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I. INTRODUCTION: ELITE 40 UNDER 40

Thank you very much for your warm applause. And thank you, Susan Kruger, for that very generous introduction. Susan is our “Elite 40 Under 40” winner for 2014. I don’t know the young lady well, but clearly by that introduction of me, she must have majored in hyperbole in college. Our “Elite 40 Under 40” program recognizes young adults with entrepreneurial panache who are already making a big difference in their communities. The entire 40 Under 40 Class of 2014 will be offered opportunities to help resolve various challenges facing the county over the coming year. Truly, we here at Oakland County are winners of this contest because my team and I get to interact and tap into the fresh ideas of the best and brightest in Oakland County.

Ladies and Gentlemen, please meet the “Elite 40 Under 40” Class of 2014. Please stand.

Complete Listing of 2014 Elite 40 Under 40:

- Roland N. Alix, P.E., Partner and VP, Hubbell, Roth and Clark, Inc., 33
- Chris Barnett, Township Supervisor, Charter Township of Orion, 36
- Eric Barritt, VP, Development, Alumni, and Community Engagement, Oakland University, 39
- Tom Berman, Chief Business Development Officer and General Counsel, Reverie, 34
- Dr. Lloyd C. Crews, Dean of Campus Affairs, Oakland Community College, 39
- Christina Del Pizzo, Second Grade Teacher, Detroit Country Day School, 31
- Matthew Farrell, Executive Principal / Partner / Founder, CORE Partners, 37
- Lisa Forzley, Humane Education Manager, Detroit Zoological Society, 35
- Brian Foster, Entrepreneur, Stars & Stripes Kids Activity Center, 38
- Tom Gorman, Club Director, Boys & Girls Club of Troy, 32
- Ryan B. Hertz, MSW, President & CEO, South Oakland Shelter (SOS), 33
- Ingrid Jacques, Deputy Editorial Page Editor, The Detroit News, 34
- Lorrion James, VP – Business Affairs, James Group International, 30
- Jeff Jorge, Executive Partner, GDP | Global Development Partners, 39
- Thomas A. Kabel, Shareholder, Butzel Long, P.C., 39
- Bryan K. Kieler, VP Community Development Lending Portfolio Manager Senior, Huntington Bank, 36
- Susan Kruger, President and CEO of SOAR Learning Inc., 36
- Adam Kochenderfer, Attorney, Wolfson Bolton PLLC, 33
- Josh Kozlowski, English Teacher, International Technology Academy, 28

- Kelley LaFontaine, Dealer Principal/Owner, LaFontaine Automotive Group, 38
- Tom Lanni Jr., VP, Beaumont Health System, 36
- Jennifer Llewellyn, Director, Oakland County Michigan Works Troy, 36
- Michael Ari Mandelbaum, Sr. Analyst, Group Business & Corp. Marketing Health Care Reform Team, Blue Cross Blue Shield of Michigan, 31
- Leila M. Matta, Brand Identity, Design & Art Program manager for Mercedes-Benz Financial Services, 36
- Dominic Mirabella, Field Director, Northwestern Mutual, 35
- Matt Mosteiko, Meteorologist Intern, National Weather Service, 32
- Molly Murphy Landis, Art Therapist, Artist, Molly Murphy Landis, ATR, 39
- Stephen Naughton, Campaign Architect, Marketing Impact Inc., 24
- Leah Ohmer, Executive Director, Huron Valley Council for the Arts, 37
- Andrew B. Raupp, Exec. Director, STEM.org & Virtual Education Solutions, 33
- Molly Reeser, Executive Director, Camp Casey, 31
- Dennis Richardson, Owner/Sales Manager, DDR Wealth Advisors/MassMutual SE Michigan, 31
- Layne Sakwa, Associate Attorney, Fried Saperstein Abbatt PC, 35
- Jake Sigal, Founder & CEO, Livio, 32
- Zack Sklar, Chef/Owner of Cutting Edge Cuisine; Social Kitchen & Bar and Mex, 28
- Mark Tapper, President, Tapper's Diamonds & Fine Jewelry, 33
- Nancy Tomovska, Co-Founder/Managing Partner, Stance, LLC, 37
- Stephanie Tomovska, Co-Founder/Managing Partner, Stance, LLC, 33
- Jason Vazzano, CEO, President, & Co-Founder, Vectorform, 36
- Tate Truc Vo, Owner, Dentate Smile Design, 37
- Brian D. Wassom, Partner, Honigman Miller Schwartz and Cohn LLP, 29

While I'm making introductions, I would also like to introduce you to my fellow members of the group that the media has dubbed "The Big Four." Please give a warm Oakland County welcome to my friends and colleagues: Macomb County Executive Mark "9-1-1" Hackel, Wayne County Executive Robert Ficano, and Deputy Mayor of Detroit Ike McKinnon, representing the newest member of this gang of four, Mayor Mike Duggan. Mike could not join us tonight because he was previously scheduled to attend a town hall meeting.

Let me start this evening with one observation: After the month I just experienced, all I can say is "Thank God for George Cushingberry."

II. TWENTY STATE OF THE COUNTY ADDRESSES

Again, thank you for joining me tonight. Welcome to my 20th State of the County Address. This looks like the biggest crowd we have ever had in attendance. Mark, if you're keeping track...looks like about 40,000 to me.

Twenty State of the County Addresses – and the beginning of my 22nd year as your County Executive. Looking back, my administrative team has racked up some pretty impressive numbers since January 1, 1993.

I've had my staff put together a flowchart earmarking every cost saving initiative involving employee compensation. We have other cost savings initiatives, such as our privatization efforts, which are not documented on this particular chart.

The combined savings documented in the flowchart is an estimated \$840 million since I took office. I think you will agree that the leadership of the Oakland County team has transformed the county and the region.

Some of the more dramatic saving came from such programs as:

Saving taxpayers more than \$250 million by fully funding our retiree healthcare obligation – the only county in America to have done so.

We have saved more than \$105 million by moving employees from a defined benefit retirement system to a 401(k)-style retirement.

