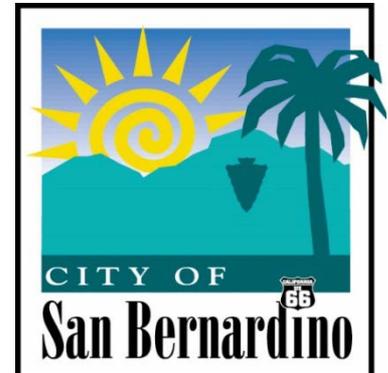


City of San Bernardino

Summary of Proposed Recovery Plan in Support of the Plan of Adjustment

Common Council Meeting

May 18, 2015



Team Who Prepared the Recovery Plan

Strategic Bankruptcy Team (SBT) Members

City Representatives

- Mayor
- City Manager
- City Attorney
- Deputy City Manager
- Special Projects Manager

Other Important Input

- Strategic Planning Core Team
- Department Directors
- Residents and community leaders participating in strategic planning process

Consultants and Outside Counsel

- Management Partners
- Urban Futures
- The Law Office of Linda Daube and Associates
- Stradling Yocca Carlson & Rauth, P.C.

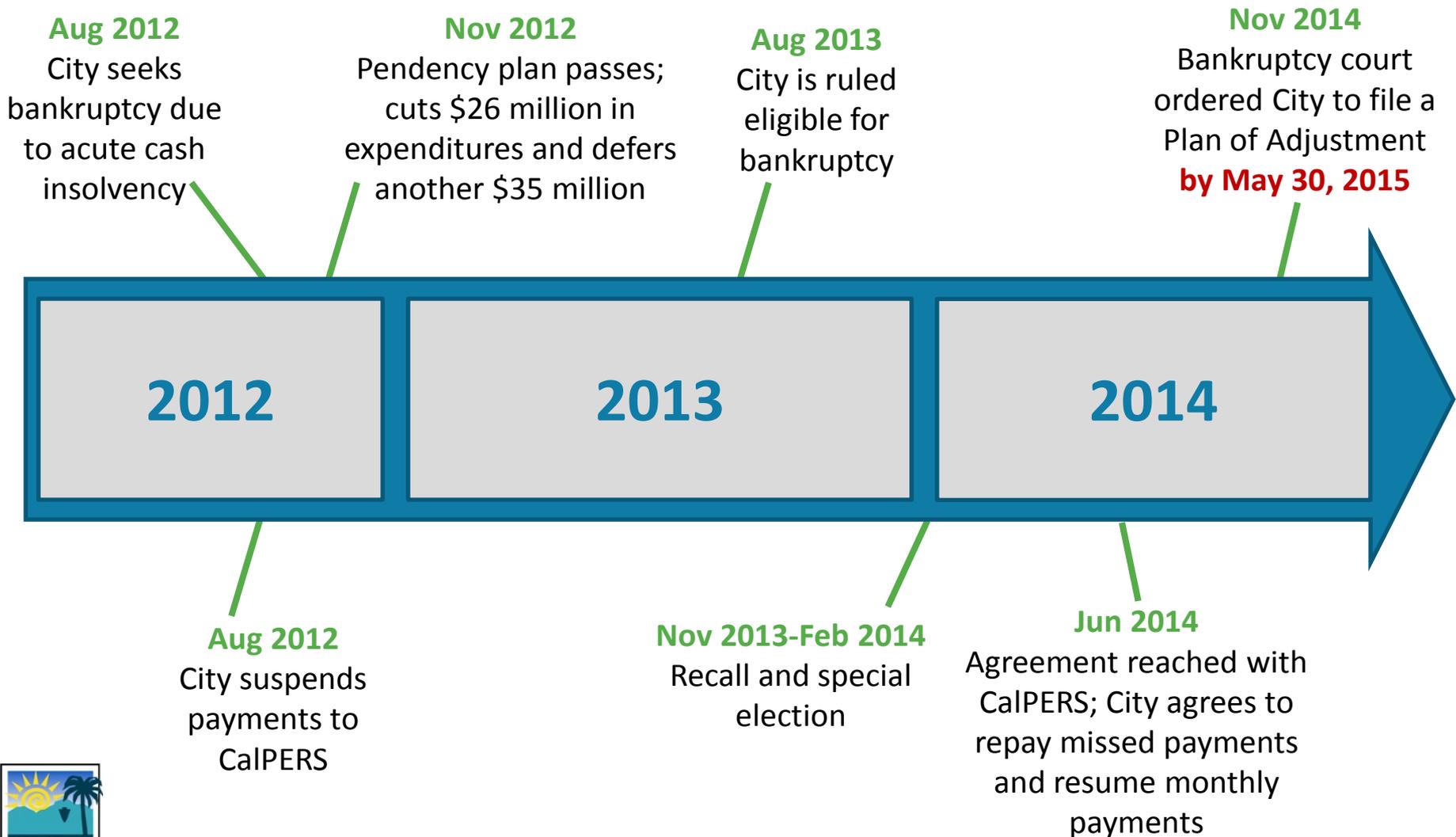


Agenda

- Purpose of the Plan
- Approach and methodology
- Explaining the path to bankruptcy
- Strategic challenges
- Presentation of Recovery Plan
- Next Steps



Bankruptcy Timeline



Purpose of the Recovery Plan in Support of the Plan of Adjustment

Plan of Adjustment



What must be done to ensure:

**Cash
Solvency**

**Budget
Solvency**

**Service
Solvency**

The Plan of Adjustment:

- Explains the City's overall fiscal plan to exit bankruptcy
- Explains the treatment plan for various classes of creditors' claims
- Explains how to restructure the organization to be successful

Approach and Methodology

Strategic Bankruptcy Team (SBT)

- Mayor, City Manager, City Attorney, Deputy City Manager, Special Project Manager
- Management Partners, Urban Futures, Linda Daube and Associates, Stradling Yocca Carlson & Rauth

Peer Agency Analysis

- 10 peer Cities selected
- Selection based on population, median income and crime rate
- Give picture of what service solvent operations in San Bernardino would look like

Strategic Planning

- Creation of Strategic Plan Core Team (17 community leaders)
- Five well-attended community meetings (500+ participants)
- Online resident survey (459 responses)
- Workshop on March 18 and 19
- Work session on April 24
- Work session on May 16

Organizational Assessments

- Interviews, department surveys
- Document review (budgets, organization charts, policies and procedures, work plans)



Principles for Restructuring

The Recovery Plan / Plan of Adjustment must...

