



**EMERGENCY MANAGER
CITY OF DETROIT**

ORDER No. 12

**ORDER ADOPTING
FISCAL YEAR 2014 BUDGET
AS PREVIOUSLY APPROVED BY
THE DETROIT CITY COUNCIL
AND AS AMENDED BY
THE EMERGENCY MANAGER**

BY THE AUTHORITY VESTED IN THE EMERGENCY MANAGER
FOR THE CITY OF DETROIT
PURSUANT TO MICHIGAN'S PUBLIC ACT 436 OF 2012,
KEVYN D. ORR, THE EMERGENCY MANAGER,
ISSUES THE FOLLOWING ORDER:

Whereas, on March 28, 2013, Michigan Public Act 436 of 2012 ("PA 436") became effective and Kevyn D. Orr became the Emergency Manager ("EM") for the City of Detroit (the "City") with all the powers and duties provided under PA 436; and

Pursuant to section 9(2) of PA 436, the EM "shall act for and in the place and stead of" the Detroit Mayor and City Council; and

Section 9(2) of PA 436 also grants the EM "broad powers in receivership to rectify the 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;" and

Pursuant to section 10(1) of PA 436, the EM may "issue 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 this act;" and

Pursuant to section 12(1)(b) of PA 436, the EM is empowered, “notwithstanding any charter provision to the contrary,” to “[a]mend, revise, approve, or disapprove the budget of the local government, and limit the total amount appropriated or expended;” and

Pursuant to section 12(1)(c) of PA 436, the EM is empowered, “notwithstanding any charter provision to the contrary,” to “[r]eceive and disburse on behalf of the local government all federal, state, and local funds earmarked for the local government. These funds may include, but are not limited to, funds for specific programs and the retirement of debt;” and

Pursuant to section 12(1)(d) of PA 436, the EM is empowered, “notwithstanding any charter provision to the contrary,” to “[r]equire and approve or disapprove, or amend or revise, a plan for paying all outstanding obligations of the local government;” and

On May 24, 2013, pursuant to Detroit Ordinance Sec. 18-2-20, the Detroit City Council approved the operating budget of the City for Fiscal Year 2014; and

On June 3, 2013, pursuant to Detroit Ordinance Sec. 18-2-23, the Detroit City Council overrode the Mayor’s line-item vetoes of the Fiscal Year 2014 Budget, thereby finalizing the budget (as approved, the “FY2014 Budget”); and

Section 4-114 of the Detroit City Charter requires that a closing resolution be adopted to execute the provisions of the City’s annual operating budget; and

On July 2, 2013, the Detroit City Council declined to adopt the closing resolution for the FY2014 Budget, including the accompanying “City White Book” outlining employee compensation; and

Fiscal Year 2014 has now begun and City operations must continue without interruption; and

Consistent with the EM’s ten-year financial projections for the City incorporating the EM’s planned restructuring initiatives, as outlined in the June 14, 2013, Proposal for Creditors (the “Ten-Year Projections”), the EM believes that approval of the FY2014 Budget, as revised and amended to be consistent with the Ten-Year Projections, is necessary for the smooth operations of the City and to (a) advance the process of restructuring to restore the City to a sound financial footing and (b) promote public health, safety and welfare.

It is hereby ordered that:


1. The closing resolution and City “White Book” presented to the Detroit City Council for final consideration on July 2, 2013, are enacted in that form.
2. The EM hereby adopts the FY2014 Budget previously approved by the Detroit City Council on June 3, 2013, in accordance with Michigan law, subject to paragraph 3 below.
3. The EM hereby amends the FY2014 Budget, consistent with section 12(1)(b) of PA 436, to reconcile the budget figures to conform with the Ten-Year Projections (the “Amended FY2014 Budget”).

4. The EM reserves and retains the right to exercise his authority under section 12(1) of PA 436 to further amend and revise the Amended FY2014 Budget and to limit the total amount appropriated, disbursed, expended or earmarked under the Amended FY2014 Budget.

5. Consistent with the EM's authority under PA 436 and the EM's Financial and Operating Plan, the EM retains the right to receive and disburse funds between and among City departments, as needed, to assure the fiscal accountability of the City and its capacity to provide or cause to be provided necessary governmental services essential to the public health, safety and welfare, or to take any other action authorized by PA 436 or applicable law.
6. If any component of this Order is declared illegal, unenforceable or ineffective by a court of competent jurisdiction, such component shall be deemed severable so that all other components contained in this Order shall remain valid and effective.
7. This Order is effective immediately upon the date of execution below and shall apply retroactively to July 1, 2013.
8. The EM may modify, amend, rescind, replace, supplement or otherwise revise this Order at any time.
9. This Order shall be distributed to the Mayor, City Council members and all department heads.

Dated: July 10th, 2013

By:


Kevyn D. Orr
Emergency Manager
City of Detroit

cc: State of Michigan Department of Treasury
Mayor David Bing
Members of Detroit City Council