particular Component Benefit Program.

The underlying documents for each Component Benefit Programs sets forth its applicable claims and appeals procedures. Claims and appeals procedures set forth within the applicable Insurance Contracts control; this Article supplements those documents to the extent required by law and for the purpose of imposing the limitations period for filing suit.

Claims for benefits incorporated in this Plan shall be submitted to the relevant Administrator. Generally, the provider will file all claims. However, in some circumstances, nonparticipating providers may not file a claim. In those cases, a Claimant shall make a claim for benefits by making a request pursuant to the procedures specified in the claim forms provided by the Administrator. For purposes of determining the amount of, and entitlement to, Benefits under the fully-insured Component Benefit Programs, the respective insurer is the named fiduciary under the Plan, with the full power to interpret and apply the terms of the Plan as they

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relate to the benefits provided under the applicable fully-insured Component Benefit Programs. For purposes of determining the amount of, and entitlement to, Benefits under the self-funded Component Benefit Programs, the Administrator is the named fiduciary under the Plan, with the full power to make factual determinations and to interpret and apply the terms of the Plan as they relate to the benefits provided through a self-funded Component Benefit Program.

To obtain benefits under a Component Benefit Program, the Participant must follow the claims procedures under the applicable Insurance Contract, which may require the Participant to complete, sign, and submit a written claim on the insurer's/administrator's form. The Administrator will decide a Participant's claim in accordance with its reasonable claims procedures, as required by law. Any claims not submitted within the specified time requirements will not be considered.

In conjunction with the requirements of applicable law, the Administrator may have the right to secure independent medical advice and to require such other evidence as it deems necessary in order to decide a claim. If the Administrator denies a claim in whole or in part, then the Claimant will receive a written notification setting forth the reason(s) for the denial.

If a Claimant thinks an error has been made in determining his or her benefits, then the Claimant or his or her beneficiaries may make a request for any Plan benefits to which he or she believes he or she is entitled. Any such request should be in writing and should be made to the Administrator. If the Administrator determines the claim is valid, then the Claimant will receive a statement describing the amount of benefit, the method or methods of payment, the timing of distributions and other information relevant to the payment of the benefit.

If a claim is denied, the Claimant may appeal to the Administrator for a review of the denied claim. The Administrator will decide the claim in accordance with its reasonable claims procedures. If the Claimant does not appeal on time, then he or she will lose his or her right to file suit in a state or federal court, as he or she will not have exhausted his or her internal administrative appeal rights (which generally is a prerequisite to bringing a suit in state or federal court). The Insurance Contracts contain additional information regarding how to file a claim and the details regarding the claims procedures applicable to a Claimant's claim.

Article 9

Amendment and Termination of the Plan

9.1 **Amendment and Termination.** Although the Plan Sponsor intends to maintain this Plan indefinitely, it reserves the right to amend or terminate the Plan at any time to the extent not inconsistent with the terms of the Settlement Agreement. The Plan Sponsor further reserves the right to change insurers and/or modify the terms of any contracts with insurers who are providing benefits pursuant to this Plan to the extent not inconsistent with the terms of the Settlement Agreement. The amendment or termination shall be made by a written instrument and shall be communicated to all Participants in writing. Any decision to amend or terminate the Plan and any and all benefits provided under the Plan shall be made either by the City Council or by any person or persons authorized by the City Council to take such action. Any amendment may be made retroactively effective to the extent not prohibited by the Code.

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Unless otherwise provided in the Component Benefit Programs, no Participant, Dependent or any other person shall have any further right, title, interest or claim, legal or equitable, in or to any reimbursement or benefit payable under such Plan beyond the date in which such Plan or benefit is terminated. Assets remaining in the Plan upon termination arising from employer contributions may revert to the Employer, but only to the extent not inconsistent with the Trust's qualified status under Code section 501(c)(9). Plan assets remaining in the Plan upon termination will be handled in accordance with the applicable Component Benefit Program, unless otherwise required by law.

9.2 Payment of Claims Upon Amendment or Termination. If the Plan is amended or terminated, benefits will only be paid for claims incurred before the date of amendment or termination. In the event of Plan termination, claims incurred prior to the date of termination will be paid out of the Trust, to the extent sufficient funds are available. Other than the Trust, there are no specific assets set aside to use to pay claims incurred prior to the date of termination. If the Plan should be terminated, only claims incurred prior to the date of such termination would be paid by the Plan.

Article 10

Coordination of Benefits

10.1 General. Coordination of benefits involves coordinating payments between two separate plans that both cover the Participant and/or Dependents. In general, the coordination of benefits provisions set forth within the underlying fully-insured Component Benefit Programs shall control with respect to such Component Benefit Programs. To the extent it does not conflict with the coordination of benefits provisions in an applicable Component Benefit Program, this coordination of benefits Article shall apply.

10.2 Order of Payment. According to the following section outlining the order of payment, one plan will be designated as the primary plan and succeeding plans will be designated as secondary plans. The primary plan must pay benefits as if the secondary plan does not exist. The secondary plan will then adjust and reduce its expense payments so that the total benefit payable by both plans will not exceed 100% of allowable expenses. This Plan will never pay more than it would without this coordination provision.

When a person is covered under two or more plans, the rules below apply to decide which plan's benefits are payable first:

(a) If one plan does not have a coordination of benefits provision, then it is the primary payer on the claim. The plan with the coordination of benefits provision, such as this one, is the secondary payer.

(b) The plan that covers the insured as a nondependent (i.e., as an employee, member, subscriber, or retiree) is primary over a plan that covers the insured as a dependent.

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(c) In cases of coverage for a dependent child, the plan of the parent whose birthday falls earlier in the year is primary if:

- (1) The parents are married; or
- (2) The parents are not separated (whether or not they have ever been married); or
- (3) A court decree awards joint custody without specifying that one parent has the responsibility to provide health care coverage.

If both birthdays are the same, then the plan covering the parent the longest is primary.

(d) If the parents are not married or are separated (whether or not they were ever married) or are divorced, and there is no court decree allocating responsibility for the child's health care services or expenses, the order of benefit determination among the plans of the parents and their spouses, if any, is as follows:

- (1) The plan of the parent with custody;
- (2) The plan of the custodial parent's spouse;
- (3) The plan of the parent without custody;
- (4) The plan of the noncustodial parent's spouse.

(e) If a court decree states that one of the parents must pay health coverage, then that parent's plan pays primary (as long as the plan has actual knowledge of the court decree and its terms). If that parent has no coverage for the child's health care services, then the plan of that parent's spouse is primary (as long as the plan has actual knowledge of the court decree and its terms). This paragraph shall not apply with respect to any claim determination period or plan year during which the benefits are paid or provided before the plan has actual knowledge. If it is determined that another plan is primary due to the terms of a divorce decree after the secondary plan has paid as primary, the secondary plan shall not retroactively seek refunds of the overpayments it previously issued as the primary plan.

(f) A plan that covers a person as a former employee (or dependent of a former employee) is secondary to the plan that covers the person as an active employee (or an active employee's dependent). However, if the other plan does not have this rule, and the plans do not agree on the order of benefits, this rule is ignored.

(g) If none of the above rules can determine the order of benefits, then the plan that covered the insured the longest pays before the plan which covered the person for the shorter period of time. To determine the length of time a person has been covered under a plan, two plans shall be treated as one if the covered person was eligible under the second within 24 hours after the first ended. The start of a new plan does not include (1) a change in the amount or scope of a plan's benefits; (2) a change in the entity that pays, provides, or administers the

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plan's benefits; or (3) a change from one type of plan to another (such as from a single employer plan to that of a multiple employer plan). A person's length of time covered under a plan is measured from the person's first date of coverage under that plan. If that date is not readily available for a group plan, the date the person first became a member of the group shall be used as the date from which to determine the length of time the person's coverage under the present plan has been in force.

(h) With regard to COBRA, the plan covering the person as an employee, member, subscriber, or retiree (as their dependent) is primary. The COBRA plan is secondary, unless the plan that would be primary contains pre-existing condition limitations. However, this rule is ignored if only one plan follows the COBRA rules and the plans do not agree on the order of benefits.

(i) If another plan contains a provision whereby such plan considers its plan to be excess of other available benefits or considers the plan to be secondary only in normal coordination of benefits situations, this plan will coordinate to consider benefits payable on a 50%/50% basis, between this Plan and the other plan.

(j) If none of the above rules apply, then the expenses must be shared equally between the plans.

The total maximum benefit limits under this Plan will only be reduced by the charges actually paid by this Plan. Any benefits coordinated and paid by other coverage providers will not be charged against the benefit limits of this Plan.

10.3 Coordination With Medicare. This Plan is intended to comply with applicable federal regulations as they apply with respect to Medicare coverage and coordination of benefits. To the extent required by applicable law, when determining Medicare benefits, the Plan will base its payment upon benefits that have been paid by Medicare under Parts A and B, whether or not the covered Participant and/or Dependent has enrolled for the full coverage. In the case of services and supplies for which Medicare makes direct reimbursement to the health care provider, this Plan will coordinate its benefits based on the amount approved by Medicare and not the amount of the charge.

10.4 Coordination With Medicaid. Notwithstanding any other provisions of this Plan to the contrary, this Plan shall not take into account, with respect to Plan enrollment or the payment of benefits to a covered Participant and/or Dependent, that such Participant and/or Dependent qualifies for medical assistance under a state Medicaid plan.

Article 11

Miscellaneous Provisions

11.1 Gender and Number. Except where otherwise indicated by the context, as used in this agreement the masculine gender includes the feminine and neuter, and words used in the singular include the plural.

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11.2 Headings. The headings of the various Articles and Sections are inserted for convenience of reference and are not to be regarded as part of this Plan or as indicating or controlling the meaning or construction of any provision.

11.3 Controlling Law. This Plan shall be construed, administered and enforced according to applicable Michigan laws, to the extent not superseded by the Code or any other federal law.

11.4 Participation in Plan Not Contract of Employment. The establishment of the Plan, the creation of any account, or the payment of any benefit does not create in any Participant, or other party a right to continuing employment with Employer. This Plan shall not be deemed to constitute an employment contract between the Employer and any Participant or to be consideration or an inducement for the employment of any Participant.

11.5 Participants' Rights. Except as may be required by law, the existence of the Plan shall not give any Participant or beneficiary any equity or other interest in the assets, business or affairs of the Employer; the right to challenge any action taken by the Employer's officers, directors or stockholders, or any policy adopted or followed by the Employer; or the right to examine any of the books and records of the Employer. The rights of all Participants and their beneficiaries shall be limited to their right to receive payment of their benefits from the Plan when due and payable in accordance with the terms of the Plan.

11.6 Insurance Contract or Governing Document Controls. Benefits are provided under the Plan pursuant to the Insurance Contracts or other governing document of the underlying Component Benefit Programs. If the terms of this document conflict with the terms of such other contracts or documents, then the terms of the Insurance Contract or governing document will control, rather than this Plan, unless otherwise required by law.

11.7 Information to be Furnished by Participants. Participants shall provide the Employer and Administrator with information and evidence, and shall sign documents, as may be reasonably requested from time to time for the purpose of administration of the Plan.

11.8 Non-Assignability of Rights. The right of any Participant to receive any Benefit under this Plan shall not be alienable by the Participant by assignment or any other method and shall not be subject to claims by the Participant's creditors by any process whatsoever. Any attempt to cause such right to be so subjected will not be recognized, except to such extent as may be required by law.

11.9 Children Placed for Adoption. With respect to Component Benefit Programs that are group health plans, this Plan shall provide benefits to dependent children placed with Participants or beneficiaries for adoption under the same terms and conditions as apply in the case of dependent children who are natural children of Participants or beneficiaries under the Plan, irrespective of whether the adoption has become final. The Plan shall not restrict coverage under the Plan of any dependent child adopted by a Participant or beneficiary, or placed with a Participant or beneficiary for adoption, solely on the basis of a preexisting condition of such child at the time that such child would otherwise become eligible for coverage under the Plan, if the adoption or placement for adoption occurs while the Participant or

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beneficiary is eligible for coverage under the Plan. The term "placement," or being "placed" for adoption, in connection with any placement for adoption of a child with any person, means the assumption and retention by such person of a legal obligation for total or partial support of such child in anticipation of adoption of such child. The child's placement with such person terminates upon the termination of such legal obligation. The term "child" means, in connection with any adoption, or placement for adoption, of the child, an individual who has not attained age 18 as of the date of such adoption or placement for adoption.

11.10 National Medical Support Notices. With respect to Component Benefit Programs that are group health plans, the Plan shall provide benefits in accordance with the applicable requirements of any national medical support notice.

The Administrator shall promptly notify the Participant and each alternate recipient of the receipt of a medical child support order by the Plan and the Plan's procedures for determining the qualified status of medical child support orders. Within a reasonable period after receipt of a medical child support order, the Administrator shall determine whether the order constitutes a national medical support notice and shall notify the Participant and each alternate recipient of such determination. If the Participant or any affected alternate recipient disagrees with the determinations of the Administrator, the disagreeing party shall be treated as a Claimant and the claims procedure of the Plan shall be followed. The Administrator may bring an action for a declaratory judgment in a court of competent jurisdiction to determine the proper recipient of the benefits to be paid by the Plan.

The Plan has established reasonable procedures to determine whether medical child support orders are national medical support notices and to administer the provision of benefits under such qualified orders. Such procedures, are set forth in a separate document, but shall: (1) be in writing, (2) provide for the notification of each person specified in a medical child support order as eligible to receive benefits under the Plan (at the address included in the medical child support order) of such procedures promptly upon receipt by the Plan of the medical child support order; and (3) permit an alternate recipient to designate a representative for receipt of copies of notices that are sent to the alternate recipient with respect to a medical child support order.

Alternate recipients of a national medical support notice shall be treated as beneficiaries under the Plan for all purposes of applicable law. A person who is an alternate recipient under any medical child support order shall be considered a Participant for purposes of applicable reporting and disclosure requirements.

Payments under this Plan pursuant a national medical support notice in reimbursement for expenses paid by the alternate recipient or the alternate recipient's custodial parent or legal guardian shall be made to the alternate recipient or the alternate recipient's custodial parent or legal guardian.

11.11 State Recovery of Medicaid Payments. Notwithstanding any other provision of this Plan to the contrary, if this Plan provides benefit payments on behalf of a covered person who is also covered by a state's Medicaid program, the Plan shall be subject to the state's right to reimbursement for benefits the state has paid on behalf of the covered person, provided that the state has an assignment of rights made by or on behalf of the covered person,

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or the covered person's beneficiary, as may be required by the state medical assistance plan. Specifically, payment for benefits with respect to a Participant will be made in accordance with any assignment of rights made by or on behalf of such Participant or a beneficiary of the Participant as required by a state plan for medical assistance approved under title XIX of the Social Security Act pursuant to section 1912(a)(1)(A) of such Act (as in effect on the date of enactment of the Omnibus Reconciliation Act of 1993).

11.12 Coordination with Medicaid. Notwithstanding any other provisions of this Plan to the contrary, with respect to any Component Benefit Program deemed a group health plan, this Plan shall not take into account, with respect to Plan enrollment or the payment of benefits to a Participant or Participant's beneficiary, that such individual is eligible for or is provided medical assistance under a state plan for medical assistance approved under title XIX of the Social Security Act.

11.13 Honor of State Subrogation Rights. Notwithstanding any other provision of this Plan to the contrary, the Plan will honor any subrogation rights that a state may have gained from a Medicare-eligible beneficiary covered by the Plan by virtue of the state's having paid Medicare benefits, provided that the Plan has a legal liability for coverage. To the extent that payment has been made under a state plan for medical assistance approved under title XIX of the Social Security Act in any case in which the Plan has a legal liability to make payment for items or services constituting such assistance, payment for benefits under the Plan will be made in accordance with any state law which provides that the state has acquired the rights with respect to a Participant to such payment for such items of services.

11.14 Subrogation, Reimbursement and Third Party Recovery Provision. Except as otherwise provided in the Component Benefit Programs, the Plan shall have the following rights:

(a) Benefits under the Plan shall be paid subject to its rights of recovery and will be paid only if the Participant fully adheres to the terms and conditions of the Plan. The Plan shall have the right to recover from the Participant, representative, or beneficiary ("covered person") any payment, amount, or recovery for benefits paid by the Plan to which the covered person is entitled to recover from a third party, including but not limited to any liability insurance, uninsured/underinsured motorist proceeds, or other health plan. Specifically, the Plan has a first right of recovery upon any proceeds on any claim against a third party before the covered person receives payment from the third party to the extent of paid benefits, whether by settlement, judgment or otherwise that the covered person receives from a third party, not to exceed the amounts of benefits paid by the Plan or the amount received by the covered person for such treatment. The Plan's first priority right to payment is superior to any and all claims, debts or liens asserted by any medical providers, including but not limited to hospitals or emergency treatment facilities, that assert a right to payment from funds the covered person recovers from a third party. This lien or right of reimbursement exists regardless of (1) how those proceeds are captioned or characterized; (2) whether the money or other valuable consideration is designated as economic, non-economic or punitive damages; (3) whether the recovery is partial or complete; and (4) who holds the money or other valuable consideration or where it is held. Any settlement or recovery shall be held in trust for the benefit of the Plan and shall first be applied to reimbursement of medical expenses paid by the Plan. The Plan is not

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required to help the covered person pursue his/her claim for damages or personal injuries, or pay any associated costs, including attorney fees.

(b) If benefits are paid or payable by this Plan, this Plan shall be subrogated to any and all rights, recoveries, causes of actions, or claims of any covered person under this Plan. Benefits paid by the Plan may also be considered to be benefits advanced and the Plan may offset any future benefits otherwise payable to the covered person. Participant agrees to cooperate with the Plan and its agents in a timely manner to protect the Plan's legal and equitable rights to subrogation and reimbursement, including but not limited to: (1) complying with the terms of this section; (2) providing any relevant information requested; (3) signing and/or delivering documents at its request; (4) notifying the Plan, in writing, of any potential legal claim(s) the Participant may have against any third party for acts which caused benefits to be paid or become payable; (5) responding to requests for information about any accidents or injuries; (6) appearing at medical examinations and legal proceedings, such as depositions or hearings; and (7) obtaining the Plan's consent before releasing any party from liability or payment of medical expenses. Failure or refusal to furnish such information does not preclude the Plan from exercising its rights to subrogation or obtaining full reimbursement. Participants receiving benefits under this Plan are obligated to avoid doing anything that would prejudice the Plan's rights, including but not limited to reimbursement.

(c) If a covered person brings a liability claim against a third party, benefits paid or payable under the Plan shall be included in the claim. When the claim is resolved, the covered person must reimburse the Plan for benefits provided.

(d) If any suit is filed, the covered person shall not assert the common fund, make-whole, or other apportionment actions in contravention of the Plan's reimbursement terms and that reimbursement shall be made immediately upon collection of any sum recovered regardless of its legal, financial or other sufficiency. The Plan may enforce its subrogation and reimbursement rights regardless of whether the person has been "made whole" (fully compensated for injuries and damages). No so-called "Fund Doctrine" or "Common Fund Doctrine" or "Collateral Source Rule" or "Attorney's Fund Doctrine" shall defeat these rights. The Plan shall be informed of when an attorney is hired to represent the covered person and the covered person shall inform his or her attorney of the Plan's rights.

(e) If a suit is filed, a lien and constructive trust is automatically acquired on any amount recovered. The Plan's reimbursement shall not be reduced by attorneys' fees or costs, unless the Plan Sponsor agrees in writing. If the covered person receives payment as part of a settlement or judgment from any third party and the Plan alleges some or all of those funds are due and owed to it, the payment funds will be held in trust, either in a separate bank account in the covered person's name or the name of his/her attorney. Participant agrees to serve as trustee over those funds to the extent of the benefits the Plan has paid. The covered person agrees to cooperate with the Plan to facilitate the Plan's recovery and/or to secure its rights.

(f) No settlement shall be accepted by the covered person that does not fully reimburse the Plan without the Plan's prior written approval.

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(g) If suit is filed against the Participant to enforce this section, the Participant agrees to pay the Plan's attorney's fees and costs associated with the action regardless of the action's outcome.

(h) Participant will assign to the Plan all rights of recovery against third parties to the extent of benefits the Plan has provided. If a person to whom benefits are paid or payable under this Plan fails to bring suit promptly against a third party, the Plan may institute suit or other necessary and appropriate action to assert its rights under this section against such third party in its own name or in the name of such person. Such action by the Plan shall not obligate it in any way to pay the covered person part of any recovery the Plan might obtain and the Plan shall be entitled to retain from any judgment the amount of benefits paid or to be paid to such person without reduction for court costs, attorney fees, negligence, limits of collectability or responsibility, or otherwise. The remainder of any recovery shall be paid to such person or as the court directs.

(i) If the injured person is a minor, any amount recovered by the minor, the minor's trustee, guardian, parent, or other representative, shall be subject to this section regardless of applicable state law and whether the minor's representative has access or control of any recovery funds. If a parent or guardian may bring a claim for damages arising out of a minor's sickness or injury, the terms of this section shall apply to that claim.

(j) If a third-party action causes injury or sickness to a person while a Participant in this Plan, the provisions of this section continue to apply even after the person is no longer a Participant.

(k) In the case of a wrongful death or survival claims, the provisions of this section apply to the Participant's estate, the personal representative of the Participant's estate, and the Participant's heirs.

(l) The Plan's rights of recovery set forth in this section apply regardless of whether the third party is deemed or found liable or denies or otherwise disputes liability.

(m) Failure to cooperate with the Plan or its agents is considered a breach of contract, providing the Plan with the right to terminate benefits, deny future benefits, take legal action and/or set off from any future benefits by the value of benefits the Plan has paid relating to any sickness or injury caused by any third party to the extent not recovered by the Plan due to the covered person not cooperating with the Plan.

(n) The Plan Administrator has sole discretion to interpret the terms and conditions of this section in its entirety and reserves the right to make changes as it deems necessary.

11.15 Overpayments. An "overpayment" occurs if the Plan pays an amount not payable under the Plan (e.g., if the Plan pays an expense or benefit more than once, or if an expense or benefit is paid by both the Plan and a third party). An expense or benefit is considered paid if it is paid to a Participant or to someone else (e.g., a health care provider) on a Participant's or a Dependent's behalf.

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If an overpayment is made by the Plan, the Plan has the right to recover the overpayment. If that overpayment is made to a health care provider, the Plan may request a refund of the overpayment from either the Participant or the provider. If the refund is not received from either the Participant or the provider, the overpayment will be deducted from future Plan benefits available to a Participant or a Dependent, but the amounts withheld may not reduce a Participant's pay below the applicable state minimum wage law to the extent permitted by law. Any overpayment a Participant owes due to his or a Dependents ineligibility for Plan benefits will be reduced by the amount of any contributions the Participant paid for coverage for the person while ineligible.

11.16 Errors. An error cannot give a benefit to an individual if an individual is not actually entitled to the benefit.

11.17 Exclusive Benefit. This Plan shall be maintained for the exclusive benefit of the Participants who participate in the Plan.

11.18 Action by the Employer. Whenever the Employer, under the terms of the Plan, is permitted or required to do or perform any act or matter or thing, it shall be done and performed by a person duly authorized by its legally constituted authority.

11.19 No Guarantee of Tax Consequences. Neither the Administrator nor the Employer makes any commitment or guarantee that any amounts paid to or for the benefit of a Participant under the Plan will be excludable from the Participant's gross income for federal or state income tax purposes, or that any other federal or state tax treatment will apply to or be available to any Participant. Coverage for domestic partners, same sex spouses, and/or their dependents may result in tax consequences. It shall be the obligation of each Participant to determine whether each payment under the Plan is excludable from the Participant's gross income for federal and state income tax purposes, and to notify the Employer if the Participant has reason to believe that any such payment is not so excludable. Notwithstanding the foregoing, the rights of Participants under this Plan shall be legally enforceable.

11.20 Indemnification of Employer by Participants. If any Participant receives one or more payments or reimbursements under the Plan that are not for a permitted Benefit, such Participant shall indemnify and reimburse the Employer for any liability it may incur for failure to withhold federal or state income tax or Social Security tax from such payments or reimbursements. However, such indemnification and reimbursement shall not exceed the amount of additional federal and state income tax, plus any penalties, that the Participant would have owed if the payments or reimbursements had been made to the Participant as regular cash compensation, plus the Participant's share of any Social Security tax that would have been paid on such compensation, less any such additional income and Social Security tax actually paid by the Participant.

