

City of Flint, Michigan

*Third Floor, City Hall
1101 S. Saginaw Street
Flint, Michigan 48502
www.cityofflint.com*



Meeting Agenda - Final

Monday, September 27, 2021

4:30 PM

ELECTRONIC PUBLIC MEETING

SPECIAL AFFAIRS COMMITTEE

*Maurice D. Davis, Chairperson, Ward 2
Allan Griggs, Vice Chairperson, Ward 8*

Eric Mays, Ward 1

Kate Fields, Ward 4

Herbert J. Winfrey, Ward 6

Eva Worthing, Ward 9

Santino J. Guerra, Ward 3

Jerri Winfrey-Carter, Ward 5

Monica Galloway, Ward 7

Inez M. Brown, City Clerk

Davina Donahue, Deputy City Clerk

SPECIAL PUBLIC NOTICE -- ELECTRONIC PUBLIC MEETING**PUBLIC NOTICE
FLINT CITY COUNCIL ELECTRONIC PUBLIC MEETING**

On Friday, October 5, 2020, the Michigan Supreme Court (MSC) issued an order declaring that the Emergency Powers of Governor (EPG) Act as an unconstitutional delegation of legislative authority, which was the primary authority relied on by Governor Whitmer for her COVID-19 related executive orders. Subsequently, Governor Whitmer requested that the MSC clarify that their order does not go into effect until October 30, 2020. On Monday October 12, 2020, the Michigan Supreme Court rejected Governor Whitmer's request to delay the effect of its decision to strike down the EPG. On, Tuesday, October 13, 2020, Senate Bill 1108 passed, amending the Open Meetings Act to allow municipalities to hold electronic meetings. On Friday, October 16, 2020, Governor Whitmer signed into law Senate Bill 1108 amending the Open Meetings Act. Subsequently, on December 22, 2020, Public Act 267 of 1976 was amended through Senate Bill 1246 extending the electronic meetings with no reason through March 31, 2021. The act also allows that after March 31, 2021, electronic meetings may be held if a local state of emergency was declared. On March 23, 2020, the Flint City Council extended Mayor Neeley's declaration of emergency indefinitely due to the COVID-19 pandemic. Therefore, the following meeting will be held electronically:

**Flint City Council Special Affairs Committee
Monday, September 27, 2021, at 4:30 p.m.**

The public and media may listen to the meeting online by live stream at <<https://www.youtube.com/c/FlintCityCouncilMeetings>> or through Start Meeting Solution by dialing (617) 944-8177. If unable to call in, please dial (206) 451-6011.

1. In order to speak during the PUBLIC SPEAKING PERIOD of each meeting by telephone, participants will also call (617) 944-8177. If unable to call in, please dial (206) 451-6011:
 - a. All callers will be queued and muted until the Public Speaking portion of each agenda;
 - b. Public speakers will be unmuted in order and asked if they wish to address the City Council ON ANY SUBJECT;
 - c. Public speakers should state and spell their name for the record and will be allowed two (2) minutes for public speaking during each meeting;
 - d. The speaker will be returned to mute after the 2 minutes have expired;
 - e. After the telephonic public speakers for the last committee meeting are completed, emailed public comments will be read by the City Clerk. All emailed public comments will be timed for 2 minutes;
 - f. Per Rules Governing Meetings of the Council (Rule 7.1 VII), there will only be one speaking opportunity per speaker per meeting.

Consequently, public participants who call in and speak during the public speaking period of the meetings WILL NOT have written comments as submitted read by the City Clerk.

2. The public may send public comments by email to CouncilPublicComment@cityofflint.com no later than 10 minutes prior to the meeting start time of 4:30 p.m.

3. Persons with disabilities may participate in the meeting by the above-mentioned means or by emailing a request for an accommodation to CouncilPublicComment@cityofflint.com, with the subject line Request for Accommodation, or by contacting the City Clerk at (810) 766-7418 to request

accommodation - including but not limited to interpreters.

If there are any questions concerning this notice, please direct them to City Council office at (810) 766-7418.

ROLL CALL

MEMBER REMOTE ANNOUNCEMENT

Pursuant to the newly revised Open Meetings Act, each Council member shall state that they are attending the meeting remotely and shall state where he or she is physically located (county or city and state).

MEMBER CONTACT INFORMATION

Eric Mays - (810) 922-4860; Maurice Davis - mdavis@cityofflint.com; Santino Guerra - sguerra@cityofflint.com; Kate Fields - kfields@cityofflint.com; Jerri Winfrey-Carter - jwinfrey-carter@cityofflint.com; Herbert Winfrey - (810) 691-7463; Monica Galloway - mgalloway@cityofflint.com; Allan Griggs - agriggs@cityofflint.com; Eva Worthing - eworthing@cityofflint.com.

PROCEDURES ON CONDUCTING ELECTRONIC MEETINGS

All boards and commissions must adhere to all laws established under the Michigan Compiled Laws and in accordance with the revisions to the Open Meetings Act adopted in Senate Bill 1246, as passed on December 17, 2020, and signed into law on December 22, 2020, and subsequent amendments that may be adopted.

READING OF DISORDERLY PERSONS CITY CODE SUBSECTION

Any person that persists in disrupting this meeting will be in violation of Flint City Code Section 31-10, Disorderly Conduct, Assault and Battery, and Disorderly Persons, and will be subject to arrest for a misdemeanor. Any person who prevents the peaceful and orderly conduct of any meeting will be given one warning. If they persist in disrupting the meeting, that individual will be subject to arrest. Violators shall be removed from meetings.

SPECIAL ORDERS

210480 Special Order/Rehmann Robson, LLC

A Special Order as requested by City Council to allow Doug Deeter, a Principal at auditing firm Rehmann Robson, LLC, to discuss Resolution No. 210429.

EXECUTIVE (CLOSED) SESSION

An Executive Session as requested by the Department of Law to discuss Joshua Klier v City of Flint, et al, Genesee County Circuit Court Case No. 20-114721.

PUBLIC SPEAKING

Per the amended Rules Governing Meetings of the Council (as adopted by the City Council on Monday, June 12, 2017), two (2) minutes per speaker. Only one speaking opportunity per speaker.

COUNCIL RESPONSE

Per the amended Rules Governing Meetings of the Council (as adopted by the City Council on Monday, June 12, 2017), Councilpersons may respond to any public speaker, but only one response and only when all public speakers have been heard. Individual council response is limited to two minutes.

RESOLUTIONS

210429 Contract/Rehmann Robson, LLC/City of Flint/Audit/FY2021

Resolution resolving that the appropriate city officials, upon City Council's approval, are authorized to do all things necessary to engage the services of Rehmann Robson, LLC, for FY2021 auditing services, in the amount of \$236,000.00, for a total contract price of \$711,000.00, plus out-of-pocket expenses [General Fund City Council Acct. No. 101-101.100-801.000.] [NOTE: The City Council adopted Resolution No. 200258 on June 22, 2020, to enter into a three-year contract with Rehmann Robson for a total contract amount of \$701,000.00. On November 23, 2020, the City Council adopted Resolution No. 200479 authorizing an additional \$7,500.00 to cover single audit services. The \$236,000.00 requested this year represents an increase of \$2,500.00 to conform with the Government Financial Officers Association criteria, plus out-of-pocket expenses.]

210476 Approval/Request for Waiver/Potential Conflict of Interest/Attorney Richard M. Wilson, Jr.

Resolution resolving that the Flint City Council approves and consents to request for waiver of potential conflict of interest for Attorney Richard M. Wilson, Jr. [NOTE: Attorney Richard M. Wilson, Jr. has represented the Flint City Council in the review of water litigation, and he represents Consumers Energy in condemnation cases. Rule 1.7 of the Michigan Rules of Professional Conduct state that an attorney may not represent a client if that representation will be "directly adverse to another client" unless the client consents after consultation and the representation will not "adversely affect the relationship with the other client."]

210477 Settlement/Joshua Klier v City of Flint, et al/Genesee County Circuit Court Case No. 20-114721

Resolution resolving that the Flint City Council approves and consents to the city settling Joshua Klier v City of Flint, et al, Genesee County Circuit Court Case No. 20-114721, for an amount NOT-TO-EXCEED \$75,000.00, with payment drawn from appropriated funds in the Litigation and Suits Line Item No. 677-266.200-956.300. [NOTE: An Executive Session was requested on this matter on September 27, 2021.]

ORDINANCES

210397 Amendment/Ordinance/Chapter 18 (Taxation; Funds; Purchasing)/Article I (In General)/Section 18-4.1 (Service Charge in Lieu of Taxes for Housing Facilities for Certain Persons)

The provisions of Chapter 18, (Taxation; Funds; Purchasing); Article I, (In General); Section 18-4.1, (Service Charge in Lieu of Taxes for Housing Facilities for Certain Persons) shall be amended by adding subsection (CC). [NOTE: The PILOT is for the Grand Flint Limited Dividend Housing Association, LP, a Michigan Limited Partnership (The Grand on University). The annual service charge for the class of persons of low and moderate income shall be equal to four (4) percent of the annual shelter rents, exclusive of charges for gas, electricity, heat or other utilities furnished to the occupants.]

DISCUSSION ITEMS

ADDITIONAL COUNCIL DISCUSSION

ADJOURNMENT



RESOLUTION NO.: 210429

PRESENTED: SEP 13 2021

ADOPTED: _____

BY THE COUNCIL:

**RESOLUTION AUTHORIZING THE CITY OF FLINT TO ENTER INTO AN
AGREEMENT FOR AUDITING SERVICES WITH REHMANN ROBSON FOR THE
FY2021 AUDIT**

On June 22, 2020, Flint City Council adopted resolution #200258 to enter into a three-year agreement with Robson Rehmann for a total contract amount of \$701,000.00 to conduct the FY2020 (Year #1 \$225,000), FY2021 (Year #2 \$233,500), and FY2022 (Year #3 \$242,500) audits for a total contract amount of \$701,000.00; and

WHEREAS, on November 23, 2020, Flint City Council adopted resolution #200479 authorizing an additional \$7,500.00 in spending to cover single audit services for a total aggregate three-year amount of \$708,500; and

WHEREAS, Robson Rehmann has submitted an engagement letter to perform the City of Flint annual FY2021 audit for an amount of \$236,000.00. This amount represents an increase of \$2,500.00 to present the City's financial statement in conformity with the Government Financial Officers Association criteria, plus out-of-pocket expenses. Funding will come from City Council Professional Services account #101-101.100-801.000.

IT IS RESOLVED, that the appropriate City Officials are authorized to do all things necessary to engage the services of Rehmann Robson for FY2021 auditing services for the amount of \$236,000.00, for a total contract price of \$711,000.00, plus out-of-pocket expenses.

APPROVED AS TO FORM:

APPROVED AS TO FINANCE:

Angela Wheeler
Angela Wheeler (Sep 10, 2021 10:37 EDT)
Angela Wheeler, Chief Legal Officer

Robert J. F. Widigan
Robert J.F. Widigan, Interim Chief Finance Officer

CITY COUNCIL:

Kate Fields, Council President

July 16, 2021

Kate Fields
Council President
City of Flint
1101 South Saginaw Street
Flint, MI 48502

Enclosed is the engagement letter for the *City of Flint* for the year then ended June 30, 2021. *Government Auditing Standards* (as amended) require that we communicate, during the planning stage of an audit, certain information to the City Council. This information includes the auditors' responsibilities in a financial statement audit, including our responsibilities for testing and reporting on compliance with laws and regulations and internal control over financial reporting. The engagement letter includes the items which must be communicated to the City Council.

Therefore, please make copies of the attached engagement letter and forward the copies to the City Council.

Please sign and return the enclosed copy of the attached engagement letter to us at your earliest convenience.

Sincerely,



Enclosures

July 16, 2021

City Council
City of Flint
1101 South Saginaw Street
Flint, MI 48502

We are pleased to confirm our understanding of the services we are to provide the **City of Flint** (the "City") for the year then ended June 30, 2021.

We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the City as of and for the year then ended June 30, 2021. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion nor provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Schedules Required by GASB 68 – Pension Plan
3. Schedules Required by GASB 75 – OPEB Plan

We have also been engaged to report on supplementary information other than RSI, such as combining and individual fund financial statements, that accompanies the City's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

1. Combining and individual fund financial statements
2. Schedule of expenditures of federal awards

The following other information accompanying the basic financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and for which our auditor's report will disclaim an opinion:

1. Introductory section of the Comprehensive Annual Financial Report
2. Statistical section of the Comprehensive Annual Financial Report

Audit Objectives

The objective of our audit is the expression of opinions as to whether the City's financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the basic financial statements taken as a whole. Our audit of the City's financial statements does not relieve management or those charged with governance of their responsibilities. The objective also includes reporting on -

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)

The reports on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe (1) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (2) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance, and (3) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance and with the Uniform Guidance in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. We will issue a written report upon completion of our audit of the City's financial statements. Our report will be addressed to the [Governing Body] of the City. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs to our audit report. If our opinions on the financial statements or the Single Audit compliance opinion are other than unmodified, we will discuss the reasons with management in advance. If circumstances occur and come to our attention related to the condition of the City's records, the availability of sufficient, appropriate audit

evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, or we become aware that information provided by the City is incorrect, incomplete, inconsistent, misleading, contains material omissions, or is otherwise unsatisfactory which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

As we have discussed, we intend to make reference to the audits of Hurley Medical Center, Downtown Development Authority and Flint Area Enterprise Community, performed by other auditors.

The concept of materiality is inherent in the work of an independent auditor. An independent auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than with those items of lesser importance or those in which the possibility of material error is remote. For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting and financial reporting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

Audit Procedures and Our Responsibilities—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that comes to our attention including such matters related to components. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, including those related to components, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and

financial institutions. We may request written representations from the City's attorneys as part of the engagement, and they may bill the City for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from management about the financial statements and related matters.

We have advised the City of the limitations of our audit regarding the detection of fraud and the possible effect on the financial statements (including misappropriation of cash or other assets) notwithstanding our obligations per the Single Audit Amendments of 1996 and the Uniform Guidance. We can, as a separate engagement, perform extended procedures specifically designed to potentially detect defalcations. Management acknowledges that the City has not engaged us to do so and does not wish us to do so at this time.

Management is responsible for the basic financial statements, schedule of expenditures of federal awards, and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards in accordance with the requirements of the Uniform Guidance. As part of the audit, we will assist with preparation of the City's financial statements, schedule of expenditures of federal awards, and related notes, as well as the data collection form. Management will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, the schedule of expenditures of federal awards, and the data collection form, and that management has reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Management agrees to assume all management responsibilities for any nonaudit services we provide; oversee the services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, and/or experience; evaluate the adequacy and results of these or other nonattest services performed by our Firm; and understand and accept responsibility for the results of such services.

We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management functions or responsibilities.

