

1 CITY OF FLINT
2 RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING
3 WEDNESDAY, MAY 10, 2017
4 2:00 p.m.
5
6 Meeting before the
7 RTAB Board at Flint City Hall, Flint, Michigan, on
8 Wednesday, May 10, 2017.
9
10 BOARD MEMBERS PRESENT:
11 Frederick Headen - The Chairperson
12 Michael Finney (by telephone)
13 Joel Ferguson
14 FROM THE CITY:
15 Chief of Staff, Steven Branch
16 City Administrator, Sylvester Jones
17 Chief Financial Officer, Dave Sabuda
18 City Attorney, Angela Wheeler
19 City Clerk, Inez Brown
20
21 OTHERS PRESENT:
22 R. Eric Cline
23 R.L. Mitchell
24 Mark White
25
26 REPORTED BY: Mona Storm, CSR# 4460

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1 Flint, Michigan

2 Wednesday, May 10, 2017

3 2:03 p.m.

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

6 Let the record reflect that we do have a
7 quorum consisting of all three members, including
8 Mr. Finney participating by phone.

9 Next item of business is the approval of the
10 agenda.

11 MR. FERGUSON: So move.

12 THE CHAIRPERSON: Is there support?

13 MR. FINNEY: Support.

14 THE CHAIRPERSON: Without objection, the
15 agenda's approved.

16 Next item is the approval of the RTAB meeting
17 minutes of April 12th. I will note two corrections.
18 One is on Page 2, Line 11 regarding Mr. Ferguson, he
19 was not in attendance at the last meeting so he did not
20 ask for an excused absence. It's customary for members
21 who are not able to attend to be granted one and he was
22 granted one so it's sufficient that the minutes simply
23 reflect the fact that Mr. Ferguson was not present but
24 was granted an excused absence without objection.

25 The other correction concerns Pages 37 and 38

1 of the minutes. There is, beginning on Page 37,
2 Line 10, a statement attributed to Mr. Ferguson. That
3 statement was actually made by Mr. Doyle, an individual
4 who had accompanied Mr. Sabuda to the microphone to
5 discuss the City status in replacing the lead service
6 lines.

7 And there's an additional statement at the
8 bottom of Page 37, carrying over onto the top of
9 Page 38, also attributed to Mr. Ferguson which should
10 be attributed to Mr. Doyle.

11 Are there any other corrections or additions
12 to the minutes from April 12th from the RTAB?

13 If not, is there a motion that the minutes,
14 as corrected --

15 MR. FERGUSON: So move.

16 THE CHAIRPERSON: -- thus far be approved?

17 Is there support?

18 MR. FINNEY: Support.

19 THE CHAIRPERSON: Those in favor, please say
20 "aye".

21 BOARD MEMBERS: Aye.

22 THE CHAIRPERSON: Opposed?

23 Minutes, as corrected, are adopted.

24 There is no unfinished business.

25 New business, Mayor and Council President,

1 Mr. Branch or Mr. Jones, do either of you have any
2 status reports to offer?

3 MR. JONES: No, not at this time.

4 Nothing from the Mayor's office at this time.

5 Thank you.

6 THE CHAIRPERSON: Thank you.

7 Next item of business is the approval of
8 resolutions and ordinances from the City Council
9 meetings.

10 We begin with the Special City Council
11 meeting of April 3rd. One item from that,
12 Resolution 176. Mr. Cline?

13 MR. CLINE: Good afternoon. Resolution 176,
14 the special meeting is the presentation and receipt
15 read by the City Council of the draft fiscal year
16 '18/'19 budget for the City. I will note no copy of
17 the resolution was actually received so that's not in
18 your packet but that was the only action item from that
19 meeting.

20 THE CHAIRPERSON: Is there a motion that
21 Resolution 176 be approved?

22 MR. FERGUSON: So move.

23 THE CHAIRPERSON: Is there support?

24 MR. FINNEY: Support.

25 THE CHAIRPERSON: Are there any questions?

1 If not, those in favor of the motion, please
2 say "aye".

3 BOARD MEMBERS: Aye.

4 THE CHAIRPERSON: Opposed?

5 Motion is adopted.

6 That will bring us to resolutions from the
7 Regular City Council meeting of April 10th.

8 Mr. Cline, if you would summarize those
9 resolutions for us.

10 MR. CLINE: Yes. Resolution 173 is the sale
11 of the City's K-9 Unit to the County Metro Police
12 Department in the amount of \$15,000, with the
13 application of that revenue to go back into the K-9
14 Unit Program.

15 Resolution 174 is a memorandum of
16 understanding with Consumers Energy to replace the
17 pedestrian foot bridge at the U of M Flint campus.
18 This cost is to be borne by Consumers Energy and it's a
19 minimum of \$70,000 project.

20 You have Resolution 175, which is the
21 appointment of the blight officer. This is a mayoral
22 appointment. There is a one-page agreement for this
23 appointment within your packet.

24 You have Resolution 178, which is a change
25 order with SSS Printing in the amount of \$25,000. This

1 is for the continued printing of water bills.

2 Resolution 179 is an agreement with
3 Arnold Sales for janitorial supplies in the amount of
4 \$16,000.

5 Resolution 180 is the approval of an office
6 relocation to house the Administrative Hearings Bureau
7 in the former Risk Management Offices.

8 Resolution 181 is a change order with
9 Aldridge Trucking in the amount of \$5,000 for fill sand
10 for additional street projects.

11 And Resolution 182 is, again, a change order
12 with Central Concrete Products in the amount of \$25,000
13 for adding concrete materials for road projects this
14 season.

