



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RACHAEL EUBANKS
STATE TREASURER

February 19, 2019

BY ELECTRONIC AND UNITED STATES MAIL

Councilmember Kate Fields
Councilmember Allen Griggs
Councilmember Eva Worthing
1101 S. Saginaw Street, Room 310
Flint, MI 48502

Dear Councilmembers Fields, Griggs, and Worthing:

Thank you for your recent letter to Governor Whitmer. Your letter, in which you raised a number of concerns about finances in the City of Flint, was referred to the Department of Treasury for reply.

We greatly appreciate your diligence in identifying and bringing these concerns to our attention and we have given them careful consideration. For the reasons summarized below, we have concluded that this Department is not the appropriate place for these concerns to be resolved. However, we have in several instances offered for your consideration potential alternative methods to address your concerns.

First, you raised concerns about a contract extension and a city payment which were undertaken prior to council authorization. Our review of the issue indicates that the contractor in question agreed to continue working without a contract until such time as the City Council approved the contract extension. That contract extension was subsequently approved by the Flint City Council. In addition, it is our understanding that the City's water fund account was the source of payment. It appears the City will be eligible for reimbursement from the second round of WIIN funding dollars.

As a follow-up review, we have asked the City's auditor, Yeo & Yeo, to review these concerns. Under the Flint City Charter, the City Council is authorized to investigate matters such as those you have raised in your letter. You may wish to consider forwarding information on this matter and any future concerns to the City's independent audit firm.

In your correspondence, you also raised concerns about the City's methodology to complete the lead service line replacement project. As you may know, a settlement agreement entered into by plaintiffs, State parties, and the City in the *Concerned Pastors* litigation governs those efforts. On February 12, 2019, the parties submitted an agreed-to stipulation that modified the terms of that settlement agreement and specifically addressed the methodology to be used by the City to prioritize excavation and removal of lead service lines. Because the City Council reviewed and approved that stipulation prior to its submittal, it appears that your concerns have now been addressed.

Councilmember Fields
Councilmember Griggs
Councilmember Worthing
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I trust this information will be of assistance to you. If I may be of further assistance, let me know.

Sincerely,



Rod H. Taylor, Administrator
Community Engagement and Finance Division
Bureau of Local Government Services

cc: Mel Brown, Governor's Office
Richard Kuhl, Department of Attorney General
Amy Epkey, Department of Environmental Qualities
Michigan Senator Jim Ananich
Michigan Representative Sheldon Neeley
Michigan Representative John Cherry Jr.