We have stabilized our healthcare costs and avoided over \$20 million in additional employee healthcare costs through our employee wellness initiative called "OakFit."

We have had an active role in directing more than \$5.5 billion in private investment creating and retaining about 125,000 jobs through our pro-business initiatives.

We finished the last fiscal year (2013) with a \$243 million surplus. Add that to the current delinquent tax revolving fund of \$207 million cash, I think you will agree that Oakland County is in pretty good financial shape.

When I compliment the Oakland County leadership team, I'm talking about not only my staff of deputies and directors who oversee more than 40 Executive Departments and Divisions, but I'm also speaking of the other county elected officials. In my estimation, if all these people, with disparate

interests and agendas, did not work together in the interest of our common taxpayers, we would not be able to achieve the success that we have.

So thank you Sheriff Mike Bouchard, Prosecutor Jessica Cooper, Clerk/Register of Deeds Lisa Brown, Water Resources Commissioner Jim Nash, Treasurer Andy Meisner, Chairman Mike Gingell and Vice Chairman Jeff Matis along with the other 19 county commissioners, and Chief Judges Nanci Grant, Elizabeth Pezzetti and Julie Nicholson.

I would certainly like to recognize and thank Oakland County's 4,326 employees who endured five years without a raise and experienced a four percent salary rollback as their contribution to a shrinking budget, all accomplished with few complaints and no pink slips. A lesson learned here, great things can be accomplished when we all work together.

III. ECONOMIC BAROMETERS

Coming out of the Great Recession, let me share some positive numbers that we consider economic barometers that indicate Oakland County is moving strongly in the right direction. My equalization manager Dave Hieber indicates that foreclosures are about half of what they were in 2012 – 2,800 in 2013 compared to 5,100 in 2012. That is still 2,800 too many, but the arrow is pointing in the right direction.

At the same time we reduced the number of foreclosures, property values are trending upward. Dave reports that property values are expected to increase 6% each year for 2014, 2015 and 2016. This is good news, not just for Oakland County property owners, but for your local governments as well. Dave forecasts that taxable values will rise 2% in 2014, 3% in 2015, and 4% in 2016. That means a slow but steady restoration of revenue to local government coffers. But that doesn't mean local units will be restored to the level of revenues that they enjoyed back in 2007. We are still 6 to 10 years away from that mark.

And our BFC (Business Finance Corporation) says business is rebounding. In 2013, they closed a record 42 business loans, the highest number in a single year since the BFC began granting loans in 1981.

Finally, esteemed University of Michigan economists George Fulton and Donald Grimes determined that in 2011 and 2012, Oakland County added about 48,000 jobs to its employment rolls.

They conservatively forecasted another 41,500 jobs through 2015. And most of these jobs are occurring in the medium to high-wage category of our Emerging Sectors.

My assessment tonight of the State of the County: Good and getting better!

IV. EMERGING SECTORS

To the extent that I have good news to report this evening, much of that is made possible because we are creating jobs. A job puts a lot of balm on the wounds and bruises caused by unemployment. Individuals with jobs can pay their bills; go shopping; they can buy cars; they can pay taxes; and spend money any way they choose within our community that improves all of our qualities of life.

One of the areas we are seeing phenomenal job growth is in our second largest Emerging Sector: Communications and Information Technology. (Healthcare easily holding down first place.) I launched Emerging Sectors back in 2004 to diversify our economy and attract and retain the sustainable, high-paying jobs within the knowledge-based economy - not only in IT, but also in healthcare, advanced manufacturing, and finance, to name a few. There are a total of 10 sectors in which my Department of Economic Development and Community Affairs, led by my Deputy Matt Gibb, Director Irene Spanos, and Deputy Director Dan Hunter work feverishly to diversify our economic base. Not just diversify, but move us into the economy of tomorrow: the knowledge-based economy where the jobs are both high paying and sustainable.

Since its inception in 2004, 258 Emerging Sectors companies have invested more than \$2.6 billion across these sectors creating 30,000 jobs and retaining more than 14,000. That's 44,000 jobs for which Oakland County's Emerging Sectors program can take a bow since it had a direct hand in creating those opportunities.

Of those 258 companies, 102 are in IT. They've invested \$572 million creating almost 10,000 jobs and retaining over 5,700 jobs. But that is not the complete story. There are a total of 2,800 IT firms in Oakland County, including half of the app companies in Michigan.

Firms such as Vectorform in Royal Oak. Vectorform is a cool company that focuses on creating leading-edge software to help promote brands such as Google, Nike, and Microsoft. And firms like

Armstrong White in Birmingham which utilizes emerging sectors technologies to produce digital ads for companies such as Nissan.

Of course, when we see activity flourishing in a particular sector, we take a closer look at it to discover what we can do to build upon our strength. About 20 IT companies from Pontiac, Royal Oak, Southfield and Ferndale have banded together to create an IT focus group, called “OakTech Connect,” which will be modeled after Medical Main Street and Automation Alley. The idea will be to leverage our growing strengths in IT to attract more IT companies to the region and promote ourselves as a premiere destination for the onrushing digital age.

V. MEDICAL MAIN STREET

A moment ago, I mentioned Medical Main Street – our largest and most robust Emerging Sector with 4,300 firms. We clearly are a destination for world-class healthcare, for leading-edge life science research, and for excellence in medical device manufacturing. We toot our own horn on this sector because we have the data to back it up.

Half of the 15 largest employers in Oakland County are hospitals. Beaumont Hospital remains our largest employer with just under 12,000 fulltime employees.

Since its inception in 2008, 38 companies have joined the ranks of Medical Main Street investing over \$900 million and creating over 5,000 jobs while retaining an additional 1,000. That’s right – Medical Main Street is approaching the billion dollar investment mark.

Indeed, look about you. The incredible growth in healthcare, including hospitals, that I was witnessing a few years ago served as the impetus to form Medical Main Street. It continues unabated today.