15 THE CHAIRPERSON: Is there a motion that
16 these resolutions be approved?

17 MR. FERGUSON: So move.

18 THE CHAIRPERSON: Is there support?

19 MR. FINNEY: Support.

20 THE CHAIRPERSON: Is there any discussion?
21 If not, those in favor of the motion, please
22 say "aye".

23 BOARD MEMBERS: Aye.

24 THE CHAIRPERSON: Opposed?

25 Motion is adopted.

1 Next is Resolution 100.1. And I believe we
2 had a question for City officials regarding this
3 resolution.

4 Mr. Sabuda or Mr. Branch or Mr. Jones, there
5 were two questions regarding this resolution. So that
6 we are clear that we understand, this is regarding an
7 arrangement between the City and the County, I believe,
8 for the lockup.

9 There was a reference in the resolution
10 itself to fiscal year '17. If that's in reference to
11 the City, then we're talking about the end of June.
12 But there is, in some of the other materials, a
13 reference to September 30, 2017.

14 So can someone clarify, first of all, which
15 period of time are we talking about. Is it the City's
16 fiscal year or is it the fiscal year of the County?

17 MR. SABUDA: The City's fiscal year is July
18 to June, so July 1 through June 30. On the funding
19 from -- from the State of Michigan, it's on the --
20 that's on the State of Michigan fiscal year, which
21 would be an October, September. That was the piece
22 that -- that I was working on. And I don't have the
23 resolution in front of me so I would really have to
24 look at what you're -- what you're seeing there,
25 Mr. Chair, so that I could answer more clearly.

1 THE CHAIRPERSON: So is the -- is the period
2 of time covered by this understanding or memorandum, is
3 it through this June 30th or is it through
4 September 30?

5 MR. SABUDA: I don't recall. I don't have
6 it.

7 MS. WHEELER: It's September.

8 MR. SABUDA: September 30th?

9 MS. WHEELER: Yeah.

10 THE CHAIRPERSON: September 30th?

11 MR. SABUDA: It's September 30th.

12 THE CHAIRPERSON: And then the follow-up
13 question was why this was being acted upon by City
14 Council in April, if it's for a period of time from
15 October 1 of 2016. You have roughly five months left.
16 So what would the explanation be as to what transpired
17 since October 1?

18 MR. SABUDA: What I can -- what I can
19 definitely tell you is this: Is that we had to confirm
20 the funding source. From the Finance Department's
21 point of view, we had to confirm the funding source;
22 that was number one, which Mr. Pike did confirm from
23 the State of Michigan. And I want to say that was
24 around the Thanksgiving holiday.

25 And then we had to confirm that the facility

1 was inspected and was eligible to be utilized, I mean,
2 for lack of a better term. So there was a point in
3 time where we had to work through the Governor's office
4 in order to get a response from MDEQ to get that
5 information. And I believe we finally received that
6 e-mail in January, February. And then that item was
7 then moved on to -- back to -- from my department, it
8 was then moved on up to the Mayor's office.

9 From there, I cannot comment any further on
10 it. It's out of my hands at that point in time. But I
11 can certainly tell you we had to work long and hard
12 with corrections to make sure that the facility was up
13 to code, and they confirm that.

14 THE CHAIRPERSON: Was this arrangement
15 actually in place prior to April 10th when the Council
16 heard the resolution? You know, my basic question
17 is --

18 MR. SABUDA: Oh, they were using the
19 facility, yes.

20 THE CHAIRPERSON: My basic question is, this
21 makes reference to an arrangement for a 12-month period
22 of time, October 1 of last year through September 30th
23 of this year, and it's approved roughly seven months
24 into that period of time. So that obviously raised
25 questions with us.

1 MR. SABUDA: Right. No, no question. And
2 you -- at the end of the day, what ends up happening is
3 that item was preapproved -- or was approved, post
4 going forward and there was a contract prior to that
5 that we were utilizing. And, to the best of my
6 knowledge, it was the same contract that was the prior
7 year.

8 THE CHAIRPERSON: Is there a motion that
9 Resolution 100.1 be approved?

10 MR. FERGUSON: So move.

11 THE CHAIRPERSON: Is there support?

12 MR. FINNEY: Yeah, I'll support it. But I
13 have a question.

14 THE CHAIRPERSON: Yes, Mr. Finney?

15 MR. FINNEY: Could you repeat his
16 explanation? Because I didn't quite hear everything
17 that he said, just the last part.

18 THE CHAIRPERSON: Mr. Sabuda?

19 MR. SABUDA: I'm sorry. The question again,
20 Your Honor?

21 THE CHAIRPERSON: Could you repeat the later
22 part of your explanation.

23 MR. SABUDA: Okay. So there were -- from the
24 Finance point of view, there were two items that we
25 needed to confirm. The dollar value was available from

1 the State of Michigan, which was confirmed by Mr. Pike
2 at the Department of Corrections. And then the other
3 piece was -- was the building eligible to be utilized,
4 was it up to code? That took a lot longer to -- to
5 achieve that goal. I had to use the Governor's office
6 to get that information from -- from Corrections.
7 Corrections finally responded. I would say they
8 responded late February.

9 From there, that -- that contract from
10 Finance would then have gone to the Mayor's office and
11 then would have then gone onto the agenda. But, after
12 it left my office, I can't comment any further, as far
13 as what happened from the time it left my office until
14 the time you have the Council agenda.

15 THE CHAIRPERSON: Mr. Finney?

16 MR. FINNEY: So -- so, again, I'm having a
17 little bit of difficulty. But, if I'm understanding
18 correctly, we are, in fact, approving a contract
19 retroactively?

20 MR. SABUDA: Yes.

21 MR. FINNEY: Is that a "yes"?

22 MR. SABUDA: That's a "yes", sir. Yes, sir.

23 MR. FINNEY: Okay.

24 And so I'm guessing that part of the reason
25 the City was comfortable with it is because there's a

1 requirement that the State of Michigan reimburse it?