Audit Procedures - Internal Controls

Our audit will include obtaining an understanding of the City and its business environment, including internal control over financial reporting sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures that are appropriate in the circumstances. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control, or to identify significant deficiencies or material weaknesses in internal control, or to express an opinion on the effectiveness of internal control over financial reporting. Accordingly, we will express no such opinion. However, during the audit, we will communicate to the appropriate level of management and those charged with governance internal control related matters that are required to be communicated under professional standards, *Government Auditing Standards* and the Uniform Guidance including such matters related to components]. These matters refer to significant matters related to the financial statement audit that are, in our professional judgment, relevant to the responsibilities of those charged with governance in overseeing the City's financial reporting process. When applicable, we are responsible for communicating certain matters required by laws or regulations, or by additional requirements that may be applicable to this engagement. Auditing standards generally accepted in the United States of America do not require the independent auditor to design or perform procedures for the purpose of identifying other matters to communicate with those charged with governance. Management is responsible for assessing the implications of and correcting any internal control-related matters brought to the City's attention by us.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with provisions of applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. The purpose of those procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Management Responsibilities

Management is solely and completely responsible for designing, implementing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and internal control over compliance, and for ongoing monitoring activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. Management is also responsible for the selection and application of accounting principles including those related to components; for the preparation and fair presentation of the financial statements in conformity with an acceptable financial reporting framework, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements. Management is responsible for determining, and has determined, that the applicable and appropriate financial reporting framework to be used in the preparation of the City's financial statements is accounting principles generally accepted in the United States of America (GAAP).

Management is also solely and completely responsible for making all financial records and related information available to us, and for ensuring that financial information is reliable and properly recorded. Management is also responsible for providing us with (1) access to all information of which management is

aware that is relevant to the preparation and fair presentation of the financial statements, including identification of all related parties and all related-party relationships and transactions, (2) additional information that we may request from management for the purpose of the audit, and (3) unrestricted access to persons within the City from whom we determine it necessary to obtain audit evidence.

For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.

Management's responsibilities also include identifying significant vendor relationships in which the vendor has the responsibility for program compliance and for the accuracy and completeness of that information. Management's responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

We understand that management will provide us with such information required for our audit, including a reasonably adjusted trial balance, and that management is responsible for the accuracy and completeness of that information. Assistance provided by our Firm in the preparation of a reasonably adjusted trial balance is considered an additional billable service.

We will advise management and the City Council about appropriate accounting principles and their application and may assist in the preparation of the City's financial statements, but the ultimate responsibility for the financial statements remains with management with oversight by those charged with governance. As part of our engagement, we may propose standard, adjusting, or correcting journal entries to the City's financial statements. Management is responsible for reviewing the entries, understanding the nature of any proposed entries and the impact they have on the financial statements, and the implications of such entries on the City's internal control over financial reporting. Further, the City is responsible for designating a qualified management-level individual to be responsible and accountable for overseeing these nonattest services.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Management's responsibilities include informing us of its knowledge of any allegations of fraud, suspected fraud or illegal acts affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, management is responsible for identifying and ensuring that the City complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by the Uniform Guidance, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review at the conclusion of fieldwork.

Management is responsible for preparation of the schedule of expenditures of federal awards in conformity with the Uniform Guidance. Management agrees to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we reported on the schedule of expenditures of federal awards. Management also agrees to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no

later than the date the schedule of expenditures of federal awards is issued with our report thereon. Management's responsibilities include acknowledging to us in the representation letter that (a) management is responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (b) that management believes the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; (c) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (d) management has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

Management is also responsible for the preparation of the other supplementary information, which we have been engaged to report on, that is presented fairly in relation to the basic financial statements. Management agrees to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. Management also agrees to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Management's responsibilities include acknowledging to us in the representation letter that (a) management is responsible for presentation of the supplementary information in accordance with GAAP; (b) that management believes the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (c) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (d) management has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. Management is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report, and for the timing and format for providing that information.

During the course of our engagement, we will request information and explanations from management regarding the City's operations, internal control over financial reporting, various matters concerning fraud risk, future plans, specific transactions, and accounting systems and procedures. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide certain representations in a written management representation letter.

We are not hosts for any City information. Management is expected to retain all financial and non-financial information that management uploads to a portal (document sharing site), and management is responsible for downloading and retaining in a timely manner anything we upload. Portals are meant as a method only of transferring and sharing data, and are not intended for the storage of City information, which may be deleted at any time. Management is expected to maintain control over the City's accounting systems to include the licensing of applications and the hosting of said applications and data. We do not provide electronic security or back-up services for any of the City's data or records. Giving us access to the City's accounting system does not make us hosts of information contained within.

Fees

The estimated fee for the audit of the financial statements will be charged at rates commensurate with the value of our professional services rendered and are not expected to exceed \$236,000 (which includes an additional \$2,500 to present the City's financial statements in conformity with the Government Finance Officers Association (GFOA) criteria, plus out-of-pocket costs such as mileage, food and hotels for the staff assigned to the City's audit while they are on-site at the City performing the audit. Out-of-pocket expenses are not expected to exceed \$10,000. The above fee includes a single audit with up to three major programs. If additional major programs are required to be tested in accordance with the Uniform Guidance, our fee will be increased by \$7,500 for each major program in excess of three. Rehmann will notify City Council in writing as soon as practical after identification of the need for testing of additional major programs in accordance with the Uniform Guidance and in advance of incurring these fees. Since advanced preparation is essential to an efficient audit process, (as trying to audit a moving target is inherently difficult and costly), if the City does not have the necessary staff (either City employees or supplemental employees provided by outside contractors) to appropriately prepare for the audit there will be an additional fee of \$41,200. Rehmann will notify City Council in writing explaining the additional fee as soon as practical after the identification of the problem and in advance of incurring the aforementioned fees. This additional fee is separate from any change orders that the City may approve for our assistance in preparing a reasonably adjusted trial balance.

If we are requested to perform any tasks outside the normal scope of an audit, we will discuss the related circumstances with City Council Finance Committee chair and arrive at a fee estimate for the additional requested assistance, at which time a change order will be prepared for Council's approval prior to Rehmann incurring additional cost. In these circumstances, we will issue a change order form (an attached example is provided) to document the agreement between the City and Rehmann.

Our invoices for these fees will be rendered each month as work progresses and are payable within 14 days of presentation.

The following items will be required of the City:

1. City finance staff will meet with Rehmann by September 3, 2021 to develop a mutually agreed upon milestone timeline for the entire audit process that will allow for the issuance of the City's reports no later than December 17, 2021.
2. Once this timeline is set, if the City is not able to meet certain milestones in the agreed upon timeline and the audit cannot be issued by December 17, 2021, then the audit will not be completed and issued until subsequent to December 31, 2021 (i.e., it is understood that Rehmann staff will be unavailable during the holidays (December 18-31)).
3. The City will provide reasonably adjusted trial balances, schedule of expenditures of federal awards, general ledger detail and substantially all reconciled supporting documentation one week before the agreed upon fieldwork date.
4. The City staff (and outside contractors, if any) will be responsive to all audit requests and provide necessary information in a timely manner.

This fee is based on the assumption that unexpected circumstances will not be encountered during the audit. This fee is based on anticipated cooperation from the City's personnel, continued readiness and proactive assistance on their part in providing us with complete and accurate information (whether financial or nonfinancial in nature) considered necessary by us to form an appropriate opinion, and the assumption that unexpected circumstances will not be encountered during the audit. Such circumstances include, but are not necessarily limited to significant addition or deletion of funds, component units or related entities and first-

time application of significant new professional accounting or auditing pronouncements. In addition, the fee above assumes management will analyze and maintain appropriate support for significant valuation assertions embodied in the financial statements including the valuation of investment securities, the actuarial methods and assumptions used to calculate the net pension and other postemployment benefits liabilities, impairment of capital assets including those held for sale, the valuation of inventories and land held for resale, allowances for uncollectible receivables, and the estimate for incurred-but-not-reported self insurance claims. If significant additional time is necessary, we will discuss the related circumstances with management and arrive at a new fee estimate, which may or may not occur before we incur the additional time. In these circumstances, we may also issue a change order form (an attached example is provided.)

Engagement Administration, and Other

Management shall discuss any independence matters with Rehmann that, in management's judgment, could bear upon Rehmann's independence.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and a corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with management the electronic submission and certification. If applicable, we will provide copies of our reports for the City to include with the reporting package the City will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement is the property of Rehmann and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a cognizant or grantor agency for audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify management of any such request. If requested, access to such audit documentation will be provided under the supervision of Rehmann personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the cognizant agency, oversight agency for audit, or pass-through entity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the parties contesting the audit finding for guidance prior to destroying the audit documentation.

Our audit engagement and our responsibility as auditors ends on delivery of our audit report to the City Council at the Regular or Special Board meeting. Any follow-up services that might be required will be part of a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Government Auditing Standards require that we provide the City with a copy of our most recent external peer review report and any subsequent peer review reports received during the period of the contract. Our 2020 peer review report accompanies this letter.

This engagement letter, including the attached Rehmann Audit Engagement Letter Terms and Conditions which are incorporated herein by reference as if set forth within the body of this engagement letter in their entirety, reflect the entire understanding between us relating to the audit services covered by this agreement. This agreement may not be amended or varied except by a written document signed by both parties. It replaces and supersedes any previous proposals, correspondence, and understandings, whether written or oral. The agreements of the City and Rehmann contained in this document shall survive the completion or termination of this engagement. If any term hereof is found unenforceable or invalid, this shall not affect the other terms hereof, all of which shall continue in effect as if the stricken term had not been included.

We appreciate the opportunity to be of service to the City and believe the arrangements outlined above and in the attached Rehmann Audit Engagement Letter Terms and Conditions accurately summarize the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement, please sign the enclosed copy of this document and return it to us.

Handwritten signature of Doug Deeter in black ink.

Doug Deeter, CPA – Principal
Executive responsible for supervising the
engagement and signing our report
Stephen Blann, CPA, CGFM - Principal

ACKNOWLEDGED AND ACCEPTED:

This letter correctly sets forth the understanding of *City of Flint*.

Officer Signature

Printed Name

Title

Date

Rehmann Audit Engagement Letter Terms and Conditions

ADDITIONAL SERVICES - The City may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with management regarding the scope of the additional services and the estimated separate fees. We also may issue a change order form (an attached example is provided), or a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our attest services will continue to be governed by the terms of this engagement letter.

CODE OF CONDUCT - Management is responsible for identifying any violations by employees of the City's code of conduct.

CHANGES IN STANDARDS, LAWS AND REGULATIONS - We perform services for the City based on present professional standards, laws and regulations. While we may on occasion be able to communicate with management with respect to changes in professional standards, laws and regulations, as a general principle we cannot undertake with clients to advise them of every change that may occur. The City can always obtain reassurance in this regard by contacting us for an updated review of the City's situation.

MANAGEMENT'S REPRESENTATIONS - The procedures we will perform in our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the written and oral representations that we receive from management. Accordingly, false, misleading, incomplete, inconsistent, or omitted representations could cause us to expend unnecessary efforts or could cause material error or a fraud to go undetected by our procedures. In view of the foregoing, the City agrees that we shall not be responsible for any material misstatements in the City's financial statements that we may fail to detect as a result of false, inaccurate, incomplete, inconsistent, or misleading representations that are made to us by management. In addition, the City further agrees to indemnify and hold us harmless for any liability and all reasonable costs, including legal fees, that we may incur as a result of the services performed under this engagement in the event there are false or misleading representations made to us by any member of the City's management.

CLIENT ASSISTANCE - We understand that the City's employees will prepare all cash, accounts receivable, and other confirmations we request and will locate and refile any documents selected by us for testing. In addition, management will provide us with copies of all minutes and other documents that we believe may have a bearing on our evaluation of the City's financial affairs.

WORKSPACE - The City shall provide reasonable work space for Rehmann personnel at audit work sites, as well as occasional clerical support services.

TIMELY DECISIONS AND APPROVALS - The City understands that Rehmann's performance is dependent on the City's timely and effective satisfaction of its own activities and responsibilities in connection with this engagement, as well as timely decisions and approvals by City personnel.

ACCURACY AND COMPLETENESS OF INFORMATION - Management agrees to ensure that all information provided to us is accurate, complete, and consistent in all material respects, contains no material omissions and is updated on a prompt and continuous basis. In addition, management will also be responsible for obtaining all third-party consents, if any, required to enable Rehmann to access and use any third-party products necessary to our performance.

EMAIL - The City acknowledges that (a) Rehmann, the City and others, if any, participating in this engagement may correspond or convey documentation via Internet e-mail unless the City expressly requests otherwise, (b) no party has control over the performance, reliability, availability, or security of Internet e-mail, and (c) Rehmann shall not be liable for any loss, damage, expense, harm or inconvenience resulting from the loss, delay, interception, corruption, or alteration of any Internet e-mail due to any reason beyond Rehmann's reasonable control.

OFFERS OF EMPLOYMENT - Professional standards require us to be independent with respect to the City in the performance of our services. Any discussions that management has with personnel of our Firm regarding employment could pose a threat to our independence. Therefore, we

request that management inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

Neither party shall, during the term of this engagement letter and for one (1) year after its termination, solicit for hire as an employee, consultant or otherwise any of the other party's personnel without such other party's express written consent. If the City desires to offer employment to a Rehmann associate and the associate is hired in any capacity by the City, a market-driven compensation placement fee may apply.

ADDITIONAL FEES AND BILLING POLICIES - It must be understood that the nature of our engagement requires us to exercise our independent professional judgment with respect to various auditing, accounting and related issues. In reaching our conclusions, we must retain the right to judge the nature and scope of the work required in order to conform to professional standards, as well as the work we deem necessary to enable us to reach the conclusions and form the opinions required of us. If our judgment as to the scope of the work required causes us to reassess our estimate of fees for this engagement, we will so advise the City. We reserve the right to refrain from performing additional work (and thereby incurring additional time charges) unless and until the City has confirmed its understanding of, and agreement to, any additional estimated charges.

Our fee estimate is based upon our discussions with management, in which management has disclosed no unusual problems or issues which would require us to conduct an audit of unusual scope or otherwise expend time and effort in excess of that normally anticipated in an engagement of this type. The estimate also assumes that we will have the full cooperation of City personnel, as required, and that there is a reasonable continuity of City personnel familiar with the matters to which our engagement relates. In addition, our fee is based on the experience level of our personnel, at their respective standard hourly rates, performing certain audit procedures at certain timeframes. If we are caused to vary from that planning formula, additional fees will need to be charged to allow for more experienced personnel performing the work, reallocation of our client priority, overtime, etc. Further, management will provide us with the schedules and records that we request (which ordinarily are detailed in a request list in advance of our fieldwork) and that all such schedules and records will be provided to us timely in accordance with the scheduled fieldwork dates, to be mutually agreed upon. If the requested schedules and records are not provided to us in accordance with the scheduled dates and we are unable to continue our work, we will attempt to resume our work as soon as the schedules and records are provided to us and our professionals assigned to the engagement again become available.

As a result of well-publicized events, global economic convergence, and the continued evolution of the accounting profession, accounting and auditing standard setters and regulators are continually evaluating the need for changes that may affect the City. Such changes may result in changes in financial reporting and expanding the nature, timing and scope of activities we are required to perform to provide the services discussed in this letter. Proposed changes and shortened deadlines could result in a reduction of the level of assistance and preparedness the City is able to provide. We expect that our clients may continue to look to us to assist them with these changes. To the extent any changes require us to increase the time required to provide the services described in this letter or to complete new tasks required by such changes, we reserve the right to adjust our fees appropriately. We will endeavor to advise the City of anticipated changes to our fees on a timely basis.

