

**SUBSTITUTE FOR
HOUSE BILL NO. 5385**

A bill to amend 2014 PA 181, entitled
"Michigan financial review commission act,"
by amending sections 2, 3, 4, 5, 6, 7, 8, and 12 (MCL 141.1632,
141.1633, 141.1634, 141.1635, 141.1636, 141.1637, 141.1638, and
141.1642).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

2 (a) It is the public policy of this state to exercise its
3 sovereign powers with regard to debt issuance and matters of
4 statewide concern in a manner calculated to foster the fiscal
5 integrity of all municipal governments **AND SCHOOL DISTRICTS** to
6 assure that those municipalities **AND SCHOOL DISTRICTS** provide for
7 the health, safety, and welfare of their ~~citizens~~; **RESIDENTS**; pay

1 principal and interest owed on debt obligations when due; meet
2 financial obligations to their existing and former employees,
3 vendors, and suppliers; and provide for proper financial planning
4 procedures and budgeting practices. The inability of a municipal
5 government to provide essential services to its citizens **OR A**
6 **SCHOOL DISTRICT TO PROVIDE PUBLIC EDUCATION SERVICES TO ITS**
7 **RESIDENTS** as a result of fiscal emergencies is determined to affect
8 adversely the health, safety, and welfare of not only that
9 municipality's citizens **AND A SCHOOL DISTRICT'S RESIDENTS**, but also
10 other citizens of this state.

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

18 (c) Absent prospective state oversight over qualified cities
19 **AND SCHOOL DISTRICTS**, there exists a threat of increased costs in
20 borrowing, reductions in credit or bond ratings, reduced faith from
21 existing creditors of municipalities **OR SCHOOL DISTRICTS** and of
22 this state, and dire financial circumstances from which this state
23 and its political subdivisions may never fully recover.

24 (d) Qualified cities **AND SCHOOL DISTRICTS** have complex
25 budgetary and fiscal needs, significant and complicated debt
26 management issues, and financial assets and liabilities that
27 impact, both positively and negatively, every unit of local

1 government **AND SCHOOL DISTRICT** in this state and this state itself
2 such that reasonable and balanced state oversight over qualified
3 cities **AND SCHOOL DISTRICTS** is required as a reasonable exercise of
4 this state's power for the benefit of residents throughout this
5 state.

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

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

15 (g) Ongoing fiscal oversight over qualified cities **AND SCHOOL**
16 **DISTRICTS** is a reasonable and sufficiently narrow regulation and
17 serves a significant and legitimate public purpose because it
18 inures to the benefit of all of this state's residents and aids in
19 the remedy of a broad and general social problem.

20 (h) Fiscal oversight over qualified cities **AND SCHOOL**
21 **DISTRICTS** will ensure that those **QUALIFIED** cities **AND SCHOOL**
22 **DISTRICTS** do not engage in the financial practices that led to
23 financial emergencies and insolvency, and ultimately, entry into
24 receivership and bankruptcy, which will ensure that those cities
25 can provide basic and essential municipal services to their
26 residents **AND THAT THOSE SCHOOL DISTRICTS CAN PROVIDE PUBLIC**
27 **EDUCATION SERVICES TO THEIR RESIDENTS.**

1 Sec. 3. As used in this act:

2 (a) "Applicable contract" means a contract for goods or
3 services proposed or entered into by a qualified city **OR SCHOOL**
4 **DISTRICT** that either exceeds \$750,000.00, or a higher amount as
5 determined by the commission, or is for a term exceeding 2 years.
6 Applicable contract also includes multiple contracts for less than
7 \$750,000.00, or the higher amount determined by the commission,
8 with 1 entity that, in the aggregate, exceed \$750,000.00, or a
9 higher amount as determined by the commission, within a 12-month
10 period.

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

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

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

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

25 (f) "Plan for adjustment" means the plan for the adjustment of
26 debts of a qualified city approved and entered by a United States
27 bankruptcy court under chapter 9 of title 11 of the United States

1 Code, 11 USC 901 to 946.

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

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

11 **(I) "QUALIFIED SCHOOL DISTRICT" MEANS 1 OR BOTH OF THE**
12 **FOLLOWING:**

13 **(i) A COMMUNITY DISTRICT ORGANIZED UNDER PART 5B OF THE**
14 **REVISED SCHOOL CODE, 1976 PA 451, MCL 380.381 TO 380.393, TO WHICH**
15 **THE FUNCTIONS AND RESPONSIBILITIES OF A QUALIFYING SCHOOL DISTRICT**
16 **UNDER SECTION 12B OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL**
17 **380.12B, HAVE BEEN TRANSFERRED UNDER THAT SECTION.**

18 **(ii) A SCHOOL DISTRICT WITH THE SAME BOUNDARIES AS A CITY WITH**
19 **A POPULATION OF 600,000 OR MORE.**

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

25 **Sec. 4. (1) A—EXCEPT AS PROVIDED IN SUBSECTION (2), A**
26 **financial review commission is created within the department of**
27 **treasury for each qualified city AND EACH QUALIFIED SCHOOL**

1 DISTRICT. Except as otherwise provided in this act, a commission
2 shall exercise its powers, duties, functions, and responsibilities
3 under this act independently of the state treasurer. The budgeting,
4 procurement, personnel, and related management functions of a
5 commission shall be performed under the direction and supervision
6 of the state treasurer.