2 MR. SABUDA: That is correct. And, also,
3 that this contract was in place the prior fiscal year.
4 It's the same contract and it was renewed in -- for
5 this fiscal year.

6 MR. FINNEY: Okay. Okay. I'm all set.

7 Thank you.

8 MR. SABUDA: You're welcome.

9 THE CHAIRPERSON: Question, then, is on the
10 adoption of the motion. Those in favor, please say
11 "aye".

12 BOARD MEMBERS: Aye.

13 THE CHAIRPERSON: Opposed?

14 Motion is adopted.

15 Next item of business are City Council
16 Resolutions from their regular meeting of April 24th.

17 Mr. Cline.

18 MR. CLINE: We have Resolution 184, which is
19 a lease agreement with Florence Cement to lease two
20 acres of property at the City's water treatment plant
21 to perform concrete batching work in support of the
22 Linden Road project. This would be approximately for
23 eight months with a revenue stream of approximately
24 \$3,000 per month to the City.

25 And Resolution 187, which is for the purchase

1 of six Chevy Tahoes in the amount of \$219,000 for the
2 Police Department.

3 You have Resolution 188 with Cannon Equipment
4 for the purchase of a Versalift vehicle in the amount
5 of \$142,000.

6 You have Resolution 189 for the purchase of
7 18 vehicles in the amount of \$473,000. I believe these
8 all were trucks and this purchase was made through the
9 Michigan MiDEAL program.

10 You have Resolution 190, for Gorno Ford for
11 the purchase of four medium-duty trucks in the amount
12 of \$219,000. This purchase was also made through the
13 MiDEAL program.

14 You have Resolution 191 -- no -- yes.
15 Resolution 191, which is a settlement between the City
16 of Flint, a grievance settlement with three employees.

17 You have Resolution 185, SSL Firearms, which
18 is approval of an auction of surplus firearms with a
19 percentage breakdown of 8 percent of the sale going to
20 the company and the balance going to the City.

21 And you have Resolution 206, which is a
22 construction engineering agreement with Fleis &
23 Vandenbrink Engineering in the amount of \$257,000 for a
24 project out on Fenton Road.

25 THE CHAIRPERSON: Is there a motion that

1 those resolutions be approved?

2 MR. FERGUSON: So move.

3 THE CHAIRPERSON: Is there support?

4 MR. FINNEY: Support.

5 THE CHAIRPERSON: Motion's made and seconded.

6 Are there any questions?

7 MR. FINNEY: Yeah. A quick question on the
8 resolutions, the ones that relate to the vehicle
9 purchases. And my question is each one of them
10 references the vehicles that are being taken out of
11 service and sold at auctions. Are those estimated
12 prices -- is that the total expected to be received for
13 all vehicles or is that the per vehicle expectation?

14 THE CHAIRPERSON: Gentlemen?

15 MR. SABUDA: Mr. Chair, I would have to see
16 the resolution in order to answer you properly. Do you
17 have -- may I see the -- may I see the -- if I may?

18 THE CHAIRPERSON: Mr. Cline, do you have that
19 specific resolution?

20 MR. SABUDA: Do you have that?

21 MR. CLINE: Yes.

22 MR. SABUDA: Thank you.

23 MR. CLINE: No, no, that's fine.

24 MR. FINNEY: It's the 189 -- or 187, 188 --

25 THE CHAIRPERSON: 189?

1 MR. FINNEY: -- 189, 190, I think those are
2 the four.

3 MR. CLINE: I got them here.

4 MR. SABUDA: Perfect.

5 Okay. All right. On 188 -- all right. On
6 the 187, the \$219,000 price is for the six vehicles.
7 You can roughly divide the six into the 219 to get the
8 vehicle per price charge.

9 On 188 --

10 THE CHAIRPERSON: 189.

11 MR. SABUDA: I'm sorry, sir?

12 THE CHAIRPERSON: 189.

13 MR. SABUDA: Or 189. I'm sorry. Thank you.

14 On 189, you're looking at the 18 vehicles,
15 the price of 473,146 is for the total of 18 vehicles.
16 That's the gross cost. And you would divide the 18
17 into the 473 to get the full -- the price per unit
18 charge. And then, on 190, you're looking --

19 MR. FINNEY: No, I think -- no, maybe I'm not
20 understanding you. I was more concerned -- I was
21 interested in understanding the value of the vehicles
22 that were being taken out of service.

23 MR. SABUDA: Yes.

24 MR. FINNEY: And I'm just curious. Are the
25 numbers that are estimated for the value of those taken

1 out of service, does that represent one vehicle or does
2 it represent the total of all vehicles that each one in
3 the four resolutions?

4 MR. SABUDA: It's for all 18 vehicles. That
5 is the estimate.

6 MR. FINNEY: Okay. Thanks.

7 THE CHAIRPERSON: So the estimate of 18,000
8 to \$25,000 for the 18 vehicles, that's for the
9 entire --

10 MR. SABUDA: That's for the entire lot.

11 THE CHAIRPERSON: -- fleet of 18?

12 MR. SABUDA: That's right. Okay. And then,
13 when you look at the four vehicles that are being
14 pulled off, the 7- to 10,000 that would be for the full
15 lot of four vehicles.

16 THE CHAIRPERSON: Okay.

17 (Mr. Jones shows Mr. Sabuda a document.)

