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FINANCIAL STABILITY AGREEMENT
(as amended and restated)

WHEREAS, the City of Detroit (the "City") has experienced a prolonged period of economic deterioration stretching over several decades, which has eroded the quality of life of the City's residents and businesses; and

WHEREAS, the City continues to confront daunting challenges characterized by persistent and systemic fiscal imbalances and deficit conditions and an unsustainable debt load, aggravated by the deterioration in revenues received from property taxes, income taxes, interest earnings, utility revenues, and intergovernmental revenues resulting from, among other things, the recent serious recession in the U.S. and Michigan economies; by the growth in the City's legacy costs concurrently with the City's diminished ability to carry such costs; and by long-term mismanagement of the City's finances and operations that have exacerbated the City's problems and deferred the steps needed to resolve the City's fiscal crisis; and

WHEREAS, a financially stable and vibrant City is important as a catalyst for the State of Michigan's overall image and success in economic development, business attractiveness, quality of life, and a host of other factors; and

WHEREAS, fundamentally changing the City's current trajectory can restore the quality of life which families, businesses, and visitors have a right to expect and enjoy; and

WHEREAS, the City seeks to continue to pursue this long-term vision by achieving sustainable financial stability for the City, thereby ensuring the City's financial integrity in a manner that enables the City to grow, prosper, and thrive and that serves

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WAYNE COUNTY CLERK

the public interest by promoting the health, safety, and welfare of the City's residents; and

WHEREAS, the People of the State of Michigan have required the establishment of the Department of Treasury as a principal department of state government under Section 3 of Article V of the State Constitution of 1963 (the "Treasury Department") and provided that the State Treasurer, a constitutional officer appointed by the Governor with the advice and consent of the Michigan Senate (the "State Treasurer"), shall serve as the head of the Treasury Department, which is vested with responsibilities related to local government finance, budgeting, and administration under state law; and

WHEREAS, the City is a political subdivision of the State of Michigan organized as a body corporate under The Home Rule City Act, 1909 PA 279, MCL 117.1 to 117.38 ("Act 279"), with the People of Detroit having created and provided for municipal governance by adopting a Home Rule Charter of the City of Detroit (the "Charter"), and the People of the State of Michigan conferring comprehensive home rule power to the City through the State Constitution of 1963, subject to the limitations on the exercise of that power contained in the Constitution or the Charter, or imposed by statute; and

WHEREAS, on March 1, 2013, the Governor of the State of Michigan (the "Governor") acting under the Local Government Fiscal Responsibility Act, former Public Act 72 of 1990 ("Act 72"), determined that a local government financial emergency existed within the City and assigned responsibility for managing the financial emergency to the Local Emergency Financial Assistance Loan Board; and

WHEREAS, on March 14, 2013, the Local Emergency Financial Assistance Loan Board appointed Kevyn D. Orr as emergency financial manager for the City under Act 72, effective March 25, 2013; and

WHEREAS, on March 28, 2013, the Local Financial Stability and Choice Act, 2012 PA 436, MCL 141.1541 to 141.1575 ("Act 436"), took effect, repealing and replacing Act 72, and resulting in the emergency financial manager for the City becoming the emergency manager for the City under Act 436 (together with any replacement or successor emergency manager, the "Emergency Manager"); and

WHEREAS, pursuant to (1) the determination of the Emergency Manager that no reasonable alternative exists for rectifying the City's financial emergency because no feasible financial plan can be adopted to accomplish that goal in a timely manner and (2) the written authorization of the Governor pursuant to Section 18 of Act 436, the City commenced a case under Chapter 9 of Title 11 of the United States Code (the "Bankruptcy Code") on July 18, 2013 in the United States Bankruptcy Court for the Eastern District of Michigan (Case No. 13-53846) (the "Chapter 9 Case"); and

WHEREAS, pursuant to Section 18(1) of Act 436, the Emergency Manager acts exclusively on behalf of the City in the Chapter 9 Case; and

WHEREAS, the Treasury Department seeks to continue joint efforts with the City for the betterment of the residents of the City and the State of Michigan (the "State") as a whole and to provide fiscal stability within the City through the adoption of this amended Financial Stability Agreement (this "Agreement"), which supersedes and replaces the original financial stability agreement between the City and the Treasury

Department effective in April 2012 (the "Original Agreement") on the Effective Date of this Agreement as amended and restated; and

WHEREAS, as a commitment to the long-term cooperative process established in this Agreement, the City seeks to continue cooperative activities detailed in this Agreement with the Treasury Department relating to City operations and financial stability, including, but not limited to, financial stability in the capital markets; and

WHEREAS, under this Agreement, the City and the Treasury Department agree to jointly exercise (as provided in this Agreement) the powers relating to public finance, budgeting, and administration that they share in common and that each may exercise separately, including, but not limited to, the powers, privileges, and authorities of the Treasury Department to protect the credit of the State and municipalities in the State, and to aid, advise, and consult with the municipalities with respect to fiscal questions and certain other matters under the Revised Municipal Finance Act, 2001 PA 34, MCL 141.2101 141.2821 ("Act 34"), and to require local units of government to agree to plans to correct deficit conditions under the Glenn Steil State Revenue Sharing Act of 1971, 1971 PA 140, MCL 141.901 to 141.921 ("Act 140"), and under other applicable law; and the power, privileges, and authority of the City under the Charter, Act 34, and Act 140 and other applicable law; and

NOW, THEREFORE, the parties hereby agree as set forth below. Without limiting the foregoing, the City agrees and promises to undertake the steps outlined in this Agreement in consideration of and reliance upon the agreements and commitments made in this Agreement by the Treasury Department.

1. FINANCIAL ADVISORY BOARD

1.1. Establishment and Purpose.

(a) The financial advisory board (the "Financial Advisory Board") established under the Original Agreement shall remain in place to administer this Agreement. The Financial Advisory Board is a public body politic and an intergovernmental entity that is neither a commission, board, or council of the City, nor a commission, board, or council of the State.

(b) The parties agree that the City is, or may be, in continuing need of specific support and consultation relating to the operational efficacy and fiscal stability of the City, including, but not limited to, such areas as payroll and accounting, financial recordkeeping and reporting, internal controls, data management and analytics, information technology initiatives, actuarial analysis and benefits management, State and federal grant management, revenue assessment and forecasting, project management, and capital markets (collectively, the "Support Subjects"). In response to those needs, the Financial Advisory Board is charged with: (i) consulting with and assisting the City on implementation of operational improvements; (ii) monitoring and reporting upon the City's ongoing financial performance; (iii) making certain findings and recommendations to and assisting the City with the City's preparation, implementation, and execution of an annual Triennial Budget and General Appropriations Act (as described in Section 3.4 of this Agreement, the "Triennial Budget"), which shall include the City's annual Budget (defined below); (iv) assisting the City in achieving and maintaining financial stability; and (v) monitoring compliance with this Agreement. If an

Emergency Manager is in place for the City under Act 436, all of the following shall apply:

(i) The activities of the Financial Advisory Board are subject to the terms, conditions, and limitations of this Agreement;

(ii) The Financial Advisory Board shall not impede the exercise of powers and functions of the Emergency Manager under Act 436 and in the Chapter 9 Case; and

(iii) The activities of the Financial Advisory Board shall be performed in an advisory capacity to the Emergency Manager or as otherwise provided in Section 1.5 or Section 1.5a of this Agreement.