7 (2) IF A COMMUNITY DISTRICT ORGANIZED UNDER PART 5B OF THE
8 REVISED SCHOOL CODE, 1976 PA 451, MCL 380.381 TO 380.393, BECOMES A
9 QUALIFIED SCHOOL DISTRICT UNDER THIS ACT AND THAT QUALIFIED SCHOOL
10 DISTRICT IS LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES OF A QUALIFIED
11 CITY FOR WHICH A FINANCIAL REVIEW COMMISSION IS OPERATING UNDER
12 THIS ACT, BEGINNING ON THE TRANSFER DATE, AS THAT TERM IS DEFINED
13 UNDER SECTION 402 OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL
14 380.402, THE FINANCIAL REVIEW COMMISSION FOR THAT QUALIFIED CITY
15 ALSO SHALL BE THE FINANCIAL REVIEW COMMISSION FOR THAT QUALIFIED
16 SCHOOL DISTRICT, AND NO SEPARATE OR ADDITIONAL FINANCIAL REVIEW
17 COMMISSION FOR THAT QUALIFIED SCHOOL DISTRICT IS CREATED UNDER THIS
18 ACT.

19 (3) IF A SCHOOL DISTRICT DESCRIBED IN SECTION 3(I) (ii) BECOMES
20 A QUALIFIED SCHOOL DISTRICT UNDER THIS ACT AND THAT QUALIFIED
21 SCHOOL DISTRICT IS LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES OF A
22 QUALIFIED CITY FOR WHICH A FINANCIAL REVIEW COMMISSION IS OPERATING
23 UNDER THIS ACT, BEGINNING ON THE EFFECTIVE DATE OF THIS ACT, THE
24 FINANCIAL REVIEW COMMISSION FOR THAT QUALIFIED CITY ALSO SHALL BE
25 THE FINANCIAL REVIEW COMMISSION FOR THAT QUALIFIED SCHOOL DISTRICT,
26 AND NO SEPARATE OR ADDITIONAL FINANCIAL REVIEW COMMISSION FOR THAT
27 QUALIFIED SCHOOL DISTRICT IS CREATED UNDER THIS ACT.

1 Sec. 5. (1) ~~Each~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION**
2 **(2), EACH** commission shall consist of the following 9 members:

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

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

8 (c) Three members appointed by the governor who have
9 knowledge, skill, or experience in the field of business or finance
10 and who shall possess knowledge, training, skill, or experience in
11 budgeting, revenue forecasting, debt management or borrowing,
12 actuarial science, law, or business operations, at least 1 of whom
13 is a resident of that qualified city **OR QUALIFIED SCHOOL DISTRICT**
14 **OTHER THAN A QUALIFIED SCHOOL DISTRICT DESCRIBED IN SECTION 4(2),**
15 and at least 1 of whom is a resident of this state who is not a
16 resident of a qualified city **OR QUALIFIED SCHOOL DISTRICT OTHER**
17 **THAN A QUALIFIED SCHOOL DISTRICT DESCRIBED IN SECTION 4(2).**

18 (d) The mayor or chief executive officer of that qualified
19 city **OR QUALIFIED SCHOOL DISTRICT OTHER THAN A QUALIFIED SCHOOL**
20 **DISTRICT DESCRIBED IN SECTION 4(2),** or his or her designee, who
21 shall serve for the duration of the mayor's or chief executive
22 officer's term of office.

23 (e) One member appointed by the governor from a list of 3 or
24 more individuals nominated by the senate majority leader who have
25 knowledge, skill, or experience in the field of business or
26 finance, and who shall possess knowledge, training, skill, or
27 experience in budgeting, revenue forecasting, debt management or

1 borrowing, actuarial science, law, or business operations, and 1 of
2 whom is a resident of that qualified city OR QUALIFIED SCHOOL
3 DISTRICT OTHER THAN A QUALIFIED SCHOOL DISTRICT DESCRIBED IN
4 SECTION 4(2).

5 (f) One member appointed by the governor from a list of 3 or
6 more individuals nominated by the speaker of the house of
7 representatives who have knowledge, skill, or experience in the
8 field of business or finance, and who shall possess knowledge,
9 training, skill, or experience in budgeting, revenue forecasting,
10 debt management or borrowing, actuarial science, law, or business
11 operations, and 1 of whom is a resident of that qualified city OR
12 QUALIFIED SCHOOL DISTRICT OTHER THAN A QUALIFIED SCHOOL DISTRICT
13 DESCRIBED IN SECTION 4(2).