In accordance with our Firm policies, work may be suspended if the City's account becomes 30 days or more overdue and will not be resumed until the account is paid in full or we have a definitive payment agreement approved by our Firm administrator in Saginaw, Michigan. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our report. The City will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Our terms and conditions impose a late charge of 1.5% per month, which is an annual percentage rate of 18%. Balances not paid within 30 days of the receipt of invoice are past due and a late charge of 1.5% will be applied to the entire past due amount.

Rehmann Audit Engagement Letter Terms and Conditions

Rehmann charges a 3% convenience fee on credit card payments.

CLAIMS - Because there are inherent difficulties in recalling or preserving information as the period after an engagement increases, the City agrees that, notwithstanding the statute of limitations of any particular State or U.S. Territory, any claim based on the audit engagement must be filed within 12 months after performance of our service, unless management has previously provided us with a written notice of a specific defect in our services that forms the basis of the claim.

TERMINATION OF SERVICES - We reserve the right to suspend or terminate services for reasonable cause such as failure to pay our invoices on a timely basis or failure to provide adequate information in response to our inquiries necessary for successful performance of our audit services. Our engagement will be deemed to be completed upon written notification of termination, even if we have not completed the audit and issued our signed auditors' report. The City is obligated to compensate us for the time expended to that point and to reimburse us for all out-of-pocket expenditures through the date of termination.

We acknowledge the City's right to terminate our services at any time, and the City acknowledges our right to withdraw at any time, including, but not limited to, for example, instances where, in our judgment, (a) the conditions in the first paragraph of the Audit Objectives section of this letter exist, (b) our independence has been impaired, (c) we can no longer rely on the integrity of management, (d) management fails to reasonably support our efforts to perform the engagement in accordance with what we believe is necessary to comply with professional standards, or (e) a lack of professionalism exhibited by management appears to demonstrate a lack of respect for our personnel such as that evidenced in inappropriate or threatening language/emails, subject in either case to our right to payment for charges incurred to the date of termination or our resignation.

In the event that we determine to resign, and the City seeks damages allegedly resulting from such resignation, our maximum liability to the City in the event we are held liable because of such resignation shall be limited to the fees actually paid to us for current year audit work performed up to the date of resignation.

INITIAL ISSUANCE OF OUR AUDIT REPORT ON FINANCIAL STATEMENTS - If the City intends to publish or otherwise reproduce our audit report on the financial statements and/or make reference to our Firm name, such as for inclusion in an annual report (such as, for example, in a CAFR), prospectus, official statement, or similar disclosure document, including incorporation by reference thereto, the City agrees to provide us with a copy of the final reproduced document for our review and approval before it is distributed, circulated or submitted. Additional fees for issuance or inclusion of our audit report and/or any other reference to our Firm in such other document, will be based on our standard hourly rates.

With regard to electronic dissemination of audited financial statements, including financial statements published electronically on the City's Internet Web site, the City understands that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

SUBSEQUENT REPRODUCTION OF OUR AUDIT REPORT ON FINANCIAL STATEMENTS - If the City decides to include, publish or otherwise reproduce our audit report on the financial statements at a date subsequent to our original report issuance, such as for inclusion in a Preliminary or Official Statement, an exempt offering in connection with a sale of bonds or notes, or other securities, or in a similar exempt offering or other disclosure document such as a prospectus, official statement, etc. (hereinafter referred to as the "document"), our Firm is presumed not to be associated with such document, and we have no obligation to perform any procedures with respect to such document. In these circumstances, the City agrees to include in such document a statement that Rehmann has not been engaged to perform and has not performed, since the date of our audit report being reproduced, any procedures on the financial statements contained in such document or on any unaudited financial or other information contained in the document, or on the document itself. If, however, management or the City's agent (such as an underwriter, bond counsel, placement agent, financial advisor, broker-dealer, etc.) requests

our involvement, thereby causing us to be engaged to or otherwise prepare a written acknowledgement (sometimes referred to as a "consent" or "agree to include") letter prior to including our audit report in such a document, or requests or engages us to assist in preparing or reviewing financial or other information contained in such document, or participate in related oral due diligence meetings or offering discussions, our Firm then becomes associated with the document. In this event, in accordance with professional standards, we will be required to perform certain subsequent events-based or other limited procedures with respect to this or other unaudited information contained in the document shortly before the initial and any subsequent distribution, circulation, or submission. Fees for reissuance or inclusion of our audit report in such a document will be based on our standard hourly rates. If the City wishes to make reference in such a document to our Firm's role in connection with the purpose and dissemination of the document, the caption "Independent Auditors" may be used to title or label that section of the document. In accordance with professional standards, the caption "Experts" should not be used, nor should our Firm be referred to as "Experts" anywhere in the document.

INFORMAL ADVICE - As part of our engagement we may provide advice on operating, internal control over financial reporting and other matters that come to our attention. Informal advice is not considered to be a consulting service unless we have entered into a separate engagement.

THIRD PARTY PROCEEDINGS - As a result of our prior or future services to the City, we might be requested or subpoenaed to provide information or documents to management, a court, a trier of fact, or a third party in a legal, investigative, administrative, mediation, or arbitration or similar proceeding in which we are not a party. If this occurs, our efforts in complying with such requests will be billable to the City as a separate engagement. We shall be entitled to compensation for our time at our standard or special hourly rates and reasonable reimbursement for our expenses (including our legal fees) in complying with this request. For all such requests, we will observe the confidentiality requirements of our profession and will notify management promptly of the request. This paragraph will survive the termination of this agreement for any reason, and will be binding upon successors to the City.

PEER REVIEW - Our Firm, as well as other major accounting firms, participates in a "peer review" program covering our audit and accounting practices. This program requires that once every three years we subject our quality assurance practices to an examination by another accounting firm. As part of the process, the other firm will review a sample of our work. It is possible that the work we perform for the City may be selected by the other firm for their review. If it is, the other firm is bound by professional standards to keep all information confidential. If management objects to having the work we perform for the City reviewed by our peer reviewer, please notify us in writing.

PROMOTIONAL MATERIALS - The City consents to Rehmann's use of your City name and a factual description of the services to be performed by Rehmann under this agreement in Rehmann's advertising and promotional materials and other proposal opportunities.

MEDIATION - If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to binding arbitration or litigation. Costs of any mediation proceeding shall be shared equally by all parties.

GOVERNING LAW - This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan, without regard to the principles of conflicts of law thereof.



CliftonLarsonAllen LLP
CLAconnect.com

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

September 15, 2020

To the Principals of Rehmann Robson LLC
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Rehmann Robson LLC (the Firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The Firm is responsible for designing a system of quality control and complying with it to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The Firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the Firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards* (including compliance audits under the Single Audit Act), audits of employee benefit plans, an audit performed under the Federal Deposit Insurance Corporation Improvement Act (FDICIA), and an examination of a service organization (SOC 1 engagement).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the Firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Rehmann Robson LLC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2020, has been suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Rehmann Robson LLC has received a peer review rating of *pass*.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Rehmann

EXAMPLE CHANGE ORDER

Client: **City of Flint** (the "City")

Date:

Project Description (and estimated completion date, if appropriate):

Estimated Additional Fees: \$ _____

We believe it is our responsibility to exceed the City's expectations. This Change Order is being prepared because performance by us of the above project and/or additional service efforts was not anticipated in our original Agreement dated July 16, 2021. The estimated fees for the above project have been mutually agreed upon by the City and Rehmann. It is our goal to ensure that the City is never surprised by the price for any Rehmann service and, therefore, we have adopted the Change Order Policy. The estimated additional amount above is due and payable upon completion of the project described.

If management agrees with the above project description and the estimated fee amount, please authorize and date the Change Order below. A copy is enclosed for the City's records. Thank you for letting us serve the City.

Agreed to and accepted:

Officer Signature

Printed Name

Title

Date



E-Billing Enrollment/Confirmation

Timely and easy-to-access invoices and statements will now be emailed to you. Please provide your contact information below to start taking advantage of electronic invoicing and statements.

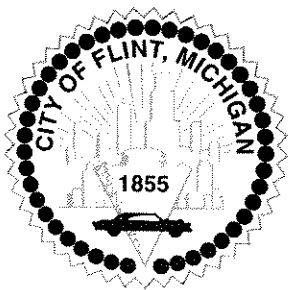
Primary Billing Contact: _____

Billing Phone Number: _____

Email Address: _____

Comments:

If you are already taking advantage of e-Billing, we will confirm this information in our systems. Additionally, the billing contact will receive information on e-Payment options to simplify your accounts payable process.



RESOLUTION NO

210476

PRESENTED:

SEP 27 2021

ADOPTED:

**RESOLUTION APPROVING THE REQUEST FOR WAIVER OF POTENTIAL
CONFLICT OF INTEREST FOR ATTORNEY RICHARD M. WILSON JR.**

BY THE FLINT CITY COUNCIL:

WHEREAS, Attorney Richard M. Wilson Jr has done previous legal work for the Flint City Council.

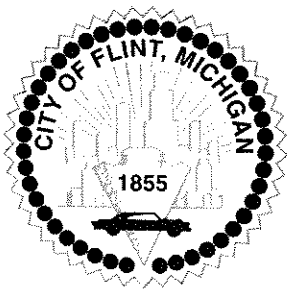
WHEREAS Attorney Richard Wilson represented Flint City Council in the review of water litigation.

WHEREAS his firm represents Consumers Energy in condemnation cases.

WHEREAS Under Michigan law, a condemning agency like Consumers Energy must join as defendants in the condemnation lawsuit all “owners” known to have of an interest in the property over or through which the easement is sought. Because strict compliance with the Uniform Condemnation Procedures Act (UCPA) is required, condemning agencies must take an expansive view of who an “owner” is under the UCPA to insure that no one with an interest in the property is excluded from asserting their rights to just compensation for the taking of the easement. Consequently, before a condemnation action is brought, it is necessary to conduct a thorough title search of the property over which the company seeks its easement, and also to consider other entities, such as municipalities and other public utilities, who may have unrecorded interests in the property because their facilities are located in an adjacent public right of way which is often considered to be part of the property.

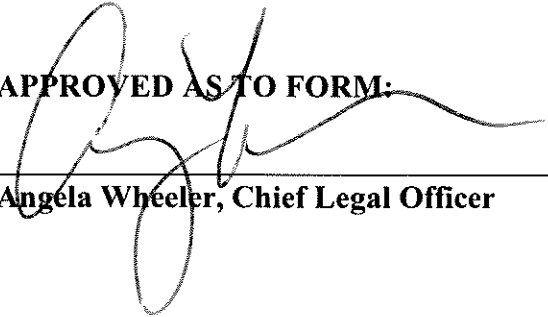
WHEREAS, Rule 1.7 of the Michigan Rules of Professional Conduct state that an attorney may not represent a client if that representation will be “directly adverse to another client” unless the client consents after consultation and the representation will not “adversely affect the relationship with the other client.”

WHEREAS, the (1) Flint City Council is Mr. Wilson’s client, not the City of Flint itself. Therefore there is no actual conflict of interest under the professional rules; (2) a condemnation action will seek no affirmative monetary relief against the City of Flint and the City’s presence in the lawsuit will only be because of the requirements of the statute and the anticipated presence of some of its municipal infrastructure; (3) to the contrary, if the City’s utility infrastructure is affected at all (it should not be) by the condemnation, the City is entitled to relief against Consumers Energy; and finally (4) because the scope of Mr. Wilson’s engagement on behalf of the City Council is limited to the Flint water cases, and does not extend to matters involving other litigation with the City or any of its departments, nothing that occurs in the condemnation cases can affect, adversely or otherwise, his relationship with the City Council.



THEREFORE BE IT RESOLVED that the Flint City Council approves and consents to request for waiver of potential conflict of interest for Attorney Richard Wilson Jr.

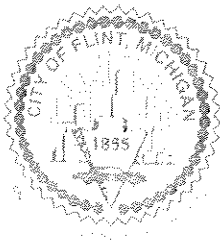
APPROVED AS TO FORM:



Angela Wheeler, Chief Legal Officer

APPROVED AS TO FINANCE:

Kate Fields, City Council President



OFFICE OF THE CITY CLERK

MEMORANDUM

INEZ M. BROWN
CITY CLERK

TO: Members - Flint City Council

FROM: Inez M. Brown, City Clerk

RE: Atty. Richard M. Wilson, Jr. - Request for Waiver of
Potential Conflict of Interest

DATE: September 20, 2021

Attached you will find a letter dated 9/16/21 from Atty. Richard M. Wilson, Jr. who represents the City Council on a scope of services limited to water cases (Flint). In the letter he indicates that he will be involved in certain legal matters that MAY appear to present a conflict of interest with the City of Flint; however, his involvement does not extend to matters involving other litigation with the city or city departments.

In any event, Atty. Wilson is asking that City Council review the content of the attached letter so that at a future Council meeting a motion can be passed to waive the conflict of interest so that his law firm can proceed with their representation of Consumers Energy.

In preparation for further discussion of this matter, I have discussed it with Council President Kate Fields and our Legal Department. As a result, a Resolution will be prepared in order for Council to vote on this matter at the next Special Affairs Committee meeting and regularly scheduled Council meeting to be held next Monday, September 27th.

In the meantime, if you have further questions/concerns regarding this matter, please feel free to let me know.

Thank you.

Attachments

cc: Angela Wheeler, Flint City Attorney

MUNICIPAL CENTER

• 1101 S. SAGINAW STREET ROOM 201C FLINT, MICHIGAN 48502 (810) 766-7414 FAX (810) 766-7404 TDD 766-7120 •

Mika Meyers

Richard M. Wilson, Jr.
E-mail rwilson@mikameyers.com

414 Water Street Manistee, MI 49660
Tel (231) 723-8333 Fax (231) 723-3888
Web mikameyers.com

Attorneys at Law

September 16, 2021

Flint City Council
1101 S. Saginaw Street
Flint, MI 48502

Attention: Incz Brown, City Clerk

Re: Request for waiver of potential conflict of interest

Dear City Council Members,

I am writing to report to you that I will be involved in certain legal matters that may appear to present a conflict of interest with the City of Flint, and to request the Flint City Council waive the potential conflict.

My law firm represents Consumers Energy Company in condemnation cases when the company needs to acquire easement rights for new power lines or other facilities and a property owner will not voluntarily sell those rights to the company. Under Michigan law, a condemning agency like Consumers Energy must join as defendants in the condemnation lawsuit all "owners" known to have of an interest in the property over or through which the easement is sought. Because strict compliance with the Uniform Condemnation Procedures Act (UCPA) is required, condemning agencies must take an expansive view of who an "owner" is under the UCPA to insure that no one with an interest in the property is excluded from asserting their rights to just compensation for the taking of the easement. Consequently, before a condemnation action is brought, it is necessary to conduct a thorough title search of the property over which the company seeks its easement, and also to consider other entities, such as municipalities and other public utilities, who may have unrecorded interests in the property because their facilities are located in an adjacent public right of way which is often considered to be part of the property. These unrecorded interests in the right of way are discovered through a request to MISS DIG.