11.21 Expenses. All reasonable expenses incurred in administering the Plan are currently paid by the Employer.

11.22 Code Compliance. It is intended that this Plan meet all applicable requirements of the Code, and of all regulations issued thereunder. This Plan shall be

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construed, operated and administered accordingly, and in the event of any conflict between any part, clause or provision of this Plan and the Code, the provisions of the Code shall be deemed controlling, and any conflicting part, clause or provision of this Plan shall be deemed superseded to the extent of the conflict.

11.23 Plan Provisions Controlling. Except as provided in Section 11.6, in the event that the terms or provisions of any summary or description of this Plan, or of any other instrument, are in any construction interpreted as being in conflict with the provisions of this Plan as set forth in this document, the provisions of this Plan shall be controlling.

11.24 COBRA Continuation of Coverage. Notwithstanding anything in the Plan to the contrary, in the event any benefit under this Plan becomes subject to COBRA, the Plan will be operated in accordance with COBRA and any regulations and guidance thereunder.

11.25 Health Insurance Portability and Accountability Act (HIPAA). Notwithstanding anything in this Plan to the contrary, in the event any benefit under this Plan becomes subject to the requirements of HIPAA, this Plan shall be operated in accordance with HIPAA and any regulations thereunder.

11.26 Newborns' and Mothers' Health Protection Act (NMHPA). Notwithstanding any provision of this Plan to the contrary, in the event any benefit under this Plan becomes subject to the requirements of NMHPA, this Plan shall be operated in accordance with NMHPA and any regulations thereunder.

11.27 Mental Health Parity Act (MHPA) and the Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA). Notwithstanding any provision of this Plan to the contrary, in the event any benefit under this Plan becomes subject to the requirements of MHPA and/or the MHPAEA, this Plan shall be operated in accordance with MHPA and/or the MHPAEA and any regulations thereunder.

11.28 Genetic Information Nondiscrimination Act of 2008 (GINA). Notwithstanding any provision of this Plan to the contrary, in the event any benefit under this Plan becomes subject to the requirements of GINA, this Plan shall be operated in accordance with GINA and any regulations thereunder.

11.29 Women's Health and Cancer Rights Act of 1998 (WHCRA). Notwithstanding any provision of this Plan to the contrary, in the event any benefit under this Plan becomes subject to the requirements of WHCRA, this Plan shall be operated in accordance with WHCRA and any regulations thereunder.

11.30 Patient Protection and Affordable Care Act of 2010 (PPACA) Notwithstanding any provision of this Plan to the contrary, in the event any benefit under this Plan becomes subject to the requirements of PPACA, this Plan shall be operated in accordance with the PPACA and any regulations thereunder.

11.31 Conformity with Statutes This Plan is intended to conform with any and all applicable state and federal statutes. Any reference to any federal, state, local, or foreign

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statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

11.32 **Severability.** If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provisions of the Plan, and the Plan shall be construed and enforced as if such provision had not been included herein.

Executed this ____ day of _____, 2019.

City of Pontiac, Michigan

By: _____
Dr. Deirdre Waterman, Mayor

City of Pontiac Retiree Group Health and Insurance Plan

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Exhibit A

Component Benefit Program Information

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Exhibit B

Settlement Agreement



CITY OF PONTIAC CITY COUNCIL

RESOLUTION TO APPROVE VEBA DOCUMENTS
AND REQUEST IRS APPROVAL

AT A REGULAR meeting of the Pontiac City Council of the City of Pontiac, Michigan, held at Pontiac City Hall on November 19, 2019, the following resolution was offered by _____ and supported by _____.

WHEREAS, the City of Pontiac's ("City") attorneys, Miller, Canfield, Paddock and Stone, P.L.C. ("Miller Canfield"), presented a letter relating to effectuating the terms of the settlement agreement entered into between the City and a class of retirees as to City funding for retiree health benefits in the United States District Court for the Eastern District of Michigan Case No. 2:12-cv-12830, which was given final approval by the court on November 19, 2018 ("Settlement Agreement");

WHEREAS, the letter includes a proposed City of Pontiac VEBA Declaratory Trust Agreement and corresponding City of Pontiac Retiree Group Health Insurance Plan ("VEBA Documents");

WHEREAS, the City Council has reviewed and discussed the VEBA Documents; and

WHEREAS, to effectuate the terms of the Settlement Agreement, the following resolutions are hereby adopted:

THEREFORE, BE IT RESOLVED, that the VEBA Documents are approved in their proposed substantive form;

BE IT FURTHER RESOLVED, that Dr. Deirdre Waterman, Mayor of the City of Pontiac and the acting Finance Director of the City of Pontiac are authorized to execute the City of Pontiac VEBA Declaratory Trust Agreement on behalf of the City;

BE IT FURTHER RESOLVED, that pursuant to the terms of the Settlement Agreement, the City Council appoints _____ to serve as a trustee under the City of Pontiac VEBA Declaratory Trust Agreement.

BE IT FURTHER RESOLVED, that Dr. Deirdre Waterman, Mayor of the City of Pontiac is authorized to:

1. Execute the City of Pontiac Retiree Group Health Insurance Plan; and
2. Execute and authorize Miller Canfield to submit to the Internal Revenue Service (a) the City of Pontiac General Employees' Retirement System Application for Determination for Terminating Plan (Form 5310); (b) the City of Pontiac Reestablished General Employees' Retirement System Application for Determination for Employee Benefit Plan (Form 5300); and (c) a private letter ruling request related to the terms of the Settlement Agreement;

Separate res. **BE IT FURTHER RESOLVED**, that Garland Doyle, a trustee of the City of Pontiac VEBA Trust, is authorized to execute and authorize Miller Canfield to submit the City of Pontiac VEBA Trust Application for Recognition of Exemption Under Section 501(a) (Form 1024) with the Internal Revenue Service; and

BE IT FURTHER RESOLVED, that the filing fees associated with the above referenced submissions to the Internal Revenue Service are authorized to be paid to the Internal Revenue Service by the City.

PASSED AND APPROVED BY THE PONTIAC CITY COUNCIL on November 19, 2019.

AYES: _____

NAYS: _____

I, Garland Doyle, Interim Clerk of the City of Pontiac, hereby certify that the above Resolution is a true copy and accurate copy of the Resolution passed by the City Council of the City of Pontiac on November 19, 2019.

GARLAND DOYLE, Interim City Clerk

Dated: November 19, 2019

#3

SUB

COMMITTEE

REPORT

DEPARTMENT OF PUBLIC WORKS SUB-COMMITTEE NOTES

November 21, 2019

In attendance:

Council members: Chairperson Doris Taylor- Burks, Council President Kermit Williams and George Williams

DPW Director: John Balint

DPW Deputy Director Dan Ringo

Start time: 9:00 am

AGENDA

Review of In-House vs. Clean Net

- Review of exempt vs. non-exempt employees. What is the threshold in terms of salary?
- The state has the highest threshold. The state is considering changing the salary requirement.
- Job title maybe a consideration.
- Is there a benefit to the City? No
- Last year the Council passed a resolution to establish a \$15.00 minimum hourly wage.
- Not sure of the true costs, projections, but we can move forward and the budget can be changed next year.
- Clear Net contract is for a year with extensions built in.
- Provide the overall cost benefits to include overtime.
- When there is vacation time taken, the max is a total of 3 weeks (2 weeks vacation and 1 week of sick time)
- Can obtain a temp and use the unused funds from Council's budget that was budgeted for the Legislative Fiscal Analyst.
- Ruth Peterson has requested additional hours
- Next week an analysis is to be provided.

KPI Review

- Advanced Disposal Weekly KPI Report sent to Council members from Dan Ringo on Wednesday, November 20, 2019 after the Council meeting.
- The report reflects cases open vs cases closed/resolved in August and September.
- Complaints are not always legitimate
- Track the # of phone calls.
- Calls are not taken by Advance only DPW.
- When calls are taken by DPW, names are taken and placed in the system.
- The current contract is for 20 years and was negotiated years ago, so there was no matrix in place.
- A tickler system was suggested and could be implemented. Each citizen could be assigned a number, so their complaint can be tracked. DPW responded that there is no need for a tickler system as the name is placed in the system which tracks everything.
- It was stated that everybody who has a complaint does not call in. Often times citizens call and complain to their council person.
- DPW should post a number for citizens to call and make complaints that would be located outside of the department in City Hall.
- It was questioned as to why there was a spike in complaints? An auditor drives around.
- The report reflects an "objective" analysis, and is not subjective and the matrix was not in place before. If there is another way of analyzing and reviewing real numbers, DPW is open to suggestions.
- City of Pontiac Refuse Removal Requirements will be sent to residents with the tax bills.
- A request was made for some type of customer service survey or evaluation to be provided to citizens after an issue is resolved in order to obtain feedback. The reply, that there is no money to pay for this.

Adjourned: 10:00 a.m.

#4

**SUB
COMMITTEE
REPORT**

FINANCE SUBCOMMITTEE NOTES

November 12, 2019

In attendance:

Council members: Chairperson Patrice Waterman, George Williams and Gloria Miller

Mayor: Deirdre Waterman

Deputy Mayor Jane Bias-DiSessa

Plante Moran, CPA: Irwin Williams

Start time: 4:07 p.m.

New Business

1. **Law Enforcement Services Agreement with Oakland County Sheriff's Office on agenda week after next for approval.**

It has to be published in the paper, there needs to be a budget amendment and an approval by Council.

2. **Current Year Audit is in process and about 96% complete.**

Waiting for litigation letters, pension audit, balancing for medical marijuana. It cannot be run like an enterprise fund. The finance subcommittee discussed and requested that all money associated with marijuana be kept separate for tracking purposes. A legal memo requested as it relates to the issue.

3. **Cranbrook STEM contract finalized and executed.**

\$49,000 for upcoming year. The money comes from Williams International and is a "pass through," so it does not show on the books.

4. **Working with Ben on creation of monthly dashboard report.**

There are a number of kid's activities, along with DPW and other City activities, that will be reflected all on one page.

5. **Instituted tickler system with staff to ensure all payments made are on a timely basis.**

To ensure that payments are made timely. There was an issue when both Jane and Sekar were not available to make a modification, so a check/payment was late.

6. **Working with Mike Wilson on updating FIWA (Fire Insurance Withholding Act).**

After a fire, most homeowners do what they are supposed to do in order to get the money back, but some do not. When the money is not obtained by the homeowner, the money is essentially forfeited to the City. This money may be able to be used for future demolitions.

7. **Finance Director Salary.**

Discussed posting a range of \$100,000-120,000. Mr. Williams is on loan from Plante Moran.

Review of September 2019 financial activities

1. Cash summary by fund as of 9/30/2019
2. Comparative balance sheet for all funds as of 9/30/2019
3. Revenue and expenditure report by fund (summary) 9/30/2019
4. Income Tax collections-month and fiscal year (totals) 9/30/2019
5. Property tax collection report for the period ending 9/30/2019

Items of interest:

- The total cash and investments in all funds for the City as of 9/30/2019 was \$56,273,921. The General fund portion of the total amount of cash is \$20,868,589. This amount includes the accumulated general fund, fund balance as of 6/30/2019.
- The general fund accumulated fund balance as of 6/30/2019 was \$18.60 million the current balance sheet as of 9/30/2019 is reporting an increase of fund balance of \$5,544,414 resulting in a fund balance of \$24.1 million. The increase is due to greater than expected receipts of income tax and property taxes related to fiscal year 2019 that was collected before September 30, 2019. Of this fund balance, \$6.75 million is committed, leaving a reported unassigned fund balance of \$17.3 million. The balance may change if rollover amendments from the previous fiscal year are adopted, as they will need to be classified as assigned.
- Income tax collections for the current fiscal year vs prior fiscal year. Income taxes collected thru 9/30/2019 were \$3,625,032 compared to \$3,081,338 in September 2018 and an increase of \$543,694.
- Property tax collections as of 9/30/2019 shows a total amount of City millages, plus fees and penalties collected as \$11,261,901 vs \$13,455,969 billed, which is approximately 83.70%
- Expenditures for three months are tracking within budget with the exception of Fund 2018 Youth Recreation. Due to under staffing, the contract/temp labor line item is over budget. Also, since the purchase of the Youth Center has not taken place, unbudgeted lease payments amount to \$78,000 as of 9/30/2019. A quarterly detail review of actual expenditures vs the budget will be performed in November 2019. Reducing to part-time has caused a problem. Salary positions were filled, over budget
- The City is offering free programs at the Youth Center due to partnerships: PAL will offer soccer, Karate will be offered, Charity Music is offering music.
- The Director quit, the Assistant Director is filling the position temporarily and two people were denied benefits.

Adjourned: 4:30 pm

#5

PRESENTATION

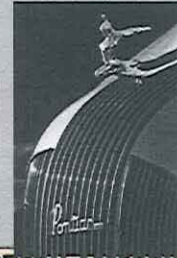


Our Legacy



UAC TRUCK & COACH DIVISION - GENERAL MOTORS CORPORATION
PONTIAC, MICHIGAN

Home of GMC Trucks and GM Coaches

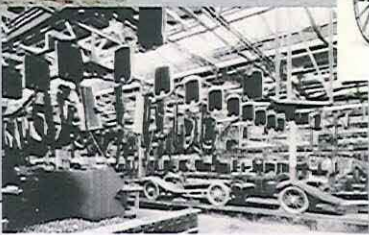
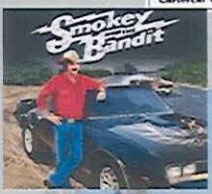
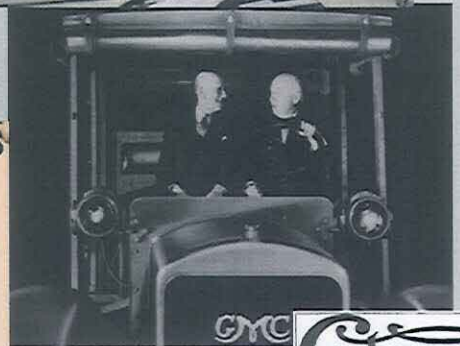


WESTERN AMESBURY VEHICLES



The Most Complete Line of HIGH GRADE and DESIGN GRADE Coaches on the Market
Advantage to the Dealer in Buying Direct from the Factory

ONE OF THE QUALITY Lines and Branches of the Western Motor Plant, Springfield, Mass.
PONTIAC BUGGY CO., Pontiac, Mich.
Western Branch, 101 N. 1st St., Pontiac, Mich. General Agents



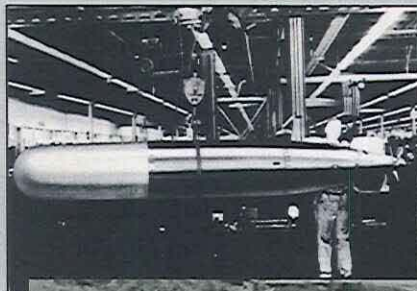


Pontiac Area Transportation History

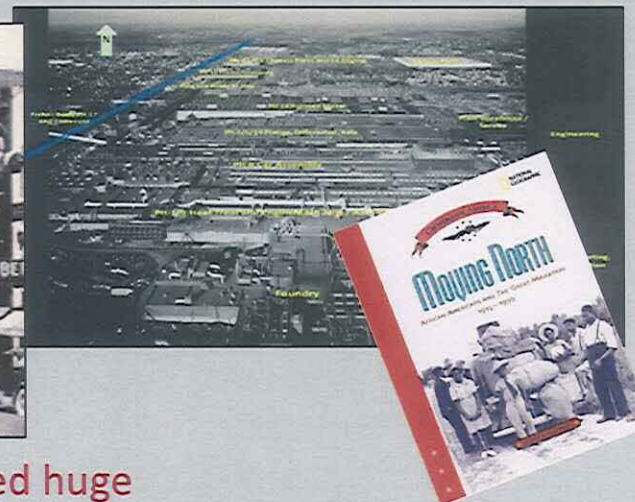
Are we in danger of forgetting 150 years of history?

- > 40 Distinct Companies that built or sold wheeled vehicles
- 17 Distinct Types of Transportation Vehicles
- Total of ~20 Million cars/trucks produced
- Extensive Pontiac-built vehicle subsystems – over 27 Million engines, 2 million Model T bodies
- Home of many key Tier 1 automotive suppliers

Profound Effect on American History



WWII - Arsenal of
Democracy



Jobs that inspired huge
cultural migration



Earliest and broadest
line of trucks. Built this
bus (and most other US
buses)



Birthplace of the
muscle car

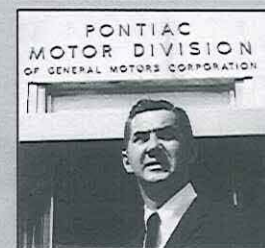
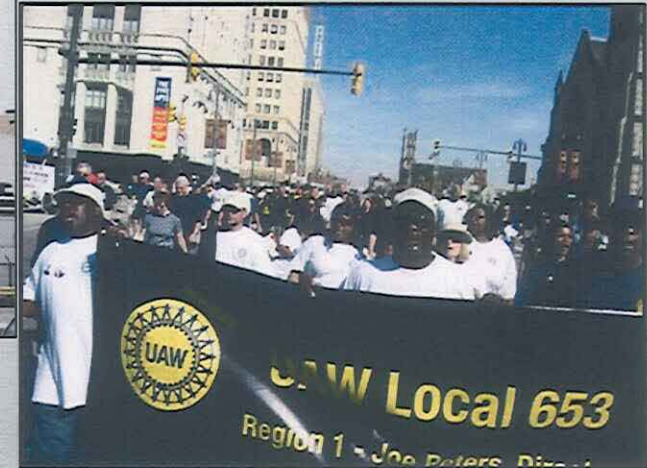




Supported by a Pontiac People Story . . .



**A resilient, resourceful,
and broadly inclusive
workforce**



**War time trucks built
predominantly by the
women of Pontiac!**



**Leaders – Including a daughter
of a 39 yr PMD UAW worker,
who started in Pontiac mfg!**



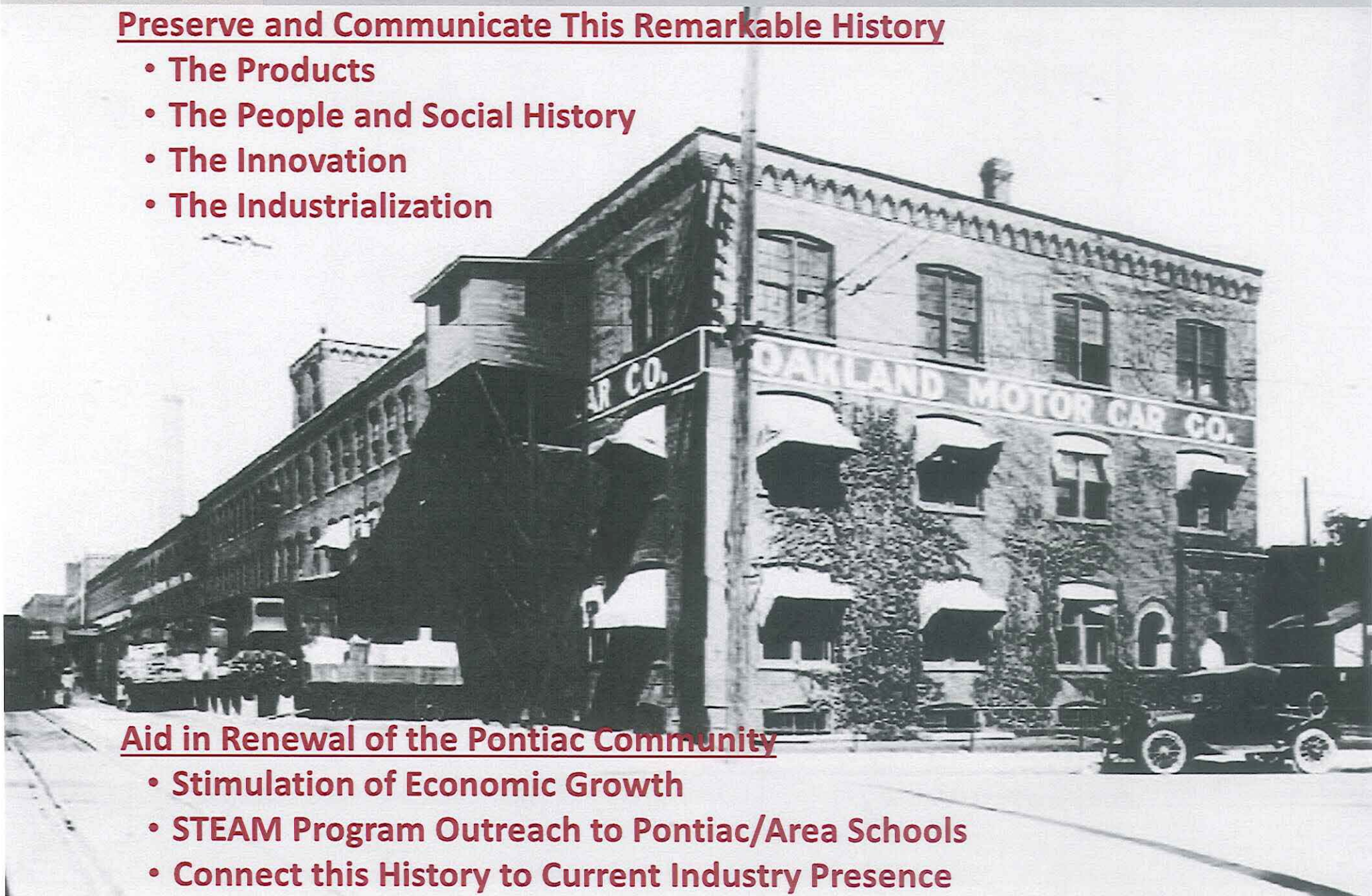
Our Mission

Preserve and Communicate This Remarkable History

- The Products
- The People and Social History
- The Innovation
- The Industrialization

Aid in Renewal of the Pontiac Community

- Stimulation of Economic Growth
- STEAM Program Outreach to Pontiac/Area Schools
- Connect this History to Current Industry Presence



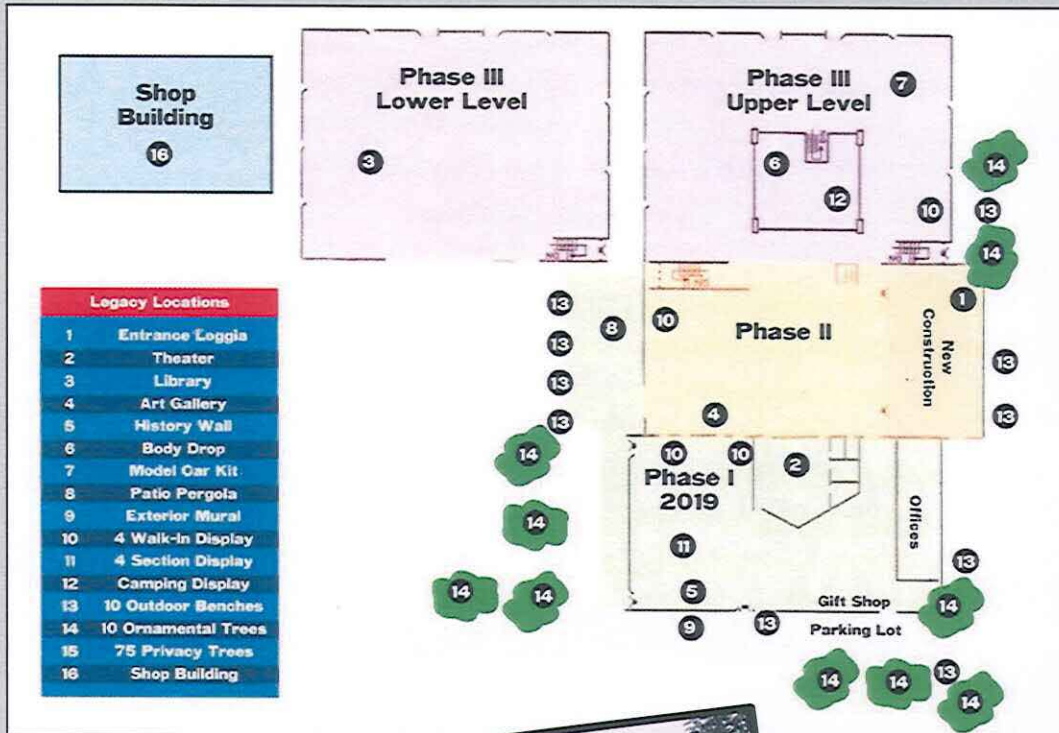


Pontiac Transportation Museum: Where It Stands

- Intended opening in 2020. Three phase opening and growth plan will extend for several years.
- Significant collection of cars/trucks assembled - representative of Pontiac's history in the carriage and auto industry
- 55,000 sqft facility in Pontiac's Franklin Historic Neighborhood
- Registered 501-C3 Charity in Michigan. Board of Directors, committees, financial controls, and volunteers in place.
- Experienced Museum Director - previously ran a successful auto museum
- **Requires capital infusion to open the doors. Lacking lights, water, heat for several years – needs interior renovation, landscaping, exhibit development.**
- **Actively seeking business, individual, and foundation gifts and involvement.**



Three Phase Museum Development



Envisioned New Front Façade
Phase II





Among Many Organizations The PTM Has Begun to Partner With . . .