14 (g) The president or chairperson of the qualified city's
15 governing body or ~~his or her designee,~~ QUALIFIED SCHOOL DISTRICT'S
16 SCHOOL BOARD OTHER THAN A QUALIFIED SCHOOL DISTRICT DESCRIBED IN
17 SECTION 4(2), OR HIS OR HER DESIGNEE, who shall serve for the
18 duration of the president's or chairperson's term of office.

19 (2) IF A FINANCIAL REVIEW COMMISSION IS THE FINANCIAL REVIEW
20 COMMISSION FOR BOTH A QUALIFIED CITY AND A QUALIFIED SCHOOL
21 DISTRICT UNDER SECTION 4(2), IN ADDITION TO THE MAYOR OR CHIEF
22 EXECUTIVE OFFICER OF THE QUALIFIED CITY OR HIS OR HER DESIGNEE
23 UNDER SUBSECTION (1)(D) AND THE PRESIDENT OR CHAIRPERSON OF THE
24 QUALIFIED CITY'S GOVERNING BODY OR HIS OR HER DESIGNEE UNDER
25 SUBSECTION (1)(G), THE FINANCIAL REVIEW COMMISSION ALSO SHALL
26 INCLUDE AS MEMBERS THE SUPERINTENDENT OF THE QUALIFIED SCHOOL
27 DISTRICT AND THE CHAIRPERSON OF THE SCHOOL BOARD OF THE QUALIFIED

1 SCHOOL DISTRICT. THE SUPERINTENDENT OF THE QUALIFIED SCHOOL
2 DISTRICT AND THE CHAIRPERSON OF THE SCHOOL BOARD OF THE QUALIFIED
3 SCHOOL DISTRICT SHALL NOT HAVE A VOTE ON MATTERS RELATING TO THE
4 QUALIFIED CITY. THE MAYOR OR CHIEF EXECUTIVE OFFICER OF THE
5 QUALIFIED CITY, OR HIS OR HER DESIGNEE UNDER SUBSECTION (1) (D) AND
6 THE PRESIDENT OR CHAIRPERSON OF THE QUALIFIED CITY'S GOVERNING BODY
7 OR HIS OR HER DESIGNEE UNDER SUBSECTION (1) (G), SHALL NOT HAVE A
8 VOTE ON MATTERS RELATING TO THE QUALIFIED SCHOOL DISTRICT.

9 (3) IF A FINANCIAL REVIEW COMMISSION IS THE FINANCIAL REVIEW
10 COMMISSION FOR BOTH A QUALIFIED CITY AND A QUALIFIED SCHOOL
11 DISTRICT UNDER SECTION 4(3), IN ADDITION TO THE MAYOR OR CHIEF
12 EXECUTIVE OFFICER OF THE QUALIFIED CITY OR HIS OR HER DESIGNEE
13 UNDER SUBSECTION (1) (D) AND THE PRESIDENT OR CHAIRPERSON OF THE
14 QUALIFIED CITY'S GOVERNING BODY OR HIS OR HER DESIGNEE UNDER
15 SUBSECTION (1) (G), THE FINANCIAL REVIEW COMMISSION ALSO SHALL
16 INCLUDE AS MEMBERS THE SUPERINTENDENT OF THE QUALIFIED SCHOOL
17 DISTRICT AND THE CHAIRPERSON OF THE SCHOOL BOARD OF THE QUALIFIED
18 SCHOOL DISTRICT. THE SUPERINTENDENT OF THE QUALIFIED SCHOOL
19 DISTRICT AND THE CHAIRPERSON OF THE SCHOOL BOARD OF THE QUALIFIED
20 SCHOOL DISTRICT SHALL NOT HAVE A VOTE ON MATTERS RELATING TO THE
21 QUALIFIED CITY. THE MAYOR OR CHIEF EXECUTIVE OFFICER OF THE
22 QUALIFIED CITY, OR HIS OR HER DESIGNEE UNDER SUBSECTION (1) (D) AND
23 THE PRESIDENT OR CHAIRPERSON OF THE QUALIFIED CITY'S GOVERNING BODY
24 OR HIS OR HER DESIGNEE UNDER SUBSECTION (1) (G), SHALL NOT HAVE A
25 VOTE ON MATTERS RELATING TO THE QUALIFIED SCHOOL DISTRICT. IF A
26 FINANCIAL REVIEW COMMISSION IS THE FINANCIAL REVIEW COMMISSION FOR
27 BOTH A QUALIFIED CITY AND A QUALIFIED SCHOOL DISTRICT UNDER SECTION

1 4(2), THEN THE APPOINTMENT PROVISION IN SUBSECTION (2) SUPERSEDES
2 THIS SUBSECTION.

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

12 (5) ~~(3)~~—Members of a commission shall serve without
13 compensation but may receive reasonable reimbursement for necessary
14 travel and expenses incurred in the discharge of their official
15 duties.

16 (6) ~~(4)~~—The state treasurer or his or her designee shall serve
17 as chairperson of a commission.

