

SENATE BILL No. 687

November 30, 2017, Introduced by Senators STAMAS, SHIRKEY and MARLEAU and referred to the Committee on Michigan Competitiveness.

A bill to amend 2012 PA 436, entitled
"Local financial stability and choice act,"
by amending the title and section 2 (MCL 141.1542), section 2 as
amended by 2015 PA 110, and by adding sections 9a and 9b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 TITLE

2 An act to safeguard and assure the financial accountability of
3 local units of government and school districts; to preserve the
4 capacity of local units of government and school districts to
5 provide or cause to be provided necessary services essential to the
6 public health, safety, and welfare; to provide for review,
7 management, planning, and control of the financial operation of
8 local units of government and school districts and the provision of
9 services by local units of government and school districts; to
10 provide criteria to be used in determining the financial condition

1 of local units of government and school districts; to authorize a
2 declaration of the existence of a financial emergency within a
3 local unit of government or school district; to prescribe remedial
4 measures to address a financial emergency within a local unit of
5 government or school district; to provide for a review and appeal
6 process; to provide for the appointment and to prescribe the powers
7 and duties of an emergency manager for a local unit of government
8 or school district; **TO PROVIDE FOR THE APPOINTMENT AND TO PRESCRIBE**
9 **THE POWERS AND DUTIES OF A FINANCIAL MANAGEMENT TEAM FOR A LOCAL**
10 **UNIT OF GOVERNMENT;** to provide for the modification or termination
11 of contracts under certain circumstances; to provide for the
12 termination of a financial emergency within a local unit of
13 government or school district; to provide a process by which a
14 local unit of government or school district may file for
15 bankruptcy; to prescribe the powers and duties of certain state
16 agencies and officials and officials within local units of
17 government and school districts; to provide for appropriations; and
18 to repeal acts and parts of acts.

19 Sec. 2. As used in this act:

20 (a) "Chapter 9" means chapter 9 of title 11 of the United
21 States Code, 11 USC 901 to 946.

22 (b) "Chief administrative officer" means any of the following:

23 (i) The manager of a village or, if a village does not employ
24 a manager, the president of the village.

25 (ii) The city manager of a city or, if a city does not employ
26 a city manager, the mayor of the city.

27 (iii) The manager of a township or the manager or

1 superintendent of a charter township or, if the township does not
2 employ a manager or superintendent, the supervisor of the township.

3 (iv) The elected county executive or appointed county manager
4 of a county or, if the county has not adopted the provisions of
5 either 1973 PA 139, MCL 45.551 to 45.573, or 1966 PA 293, MCL
6 45.501 to 45.521, the county's chairperson of the county board of
7 commissioners.

8 (v) The chief operating officer of an authority or of a public
9 utility owned by a city, village, township, or county.

10 (vi) The superintendent of a school district.

11 (c) "Creditor" means either of the following:

12 (i) An entity that has a noncontingent claim against a local
13 government that arose at the time of or before the commencement of
14 the neutral evaluation process and whose claim represents at least
15 \$5,000,000.00 or comprises more than 5% of the local government's
16 debt or obligations, whichever is less.

17 (ii) An entity that would have a noncontingent claim against
18 the local government upon the rejection of an executory contract or
19 unexpired lease in a chapter 9 case and whose claim would represent
20 at least \$5,000,000.00 or would comprise more than 5% of the local
21 government's debt or obligations, whichever is less.

22 (d) "Debtor" means a local government that is authorized to
23 proceed under chapter 9 by this act and that meets the requirements
24 of chapter 9.

25 (e) "Emergency manager" means an emergency manager appointed
26 under section 9. An emergency manager includes an emergency
27 financial manager appointed under former 1988 PA 101 or former 1990

1 PA 72 who was acting in that capacity on March 28, 2013. **FOR**
2 **PURPOSES OF SECTION 9A, AN EMERGENCY MANAGER INCLUDES A FINANCIAL**
3 **MANAGEMENT TEAM AS PROVIDED UNDER SECTION 9A.**

4 (f) "Entity" means a partnership, nonprofit or business
5 corporation, limited liability company, labor organization, or any
6 other association, corporation, trust, or other legal entity.

