

Lamphier, Wendy (Treasury)

From: David Guastella <DGuastel@tyjt.com>
Sent: Thursday, March 14, 2013 5:10 PM
To: Hichez, Amy (Treasury)
Cc: George Karmo; Dillon, Andy (Treasury)
Subject: Meeting with the Treasurere regading KWA

Follow Up Flag: Follow up
Flag Status: Flagged

Good evening Amy,

I just received additional information from DWSD regarding an alternative option we had proposed. If at all possible it would be easier to go over this information in person rather than over the phone. As I indicated we can meet anywhere if that helps. Please let me know. Otherwise, I will wait for his call.

Thank you,
Dave



STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

DATE: March 15, 2013
TO: Governor Rick Snyder
FROM: Andy Dillon, State Treasurer
SUBJECT: Status of Financially Distressed Local Governments

FEBRUARY

JANUARY

	Cities			Cities		
EM/EFM	5			5		
Consent Agreement	3			3		
Watch List	5			5		

Per your request, this memorandum summarizes the status of selected financially distressed units of local government. The following units of local government now are subject to Public Act 72 of 1990, the Local Government Fiscal Responsibility Act.

GENERAL ISSUES

Cities Close to an Exit by EFM:

- Ecorse – While most of the financial issues are resolved, the City Council without the State's involvement, has the authority, through practice and a loosely worded city charter, to meddle in the day-to-day operations of the City, including selecting and supervising staff and setting their pay. Efforts to obtain a voluntary Inter Local Agreement have been frustrated by the unwillingness of a majority of Council to see the need for the oversight contemplated by the ILA. While we continue to work on a compromise, worst case is that we will impose a transition advisory board (TAB) under PA 436 in late March.
- Pontiac – As explained below, Mr. Schimmel has a short list of projects to complete before he leaves this summer. Imposition of a TAB will be recommended.

Retiree Health Care – In most of the EFM cities, and certainly in those cities that are struggling but not yet in receivership, the cost of promised retiree health care is a major concern. In Pontiac and Flint where changes in retiree health care were imposed under PA 4, lawsuits are pending leaving the effects of those changes uncertain. In Pontiac, the annual liability is about \$6.0 million, which is also the amount of the City's current annual operating deficit. Allen Park's annual liability is approxi-