

# EXHIBIT S

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# EXHIBIT 1



STATE OF MICHIGAN  
EXECUTIVE OFFICE  
LANSING

RICK SNYDER  
GOVERNOR

BRIAN CALLEY  
LT. GOVERNOR

November 8, 2011

Dayne Walling, Mayor  
City of Flint  
1101 S. Saginaw Street  
Flint, Michigan 48502

Flint City Council  
1101 S. Saginaw Street  
Flint, Michigan 48502

Dear Mayor Walling and Flint City Councilmembers:

Public Act 4 of 2011, the Local Government and School District Fiscal Accountability Act, requires that I, as Governor, reach one of the following four conclusions within 10 days of receiving a financial review team report:

- (a) The local government is not in a condition of severe financial stress.
- (b) The local government is in a condition of severe financial stress as provided in section 14, but that a consent agreement containing a plan to resolve the financial stress has been adopted under this act.
- (c) A local government financial emergency exists as provided in section 14 and no satisfactory plan exists to resolve the emergency.
- (d) The local government entered into a consent agreement containing a continuing operations plan or recovery plan to resolve a financial problem, but materially breached that consent agreement.

I have reviewed in detail the report submitted to me on November 8, 2011, by the Flint Financial Review Team. I agree with the conclusions of the report. Therefore, I wish to inform you that, pursuant to Section 15(1)(c) of the Local Government and School District Fiscal Accountability Act, I have determined that a local government financial emergency exists within the City of Flint and no satisfactory plan exists to resolve the emergency.

**Findings of Fact**

Section 15(2) of the Act requires that, upon the determination by me of a financial emergency, I provide you with findings of fact utilized as the basis upon which this determination was made, and a concise and explicit statement of the underlying facts supporting the factual findings.

Hon. Dayne Walling  
 Flint City Councilmembers  
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### Preliminary Review

On August 29th, 2011, the Department of Treasury conducted a preliminary review of the finances of the City of Flint to determine whether or not probable financial stress existed. Section 12(1) of the Act provides that a preliminary review may be conducted if one, or more, of the conditions enumerated therein occurs. The preliminary review of the City of Flint resulted from the condition enumerated in subdivision (j), (m), (o) and (r) of Section 12(1) having occurred within the City.<sup>1</sup>

The preliminary review found the following:

- The City had incurred cumulative deficits in many of its funds over several years as follows:

Fund	2007	2008	2009	2010	Unaudited 2011
General	--	\$(7,046,820)	\$(10,113,744)	\$(14,621,546)	\$(11,149,907)
Building Department	--	(1,550,369)	--	(576,276)	(1,251,459)
Central Maintenance	\$(226,349)	(4,233,859)	(3,183,144)	(1,922,489)	*(2,029,230)
Data Processing	(778,458)	(245,488)	(72,773)	--	--
EDC	(26,772)	(10,721)	(58)	(7,404)	--
EDC Oak Business Ctr	(28,403)	(19,843)	(5,285)	(24,898)	--
Garbage Collection	--	--	--	(909,283)	(1,444,581)
Golf Course	(473,294)	(1,909,377)	--	(282,670)	*(576,861)
Self Insurance	--	--	--	--	(33,580)
Parks & Recreation	--	--	--	(163,096)	(185,255)
Senior Citizens	--	--	--	--	(26,709)
Water Supply	--	--	--	(5,795,973)	*(9,009,825)
Total	\$(1,533,276)	\$(15,016,477)	\$(13,375,004)	\$(24,303,635)	\$(25,707,407)
*Estimated					

- Deficit elimination plans submitted to the Department of Treasury by City officials had not been followed. City officials submitted a deficit elimination plan concerning a general fund deficit of \$7,046,820 as of June 30, 2008. That five-year plan projected a general fund deficit of \$9,124,747 as of June 30, 2010. However, the actual deficit as of that date was \$14,621,546, or

<sup>1</sup> Subdivision (j) provides that the "local government has violated a requirement of sections 17 to 20 of the uniform budgeting and accounting act, 1968 PA 2, MCL 141.437 to 141.440." Subsection (m) provides that a "local government is in breach of its obligations under a deficit elimination plan or an agreement entered into pursuant to a deficit elimination plan." Subsection (o) provides that a "municipal government has ended a fiscal year in a deficit condition as defined in section 21 of the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.921, or has failed to comply with the requirements of that section for filing or instituting a financial plan to correct the deficit condition." Subsection (r) provides that "[t]he existence of other facts or circumstances that in the state treasurer's sole discretion for a municipal government are indicative of municipal financial stress."

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\$5,496,800 higher than projected and the deficit as of June 30, 2011, is estimated to be approximately \$11.0 million. The plan also anticipated that the deficit would be eliminated by 2014, but an updated deficit elimination plan submitted for 2010 did not purport to eliminate the deficit until the year 2030, relying heavily upon the issuance of an additional \$12.0 million of debt in 2013.

- General fund expenditures exceeded revenues since 2007 and fund deficits have existed since 2008, as follows:

	6/30/2007	6/30/2008	6/30/2009	6/30/2010	Unaudited 6/30/2011
Revenues	\$69,212,013	\$66,823,137	\$63,937,302	\$57,189,454	\$52,201,018
Expenditures	<u>70,908,742</u>	<u>79,475,612</u>	<u>66,703,149</u>	<u>64,741,451</u>	<u>58,969,882</u>
Excess/Deficiency	(1,696,729)	(12,652,475)	(2,765,847)	(7,551,997)	(6,768,864)
Other Sources (Uses)	<u>(866,831)</u>	<u>(568,589)</u>	<u>(478,527)</u>	<u>3,044,195</u>	<u>10,598,701</u>
Net Change	(2,563,560)	(13,221,064)	(3,244,374)	(4,507,802)	3,829,837
Beginning Fund Balance	8,915,254	6,351,694	(6,869,370)	(10,113,744)	(14,621,546)
Ending Fund Balance	<u>\$6,351,694</u>	<u>\$(6,869,370)</u>	<u>\$(10,113,744)</u>	<u>\$(14,621,546)</u>	<u>\$(10,791,709)</u>

- The City relied upon transfers from the water supply fund and the sewage disposal fund for general City operations. In 2009, City officials increased overhead charges from the water supply fund and the sewage disposal fund from \$1 million to \$2.4 million. Also in 2009, City officials began charging a return upon investments against the water supply fund and the sewage disposal fund of \$2.9 million. Combined, City officials had been utilizing \$5.3 million of water supply and the sewage disposal money for general fund operations annually. This amount of annual appropriation was not a loan and was not expected to be repaid to these funds.
- In addition to the foregoing activity, City officials had borrowed from other funds to compensate for cash shortages. For example, at June 30, 2010, the general fund owed other funds a total of \$18,002,907, of which \$11,698,376 was owed to the sewage disposal fund, \$1,059,914 was owed to the local street fund, \$1,683,733 was owed to the public improvement fund, and \$2,139,590 was owed to the self insurance fund. Local street monies may only be expended for local streets in the City, since those monies derive from Federal and State grants. Similarly, monies placed in a public improvement fund may not be expended for any other purposes.
- The City continued to experience a cash shortage. The City recently borrowed \$8.0 million in fiscal stabilization bonds, pursuant to Public Act 80 of 1981, the Fiscal Stabilization Act, to assist with cash flow shortfalls. However, there remained many negative cash balances in the City's records as of June 30, 2011. For example, the general fund had negative cash of more than \$9.5 million, the rubbish collection fund had negative cash of almost \$1.5 million, and the drinking water revolving loan fund had negative cash of more than \$3 million.