- Create a sustainable local government able to deliver basic municipal services
- Demonstrate financial stability over at least a ten-year period
- Place priority on continued delivery of basic municipal services, including deferred maintenance
- Allow for effective and efficient service delivery, following industry best practices
- Provide the ability for the City to be a viable employer
- Allow for voter consideration of a revised Charter/new governance structure



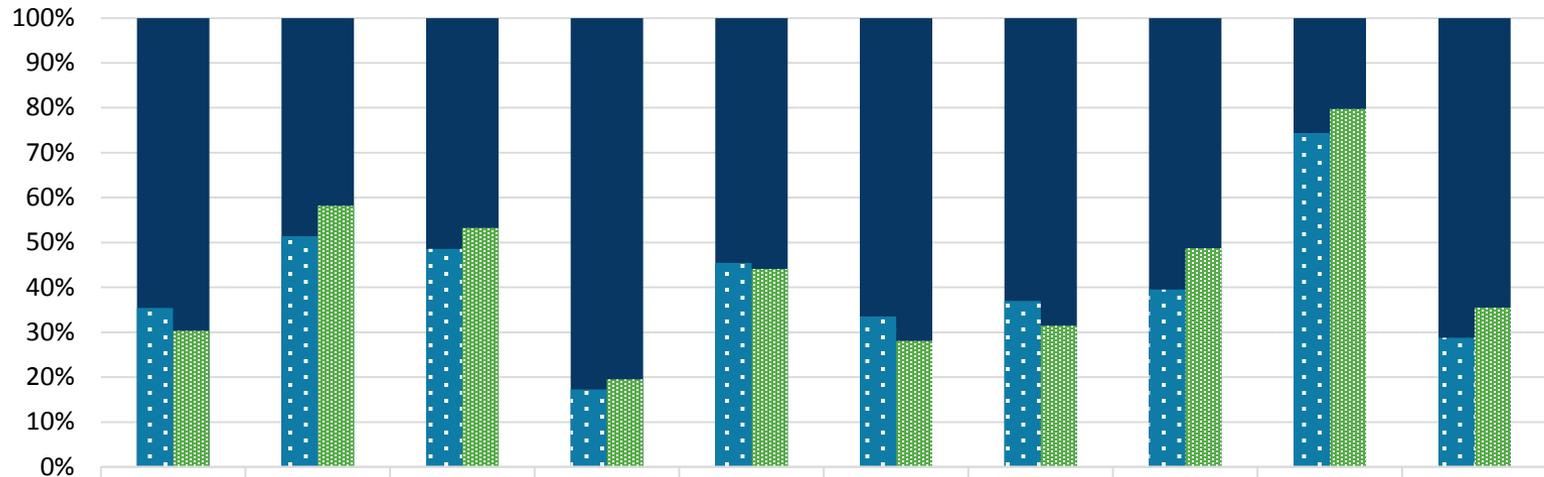
A Profound and Continuous Decline

- Losing population and economic growth to other areas of San Bernardino and Riverside Counties since the 1980s
- Decline in share of population, assessed valuation, median household income, and sales tax
- One of highest crime rates in the State with high unemployment, poverty and low educational attainment
- Evolved from City that was the epitome of middle class living to the poorest City of its size in California



Crime Rates Significantly Higher than Region

Regional Crime Rates Compared to San Bernardino



	Violent Crime per 1,000	Property Crime per 1,000	Part 1 Crime per 1,000	Homicide per 1,000	Rape per 1,000	Robbery per 1,000	Aggravated Assault per 1,000	Burglary per 1,000	Larceny per 1,000	Motor Vehicle Theft per 1,000
■ San Bernardino	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
■ California	35%	51%	49%	17%	45%	34%	37%	40%	74%	29%
■ Region Average	30%	58%	53%	20%	44%	28%	32%	49%	80%	35%

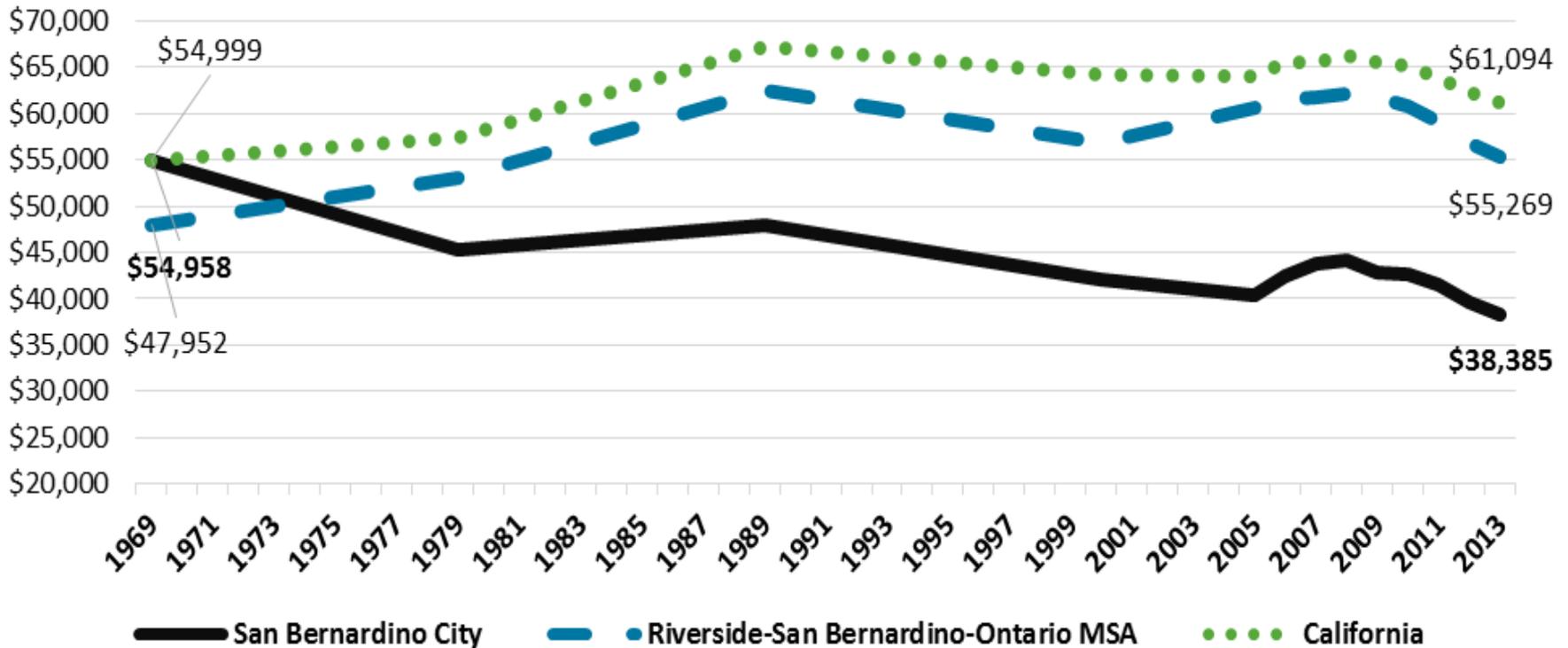
■ San Bernardino ■ California ■ Region Average

Sources: California Department of Finance, 2014; FBI Uniform Crime Report 2013

Note: The FBI uses three categories to define Part 1 Crimes: violent crime (murder and non-negligent manslaughter, forcible rape, robbery and aggravated assault), property crime (burglary, larceny-theft, and motor vehicle theft), and arson. Average includes nearby jurisdictions with populations above 150,000.



