



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

**CONSENT AGREEMENT
BETWEEN THE CITY OF INKSTER
AND THE CITY OF INKSTER FINANCIAL REVIEW TEAM**

WHEREAS, pursuant to Section 12(1) of Public Act 4 of 2011, the Local Government and School District Fiscal Accountability Act, a preliminary review was commenced by the Michigan Department of Treasury on October 10, 2011, to determine whether probable financial stress existed within the City of Inkster; And

WHEREAS, on November 9, 2011, the State Treasurer reported to the Governor that, based upon the preliminary review, probable financial stress existed within the City of Inkster and recommended appointment of a Financial Review Team; And

WHEREAS, the Governor appointed a seven-member Financial Review Team on December 2, 2011; And

WHEREAS, the Review Team during its 90-day appointment met with City officials, union officials, and other relevant parties, and collected information and documentation relevant to assessing the financial condition of the City; And

WHEREAS, the Financial Review Team concluded the City to be in a condition of severe financial stress, but that a Consent Agreement containing a plan to resolve that severe financial stress could be devised; And

WHEREAS, City officials have expressed a desire to enter into a Consent Agreement which demonstrates that City officials are capable of, and willing to, adequately address the City's severe financial stress, thereby enabling the Financial Review Team to report to the Governor that a Consent

Agreement containing a plan to resolve the severe financial stress within the City has been entered into pursuant to Section 13(4)(b) of Public Act 4 of 2011, the Local Government and School District Fiscal Accountability Act.

WHEREAS, this Consent Agreement, and its financial plans and financial oversight, constitutes a deficit elimination plan under Public Act 140 of 1971, the Glenn Steil State Revenue Sharing Act of 1971, and this Consent Agreement represents and incorporates by reference the power and authority of the Michigan Department of Treasury to protect the credit of the state and its municipalities under Public Act 34 of 2001, the Revised Municipal Finance Act.

NOW, THEREFORE, in consideration of the Review Team entering into this Consent Agreement, the City, through its City Manager and City Council, hereby agrees and promises to undertake the following remedial actions:

1. BUDGET MODIFICATION

1.1 Required Plan. Within 30 days of the date that this Consent Agreement is executed, the City shall provide to the State Treasurer a detailed plan containing specific and realistic expenditure reductions, or specific and realistic revenue enhancements, or both, in an amount sufficient to address, within a period not to exceed five years, any current or accumulated deficit in any fund maintained by the City. In addition, the plan required by this paragraph shall provide for the liquidation of all significant inter-fund payables and receivables in not to exceed five years from the date this Consent Agreement is executed. The plan 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.

1.2 Inter-Fund Transfers. A deficit in a fund maintained by the City shall not be resolved by means of an inter-fund operating transfer. In addition, any indirect costs charged to another

fund shall be supported by a documented cost-allocation plan. The City is prohibited from inter-fund borrowing for more than 90 calendar days at any one time, or beyond the end of a fiscal year, whichever first occurs, subject to provisions of Public Act 2 of 1968, the Uniform Budgeting and Accounting Act.

2. ALTERNATE SERVICE DELIVERY

2.1 The City shall pursue alternative means of providing services to the Inkster community. Those explorations may include negotiations with other units of local government concerning the consolidation of public services including, but not limited to tax collection, financial services, sanitation, garbage collection, street maintenance, police protection, fire protection, and public works, and the city shall investigate other options including privatization of the foregoing services, or no longer providing certain services. The City shall file with the Michigan Department of Treasury a report by July 1, 2012, and quarterly thereafter, indicating the progress of such negotiations.

3. ACCOUNTS PAYABLE

3.1 Required Report. Within 45 days of the date that this Consent Agreement is executed, and upon a monthly basis thereafter, the City shall submit to the Michigan Department of Treasury a detailed listing of all accounts payable which are more than 30 days beyond each respective due date. For each accounts payable, the listing shall specify the date upon which payment originally was due, the amount of the payment due including any accrued interest, the name of the person, business, unit of government, or other entity to which payment is due, and a proposed schedule for timely payment. The detailed listing required by this paragraph shall be in a format prescribed by the Michigan Department of Treasury.