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- The City's ability to pay short-term obligations was uncertain. For 2010, the general fund had only \$9 million in short-term assets to cover almost \$22 million in short-term obligations. The City's unaudited financial records lacked sufficient information to reach a meaningful conclusion in the unaudited records of the City for 2011 since total current assets equated to a negative figure.
- The City's pension system was less than 60 percent funded. Benefits were based upon factors ranging from 1.7 to 2.6 of final average compensation. As of June 30, 2008, which was the last actuarial report for the 2010 audit period, there were 1,676 active members compared to 2,820 retirees. The unfunded accrued pension liability was over \$39 million, with a one-year increase in the net pension obligation of \$1,202,047.
- City officials had failed to make staff reductions in accordance with their deficit elimination plan. According to the 2010 audit report, between 2001 and 2010, City officials did reduce staffing from total full-time equivalent positions of 1,525.8 to 767. Many of these reductions came from Police (336 to 122) and Fire (216 to 110). The City continued to reduce staff. However, of the planned 40 layoffs by July 2011, only 18 were made. Of the planned 25 layoffs after July, only seven were made.

Based upon the preliminary review, the State Treasurer concluded, and reported to the Governor on September 12, 2011, that probable financial stress existed in the City of Flint and recommended the appointment of a financial review team.

#### **Review Team Findings**

On September 30, 2011, I appointed an eight-member Financial Review Team. The Review Team convened on October 5, 2011, October 13, 2011, October 17, 2011, October 21, 2011, and November 7, 2011, to consider information relevant to the financial condition of the City of Flint. The Review Team found, or confirmed, the existence of the following conditions based upon information provided by City officials, or the City's audit firm, or other relevant sources:

- According to the City's fiscal year 2010 financial audit, the City's cumulative general fund deficit increased by 44.6 percent from \$10,113,744 as of June 30, 2009 to \$14,621,546 as of June 30, 2010. The one-year increase in the City's cumulative general fund deficit resulted from general fund expenditures exceeding general fund revenues by \$7,551,997. However, City officials largely offset this operating deficit by means of \$3,044,195 in other funding sources which included a \$2,990,000 transfer from the water and sewer fund to the general fund.

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- The City's pooled cash position (exclusive of Hurley Medical Center) decreased significantly over the last five fiscal years as follows:

<u>Fiscal Year Ending</u>	<u>Pooled Cash</u>
2006	\$69,025,428
2007	\$63,894,691
2008	\$45,580,145
2009	\$24,688,481
2010	\$4,378,207

- Financial audit reports for the City for its last three fiscal years reflected the following variances between general fund revenues and expenditures, as initially budgeted and as amended, versus general fund revenues and expenditures actually realized:

	<u>2007-08</u>	<u>%</u>	<u>2008-09</u>	<u>%</u>	<u>2009-10</u>	<u>%</u>
<u>Revenues</u>						
Budgeted	\$70,441,919		\$65,007,471		\$65,866,661	
Amended	\$71,059,795		\$68,471,610		\$62,441,644	
Actual	<u>\$66,823,137</u>		<u>\$63,937,302</u>		<u>\$57,189,454</u>	
Variance	(\$4,236,658)	(5.96)	(\$4,534,308)	(6.62)	(\$5,252,190)	(8.41)
<u>Expenditures</u>						
Budgeted	\$74,073,657		\$64,880,786		\$62,816,336	
Amended	\$74,907,224		\$68,053,422		\$64,734,773	
Actual	<u>\$79,475,612</u>		<u>\$66,703,149</u>		<u>\$64,741,451</u>	
Variance	(\$4,568,388)	(6.10)	\$1,350,273	1.98	(\$6,678)	(0.01)

The foregoing variances reflected several considerations. First, there was the tradition of City administrations proposing, and City Councils then adopting, without significant modification, budgets that knowingly overestimated revenues, knowingly underestimated expenditures, or both. Second, City officials indicated to the Review Team that, while financial information is monitored and disseminated on a monthly basis, amendments to the budget to reflect actual revenues and expenditures are made only upon a quarterly, or semi-annual, basis. Finally, the

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effect of adopting unrealistic budgets is exacerbated by the fact that City officials, as some expressed to the Review Team, “manage to the budget.”

- City officials consistently had failed to abide by various proposals submitted to the Department of Treasury which purported to address the City’s financial deficiencies. For example, on February 28, 2011, the City administration submitted to the Department a written proposal in conjunction with a request to issue \$20.0 million in fiscal stabilization bonds. The particulars of the proposal included: a reduction of 19.5 full-time equivalent positions in the Police Department unless concessions equal to a 15 percent reduction in compensation were achieved; a reduction of 13.1 full-time equivalent positions in the Fire Department unless concessions equal to a 15 percent reduction in compensation were achieved; a reduction of 25 full-time equivalent (non police and fire) positions; a reduction in City Council positions and other organizational adjustments which required amendments to the City charter.

However, at its meeting on October 17, 2011, the Review Team was informed that none of the proposed charter amendments had been submitted to City electors, that only a fraction of the reductions in non police and fire positions had been made, and that no additional reductions in police and fire positions had been made despite the fact that a 15 percent reduction in compensation costs had not been achieved.

- City costs associated with actuarially determined other post employment benefits are increasing. In 2010 alone, the unfunded liability increased by nearly \$37 million (i.e., the total cost for that year was \$57,295,237, but the City funded only \$20,325,123). In the aggregate, the unfunded liability for other post employment benefits stood at \$860,623,370 as of 2010.

### **Conclusion**

Based upon the foregoing information, the Review Team confirmed the findings of the preliminary review, concluded that a local government financial emergency existed within the City of Flint and that no satisfactory plan existed to resolve the local government financial emergency, and recommended the appointment of an emergency manager. Pursuant to Section 15(1)(c) of the Act, I have determined the same to exist.