Sometime in the next few months, we may be filing several condemnation actions involving properties located in the Atherton Road area of the City of Flint. Although we have not submitted a request to MISS DIG at this point, we expect that the City of Flint may have public utility installations in Atherton Road such as sewer and water lines that will require the City of Flint to be made a party to the actions.

Rule 1.7 of the Michigan Rules of Professional Conduct state that an attorney may not represent a client if that representation will be "directly adverse to another client" unless the client consents after consultation and the representation will not "adversely affect the relationship with the other client."

In support of my request, I direct your attention to the fact that: (1) the Flint City Council is my client, not the City of Flint itself, and so there is no actual conflict of interest under the professional rules; (2) a condemnation action will seek no affirmative monetary relief against the City of Flint and the City's presence in the lawsuit will only be because of the requirements of the statute and the anticipated presence of some of its municipal infrastructure; (3) to the contrary, if the City's utility infrastructure is affected at all (it should not be) by the condemnation, the City is entitled to relief against Consumers Energy; and finally (4) because the scope of my engagement on behalf of the City Council is limited to the Flint water cases, and does not extend to matters involving other litigation with the City or any of its departments, nothing that occurs in the condemnation cases can affect, adversely or otherwise, my relationship with the City Council.

Of course, attorneys should also avoid even the appearance of impropriety. Accordingly, even though there is no direct conflict of interest here, it is to avoid any appearance of impropriety that I make this request that the Council at one of its meetings in the near future, pass a motion waiving the potential conflict of interest to allow us to proceed with our representation of Consumers Energy.

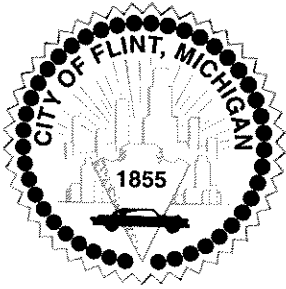
If you should have any questions, please feel free to contact me, and thank you in advance for your cooperation.

Sincerely,



Richard M. Wilson, Jr.

cc: Ms. Angela Wheeler, City Attorney



CITY OF FLINT, MICHIGAN
Department of Law

Angela Wheeler
Chief Legal Officer

Sheldon Neely
Mayor

MEMORANDUM

TO: Kate Fields, City Council President
Inez Brown, City Clerk

FROM: Victoria Cooper, Litigation Assistant

C: Clyde Edwards, City Administrator
Angela Wheeler, Chief Legal Officer

RE: Request for Closed Session Wednesday September 22, 2021

DATE: September 20, 2021

**Confidential communications between Attorney
and client are privileged and as such MAY NOT
be divulged, distributed or disseminated without
approval of the Legal Department**

This is a request for the Department of Law to address in a Closed Session on Wednesday September 20, 2021 at the Flint City Council Committee Meeting to discuss Klier v CoF 20-114721.

:vc



RESOLUTION NO.:

210 477

PRESENTED:

SEP 27 2021

ADOPTED:

**RESOLUTION APPROVING SETTLEMENT OF Klier v CITY OF FLINT, ET AL
BY THE CITY ADMINISTRATOR:**

Executive Session was requested in this matter on September 27, 2021; and


WHEREAS the City of Flint and one of its employees are defendants in *Joshua Klier v City of Flint, et al*, Case No. 20-114721, in the Genesee County Circuit Court; and

WHEREAS although the City of Flint admits to no liability, the Law Department recommends settling all claims in this case against the City and its employees for \$75,000.00.

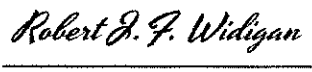
WHEREAS the City Administrator also recommends offering settlement on those terms;

THEREFORE, BE IT RESOLVED that the Flint City Council approves and consents to the City settling *Joshua Klier v City of Flint, et al*, Case No. 20-114721, for an amount not to exceed \$75,000.00. Account Number 677.266.200.956.300.

APPROVED AS TO FORM:


Angela Wheeler, Chief Legal Officer

APPROVED AS TO FINANCE:


Robert J. Widigan, Interim Chief Financial Officer

FOR THE CITY OF FLINT:


Clyde Edwards, City Administrator

APPROVED BY CITY COUNCIL:

Kate Fields, City Council President



CITY OF FLINT

ACCOUNTING APPROVAL: Jennifer Ryan Date: 09/20/2021
Jennifer Ryan (Sep 20, 2021 12:36 EDT)

WILL YOUR DEPARTMENT NEED A CONTRACT? YES ☐ NO ☐
(If yes, please indicate how many years for the contract) YEARS

WHEN APPLICABLE, IF MORE THAN ONE (1) YEAR, PLEASE ESTIMATE TOTAL AMOUNT FOR EACH
BUDGET YEAR: (This will depend on the term of the bid proposal)

BUDGET YEAR 1

BUDGET YEAR 2

BUDGET YEAR 3

OTHER IMPLICATIONS (i.e., collective bargaining):

STAFF RECOMMENDATION: (PLEASE SELECT): ☐ APPROVED ☐ NOT APPROVED

DEPARTMENT HEAD SIGNATURE: Angela Y. Warden
(PLEASE TYPE NAME, TITLE)

210397

ORDINANCE NO. _____

An ordinance to amend the Code of the City of Flint by amending Chapter 18, Taxation; Funds; Purchasing; Article I, In General; Section 18-4.1, Service Charge in Lieu of Taxes for Housing Facilities for Certain Persons.

IT IS HEREBY ORDAINED BY PEOPLE OF THE CITY OF FLINT:

Sec. 1. That the provisions of Chapter 18, Taxation; Funds; Purchasing; Article I, In General; Section 18-4.1, Service Charge in Lieu of Taxes for Housing Facilities for Certain Persons, shall be amended by adding subsection (CC), which shall read in its entirety as follows:

(CC) THE CITY ACKNOWLEDGES THAT **THE GRAND FLINT LIMITED DIVIDEND HOUSING ASSOCIATION, LP, A MICHIGAN LIMITED PARTNERSHIP** (THE "OWNER") HAS OFFERED, SUBJECT TO RECEIPT OF AN AUTHORITY-AIDED OR FEDERALLY-AIDED MORTGAGE LOAN AND/OR ALLOCATION OF LOW INCOME HOUSING TAX CREDITS FROM THE MICHIGAN STATE HOUSING AND DEVELOPMENT AUTHORITY ("MSHDA"), TO OWN AND OPERATE A HOUSING PROJECT IDENTIFIED AS "THE GRAND" (THE "PROJECT") ON CERTAIN PROPERTY LOCATED IN THE CITY TO SERVE PERSONS AND FAMILIES OF LOW INCOME, AND THAT THE SPONSOR HAS OFFERED TO PAY THE CITY ON ACCOUNT OF THIS HOUSING DEVELOPMENT AN ANNUAL SERVICE CHARGE FOR PUBLIC SERVICES IN LIEU OF AD VALOREM TAXES.

THE CITY ACKNOWLEDGES THAT THE SPONSOR SHALL BE AFFORDED TAX BENEFITS OF PAYING A SERVICE CHARGE

IN LIEU OF AD VALOREM TAXES (BUT NOT IN LIEU OF PAYMENT OF SPECIAL ASSESSMENTS INCLUDING, BUT NOT LIMITED TO, THE STREET LIGHTING SPECIAL ASSESSMENT). THE CITY FURTHER ACKNOWLEDGES THAT THE SPONSOR FITS WITHIN THE CLASS AS DESCRIBED IN §18-4.3 BELOW. THE ANNUAL SERVICE CHARGE FOR THE CLASS OF PERSONS OF LOW AND MODERATE INCOME SHALL BE EQUAL TO **FOUR PERCENT (4%)** OF THE ANNUAL SHELTER RENTS, EXCLUSIVE OF CHARGES FOR GAS, ELECTRICITY, HEAT, OR OTHER UTILITIES FURNISHED TO THE OCCUPANTS, INCLUDING THE PORTION OF RENT PAYABLE UNDER ANY GOVERNMENTAL SUBSIDY. NOTWITHSTANDING THE FOREGOING, THE ANNUAL SERVICE CHARGE SHALL NOT EXCEED AD VALOREM PROPERTY TAXES THAT WOULD BE ASSESSED OR PAID ABSENT THIS TAX EXEMPTION.

Sec. 2. This ordinance shall become effective immediately upon publication.

Adopted this _____ day of

_____, 2021 A.D.

Sheldon A. Neeley, Mayor

APPROVED AS TO FORM:

Angela Wheeler, Chief Legal Officer

ORDINANCE REVIEW FORM

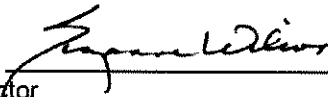
FROM: Planning and Development
Department

NO. 21-
Law Office Login #

ORDINANCE NAME: RESUBMISSION OF PILOT ORDINANCE RESOLUTION TO GRANT A FOUR (4%) PAYMENT IN LIEU OF TAXES (PILOT) TO PROJECT AT 422 W UNIVERSITY, TO BE CALLED "THE GRAND", PROVIDING 48 UNITS OF AFFORDABLE HOUSING TO LOW AND MODERATE INCOME RESIDENTS. DEVELOPER OWNS PROPERTY AS OF THIS REQUEST.

1. ORDINANCE REVIEW - DEPARTMENT DIRECTOR

The attached ORDINANCE is approved by the Director of the affected Department. By signing, the Director approves this ordinance to be processed for signatures and fully executed.

By: Director 
Suzanne Wilcox, Director

DATE: July 12, 2021

2. ORDINANCE REVIEW - LAW DEPARTMENT

The attached ORDINANCE is submitted to the Legal Department for approval. By signing, the Legal Department approves this ordinance to be processed for signatures and fully executed.

By: _____
Angela Wheeler, Chief Legal Officer

DATE: _____

3. ORDINANCE REVIEW-FINANCE DEPARTMENT

The attached ORDINANCE is submitted to the Finance Department for approval. By signing, the Finance

By: _____
Amanda Trujillo, Chief Financial Officer

DATE: _____

4. ORDINANCE REVIEW-MAYORS OFFICE

The attached ORDINANCE is submitted to the Mayors Office for approval. By signing, the Mayor's office

By: _____
Clyde Edwards, City Administrator

DATE: _____

**PAYMENT IN LIEU OF TAXES
(PILOT)
APPLICATION**



CITY OF FLINT

1101 S SAGINAW ST.
FLINT, MI 48502
TEL: 810-766-7436

PURPOSE

To administer the City of Flint Code of Ordinances 18-4.1 to 18-4.8, establishing a class of housing developments pursuant to the State Housing Development Authority Act of 1966, known as Act 436 of the Acts of 1966, being MCLA §§ 125.1401 et seq. , as amended, which are exempt from property taxes, paying instead a service charge to be paid in lieu of taxes (PILOT) by any or all classes of housing exempt from taxation under this Act at any amount it chooses, but not to exceed the taxes that would be paid for if not for this Act.

The City acknowledges that serving persons of low income is a public necessity, and as such the City of Flint will be benefited and improved by such housing, the encouragement of the same by providing certain real estate tax exemption for such housing is a valid public purpose. The applicant for a PILOT is affirming that the economic feasibility of this housing development is reliant on this requested tax exemption.

Furthermore, in considering this application for PILOT, the evaluators of such request shall consider that the community shall be developed in a manner consistent with the adopted Master Plan and Consolidated Action Plan. Evaluation of the application should take into consideration maintaining the overall goals and objectives set forth in these plans.

ELIGIBILITY

- 1) Applicant must be a nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, mobile home park cooperative or mobile home park association, and must be financed with a federally-aided or Michigan State Housing Development Authority (MSHDA) aided mortgage or advance or grant from MSHDA.
- 2) PILOT has been requested during the planning stage of the project; any development project under construction at the time of application is not eligible to apply for, or to receive, a PILOT.
- 3) The applicant must own the property or have an option or other right to purchase the property under consideration and provide in application.
- 4) Housing development must contain a minimum of 51% affordable units.
- 5) Project includes a Low Income Housing Tax Credit (LIHTC) allocation.
- 6) The property is not designated as a Brownfield or 5/50 property.
- 7) All parcels that are separate have been combined through proper City channels.

PROCESS

1) Mandatory Pre-Application Conference: This will be a meeting of all applicable City Departments to include:

- City Administrator
- City Planner
- City Engineer
- City Treasurer
- City Assessor
- Chief Building Official
- Community and Economic Development Staff
- Representatives of applicant development team

This meeting will serve to familiarize all parties with the scope of the project and any issues that may exist. The applicant will also be familiarized with the PILOT process and policies.

2) Submission of Application: Application form must be complete and packet of required supporting documentation assembled based upon requirements set forth in the application. Any additional concerns or items that were discussed in the Pre-Application Conference should also be addressed. Application forms are available on both the City of Flint website and in the Department of Community and Economic Development.

One original and one electronic copy shall be submitted no later than seven (7) weeks before the Regular City Council meeting, which are typically held on the 2nd and 4th Mondays of each month.

3) Internal (Administrative) Review: An internal review will occur, resulting in either Administrative approval within three (3) weeks or return to the applicant for corrections.

Applications will be scored on a scoring matrix as attached in this application.

Administrative approval will move the application forward to an ordinance amendment that will be placed on the Government Operation Committee meeting agenda.

4) Council Committee Review: Meetings are held the Wednesday prior to the Regular City Council meeting. The developer is required to be in attendance at this meeting to answer any questions the committee may have.

5) Review by City Council: Once committee approval is obtained, the ordinance amendment will proceed to the following Regular City Council Meeting (the Monday following committee). The developer is required to be in attendance at this meeting.

6) Approval: If the PILOT application is approved by resolution of the City Council, a certified copy of the resolution and a copy of the minutes will be provided to the applicant. Additionally, digital copies will be provided to all applicable City Departments.

****Note: All applicants are required to file their MISDA affidavit with the City Assessor by November 1 of the year before the PILOT is to take effect.***

APPLICATION REQUIREMENTS

1) Completed Application Form

2) Narrative:

a. Background information:

i. Development experience of team

Please see attached resumes for Communities First, Inc. and RAD Conversion Specialists, LLC.

ii. Describe the corporate partnership structure

Please see attached proposed organization chart.

b. Describe the proposed Project (include the following sections): We are requesting a 4% PILOT.

i. **Intended usage/target market** – Low and moderate income individuals and families in Genesee County.

ii. **Economic impact** –We expect to invest approximately \$14.8 million in the neighborhood with a large multiplier effect from construction and long term economic impact to local businesses in the immediate walking area (Carriage Town and University Avenue Corridor). Additionally, the project will likely create hundreds of construction jobs and additional jobs for property a management office and maintenance staffing and contracts.

iii. **Environmental impact (to include any mitigation actions taken)** -The property is contaminated with tetrachloroethylene; likely from a previous dry-cleaning business. Additionally, the western adjoining property operating as a gasoline filling station and meets the definition of a facility. The environmental contamination will be mitigated with either a vapor barrier or removing contaminated soils.

iv. **Impact on City infrastructure (transportation and utilities)** -We expect residents to utilize local public transit and walk for majority of transportation needs (We expect this project to increase the walkability of the area though increasing density and demand for local amenities). We plan to utilize public utilities. This project will help make Flint more attractive for business investment and people by emphasizing a live, work, and play atmosphere due to its location near downtown and local amenities.

v. **Impact on City services (police, fire, EMS, code enforcement)** -We expect the local area to be much safer and to incentivize investment by homeowners and business owners in the neighborhood. Increasing the density will help activate the area with more residents to deter nearby criminal activity and utilize local businesses and other amenities. We expect nearby property values to increase and more local investment and activity, enlarging the tax base and providing more resources for City services.

vi. **Square footage of the building and land to be renovated** Building is new construction and total square footage has not been determined.

vii. **Architectural renderings to include the number and type of units** – Planned unit mix – twenty (20) one-bedroom units; twenty-one (21) two-bedroom units; and seven (7)

(forty-eight (48) total units); See attached site concept plan.

viii. Any other information to fully explain the project

c. Describe the marketing of the project, clearly identifying the intended market. If the project is speculative, how long is full occupancy expected to take and who will be the property manager?