18 MR. SABUDA: Yes. I didn't have that
19 detailed up. But thank you, Sylvester.

20 THE CHAIRPERSON: Mr. Finney, any further
21 questions?

22 MR. FINNEY: No, I'm all set. Thank you.

23 MR. SABUDA: Thank you.

24 THE CHAIRPERSON: Motion was made and
25 seconded. Any questions on the adoption of the motion?

1 Those in favor, please say "aye".

2 BOARD MEMBERS: Aye.

3 THE CHAIRPERSON: Opposed?

4 Motion is adopted.

5 The next is Resolution 138. Mr. Cline?

6 MR. CLINE: Yes. Resolution 138 was an
7 administrative change implemented by the City Council
8 that the settlement of any damage claims above the
9 amount of \$2,500 should be submitted to the City
10 Council for approval prior to settlement.

11 The reason that this one was isolated is that
12 the approving resolution did not have all of the
13 required signatures on it. Let's see. I believe the
14 City Council president is the only one that actually
15 signed that resolution. So we narrow that for the
16 Board's consideration.

17 THE CHAIRPERSON: And does that resolution
18 now bear the additional signatures?

19 MR. JONES: It does not. And, at this time,
20 I think it would be appropriate to defer to the interim
21 City Attorney, Angela Wheeler, to provide some context
22 on this situation.

23 THE CHAIRPERSON: Okay.

24 MS. WHEELER: Hi. Angela Wheeler. This was
25 a resolution that was not submitted through the

1 procedure of going through the City Attorney's office
2 and through the Mayor's office. This is one in which
3 Mayor Weaver did veto. It was -- and I believe that
4 veto was also forwarded to your office. But it was put
5 on file here with the City Clerk's office on Monday.
6 The veto was overridden. But still we do stand behind
7 our official position that we don't think that \$2,500
8 is an appropriate amount to be submitted to Council.

9 And past history, usually the number would
10 be, through Risk Management, anything over \$10,000,
11 then the Council would like that to be reduced to
12 \$2,500. We do provide quarterly reports to the
13 Council.

14 THE CHAIRPERSON: So one of our
15 considerations tends to be not to take action on the
16 resolutions that don't have all the required
17 signatures.

18 Now, you've indicated that this particular
19 Resolution, 138, was vetoed and the veto was
20 subsequently overridden by City Council.

21 MS. WHEELER: Yes, it was, on Monday.

22 THE CHAIRPERSON: From a procedural
23 standpoint, if a resolution is overridden of a veto, do
24 the parties then sign that resolution?

25 For example, will the Mayor sign this or is

1 it customary, if it's overridden, that the only
2 signature that's necessary is that of the Council
3 President?

4 MS. WHEELER: It would normally be only the
5 Council President on that. But I think there is other
6 considerations that should also be taken in, as far as
7 what we need to be brought here before the RTAB on a
8 monthly basis, as opposed to processing damage claims
9 as a matter of course through the City Attorney's
10 office or whomever would be in charge of those, as far
11 as logistics, getting things completed. So -- but
12 yeah, I mean, true enough.

13 THE CHAIRPERSON: If there is no objection,
14 I'm going to suggest that we defer action on this
15 particular resolution until we have additional clarity
16 by City officials. I do see that the City Clerk wishes
17 to address this.

18 MS. BROWN: Yes.

19 THE CHAIRPERSON: Yes, please.

20 MS. BROWN: My statement does not certainly
21 contradict our City Attorney or anything like that but,
22 since there was no one here from Council, I thought it
23 would be important to state the background of why the
24 Council wanted to go back to the \$2,500 damage claim
25 process.

1 THE CHAIRPERSON: Yes, please.

2 MS. BROWN: If I recall correctly, in 2013,
3 under Emergency Manager Brown, I believe, rescinded the
4 damage claimed amount went up to \$10,000 before it had
5 to go through the normal process. And what Council
6 wanted to do was to put it back to the original figure
7 of \$2,500. And that is the reason for their particular
8 resolution and so forth.

Now, added to that would be a procedural point, that Council can, I'm still assuming, introduce its own resolutions from the board, as they have done in the past, with the understanding that, once that resolution is introduced and so forth, when they introduce it from the floor, it could go to the City Attorney at that point as to form, not as to context, but as to form.

17 In the past, when they've done this from the
18 floor, it did not have to go to the Mayor's office. So
19 this may be kind of tied into some of the executive
20 orders that you all have put in place that may be in
21 the finite detail that's described and so forth, which
22 we need to discuss later. But that was the reason for
23 the recent -- that Mr. Brown did it that way no.

Now, it was -- the original vote was 8 to 1
so the original vote was vetoed, too, in the first

1 place. I know the Mayor did veto it, even though it
2 was overridden.

3 And I believe at the meeting on Monday night,
4 this past Monday night, the Council overrode the veto.
5 But their reason was it had to do with going back to
6 the original model of sometime prior to 2013 of that
7 \$2,500 damage claims coming directly to them.

8 And, also, I should point out the importance
9 of those damage claims for availability in the City
10 Clerks office so that, when people come in for damage
11 claims, they can come to wherever they -- in the past,
12 they have gone to the City's Clerks office as well as
13 to the City Attorney's office to pick up the damage
14 claims and to drop them off.

15 So that was their justification for that
16 particular change. Coupled with that, I think they
17 were concerned about some -- how do I put this nicely?
18 A damage claim that was filed that they felt was
19 over -- over the limit that should not have been filed.
20 And all they're trying to do is just check it out, so
21 to speak. But the veto was overridden at the meeting
22 Monday night.

23 THE CHAIRPERSON: Purely from the standpoint
24 of procedure, a Resolution that was approved by all
25 parties would typically, if I recall, bear the

1 signature of the Mayor, signature of the City Attorney
2 at least as to form of the resolution, signature of the
3 Council President.

4 In the case that we have here where a
5 resolution was passed, vetoed by the Mayor and
6 overridden by the City Council, what signatures are
7 required on that resolution in order for it to be
8 effective?