(c) The Financial Advisory Board will transact all necessary business relating to the powers and functions of the Financial Advisory Board under this Agreement with City officers, employees, agents, and contractors. The Financial Advisory Board may require information in writing from all City officers, employees, agents, and contractors upon any subject relating to the duties of their respective positions. Officials and employees, agents, and contractors of the City will promptly and fully provide the assistance and information necessary and properly requested by the Financial Advisory Board in the effectuation of the Financial Advisory Board's duties under this Agreement.

(d) The Financial Advisory Board shall report on its activities to the Treasury Department as requested by the State Treasurer. The Financial Advisory Board may designate personnel to assist in providing reports under this paragraph.

1.2. Composition. The Financial Advisory Board shall be composed of nine members, each of whom shall possess professional qualifications in one or more of the Support Subjects and character suitable for the rendering of well-informed judgments

within the context of highly complex transactions. If an Emergency Manager is not in place for the City under Act 436, the Financial Advisory Board shall be appointed by the Governor, the Mayor of the City of Detroit (the "Mayor"), the City Council of the City of Detroit (the "City Council"), and the State Treasurer (for purposes of this Section 1.2, each respectively an "Appointing Entity") as follows:

(a) Three individuals appointed by the Governor;

(b) Two individuals appointed by the Mayor;

(c) Two individuals appointed by the City Council;

(d) One individual appointed jointly by the Governor and the Mayor and subject to confirmation by the City Council; and

(e) One individual appointed by the State Treasurer.

If an Emergency Manager is in place for the City under Act 436, the Financial Advisory Board shall be appointed by the Governor, the Emergency Manager acting for and in the place and stead of the Mayor under Section 9(2) of Act 436, the Emergency Manager acting for and in the place and stead of the City Council under Section 9(2) of Act 436, and the State Treasurer (for purposes of this Section 1.2, each respectively an "Appointing Entity") as follows:

(a) Three individuals appointed by the Governor;

(b) Two individuals appointed by the Emergency Manager acting for and in the place and stead of the Mayor under Section 9(2) of Act 436;

(c) Two individuals appointed by the Emergency Manager acting for and in the place and stead of the City Council under Section 9(2) of Act 436;

(d) One individual appointed jointly by the Governor and the Emergency Manager; and

(e) One individual appointed by the State Treasurer.

Each member of the Financial Advisory Board (any such member, a "Member") must possess at least ten years' experience with one or more of the following: (a) sophisticated municipal financial transactions; (b) one or more Support Subjects in the context of distress and transition environments; (c) complex, multi-dimensional governmental restructurings; (d) governmental labor relations, health care benefits, and/or pension matters; or (e) local government management with governmental units having consolidated revenues of $250 million or more. Prior to appointment of an individual as a Member, the Appointing Entity must request independent confirmation that the individual possesses the qualifications required under this Section 1.2 from the Michigan Association of Certified Public Accountants or the Michigan Government Finance Officers Association.

Members shall not be officers or employees of the City or the State, or of the Mayor's executive staff, or a member of the City Council. If an Emergency Manager is in place for the City under Act 436, Members shall not be employees or members of the staff of the Emergency Manager. The terms of all Members shall be three years, provided that, beginning with the initial appointments under the Original Agreement, (a) of the Members identified in Section 1.2(a), one shall be appointed for an initial 24-month term and one shall be appointed for an initial 12-month term; (b) of the Members identified in Section 1.2(b), one shall be appointed for an initial 24-month term; (c) of the Members identified in Section 1.2(c), one shall be appointed for an initial 12-month term; and (d) the Member identified in Section 1.2(d) shall be appointed for an initial 12-month term; and provided further that one of the Members identified in Section 1.2(c)

and the Member identified in Section 1.2(e) shall be appointed to and serve at the will of the respective Appointing Entity (the "At-Will Members"). After the expiration of a term, a Member may continue to serve until the Member's successor is appointed. A Member serving on the last day the Original Agreement is effective shall continue to serve as a Member under this Agreement as amended and restated. After the initial appointments under the Original Agreement, subsequent appointments shall be made in the same manner as the original appointment. Vacancies shall be filled by the Appointing Entity for the balance of the unexpired term. Excepting the At-Will Members, Members may be removed only by the respective Appointing Entity for Cause. "Cause" means misfeasance, malfeasance, gross neglect of duty, corrupt conduct in office, pleading to or conviction of a felony, absence from three consecutive meetings without being formally excused, or at the discretion of the Appointing Entity, absence from more than 15% of meetings within a calendar year. The Member serving as the Chair of the Financial Advisory Board on the last day the Original Agreement is effective shall continue to serve as the Board Chair under this Agreement as amended and restated. If a vacancy in the position of Chair arises after the Effective Date of the Agreement as amended and restated, the Chief Executive[1] and the Governor shall jointly designate a Member to serve as the Chair of the Financial Advisory Board (the "Board Chair"). The Board Chair shall serve as Board Chair at the pleasure of the Governor and the Chief Executive, who may act jointly to replace the Board Chair to designate a different member of the Financial Advisory Board as the Board Chair.

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[1] "Chief Executive" means: (a) the Emergency Manager if an Emergency Manager is in place for the City under Act 436; or (b) the Mayor if no Emergency Manager is in place for the City under Act 436.

1.3 Compensation. Members shall be entitled to annual compensation in the amount of $25,000.00 (such compensation, the "Annual Compensation") during their terms of service, provided that (a) such Annual Compensation shall be payable in four equal installments on a quarterly basis, (b) such Annual Compensation shall be prorated as necessary in the event that a Member serves less than a full quarter for any reason, and (c) a Member may elect to serve without compensation by notifying the Board Chair of the election in writing within 30 days of his or her appointment and while serving without compensation shall not be considered employed by the Financial Advisory Board, the City, or the Treasury Department.

All Members shall be entitled to reimbursement of actual, reasonable, necessary, and documented expenses in accordance with applicable standards in force for State employees and appointees (including, but not limited to, expenses related to travel, meals, and lodging) incurred in connection with their service as Members of the Financial Advisory Board (such expenses, the "Reimbursable Expenses"). The City shall be responsible for the payment of each Member's Annual Compensation, with 50% of each Member's Annual Compensation reimbursed by the Treasury Department.

The City shall be responsible for the payment of each Member's Reimbursable Expenses of up to $3,000.00 each, with 50% of each Member's Reimbursable Expenses of up to $3,000.00 reimbursed by the Treasury Department. Reimbursable Expenses for each Member in excess of $3,000.00 may be 100% reimbursed by the Treasury Department, but only with the approval of the State Treasurer. Reimbursement shall be made by the Treasury Department no later than the earlier of (a) 45 days after the submission by the City of an invoice for such reimbursement to the

Treasury Department or (b) the close of the same State fiscal year in which such payments are made and (ii) incorporated in the Budget, provided that neither the State, the City, the Treasury Department, nor any other entity shall be responsible for the payment of any Reimbursable Expense that is not evidenced by a copy of the corresponding receipt. The Financial Advisory Board shall adopt and maintain procedures and policies having the objective of using current technology, communication, and other means to constrain Reimbursable Expenses to the extent reasonably practicable.