Decline of Median Household Income Compared to Region



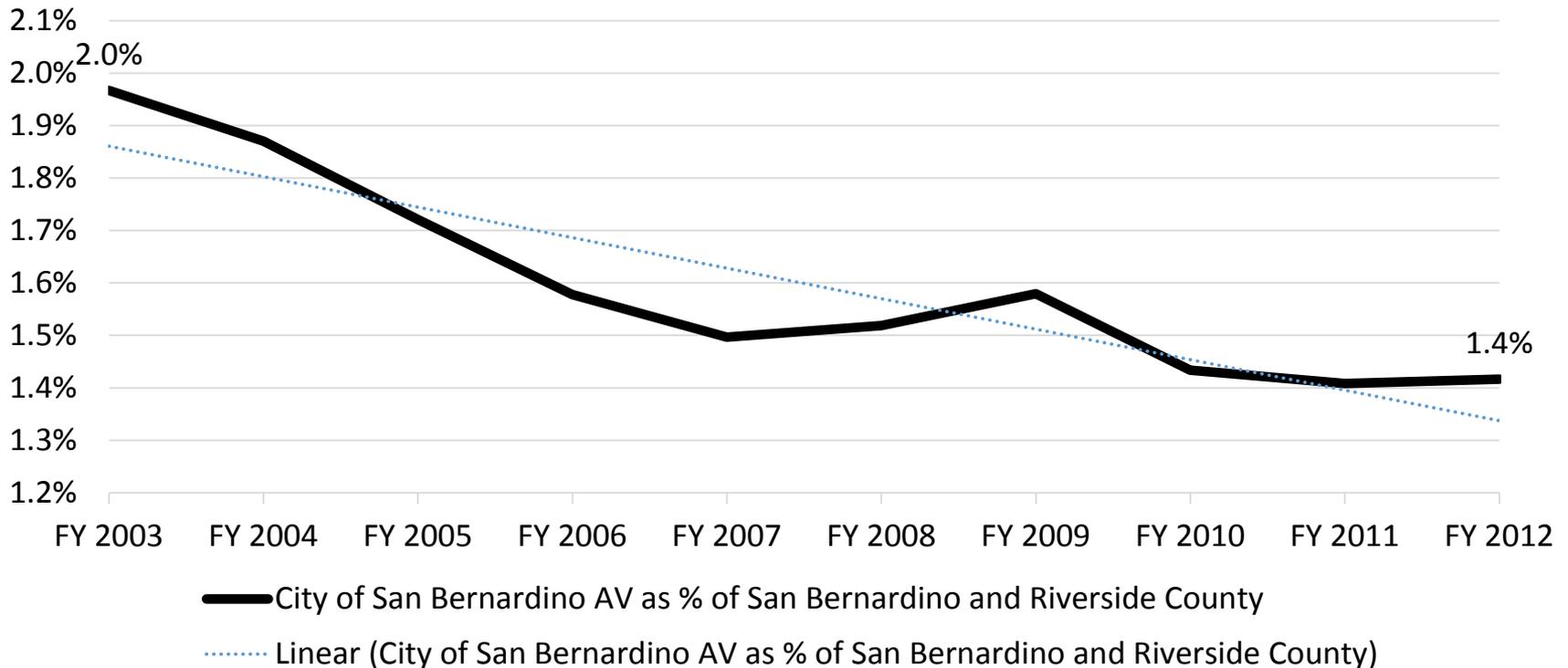
Sources: US Decennial Census; US Census, American Community Survey.

Note: 2013 adjusted dollars as according to the BLS CPI.



30% Decline in Share of Assessed Valuation

City of San Bernardino Assessed Valuation (AV) as % of San Bernardino and Riverside County



Sources: San Bernardino FY 2012 CAFR; San Bernardino FY 2013 Annual Report; Riverside County Assessor's Press Release, 2015 (http://www.asrclkrec.com/Portals/1/Documents/Other%20Documents/2014-15_Close_of_Roll_Press_Release.pdf)

Note: Based on assessments of secured rolls. San Bernardino's secured rolls excludes redevelopment



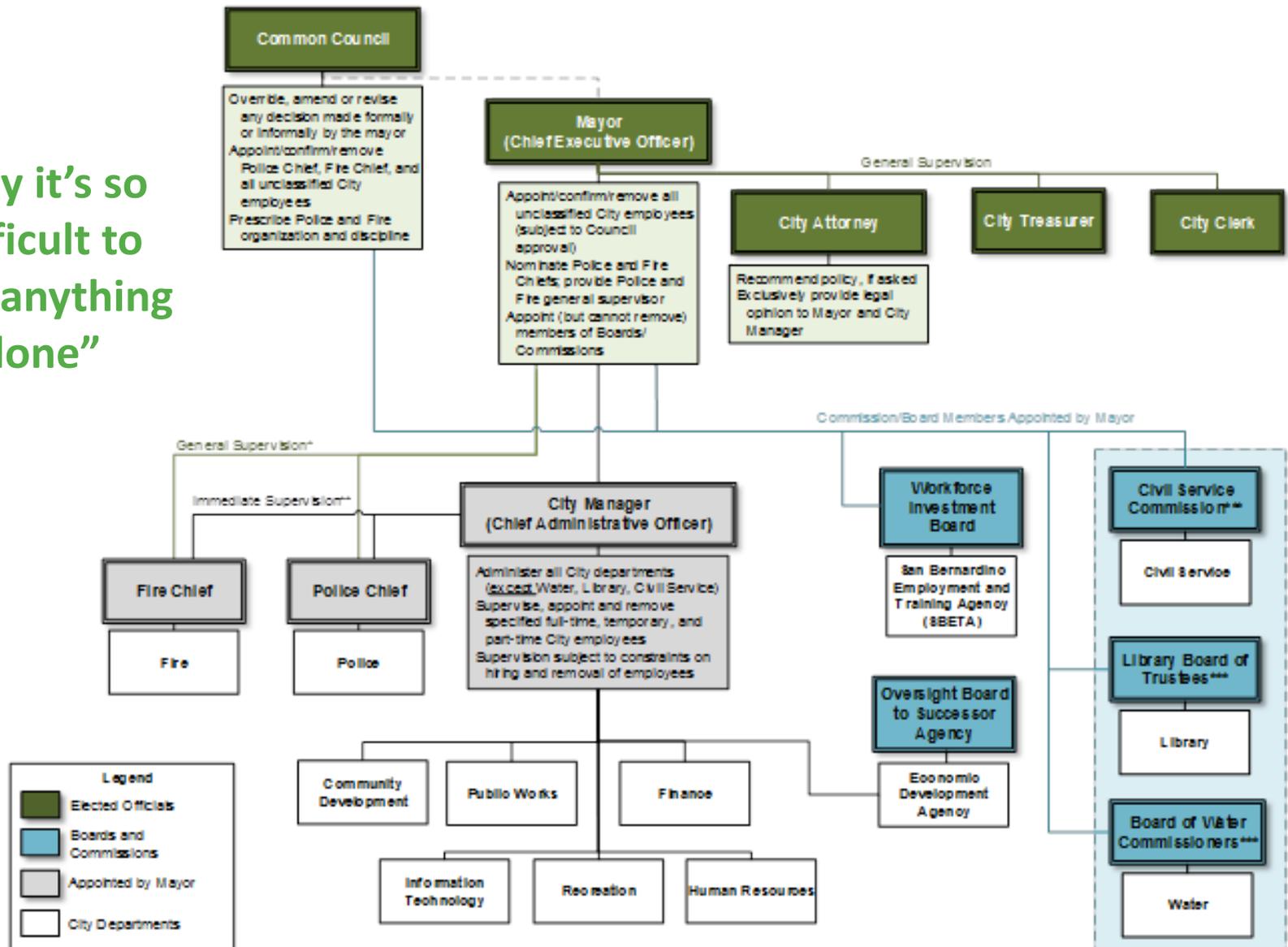
Charter Impacts Basic Management and thus Functioning of City