18 (7) ~~(5)~~—A majority of the members of the commission shall
19 constitute a quorum of the commission for the transaction of
20 business. The commission shall meet no less than monthly and at
21 times and places designated by the chairperson. Actions of the
22 commission shall be approved by a majority of the members.

23 (8) ~~(6)~~—The commission shall conduct its business at public
24 meetings in compliance with the open meetings act, 1976 PA 267, MCL
25 15.261 to 15.275. However, members of the commission may attend and
26 participate in a meeting of the commission by the use of
27 telecommunication or other electronic equipment if their attendance

1 and participation by the use of telecommunication or other
2 electronic equipment is authorized by the bylaws of the commission
3 and that meeting is otherwise conducted in compliance with the open
4 meetings act, 1976 PA 267, MCL 15.261 to 15.275.

5 (9) ~~(7)~~—A writing prepared, owned, used, in the possession of,
6 or retained by the commission in the performance of an official
7 function is subject to the freedom of information act, 1976 PA 442,
8 MCL 15.231 to 15.246.

9 (10) ~~(8)~~—The commission shall adopt bylaws for governance of
10 the commission, which shall, at a minimum, address the procedures
11 for conducting meetings, including voting procedures, and the
12 requirements of its members to attend meetings. Procedural rules
13 required by this section are not subject to the administrative
14 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

15 (11) ~~(9)~~—The commission may contract for professional
16 services, as it requires, and shall determine the qualifications it
17 considers necessary.

18 (12) ~~(10)~~—The members of the commission and contractors or
19 agents of the commission are subject to 1968 PA 317, MCL 15.321 to
20 15.330, and 1968 PA 318, MCL 15.301 to 15.310.

21 (13) ~~(11)~~—A member of the commission, and any person the
22 commission contracts with, shall discharge the duties of his or her
23 position in a nonpartisan manner, with good faith, and with that
24 degree of diligence, care, and skill that an ordinarily prudent
25 person would exercise under similar circumstances in a like
26 position. The commission shall adopt an ethics policy governing the
27 conduct of commission members and officers and employees of the

1 commission.

2 (14) ~~(12)~~—Commission members shall take and subscribe to the
3 constitutional oath of office under section 1 of article XI of the
4 state constitution of 1963. The oath shall be filed with the
5 secretary of state.

6 Sec. 6. (1) The commission shall provide oversight for a
7 qualified city beginning on the effective date of the plan for
8 adjustment or of this act, whichever is later. **THE COMMISSION SHALL**
9 **PROVIDE OVERSIGHT FOR A QUALIFIED SCHOOL DISTRICT BEGINNING ON THE**
10 **DATE THE SCHOOL DISTRICT BECOMES A QUALIFIED SCHOOL DISTRICT.**

11 (2) The commission shall ensure that the qualified city **OR**
12 **QUALIFIED SCHOOL DISTRICT** is complying with the terms and
13 conditions of this act and of the plan for adjustment, if
14 applicable. Except as otherwise provided in section 8, the
15 commission shall by October 1 each year certify that the qualified
16 city **OR QUALIFIED SCHOOL DISTRICT** is in substantial compliance with
17 the provisions of this act.

18 (3) The commission shall ensure that, where applicable, a
19 qualified city **OR QUALIFIED SCHOOL DISTRICT** complies with the
20 provisions of all of the following, **AS APPLICABLE**, and may request
21 verification of compliance:

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

24 (b) Sections 4i, 4p, 4s, and 4t of the home rule city act,
25 1909 PA 279, MCL 117.4i, 117.4p, 117.4s, and 117.4t.

26 (c) The revised municipal finance act, 2001 PA 34, MCL
27 141.2101 to 141.2821.

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

3 (E) FOR A QUALIFIED SCHOOL DISTRICT, ALL OF THE FOLLOWING:

4 (i) THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1 TO
5 380.1852.

6 (ii) ARTICLE I OF THE STATE SCHOOL AID ACT OF 1979, 1979 PA
7 94, MCL 388.1601 TO 388.1772.

8 (iii) THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980
9 PA 300, MCL 38.1301 TO 38.1437.

10 (4) During the period of oversight FOR A QUALIFIED CITY, the
11 commission shall review and approve that qualified city's 4-year
12 financial plan required by section 4t of the home rule city act,
13 1909 PA 279, MCL 117.4t. A 4-year financial plan described in this
14 subsection shall be submitted at least 100 days prior to the
15 commencement of a qualified city's fiscal year. The commission
16 shall approve or disapprove the 4-year financial plan within 30
17 days of receipt. If disapproved, the commission shall provide
18 rationale in writing for disapproval and a qualified city shall
19 submit a revised plan within 15 days that comports with the
20 commission's rationale for rejection. The commission shall approve
21 or disapprove that revised plan within 15 days. The commission may
22 also require adjustments to the financial plan to modify
23 expenditures to satisfy debt service, adjust projected revenues to
24 comply with financial controls or accounting practices, and reduce
25 expenditures to conform to consensus revenue estimates if required
26 in section 7 to comply with the provisions of section 4t of the
27 home rule city act, 1909 PA 279, MCL 117.4t. If the qualified city

1 fails to submit an acceptable financial plan, the commission may
2 adopt and impose upon the qualified city a financial plan
3 satisfying the requirements of this act and section 4t of the home
4 rule city act, 1909 PA 279, MCL 117.4t, until that time as the
5 qualified city submits an acceptable financial plan.

