

1 CITY OF FLINT  
2 RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING  
3 WEDNESDAY, OCTOBER 11, 2017  
4 2:00 P.M.

5  
6 Meeting before the RTAB Board at Flint  
7 City Hall, Flint, Michigan, on Wednesday, October 11,  
8 2017.

9  
10 BOARD MEMBERS PRESENT:

11 Frederick Headen - The Chairperson  
12 Paul Newman  
13 David Tarver (by phone)

14 FROM THE CITY:

15 Chief of Staff, Steven Branch  
16 City Administrator, Sylvester Jones  
17 Deputy Finance Director, Dawn Steele

18 OTHERS PRESENT:

19 R. Eric Cline

20 REPORTED BY: Mona Storm, CSR# 4460

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1 Flint, Michigan

2 Wednesday, October 11, 2017

3 2:04 p.m.

4 THE CHAIRPERSON: Meeting will be in order,  
5 please. Good afternoon.

6 MR. JONES: Good afternoon.

7 MS. STEELE: Good afternoon.

8 MR. NEWMAN: Good afternoon.

9 MR. TARVER: Hello.

10 THE CHAIRPERSON: Let the record reflect  
11 that we do have a quorum, including Mr. Tarver by  
12 conference call. We're expecting Mr. Ferguson  
13 later. If not, I'm going to ask that he be given an  
14 excused absence without objection.

15 There are no additions, I believe, to the  
16 agenda. So I will consider the agenda to be  
17 approved.

18 Next item of business would be the  
19 approval of RTAB meeting minutes beginning with the  
20 meeting of September 13th; that's attachment 1. Are  
21 there corrections or additions to those minutes?

22 If not, is there a motion that the minutes  
23 from the RTAB meeting of September 13th be approved?

24 MR. NEWMAN: Move approval.

25 THE CHAIRPERSON: Is there support?

1 MR. TARVER: Second -- support.

2 MR. NEWMAN: Any discussion?

3 Those in favor, please say "aye".

4 BOARD MEMBERS: Aye.

5 THE CHAIRPERSON: Opposed?

6 Minutes of September 13th are approved.

7 Next are the RTAB meeting minutes from the  
8 Special meeting of September 25th; they are  
9 Attachment 2. Are there corrections or additions to  
10 those minutes?

11 If not, is there a motion that the  
12 September 25th minutes be approved?

13 MR. NEWMAN: Move approval.

14 THE CHAIRPERSON: Is there support?

15 MR. TARVER: Support.

16 THE CHAIRPERSON: Motion's made and  
17 supported. Any discussion?

18 Hearing none, those in favor, please say  
19 "aye".

20 BOARD MEMBERS: Aye.

21 THE CHAIRPERSON: Opposed?

22 Motion is adopted.

23 Next item of business, we have two items  
24 still from Unfinished Business. Just as a reminder,  
25 I believe at the last meeting someone was going to

1 forward information to Mr. Cline regarding one or  
2 both of these resolutions, which he has yet to  
3 receive. So, in the meantime, we'll leave those two  
4 resolutions under Unfinished Business.

5 Next item of business is under New  
6 Business, Mayor and City Council President.

7 Does either Mr. Jones or Mr. Branch have  
8 any report on behalf of the Mayor?

9 MR. JONES: Good afternoon.

10 MR. NEWMAN: Good afternoon.

11 MR. JONES: At this point, we have nothing  
12 to report on behalf of the Mayor.

13 THE CHAIRPERSON: Thank you.

14 MR. JONES: Thank you.

15 THE CHAIRPERSON: I don't see anyone here  
16 from City Council.

17 Next item of business would be the  
18 approval of resolutions and ordinances from City  
19 Council meetings.

20 We'll begin with the Regular City Council  
21 meeting of September 11th. There are four  
22 resolutions here under Attachment 3. Mr. Cline?