9 MS. BROWN: Under the original model, okay,
10 whatever the Council -- the Council being an equal
11 branch of government, the legislative branch. They
12 have the same authority as the Mayor, in terms of
13 legislative action. Therefore, when they introduce
14 something, the Mayor's signature would not have to be
15 on it. That's going back to the original model.

16 However, once everything goes through the
17 process, the Mayor has the opportunity, then, to see
18 what the Council has done. And, if she disagrees with
19 it, and when her signature isn't on it, she can then
20 veto it. But her signature on the original model does
21 not have to be on any resolution. Now, they don't want
22 too many resolutions, probably once every two months
23 there's a resolution. Okay? If that often.

24 THE CHAIRPERSON: So, in your opinion, as
25 City Clerk, does this resolution already contain all of

1 the necessary signatures?

2 MS. BROWN: In my opinion, it does.

3 Naturally, you know, we would -- in our original model,
4 we would get to the City Attorney after the fact and
5 the City Attorney would sign the necessary form.

6 THE CHAIRPERSON: And has that been done in
7 this case?

8 MS. BROWN: That's -- well, the City Attorney
9 did get a copy.

10 THE CHAIRPERSON: I'm sorry?

11 MS. BROWN: She did get a copy, yes.

12 THE CHAIRPERSON: And has it been signed as
13 to form?

14 MS. WHEELER: With all due respect, I do
15 disagree with a little bit with that. I mean, we
16 received it. When we first received it, it didn't come
17 through our office for approval. In the first place,
18 it's always after the fact. But, when I look at the
19 resolution itself, it has signatures on there for the
20 Mayor and for the City Attorney's office. So,
21 actually, it would be presumed that it would come
22 through our office first.

23 But, after Monday, I didn't receive it back
24 for signature and I don't know that the signature would
25 be required at that point. I mean -- but I think this

1 is more of a -- a concern fiscally for what the City
2 would be doing with regard to damage claims. But, I
3 mean, it is governed by -- or previously through the
4 Charter through 3-304 for the veto, it doesn't
5 specifically say where it goes once the veto is
6 overridden.

7 THE CHAIRPERSON: Gentlemen, if there's no
8 objection, I think we'll defer action on this until we
9 receive some additional degree of clarity from City
10 officials.

11 MR. FERGUSON: I agree with that.

12 THE CHAIRPERSON: Mr. Finney?

13 MR. FINNEY: Yeah, I agree, too. One thing
14 that I was curious about is, when there is a Council
15 action that overrides a Mayor's veto, how would that --
16 wouldn't that be in the course of the minutes of the
17 meeting so that we can see it as a part of a resolution
18 going forward?

19 THE CHAIRPERSON: That's a valid question.

20 Is there anyone who wishes to address that?

21 I think the -- the basic question was, if you
22 do have a situation like this where there is a veto by
23 the City Council -- I'm sorry -- an override of the
24 mayoral veto, is that reflected in the record, in the
25 minutes of the meeting?

1 MS. BROWN: Yes, it's officially reflected in
2 the minutes of the meeting. Under the City Charter,
3 the Mayor has, I guess, 168 hours from the date of
4 adoption to exert or to implement a veto. And, in this
5 case, she did inform them within 168-hour period. And,
6 if I remember correctly, Council, just about two weeks
7 after that time wished to initiate to override the
8 veto, so in this case they did.

9 THE CHAIRPERSON: So the veto and the
10 override, I take it, would have occurred subsequent to
11 April 24th when the resolution was approved?

12 MS. BROWN: Yes.

13 THE CHAIRPERSON: Because I think
14 Mr. Finney's point of view is we did not see any
15 indication that it had been vetoed.

16 MS. BROWN: Well, we have a copy of the
17 letter that she sent that we can get to you, if you'd
18 like to see it. And, as I said, the override took
19 place at the meeting this past Monday night.

20 THE CHAIRPERSON: Okay.

21 MS. BROWN: So I can submit an indication to
22 you, if you'd like. I can e-mail it.

23 THE CHAIRPERSON: Okay. Thank you.

24 MS. BROWN: Uh-huh.

25 THE CHAIRPERSON: That brings us to

1 Resolutions 199 through 205. Those resolutions
2 concerned the approval by the City Council of
3 appointments to the City-Wide Advisory Council. I
4 communicated with various city officials Monday
5 afternoon, indicating that the -- for procedure
6 reasons, that the RTAB would return those resolutions
7 back to the officials without taking any action.

8 Rather than reading that communication, I'll
9 simply have that entered into the record verbatim.

10 "From: Headen, Frederick (Treasury)
11 Sent: Monday, May 08, 2017 2:15 PM.
12 To: Kerry Nelson, skincaid9@comcast.net;
13 Inez Brown; 'Sylvester Jones'; 'Angela Wheeler'.

14 Cc: Joel Ferguson; 'Michael Finney';
15 Beatrice Kendricks; Baird, Richard (GOV); Cline,
16 Richard (Treasury)

17 Subject: City Wide Advisory Committee
18 Kerry Nelson, President, Flint City Council,
19 1101 S. Saginaw Street, Flint, MI 48502.

20 Scott Kincaid, Member, Flint City Council,
21 1101 S. Saginaw Street, Flint, MI 48502.

22 Inez Brown, Clerk, City of Flint, 1101 South
23 Saginaw Street, Flint, Michigan 48502.

24 Sylvester Jones, Jr., City Administrator,
25 City of Flint, 1101 South Saginaw Street, Flint,

1 Michigan 48502.

2 Angela Wheeler, Interim City Attorney, 1101
3 S. Saginaw Street, Flint, MI 48502.

4 Dear Flint Officials:

5 I write in regards to Resolutions 199, 200,
6 201, 202, 203, 204, and 205, which were adopted by the
7 Flint City Council at its regular meeting on April 24,
8 2017. Those resolutions purport to approve the
9 appointments of specified persons to specified terms of
10 office on a City Wide Advisory Council.

