

HOUSE BILL No. 5385

February 18, 2016, Introduced by Reps. Poleski, Garcia, Price and Pscholka and referred to the Committee on Appropriations.

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
8 principal and interest owed on debt obligations when due; meet
9 financial obligations to their existing and former employees,

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

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

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

22 (d) Qualified cities **AND SCHOOL DISTRICTS** have complex
23 budgetary and fiscal needs, significant and complicated debt
24 management issues, and financial assets and liabilities that
25 impact, both positively and negatively, every unit of local
26 government **AND SCHOOL DISTRICT** in this state and this state itself
27 such that reasonable and balanced state oversight over qualified

1 cities **AND SCHOOL DISTRICTS** is required as a reasonable exercise of
2 this state's power for the benefit of residents throughout this
3 state.

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

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

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

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

26 Sec. 3. As used in this act:

27 (a) "Applicable contract" means a contract for goods or

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

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

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

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

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

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

27 (g) "Professional services" means services that require a high

1 degree of intellectual skill, an advanced degree, or professional
2 licensing or certification. Those providing the professional
3 services are distinguished based on their specialized knowledge,
4 experience, and expertise. Professional services include, but are
5 not limited to, accounting, actuarial, appraisal, auditing,
6 investment advisor, and legal services.

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

9 (I) **"QUALIFIED SCHOOL DISTRICT" MEANS A COMMUNITY DISTRICT**
10 **ORGANIZED UNDER PART 5B OF THE REVISED SCHOOL CODE, 1976 PA 451,**
11 **MCL 380.381 TO 380.393, TO WHICH THE FUNCTIONS AND RESPONSIBILITIES**
12 **OF A QUALIFYING SCHOOL DISTRICT UNDER SECTION 402 OF THE REVISED**
13 **SCHOOL CODE, 1976 PA 451, MCL 380.402, HAVE BEEN TRANSFERRED UNDER**
14 **THAT SECTION.**

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

20 Sec. 4. (1) ~~A~~**—EXCEPT AS PROVIDED IN SUBSECTION (2), A**
21 financial review commission is created within the department of
22 treasury for each qualified city **AND EACH QUALIFIED SCHOOL**
23 **DISTRICT.** Except as otherwise provided in this act, a commission
24 shall exercise its powers, duties, functions, and responsibilities
25 under this act independently of the state treasurer. The budgeting,
26 procurement, personnel, and related management functions of a
27 commission shall be performed under the direction and supervision

1 of the state treasurer.

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

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

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

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

21 (c) Three members appointed by the governor who have
22 knowledge, skill, or experience in the field of business or finance
23 and who shall possess knowledge, training, skill, or experience in
24 budgeting, revenue forecasting, debt management or borrowing,
25 actuarial science, law, or business operations, at least 1 of whom
26 is a resident of that qualified city OR QUALIFIED SCHOOL DISTRICT
27 OTHER THAN A QUALIFIED SCHOOL DISTRICT DESCRIBED IN SECTION 4(2),

1 and at least 1 of whom is a resident of this state who is not a
2 resident of a qualified city **OR QUALIFIED SCHOOL DISTRICT OTHER**
3 **THAN A QUALIFIED SCHOOL DISTRICT DESCRIBED IN SECTION 4(2)**.

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

9 (e) One member appointed by the governor from a list of 3 or
10 more individuals nominated by the senate majority leader who have
11 knowledge, skill, or experience in the field of business or
12 finance, and who shall possess knowledge, training, skill, or
13 experience in budgeting, revenue forecasting, debt management or
14 borrowing, actuarial science, law, or business operations, and 1 of
15 whom is a resident of that qualified city **OR QUALIFIED SCHOOL**
16 **DISTRICT OTHER THAN A QUALIFIED SCHOOL DISTRICT DESCRIBED IN**
17 **SECTION 4(2)**.

18 (f) One member appointed by the governor from a list of 3 or
19 more individuals nominated by the speaker of the house of
20 representatives who have knowledge, skill, or experience in the
21 field of business or finance, and who shall possess knowledge,
22 training, skill, or experience in budgeting, revenue forecasting,
23 debt management or borrowing, actuarial science, law, or business
24 operations, and 1 of whom is a resident of that qualified city **OR**
25 **QUALIFIED SCHOOL DISTRICT OTHER THAN A QUALIFIED SCHOOL DISTRICT**
26 **DESCRIBED IN SECTION 4(2)**.