The Project will be marketed through local media advertising, as well as word of mouth. Given current demand for housing in Flint, we expect full occupancy to take approximately 4 to 6 months.

d. Briefly describe the ownership and tax information for this project:

i. State the location or the proposed project to include street address, parcel ID, and the legal description. Address: 422 W. University Ave.; Parcel ID: 40-12-457-008; Legal Description: MCFARLAN & CO'S WESTERN ADDITION LOTS 5, 8, 10, 13 AND 14; ALSO SLY 33 FT OF LOTS 6 AND 11; ALSO WLY ½ OF LOTS 7 AND 9. BLK 38

ii. Name of the property owner at the time of application. The Grand Flint LDHA LP

iii. If the applicant is not the current owner of record, attach a valid option to purchase. Communities First, Inc. owns a majority of the general partner of the owner, The Grand Flint LDHA LP.

iv. Describe any and all financing, options, and liens on the property - We are not aware of any liens on the property. We have received a tax credit reservation from the Michigan State Housing Development Authority and Affordable Housing Program Grant funds to help finance the development. Additionally, sources of funds include grant dollars and deferred developer fee.

v. State the current assessed value of the property. \$53,400.00.

vi. Are any assessments currently under appeal? If yes, describe. We are not aware of any assessment appeals.

e. Provide a detailed development pro forma outlining proposed hard, soft and financing costs associated with the development. Pro forma must also identify all sources of financing and terms, including Applicant equity, construction, and permanent financing, as well as any government assistance. Proposals must contain detailed cost breakdowns. Please see attached sources and uses of funds and MSHDA tax credit reservation and AHP Award Letter.

f. Provide a detailed operating pro forma. This must include all anticipated major revenues and expenses for the full term of the requested PILOT. Please see attached 15-year operating proforma. A longer term forecast proforma can be provided upon request.

g. Provide a detailed schedule of rents and income limits of lessees- Please see attached rent schedule with income targeting and unit mix.

h. Provide housing market data to show demand.

See Imagine Flint Master Plan. We have not done a market study but given current demand for rental units in the area and Flint, there is adequate demand for the multifamily apartments, especially near downtown Flint.

i. State a proposed timeline for the Project to include:

- i. Closing of the loan or contributing financing June 2021
- ii. First expenditure of funds with regards to the project January 2019
- iii. Anticipated date construction will begin June 2021
- iv. Anticipated date of completion August 2022

j. Describe any potential conflicts of interest the applicant or any guarantor may have with any City Personnel or City Council members. We are not aware of any conflicts of interest.

k. To receive application bonus points, address the following:

- i. Mixed use (PILOT ONLY applies to housing- not commercial SF) The proposed project is mixed use with commercial space dedicated to resident services and is expected to contain almost 3,300 square feet of commercial space fronting Grand Traverse St. (along with 48 residential apartment units).
- ii. Energy efficiency and green practices Project will be certified by NGBS.
- iii. Neighborhood and block club outreach (Full list of outreach done)

We have had several meetings with neighborhood residents and the neighborhood association, including attendance at a board meeting and solicited feedback regarding project design and characteristics. Additionally, we have modified the design considerably since the first proposal, incorporating different materials, scale, and building size and number. More recently, we have held two video conference calls with residents regarding design concept and project details.

iv. External amenities (walk score, proximity to transit, jobs, etc.)

The property's walkscore is 65, however it is within 1/3 of mile of an 81 walkscore and downtown Flint, and just under 1/2 mile from Hurley Hospital. Additionally, we expect the walkscore to increase dramatically once the property is placed in service. The property is located in the Carriage Town Historic District, one block away from Factory 1.

l. Include a copy of the completed MSHDA application for Low Income Housing Tax Credits (LIHTC) within thirty (30) days of submittal to MSHDA.



(APPLICATION FORM ON NEXT PAGE- ATTACH APPLICATION FORM TO THE REQUIRED NARRATIVES AND SUPPORTING DOCUMENTS)

PAYMENT IN LIEU OF TAXES (PILOT) APPLICATION
CITY OF FLINT

APPLICANT INFORMATION

ENTITY NAME	Communities First, Inc. on behalf of The Grand Flint LDHA LP
REPRESENTATIVES NAME	Glenn A. Wilson
ADDRESS	415 West Court Street, Flint, MI 48503
TELEPHONE NUMBER	810 422 5358
E-MAIL ADDRESS	gwilson@communitiesfirstinc.org

GUARANTORS INFORMATION

ENTITY NAME	Communities First, Inc.
ENTITY PRINCIPAL	
ADDRESS	415 West Court Street, Flint, MI 48503
TELEPHONE NUMBER	810 422 5358
E-MAIL ADDRESS	gwilson@communitiesfirstinc.org

ENTITY NAME	RAD Conversion Specialists, LLC.
ENTITY PRINCIPAL	Eric Gold
ADDRESS	32500 Telegraph, #222, Bingham Farms, MI 48025
TELEPHONE NUMBER	248 203 0011
E-MAIL ADDRESS	egold@slavikenterprises.com

PROJECT INFORMATION

PROJECT NAME	The Grand on University
ADDRESS OF PROJECT	422 W. University Ave.
PARCEL ID	40-12-457-008
LEGAL DESCRIPTION	MCFARLAN & CO'S WESTERN ADDITION LOTS 5, 8, 10, 13 AND 14; ALSO SLY 33 FT OF LOTS 6 AND 11; ALSO WLY ½ OF LOTS 7 AND 9, BLK 38 Parcel ID: 40-12-457-008

DEVELOPMENT TEAM

APPLICANT PRIMARY POINT OF CONTACT	Communities First, Inc.
ARCHITECTURAL FIRM	Sedgewick + Ferweda Architects
CONSTRUCTION PROJECT MANAGER	TBD
GENERAL CONTRACTOR FOR PROJECT	TBD

Applicant is to attach items a-l as required in the narrative portion of the application.

- a. Background information See Above
- b. Project description See Above
- c. Project marketing/target market See Above
- d. Ownership description/tax information See Above
- e. Detailed development pro forma Attached
- f. Operating pro forma Attached
- g. Schedule of rents/income levels Attached
- h. Housing market data supporting demand See Above
- i. Proposed project timeline See Above
- j. Conflicts of interest See Above
- k. Application bonus point items See Above
- l. MSHDA application for LIHTC credits

EMPOWERING PEOPLE.
BUILDING COMMUNITIES.



QUALITY OF LIFE STARTS WITH COMMUNITY.

Communities First, Inc. is a nonprofit community development corporation that creates economic development opportunities, provides affordable housing, fosters access to the arts and cultural activities, and educates families and businesses about the environment.

Our holistic approach to building sustainable communities is fueled by a culture of innovation, equity and creative problem solving. Our leadership team and collaborative partners have a spirit of trust, engagement and a contagious passion to make an authentic difference in the communities we serve.

By looking beyond conventional community solutions, we take a strategic approach that challenges the status quo to empower people and build communities.

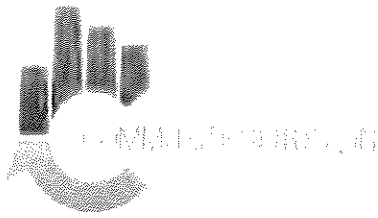
If you believe in the power of community like we do, we welcome you to learn more and join us in making a difference.



COMMUNITIESFIRST, INC.
Empowering People. Building Communities

810.422.5358 | COMMUNITIESFIRSTINC.ORG





Communities First, Inc. Overview

Communities First, Inc. (CFI) is a Michigan nonprofit 501c3 whose mission is to build healthy, vibrant communities through economic development, affordable housing and innovative programming. The organization is focused on providing safe, quality affordable housing, increasing economic opportunities, and improving quality of life. The motto of Communities First, Inc. is “Empowering People. Building Communities”, which speaks to a desire to create social equity, improve quality of life for residents and to improve the built environment.

Affordable Housing

In Flint, Michigan, CFI is the developer of Oak Street Senior Apartments. The \$5.1 million project provides 24 units of safe, affordable housing for low income seniors in the downtown Flint area. Oak School was originally built in 1898 and has been preserved and repurposed. This project is energy efficient, sustainable and is Enterprise Green Communities certified. Communities First, Inc. is also developer of the historic Swayze Apartments in Flint. This vacant and blighted building was renovated into 36 apartments for people who are homeless, at risk of homelessness or who have special needs. This \$8.1 million project has been funded by the Michigan State Housing Development Authority, City of Flint and others.

Coolidge Park Apartments is the most recent housing development undertaken by the organization. Coolidge School was closed in 2011 due to declining enrollment and Communities First, Inc. has secured the bulk of the funding to begin the redevelopment of the site. When complete, the Coolidge development will consist of 54 units (both market rate and affordable), a community center in the gymnasium and more than 8,000 square feet of commercial space.

Economic Development

Communities First, Inc. recognizes that it is important for residents of distressed communities to have increased employment opportunities. The housing that CFI has developed created more than 200 well-paying jobs for local workers, some of whom have barriers to employment, were low income and/or minorities. CFI has been successful in securing more than \$30 million in federal, state and local grant funds for projects in the Flint community. Mixed use projects and other programs are being planned to provide further opportunities for economic development.

Communities First, Inc. participated in a pilot HUD program and became a SPI-HUD Accredited Green Organization. This accreditation is a reflection of CFI's commitment to green building practices and operations. Each of the development projects that Communities First, Inc. is a part of will be designed, constructed and operated with sustainability and environmentally friendly practices in mind. It is the opinion of the organization that this

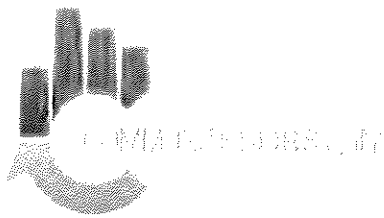
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415 W. COURT ST.
FLINT MI 48503

PO BOX 152
FLINT MI 48501

P 810-422-5358
F 810-519-4843



approach is responsible, cost effective and progressive. Additionally, the office operations of Communities First, Inc. minimize excess usage of paper, energy and water.

Initially involved in economic development and affordable housing, Communities First, Inc. is further realizing its mission of improved quality of life for distressed communities by establishing additional opportunities to engage those that it serves. The organization has established two programs, Green Life Community Education Program and Culture Shock, to meet additional community needs.

Green Life Community Education Program

Green Life addresses several important topics in that make residents and businesses more aware of their impact on the environment. The program encourages individual and corporate responsibility through resident and business forums. Examples of the topics that are covered include: energy saving and water conservation methods, education about climate change, recycling, the use of public transportation and reducing your carbon footprint.

Culture Shock

Culture Shock, as its name suggests, provides cultural experiences that provoke, surprise and stimulate. By altering and enhancing perceptions of arts and culture--in partnership with other community groups and businesses--individuals and families can expand their horizons, broaden their tastes and deepen their understanding of the world around them. The program provides exposure to arts, music, food, sporting events and various cultures to diversify the experience of residents of low to moderate income communities. Culture Shock eliminates barriers like cost and transportation to increase access and opportunity. This innovative program impacts about 16,000 per year and has received national media coverage.

The Essence of Communities First, Inc.

Communities First, Inc. is committed to the creation of sustainable and equitable communities. By focusing on affordable housing, economic development arts and culture outreach and environmental education, CFI is transforming neighborhoods and lives. The organization utilizes a holistic and proactive approach to community development, which looks at the entire person and examines the complexity of community issues. Equity permeates every aspect of the work of the organization, engaging residents in the planning and execution of projects. CFI is well versed in creative placemaking, involving stakeholders throughout the process to produce changes to the built environment and quality experiences for residents.

CFI has a knack for connecting needs with resources to provide viable solutions to social, economic and environmental problems. These efforts require both collaboration and coordination with community stakeholders to effect true change. The support of community partners, dedicated volunteers and generous funders allows Communities First, Inc. to

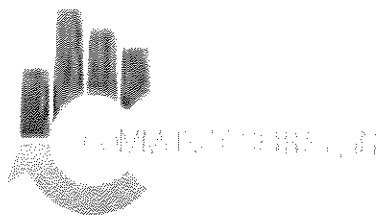
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P 810-422-5358
F 810-319-4841



leverage federal, state and local resources to operate as a catalyst for positive change in distressed communities. The success of CFI in Flint has led to plans for expansion into other cities throughout Michigan with similar needs.

The efforts of CFI have been recognized nationally by MSNBC's Morning Joe, Nonprofit Quarterly and Affordable Housing Finance magazine.

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F: 810-519-4844



Glenn Wilson **President/CEO**

As co-founder and President/CEO, Glenn Wilson leads the organization as it response to the great need that distressed communities face in regards to economic development and affordable housing. The organization has secured more than \$30 million in funding, primarily for real estate development projects and provided jobs to more than 200 people in just seven years, due to Mr. Wilson's leadership. Glenn has expansive knowledge of real estate and community development, serving as the primary lead for these activities since the organization's inception in 2010. His background in healthcare, real estate, business, marketing and entrepreneurship has translated well to his real estate development work.

Glenn currently serves on the Michigan Housing Council Board of Directors, Michigan Housing Council Finance and Development Committee and the Community and Economic Development Association of Michigan Board of Directors (Board Chair). He also serves on the boards of the Mass Transportation Authority and Hurley Foundation and is a member of the Federal Home Loan Bank of Indianapolis Advisory Board. Glenn participates in committees at the Flint Institute of Arts and Flint Institute of Music and has a special interest in increasing equity in the arts. He has strong relationships with governmental entities, politicians, foundations and community groups throughout the state of Michigan.

Glenn is the recipient of the American Express Aspire Award from the National Trust for Historic Preservation, the Young Professional Award from the Flint and Genesee Chamber of Commerce, the Michigan Chronicle's 40 Under 40 award, and is a 2017 Next City Vanguard.

Essence Wilson **Chief Strategy Officer**

Essence Wilson is co-founder and Chief Strategy Officer for the organization. Her responsibilities include writing grants, improving organizational efficiency and organizing community engagement efforts.