### **Notice of Hearing**

Pursuant to Section 15(2) of the Local Government and School District Fiscal Accountability Act, the chief administrative officer or governing body may within seven days request a hearing upon the determination of a financial emergency. The deadline for requesting a hearing is 5:00 P.M., Tuesday November 15, 2011. In the event that a hearing is requested, it will be convened on Friday November 18, 2011, at 9:00 A.M., at the Richard H. Austin (Treasury) Building before the State Treasurer, or his designee, Tom Saxton, Deputy Treasurer.

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It should be noted that the hearing would not be an original fact finding proceeding. Its purpose would be to afford City officials an opportunity to indicate whether the findings of the Review Team report were supported by competent, material, and substantial evidence on the whole record. Therefore, any information which City officials may wish to present that was not available to the Review Team, or that concerns actions taken by City officials since the Review Team filed its report, or that concerns actions City officials anticipate taking in the future to address the financial emergency in the City, will be considered beyond the scope of the hearing.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Snyder", with a stylized flourish extending to the right.

Rick Snyder  
Governor

# EXHIBIT 2



---

**EMERGENCY MANAGER  
CITY OF FLINT  
GENESEE COUNTY MICHIGAN**

**ORDER No. 1**

**TERMINATION OF APPOINTMENTS**

BY THE POWER AND AUTHORITY VESTED IN THE EMERGENCY MANAGER ("EMERGENCY MANAGER) FOR THE CITY OF FLINT, MICHIGAN ("CITY") PURSUANT TO MICHIGAN'S PUBLIC ACT 4 OF 2011, THE LOCAL GOVERNMENT AND SCHOOL DISTRICT FISCAL ACCOUNTABILITY ACT, ("PA 4"); MICHAEL BROWN, THE EMERGENCY MANAGER, ISSUES THE FOLLOWING ORDER:

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On March 16, 2011, the Local Government and School District Fiscal Accountability Act, Public Act 4 of 2011, ("Public Act 4") was enacted to safeguard and assure the fiscal accountability of units of local government; to preserve the capacity of units of local government to provide or cause to be provided necessary services essential to the public health, safety and welfare of citizens; and

Governor Rick Snyder appointed Michael Brown as the Emergency Manager for the City of Flint on November 28, 2011, and his contract was approved by the State Treasurer on November 29, 2011; and

Pursuant to Public Act 4, the Emergency Manager has broad powers in receivership to rectify the financial emergency and to assure the fiscal accountability of the City of Flint and its capacity to provide or cause to be provided necessary services essential to the public health, safety and welfare; and

Pursuant to Public Act 4, the Emergency Manager acts in place of local officials unless the Emergency Manager delegates specific authority; and

Pursuant to Public Act 4, the Emergency Manager may, at his discretion, remove administrators, including heads of departments, and appointed officials; and

Pursuant to Public Act 4, the Emergency Manager may, at his discretion, remove appointees to any office, board, commission, authority, or other entity which is within or is a component unit of the local government.

Based on the foregoing, it is hereby ordered that:

1. The appointment of Gregory Eason as City Administrator is terminated.
2. The appointment of Donna Poplar as Director of the Human Resources and Labor Relations Department is terminated.
3. The appointment of Edward Parker as Director of the Civil Service Commission is terminated.
4. The appointment of Brenda Purifoy as Ombudsman is terminated.
5. The appointment of Rhoda Matthews as Citizen Services Director is terminated.
6. The appointment of Steve Montle as Green City Coordinator is terminated.
7. The appointment of Kathleen Sheetz as executive secretary to the City Administrator is terminated.

This Order is effective immediately.

This Order may be amended, modified, repealed or terminated by any subsequent order issued by the Emergency Manager.

Dated: 12-2-11

By: Michael K Brown  
Michael Brown  
Emergency Manager  
City of Flint

xc: State of Michigan Department of Treasury  
Mayor Dayne Walling  
Flint City Council  
Inez Brown, City Clerk

# EXHIBIT 3



**CITY OF FLINT**  
*OFFICE OF THE EMERGENCY MANAGER*



**Gerald Ambrose**  
**Emergency Manager**

April 28, 2015

Honorable Rick Snyder  
Governor of Michigan  
111 South Capitol Avenue  
Lansing, MI 48909

Dear Governor Snyder:

The City of Flint has been in a state of receivership since your declaration of a financial emergency in November 2011. Since that time a number of substantial changes have been implemented and I feel that the financial emergency has been sufficiently addressed. I feel it is appropriate to relinquish my position as Emergency Manager (EM) at this time.

As you are aware, I was appointed Emergency Manager on January 13, 2015, under the authority of PA 436 of 2012. I am the fourth EM to serve the City of Flint; my predecessors were Michael K. Brown (PA 4 and PA 436), Edward Kurtz (PA 72 and PA 436) and Darnell Earley (PA 436). Each EM took major steps toward rectifying the financial emergency. These steps included implementing budgetary and financial best practices, restructuring the City departmental organization, implementing new means and levels of service provision, and preparing the City for long term stability.

**Addressing the Financial Emergency:**

At the time of placement into state receivership, the City of Flint was a city in financial crisis, characterized by accumulated deficits in the General Fund and Water Fund, marginal cash flow, and unsustainable legacy costs. At the conclusion of FY12, the fiscal year in which an Emergency Manager was appointed, the City's General Fund deficit stood at \$19.1 million; its Water Fund had a deficit of \$8.8 million; and cash flow was \$13 million, or less than one month's expenses. Unfunded OPEB liabilities were more that \$850 million.

Addressing these issues and putting Flint back onto a path to sustain financial solvency has been difficult for taxpayers, employees, retirees, and those utilizing city services. Taxes and fees have been raised, including a voter approved six mill special levy for police and fire; a special assessment for street lighting; waste collection was changed to a fee for service from a millage rate; and increases in utility rates to among the highest in the state. Services have been reduced to marginal levels (including public

Governor Snyder  
April 28, 2015  
Page 2

safety), as the workforce and employee compensation has shrunk by more than 20%. And, retirees have seen their cost of retiree health care increase.