23 MR. CLINE: Yes. Good afternoon. As you  
24 stated, Mr. Chair, for four resolutions, we have  
25 Resolution 466.1, which is a contract for tree

1 removal services, which, as I understood the  
2 agreement, was a slight amendment, to include an  
3 expiration date of 2-30 of 2018 for this service.

4 You have Resolution 467, which is an  
5 agreement with Consumers Energy and another company  
6 called Bioworks Energy, for leasing of equipment and  
7 facilities at the City's water processing plant.

8 You have Resolution 468, which is a Change  
9 Order with Standard Life for life insurance and  
10 short-term disability insurance. That's an update  
11 of \$154,000 to the contract.

12 And you have Resolution 495, which is an  
13 agreement with Verizon, a lease agreement with  
14 Verizon.

15 THE CHAIRPERSON: Thank you. Any questions  
16 regarding those resolutions?

17 If not, is there a motion that the  
18 resolutions from September 11th be approved?

19 MR. NEWMAN: Move approval.

20 MR. TARVER: Support.

21 THE CHAIRPERSON: Any discussion?

22 Hearing none, those in favor of the  
23 motion, please say "aye".

24 BOARD MEMBERS: Aye.

25 THE CHAIRPERSON: Opposed?

1 Motion is adopted.

2 Next item is resolutions from the Special  
3 City Council meeting of September 20th.

4 I believe, Mr. Cline, the only item under  
5 that was Resolution 514.1, which was already  
6 approved by the RTAB on the 25th of September?

7 MR. CLINE: Correct.

8 THE CHAIRPERSON: And that concerned a  
9 30-day extension, I believe, of the water contract  
10 with Great Lakes Water Authority.

11 Next are resolutions from the Regular City  
12 Council meeting of September 25th.

13 Mr. Cline?

14 MR. CLINE: Yes. We have Resolution  
15 456.1, which is an approval of an Obsolete Property  
16 Rehabilitation Certificate for the address of  
17 352 South Saginaw.

18 Resolution 457, which is also Obsolete  
19 Property Certificate that was approved for  
20 609 Chavez.

21 Resolution 508, which is a bulk salt  
22 agreement with Detroit Salt, in the amount of  
23 \$300,000.

24 We have a Resolution 510, which is a  
25 Change Order to the Republic Waste hauling contract

1           which extends it to November 12th, 2018. That  
2           contract is for \$3.8 million.

3                       We have Resolution 512, which is a  
4           three-year agreement with the firm of Fishbeck,  
5           Thompson, Carr and Huber for regulation complaints  
6           management. That contract is \$110,000 per year.

7                       Resolution 513, that sets a public hearing  
8           date for consideration of another Obsolete Property  
9           Certificate.

10                      We have Resolution 516, which also does  
11           the same thing, sets another public hearing date.

12                      Resolution 517 is a Change Order to the  
13           contract with Complete Towing, which extends the  
14           contract to December 31st of this year, in the  
15           amount of \$135,000. That's for towing related to  
16           water enforcement activities.

17                      Resolution 518 is a legal settlement,  
18           Flint v Leek Properties, I believe it is, in the  
19           amount of \$45,000.

20                      Resolution 519 is another settlement, in  
21           the amount of \$7,965. This, again, is a legal  
22           settlement.

23                      Resolution 520.1 is an amendment to a  
24           previously-adopted resolution, which actually  
25           changes the name of the Finance Director listed on



1 the resolution for signature.

2 And we have Resolution 522, which is a  
3 contract between the City and the Flint PAL  
4 Corporation, in the amount of \$30,000.

5 THE CHAIRPERSON: Thank you.

6 Is there a motion that these resolutions  
7 from the Regular City Council meeting of  
8 September 25th be approved?

9 MR. NEWMAN: Move approval.

10 THE CHAIRPERSON: Is there support?

11 MR. TARVER: Support.

12 THE CHAIRPERSON: Is there any discussion?

13 Hearing none, those in favor of the motion,  
14 please say "aye".

15 BOARD MEMBERS: Aye.

16 THE CHAIRPERSON: Opposed?

17 Motion is adopted.

18 We separated out two resolutions from this  
19 meeting, Resolution 509 and 511. I believe both of  
20 these are budget amendments to transfer monies from  
21 the fund balance of two different funds.

