

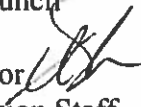
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TO: The Honorable City Council

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: January 21, 2020

RE: Proposed Calendar and Related Resolutions for the 2020-2021 Budget Development Process

Attached please find the proposed budget calendar for the 2020-2021 budget development process for your consideration, as well as the resolutions that modify the committee meeting schedules during the budget development process.

The budget timeline begins earlier than indicated in the City's ordinance for the sixth consecutive year and is shortened, originally to comport with the state legislation, P.A. 181 of 2014 (Attachment VI), which amended the Home Rule City Act and states specifically that the Financial Review Commission (FRC) must be given the proposed budget 100 days prior to the beginning of the fiscal year, or March 23. However last year, due to the FRC's resolution of 2018-13 (Attachment VII), since the City has satisfied the conditions in Section 8 of P.A. 181, the deadline for submitting an approved budget has been extended to April 30, which permits the budget calendar to be extended to four weeks and the votes to be completed by the Council and the Mayor by Thursday, April 16.

P.A. 182 of 2014 (Attachment VI) also amended the Home Rule City Act and states that the city must hold a revenue estimating conference in the third week of February (as well as a second one every September) and it is scheduled for Wednesday, February 19 at 2 p.m. in the 13th floor Auditorium. These estimated revenues will be the basis of the proposed budget for the following fiscal year and the Administration is scheduled to present the proposed budget to Council on Friday, March 6. However, so Council can begin with hearings as quickly as possible, the Budget Department had agreed to deliver 7 departmental budgets to LPD by Monday, March 2

so we can begin to produce budget analysis reports for Councilmembers to review prior to hearings that will begin on Monday, March 9.

The departmental budget hearings in general are scheduled for one hour increments. Sessions for an hour are suggested for departments that have many activities or have important service delivery issues that Council may wish to explore with the department. However, based on the issues that present themselves at budget time especially once Council sees the recommended budget, Council always has the flexibility and may determine at that time to either have a specific hearing extended or choose not to use the entire time. There are so many hearings to get through in such a short time frame that we tried hard to maximize Council's time at the table.

We also recognize that other important policy issues may come up after the calendar is set, and we will work to amend the schedule, if necessary, as we always do each year.

We would like to highlight the following issues.

1. Mayor's Presentation of the Recommended Budget –

The Administration has requested that the budget be presented to Council on Friday, March 6 which was noted in the calendar City Council authorized at the January 14, 2020 Formal Session. Typically, the Mayor presents the budget to Council via a presentation in the Committee of the Whole.

We propose that Council hold a Committee of the Whole at 11 a.m. If Council agrees, Attachment I represents a resolution that would authorize the Committee of the Whole on Friday, March 6.

2. Changing the Standing Committee starting times –

We propose that all morning Council Standing Committees begin at 9:00 a.m. from Monday, March 9 through Thursday, March 26, resuming the 10:00 a.m. starting time on Monday, March 30. The Formal Session time would not be altered and continue to start at 10:00 a.m. each Tuesday.

The Budget Finance and Audit Standing Committee and the Neighborhood and Community Services Standing Committee would continue to meet at the usual 1:00 p.m. on Wednesdays and Thursdays.

Attachment II represents a resolution authorizing the Council Standing Committees to begin at 9:00 a.m. and it is combined with the resolution to limit the time of each meeting to one hour.

3. Time Limit for Council Standing Committee Meetings –

We propose that the Council Standing Committees continue to meet on the usual day, but that the length of the meeting is contained to no more than one hour. This schedule would begin on Monday, March 9 and continue through Monday, April 6.

Attachment II represents a resolution authorizing this change to limit the time of the Standing Committee Meetings to one hour maximum.

4. City Council Public Budget Hearing on the Mayor's Recommended Budget -

It is charter mandated, Section 8-206 that, "A public hearing ... shall be held on the proposed budget before adoption."

We are recommending that the public hearing be held on Monday, March 30 at 5 p.m.

Attachment III represents a resolution setting the public hearing and directing the Clerk to publish the hearing notification within the proper timeframe.

5. Dangerous Building Hearings –

We propose that the dangerous building hearings be deferred from Monday, March 9 through Monday, April 6, in order to permit more scheduling time for Departmental Budget Hearings. The clerk has already been requested to block those days off. Dangerous Building Hearings would be able to resume on Monday, April 13.

No resolution is needed for this action.

6. City Council Task Force Meetings –

If there are any Council Task Force Meetings scheduled during the recommended scheduled budget hearings and discussions we would ask if they possibly could be rescheduled.

Please let our office know if any meetings need to occur during budget hearings or budget deliberations, and if budget-related hearing times should be changed.

7. Enforcement of the Budget Hearing Schedule

Finally, Attachment IV represents a resolution outlining the budget hearing scheduling process and institutes a process to try to limit the number of changes the departments can make regarding budget hearings after they have had a chance to review and the schedule has been finalized. We give the Administration and the agencies time for feed back and time adjustments, so we should come out with a schedule that satisfies all involved.

8. The final date for Council to vote on the budget is Tuesday April 7. The final day for Council to override the Mayor's veto, if any, is Thursday, April 16. We would assist in reminding Council at the Formal Session prior to these dates to adjourn the Formal Session to the call of the chair, so the session can be reconvened on these irregular dates and if Council wishes to vote on the budget at an earlier time.

We would request that this entire document be referred at the Formal Session on Tuesday, January 28, and discussed by the members of the Budget, Finance and Audit Standing

Committee on Wednesday, January 29. If approved by the committee members, the four resolutions attached would be considered for approval by the City Council during the Formal Session on Tuesday, February 4, to authorize the above action plan as in previous years.

We will then formally submit the final draft to the Administration and the agencies. We will give them about two weeks to make certain that all department directors will be available for the proposed budget hearing dates and times. Any requested adjustments will be made and then a final budget calendar will be formally submitted to Council and the Administration. At that point, department directors may make a change to the dates and times only if there is an extreme emergency. Attachment IV represents the resolution authorizing this policy.

In addition, Attachment V represents the proposed budget calendar for the 2020-2021 budget development process prepared by LPD for your consideration.

We are available to discuss or answer any questions regarding any of these dates or issues. Additionally, if any Councilmember or Council staff have any questions about the budget process, our staff is able to answer questions and can set up any informational meetings at any time.

Attachments (multiple)

Attachment I

Resolution to set a Committee of the Whole for the Mayor's 2020-2021 Budget Presentation

RESOLUTION TO SET A COMMITTEE OF THE WHOLE FOR THE PURPOSE OF ALLOWING THE MAYOR TO PRESENT THE 2020-2021 RECOMMENDED BUDGET

By All Council Members:

Resolved, that a Committee of the Whole is scheduled on Friday, March 6, 2020 at 11:00 a.m. for the purpose of allowing the Mayor to present the 2020-2021 Recommended Budget and answer any of Council's questions, now therefore be it finally

Resolved, that the City Clerk post notices of this Resolution accordingly.

Attachment II

Resolution to change start time of standing committee meetings and limit meeting time during the 2020-2021 budget hearings

**RESOLUTION TO CHANGE THE START TIME OF
STANDING COMMITTEE MEETINGS AND LIMIT MEETING TIME TO AN
HOUR DURING THE 2020-2021 BUDGET HEARINGS**

By All Council Members:

Resolved, That the City Council Standing Committee meetings from Monday, March 9, 2020 through Thursday, March 26, 2020 that are regularly scheduled to begin at 10:00 a.m., shall begin at 9:00 a.m., resuming the 10:00 am starting time on Monday, March 30, 2020, and therefore be it

Resolved, that all Standing Committee meetings from Monday, March 9, 2020 through Monday, April 6, 2020, will be scheduled to last no more than one hour in order to accommodate the departmental hearings as well as all executive session budget deliberations, now therefore be it finally

Resolved, That the City Clerk post notice of this change and time in all places that notices are currently posted of the time for City Council sessions.