7 (g) "Financial and operating plan" means a written financial
8 and operating plan for a local government under section 11,
9 including an educational plan for a school district.

10 (h) "Good faith" means participation by an interested party or
11 a local government representative in the neutral evaluation process
12 with the intent to negotiate a resolution of the issues that are
13 the subject of the neutral evaluation process, including the timely
14 provision of complete and accurate information to provide the
15 relevant participants through the neutral evaluation process with
16 sufficient information, in a confidential manner, to negotiate the
17 readjustment of the local government's debt.

18 (i) "Interested party" means a trustee, a committee of
19 creditors, an affected creditor, an indenture trustee, a pension
20 fund, a bondholder, a union that under its collective bargaining
21 agreements has standing to initiate contract negotiations with the
22 local government, or a representative selected by an association of
23 retired employees of the public entity who receive income or
24 benefits from the public entity. A local government may invite
25 holders of contingent claims to participate as interested parties
26 in the neutral evaluation process if the local government
27 determines that the contingency is likely to occur and the claim

1 may represent at least \$5,000,000.00 or comprise more than 5% of
2 the local government's debt or obligations, whichever is less.

3 (j) "Local emergency financial assistance loan board" means
4 the local emergency financial assistance loan board created under
5 section 2 of the emergency municipal loan act, 1980 PA 243, MCL
6 141.932.

7 (k) "Local government" means a municipal government or a
8 school district.

9 (l) "Local government representative" means the person or
10 persons designated by the governing body of the local government
11 with authority to make recommendations and to attend the neutral
12 evaluation process on behalf of the governing body of the local
13 government.

14 (m) "Local inspector" means a certified forensic accountant,
15 certified public accountant, attorney, or similarly credentialed
16 person whose responsibility it is to determine the existence of
17 proper internal and management controls, fraud, criminal activity,
18 or any other accounting or management deficiencies.

19 (n) "Municipal government" means a city, a village, a
20 township, a charter township, a county, a department of county
21 government if the county has an elected county executive under 1966
22 PA 293, MCL 45.501 to 45.521, an authority established by law, or a
23 public utility owned by a city, village, township, or county. **FOR**
24 **PURPOSES OF SECTIONS 9A AND 9B, MUNICIPAL GOVERNMENT ALSO INCLUDES**
25 **AN UNDERFUNDED LOCAL UNIT OF GOVERNMENT AS THAT TERM IS DEFINED IN**
26 **SECTION 3 OF THE PROTECTING LOCAL GOVERNMENT RETIREMENT AND**
27 **BENEFITS ACT.**

1 (o) "Neutral evaluation process" means a form of alternative
2 dispute resolution or mediation between a local government and
3 interested parties as provided for in section 25.

4 (p) "Neutral evaluator" means an impartial, unbiased person or
5 entity, commonly known as a mediator, who assists local governments
6 and interested parties in reaching their own settlement of issues
7 under this act, who is not aligned with any party, and who has no
8 authoritative decision-making power.

9 (q) "Receivership" means the process under this act by which a
10 financial emergency is addressed through the appointment of an
11 emergency manager **UNDER SECTION 9**. Receivership does not include
12 chapter 9 or any provision under federal bankruptcy law.

13 (r) "Review team" means a review team appointed under section
14 4.

15 (s) "School board" means the governing body of a school
16 district.

17 (t) "School district" means a school district as that term is
18 defined in section 6 of the revised school code, 1976 PA 451, MCL
19 380.6, or an intermediate school district as that term is defined
20 in section 4 of the revised school code, 1976 PA 451, MCL 380.4.

21 (u) "State financial authority" means the following:

22 (i) For a municipal government, the state treasurer.

23 (ii) Except as otherwise provided in subparagraph (iii), for a
24 school district, the superintendent of public instruction.

25 (iii) For a school district subject to a deficit elimination
26 plan under section 1220 of the revised school code, 1976 PA 451,
27 MCL 380.1220, the state treasurer.

(v) "Strong mayor" means a mayor who has been granted veto power for any purpose under the charter of that local government.