22 One question that we had, with respect to  
23 both of these, is, what does a transfer of fund  
24 balance do to the balance in the fund; in other  
25 words --

1                   And I'll direct that to, probably,  
2                   Ms. Steele. I just want to make sure there's  
3                   adequate fund balancing remaining after the  
4                   transfers.

5                   MS. STEELE: Yes. I understand that. And  
6                   we did review that to verify it, because we didn't  
7                   want some of the funds in deficit.

8                   As of June 30, our projected ending fund  
9                   balance in the 101 fund will be over 17 million, or  
10                  approximately 17 million. And the rubbish fund,  
11                  which is the 226 Fund, as of June 30th, we're  
12                  projecting a little over a million dollars -- or I'm  
13                  sorry -- \$762,000 in fund balance.

14                  So there is adequate fund balance to cover  
15                  both of these transfers.

16                  THE CHAIRPERSON: And I noted, on the  
17                  Resolution Staff Review, I assume this is a decimal  
18                  point here. The Resolution Staff Review refers to a  
19                  transfer in the amount of 201,400,000 --

20                  MS. STEELE: No.

21                  MR. NEWMAN: -- on two instances. But, on  
22                  a third instance, it refers to the transfer amount  
23                  of \$201,400. I assume the latter amount is correct.

24                  MS. STEELE: \$201,400 is the amount to be  
25                  transferred.

1 THE CHAIRPERSON: Gentlemen, any other  
2 questions regarding either of these two resolutions?

3 Mr. Tarver?

4 MR. TARVER: So I was trying to hear. So  
5 you did defer to the latter amount is the correct  
6 one?

7 THE CHAIRPERSON: It is the correct amount.

8 MR. TARVER: Okay.

9 THE CHAIRPERSON: Mr. Newman?

10 MR. NEWMAN: I have no questions.

11 THE CHAIRPERSON: Mr. Tarver, any other  
12 questions?

13 MR. TARVER: No.

14 THE CHAIRPERSON: Is there a motion, then,  
15 that Resolutions 519 and 511 from the Regular City  
16 Council meeting of September 25th be approved?

17 MR. NEWMAN: Move approval.

18 THE CHAIRPERSON: Is there support?

19 MR. TARVER: Support, support.

20 THE CHAIRPERSON: Any discussion?

21 Those in favor of the motion, please say  
22 "aye".

23 BOARD MEMBERS: Aye.

24 THE CHAIRPERSON: Opposed?

25 Motion is adopted.

1                   Next item of business would be resolutions  
2                   from the Special City Council meeting of  
3                   September 29th. And I believe we have this on an  
4                   agenda simply to acknowledge the fact that there was  
5                   a meeting and Council took no action.

6                   Is that correct Mr. Cline?

7                   MR. CLINE: Yes, that's my understanding;  
8                   no action was taken. So --

9                   MR. NEWMAN: That completes the approval of  
10                  resolutions and ordinances from City Council  
11                  meetings.

12                  The next item of business would be  
13                  City Administrator Items.

14                  Mr. Jones?

15                  MR. JONES: And I'll defer to  
16                  Ms. Dawn Steele on this.

17                  MS. STEELE: Good afternoon, again. We  
18                  provided you with a Budget-to-Actual for all our  
19                  operating funds as of August 31st of 2017. I'm  
20                  happy to report that we are following the budget as  
21                  it was adopted. We are within the guidelines of  
22                  revenue and expenditures.

23                  It should be noted that, for revenues for  
24                  property taxes and special assessments, the revenue  
25                  is posted in July. So, for several of the funds,

1           you'll notice a substantial amount of revenue as  
2           compared to expenditures, and that's why; because we  
3           post the revenue in July for the full fiscal year.