Attachment III

Resolution to set the date and time of public hearing for 2020-2021 budget

**RESOLUTION TO SET THE DATE AND TIME AND OF
THE PUBLIC HEARING FOR THE 2020-2021 BUDGET**

By All Council Members:

Resolved, That a Public Hearing be set on Monday, March 30, 2020 at 5 p.m. in the Erma Henderson Auditorium, for the purpose of allowing the citizens to report their concerns, if any, that they have relative to anything contained in the 2020-2021 Mayor's Recommended Budget, now therefore be it finally

Resolved, That the City Clerk post notice of the date and time of this public hearing in all places that notices are currently posted for City Council public hearings.

Attachment IV

Resolution to Institute the Budget Calendar Scheduling Policy for the 2020-2021 Budget Deliberations

**RESOLUTION TO INSTITUTE THE BUDGET CALENDAR SCHEDULING
POLICY FOR THE 2020-2021 BUDGET DELIBERATIONS**

By All Council Members:

Whereas, For the 2020-2021 Legislative budget process, the City Council agrees with instituting a process under the direction of the City Council's Legislative Policy Division to ensure a realistic Budget Calendar scheduling policy, so be it

Resolved, A Preliminary Budget Calendar shall be forwarded to the Mayor's Office, Administration Department and Agency Directors, Directors of entities receiving a city subsidy and Council Members for their review and comment, and be it further

Resolved, That necessary revisions shall be submitted to the Legislative Policy Division by Wednesday, February 19, 2020 and thereafter the proposed Budget Calendar shall be considered final, and be it further

Resolved, A budget hearing date as scheduled in the final Budget Calendar cannot be rescheduled by a department, division, or agency head unless the reasons for rescheduling such date is due to an extreme emergency, such as determined by and approved by City Council, and be it further

Resolved, If a department or agency head cannot attend a scheduled budget hearing per the Budget Calendar due to any other reason than an extreme emergency, then the department or agency head shall send another departmental or agency representative to the scheduled budget hearing in his or her stead, and be it further

Resolved, That the City Council agrees with the process to ensure a realistic scheduling policy to better facilitate the legislative budget process, and to significantly reduce the need to reschedule budget hearing dates as listed in the Budget Calendar. Now, therefore be it finally

Resolved, That a copy of this Resolution be forwarded along with the proposed budget calendar to department, division, and agency directors.

Attachment V

**Proposed budget calendar for the 2020-2021 budget development process
(Prepared by the Legislative Policy Division)**

Mar 2020						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

March 2, 2020 - March 8, 2020

City Council Budget Hearing Schedule

		3/2 Monday	3/3 Tuesday	3/4 Wednesday	3/5 Thursday	3/6 Friday
		Budget Dept. agrees to provide detail for 7 agencies to prepare for budget hearings (DDOT), HR, HRD, PDD, Board of Ethics, Law and Health)				
8 AM	:00					
	:30					
9 AM	:00					
	:30					
10 AM	:00					
	:30					
11 AM	:00					Mayor Presents Budget to Council
	:30					
12 PM	:00					
	:30					
1 PM	:00					Budget Review
	:30					
2 PM	:00					
	:30					
3 PM	:00					
	:30					
4 PM	:00					
	:30					
5 PM	:00					
	:30					
6 PM	:00					
	:30					

Mar 2020						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

March 9, 2020 - March 15, 2020

City Council Budget Hearing Schedule

		3/9 Monday	3/10 Tuesday	3/11 Wednesday	3/12 Thursday	3/13 Friday
8 AM	:00					
	:30					
9 AM	:00	Public Health & Safety Standing Committee		Internal Operations Standing Committee	Planning & Economic Development Standing Committee	
	:30					
10 AM	:00		FORMAL SESSION	BFA - Housing & Revitalization/Detroit Housing Commission	BFA - Health Department	BFA - Department of Administrative Hearings
	:30					
11 AM	:00			BFA - Planning & Development Dept.		BFA - Building, Safety Engineering & Environmental Dept.
	:30					
12 PM	:00					
	:30					
1 PM	:00	BFA - D-DOT / Detroit Transportation Corp.		Budget, Finance & Audit Standing Committee	Neighborhood & Community Services Standing Committee	BFA - Detroit-Wayne County Port Authority
	:30					
2 PM	:00	BFA - Human Resources Dept.		BFA - Board of Ethics	BFA - Public Lighting Department	BFA - Museum of African American History
	:30					
3 PM	:00			BFA - Law Department	BFA - Public Lighting Authority	
	:30					
4 PM	:00					
	:30					
5 PM	:00					
	:30					
6 PM	:00					
	:30					

Mar 2020						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

March 16, 2020 - March 22, 2020

City Council Budget Hearing Schedule

		3/16 Monday	3/17 Tuesday	3/18 Wednesday	3/19 Thursday	3/20 Friday
8 AM	:00					
	:30					
9 AM	:00	Public Health & Safety Standing Committee		Internal Operations Standing Committee	Planning & Economic Development Standing Committee	
	:30					
10 AM	:00	BFA - Dept of Public Works / Greater Detroit Resource Recovery Authority	FORMAL SESSION	BFA - 36th District Court	BFA - Library Department	BFA - Detroit Institute of Arts
	:30					
11 AM	:00	BFA - Detroit Building Authority			BFA - Historical Department	BFA - DEGC / DDA / EDC / LDFA
	:30					
12 PM	:00					
	:30					
1 PM	:00			Budget, Finance & Audit Standing Committee	Neighborhood & Community Services Standing Committee	BFA - Office of the Auditor General
	:30					
2 PM	:00	BFA - Office of the Chief Financial Officer - All Divisions		BFA - Fire Department	BFA - Office of the Ombudsman	BFA - Airport Department
	:30					
3 PM	:00				BFA - Detroit Zoological Society	
	:30					
4 PM	:00					
	:30					
5 PM	:00					
	:30					
6 PM	:00					
	:30					

Mar 2020						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	●	●	●	●	●	28
29	30	31				

March 23, 2020 - March 29, 2020

City Council Budget Hearing Schedule

		3/23 Monday	3/24 Tuesday	3/25 Wednesday	3/26 Thursday	3/27 Friday
8 AM	:00					
	:30					
9 AM	:00	Public Health & Safety Standing Committee		Internal Operations Standing Committee	Planning & Economic Development Standing Committee	
	:30					
10 AM	:00	BFA - Department of Innovation & Technology	FORMAL SESSION	BFA - Non-Departmental / Capital Budget / Detroit Land Bank Authority	BFA - Board of Zoning Appeals	BFA - General Services Department / Recreation / Northwest Activities Center
	:30					
11 AM	:00	BFA - Media Services			BFA - Mayor's Office	
	:30					
12 PM	:00					
	:30					
1 PM	:00	BFA - Municipal Parking Department		Budget, Finance & Audit Standing Committee	Neighborhood & Community Services Standing Committee	BFA - City Clerk
	:30					
2 PM	:00	BFA - Police Department		BFA - Eastern Market Corporation	BFA - Detroit Water & Sewerage Department	BFA - Elections Department
	:30			BFA - Civil Rights Inclusion & Opportunity		
3 PM	:00	BFA - Board of Police Commissioners		BFA - Detroit Employment Solutions		BFA - City Council
	:30					
4 PM	:00					
	:30					
5 PM	:00					
	:30					
6 PM	:00					
	:30					