1.3a Standards of Conduct, Conflicts of Interest and Ethics

(a) Members of the Financial Advisory Board are public officials in a position of public trust. Upon appointment, each Member shall take the constitutional oath of office under Article XI, § 1 of the State Constitution of 1963.

(b) Members of the Financial Advisory Board are public servants subject to the provisions of Act 317, Public Acts of Michigan, 1968, as amended ("Act 317"), pertaining to contracts of public servants with public entities.

(c) The Financial Advisory Board shall have in place a Standards of Conduct, Conflicts of Interest, and Ethics Policy ("Policy"). The Policy shall be designed to assure that governmental decisions are made in the public's best interest by prohibiting members of the Financial Advisory Board and its employees and contractors from participating in matters that affect their personal or financial interests. A policy adopted under the Original Agreement shall remain in effect until modified by the Financial Advisory Board. A Policy shall be no less stringent than requirements under (a) Act 317; (b) Act 196, Public Acts of Michigan, 1973, as amended; and (c) Section 2-106, *et*

seq. of the Charter. A Policy also shall include, without limitation, all of the following provisions:

(i) A requirement for a Member or employee of the Financial Advisory Board who regularly exercises significant authority over the approval or renewal of any contracts with the Financial Advisory Board or the City to make reasonable disclosure of his or her substantial financial interests.

(ii) Standards of conduct designed to assure the ethical behavior of Members and employees and contractors of the Financial Advisory Board.

(iii) A requirement for any Member or employee or agent of the Financial Advisory Board to discharge the duties of his or her position in a nonpartisan manner, with good faith, and with that degree of diligence, care, and skill that an ordinarily prudent person would exercise under similar circumstances in a like position. In discharging the duties, a Member or an employee or agent, when acting in good faith, may rely upon the opinion of counsel for the Financial Advisory Board, upon the report of an independent appraiser selected with reasonable care by the Financial Advisory Board, or upon financial statements of the Financial Advisory Board or the City represented to the Member or employee or agent of the Financial Advisory Board to be correct by the person having charge of its books or account, or stated in a written report by a certified public accountant or firm of certified public accountants fairly to reflect the financial condition of the Financial Advisory Board or the City.

(iv) A requirement that a Member shall not make, participate in making, or in any way attempt to use his or her position as a Member to influence a decision providing a personal, family, or business benefit to the Member.

(v) A requirement that a Member or employee or agent of the Financial Advisory Board shall not engage in any conduct that constitutes a conflict of interest and shall immediately advise the Board Chair in writing of the details of any incident or circumstances that may present the existence of a conflict of interest with respect to the performance of the Board-related work or duty of the member, employee, or agent. The Board Chair will immediately advise the State Treasurer and the Chief Executive of any personal conflict of interest.

(vi) A requirement that a Member with a conflict of interest related to any matter before the Financial Advisory Board shall disclose the conflict of interest before the Financial Advisory Board takes any action with respect to the matter, which disclosure shall become a part of the record of the Financial Advisory Board's official proceedings. The Member with the conflict of interest shall refrain from doing all of the following with respect to the matter that is the basis of the conflict of interest:

(A) Voting in the Financial Advisory Board's proceedings related to the matter;

(B) Participating in the Financial Advisory Board's discussion of and deliberation on the matter;

(C) Being present at the meeting of the Financial Advisory Board when the discussion, deliberation, and voting on the matter take place; and

(D) Discussing the matter with any other Member.

(vii) A requirement that Members not directly or as a result of their affiliation with other organizations do business with the City, have any contracts with the City, respond to any RFPs, or seek any no-bid contracts (pending or future), nor have immediate family or "close kin" relationships with officers or employees of the City.

(ix) A requirement that Members may not have or acquire financial interest in any property or asset owned by the City, nor have an interest in any provider of goods and services to the City, unless such interest comes through ownership of publicly-traded shares constituting not more than 0.1% ownership in such provider.

(x) A requirement that Members formally attest to their independence and understanding of the Policy.

(xi) Except as otherwise provided by applicable law, a requirement that Members or employees or agents of the Financial Advisory Board shall not knowingly:

A. Willfully or grossly neglect the discharge of his or her duties;

B. Use or disclose confidential information concerning the property, governance, or affairs of the Financial Advisory Board not available to members of the public and gained by reason of his or her official position;

C. Engage in or accept private employment or render services when such employment or service is in conflict or incompatible with the proper discharge of his or her official duties or would tend to impair his or her independence of judgment or action in the performance of official duties;

D. Represent a private person, business, or organization in any action or proceeding pending before the Financial Advisory Board or the City or any office, department, or agency thereof.

E. Vote or otherwise participate in the approval of any contract of the Financial Advisory Board or the City, or any other type of

transaction, with any business entity in which he or she or an immediate family member has a financial interest;

F. Use his or her official position, in violation of applicable law, to improperly influence a decision of the Financial Advisory Board, the Mayor, City Council members, the City Clerk, appointees or other City employees, or the Emergency Manager, including any agents or employees of the foregoing; or

G. Attempt to influence any decision to fill a position in City government with an immediate family member.

(xii) A requirement that a Member not accept gifts, gratuities, honoraria, or other things of value from any person or company (A) doing business or seeking to do business with the City or the Financial Advisory Board, (B) seeking official action from the City or the Financial Advisory Board, or (C) that has interests that could be substantially affected by the performance of the person's official duties, except as specifically provided in the Policy.

In addition to the foregoing, the Policy may, by reference, incorporate ethics policies of the City that impact the Financial Advisory Board.

By a vote of six members of the Financial Advisory Board, the Financial Advisory Board may waive a portion of the Policy on a case-by-case basis when the Financial Advisory Board determines upon a consideration of the facts and circumstances that a waiver is in the public interest.

1.4 Financial Advisory Board Organizational Matters. The Financial Advisory Board may:

(a) Adopt rules of procedure governing the conduct of its business, including, but not limited to, the (i) identification of the responsibilities of the Board Chair, which will include the role of chairing Revenue Conferences (defined below); (ii) appointment of its officers as necessary and appropriate; and (iii) adoption of specific procedures governing the Financial Advisory Board's performance of its purposes described in this Agreement.

(b) Hire, employ, appoint, and/or supervise professional staff to assist in the completion of its duties and to assist State and local officials. The City shall be responsible for the payment of all reasonable fees and expenses incurred by the Financial Advisory Board in connection with such professionals' services up to an annual maximum of not more than $250,000.00 or such other amount as shall be agreed to by the City and the Treasury Department, with 50% of all such payments by the City to be (i) reimbursed by the Treasury Department no later than the earlier of (a) 45 days after the submission by the City of an invoice for such reimbursement to the Treasury Department or (b) the close of the same State fiscal year in which such payments are made; and (ii) incorporated in the Budget.

(c) Enter into contracts to assist in the completion of its duties and sue and be sued in its own name.

