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CITY OF FLINT

RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING

MONDAY, MARCH 5, 2018

2:00 P.M.

Special Meeting before the RTAB Board at
Richard H. Austin Building, State Treasurer Board Room,
1st Floor, 430 W. Allegan Street, Lansing, Michigan, on
Monday, March 5, 2018.

BOARD MEMBERS PRESENT:

- Frederick Headen - The Chairperson
- Joel Ferguson
- David Tarver (by phone)
- Paul Newman (by phone)

FROM THE CITY:

- Chief Financial Officer, Hughey Newsome
- City Attorney, Angela Wheeler

OTHERS PRESENT:

- R. Eric Cline
- Arthur Woodson

REPORTED BY: Mona Storm, CSR# 4460

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1 Lansing, Michigan

2 Monday, March 5, 2018

3 2:01 p.m.

4 THE CHAIRPERSON: Meeting will be in
5 order. It's 2:01. Let the record reflect that we
6 have a quorum, consisting of Mr. Ferguson and
7 myself here in person, Mr. Tarver and Mr. Newman
8 are participating by conference call.

9 Next item is the approval of the agenda.
10 I'm not aware of any additions to the agenda.

11 MR. CLINE: No, sir.

12 THE CHAIRPERSON: So, without objection,
13 we'll consider the agenda to be approved as
14 circulated.

15 Next item of business is the approval of
16 the RTAB minutes of January 10th. They are
17 Attachment 1. Are there corrections or addition
18 to those minutes?

19 If not, is there a motion that the
20 minutes --

21 MR. FERGUSON: I --

22 THE CHAIRPERSON: -- be --

23 MR. FERGUSON: -- move --

24 THE CHAIRPERSON: -- approved --

25 MR. FERGUSON: -- that --

1 THE CHAIRPERSON: -- as --

2 MR. FERGUSON: -- they --

3 THE CHAIRPERSON: -- submitted?

4 MR. FERGUSON: -- be approved.

5 MR. NEWMAN: Support.

6 THE CHAIRPERSON: Motion's made and
7 seconded. Those in favor, please say "aye".

8 BOARD MEMBERS: Aye.

9 THE CHAIRPERSON: Opposed?

10 Motion is adopted.

11 There is no Unfinished Business.

12 Next item is New Business. We have a
13 number of resolutions submitted from the City
14 Council. We will call upon Mr. Cline to summarize
15 those amendments.

16 Mr. Cline.

17 MR. CLINE: Thank you. The first
18 resolution is Number 170552, which is a budget
19 amendment to transfer funds to monitor the Bray
20 Road site, in the amount of \$225,000. These funds
21 are being transferred in from fund balance and are
22 dedicated out of the professional services line
23 item.

24 We have resolution --

25 THE CHAIRPERSON: Mr. Cline.

1 MR. CLINE: Yes?

2 THE CHAIRPERSON: Before you go on, I
3 neglected to indicate that, I believe, with
4 respect to some of these resolutions, you had
5 initial questions and you submitted those
6 questions to the City of Flint officials and
7 gotten a response back. So, as you summarize
8 these, please feel free to incorporate either the
9 questions that you had and the responses that you
10 got back.

11 MR. CLINE: Yes, sir. I had questions,
12 actually, on Items A, B and C. One of the
13 questions that I had regarding the first item, the
14 Bray Road site, was where are the funds, the
15 \$225,000, being transferred from. They're being
16 transferred from fund balance and dedicated to
17 that site. That's the professional services line
18 item. So they have addressed -- the City has
19 addressed my question regarding that.

20 Would you like me to go through all of
21 the items or do you want to take them in turn?

22 THE CHAIRPERSON: Let's go through all of
23 them.

24 MR. CLINE: Okay. Resolutions 170564 is a
25 budget amendment for a grant from the CS Mott

1 Foundation in the amount of \$133,000.

2 These -- the City has indicated that
3 these funds will flow through an account that is
4 set up to handle grant funds and special revenue
5 and they will create a specific line item for
6 that, if -- if that amendment is approved and
7 those funds are transferred in.