(w) "Strong mayor approval" means approval of a resolution under 1 of the following conditions:

(i) The strong mayor approves the resolution.

(ii) The resolution is approved by the governing body with sufficient votes to override a veto by the strong mayor.

(iii) The strong mayor vetoes the resolution and the governing body overrides the veto.

SEC. 9A. (1) IF THE STATE TREASURER DECLARES UNDER SECTION 11 OF THE PROTECTING LOCAL GOVERNMENT RETIREMENT AND BENEFITS ACT THAT A FINANCIAL EMERGENCY EXISTS WITHIN A MUNICIPAL GOVERNMENT FOR PURPOSES OF THIS SECTION, A FINANCIAL MANAGEMENT TEAM MUST BE CREATED IN THE DEPARTMENT OF TREASURY AS THE EMERGENCY MANAGER FOR THAT MUNICIPAL GOVERNMENT TO ADDRESS THE UNDERFUNDED STATUS OF THE MUNICIPAL GOVERNMENT.

(2) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, A FINANCIAL MANAGEMENT TEAM ONLY HAS THOSE POWERS AS PROVIDED UNDER THIS SECTION.

(3) NOT LESS THAN 45 DAYS AFTER THE STATE TREASURER DECLARES A FINANCIAL EMERGENCY EXISTS AS PROVIDED UNDER SUBSECTION (1), THE GOVERNOR SHALL APPOINT 3 MEMBERS FOR THE FINANCIAL MANAGEMENT TEAM. THE FINANCIAL MANAGEMENT TEAM MUST INCLUDE ALL OF THE FOLLOWING:

(A) AN INDIVIDUAL WITH A MINIMUM OF 5 YEARS' EXPERIENCE AND DEMONSTRABLE EXPERTISE IN FINANCIAL MATTERS.

(B) AN INDIVIDUAL WITH A MINIMUM OF 5 YEARS' EXPERIENCE WORKING IN LOCAL UNITS OF GOVERNMENT.

1 (C) AN INDIVIDUAL WHO HAS BEEN A RESIDENT OF THE MUNICIPAL
2 GOVERNMENT FOR AT LEAST 5 YEARS AND IS NOT AN EMPLOYEE OR AN
3 ELECTED OR APPOINTED OFFICER OF THE MUNICIPAL GOVERNMENT. THE
4 GOVERNING BODY OF THE MUNICIPAL GOVERNMENT MAY SUBMIT A LIST OF NOT
5 LESS THAN 3 RESIDENTS OF THE MUNICIPAL GOVERNMENT AS A
6 RECOMMENDATION FOR THE APPOINTMENT UNDER THIS SUBDIVISION.

7 (4) THE GOVERNOR SHALL APPOINT 1 OF THE MEMBERS OF THE
8 FINANCIAL MANAGEMENT TEAM APPOINTED UNDER SUBSECTION (3) AS
9 CHAIRPERSON OF THE FINANCIAL MANAGEMENT TEAM. AN INDIVIDUAL
10 APPOINTED UNDER SUBSECTION (3) (A) OR (B) MAY SERVE ON MORE THAN 1
11 FINANCIAL MANAGEMENT TEAM.

12 (5) UPON APPOINTMENT, A MEMBER OF A FINANCIAL MANAGEMENT TEAM
13 SHALL TAKE AND FILE WITH THE SECRETARY OF STATE THE OATH OF OFFICE
14 REQUIRED UNDER SECTION 1 OF ARTICLE XI OF THE STATE CONSTITUTION OF
15 1963. A MEMBER OF A FINANCIAL MANAGEMENT TEAM SHALL SERVE AT THE
16 PLEASURE OF THE GOVERNOR. A VACANCY ON A FINANCIAL MANAGEMENT TEAM
17 MUST BE FILLED IN THE SAME MANNER AS AN ORIGINAL APPOINTMENT.