(d) Obtain appropriate levels of insurance for its Members, including director and officer insurance or its equivalent. The Treasury Department shall be responsible for the payment of all reasonable premiums and expenses incurred by the Financial Advisory Board in connection with such insurance.

1.5 Financial Advisory Board Authority. Consistent with the terms, conditions, and limitations of this Agreement and applicable law, the Financial Advisory Board may do any of the following:

(a) Monitor the City's financial and operational performance and the timely implementation of the Triennial Budget consistent with the terms of this Agreement and not less than annually advise the State Treasurer, the Emergency Manager, the Mayor, and the City Council of the Financial Advisory Board's conclusions. Reports of the Financial Advisory Board under this subsection shall be made available to the public. While the Chapter 9 Case is pending, such reports shall be prepared only as and when requested by the Emergency Manager.

(b) Provide assistance, advice, and support to the City on the Support Subjects, including, where appropriate and agreed, by a Member

providing consulting services to the City in the Member's areas of expertise.

(c) Provide assistance, advice, and technical support in the preparation of the City's annual proposed operating and capital budgets and the Triennial Budget (any such budget, a "Budget") and any Budget amendments. The Budget shall be prepared on a consistent basis with the Triennial Budget, subject to and without limiting the Emergency Manager's powers to amend, revise, approve, or disapprove of the Budget under Act 436. See, e.g., Section 12(1)(b) of Act 436.

(d) As part of the Revenue Estimation process under Sections 3.1 and 3.2 of this Agreement, review and approve the Revenue Estimation, including any Set-Aside (defined below) for deficit reduction or budget stabilization, to be included in a proposed Budget or Budget amendments, subject to the powers and functions of an Emergency Manager under Section 3.1(e) below and without limiting the Emergency Manager's powers to amend, revise, approve, or disapprove the Budget under Act 436, including, but not limited to, Section 12(1)(b) of Act 436.

(e) Monitor and review operational reform initiatives of the City.

(f) Monitor the performance by the City and the Treasury Department in compliance with this Agreement and report to the City and the Treasury Department on any findings.

(g) Review, assist, advise, comment, and make recommendations to the City on revisions to the Charter.

1.5a Financial Advisory Board Authority with Emergency Manager. Consistent with the terms, conditions, and limitations of this Agreement and applicable law, if an Emergency Manager is in place for the City under Act 436, as and to the extent requested by the Emergency Manager, the Financial Advisory Board also may do any of the following:

(a) Assist and advise the Emergency Manager regarding initiatives for rectifying the City's financial emergency, assuring the fiscal accountability of the City and ensuring the City's capacity to provide or cause to be provided necessary governmental services essential to the public health, safety, and welfare;

(b) Review quarterly reports regarding the financial condition of the City prepared by the Emergency Manager under Section 9(5) of Act 436 and

periodically report on the financial condition of the City and the progress in the City's restructuring to the State Treasurer;

(c) Monitor compliance by City officials, employees, agents, and contractors with orders issued by the Emergency Manager under Section 10 of Act 436;

(d) Monitor and report on the City's implementation of the financial and operating plan for the City developed under Section 11 of Act 436;

(e) Review and approve any two-year budget adopted and implemented for the City by the Emergency Manager under Section 21 of Act 436 and any budget amendments, provided that the Emergency Manager shall have the right to modify the two-year budget as necessary or appropriate in the Emergency Manager's sole discretion to account for the restructuring activities in the Chapter 9 Case;

(f) Inquire into the conduct and administration of City departments and agencies and require officers and employees of the departments and agencies to provide reports and information relating to the activities and affairs departments and agencies. To facilitate the implementation of this paragraph, the Financial Advisory Board may designate one or more Members to serve as liaisons between the Financial Advisory Board and one or more City departments exercising the following functions:

(i) Fire and Emergency Medical Services;

(ii) Planning and Development;

(iii) Human Resources;

(iv) Building, Safety, Engineering and Environmental Development;

(v) Public Lighting;

(vi) Transportation;

(vii) Information Technology;

(viii) Finance (including, but not limited to, purchasing, procurement, accounting, estimating, reporting, tax administration, and grant management); and

(ix) Blight Remediation.

(g) Examine records and books of account of the City, and require the attendance of witnesses and the production of books, papers, contracts,

and other documents relevant to an analysis of the financial condition of the City;

(h) Review and advise the Emergency Manager on any investigatory reports prepared by any local inspector or auditor under Section 12(1)(p) of Act 436 or otherwise or by any outside consultant to the City; and

(i) Assist in determining whether a financial emergency within the City has been rectified pursuant to Section 22 of Act 436 as requested by the Emergency Manager or the State Treasurer.

1.6 Quorum and Voting. A majority of the members of the Financial Advisory Board appointed and serving shall constitute quorum. Except as otherwise provided in this Agreement, the Financial Advisory Board may act by a majority vote of its Members present and voting.

1.7 Meetings. The Financial Advisory Board shall be subject to and comply with the Open Meetings Act, 1976 PA 26, MCL 15.261 to 15.275.

1.8. Procurement. The Financial Advisory Board shall adopt rules and/or regulations governing its procurement practices. As an intergovernmental entity, the Financial Advisory Board is not subject to City rules and/or regulations governing procurement activities or requirements applicable to procurement by State departments or agencies. The City's and the Treasury Department's aggregate obligation for all costs and expenses incurred by the Financial Advisory Board, inclusive of procurement, shall not exceed $1,000,000.00 each per fiscal year unless otherwise expressly agreed to by the Chief Executive, the Treasury Department, and if an Emergency Manager is not in place for the City under Act 436, approved by the City Council.

1.9. Taxes and Incurring Debt. The Financial Advisory Board is not authorized under this Agreement to levy any type of tax within the boundaries of the City or in any way to indebt the City, except as otherwise expressly authorized in this Agreement with

respect to certain fees and costs of the Financial Advisory Board (some of which may be subject to reimbursement by the Treasury Department). The Financial Advisory Board is not authorized under this Agreement in any way to indebt the Treasury Department or the State.

1.10 Receivership Conditions. (a) If the Governor imposes conditions on the City under Section 22(4) of Act 436, MCL 141.1562(4), before removing the City from receivership, the Financial Advisory Board shall review, monitor, and report to the State Treasurer on the City's compliance with any of the following conditions imposed, as applicable:

(a) Implementation of financial best practices within the City;

(b) Adoption of a model charter or model charter provisions; and

(c) Pursuit of financial or managerial training to ensure that official responsibilities are properly discharged.

1.11. Receivership Transition Advisory Board. If a receivership transition advisory board is appointed for the City under Section 23 of Act 436, MCL 141.1563, the members of the Financial Advisory Board may be appointed to serve as members of the receivership transition advisory board and perform the functions of a member of a receivership transition advisory board.