27 (g) The president or chairperson of the qualified city's

1 governing body or ~~his or her designee~~, QUALIFIED SCHOOL DISTRICT'S
2 SCHOOL BOARD OTHER THAN A QUALIFIED SCHOOL DISTRICT DESCRIBED IN
3 SECTION 4(2), OR HIS OR HER DESIGNEE, who shall serve for the
4 duration of the president's or chairperson's term of office.

5 (2) IF A FINANCIAL REVIEW COMMISSION IS THE FINANCIAL REVIEW
6 COMMISSION FOR BOTH A QUALIFIED CITY AND A QUALIFIED SCHOOL
7 DISTRICT UNDER SECTION 4(2), IN ADDITION TO THE MAYOR OR CHIEF
8 EXECUTIVE OFFICER OF THE QUALIFIED CITY OR HIS OR HER DESIGNEE
9 UNDER SUBSECTION (1)(D) AND THE PRESIDENT OR CHAIRPERSON OF THE
10 QUALIFIED CITY'S GOVERNING BODY OR HIS OR HER DESIGNEE UNDER
11 SUBSECTION (1)(G), THE FINANCIAL REVIEW COMMISSION ALSO SHALL
12 INCLUDE AS MEMBERS THE SUPERINTENDENT OF THE QUALIFIED SCHOOL
13 DISTRICT AND THE CHAIRPERSON OF THE SCHOOL BOARD OF THE QUALIFIED
14 SCHOOL DISTRICT. THE SUPERINTENDENT OF THE QUALIFIED SCHOOL
15 DISTRICT AND THE CHAIRPERSON OF THE SCHOOL BOARD OF THE QUALIFIED
16 SCHOOL DISTRICT SHALL NOT HAVE A VOTE ON MATTERS RELATING TO THE
17 QUALIFIED CITY. THE MAYOR OR CHIEF EXECUTIVE OFFICER OF THE
18 QUALIFIED CITY, OR HIS OR HER DESIGNEE UNDER SUBSECTION (1)(D) AND
19 THE PRESIDENT OR CHAIRPERSON OF THE QUALIFIED CITY'S GOVERNING BODY
20 OR HIS OR HER DESIGNEE UNDER SUBSECTION (1)(G), SHALL NOT HAVE A
21 VOTE ON MATTERS RELATING TO THE QUALIFIED SCHOOL DISTRICT.

22 (3) ~~(2)~~—The appointed members shall serve for a term of 4
23 years, except that of the 5 members first appointed, the appointees
24 of the governor shall serve a term of 1, 2, and 4 years
25 respectively, the appointee of the governor who was nominated by
26 the speaker of the house of representatives shall serve a term of 2
27 years, and the appointee of the governor who was nominated by the

1 senate majority leader shall serve a term of 3 years. Appointed
2 members serve at the pleasure of, and may be removed by, their
3 respective appointing official.

4 (4) ~~(3)~~—Members of a commission shall serve without
5 compensation but may receive reasonable reimbursement for necessary
6 travel and expenses incurred in the discharge of their official
7 duties.

8 (5) ~~(4)~~—The state treasurer or his or her designee shall serve
9 as chairperson of a commission.

10 (6) ~~(5)~~—A majority of the members of the commission shall
11 constitute a quorum of the commission for the transaction of
12 business. The commission shall meet no less than monthly and at
13 times and places designated by the chairperson. Actions of the
14 commission shall be approved by a majority of the members.

15 (7) ~~(6)~~—The commission shall conduct its business at public
16 meetings in compliance with the open meetings act, 1976 PA 267, MCL
17 15.261 to 15.275. However, members of the commission may attend and
18 participate in a meeting of the commission by the use of
19 telecommunication or other electronic equipment if their attendance
20 and participation by the use of telecommunication or other
21 electronic equipment is authorized by the bylaws of the commission
22 and that meeting is otherwise conducted in compliance with the open
23 meetings act, 1976 PA 267, MCL 15.261 to 15.275.

24 (8) ~~(7)~~—A writing prepared, owned, used, in the possession of,
25 or retained by the commission in the performance of an official
26 function is subject to the freedom of information act, 1976 PA 442,
27 MCL 15.231 to 15.246.

