

	<p>A business meeting of the Kalamazoo City Commission was held on Monday, August 18, 2014 at 7:00 p.m. in the City Commission Chambers at City Hall, 241 W. South Street.</p>
Roll Call	<p>COMMISSIONERS PRESENT: Mayor Bobby Hopewell Vice Mayor David Anderson Robert Cinabro Don Cooney Barbara Miller Stephanie Moore Jack Urban</p> <p>COMMISSIONERS ABSENT: None</p>
	<p>Also present were City Manager Jim Ritsema, City Attorney Clyde Robinson, and City Clerk Scott Borling.</p>
Invocation	<p>The invocation, given by Pastor Dan Sarkipato of Southern Heights Christian Reformed Church, was followed by the Pledge of Allegiance.</p>
Recognition of Kalamazoo Public Safety Explorers	<p>Public Safety Chief Jeff Hadley described the Public Safety Explorer program and announced Kalamazoo Explorer Post 265 had placed second overall in the 2014 state competition. Chief Hadley also reported the team of Cheyanne Kalman, Olivia Caton, Spencer Brignall, and Justin Quick had participated in the national competition and placed 3rd in the Officer Down/Emergency First Aid event, and Olivia Caton had placed 3rd in handgun marksmanship.</p>
Transmission of the Report and Recommendations of the Legacy Cost Task Force	<p>City Manager Ritsema and Vice Mayor Anderson presented the Report and Recommendations from the Legacy Cost Task Force. City Manager Ritsema's written remarks were filed with the papers for this meeting.</p> <p>Vice Mayor Anderson recognized Commissioners Cooney and Miller for their service on the Task Force and noted most of the other Commissioners had attended at least some of the Task Force meetings. Vice Mayor Anderson stated the topic of retiree healthcare liabilities (also known as Other Post-Employment Benefits or OPEB liabilities) was a serious topic for the City because it spoke directly to the ability of the City to provide public services on a daily basis. Vice Mayor Anderson explained that most local governments had not funded retiree healthcare and had not even recognized the expense until recently when the Government Accounting Standards Board created a rule that required the reporting of these liabilities. Vice Mayor Anderson expressed confidence that the City Commission would put a funding plan in place for retiree healthcare and noted there was risk involved in any path the City chose. Vice Mayor Anderson stated the first vote on bonds would happen tonight, but it was not the final approval. Vice Mayor Anderson expressed hope that citizens would continue to be involved with this issue and give their input.</p> <p>Commissioner Urban stated the complete report from the Task Force was available on the City's website, and he noted a key component was a recommendation for the City to bond for up to \$100 million to cover 75% of the OPEB liability. Commissioner Urban asked about the pros and</p>

cons of the bonding recommendation and what would it look like if the bond was for \$50 million rather than \$100 million. Commissioner Urban inquired about the formation of a Voluntary Employee Benefits Association (VEBA)?

When given an opportunity to comment on the Report and Recommendation of the Legacy Cost Task Force, the following people addressed the City Commission:

Richard Baker, City resident, stated his interest was in the City's insurance programs and indicated he was involved with the Michigan Medicare and Medicaid Assistance Program. Mr. Baker submitted written correspondence, a copy of which was filed with the papers for this meeting.

Frank Warren, City resident, stated he was a General Motors (GM) retiree. Mr. Warren spoke in favor of the Voluntary Employee Benefits Association (VEBA) created by GM and suggested the City do the same for its retirees.

Asha Khazad, City resident, asked whether the issuance of OPEB bonds would make the City more vulnerable to bankruptcy.

John Hilliard, City resident, thanked Vice Mayor Anderson for his comments and expressed general support for the recommendations of the Task Force, including the issuance of bonds to fund the retiree healthcare liability. Mr. Hilliard stated City residents should not be responsible for the debt on the bonds, and he expressed opposition to a City income tax. Mr. Hilliard recommended the City look at Borgess Hospital, Bronson Hospital, and Oakland County for ideas on addressing healthcare for retirees. Mr. Hilliard asked the City to look at the cost of health insurance premiums for retirees from private sector companies.