2. CHIEF FINANCIAL OFFICER

2.1 Chief Financial Officer.

(a) The position of Chief Financial Officer shall continue as a group executive within the executive office of the Mayor. The Chief Financial Officer shall supervise all finance and budget activities of the City, shall report directly to the Chief Executive, and

shall be physically housed in the executive office of the Mayor. The Chief Financial Officer shall directly assist any Chief Operating Officer for the City and other Directors, senior executive staff, and financial staff on all strategic and tactical matters as they relate to budget management, financial management, financial reporting, cost benefit analysis, forecasting needs, the securing of new funding, and adherence to the Budget and the Triennial Budget. The Chief Financial Officer shall be responsible for overseeing a comprehensive examination of the Budget to improve services and promote efficiency. The Chief Financial Officer shall report on his or her activities as requested by the Financial Advisory Board. The Directors of the Budget Department and the Finance Department shall report directly to the Chief Financial Officer. The Chief Financial Officer shall be treated as a "Director" for purposes of Sec. 5-103 of the Charter. If an Emergency Manager is in place for the City under Act 436, the Chief Financial Officer shall be subject to direction and supervision by, and other powers and functions of, the Emergency Manager. If an Emergency Manager is not in place for the City under Act 436, removal of the Chief Financial Officer by the Mayor shall be subject to the consent of the City Council and the Financial Advisory Board, in each case acting by a majority vote of the members then elected or appointed and serving.

(b) In the event of a vacancy in the position of Chief Financial Officer, within 60 days of the occurrence of a vacancy, the Chief Executive shall appoint a Chief Financial Officer from a list of not less than 3 candidates agreed to between the Chief Executive and the State Treasurer; provided that if an Emergency Manager is in place for the City under Act 436, the Emergency Manager may appoint an interim Chief Financial Officer with the qualifications required by this Section 2.1(b) with the consent of the State

Treasurer, and if an Emergency Manager is not in place for the City under Act 436, the Mayor may appoint an interim Chief Financial Officer with the qualifications required by this Section 2.1(b) with the consent of the State Treasurer. Candidates shall have substantial experience with at least two of the following disciplines: (i) sophisticated municipal financial transactions; (ii) Support Subjects in the context of distress and transition environments; (iii) complex, multi-dimensional governmental restructurings; (iv) governmental labor relations, health care benefits, and/or pension matters; and (v) local government management with government units having aggregated revenues of $250 million or more. No then currently serving or former elected official of the City or currently serving elected official of the State may be appointed Chief Financial Officer. No then currently serving appointee of the Mayor's executive office, of the Governor's executive office, or of the City Council may be appointed Chief Financial Officer. A currently serving or former elected official of the City, a currently serving elected official of the State, and a currently serving appointee or employee of the City may be appointed as an interim Chief Financial Officer. The Chief Financial Officer's compensation shall be agreed to between the Chief Executive and the State Treasurer, and the City's most recent Official Compensation Schedule (the "White Book") shall be modified as necessary to reflect the agreed-to compensation. The Chief Financial Officer shall provide the Financial Advisory Board with all of the following:

(i) Monthly cash flow projections for the City and a comparison of budgeted revenues and expenditures to actual revenues and expenditures.

(ii) Monthly status reports of property tax, income tax, and other City tax collections and outstanding balances compared to the same period for the prior year.

(iii) If an Emergency Manager is not in place for the City under Act 436, the Chief Financial Officer shall assure that a rolling six-year capital improvement plan for the City is prepared annually prepared in accordance with applicable law and provide the report to the Financial Advisory Board for approval before implementation.

3. **FINANCIAL AND BUDGET PROCESS; REVENUE CONFERENCES; TRIENNIAL BUDGET**

3.1 Revenue Conferences; Conduct.

(a) Consistent with Section 8-213 of the Charter, the Directors of the Finance Department, the Budget Department, the Auditor General, and City Council's Fiscal Analysis Division shall hold a revenue estimating conference ("Revenue Conference") each January and July, or such other dates as shall be determined by the Board Chair of the Financial Advisory Board or agreed to by the participants in the Revenue Conference, for the purpose of arriving at a consensus estimate of revenues to be available for the then current fiscal year of the City and the next fiscal year beginning the following July 1st (such estimate, a "Revenue Estimation"). The Board Chair of the Financial Advisory Board or his or her designee and the Chief Financial Officer shall attend and participate in the Revenue Conference. The Emergency Manager or his or her designee(s) and advisors also may attend and participate in the Revenue Conference at the discretion of the Emergency Manager. The Board Chair shall set the meeting dates of the Revenue Conference and shall preside over the Revenue Conference or, in the absence of the Board Chair, the Chief Financial Officer shall preside. The revenues under consideration shall include all general fund, solid waste fund, and risk-management fund revenues; revenues of enterprise agencies that require a general fund subsidy; and all other revenues of the City. The parties participating in

the Revenue Conference also shall compile and consider any and all outstanding delinquent receivables in the possession of City agencies, departments, and entities and, in conjunction with Corporation Counsel, recommend to the Chief Executive, the Chief Financial Officer, the Financial Advisory Board, and if an Emergency Manager is not in place for the City under Act 436, the City Council, the most efficient means to collect this revenue, which may include collection procedures undertaken by the Law Department, or if an Emergency Manager is in place for the City under Act 436, actions of the Emergency Manager under Act 436. Revenue Conference reports should adhere to the reporting standards recommended by the City Council's Fiscal Analysis Division except as otherwise determined by the Financial Advisory Board.

(b) At or in connection with a Revenue Conference, the Revenue Conference may (i) take testimony from persons with municipal finance, budgetary, economic, or related expertise; and (ii) request from all public officers, departments, agencies, and authorities of the City or the Treasury Department assistance or information necessary to arrive at a Revenue Estimation (together with all other information considered by the Revenue Conference, such testimony, assistance, and information, the "Revenue Estimation Evidence"). If an Emergency Manager is in place for the City under Act 436, the Emergency Manager or his or her designee(s) and advisors shall be permitted, at the request of the Emergency Manager, to provide reports, testimony, or other information for consideration by the Revenue Conference and to attend, monitor, or participate in the Revenue Conference.

(c) The Revenue Estimation shall include a determination by the Revenue Conference of the amount of revenue to be applied to reduce any accumulated deficit or, if there is no accumulated deficit, to a budget stabilization account (the "Set-Aside").

(d) The Revenue Estimation, including any Set-Aside, shall be reviewed and approved by the Financial Advisory Board, provided that any Revenue Estimation and Set-Aside shall be consistent with any financial and operating plan for the City under Section 11 of Act 436 if an Emergency Manager is in place for the City under Act 436.

(e) Notwithstanding the foregoing, while the Chapter 9 Case is pending, and if an Emergency Manager is in place for the City under Act 436, the Emergency Manager shall have the authority to establish or modify the Revenue Estimation and the Set-Aside, after consultation with the Financial Advisory Board, as necessary or appropriate in the Emergency Manager's sole discretion to account for the terms of a proposed or confirmed plan of adjustment or other restructuring activities in Chapter 9. Likewise, notwithstanding anything herein to the contrary, the Emergency Manager may suspend any or all of the Revenue Estimation process in the Emergency Manager's discretion during the pendency of the Chapter 9 Case.