1 (9) ~~(8)~~—The commission shall adopt bylaws for governance of
2 the commission, which shall, at a minimum, address the procedures
3 for conducting meetings, including voting procedures, and the
4 requirements of its members to attend meetings. Procedural rules
5 required by this section are not subject to the administrative
6 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

7 (10) ~~(9)~~—The commission may contract for professional
8 services, as it requires, and shall determine the qualifications it
9 considers necessary.

10 (11) ~~(10)~~—The members of the commission and contractors or
11 agents of the commission are subject to 1968 PA 317, MCL 15.321 to
12 15.330, and 1968 PA 318, MCL 15.301 to 15.310.

13 (12) ~~(11)~~—A member of the commission, and any person the
14 commission contracts with, shall discharge the duties of his or her
15 position in a nonpartisan manner, with good faith, and with that
16 degree of diligence, care, and skill that an ordinarily prudent
17 person would exercise under similar circumstances in a like
18 position. The commission shall adopt an ethics policy governing the
19 conduct of commission members and officers and employees of the
20 commission.

21 (13) ~~(12)~~—Commission members shall take and subscribe to the
22 constitutional oath of office under section 1 of article XI of the
23 state constitution of 1963. The oath shall be filed with the
24 secretary of state.

25 Sec. 6. (1) The commission shall provide oversight for a
26 qualified city beginning on the effective date of the plan for
27 adjustment or of this act, whichever is later. **THE COMMISSION SHALL**

1 PROVIDE OVERSIGHT FOR A QUALIFIED SCHOOL DISTRICT BEGINNING ON THE
2 DATE THE SCHOOL DISTRICT BECOMES A QUALIFIED SCHOOL DISTRICT.

3 (2) The commission shall ensure that the qualified city OR
4 QUALIFIED SCHOOL DISTRICT is complying with the terms and
5 conditions of this act and of the plan for adjustment, if
6 applicable. Except as otherwise provided in section 8, the
7 commission shall by October 1 each year certify that the qualified
8 city OR QUALIFIED SCHOOL DISTRICT is in substantial compliance with
9 the provisions of this act.

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

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

16 (b) Sections 4i, 4p, 4s, and 4t of the home rule city act,
17 1909 PA 279, MCL 117.4i, 117.4p, 117.4s, and 117.4t.

18 (c) The revised municipal finance act, 2001 PA 34, MCL
19 141.2101 to 141.2821.

20 (d) The uniform budgeting and accounting act, 1968 PA 2, MCL
21 141.421 to 141.440a.

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

23 **(i) THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1 TO**
24 **380.1852.**

25 **(ii) ARTICLE I OF THE STATE SCHOOL AID ACT OF 1979, 1979 PA**
26 **94, MCL 388.1601 TO 388.1772.**

27 **(iii) THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980**

1 PA 300, MCL 38.1301 TO 38.1437.

2 (4) During the period of oversight **FOR A QUALIFIED CITY**, the
3 commission shall review and approve that qualified city's 4-year
4 financial plan required by section 4t of the home rule city act,
5 1909 PA 279, MCL 117.4t. A 4-year financial plan described in this
6 subsection shall be submitted at least 100 days prior to the
7 commencement of a qualified city's fiscal year. The commission
8 shall approve or disapprove the 4-year financial plan within 30
9 days of receipt. If disapproved, the commission shall provide
10 rationale in writing for disapproval and a qualified city shall
11 submit a revised plan within 15 days that comports with the
12 commission's rationale for rejection. The commission shall approve
13 or disapprove that revised plan within 15 days. The commission may
14 also require adjustments to the financial plan to modify
15 expenditures to satisfy debt service, adjust projected revenues to
16 comply with financial controls or accounting practices, and reduce
17 expenditures to conform to consensus revenue estimates if required
18 in section 7 to comply with the provisions of section 4t of the
19 home rule city act, 1909 PA 279, MCL 117.4t. If the qualified city
20 fails to submit an acceptable financial plan, the commission may
21 adopt and impose upon the qualified city a financial plan
22 satisfying the requirements of this act and section 4t of the home
23 rule city act, 1909 PA 279, MCL 117.4t, until that time as the
24 qualified city submits an acceptable financial plan.

25 (5) Subject to a plan for adjustment and any collective
26 bargaining agreements still in effect, the commission shall
27 establish and maintain programs and requirements for the

1 responsible fiscal management of that qualified city **OR QUALIFIED**
2 **SCHOOL DISTRICT**. The commission's programs and requirements shall
3 include all of the following:

4 (a) Increased managerial accountability.