4                       No funds are running in a deficit at this  
5           time, other than the grant funds; and that's because  
6           those are normally reimbursable grants and we are  
7           just waiting to be reimbursed for the expenditures  
8           that we had.

9                       We expect the auditors to be in on Monday,  
10          the 16th, to commence the FY '17 audit. After  
11          reviewing fund balances and cash balances, the City  
12          looks like it's in a pretty good position. No funds  
13          ended in a deficit. Cash balances increased through  
14          the year, along with most fund balances.

15                      Are there any questions or concerns?

16                      THE CHAIRPERSON: Two questions. One is --  
17          and I'm looking at Page 1 of 10 of the  
18          Budget-to-Actual Revenue and Expenditure Report.

19                      MS. STEELE: Yes.

20                      THE CHAIRPERSON: And let's just take  
21          Fund 101.

22                      MS. STEELE: Okay.

23                      THE CHAIRPERSON: The General Fund. First  
24          item of Property Taxes, as I read from left to  
25          right, third column, "Budget", which is the

1 Fiscal '18 budget.

2 MS. STEELE: Uh-huh.

3 THE CHAIRPERSON: Roughly \$4.6 million,  
4 in round numbers, was budgeted for property taxes.  
5 And, as of August 31st, the amount collected has  
6 been, in round numbers, \$4.7 million. So about  
7 136,000 more has been collected than was budgeted.

8 So I was trying to understand why, in the  
9 next to last column, the available balance, 136,948,  
10 is a negative number. It's actually positive, isn't  
11 it? It's -- you've collected more than you  
12 budgeted.

13 MS. STEELE: Yeah. It looks like maybe the  
14 formula is wrong. Because, like, the 14 million for  
15 income tax -- well, the 14 million is what's not  
16 collected, that we have available to be collected;  
17 that's why.

18 The formula's kind of odd. We have  
19 over-collected -- if you want to state it this way:  
20 We've over-collected the 136,000 in property taxes.

21 THE CHAIRPERSON: Correct.

22 MS. STEELE: But, as I stated, for property  
23 taxes and special assessments, we take a look at the  
24 tax roll because it posts in July and there still  
25 could be adjustments made for uncollectible -- which

1 usually happens in June of the year-end, after we  
2 receive our check back from the County for extra --  
3 you know, for the collection from prior years.

4 So that's just the way the formula goes.  
5 Because the available balance to collect, the way we  
6 read it, is the amount that's available to be  
7 collected is the balance. And the negative just  
8 means that we've over-collected; in that line the  
9 revenue was just higher than the budget in that line  
10 item.

11 THE CHAIRPERSON: Okay. Which brings me to  
12 my second question. And you've given a partial  
13 explanation now as to the nomenclature for that next  
14 to last column, Available Balance. That's really  
15 the difference between what was budgeted and what --

16 MS. STEELE: Is posted.

17 THE CHAIRPERSON: -- was collected?

18 MS. STEELE: Right. That's what's  
19 available -- that's what the balance is to be  
20 collected. So you take the budget, the 4.6 and, if  
21 you subtract out what we already collected, that  
22 will leave what we have to collect. And, because we  
23 have collected more than the budget, that's why it's  
24 the negative number.

25 But, if you go down to, let's say, "Income

1 Tax", that 15.8 million in the budget, we've  
2 collected a million so we still have the available  
3 balance to collect is the 14.7 million.

4 THE CHAIRPERSON: Is it possible just to  
5 rename that, what you just described, which is  
6 "Balance to be Collected"?

7 MS. STEELE: Well, we could do that for  
8 revenue. But then, for expenditures --

9 THE CHAIRPERSON: It wouldn't work there.  
10 But, on the revenue side of it, if you budget \$10  
11 and you've only collected, to date, \$2, your  
12 available balance isn't 8. When I think of an  
13 available balance, I think it's what you have  
14 available to spend.