18 (6) A MEMBER OF A FINANCIAL MANAGEMENT TEAM SHALL DISCHARGE
19 THE DUTIES OF THE POSITION IN A MANNER FAITHFUL TO THE OATH OF
20 OFFICE REQUIRED UNDER SECTION 1 OF ARTICLE XI OF THE STATE
21 CONSTITUTION OF 1963, IN A NONPARTISAN MANNER, IN THE BEST
22 INTERESTS OF THE MUNICIPAL GOVERNMENT, AND WITH THE DEGREE OF
23 DILIGENCE, CARE, AND SKILL THAT AN ORDINARILY PRUDENT PERSON WOULD
24 EXERCISE UNDER SIMILAR CIRCUMSTANCES IN A LIKE POSITION. A MEMBER
25 OF A FINANCIAL MANAGEMENT TEAM SHALL NOT MAKE OR PARTICIPATE IN
26 MAKING A DECISION, OR IN ANY WAY ATTEMPT TO USE HIS OR HER POSITION
27 AS A MEMBER OF THE FINANCIAL MANAGEMENT TEAM TO INFLUENCE A

1 DECISION, ON A MATTER BEFORE THE FINANCIAL MANAGEMENT TEAM IN WHICH
2 THE MEMBER IS DIRECTLY OR INDIRECTLY INTERESTED. A MEMBER OF A
3 FINANCIAL MANAGEMENT TEAM SHALL NOT BE INTERESTED DIRECTLY OR
4 INDIRECTLY IN ANY CONTRACT WITH A FINANCIAL MANAGEMENT TEAM, THE
5 DEPARTMENT OF TREASURY, OR THE MUNICIPAL GOVERNMENT THAT WOULD
6 CAUSE A SUBSTANTIAL CONFLICT OF INTEREST. A MEMBER OF A FINANCIAL
7 MANAGEMENT TEAM IS SUBJECT TO THE APPLICABLE PROVISIONS OF ALL OF
8 THE FOLLOWING:

9 (A) 1978 PA 472, MCL 4.411 TO 4.431.

10 (B) 1968 PA 318, MCL 15.301 TO 15.310.

11 (C) 1968 PA 317, MCL 15.321 TO 15.330.

12 (D) 1973 PA 196, MCL 15.341 TO 15.348.

13 (7) A MEMBER OF A FINANCIAL MANAGEMENT TEAM IS A CIVIL OFFICER
14 SUBJECT TO IMPEACHMENT AND CONVICTION UNDER SECTION 7 OF ARTICLE XI
15 OF THE STATE CONSTITUTION OF 1963.

16 (8) THE STATE TREASURER SHALL CALL THE INITIAL MEETING OF A
17 FINANCIAL MANAGEMENT TEAM NOT LESS THAN 30 DAYS AFTER THE
18 APPOINTMENT OF THE INITIAL MEMBERS OF THE FINANCIAL MANAGEMENT
19 TEAM. AFTER THE FIRST MEETING, THE FINANCIAL MANAGEMENT TEAM SHALL
20 MEET QUARTERLY, OR MORE FREQUENTLY AT THE CALL OF THE CHAIRPERSON
21 OR IF REQUESTED BY 2 OR MORE MEMBERS OF THE FINANCIAL MANAGEMENT
22 TEAM. A FINANCIAL MANAGEMENT TEAM MAY ACT ONLY BY THE AFFIRMATIVE
23 VOTE OF 2 OR MORE OF ITS MEMBERS AT A MEETING OF THE FINANCIAL
24 MANAGEMENT TEAM.

25 (9) A WRITING PREPARED, OWNED, USED, IN THE POSSESSION OF, OR
26 RETAINED BY A FINANCIAL MANAGEMENT TEAM IN THE PERFORMANCE OF AN
27 OFFICIAL FUNCTION IS NOT SUBJECT TO THE FREEDOM OF INFORMATION ACT,

1 1976 PA 442, MCL 15.231 TO 15.246.