11 For procedural reasons set forth below, the
12 foregoing resolutions are hereby returned to City
13 officials without action, pending clarification by City
14 officials of certain matters. Because the resolutions
15 are not acted upon, they are without effect.

16 BACKGROUND

17 A. Flint Emergency Manager Brown Order No.
18 33 was adopted on August 8 2012. That order eliminated
19 the City Wide Advisory Committee, among other things,
20 and directed that the City's Code of Ordinances be
21 amended to effectuate the order. The order was given
22 immediate effect. City officials have provided the
23 Department with no evidence that the order subsequently
24 was revised or repealed by Emergency Manager Brown or
25 by a successor Emergency Manager or Emergency Financial

1 Manager.

2 B. At its regular meeting on August 9, 2016,
3 the Flint City Council adopted Resolution 340.1. The
4 resolution purported 'to amend Chapter 2
5 (Administration), Article VI (City Wide Advisory
6 Committee), of the Code of the City of Flint by
7 amending Sections 2-26 through 2-26.4.' Subsequently,
8 the RTAB approved Resolution 340.1 at its meeting on
9 September 14, 2016. (The RTAB has heretofore presumed
10 that City officials carefully scrutinize all
11 resolutions they initiate to ensure that the
12 resolutions do not offend, and are consistent with,
13 existing Emergency Manager orders.)

14 The purpose of Resolution 340.1 appears to
15 have been to establish a City Wide Advisory Council, to
16 which the City Council at its regular meeting on
17 April 24, 2017, now seeks to approve appointments.
18 Putting aside the difference in nomenclature (i.e.,
19 City Wide Advisory Committee versus city Wide
20 Advisory Council), it is not readily apparent how
21 the latter body differs from its predecessor. As
22 noted above, the city Wide Advisory Committee was
23 eliminated by Flint emergency Manager Brown Order No.
24 33. Therefore, absent evidence that order
25 subsequently was revised or repealed by Emergency
Manager Brown or by a successor

1 Emergency Manager or Emergency Financial Manager, the
2 City Wide Advisory Committee cannot by sleight of hand
3 be resurrected under a different title. The proper
4 course would be for City officials to request the RTAB
5 recommend that Flint Emergency Manager Brown Order No.
6 33 be revised.

7 C. Nor, is it of any consequence that the
8 RTAB approved Resolution 340.1 that purported to create
9 a City Wide Advisory Council. The RTAB is without
10 authority to revise an order issued by an Emergency
11 Manager or Emergency Financial Manager. The RTAB's
12 authority is limited to that set out in Section 23, of
13 2012 PA 463, the Local Financial Stability and Choice
14 Act. Pursuant to Section 23(5) of the Act, an RTAB
15 'may do all of the following:'****

16 (h) Perform any other duties assigned by the
17 governor at the time the receivership transition
18 advisory board is appointed.

19 The Governor's April 20, 2015, letter
20 appointing the Flint RTAB provided, in part as follows:

21 In addition to the duties assigned to a
22 Receivership Transition Advisory Board by Section 23(5)
23 of Public Act 436 of 2012, the Local Financial
24 Stability and Choice Act, the flint Receivership
25 Transition Advisory Board shall perform the following

1 duties:****

2 2. Recommend amendments, modifications,
3 repeal, or termination of Emergency Manager Order No.
4 20, or any other Flint Emergency Manager orders, to the
5 State Treasurer. Recommended amendments,
6 modifications, repeal, or termination of Emergency
7 Manager orders must be approved by the State Treasurer
8 before any such modification become effective.

9 Emphasis supplied.

10 II. CONCLUSION

11 On its face, Flint City Council Resolution
12 340.1, which was adopted on August 9, 2016, appears to
13 have been intended to revive under a different name the
14 City Wide Advisory Committee that previously was
15 eliminated by Emergency Manager order. If so,
16 Resolution 3401.1 was without effect.

17 If this conclusion is correct and City
18 officials believe that Flint Emergency Manager Brown
19 Order No. 33 should be revised, then City officials
20 should initiate the proper course of action and request
21 that the RTAB recommend such a revision to the State
22 Treasurer.

23 If this conclusion is incorrect, City
24 officials should provide written information to the
25 Department to prove that the City Wide Advisory Council

1 is an entire distinct body, with entirely distinct
2 duties and responsibilities from those of the former
3 City Wide Advisory Committee.

4 Until this matter is resolved, Resolutions
5 199, 200, 201, 202, 203, 204, and 205, which were
6 adopted by the Flint City Council at its regular
7 meeting on April 24, 2017, shall be held in abeyance.

8 I trust that this information will be of
9 assistance. If I may be of further assistance, let me
10 know.

11 Sincerely, Frederick Headen, Legal Advisor to
12 the State Treasurer"

13 THE CHAIRPERSON: The essence of it is that
14 the City-Wide Advisory Committee was abolished by an EM
15 order on August 8th, 2012. It appears as if City
16 officials tried to reconstitute that body by simply
17 changing the name to City-Wide Advisory Council.

18 There's an appropriate process to go through if City
19 officials wish to, in fact, reconstitute this body but
20 that was not done in this case.

21 And so we are returning those resolutions
22 without any action, which means that the approval of
23 those appointments are void until we receive the
24 additional information requested in the communication
25 from Monday afternoon.

1 That, then, brings us to Item C under the
2 agenda, Budget to Actual.

3 Mr. Sabuda.

4 MR. SABUDA: Thank you, Mr. Chair. And good
5 afternoon, Commission Members. What you have before
6 you this afternoon is the Budget to Actual Revenue
7 Expense Report ending March 31, 2017.