Mar 2020						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	●	●				

March 30, 2020 - April 5, 2020

City Council Budget Hearing Schedule

		3/30 Monday	3/31 Tuesday	4/1 Wednesday	4/2 Thursday	4/3 Friday
8 AM	:00					
	:30					
9 AM	:00					
	:30					
10 AM	:00	Public Health & Safety Standing Committee	FORMAL SESSION	Internal Operations Standing Committee	Planning & Economic Development Standing Committee	EXECUTIVE SESSION
	:30					
11 AM	:00			EXECUTIVE SESSION	EXECUTIVE SESSION	
	:30					
12 PM	:00					
	:30					
1 PM	:00			Budget, Finance & Audit Standing Committee	Neighborhood & Community Services Standing Committee	
	:30					
2 PM	:00		EXECUTIVE SESSION	EXECUTIVE SESSION	EXECUTIVE SESSION	
	:30					
3 PM	:00					
	:30					
4 PM	:00					
	:30					
5 PM	:00	PUBLIC HEARING RE: BUDGET				
	:30					
6 PM	:00					
	:30					

Apr 2020						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

April 6, 2020 - April 12, 2020

City Council Budget Hearing Schedule

		4/6 Monday	4/7 Tuesday	4/8 Wednesday	4/9 Thursday	4/10 Friday
			Last day for Council to Vote on Budget	Clerk Submits Budget to the Mayor		GOOD FRIDAY
8 AM	:00					
	:30					
9 AM	:00					
	:30					
10 AM	:00	Public Health & Safety Standing Committee	FORMAL SESSION			
	:30					
11 AM	:00	EXECUTIVE SESSION				
	:30					
12 PM	:00					
	:30					
1 PM	:00					
	:30					
2 PM	:00					
	:30					
3 PM	:00					
	:30					
4 PM	:00					
	:30					
5 PM	:00					
	:30					
6 PM	:00					
	:30					

Apr 2020						
S	M	T	W	T	F	S
		1	2	3	4	
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

April 13, 2020 - April 19, 2020

City Council Budget Hearing Schedule

		4/13 Monday	4/14 Tuesday	4/15 Wednesday	4/16 Thursday	4/17 Friday
		Last day for Mayor to submit Veto or Confirm Budget, if applicable			Last day for Council to Override Mayor's Veto, if applicable	
8 AM	:00					
	:30					
9 AM	:00					
	:30					
10 AM	:00		FORMAL SESSION			
	:30					
11 AM	:00					
	:30					
12 PM	:00					
	:30					
1 PM	:00					
	:30					
2 PM	:00					
	:30					
3 PM	:00					
	:30					
4 PM	:00					
	:30					
5 PM	:00					
	:30					
6 PM	:00					
	:30					

Attachment VI

P.A. 181 and P.A. 182 of 2014

MICHIGAN FINANCIAL REVIEW COMMISSION ACT
Act 181 of 2014

AN ACT to create the Michigan financial review commission act; to provide for the operation of certain commissions; to create funds and accounts; to prescribe the powers and duties of certain commissions, the state treasurer, certain other state officials and state employees, and certain local officials; to provide for the dissolution of certain commissions; and to make certain appropriations.

History: 2014, Act 181, Imd. Eff. June 30, 2014

The People of the State of Michigan enact:

141.1631 Short title.

Sec. 1. This act shall be known and may be cited as the "Michigan financial review commission act".

History: 2014, Act 181, Imd. Eff. June 30, 2014

141.1632 Legislative findings and declarations.

Sec. 2. The legislature finds and declares the following:

(a) It is the public policy of this state to exercise its sovereign powers with regard to debt issuance and matters of statewide concern in a manner calculated to foster the fiscal integrity of all municipal governments and school districts to assure that those municipalities and school districts provide for the health, safety, and welfare of their residents; pay principal and interest owed on debt obligations when due; meet financial obligations to their existing and former employees, vendors, and suppliers; and provide for proper financial planning procedures and budgeting practices. The inability of a municipal government to provide essential services to its citizens or a school district to provide public education services to its residents as a result of fiscal emergencies is determined to affect adversely the health, safety, and welfare of not only that municipality's citizens and a school district's residents, but also other citizens of this state.

(b) The police and fire retirement system of certain qualified cities and the general retirement system of certain qualified cities are currently underfunded, causing communities across the state to face higher costs to borrow and invest funds, and have caused bondholders, bond insurers, and financial institutions anxiety over the financial health of not only certain qualified cities, but communities across this state.

(c) Absent prospective state oversight over qualified cities and school districts, there exists a threat of increased costs in borrowing, reductions in credit or bond ratings, reduced faith from existing creditors of municipalities or school districts and of this state, and dire financial circumstances from which this state and its political subdivisions may never fully recover.

(d) Qualified cities and school districts have complex budgetary and fiscal needs, significant and complicated debt management issues, and financial assets and liabilities that impact, both positively and negatively, every unit of local government and school district in this state and this state itself such that reasonable and balanced state oversight over qualified cities and school districts is required as a reasonable exercise of this state's power for the benefit of residents throughout this state.

(e) There are numerous residents of this state who have accrued pension benefits from a qualified city's pension systems, and those pensioners may reside throughout this state. The settlement of bankruptcy cases involving qualified cities is likely to have a substantial positive impact statewide.

(f) Establishing a commission and execution by the commission of its powers granted under this act fulfill in all respects a public and governmental purpose for the benefit of the people of this state.

(g) Ongoing fiscal oversight over qualified cities and school districts is a reasonable and sufficiently narrow regulation and serves a significant and legitimate public purpose because it inures to the benefit of all of this state's residents and aids in the remedy of a broad and general social problem.

(h) Fiscal oversight over qualified cities and over school districts will ensure that those qualified cities and school districts do not engage in the financial practices that led to financial emergencies and insolvency, and ultimately, entry into receivership and bankruptcy, which will ensure that those cities can provide basic and essential municipal services to their residents and that those school districts can provide public education services to their residents.

History: 2014, Act 181, Imd. Eff. June 30, 2014;—Am. 2016, Act 52, Imd. Eff. Mar. 29, 2016

141.1633 Definitions.

Sec. 3. As used in this act:

(a) "Applicable contract" means a contract for goods or services proposed or entered into by a qualified city or school district that either exceeds \$750,000.00, or a higher amount as determined by the commission,

Rendered Tuesday, October 9, 2018

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or is for a term exceeding 2 years. Applicable contract also includes multiple contracts for less than \$750,000.00, or the higher amount determined by the commission, with 1 entity that, in the aggregate, exceed \$750,000.00, or a higher amount as determined by the commission, within a 12-month period.

(b) "Federal bankruptcy code" means the federal bankruptcy code, 11 USC 101 to 1532.

(c) "Financial review commission" or "commission" means a financial review commission created in section 4.

(d) "Operating expenses" means the reasonable operating expenses of the commission, including without limitation the cost of preparing accounting and other reports, costs of commission meetings or other required activities of the commission, counsel fees, including fees of the attorney general, and fees and expenses incurred for consultants and fiduciaries required to carry out the purposes of this act.

(e) "Person" means an individual, corporation, limited or general partnership, association, joint venture, limited liability company, a governmental entity, including this state.

(f) "Plan for adjustment" means the plan for the adjustment of debts of a qualified city approved and entered by a United States bankruptcy court under chapter 9 of title 11 of the United States Code, 11 USC 901 to 946.

(g) "Professional services" means services that require a high degree of intellectual skill, an advanced degree, or professional licensing or certification. Those providing the professional services are distinguished based on their specialized knowledge, experience, and expertise. Professional services include, but are not limited to, accounting, actuarial, appraisal, auditing, investment advisor, and legal services.

(h) "Qualified city" means a city with a population of more than 600,000 that is subject to a plan for adjustment.

(i) "Qualified school district" means a school district with the same boundaries as a city with a population of 600,000 or more.