As a result, much progress has been made:

- The deficits in the General Fund and Water Fund have been addressed. The Water Fund is now solvent, although not at the level indicated as adequate; and the remaining \$7 million General Fund deficit will be eliminated by June 30, 2015, with a loan authorized by the Emergency Loan Board. City wide cash flow is now more than \$67 million.
- New ordinances addressing the achievement and maintenance of financial sustainability have been enacted by the City Council, with support of the Mayor. These ordinances include the requirement for creation and maintenance of a strategic plan; requirement for creation and maintenance of a biennial budget and five year financial projections; establishment of a fund balance reserve, including establishment of a budget stabilization fund; establishment of a requirement to begin funding of OPEB liabilities; and an update of the City's purchasing ordinance.
- Long term liability costs have been reduced significantly. \$850 million in OPEB liabilities have been reduced to \$240 million, and new employees are given a contribution towards future health care costs at retirement instead of the promise of retiree health care. Current retirees now pay a significant amount towards their health care. Multipliers for remaining employees in defined benefit programs have been reduced, and new employees are enrolled in a hybrid pension plan, which has less long term liability for the City. The Flint Employees Retirement System has been dissolved, with pension administration now handled by the Municipal Employees Retirement System.
- The structure of the City organization has been changed significantly. A new City Administrator has been hired, selected on the basis of professional expertise, and with expanded control over daily activities of the City. The workforce has been reduced by more than 20%, and City operations have been reorganized into four program areas. Waste collection and demolition is no longer being done internally, 911 operations will be transferred to the County effective July 1, 2015, and the City-funded 68<sup>th</sup> District Court is expected to become part of the County- funded 67<sup>th</sup> District Court in January, 2016. The purchase of water is now planned to come from the Karegondi Water Authority instead of the Detroit Water and Sewerage Department. Collective bargaining contracts have also been revised; increasing flexibility for management and setting the stage for permanent reductions in legacy costs. Partnerships have been established to improve the level of parks maintenance. Senior Centers are now run by independent non-profit organizations, with reduced assistance from the City; and the City golf courses have been leased to private operators.
- The City has put into place a plan for long term stabilization and future development. A new Master Plan (the first since the 1960's) has been adopted, a new Capital Improvement Plan has been completed, and a new framework for a Blight Elimination Plan has been developed. A new zoning ordinance is well on its way to completion. Each of these major planning pieces significantly engaged members of the community and the final products were approved by the Flint City Council, with the support of the Mayor.

Governor Snyder  
April 28, 2015  
Page 3

- A Blue Ribbon Committee on Governance was established by EM Earley in 2014. The committee recommended a number of Charter revisions and recommended the election of a Charter Review Committee. In November 2014 the voters in Flint approved several revisions to the current Charter and also approved establishing a Charter Review Commission, the members of which will be elected in May 2015. The Commission will consider whether to maintain the current Strong Mayor form of governance or to propose a new Council-Manager format.
- A formal assessment of the values of both Hurley Hospital and the City's utility system have been completed; and concluded that no change in ownership status would be beneficial at this time.

**Continuing Challenges:**

Significant work has been accomplished to resolve the conditions which put the City of Flint into State receivership. However, there also still exist several major challenges which will require continued work on the part of the City leaders:

- Retiree health care continues to be a significant concern as the City still faces a federal lawsuit over its decision to change (but not eliminate) health care for current retirees. While the City is currently operating under a judge's order which allows modification of the City's historical level of health care for retirees, a loss could have an impact of more than \$5 million annually.
- The five year revenue projections still identify a structural deficit. Annual costs for wages and fringes will continue to rise at an approximate 2.4% rate. There is not a comparable increase in projected revenue, which is closer to 1%. While it may be possible to continue the low level of services that Flint now provides for a short while, even that level will be in jeopardy without a long term sustainable new source of revenue. The low level of services that Flint currently provides is not at the level which will help the City to become an attractive place to live, work, study, and play.
- Aging water and sewer systems designed to serve twice as many customers as the number now using the systems have resulted in water and sewer rates that are among the highest in the state. This is another factor impeding the City's ability to attract and retain businesses and residents. There needs to be a concerted effort to reduce rates by as much as 50%, but that cannot even be contemplated without the commitment of financial assistance from the state and federal governments. While the decision to join with Genesee County in the creation of the KWA will result in costs for purchasing water increasing at a rate less than historically paid to the previous supplier, it will not be sufficient to lower costs.
- Continuing voter support for special millages financing public safety is a concern. In 2012 voters approved a 6 mill property tax levy for police and fire, bringing Flint's total level to within 1 mill of its maximum 20 mill limit. This millage, plus one for 2 mills approved some time ago, are expiring in 2017, and without renewal, the resulting level of public safety services, even with the current level of greatly appreciated State Police support, would be unworkable. This was recently confirmed by an evaluation of the organization and staffing for both the Police and Fire departments. The evaluations found both departments are understaffed, but the understaffing situation is significantly more acute in the Police Department, where it was noted that comparable cities have on average 100 more officers on the street than Flint does.

Governor Snyder  
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- Equally important to providing State support in the form of Michigan State Police has been the financial commitment by the State to fund the City's lock up at a cost of more than \$2.5 million annually – without which there would be no lock-up. Both FPD and MSP have noted that the opening of the City's 72-hour lock-up has been a key component in the reduction in crime.

**Emergency Manager's Recommendation:**

Section 22(1) of P.A. 436 of 2012, the Local Financial Stability and Choice Act, provides that if the Emergency Manager determines that the financial emergency has been rectified, he or she is required to inform you and the State Treasurer. Based on the examples presented above, I am prepared to say that I have determined the financial emergency in the City of Flint has been rectified. In addition, as required by Section 21(1) of the Act, a two-year budget has been implemented and all bargaining unit contracts have been settled.

Although the financial emergency has been resolved, I recommend the appointment of a Receivership Transition Advisory Board (RTAB) as allowed by Section 23 of the Act. I believe it is critical that the RTAB oversee and provide guidance to the City as they address the continuing challenges facing the City of Flint and complete transition back to full local control.

The path to sustainable financial solvency for the City of Flint will be very difficult, but doable. The new financial policies and practices, and the new organizational structure, are designed to assist City leaders in achieving this goal. Achieving the goal will allow City leaders to become a positive force in leading the City to become an attractive place to live, work, study, and play. I applaud the efforts of the Mayor and Council members who have worked actively and positively to effectuate these changes and are committed to carrying them into the future.

If, however, the new policies, practices, and organizational changes are ignored in favor of returning to the historic ways of doing business, it is not likely the City will succeed over the long term. The focus of City leaders will then likely once again return to confronting financial insolvency.

I have greatly appreciated the opportunity to have been of service to the City of Flint and to the State of Michigan.

Sincerely,



Gerald Ambrose  
Emergency Manager  
City of Flint

Cc: Nick A. Khouri, State Treasurer

# EXHIBIT 4



STATE OF MICHIGAN  
EXECUTIVE OFFICE  
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GOVERNOR

RICK SNYDER  
GOVERNOR

April 29, 2015

OFFICE OF THE GREAT SEAL

The Honorable Ruth Johnson  
Secretary of State  
Office of the Great Seal  
Michigan Department of State  
Lansing, MI 48909

Dear Secretary Johnson:

Please be advised of the following appointments to office to be effective April 29, 2015.