- Oakland County Pioneers and Historical Association
- Pontiac Community groups: Rotary, Golden Opportunity Club, etc.
- Pontiac Franklin Historic and Seminole Hills Neighborhood Association(s)
- Pontiac UAW local
- M1 Concourse
- Woodward Dream Cruise
- Widetrackers, Pontiac-Oakland International Association, Cruising Tigers, Truck/RV/Bus enthusiast groups
- GM Retired Executives Clubs. Pontiac Engineering Alumni, GM Truck Alumni
- Detroit Historical Association
- Pontiac Chamber - Local Businesses Potentially Benefiting from Museum Commerce
- Oakland County Economic Development Group, City of Pontiac



Our Museum in Pontiac, IL . . .

- **POMARC Annual Visitors:** 18,000 a yr
- **Visitors From Outside the Local Zipcode:** Perhaps >95% (approx.)
- **Bus Tours Visiting Yearly:** 50-60
- **Non-US visitors:** Might be as high as 50% (many as part of bus tours)
- **“Car Cruises” Visiting Yearly:** 12-15 large groups, many small car/motorcycle groups
- **Many Visitors Stay Overnight**
- **Museum Hosts Major City Events:** 2 annual show events, one ~200 cars, one ~80

Perspective of The City:

- Pontiac IL markets itself as a “city of museums”
- City of Pontiac has funded the majority of POMARC operating costs and believes the local commerce benefits outweigh the museum costs.
- POMARC is featured prominently in all Pontiac tourism communication
- Practical experience: Museum acts daily as a food/entertainment “reference service” to patrons



Why is This Important to Pontiac?

- **It is our Community's legacy:**
 - A source of pride – this community profoundly affected American culture and history
 - Social history of Pontiac, our land use, our architecture is totally wrapped up in the transportation industry
 - Pontiac role in the Great Migration – how/why many families got here
- **Museum “foot traffic” brings economic opportunity:**
 - Enabler for Main Street Pontiac prosperity
 - Real life evidence in Pontiac, IL
- **Pontiac Schools would benefit:**
 - STEAM-related education/program opportunities
 - Engages local industry in the schools
 - Proposing each of primary, secondary and vocational school relationships
 - Pontiac youth need to understand the community's heritage

Other Cities Have Art Museums . . .

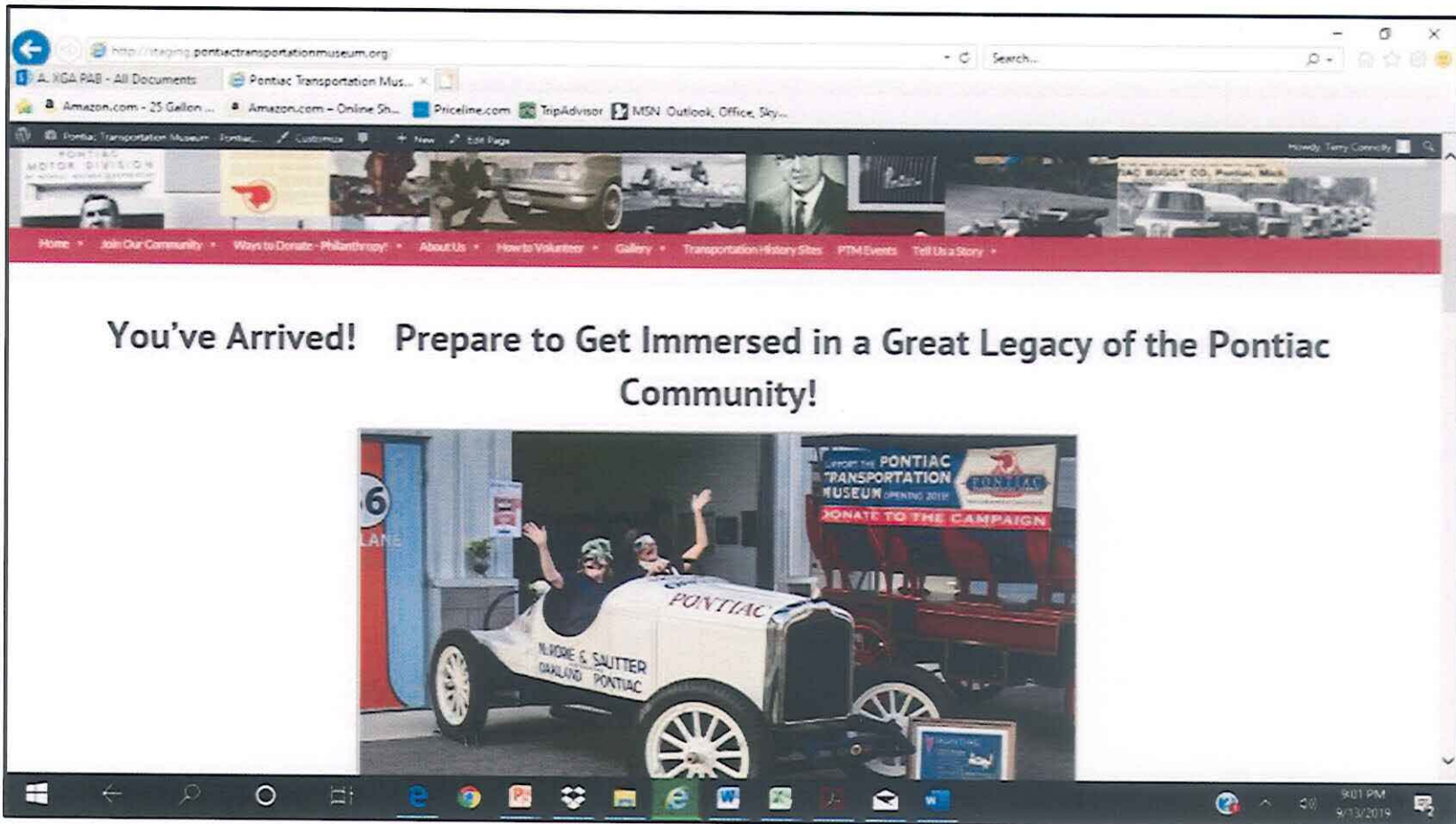


We need a Transportation Museum that honors our unique heritage!

Pontiac City Government – Our Request

1. Explicit expression of support and partnership from the City
 - Is this a project you want to see happen?
 - How can you help it?
2. Consideration for Community Development Block Grant program
3. Include PTM in advocacy of Foundation attention to helping the City of Pontiac
4. Advocate and help organize community in-kind services donations for Museum renovation

Get Our Community and Key Stakeholders Enthusiased About This!

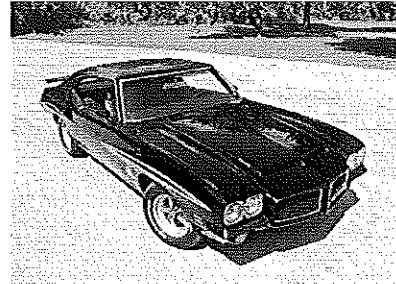
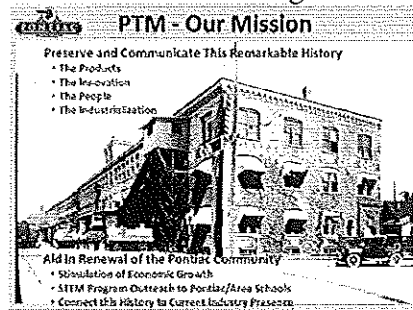


www.pontiactransportationmuseum.org and friend us on Facebook!

Terry Connolly terryconnolly@comcast.net or 248-639-8861

Tim Dye (PTM Director) tpontiacmuseum@hotmail.com

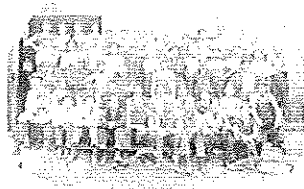
Beginning in the 19th century, the transportation industry became the pulse of Pontiac, MI. This community saw decades of phenomenal “boom” growth, some economic “down” cycles, huge industrialization, and recently a newly re-emerging downtown “avant-garde” culture. The Pontiac Transportation Museum intends to tell this remarkable story, as well as play a key role in energizing community development and re-vitalization. This community is historically “underserved” and needs the economic foot-traffic a museum can bring to its downtown area.



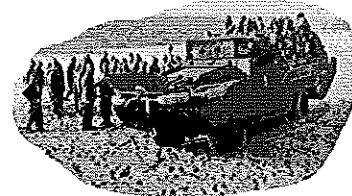
Situated in a historic neighborhood location, the museum is well-equipped for involvement with Pontiac schools and community. Intended museum programs include science, technology, engineering, art, and math outreach to engage youth with perspective of how those technical capabilities grew their own community.

Background of Pontiac's Legacy

In the mid 1800s, a carriage-making industry sprouted in Pontiac. Pontiac-built carriages found markets all across the US, and as the early automobile was born, these wood manufacturing skills became critical to body construction – indeed an early Pontiac body-builder, O J Beaudette, produced over 2 million Ford Model T bodies.



Pontiac innovators developed and built their own cars and trucks at the start of the 20th Century. Beyond the Oakland brand that eventually spawned Pontiac “excitement”, Rapid trucks were the predecessor of commercial and light-duty trucks GM built in Pontiac for over 100 years. Rapid was arguably the world’s first successful commercial truck and was shipping to Europe by 1905. Ingenious Pontiac people constructed an electric car (Flanders) as early as 1911 then GMC electric trucks a few year later. Even now an electric vehicle (Chevrolet Bolt) is built just 5 miles north of the city center. Buses, motorhomes, motorized bicycles, amphibious vehicles, and even a few tractors are a part of this rich legacy!



Our Plan

The Pontiac Transportation Museum’s mission is to portray this fascinating, and still evolving story and the effect it had on both our local community and reflected broadly across America. The Museum will

also examine industrialization of this community and the many people whose work inspired these efforts. Through the museum's existing and growing collections we will endeavor—through displays, teaching, and community programs—to help educate and inspire young people to chart their own destiny in an increasingly technical world.

The Pontiac Transportation Museum (a registered 501c3) acquired and is now re-developing a 55,000 square foot building that will include vehicle and artifact display galleries, a theater, research library, classrooms, and restoration spaces. A significant collection of vehicles and artifacts is already in place. Partnering and strong endorsement with many Southeastern Michigan groups has been very promising. Fundraising is now active on the first of three phases (which in total will comprise approximately \$5M). The facility and its grounds will be able to host special events, vehicle shows/conventions, business meetings, and other community events. A museum store will offer a full complement of attractive merchandise.

Contacts: Terry Connolly terryconnolly@comcast.net or 248-639-8861

Visit: www.pontiactransportationmuseum.org

#6

PRESENTATION

November 13, 2019

Mr. Ahmad Taylor
Executive Director
Pontiac Housing Commission
132 Franklin Blvd., #100
Pontiac, MI 48341

Re: Carriage Place Limited Dividend Housing Association Limited Partnership

Dear Mr. Taylor:

Thank you for the work that you and the Pontiac Housing Commission do to bring affordable housing to residents of Pontiac. This is a vitally important issue to my Administration, and we are committed to expanding the work we do throughout the county. High-quality, affordable rental housing is crucial to the economic well-being of families and to the quality of life for our adults and children. It is my intention to work actively on these issues and to focus the resources we receive from the federal government in a fair and equitable manner.

We are pleased to learn that the Pontiac Housing Commission, through the Carriage Place Limited Dividend Housing Association Limited Partnership, is seeking to finance the renovation of 234 units of existing affordable rental housing at Carriage Circle, through the Michigan State Housing Development Authority (MSHDA) Low Income Housing Tax Credit (LIHTC) program. This project has broad support and we welcome the opportunity to assist in efforts to ensure success.

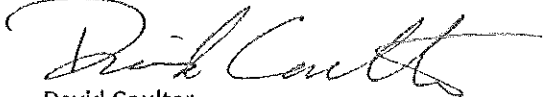
Oakland County is supportive of an investment of a \$2,000,000 (two-million dollars) loan to Carriage Place Limited Dividend Housing Association Limited Partnership in support of this project. This investment would consist of HOME Investment Partnerships (HOME) funds. As you are aware, such funds can only be used for certain approved uses as determined by the United States Department of Housing and Urban Development (HUD). It would be the County's intent to include this project in an upcoming Annual Action Plan submission to HUD.

We hope that with our commitment MSHDA will approve your application. Final approval and disbursement of County funds is contingent upon the award of LIHTC from MSHDA, HUD's Annual Plan approval, approval by the Oakland County Board of Commissioners, and any necessary approvals to close by any participating financing partners. It would be the County's intent that funds provided by Oakland County be the last funds used to finance this project, and that all other funding sources be secured first.

We are also pleased with the support of this project by the City of Pontiac and understand that a portion of the CDBG funds allocated to the city will be used in our investment.

We look forward to being a full partner with you in this project and other important work that you do to bring stability to our neighborhoods. For additional information, please contact Deputy County Executive Rudy Hobbs who is serving as my point person on this project.

Sincerely,

A handwritten signature in black ink, appearing to read "David Coulter", with a stylized, flowing script.

David Coulter

Oakland County Executive

RENTAL ASSISTANCE DEMONSTRATION (RAD)

TOOLKIT #1: WHY RAD? A RENTAL ASSISTANCE DEMONSTRATION (RAD) OVERVIEW

WHAT IS RAD & WHY IS IT NEEDED?

The Rental Assistance Demonstration (RAD) is a **voluntary program** of the Department of Housing and Urban Development (HUD). RAD seeks to **preserve public housing** by providing Public Housing Agencies (PHAs) with access to more stable funding to make needed improvements to properties.

Public housing units across the country need more than \$26 billion in repairs. HUD refers to these repair costs as **capital needs**. Congress has not provided enough funding for PHAs to keep up with capital needs. As a result, PHAs have had to make tough choices between things like repairing roofs and replacing plumbing—or worse, demolishing public housing. RAD provides PHAs a way to rehabilitate, or repair, units without depending on additional money from Congress.



HUD Assistant Secretary Sandra Henriquez touring a property proposed for RAD in Cleveland, OH

HOW DOES A RAD CONVERSION WORK?

RAD allows PHAs to manage a property using one of two types of HUD funding contracts that are tied to a specific building:

RAD TOOLKITS FOR RESIDENTS

This series of toolkits will better inform public housing residents about RAD and help them engage with PHAs throughout the RAD application and conversion process. All toolkits are posted on RAD's website at www.hud.gov/rad, under the 'Residents' tab. **Toolkit #1: Why RAD? A Rental Assistance Demonstration (RAD) Overview** provides a summary of the program with a focus on elements that affect residents.

- Section 8 project-based voucher (PBV); or
- Section 8 project-based rental assistance (PBRA).

PBV and PBRA contracts are 15- or 20-years long and are more stable funding sources.

This shift will make it easier for PHAs to borrow money and use low income housing tax credits (LIHTCs) as well as other forms of financing. These private sources of additional money will enable PHAs to make improvements essential for preserving public housing.

As a voluntary, limited demonstration program, less than 60,000 public housing units can be selected for RAD. PHAs must submit applications to convert some or all of their public housing assistance to PBV or PBRA contracts through RAD by September 30, 2015.

WILL A RAD CONVERSION AFFECT MY HOUSING ASSISTANCE?

You will **not lose your housing assistance** and you will **not be rescreened** because of a RAD conversion.

Even though a RAD property can use private money to make big repairs, it will still receive money from HUD. With this subsidy from HUD, PHAs will manage RAD properties through either the PBV or PBRA programs. RAD requires that converted

properties be owned or controlled by a public or nonprofit entity.

WILL A RAD CONVERSION AFFECT MY RENT?

If your building or development is converted to PBV or PBRA, your rent contribution will most likely be the same as it was under public housing—generally no more than 30% of your household's adjusted gross income.

Since the project-based Section 8 programs also set resident rents at 30% of adjusted income, **most residents will not have rent increases** as a result of a RAD conversion.

However, if you are paying a flat rent in public housing, you will most likely have to gradually pay slightly more in rent over time. In these limited cases, if your rent increases more than 10% and requires you to pay more than \$25 per month in additional rent, your new rent will be phased in over the next 3 or 5 years depending on your PHA's policy.

HOW CAN RESIDENTS BE INVOLVED IN THE RAD PROCESS?

HUD encourages residents and their PHAs to work together during the RAD application and conversion process.

Before PHAs can apply to participate in RAD, HUD requires them to:

- Notify all residents in a development proposed



Roundtable conversation with Fresno Housing Authority residents about a RAD conversion

DEFINITIONS

- Capital Needs - Costs of repairs and replacements beyond ordinary maintenance required to make the housing decent and economically sustainable.
- Housing Choice Voucher (HCV) - Rental vouchers that let people choose their own housing in the private rental market.
- Low Income Housing Tax Credits (LIHTC) (pronounced *lee-tee*) - LIHTCs provide the private market with an incentive to invest in affordable rental housing by offering a credit for an investor's Federal taxes.
- Project-based Vouchers (PBV) - Rental vouchers that are attached to a specific number of units in a building. The voucher stays with the unit even after a tenant moves out. This program is often operated by PHAs.
- Project-based Rental Assistance (PBRA) - Like in PBV, in this program rental vouchers are tied to a specific building. This program is often operated by private owners.
- Rehabilitation (or Rehab) - The repairs needed to restore a unit or property to good condition.

for RAD conversion about their plans; and

- Conduct at least two meetings with those residents.

These meetings are an opportunity for you to **discuss the proposed conversion plans with your PHA, ask questions, express concerns, and provide comments.** The PHA is required to submit your comments and its response to them as part of the RAD application.

Once HUD selects the PHA and property to participate in RAD, the PHA must have at least one additional meeting with all residents of the property before HUD approves the final conversion. This is another opportunity for you to provide comments about the conversion plan.

WILL A RAD CONVERSION REQUIRE A CHANGE TO THE PHA PLAN?

HUD considers a RAD conversion to be a "Significant Amendment" to the PHA Plan. Once a PHA is selected to participate, the PHA will have to

comply with the resident and public notice, consultation, and public hearing requirements associated with a Significant Amendment before the final RAD conversion is approved.

This means that your **Resident Advisory Board (RAB)** will also be consulted and have an opportunity to make recommendations.

WHEN CAN A PHA START THE RAD CONVERSION PROCESS?

After notifying residents as outlined above, PHAs can apply to HUD to convert assistance under RAD. Some PHAs have already begun this process. The application period will remain open until the 60,000-unit conversion cap is reached, or September 30, 2015, whichever is sooner.

WILL I HAVE TO MOVE IF MY HOME OR BUILDING IS REHABBED?

Most needed repairs made as part of RAD are likely to be small and you will be able to stay in your home during construction.

However, some apartments and buildings will require more extensive rehab. In these cases, you will be temporarily relocated as provided by the Uniform Relocation Act (URA). You will have the **right to return** to your development once construction is completed. Generally, temporary relocation should not last longer than 12 months.

In a few cases, your current housing may be too old or deteriorated and past the point where it can be effectively rehabilitated, requiring that it be demolished and replaced. In these instances, you will be provided temporary relocation and you will have the right to return to the replacement housing that is constructed.

Before RAD



Properties are typically not funded at 100% in Public Housing



In Public Housing, PHAs cannot borrow money to perform necessary repairs

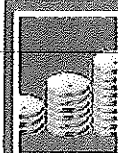


The funding fails to keep up with the deteriorating living conditions of residents



Residents cannot choose to move without losing housing assistance

After RAD



Properties are placed on a more stable Section 8 funding platform



PHAs and owners can more easily borrow money and perform rehabilitation work



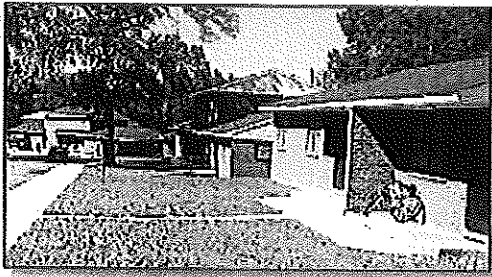
The living conditions of residents are improved



Residents may receive a tenant-based voucher, or similar assistance, and move after 1 year in PBV and 2 years in PBRA

If you do not want to wait for replacement housing, the PHA may offer you comparable housing in another public housing property or a Housing Choice Voucher (HCV) to enable you to move to other available private housing.

Whether you are asked to move temporarily due to rehab work or to move permanently to new replacement housing, the PHA will help you find the best possible option for you and cover your moving expenses.



Civic Park in Salisbury, NC will be converting assistance through RAD

WILL RAD INCREASE MY ABILITY TO CHOOSE WHERE I LIVE?

In addition to improved, better quality housing, you will have **greater choice in where to live** through the RAD "choice-mobility option." If you would like to move after your development undergoes a RAD conversion, you may request and receive a Housing Choice Voucher (HCV).

Under the PBV program, this option will be



RAD RESOURCES

For more information, please refer to the HUD Revised Rental Assistance Demonstration Notice PIH 2012-32, Rev 1 issued July 2013 available on RAD's website at www.hud.gov/rad, under the 'Program Information' tab.

available after living in a RAD property for one year; under the PBRA program, you may request a HCV after living in a RAD property for two years.

WILL RAD AFFECT RESIDENT RIGHTS & PARTICIPATION?

Overall, your experience as a resident should not change very much, if at all, due to a RAD conversion. RAD **keeps many of the resident processes and rights** available under public housing, such as the ability to request a grievance process and the timelines for termination notification.

Whether HUD begins funding a development through PBV or PBRA, residents will have a **right to organize** and resident organizations will continue to **receive resident participation funds**, up to \$25 per occupied unit according to their PHA's current policy.

WILL I STILL BE ABLE TO PARTICIPATE IN SELF-SUFFICIENCY PROGRAMS?

If you are a current participant in the Resident Opportunities and Self Sufficiency-Service Coordinators (ROSS-SC) program, you can continue to participate until all of the current program funding is used.

You will also still be able to participate in the Family Self-sufficiency (FSS) program. If your property converts assistance to PBV, you will be automatically moved from the public housing FSS program to the Housing Choice Voucher (HCV) FSS program. The rules in both programs are very similar.

If your property converts assistance to PBRA, you may continue your participation in the FSS program until your current contract of participation ends.

#7

RESOLUTION

City of Pontiac Resolution for Eugene Jackson aka "Gene"

WHEREAS, it is the sense of this legislative body to pay proper tribute to individuals of remarkable character whose lives have been dedicated to uplifting, inspiring and empowering the community; and;

WHEREAS, it is feelings of the deepest regret that the Pontiac City Council mourns the passing of Eugene Jackson aka "Gene," a giving and loyal member of this community; and,

WHEREAS, Eugene Jackson was born on March 12, 1946 in Rutherford, Alabama to the late Rosie Lee and Willie Jackson; and,

WHEREAS, Eugene Jackson with two of his brothers, migrated from Florida to Michigan, where he obtained employment with General Motors and where he subsequently retired some 30 years later; and,

WHEREAS, Eugene Jackson was a self-taught visionary who was driven by a fearless entrepreneurial spirit; and,

WHEREAS, Eugene Jackson put his ambitious nature to work and created a food truck called the "Muncho Man" which could often times be found at Beaudette Park, also known as the "Mill Dam;" and,

WHEREAS, Eugene Jackson was truly guided by his own principal, "a man will take a risk, if you never take a risk, you are not a man;" and,

WHEREAS, Eugene Jackson was so successful with Muncho Man, that in 1988, he not only expanded the business by purchasing a block of property on Auburn Avenue in the City of Pontiac which is the current location for Gene's Rib Shack, but he and his wife Debra, became the first African-American couple to own and operate a liquor store in Pontiac; and,

WHEREAS, in 2004, Eugene Jackson received the Outstanding Business Award from the City of Pontiac; and,

WHEREAS, Eugene Jackson was a selfless leader who always assisted people in need and provided job opportunities to those who requested a second chance; and,

WHEREAS, Eugene Jackson enjoyed working on cars, watching his favorite show, "Sanford and Son," telling stories and sharing life lessons which included his own personal experiences.