Commissioner Moore thanked City Manager Ritsema, City staff, and the Task Force for their work. No matter what is decided, someone is not going to like it. Commissioner Moore noted the actions that would be taken later in the meeting were just the beginning, and regardless of the final decision that was made someone was not going to like it. Commissioner Moore stated bonding was not the preferred option, but the City needed to consider the long term outlook regarding the health and stability of the General Fund, service provision, and retiree healthcare. Commissioner Moore indicated sound management and due diligence would be key components of bonding option. Commissioner Moore stated the Commission would have to make a decision at some point and stop pushing the decision down the road.

Commissioner Urban remarked it was necessary for the City Commission to take action on the bond-related items on the Regular Agenda in order to keep bonding as a viable option. Commissioner Urban stated the retiree healthcare liability could be mitigated and managed, but not solved. Commissioner Urban urged citizens to pay participate in the process over the next few months, and he encouraged surrounding jurisdictions to take note that the City was facing this issue head on.

Transmission of the Report and Recommendations of the Legacy Cost Task Force (cont'd)

Transmission of the Report and Recommendations of the Legacy Cost Task Force (cont'd)

Mayor Hopewell noted City Manager Ritsema's one-year anniversary with the City would occur in 90 days and commended him for being aggressive in addressing the OPEB liability question. Mayor Hopewell remarked about assertions that the City Commission did not really do anything and stated the Commission had taken on other challenges in previous years and was now taking on the OPEB liability challenge. The Commission is taking on this challenge. Mayor Hopewell thanked Vice Mayor Anderson for co-chairing the Task Force. Mayor Hopewell expressed appreciation for the Dissenting Opinion, which would help move the dialogue forward.

Adoption of the Agenda

By unanimous consent the City Commission adopted its meeting agenda with the following change:

City Manager Ritsema requested that Item F-1, the purchase of two light duty vans, be removed from the agenda.

Consent Agenda

Consent Agenda items were presented as follows with a recommendation to approve the items and authorize the City Manager to sign on behalf of the City:

Resolution 14-39

- adoption of a **RESOLUTION** of support for Kalamazoo County Road Commission to apply for Transportation Alternatives Program Funding.

Resolution 14-40

- adoption of a **RESOLUTION** that re-designates specific City Administrative staff to execute Michigan Department of Transportation (MDOT) Contract-Project authorizations through September 30, 2016, as stated in the Master Agreement number 2012-0112, approved on August 1, 2011.

- first reading an ordinance to rezone 33 parcels for the KVCC Healthy Living Campus from Zone M-1 to Zone CC and Zone CCBD, and schedule the public hearing for the September 2, 2014 meeting.

- approval of a cost sharing agreement with the Kalamazoo County Road Commission and authorize the City Manager to sign all related documents.

- approval of a request from Western Michigan University (WMU) to publicly display fireworks at Hyames Field on Saturday, September 20, 2014.

- approval of a temporary use license agreement with Main Street Properties V, LLC (Main Street) for the use of City property for landscape improvements and authorize the City Manager to sign all related documents.

- approval of the minutes from the following City Commission meetings: the special meetings on February 10, March 10, April 14, May 12, and June 9, 2014; and the business meeting on August 4, 2014.

- approval of a request to hold until September 2, 2014 authorization for the City Manager to execute a quit claim deed and related documents for the conveyance of 318 Stockbridge to the Kalamazoo County Land Bank Authority to expedite quiet title, at a cost not to exceed \$2,500.00.

Consent Agenda (cont'd)

Commissioner Urban, seconded by Commissioner Moore, moved to approve the consent agenda requests and authorize the City Manager to sign on behalf of the City.

With a roll call vote this motion passed unanimously.

AYES: Commissioners Cinabro, Cooney, Miller, Moore, Urban, Vice Mayor Anderson, Mayor Hopewell

NAYS: None

Regular Agenda items were considered next.

Regular Agenda

Pat McGow of Miller, Canfield, Paddock and Stone stated OPEB liabilities had become an issue for local governments only recently due to accounting rule changes that required these liabilities to be recognized in financial statements. Mr. McGow described the state law that allowed the issuance of OPEB bonds and noted the law would expire at the end of the year. Mr. McGow reviewed the notice of intent resolution, the bond authorization resolution, and the OPEB Bond Comprehensive Financial Plan. Mr. McGow presented the following proposed timeline for the City of Kalamazoo's bond process:

Resolutions 14-41 and 14-42 re: the Issuance of OPEB Bonds

Approval of the OPEB Bond Financial Plan

Mid-/Late-August The City submits its OPEB Bond application to the Michigan Department of Treasury.