**City of Flint Receivership Transition Advisory Board**

Frederick Headen of Haslett, Michigan 48840, county of Ingham, representing the State Treasurer, is appointed for a term commencing April 29, 2015, and expiring at the pleasure of the Governor.

Brian Larkin of Flint, Michigan 48504, county of Genesee, representing the Director of the Department of Technology, Management, and Budget, is appointed for a term commencing April 29, 2015, and expiring at the pleasure of the Governor.

David McGhee of Flint, Michigan 48507, county of Genesee, representing a member with relevant professional experience, is appointed for a term commencing April 29, 2015, and expiring at the pleasure of the Governor.

Beverly Walker-Griffea of Flint, Michigan 48503, county of Genesee, representing a member with relevant professional experience, is appointed for a term commencing April 29, 2015, and expiring at the pleasure of the Governor.

Robert McMahan of Flint, Michigan 48503, county of Genesee, representing a member with relevant professional experience, is appointed for a term commencing April 29, 2015, and expiring at the pleasure of the Governor.

These appointees shall take and file with the Office of the Great Seal an oath of office before commencing their duties as members of the Receivership Transition Advisory Board.

City of Flint Receivership Transition Advisory Board Letter  
Page Two  
April 29, 2015

The State Treasurer, or his or her designee appointed to represent the State Treasurer, shall serve as chairperson of the Flint Receivership Transition Advisory Board. In addition to the duties assigned to a Receivership Transition Advisory Board by Section 23(5) of Public Act 436 of 2012, the Local Financial Stability and Choice Act, the Flint Receivership Transition Advisory Board shall perform the following duties:

1. Fulfill the Board responsibilities outlined in all Emergency Manager Orders, including ORDER No. 20.
2. Recommend amendments, modifications, repeal, or termination of Emergency Manager Order No. 20, or any other Flint Emergency Manager orders, to the State Treasurer. Recommended amendments, modifications, repeal, or termination of Emergency Manager Orders must be approved by the State Treasurer before any such modification becomes effective.
3. Conduct or cause to be conducted a formal annual evaluation of the City's operational and financial progress by identifying strengths, weaknesses, benchmarks achieved, and benchmarks not yet achieved, including a list of specific recommendations, potential resources available to assist City officials, and any other constructive feedback that informs City officials, residents, and other stakeholders concerning how the City can promote and ensure its long-term sustainability.

Finally, pursuant to Section 22(4) of the Act, I impose upon the City the following conditions which must be satisfied before it is removed from receivership, unless subsequently waived by me:

1. The implementation of financial best practices as adopted by the financial officials' association.
2. After study by the Mayor and the City Council, and in consultation with the Receivership Transition Advisory Board, the City shall enact changes in the current charter through charter amendments or charter revision that are consistent with applicable model charters and model charter amendments and in the City's best financial interests.
3. The completion by City officials of financial and managerial training to ensure that official responsibilities are properly discharged.

Sincerely,



Rick Snyder  
Governor

# EXHIBIT 5

*AS AMENDED BY FLINT RTAB RESOLUTION No. 2016-1 ADOPTED JANUARY 22, 2016*



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**EMERGENCY MANAGER  
CITY OF FLINT  
GENESEE COUNTY, MICHIGAN**

**ORDER No. 20**

**MEASURES TO RECTIFY FINANCIAL EMERGENCY AND  
ALLOCATION OF RESPONSIBILITIES IN THE EVENT OF THE  
APPOINTMENT OF A RECEIVERSHIP TRANSITION ADVISORY  
BOARD**

BY THE POWER AND AUTHORITY VESTED IN THE EMERGENCY MANAGER  
("EMERGENCY MANAGER") FOR THE CITY OF FLINT, MICHIGAN ("CITY")  
PURSUANT TO MICHIGAN'S PUBLIC 436 OF 2012, LOCAL FINANCIAL  
STABILITY AND CHOICE ACT, ("PA 436"); GERALD AMBROSE, THE EMERGENCY  
MANAGER, ISSUES THE FOLLOWING ORDER:

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Pursuant to PA 436, the Emergency Manager has broad powers in receivership to rectify the financial emergency and to assure the fiscal accountability of the City of Flint and its capacity to provide or cause to be provided necessary services essential to the public health, safety and welfare; and

Pursuant to PA 436, the Emergency Manager acts in place of local officials, specifically the Mayor and City Council, unless the Emergency Manager delegates specific authority; and

Pursuant to PA 436, the Emergency Manager has broad power to manage the local government, and may issue orders to elected and appointed officials necessary to accomplish the purpose of the Act; and

Pursuant to Public Act 436, the Emergency Manager is issuing this order to rectify the Financial Emergency and allocate responsibilities in the event of the appointment of a Receivership Transition Advisory Board:

*AS AMENDED BY FLINT RTAB RESOLUTION NO. 2016-1 ADOPTED JANUARY 22, 2016*

- 1) The purpose of PA 436, which became effective on March 28, 2013, is to safeguard and ensure the financial accountability of local units of government; to preserve the capacity of local units of government to provide or cause to be provided necessary services essential to the public health, safety, and welfare; to provide for review, management, planning, and control of the financial operation of local units of government and the provision of services by local units of government; to authorize a declaration of the existence of a financial emergency within local units of government; to prescribe remedial measures to address a financial emergency within local units of government; to provide for the appointment and to prescribe the powers and duties of emergency managers for local units of government; and to provide for the termination of a financial emergency within a local unit of government.
- 2) Section 23 of PA 436 authorizes the Governor, before removing a local government from receivership, to appoint a Receivership Transition Advisory Board (Board) to monitor the affairs of the local government until the receivership is terminated.
- 3) By letter dated April 28, 2015, I recommended that Governor Snyder appoint a Receivership Transition Advisory Board for the City.
- 4) In the event that the Governor appoints a Receivership Transition Advisory Board (Board), this Order is issued to facilitate the effective and efficient operation of the City for the duration of the period that the Board is monitoring the affairs of the City and the City remains in receivership. City officials shall be governed by and perform the duties and functions set forth as follows:

**(a) The Mayor and City Council shall implement all of the following financial best practices within the City and do all of the following:**

- 1) Safeguard the financial stability of the City by seeking out, approving, and implementing cost-saving measures recommended by the City Administrator, the Board, or both.
- 2) Work with the City Administrator and other City or State officials to successfully transition the City from receivership and eliminate financial stress within the City.
- 3) Ensure that the City makes annually required contributions to the City's pension funds. Any changes to the City's pension plans, including an annual

*AS AMENDED BY FLINT RTAB RESOLUTION NO. 2016-1 ADOPTED JANUARY 22, 2016*

contribution which is less than is actuarially determined, may only be made with the approval of the Board and the State Treasurer.