6 (5) Subject to a plan for adjustment and any collective
7 bargaining agreements still in effect, the commission shall
8 establish and maintain programs and requirements for the
9 responsible fiscal management of that qualified city **OR QUALIFIED**
10 **SCHOOL DISTRICT**. The commission's programs and requirements shall
11 include all of the following:

12 (a) Increased managerial accountability.

13 (b) The streamlining of the provision of city **OR QUALIFIED**
14 **SCHOOL DISTRICT** services.

15 (c) Improved collection of outstanding tax revenues.

16 (d) Review of the compensation and benefits of city **OR**
17 **QUALIFIED SCHOOL DISTRICT** employees and recommendation of
18 adjustments where necessary.

19 (6) Notwithstanding any charter provision or local ordinance
20 to the contrary, all applicable contracts are subject to review and
21 approval by the commission. The commission may consider a number of
22 factors when reviewing an applicable contract, including whether
23 the applicable contract was subject to a competitive bid process.
24 Only applicable contracts that are first approved by the governing
25 body and mayor **OR CHIEF EXECUTIVE OFFICER** of a qualified city **OR**
26 **QUALIFIED SCHOOL DISTRICT** as required by law, charter, ordinance,
27 or policy are subject to review by the commission. If an applicable

1 contract is not rejected by the commission within 30 days of its
2 submission, that applicable contract shall be considered approved
3 by the commission.

4 (7) A qualified city ~~OR QUALIFIED SCHOOL DISTRICT~~, when
5 required by the commission, shall present written reports regarding
6 its financial stability and shall permit the commission to audit or
7 inspect financial statements, actuarial reports, revenue estimates,
8 and any and all other documents, data, reports, or findings that
9 the commission considers necessary to carry out its purpose under
10 this act. The commission may require that qualified city's **OR**
11 **QUALIFIED SCHOOL DISTRICT'S** chief financial officer to certify in
12 writing the accuracy of any documents the commission requests.

13 (8) The commission shall, on June 1 and December 1 of each
14 year in which the commission has oversight over a qualified city **OR**
15 **A QUALIFIED SCHOOL DISTRICT**, file a written report with the
16 governor. A copy of the report shall be submitted to the senate
17 majority leader and the speaker of the house of representatives and
18 posted on the department of treasury website. A copy of the report
19 shall be sent to the mayor **OR CHIEF EXECUTIVE OFFICER** and governing
20 body of the qualified city **OR QUALIFIED SCHOOL DISTRICT**.

21 (9) Except as otherwise provided in this subsection, the
22 commission shall approve all collective bargaining agreements,
23 including any addendums to those agreements, to which that
24 qualified city **OR QUALIFIED SCHOOL DISTRICT** is a party after
25 approval by the governing body and mayor **OR CHIEF EXECUTIVE OFFICER**
26 of the qualified city **OR QUALIFIED SCHOOL DISTRICT** as required by
27 charter or law. The commission shall approve or reject collective

1 bargaining agreements submitted to it within 45 days of submission.
2 Collective bargaining agreements submitted to the commission shall
3 not be executed unless and until the commission approves those
4 agreements. Collective bargaining agreements approved by an
5 emergency manager appointed under section 12 of the local financial
6 stability and choice act, 2012 PA 436, MCL 141.1552, shall not be
7 subject to commission approval under this subsection.

8 (10) ~~The~~ **FOR A QUALIFIED CITY, THE** commission may file
9 supplementary information relating to the financial condition of
10 the qualified city with an arbitration panel in arbitration
11 proceedings in which the qualified city is a party pursuant to 1969
12 PA 312, MCL 423.231 to 423.247.

13 (11) The mayor **OR CHIEF EXECUTIVE OFFICER**, governing body, and
14 chief financial officer of a qualified city **OR QUALIFIED SCHOOL**
15 **DISTRICT** shall, at least 45 days prior to the beginning of each
16 fiscal quarter, certify in writing to the commission the amount of
17 debt service due on bonds, leases, or other ~~municipal~~ debt. A
18 qualified city **OR QUALIFIED SCHOOL DISTRICT** shall specifically
19 report debt service requirements, calculated through final
20 maturity, and certify its ability to meet those requirements
21 through the end of the current fiscal year.