- No City in California operates like San Bernardino
- Neither a council/manager form of government nor a strong mayor
- Crippling ambiguities with respect to authority of City Manager, Mayor and Common Council
- Elected City Attorney is highly unusual in California cities, and in San Bernardino is vested with right to provide policy recommendations
- Basically everyone is in charge so **NO ONE IS IN CHARGE**



Confusing Reporting Relationships

Why it's so difficult to "get anything done"



* General supervision in this instance is subjected to constraints on hiring and removal (requires 2/3 Council vote)

** Immediate supervision has no power to appoint or dismiss Police Chief or Fire Chief

*** Board has authority to hire, terminate, promote, or demote any salaried position with in department

Profile of Medium Size California Cities

- Right now San Bernardino is the only bankrupt City in California
- For cities between 150,000 and 370,000 in population, San Bernardino is also the only one without a council/manager form of government
- Only 3 of these cities have an elected City Attorney, including San Bernardino
- Charters are pretty common

Profile of Cities Similar to San Bernardino

Number of Cities	Council/Manager Form	Elected City Attorney	City Charter
29	28	3	19
100%	97%	11%	66%



Executive and Department Head Instability

Executive-Level Turnover for Major Service Departments

Department	Number of Directors (2004 to 2014)	Average Tenure (Years)
City Manager	5	2.20
Finance	4	2.75
Fire	4	2.75
Police	5	2.20
Public Works	5	2.20

- Five city managers, police chiefs and public directors over ten years
- Four finance directors and fire chiefs over ten years
- Turnover rate of 24% over ten years, and over 50% in 2009 and 2013.



Ineffective Service Delivery

- **Reliance on in-house service delivery**
 - Labor costs = largest City expenditure; other cities operate at lower cost with fewer employees
 - CalPERS retirement costs continue to escalate, making in-house service provision for certain functions unsustainable
- In a strategic planning survey, residents were asked “***How likely would you be to recommend a friend, relative or colleague to move to the City of San Bernardino?***”



**31% of respondents chose
1 (Least Likely) out of 10.**

Impact of Great Recession

**Recession was capstone
on decline that put City into bankruptcy**

&

**The way out involves organizational
restructuring along with creditor restructuring
and more than faith in economic
development**



Ten Years of Trying to Contain Labor Costs

Although labor concessions helped to contain labor costs...

Bargaining Unit	10% Concessions	Forego Annual Merit Increases	Two-Tier Retirement Plan for New Employees	PERS Pick-up for New Employees
General	✓	✓	✓	✓
Middle Management	✓	✓	✓	✓
Management	✓	✓	✓	✓
Police Safety	✓	✓	✓	✓
Police Management	✓	✓	✓	✓
Fire Safety			✓	✓
Fire Management	✓		✓	✓

the General Fund cash balance was still estimated at **negative \$18 million** in the beginning of FY 2012-13.



Pendency Plan Savings

To date, all of the Pendency Plan Elements have been implemented

Item	FY 2013 Projected Savings	Notes
Workforce and Service Reductions	\$13,452,000	Pre-Pendency Plan savings less SAFER grant.
Police Vacancies (voluntary separations)	\$3,280,000	Reduction in sworn positions from 281 to 260.
Police 13.989% Employee CalPERS Rate Contribution (benefit concession)	\$3,252,000	50% of the normal PERS costs
Fire 13.989% Employee Cal PERS Rate Contribution (benefit concession)	\$1,994,000	50% of the normal PERS costs
Miscellaneous 9.304% Employee CalPERS Rate Contribution (benefit concession)	\$651,000	50% of the normal PERS costs
Fire Overtime Reduction	\$921,375	Elimination of Constant Manning provisions in MOU; 35% reduction in Fire OT.
OPEB Implied Subsidy Phase Out	Pending actuarial valuation	Reduction of the implied annual subsidy to existing retirees of roughly \$800,000 to 1,000,000 beginning January 1, 2014.
OPEB Direct Subsidy Phase Out	\$213,750	Reduction of the direct payment to existing police retirees to the \$112 per month afforded to other retirees beginning January 1, 2013
Employer Paid Member Contribution (EPMC)	\$2,400,000	Elimination of the 9% City contribution and require all safety employees receiving this benefit to pay the contribution through salary deductions.

Decline in Full-time Funded Positions

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
General Fund Positions	1,014	925	951	895	730	735	701
Full-Time Funded Positions	1,224	1,179	1,220	1,142	941	963	985

Source: San Bernardino Adopted City Budgets

- Most position reductions resulted from **retirements and voluntary separations**; not strategic or business decisions regarding municipal services
- City still has slightly more FTE per 1,000 population compared to peer jurisdictions



Inadequate Municipal Services

Library

- Three library branches open only 20 hours per week
- No budget for new books or computer replacement
- 7-10 year-old public computers

Public Safety

- Significant cuts in services available to public
- Reduced a number of specialized law enforcement functions
- Response times are not meeting industry standards

Park and Recreation

- No youth sports program
- Significantly limited recreation programming
- No ball field maintenance
- No printed activity guide for recreation

City Infrastructure

- Deferred infrastructure repairs and improvements, resulting in costs that are too high for future taxpayers to absorb



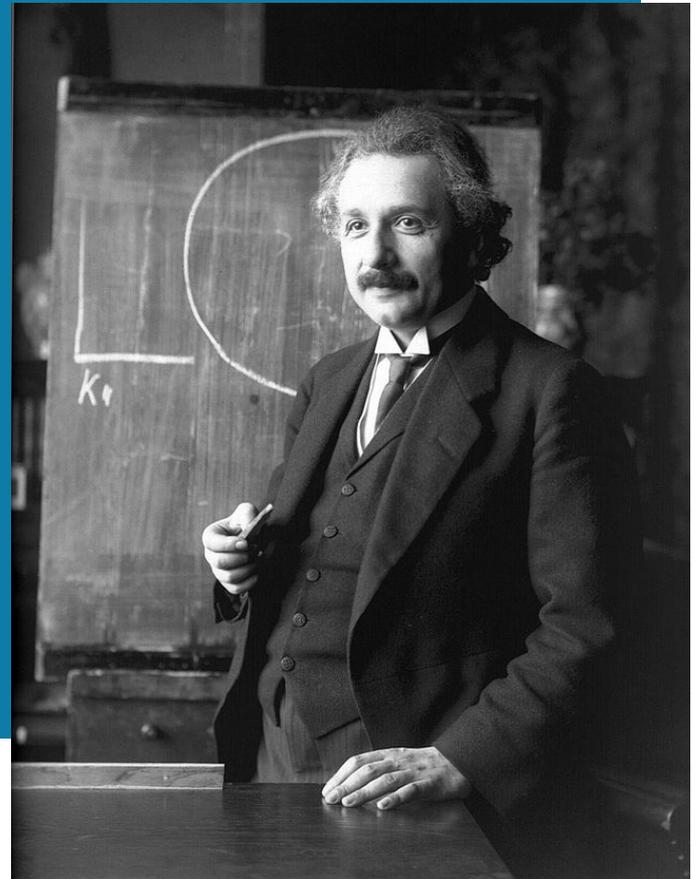
Presentation of

Recovery Plan in Support of the Plan of Adjustment



“We cannot solve our problems with the same thinking we used to create them.”