A little more than a month ago, Crittenton Hospital in Rochester – our 15th largest employer – opened its new South Tower.

This is a medical facility you’ve got to see. The six-story addition has 87 private patient rooms; a learning center for Wayne State University School of Medicine graduate residents; and specialty floors for cardiac medicine and orthopedic, joint and spine medicine. Plus, it has an expanded pharmacy and a floor for family and primary care medicine. A beautiful addition to our medical mosaic.

This May, St. Joseph Mercy Hospital in Pontiac – part of Trinity Health system, my fourth largest employer - will open its new South Tower. No, I'm not repeating myself. Both hospitals have new South Towers (must be something about facing the sunshine).

St. Joe's new South Tower will feature a Cancer Resource and Support Center, a Surgical Pavilion, and a Center for Wound Care and Hyperbaric Medicine. It will also include an Integrative Medicine Center, which offers acupuncture, meditation, guided imagery, and therapeutic massage in a serene setting.

As I list the new additions to Medical Main Street, I'd be remiss if I didn't bring you up to date on the *pièce de résistance*, the Oakland University William Beaumont School of Medicine. The Oakland University William Beaumont School of Medicine opened its doors for its first class in August of 2011. Since that time the total enrollment has grown to 225. The Oakland University William Beaumont School of Medicine is the first medical school in nearly 60 years in the State of Michigan. Examining the track records of similar medical schools opening up around the country, when Oakland University William Beaumont School of Medicine fully matures, the annual economic impact will reach approximately \$3 billion.

These are but several examples of the continued expansion in healthcare in Oakland County. The untold story of Medical Main Street, however, is our thriving medical device manufacturers and the success of our new INNO-VENTION conference. In two short years, something we call "Demonstration Alley" has become the hottest spot at the INNO-VENTION conference. This is where medical device manufacturers show off their products – current and prototypes – to the attendees.

Our first INNO-VENTION conference in 2012 produced a notable business relationship which is yielding outstanding results just over a year later. Our Medical Main Street team connected Royal Oak Medical Device company with MI4Spine company. Together, they are creating new spinal devices which aid in minimally invasive spinal surgery. This partnership is thriving and blazing a trail in medical device manufacturing.

Royal Oak Medical Device recently relocated from Oxford to Rochester Hills. (Why is it called Royal Oak Medical Device then? I'll have to get back to you on that one.)

Our Medical Main Street team led by Dave Schreiber is already preparing for next October's INNO-VENTION Conference at the Suburban Collection Showplace in Novi. It will take place October 21st and 22nd.

VI. AUTOMATION ALLEY

The picture of Oakland County's deep dive into the knowledge-based economy would not be complete without an update on Automation Alley. Announced in my 1997 State of the County Address and launched in 1999, Automation Alley now has 1,000 members which span eight counties and the City of Detroit. It has become so successful in promoting our region as a high-tech hub and at the same time growing into the Midwest's largest technology business consortium, that Automation Alley, in just a couple years, will be spun off and become independent of financial support from Oakland County. This is a remarkable sign of success. The entity that began with just 43 companies has become large enough and regional enough to stand on its own. My first major economic diversification initiative has come of age, and my baby has grown up. And the person who has nurtured Automation Alley from its humble origins to today's 1000-plus member, globally recognized powerhouse, is my driven Deputy Ken Rogers. Nice job, Kenny.

Automation Alley opened an office in Detroit in 2013. Located inside the new Grand Circus training institute in the historic Broderick Tower, the office provides businesses in the city with easier access to Automation alley resources and programming.

Automation Alley is helping to plan a big trade show in June with the Society of Manufacturing Engineers at Cobo in downtown Detroit. The Big M Conference, as it is called, will present the latest developments, trends and techniques specific to additive manufacturing, rapid technologies, 3D printing and 3D scanning. Additive manufacturing is a process of making a three-dimensional solid object of virtually any shape and material from a digital model. In partnership with Automation Alley members, they will create a display area for modeling visualization and simulation at the conference. Automation Alley is also making great strides in helping the Defense Department connect with local companies – something I know my friend Mark Hackel in Macomb County likes to hear.

In 2010, Automation Alley helped create a tool for the Department of Defense that identifies parts manufacturers and material suppliers, not just in Oakland and Macomb, but throughout the

United States. It is called VisCom. Why is this important? Because the U.S. military is no longer dwelling in an acquisition mode but a sustainment mode – meaning, it’s not purchasing new weapons but maintaining the ones we have. It is vital for defense procurers to have immediate access to manufacturers who can help them replace parts on weapons and other defense systems.

There are now over 29,000 manufacturers from across the nation in Automation Alley’s VisCom database. They are vetted and ready to help out the men and women who defend our nation. Of those 29,000 manufacturers, more than 4,000, or 14%, are right here in southeast Michigan. You can see how Oakland County’s leadership, along with Macomb’s defense corridor is boosting our region.

VII. CONNECTED CARS

This next announcement may well be the biggest news of the evening. As you know, Oakland County has always prided itself on attracting the best and the brightest in the region. For example: the “40 Under 40,” Medical Main Street, and Emerging Sectors all focusing on the knowledge-based economy – we are setting a record of success as technology trailblazers.

Well, tonight I am delighted to announce another technology first for Oakland County. A bold leap into the future of technology and smart cars. If successful, I will be placing Oakland County on the global map as the first county in the world to initiate a countywide Connected Car Ecosystem. I’ve already started assembling an outstanding taskforce of industry experts whose names and credentials will be released shortly. They will make recommendations on how to deploy a Connected Car infrastructure in Oakland County, and cooperate with the auto industry, connected car stakeholders, auto insurance companies and service providers. Together, they will best utilize this new technology for improved vehicle safety and enhanced efficiency of the roadway system. This initiative demonstrates our bold thinking and the potential for job growth is staggering.