(j) "State treasurer" means the treasurer of this state or his or her designee who shall be designated by a written instrument signed by the state treasurer and maintained in a permanent file and whose signature shall have the same force and effect as the signature of the state treasurer for all purposes under this act.

History: 2014, Act 181, Imd. Eff. June 20, 2014;—Am. 2016, Act 53, Imd. Eff. Mar. 29, 2016;—Am. 2016, Act 193, Imd. Eff. June 21, 2016

141.1634 Financial review commission; creation; powers, duties, functions, and responsibilities; budgeting, procurement, personnel, and related management functions; qualified school district.

Sec. 4. (1) Except as provided in subsection (2), a financial review commission is created within the department of treasury for each qualified city and each qualified school district. Except as otherwise provided in this act, a commission shall exercise its powers, duties, functions, and responsibilities under this act independently of the state treasurer. The budgeting, procurement, personnel, and related management functions of a commission shall be performed under the direction and supervision of the state treasurer.

(2) If a qualified school district is located within the geographic boundaries of a qualified city for which a financial review commission is operating under this act, beginning on the date that school district becomes a qualified school district, the financial review commission for that qualified city also shall be the financial review commission for that qualified school district, and no separate or additional financial review commission for that qualified school district is created under this act.

History: 2014, Act 181, Imd. Eff. June 20, 2014;—Am. 2016, Act 53, Imd. Eff. Mar. 29, 2016

141.1635 Financial review commission; membership; financial review commission for both qualified city and qualified school district; exception; terms; compensation; travel and expenses; chairperson; quorum; conducting business at public meetings; writings subject to freedom of information act; bylaws; professional services; members and contractors or agents subject to MCL 15.321 to 15.330 and MCL 15.301 to 15.310; adoption of ethics policy; oath of office.

Sec. 5. (1) Except as otherwise provided in subsection (2), each commission shall consist of the following 9 members:

(a) The state treasurer, who shall serve for the duration of his or her term of office.

(b) The director of the department of technology, management, and budget or successor agency, or his or her designee, who shall serve for the duration of his or her term of office.

(c) Three members appointed by the governor who have knowledge, skill, or experience in the field of business or finance and who shall possess knowledge, training, skill, or experience in budgeting, revenue forecasting, debt management or borrowing, actuarial science, law, or business operations, at least 1 of whom

is a resident of that qualified city or qualified school district, and at least 1 of whom is a resident of this state who is not a resident of a qualified city or qualified school district.

(d) The mayor or chief executive officer of that qualified city or qualified school district other than a qualified school district described in section 4(2), or his or her designee, who shall serve for the duration of the mayor's or chief executive officer's term of office.

(e) One member appointed by the governor from a list of 3 or more individuals nominated by the senate majority leader who have knowledge, skill, or experience in the field of business or finance, and who shall possess knowledge, training, skill, or experience in budgeting, revenue forecasting, debt management or borrowing, actuarial science, law, or business operations, and 1 of whom is a resident of that qualified city or qualified school district.

(f) One member appointed by the governor from a list of 3 or more individuals nominated by the speaker of the house of representatives who have knowledge, skill, or experience in the field of business or finance, and who shall possess knowledge, training, skill, or experience in budgeting, revenue forecasting, debt management or borrowing, actuarial science, law, or business operations, and 1 of whom is a resident of that qualified city or qualified school district.

(g) The president or chairperson of the qualified city's governing body or qualified school district's school board other than a qualified school district described in section 4(2), or his or her designee, who shall serve for the duration of the president's or chairperson's term of office.

(2) If a financial review commission is the financial review commission for both a qualified city and a qualified school district under section 4(2), in addition to the mayor or chief executive officer of the qualified city or his or her designee under subsection (1)(d) and the president or chairperson of the qualified city's governing body or his or her designee under subsection (1)(g), the financial review commission also shall include as members the superintendent of the qualified school district and the chairperson of the school board of the qualified school district. The superintendent of the qualified school district and the chairperson of the school board of the qualified school district shall not have a vote on matters relating to the qualified city. The mayor or chief executive officer of the qualified city, or his or her designee under subsection (1)(d) and the president or chairperson of the qualified city's governing body or his or her designee under subsection (1)(g), shall not have a vote on matters relating to the qualified school district. This subsection does not apply to a qualified school district whose functions and responsibilities have been transferred to another school district under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852.

(3) The appointed members shall serve for a term of 4 years, except that of the 5 members first appointed, the appointees of the governor shall serve a term of 1, 2, and 4 years respectively, the appointee of the governor who was nominated by the speaker of the house of representatives shall serve a term of 2 years, and the appointee of the governor who was nominated by the senate majority leader shall serve a term of 3 years. Appointed members serve at the pleasure of, and may be removed by, their respective appointing official.

(4) Members of a commission shall serve without compensation but may receive reasonable reimbursement for necessary travel and expenses incurred in the discharge of their official duties.

(5) The state treasurer or his or her designee shall serve as chairperson of a commission.

(6) A majority of the eligible voting members of the commission shall constitute a quorum of the commission for the transaction of business. The commission shall meet no less than monthly and at times and places designated by the chairperson. Actions of the commission shall be approved by a majority of the members.

(7) The commission shall conduct its business at public meetings in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. However, members of the commission may attend and participate in a meeting of the commission by the use of telecommunication or other electronic equipment if their attendance and participation by the use of telecommunication or other electronic equipment is authorized by the bylaws of the commission and that meeting is otherwise conducted in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(8) A writing prepared, owned, used, in the possession of, or retained by the commission in the performance of an official function is subject to the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(9) The commission shall adopt bylaws for governance of the commission, which shall, at a minimum, address the procedures for conducting meetings, including voting procedures, and the requirements of its members to attend meetings. Procedural rules required by this section are not subject to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(10) The commission may contract for professional services, as it requires, and shall determine the qualifications it considers necessary.

(11) The members of the commission and contractors or agents of the commission are subject to 1968 PA

317, MCL 15.321 to 15.330, and 1968 PA 318, MCL 15.301 to 15.310.

(12) A member of the commission, and any person the commission contracts with, shall discharge the duties of his or her position in a nonpartisan manner, with good faith, and with that degree of diligence, care, and skill that an ordinarily prudent person would exercise under similar circumstances in a like position. The commission shall adopt an ethics policy governing the conduct of commission members and officers and employees of the commission.

(13) Commission members shall take and subscribe to the constitutional oath of office under section 1 of article XI of the state constitution of 1963. The oath shall be filed with the secretary of state.

History: 2014, Act 181, Imd. Eff. June 20, 2014;—Am. 2016, Act 93, Imd. Eff. Mar. 29, 2016;—Am. 2016, Act 193, Imd. Eff. June 21, 2016

141.1836 Duties of commission; review and approval of applicable contracts; reports; approval of collective bargaining agreements; supplementary information; certification and report of debt service.

Sec. 6. (1) The commission shall provide oversight for a qualified city beginning on the effective date of the plan for adjustment or of this act, whichever is later. The commission shall provide oversight for a qualified school district beginning on the date the school district becomes a qualified school district.

(2) The commission shall ensure that the qualified city or qualified school district is complying with the terms and conditions of this act and of the plan for adjustment, if applicable. Except as otherwise provided in section 8, the commission shall by October 1 each year certify that the qualified city or qualified school district is in substantial compliance with the provisions of this act.

(3) The commission shall ensure that, where applicable, a qualified city or qualified school district complies with the provisions of all of the following, as applicable, and may request verification of compliance:

(a) Section 8 of the publicly funded health insurance contribution act, 2011 PA 152, MCL 15.568.