22 Sec. 7. A commission may do 1 or more of the following for its
23 qualified city **OR QUALIFIED SCHOOL DISTRICT**:

24 (a) ~~Review~~ **FOR A QUALIFIED CITY, REVIEW** and approve that
25 qualified city's consensus revenue estimate under section 4t of the
26 home rule city act, 1909 PA 279, MCL 117.4t. The commission may
27 also, after consultation with the qualified city **OR QUALIFIED**

1 **SCHOOL DISTRICT**, revise a revenue estimate prepared in connection
2 with a budget, budget modification, financial plan, or financial
3 plan modification, if the commission determines that the revenue
4 estimate was not based on assumptions and methods of estimation
5 reasonable and appropriate under the circumstances and in view of
6 the objectives and purposes of this act. After consultation with
7 the qualified city **OR QUALIFIED SCHOOL DISTRICT**, the commission may
8 determine the estimated revenues for the qualified city **OR**
9 **QUALIFIED SCHOOL DISTRICT**, but any revenue estimate adopted by the
10 commission shall be based on the same requirements as the qualified
11 city's **OR QUALIFIED SCHOOL DISTRICT'S** initial revenue estimate.

12 (b) ~~Require a~~ **FOR A QUALIFIED CITY, REQUIRE THE** qualified city
13 to submit the 4-year financial plan required in section 4t of the
14 home rule city act, 1909 PA 279, MCL 117.4t, in a form and manner
15 the commission considers appropriate. The requirement to submit a
16 4-year financial plan is not subject to waiver under section 8.

17 (c) Review, modify, and approve proposed and amended
18 operational budgets of a qualified city **OR QUALIFIED SCHOOL**
19 **DISTRICT**. A proposed budget or budget amendment does not take
20 effect unless approved by the commission.

21 (d) Require the chief financial officer of the qualified city
22 **OR QUALIFIED SCHOOL DISTRICT** to provide the commission with
23 information it requests related to the qualified city's **OR**
24 **QUALIFIED SCHOOL DISTRICT'S** finances. The commission may also
25 require the chief financial officer to attend commission meetings.
26 If the chief financial officer fails to comply with the provisions
27 of this subdivision, the commission may require the qualified city,

1 **OR QUALIFIED SCHOOL DISTRICT** to remove the chief financial officer
2 and appoint a successor.

3 (e) Review and approve requests by a qualified city **OR**
4 **QUALIFIED SCHOOL DISTRICT** to issue debt under the revised municipal
5 finance act, 2001 PA 34, MCL 141.2101 to 141.2821, or any other law
6 governing the issuance of bonds or notes. The commission may
7 develop rules for the issuance of debt, including limitations that
8 are greater than those provided in sections 401 to 405 of the
9 revised municipal finance act, 2001 PA 34, MCL 141.2401 to
10 141.2405. The debt described in this subdivision may not be issued
11 unless and until approved by the commission and the commission's
12 approval shall be in addition to any approval of the department of
13 treasury as required by law.

14 (f) Review compliance by a qualified city with a deficit
15 elimination plan submitted under section 21 of the Glenn Steil
16 state revenue sharing act of 1971, 1971 PA 140, MCL 141.921, **OR BY**
17 **A QUALIFIED SCHOOL DISTRICT WITH A DEFICIT ELIMINATION PLAN**
18 **SUBMITTED UNDER ARTICLE I OF THE STATE SCHOOL AID ACT OF 1979, 1979**
19 **PA 94, MCL 388.1601 TO 388.1772.**

20 (g) Approve the appointment of a qualified city's **OR QUALIFIED**
21 **SCHOOL DISTRICT'S** chief financial officer. If that appointment is
22 not approved by the commission within 45 days of written submission
23 of the appointment by the qualified city **OR QUALIFIED SCHOOL**
24 **DISTRICT**, the appointment is denied. The commission may require
25 that any effort to terminate the chief financial officer be subject
26 to commission review and approval.

27 **(H) FOR A QUALIFIED SCHOOL DISTRICT, APPROVE THE APPOINTMENT**

1 OF THE QUALIFIED SCHOOL DISTRICT'S SUPERINTENDENT. IF THAT
2 APPOINTMENT IS NOT APPROVED BY THE COMMISSION WITHIN 45 DAYS OF
3 WRITTEN SUBMISSION BY THE QUALIFIED SCHOOL DISTRICT, THE
4 APPOINTMENT IS DENIED. A QUALIFIED SCHOOL DISTRICT MAY NOT ALTER
5 THE TERMS AND CONDITIONS OF AN EMPLOYMENT CONTRACT WITH OR THE
6 BENEFITS OF ITS SUPERINTENDENT OR TERMINATE ITS SUPERINTENDENT
7 WITHOUT THE APPROVAL OF THE COMMISSION. THE SUPERINTENDENT AND THE
8 CHAIRPERSON OF THE SCHOOL BOARD OF THE QUALIFIED SCHOOL DISTRICT
9 SHALL NOT HAVE A VOTE ON AN APPROVAL UNDER THIS SUBDIVISION.

10 (I) ~~(h)~~—Require the development and implementation of
11 financial best practices for a qualified city OR QUALIFIED SCHOOL
12 DISTRICT.

13 (J) ~~(i)~~—Recommend the adoption or amendment of certain charter
14 provisions, bylaws, ordinances, policies, or operating procedures
15 for the qualified city OR QUALIFIED SCHOOL DISTRICT, AS APPLICABLE.