8 We have Resolution -009, which is a
9 budget amendment to transfer \$171,000 from fund
10 balance. And this is being drawn from the General
11 Fund fund balance. The City has indicated that,
12 as of February 25th of this year, the fund balance
13 level is at \$14.6 million. So there are
14 sufficient funds available for that transfer.

15 You have Resolution -032, which is the
16 transfer of \$950,000 from fund balance for
17 projects that are being carried over from the
18 previous fiscal year that were unable to be
19 completed by the June 30th deadline of the last
20 fiscal year.

21 You also have Resolution -033.1, which
22 is a budget amendment to account for gun sale
23 revenue into the police restricted accounts.

24 And you have Resolution -060, which is a
25 \$2.9 million grant from the WK Kellogg Foundation

1 for economic development purposes.

2 THE CHAIRPERSON: Questions regarding any
3 of the foregoing resolutions?

4 Mr. Tarver, any questions?

5 Mr. Newman?

6 MR. NEWMAN: No, I have no questions.

7 Thank you.

8 THE CHAIRPERSON: Mr. Ferguson, any
9 questions?

10 MR. FERGUSON: No.

11 MR. TARVER: You know what? Mr. Headen,
12 Mr. Headen.

13 THE CHAIRPERSON: Yes.

14 MR. TARVER: My microphone was on "mute"
15 and I was trying to talk. I had a quick question
16 about the gun sale resolution. How much revenue
17 do we anticipate from these gun sales?

18 THE CHAIRPERSON: We have the CFO here,
19 Mr. Newsome.

20 MR. NEWSOME: Yes. To answer that
21 question, so far we've seen 157,000. But I guess
22 you're asking about the anticipated revenue. I
23 would say a safe conservative number is in the
24 range of about 200,000 before the end of the
25 fiscal year. But, right now, they have already

1 seen revenue of about 157,000 but they anticipate
2 more.

3 MR. TARVER: I see. And has it -- so this
4 is not a budget issue, per se, though it does budget
5 impact. Has there been any consideration or
6 discussion of destroying the guns, as opposed to
7 reselling them?

8 MR. NEWSOME: I'm sorry. You were a
9 little distorted. Can you repeat that question?

10 MR. TARVER: I was asking, has there been
11 any discussion regarding, you know, destroying
12 confiscated weapons, as opposed to reselling them?

13 MR. NEWSOME: Unfortunately, I don't know
14 if the correct or the right people from the Police
15 are here. But I would say yes, there has been a
16 conversation. But, due to the fact that we wanted
17 to have those additional funds for additional
18 projects that might not be in the budget, it was
19 thought that it would be better, instead of
20 paying, you know, instead of paying for storing
21 those guns, we would like to be able to sell them.

22 MS. WHEELER: He said "destroy".

23 MR. NEWSOME: Destroy?

24 MR. TARVER: I think --

25 THE CHAIRPERSON: Other questions?

1 Hearing none, is there a motion that
2 Resolutions -552, -564, -09, -032, -033.1 and -060
3 be approved?

4 MR. FERGUSON: So move.

5 THE CHAIRPERSON: Is there support?

6 MR. TARVER: Support.

7 THE CHAIRPERSON: Motion's been made and
8 seconded. Those in favor, please say "aye".

9 BOARD MEMBERS: Aye.

10 THE CHAIRPERSON: Opposed?

11 Motion is adopted.

12 Next item is Public Comment.

13 Mr. Cline, anyone wishing to speak during
14 Public Comment this afternoon?

15 MR. CLINE: Mr. Woodson.

16 MR. WOODSON: Where do we speak at, right
17 here?

18 THE CHAIRPERSON: Mr. Woodson, you can
19 keep your seat.

20 MR. WOODSON: Oh, keep my seat? All
21 right.

22 On the first resolution, is this the
23 Bray Road where they got the sweetheart deal of
24 \$85 million?

25 And, if so, whatever happened to -- I

1 think they name Bio Sweden Gas? They had a
2 contract with Flint for all the Sludge Fund -- I
3 mean sludge -- the lime, lime. They -- they had a
4 contract with that.