2 (10) A FINANCIAL MANAGEMENT TEAM SHALL EXERCISE ITS POWERS,
3 DUTIES, AND FUNCTIONS, INCLUDING ANY RULE-MAKING AND ADJUDICATION,
4 INDEPENDENTLY OF THE STATE TREASURER. THE BUDGETING, PROCUREMENT,
5 AND RELATED MANAGEMENT FUNCTIONS OF A FINANCIAL MANAGEMENT TEAM ARE
6 SUBJECT TO THE DIRECTION AND SUPERVISION OF THE STATE TREASURER.
7 THE DEPARTMENT OF TREASURY MAY PROVIDE STAFF SUPPORT FOR A
8 FINANCIAL MANAGEMENT TEAM. EACH MEMBER OF A FINANCIAL MANAGEMENT
9 TEAM MUST BE PAID FOR HIS OR HER SERVICE AS A MEMBER AND THE
10 COMPENSATION MUST BE SET FORTH IN A CONTRACT WITH THE DEPARTMENT OF
11 TREASURY AS APPROVED BY THE STATE TREASURER. EACH CONTRACT MUST BE
12 POSTED ON THE DEPARTMENT OF TREASURY'S WEBSITE WITHIN 7 DAYS AFTER
13 THE CONTRACT IS APPROVED BY THE STATE TREASURER.

14 (11) A FINANCIAL MANAGEMENT TEAM IS GRANTED BROAD POWERS TO
15 RECTIFY THE UNDERFUNDED STATUS OF A MUNICIPAL GOVERNMENT WHILE
16 PRESERVING THE FISCAL STABILITY OF THE MUNICIPAL GOVERNMENT AND ITS
17 CAPACITY TO PROVIDE OR CAUSE TO BE PROVIDED NECESSARY GOVERNMENTAL
18 SERVICES ESSENTIAL TO THE PUBLIC HEALTH, SAFETY, AND WELFARE.
19 NOTWITHSTANDING ANY CHARTER PROVISION OR ORDINANCE TO THE CONTRARY,
20 A FINANCIAL MANAGEMENT TEAM MAY TAKE 1 OR MORE OF THE FOLLOWING
21 ADDITIONAL ACTIONS WITH RESPECT TO THE MUNICIPAL GOVERNMENT FOR
22 WHICH IT WAS CREATED TO RECTIFY THE UNDERFUNDED STATUS OF THE
23 MUNICIPAL GOVERNMENT:

24 (A) ANALYZE FACTORS AND CIRCUMSTANCES CONTRIBUTING TO THE
25 UNDERFUNDED STATUS OF THE MUNICIPAL GOVERNMENT AND REQUIRE THE
26 MUNICIPAL GOVERNMENT TO TAKE MEASURES TO CORRECT THE UNDERFUNDED
27 STATUS, INCLUDING, BUT NOT LIMITED TO, CORRECTIVE OPTIONS DESCRIBED

1 IN SECTION 10 OF THE PROTECTING LOCAL GOVERNMENT RETIREMENT AND
2 BENEFITS ACT.

3 (B) REQUIRE THE MUNICIPAL GOVERNMENT TO AMEND, REVISE,
4 APPROVE, OR DISAPPROVE ITS PROPOSED BUDGET OR GENERAL
5 APPROPRIATIONS ACT, INCLUDING, BUT NOT LIMITED TO, REQUIRING THE
6 MUNICIPAL GOVERNMENT TO INCLUDE SPECIFIED AMOUNTS OF MONEY FOR
7 SPECIFIED PURPOSES, TO RESTRICT SPECIFIED PAYMENTS OF MONEY FOR
8 SPECIFIED PURPOSES IN A BUDGET OR GENERAL APPROPRIATIONS ACT OF THE
9 MUNICIPAL GOVERNMENT, TO REVISE A BUDGET OR GENERAL APPROPRIATIONS
10 ACT OF THE MUNICIPAL GOVERNMENT, OR TO TRANSFER A FUND BALANCE OF
11 THE MUNICIPAL GOVERNMENT.

12 (C) REQUIRE THE MUNICIPAL GOVERNMENT TO EMPLOY OR CONTRACT
13 FOR, AT THE EXPENSE OF THE MUNICIPAL GOVERNMENT, AUDITORS,
14 ACTUARIES, AND OTHER TECHNICAL PERSONNEL NECESSARY TO ADDRESS THE
15 UNDERFUNDED STATUS OF THE MUNICIPAL GOVERNMENT.