3.2 Accounting Firm Services. To assist the City in submitting timely and accurate information concerning the status of its accounts payable, and to assist the City in submitting any other reports required of the City by this Consent Agreement, the City shall secure, at a cost to the City, the services of an accounting firm approved by the Michigan Department of Treasury.

4. BUDGET ADOPTION

4.1 The City shall adopt and adhere to a budget for each fiscal year, and the adopted budget shall be the control document against which compliance by the City with statutory requirements, its Charter, and the relevant provisions of this Consent Agreement shall be measured. The budget adopted for each fiscal year shall comply with the following requirements:

(a) Each budget proposed by the City shall be prepared and presented, and each appropriation proposed by the City shall be adopted, in accordance with the provisions of Public Act 2 of 1968, the Uniform Budgeting and Accounting Act and applicable provisions of the City Charter. An annual budget ordinance shall include appropriations for each fund used by the City.

(b) With the adoption of the budget, the City shall prepare and maintain a forecast of monthly cash demands to meet the expenditures planned in the approved budget. A monthly report of actual revenues and expenditures, prepared in a format acceptable to the Michigan Department of Treasury, shall be prepared and submitted to City Council and to the State Treasurer within the first 10 days following the end of each month. This cash flow forecast, prepared in a format acceptable to the Michigan Department of Treasury, shall be updated and submitted to the City Council and to the State Treasurer within the first 10 days following the end of each month.

(c) Beginning with the budget adopted after execution of this Consent Agreement, the annual budget for each fiscal year, as adopted by the Mayor and City Council, shall be transmitted by the City to the Michigan Department of Treasury at least 30 calendar days in advance of

the beginning of the fiscal year of the City, and any amendments to that budget shall be transmitted to the Michigan Department of Treasury within 10 calendar days of adoption by the City Council and approval by the Mayor.

(d) If there is a shortfall in anticipated revenue in any fund, or if unusual or extraordinary expenditures arise during a fiscal year in any fund, the City shall reduce budgeted expenditures in the adopted annual budget on a timely basis pursuant to Public Act 2 of 1968, the Uniform Budgeting and Accounting Act, so that at fiscal year end, the City will have operated within a balanced budget. As used in this paragraph, "a timely basis" means that the budgeted expenditures will be reduced, or budgeted revenues will be increased, or both, so as to preclude an expenditure being made for which adequate revenues are unavailable or are projected to be unavailable.

(e) City officials have the authority and the responsibility to amend an adopted budget by transferring funds between and among accounts, to the extent permitted by law and its Charter, but subject to the provisions of subdivisions (a), (b), and (d).

5. OPERATING DEFICITS

5.1 The City shall not end a fiscal year with an operating deficit in any fund unless both of the following conditions occur:

(a) The fund in which the operating deficit occurred had a sufficient beginning balance to offset the deficit consistent with the provisions of Public Act 2 of 1968, the Uniform Budgeting and Accounting Act.

(b) The financial statements of the City indicating such a beginning balance have been found to fairly represent the financial position of the City by independent auditors in a qualified or unqualified opinion.

6. COLLECTIVE BARGAINING AGREEMENTS

6.1 Restriction. The City shall not sign, enter into, or execute a collective bargaining agreement, nor sign, enter into, or execute any instrument which extends the terms or conditions of an existing collective bargaining agreement unless the collective bargaining agreement or instrument receives the prior written approval of the Michigan Department of Treasury. The Michigan Department of Treasury shall respond timely to a request submitted under this paragraph and, if approval is denied, the Michigan Department of Treasury shall provide in writing the reasons for the denial. As used in this paragraph, the term “collective bargaining agreement” includes an arbitration award, but does not include an arbitration award resulting from an arbitration proceeding which commenced before this Consent Agreement was executed.

6.2 Duty to Bargain. Pursuant to Section 14a(10) of Public Act 4 of 2011, the Local Government and School District Fiscal Accountability Act, the duty of the City to bargain pursuant to Section 15 of Public Act 336 of 1947, the Public Employment Relations Act, ceases beginning 30 days after the effective date of this Consent Agreement.