Essence has a bachelor's degree in mechanical engineering from Kettering University and a master's degree in management, strategy and leadership at Michigan State University. This education and prior experience working at General Motors helped her develop as a leader and innovator, which has served her well in the nonprofit arena. A

Empowering People. Building Communities.

COMMUNITIES FIRST, INC.
COMMUNITIESFIRSTINC.ORG

415 W. COURT ST.
FLINT, MI 48503

P.O. BOX 152
FLINT, MI 48501

P: 810-422-5358
F: 810-519-4844



natural planner and logistical thinker, she is often responsible for translating vision to action while producing tangible results.

Her community involvement includes serving on the Flint Institute of Music Board of Directors, participating in committees at Flint Institute of Arts and Flint Institute of Music and recently initiating a successful pilot project to incorporate Montessori Education in Flint Community Schools.

In 2015, Essence was named to the Michigan Chronicle's 40 Under 40 list and in 2016 she was the recipient of the Claire M. White Award presented by the Flint & Genesee Chamber of Commerce.

Michael E. Wright

Real Estate Development Director

Michael obtained his Master's degree in Public Administration with an emphasis in urban and regional policy and planning and Bachelors of Arts degrees in political science and philosophy from Grand Valley State University. Michael has 9 years of real estate development experience as a consultant and developer, specializing in both for-profit and non-profit real estate finance and development. Michael has utilized low income housing, historic, and new markets tax credits, HOME funds, tax increment financing, conventional and HUD insured (221(d)4 and 223(f)) debt, and grants to close various projects in Michigan, Ohio, and Oklahoma. Michael's service ethic is demonstrated by his prior work as a member with LISC/AmeriCorps, Neighborhood Ventures in Grand Rapids and the Wyoming Downtown Development Authority.

Lisa Mauzey

Financial Management Consultant

For the past 25 years, Lisa Mauzey has worked in the accounting fields for both for-profit and non-profit organizations. During this time she has developed strong accounting skills and refined her skills in full-service corporate, real estate, and construction accounting; as well as, administrative skills including human resources. She has worked on projects that assisted neighborhood development organizations building housing in Detroit and Flint by using her abilities to budget, complete construction draws, and organize a build schedule. Lisa earned her Associates of Arts in Accounting from the University of Phoenix in December 2008 and her Bachelors of Business Administration in Innovative Organization from the University of Phoenix in May 2011.

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Project: Oak Street Senior Apartments



Project Overview: Communities First, Inc. is the sponsor/developer of Oak Street Senior Apartments. Oak Street Senior Apartments is a U.S. Department of HUD Section 202 Supportive Housing for the Elderly development. The project consists of 24 units of safe, affordable housing for low income seniors in the downtown Flint area. The historic Oak School was originally built in 1898 and has been preserved according to historic standards. The resulting development is Enterprise Green Communities certified and winner of the Association of General Contractors of Michigan.

Project Type: Permanent Supportive Housing for Elderly

Unit Mix: 24 Units Permanent Supportive Housing

Year of Completion: 2014

Funding Sources: Oak Street Senior Apartments was funded primarily through a U.S. Department of HUD Section 202 Supportive Housing for the Elderly grant and a MSHDA Housing Development Funds grant. Additional sources of funding came from the City of Flint, Genesee County Land Bank Authority and Michigan LISC.

Total Project Cost: \$5.1 Million

Additional Details: Please visit https://www.youtube.com/watch?v=Velpu15_184 for a video of the ribbon cutting ceremony and https://www.youtube.com/watch?v=c6W_D0_WNXA for more information.

Project: Swayze Court Apartments



Project Overview: Communities First, Inc. is the sponsor/developer of Swayze Court Apartments. This project involved the rehabilitation of the historic Swayze Apartments and the construction of a new building on the property. Swayze Court Apartments is a 36 unit permanent supportive housing project for individuals that are homeless, at risk of homelessness or have special needs. Swayze Court Apartments provided more than 100 well-paying construction jobs for the local community and was certified as an Enterprise Green Community.

Project Type: Permanent Supportive Housing (PSH) for Homeless, At Risk of Homelessness, and Special Needs

Unit Mix: 28 PSH Units, 8 Units Mixed Affordable

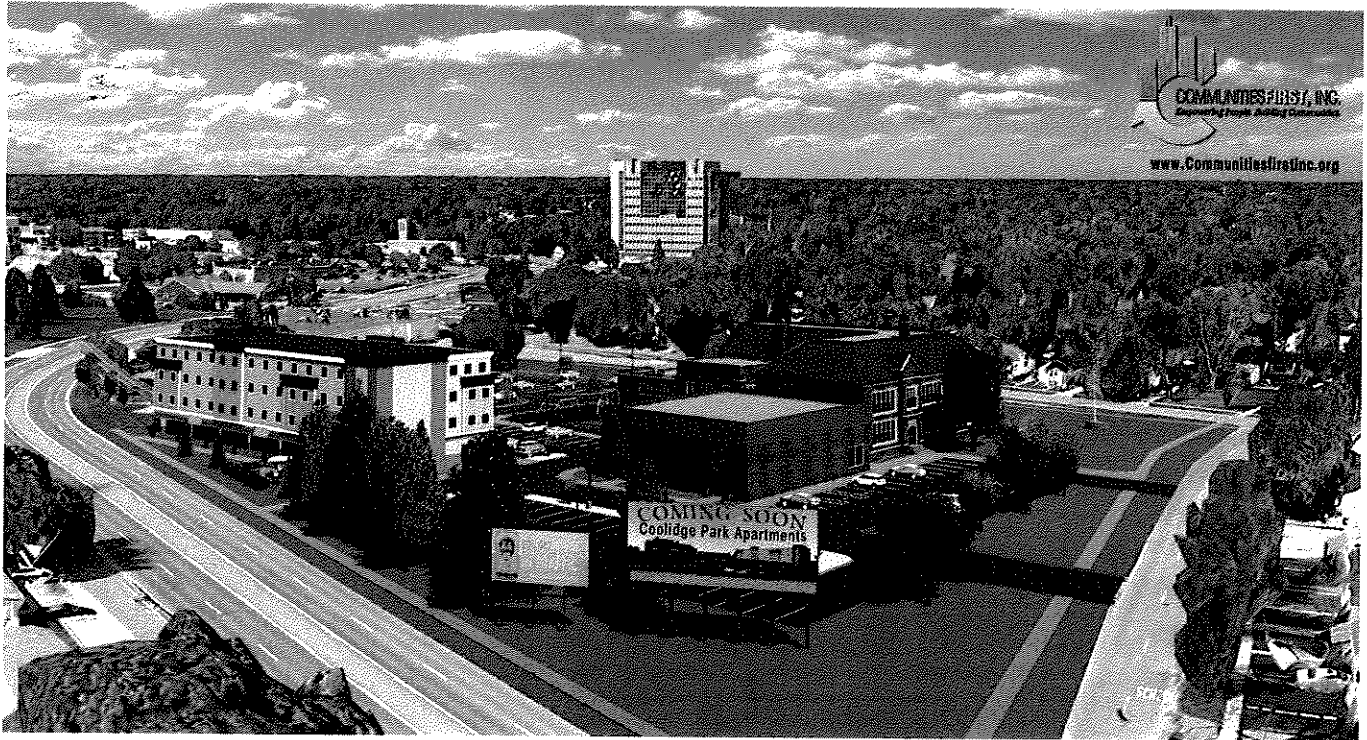
Year of Completion: 2016

Funding Sources: Swayze Court Apartments was funded with MSHDA LIHTC, Federal Historic Tax Credits, MSHDA HOME and City of Flint HOME.

Total Project Cost: \$8.3 Million

Additional Details: Please visit <https://www.youtube.com/watch?v=ovfMPJBriNs&t=21s> for a video of the ribbon cutting ceremony.

Project: Coolidge Park Apartments



Project Overview: Communities First, Inc. is the sponsor/developer of Coolidge Park Apartments. Funding has been secured and construction is scheduled to begin in late 2017/early 2018. The project involves the historic rehabilitation of Coolidge Elementary School and the construction of a new mixed use building on the site. The development includes market rate units, affordable units and 9,000 square feet of commercial space.

Project Type: Low Income Housing Tax Credits (LIHTC)

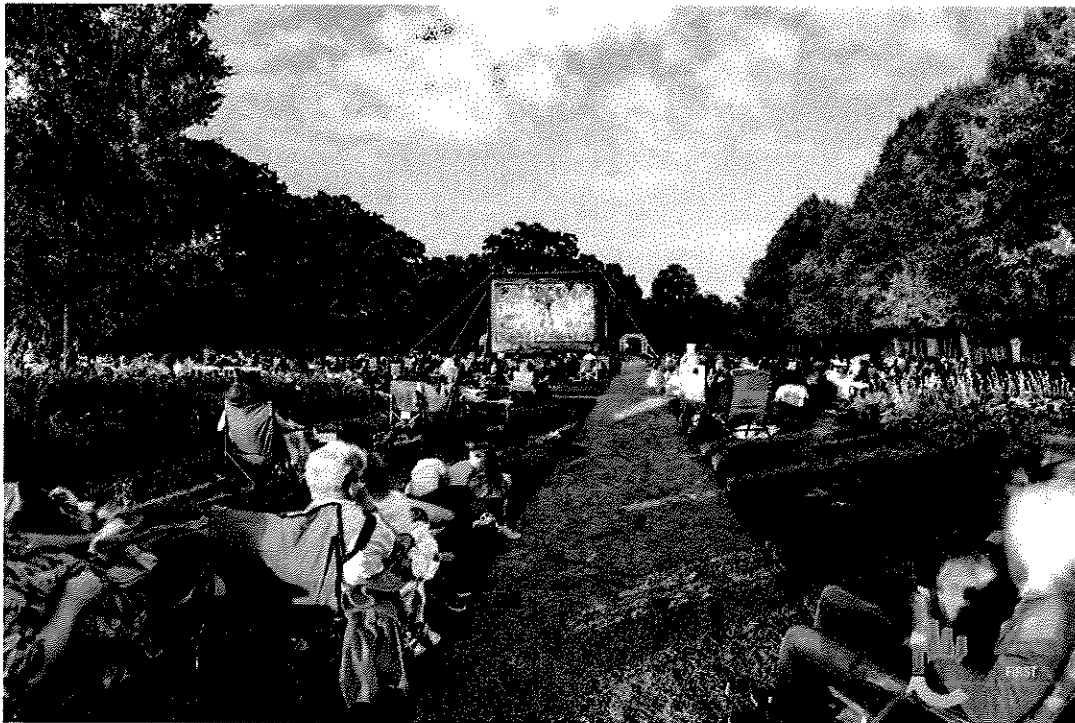
Unit Mix: 54 LIHTC Units, 9 market rate units, 9,000 sq. feet commercial space

Estimated Year of Completion: Early 2019

Funding Sources: Coolidge Park Apartments is funding with MSHDA LIHTC, Federal Historic Tax Credits, City of Flint HOME, foundation grants.

Total Project Cost: \$16.3 Million

Event: Movies Under the Stars



Event Overview: Communities First, Inc. has four major programs, one of which is called Culture Shock. This program offers families the opportunity to engage with arts and culture activities. The purpose is to build community and to utilize creative means to introduce families to the performing and visual arts. One such activity of this program is Movies Under the Stars, an outdoor movie event that draws thousands of families each year. This summer was the fourth season for the series which has now expanded to include both Flint and Saginaw.

Program Outcomes: Community building and engagement, arts and culture exposure

Program Years: 2014-2017

Project: Flint Artist Market



Project Overview: Communities First, Inc. is exploring the idea of transforming the former Flint Farmer's Market into an artist market. An important component of this process was to solicit feedback from the community. This community engagement work began early in the process to assess community needs and desires for the space.

Community Engagement Outcomes: More than 100 people came to the first engagement session to reminisce about the space and to offer their thoughts about the future use. Communities First, Inc. trained 5 local facilitators to assist in gathering information. In total, more than 200 people completed surveys or offered their input. This data was analyzed and put into a realistic, yet ambitious plan for future development work at the site. The plan was then presented to the community at another engagement session to determine if their ideas were carried over into the plan effectively. The support for the proposed plans was overwhelmingly positive and supportive of the proposed project.

Community Engagement Timeframe: Two community engagement events in 2016.

RAD CONVERSION SPECIALISTS, LLC
32500 Telegraph, #222
Bingham Farms, Michigan 48025
(248) 203-0011

RAD Conversion Specialists, LLC (RCS) combines the management, consulting and operations experience of Premier Property Management, LLC ("Premier") and its Principal, Robert Beale, with the development, construction, ownership and financing experience of The Slavik Company ("Slavik") and its principals. RCS was formed for the specific purpose of sharing 85 years of combined affordable housing experience with Affordable Housing decision-makers and assisting them to navigate the path towards successful development of affordable housing communities.



Premier and Slavik first combined efforts in 1999 to respond to a Request for Proposals from the Detroit Housing Commission to redevelop its Jeffries Homes Public Housing Project under HUD's HOPE VI Program. Our group was ultimately selected as Master Developer and we have spent the past 14 years planning and implementing the \$98.2 million transformation of two of Detroit's worst public housing projects into new and vibrant communities of mixed-income rental units, for-sale single-family homes and townhomes, parks, community open space and community centers (shown below). Like most of the other projects we have completed, this project required stakeholder input and feedback, coordinating the activities of market analysts, environmental consultants, CNA consultants, lenders, tax credit investors, architects, engineers, general contractors and others.



This experience provides RCS with the unique ability to assist in all phases of affordable housing development – Assessment, Application and Implementation. The Assessment Phase includes an analysis of the financial feasibility of potential projects, including the investigation of various sources of funds. The Application Phase requires, among other things, detailed development and operating pro-formas and an evaluation of the likelihood of obtaining low-income housing tax credits. While RCS has the experience and ability to guide affordable housing agencies through these phases, the Implementation Phase is where RCS can provide the most value. Our proven financial acumen and experience with low-income housing tax credits, FHA loans, HOME Funds, Replacement Housing Factor (RHF) Funds, as well as our connections with lenders and tax credit investors, will expedite the Implementation Phase and can lead to a very successful development.

RAD Conversion Specialists, LLC combines the real-world success of its principals with a demonstrated ability to work cooperatively and efficiently in public-private partnerships with agencies of varying sizes and competence. Our successful planning, development, construction and efficient management of affordable housing clearly demonstrates our ability to get the job done and sets us apart from other "consultants".



Making Public-Private Partnerships Work

RAD Conversion Specialists, LLC looks to preserve and revitalize public housing

The executives of two companies behind RAD Conversion Specialists, LLC see opportunity to address deferred maintenance at public housing communities in urban and rural areas, and look to expand on their successful completion of two signature developments in Detroit.

In 1999, Scripps Park Associates, LLC was formed by The Slavik Company, Premier Property Management, LLC, Herb Strather and the Rosenberg Housing Group, Inc. to respond to a Request for Proposals from the Detroit Housing Commission to redevelop its Jeffries Homes housing projects – long considered among the City's worst – under HUD's Hope VI program.