- 4) The City Council shall not interfere with the employees of the City. The City Administrator shall be the authorized management contact for all employees.
- 5) Fill within 120 days and with the approval of the Board, any vacancy in the Office of City Administrator with an individual that meets qualifications outlined in the job position description and established by the Board. Upon such a vacancy the City shall engage a Board-approved and professionally recognized search firm to identify and locate qualified candidates. Without the approval of the Board, neither the City Council nor the Mayor may terminate the City Administrator, or any other City officer or employee.
- 6) Shall observe the budgetary process as detailed in ordinance. Any budget adoption or subsequent amendment must be submitted for Board approval prior to implementation. The City shall comply with the two-year budget, which the Emergency Manager adopted pursuant to §21(1) of PA 436; however the two-year budget may be amended by approval of the Board and State Treasurer. Proposed budget amendments must be submitted to the Board at the next Board meeting that follows the event or discovery that necessitates the amendment.
- 7) Adopt ordinances and resolutions not inconsistent with this Order and Michigan law. Ordinances and resolutions are subject to a approval of the Board before taking effect, except as otherwise directed by the Board,

*AS AMENDED BY FLINT RTAB RESOLUTION NO. 2016-1 ADOPTED JANUARY 22, 2016*

- including but not limited to, ordinances of resolutions providing for the appointment of reappointment of individuals to City offices.
- 8) Issue or otherwise incur debt with the approval of the Board. As used in this paragraph, “debt” means that term as defined under the Revised Municipal Finance Act, 2001 PA 34, MCL 141.2101 to 141.2821.
  - 9) Post City Council meeting agendas on the City’s website no less than 24 hours prior to each meeting.
  - 10) Document all of the City’s outstanding liabilities, including payables and debt obligations. The City shall provide a report on the liabilities to the Board upon request.
  - 11) Adopt or alter policies and procedures for conducting the operations of the City Council, as needed, subject to approval by the Board.
  - 12) Verify the qualifications and eligibility of any individual being considered for appointment or reappointment to the City Council or any other City board, commission, or committee prior to said appointment or reappointment. An individual not eligible for appointment or reappointment shall not be approved.
  - 13) Review not less than annually an inventory of City assets.
  - 14) Review not less than annually a report on business licenses issued by the City.
  - 15) Review licensing fees and all other City fees on an annual basis and make recommendations for any adjustments, subject to approval by the Board.
  - 16) Annually review the status of tax collections and outstanding property taxes owed to the City and report findings to the Board. The City must maintain

*AS AMENDED BY FLINT RTAB RESOLUTION NO. 2016-1 ADOPTED JANUARY 22, 2016*

adequate assessment records in compliance with state statute, State Tax Commission rules and guidelines, and implement any corrective actions necessary. The City shall implement a full reappraisal within a time frame agreed to with the State Tax Commission.

- 17) City owned parcels shall be appraised prior to sale and sold by a sealed bid process absent approval by the Board to sell by another method.
- 18) Review election precinct sites and approve expenses associated with elections, consistent with the budget then in effect for the City.
- 19) Review and act by resolution on proposed economic or redevelopment projects recommended for approval by the City Administrator. In the event that the City Council fails to approve such a recommended action, the Council shall record the rationale for its disapproval in writing and submit this document to the Board within 14 days of the council meeting in which the economic or redevelopment project was voted upon. The Board shall then evaluate the City Administrator's recommendation for the economic or redevelopment project and the City Council's rationale against it. The Board shall select the course of action which, in the Board's sole discretion, best serves the interests of the citizens of the City of Flint. If the Board endorses the proposed economic or redevelopment project, the City shall implement it promptly without Council approval.
- 20) Review and act by resolution on proposed intergovernmental agreements or service consolidation plans recommended by the City Administrator. In the event that the City Council fails to approve such a recommended action, the

*AS AMENDED BY FLINT RTAB RESOLUTION NO. 2016-1 ADOPTED JANUARY 22, 2016*

Council shall develop and submit an alternate proposal which achieves equal or greater savings to the Board within 14 days of the council meeting in which the proposed intergovernmental agreements or service consolidation plan was voted upon. The Board shall then evaluate the City Administrator's recommendation and the City Council's proposal and select the course of action which best serves the interests of the citizens of the City of Flint. That proposal shall be implemented without Council approval.

- 21) Comply with local ordinance concerning the purchase of and contract for goods and services.
- 22) Approve any changes to the job description of the City Administrator, any contract with the City Administrator, and any policies or procedures applicable to the City Administrator with the approval of the Board.

**(b) The City Administrator shall implement all of the following financial best practices within the City and do all of the following:**

- ~~1) Fulfill the responsibilities and duties of Emergency Manager Order Number 3, dated April 10, 2015.~~
- 2) Be responsible for effectively overseeing the day-to-day operations of the City, consistent with Emergency Manager Orders.
- ~~3) Be the sole authority concerning modifications to compensation, including appointed officers and other City employees. This provision does not apply for elected officers within the City.~~

*AS AMENDED BY FLINT RTAB RESOLUTION NO. 2016-1 ADOPTED JANUARY 22, 2016*

- 4) ~~Notwithstanding to provisions of paragraph 20 of Emergency Manager Order No. 3 (issued April 10, 2015), termination of any department head shall require the approval of the Board.~~
- 5) Negotiate and recommend approval to the Board proposed collective bargaining agreements, subject to limitations on collective bargaining under MCL 141.1567(3).
- 6) Submit regular reports to the Mayor, City Council, and Board regarding the overall operation and direction of the City and regularly report on his or her activities to the Mayor, the City Council, and the Board.
- 7) Serve as the official City representative to the Board on behalf of the Mayor and the City Council.
- 8) Work with the City Council, the Mayor, and other City of State officials to successfully transition the City from receivership and eliminate financial stress within the City.
- 9) Ensure that the City is in full compliance with Public Act 436, all Emergency Manager Orders, local ordinances, and applicable state and federal laws.
- 10) The City Administrator may be removed only in accordance with the provisions set forth by Emergency Manager Orders and the City Administrator's Employment Agreement. Complaints or grievances against the City Administrator from the Mayor or City Council shall be provided to the City Administrator in writing. The City Administrator may not be terminated, suspended, or placed on administrative leave without the approval of the Board.