16 (D) REQUIRE THE MUNICIPAL GOVERNMENT TO SELL, LEASE, ASSIGN,
17 OR OTHERWISE USE OR TRANSFER THE ASSETS OR LIABILITIES OF THE
18 MUNICIPAL GOVERNMENT.

19 (E) REQUIRE THE MUNICIPAL GOVERNMENT TO TAKE ANY OTHER ACTION
20 RELATING TO THE OPERATION OF THE MUNICIPAL GOVERNMENT, ITS
21 EMPLOYMENT OF PERSONNEL, OR ITS EXPENDITURE OF MONEY NECESSARY TO
22 ADDRESS THE UNDERFUNDED STATUS OF THE MUNICIPAL GOVERNMENT.

23 (12) A FINANCIAL MANAGEMENT TEAM MAY NOT REQUIRE A MUNICIPAL
24 GOVERNMENT TO ACT OR REFRAIN FROM AN ACT UNDER SUBSECTION (11) IF
25 THE FINANCIAL MANAGEMENT TEAM DETERMINES THAT THE ACT OR REFRAINING
26 FROM THE ACT WOULD DIRECTLY ENDANGER THE HEALTH, SAFETY, OR WELFARE
27 OF THE RESIDENTS OF THE MUNICIPAL GOVERNMENT OR UNCONSTITUTIONALLY

1 IMPAIR A BOND, NOTE, SECURITY, OR UNCONTESTED LEGAL OBLIGATION OF
2 THE MUNICIPAL GOVERNMENT.

3 (13) A FINANCIAL MANAGEMENT TEAM MAY ENTER INTO A CONSENT
4 AGREEMENT WITH THE MUNICIPAL GOVERNMENT. THE CONSENT AGREEMENT MUST
5 PROVIDE FOR REMEDIAL MEASURES CONSIDERED NECESSARY TO ADDRESS THE
6 UNDERFUNDED STATUS OF THE MUNICIPAL GOVERNMENT. THE CONSENT
7 AGREEMENT MUST PROVIDE FOR PERIODIC STATUS REPORTS TO THE STATE
8 TREASURER. IN ORDER FOR THE CONSENT AGREEMENT TO GO INTO EFFECT,
9 THE CONSENT AGREEMENT MUST BE APPROVED BY THE GOVERNING BODY OF THE
10 MUNICIPAL GOVERNMENT, BY RESOLUTION, AND BY THE FINANCIAL
11 MANAGEMENT TEAM, AND MUST BE APPROVED AND EXECUTED BY THE STATE
12 TREASURER. NOTHING IN THE CONSENT AGREEMENT SHALL LIMIT THE ABILITY
13 OF THE FINANCIAL MANAGEMENT TEAM IN ITS SOLE DISCRETION TO DECLARE
14 A MATERIAL BREACH OF THE CONSENT AGREEMENT. THE CONSENT AGREEMENT
15 MAY INCLUDE A GRANT TO AN OFFICER OF THE MUNICIPAL GOVERNMENT OF 1
16 OR MORE OF THE POWERS VESTED IN THE FINANCIAL MANAGEMENT TEAM UNDER
17 SUBSECTION (11). THE CONSENT AGREEMENT MAY PROVIDE FOR THE
18 RETENTION BY THE MUNICIPAL GOVERNMENT OF A CONSULTANT FOR THE
19 PURPOSE OF ASSISTING THE MUNICIPAL GOVERNMENT TO ACHIEVE THE GOALS
20 AND OBJECTIVES OF THE CONSENT AGREEMENT. THE CONSENT AGREEMENT MUST
21 PROVIDE FOR THE RELEASE OF THE MUNICIPAL GOVERNMENT FROM THE
22 CONSENT AGREEMENT AND THE TERMINATION OF THE CONSENT AGREEMENT.

23 (14) IN ADDITION TO STAFF OTHERWISE AUTHORIZED BY LAW, A
24 FINANCIAL MANAGEMENT TEAM MAY APPOINT ADDITIONAL STAFF AND SECURE
25 PROFESSIONAL ASSISTANCE AS THE FINANCIAL MANAGEMENT TEAM CONSIDERS
26 NECESSARY TO FULFILL ITS DUTIES UNDER THIS SECTION.