8 Everything is on schedule. Everything looks
9 really nice. Revenues are pretty much where they need
10 to be. Expenditures are -- are pretty much where they
11 need to be. Walking through the report, I'll start
12 with the cash, as I always do. Cash in the Q-74 grant
13 fund is in a negative position, however it has
14 increased significantly.

15 And, as I've stated in prior meetings, what
16 happens here is that we front the dollars and then we
17 get reimbursed and we work very hard to get reimbursed.
18 But we try to bring that to a zero or a positive cash
19 balance when it comes to all other remaining funds.

20 Fiscal year is 75 percent complete. And, as
21 I stated earlier, all the funds are looking right on
22 target, as we expected, with the exception of major
23 local streets on the revenue side were lagging a little
24 bit when I first looked at this and did the report back
25 on May -- back in early May.

1 Looking back now, we have received our
2 January and -- I'm sorry, our February and our March
3 revenue reports. And, when you bring in the February,
4 March revenues, Major Streets is right where it needs
5 to be, at 68 percent collected and local streets is a
6 little lacking at 60 percent collected.

7 Again, it comes down to past taxes and what's
8 in the pocket that the State of Michigan has
9 distributed. But, overall, we're right where we need
10 to be on revenues and expenses for all of our funds.

11 On water collection, our future --

12 THE CHAIRPERSON: I'm sorry. But your report
13 reflected, I thought.

14 MR. SABUDA: Go ahead.

15 THE CHAIRPERSON: And this may be
16 year-to-date, that you were about -- you, the City, was
17 about nine points, percentage points, behind in the
18 collection rate, 49 percent versus the expected 58.
19 And it was about what, 22 percentage points behind with
20 respect to local street funds; 36 percent versus
21 58 percent.

22 MR. SABUDA: Right, I was expecting
23 58 percent when I was looking at this early on before
24 our meeting I was expecting 58 percent for major local
25 streets. So, in actuality, when I seen the report

1 49 percent of the major street fund revenue was
2 collected and 36 in the local street fund. But we did
3 not have the reported February and March revenues. So,
4 when you factor in February and March revenues, we --
5 it comes back and we're right where we need to be.

6 THE CHAIRPERSON: I see.

7 MR. SABUDA: Okay. Good point. Thank you
8 for the clarification.

9 Moving forward on the water collection, we
10 are currently right now at a 7 -- on 4-30 of '17 we are
11 at a 77 percent collection rate. That's broken down
12 69 percent of the revenues of residential balances
13 we're collecting and approximately 92 percent of the
14 commercial.

15 Now, remember when -- when I'm looking at
16 this, it's total billed versus total collected. And,
17 when we're collecting, we're collecting on prior
18 balances. So we are in the midst of shutoffs.

19 We have also, in April, issued lien letters,
20 meaning that water balances, water liens, I should say,
21 and with those letters it's a notification that, if
22 someone has a water balance that's six months or more
23 outstanding, we are going to roll that balance to the
24 tax bill if we do not receive payment prior to the
25 development of the tax roll.

1 On the letter, we put May 19th, because it's
2 an administrative deadline. But, if someone wants to
3 come in and pay their water bill on the past due
4 collected up and to the time we develop the tax roll,
5 we'll accept payment. I will say that, again, this is
6 a notice. It's a head's up. And, again, it's on
7 outstanding balances that are six months or older.
8 This would cover a period of 2014, 2015 and 2016 fiscal
9 years.

10 And we've had people come in and pay their
11 liens -- or pay their water balances and remove the
12 liens off of -- remove the potential lien off of their
13 tax bill. Now, if someone doesn't pay their tax bill,
14 what ends up happening -- or excuse me -- doesn't pay
15 their water bill that is six months or older, that
16 balance will go to the tax bill and then the homeowner
17 has the opportunity to pay the water bill on their tax
18 bill at that timeframe. And then, if that doesn't
19 happen, then the tax bill will then be turned over to
20 the County for collection in the subsequent tax year.

21 So there is a -- there is a long process
22 before that water charge becomes a lien and there's
23 plenty of opportunity for the homeowner to pay.

24 Also, in April, the water supply option was
25 recommended by the Mayor late -- late April, which will

1 come back to you in the next report. In essence, we
2 are looking at a Great Lakes Water Authority primary
3 supply within GCDC, or Genesee County backup, and that
4 was based upon various criteria but with that body of
5 John Young engineering team here in Flint.

6 With that, I'll conclude my presentation and
7 open it up for questions, if there are any.

8 THE CHAIRPERSON: Any questions?

9 Mr. Ferguson?

10 MR. FERGUSON: (Shakes head.)

11 MR. SABUDA: Thank you.

12 THE CHAIRPERSON: Mr. Finney?

13 MR. FINNEY: No, no questions from me.

14 THE CHAIRPERSON: Final item is the approval
15 of the resolution -- I believe that's now Resolution
16 227.1. Mr. Cline?

17 MR. CLINE: Yes. This resolution -- I'm
18 going to make sure I got the language correct here
19 so -- is authorizing an amendment to the budget in the
20 amount of \$500,000. And that is Resolution 17225 and
21 then Resolution 170227.1 is the initial onset of a
22 water supply system subordinate lien revenue bonds for
23 the water improvement projects, I believe. So this is
24 an item that was approved by the City Council Monday
25 night. At their advanced request, we are pulling that

1 forward for consideration today.

2 THE CHAIRPERSON: Yes, Mr. Sabuda?

3 MR. SABUDA: Okay. So -- and thank you,
4 Mr. Chair. So, on the last two items, the budget
5 amendment will be coming from the fund balance of the
6 self-insurance funds to fund additional legal costs
7 that are being incurred over and above what was
8 originally appropriated.