*AS AMENDED BY FLINT RTAB RESOLUTION NO. 2016-1 ADOPTED JANUARY 22, 2016*

- 11) Shall observe and comply with the Purchasing Ordinance, Ordinance #3865  
However in the event that the Board documents abuse of the process outlined in ordinance, the Board may resolve to review all purchases over \$15,000. If this occurs, Board approval is required in addition to approvals required by ordinance.
- 12) Provide to the Mayor, City Council, and the Board by the 20<sup>th</sup> calendar day following the end of each month, or when directed by the Board, monthly budget-to-actual reports, balance sheets, and a cash balances report by fund and by bank account, as prepared by the Finance Director. These reports are to be reviewed monthly with the Mayor. Additionally, if requested by the Board, monthly reports shall be submitted to the Board which detail all of the overtime expenses that the City has incurred during the previous 30 days.
- 13) Provide the Board with a plan to address and resolve all deficiencies reported in the most recent audited financial statements.
- 14) Serve as the primary contact between the Mayor, City Council, and the employees of the City.
- 15) Faithfully execute the duties of the City Administrator.

**(c) The Mayor, City Administrator, and City Council shall implement all of the following financial best practices within the City and do all of the following:**

- 1) Comply with all financial policies and ordinances, including but not limited to, the development and update of the Strategic Plan, Ordinance #3854; Development and Adoption of Biennial Budgets and Three-Year Financial Forecasts, Ordinance #3855; Amendment of Adopted Budgets, Ordinance

*AS AMENDED BY FLINT RTAB RESOLUTION NO. 2016-1 ADOPTED JANUARY 22, 2016*

#3856; Fund Balance Policy, Ordinance #3851; Budget Stabilization Fund, Ordinance #3853; Other Post-Employment Benefits, Ordinance #3852; and the Purchasing Ordinance, Ordinance #3865. Additionally, continue to adopt, subject to Board approval, any policies and procedures necessary to implement best financial practices by the City.

- 2) Work with the Board to successfully transition the termination of receivership for the City by supporting, implementing, and maintaining the financial and operating plan and the reforms instituted by the City's emergency managers, including but not limited to, the financial and operating plan for the City and by providing appropriate training and explanation of City operations.
- 3) Provide to the Board, in a timely manner, any documents, records, or other information requested by the Board or its staff. Appear before the Board to provide testimony, documents, records or other information when requested by the Board or its staff.
- 4) Per previously adopted Orders, continue to develop and maintain a rolling five-year financial operations plan, in coordination with the City Administrator and City Finance Director, and ensure that the financial operations plan is prepared in accordance with applicable law. The five-year financial operations plan and any subsequent amendments are subject to Board approval.
- 5) Per previously adopted Orders, continue to develop and maintain a rolling six-year Capital Improvements Plan (CIP), in coordination with the City Planning Commission and ensure that the CIP is prepared annually in accordance with

*AS AMENDED BY FLINT RTAB RESOLUTION NO. 2016-1 ADOPTED JANUARY 22, 2016*

applicable law. The CIP, and any subsequent amendments, are subject to approval by the Board.

- 6) Annually budget for and receive training on the Open Meetings Act, effective meeting management and parliamentary procedures, council-manager relations, analyzing financial statements, and reports from professionally recognized organizations. The City will pay for training costs. Budget for and ensure that all planning commissioners, zoning board of appeals members, and members of the board of review annually receive proper training to assist them in the fulfillment of their roles and responsibilities and remove members who fail to receive adequate training.
- 7) Annually review, upon preparation and adoption of the budget, all fees and make recommendations subject to approval of the Board. Should the City Council fail to adopt a budget by the first (1<sup>st</sup>) Monday in June, fail to approve a proposed budget amendment in a timely manner, or fail to ratify a fee schedule recommended by the City Administrator, the City Administrator shall present such budget, budget amendment, or fee schedule to the Board for approval, and the Board may approve the budget amendment, or fee schedule to the Board for approval, and the Board may approve the budget, budget amendment, or fee schedule on behalf of the City.
- 8) Continue to implement any steps necessary to successfully complete the district court consolidation process.
- 9) Take all steps necessary to successfully establish, develop, and complete the Karegnondi Water Authority (KWA) project.

*AS AMENDED BY FLINT RTAB RESOLUTION NO. 2016-1 ADOPTED JANUARY 22, 2016*

- 10) Take action at the same meeting on all items duly submitted by the City Administrator to the City Council agenda unless the City Administrator agrees that the items should be postponed to the next subsequent meeting.
- 11) All City elected officials, officers, and employees shall abide by all State regulations and statutes.

**(d) Limitations upon the City Council, Mayor, and the City Administrator:**

- 1) The City Council, Mayor, or City Administrator shall not revise any Order that was implemented by the Emergency Manager during his or her term prior to one year after the termination of receivership. Amendments to Emergency Manager Orders may be made pursuant to the procedures identified in Section 5.
- 2) There shall be no funding for the Office of the Ombudsman or the Civil Service Commission.
5. Except as otherwise provided in this paragraph, the power to rescind or amend any order issued by the Emergency Manager shall rest solely with the Board, with approval by the State Treasurer, to the extent permitted under PA 436. This Order may be amended, modified, repealed, or terminated by a subsequent Order issued by an Emergency Manager.
6. This Order amends all previous Emergency Manager Orders to the extent that they are inconsistent.
7. This order shall have immediate effect.

Date: 4/29/15

By:   
Gerald Ambrose  
Emergency Manager  
City of Flint

# EXHIBIT 6

150306

ORDINANCE NO. 3865

An Ordinance to amend the City of Flint Code of Ordinances by amending Chapter 18, Taxation; Funds; Purchasing; Article IV, Purchases.

IT IS HEREBY ORDAINED BY THE PEOPLE OF THE CITY OF FLINT:

Sec. 1. That the Ordinances of the City of Flint shall be amended by amending Chapter 18, Taxation; Funds; Purchasing; Article IV, Purchases; by updating Sections 18-19 through 18-21.13; the renumbering of Section 18-21.14 to Section 18-21.20; and, the addition of new Sections 18-21.15 through 18-21.19, which shall read in its entirety as follows:

ARTICLE IV: PURCHASING

§ 18-18 SHORT TITLE.

This ordinance shall be known and may be cited as the "Purchasing Ordinance of the City of Flint."

§ 18-19 DEFINITIONS.

For the purposes of this article, the following terms, phrases, words, and their derivations shall have the meaning given herein. When not inconsistent with the context, words used in the present tense include the future, words in the plural number include the singular number, and words in the singular number include the plural number. The word "shall" is always mandatory and not merely directory.

AGENCY. Any department, office, multiple member body or other organization of City government and includes any elective officer, appointee or person acting or purporting to act in the exercise of official duties, but shall not include the Board of Hospital Managers.

CHIEF EXECUTIVE. The Mayor of the City of Flint.

CITY. The City of Flint, Michigan.

CITY COUNCIL. The Council of the City of Flint.