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

7 (c) Improved collection of outstanding tax revenues.

8 (d) Review of the compensation and benefits of city **OR**
9 **QUALIFIED SCHOOL DISTRICT** employees and recommendation of
10 adjustments where necessary.

11 (6) Notwithstanding any charter provision or local ordinance
12 to the contrary, all applicable contracts are subject to review and
13 approval by the commission. The commission may consider a number of
14 factors when reviewing an applicable contract, including whether
15 the applicable contract was subject to a competitive bid process.
16 Only applicable contracts that are first approved by the governing
17 body and mayor **OR CHIEF EXECUTIVE OFFICER** of a qualified city **OR**
18 **QUALIFIED SCHOOL DISTRICT** as required by law, charter, ordinance,
19 or policy are subject to review by the commission. If an applicable
20 contract is not rejected by the commission within 30 days of its
21 submission, that applicable contract shall be considered approved
22 by the commission.

23 (7) A qualified city ~~—~~**OR QUALIFIED SCHOOL DISTRICT**, when
24 required by the commission, shall present written reports regarding
25 its financial stability and shall permit the commission to audit or
26 inspect financial statements, actuarial reports, revenue estimates,
27 and any and all other documents, data, reports, or findings that

1 the commission considers necessary to carry out its purpose under
2 this act. The commission may require that qualified city's **OR**
3 **QUALIFIED SCHOOL DISTRICT'S** chief financial officer to certify in
4 writing the accuracy of any documents the commission requests.

5 (8) The commission shall, on June 1 and December 1 of each
6 year in which the commission has oversight over a qualified city **OR**
7 **A QUALIFIED SCHOOL DISTRICT**, file a written report with the
8 governor. A copy of the report shall be submitted to the senate
9 majority leader and the speaker of the house of representatives and
10 posted on the department of treasury website. A copy of the report
11 shall be sent to the mayor **OR CHIEF EXECUTIVE OFFICER** and governing
12 body of the qualified city **OR QUALIFIED SCHOOL DISTRICT**.

13 (9) Except as otherwise provided in this subsection, the
14 commission shall approve all collective bargaining agreements,
15 including any addendums to those agreements, to which that
16 qualified city **OR QUALIFIED SCHOOL DISTRICT** is a party after
17 approval by the governing body and mayor **OR CHIEF EXECUTIVE OFFICER**
18 of the qualified city **OR QUALIFIED SCHOOL DISTRICT** as required by
19 charter or law. The commission shall approve or reject collective
20 bargaining agreements submitted to it within 45 days of submission.
21 Collective bargaining agreements submitted to the commission shall
22 not be executed unless and until the commission approves those
23 agreements. Collective bargaining agreements approved by an
24 emergency manager appointed under section 12 of the local financial
25 stability and choice act, 2012 PA 436, MCL 141.1552, shall not be
26 subject to commission approval under this subsection.

27 (10) ~~The~~ **FOR A QUALIFIED CITY, THE** commission may file

1 supplementary information relating to the financial condition of
2 the qualified city with an arbitration panel in arbitration
3 proceedings in which the qualified city is a party pursuant to 1969
4 PA 312, MCL 423.231 to 423.247.

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

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

16 (a) ~~Review~~**FOR A QUALIFIED CITY, REVIEW** and approve that
17 qualified city's consensus revenue estimate under section 4t of the
18 home rule city act, 1909 PA 279, MCL 117.4t. The commission may
19 also, after consultation with the qualified city **OR QUALIFIED**
20 **SCHOOL DISTRICT**, revise a revenue estimate prepared in connection
21 with a budget, budget modification, financial plan, or financial
22 plan modification, if the commission determines that the revenue
23 estimate was not based on assumptions and methods of estimation
24 reasonable and appropriate under the circumstances and in view of
25 the objectives and purposes of this act. After consultation with
26 the qualified city **OR QUALIFIED SCHOOL DISTRICT**, the commission may
27 determine the estimated revenues for the qualified city **OR**

1 **QUALIFIED SCHOOL DISTRICT**, but any revenue estimate adopted by the
2 commission shall be based on the same requirements as the qualified
3 city's **OR QUALIFIED SCHOOL DISTRICT'S** initial revenue estimate.