The company was ultimately selected as Master Developer for the sites and has spent the past 15 years planning and completing the \$98 million showcase communities that include mixed-income rental units, for-sale single-family homes and townhomes, open-space and community centers.

"When we started, the concept of mixed-income, mixed-use style housing was new," says Robert Beale, President of Premier Property Manager. "The degree to which we embraced it was pretty unique in this country, but we were still concerned about whether or not it would work. We were counting on it to be successful, and it has been. Over the last ten years of occupancy, the communities have remained stable."



RAD Conversion Specialists

Principals: Robert Beale, President, Premier Property Manager



SHOWCASE COMMUNITIES

Woodbridge Estates consists of 327 rental units, 100 senior assisted living units and 51 occupied single-family homes and town houses with a mix of incomes. Earlier this year, construction began on the sixth and final phase of 46 additional apartments across 12 buildings to be completed by year end.

Supplementing the final phase of apartment construction are 16 remaining single-family home sites. The completed home prices range from \$215,000 for a 1,516 square foot three-bedroom home to \$285,000 for a 2,241 square foot four-bedroom home. Forgivable loans of up to \$75,000 per home are available to qualified buyers under HUD's HOPE VI program.

The only remaining portion of the previous public housing site is now referred to as Woodbridge Senior Village – three high-rise buildings that offer one- and two-bedroom apartments, with rents based on 30 percent of the average median income (AMI) which were partially renovated by Scripps Park Associates, LLC.

Cornerstone Estates, also a multiphase effort, totals 180 rental units in 30 buildings consisting of duplexes and town houses. Rental construction began in October 2010, and the first units were available just one year later.

Although HOPE VI was a relatively new program at the time, navigating HUD's requirements wasn't as difficult as projected, according to John Frasco, Vice President of The Slavik Company.

"It's more of a challenge for the public housing agencies because tax credits and financing are a whole new ballgame for them," he says. "The key is having patience and developing relationships."

Units in both communities are limited to households earning no more than 60 percent of AMI, or \$42,600 for a family of four in Wayne County.

However, public housing assisted units are expected to rent to households making considerably less than that maximum, according to the Detroit Housing Commission.

Vacancy rates at Woodbridge Estates and Cornerstone Estates have remained very low, even during and immediately after the economic downturn of 2008.

"Vacancy has been just 2 percent over the 10 years, even though the economy has seen some hard times," Beale says. "We didn't set out to just build housing, but rather a community. We're pleased with the quality of the housing, the people and the residents."

Developments as successful as these don't go unnoticed by your peers. The company has just been made recipient of the 2014 Excellence in Real Estate Development award from LISC and the Community Development Advocates of Detroit, in association with the Masco Corporation Foundation.

RAD PROGRAM

"The deals were successful for Bob's company and ours," Frasco says. "When we teamed up on the joint venture, we had worked with state agencies and HUD, but not directly with public housing agencies. It's a whole new market with the RAD program, and we hope this experience gives our new venture a leg up on the competition."

RAD is HUD's new Rental Assistance Demonstration program – a pilot program that allows public housing agencies to convert units to a project-based Section 8 platform and will help preserve affordable units in danger of obsolescence. According to HUD, the 1.2 million units in its program have combined capital needs of nearly \$26 billion.

The new venture Frasco referred to is RAD Conversion Specialists, LLC – a joint venture between The Slavik Company and Premier



Property Management - that will allow them to share their combined 85 years of experience in affordable housing with public housing directors deciding whether or not the RAD program is right for their agencies. The joint venture meshes the consulting and operations experience of Premier Property Management with the investment, development, construction and financing acumen of The Slavik Company.

"Our joint venture is a natural progression," said Frasco. "We brought the development and construction experience and Premier has significant experience managing all types of multifamily housing, including public housing and tax credit communities. We touch on all phases of development and are able to bring the full spectrum to the table."

The RAD program enables housing agencies to obtain funding to complete deferred maintenance, modernize residential units and mechanical systems and fund replacement reserves, thus reducing future operating and maintenance expenses.

"The RAD program is really an opportunity for public housing agencies to take advantage of what private development has done for years," says Robert Beale, also an executive director of a small housing agency in metropolitan Detroit. "Specifically, we can help identify where public housing agencies can achieve their goals by utilizing programs that are old to us but new to them".

RAD Conversion Specialists begins with an assessment phase, in which it analyzes the potential upside and downside of a RAD conversion, including a determination of whether to convert public housing units using project-based vouchers (PBV) or project-based rental assistance (PBRA).

If a conversion is determined to be advantageous and feasible, an application is submitted to HUD following Board approval and two meetings with residents to explain the agency's plan.

The implementation phase is where Beale says the partnership provides the most value. He cites its experience with low-income tax credits,

Federal Housing Administration loans, Home Funds, and Replacement Housing Factor (RHF) funds - as well as its previous success with their HOPE VI projects, which gave them the opportunity to demonstrate their respective talents, knowledge and experience.

RAD Conversion Specialists works cooperatively with housing agencies of varying sizes and capabilities.

"We are absolutely not looking for a controlling interest," Beale says. "We're looking to help public agencies operate their communities and possibly expand their role as local affordable housing owners and developers. That approach really sets us apart."

The City of Detroit filed for bankruptcy in federal court in July 2013. The \$18 billion worth of debt it reported in its Chapter 9 filing made it the largest bankruptcy in the country. Addressing the serious problem of blight is a major priority for the city's emergency manager, Kevyn Orr.

According to Reuters, the 76,000 structures the city characterizes as abandoned and blighted total about one-fifth of its housing stock and covers approximately 139 square miles.

Beale and Frasco, however, envision creative opportunities for recovery in a city long seen as a symbol of Rust Belt decay.

"I see Detroit coming out of bankruptcy a better city," Frasco says. "In becoming that, there's the potential for riding the course with private demand and real dollars."

RAD Conversion Specialists also sees itself riding the growth of public-private partnerships, which had been lagging in certain regions of the country and business sectors.

"Certainly, there's more acceptance of public-private partnerships. We have built on relationships and we're still building," Beale says. "All of this brings some level of uncertainty to Public Housing Agencies, I suppose, but because of the opportunities that RAD brings to public housing, there's definitely a high level of curiosity and willingness to investigate the program further." ■

RAD Conversion Specialists, LLC ("RCS") was formed for the specific purpose of sharing 85 years of combined affordable housing experience with PHA decision makers and assisting them navigate the path towards the successful redevelopment of their public housing portfolios.

RCS combines the management, consulting and operations experience of Premier Property Management, LLC ("Premier") and its principal, Robert Beale, with the development, construction, ownership and financing experience of The Slavik Company ("Slavik") and its principals. These two firms have over 85 years of combined experience developing, constructing, managing and owning affordable housing. Most recently, they have worked in partnership with the Detroit Housing Commission to redevelop two of Detroit's worst public housing projects into new and vibrant communities. These two developments, Woodbridge Estates and Cornerstone Estates, represent an investment of over \$98 million and includes the construction of 507 multi-family, mixed-income apartment units (including 238 public housing units), 60 for-sale homes and a 100-unit senior congregate apartment community (including 50 public housing units and 50 project-based Section 8 units). Each neighborhood includes open space, parks and a leasing/community center.

Like most of the other projects we have completed, this project required stakeholder input and feedback, coordinating the activities of the market analysts, environmental consultants, CNA consultants, lenders, tax credit investors, architects, engineers, general contractors and others.

Since its formation in 1999, Premier has provided management and/or consulting services for 100 affordable housing communities and currently manages 2,000 units of affordable or mixed-income housing, including 1,000 public housing units. In addition, Mr. Beale has been appointed as Executive Director/Management Agent for the South Lyon Housing Commission (from 2005 through present), the Ecorse Housing Commission (from 2006 through 2011) and the Clinton Township Housing Commission (from 2010 through 2012). Mr. Beale was responsible for turning all three troubled agencies into standard and/or high performers.

Slavik was formed in 1955 and continues its focus on providing high-quality, affordable housing throughout metropolitan Detroit. Since the early 1960's, Slavik has developed almost 3,000 subsidized senior apartment units and over 1,200 low-income or mixed-income multi-family rental units, including the construction of 238 public housing units at Woodbridge Estates and Cornerstone Estates.

RCS is currently providing consulting services to the Lapeer Housing Commission, Bay City Housing Commission and Marion Indiana Housing Authority to assist them through the RAD conversion process. We are development partners with the Paw Paw Housing Commission, Clinton Township Housing Commission and the Housing Authority of the City of Fayetteville Arkansas and are currently working with these housing agencies to rehabilitate, modernize and/or reconstruct their portfolios.

All of these efforts include the experience and knowledge of our affiliate general contractor, Slavik Building and Development, LLC. Steve Slavik has been in the construction and

apartment industries since he began working with his father as a teenager. Howard Katzman brings over twenty years of construction experience, including 226 units of affordable housing at Woodbridge Estates and Cornerstone Estates. All of these projects exceed the Enterprise Green Communities minimum standards and requirements.

Recent Experience

Cornerstone Estates – Phase III

Location: Detroit, MI
Units: 62 family rental units, including 39 public hsg. (new construction)
Total Development Costs: \$10,477,727
Total Construction Costs: \$7,574,638
Sources: Hope VI Loan - \$2,863,593; LIHTC Equity - \$7,046,181;
Brownfield Tax Credit Equity - \$567,953
Project Duration: October 2010 – October 2012
Owner: The Detroit Housing Commission
2211 Orleans
Detroit, Michigan 48207
Attn: Teanisha Eli, Director of Development
313.877.8812

Woodbridge Estates – Phase VI

Location: Detroit, MI
Units: 46 family rental units, including 14 public hsg. (new construction)
Total Development Costs: \$10,579,371
Total Construction Costs: \$7,840,233
Sources: Hope VI Loan - \$3,363,126; LIHTC Equity - \$6,603,461;
Brownfield Tax Credit Equity - \$216,533
Project Duration: January 2012 – November 2014
Owner: The Detroit Housing Commission
2211 Orleans
Detroit, Michigan 48207
Attn: Teanisha Eli, Director of Development
313.877.8812

Bridgeport Apartments

Location: Allegan, MI
Units: 49 family rental units (acquisition/rehab)
Total Development Costs: \$6,289,764
Total Construction Costs: \$2,445,942
Sources: FHA Loan - \$2,265,000; LIHTC Equity - \$3,935,000;
Project Duration: July 2013 – December 2015
Owner: Bridgeport Community LDHA, LLC
(entity related to RCS)

Paw Paw Housing Commission

Location: Paw Paw, MI
Units: 81 public housing, senior apartments (RAD Conversion and rehab)
Total Development Costs: \$7,342,429
Total Construction Costs: \$3,016,630
Sources: LIHTC Equity - \$5,145,823; PHA Funds - \$2,196,606
Project Duration: June 2015 - current (expected completion October 2017)
Owner: Paw Paw Housing Commission
205 Miller Court
Paw Paw, Michigan 48079
Attn: Patricia Winston, Executive Director
269.657.4776

Swayze Court Apartments

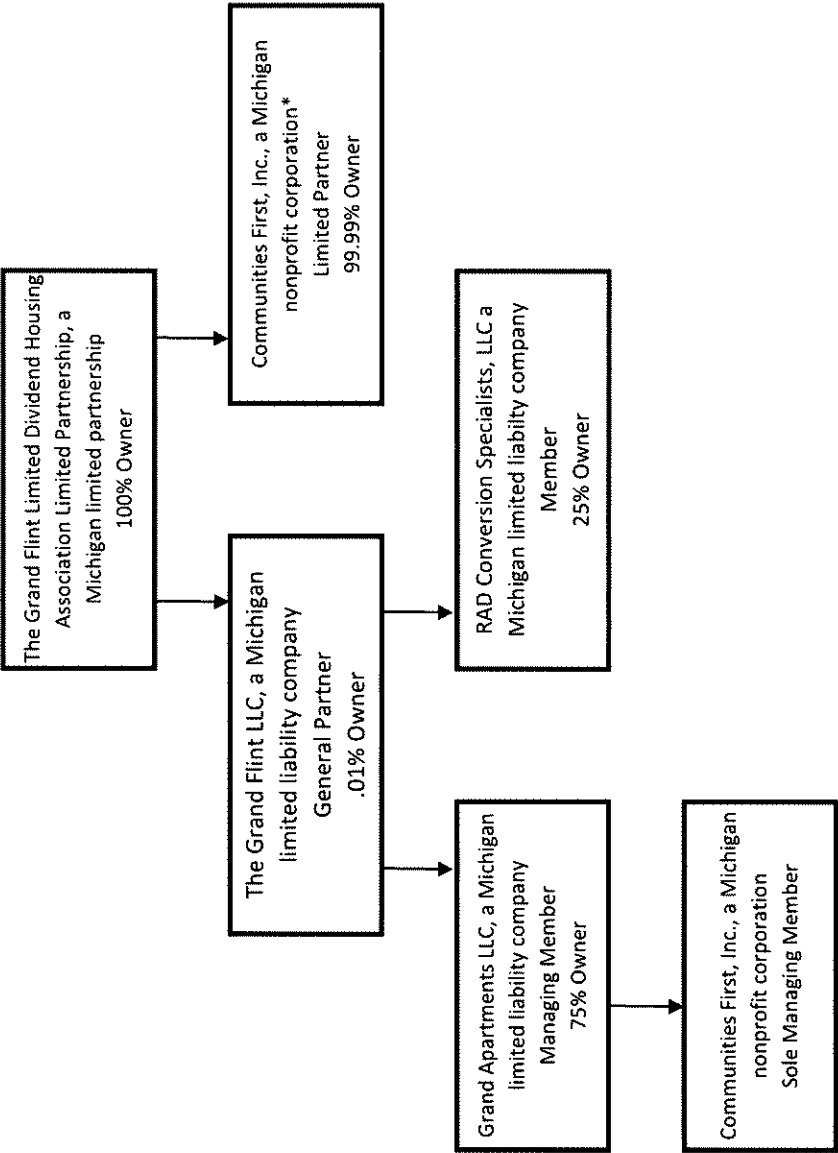
Location: Flint, MI
Units: 36 family rental units (historic rehab and new construction)
Total Development Costs: \$8,529,691
Total Construction Costs: \$5,923,720
Sources: LIHTC & Historic Equity - \$6,643,893; Flint HOME Funds - \$670,973; MSHDA HOME Funds - \$850,000; AHP Loan - \$400,000
Project Duration: June 2014 – current (expected completion September 2016)
Owner: Communities First, Inc. (non-profit developer)
415 West Court Street
Flint, Michigan 48502
Attn: Glenn Wilson, President
810.422.5358

Woodbridge Estates – Senior Apartments

Location: Detroit, MI
Units: 77 elderly designated, including 39 public housing and 16 market rate units (new construction)
Total Development Costs: \$15,924,000
Total Construction Costs: \$12,107,894
Sources: Hope VI Loan - \$3,700,000; LIHTC Equity - \$12,172,283; Other - \$51,717
Project Duration: October 2016 – December 2017
Owner: The Detroit Housing Commission
2211 Orleans
Detroit, Michigan 48207
Attn: Teanisha Eli, Director of Development
313.877.8812

A detailed list of RCS's experience with affordable housing is included on the following pages.