Albert Einstein



Major Recovery Plan in Support of the Plan of Adjustment Provisions

1. Generate additional General Fund revenue
2. Propose impairment of major creditors
3. Contract municipal services and implement other efficiencies
4. Become a viable employer
5. Address maintenance and infrastructure needs backlog
6. Rebuild internal service funds
7. Present City Charter initiative to voters
8. Implement strategic plan



Revenue Generation Will be Difficult...

- Additional General Fund revenue sources will be difficult:
 - Common Council has been reluctant to increase revenues; Measure Z revision is part of Recovery Plan
 - The community is poor and may not vote to approve new taxes
 - City already gets average to slightly above average revenues per capita, but delivers poor service
 - Nevertheless there are options and the City will be pushed on the issue



Propose Impairment of Major Creditors

- First priority of City is to deliver adequate municipal services
- Plan is inevitably hard on unsecured creditors, who will receive very little towards the amounts owed
- Rebuilding the City, albeit with a much smaller employee foot print, and paying secured creditors is all the financial capacity the City has



Contract Some Municipal Services and Implement Other Efficiencies

- Status quo will not work
- Current City deficit after service & fiscal stabilization expenses averages \$31M per year, and expenses grow faster than revenues
- Even after massive cuts San Bernardino still spends more and has more employees than peer jurisdictions
- Public employees are very expensive and getting more so
- Other similar cities operate successfully with fewer employees by delivering services via contract
 - Moreno Valley
 - Fontana
 - Pomona



Contract Service Delivery Options

- **Fire Department / EMS**
- Fleet Maintenance
- **Solid Waste Collection and Disposal**
- Street Sweeping
- Right of Way Cleanup
- Engineering
- Inspection
- Information Technology
- Graffiti Abatement
- Traffic Signal Maintenance
- Street Maintenance
- Custodial Maintenance
- Soccer Complex Management and Maintenance
- Code Enforcement
- Treasury Management

**Biggest Cost Savings / Revenue Generation Opportunity:
Fire/EMS and Solid Waste**



Reasons to Contract Fire and Solid Waste

Fire/EMS

- Reduce City employee head count to save money
- Implement recommendations of City Gate report
- Deliver services more cost efficiently due to economies of scale
- Allow the City to concentrate limited resources on police service delivery

Note: Santa Ana began contracting with Orange County Fire Authority in 2012 with annual savings of \$8.7 to \$10 million on what was \$48 million city budget (18% to 21%)

Solid Waste

- Commonly provided by private contractors under franchise
- Significant cost savings from reduced labor costs and corporate economies of scale
- Displaced workers are typically offered opportunity for employment with contractor
- Newer, better maintained equipment

Become a Viable Employer

- Bring remaining employees to market level compensation

	% Above or Below Market Total Compensation
Executive Management	-16.6%
Confidential/Management	-15.1%
Mid Management	-29.7%
General	-32.9%
Public Safety	-8 to -10

To recruit or attract many types of employees, San Bernardino must stay in the CalPERS defined benefit retirement system



Address Maintenance and Infrastructure Needs Backlog

Mounting Deferred Maintenance Costs

- Deferred street repairs and improvements estimated at \$180 million, up from \$88.4 million in 2008
- Deferred facility repairs and improvements estimated at \$123 million
- Only 20% of sewer collection system has been video inspected; deferred sewer system improvements estimated at \$23 million
- Over 730 claims filed for damages to vehicles caused by potholes since 2003
- 1,200 locations identified for sidewalk and curb gutter repairs
- Vehicle and equipment replacement deferred (56% of fleet units due for replacement)





Rebuild Internal Service Funds

- Internal service funds exhausted in the run-up to bankruptcy
- Corporate support functions struggle to modernize, streamline and provide valued, cost-effective service
- To achieve service solvency, City must restore corporate support functions and rebuild internal service funds



Present City Charter Initiative to Voters

- City governance structure should be proven, clear and transparent
- Operating Practices for Good Government (OPGG) interim operating agreement is a good first step; must be honored and used to demonstrate progress
- Replacement of City Charter to be drafted for consideration by voters





Implement Strategic Plan to Ensure Service Solvency

To understand service solvency one must understand community priorities

- Strategic Plan Process:
 - Five well-attended community meetings (500+ participants)
 - Strategic planning online survey (459 responses)
 - Two-day workshop with Strategic Plan Core Team (17 community leaders)
 - Work sessions on 4/24 and 5/16



A Strategic Plan to Guide the City

Core Team Priority Recommendations

1. Safety and crime
2. Housing
3. Education and workforce development
4. Community engagement
5. Business development and partnerships
6. Public relations

- City staff is identifying strategic initiatives tied to above priorities
- Interim Strategic Plan to be adopted by City Council in May 2015 as part of Recovery Plan
- Certain costs associated with Plan implementation are included in City long-range financial plan



Strategic Plan Informs Recovery Plan



A. Baseline Budget

Assumptions:

- Revenue projections based on current revenue sources
- Expenditure projections based on current level of staffing
 - Includes future salary adjustments pursuant to the City's charter for sworn public safety staff
 - Includes cost-of-living increases (COLAs) for non-sworn staff to remain competitive
 - Includes projected pension rate changes
- Debt service is based on original amortization schedules and projected contributions