October/ November The City receives authorization from the state to issue OPEB Bonds.

November/December The City issues OPEB bonds.

By December 31st The City closes on the sale of the bonds.

Mr. McGow stated the Michigan law that allowed OPEB bonding required jurisdictions to demonstrate they had taken measures to lower retiree healthcare costs, and it limited eligible jurisdictions to those cities, townships and villages that had a AA bond rating or better (which the City of Kalamazoo did). Mr. McGow emphasized there were risks associated with issuing OPEB bonds and risks associated with doing nothing, and he noted there had been quite a bit of discussion by the Task Force about the risks of bonding and steps to mitigate those risks. Mr. McGow reported six communities in Michigan had issued, or received authorization to issue, OPEB bonds: Bloomfield Township, West Bloomfield Township, Oakland County, Macomb County, the City of Grand Rapids, and Saginaw County. Mr. McGow explained that adopting the two resolutions was the only action the City Commission needed to take in the bonding process, and the City would be able to stop the process at any point up until the sale of the bonds.

Resolutions 14-41 and 14-42 re: the Issuance of OPEB Bonds

Approval of the OPEB Bond Financial Plan (cont'd)

Commissioner Urban questioned whether the issuance of OPEB bonds would affect the City's bond rating.

Mr. McGow stated the credit rating agencies were neutral on the issuance of OPEB bonds. Mr. McGow explained that although OPEB bonds were a large amount of debt to assume, the rating agencies looked at that debt as a plan for the City to finance its liabilities. Mr. McGow reported the six jurisdictions in Michigan that had pursued OPEB bonding had not experienced a change in their credit rating.

Vice Mayor Anderson reminded people the adoption of the bond resolutions and approval of the financial plan would not commit the City to issuing OPEB bonds; rather, these actions would allow the City to file a timely OPEB bond application with the state.

When an opportunity was given for citizens to comment on resolutions regarding the issuance of OPEB bonds and the proposed "City of Kalamazoo State of Michigan Comprehensive Financial Plan for Other Postemployment Benefit Bonds" (the Financial Plan), the following citizens addressed the City Commission:

Asha Khazad, City resident, stated he did not want City tax payers to be responsible for the bond obligations and suggested the City cut back on other commitments.

Tim Graham, City resident, asked the following questions: Why did the governor veto the OPEB bond legislation in 2007? Why did the Michigan Department of Treasury oppose the OPEB bond legislation in 2012? Why were the rating agencies' positions neutral on OPEB bonds and not positive? Why has the City of Grand Rapids not issued OPEB bonds even though it has received the authority to do so?

Frank Warren, City resident, suggested the City look to the example of General Motors and how it dealt with retiree healthcare. Mr. Warren stated the City would be going down the wrong path if it issued bonds, and he recommended the establishment of a VEBA.

Commissioner Miller, seconded by Commissioner Cooney, moved to adopt the following resolutions and approve the City of Kalamazoo State of Michigan Comprehensive Financial Plan for Other Postemployment Benefit Bonds:

- adopt the "Resolution Authorizing Limited Tax General Obligation Bonds, Series 2014 (Federally Taxable)," authorizing the City Administration (under the direction of the City Manager) to issue "OPEB Bonds" in an amount not-to-exceed \$100 million.
- adopt the "Notice of Intent Resolution" to issue "Limited Tax General Obligation Bonds, Series 2014 (Federally Taxable)," which will authorize the City Clerk to publish the notice of intent to issue bonds to fund future retiree health care costs.

- approve the "City of Kalamazoo State of Michigan Comprehensive Financial Plan for Other Postemployment Benefit Bonds" (the "Financial Plan") dated August 18, 2014, which will complete the City's application to the State Treasury Department to seek the State of Michigan's authorization to issue OPEB Bonds as required by State law.