Proposed Organization Chart for
The Grand on University



*Will be replaced by the Investor Limited Partner upon syndication

The Grand
422 West University Avenue
Flint, MI 48502
Conceptual Site Plan

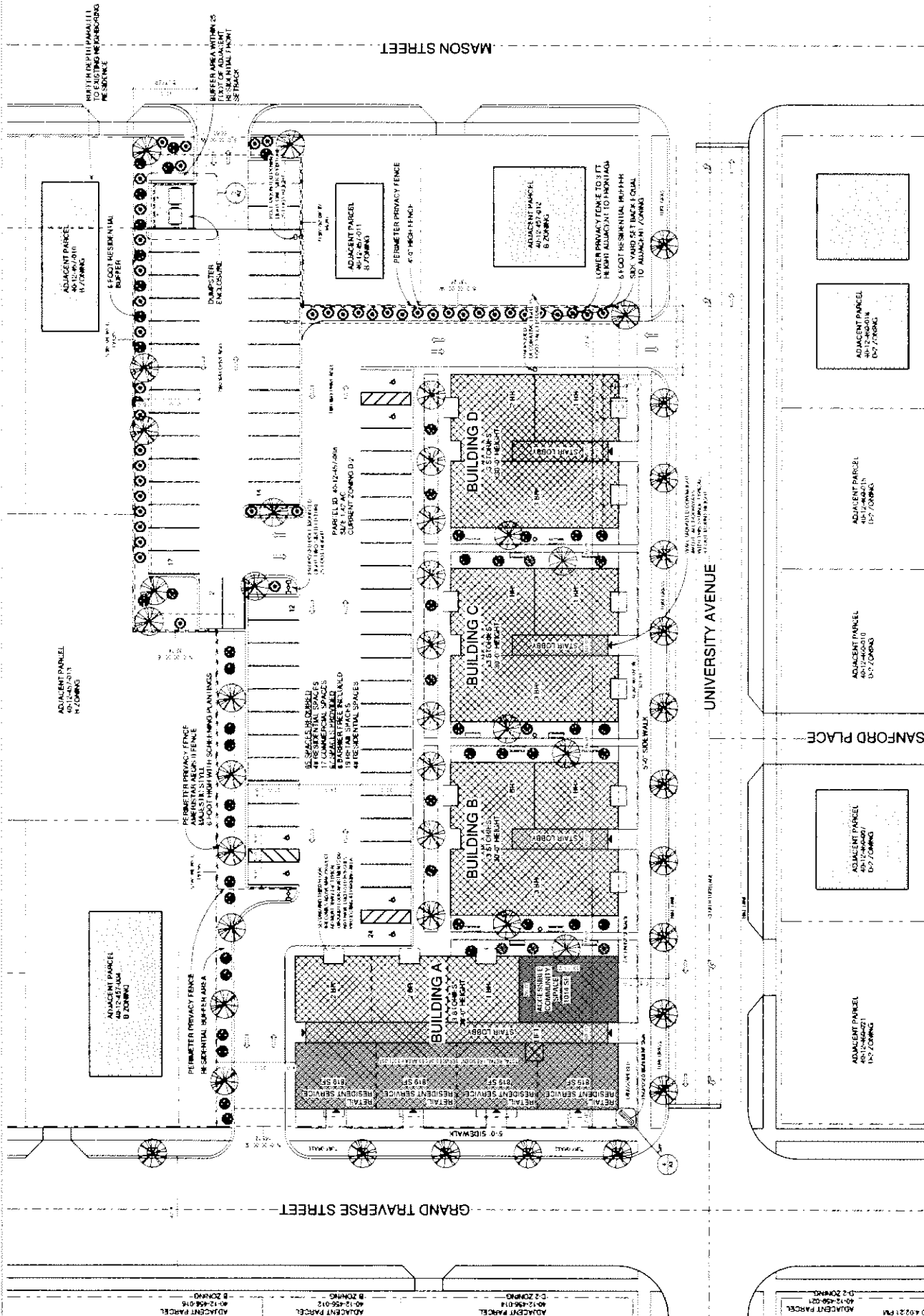
REVISIONS	
5/15/20	WASHQA Submit
6/25/18	SMP REV 2
6/19/19	SMP Revision
8/6/19	Solo Plan Revision
8/17/19	ZMA Application
7/23/18	Final HOC
	Date Description



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Good clients • interesting • Great architecture



SEAL OF ARCHITECT



**The Grand on University
Flint, MI**

SOURCES & USES OF FUNDS Summary	
SOURCES	
Grants	30,000
Affordable Housing Program	500,000
City HOME	600,000
Conventional Financing	1,800,000
Tax Credit Equity	11,353,099
Developer Equity	533,628
TOTAL SOURCES	<u>\$14,816,727</u>
USES	
Acquisition of Land and Buildings	250,000
Construction Costs	12,451,920
Soft Costs	2,114,807
TOTAL USES	<u>14,816,727</u>

Property: The Grand on University
Flint, MI

RESIDENTIAL

Income		Initial Inflator	Future Inflator	Begin in Year		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Annual Rental Income		2.00%	2.00%		6	425,364	433,871	442,549	451,400	460,428	469,636	479,029	488,610	498,382	508,349	518,516	528,887	539,464	550,254	561,259
Annual Non-Rental Income		2.00%	2.00%		6	8,500	8,670	8,843	9,020	9,201	9,385	9,572	9,764	9,959	10,158	10,361	10,569	10,780	10,996	11,216
Residential Vacancy Loss		8.00%	5.00%		6	34,029	34,710	35,404	36,112	36,834	37,482	23,951	24,430	24,919	25,417	25,926	26,444	26,973	27,513	28,063
Total Project Revenue						399,835	407,832	415,888	424,308	432,794	441,539	450,650	459,943	469,422	479,090	502,952	513,011	523,271	533,737	544,411
Expenses																				
Management		3.00%				19,733	20,325	20,935	21,563	22,210	22,876	23,562	24,269	24,997	25,747	26,520	27,315	28,135	28,979	29,848
Administration		3.00%				23,837	24,552	25,289	26,047	26,829	27,634	28,463	29,317	30,196	31,102	32,035	32,996	33,986	35,005	36,056
Common Electricity		6.00%	6.00%		6	17,035	18,057	19,141	20,289	21,506	22,797	24,164	25,614	27,151	28,780	30,507	32,338	34,278	36,334	38,514
Water & Sewer		6.00%	6.00%		6	24,505	25,975	27,534	29,186	30,937	32,793	34,761	36,846	39,057	41,401	43,885	46,518	49,309	52,267	55,403
Operating & Maintenance		3.00%				46,934	48,342	49,792	51,286	52,825	54,409	56,042	57,723	59,455	61,238	63,075	64,968	66,917	68,924	70,992
Real Estate Taxes		3.00%				14,502	14,937	15,385	15,847	16,322	16,812	17,316	17,836	18,371	18,922	19,489	20,074	20,676	21,297	21,935
Insurance		3.00%				14,400	14,832	15,277	15,735	16,207	16,694	17,194	17,710	18,241	18,789	19,352	19,933	20,531	21,147	21,781
Payroll & Benefits		3.00%				65,209	67,165	69,180	71,256	73,393	75,595	77,863	80,199	82,605	85,083	87,635	90,265	92,972	95,762	98,634
Total Operating Expenses						226,155	234,186	242,532	251,209	260,229	269,609	279,365	289,514	300,073	311,062	322,499	334,406	346,803	359,715	373,165
Rep. Reserve		2.00%				14,400	14,688	14,982	15,281	15,587	15,899	16,217	16,541	16,872	17,209	17,554	17,905	18,263	18,628	19,000
Net Operating Income						159,280	158,958	158,474	157,818	156,978	170,031	169,068	167,888	166,477	164,819	162,900	160,701	158,205	155,394	152,246
Primary Debt Service							127,642	127,642	127,642	127,642	127,642	127,642	127,642	127,642	127,642	127,642	127,642	127,642	127,642	127,642
Cash Flow						36,638	36,315	35,832	35,176	20,601	47,389	46,426	45,245	43,834	42,177	40,257	38,058	35,563	32,751	29,604

Last edit date: 11/20/2020

Property: The Grand on University

						Proforma Rents	
						CFI Proforma	
						FY 2022	
Unit Type	Avg. Unit Size (SF)	# of units	Gross Rent per unit (\$)	Utility Allowance (\$)	Contract Rent per unit (\$)	Total (\$)	\$ per unit Total \$
1BR (PSH)(60%)(30% AHP)	850	12	720	-	720	8,640	720 8,640
2BR (PSH)(60%)(30% AHP)	1,026	4	825	-	825	3,300	825 3,300
3BR (PSH)(60%)(30% AHP)	1,716	1	969	-	969	969	969 969
1BR/1BA (30%) (30% AHP)	850	5	360	91	269	1,345	269 1,345
1BR/1BA (60%)(80% AHP)	850	2	720	91	629	1,258	629 1,258
2BR/1BA (60%)(80% AHP)	1,026	5	864	121	743	3,715	743 3,715
2BR/1BA (60%) (80% AHP)	1,026	3	864	121	743	2,229	743 2,229
3BR/2BA (60%)(80% AHP)	1,716	4	997	150	847	3,388	847 3,388
2BR/1BA (80%) (80% AHP)	1,026	6	938	121	817	4,902	817 4,902
3BR/2BA (80%)(80% AHP)	1,716	1	1,076	150	926	926	926 926
1BR/1BA (Mkt)	850	2	875		875	1,750	875 1,750
2BR/1BA (Mkt)	1,026	2	975		975	1,950	975 1,950
3BR/2BA (Mkt)	1,716	1	1,075		1,075	1,075	1,075 1,075
Total:		48				35,447	35,447
Annual Total:						425,364	425,364



FHLBI 2020A AHP AWARDED PROJECTS

In 2020, the Federal Home Loan Bank of Indianapolis (FHLBI) awarded \$11.5 million to in Affordable Housing Program (AHP) grants to 24 projects throughout Michigan and Indiana. A summary of these projects is included below. For statistics and data outlining scoring detail and the number of applications received, see the 2020A Competitive AHP Scoring Statistics.

The Anchors At Mariners Inn

Subsidy:	\$272,753		
Location:	Detroit, MI	AHP Units:	44
Type:	R	Total Units:	44
Member:	Flagstar Bank, FSB		
Sponsor:	Cinnaire Solutions Corporation		

The Anchor at Mariners Inn will provide 44 units Permanent Supportive Housing (PSH) units serving homeless individuals in Detroit, MI. These 1-bedroom 600-square foot units will be reserved for those earning less than 30% of area median income and be fully supported by project-based housing vouchers through the Detroit Housing Commission. The project will also have an additional floor of 40 studio units (260 SF) that will be dedicated to short-term Recovery Housing. These units will be a relocation of the existing recovery housing operation, which Mariners Inn are currently providing in their existing facility. To preserve operating efficiency, the building will be National Green Building Standard Silver certified.

The Grand on University

Subsidy:	\$500,000		
Location:	Flint, MI	AHP Units:	43
Type:	R	Total Units:	48
Member:	ELGA Credit Union		
Sponsor:	Communities First		

The Grand on University is a new construction of 48 units of permanent supportive housing in Flint, MI. The proposed project will include 20 one-bedroom units, 21 two-bedroom units, and seven three-bedroom rental apartment units for a total of 48 mixed-income rental housing units for individuals and families. The proposed project will also contain approximately 3,276 square feet of on-site supportive services related space, including 100 square foot supportive services private meeting space and 350 square foot exercise room. The proposed Project will include 17 permanent supportive housing units including ten units reserved for homeless and remaining units reserved for individuals and families who are special needs populations.

The Roof at New Hope: Shelter for Families

Subsidy:	\$500,000		
Location:	Bloomington, IN	AHP Units:	49
Type:	R	Total Units:	49
Member:	Jackson County Bank		
Sponsor:	New Hope for Families		

The Roof at New Hope: Shelter for Families involves the new construction of a shelter building with 12 units in Bloomington, IN. The apartments are grouped into three pods and will accommodate up to 12 families with 49 beds. Each unit will include a private bedroom and bathroom with communal kitchen and living spaces.

JUNE 1, 2020 FUNDING ROUND RESERVATIONS

Project #: K20035	Owner Contact: Nate Trathen (616) 260-6655				
Project Name: Bingham Apartments	Bingham LDHA LP				
Project Address: 555 South 5th Street	3075 Orchard Vista Dr SE				
	Grand Rapids, MI 49546				
County: Alpena		Amt Requested: \$702,430	# Bldgs: 1		
		Max Amt Awarded: \$702,257	# Total Units: 35		
		Target Units: Elderly	# LIHTC Units: 35		
		Category/Set-Aside Funded In: Open / Elderly	Year of Credit: 2020		
Application Date: 5/18/2020		Self Score: 122	Final Score: 112		

Project #: K20044	Owner Contact: Lori Harris (518) 431-1051				
Project Name: Clark Commons II	Clark Commons II LDHA, LLC				
Project Address: Scattered sites near intersection of Wood and N. Saginaw Streets	200 S. Division Street				
	Buffalo, NY 14204				
County: Genesee		Amt Requested: \$1,500,000	# Bldgs: 15		
		Max Amt Awarded: \$1,499,798	# Total Units: 48		
		Target Units: Family	# LIHTC Units: 38		
		Category/Set-Aside Funded In: Strategic Investment / Distressed	Year of Credit: 2020		
Application Date: 6/1/2020		Self Score: 115	Final Score: 105		

Project #: K20076	Owner Contact: Glenn Wilson (810) 422-5358				
Project Name: Grand On University, The	The Grand Flint LDHA LP				
Project Address: 422 W. University Avenue	415 W. Court Street				
	Flint, MI 48503				
County: Genesee		Amt Requested: \$1,316,433	# Bldgs: 4		
		Max Amt Awarded: \$1,316,433	# Total Units: 48		
		Target Units: Family	# LIHTC Units: 43		
		Category/Set-Aside Funded In: PSH / Nonprofit	Year of Credit: 2020		
Application Date: 6/1/2020		Self Score: 169	Final Score: 163		

The Grand on University, 422 W University Ave tax comparisons

1) Current taxable value:	46,300	Pilot is based on 4%
2) PILOT estimation	\$17,014.00	DIFFERENCE BETWEEN PILOT AND TAXES: \$51,981.44 per year

Based on the Schedule of Rents provided by Communities First, Inc., at 100% occupancy, given its rental rates for households at 30%, 40%, and 60% of AMI, the total annual rent potential for the 48 units is \$425,364.

3) Estimated project ad valorem taxable value:

Market Rent	One Bedroom	Two Bedroom	Three Bedroom
	\$500	\$875	\$1,100
Number of Units	20	21	7
	\$10,000	\$18,375	\$7,700

Monthly Income	\$36,075
Yearly Income	\$432,900
Vacancy/Loss (10%)	(\$64,935)
Potential Gross Income	\$367,965
Expenses	(\$165,584)
Net Operating Income	\$202,381
Cap Rate of 10%	\$2,023,808
SEV/TV	1,011,904
Potential Taxes	\$68,995