7. PENDING LITIGATION REPORT

7.1 On a quarterly basis beginning with the 15th day of July 2012, the legal department of the City shall submit to the Michigan Department of Treasury a detailed listing of all pending lawsuits or other legal actions to which the City is a party. For each pending lawsuit or other legal action, the listing shall specify the name of the plaintiff or plaintiffs, the name of the defendant or defendants, the name of the court and judge currently having jurisdiction of the matter, the name of legal counsel representing the City if other than the legal department of the City, the cause of action, the length of time during which the lawsuit or other legal action has been pending,

an estimate as to any budgetary impact upon the City should the City not prevail in the lawsuit or other legal action, and the applicability of any liability insurance maintained by the City.

8. ABSENCE OF CONSENT AGREEMENT; CONSEQUENCE OF

8.1 In the absence of this Consent Agreement, the Review Team would have concluded in its report to the Governor required pursuant to Section 13(4) of Public Act 4 of 2011, the Local Government and School District Fiscal Accountability Act, that a financial emergency existed within the City and that no satisfactory plan existed to resolve that financial emergency. Therefore, the failure of City officials to comply in any respect with the terms of this Consent Agreement may be considered by the Michigan Department of Treasury sufficient cause for the State Treasurer to recommend to the Governor the immediate appointment of an emergency manager pursuant to Section 15 of the Act, the provisions of Section 15(2) and (3) of the Act to the contrary notwithstanding.

9. OBLIGATION OF CITY TO COMPLY WITH CONSENT AGREEMENT

9.1 Adherence. The City, through its officers and Council, is bound by, and shall adhere to, this Consent Agreement.

9.2 Effect of Failure to Adhere. Any action by the City to contest, through legal proceedings or otherwise, the constitutionality, validity, or enforceability of the Act, this Consent Agreement, or the powers or jurisdiction of the Michigan Department of Treasury may be considered sufficient cause by the State Treasurer to recommend the immediate appointment of an emergency manager pursuant to Section 15 of the Act, the provisions of Section 15(2) and (3) of the Act to the contrary notwithstanding. However, should any Court of competent jurisdiction determine in any proceeding to which the City is not a party that some portion of the Act, or Consent Agreement substantially similar to this Agreement or any power or jurisdiction of the Michigan Department

of Treasury is either unconstitutional, invalid, or unenforceable, under the Act, then the City shall be free to challenge this Agreement in like manner.

9.3 Material Breach. Pursuant to Section 13(1)(c) of the Act, in the event of a material uncured breach, of which notice shall have been given, of this Consent Agreement by the City, the State Treasurer is authorized to place the City in receivership as provided under Section 15 of the Act.

9.4 Other Statutory Authority: If, for any reason, the provisions of Public Act 4 of 2011, the Local Government and School District Fiscal Accountability Act should be suspended or be determined to be invalid, the City remains obligated to comply with the provisions of this Consent Agreement to the extent that any such obligation would not be inconsistent with Public Act 140 of 1971, the Glenn Steil State Revenue Sharing Act of 1971, and Public Act 34 of 2001, the Revised Municipal Finance Act, as referenced in this Consent Agreement.

10. OBLIGATION NOT DISCHARGED BY CONTINGENCIES

10.1 The obligations of the City as expressed and agreed to by City officials under this Consent Agreement are not subject to release or discharge due to any contingencies, including, but not limited to, clerical errors, computer failures, late mailings, or the failure to comply with reporting due dates or other scheduled due dates due to adverse weather, acts of God, acts of third parties, or compliance with court orders.

11. DUE DATES

11.1 A provision of this Consent Agreement which requires City officials to submit to the Michigan Department of Treasury a report, listing, or other document by a specific due date shall not be deemed complied with unless the report, listing, or other document is received by the Michigan Department of Treasury by the due date specified by the Michigan Department of

Treasury. If the due date for a report, listing, or other document falls on a weekend or legal holiday, then the report, listing, or other document shall be due on the first day thereafter which is not a weekend or legal holiday.