NOW, THEREFORE BE IT RESOLVED, that the Pontiac City Council and members of this great community will greatly miss Eugene Jackson aka "Gene," as his life was a portrait of service, a legacy that will long endure the passage of time and will remain as a comforting memory to all those whose lives he touched; we give our sincerest condolences to the family and friends of Eugene Jackson aka "Gene."

Kermit Williams, President

Randy Carter, President Pro-Tem

Patrice Waterman, Councilwoman

George Williams, Councilman

Mary Pietila, Councilwoman

Gloria Miller, Councilwoman

Doris Taylor-Burks, Councilwoman

#8

RESOLUTION



CITY OF PONTIAC

OFFICIAL MEMORANDUM

Executive Branch

TO: Honorable City Council President Kermit Williams, and City Council Members

FROM: Jane Bais DiSessa, Deputy Mayor

CC: Honorable Mayor Deirdre Waterman, Irwin William, Interim Finance Director/Plante Moran.

DATE: October 31, 2019

RE: Resolution to Approve the Salary Pay Range for the Finance Director Position between \$100,000.00 and \$120,000.00.

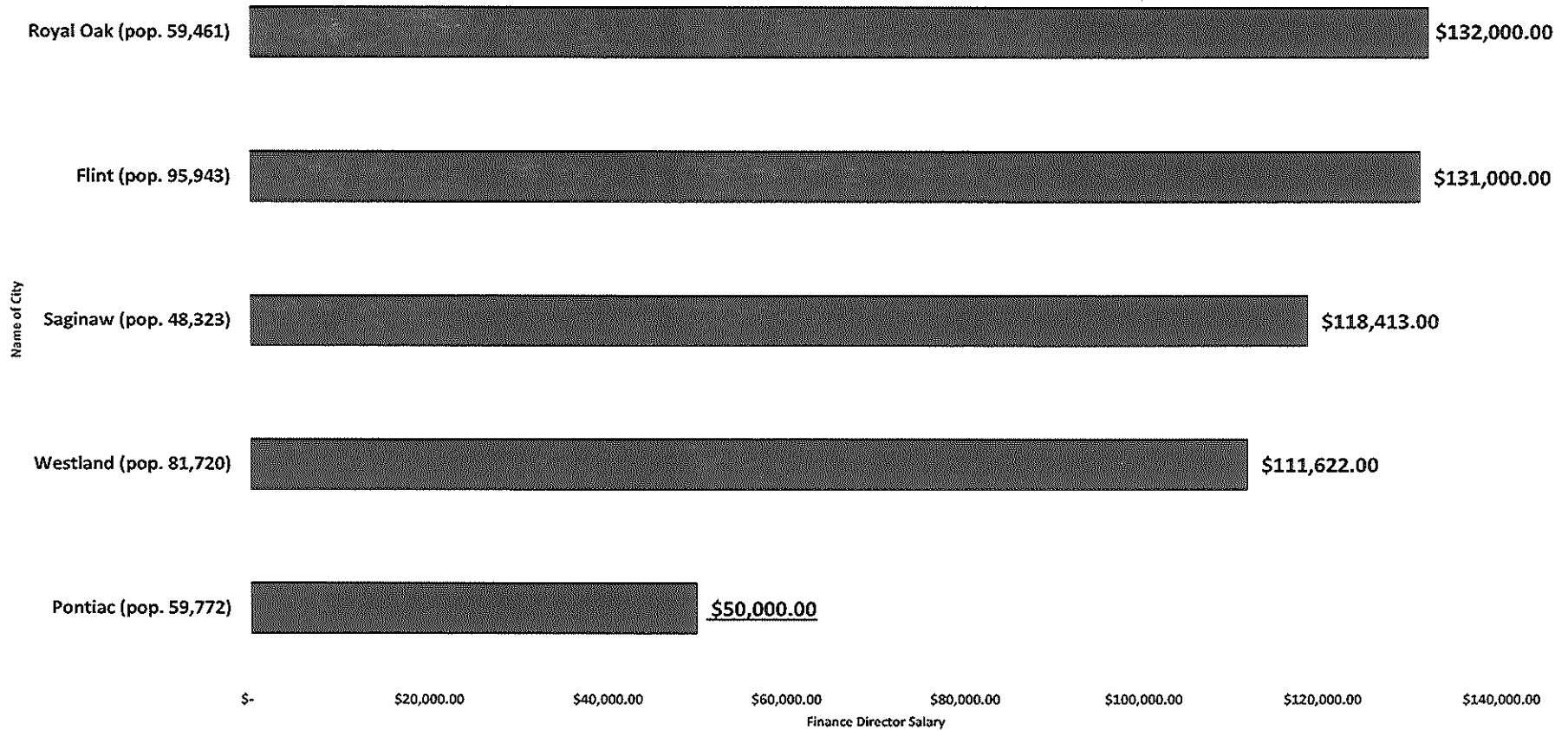
In order to hire a Finance Director with the proper qualifications, the following resolution is recommended:

Whereas, a proper salary range will attract qualified candidates, and

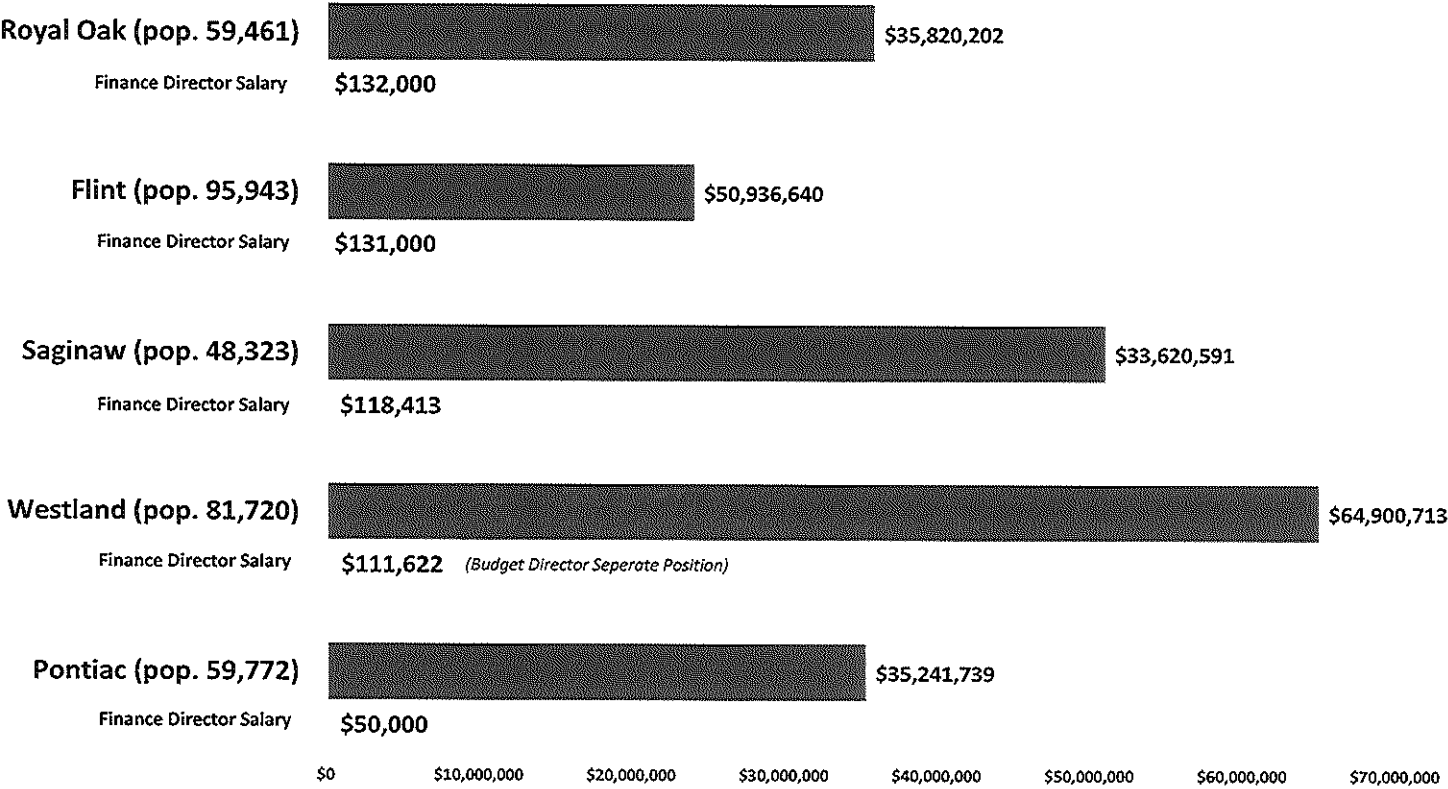
Whereas, based on a recent compensation survey of other municipalities, it is deemed that a salary range between \$120,000.00 and \$140,000.00 is representative of the current job market.

Now therefore, the City Council authorizes the Mayor to recruit candidates for the Finance Director Position, between the salary range of \$100,000.00 and \$120,000.00

Salary Comparison of Michigan Finance Directors



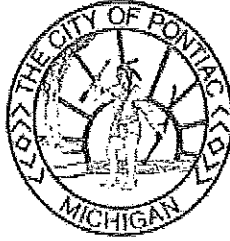
General Fund Revenues of Comparable Michigan Cities



#9

RESOLUTION UPDATED

Resolution of the Pontiac City Council



Be It Further Resolved that the Pontiac City Council authorizes the agreement between SRT Consulting, LLC and the City of Pontiac for SRT Consulting, LLC to serve as the Professional Expert-Financial Advisor to the City Clerk under Ordinance 2357 (B) City of Pontiac Medical Marihuana Facilities Ordinance and authorize the Mayor to sign the agreement not to exceed \$120,000.00.

Sherman J Taylor, JD CPA

Tax | Consulting | Accounting | Advisory

Accounting and Financial Advisory Consulting Engagement

November 25, 2019

City of Pontiac
ATTN: Garland Doyle, Interim City Clerk
47450 Woodward Avenue
Pontiac, Michigan 48342

Re: Professional Expert – City of Pontiac Medical Marijuana Facilities Ordinance

Dear Interim City Clerk Doyle

This letter will serve to confirm our understandings whereby our firm will be retained by the City of Pontiac to serve as a “Professional Expert – Financial Advisor to the City Clerk.” During the engagement, we will provide advisory services to the City Clerk, in his official capacity, in connection with his duties under the City of Pontiac Medical Marijuana Facilities Ordinance 2357 (B) and matters related thereto, including, but not limited to:

1. Reviewing the following sections of each application and making recommendations to the City Clerk : Business Plan Section (8c6); Ownership Structure Section (8c7); Organization Chart Section (8c8); Marketing, Advertising, and Business Promotion Plan (8c9); Planned Tangible Capital Investment Section (8c10); Economic Benefit/Job Creation Section (8c11); Financial Structure and Financing Section (8c12); Business Goals and Objectives Section (8c13); Inventory and Recordkeeping Plan Section (8c22); and Verification of Minimum Capitalization Section (8c24)
2. Working on site (47450 Woodward Ave, Pontiac, MI 48342) at an hourly rate of \$60.00 per hour. (it is estimated that the expert will be able to review the relevant section of an applicant's application within 10-11 hours per application).

Responsibilities

You are responsible for the safeguarding of assets, the substantial accuracy of the records, and the full and accurate disclosure to us of all relevant facts affecting the engagement. You have the final responsibility for information contained and decisions made affecting licensing.

During the course of this engagement, SRT Consulting, LLC or Sherman J Taylor, JD CPA is prohibited from working or providing any other accounting consulting services or legal representation for the City of Pontiac in any capacity, other than as identified herein.

23800 W 10 Mile Road Suite 209 Southfield, Michigan 48033
10605 Concord Street Suite 440 Office 7 Kensington, Maryland 20895
248-845-8015(Mi) | (301) 348-5485 (Md) | 202-204-5738 (F) | Sherman@SitaylorPC.Com

Privacy Matters

We do not disclose confidential client information unless authorized by you in writing.

Many of our clients choose to communicate with us by email, and we may use email in connection with this engagement unless you direct us otherwise. We will use reasonable precautions to protect your confidential information, but we have no obligation to employ any measures that you do not regularly employ in protecting your confidential information. We specifically disclaim any liability or responsibility whatsoever for interception or unintentional disclosure or communication of email transmissions or for the unauthorized use or failed delivery of emails transmitted by us in connection with this engagement.

Request for Additional Services

You may request that we perform additional services not contemplated by this engagement letter. If this occurs, we will communicate with you regarding the scope and estimated cost of these additional services and we may issue a separate engagement letter outlining the terms of that engagement.

Fees

Our fees for this work will be at an hourly rate of \$60.00 for performing the procedures involved. We will bill for all time spent on time on site - bifurcating the time on each individual invoice. We encourage all of our clients to contact us with tax, accounting, and valuations questions or other related concerns. We will respond to these questions at our standard hourly rate in effect at the time unless other fee arrangements are made and agreed upon.

Out-of-pocket expenses, if any, will be sent directly to the Client for payment, or we will pay those expenses and invoice the Client for the expenses. A detailed invoice will be provided on a monthly basis and due net 30 days. Interest at 1.5% per month is charged for late payments, if necessary, cost of collection, including attorney fees, are chargeable to the Client.

If all invoices are not paid within 45 days of the invoice date, at our election, we reserve the right to discontinue work until your account is brought current or withdraw from this engagement. By your signature, you acknowledge and agree that we are not required to continue work in the event of your failure to pay on a timely basis for services rendered as required by this engagement letter. You further acknowledge and agree that in the event we stop work or withdraw from this engagement as a result of your failure to pay on a timely basis, we shall not be liable for any damages that occur as a result of our ceasing to render services. You agree to pay for all collection costs, including attorney fees, in the event your account is referred for nonpayment.

Termination

The city of Pontiac, by resolution of the City Council, or Sherman J Taylor JD CPA as the engagement partner for SRT Consulting, LLC, may, by written notice to the City Clerk, terminate this engagement at any time, with or without cause, upon 30 days' notice to the other party, whereupon a final invoice will be provided and all accounts settled.

23800 W 10 Mile Road Suite 209 Southfield, Michigan 48033
10605 Concord Street Suite 440 Office 7 Kensington, Maryland 20895
248-845-8015(Mi) | (301) 348-5485 (Md) | 202-204-5738 (F) | Sherman@SjtaylorPC.Com

Conflicts of Interest and Disclosure

Notwithstanding anything herein to the contrary, SRT Consulting, LLC, including its owner(s), employee(s), and consultants (collectively "SRT") agrees that it will not represent any (1) organization, (2) individual with an ownership interest in an organization, or (3) individual, submitting an application for a marihuana facility license with the City of Pontiac. SRT further agrees that it will not review, analyze, or grade any application for any (1) organization, (2) individual with an ownership interest in an organization, or (3) individual, submitting an application for a marihuana facility license with the City of Pontiac, that it has previously represented in any capacity. SRT further agrees that it will provide disclosure of any such previous representation including (1) the client previously represented, (2) the nature of the representation, and (3) the time period of the previous representation. Such disclosure shall be updated on an ongoing basis as necessary.

Dispute Resolution

You agree that any dispute that may arise regarding the meaning, performance, or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation, and that you will engage in the mediation process in good faith once a written request to mediate has been given by either party to the engagement. Any mediation initiated as a result of this engagement shall be administered by a law firm specializing in the mediation process, not associated with either party, or selected by us, according to its mediation rules. Any ensuing litigation shall be conducted according to Michigan laws. The results of any such mediation shall be binding only upon agreement of each party to be bound. Costs of any mediation proceeding shall be shared equally by all parties.

We want to express our appreciation for this opportunity to work with you. If the foregoing correctly sets forth your understanding of our accounting engagement, please sign and date the original of this letter in the spaces below and return it to our office.

Sincerely,

SRT Consulting, LLC

Sherman J Taylor, JD CPA

Terms and Conditions Approved By:

THE CITY OF PONTIAC

Dated: _____

By: Deirdre Waterman, Its Mayor

23800 W 10 Mile Road Suite 209 Southfield, Michigan 48033
10605 Concord Street Suite 440 Office 7 Kensington, Maryland 20895
248-845-8015(Mi) | (301) 348-5485 (Md) | 202-204-5738 (F) | Sherman@SjtaylorPC.Com

Sherman J Taylor, JD CPA

Tax | Consulting | Accounting | Advisory

Sherman J Taylor JD CPA received his bachelor's degree in Business Administration in Accounting and Taxation from Grand Valley State University in 2008. From there, he moved to Washington D.C. to begin working with *Truist, Inc. (now Frontstream)* a technology company which leverages technology to facilitate corporate giving. After working with local non-profits including the Internal Revenue Service's low-income taxpayer clinic at Howard University, he went on to study public interest law at the University of the District Columbia's David A. Clarke School of Law. As a student, he worked in both the low-income taxpayer's clinic as well as the community development clinic. Upon graduating, he accepted an offer to work for a boutique CPA firm focused on providing valuation and litigation support services. As a senior staff accountant, he led engagements focused on projecting cash flow and forecasting sales trends to evaluate the worth and viability of both budding and established enterprises.

His work with Michigan Cannabis companies began in 2017 – assisting several firms in the application process and beyond. Since then, he has continued to provide accounting, tax, and legal services to several cannabis companies in and around the state of Michigan. He's given multiple lectures on cannabis taxation and wrote numerous periodicals including, "*When money grows on Michigan Trees, The Taxation of Medical Marihuana under the Michigan Medical Marijuana Facilities Licensing Act,*" published in the Oakland County Bar Journal in 2018.



[START SEARCH](#) [ABOUT US](#) [PARTICIPATING STATES](#) [CONTACT BOARDS](#) [FILE A COMPLAINT](#)

I am a business owner. A colleague recommended his CPA to me. Can CPAverify help me find out if he is a licensed CPA?

ANSWER:

Yes, CPAverify can be used to verify the status of a CPA.

START SEARCH

[<<Go Back](#) Database Search Results for Participating States

Select	Last Name	First Name	Middle Name	Jurisdiction	License/Cert. Num.	License/Cert. Status	Enforcement
view	TAYLOR	SHERMAN		MD	0043934	ACTIVE	None Report
	TAYLOR	SHERMAN	J	DC	CPA904379	ACTIVE	None Report

The results shown here include all data made available by participating states. Additional data about the individual or firm states that are not yet participating in the CPAverify website. Please refer to the Participating States tab for more information their licensing data for use with this website and for clarification about which states these results do not include. If the information refers to the "Contact Boards" tab where a link to every Board's website and therefore individual licenses.

Disclaimer: The data provided on this web site is provided by official CPA licensing agencies, the State Boards of Accountancy, at different intervals and may or may not have provided a current set of data to this web site at the time of your search. Please review individual records. Click for more.

[About Us](#) [Contact Boards](#) [Privacy Policy](#) [Terms of Use](#)

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Medical Marijuana Application Fee calculation for Grower, Processor, Secure Transporter & Safety Compliance

Application Fee \$5,000.00

Financial Advisor and Legal Advisor Fees per application

	Avg Hours per task	Rate	Fee
Professional Expert - Financial Advisor to City Clerk			
Sec. 8(c)(6) (Business Plan)/Sec. 8(c)(13) (Business Goals and Objectives)	3.00	\$60.00	\$180.00
Sec. 8(c)(7) (Ownership Structure)	0.25	\$60.00	\$15.00
Sec. 8(c)(8) (Organization Chart)	0.25	\$60.00	\$15.00
Sec. 8(c)(9) (Marketing, Advertising and Business Promotion Plan)	1.00	\$60.00	\$60.00
Sec. 8(c)(10) (Planned Tangible Capital Investment)/Sec. 8(c)(12) (Financial Structure and Financing)/Sec 8(c)(24) (Verification of	3.00	\$60.00	\$180.00
Sec. 8(c)(11) (Economic Benefits/Job Creation)	2.00	\$60.00	\$120.00
Sec. 8(c)(22) (Inventory and Recordkeeping Plan)	2.00	\$60.00	\$120.00
TOTAL PROFESSION EXPERT - FINANCIAL ADVISOR:			\$690.00
Professional Expert - Legal Advisor to City Clerk			
Review training and education plan that the applicant will provide to all employees	0.50	\$250.00	\$125.00
Review criminal background report of the applicant's criminal history	0.50	\$250.00	\$125.00
Assist the Clerk with application review	1.00	\$250.00	\$250.00
TOTAL PROFESSIONAL EXPERT - LEGAL ADVISOR:			\$500.00

Medical Marijuana Provisioning Center Application Fee calculation

Application Fee \$5,000.00

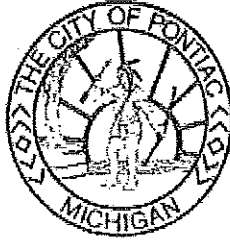
Financial Advisor and Legal Advisor Fees per application

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Professional Expert - Financial Advisor to City Clerk			
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Sec. 8(c)(9) (Marketing, Advertising and Business Promotion Plan)	1.00	\$60.00	\$60.00
Sec. 8(c)(10) (Planned Tangible Capital Investment)/Sec. 8(c)(12) (Financial Structure and Financing)/Sec 8(c)(24) (Verification of Funds)	3.00	\$60.00	\$180.00
Sec. 8(c)(11) (Economic Benefits/Job Creation)	2.00	\$60.00	\$120.00
Sec. 8(c)(22) (Inventory and Recordkeeping Plan)	2.00	\$60.00	\$120.00
TOTAL PROFESSION EXPERT - FINANCIAL ADVISOR:			\$690.00
Professional Expert - Legal Advisor to City Clerk			
Review training and education plan that the applicant will provide to all employees	0.50	\$250.00	\$125.00
Review criminal background report of the applicant's criminal history	0.50	\$250.00	\$125.00
Scoring Team	2.25	\$250.00	\$562.50
TOTAL PROFESSIONAL EXPERT - LEGAL ADVISOR:			\$812.50

#10

**RESOLUTION
UPDATED**

Resolution of the Pontiac City Council



Be It Further Resolved that the Pontiac City Council authorizes the agreement between Kesto Law, P.L.L.C. and the City of Pontiac for Kesto Law, P.L.L.C. to serve as the Professional Expert-Legal Advisor to the City Clerk under Ordinance 2357 (B) City of Pontiac Medical Marihuana Facilities Ordinance and authorize the Mayor to sign the agreement not to exceed \$10,500.00.

Kesto Law, P.L.L.C.

Attorney at Law

41850 W. 11 Mile Road, Suite 110

Novi, Michigan 48375

Telephone: (248) 521-4712

November 15, 2019

Dear Interim City Clerk Doyle:

Thank you for the opportunity to serve as "Professional Expert – Legal Advisor to the City Clerk" under the City of Pontiac Medical Marihuana Ordinance 2357(B) (the "Representation"). The engagement terms of this letter are listed below:

Client. The client in this matter will be the City of Pontiac/ City Clerk (the "Client"). This engagement does not create an attorney-client relationship with any other person or entity. The point of contact will be the City Clerk.

Scope of Engagement. In the course of the Representation, we will provide legal advice to the City Clerk, in his official capacity, in connection with his duties under the City of Pontiac Medical Marihuana Facilities Ordinance 2357(B) and matters related thereto. This includes legal advice with regard to applications for marihuana permits in the City of Pontiac, including but not limited to (1) advising on the legal consequences and effects of applicant criminal background information and staff/employee training and education materials; (2) advising the City Clerk and the Scoring Team on their legal duties relative to scoring applications; and (3) attendance of at least four in-person meetings with the Scoring Team (City Clerk, Planning Manager and Professional Expert-Financial Advisor to the City Clerk), as directed by the City Clerk. The City Clerk shall, in all cases, be the decision maker with respect to any scoring decision. We will NOT provide any service or advice other than legal advice.