16 (K) ~~(j)~~—Require the pursuit of financial or managerial
17 training to ensure the proper discharge of duties for the qualified
18 city OR QUALIFIED SCHOOL DISTRICT.

19 (L) ~~(k)~~—Make and execute contracts necessary to carry out the
20 purposes of this act.

21 (M) ~~(l)~~—Sue or be sued. The commission may retain legal
22 counsel to enforce any provisions of this act.

23 (N) ~~(m)~~—Require the qualified city OR QUALIFIED SCHOOL
24 DISTRICT and the employees or agents of the qualified city OR
25 QUALIFIED SCHOOL DISTRICT to timely produce and share all
26 information and documents, and provide access to all information on
27 assets, services, records, and any other materials or documents the

1 commission determines are necessary to carry out its
2 responsibilities under this act. The commission may require the
3 officers or employees of the qualified city **OR QUALIFIED SCHOOL**
4 **DISTRICT** to attend commission meetings for any purpose necessary to
5 carry out its responsibilities under this act.

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

10 (P) ~~(e)~~—Perform any other duties assigned by the governor that
11 are not inconsistent with the purposes of this act.

12 Sec. 8. (1) Notwithstanding section 6, for its qualified city
13 **OR QUALIFIED SCHOOL DISTRICT**, a commission shall, by resolution,
14 waive the requirements designated in sections 6 and 7 as provided
15 in subsection (2).

16 (2) The commission shall grant a waiver under this section for
17 its qualified city **OR QUALIFIED SCHOOL DISTRICT** if it certifies
18 that all of the following conditions are met:

19 (a) The commission certifies that a qualified city **OR**
20 **QUALIFIED SCHOOL DISTRICT** has adopted and adhered to deficit-free
21 budgets for 3 consecutive years that comply with generally accepted
22 accounting principles and are in accordance with the uniform
23 budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.

24 (b) The state treasurer and the qualified city's **OR QUALIFIED**
25 **SCHOOL DISTRICT'S** chief financial officer, if applicable, certify
26 that both of the following are met:

27 (i) All municipal securities or debt obligations sold by or

1 for the benefit of that qualified city **OR QUALIFIED SCHOOL DISTRICT**
2 in the general public market during the immediately preceding
3 fiscal year and current fiscal year satisfied the capital and other
4 financial requirements of the qualified city **OR QUALIFIED SCHOOL**
5 **DISTRICT** during that period.

6 (ii) There is a substantial likelihood that municipal
7 securities or debt obligations can be sold **BY THE QUALIFIED CITY OR**
8 **QUALIFIED SCHOOL DISTRICT** in the general public market during the
9 remainder of the current fiscal year and the immediately succeeding
10 fiscal year in amounts sufficient to substantially satisfy all of
11 the capital and other financial requirements of the qualified city
12 **OR QUALIFIED SCHOOL DISTRICT** during those periods in accordance
13 with the qualified city's **OR QUALIFIED SCHOOL DISTRICT'S** financial
14 plan, **AS APPLICABLE**.

15 (c) ~~The~~ **FOR A QUALIFIED CITY, THE** qualified city's financial
16 plan projects a balanced budget for the current and succeeding 3
17 fiscal years using generally accepted accounting principles and in
18 accordance with the uniform budgeting and accounting act, 1968 PA
19 2, MCL 141.421 to 141.440a, and section 4t of the home rule city
20 act, 1909 PA 279, MCL 117.4t.

21 (d) The qualified city **OR QUALIFIED SCHOOL DISTRICT** has
22 demonstrated to the commission's satisfaction that the qualified
23 city has sufficient ability to borrow in the municipal securities
24 market.

25 (e) The qualified city **OR QUALIFIED SCHOOL DISTRICT** did not
26 violate the plan for adjustment in the immediately preceding fiscal
27 year, **AS APPLICABLE**, and is not in violation in the current fiscal

1 year.

2 (f) The state treasurer certifies that the qualified city **OR**
3 **QUALIFIED SCHOOL DISTRICT** is in compliance with the uniform
4 budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.

5 (g) The commission certifies that the qualified city **OR**
6 **QUALIFIED SCHOOL DISTRICT** is in substantial compliance with this
7 act.

8 (h) ~~The~~ **FOR A QUALIFIED CITY, THE** qualified city has
9 established as part of a system of compensation for employees
10 retirement plans in which the qualified city contributes no more
11 than 7% of an individual's base pay, excluding payment for overtime
12 services, 1-time lump-sum payments, and the cost of fringe
13 benefits, to an employee's retirement account. **FOR A QUALIFIED**
14 **SCHOOL DISTRICT, THE QUALIFIED SCHOOL DISTRICT HAS FULLY SATISFIED**
15 **ALL OF ITS OBLIGATIONS TO THE SYSTEM CREATED UNDER THE PUBLIC**
16 **SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1301**
17 **TO 38.1437, AND UNDER ANY SCHOOL IMPROVEMENT PLAN OR MEASURE**
18 **APPLICABLE UNDER SECTION 1280C OF THE REVISED SCHOOL CODE, 1976 PA**
19 **451, MCL 380.1280C.**

20 (i) The qualified city **OR QUALIFIED SCHOOL DISTRICT** has
21 implemented a program in which all contracts awarded by the
22 qualified city **OR QUALIFIED SCHOOL DISTRICT** are posted on the
23 qualified city's **OR QUALIFIED SCHOOL DISTRICT'S** public website
24 within 30 days of the contract award, including the identity of the
25 parties to the contract, the dollar amount of the contract, and a
26 brief description of the goods or services provided by the
27 contract.