3.2 Revenue Conferences; Limitation on Adjournment. A Revenue Conference shall not be adjourned until the Board Chair, in the Board Chair's discretion, determines that either: (a) a consensus regarding the Revenue Estimation based upon reasonable assumptions (economic and otherwise) has been reached; (b) sufficient Revenue Estimation Evidence exists to allow for a Revenue Estimation, despite any inability to reach a consensus with respect to such Revenue Estimation; or (c) the Emergency Manager has exercised his or her powers or functions under Section 3.1(e)

above. A Revenue Estimation shall set forth discrete revenue estimates from each of the City's major revenue sources, in a form consistent with Treasury Department pronouncements, including all of the following: (a) property taxes; (b) income taxes; (c) casino gaming taxes; (d) State revenue sharing and other State grants; (e) federal grants; (f) licenses, fees, and permits; (g) interest income; (h) proceeds from the sale or lease of any City-owned assets; (i) operating transfers or reimbursements from other funds; and (j) other funds if required by the Charter. If a consensus cannot be reached with respect to a Revenue Estimation within 14 days after the beginning of the Revenue Conference, the Revenue Estimation Evidence shall be submitted by the Board Chair to the State Treasurer, who shall determine the Revenue Estimation, including any Set-Aside, for the upcoming Budget period, subject to an Emergency Manager's powers and functions under Section 3.1(e) above.

3.3. Budget Proceedings and Adoption. The Budget adopted for each fiscal year for the City shall comply with the following requirements, consistent with the provisions of this Agreement:

(a) A Budget for a fiscal year shall not provide for the expenditure of revenue exceeding the revenue projected in the Revenue Estimation for the fiscal year, subject to an Emergency Manager's powers and functions under Section 3.1(e) above.

(b) Subject to Sections 3.1 and 3.2 of this Agreement, each Budget shall be prepared and presented, and each appropriations act proposed by the City shall be adopted, in accordance with the provisions of Act 2, Public Acts of Michigan, 1968, as amended, the Uniform Budgeting and Accounting Act ("Act 2"), applicable provisions of the Charter, and Sections 18-2-16 through 18-2-25 of the Detroit City Code, as amended from time to time.

(c) Beginning with the 2014-2015 Budget, the proposed Budget for each fiscal year shall be transmitted by the Chief Executive to the Financial Advisory Board not later than March 29 of each year. The Financial Advisory Board is not required to approve a budget for the City's 2013-2014 fiscal year.

After the 2013-2014 fiscal year, if an Emergency Manager is in place for the City under Act 436, a Budget shall not be adopted by the City until approval of the Emergency Manager after consultation with the Financial Advisory Board. After the 2013-2014 fiscal year, if an Emergency Manager is not in place for the City under Act 436, prior to final approval of a Budget and General Appropriations Act approved by the City Council for a fiscal year, if requested by the Financial Advisory Board, the Mayor shall upon receipt from the City Council submit the Budget and General Appropriations Act to the Financial Advisory Board for consultation and the Mayor shall approve or disapprove the Budget and General Appropriations Act, or part or parts of the Budget and General Appropriations Act, as recommended by the Financial Advisory Board.

(d) During the period covered by any Budget, if no Emergency Manager is in place for the City under Act 436, the Mayor shall propose such amendments to the existing Budget as are necessary on a timely basis so as to prevent an expenditure from being made for which adequate revenues are unavailable or are projected to be unavailable (e.g., on account of a shortfall in actual revenue, or unusual or extraordinary expenditures) or otherwise to support the initiatives in the Triennial Budget.

(e) Each Budget shall be designed to ensure that the City shall not end the relevant fiscal year with an operating deficit in any fund (any such deficit, an "Operating Deficit"), provided that, (i) if an Emergency Manager is in place for the City under Act 436, after consultation with the Financial Advisory Board, the Emergency Manager shall have the authority to approve Operating Deficits proposed in Budgets or amendments thereto (and any other budget powers conferred by Act 436), unless prohibited by State law; and (ii) if no Emergency Manager is in place for the City under Act 436, solely upon the recommendation of the Financial Advisory Board in the Financial Advisory Board's sole discretion, the Mayor shall have the authority to propose, and the City Council shall have the authority to approve, Operating Deficits proposed in Budgets or amendments thereto, unless prohibited by State law.

(f) If an Emergency Manager is not place for the City under Act 436 and it appears to the Mayor, the Chief Financial Officer or the City Council during a fiscal year that the actual and probable revenues from taxes and other sources in a fund are less than the estimated revenues, including an available surplus upon which appropriations from the fund were based and other proceeds permitted by law, and will be insufficient to satisfy projected expenditures, the Mayor, within 30 days of notification of such revenue shortfall, shall present to the City Council the Chief Financial Officer's recommendations which, if adopted, would prevent expenditures from exceeding available revenues for that current fiscal year. The recommendations shall include proposals for reducing appropriations from

the fund for budgetary centers in a manner that would cause the total of appropriations to not be greater than the total of revised estimated revenues of the fund, or proposals for measures necessary to provide revenues sufficient to meet expenditures of the fund, or both. If an Emergency Manager is in place for the City under Act 436, the Emergency Manager shall have the power to address any revenue shortfalls, including by taking the actions set forth in this subsection 3.3(f) without further action by the Mayor or City Council, and any power or function authorized under Section 12(1)(b) of Act 436.

(g) During the term of this Agreement, no officer or employee of the City shall make or authorize any obligation or other liability not authorized by the Budget or in excess of any amount authorized in the Budget unless approved either (i) by the Emergency Manager after consultation with the Financial Advisory Board if an Emergency Manager is in place for the City under Act 436; or (ii) if no Emergency Manager is in place for the City under Act 436, jointly by the Mayor and the Financial Advisory Board in compliance with applicable law.

(h) If during a fiscal year the Chief Financial Officer becomes aware of a proposed contract, financial transaction, or settlement of claim that, in the Chief Financial Officer's judgment, will have a material adverse impact on the Budget or on City's long-term ability to achieve and maintain financial stability, the Chief Financial Officer shall report the Chief Financial Officer's concerns respecting the proposed contract, transaction, or settlement to the Chief Executive, the Financial Advisory Board, the Treasury Department, and, if no Emergency Manager is in place for the City under Act 436, the City Council.

(i) If an Emergency Manager is in place for the City under Act 436, nothing in this Agreement limits or restricts the powers or functions of the Emergency Manager with respect to the Budget under Section 12(1)(b) of Act 436 or otherwise, and the Emergency Manager retains the power to modify the Budget, after consultation with the Financial Advisory Board, as necessary or appropriate to account for the terms of a proposed or confirmed plan of adjustment or other restructuring activities in Chapter 9.

If an Emergency Manager is not in place for the City under Act 436, the Financial Advisory Board may approve a portion of a Budget under this Section 3.3 and the portion of the Budget approved by the Financial Advisory Board shall take effect unless otherwise prohibited under this Agreement.