Conflicts of Interest and Disclosure. Notwithstanding anything herein to the contrary, Kesto Law, PLLC, including its owner(s), employee(s), and consultants (collectively "Kesto Law") agrees that it will not represent any (1) organization, (2) individual with an ownership interest in an organization, or (3) individual, submitting an application for a marihuana facility license with the City of Pontiac. Kesto Law further agrees that it will not review, analyze, or grade any application for any (1) organization, (2) individual with an ownership interest in an organization, or (3) individual, submitting an application for a marihuana facility license with the City of Pontiac, that it has previously represented in any capacity. To the extent permissible pursuant to the Michigan Rules of Professional Conduct, Kesto Law further agrees that it will provide disclosure of any such previous representation including (1) the client previously represented, (2) the nature of the representation, and (3) the time period of the previous representation. Such disclosure shall be updated on an ongoing basis as necessary.

During the course of this engagement, Kesto Law, P.L.L.C. or Klint Kesto, Esq. are prohibited from providing any legal representation for the City of Pontiac in any capacity, other than as identified herein.

Rates and Charges. In order to manage costs, Mr. Klint Kesto will be principally responsible for the Representation. Other attorneys and professional staff may be utilized as appropriate. A short bio of Mr. Kesto is attached. Hourly rates will be as follows:

\$250 per hour for Mr. Klint Kesto

\$200 per hour for associates and staff

The initial cost for this Representation will not exceed \$10,500 unless otherwise agreed upon. Invoices will be addressed to the City of Pontiac, c/o Interim City Clerk Garland Doyle, 47450 Woodward Ave, Pontiac, MI 48342. Annual increases in attorney rates are the norm. Out of pocket expenses, if any, will be sent directly to the Client for payment, or we will pay those expenses and invoice, the Client for the expense. A detailed invoice will be provided on a monthly basis and due net 30 days. Interest at 1% per month is charged to late payments. If necessary, costs of collection, including attorney fees, are chargeable to the Client.

Federal Law. As you are aware, marihuana is currently still illegal under federal law. The laws of the State of Michigan and the City of Pontiac that allow for medical marihuana are not recognized by the federal government or by federal law enforcement authorities. State and local law has no effect on applicable federal laws, which may impose criminal and civil penalties for the possession, transportation, sale, or distribution of marihuana or for any activity related to marihuana products, services, businesses, or other activities. We are not providing any advice with respect to any federal law, including federal marihuana laws, implicated by the City of Pontiac's decision to regulate and license medical marihuana facilities.

Other Legal Matters. We are Special Counsel to the Client, and we only represent the Client to the extent provided herein. We will not provide advice, including legal advice, on any matter outside the scope of this letter. Client should contact its General Counsel on any matters falling outside the scope of this Representation.

Dispute Resolution. If any dispute arises regarding the services provided to the Client by us or the charges for those services and related expenses, then we and the Client will first try in good faith to settle the dispute directly. If the dispute is not resolved, it shall be submitted to a third-party neutral facilitator in accordance with the mediation rules of the American Arbitration Association. If the dispute is not resolved in mediation, the dispute shall be settled through binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association except as modified here. Judgment upon the award may be entered in any court of competent jurisdiction. The mediation and arbitration proceedings, including any hearings, shall be held in the Detroit metropolitan area. Client and we agree that neither is entitled to or shall request punitive or exemplary damages and that the arbitrators

shall not have the authority to award such damages or any damages in excess of actual pecuniary damages.

Termination. The City of Pontiac, by resolution of the City Council, or Mr. Kesto, by written notice to the City Clerk, may terminate this engagement at any time, with or without cause, upon 30 days' notice to the other party, whereupon a final invoice will be provided and all accounts settled.

Document Retention. Generally, a client must be given advanced written notice of an attorney's intent to destroy retired files. It is our policy to destroy a file after a period of three (3) years from the date of last service. By agreeing to this Representation, Client consents to the destruction of the closed file after three (3) years, without advanced written notice to the Client of our intention to destroy the file. Should you wish a copy of that file before that deadline, the obligation of contact resides with the Client.

Please sign below and return this letter to me electronically or by mail. By signing this letter, you acknowledge that you have read, understood, consent to, and have had the opportunity to consult with independent counsel regarding the terms of this letter, and that you have the actual authority to enter into this Representation.

Sincerely,
Kesto Law, PLLC

Klint Kesto – Partner

Terms and Conditions Approved By:

The City of Pontiac

Dated: _____

By: Deirdre Waterman – Mayor of Pontiac

Klint Kesto Bio:

Klint Kesto is the founder of Kesto Law. Prior to founding the law firm Kesto served in the Michigan House of Representatives and served for three terms. He served as the Chairman of the Judiciary Committee from 2015-2016 and the Chairman of the Law and Justice Committee from 2017-2018. Mr. Kesto also served as an assistant prosecuting attorney for Wayne County from 2007-2012. He is an experienced attorney and litigator. Mr. Kesto has legislative experience in the fields of health policy, the judiciary, criminal law, marijuana law, and chaired the House C.A.R.E.S task force to address mental health, incarceration, and substance abuse issues. Most recently, Mr. Kesto was subcontracted by the City of Westland to assist with the development of their medical and recreational marijuana ordinance.

Medical Marijuana Application Fee calculation for Grower, Processor, Secure Transporter & Safety Compliance
Application Fee \$5,000.00

Financial Advisor and Legal Advisor Fees per application

	Avg Hours per task	Rate	Fee
Professional Expert - Financial Advisor to City Clerk			
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Sec. 8(c)(8) (Organization Chart)	0.25	\$60.00	\$15.00
Sec. 8(c)(9) (Marketing, Advertising and Business Promotion Plan)	1.00	\$60.00	\$60.00
Sec. 8(c)(10) (Planned Tangible Capital Investment)/Sec. 8(c)(12) (Financial Structure and Financing)/Sec 8(c)(24) (Verification of	3.00	\$60.00	\$180.00
Sec. 8(c)(11) (Economic Benefits/Job Creation)	2.00	\$60.00	\$120.00
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TOTAL PROFESSION EXPERT - FINANCIAL ADVISOR:			\$690.00
Professional Expert - Legal Advisor to City Clerk			
Review training and education plan that the applicant will provide to all employees	0.50	\$250.00	\$125.00
Review criminal background report of the applicant's criminal history	0.50	\$250.00	\$125.00
Assist the Clerk with application review	1.00	\$250.00	\$250.00
TOTAL PROFESSIONAL EXPERT - LEGAL ADVISOR:			\$500.00

Medical Marijuana Provisioning Center Application Fee calculation

Application Fee \$5,000.00

Financial Advisor and Legal Advisor Fees per application

	Avg Hours per task	Rate	Fee
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Sec. 8(c)(8) (Organization Chart)	0.25	\$60.00	\$15.00
Sec. 8(c)(9) (Marketing, Advertising and Business Promotion Plan)	1.00	\$60.00	\$60.00
Sec. 8(c)(10) (Planned Tangible Capital Investment)/Sec. 8(c)(12) (Financial Structure and Financing)/Sec 8(c)(24) (Verification)	3.00	\$60.00	\$180.00
Sec. 8(c)(11) (Economic Benefits/Job Creation)	2.00	\$60.00	\$120.00
Sec. 8(c)(22) (Inventory and Recordkeeping Plan)	2.00	\$60.00	\$120.00
TOTAL PROFESSION EXPERT - FINANCIAL ADVISOR:			\$690.00
Professional Expert - Legal Advisor to City Clerk			
Review training and education plan that the applicant will provide to all employees	0.50	\$250.00	\$125.00
Review criminal background report of the applicant's criminal history	0.50	\$250.00	\$125.00
Scoring Team	2.25	\$250.00	\$562.50
TOTAL PROFESSIONAL EXPERT - LEGAL ADVISOR:			\$812.50

#11

RESOLUTION



CITY OF PONTIAC

OFFICIAL MEMORANDUM

Executive Branch

TO: Honorable Mayor, Council President and City Council Members

FROM: Jane Bais-DiSessa, Deputy Mayor, at the request of
Dan Ringo, Deputy Director of Public Works

DATE: October 31, 2019

RE: Resolution to Approve Custodial Contract with CleanNet of Greater Michigan, Inc.

In September 2019, the City of Pontiac publicly published a Request For Proposals (RFP) for Janitorial Services for seven buildings owned and operated by the city. The contract between the city and its current provider The Kristel Group expires November 30th 2019. Interested vendors were provided an opportunity to attend a guided walk-through of city buildings listed under the RFP and ask city officials questions regarding the language or concept of the RFP. The walk-through was voluntary and occurred October 4th 2019. There were ten (10) companies that appeared. The sign-in sheet of the walk-through is included in this packet for your review. Of the ten that appeared, five (5) submitted formal proposals. The initial five bid totals are included in your packet for review.

Selection of a custodial provider was presented and discussed at the September Department of Public Works (DPW) Sub-Committee meeting. During this meeting, Council President Kermit Williams requested an analysis of the cost to in-service the custodial operations juxtaposed with continuing with outsourcing this function. That analysis was performed by our Financial Analyst, Ben Plassman and is included in this packet for your review.

The Department of Public Works further conducted interviews of all vendors that submitted formal bids. Interrogatories were provided via email a week in advance of the formal interviews. Formal interviews occurred October 15th 2019. A list of the interrogatories asked of all interviewed vendors has been included in your packet for your review.

After interviewing all five vendors, the committee consisting of Dan Ringo, Purchasing Agent, Jessica Massey and Financial Analyst, Ben Plassman found the lowest qualified vendor for the RFP was CleanNet of Greater Michigan (CleanNet). A copy of the final scoring sheet of all vendors has been included in your packet for your review.

The committee moved forward with interviewing CleanNet's references after determining based on submitted pricing and interview scores that CleanNet was the lowest qualified bidder. A questionnaire was sent to the supplied references of CleanNet. The questionnaire is included in this packet for your review.

CleanNet, Inc. is a Michigan based company headquartered in Farmington Hills, Michigan. Clean.net USA, Inc is the parent company and is a certified Minority Business Enterprise. Clean.net has over 32 years' experience maintaining 160 million square feet in 35,000 commercial facilities nationwide.

By providing significant infrastructure, CleanNet operates to common standards, including but not limited to: Quality Control, Cost Savings for Customers, Safety in Work Place, Guidelines to Property Security, Hiring Procedures, Background Checks, Training, Certification, Cleaning Processes, Cleaning Procedures for Resilient/Non-Resilient Floors,

Green Cleaning, Sustainability, Equipment Maintenance, Work Place Behavior, Uniforms, Management Processes, Staff Etiquette, Fire Prevention and Electrical Safety, and Chemical Handling.

With that, the Department of Public Works is requesting that the committee's recommendation to award CleanNet of Greater Michigan the custodial contract in the amount of \$228,126.74 annually.

WHEREAS, The City of Pontiac has advertised and received responses to a request for proposals for Custodial Services on 9/24/2019, 2019 and publically opened bids on October 15, 2019, and;

WHEREAS, a review panel has reviewed the submittal and held interviews, and;

WHEREAS, after review and interviews, the most qualified contractor was CleanNet, with an annual cost of \$228,126.74.

NOW, THEREFORE,
BE IT RESOLVED, The Pontiac City Council authorizes the Mayor to enter a one year contract with CleanNet of Greater Michigan, Inc., for Custodial services for an annual amount of \$228,126.74.

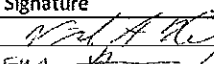
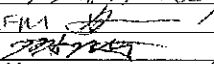
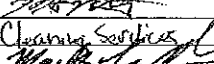

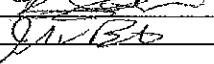

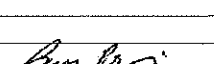
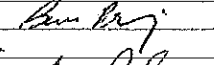
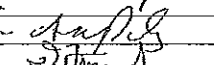
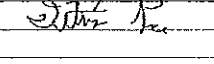
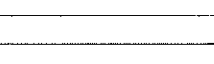
JVB

attachments

City of Pontiac Custodial Walk-through

10/4/19

Sign-In Sheet

Name	Email	Company	Signature
Vince Hebel	Vince Hebel vince@vco.com R.R.M.		
Kim Futral	Kimberly.Futral@lgccorp.com LG		
Mike McIntyre	mmcintyre@grahsnc.com GRBS		
Lynn Copeland	CopelandCleaning.com@gmail.com Copeland	Copeland Cleaning Services	
Mark Langlois	mark.langlois@dmh.com DM Burr		
Ben Denton	bdenton@cleannetusa.com CleanNet		
John Balar		City of Pontiac	
Dean Ringo		" " "	
Larry Robinson		" " "	
Victor Stevens		" " "	
Ben Pilgras	ben@kristelgroup.com KRISTEL GROUP		
Ben Pilgras	ben@kristelgroup.com	KRISTEL GROUP	
AKOY PAPER	akoy@paper.com	Professional Building Services	
THUS Lee	hres@cleanllc.com hres clean llc		
	info@hresclean.com		

Cleaning Services Bid Tabulation

This unofficial tabulation is for your information and only included what was read at the bid opening. The information has not been evaluated or confirmed.

	Kristel Group, Inc.	Giant Janitorial Service, Inc.	All Inclusive	CleanNet of Greater Michigan	Professional Clean CSM Services
	136 S. Rochester Road Clawson, MI 48017	18485 Mack Ave. Detroit, MI 48236	1580 Woodcreek Blvd. Ann Arbor, MI 48104	30665 Northwestern Hwy. Suite 203 Farmington Hills, MI 48393	3536 Highland Dr. Hudsonville, MI 49426
City Hall 34,210 sq. ft. Cost/Month	\$3,695	\$4,000	\$5,545	\$3,190	\$9,339
Police Building 49,920 sq. ft. Cost/Month	\$3,850	\$4,900	\$5,961	\$3,490	\$8,708
District Court 32,102 sq. ft. Cost/Month	\$3,950	\$3,900	\$4,956	\$3,190	\$4,804
Robert Bowens Center 10,110 sq. ft. Cost/Month	\$1,650	\$2,200	\$574	\$1,645	\$1,345
Ruth Peterson Center 10,987 sq. ft. Cost/Month	\$950	\$1,900	\$384	\$988	\$1,952
Youth Recreation Center 50,000 sq. ft. Cost/Month	\$3,640	\$5,100	\$4,924	\$2,879	\$8,103
Monthly Rate	\$17,735	\$22,000	\$22,344	\$15,382	\$34,251
Rate/Hour over 8 hours in a day	\$19.75	\$25.00	\$22.00	\$19.00	\$35.00
Special Event Cleaning					
Supervisor \$/Hour	\$17.00	\$35.00	\$34.00	\$22.00	\$27.00
Labor \$/Hour	\$15	\$22	\$24	\$19	\$18.50
Annual Rate	\$212,820	\$264,000	\$268,128	\$184,584	\$411,012

Name/Work Activity of RFP: Janitorial and Custodial Services

City of Pontiac
47450 Woodward Ave.

In-Sourcing Estimates for Janitorial Services at the City of Pontiac

Building	Weekly Hours Spent	Cost per hour of staff	Weekly Salary & Benefits	Annual Salary & Benefits
City Hall 34,210 sq. ft.	40	\$ 21.00	\$ 840.00	\$ 43,680.00
Police Building 49,920 sq. ft.	40	\$ 21.00	\$ 840.00	\$ 43,680.00
District Court 32,102 sq.ft.	45	\$ 21.00	\$ 945.00	\$ 49,140.00
Robert Bowens Center 10,110 sq. ft.	20	\$ 21.00	\$ 420.00	\$ 21,840.00
Ruth Peterson Center 10,987 sq. ft	9	\$ 21.00	\$ 189.00	\$ 9,828.00
Youth Recreation Center 50,000 sq. ft.	35	\$ 21.00	\$ 735.00	\$ 38,220.00
Supervisor	40	\$ 25.20	\$ 1,008.00	\$ 52,416.00
				\$ 258,804.00

Variable Costs

Cost of Training	\$ 1,000.00
Cost of Supplies	\$ 12,000.00
Cost of OverTime	\$ 8,190.00

Total Cost \$ 279,994.00

Salary & Benefits = 1.4 times the hourly wage

City of Pontiac

Custodial RFP Interrogatories

10/22/19

1. Did you attend the building walk-through on 10/4/19?
2. What Immediate improvements would your company make to improve the facilities appearance based on the condition of the buildings today?
3. Tell us about the team member that will oversee this account? What is their background and relevant experience that will benefit the City of Pontiac?
4. How does your company handle vacancies and call-offs?
5. What method of reporting do you provide customers to indicate performance?
6. Are you opposed to providing KPIs and Benchmark to the City of Pontiac on a monthly basis?
7. Are you familiar with "Fees at Risk"?
8. What technology are you using in other accounts that help you manage provided services to customer expectations?
9. Would you be open to perform quality checks or building walk-through with a city representative?
10. What chemicals do you currently use in your other accounts?
11. Walk us through how your employees are trained to perform their jobs?
12. Do you have a safety plan in place?

City of Pontiac

Custodial RFP Interrogatories

10/22/19

	All-Inclusive	Kristel	Professional	Clean Net	Giant
Question 1	8	10	8	9	10
Question 2	8	3	8	9	8
Question 3	8	3	8	9	8
Question 4	8	3	8	9	8
Question 5	8	3	8	9	6
Question 6	8	1	8	9	7
Question 7	7	1	8	9	7
Question 8	8	1	8	9	7
Question 9	8	8	8	9	8
Question 10	8	8	8	9	8
Question 11	5	4	8	9	5
Question 12	5	4	8	9	8
Total Score	89	49	96	108	90

Reference Check Questionnaire

Date: 10/30/2019

Title: Janitorial and Custodial Services

Company Name: CleanNet of Greater Michigan

Name & Number of Reference: Cleary University Jeff Cole 317-650-5026

Good Morning/Afternoon, I am calling on behalf of the City of Pontiac in regards to Janitorial and Custodial Services performed by CleanNet of Greater Michigan. We had a bid opening for Janitorial and Custodial Services and the contractor listed above had you down as a reference. I was hoping you had a few moments to answer the following questions.

Question:	Response:
1. How long have you worked with this company?	Since July.
2. On a scale of 1-5, with 5 being the highest: how would you rate their overall quality of service?	4.
3. How would you rate their communication? Did they respond to problems & Submit invoices in a timely manner?	Submit invoices consistently, communication is good. Handle specific things. Accommodating to last minute request for extra work outside of normal scope. The company does a good job.
4. Did you receive many (If any) complaints about their conduct or service?	No complaints.
5. Would you recommend this company? If no, please explain why.	Yes. No issues so far. Good price, accommodating to needs. Different schedules for each building which CleanNet has been able to handle with no problem.
6. Any additional Comments?	Works with Ben. Able to accommodate changes and schedules fairly easy.

Reference Check Questionnaire

Date: 10/30/2019

Title: Janitorial and Custodial Services

Company Name: CleanNet of Greater Michigan

Name & Number of Reference: Pontiac Hospital John Krieger 248-857-6778

Good Morning/Afternoon, I am calling on behalf of the City of Pontiac in regards to Janitorial and Custodial Services performed by CleanNet of Greater Michigan. We had a bid opening for Janitorial and Custodial Services and the contractor listed above had you down as a reference. I was hoping you had a few moments to answer the following questions.

Question:	Response:
1. How long have you worked with this company?	6-7 years.
2. On a scale of 1-5, with 5 being the highest; how would you rate their overall quality of service?	4
3. How would you rate their communication? Did they respond to problems & Submit Invoices in a timely manner?	Good Communication. Didn't have any issues with response time or invoices.
4. Did you receive many (if any) complaints about their conduct or service?	No.
5. Would you recommend this company? If no, please explain why.	Yes. Had no issues with the company.
6. Any additional Comments?	

#12

RESOLUTION



CITY OF PONTIAC
Department of Building Safety & Planning
Planning Division

47450 Woodward Ave • Pontiac, Michigan 48342
Telephone: (248) 758-2800

Mayor Deirdre Waterman

TO: HONORABLE MAYOR, COUNCIL PRESIDENT AND CITY COUNCIL

FROM: VERN GUSTAFSSON – PLANNING MANAGER
THROUGH THE OFFICE OF DEPUTY MAYOR, JANE BAIS-DISESSA

SUBJECT: CHALLENGE MANUFACTURING COMPANY LLC.
RESOLUTION TO SET PUBLIC HEARINGS
FOR THE ESTABLISHMENT OF AN INDUSTRIAL DEVELOPMENT DISTRICT AND
APPLICATION FOR INDUSTRIAL FACILITIES TAX EXEMPTION CERTIFICATE

DATE: NOVEMBER 21, 2019

Challenge Manufacturing Company LLC is requesting that the City of Pontiac establish an Industrial Development District on parcel 64-19-03-200-021 as provided in PA 198 of 1974 commonly known as 2501 Centerpoint Parkway and approve its application for an Industrial Facilities Tax [IFT] Exemption Certificate.

In accordance with IFT regulations, before this application can be considered, an Industrial Development District must be established. Prior to the District being established, a Public Hearing is required. After the District has been established, then the City Council can consider the application. City Council will also have to conduct a Public Hearing to approving the application. As such, the following resolution is recommended.

WHEREAS, Challenge Manufacturing Company LLC has submitted an Application for an Industrial Facilities Tax Exemption Certificate to expand the automotive supplier production and operation facility at 2501 Centerpoint Parkway; and

WHEREAS, Application has been sent to the Office of the City Clerk for certification, and

WHEREAS, before acting on said Application, the City must establish an Industrial Development District for parcel 64-19-03-200-021 as provided in PA 198 of 1974. The legal description for the parcel is attached; and

WHEREAS, the Plant Rehabilitation and Industrial Development Act [Industrial Facilities Tax Exemption certificate] 198 of 1974, as amended, MCL 207.554 requires that before adopting a resolution establishing an Industrial Development District, the governing legislative body conduct a Public Hearing.

NOW, THEREFORE, BE IT RESOLVED, that Pontiac City Council, direct the Interim City Clerk to schedule two Public Hearing on December 10, 2019 in accordance with the Plant Rehabilitation and Industrial Development Act [Industrial Facilities Tax Exemption certificate] 198 of 1974, as amended, MCL 207.554. The first Public Hearing will be to establish the Industrial Development District. Immediately following would be the Public Hearing on Industrial Facilities Tax [IFT] Exemption Certificate Application. The Interim City Clerk is instructed to notice the public, property owner and applicable taxing jurisdictions for both Public Hearings.



Warner Norcross + Judd LLP

November 15, 2019

Via Federal Express

Garland Doyle
City Clerk
City of Pontiac
47450 Woodward Avenue
Pontiac, Michigan 48342

Re: Request to Establish Industrial Development District for the property
located at 2501 Centerpoint Parkway, Pontiac, Michigan

Dear Clerk:

I am writing on behalf of our client, Challenge Mfg. Company, LLC ("Challenge Mfg.") to request an Industrial Development District be established for the property legally described on Exhibit A ("Property") attached to this letter.

It is our understanding that an existing Industrial Development District may already be in place for the Property because IFT Certificate #2014-447 was approved by the City of Pontiac and is currently in place for this Property. However, to the extent that an Industrial Development District is not already in place or the records are unclear, we are submitting this request to establish an Industrial Development District to assure that an Industrial Development District is established for the entire Property.

We respectfully ask that our request to establish an Industrial Development District be placed on the agenda for the next available meeting, which we understand will be the first week of December. Please confirm the exact date and time of the public hearing to establish the district, so that a representative of Challenge Mfg. will be available to answer questions.

If you have any questions or if you require additional information, please let me know. Thank you very much for your time and consideration.