(b) Sections 4i, 4p, 4s, and 4t of the home rule city act, 1909 PA 279, MCL 117.4i, 117.4p, 117.4s, and 117.4t.

(c) The revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(d) The uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.

(e) For a qualified school district, all of the following:

(i) The revised school code, 1976 PA 451, MCL 380.1 to 380.1852.

(ii) Article I of the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772.

(iii) The public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

(4) During the period of oversight for a qualified city, the commission shall review and approve that qualified city's 4-year financial plan required by section 4t of the home rule city act, 1909 PA 279, MCL 117.4t. A 4-year financial plan described in this subsection shall be submitted at least 100 days prior to the commencement of a qualified city's fiscal year. The commission shall approve or disapprove the 4-year financial plan within 30 days of receipt. If disapproved, the commission shall provide rationale in writing for disapproval and a qualified city shall submit a revised plan within 15 days that comports with the commission's rationale for rejection. The commission shall approve or disapprove that revised plan within 15 days. The commission may also require adjustments to the financial plan to modify expenditures to satisfy debt service, adjust projected revenues to comply with financial controls or accounting practices, and reduce expenditures to conform to consensus revenue estimates if required in section 7 to comply with the provisions of section 4t of the home rule city act, 1909 PA 279, MCL 117.4t. If the qualified city fails to submit an acceptable financial plan, the commission may adopt and impose upon the qualified city a financial plan satisfying the requirements of this act and section 4t of the home rule city act, 1909 PA 279, MCL 117.4t, until that time as the qualified city submits an acceptable financial plan.

(5) Subject to a plan for adjustment and any collective bargaining agreements still in effect, the commission shall establish and maintain programs and requirements for the responsible fiscal management of that qualified city or qualified school district. The commission's programs and requirements shall include all of the following:

(a) Increased managerial accountability.

(b) The streamlining of the provision of city or qualified school district services.

(c) Improved collection of outstanding tax revenues.

(d) Review of the compensation and benefits of city or qualified school district employees and recommendation of adjustments where necessary.

(6) Notwithstanding any charter provision or local ordinance to the contrary, all applicable contracts are subject to review and approval by the commission. The commission may consider a number of factors when

reviewing an applicable contract, including whether the applicable contract was subject to a competitive bid process. Only applicable contracts that are first approved by the governing body and mayor or chief executive officer of a qualified city or qualified school district as required by law, charter, ordinance, or policy are subject to review by the commission. If an applicable contract is not rejected by the commission within 30 days of its submission, that applicable contract shall be considered approved by the commission.

(7) A qualified city or qualified school district, when required by the commission, shall present written reports regarding its financial stability and shall permit the commission to audit or inspect financial statements, actuarial reports, revenue estimates, and any and all other documents, data, reports, or findings that the commission considers necessary to carry out its purpose under this act. The commission may require that qualified city's or qualified school district's chief financial officer to certify in writing the accuracy of any documents the commission requests.

(8) The commission shall, on June 1 and December 1 of each year in which the commission has oversight over a qualified city or a qualified school district, file a written report with the governor. A copy of the report shall be submitted to the senate majority leader and the speaker of the house of representatives and posted on the department of treasury website. A copy of the report shall be sent to the mayor or chief executive officer and governing body of the qualified city or qualified school district.

(9) Except as otherwise provided in this subsection, the commission shall approve all collective bargaining agreements, including any addendums to those agreements, to which that qualified city or qualified school district is a party after approval by the governing body and mayor or chief executive officer of the qualified city or qualified school district as required by charter or law. The commission shall approve or reject collective bargaining agreements submitted to it within 45 days of submission. Collective bargaining agreements submitted to the commission shall not be executed unless and until the commission approves those agreements. Collective bargaining agreements approved by an emergency manager appointed under section 12 of the local financial stability and choice act, 2012 PA 436, MCL 141.1552, shall not be subject to commission approval under this subsection.

(10) For a qualified city, the commission may file supplementary information relating to the financial condition of the qualified city with an arbitration panel in arbitration proceedings in which the qualified city is a party pursuant to 1969 PA 312, MCL 423.231 to 423.247.

(11) The mayor or chief executive officer, governing body, and chief financial officer of a qualified city or qualified school district shall, at least 45 days prior to the beginning of each fiscal quarter, certify in writing to the commission the amount of debt service due on bonds, leases, or other debt. A qualified city or qualified school district shall specifically report debt service requirements, calculated through final maturity, and certify its ability to meet those requirements through the end of the current fiscal year.

History: 2014, Act 181, Imd Eff June 20, 2014;—Am 2016, Act 53, Imd Eff Mar 29, 2016

141.1637 Commission; powers.

Sec. 7. A commission may do 1 or more of the following for its qualified city or qualified school district:

(a) For a qualified city, review and approve that qualified city's consensus revenue estimate under section 41 of the home rule city act, 1909 PA 279, MCL 117.41. The commission may also, after consultation with the qualified city or qualified school district, revise a revenue estimate prepared in connection with a budget, budget modification, financial plan, or financial plan modification, if the commission determines that the revenue estimate was not based on assumptions and methods of estimation reasonable and appropriate under the circumstances and in view of the objectives and purposes of this act. After consultation with the qualified city or qualified school district, the commission may determine the estimated revenues for the qualified city or qualified school district, but any revenue estimate adopted by the commission shall be based on the same requirements as the qualified city's or qualified school district's initial revenue estimate.

(b) For a qualified city, require the qualified city to submit the 4-year financial plan required in section 41 of the home rule city act, 1909 PA 279, MCL 117.41, in a form and manner the commission considers appropriate. The requirement to submit a 4-year financial plan is not subject to waiver under section 8.

(c) Review, modify, and approve proposed and amended operational budgets of a qualified city or qualified school district. A proposed budget or budget amendment does not take effect unless approved by the commission.

(d) Require the chief financial officer of the qualified city or qualified school district to provide the commission with information it requests related to the qualified city's or qualified school district's finances. The commission may also require the chief financial officer to attend commission meetings. If the chief financial officer fails to comply with the provisions of this subdivision, the commission may require the qualified city, or qualified school district to remove the chief financial officer and appoint a successor.

(e) Review and approve requests by a qualified city or qualified school district to issue debt under the

revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, or any other law governing the issuance of bonds or notes. The commission may develop rules for the issuance of debt, including limitations that are greater than those provided in sections 401 to 405 of the revised municipal finance act, 2001 PA 34, MCL 141.2401 to 141.2405. The debt described in this subdivision may not be issued unless and until approved by the commission and the commission's approval shall be in addition to any approval of the department of treasury as required by law.

(f) Review compliance by a qualified city with a deficit elimination plan submitted under section 21 of the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.921, or by a qualified school district with a deficit elimination plan submitted under article I of the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772.

(g) Approve the appointment of a qualified city's chief financial officer. If that appointment is not approved by the commission within 45 days of written submission of the appointment by the qualified city, the appointment is denied. The commission may require that any effort to terminate the chief financial officer be subject to commission review and approval.

(h) Approve the appointment of the qualified school district's chief financial officer. If that appointment is not approved by the commission within 45 days of written submission by the qualified school district, the appointment is denied. A qualified school district may not terminate its chief financial officer without the approval of the commission. The superintendent and the chairperson of the school board of the qualified school district shall not have a vote on an approval under this subdivision.

(i) For a qualified school district, provide that a qualified school district may not alter the terms and conditions of an employment contract with or the benefits of its superintendent or terminate its superintendent without the approval of the commission. The superintendent and the chairperson of the school board of the qualified school district shall not have a vote on an approval under this subdivision.

(j) Require the development and implementation of financial best practices for a qualified city or qualified school district.

(k) Recommend the adoption or amendment of certain charter provisions, bylaws, ordinances, policies, or operating procedures for the qualified city or qualified school district, as applicable.