I think we all know that Michigan is where the next generation of the automobile is being invented, and Oakland County is at the forefront of that innovation. There is a push on now to further develop the Connected Car infrastructure. The U.S. Department of Transportation has jumped in with financial support through grants and is pushing for the deployment of research and development “test zones.” One such test zone is in Ann Arbor. There are also private companies engaged in the same effort to develop this new technology. But I strongly feel we have the opportunity here in Oakland

County to build upon the research which has been done so far and deploy the technology in a countywide Connected Car ecosystem.

In basic terms, a Connected Car will be able to transmit data about the vehicle and its location to other cars and to the road infrastructure. These transmissions, known as “heartbeats,” will be able to send location data that will dramatically reduce auto accidents as well as assisting emergency responders during an accident or crisis. The time is now for industry experts to deploy a Connected Car infrastructure and I think we can make the case that it should be developed here in Oakland County. Look at the map behind me: each red dot represents a technology company which has the talent and the expertise to help build out this system. Each one will be contacted and interviewed to see what role they are prepared to play in this build out.

When people think of Autonomous Cars, they immediately think of Google. But when people think about Connected Vehicles, they will think Oakland County. Our history has been first in cars, and with this new initiative, will be first in Connected Cars.

In technology terms – they’ll call us early adopters.

VIII. REGIONAL ISSUES

I’d like to take a couple of minutes to address a regional issue that impacts all of us. The most challenging issue we are wrangling with today as a region is the behemoth Detroit Water & Sewerage Department. It’s nearly \$6 billion debt and its hundreds of millions of dollars or perhaps even in the billions in deferred maintenance dwarfs the challenges the region faced with the Cobo Hall and the DIA issues. Solutions are being debated now and as I speak tonight, three basic options have emerged: A regional authority to operate DWSD through a lease agreement with the city; or it remains a department within the City of Detroit; or the city leases the system to a private vendor.

Warning: The system is suffering from decades of neglect and will require billions in maintenance and EPA-conforming upgrades. Believe it or not, in some places in the water system, wooden mains are still in use. And since the status quo, i.e. business as usual, is not an option unless we want more of what we have, rates will go up and likely dramatically – maybe even double.

I feel compelled to give you another warning: the Detroit Water and Sewerage System has 124 water and 58 sewer suburban customers many of which are from Oakland County. We, the

municipalities who are in the system, are trapped in a monopolistic web from which we cannot extricate ourselves because there are no reasonable and easy alternatives to escape to. Therefore, as payers in this system, who had nothing to do with the corruption and the organizational failures of the Detroit Water and Sewerage system over the past decades, we are still going to be held responsible to pay for repairs to the infrastructure. In other words, that was a nice way of telling you that your rates are going to go up.

Oakland County, as you might expect, is not satisfied with this prospect. I have two of my top negotiators – my Chief Deputy Jerry Poisson and Deputy Bob Daddow – representing the interests of Oakland County taxpayers at the table. My directive to them from the beginning was incredibly simple given the complexity of the challenge. I laid down one rule: “Remember, no deal is better than a bad deal.”

Pretty simple, but damned effective.

I’ve also given these two gentlemen the go-ahead to examine creating possible alternatives to being trapped in this monopolistic, mismanaged system called the Detroit Water and Sewerage Department. By alternatives, I’m talking about such things as package treatment facilities that we can construct new or expand existing facilities in different parts of the county to handle our own sewage issues. We can set out on a course of drilling more wells for drinking water to escape Detroit’s monopolistic grasp. We’ve even discussed the nuclear option: instead of sending billions to help the Detroit Water and Sewerage operations come into compliance with EPA standards, why not use those billions to build our own Water and Sewer Authority. There are alternatives and we will be examining them. But unfortunately there is no overnight cure.

Let me pause a moment to give some additional recognition. Our Water Resources Commissioner Jim Nash has been a true partner with my administration in the ongoing negotiations with DWSD. Though we come from opposite political parties, Jim’s support for protecting our ratepayers has been unwavering.

IX. HOMELESS HEALTHCARE INITIATIVE

Tonight, I want to reveal to you another area where Oakland County’s leadership is having a positive impact.

Our Health and Human Services Department, under the leadership of my Director George Miller and Health Officer Kathy Forzley, have developed a unique regional partnership to tackle issues surrounding healthcare for homeless individuals and families.

Yes, homelessness is an issue that touches even the state's most affluent county. According to last year's street count, there were 632 individuals on the street or in shelters in Oakland County. And according to Oakland Schools, there were 2,000 kids who were either couch hopping or living at a friend's.

One of the most costly effects from homelessness is healthcare. Individuals living on the streets or going from shelter to shelter often use hospital emergency rooms as we would our doctor's office. Anytime we have a cold or some other non-life threatening ailment, we visit with our family doctor. Homeless individuals go to the ER. The hospitals must absorb the cost of treating them from simple illnesses to more complex afflictions. There are times when they are admitted over the course of several days and hospital bills can run in the hundreds of thousands which the hospital must put in the uncompensated care column.

Why? Because there has been no "step down" care available. Hospitals can only release persons living with homelessness back to the street or a shelter. That invites recurring illness, infections, and complications which often results in costly readmissions and lengthier hospital stays. Oakland County is developing a new approach to an age old problem that will provide huge savings to local hospital systems.

A little over a year ago, our Health and Human Services Department formed a partnership with at least 49 different healthcare and service agencies in our region to address this issue. It is called the Oakland County Homeless Healthcare Collaboration – the first of its kind in Michigan – and a model for others around the nation.

This is an outstanding group. The first time 100 representatives from these agencies gathered together, it was an eye-opening moment. During the initial meeting, the Homeless Healthcare Collaboration was able to identify the barriers and gaps in delivering adequate healthcare to those experiencing homelessness. The collaboration now has a communication portal to connect each other to the information they need to better serve the homeless population. Each agency fills a particular niche within the collaboration. The synergy behind the collaboration is what is making it a success.

The primary goal identified by the collaboration is to reduce the number of hospital admissions and return visits to emergency rooms by homeless individuals.

A local facility called “Hope Hospitality and Warming Center,” which is led by a remarkable woman named Elizabeth Kelly, offers such a course. Her program is currently one of the only programs admitting these individuals into step-down care.