Not viable - Service insolvent
Not sustainable - Cash insolvent

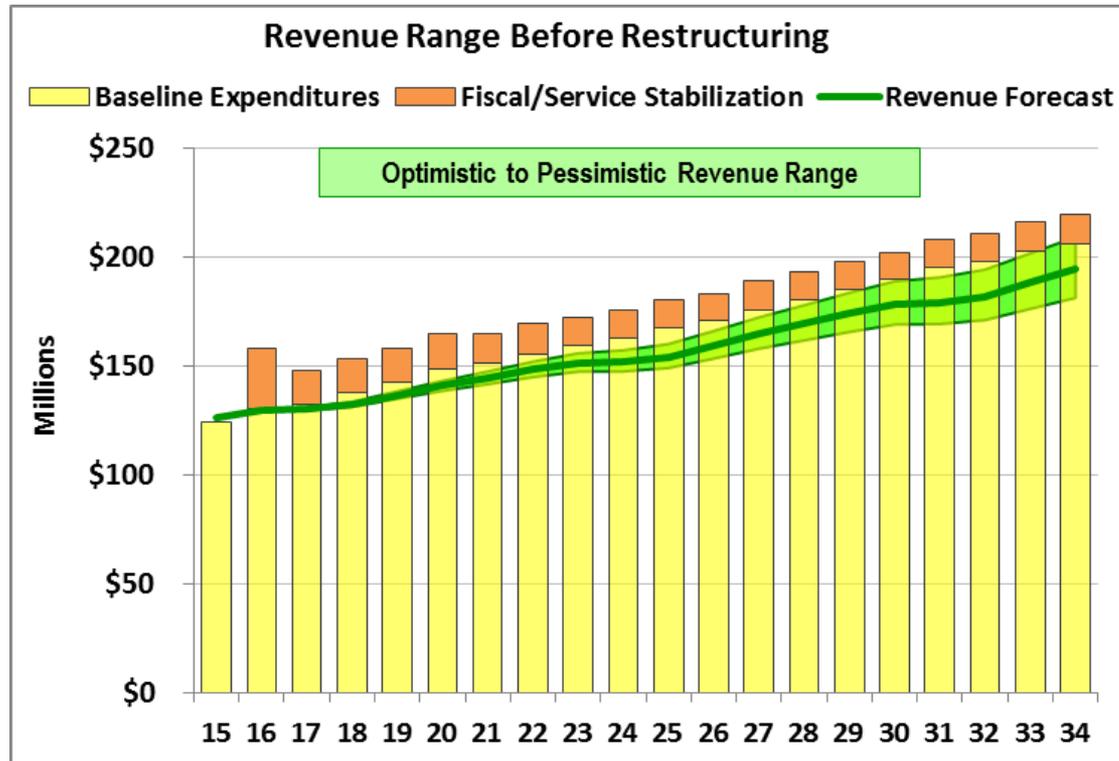


B. Fiscal and Service Stabilization Budget

Assumptions:

- Contains strategic investments added to the status quo baseline budget, including:
 - Funding for working capital and modest increased contributions to deferred maintenance, deferred information systems and fleet replacement
 - Restoration of internal service fund reserves (worker's compensation and liability insurance reserves)

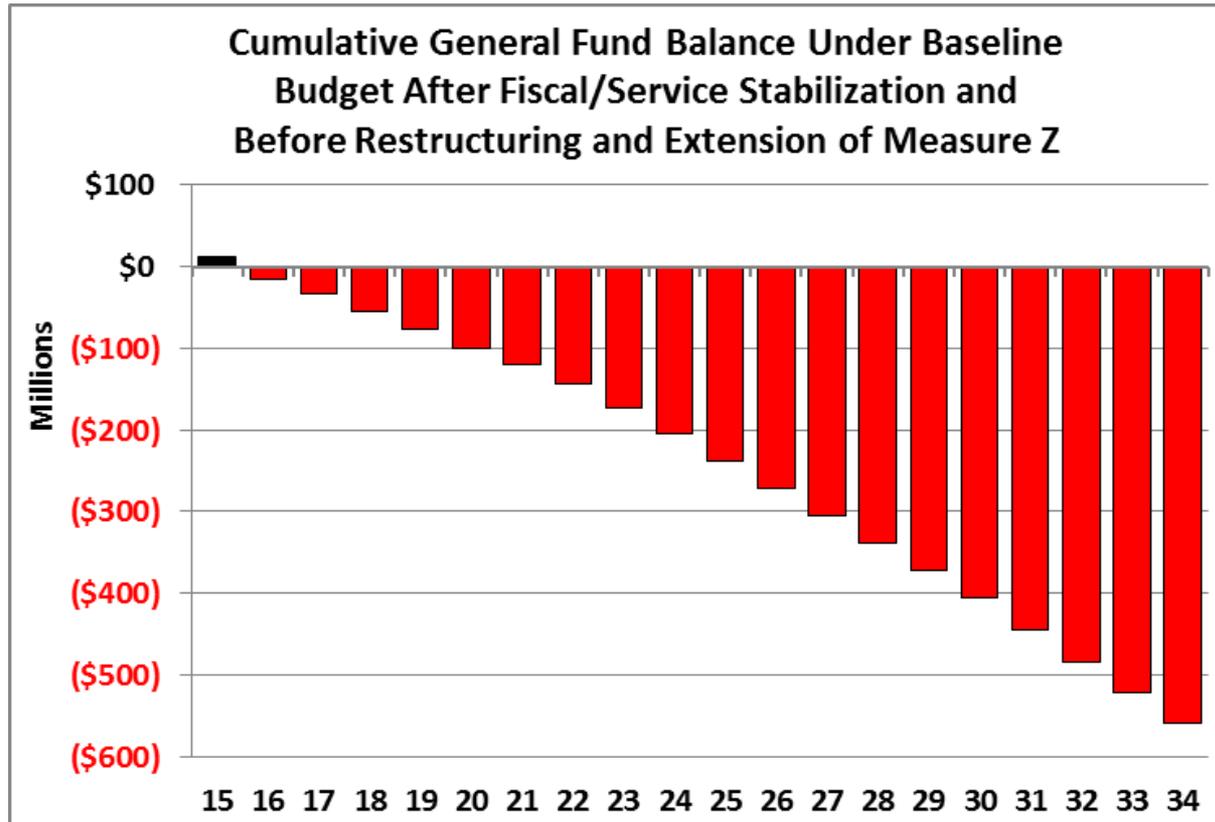
B. Fiscal and Service Stabilization Budget



- Shows revenue range; even optimistic level inadequate to fund expenditure needs of baseline plus fiscal & stabilization needs