12. WAIVER OF PROVISIONS

12.1 The State Treasurer may waive a provision of this Consent Agreement if, in his sole discretion, the State Treasurer concludes that City officials have demonstrated good cause shown for the waiver. However, the lack of a specific action by the State Treasurer shall not be construed as a waiver of a provision of this Consent Agreement.

13. GRANT OF EMERGENCY MANAGER AUTHORITY

13.1 Pursuant to Section 14a(9) of the Act, this Consent Agreement grants to the City Treasurer/Finance Director, in the absence of a qualified, permanently appointed City Manager, the powers prescribed in the Act for emergency managers, except for that power prescribed in Section 19(1)(k) of the Act. In the event of the selection of a qualified, permanently appointed City Manager, as approved by the State Treasurer, the powers prescribed in the Act revert back to the City Manager. The powers granted by this Consent Agreement shall be for a period of time and upon such terms and conditions as the State Treasurer, in his sole discretion, considers necessary or convenient to enable the City to achieve the goals and objectives of this Consent Agreement.

14. FINANCIAL CONTROL BOARD

14.1 Pursuant to this Consent Agreement, the State Treasurer reserves the right to appoint a Financial Control Board, the membership of which may include one or more residents of the City of Inkster, to monitor compliance by the City with this Consent Agreement, to oversee the

development, implementation, and maintenance of prudent financial and operational controls, and to perform any other functions assigned by the State Treasurer.

15. DURATION OF CONSENT AGREEMENT

15.1 This Consent Agreement shall remain in effect until the end of the fiscal year of the City in which all of the following conditions have been satisfied:

(a) The financial statements indicate, on the basis of generally accepted accounting principles, that no fund maintained by the City is in a deficit condition.

(b) The City has eliminated any structural imbalance of recurring operating expenditures in excess of recurring operating revenues.

(c) The State Treasurer certifies to the Governor that no condition exists within the City and that no action has been taken, or is being contemplated, by City officials that would initiate, or cause the initiation of, a preliminary review under Section 12(1) of Public Act 4 of 2011, the Local Government and School District Fiscal Accountability Act, or implicate the need for a deficit elimination plan under Section 21 of Public Act 140 of 1971, the Glenn Steil State Revenue Sharing Act of 1971, or require implementation of the Michigan Department of Treasury's authority under Public Act 34 of 2001, the Revised Municipal Finance Act.

16. FINANCIAL EMERGENCY

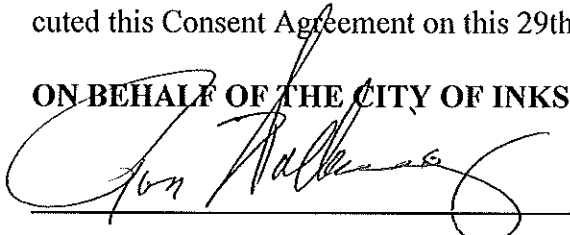
16.1 If Public Act 4 of 2011, the Local Government and School District Fiscal Accountability Act, is repealed, or otherwise rendered not effective, this Consent Agreement shall continue in full force and effect under any successor statute providing for consent agreements or similar forms of agreement. A successor statute includes Section 15 of former Public Act 72 of 1990, the Local Government Fiscal Responsibility Act, in the event that Act is reenacted or otherwise again placed in effect or rendered applicable.

17. SEVERABILITY

17.1 If any provision of this Consent Agreement, or its application to any person, party, or circumstance, is determined to be invalid or unenforceable, the remainder of this Consent Agreement and the application of those provisions to other persons, parties, or circumstances are not affected and will be enforced to the extent permitted by law. It is the intent of the parties to continue to implement the remaining provisions of this Consent Agreement.

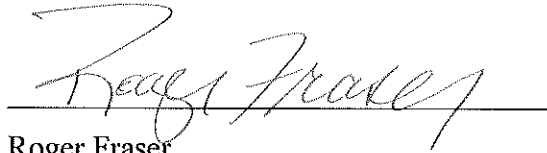
IN WITNESS WHEREOF, the parties, by their designated representatives, have signed and executed this Consent Agreement on this 29th day of February, 2012.