Resolutions 14-41 and 14-42 re: the Issuance of OPEB Bonds

Approval of the OPEB Bond Financial Plan (cont'd)

Prior to a vote on the motion, Commissioner Cinabro read the following statement into the record:

The City Commission is about to take action on whether to accept the report of the Legacy Cost Taskforce. I attended several meetings of the Taskforce and I want to thank all members for their efforts. Also our City Manager for his courageous leadership in this matter, along with the Vice Mayor and Commissioner Cooney and Miller attending those meetings, and everyone involved, whether they're dissenters or whether they were the ones that recommended the majority report.

While observing the meetings of the Taskforce, I found myself viewing them through several perspectives. First, as a City Commissioner, who seeks to act as a steward of the public interest and works for the common good of the people of Kalamazoo. Second, as an interested former City employee and a pre-2006 retiree of the City whose healthcare benefits, at least theoretically, could be impacted. Third, as the former City Attorney whose office was responsible ultimately for representing the City in the agreements and lawsuits which formed the factual and legal background for much of which governed the discussions of the Taskforce as it considered how to best address the cost of retiree health care benefits provided by the City. Although I hasten to add, it was a lot of people involved, including a lot of outside attorneys throughout those arbitrations and lawsuits in the past, but nonetheless the buck stopped when I was City Attorney for some of those agreements.

These latter two perspectives have caused me to question whether I could faithfully carry out my duties as City Commissioner. For guidance, and I want to thank in advance, I have sought the advice of others as well as our City Attorney Clyde Robinson, and I thank him as well for his counsel and guidance throughout the last several months. At a minimum, and consistent with the Code of Ethics which governs members of the City Commission, I am required and I hereby disclose my status as a retiree of the City who could be impacted should the City Commission take action to implement some, or all, recommendations of the Taskforce, and at least in theory it could concern the scope of benefits provided to current City retirees, either now or in the future.

The City Attorney has informed me that, consistent with my duties as a City Commissioner, I may participate in the discussion and voting on those retirement-related matters which will not have a direct material impact on me as a City retiree.

Resolutions 14-41 and 14-42 re: the Issuance of OPEB Bonds

Approval of the OPEB Bond Financial Plan (cont'd)

However, I do not wish my status as a retiree to create a situation where my actions may be perceived by some as being disingenuous, inconsistent, or an attempt to play both sides of an issue. The ethical standards required of a City Commissioner preclude his or her participation when he or she has a direct or indirect financial interest in a matter, or where there may exist an appearance of a conflict of interest, or where it may appear that the independent judgment of the Commissioner may be impaired due to an appearance or a conflict of interest.

So as to avoid any appearance of a conflict of interest, I have decided to abstain from participating in the discussion of any matter which could be perceived as impacting, for good or ill, the retirement health care benefits (and how to pay for those benefits) of current City retirees. Attorney Robinson has advised me I should not participate in any discussion or the vote if I choose this alternative.

Commissioner Miller noted this action was not a final commitment to issuing bonds. Commissioner Miller expressed concern that \$100 million was not enough to cover the entire OPEB liability and stated the City needed to negotiate with retirees to reduce its liability. Commissioner Miller commented that she might not support bonding if there was not enough movement on cost reductions.

Commissioner Cooney began his remarks by saying the City would not be dealing with the retiree healthcare issue if there was national healthcare, and he observed Kalamazoo was not the only city dealing with the issue of retiree healthcare liabilities. Commissioner Cooney indicated the City had made promises to its retirees that were negotiated fairly, but now the City faced the dilemma of meeting these obligations while providing the services citizens needed. Commissioner Cooney suggested the City negotiate with its retirees to see if federal programs could provide the same insurance coverage. Commissioner Cooney noted the bond payments would be approximately \$6 million per year, and he indicated he wanted to hear from people who objected to the bonding option.

With a roll call vote the motion passed unanimously.

AYES: Commissioners Cinabro, Cooney, Miller, Moore, Urban, Vice Mayor Anderson, Mayor Hopewell

NAYS: None

City Manager's Report

City Manager Ritsema provided the following reports and updates:

- Departmental Reports and Project Updates
- *Inside the City* newsletter, August 2014 edition.
- Equal Employment/Affirmative Action Report, dated July 28, 2014
- July 2014 Purchases

City Manager Ritsema thanked the Commission for supporting the work of the Task Force. City Manager Ritsema stated the process of dealing

with the retiree healthcare liability would continue to move forward in a transparent manner, and he indicated there would be no issuance of OPEB bonds without the full support and approval of the City Commission.