As a result, Elizabeth has become a driving force with the Homeless Healthcare Collaboration to create an independent facility for respite care. In such a facility, homeless individuals are able to recover from illness and injuries at a fraction of the cost. This step-down facility has the potential to save area hospitals millions of dollars. But it needs your support. I encourage the leaders of our healthcare industry in the audience tonight to support the “Hope Hospitality and Warming Center” with donations so they can continue to expand this much needed care to the homeless community. I’d like to get the ball rolling with a \$1,000 donation from our employee Casual Day fund. The money is collected throughout the year and is available to assist those in need and I’m sure that Elizabeth Kelly can tell you that the homeless are in desperate need especially in this most bitter winter. I’m going to ask George Miller to deliver the check to Elizabeth Kelly right now.

Oakland County’s leadership is benefitting not only those who are homeless, but our healthcare providers. And it is getting national attention. Our Homeless Healthcare Collaboration earned a National Association of Counties Award last year. Congratulations, to all of our partners.

X. NEW YORKER MAGAZINE

I would be remiss if I did not interject a personal comment on the much discussed New Yorker Magazine article. Last September a reporter from that magazine contacted my office about doing a “comparison piece” on how Oakland County continued to prosper as a AAA county during the recent recession while Wayne County and Detroit have struggled, for that matter, Detroit actually slipping into bankruptcy. I jumped at this opportunity because I really thought it would be a great opportunity to showcase Oakland County to a national audience.

Red flags should have popped up given the reputation of the New Yorker, but I was focused on a rare chance to sell Oakland County nationally. The reporter and I got together and she pulled the old bait and switch, selling me on one idea of writing a positive story about Oakland County’s success in

creating jobs and stimulating new economic development and attracting capital investment, but instead fabricated a sensational and titillating story that she knew would attract the interest of her editors at the New Yorker and give her the national recognition that she so obviously craves. In hindsight, which is always 20/20, my instincts as an experienced politician let me down. I clearly was blinded by the specter of Oakland County reaching a nationwide audience of potential skilled workers and business owners.

During this reporter's four days here she interviewed me and members of my team about our many innovative programs – Automation Alley, Emerging Sectors, Medical Main Street, and so on. I arranged a tour of the county for her, highlighting some of the best of what Oakland County has to offer in terms of culture, entertainment, dining experiences, unique downtowns, and shopping. Most of the information with which she was provided never made it into the finished article. It ended up on the infamous “cutting room” floor, no doubt where it was destined in the first place.

When the article was published in January, the story was more about me than Oakland County. Her fascination with “gotcha” journalism drudged up old, stale, and worn out statements from decades ago and presented them as they if they were fresh quotes. To say that I was furious about the intentional false representations of my comments would be a gross understatement. I was sandbagged, pure and simple. But for a guy who's been in the public arena for as long as I have, that's a pretty hard thing to admit. I have nobody to blame but myself.

Let me state unequivocally for the record: That I have nothing but the greatest respect and highest regard for the new Mayor of Detroit Mike Duggan. I wish him and his management team, and the citizens of Detroit, all the success in the world in restoring the city to a position of financial prosperity.

I am rooting for a Detroit comeback.

Oakland County and Detroit will always have some contentious issues with which to deal. Sometimes we will respectfully agree to disagree. That is the nature of the political process, and more often than not, it works. That is how things get done.

I regret ever giving this dilettante an interview because it sets back my efforts to heal more than 30 years of strife between city and suburb – some real, some imagined. But I'm prepared to start

anew because there is a wide range of important issues that Mike Duggan and I will need to address in moving this region forward.

To those who know me, explanation for the content of that malicious article is unnecessary. To those who have preconceived notions about me, no explanation will suffice. But let me be absolutely clear: I'm an Oakland County booster, not a Detroit basher.

And that IS a statement on which I can be quoted.

XI. G2G CLOUD SOLUTIONS

For the past couple State of the County Addresses, I have touted our IT Department's venture into cloud computing. With my Deputy and CIO Phil Bertolini, Director Ed Poisson, and Chief Technology Officer Jim Taylor at the helm, G2G Cloud Solutions makes our leading-edge government software available to other government agencies throughout Michigan.

Our leadership in this area has a geographic footprint that spans five counties - Oakland, Macomb, Genesee, Livingston and St. Clair. These five counties encompass more than 2.8 million residents across more than 3,300 square miles. G2G positions our leading-edge software in the cloud so these governments can use our technology. G2G currently provides three types of services in the cloud: Over the Counter Payments, Online Payments, and the Web Publishing Suite.

Over the Counter Payments allows government agencies to take credit card payments at their counter. Online Payments is an easy, convenient and secure online payments solution that can provide any type of online payments branded to a government website. Governments improve service delivery through electronic payments by making it easier for their constituencies to make such payments for government services. The Rochester District Court is leading the way in utilizing this time saving technology in its court.

Oakland County also launched the G2G Marketplace. It will offer solutions from our government partners and approved vendors to other government agencies through an online store experience. The goal of this initiative is to provide governments with an easy way to research, purchase, and implement technology solutions and professional services. The State of Michigan Department of Technology, Management and Budget has been at the table with us in launching this latest innovation in the cloud. It will simplify the purchase and licensing process so government

agencies can utilize technology and services quickly. The G2G Marketplace is a free service available to any government agency including municipal governments, counties, courts, schools, or any other chartered government agency to provide better solutions and services for their citizens.

Yet another way Oakland County is having a positive impact throughout the region. More information on this initiative can be found at www.G2GCloud.com.

XII. MANAGEMENT AND BUDGET

This fall, Moody's Investors Service and Standard & Poor's announced that Oakland County would retain the AAA bond rating that we've held since 1998. This highest credit score enables us to borrow money for infrastructure or to finance other projects at the lowest available interest rates. We were concerned this time around. Several years ago a bond ratings analyst told me if Detroit went into bankruptcy, we may be at risk of losing our AAA. Well, Detroit did file for Chapter 9 bankruptcy. But on the strength of our budgeting practices highlighted by our three year rolling budget and strong business practices, we once again earned a AAA rating. In fact, one of the bond ratings analysts said if they could color code the rating, they would give us platinum.