(l) Require the pursuit of financial or managerial training to ensure the proper discharge of duties for the qualified city or qualified school district.

(m) Make and execute contracts necessary to carry out the purposes of this act.

(n) Sue or be sued. The commission may retain legal counsel to enforce any provisions of this act.

(o) Require the qualified city or qualified school district and the employees or agents of the qualified city or qualified school district to timely produce and share all information and documents, and provide access to all information on assets, services, records, and any other materials or documents the commission determines are necessary to carry out its responsibilities under this act. The commission may require the officers or employees of the qualified city or qualified school district to attend commission meetings for any purpose necessary to carry out its responsibilities under this act.

(p) Perform any duty provided by law that a receivership transition advisory board as described in section 23 of the local financial stability and choice act, 2012 PA 436, MCL 141.1563, may perform.

(q) For a qualified school district, approve all reimbursement to school board members, officials, and employees for travel outside this state.

(r) Perform any other duties assigned by the governor that are not inconsistent with the purposes of this act.

History: 2014, Act 181, Imd. Eff. June 20, 2014;—Am. 2016, Act 53, Imd. Eff. Mar. 29, 2016;—Am. 2016, Act 195, Imd. Eff. June 21, 2016

141.1638 Waiver; resolution; conditions; rescission; reversal.

Sec. 8. (1) Notwithstanding section 6, for its qualified city or qualified school district, a commission shall, by resolution, waive the requirements designated in sections 6 and 7 as provided in subsection (2).

(2) The commission shall grant a waiver under this section for its qualified city or qualified school district if it certifies that all of the following conditions are met:

(a) The commission certifies that a qualified city or qualified school district has adopted and adhered to deficit-free budgets for 3 consecutive years that comply with generally accepted accounting principles and are in accordance with the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.

(b) The state treasurer and the qualified city's or qualified school district's chief financial officer, if applicable, certify that both of the following are met:

(i) All municipal securities or debt obligations sold by or for the benefit of that qualified city or qualified school district in the general public market during the immediately preceding fiscal year and current fiscal year satisfied the capital and other financial requirements of the qualified city or qualified school district.

during that period.

(f) There is a substantial likelihood that municipal securities or debt obligations can be sold by the qualified city or qualified school district in the general public market during the remainder of the current fiscal year and the immediately succeeding fiscal year in amounts sufficient to substantially satisfy all of the capital and other financial requirements of the qualified city or qualified school district during those periods in accordance with the qualified city's or qualified school district's financial plan, as applicable.

(c) For a qualified city, the qualified city's financial plan projects a balanced budget for the current and succeeding 3 fiscal years using generally accepted accounting principles and in accordance with the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a, and section 4t of the home rule city act, 1909 PA 279, MCL 117.4t.

(d) The qualified city or qualified school district has demonstrated to the commission's satisfaction that the qualified city or qualified school district has sufficient ability to borrow in the municipal securities market or qualified school district.

(e) The qualified city or qualified school district did not violate the plan for adjustment in the immediately preceding fiscal year, as applicable, and is not in violation in the current fiscal year.

(f) The state treasurer certifies that the qualified city or qualified school district is in compliance with the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.

(g) The commission certifies that the qualified city or qualified school district is in substantial compliance with this act.

(h) For a qualified city, the qualified city has established as part of a system of compensation for employees retirement plans in which the qualified city contributes no more than 7% of an individual's base pay, excluding payment for overtime services, 1-time lump-sum payments, and the cost of fringe benefits, to an employee's retirement account, and, for a qualified school district, the qualified school district has fully satisfied all of its current obligations to the system created under the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

(i) The qualified city or qualified school district has implemented a program in which all contracts awarded by the qualified city or qualified school district are posted on the qualified city's or qualified school district's public website within 30 days of the contract award, including the identity of the parties to the contract, the dollar amount of the contract, and a brief description of the goods or services provided by the contract.

(3) The commission shall, by resolution, rescind its waiver under subsection (2) if it certifies that any of the following, where applicable, has occurred or that there is a substantial likelihood that any of the following will imminently occur:

(a) The qualified city or qualified school district fails to pay principal of or interest on any municipal securities when due or payable.

(b) The qualified city or qualified school district incurs a budget deficit in a fiscal year equal to or more than 5% of the total expenditures in that year based on generally accepted accounting principles.

(c) The qualified city or qualified school district issues municipal securities without the authorization of the commission or in violation of the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(d) The qualified city or qualified school district violates this act or any mandatory financial controls in a manner that substantially impairs that qualified city's or qualified school district's ability to pay principal of and interest on municipal securities or other debt when due and payable or its ability to adhere to a balanced budget.

(e) The qualified city or qualified school district violates any provision of the plan for adjustment, if applicable.

(f) The state treasurer and the qualified city's or qualified school district's chief financial officer, if applicable, fail to certify that the criteria in subsection (2)(b) are met.

(g) The qualified city's or qualified school district's chief financial officer has resigned, been terminated, or been removed, or the office has otherwise become vacant and a successor has not been appointed within 180 days of that vacancy.

(h) The qualified city or qualified school district has not satisfied the requirements in subsection (2)(h).

(4) If the commission finds that the circumstances under which it rescinded its waiver of the requirements of sections 6 and 7 as provided in subsection (3) no longer exist, the commission shall reverse the rescission as provided in subsection (2).

History: 2014, Act 181, Imd. Eff. June 30, 2014;—Am. 2016, Act 53, Imd. Eff. Mar. 29, 2016

141.1640 Commission as public and governmental purpose.

Sec. 10. Each commission, and the carrying out of its authorized purposes under this act, is in all respects a public and governmental purpose for the benefit of the people of this state and for the improvement of their

health, safety, welfare, comfort, and security. These purposes are public purposes, and the commission will be performing an essential governmental function in the exercise of the powers provided by this act.

History: 2014, Act 181, Imd. Eff. June 30, 2014

141.1641 Appropriation.

Sec. 11. For the fiscal year ending September 30, 2014, \$900,000.00 is appropriated from the general fund/general purpose to the department of treasury to be expended to provide commissions with the resources to exercise its powers, duties, and responsibilities under this act and as required by this state to enforce this act and the plan for adjustment; to secure professional services to assist in the implementation of this act; and for any other purposes that a commission determines in its discretion are necessary or implied to implement this act.

History: 2014, Act 181, Imd. Eff. June 30, 2014

141.1642 Dissolution; release of qualified city or qualified school district from oversight; qualified school district subject to emergency manager.

Sec. 12. (1) Subject to subsections (2) and (3), if a commission has waived the requirements of sections 6 and 7 under section 8 each year for the immediately preceding 10 consecutive fiscal years, and the plan for adjustment, if applicable, has expired, the commission shall, by resolution, dissolve itself. All property, funds, and assets of the commission, if any, shall be transferred to and vested in this state.

(2) The commission for a qualified school district shall not dissolve itself until the state treasurer certifies that all outstanding debts of that qualified school district are paid in full.

(3) If a commission is in place for both a qualified city and a qualified school district and the requirements of subsection (1) have been met for a qualified city or the requirements of subsections (1) and (2) have been met for a qualified school district, that qualified city or that qualified school district shall be released from oversight by the commission under this act.

(4) Notwithstanding any other provision of this act, if a qualified school district is subject to an emergency manager under the local financial stability and choice act, 2012 PA 436, MCL 141.1541 to 141.1575, then, for the period of time that the qualified school district is subject to an emergency manager, that qualified school district is not subject to oversight by the commission under this act.