Next, when an opportunity was given for general citizen comments, the following people addressed the City Commission:

Frank Warren, City resident, spoke about a petition he had submitted to remove the Korean War Memorial from Bronson Park and stated he had talked with Deputy City Manager Jeff Chamberlain about the issue. Mr. Warren stated the memorial was mistreated and misused during events, and he expressed hope that ongoing discussions with Deputy City Manager Chamberlain would resolve the issue.

Andrea Hubbard, City resident, spoke about large crowds of young people and their parents who were terrorizing the Northside Neighborhood and stated residents were not getting help from the City.

John Howard, City resident, expressed concern about illegal taxi's operating in the City.

The following citizens addressed the City Commission regarding rude treatment by Public Safety dispatchers and the lack of urgency on the part of first responders during a medical emergency at the Roundball Classic event in LaCrone Park on Sunday, August 17th:

TaKarra Dunning, City resident
Alexis Buchanan, non-resident
Jamar Johnson, City resident
Charles Parker, City resident

Thelma Fry, City resident, stated she had witnessed the arrest of 17 year-old young man on her block and stated officers from the Kalamazoo Department of Public Safety (KDPS) and other police agencies were rude, overly aggressive, and guilty of racial profiling and civil rights violations.

Mattie Jordan-Woods, City resident, spoke about recent incidents in the Northside Neighborhood involving KDPS and asked the City to respond in writing to the complaints and concerns that had been raised. Ms. Jordan-Woods stated the City needed to deal with the few officers who were giving KDPS a bad name.

Asha Khazad, City resident, stated the pastor who gave the invocation should have said God was "King of the Cosmos" rather than "King of the Universe." Mr. Khazad also noted it was not technically bad to say someone was taking an "ego trip," as that simply meant the person was overly concerned with reality.

City Manager's Report
(cont'd)

Citizen Comments

Citizen Comments
(cont'd)

Sgt. Derrick Turner, City resident, encouraged citizens to utilize the mechanisms in place to address complaints against KDPS, and he offered to take people on "ride alongs" so they could see what a Public Safety Officer experienced during a typical shift.

Commissioner
Comments

Finally, an opportunity was given for miscellaneous comments and concerns of City Commissioners.

Commissioner Moore stated she had discussed the incidents described by Ms. Fry and Ms. Hubbard with City Manager Ritsema and Chief Hadley, and she asked, "What else can the City do?" Commissioner Moore indicated people in the City had helped with these situations, but there an opportunity remained to do much more. Commissioner Moore related that she, too, had been treated rudely by Public Safety dispatchers, and the stories in the community were consistent about this type of treatment. Commissioner Moore enquired about the status of the Citizens' Public Safety Review and Appeal Board. Commissioner Moore stated people needed to feel like they had a voice, and the reconstitution of this board needed to happen sooner rather than later. Commissioner Moore thanked Charles Parker and the Kalamazoo Deacons' Conference for putting on a great Roundball Tournament.

Commissioner Cooney thanked the citizens who addressed the City Commission. Commissioner Cooney remarked on the shooting death of Michael Brown in Ferguson, Missouri and stated the poverty rate in Kalamazoo was higher than that in Ferguson.

Mayor Hopewell thanked Sgt. Boyer for taking him on a "ride along" on Friday night and urged the other Commissioners to ride with Public Safety Officers for a shift. Mayor Hopewell stated strong action was needed to deal with the violence in the community, but balance was also needed to avoid either an overreaction or an under reaction. Mayor Hopewell stated he was not sure what to do about the violence, but City leaders needed to work hard on the issue. Mayor Hopewell reported he had attended an Urban Core Mayors meeting and the City of Flint. Mayor Hopewell thanked Senator Carl Levin for touring the Allied Paper Site, and he congratulated Commissioner Moore on her primary election victory for the office of County Commissioner (District 1).

Adjournment

The meeting adjourned at 9:29 p.m.

Respectfully submitted,

Scott A. Borling
City Clerk

For City Commission approval on September 2, 2014

Approved by: _____
Bobby J. Hopewell, Mayor
Dated: September 2, 2014