How effective and ingrained have our budgeting practices become? They are part of our county government culture now. It is in our DNA. Our managers have become so astute at finding structural savings, that we got a nice surprise at the end of the fiscal year. Last year, we planned to spend down \$40 million of our fund surplus. Instead, we generated additional surplus. Our departments underspent by about 10%. I am proud to announce to you tonight that our budget is balanced through 2018. Director Laurie Van Pelt heads up our Management and Budget Department. She along with her able managers Tim Soave, Dave Hieber, and Pam Weipert work diligently to ensure the budget remains balanced.

Our Budget Task Force, comprised of Laurie, my Human Resources Director Nancy Scarlet, and five deputies – Jerry Poisson, Bob Daddow, Phil Bertolini, Ken Rogers and Matt Gibb - continues to monitor on a weekly basis how we spend your tax dollars to ensure we maintain a long-term outlook to spot any fiscal challenges that are on the horizon.

Our budgeting practices are starting to be emulated in the region. We worked with Washtenaw County to show them our best budgeting practices. Now, they are budgeting on a four-year cycle.

There it is again, Oakland County's leadership is helping to transform the region.

XIII. BONDS

In under two months, we will begin to conclude a deal that will save taxpayers \$14.5 million a year through 2027, and then \$34 million annually after that. Do the math: that's over \$170 million. In 2006, the county ended traditional retiree healthcare benefits and we initiated health savings accounts for new hires. The following year, we issued \$557 million in "Certificates of Participation" to become the first county in America to fully fund its retiree healthcare obligation, the dreaded "legacy costs" you hear so much about. (We were unable to use lower-interest bonds back then because there was no provision in Michigan law to allow us to do so at the time. Nonetheless, the county achieved huge savings through the utilization of an alternative: COPS – Certificate of Participation. The retiree healthcare debt service dropped to roughly \$48.5 million annually for 20 years versus the pre-COPS annual contribution of \$60.2 million over 30 years. That reduced payment schedule has already saved the taxpayers more than \$100 million.)

Back in 2012, under the leadership of Governor Rick Snyder, House Speaker Jase Bolger, and Senate Majority Leader Randy Richardville, Michigan passed a law enabling certain municipal governments to use lower interest rate bonds to pay off retiree healthcare legacy costs.

In November of that year, the Board of Commissioners approved my request to refinance the COPS using the low-interest GO bonds under the new Michigan law. Fast forward to last September, the county issued \$350 million in limited taxable general obligation bonds to refinance the existing COPS debt and to supersede and supplant the county's future retiree healthcare obligations. The deal with Bank of America will lower the county's interest rate from 6.2 percent to 3.62 percent when the COPS will be called in early April – thus the \$57 million savings.

Meanwhile, because of the growth in investment value of the county's two retiree healthcare trust funds, the county will utilize available assets to pay down some of the remaining COPS principal. This will leave the two trust funds about 117 percent funded, ensuring that both will remain fully funded and future retiree healthcare costs are covered.

Through our leadership, we are able to keep our promise to our retirees and save taxpayers hundreds of millions of dollars and free them from the albatross of legacy costs that are burdening so many governments today.

XIV. COUNT YOUR STEPS AND FUEL UP TO PLAY 60

One of my successful quality of life initiatives is Count Your Steps, a program to fight childhood obesity. Each year, thousands of Oakland County third and fourth-graders receive a pedometer for one month in the spring and they count their steps. Competing school against school for prizes, students walk as much as possible while gaining additional points for eating fruits and vegetables.

From its inception in 2004, more than 200,000 kids took 18 billion steps or 341 times around the earth. What an impact! Now it is time to expand and transition Count Your Steps into its next phase. I am excited to announce that Oakland County will be the first local government in Michigan to join schools across the country in implementing the largest in-school wellness program: “Fuel Up To Play 60.”

“Fuel Up To Play 60” is a program founded by the National Dairy Council and National Football League in collaboration with the USDA. It empowers students to take charge in making small, everyday changes at school and in their communities. Students can win rewards, like an NFL player visit or Super Bowl tickets, for choosing nutritious foods and getting active for at least 60 minutes every day. They can track their own progress using motivating tools such as an interactive online tracker and personalized webpage.

What excites me most about this program is it energizes youth to take action for their health similar to Count Your Steps. Activities are youth led and are school tested. The program is easily customizable and non-prescriptive - you choose what works for your school and to which degree you are involved.

In the coming months, Oakland County Health Division and a team of community partners will begin targeting about 93,000 elementary school students in K-5 with our new efforts. Our experts will provide schools with hands-on technical assistance, training and one-on-one support to start or expand existing Fuel Up To Play 60 efforts.

XV. THE BROOKSIE WAY

Speaking of exercise and healthy programs, the Health Plus Brooksie Way, named for my late son, continues to expand. Last year's race attracted more than 6,000 participants. We added a 10k to the half-marathon and 5k races.

Just a few weeks ago, The Brooksie Way hosted a 5k at our annual Fire and Ice Festival in downtown Rochester – a first. About 360 runners braved cold temperatures and snow to take part in the “Chill at the Mills.” We are expecting this mid-winter race to become a popular year-to-year attraction at Fire and Ice.

XVI. DEPARTURES AND ADDITIONS

In September, we said farewell to a longtime friend and a member of my administration who had been with me since January 1, 1993. Mike Zehnder retired as director of Public Services. He oversaw divisions such as Animal Control, the Medical Examiner, Veterans' Affairs, among others. Mike has retired with his wife down to the green rolling hills of Kentucky.

Replacing him is Mark Newman. Goodbye, Zehnder. Hello, Newman! Mark comes to us after a long and distinguished career in the Sheriff's Office where he had attained the rank of captain. Mark's law enforcement command experience made him the perfect choice to oversee divisions of the county, many of which interact with the law enforcement community.