Very truly yours,

Melissa N. Collar

mln/kks
cc: Mike Rodgers
19253609-1

Melissa N. Collar | Partner
D 616.752.2209
E mcollar@wnj.com
1500 Warner Building, 150 Ottawa Avenue, N.W.
Grand Rapids, MI 49503

EXHIBIT A

Property

LEGAL DESCRIPTION OF PROPOSED CENTERPOINT CHALLENGE PARCEL

LAND IN THE CITY OF PONTIAC, OAKLAND COUNTY, MICHIGAN, BEING ALL THAT PART OF LOTS 8-11 AND PART OF BELT LINE RAIL ROAD, AS PLATTED, A PART OF "ASSESSOR'S PLAT NO. 110", A PART OF SECTION 3, T. 2 N., R. 10 E., AS RECORDED IN LIBER 52 OF PLATS, PAGE 26 OF OAKLAND COUNTY RECORDS, LYING WITHIN THE FOLLOWING DESCRIBED PARCEL: COMMENCING AT THE NORTHEAST PROPERTY CONTROLLING CORNER OF SECTION 3 (AS PREVIOUSLY SURVEYED BY NOWAK & FRAUS 04-05-07), T. 2 N., R. 10 E., CITY OF PONTIAC, OAKLAND COUNTY, MICHIGAN: THENCE S. 00°36'21" W. ALONG THE EAST LINE OF SAID SECTION 3, 1215.50 FEET; THENCE N. 89°23'39" W. 60.00 FEET TO A POINT, SAID POINT BEING THE INTERSECTION OF THE SOUTH LINE OF CAMPUS DRIVE (WIDTH VARIES) WITH THE WEST LINE OF OPDYKE ROAD (120 FEET WIDE); THENCE S. 00°36'21" W. ALONG THE WEST LINE OF OPDYKE ROAD, 2060.01 FEET TO A POINT OF DEFLECTION; THENCE S. 00°24'47" E. ALONG THE WEST LINE OF OPDYKE ROAD, 901.82 FEET TO THE NORTHEAST CORNER OF UNIT 5 OF CENTERPOINT BUSINESS CAMPUS CONDOMINIUM, A CONDOMINIUM ACCORDING TO THE MASTER DEED THEREOF RECORDED IN LIBER 16667, PAGE 11, OAKLAND COUNTY RECORDS, AND DESIGNATED AS OAKLAND COUNTY CONDOMINIUM PLAN NO. 1004, AND ANY AMENDMENTS THERETO, AS LAST AMENDED BY EIGHTH AMENDMENT TO MASTER DEED RECORDED IN LIBER 35596, PAGE 855, OAKLAND COUNTY RECORDS; THENCE THE FOLLOWING FIVE (5) COURSES ALONG THE NORTH LINE OF SAID UNIT 5 AND UNITS 21, 22, AND 40 OF SAID CENTERPOINT BUSINESS CAMPUS CONDOMINIUM: (1) S. 89°35'13" W. 35.00 FEET, AND (2) N. 00°24'47" W., 20.00 FEET, AND (3) 210.91 FEET ALONG A CURVE TO THE LEFT (RADIUS 215.00 FEET, CENTRAL ANGLE 56°12'23", LONG CHORD BEARS S. 61°29'01" W., 202.56 FEET) TO A POINT OF REVERSE CURVATURE, AND (4) 226.24 FEET ALONG A CURVE TO THE RIGHT (RADIUS 225.00 FEET, CENTRAL ANGLE 57°36'46", LONG CHORD BEARS S. 62°11'13" W., 216.83 FEET), AND (5) N. 89°00'24" W., 708.20 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING ALONG THE NORTH LINE OF UNIT 40 AND 24 OF SAID CENTERPOINT BUSINESS CAMPUS CONDOMINIUM, N. 89°00'24" W., 716.42 FEET TO A POINT ON THE EASTERLY LINE OF CENTERPOINT PARKWAY (WIDTH VARIES); THENCE THE FOLLOWING FIVE (5) COURSES ALONG SAID EASTERLY LINE OF CENTERPOINT PARKWAY: (1) N. 45°10'30" W., 432.89 FEET, AND (2) 519.48 FEET ALONG A CURVE TO THE RIGHT (RADIUS 400.00 FEET, CENTRAL ANGLE 74°24'38", LONG CHORD BEARS N. 07°58'11" W., 483.74 FEET), AND (3) N. 29°14'08" E., 299.59 FEET, AND (4) 364.33 FEET ALONG A CURVE TO THE LEFT (RADIUS 750.00 FEET, CENTRAL ANGLE 27°49'59", CHORD BEARS N. 15°19'08" E., 360.76 FEET), AND (5) N. 01°24'09" E., 423.92 FEET; THENCE LEAVING THE EASTERLY LINE OF CENTERPOINT PARKWAY, S. 89°00'24" E., 870.00 FEET; THENCE S. 00°59'36" W., 1815.00 FEET BACK TO THE POINT OF BEGINNING. THIS DESCRIBED PARCEL CONTAINS 40.3019 ACRES OF LAND, MORE OR LESS, AND IS SUBJECT TO ALL EASEMENTS AND RESTRICTIONS OF RECORD.

A legal description for the Property as provided by Vern Gustafsson is also attached on the pages that follow.



(64) 19-03-200-021

CVT:	City of Pontiac	PIN:	(64) 19-03-200-021
Status:	Active	Parcel Type:	Land
Add Date:	6/23/2014 2:26:52 PM	Delete Date:	
		Last Activity:	3/2/2016 11:31:43 AM

Tax Description	
1	T2N, R10E, SEC 3
2	ASSESSORS PLAT NO. 110
3	PART OF
4	LOTS 8 THRU 11 INCL &
5	PART OF BELT LINE RR
6	ALL DESC AS
7	BEG AT PT DIST
8	S 00-36-21 W 1215.50 FT &
9	N 89-23-39 W 60 FT &
10	S 00-36-21 W 2060.01 FT &
11	S 00-24-47 E 901.82 FT &
12	S 89-35-13 W 35 FT &
13	N 00-24-47 W 20 FT &
14	S 61-29-01 W 202.56 FT &
15	S 62-11-13 W 216.83 FT &
16	N 89-00-24 W 706.20 FT
17	FROM NE SEC COR,
18	TH N 89-00-24 W 716.42 FT,
19	TH N 45-10-30 W 432.89 FT,
20	TH ALG CURVE TO RIGHT,
21	RAD 400 FT, CHORD BEARS
22	N 07-58-11 W 483.74 FT,
23	DIST OF 519.48 FT,
24	TH N 29-14-08 E 299.59 FT,
25	TH ALG CURVE TO LEFT,
26	RAD 750 FT, CHORD BEARS
27	N 15-19-08 E 360.76 FT,
28	DIST OF 364.33 FT,
29	TH N 01-24-09 E 423.92 FT,
30	TH S 89-00-24 E 870 FT,
31	TH S 00-59-36 W 1815 FT
32	TO BEG
33	4-15-14 FR 019

Land History									
Parent		Child		Split					
CVT	PIN	Status	Date	CVT	PIN	Status	Date	Date	Date
64	19-03-200-019	Inactive	06/23/14	64	19-03-200-021	Active	06/23/14	04/16/14	



(64) 19-03-200-021

Address Information			
Primary Mailing Address Indicator	Site Address	Addressee(s)	Address
<input checked="" type="checkbox"/>		★ Challenge Pontiac	3200 Fruit Ridge Ave NW Walker MI 49544-9707
		★ Challenge Pontiac	2501 Centerpoint Pkwy Pontiac MI 48341

Related PINs			
Owner	PIN	Parcel Type	Status
64	IN-14-100-447	Special Act	Active
64	99-00-015-086	Business Account	Active

Address Info Legend

☒ = Primary Mailing
 = Primary Site
 = Extra Site
★ = Primary
◆ = Secondary
⊗ = Care Of
⊗ = Other
Black = Individual
Brown = Organization
Green = Trust



Challenge

Main Office - Walker
 Challenge Mfg. Company
 3079 Threemile Rd NW
 Walker, MI 48534
 Tele: 616-736-6500
 Fax: 616-736-6700

October 23, 2019

City Clerk, Garland Doyle
 City of Pontiac
 47450 Woodward Ave
 Pontiac, MI 48342

Subject: Michigan Public Act 198 of 1974, as amended ("Act"); Application for Industrial Facilities Tax Exemption Certificate

Attn: City Clerk, Garland Doyle

Challenge Mfg. Company, LLC is hereby respectfully requesting two things, as follows:

First, the acceptance of the attached Application for Exemption of New Real Property under Michigan Public Act 198 of 1974. The purpose of the request relates to the estimated \$13,635,232 real property investment the Company is making in the 57,000 square foot expansion of its manufacturing facility located within the City. The site of the facility will be at 2501 Centerpoint Parkway. The Company is requesting that the acceptance of this application to help reduce some of the capital costs of the project and believes the savings will help the initial success and sustainability of the project, a situation that benefits all parties. As such, we appreciate your consideration of the Challenge Mfg. Company, LLC Public Act 198 application.

Second, the Company is also requesting that the City confirm the established Industrial Development District ("District") in a signed Resolution. The Act requires that the City provide to the State, as part of the approved Certificate Application package, a certified copy of the Resolution establishing the District. The Company's records show that the District was initially established on November 5, 1984, but neither the Company nor the City is able to locate a copy of the signed City Resolution. Therefore, we request that a new Resolution be signed by the City to confirm the existing District and the date it was initially established, so that the Company's enclosed Application complies with the requirements of the Act.

Please inform me and our legal counsel of the date and time of the public hearing to consider this Application, so that a representative of the Company will be available to answer questions. Our legal counsel contact information is as follows:

Melissa N. Collar
 Warner Norcross + Judd
 1500 Warner Building
 150 Ottawa Avenue NW
 Grand Rapids, MI 49503
mcollar@wnj.com
 (616) 752-2209

Very truly yours,
 CHALLENGE MFG. COMPANY, LLC

Michael F. Rodgers
 Michael F. Rodgers
 CFO

Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of Public Act 198 of 1974, as amended. Filing is mandatory.

INSTRUCTIONS: File the original and one copy of this form and the required attachments (two complete sets) with the clerk of the local government unit. The State Tax Commission (STC) requires one complete set (one original). One copy is retained by the clerk. If you have any questions regarding the completion of this form, call 517-335-7460.

To be completed by Clerk of Local Government Unit	
Signature of Clerk	Date Received by Local Unit
STC Use Only	
Application Number	Date Received by STC

APPLICANT INFORMATION

All boxes must be completed.

1a. Company Name (Applicant must be the occupant/operator of the facility) Challenge Mfg. Company, LLC		1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) 3460													
1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) 2501 Centerpoint Parkway, Pontiac, Michigan, 48341		1d. City/Township/Village (Indicate which) City of Pontiac	1e. County Oakland												
2. Type of Approval Requested <input checked="" type="checkbox"/> Now (Sec. 2(5)) <input type="checkbox"/> Transfer <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Rehabilitation (Sec. 3(6)) <input type="checkbox"/> Research and Development (Sec. 2(10)) <input type="checkbox"/> Increase/Amendment		3a. School District where facility is located Pontiac	3b. School Code 63030												
		4. Amount of years requested for exemption (1-12 Years) 12													
5. Per section 5, the application shall contain or be accompanied by a general description of the facility and a general description of the proposed use of the facility, the general nature and extent of the restoration, replacement, or construction to be undertaken, a descriptive list of the equipment that will be part of the facility. Attach additional page(s) if more room is needed. See Exhibit B attached.															
6a. Cost of land and building improvements (excluding cost of land) * Attach list of improvements and associated costs. * Also attach a copy of building permit if project has already begun.		13,635,232 Real Property Costs													
6b. Cost of machinery, equipment, furniture and fixtures * Attach itemized listing with month, day and year of beginning of installation, plus total		0 Personal Property Costs													
6c. Total Project Costs * Round Costs to Nearest Dollar		13,635,232 Total of Real & Personal Costs													
7. Indicate the time schedule for start and finish of construction and equipment installation. Projects must be completed within a two year period of the effective date of the certificate unless otherwise approved by the STC. <table border="0"><thead><tr><th></th><th>Begin Date (M/D/Y)</th><th>End Date (M/D/Y)</th><th></th></tr></thead><tbody><tr><td>Real Property Improvements</td><td>11/05/2019</td><td>08/30/2020</td><td><input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased</td></tr><tr><td>Personal Property Improvements</td><td></td><td></td><td><input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased</td></tr></tbody></table>					Begin Date (M/D/Y)	End Date (M/D/Y)		Real Property Improvements	11/05/2019	08/30/2020	<input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased	Personal Property Improvements			<input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased
	Begin Date (M/D/Y)	End Date (M/D/Y)													
Real Property Improvements	11/05/2019	08/30/2020	<input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased												
Personal Property Improvements			<input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased												
8. Are State Education Taxes reduced or abated by the Michigan Economic Development Corporation (MEDC)? If yes, applicant must attach a signed MEDC Letter of Commitment to receive this exemption. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No															
9. No. of existing jobs at this facility that will be retained as a result of this project. N/A - No impact to existing jobs		10. No. of new jobs at this facility expected to create within 2 years of completion. 35													
11. Rehabilitation applications only: Complete a, b and c of this section. You must attach the assessor's statement of SEV for the entire plant rehabilitation district and obsolescence statement for property. The Taxable Value (TV) data below must be as of December 31 of the year prior to the rehabilitation. <table border="0"><tbody><tr><td>a. TV of Real Property (excluding land)</td><td></td></tr><tr><td>b. TV of Personal Property (excluding inventory)</td><td></td></tr><tr><td>c. Total TV</td><td></td></tr></tbody></table>				a. TV of Real Property (excluding land)		b. TV of Personal Property (excluding inventory)		c. Total TV							
a. TV of Real Property (excluding land)															
b. TV of Personal Property (excluding inventory)															
c. Total TV															
12a. Check the type of District the facility is located in: <input checked="" type="checkbox"/> Industrial Development District <input type="checkbox"/> Plant Rehabilitation District															
12b. Date district was established by local government unit (contact local unit) 11/05/1984		12c. Is this application for a speculative building (Sec. 3(8))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No													

APPLICANT CERTIFICATION - complete all boxes.

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all are truly descriptive of the industrial property for which this application is being submitted.

It is further certified that the undersigned is familiar with the provisions of P.A. 198 of 1974, as amended, being Sections 207.651 to 207.672, inclusive, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Industrial Facilities Exemption Certificate by the State Tax Commission.

13a. Preparer Name Michael F. Rodgers	13b. Telephone Number (616) 735-6559	13c. Fax Number	13d. E-mail Address
14a. Name of Contact Person Michael F. Rodgers	14b. Telephone Number (616) 735-6559	14c. Fax Number	14d. E-mail Address
15a. Name of Company Officer (No Authorized Agents) Michael F. Rodgers			
15b. Signature of Company Officer (No Authorized Agents) <i>Michael F. Rodgers</i>		15c. Fax Number	15d. Date 10/23/2019
15e. Mailing Address (Street, City, State, ZIP Code) 3200 Fruit Ridge Avenue, NW Walker, MI 49544		15f. Telephone Number (616) 735-6500	15g. E-mail Address

LOCAL GOVERNMENT ACTION & CERTIFICATION - complete all boxes.

This section must be completed by the clerk of the local governing unit before submitting application to the State Tax Commission. Check items on file at the Local Unit and those included with the submittal.

16a. Action taken by local government unit <input type="checkbox"/> Abatement Approved for _____ Yrs Real (1-12), _____ Yrs Pers (1-12) After Completion <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Denied (Include Resolution Denying)		16b. The State Tax Commission Requires the following documents be filed for an administratively complete application: Check or Indicate N/A if Not Applicable <input type="checkbox"/> 1. Original Application plus attachments, and one complete copy <input type="checkbox"/> 2. Resolution establishing district <input type="checkbox"/> 3. Resolution approving/denying application. <input type="checkbox"/> 4. Letter of Agreement (Signed by local unit and applicant) <input type="checkbox"/> 5. Affidavit of Fees (Signed by local unit and applicant) <input type="checkbox"/> 6. Building Permit for real improvements if project has already begun <input type="checkbox"/> 7. Equipment List with dates of beginning of installation <input type="checkbox"/> 8. Form 3222 (if applicable) <input type="checkbox"/> 9. Speculative building resolution and affidavits (if applicable)	
16a. Documents Required to be on file with the Local Unit Check or Indicate N/A if Not Applicable <input type="checkbox"/> 1. Notice to the public prior to hearing establishing a district. <input type="checkbox"/> 2. Notice to taxing authorities of opportunity for a hearing. <input type="checkbox"/> 3. List of taxing authorities notified for district and application action. <input type="checkbox"/> 4. Lease Agreement showing applicants tax liability.			
16c. School Code			
17. Name of Local Government Body		18. Date of Resolution Approving/Denying this Application	

Attached hereto is an original application and all documents listed in 16b. I also certify that all documents listed in 16a are on file at the local unit for inspection at any time, and that any leases show sufficient tax liability.

19a. Signature of Clerk	19b. Name of Clerk	19c. E-mail Address
19d. Clerk's Mailing Address (Street, City, State, ZIP Code)		
19e. Telephone Number	19f. Fax Number	

State Tax Commission Rule Number 67: Complete applications approved by the local unit and received by the State Tax Commission by October 31 each year will be acted upon by December 31. Applications received after October 31 may be acted upon in the following year.

Local Unit: Mail one original of the completed application and all required attachments to:

Michigan Department of Treasury
State Tax Commission
PO Box 30471
Lansing, MI 48909

(For guaranteed receipt by the STC, it is recommended that applications are sent by certified mail.)

STC USE ONLY				
1 LUCI Code	2 Begin Date Real	3 Begin Date Personal	4 End Date Real	5 End Date Personal

Instruction for Completing Form 1012, Industrial Facilities Tax Exemption (IFT) Application

The completed original application form 1012 and all required attachments, **MUST** be filed with the clerk of the local unit of government where the facility is or will be located. Complete applications must be received by the State Tax Commission by October 31 to ensure processing and certification for the following tax year. Applications received after the October 31 deadline will be processed as expeditiously as possible.

Please note that attachments listed on the application in number 16a are to be retained by the local unit of government, and attachments listed in number 16b are to be included with the application when forwarding to the State Tax Commission (STC).

(Before commencement of a project the local unit of government must establish a district, or the applicant must request in writing a district be established, in order to qualify for an IFT abatement. Applications and attachments must be received by the local unit of government within six months of commencement of project.)

The following information is required on separate documents attached to form 1012 by the applicant and provided to the local unit of government (city, township or village). (Providing an accurate school district where the facility is located is vital.):

1. Legal description of the real property on which the facility is or will be located. Also provide property identification number if available.
2. Personal Property Requirements: Complete list of new machinery, equipment, furniture and fixtures which will be used in the facility. The list should include description, beginning date of installation or expected installation by month/day/year, and costs or expected costs (see sample). Detail listing of machinery and equipment must match amount shown on question 6b of the application. Personal property applications must have attached a certified statement/affidavit as proof of the beginning date of installation (see sample).
3. Real Property Requirements: Proof of date the construction started (groundbreaking). Applicant must include one of the following if the project has already begun; building permit, footings inspection report, or certified statement/affidavit from contractor indicating exact date of commencement.
4. Complete copy of lease agreement as executed, if applicable, verifying lessee (applicant) has direct ad

valorem real and/or personal property tax liability.

The applicant must have real and/or personal property tax liability to qualify for an IFT abatement on leased property. If applying for a real property tax exemption on leased property, the lease must run the full length of time the abatement is granted by the local unit of government. Tax liability for leased property should be determined before sending to the STC.

The following information is required of the local unit of government: (Please note that only items 2, 4, 5, 6, & 7 below are forwarded to the State Tax Commission with the application, along with items 2 & 3 from above. The original is required by the STC. The remaining items are to be retained at the local unit of government for future reference. (The local unit must verify that the school district listed on all IFT applications is correct.))

1. A copy of the notice to the general public and the certified notice to the property owners concerning the establishment of the district.
2. Certified copy of the resolution establishing the Industrial Development District (IDD) or Plant Rehabilitation District (PRD), which includes a legal description of the district (see sample). If the district was not established prior to the commencement of construction, the local unit shall include a certified copy or date stamped copy of the written request to establish the district.
3. Copy of the notice and the certified letters to the taxing authorities regarding the hearing to approve the application.
4. Certified copy of the resolution approving the application. The resolution must include the number of years the local unit is granting the abatement and the statement "the granting of the Industrial Facilities Exemption Certificate shall not have the effect of substantially impeding the operation of (governmental unit), or impairing the financial soundness of a taxing unit which levies ad valorem property taxes in (governmental unit — see sample).
5. Letter of Agreement (signed by the local unit of government and the applicant per P.A. 334 of 1993 (see sample)).
6. Affidavit of Fees (signed by the local unit of government and the applicant), (Bulletin 3, January 16, 1998). This statement may be

incorporated into the Letter of Agreement (see sample).

7. Treasury Form 3222 (if applicable - *Fiscal Statement for Tax Abatement Request*)

The following information is required for rehabilitation applications in addition to the above requirements:

1. A listing of existing machinery, equipment, furniture and fixtures which will be replaced or renovated. This listing should include description, beginning date of installation or expected installation by month/day/year, and costs or expected costs.
2. A rehabilitation application must include a statement from the Assessor showing the taxable valuation of the plant rehabilitation district, separately stated for real property (EXCLUDING LAND) and personal property. Attach a statement from the assessor indicating the obsolescence of the property being rehabilitated.

The following information is required for speculative building applications in addition to the above requirements:

1. A certified copy of the resolution to establish a speculative building.
2. A statement of non-occupancy from the owner and the assessor.

Please refer to the following Web site for P.A. 198 of 1974: www.legislature.mi.gov/. For more information and Frequently Asked Questions, visit www.michigan.gov/propertytaxexemptions.

For guaranteed receipt by the State Tax Commission, it is recommended that applications and attachments are sent by certified mail.

Exhibit A

Legal Description

LEGAL DESCRIPTION OF PROPOSED CENTERPOINT CHALLENGE PARCEL

LAND IN THE CITY OF PONTIAC, OAKLAND COUNTY, MICHIGAN, BEING ALL THAT PART OF LOTS 8-11 AND PART OF BELT LINE RAIL ROAD, AS PLATTED, A PART OF "ASSESSOR'S PLAT NO. 110", A PART OF SECTION 3, T. 2 N., R. 10 E., AS RECORDED IN LIBER 52 OF PLATS, PAGE 26 OF OAKLAND COUNTY RECORDS, LYING WITHIN THE FOLLOWING DESCRIBED PARCEL: COMMENCING AT THE NORTHEAST PROPERTY CONTROLLING CORNER OF SECTION 3 (AS PREVIOUSLY SURVEYED BY NOWAK & FRAUS 04-05-07), T. 2 N., R. 10 E., CITY OF PONTIAC, OAKLAND COUNTY, MICHIGAN; THENCE S. 00°36'21" W. ALONG THE EAST LINE OF SAID SECTION 3, 1216.50 FEET; THENCE N. 89°23'39" W. 60.00 FEET TO A POINT, SAID POINT BEING THE INTERSECTION OF THE SOUTH LINE OF CAMPUS DRIVE (WIDTH VARIES) WITH THE WEST LINE OF OPDYKE ROAD (120 FEET WIDE); THENCE S. 00°36'21" W. ALONG THE WEST LINE OF OPDYKE ROAD, 2060.01 FEET TO A POINT OF DEFLECTION; THENCE S. 00°24'47" E. ALONG THE WEST LINE OF OPDYKE ROAD, 901.82 FEET TO THE NORTHEAST CORNER OF UNIT 5 OF CENTERPOINT BUSINESS CAMPUS CONDOMINIUM, A CONDOMINIUM ACCORDING TO THE MASTER DEED THEREOF RECORDED IN LIBER 16687, PAGE 11, OAKLAND COUNTY RECORDS, AND DESIGNATED AS OAKLAND COUNTY CONDOMINIUM PLAN NO. 1004, AND ANY AMENDMENTS THERETO, AS LAST AMENDED BY EIGHTH AMENDMENT TO MASTER DEED RECORDED IN LIBER 35596, PAGE 855, OAKLAND COUNTY RECORDS; THENCE THE FOLLOWING FIVE (5) COURSES ALONG THE NORTH LINE OF SAID UNIT 5 AND UNITS 21, 22, AND 40 OF SAID CENTERPOINT BUSINESS CAMPUS CONDOMINIUM: (1) S. 89°35'13" W. 35.00 FEET, AND (2) N. 00°24'47" W. 20.00 FEET, AND (3) 210.91 FEET ALONG A CURVE TO THE LEFT (RADIUS 215.00 FEET, CENTRAL ANGLE 56°12'23", LONG CHORD BEARS S. 61°29'01" W. 202.56 FEET) TO A POINT OF REVERSE CURVATURE, AND (4) 226.24 FEET ALONG A CURVE TO THE RIGHT (RADIUS 225.00 FEET, CENTRAL ANGLE 67°36'46", LONG CHORD BEARS S. 62°11'13" W. 216.83 FEET), AND (5) N. 89°00'24" W. 706.20 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING ALONG THE NORTH LINE OF UNIT 40 AND 21 OF SAID CENTERPOINT BUSINESS CAMPUS CONDOMINIUM, N. 89°00'24" W. 716.42 FEET TO A POINT ON THE EASTERLY LINE OF CENTERPOINT PARKWAY (WIDTH VARIES); THENCE THE FOLLOWING FIVE (5) COURSES ALONG SAID EASTERLY LINE OF CENTERPOINT PARKWAY: (1) N. 45°10'30" W. 432.89 FEET, AND (2) 519.48 FEET ALONG A CURVE TO THE RIGHT (RADIUS 400.00 FEET, CENTRAL ANGLE 74°24'38", LONG CHORD BEARS N. 07°58'11" W. 483.74 FEET), AND (3) N. 29°14'08" E. 299.59 FEET, AND (4) 364.33 FEET ALONG A CURVE TO THE LEFT (RADIUS 750.00 FEET, CENTRAL ANGLE 27°49'59", CHORD BEARS N. 15°19'08" E. 360.76 FEET), AND (5) N. 01°24'09" E. 423.92 FEET; THENCE LEAVING THE EASTERLY LINE OF CENTERPOINT PARKWAY, S. 80°00'24" E. 870.00 FEET; THENCE S. 00°59'36" W. 1815.00 FEET BACK TO THE POINT OF BEGINNING. THIS DESCRIBED PARCEL CONTAINS 40.3019 ACRES OF LAND, MORE OR LESS, AND IS SUBJECT TO ALL EASEMENTS AND RESTRICTIONS OF RECORD.