27 (15) A MUNICIPAL GOVERNMENT SUBJECT TO THIS SECTION MUST

1 COMPLY WITH BOTH OF THE FOLLOWING:

2 (A) ANY BUDGET, GENERAL APPROPRIATIONS ACT, OR BUDGET
3 AMENDMENT RECOMMENDED UNDER THE UNIFORM BUDGETING AND ACCOUNTING
4 ACT, 1968 PA 2, MCL 141.421 TO 141.440A, MUST BE CONSISTENT WITH
5 REQUIREMENTS IMPOSED BY THE FINANCIAL MANAGEMENT TEAM UNDER
6 SUBSECTION (11) OR REQUIRED UNDER A CONSENT AGREEMENT UNDER
7 SUBSECTION (13).

8 (B) ANY BUDGET, GENERAL APPROPRIATIONS ACT, OR BUDGET
9 AMENDMENT ADOPTED UNDER THE UNIFORM BUDGETING AND ACCOUNTING ACT,
10 1968 PA 2, MCL 141.421 TO 141.440A, MUST BE CONSISTENT WITH THE
11 REQUIREMENTS IMPOSED BY THE FINANCIAL MANAGEMENT TEAM UNDER
12 SUBSECTION (11) OR REQUIRED UNDER A CONSENT AGREEMENT UNDER
13 SUBSECTION (13).

14 (16) ANY ACTION BY A FINANCIAL MANAGEMENT TEAM UNDER THIS
15 SECTION IS BINDING ON THE MUNICIPAL GOVERNMENT AND ITS OFFICERS,
16 EMPLOYEES, AGENTS, AND CONTRACTORS. OFFICERS, EMPLOYEES, AGENTS,
17 AND CONTRACTORS OF THE MUNICIPAL GOVERNMENT SHALL TAKE AND DIRECT
18 THOSE ACTIONS THAT ARE NECESSARY AND ADVISABLE TO MAINTAIN
19 COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE FINANCIAL MANAGEMENT
20 TEAM UNDER SUBSECTION (11).

21 (17) IF A FINANCIAL MANAGEMENT TEAM DETERMINES BOTH OF THE
22 FOLLOWING, THE FINANCIAL MANAGEMENT TEAM SHALL DECLARE THAT A
23 FINANCIAL EMERGENCY EXISTS WITHIN THE MUNICIPAL GOVERNMENT AND THE
24 GOVERNOR SHALL APPOINT AN EMERGENCY MANAGER TO ADDRESS THE
25 FINANCIAL EMERGENCY WITHIN THE MUNICIPAL GOVERNMENT UNDER SECTION
26 9:

27 (A) THE MUNICIPAL GOVERNMENT HAS FAILED TO COMPLY WITH THE

1 MANDATES OR REQUIREMENTS UNDER THIS SECTION.

2 (B) THE MUNICIPAL GOVERNMENT HAS FAILED TO RECTIFY ITS
3 NONCOMPLIANCE WITH THE MANDATES OR REQUIREMENTS OF THIS SECTION
4 WITHIN 30 DAYS AFTER RECEIVING NOTIFICATION OF ITS NONCOMPLIANCE
5 FROM THE FINANCIAL MANAGEMENT TEAM.

6 (18) A FINANCIAL MANAGEMENT TEAM MAY ISSUE TO THE APPROPRIATE
7 ELECTED AND APPOINTED OFFICERS, AND EMPLOYEES, AGENTS, AND
8 CONTRACTORS OF THE MUNICIPAL GOVERNMENT THE ORDERS THE FINANCIAL
9 MANAGEMENT TEAM CONSIDERS NECESSARY TO ACCOMPLISH THE PURPOSES OF
10 THIS SECTION. AN ORDER ISSUED UNDER THIS SECTION IS BINDING ON THE
11 OFFICERS, EMPLOYEES, AGENTS, AND CONTRACTORS OF THE MUNICIPAL
12 GOVERNMENT TO WHOM IT IS ISSUED.