B. Fiscal and Service Stabilization Budget

Status Quo Operations Funded at Sustainable Level not Possible



**Viable – No longer service insolvent, but
Not sustainable – Cash insolvent**



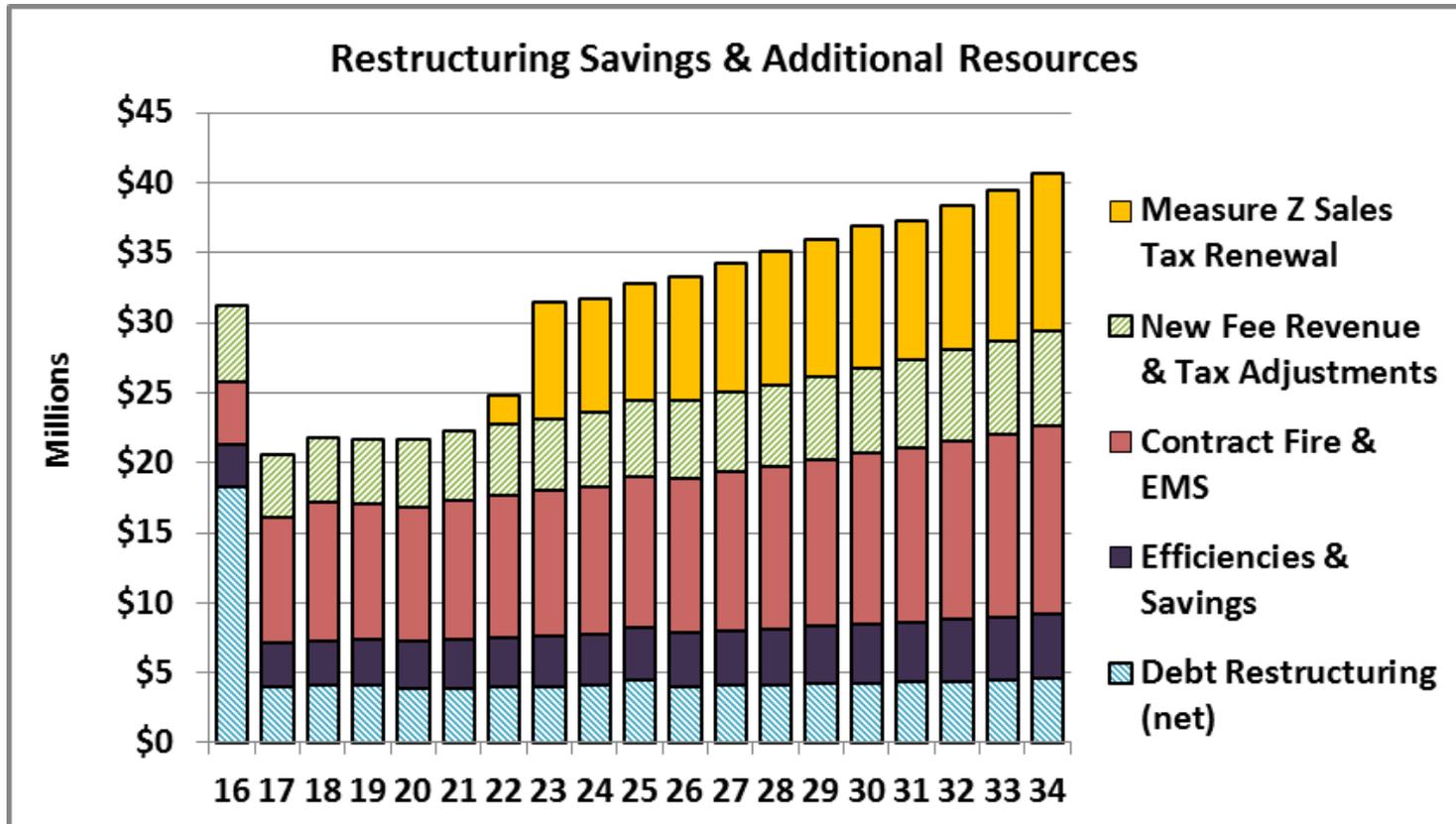
C. Restructuring Savings Budget

Assumptions:

- Contains proposed savings which require Chapter 9 protection in order to be implemented
 - Includes savings from pension and labor agreements, retiree medical benefits, debt obligations, and lawsuit claimants
- Contains proposed service restructuring accomplished through:
 - Contracting with private vendors
 - Additional efficiencies
 - Cost recovery and income from increased fees for services



Fiscal Impact of Recovery Plan



Generate Additional General Fund Revenue

	One-Time	Ongoing (Annual) Savings	Implementation Schedule
Tax Adjustments			
Seek reauthorization of the Measure Z sales tax in 2021 (requires voter approval)		\$8,300,000	2021
Perform a transient occupancy tax (TOT) audit		\$200,000	2015
Fee Revenues			
Collect new waste management franchise fee (once service has been contracted)	\$5,000,000		2015
Increase waste management franchise fee		\$2,800,000	2016
Implement water/sewer utilities franchise fee		\$1,050,000 to \$3,550,000	2015
Update master fees and charges schedule ⁵		\$200,000 to \$500,000	2016
Implement program for collecting street sweeping parking violations		\$200,000 to \$400,000	2015

¹ The Common Council implemented a practice that reduces building permit fees by 50 percent. Fees collected do not cover the cost of providing the service.



Proposed Impairment of Major Creditors

	One-Time	Ongoing	Implementation Schedule
Secured Obligations		\$487,450	2015-2016
Unsecured Obligations ¹	\$57,000,000 to \$78,000,000	\$4,039,881	2015-2016
Other Obligations	\$1,000,000		2015-2016
Total	\$58,000,000 to \$79,000,000	\$4,527,331	

¹The City has made no provision for making payment on the retiree health claims or the employee leave claims in subsequent years.

Estimated Cost Savings

From Contracting Municipal Services

	Ongoing (Annual) Savings	Implementation Schedule
Contract fire and EMS services ¹	\$7,000,000 or more	2016
Contract business license administration ²	\$650,000 to \$900,000	2016
Contract fleet maintenance ³	\$400,000	2016
Contract soccer complex management & maintenance	\$240,000 to \$320,000	2016
Contract custodial maintenance	\$150,000	2015
Contract Graffiti abatement	\$132,600	2015

¹In 2012, the City of Santa Ana contracted with Orange County Fire Authority (OCFA) for fire protection services. The City obtained savings of 18%-21% (\$8.7-10 million) of the Fire Department's annual budget. This preliminary estimate for San Bernardino incorporates the estimated cost savings from contracting fire and EMS service delivery to an outside agency and implementing a variety of service efficiencies identified in the Citygate Study.

²Represents a combination of cost savings in City staff and increased revenues

³Estimated cost savings do not include savings from avoiding fleet replacement costs, the costs of fleet maintenance and part-time staffing costs; excludes Water Department fleet.



Estimated Cost Savings

From Other Efficiencies

Cost Savings and Revenue Opportunities	One-Time	Ongoing (Annual) Savings	Implementation Schedule
Near-Term Efficiency Improvements	TBD	\$1,600,000 to \$2,525,000	2015-2016
Long-Term Efficiency Improvements	TBD	\$1,000,000 to \$2,000,000	TBD

Examples of Efficiency Improvements

- Update the cost allocation plan every two years
- Consolidate the duties, responsibilities and resources of the Civil Service Administration and HR Department
- Propose City Charter amendment for consideration by voters to allow the municipal election cycle to consolidate with state and other elections (a practice followed in most California cities)



Fiscal Impact

Recovery Plan in Support of Plan of Adjustment

	14-15	15-16	16-17	10-Year Total	20-Year Total	% of Total
Measure Z Extension	\$0.0	\$0.0	\$0.0	\$18.5	\$116.7	19.4%
General Unsecured Bonds	\$0.0	\$13.5	\$3.5	\$43.1	\$85.5	14.2%
General Secured Bonds	\$0.8	\$0.5	\$0.5	\$5.2	\$5.7	0.9%
Fee Revenues	\$0.0	\$5.2	\$4.3	\$42.3	\$100.3	16.7%
Contract Fire & EMS	\$0.0	\$4.5	\$8.9	\$83.6	\$204.0	34.0%
Efficiency Improvements	\$0.0	\$3.3	\$3.2	\$31.0	\$74.3	12.4%
Creditor Obligations	\$0.0	\$4.2	\$0.0	\$2.7	\$2.7	0.5%
Tax Adjustments	\$0.0	\$0.2	\$0.2	\$1.9	\$4.7	0.8%
Retiree Health Care Savings	<u>\$0.0</u>	<u>\$0.4</u>	<u>\$0.4</u>	<u>\$3.1</u>	<u>\$6.5</u>	<u>1.1%</u>
Grand Total Restructuring	<u>\$0.8</u>	<u>\$31.7</u>	<u>\$20.9</u>	<u>\$231.5</u>	<u>\$600.4</u>	<u>100.0%</u>
Revenue Increase Total	\$0.0	\$5.4	\$4.5	\$62.8	\$221.7	36.9%
Expenditure Reduction Total	\$0.8	\$26.3	\$16.5	\$168.7	\$378.7	63.1%



Generate Additional Revenue

Revenue Enhancements that Require Voter Approval

	Ongoing (Annual) Savings	Implementation Schedule
Tax Adjustments		
Measure Z renewal (sales tax)	\$8,300,000	2021
Utility user tax increase (1%)	\$3,000,000	TBD
Utility user tax on water, sewer and refuse	\$5,000,000 to \$6,900,000	TBD
Real property transfer tax increase (\$5 per \$1,000 of value) ¹	\$3,600,000	TBD
Fee Revenues		
New 911 communication fee	\$3,878,000	TBD
Business license fee changes ²	\$1,500,000	TBD
Edison (electrical) franchise fee increase ³	\$922,500	TBD
Total	Up to \$27,800,500	

¹ Ability to increase the property transfer tax subject to detailed legal review. It is anticipated that there would be major, organized opposition to such an increase, and there may be significant legal impediments.