Exhibit B

Detailed Description

Challenge Mfg. Company, LLC ("Challenge", or the "Company") is a manufacturer of welded assemblies and engineered metal formed products for the automotive industry. Challenge was founded in 1981 and currently operates five Michigan-based production facilities, including three in Walker, MI (where the company is headquartered), and one in Holland, MI. The company currently has approximately 2,065 Michigan-based employees, and is a valued tier-1 supplier to several automotive Original Equipment Manufacturers.

The Pontiac, MI facility, which launched in 2016, was the first Challenge facility in Southeast Michigan. The existing facility is 360,000 sq. ft manufacturing facility houses robotic assembly of several component parts to be sold to an OEM production facility in the metro-Detroit area. Due to recent new business awards, Challenge is seeking to expand its operations on the 40-acre site on the southwest corner of a 160-acre vacant property that previously housed General Motors' Pontiac assembly plant site.

As part of the Project referenced in this PA 198 application, Challenge plans to invest an estimated \$13,635,232 to expand its local capabilities to include metal stamping. The press room and supporting infrastructure is estimated to require a 57,000 addition to the current building.

Challenge anticipates creating 35 new jobs from the investment in the Pontiac site, all of which will be above the local living wage and include a mix of both higher-paying skilled positions and unskilled jobs with a lower barrier to entry.

Exhibit C

Real Property Schedule

Construction Description	Beginning Date of Installation	Expected Completion of Installation	Expected Cost
Earthwork & Utilities	11/5/2019	4/6/2020	2,229,565
Concrete	12/3/2019	5/29/2020	4,072,493
Structural Steel	3/3/2020	4/13/2020	3,326,205
Masonry	5/4/2020	7/10/2020	99,079
Woods, Plastics, Composites	4/14/2020	5/25/2020	37,291
Thermal & Moisture	11/5/2019	5/22/2020	1,263,475
Openings	12/31/2019	7/10/2020	164,490
Finishings	6/1/2020	7/10/2020	321,405
Specialties	11/5/2019	5/25/2020	7,833
Fire Supression	4/28/2020	5/20/2020	201,670
Plumbing	4/28/2020	6/2/2020	578,891
Heating, Ventilating, and Air Conditioning	4/28/2020	6/2/2020	466,875
Electrical	4/28/2020	6/2/2020	865,960
Total			\$ 13,635,232

OAKLAND COUNTY TREASURERS CERTIFICATE
I HEREBY CERTIFY that there are no TAX LIENS or TITLES
held by the state or any individual against the within description
and all TAXES on same are paid for five years previous to the
date of this instrument as appears by the records in the office
except as stated.

MAY 29 2014

mt 1.00

ANDREW E. MEISNER, County Treasurer
Sec. 135, Act 205, 1893 as amended

105037
LIBER 47091 PAGE 571
\$16.00 DEED - COMBINED
\$4.00 RENOVATIONATION
06/04/2014 07:56:15 A.M. RECEIPT# 52130
PAID RECORDED - OAKLAND COUNTY
LISA BROWN, CLERK/REGISTER OF DEEDS

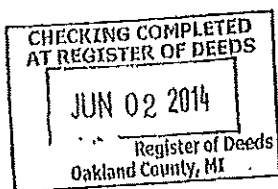
004665

COVENANT DEED (3)

THIS INDENTURE is made on May 22, 2014 between MMP GROUP-ASSEMBLY, LLC, a Michigan limited liability company, with an address at 1999 Centerpoint Parkway, Suite 300, Pontiac, Michigan 48341 ("Grantor"), and CHALLENGE PONTIAC, LLC, a Delaware limited liability company, with an address at 3079 Three Mile Road NW, Walker, Michigan 49534 ("Grantee").

WITNESSETH, That Grantor, for and in consideration of the sum of ten dollars and 00/100 (\$10.00) and other good and valuable consideration (see Real Estate Transfer Tax Valuation Affidavit filed herewith) to it in hand paid by Grantee, the receipt whereof is hereby confessed and acknowledged, has granted, conveyed, bargained, sold, remised, released, aliened and confirmed, and by these presents does grant, convey, bargain, sell, remise, release, alien and confirm unto Grantee, and to its heirs and assigns, forever, all of that certain piece or parcel of land situated, lying and being in the City of Pontiac, Oakland County, Michigan more particularly described on Exhibit A attached hereto (the "Property") subject to matters of zoning, easements, restrictions and rights-of-way of record and the lien for taxes and assessments not yet due and payable; together with all and singular the hereditaments and appurtenances therunto belonging or in any way appertaining; and the reversion or reversions, remainder or remainders, rents, issues and profits thereof; and all estate, right, title, interest, claim or demand whatsoever, of Grantor, either in law or equity, of, in and to the above bargained premises, with the said hereditaments and appurtenances; to have and to hold the premises as before described, with the appurtenances, unto Grantee, its heirs and assigns, forever. And Grantor, for itself, its successors and assigns, does covenant and agree to and with Grantee, its heirs and assigns, that Grantor has not heretofore done, committed, or wittingly or willingly suffered to be done or committed, any act, matter or thing whatsoever, whereby the promises hereby granted, or any part hereof, is, are or shall, or may be charged or encumbered with a lien in real estate or otherwise howsoever, except as hereinabove recited.

SIGNATURE AND NOTARIZATION ON THE FOLLOWING PAGE.



REVENUE TO BE AFFIXED
AFTER RECORDING

OK - LG

TS

RECEIVED
OAKLAND COUNTY
REGISTER OF DEEDS
JUN -2 PM 12:40

(3)
P
R

SIGNATURE PAGE TO COVENANT DEED

Executed on May 20, 2014.

MMP GROUP-ASSEMBLY, LLC,
a Michigan limited liability company

By: 

Thomas Dyze

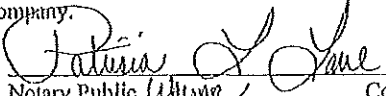
Its: Authorized Signatory

STATE OF MICHIGAN)

COUNTY OF Wayne) ss

The foregoing instrument was acknowledged before me on May 20, 2014, by Thomas Dyze, the Authorized Signatory of MMP Group-Assembly, LLC., a Michigan limited liability company, as his free act and deed on behalf of said limited liability company.

PATRICIA L. LOVE
Notary Public, State of Michigan
County of Wayne
My Commission Expires Nov. 18, 2017
Acting in the County of Wayne


Notary Public Wayne County, Michigan.
Acting in Wayne County
My commission expires: 11-18-2017

County Treasurer's Certificate		City Treasurer's Certificate
<p>When recorded return to:</p> <p>John V. Byle, Esq. Warner Norcross & Judd LLP 111 Fifth Third Center Suite 900 Grand Rapids, MI 49503-2487</p>	<p>Send subsequent tax bills to:</p> <p>Grantee</p>	<p>Drafted by:</p> <p>Thomas R. August, Esq. Jackier Gould, P.C. 121 W. Long Lake Rd., Suite 200 Bloomfield Hills, MI 48304 (248) 642-0500</p>

Recording Fee: \$ _____

Tax Parcel Nos.: _____

State Transfer Tax: See Real Estate Transfer Tax Valuation Affidavit

County Transfer Tax: See Real Estate Transfer Tax Valuation Affidavit

When Recorded Return to:
Title Source, Inc. -
Commercial Team
662 Woodward Avenue
Detroit, MI 48226
TS# 58968566-1CB

EXHIBIT A
LEGAL DESCRIPTION

Land Situated in the City of Pontiac in the County of Oakland in the State of MI

DESCRIPTION OF PROPOSED CENTERPOINT CHALLENGE PARCEL:

Being all that part of Lots 8-11 and part of Belt Line Rail Road, as platted, a part of "Assessor's Plat No. 110", a part of Section 3, Town 2 North, Range 10 East, as recorded in Liber 52 of Plats, Page 26 of Oakland County Records, lying within the following described parcel: Commencing at the Northeast property controlling corner of Section 3 (as previously surveyed by Nowak & Fraus 04-05-07), Town 2 North, Range 10 East, City of Pontiac, Oakland County, Michigan: Thence South 00 degrees 36 minutes 21 seconds West along the East line of said Section 3, 1215.50 feet; thence North 89 degrees 23 minutes 39 seconds West 60.00 feet to a point, said point being the intersection of the South line of Campus Drive (width varies) with the West line of Opdyke Road (120 feet wide); thence South 00 degrees 36 minutes 21 seconds West along the West line of Opdyke Road, 2060.01 feet to a point of Deflection; thence South 00 degrees 24 minutes 47 seconds East along the West line of Opdyke Road, 901.82 feet to the Northeast corner of Unit 5 of Centerpoint Business Campus Condominium, a condominium according to the Master Deed thereof recorded in Liber 16667, Page 11, Oakland County Records, and designated as Oakland County Condominium Plan No. 1004, and any amendments thereto, as last amended by Eighth Amendment to Master Deed recorded in Liber 35596, Page 855, Oakland County Records; thence the following five (5) courses along the North line of said Unit 5 and Units 21, 22, and 40 of said Centerpoint Business Campus Condominium: (1) South 89 degrees 35 minutes 13 seconds West 35.00 feet, and (2) North 00 degrees 24 minutes 47 seconds West, 20.00 feet, and (3) 210.91 feet along a curve to the left (radius 215.00 feet, central angle 56 degrees 12 minutes 23 seconds, long chord bears South 61 degrees 29 minutes 01 seconds West, 202.56 feet) to a point of reverse curvature, and (4) 226.24 feet along a curve to the right (radius 225.00 feet, central angle 57 degrees 36 minutes 46 seconds, long chord bears South 62 degrees 11 minutes 13 seconds West 216.83 feet), and (5) North 89 degrees 00 minutes 24 seconds West, 706.20 feet to the point of beginning; thence continuing along the North line of Unit 40 and 24 of said Centerpoint Business Campus Condominium, North 89 degrees 00 minutes 24 seconds West, 716.42 feet to a point on the Easterly line of Centerpoint Parkway (width varies); thence the following five (5) courses along said Easterly line of Centerpoint Parkway: (1) North 45 degrees 10 minutes 30 seconds West, 432.89 feet, and (2) 519.48 feet along a curve to the right (radius 400.00 feet, central angle 74 degrees 24 minutes 38 seconds, long chord bears North 07 degrees 58 minutes 11 seconds West, 483.74 feet), and (3) North 29 degrees 14 minutes 08 seconds East, 299.59 feet, and (4) 364.33 feet along a curve to the left (radius 750.00 feet, central angle 27 degrees 49 minutes 59 seconds, chord bears North 15 degrees 19 minutes 08 seconds East, 360.76 feet), and (5) North 01 degrees 24 minutes 09 seconds East, 423.92 feet; thence leaving the Easterly line of Centerpoint Parkway, South 89 degrees 00 minutes 24 seconds East, 870.00 feet; thence South 00 degrees 59 minutes 36 seconds West, 1815.00 feet back to the point of beginning.

Together with an easement for ingress, egress and utilities as set forth in an Easement Agreement between MMP Group-Assembly, LLC and Challenge Pontiac, LLC, dated May 21, 2014 and recorded on May 27, 2014 in Liber 47069 Page 25, Oakland County Records.

PIN: 19-03-200-021

Developer

WALBRIDGE
777 WOODWARD AVENUE
SUITE 300
DETROIT, MICHIGAN 48226
CONTACT:
MR. JOHN LONGHURST
PHONE: (313) 963-4800
EMAIL: JLONGHURST@WALBRIDGE.COM

Civil Engineer

NOWAK & FRAUS ENGINEERS
4677 WOODWARD AVENUE
PONTIAC, MICHIGAN 48042
CONTACT:
MR. JASON R. LONGHURST, P.E.
PHONE: (248) 332-7931
EMAIL: JLONGHURST@NFWENGINEERS.COM

Landscape Architect

NOWAK & FRAUS ENGINEERS
4677 WOODWARD AVENUE
PONTIAC, MICHIGAN 48042
CONTACT:
MR. GEORGE A. OSTROWSKI, M.L.A., LEED AP
PHONE: (248) 332-7931
EMAIL: GOSTROWSKI@NFWENGINEERS.COM

City of Pontiac,
Oakland County, Michigan
PRELIMINARY SITE PLAN DOCUMENTS
Prepared For
WALBRIDGE

PART OF THE SOUTHEAST 1/4 OF SECTION 8,
CITY OF PONTIAC,
OAKLAND COUNTY, MICHIGAN



REVISIONS
2019-10-30 ISSUED FOR OWNER REVIEW

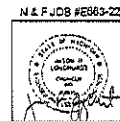
SHEET INDEX

C0 Cover Sheet
C1 Topographic Survey
C2 Overall Site Plan
C3 Site Plan

Project Name

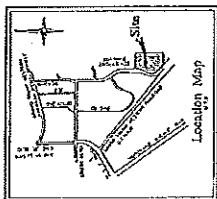
**CHALLENGE MANUFACTURING
BUILDING ADDITION**

CITY OF PONTIAC NOTE
These plans were prepared by the City of Pontiac's Department of Public Works and Engineering.



CIVIL ENGINEERS
LAND SURVEYORS
LAND PLANNERS

NOWAK & FRAUS ENGINEERS
4677 WOODWARD AVE.
PONTIAC, MI 48042-4602
TEL: (248) 332-7931
FAX: (248) 332-8237
WWW.NOWAKFRAUS.COM



NOVAK & FRAUS ENGINEERS
CIVIL ENGINEERS
LAND SURVEYORS
LAND PLANNERS
4075 MIDWATER AVE
SUITE 200
DALLAS, TEXAS 75244
TEL: 972-332-7851
FAX: 972-332-7852
WWW.NOVAKFRAUS.COM

DATE



PROJECT
Challenge Manufacturing
Building Addition

CLIENT

WILLIAMS
17700 Midway Ave
Suite 200
Dallas, TX 75244

CONTACT

John L. Williams
Phone: 972-332-7850
Fax: 972-332-7852
Email: jlw@novakfraus.com

PROJECT LOCATION

Project is located at
Section 1, Town 2 North,
Range 10 East,
County of Tarrant,
State of Texas.
Adjacent to Williams
Challenge Manufacturing Addition

PROJECT

Overall Site Plan



Scale: 1" = 40'

DATE: 08/14/2009

BY: J. L. Williams

CHECKED BY: J. L. Williams

APPROVED BY: J. L. Williams

DATE: 08/14/2009

SCALE: 1" = 40'

PROJECT NO: 0809-001

SHEET NO: 01

TOTAL SHEETS: 01

PROJECT NAME: Challenge Manufacturing Building Addition

CLIENT: Williams

ENGINEER: Novak & Fraus

DATE: 08/14/2009

BY: J. L. Williams

CHECKED BY: J. L. Williams

APPROVED BY: J. L. Williams

DATE: 08/14/2009

SCALE: 1" = 40'

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SHEET NO: 01

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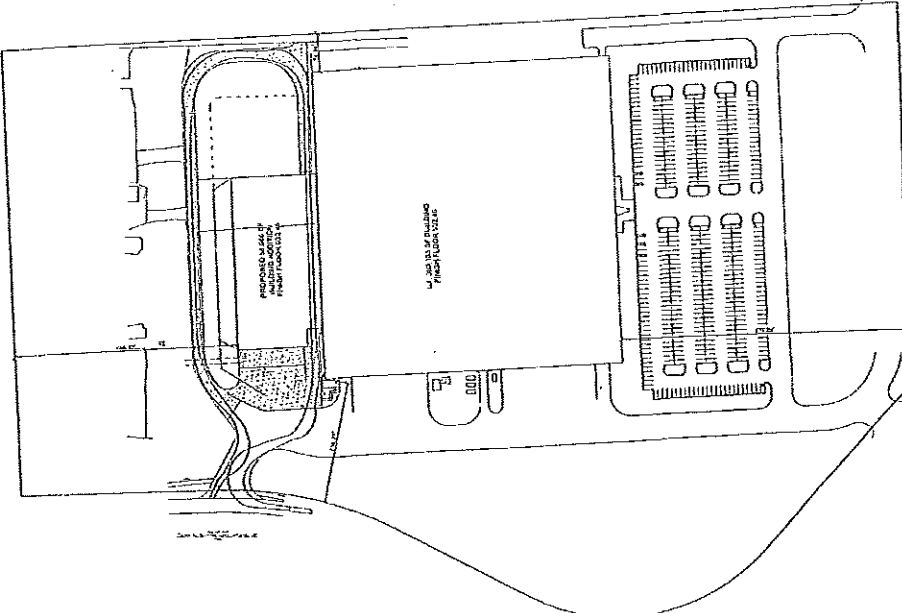
SCALE: 1" = 40'

PROJECT NO: 0809-001

SHEET NO: 01

TOTAL SHEETS: 01

PROJECT NAME: Challenge Manufacturing Building Addition



DATE DATA

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APPROVED BY: J. L. Williams

DATE: 08/14/2009

SCALE: 1" = 40'

PROJECT NO: 0809-001

SHEET NO: 01

LEGEND

PROPOSED BUILDING ADDITION

EXISTING BUILDING

PARKING LOT

PROPERTY LINE

ADJACENT PROPERTY

ROAD

RAILROAD

UTILITY

WATER

SEWER

STREET LIGHT

LANDSCAPE

OBSTACLE

BOUNDARY

SETBACK

ENCROACHMENT

ADJACENT PROPERTY

ROAD

RAILROAD

UTILITY

WATER

SEWER

STREET LIGHT

LANDSCAPE

OBSTACLE

BOUNDARY

SETBACK

ENCROACHMENT

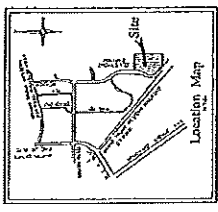
ADJACENT PROPERTY

ROAD

RAILROAD

UTILITY

50 YEARS
NOVAK & FRAUS
 ENGINEERS
 CIVIL ENGINEERS
 LAND SURVEYORS
 LAND PLANNING
 777 Woodward Ave.
 Suite 200
 Detroit, MI 48226
 TEL: 313.963.1234
 FAX: 313.963.1237
 WWW.NOVAKFRAUS.COM



PROPOSED
 Challenge Manufacturing
 Building Addition

Client:
 Challenge Manufacturing
 777 Woodward Ave.
 Suite 200
 Detroit, MI 48226

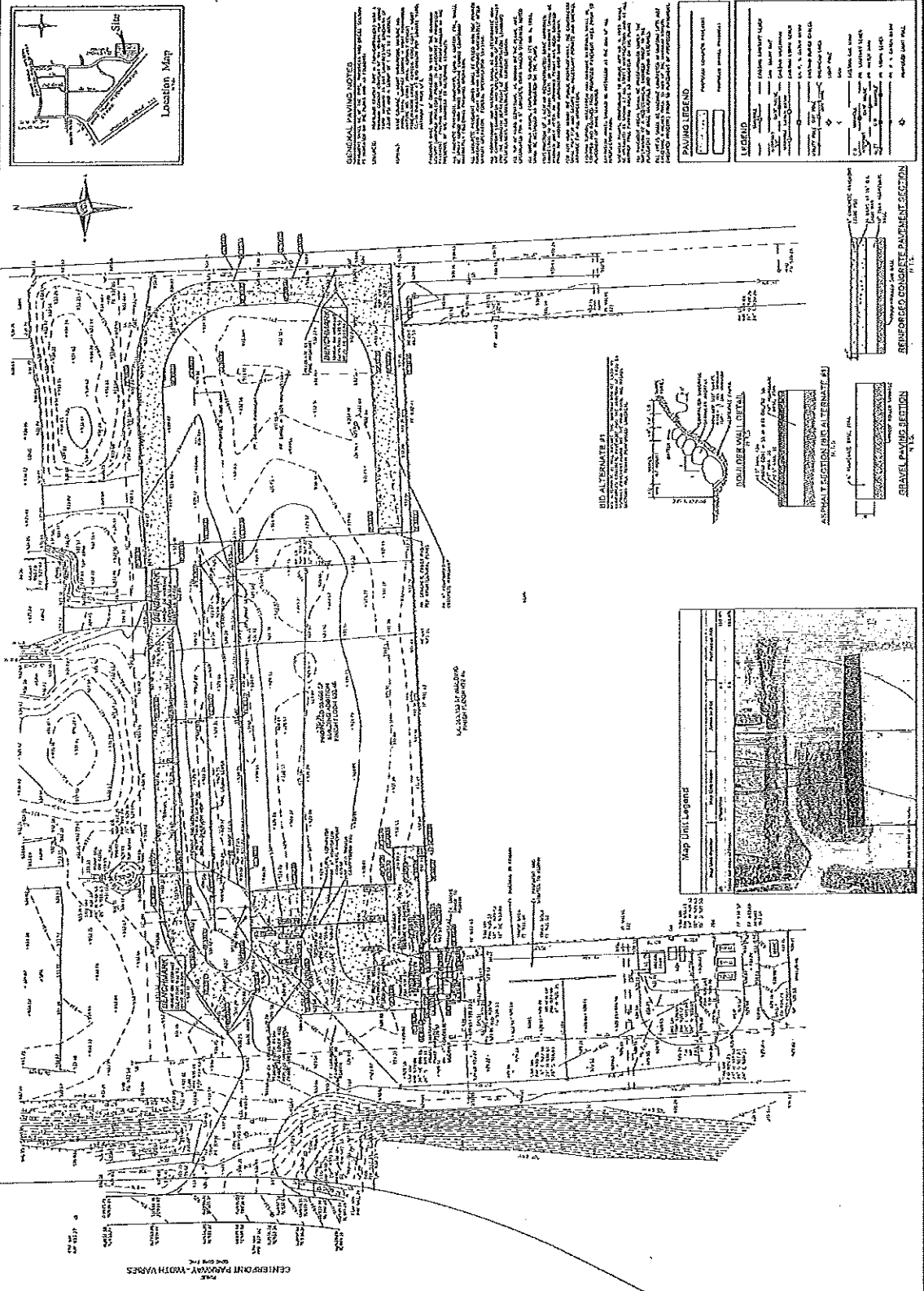
Contract:
 Novak & Fraus
 777 Woodward Ave.
 Suite 200
 Detroit, MI 48226

Project Location:
 Part of the Southeast 1/4 of
 Section 18, Township 2 North,
 Range 10 East, City of Ferndale,
 Oakland County, Michigan

Sheet:
 Site Plan

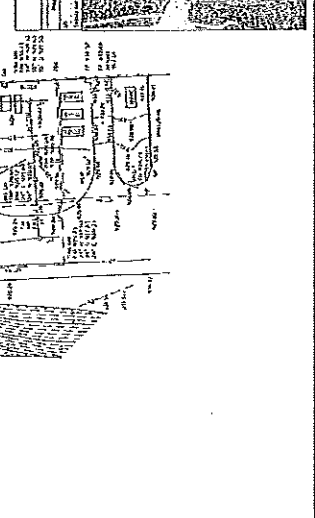
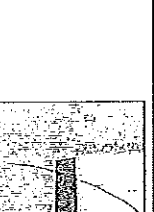
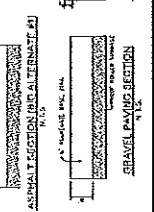
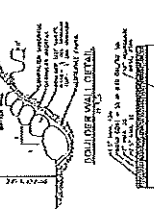
311
 Call for Help
 311-222-2222