15 MS. STEELE: Okay. What I'll do, then, for  
16 these, I'll switch it for revenue. And I will, under  
17 where expenditures start, I'll add -- I'll leave it  
18 as "Available Balance." I'll just carry -- the  
19 description line item, the top line item, I can just  
20 carry it down and have it above the expenditures  
21 also. So kind of split them out between revenue and  
22 expenditures. If you want, we can do that.

23 THE CHAIRPERSON: And then the final  
24 question, when we had adopted the biannual budget, I  
25 believe, in June for Fiscal Years '18 and '19, there



1 was an analysis from the Finance Department  
2 regarding the projected outlook for the Water Fund.  
3 It indicated that, by the end of Fiscal '19, if I  
4 recall, that fund would be in deficit by about \$10  
5 million, assuming that there were no changes between  
6 now and then, in terms of the water source --

7 MS. STEELE: Correct.

8 THE CHAIRPERSON: -- and what the payments  
9 were.

10 Is that projection still, based on what we  
11 know now, likely to be realized; in other words, do  
12 you expect fund to be --

13 MS. STEELE: The water --

14 THE CHAIRPERSON: -- invested by that  
15 amount --

16 MS. STEELE: Yes --

17 THE CHAIRPERSON: -- by --

18 MS. STEELE: -- because --

19 THE CHAIRPERSON: -- Fiscal --

20 MS. STEELE: The water --

21 THE CHAIRPERSON: -- '19?

22 MS. STEELE: The water source hasn't been  
23 determined. So, actually, what we had -- what we  
24 budgeted is we budgeted the KWA bond payment that  
25 we're responsible for and we budgeted the amount of

1 water payment to LEWA. Depending on where we go  
2 with the water source, if we end up going with LEWA,  
3 they are going to give us credit for the KWA bond  
4 payment. So there will be an adjustment of, I  
5 think, a little over 7 million.

6 So we're still working on looking for the  
7 additional either reduction in expenditures for  
8 FY '19 to balance the budget or increasing revenues.

9 THE CHAIRPERSON: Did you budget the entire  
10 7 million?

11 MS. STEELE: For the KWA. And we budgeted  
12 the full amount of 13 million for the water --  
13 monthly -- well, yearly water payment to LEWA.

14 THE CHAIRPERSON: Okay.

15 MS. STEELE: Yeah. So we are constantly  
16 looking at that and working on it to see what we can  
17 do to bring that fund in balance by then.

18 THE CHAIRPERSON: Thank you.

19 Any other questions, Mr. Newman?

20 MR. NEWMAN: No, I have no -- no other  
21 questions.

22 THE CHAIRPERSON: Mr. Tarver?

23 MR. TARVER: No.

24 THE CHAIRPERSON: Without objection, then,  
25 the Budget-to-Actual report will be received.

1 Next item of business is Public Comment.

2 Mr. Cline?

3 MR. CLINE: Just one individual who signed  
4 up, Mr. R.L. Mitchell.

5 MR. BRANCH: He just went that way.

6 THE CHAIRPERSON: Did anyone else sign up  
7 for Public Comment?

8 MR. CLINE: No, sir.

9 THE CHAIRPERSON: Is there any further  
10 business before this board hearing?

11 None. Is there a motion to be adjourned?

12 MR. NEWMAN: So move.

13 THE CHAIRPERSON: Is there support?

14 MR. TARVER: Support.

15 THE CHAIRPERSON: Without objection, we  
16 stand adjourned. Thank you.

17 (Meeting was concluded at 2:24 p.m.)

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## C E R T I F I C A T E

I, Mona Storm, do hereby certify that I have recorded stenographically the proceedings had and testimony taken in the meeting at the time and place hereinbefore set forth. I do further certify that the foregoing transcript, consisting of (20) pages, is a true and correct transcript of my said stenographic notes.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Mona Storm  
CSR-4460