² San Jose generates \$44 per capita utilizing a business license structure based on number of employees. Because San Bernardino has fewer businesses and employees, it is estimated that the City would generate revenues of \$39 per capita by similarly revising its schedule.

³ SCE has been unwilling to change its older franchises, and implementation of this would be difficult. Options include increasing the City's franchise fees by adding .5% to customer bills or requesting the California legislature to sponsor a change in legislation to level the franchise percentage among cities.



A Closer Look – Pension Obligation Bonds

- An unsecured obligation
- Does not contribute to accomplishment of City mission
- Negative present value when sold
- Privately placed, non-rated



A Closer Look – Retiree Medical

- City had a huge unfunded liability it could never service
- Retirees are sharing in the pain by experiencing the loss of affordable medical insurance
- Retirees have been offered medical insurance alternatives

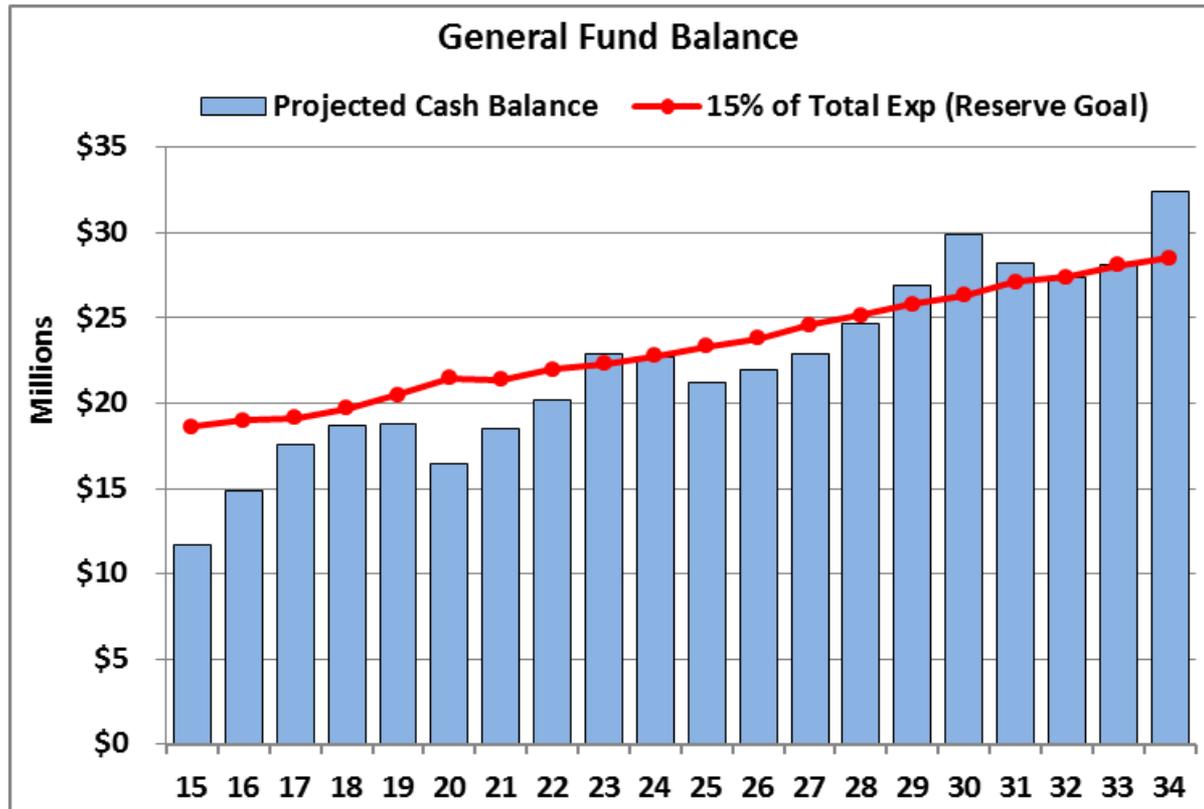


A Closer Look - Contracting

- Fire and solid waste contracting are central to the recovery plan in support of the plan of adjustment strategy
- Potential for large cost reductions / revenue generation
- Commonly done in cities of the same size as San Bernardino
- **How** work is accomplished is not central to the mission of the City
- Providing satisfactory service at reduced cost is a benefit to City and citizens



C. Restructuring Savings Budget



Viable – No longer service insolvent

Sustainable – No longer cash insolvent



We Cannot Simply Hope for an Economic Miracle

The City established a vision for the future in 1998...

Our vision for the City of San Bernardino is for it to be strong and prosperous. **The City of San Bernardino will be the hub of economic growth in the Inland Empire.** San Bernardino will offer a wide range of housing, recreation, cultural, education, and employment opportunities for all who come live and work here. A strong sense of community will continue to grow and thrive within our City limits.

An economic development miracle is not credible and reliance on this as the basis for the Plan could harm the City in the court and with creditors



Organizational Impact of Plan of Adjustment

- Creates a sustainable local government delivering a competitive mix of municipal services
- Demonstrates financial stability over at least a ten-year period
- Places priority on continued delivery of basic and satisfactory municipal services, including deferred maintenance
- Allows for effective and efficient service delivery, following industry best practices
- Allows room for City to be a viable employer
- Provides City a chance to set up a proven form and system of governance that supports satisfactory performance as seen in other Cities



We Must Find Solutions...Not Just Objections



“Nothing will ever be attempted if all possible objections must first be overcome.”

-Samuel Johnson

Plan Filing Deadline

- May 30th Plan filing deadline must be met
- Failure to submit a viable and credible plan could subject the City to dismissal of the case
- City cannot afford to have case dismissed; this would lead to chaos

Plan of Adjustment Package

Plan and Supporting Documents

- Plan of Adjustment
 - Describes how creditors will be treated
 - Shows how City will exit from bankruptcy as a sustainable municipality
- Disclosure Statement accompanies Plan and informs creditors before they vote on Plan
- Supporting documents include the Recovery Plan (i.e., the operational plan and financial plan)



Bankruptcy Court Plan Process

Following Filing of Plan of Adjustment

- Bankruptcy Court will hold a hearing on approval of the Disclosure Statement
- Once approved, Plan and Disclosure Statement (including Recovery Plan) will be sent to creditors along with ballots to vote on the Plan
- Bankruptcy Court will hold hearing on confirmation of Plan



Next Steps

Subsequent to Filing

- Negotiations with major creditor groups will continue and Plan of Adjustment may be modified
- Ongoing litigation will continue (i.e., with Firefighters Union, POBs, etc.)
- Bankruptcy Court will hold status conference on June 17, 2015



Next Steps

Plan Implementation

- Dozens of initiatives - a lot for City to take on
- 2015-16 budget will be action plan for implementation of both plan of adjustment and strategic plan
- Honoring and managing the City via OPGG will be critical
- Turning the City around will continue to require specialized assistance; the City cannot afford to fail