History: 2014, Act 181, Imd. Eff. June 30, 2014;—Am. 2016, Act 53, Imd. Eff. Mar. 29, 2016

141.1643 Court of claims; jurisdiction.

Sec. 13. Each commission is a state commission, and the members are state officers for the purposes of section 6419 of the revised judicature act of 1961, 1961 PA 236, MCL 600.6419. The court of claims shall have exclusive jurisdiction over any and all actions challenging the validity of this act.

History: 2014, Act 181, Imd. Eff. June 30, 2014

Act No. 182
Public Acts of 2014
Approved by the Governor
June 19, 2014
Filed with the Secretary of State
June 20, 2014
EFFECTIVE DATE: June 20, 2014

**STATE OF MICHIGAN
97TH LEGISLATURE
REGULAR SESSION OF 2014**

Introduced by Reps. Kivela and Walsh

ENROLLED HOUSE BILL No. 5567

AN ACT to amend 1999 PA 279, entitled "An act to provide for the incorporation of cities and for revising and amending their charters; to provide for certain powers and duties; to provide for the levy and collection of taxes by cities, borrowing of money, and issuance of bonds or other evidences of indebtedness; to validate actions taken, bonds issued, and obligations heretofore incurred; to prescribe penalties and provide remedies; and to repeal acts and parts of acts on specific dates," (MCL 117.1 to 117.28) by adding sections 4a and 4t.

The People of the State of Michigan enact:

Sec. 4s. (1) Notwithstanding a charter provision or ordinance to the contrary, a city with a population of more than 600,000 shall establish the position of chief financial officer. The mayor of the city shall appoint the chief financial officer subject to the approval of the governing body of the city, and, if applicable, the financial review commission created in the Michigan financial review commission act. The chief financial officer shall have substantial experience with sophisticated municipal financial transactions, complex multidimensional governmental restructurings, governmental labor relations, health care benefits or pension matters, and local government management with governmental units having aggregate revenues of \$250,000,000.00 or more. Nothing in this section shall be construed to prevent a city with a population of more than 600,000 from adopting a charter provision or ordinance providing the responsibilities for a chief financial officer that are not inconsistent with this section.

(2) The chief financial officer appointed under subsection (1) shall report to the mayor and do all of the following:

(a) Supervise all financial and budget activities of the city.

(b) Coordinate the city's activities relating to budgets, financial plans, financial management, financial reporting, financial analysis, and compliance with the budget and financial plan of the city. If applicable, the functions and responsibilities of the chief financial officer shall be subject to approval by the financial review commission created in the Michigan financial review commission act.

(c) Certify that the city's annual budget complies with the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a, and, if applicable, submit that certification to the financial review commission created in the Michigan financial review commission act.

(d) Submit in writing to the mayor and the governing body of the city his or her opinion on the effect that policy or budgetary decisions made by the mayor or the governing body of the city will have on the city's annual budget and its 4-year financial plan described in section 4t.

(3) The local elected and appointed officials and employees of the city shall promptly and fully provide financial information requested by the chief financial officer.

(79)

Sec. 4t. (1) Notwithstanding a charter provision or ordinance to the contrary, for a city with a population of more than 600,000, all of the following apply:

(a) The city and its officers, employees, agents, and contractors shall comply with the Michigan financial review commission act, if applicable.

(b) For each fiscal year beginning after the effective date of the amendatory act that added this section, the city shall adopt a financial plan covering that fiscal year and the next 3 fiscal years. If a 2-year budget is in effect for the city under section 21 of the local financial stability and choice act, 2012 PA 436, MCL 141.1661, the financial plan must be consistent with the 2-year budget. The financial plan shall be proposed by the mayor and approved by the governing body of the city. If applicable, a financial plan must be approved by the financial review commission created in the Michigan financial review commission act before it takes effect. A financial plan shall include, but not be limited to, all of the following information for each of the 4 fiscal years covered by the financial plan:

(i) A projection of all revenues and expenditures of the city for each fiscal year, including debt service.

(ii) A projection of cash flow for each fiscal year.

(iii) A schedule of projected capital commitments for each fiscal year.

(iv) Measures to assure that projected employment levels, collective bargaining agreements, and other employee costs are consistent with projected expenditures and available revenue.

(v) Measures to assure compliance with mandates under state and federal law consistent with projected expenditures and available revenue.

(vi) Measures to assure adequate reserves for mandated and other essential programs and activities in the event of an overestimation of revenue, an underestimation of expenditures, or both.

(vii) A statement of significant assumptions and methods of estimation used for projections included in the financial plan.

(viii) Any other information the mayor, governing body, or chief financial officer of the city considers appropriate.

(c) A financial plan adopted under subdivision (b) shall comply with all of the following requirements:

(i) Projected revenues and expenditures for each fiscal year covered by the financial plan shall result in a balanced budget according to generally accepted accounting principles, including compliance with the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.

(ii) Include contributions necessary to assure that pension systems for employees and retirees of the city are adequately funded.

(iii) Provide for the issuance of or incurring of debt by the city only in compliance with the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, and the Michigan financial review commission act, if applicable.

(iv) Provide for the payment in full of debt service on all debt issued or incurred by or on behalf of the city.

(v) Provide for operations of the city to be conducted with projected cash resources based upon projected cash flow for each fiscal year.

(vi) Include a general reserve fund for each fiscal year to cover potential reductions in projected revenues or increases in projected expenditures equal to not less than 5% of the projected expenditures for the fiscal year.

(vii) For each fiscal year, provide for the elimination of any deficit incurred in the prior fiscal year according to generally accepted accounting principles.

(viii) Rely upon revenue and expenditure projections based upon reasonable and appropriate assumptions and methods of estimation.

(ix) Rely upon cash flow projections based upon reasonable and appropriate assumptions as to sources and uses of cash, including timing.

(d) The city shall hold a revenue estimating conference in the second week of September and in the third week of February of each year. A revenue estimating conference shall be subject to all of the following:

(i) The principals of a conference shall be the chief financial officer of the city, the state treasurer or his or her designee from within the department of treasury, and a person affiliated with another public entity, including a state institution of higher education, with experience in economic forecasting and revenue projection selected by the chief financial officer of the city and the state treasurer.

(ii) A conference shall establish an official economic forecast of major variables of the national, state, and local economies. A conference also shall establish a forecast of anticipated revenues of the city as the conference determines.

(iii) The official forecast of economic and revenue variables of the conference shall be determined by consensus among the conference principals and shall be for the fiscal year in which the conference is being held and the succeeding 2 fiscal years. The conference also shall forecast general fund revenue trendline projections for the city for an additional 2 fiscal years. Conference forecasts of revenues and expenditures shall be based upon the assumption that current law and administrative procedures will remain in effect for the forecast period.

(iv) The conference may request and shall receive from officers, departments, agencies, and authorities of the city the assistance and data needed to enable the conference to fulfill its duties.

(v) The principals of the conference shall determine procedures to be used by the conference including procedures for conference sessions and presentations by persons, except that any final action establishing an official forecast shall require the unanimous support of all principals. A conference shall complete its work within a period of not more than 5 days unless extended by consensus of the principals.

(vi) Meetings of a conference are subject to the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(vii) A principal shall preside over conference sessions, convene conference sessions, and specify topics to be included on the conference agenda. The responsibility of presiding over sessions of the conference shall be rotated annually among the principals, with the initial chairperson being elected by the principals. The chairperson presiding over a conference is responsible for setting the conference date and preparing and distributing the necessary documents before the conference, including comparisons between alternative information where a comparison is warranted. Upon the written request of a principal, a conference shall be convened by the chairperson.

(viii) A writing prepared, owned, used, in the possession of, or retained by the conference in the performance of an official function is subject to the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(ix) A conference shall distribute its economic and revenue forecasts to the mayor of the city, the governing body of the city, and, if subject to the Michigan financial review commission act, the financial review commission. The city shall publish the forecasts on its website.