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

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

13 (d) Require the chief financial officer of the qualified city
14 **OR QUALIFIED SCHOOL DISTRICT** to provide the commission with
15 information it requests related to the qualified city's **OR**
16 **QUALIFIED SCHOOL DISTRICT'S** finances. The commission may also
17 require the chief financial officer to attend commission meetings.
18 If the chief financial officer fails to comply with the provisions
19 of this subdivision, the commission may require the qualified city,
20 **OR QUALIFIED SCHOOL DISTRICT** to remove the chief financial officer
21 and appoint a successor.

22 (e) Review and approve requests by a qualified city **OR**
23 **QUALIFIED SCHOOL DISTRICT** to issue debt under the revised municipal
24 finance act, 2001 PA 34, MCL 141.2101 to 141.2821, or any other law
25 governing the issuance of bonds or notes. The commission may
26 develop rules for the issuance of debt, including limitations that
27 are greater than those provided in sections 401 to 405 of the

1 revised municipal finance act, 2001 PA 34, MCL 141.2401 to
2 141.2405. The debt described in this subdivision may not be issued
3 unless and until approved by the commission and the commission's
4 approval shall be in addition to any approval of the department of
5 treasury as required by law.

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

12 (g) Approve the appointment of a qualified city's **OR QUALIFIED**
13 **SCHOOL DISTRICT'S** chief financial officer. If that appointment is
14 not approved by the commission within 45 days of written submission
15 of the appointment by the qualified city **OR QUALIFIED SCHOOL**
16 **DISTRICT**, the appointment is denied. The commission may require
17 that any effort to terminate the chief financial officer be subject
18 to commission review and approval.

19 **(H) FOR A QUALIFIED SCHOOL DISTRICT, APPROVE THE APPOINTMENT**
20 **OF THE QUALIFIED SCHOOL DISTRICT'S SUPERINTENDENT. IF THAT**
21 **APPOINTMENT IS NOT APPROVED BY THE COMMISSION WITHIN 45 DAYS OF**
22 **WRITTEN SUBMISSION BY THE QUALIFIED SCHOOL DISTRICT, THE**
23 **APPOINTMENT IS DENIED. A QUALIFIED SCHOOL DISTRICT MAY NOT ALTER**
24 **THE TERMS AND CONDITIONS OF AN EMPLOYMENT CONTRACT WITH OR THE**
25 **BENEFITS OF ITS SUPERINTENDENT OR TERMINATE ITS SUPERINTENDENT**
26 **WITHOUT THE APPROVAL OF THE COMMISSION. THE SUPERINTENDENT AND THE**
27 **CHAIRPERSON OF THE SCHOOL BOARD OF THE QUALIFIED SCHOOL DISTRICT**

1 **SHALL NOT HAVE A VOTE ON AN APPROVAL UNDER THIS SUBDIVISION.**

2 (I) ~~(h)~~—Require the development and implementation of
3 financial best practices for a qualified city **OR QUALIFIED SCHOOL**
4 **DISTRICT.**

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

8 (K) ~~(j)~~—Require the pursuit of financial or managerial
9 training to ensure the proper discharge of duties for the qualified
10 city **OR QUALIFIED SCHOOL DISTRICT.**

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

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

15 (N) ~~(m)~~—Require the qualified city **OR QUALIFIED SCHOOL**
16 **DISTRICT** and the employees or agents of the qualified city **OR**
17 **QUALIFIED SCHOOL DISTRICT** to timely produce and share all
18 information and documents, and provide access to all information on
19 assets, services, records, and any other materials or documents the
20 commission determines are necessary to carry out its
21 responsibilities under this act. The commission may require the
22 officers or employees of the qualified city **OR QUALIFIED SCHOOL**
23 **DISTRICT** to attend commission meetings for any purpose necessary to
24 carry out its responsibilities under this act.

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

1 perform.

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

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

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

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

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

19 (i) All municipal securities or debt obligations sold by or
20 for the benefit of that qualified city **OR QUALIFIED SCHOOL DISTRICT**
21 in the general public market during the immediately preceding
22 fiscal year and current fiscal year satisfied the capital and other
23 financial requirements of the qualified city **OR QUALIFIED SCHOOL**
24 **DISTRICT** during that period.

