

EM Submission: EME 3962014

Presented: 7-17-14

Adopted: 7-17-14

By the Emergency Manager:

**Resolution Authorizing Community Development Block Grant (CDBG)
Funds to Cover Debt Service for the Michigan Timber and Truss
Section 108 Business Loan**

Resolution No. EME2432014 approving \$120,135 in CDBG funds for the payment of debt service on the Michigan Timber and Truss Section 108 loan for fiscal year 2014, was adopted on April 23, 2014. Unfortunately, the authorized amount was short by \$502.50, which had to be covered by the City's General Fund.

At the time the resolution was approved, the company was in bankruptcy, but working on a reorganization plan. If not finalized in time, the City may have to, again, use its CDBG funds to cover debt service for this loan.

RESOLVED, that the Emergency Manager has authorized appropriate City Officials to do all things necessary to allocate CDBG funds in the amount of \$502.50 to reimburse the 295 Fund for principal and interest payments associated with the MI Timber and Truss Section 108 business loan for fiscal year 2014 and authorize CDBG funds to cover future debt service until such time that such payments are included in the company's reorganization plan.

APPROVED AS TO FORM:


Peter M. Bade, City Legal Officer

APPROVED AS TO FINANCES:


Gerald Ambrose, Finance Director

EFM DISPOSITION:

ENACT _____ REFER TO COUNCIL _____ FAIL _____


Darnell Earley, Emergency Manager

DATED: 7-17-14

RESOLUTION STAFF REVIEW FORM

DATE – July 11, 2014

Agenda Item Title:

Resolution Authorizing Community Development Block Grant (CDBG) Funds to Cover Debt Service for the Michigan Timber and Truss Section 108 Business Loan

Prepared By

The Department of Community and Economic Development

Background/Summary of Proposed Action:

This resolution is requesting CDBG funds be used for the shortfall in the previously authorized amount to cover FY 2014 debt service for the MI Timber and Truss Section 108 loan and to request authorization to cover such debt service until such time that the company reimburses the City and begins to make its payments.

Resolution No. EME2432014 approving \$120,135 in CDBG funds for the payment of debt service on the Michigan Timber and Truss Section 108 loan for fiscal year 2014, was adopted on April 23, 2014. Unfortunately, the authorized amount was short by \$502.50, which had to be covered by the City's General Fund.

Financial Implications (Analysis):

Grant funds are being used for the reimbursement. If payments for this loan are not covered under the company's reorganization plan, the amount paid by the city on this loan will be equivalent to the funds that will not be available to benefit the Flint Community.

Budgeted Expenditure: Yes _____ No N/A

Please explain, if no: N/A

Account #:

Reviewed and approved by C. Dotson

C. Dotson 7-11-14
Date

Pre-encumbered: Yes N/A No N/A Requisition # N/A

Other Implications (i.e., collective bargaining:

There are no known implications

Staff Recommendation:

The Administration recommends approval.

J. B. Atkinson

Tracy Atkinson, Chief Officer, DCED