3.4 Triennial Budget. (a) As a means of addressing the City's fiscal imbalances and accumulated deficit and to permit continuous planning at least three fiscal years in the future, beginning with 2014-2015 fiscal year, the City, in consultation with the Financial Advisory Board, shall develop and maintain a Triennial Budget for adoption by (i) the Emergency Manager if an Emergency Manager is in place for the City under Act 436 or (ii) if no Emergency Manager is in place for the City under Act 436, the City Council. The Triennial Budget shall contain specific and realistic operational metrics, expenditure reductions, revenue set-asides, or specific and realistic revenue enhancements, or any combination of them, in an amount sufficient to address, within a period of not to exceed five years, any current or accumulated deficit in any fund maintained by the City. The Financial Advisory Board may approve modifications to the period within which the accumulated deficit will be eliminated. In addition, the Triennial Budget shall provide for the liquidation of all significant inter-fund payables and receivables, not regularly settled, in not to exceed 5 years from the date of this Agreement. The Financial Advisory Board may approve modifications to the period within which the inter-fund payables and receivables will be settled. The Triennial Budget shall include details of the budget appropriation, reductions in employee salary, wages, employee retirement systems, other fringe benefits, debt retirement, and operating expenditures or revenue enhancements.

(b) Beginning with the City's fiscal year 2014-2015 Budget, a copy of the proposed Triennial Budget shall be filed with the Treasury Department not later than April 12 of each year concurrently with submittal of the Mayor's annual Budget to City Council under the City's Finance and Taxation Ordinance. The City shall approve of

and amend the Budget from time to time as necessary to give full effect to the Triennial Budget as recommended by the Chief Financial Officer. The Chief Financial Officer shall have primary responsibility under the Chief Executive for the development of and adherence to the Triennial Budget. The Triennial Budget shall be posted on the City's website.

(c) If an Emergency Manager is in place for the City under Act 436, nothing in this Agreement limits or restricts the powers or functions of the Emergency Manager with respect to the Triennial Budget under Section 12(1)(b) of Act 436 or otherwise, and the Emergency Manager retains the power to modify the Triennial Budget, after consultation with the Financial Advisory Board, as necessary or appropriate to account for the terms of a proposed or confirmed plan of adjustment or other restructuring activities in Chapter 9.

4. DEFAULTS AND REMEDIES

4.1 Obligations of the Parties. (a) The City, through its officers and the City Council and applicable law, is bound by the obligations set forth in, and shall adhere to, this Agreement. The Mayor and the City Council (and all departments, agencies, and other entities organized within, and all officers acting on behalf of, the Mayor and the City Council shall provide the Financial Advisory Board with access to all information, documentation, and personnel as may be reasonably requested by the Financial Advisory Board from time to time, with respect to all matters addressed in this Agreement. During the term of this Agreement, no officer or employee of the City shall knowingly (a) take any action in violation of the terms of, or shall fail or refuse to take any action reasonably required by, this Agreement; or (b) prepare, present, or certify

any information (including any projections or estimates) or report for an Emergency Manager, the Mayor, the Chief Financial Officer, the City Council, the Revenue Conference, or the Financial Advisory Board that is false or misleading in any material respect, or, upon learning that any such information is false or misleading in a material respect, shall fail promptly to advise the Financial Advisory Board, the Chief Executive, and the Chief Financial Officer thereof.

(b) The Treasury Department, through the State Treasurer and applicable law, is bound by the obligations set forth in, and shall adhere to, this Agreement, consistent with applicable law. Any obligation of the Treasury Department to provide financial assistance under this Agreement is subject to the mandate under Section 17 of Article IX of the State Constitution of 1963 that no money may be paid out of the state treasury except in pursuance of appropriations made by law.

4.2 Material Breach; Default. (a) For purposes of this Agreement, a breach of the obligations set forth in this Agreement, if uncured, shall be considered a material breach of this Agreement if, in the judgment of the Financial Advisory Board, the breach materially impairs the Financial Advisory Board's ability to exercise its express responsibilities under this Agreement.

(b) If the Financial Advisory Board determines that a material breach of this Agreement by the City has occurred or is occurring and an Emergency Manager is not in place for the City under Act 436, the Financial Advisory Board shall immediately notify the Mayor, City Council, and the Treasury Department of its determination. Upon receipt of the notice, the Mayor and City Council shall take all lawful steps necessary to cure the material breach within 30 days, or, if the material breach is of a nature which

cannot be cured within 30 days, shall commence and diligently pursue a cure, and shall report the steps taken to the Financial Advisory Board and the Treasury Department. The Financial Advisory Board shall investigate the circumstances and shall evaluate the efficacy of the cure or attempted cure. The Mayor and City Council shall have the opportunity to present evidence and argument to the Financial Advisory Board as to any aspect of the material breach and the efficacy of any cure. Following the expiration of the 30-day cure period, the Financial Advisory Board shall make a determination as to whether the material breach has been adequately cured. Following its investigation and the receipt of evidence and argument under this Section 4.2(b), the Financial Advisory Board shall make a declaration as to whether a default in the performance of the obligations under this Agreement has occurred. A declaration that a default has occurred shall require a vote of the Financial Advisory Board.

4.3 Default; Remedies. Consistent with this Agreement, a declaration of default on account of a material uncured breach of this Agreement by the City pursuant to Section 4.2 above may result in (a) the suspension by the Treasury Department of (i) discretionary State revenue sharing initiatives and agreements between the Treasury Department or the State and the City pursuant to Act 140, and/or (ii) Economic Vitality Incentive Program payments, Competitive Grant Assistance Program payments, or other intergovernmental assistance between the Treasury Department or the State and the City pursuant to Act 140 and other applicable law, in each case to the extent permitted by law; and/or (iii) other payments from the State to the City to the extent permitted by law; (b) the withholding by the Treasury Department of approvals to enter the capital markets under Act 34 or other State law; (c) accelerating or exercising other

rights and remedies by the Treasury Department for collection of any existing loans from the State to the City under, e.g., Act 243 or other applicable law; (d) the filing of court proceedings by the Financial Advisory Board or the State Treasurer in the Circuit Court for Wayne County, Michigan, or the U.S. District Court for the Eastern District of Michigan seeking mandamus, an injunction, appointment of a referee, or other equitable relief consistent with the urgent public purposes of this Agreement so as to cause the obligations of this Agreement to be fully and timely performed; and/or (f) other remedies available to the Treasury Department or under State law, including, but not limited to, removal or suspension of a City official. The remedies provided in this Section 4.3 shall be cumulative.

For the avoidance of doubt, (a) there are no third party beneficiaries of this Agreement; (b) the foregoing remedies may be pursued and enforced only by and in the discretion of the Treasury Department; and (c) none of these remedies may be implemented while an Emergency Manager is in place for the City under Act 436, in a manner inconsistent with Act 436, or inconsistent with any order of the Bankruptcy Court in the Chapter 9 Case.

5. AMENDMENT; WAIVER OF PROVISIONS

5.1 Amendment; Waiver. This Agreement may be amended only in writing by the mutual consent State Treasurer and the City. If an Emergency Manager is in place for the City under Act 436, the Emergency Manager stands in the place and stead of the Mayor and the City Council under Section 9(2) of Act 436, for purposes of agreeing to any amendment of this Agreement on behalf of the City. By agreement of the parties, the Financial Advisory Board, in its sole discretion, may waive or forbear from any

provision of this Agreement that requires an act by the City, provided that, for the avoidance of doubt, no entity other than the Financial Advisory Board shall be permitted to waive or forbear from any provision hereof that otherwise relates to a power reserved for the Financial Advisory Board, subject only to Section 7.3 below. No waiver of or forbearance from any provision of this Agreement shall arise from any action or inaction of the Financial Advisory Board, except pursuant to an instrument in writing expressly waiving or forbearing from the provision executed by the party entitled to the benefit of the provision.