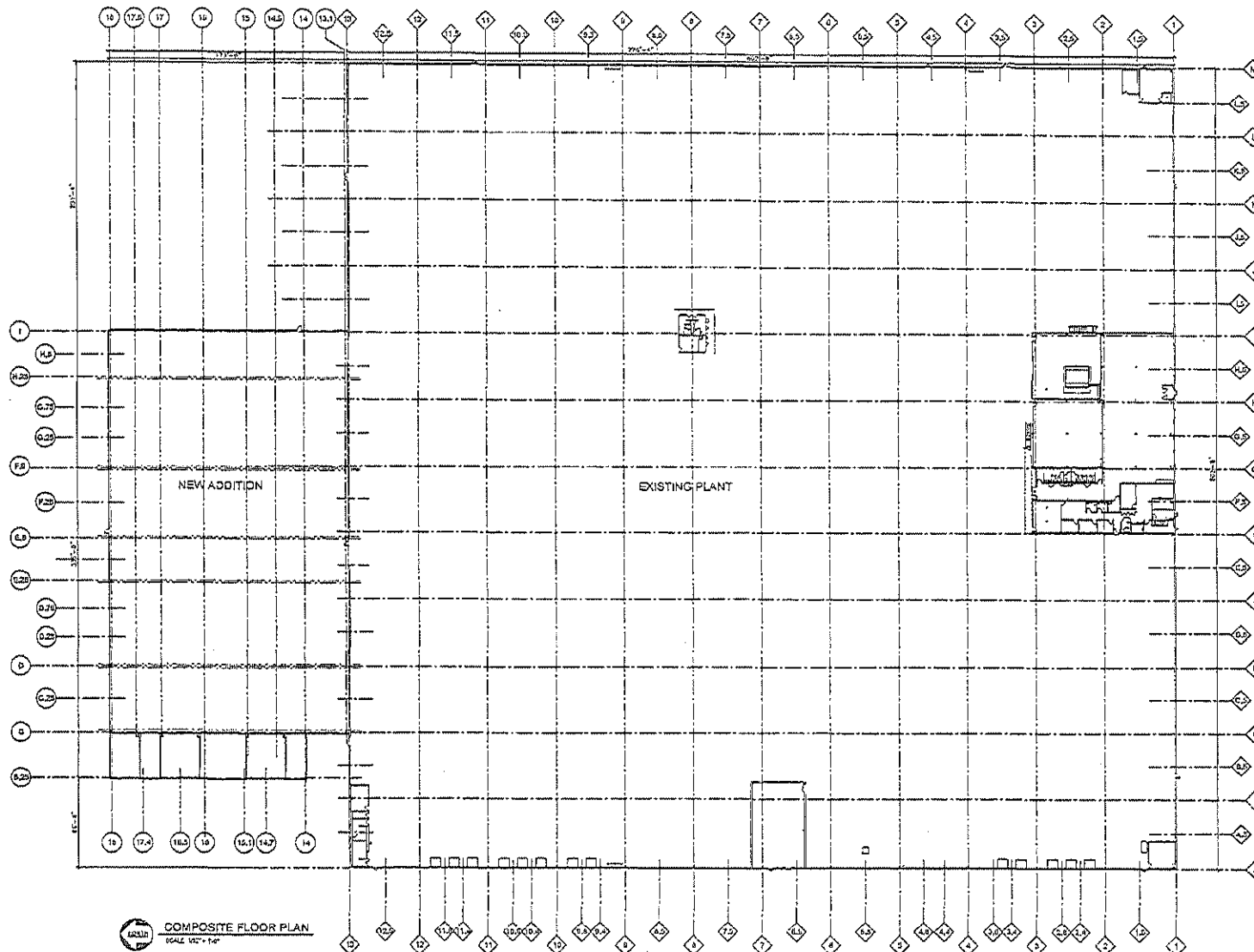
DATE: 10/15/2013	PROJECT NO: 13000-001
DESIGNED BY: T. Novak	CHECKED BY: J. Fraus
DATE: 10/15/2013	DATE: 10/15/2013
SCALE: 1" = 40'	SCALE: 1" = 40'
PROJECT NO: 13000-001	SHEET NO: 03
15603-22	



GENERAL NOTES:
 1. ALL CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE MICHIGAN DEPARTMENT OF TRANSPORTATION (MDOT) STANDARD SPECIFICATIONS FOR HIGHWAY CONSTRUCTION, LATEST EDITION.
 2. THE PROPOSED BUILDING ADDITION SHALL BE CONSTRUCTED IN ACCORDANCE WITH THE LATEST EDITIONS OF THE MICHIGAN DEPARTMENT OF TRANSPORTATION (MDOT) STANDARD SPECIFICATIONS FOR HIGHWAY CONSTRUCTION, LATEST EDITION.
 3. THE PROPOSED PARKING LOT SHALL BE CONSTRUCTED IN ACCORDANCE WITH THE LATEST EDITIONS OF THE MICHIGAN DEPARTMENT OF TRANSPORTATION (MDOT) STANDARD SPECIFICATIONS FOR HIGHWAY CONSTRUCTION, LATEST EDITION.
 4. THE PROPOSED DRIVEWAY SHALL BE CONSTRUCTED IN ACCORDANCE WITH THE LATEST EDITIONS OF THE MICHIGAN DEPARTMENT OF TRANSPORTATION (MDOT) STANDARD SPECIFICATIONS FOR HIGHWAY CONSTRUCTION, LATEST EDITION.
 5. THE PROPOSED FENCE SHALL BE CONSTRUCTED IN ACCORDANCE WITH THE LATEST EDITIONS OF THE MICHIGAN DEPARTMENT OF TRANSPORTATION (MDOT) STANDARD SPECIFICATIONS FOR HIGHWAY CONSTRUCTION, LATEST EDITION.
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 7. THE PROPOSED SIGNAGE SHALL BE CONSTRUCTED IN ACCORDANCE WITH THE LATEST EDITIONS OF THE MICHIGAN DEPARTMENT OF TRANSPORTATION (MDOT) STANDARD SPECIFICATIONS FOR HIGHWAY CONSTRUCTION, LATEST EDITION.
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BID ALTERNATE #1
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COMPOSITE FLOOR PLAN
SCALE 1/8" = 1'-0"

NSA
ARCHITECTS
ENGINEERS
PLANNERS

2761 Research Drive
Farmington Hills
Michigan 48335

248-477-2444
248-677-2445
www.nsaarchitects.com

Founded 1969

Client:
**CHALLENGE
MANUFACTURING
COMPANY**

Walbridge

GRAND RAPIDS MICHIGAN
Project:
**PLANT 8 BUILDING
ADDITION
PONTIAC, MICHIGAN**

Date:
1/28/19

Drawn by:
SITE PLAN APPROVAL

Drawn: _____ Designed: _____
Checked: _____ Approved: _____
CAD Drawing File:
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NSA Architects, Engineers, Planners
Pittsford, Michigan 219038.00

Sheet Title:
**COMPOSITE FLOOR
PLAN**

Sheet Number:
A-100

NSA
 ARCHITECTS
 ENGINEERS
 PLANNERS
 2240 Research Drive
 Farmington Hills
 Michigan 48335
 248-477-2444
 248-477-2445
 www.nsaarchitects.com
 Founded 1980

**CHALLENGE
 MANUFACTURING
 COMPANY**

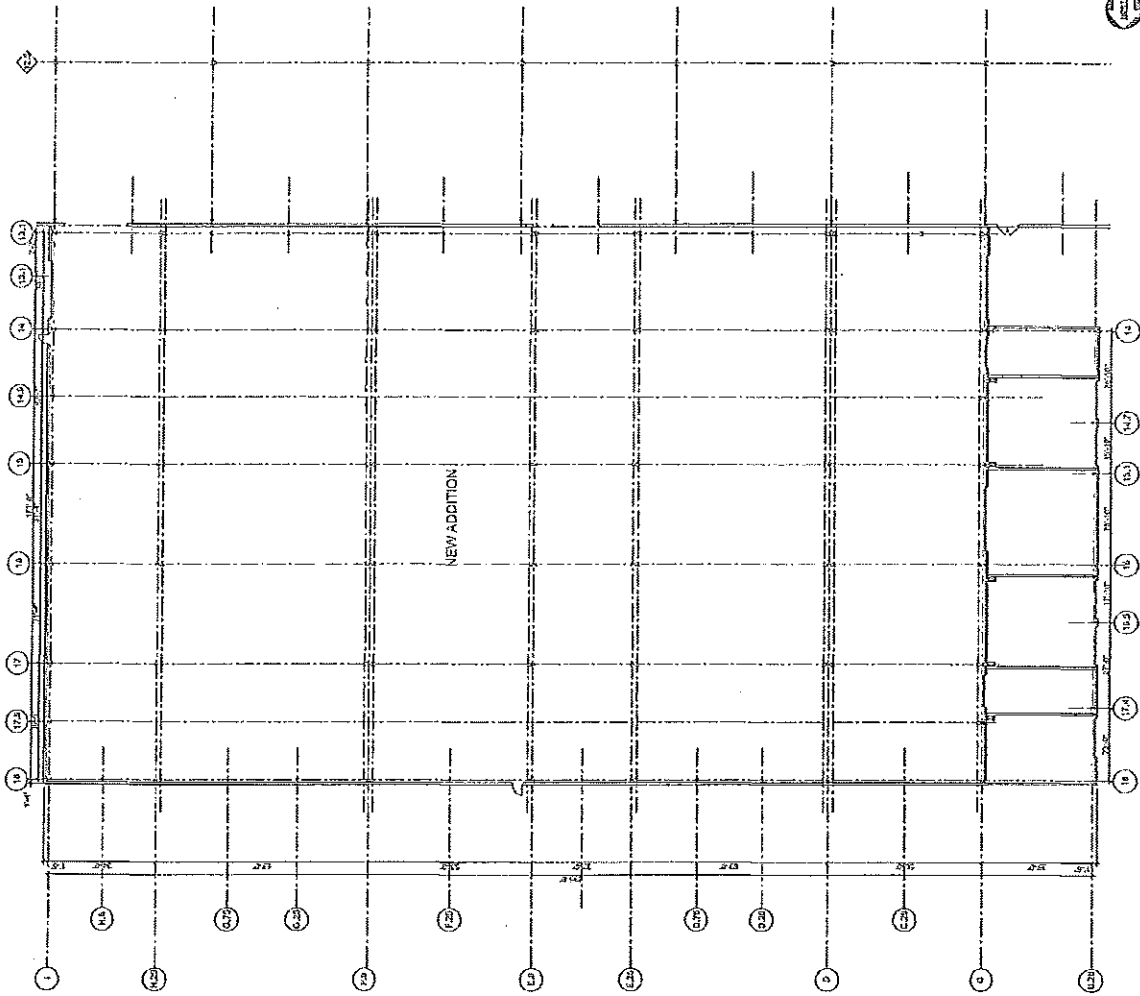
Walbridge

**GRAND RAPIDS MICHIGAN
 PLANT & BUILDING
 ADDITION
 PONTIAC, MICHIGAN**

**DATE: 11-06-06
 SHEET: 101**

**DATE: 11-06-06
 SHEET: 101**

**DATE: 11-06-06
 SHEET: 101**



**ADDITION PLAN
 SCALE 1/8"=1'-0"**

A-101

NSA
 ARCHITECTS
 23701 Research Drive
 Farmington Hills
 Michigan 48335
 248.777.2445
 www.nsaarchitects.com
 Founded 1960



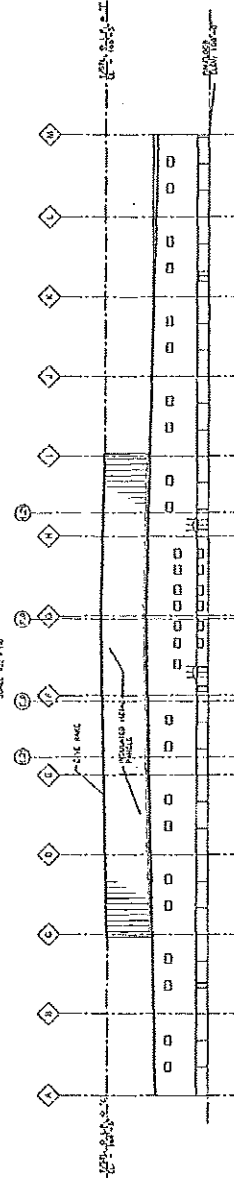
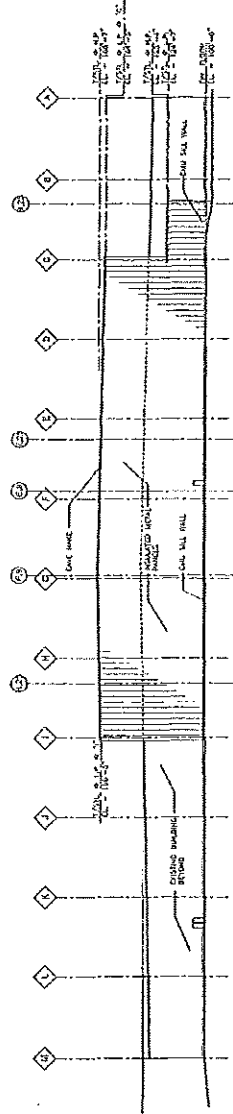
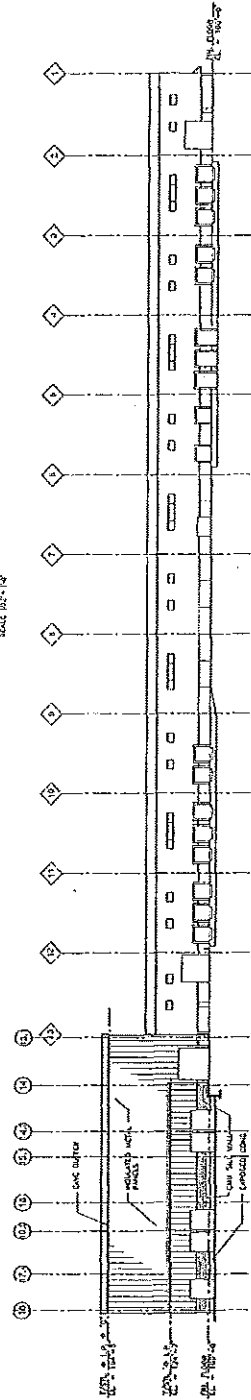
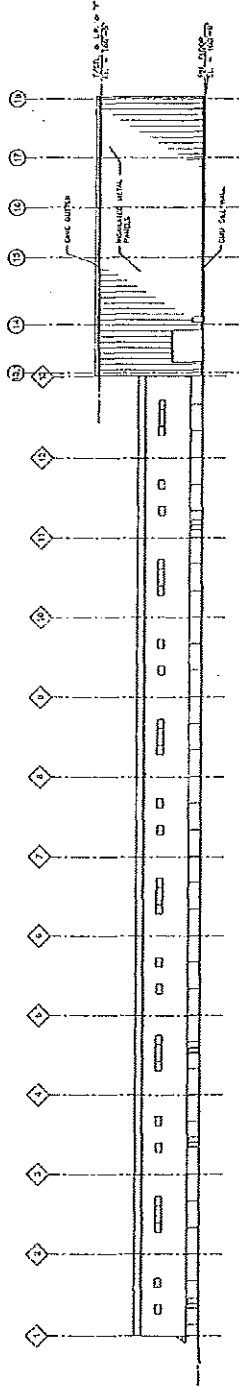
**CHALLENGE
 MANUFACTURING
 COMPANY**
Walbridge

GRAND RAPIDS, MICHIGAN
 PLANT B BUILDING
 ADDITION
 PONTIAC, MICHIGAN

Date: 11/14/2014
 Drawn by: JTB/MLA/JP/MLA

Drawn: JTB/MLA/JP/MLA
 Checked: JTB/MLA/JP/MLA
 Date: 11/14/2014
 Project No.: 216039.00
 Project Name: EXTERIOR ELEVATIONS

Sheet Number: A-201



#16

**COMMUNICATION
FROM THE
MAYOR**



CITY OF PONTIAC

OFFICIAL MEMORANDUM

Executive Branch

TO: Honorable Council President and City Council Members

FROM: Jane Bais DiSessa, Deputy Mayor

DATE: November 21, 2019

Cc: Mayor Waterman, Anthony Chubb, City Attorney, and Irwin Williams, Chief Financial Officer

RE: **Phoenix Center Update**

Understanding municipal financing for capital improvement projects is not often a simple task. To ensure that we utilize the best financial resources is essential as we look towards securing the City's current and future financial environment. Administration is currently working to address the questions and concerns brought by the City Council regarding the fiscal and operational needs of the Phoenix Center.

For your information, the following summary reports are included:

- Options to Pay for Phoenix Center Improvements
- Why Capital Improvement Bonds are Useful
- Business Plan for the Phoenix Center Parking Garage

The renovation of the Phoenix Center is a catalyst that will bring new life to our downtown. In turn, this will generate much needed retail and entertainment services to our residents and visitors.

Your support for the Phoenix Center renovation will help achieve this important goal for our community.

We look forward to addressing this matter further. Please let me know if any questions arise.

Attachments

jbd

Options to Pay for the Phoenix Center Improvements

1. Do nothing, violate the settlement Agreement & risk a judgement levy

- City council approved Settlement Agreement and Executed on 11/1/201
- Judgement levy (a new tax) split amongst all Pontiac residents & businesses
- Comes to roughly \$802 per taxpayer

2. Pay the full 19.3 million from the General Fund

- May cause reallocation of funding from other City services(e.g. Police and Fire)
- May cause a deficit in the General Fund and possibly take city back to financial crisis
- Not enough uncommitted surplus money to cover entire cost

3. Issue Bonds for the full 19.3 million

- ONLY OPTION THAT DOES NOT INCREASE TAXES
- Recommended by advisors and administration
- Repay bond issue over useful life of Phoenix Center Improvements

4. Combination of #2 and #3: Use surplus and issue bonds

- Still could cause an increase in taxes
- Still requires Council approval

We need City Council's support to meet Settlement Agreement Requirements, WITHOUT raising taxes or risking a deficit



Why are Capital Improvement Bonds Useful?

- 1. Allows for the financing of major infrastructure projects without affecting the City's current revenues and/or fund balance.**
- 2. Property taxes are not increased.**
- 3. Ensures inter-generational equity by spreading payments for assets and infrastructures over their useful life. (i.e. taking out a mortgage to purchase a home.)**
- 4. Is a universal financial practice used by cities/counties throughout the United States.**
- 5. Allows the use of revenue generated by asset (i.e. Phoenix Center) to help pay debt.**
- 6. Is prudent to use current low interest rates available to fund necessary major capital improvements.**

**Preliminary Business
Plan Outline
Phoenix Center Parking Garage**

Executive Summary

**To develop a business plan to operate the
Phoenix Center Parking Garage**

Goals

Short Term Goals (2019-2020)

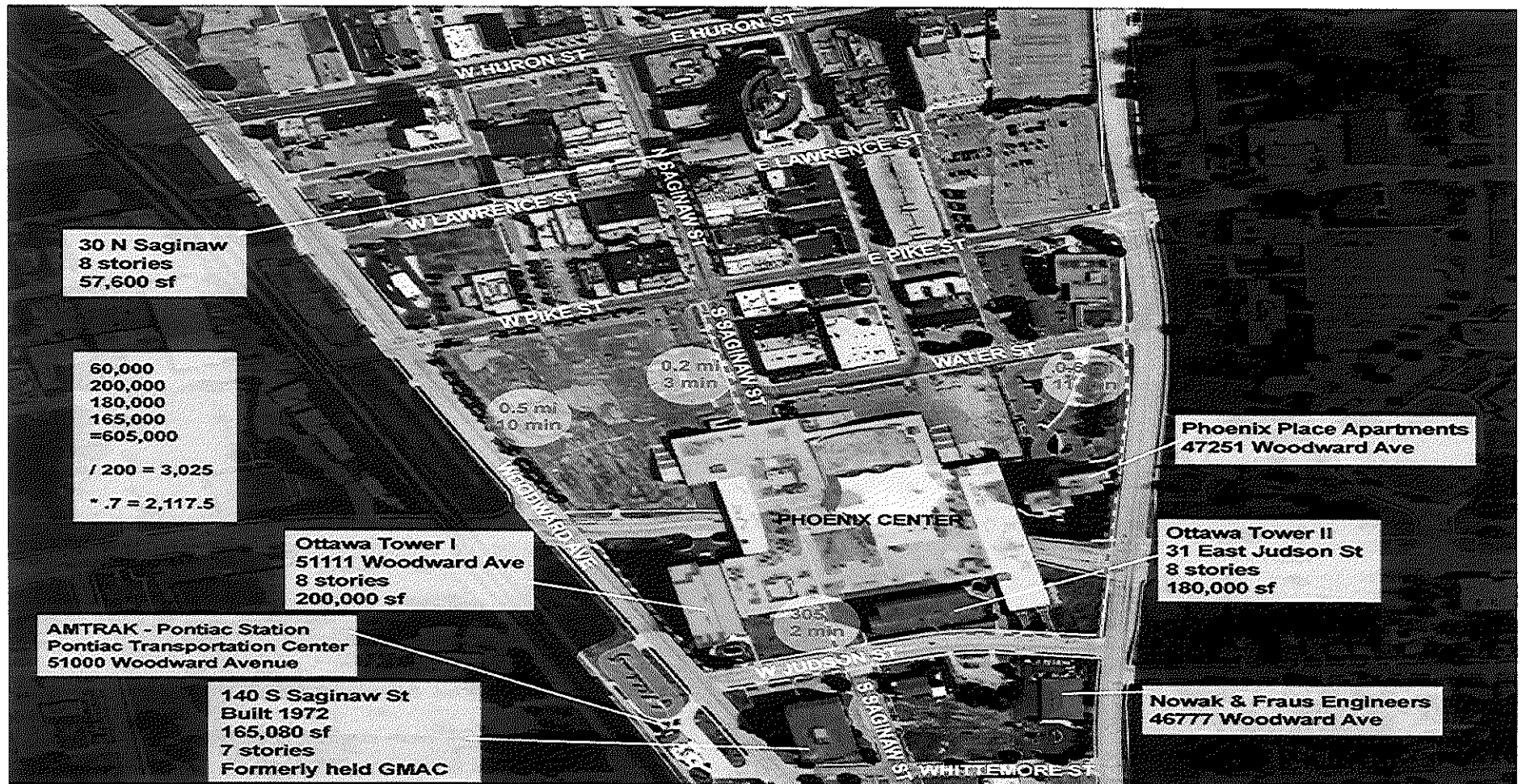
- **Make all repairs to be compliant with the settlement agreement**
 - Electrical, elevators, lighting & security
- **Develop a sustainable operational analysis for the PCPG:**
 1. **Finalize financial assumptions of projected revenues and expenditures**
 2. **Develop a gantt chart for major goals and deadlines**
 3. **Develop strategic partner relationships with business owners and entities that would utilize PCPG in its redeveloped state ie:**
 - McClaren, Mian Street & Tim Shepard
 4. **Finalize agreement with Detroit Regional Convention Facility Authority to assume PCPG operations currently performed by Ottawa Towers**

Goals

Long Term Goals(2021 and Beyond)

- **Restore the Amphitheatre to an operational condition**
- **Put out RFP for an operator to handle Amphitheatre events**

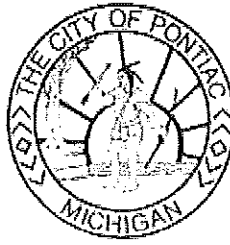
Potential Tenants of PCPG



#17

RESOLUTION

Pontiac City Council Resolution



WHEREAS, effective April 24, 2018, the 10th Pontiac City Council Rules and Procedures were adopted; and,

WHEREAS, effective November 27, 2018, the 10th Pontiac City Council Rules and Procedures were amended; and,

WHEREAS, items to be included for the Council Agenda should be provided to the City Clerk in writing no later than 5:00 p.m. on the Thursday prior to the regularly scheduled Tuesday, Pontiac City Council Study Session; and,

WHEREAS, the City Clerk shall distribute the agenda by email no later than 5:00 p.m. on Friday and have the agenda posted on the city website 48 hours prior to each meeting for public access; and,

WHEREAS, the City will be closed on Thursday, November 28 and Friday, November 29, 2019 in observance of Thanksgiving.

NOW, THEREFORE BE IT RESOLVED, that agenda items for the December 3, 2019 City Council Study Session will need to be provided to the City Clerk no later than 5:00 p.m. on Wednesday, November 27, 2019.