

CITY OF HAMTRAMCK
OFFICE OF THE EMERGENCY MANAGER

CATHY L. SQUARE

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Hamtramck, MI 48212

Telephone: (313) 876-7700

Dated: September 22, 2014

ORDER NO. S-014

RE: Ratifying Terms of Loan

**TO: City Clerk
Mayor
City Council**

The Local Financial Stability and Choice Act (Act 436 of 2012/MCL 141.1541, et. seq.) in Section 10(1) states that “[a]n emergency manager shall issue orders to the appropriate local elected and appointed officials and employees, agents, and contractors of the local government the orders the emergency manager considers necessary to accomplish the purposes of [the] act, including, but not limited to, orders for the timely and satisfactory implementation of a financial and operating plan... or to take actions, or refrain from taking actions, to enable the orderly accomplishment of the financial and operating plan.” Any such orders are binding on the local elected and appointed officials and employees, agents, and contractors of the local government to whom they are issued.

Section 12(1) provides that an Emergency Manager may take one or more of the following actions: **(a)** Analyze factors and circumstances contributing to the financial emergency of the local government and initiate steps to correct the condition; **(b)** Amend, revise, approve, or disapprove the budget of the local government, and limit the total amount appropriated or expended; **(d)** Require and approve or disapprove, or amend or revise, a plan for paying all outstanding obligations of the local government; **(g)** Make, approve, or disapprove any appropriation, contract, expenditure, or loan, the creation of any new position, or the filling of any vacancy in a position by any appointing authority; **(s)** Apply for a loan from the state on behalf of the local government, subject to the conditions of the emergency municipal loan act, 1980 PA 243, MCL 141.931 to 141.942; **(ee)** Take any other action or exercise any power or authority of any officer, employee, department, board, commission, or other similar entity of the local government, whether elected or appointed, relating to the operation of the local government. The power of the emergency manager shall be superior to and supersede the power of any of the foregoing officers or entities; and **Section 19(2)** Except as otherwise provided in this act, during the pendency of the receivership, the authority of the chief administrative officer and governing body to exercise power for and on behalf of the local government under law,

charter, and ordinance shall be suspended and vested in the emergency manager.

WHEREAS, the City of Hamtramck, Michigan (the "City"), a municipal corporation of the State of Michigan (the "State"), has been duly created under the provisions of The Home Rule Cities Act of the State, Act 279, Michigan Public Acts of 1909, as amended ("Act 279"), pursuant to which the City has the comprehensive home rule power conferred upon it by Act 279 and the Constitution of the State of 1963 (the "Constitution"), subject only to the limitations of the exercise of that power contained in the Constitution, by statute of the State or by City Charter (the "City Charter") provisions; and

WHEREAS, the State has enacted the Revised Municipal Finance Act, Act 34, Michigan Public Acts of 2001, as amended ("Act 34"), relative, inter alia, to the borrowing of money and the issuance of certain debt and securities, providing for tax levies, authorizing the issuance of certain debt and securities and to generally govern municipal finance practices in the State; and

WHEREAS, the City is defined to be a "municipality" under Act 34 that has the power to issue a security such as bonds, notes, contracts, obligations, or other similar instruments; and

WHEREAS, pursuant to the provisions of the Local Financial Stability and Choice Act, Act 436, Michigan Public Acts of 2012 ("Act 436"), a financial emergency has been determined to exist within the City and Cathy Square has been appointed, pursuant to Act 436, as emergency manager (the "Emergency Manager") for the City and is authorized to take certain actions in accordance with Act 436; and

WHEREAS, the Emergency Manager has determined that there exists or will exist a deficit in the City's general fund for the current fiscal year that could not be adequately provided for in the current fiscal year budget; and

WHEREAS, the Emergency Manager has entered Order number S-009 determining that it is necessary and in the best interest of the City to make application to the Michigan Local Emergency Financial Assistance Loan Board (the "Board") established pursuant to the Emergency Municipal Loan Act, Act 243, Michigan Public Acts of 1980, as amended ("Act 243") to borrow the sum of \$2,070,027.29 and such application has been made; and

WHEREAS, the City is defined to be a "municipality" under Act 243 which may apply for and receive a loan under Act 243; and

WHEREAS, pursuant to Act 34, Act 279, Act 436, and Act 243, the Emergency Manager may approve the issuance of municipal securities to finance the deficit and pay necessary operating expenditures of the City; and

WHEREAS, the Emergency Manager has determined that a deficit for the City's general fund is projected for the City's current fiscal year; and

WHEREAS, the Emergency Loan Board, approved a loan to the City as requested in Emergency Manager Order S-009; and

WHEREAS, it is now necessary for the City to ratify, confirm, and approve the conditions of said loan and other matters related thereto.

It is hereby ordered:

1. That Attachment A, entitled "Order Ratifying Terms of Loan" is hereby immediately adopted in its entirety.
2. That the firm of Axe and Ecklund, P.C., shall serve as Bond Counsel to the City in connection with the Loan, as set forth in Attachment A.

The Order shall have immediate effect.

Copies of the documents referenced in this Order are to be maintained in the offices of the City Clerk and may be reviewed and/or copies may be obtained upon submission of a written request consistent with the requirements of the Michigan Freedom of Information Act and subject to any exemptions contained in that state statute and subject to any exemptions allowed under that statute (Public Act 442 of 1976, MCL 15.231, et. seq.).

This order is effective as indicated and is necessary to carry out the duties and responsibilities required of the Emergency Manager as set forth in the Local Financial Stability and Choice Act (Act 436 of 2012/MCL 141.15411, et. seq.) and the contract between the Local Emergency Financial Assistance Loan Board and the Emergency Manager.


Cathy Square
City of Hamtramck
Emergency Manager

cc: State of Michigan Department of Treasury