Welcome, Mark!

We also wished Corporation Counsel Judy Cunningham a happy retirement. Judy was the first woman to become the county's corporation counsel. Under her direction, more than 90 percent of Oakland County's lawsuits have been handled in house at substantial savings to taxpayers. She began her career in 1980 as a part-time law clerk in the Circuit Court.

We did not have to go far to find Judy's successor. Keith Lermينياux was deputy corporation counsel under Judy and had worked for the county since 2000. Keith has had a lengthy legal career both in private practice and public service. Whenever we've had high profile legal matters, we have turned to him because of his legal acumen.

Welcome, Keith!

XVII. AWARDS

Before we close out the speech, I always like to list the many awards county employees receive during the course of the year. Let me highlight a few here, and the rest, too numerous to mention, are on the screen behind me.

Oakland County was recognized in Crain's Detroit Business as one of Michigan's healthiest employer thanks to our OakFit employee wellness program. Crain's recognizes companies around the state whose policies, programs, and culture create healthy employees and healthy workplaces.

Back in 2007, under the brilliant leadership of my Director of Human Resources Nancy Scarlet, and our Wellness Coordinator Dawn Hunt, a program was established to help us manage our rising healthcare costs. Our eligible employees are asked to participate in an on-site biometric health screening by a third party vendor. The screening provides immediate results for cholesterol, glucose, blood sugar, and BMI (body mass index). There's also a health risk assessment that employees are asked to complete which takes approximately 15 minutes of the employees' time. If they participate in the blood draw and fill out the health risk assessment, \$100 is added to their paycheck.

The National Association of Counties gave kudos to our Homeland Security Division headed by our manager Ted Quisenberry and Chief Sara Stoddard. Homeland Security is a part of our Health and Human Services Department.

These past couple of years we have seen tragedies unfold involving an active shooter. Our Homeland Security Division, in partnership with the Sheriff's Office, put together an active shooter training program which showed what one should do if an active shooter is in your building. They trained county employees, teachers from around the county, and personnel from other organizations – a total of more than 1,800 individuals to date. We hope we never have to see that type of violence here in Oakland County ever again. But we feel confident this training will save lives.

Finally, the National Association of Counties also gave a nod to Children's Village, under the direction of our manager Jody Overall, for its innovative youth re-entry program. It's also a part of our Health and Human Services Department. When youthful offenders enter Children's Village, the process for their re-entry back into the community begins right away. Children's Village works with both the families and the children to determine what kind of support services they will require when returning home after completing their court-imposed sentence.

This program is helping to reduce the recidivism rate among our youthful offenders by identifying early in the treatment process their at-risk behavior and providing wrap-around services to them and their families as they look to return to a productive life in their communities.

Please check the screen behind me for other award winning projects and achievements.

Executive Office

- County Executive L. Brooks Patterson - Public Official of the Year, Governing Magazine
- County Executive L. Brooks Patterson – Executive Leadership Award, Rochester Hills Mayor’s Business Council
- County Executive L. Brooks Patterson – Walter F. Patenge Medal of Public Service Award, College of Osteopathic Medicine
- County Executive L. Brooks Patterson – Max Fisher Achievement Award, 124th Annual Lincoln Day Dinner
- County Executive L. Brooks Patterson – Public Conscience Award, CPAN
- County Executive L. Brooks Patterson - Outstanding Local Elected Official, Michigan Recreation and Park Association
- County Executive L. Brooks Patterson - Appointed to the 2014 ITS World Congress Honorary Committee
- Chief Deputy County Executive Gerald Poisson – Appointed to Michigan Economic Development Corporation (MEDC) Executive Committee
- Risk Manager Julie Secontine - Recognized by the Michigan Association of Fire Chiefs for contributions in bringing the Mutual Aid Box Alarm System (MABAS) to Michigan
- Risk Manager Julie Secontine – Appointed to Michigan’s Public Safety Communications Interoperability Board by Gov. Snyder

Courts

- Chief Probate Judge Linda S. Hallmark - Arthur Eugene Moore Champions of Children Award
- Circuit Court Judge Cheryl A. Matthews - Arthur Eugene Moore Champions of Children Award
- Referee Martin Alvin - Arthur Eugene Moore Champions of Children Award
- Referee Scott Hamilton - Arthur Eugene Moore Champions of Children Award
- Circuit Court Family Division - Hon. Robert E. Weiss award for Excellence in Creative Solutions
- Friend of the Court Referee Traci Rink - Elected Chair of the Family Law Section, State Bar of Michigan
- Friend of the Court Referee Ron Foon – Outstanding Supervisor of the Year, Michigan Family Support Council
- Friend of the Court - Best Places for Managing Parenting Time Enforcement, Federal Office of Child Support Enforcement

- Adams-Pratt Oakland County Law Library, in partnership with the Oakland County Clerk's Office - Designated as Michigan Legal Help Self-Help Center, Statewide Solutions on Legal Self-Help Taskforce

Health and Human Services

- Health Division - 4 X 4 Grant Recipient, State of Michigan
- Health Division - Building Healthy Communities Grant
- Health Division - Compliance Met for On-Site Wastewater Treatment Management Program, MDEQ
- Health Division Community Nursing - 100% compliant by the Early On Oakland, Oakland Schools
- Health Division - Immunization Services for Women, Infants and Children Award, NACo
- Health Division – Achievement Award for Emergency Preparedness Closed POD toolkit, NACo
- Health Division – Achievement Award for Food Inspector Standardized Training Program, NACo
- Health Division – Achievement Award for Public Health Nursing and Substance Abuse Services Team, NACo
- Health Division – Achievement Award for Sanitary Code Article XI Septic Installer Licensing, NACo
- Health Division – Achievement Award for Pediatric Forum: Best Practices in Development Screening, NACo
- Health Division Coordinator Pat White - AIM Achievement and Advocacy Award, NACo
- Health Division Bob Haralabakos - Award of Appreciation, Michigan Mobile Food Vendors Association
- Children's Village Youth Specialist II Brian Kitchin, Michigan Juvenile Detention Child Care Worker of the Year