9 And then the SRF -- let me explain to you
10 the -- the financing tool there. What is happening is
11 we -- this is dealing with the Wind dollars, the
12 federal Wind program, 120 million. We are drawing our
13 first 40 million on the 120 million. With that, we
14 have to go through the DWRF process and come up with a
15 debt instrument that will give us the \$40 million.

16 THE CHAIRPERSON: And, for purposes of the
17 record, DWRF is Drinking Water Revolving Fund?

18 MR. SABUDA: Thank you. Yes, it is. Thank
19 you, Mr. Chair, Drinking Water Revolving Fund. Now,
20 what ends up happening here is we will draw the
21 \$40 million on an installment basis, as we need it and
22 then that loan will -- or that amount of money to be --
23 that is given to us will immediately be forgiven in
24 payment. That's how this is structured. So there will
25 be no interest, there would be no pay back on -- on

1 whatever we draw. We can draw up to \$40 million.

2 And, on this project, we have multiple pots
3 of dollars so it's unlikely that we will draw the full
4 40 million but we need to make sure that we have enough
5 dollars on hand to fulfill the need to replace 6,000
6 lead service lines.

7 So, again, it's a debt instrument, however,
8 when we draw, the dollar values are immediately
9 forgiven. Thank you.

10 THE CHAIRPERSON: Is there a motion regarding
11 these two resolutions, that they be --

12 MR. FERGUSON: So moved.

13 THE CHAIRPERSON: -- approved?

14 Is there support?

15 MR. FINNEY: Support.

16 THE CHAIRPERSON: Questions?

17 Those in favor of the motion, please say
18 "aye".

19 BOARD MEMBERS: Aye.

20 THE CHAIRPERSON: Opposed?

21 Motion is adopted. Public comment.

22 Mr. Cline?

23 MR. CLINE: I have three individuals that
24 have signed up for public comment and we'll begin today
25 with R.L. Mitchell.

1 MR. MITCHELL: Good evening RTAB,
2 Mr. Frederick. We, the peoples of Flint, hope that you
3 don't retire like Michael Townsend did before this
4 situation is over with.

5 And Michael, stay on board, too, until this
6 stuff is over with. And we are 45 percent finished
7 with this City, thanks to Mr. Sabuda over there,
8 77 percent, like he said.

9 But we, the people, would like for you to
10 really stay tuned until the finish of this situation,
11 even though the Mayor had vetoed, you know what's
12 happening. But we appreciate what Mr. Sabuda had done
13 for the City so far.

14 THE CHAIRPERSON: Thank you.

15 MR. CLINE: Second individual is Mark White.

16 MR. WHITE: Hi. Mark White. I was a City
17 employee for about 25 years. I shut 18 people's water
18 off in one day and we are running a water fund deficit
19 of about 49 percent revenue theft by people stealing
20 City of Flint water, which has increased some
21 35 percent, last time I read in the media, about a year
22 ago.

23 Turn the water off. I know it's hard during
24 a recall of a Mayor to send out people to do that. But
25 somebody in this state or this government, local or

1 County or State, should start taking some
2 responsibility.

3 Also, I'm here for underfunding my pension.
4 It's totally immoral that a \$42 million bill be given
5 to the City of Flint and the City of Flint -- for MERS,
6 the City of Flint and who the powers at be agree to pay
7 22 million for five years each year and making a
8 \$50 million payment due in approximately 2022.

9 It's laymen terms, what I get from the media,
10 the Internet, it's simple to do the math. That's
11 totally unethical. And a proposal, I ask this Board
12 and the powers to be to block the proposals for the
13 City Charter revision, especially the one that would
14 require that all City employees be fully funded.

15 In other words, you go take it to a complete
16 contradiction of the State of Michigan Constitution
17 that says my pension must be funded. You can only
18 split a dollar so many ways. I went many years without
19 a raise. All six city contracts come up for
20 negotiation this year, this year, the year you under
21 funded my pension, just this year alone, \$20 million.

22 You promised to do it. By Council
23 resolution, underfunded another \$20 million for the
24 next five years. And so, you know, the money's there.
25 Things can be done without bankruptcy but I do not see

1 the will or the willpower or the knowledge.

2 And this is just another example of why, when
3 we have people reading the City Charter, they -- with
4 little experience, they want a new City Charter. They
5 don't know what they're doing.

6 THE CHAIRPERSON: Thank you, Mr. White.

7 Mr. Cline.

8 MR. CLINE: Final individual, James Dousche?

9 No?

10 He obviously left. That's all.

11 THE CHAIRPERSON: Anyone else?

12 MR. CLINE: That's it.

13 THE CHAIRPERSON: Unless there is a special
14 meeting of the RTAB yet this month, this will be likely
15 Mr. Finney's final meeting. As some of you may already
16 know, Mr. Finney has accepted a position in Florida,
17 which I believe starts next month. And so I want to
18 take this opportunity, while he is still on the phone,
19 to thank him for his service on this board and his
20 commitment to everything that we've been able to do
21 over the last year or so that Mr. Finney has been part
22 of this RTAB.

23 And I also want to wish him the very best on
24 his new endeavor in, I believe, Miami-Dade County,
25 Florida.

1 MR. FINNEY: Oh, thank you so much. I really
2 appreciate the kind words. It really has been my
3 sincere honor to support the residents of the City of
4 Flint and, obviously, my hometown. So I appreciate
5 everything. Hopefully, my efforts have contributed in
6 a favorable way.

7 THE CHAIRPERSON: Thank you.

8 I believe there is no further business and
9 so, without objection, we stand adjourned.

10 (Meeting was concluded at 2:53 p.m.)

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