Koryzno, Edward (Treasury)

From:	Koryzno, Edward (Treasury)
Sent:	Thursday, September 05, 2013 8:29 AM
To:	Wayne L. Workman (WorkmanW@michigan.gov)
Cc:	Dempkowski, Angela (Treasury) (DempkowskiA@michigan.gov)
Subject:	Flint

Below are the highlights of our meeting with Mike Brown yesterday:

Sue McCormick has contacted Mike to discuss Flint buying DWSD pipe and using DWSD as a backup.

City applied for a SAFER grant on 8/30/13 to retain 30+ fire fighters

Mike anticipates FY 2013 year end will reveal $2+M in excess revenues over expenses.

Cash flow continues to improve, $40M in cash on hand

Beginning work on FY 15 budget, including Mayor and Council in the process

Consultant Cornerstone estimating cost savings from proposed OPEB changes (partial cost estimate due next week)

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September 10, 2013

To: Governor Rick Snyder, Treasurer Andrew Dillon

From: Michael K. Brown, Emergency Manager, City of Flint

Subject: CLOSING MEMORANDUM

It has been a pleasure for me to serve the citizens of Flint for the past twenty-two months and I thank you for the opportunity to serve as Emergency Manager.

I have worked hard to begin a cultural change to both improve the approach to city government's interaction with citizens and to encourage a wider range of citizen participation. It is important to me that the next generation of leaders (I have called them emerging leaders) not be from the same mold as the old leaders and have the opportunity to assume positions of responsibility as we set a path to the future for Flint. A significant number of my leadership team is comprised of Flint residents who are committed to the future of their city. While this approach has meant that some things may have taken longer to achieve than it might otherwise take, it has been with the realization that *changing the culture of City Hall is imperative if history is not to repeat itself.*

I have also tried to champion citizen participation throughout my tenure as Emergency Manager. Collectively, hundreds of people have been involved: in the Advisory Teams for Public Safety, Infrastructure, Financial, and Legacy issues which I established in January 2012; in the nine ward public meetings held in February-March 2012; in the Police and Fire Protection millage campaign in Fall 2012; and in the Master Planning process which has involved citizen participation in numerous meetings held throughout the City over the past year. I have attached a list of some of these individuals who have worked on my advisory groups and the millage team.

As our regularly submitted reports to the Department of Treasury have documented, we have made substantial progress in putting the city on a path to solvency and resolving the financial emergency. Many achievements are detailed in the latest Financial and Operating Report which was submitted to the Department of Treasury on June 30, 2013. Significant achievements over the past twenty-two months include:

A. Financial
   1. <u>Developing, adopting and operating with a balanced budget for FY13</u> - the first time in seven years that the City of Flint has lived within a balanced budget.

   2. <u>Significantly improving the City's cash flow</u> - More than \$40 million in cash on hand as of September 2, 2013 is significantly better than the approximate \$10 million on hand in December 2011. The \$10 million in cash at that time was due primarily to an \$8 million loan from the state in the form of Fiscal Stabilization Bonds.

   3. <u>Significantly reducing Other Post Employment Benefits (OPEB) liabilities by more than \$500 million</u> – a 60% reduction. Not only have we significantly reduced legacy costs by more than 60%, we also have a plan for further reducing legacy costs, as detailed in recent presentations to the Department of Treasury