ON BEHALF OF THE CITY OF INKSTER:



Ron Wolkowicz, Interim City Manager

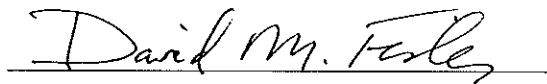
BY THE CITY OF INKSTER FINANCIAL REVIEW TEAM:



Roger Fraser



Deborah Owens



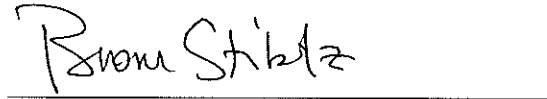
David Fisher



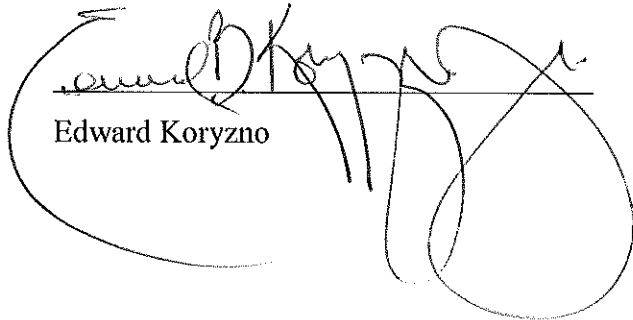
Doug Ringler



Frederick Headen



Brom Stibitz

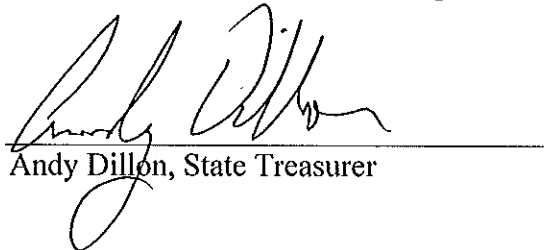


Edward Koryzno

Approved as to form and content pursuant to the provisions of Public Act 4 of 2011, the Local Government and School District Fiscal Accountability Act, MCL 141.1501 *et seq.*

Dated: _____

3/1/12



Andy Dillon, State Treasurer

CERTIFICATION

I, Meaghan Armstrong, Interim City Clerk for the City of Inkster, hereby certify that the foregoing Consent Agreement has been duly authorized by the City Council for the City of Inkster by resolution adopted at a meeting this 28th day of February, 2012, and that the resolution still is in effect.

Date of Certification: February 28, 2012 Meaghan W. Armstrong
Meaghan Armstrong, Interim City Clerk

RESOLUTION
12-02-055

RESOLVED by Councilman Michael Canty, seconded by Councilman Lorenzo Moner

Submission and execution of the Consent Agreement between the City of Inkster and the Michigan State Treasurer, Andy Dillon as revised and approved by Inkster City Council at the February 28, 2012 Special Council Meeting. Authority is hereby granted and conferred to City Attorney David Jones to act on behalf of the City of Inkster in regards to negotiating, finalizing, and executing the Consent Agreement entered into with the State of Michigan.

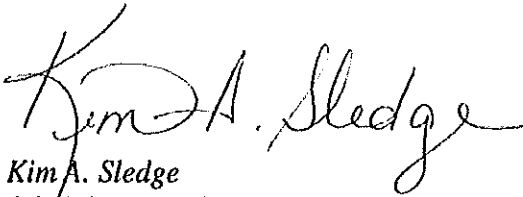
YEAS: Canty, Hampton, Hendricks, Howard, Moner, Shaw, Williams

NAYS: None

ABSENT: None

Motion carried unanimously

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Inkster, County of Wayne, State of Michigan, at a special council meeting held on February 28, 2012, and that the meeting was conducted and public notice of the meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 268, Public Acts of Michigan, 1976, and that the minutes of the meeting were kept and will be or have been made available as required by the Act.



Kim A. Sledge
Administrative Assistant
on behalf of the City of Inkster, Michigan