13 (19) A FINANCIAL MANAGEMENT TEAM SHALL SUBMIT QUARTERLY
14 REPORTS TO THE STATE TREASURER REGARDING THE UNDERFUNDED STATUS OF
15 THE MUNICIPAL GOVERNMENT. THE STATE TREASURER SHALL POST COPIES OF
16 THE REPORTS ON A WEBSITE MAINTAINED BY THE DEPARTMENT OF TREASURY.

17 (20) A FINANCIAL MANAGEMENT TEAM CONTINUES IN THE CAPACITY OF
18 A FINANCIAL MANAGEMENT TEAM FOR A MUNICIPAL GOVERNMENT UNTIL ALL OF
19 THE FOLLOWING OCCUR:

20 (A) THE FINANCIAL MANAGEMENT TEAM DETERMINES THAT THE
21 MUNICIPAL GOVERNMENT IS NO LONGER IN UNDERFUNDED STATUS IN A
22 SUSTAINABLE FASHION BASED UPON THE STANDARDS DETAILED IN SECTION
23 5(4) (A) AND (B) OF THE PROTECTING LOCAL GOVERNMENT RETIREMENT AND
24 BENEFITS ACT.

25 (B) THE FINANCIAL MANAGEMENT TEAM NOTIFIES THE STATE TREASURER
26 OF ITS DETERMINATION UNDER SUBDIVISION (A).

27 (C) THE STATE TREASURER CONCURS IN THE DETERMINATION OF THE

1 FINANCIAL MANAGEMENT TEAM UNDER SUBDIVISION (A).

2 (D) THE STATE TREASURER NOTIFIES THE FINANCIAL MANAGEMENT TEAM
3 AND THE GOVERNING BODY OF THE MUNICIPAL GOVERNMENT OF HIS OR HER
4 CONCURRENCE UNDER SUBDIVISION (C).

5 (21) IF A FINANCIAL MANAGEMENT TEAM NO LONGER CONTINUES IN THE
6 CAPACITY OF A FINANCIAL MANAGEMENT TEAM FOR A MUNICIPAL GOVERNMENT
7 UNDER SUBSECTION (20), THE FINANCIAL MANAGEMENT TEAM IS DISSOLVED
8 AND THIS SECTION DOES NOT APPLY TO THE MUNICIPAL GOVERNMENT.

9 (22) IF A FINANCIAL MANAGEMENT TEAM DETERMINES THAT A
10 MUNICIPAL GOVERNMENT HAS FAILED TO COMPLY WITH THE MANDATES OR
11 REQUIREMENTS UNDER THIS SECTION AS PROVIDED UNDER SUBSECTION (17)
12 AND AN EMERGENCY MANAGER IS APPOINTED FOR THAT MUNICIPAL GOVERNMENT
13 UNDER SECTION 9, THE FINANCIAL MANAGEMENT TEAM IS DISSOLVED AND
14 THIS SECTION DOES NOT APPLY TO THE MUNICIPAL GOVERNMENT.

15 (23) FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2018,
16 \$250,000.00 IS APPROPRIATED FROM THE GENERAL FUND TO THE DEPARTMENT
17 OF TREASURY FOR THE PURPOSE OF IMPLEMENTING THIS SECTION AND
18 SECTION 9B.

19 (24) AS USED IN THIS SECTION, "UNDERFUNDED STATUS" MEANS THAT
20 TERM AS DEFINED IN SECTION 3 OF THE PROTECTING LOCAL GOVERNMENT
21 RETIREMENT AND BENEFITS ACT.

22 SEC. 9B. BEGINNING 30 DAYS AFTER THE EFFECTIVE DATE OF THE
23 AMENDATORY ACT THAT ADDED THIS SECTION, THE DEPARTMENT OF TREASURY
24 SHALL CREATE AND MAINTAIN A WEBSITE THAT ALLOWS ANY RESIDENT OF A
25 MUNICIPAL GOVERNMENT FOR WHICH A FINANCIAL MANAGEMENT TEAM IS IN
26 PLACE UNDER SECTION 9A TO SUBMIT INPUT CONCERNING THAT MUNICIPAL
27 GOVERNMENT.