5 And then, on the Kellogg Foundation
6 grant, they went back and forth at the Council
7 meeting, saying that you all had to approve the --
8 the jobs that was included with the Foundation
9 grant.

10 And a lot of people want to understand,
11 what are you all role now. Because we read in the
12 newspaper that you all don't approve stuff like
13 that, you only worried about the budget part of
14 it. Because I'm not any -- this isn't personal,
15 it's political. You know, I'm speaking on the
16 political part of it. They said that the person
17 give -- Philips and Gilcreast had accepted the
18 positions and that they had to hurry up and rush
19 it down to you all by Monday for RTAB. They said
20 that it was a proposal and this -- this grant
21 could not be accepted or wouldn't be ready or
22 couldn't use it unless they had these things in
23 place.

24 So what we -- what I want to know is,
25 what are you all roles and what is it that you all

1 do now, and so that everybody will know that this
2 is what our purpose is, this is what we ruled on,
3 this is what comes to RTAB, this is what we have
4 to approve. Because a lot of people don't know
5 right now what it is.

6 Was that my time?

7 MR. CLINE: Yes, sir.

8 MR. WOODSON: All right.

9 THE CHAIRPERSON: With respect to the
10 first issue of Bray Road, I won't speak to that
11 because I don't have sufficient background
12 familiarity with the issue to answer the question.

13 With regard to the second issue, in
14 terms of the RTAB's role, our current role, which
15 has been our role since January 10th, is described
16 by statute, and it's basically three things. It's
17 to approve budget of the City, which we expect
18 will be presented sometime between now and the end
19 of June.

20 Secondly, it's to approve any budget
21 amendments, which are approved by City Council.
22 An example of that would be the one that we just
23 approved regarding the Kellogg Foundation, where I
24 believe it's the case -- although your CFO could
25 speak in more detail of it -- if a grant is

1 received by the City, that there are two
2 amendments or two resolutions adopted by City
3 Council. One is to accept the proceeds of the
4 grant and then, secondly and separately, to adopt
5 a resolution to incorporate the proceeds into the
6 budget. It's the second one that would be a
7 budget amendment that would be approved by the
8 RTAB. So it doesn't matter what the type of
9 budget amendment is, we still approve budget
10 amendments as required by statute.

11 The third would be we approve collective
12 bargaining agreements. So, essentially, three
13 things, again, under the statute; the budget,
14 budget amendments and collective bargaining
15 agreement. We no longer approve all City Council
16 resolutions, as we did previously under the EM
17 order issued by Gerry Ambrose, because that order
18 was repealed in January.

19 So our scope is much more limited now
20 than it was on January 10th. We do not approve
21 employment contracts. So, to the extent that that
22 information would have been given to the City
23 Council or the public previously, that information
24 was in error. Those items are not on our agenda
25 this afternoon because they're not subject to RTAB

1 approval.

2 So our role is three things now.

3 MR. WOODSON: Thank you.

4 THE CHAIRPERSON: Other Public Comment?

5 MR. CLINE: No, sir.

6 THE CHAIRPERSON: If there is no further
7 business before the RTAB, I will entertain a
8 motion that we adjourn.

9 MR. FERGUSON: I so move.

10 THE CHAIRPERSON: Is there --

11 MR. TARVER: Support.

12 MR. CLINE: Motion's made and seconded.

13 Without objection, we stand adjourned.

14 (Meeting was concluded at 2:15 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 (14) pages, is a true and correct transcript of my said stenographic notes.

Date

Mona Storm
CSR-4460