

# APPROVED

January 20, 2004

## Michigan State Administrative Board

Lansing, Michigan

December 23, 2003

A special meeting of the State Administrative Board was held in the State Capitol, Senate Appropriations Room, 3rd Floor, on Tuesday, December 23, 2003, at 9:00 a.m.

Present: Kelly Keenan, Chief Counsel, representing Jennifer M. Granholm,  
Governor, Chairperson  
Dennis Fox, Conservation Policy, representing John Cherry, Lt. Governor  
Deb Devine, Assistant Attorney General, representing Mike Cox,  
Attorney General  
Jay B. Rising, State Treasurer  
Joe Pavona, Director of Administrative Services, representing Terri Lynn  
Land, Secretary of State  
Jean Shane, Executive Assistant, Office of the Superintendent,  
representing Thomas D. Watkins, Superintendent of Public Instruction  
Leon Hank, Chief Administrative Officer, representing Gloria Jeff,  
Director, Department of Transportation  
Sean Carlson, substituting as Secretary

Absent: Sherry Bond, Secretary

Others Present:

Steven Liedel, Executive Office; Janet Rouse, Department of Management  
and Budget; Howard Heideman, Scott Schrager, Department of Treasury;  
Mary Blazeovich, Sean Werdlow, City of Detroit

1. CALL TO ORDER:

Mr. Keenan called the meeting to order and led the Pledge of Allegiance to the Flag.

2-5. Ms. Devine moved to dispense with Items 2 through 5 of the agenda. The motion was seconded by Mr. Pavona and was approved unanimously.

6. NEW BUSINESS:

Correspondence from the City of Detroit dated December 22, 2003 was hand-delivered to the Board members.

Mr. Werdlow, Chief Financial Officer of the City of Detroit, testified before the Board to provide information regarding his credentials and the correspondence to the Board dated December 22, 2003. Pursuant to 1998 PA 500, the City of Detroit requested that the State Administrative Board certify that certain fiscal and economic conditions existed. Mr. Werdlow stated that funds had been withdrawn from the city's budget stabilization fund for 2 or more fiscal years and that the fund balance would be reduced to zero; that the city's income tax growth rate was 0.937 which is less than the statutorily specified 0.95; that the local tax base growth rate is 22.7% of the growth rate for the state which is less than the statutory 80% and that the city's unemployment rate was 14.3% which is higher than the statutory 10%. Mr. Werdlow produced supporting documents from the auditing firm of KPMG and the Michigan Department of Labor and Economic Growth. Mr. Werdlow concluded that four out of the four conditions in MCL 141.503(3) were met and asked the Board to certify this information.

Mr. Howard Heideman, the Director of Tax Policy and Analysis for the office of Revenue and Tax Analysis of the Michigan Department of Treasury testified before the Board and stated he had reviewed and evaluated the City of Detroit's letter dated December 22, 2003. Mr. Heideman confirmed the numbers provided in the letter were correct.

Additionally, correspondence dated December 19, 2003 was provided to the Board by the Department of Labor and Economic Growth Deputy Director, Dennis Sykes, confirming the information about the City of Detroit's unemployment rate being 14.3% as of October 2003.

Mr. Rising, Department of Treasury Director, reminded the members of the Board that only three of the four conditions were needed to meet the requirements set forth in MCL 141.503(3).

Mr. Rising moved the Board certify that conditions set forth under subsection (3) of the City Income Tax Act, MCL Section 141.503, are met in the City of Detroit. Seconded by Mr. Fox, the motion was approved unanimously.

7. REPORTS AND RECOMMENDATIONS OF COMMITTEES:

NONE

8. MOTIONS AND RESOLUTIONS:

NONE

9. ADJOURNMENT:

Ms. Devine moved to adjourn the meeting. Mr. Fox seconded the motion and it was approved unanimously. Mr. Keenan adjourned the meeting.

---

SUBSTITUTE SECRETARY

---

CHAIRPERSON