Management & Budget

- Oakland County Purchasing Administrator Scott Guzzy - Purchasing Manager of the Year, MPPOA
- Fiscal Services Division – Outstanding Budget Presentation, Government Finance Officers Association of the United States and Canada
- Fiscal Services Division – Excellence in Financial Reporting, Government Finance Officers Association of the United States and Canada
- Fiscal Services Division – Popular Annual Financial Report, Government Finance Officers Association of the United States and Canada

Parks and Recreation

- Oakland County Parks Express – Removing Barriers Initiative Award, National Association County Park and Recreation Officials

- Parks and Recreation - Commission Lifeguards Gold Medal by Ellis and Associates, International Aquatic Safety and Risk Management Consultants
- Parks and Rec Executive Officer Dan Stencil - Certified Park and Recreation Executive, National Recreation and Park Association and the National Certification Board
- Parks and Rec Business Development Representative Phil Castonia - Certified Park and Recreation Professional, National Recreation and Park Association and the National Certification Board
- Parks and Rec Planner Brittany Bird - Park Resources Leadership Award, Michigan Recreation and Park Association
- Parks and Rec Jeremy Brown - Market Manager Certification, Michigan Farm Market Association
- Parks and Rec Kathleen Dougherty – Julian Smith Award, Michigan Alliance for Environmental and Outdoor Education
- Parks and Rec Jon Kipke - Inducted into the 2013 MRPA Hall of Fame
- Parks and Rec Joe Gall - Outdoor Education Volunteer Award, Michigan Alliance for Environmental and Outdoor Education
- Parks and Rec Theresa Celusta - Outdoor Education Volunteer Award, Michigan Alliance for Environmental and Outdoor Education
- Parks and Rec - Innovative Park Resources Award for the Ernst Barn, MRPA
- Red Oaks County Park – Class II Award for Best Facility Design, NACPRO

Economic Development & Community Affairs

- One Stop Business Center - Pinnacle Award, Rochester Regional Chamber of Commerce
- Economic Development & Community Affairs - Project of the Year for Business Development Award, CBOR
- AdvantageOakland.com - Best Website Award, MEDA
- OaklandCountyProsper.com - Best eNewsletter Award, MEDA
- Workforce Development Manager John Almstadt - Pontiac Regional Chamber Award
- Workforce Development Manager John Almstadt - Literacy Champion Award, Detroit Rotary Literacy Initiative

Human Resources

- Retirement Unit - Leadership Recognition Award for its Project “Mission Possible”, NAGDCA

Information Technology

- G2G Cloud Solutions - Achievement Award, Center for Digital Government
- Property Gateway - Achievement Award, Center for Digital Government
- Deputy County Executive/CIO Phil Bertolini - Detroit CIO of the Year Finalist, Crain’s Detroit Business

- Deputy County Executive/CIO Phil Bertolini - Champions of Change from the White House
- Information Technology -Web 2.0 Award for Excellence, The Public Technology Institute
- Oakland County - Ranked fourth in the 2013 Digital Counties Survey, Center for Digital Government and the National Association of Counties
- Property Gateway – Achievement Award, NACo
- VersalCode – Achievement Award, NACo
- Web Content/eCommerce Methodology – Achievement Award, NACo
- IT – Digital Government Achievement Award 2013 for eCommerce Expansion/Online Payments

Automation Alley

- Automation Alley - Soft Landings International Incubator Designation, National Business Incubation Association
- Automation Alley - \$5 million grant for the Technical Talent Development Program, U.S. Department of Labor, Employment and Training Administration
- Automation Alley - Gold Award for marketing materials, MarCom
- Automation Alley - Gold Award for 2013 Annual Report, MarCom
- Automation Alley - Invited to present its SERA tool at the national DMSMS Conference
- Deputy County Executive and Automation Alley Executive Director Ken Rogers - Appointed to the 2014 ITS World Congress Honorary Committee
- Automation Alley's Public Affairs Director Kelly Kozlowski - L. Brooks Patterson's Elite 40 Under 40 in 2013
- Automation Alley - President's "E" Star Award for excellence in exporting
- Automation Alley's Senior Director Thomas Anderson, Ph.D. - Elected to serve on board of directors for TechTown
- Automation Alley's Senior Director Thomas Anderson, Ph.D. - Appointed to board of directors for Beaumont Health System and chair of the hospital's Education, Innovation and Research Committee
- Automation Alley's Director of International Business Services Noel Nevshehir - Appointed to board of directors of the Greater Detroit Foreign Trade Zone
- Automation Alley's Director of Philanthropy Kim Cross - Elected to board of directors for the Crittenton Hospital Medical Center Foundation
- Automation Alley Past Senior Director Charles DeVries - Represented Automation Alley at a Detroit Business Leaders' Briefing by the White House Business Council and Business Forward

Water Resources Commissioner

- Water Resource Commissioner's Walled Lake-Novl and Commerce Township Wastewater Treatment Plants - Platinum Peak Performance Award, National Association of Clean Water Agencies

XVIII. CONCLUSION

To close, some of you may have noted that today is President Abraham Lincoln's birthday. He is arguably one of our greatest presidents. I couldn't think of a better man to quote in my closing tonight. When he spoke these words, he could have been speaking for me: (quote) "I do the very best I know how – the very best I can; and I mean to keep on doing so until the end."

Well said, Mr. President.

Unfortunately, we don't hear that same commitment from some of our democrat friends in Congress. One liberal congressman was on a talk show bemoaning the state of our republic. He gushed his liberal wish list saying: "I would like to live in a place where everybody has guaranteed employment, free comprehensive healthcare, free education, free food, free housing, free clothing, free utilities, and only law enforcement had guns."

And, you know, Congressman, believe it or not, such a place does exist...it's called prison.

On that uplifting note, I say thank you for coming tonight and please join me for the reception across the hall.