6. DURATION OF AGREEMENT

6.1 Duration of Agreement. The term of this Agreement shall run from the Effective Date of the Agreement through and including the earliest of the following:

(a) The appointment of a transition advisory board for the City under Section 23 of Act 436;

(b) The mutual written consent of the City and the Treasurer to the termination of this Agreement; or

(c) June 30, 2020.

7. CONTINUING EFFECT; EMPLOYEES; SEVERABILITY

7.1 Continuing Effect. This Agreement shall remain in effect until it expires or is terminated.

7.2 Nature of Agreement. Without limiting the terms hereof, the City and the Treasury Department intend for this Agreement to be treated and construed as an agreement authorized under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512. Nothing in this Agreement prohibits the City from

subsequently entering into a contract with the Financial Advisory Board or another political subdivision of this State for the transfer of functions or services from the City to the Financial Advisory Board or the political subdivision, to the extent authorized under 1967 (Ex Sess) PA 8, MCL 124.531 to 124.536. The City and the Treasury Department do not intend for this Agreement to be construed as a consent agreement under former 2011 PA 4 or Act 436.

7.3. Emergency Manager. (a) If an Emergency Manager is in place for the City under Act 436, the Emergency Manager acts for and in the place and stead of the City Council and the Mayor. Officers, employees, contractors, and agents of the City remain subject to the direction and supervision by, and the powers and functions of, the Emergency Manager under Act 436, notwithstanding any contrary provision of this Agreement.

(b) Section 7.3(a) does not limit the authority of an Emergency Manager to authorize in writing, by order or otherwise, City officers to perform powers vested in the Emergency Manager under Act 436. The Emergency Manager, in his or her discretion, may issue to the appropriate City elected and appointed officials and employees, agents, and contractors of the City the orders the Emergency Manager considers necessary to accomplish the purposes of this Agreement and Act 436.

(c) Nothing in this Agreement (including, but not limited to, any remedy provided under this Agreement) shall, or shall be construed to, diminish, restrict, or interfere with (i) the powers and functions of an Emergency Manager in place for the City under Act 436, including, but not limited to, powers and functions with respect to the Budget under

Section 12(1)(b) of Act 436; or (ii) the powers and functions of the Emergency Manager as the sole representative of the City in the Chapter 9 Case.

(d) Entry into and implementation of this Agreement by the Emergency Manager on behalf of the City constitutes the exercise of broad powers by the Emergency Manager to rectify a financial emergency and to assure the fiscal accountability of the City and the City's capacity to provide or cause to be provided necessary governmental services essential to the public health, safety, and welfare. Entry into this Agreement by the Emergency Manager on behalf of the City also constitutes the entry into an agreement with another public entity, for the provision of services, exercise of powers, or the administration of functions and responsibilities.

7.3a State Treasurer and Treasury Department. Nothing in this Agreement (including, but not limited to, any remedy provided under this Agreement) shall, or shall be construed to, diminish, restrict, or interfere with the powers and functions of the State Treasurer or Treasury Department under Act 436 or other State law, including, but not limited to, powers and functions of the State Treasurer or Treasury Department with respect to debt or securities, and state revenue sharing.

7.4 Employees. In no event shall this Agreement direct, permit, or enable the transfer of employees or groups of employees from the City to the Financial Advisory Board or otherwise to merge or create a "workforce" of the Financial Advisory Board. Nothing in this Agreement creates an employment relationship between the employees of the City or the Treasury Department and the Financial Advisory Board. The City shall function as the employer of personnel and staff of the City needed for the implementation of this Agreement. The Treasury Department shall function as the

employer of personnel and staff of the Treasury Department needed for the joint exercise of power under this Agreement. The Financial Advisory Board shall function as the employer of any personnel and staff of the Financial Advisory Board not otherwise employed by the City or the Treasury Department needed for the joint exercise of power under this Agreement. No employees of the City or the Treasury Department are transferred from the City or the Treasury Department to the Financial Advisory Board under this Agreement.

7.5 Management and Direction. Except as otherwise provided in this Agreement, the Financial Advisory Board has the responsibility, authority, and right to manage and direct on behalf of the public the functions or services of the Financial Advisory Board performed or exercised by the Financial Advisory Board under this Agreement. Except as otherwise provided in this Agreement, the City has the responsibility, authority, and right to manage and direct on behalf of the public the functions or services of the City performed or exercised by the City under this Agreement. The State Treasurer has the responsibility, authority, and right to manage and direct on behalf of the public the functions or services of the Treasury Department performed or exercised by the Treasury Department under this Agreement. The functions or services of the Financial Advisory Board, the City, and the Treasury Department, respectively, under this Agreement are deemed to be in the interests of the public health, safety, and welfare, and the accomplishment of the objectives of this Agreement is an urgent public purpose.

7.6 Severability. If any provision of this Agreement, or its application to any person, party, or circumstance, is determined to be invalid or unenforceable for any

reason, the remainder of this Agreement and its application to other persons, parties or circumstances shall not be affected and shall remain enforceable to the full extent permitted by law. On account of the urgent public purpose and the protection of the public health, safety, and welfare sought to be accomplished by this Agreement, it is the intent of the parties to continue to implement the provisions of this Agreement, in whole or in part, to the fullest extent possible under applicable law.

8. COUNTERPARTS

8.1 Counterparts; Signatures. This Agreement may be executed in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same Agreement. Execution may be accomplished by delivery of original or electronic copies of the signature page hereto (e.g., by facsimile or email).

9.1. EFFECTIVE DATE

9.1 Effective Date. The effective date of this Agreement ("Effective Date") shall be the date on which the last of all of the following have occurred: (a) this Agreement as amended and restated is approved and executed by the Emergency Manager on behalf of the City; (b) this Agreement as amended and restated is approved and executed by the State Treasurer; (c) this Agreement as amended and restated is approved by the Financial Advisory Board; (d) this Agreement as amended and restated is approved by the Governor; (e) this Agreement is as amended and restated filed with the Clerk for the Charter County of Wayne, Michigan; (f) this Agreement as amended and restated is filed with the Clerk for the County of Ingham, Michigan; and (g) this Agreement as amended and restated is filed in the Office of the Great Seal, Michigan Department of State.

IN WITNESS WHEREOF, the parties, by their designated representatives, have signed and executed this Agreement as amended and restated on this 24 day of November, 2013.

CITY OF DETROIT

Kevyn D. Orr, Emergency Manager

MICHIGAN DEPARTMENT OF TREASURY

R. Kevin Clinton, State Treasurer

FINANCIAL ADVISORY BOARD

Sandra Pierce,
Chairperson

I find that this Agreement is in proper form, and is compatible with the laws of the State of Michigan.

Dated: 11-26-13

Richard D. Snyder, Governor

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