25 (ii) There is a substantial likelihood that municipal
26 securities or debt obligations can be sold **BY THE QUALIFIED CITY OR**
27 **QUALIFIED SCHOOL DISTRICT** in the general public market during the

1 remainder of the current fiscal year and the immediately succeeding
2 fiscal year in amounts sufficient to substantially satisfy all of
3 the capital and other financial requirements of the qualified city
4 **OR QUALIFIED SCHOOL DISTRICT** during those periods in accordance
5 with the qualified city's **OR QUALIFIED SCHOOL DISTRICT'S** financial
6 plan, **AS APPLICABLE**.

7 (c) ~~The~~ **FOR A QUALIFIED CITY, THE** qualified city's financial
8 plan projects a balanced budget for the current and succeeding 3
9 fiscal years using generally accepted accounting principles and in
10 accordance with the uniform budgeting and accounting act, 1968 PA
11 2, MCL 141.421 to 141.440a, and section 4t of the home rule city
12 act, 1909 PA 279, MCL 117.4t.

13 (d) The qualified city **OR QUALIFIED SCHOOL DISTRICT** has
14 demonstrated to the commission's satisfaction that the qualified
15 city has sufficient ability to borrow in the municipal securities
16 market.

17 (e) The qualified city **OR QUALIFIED SCHOOL DISTRICT** did not
18 violate the plan for adjustment in the immediately preceding fiscal
19 year, **AS APPLICABLE**, and is not in violation in the current fiscal
20 year.

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

24 (g) The commission certifies that the qualified city **OR**
25 **QUALIFIED SCHOOL DISTRICT** is in substantial compliance with this
26 act.

27 (h) ~~The~~ **FOR A QUALIFIED CITY, THE** qualified city has

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

12 (i) The qualified city **OR QUALIFIED SCHOOL DISTRICT** has
13 implemented a program in which all contracts awarded by the
14 qualified city **OR QUALIFIED SCHOOL DISTRICT** are posted on the
15 qualified city's **OR QUALIFIED SCHOOL DISTRICT'S** public website
16 within 30 days of the contract award, including the identity of the
17 parties to the contract, the dollar amount of the contract, and a
18 brief description of the goods or services provided by the
19 contract.

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

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

27 (b) The qualified city **OR QUALIFIED SCHOOL DISTRICT** incurs a

1 budget deficit in a fiscal year equal to or more than 5% of the
2 total expenditures in that year based on generally accepted
3 accounting principles.

4 (c) The qualified city **OR QUALIFIED SCHOOL DISTRICT** issues
5 municipal securities without the authorization of the commission or
6 in violation of the revised municipal finance act, 2001 PA 34, MCL
7 141.2101 to 141.2821.

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

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

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

19 (g) ~~If the~~ **THE** qualified city's **OR QUALIFIED SCHOOL DISTRICT'S**
20 chief financial officer has resigned, been terminated, or been
21 removed, or the office has otherwise become vacant and a successor
22 has not been appointed within 180 days of that vacancy.

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

25 **(I) FOR A QUALIFIED SCHOOL DISTRICT, THE QUALIFIED SCHOOL**
26 **DISTRICT IS NOT IN COMPLIANCE WITH A SCHOOL IMPROVEMENT PLAN OR**
27 **MEASURE APPLICABLE UNDER SECTION 1280C OF THE REVISED SCHOOL CODE,**

1 1976 PA 451, MCL 380.1280C.

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

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

14 (2) **IF A COMMISSION IS IN PLACE FOR BOTH A QUALIFIED CITY AND**
15 **A QUALIFIED SCHOOL DISTRICT DESCRIBED IN SECTION 4(2) LOCATED**
16 **WITHIN THE QUALIFIED CITY, THE COMMISSION MAY NOT DISSOLVE ITSELF**
17 **UNTIL BOTH OF THE FOLLOWING OCCUR:**

18 (A) **THE STATE TREASURER CERTIFIES UNDER SECTION 402 OF THE**
19 **REVISED SCHOOL CODE, 1976 PA 451, MCL 380.402, THE PAYMENT IN FULL**
20 **OF ALL OUTSTANDING DEBT OF THE SCHOOL DISTRICT FROM WHICH FUNCTIONS**
21 **AND RESPONSIBILITIES WERE TRANSFERRED TO THE QUALIFIED SCHOOL**
22 **DISTRICT UNDER SECTION 402 OF THE REVISED SCHOOL CODE, 1976 PA 451,**
23 **MCL 380.402.**

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