(x) If the city is subject to the Michigan financial review commission act, the city may be required to amend its revenue estimates pursuant to an order or directive of the financial review commission created in the Michigan financial review commission act.

(e) The mayor of the city may veto a line item appropriating money in an appropriations ordinance. The portion of the appropriation approved is effective. The item disapproved is void unless reauthorized according to the procedures prescribed in charter or law for the adoption of ordinances over a veto.

(f) If, during a fiscal year, expenditures for the city exceed revenues, the mayor may, subject to the approval of the governing body of the city, authorize by executive order the reduction of line-item expenditures during that fiscal year.

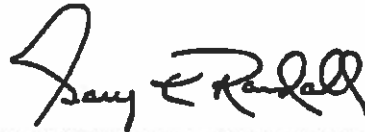
(g) Beginning on the effective date of the amendatory act that added this subdivision, the city shall post on its website copies of both of the following:

(i) Within 30 days of the contract award, each contract entered into by the city during each fiscal year.

(ii) All contracts in which the city is a party that are in effect during each fiscal year.

(2) For the fiscal year ending September 30, 2015, \$100,000.00 is appropriated from the general fund/general purpose to the department of treasury to administer the provisions of this section and section 4a.

This act is ordered to take immediate effect.



Clerk of the House of Representatives



Secretary of the Senate

Approved

Governor

Attachment VII

**Financial Review Commission Resolution 2018-13, Citing Changes to Budget
Submission Dates (Sec. 3.c.ii)**



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

NICK A. KHOURI
STATE TREASURER

DETROIT FINANCIAL REVIEW COMMISSION

RESOLUTION 2018-13

GRANTING WAIVER PURSUANT TO SECTION 8
OF THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT

WHEREAS, Public Act 181 of 2014, as amended, the Michigan Financial Review Commission Act (the "Act") created the Detroit Financial Review Commission (the "Commission") to provide specified supervision of certain activities and actions of the City of Detroit (the "City") beginning on December 10, 2014; and

WHEREAS, the Act charges the Commission with, among other things, (a) ensuring that the City is meeting certain statutory requirements, (b) reviewing and approving the City's budgets and certain contracts, and (c) establishing processes to ensure effective prudent fiscal management; and

WHEREAS, Section 8 of the Act provides a mechanism whereby the Commission waives the duties and obligations of the City to the Commission enumerated in Sections 6 and 7 of the Act if and when the conditions enumerated in Section 8 have been satisfied; and

WHEREAS, at the Commission meeting on April 30, 2018, documentation that the City has satisfied the conditions enumerated in Section 8, attached as **Exhibit A** to this Resolution, was presented for consideration.

WHEREAS, Section 8 of the Act further requires the Commission to continue to monitor the City's financial condition and performance, and to determine on an annual basis whether to continue to provide a waiver of the City's duties and obligations under Sections 6 and 7 of the Act,

using the same assessment as used for granting the initial waiver, including whether the City “has sufficient ability to borrow in the municipal securities market,” MCL 141.1638(2)(d); and

WHEREAS, the Act requires the City to continue to submit a 4-year financial plan, even after an initial waiver is granted, on an annual basis, “in a form and manner the Commission considers appropriate,” MCL 141.1637(b); and

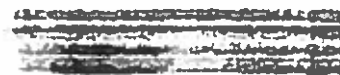
WHEREAS, the Act also requires the Commission to monitor whether financial distress exists or there is a substantial likelihood of financial distress imminently occurring that would cause the Commission to rescind its waiver; and

WHEREAS, to adequately discharge its duties under the Act after granting the initial waiver, and to satisfy the Commission that the City will, among other things, remain able to “borrow in the municipal securities market,” MCL 141.1638(2)(d), the Commission will continue to need certain reports and information from the City after the initial waiver is granted; and

WHEREAS, the Mayor and Chief Financial Officer of the City have consulted with the Commission and support this resolution;

NOW THEREFORE, be it RESOLVED by the Detroit Financial Review Commission as follows:

1. That the conditions set forth in Section 8(2) have been satisfied and therefore, the City’s duties and obligations to the Commission under Sections 6 and 7 of the Act are waived through and including June 30, 2019, subject to the terms and conditions of the Act, including Section 8.
2. That pursuant to its statutory obligations, the Commission will review the waiver annually and, by July 1 of each year, make a determination as to whether to renew the waiver for the subsequent year.



3. That this waiver, and any subsequent waivers, will be reviewed and acted upon by the Commission upon timely submission of the following information and reports to the Commission:

a. Within 45 days after the end of each month:

i. Current fiscal year-to-date actuals to budget and annualized projections, in the form provided to the Commission by the City during the twelve months prior to the commencement of the waiver period, as may be modified after consultation and approval by the Commission's Executive Director and the City's Chief Financial Officer.

ii. Monthly headcount analysis, in the form provided to the Commission by the City during the twelve months prior to the commencement of the waiver period, as may be modified after consultation and approval by the Commission's Executive Director and the City's Chief Financial Officer.

iii. Current fiscal year-to-date net cash flows, including a current ratio analysis, in the form provided to the Commission by the City during the twelve months prior to the commencement of the waiver period, as may be modified after consultation and approval by the Commission's Executive Director and the City's Chief Financial Officer.

b. Within 45 days of the end of each quarter, a report on the current status of bond debt, payments made to the City's pension plans, and payments made to the City's Section 115 Trust for its legacy pension obligations.

c. On an annual basis:

i. By March 31st of each year, (A) analysis and forecasts for the legacy pension plans in the form substantially similar to those previously provided to the Commission by the City prior to the waiver period, as may be

modified after consultation and approval by the Commission's Executive Director and the City's Chief Financial Officer; and (B) analysis that confirms the City's ability to pay its debt obligations through the period of time the City is subject to the Commission's oversight.

ii. By April 30th of each year, the City's adopted Budget and 4-Year Financial Plan.

4. That during any waiver period, the Commission will continue to meet monthly. At these monthly meetings, the Commission's Executive Director will make a presentation to the Commission addressing whether financial distress has or is about to occur as provided in the Act. If financial distress is detected, the Commission's Executive Director will recommend the waiver be rescinded. At the second regularly scheduled meeting after each quarter end, the City will provide a financial update to the Commission which shall include, at a minimum, the reporting requirements stated in Section 3(a) of this Resolution.

5. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution

6. That this Resolution shall have immediate effect and the terms of this Resolution will remain in effect until the earliest of (i) the rescission of a waiver pursuant to Section 8(3) of the Act; (ii) the expiration of the initial waiver or any subsequent waiver and no renewal of the waiver is granted under Section 8(2) of the Act; (iii) the release of the City from oversight of the Commission after 10 consecutive years of waivers pursuant to Section 12(3) of the Act; or (iv) the Commission's dissolution after 10 consecutive years of waivers pursuant to Section 12(1) of the Act.

IN WITNESS WHEREOF, the members of the Commission, or their designees, have signed and adopted this Resolution.

DETROIT FINANCIAL REVIEW COMMISSION

By _____
**Darrell Burks, Detroit Financial Review Commission
Member**

By _____
**Michael Duggan, Detroit Financial Review
Commission Member**

By _____
**Stacy Fox, Detroit Financial Review Commission
Member**

By _____
**Brenda Jones, Detroit Financial Review Commission
Member**

By _____
**Nick A. Khouri, State Treasurer and Detroit Financial
Review Commission Member**

By _____
**William Martin, Detroit Financial Review
Commission Member**

By _____
**Ike McKinnon, Detroit Financial Review Commission
Member**

By _____
**David Nicolson, Detroit Financial Review
Commission Member**

By _____
**John Walsh, Detroit Financial Review Commission
Member**

Date: _____
Detroit, Michigan