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

5 (a) The qualified city **OR QUALIFIED SCHOOL DISTRICT** fails to
6 pay principal of or interest on any municipal securities when due
7 or payable.

8 (b) The qualified city **OR QUALIFIED SCHOOL DISTRICT** incurs a
9 budget deficit in a fiscal year equal to or more than 5% of the
10 total expenditures in that year based on generally accepted
11 accounting principles.

12 (c) The qualified city **OR QUALIFIED SCHOOL DISTRICT** issues
13 municipal securities without the authorization of the commission or
14 in violation of the revised municipal finance act, 2001 PA 34, MCL
15 141.2101 to 141.2821.

16 (d) The qualified city **OR QUALIFIED SCHOOL DISTRICT** violates
17 this act or any mandatory financial controls in a manner that
18 substantially impairs that qualified city's **OR QUALIFIED SCHOOL**
19 **DISTRICT'S** ability to pay principal of and interest on municipal
20 securities **OR OTHER DEBT** when due and payable or its ability to
21 adhere to a balanced budget.

22 (e) The qualified city **OR QUALIFIED SCHOOL DISTRICT** violates
23 any provision of the plan for adjustment, if applicable.

24 (f) The state treasurer and the qualified city's **OR QUALIFIED**
25 **SCHOOL DISTRICT'S** chief financial officer, if applicable, fail to
26 certify that the criteria in subsection (2)(b) are met.

27 (g) ~~If the~~ **THE** qualified city's **OR QUALIFIED SCHOOL DISTRICT'S**

1 chief financial officer has resigned, been terminated, or been
2 removed, or the office has otherwise become vacant and a successor
3 has not been appointed within 180 days of that vacancy.

4 (h) The qualified city **OR QUALIFIED SCHOOL DISTRICT** has not
5 satisfied the requirements in subsection (2)(h).

6 **(I) FOR A QUALIFIED SCHOOL DISTRICT, THE QUALIFIED SCHOOL**
7 **DISTRICT IS NOT IN COMPLIANCE WITH A SCHOOL IMPROVEMENT PLAN OR**
8 **MEASURE APPLICABLE UNDER SECTION 1280C OF THE REVISED SCHOOL CODE,**
9 **1976 PA 451, MCL 380.1280C.**

10 (4) If the commission **FOR A QUALIFIED CITY** finds that the
11 circumstances under which it rescinded its waiver of the
12 requirements of sections 6 and 7 as provided in subsection (3) no
13 longer exist, the commission shall reverse the rescission as
14 provided in subsection (2).

15 Sec. 12. (1) If a commission **FOR A QUALIFIED CITY** has waived
16 the requirements of sections 6 and 7 under section 8 each year for
17 the immediately preceding 10 consecutive fiscal years, and the plan
18 for adjustment, **IF APPLICABLE**, has expired, the commission shall,
19 by resolution, dissolve itself. All property, funds, and assets of
20 the commission, if any, shall be transferred to and vested in this
21 state.

22 **(2) IF A COMMISSION IS IN PLACE FOR BOTH A QUALIFIED CITY AND**
23 **A QUALIFIED SCHOOL DISTRICT DESCRIBED IN SECTION 4(2) OR (3)**
24 **LOCATED WITHIN THE QUALIFIED CITY, THE COMMISSION MAY NOT DISSOLVE**
25 **ITSELF UNTIL BOTH OF THE FOLLOWING OCCUR:**

26 **(A) THE STATE TREASURER CERTIFIES UNDER SECTION 402 OF THE**
27 **REVISED SCHOOL CODE, 1976 PA 451, MCL 380.402, THE PAYMENT IN FULL**

1 OF ALL OUTSTANDING DEBT OF THE SCHOOL DISTRICT FROM WHICH FUNCTIONS
2 AND RESPONSIBILITIES WERE TRANSFERRED TO THE QUALIFIED SCHOOL
3 DISTRICT UNDER SECTION 402 OF THE REVISED SCHOOL CODE, 1976 PA 451,
4 MCL 380.402.

5 (B) THE QUALIFIED SCHOOL DISTRICT HAS BEEN IN COMPLIANCE WITH
6 THIS ACT FOR THE IMMEDIATELY PRECEDING 10 CONSECUTIVE FISCAL YEARS.

7 Enacting section 1. This amendatory act does not take effect
8 unless House Bill No. 5296 of the 98th Legislature is enacted into
9 law.