CONTRACTUAL SERVICES. All telephone, gas, water, electric light and power service; towel and cleaning service; insurance; leases for all grounds, buildings, office or other space required by the agencies, with the exception of property under the control of the Housing Commission, Department of Community Development or any independent multiple member board established in accordance with the provisions of the FLINT CITY Charter; and the rental, repair or maintenance of equipment, machinery and other City owned personal property. The term shall not include professional and other contractual services which THAT have been proven to be unique and not subject to competition.

DIRECTOR. The Director of Purchases and Supplies PURCHASING DIRECTOR AND/OR PURCHASING MANAGER.

PROCUREMENT CARD.

SUPPLIES. All supplies, materials and equipment.

§ 18-20 DIRECTOR OF PURCHASES AND SUPPLIES PURCHASING DIRECTOR.

There is hereby created the position of PURCHASING Director of Purchases and Supplies who shall be a member of the Classified Service and shall be appointed by the Mayor CITY ADMINISTRATOR with the approval of the City Council. The PURCHASING Director shall perform all duties as provided herein BY THIS ORDINANCE AND THE FLINT CITY CHARTER under the direction of the Mayor CITY ADMINISTRATOR and shall perform such ALL other duties as may be prescribed by the Mayor CITY ADMINISTRATOR.

~~§ 18-21 DIRECTOR TO HAVE SUPERVISION OF PURCHASE AND DISTRIBUTION OF SUPPLIES, MATERIALS AND EQUIPMENT.~~

~~The Director of Purchases and Supplies shall have general supervision of the purchase and distribution of all supplies, materials and equipment and shall perform all duties required by law and shall have the powers and duties prescribed by this article.~~

~~§ 18-21.1 ADDITIONAL DUTIES AND RESPONSIBILITIES OF DIRECTOR.~~

~~The Director shall have the power and it shall be his duty:~~

~~(a) Purchase or contract. To purchase or contract for all supplies and contractual services needed by any agency in accordance with purchasing procedures as prescribed by this article and such rules and regulations as the Director shall adopt for the internal management and operation of the office of Director of Purchases and Supplies and such other rules and regulations as shall be prescribed by the Mayor as the purchasing functions related to executive staff offices and departments.~~

~~(1) Exceptions prohibited. The authority of the Director to negotiate all purchases for all agencies shall not be abridged by excepting by rule any particular agency.~~

~~(2) Unauthorized purchases. Except as herein provided, it shall be unlawful for any agency to order the purchase of any supplies or make any contract within the purview of this article other than through the Director and any purchase ordered or contract made contrary to the provisions hereof shall not be approved and the City shall not be bound thereby.~~

~~(b) Other powers and duties. In addition to the purchasing authority conferred in~~

~~subsection (a) above and in addition to any other powers and duties conferred by this article, the Director shall:~~

~~(1) Minimum expenditure. Act to procure for the City the highest quality in supplies and contractual services at least expense to the City.~~

~~(2) Encourage competition. Discourage uniform bidding and endeavor to obtain as full and open competition as possible on all purchases and sales;~~

~~(3) Purchasing analysis. Keep informed of current developments in the field of purchasing, prices, market conditions and new products, and secure for the City the benefits of research done in the field of purchasing by other governmental jurisdictions, national technical societies, trade associations having national recognition, and by private businesses and organizations.~~

~~(4) Forms. Prescribe and maintain such forms as he shall find necessary to the operation of this article.~~

~~(5) Standard nomenclature. Prepare and adopt a standard purchasing nomenclature for agencies and suppliers.~~

~~(6) Vendor's catalog file. Prepare, adopt and maintain a vendor's catalog file.~~

~~(7) Bulk purchases. Exploit the possibilities of buying "in bulk" so as to take full advantage of discounts.~~

~~(8) Tax exemptions. So as to procure for the City all tax exemptions to which it is entitled.~~

~~(9) Cooperation with Department of Finance. Cooperate with the Department of Finance so as to secure for~~

~~the City the maximum efficiency in budgeting and accounting to the extent required by the Director of Finance.~~

~~(10) Disqualification of bidders. Have the authority, with the approval of the Mayor to declare vendors who default on the quotations or contracts irresponsible bidders and to disqualify them from receiving any business from the City for a stated period of time. Any vendor who feels himself aggrieved by the decision may, within ten (10) days of notification of such determination, make objections thereto, in writing, to the City Clerk. Within fifteen (15) days of the receipt of said notification, the City Council shall, after public hearing, make a final determination as to the disqualification of the vendor, which determination shall be final.~~

~~§ 18-21.2 REQUISITION AND ESTIMATES.~~

~~(a) Requisitions or estimates. All agencies, either by or with the authorization of the head of the department under which the agency operates, shall file with the Director detailed requisitions or estimates of their requirements in supplies and contractual services in such manner, at such times, and for such future periods as may be required for budgeting and accounting purposes.~~

~~(b) Unforeseen requirements. An agency shall not be prevented from filing, in the same manner, with the Director at any time a requisition or estimate for any supplies and contractual services, the need for which was not foreseen when the detailed estimates were filed.~~

~~§ 18-21.3 ENCUMBRANCE OF FUNDS.~~

~~Except in cases of emergency, the Director shall not issue any order for delivery on a contract or open market purchase until the Chief Finance Officer shall have certified, after pre-audit, that there is to the credit of the agency concerned a sufficient unencumbered~~

~~appropriation balance, in excess of all unpaid obligations, to defray the amount of such order.~~

~~(a) Vendor information shall be furnished on a monthly basis to City Council.~~

~~The Director shall furnish to the Council by the fifteenth day of each month a list of all vendors, with or without a contract, to whom money was owed as of the last day of the preceding month. In addition to the name of each vendor the list shall contain each vendor's address, and, as of the last day of the preceding month, the total amount of money owed to each vendor, and how much of the amount owed each vendor has been due for more than 30 days and more than 60 days.~~

~~A violation of this ordinance is considered a misdemeanor, punishable by a \$500.00 fine, and/or 90 days in jail.~~

~~§ 18-21.4 COMPETITIVE BIDDING REQUIRED.~~

~~All purchases of supplies, contractual services, or sales of personal property which is unsuitable for continued use, except as specifically provided herein, shall be based wherever possible on competitive bids.~~

~~§ 18-21.5 FORMAL CONTRACT PROCEDURE.~~

~~All supplies and contractual services, except as otherwise provided herein, when the estimated cost thereof shall exceed \$3,000.00 shall be purchased by written contract or purchase order from the lowest responsible bidder, after due notice inviting proposals; and no purchase in excess of \$3,000.00 shall be made by the Director and/or Manager, except upon the approval of the City Council. In the event that purchases made without City Council approval from any one supplier exceed \$3,000.00 in any fiscal year, City Council shall be informed of such in writing by the Director of Purchases and/or Purchasing Manager. All sales of personal property with an estimated value in excess of \$3,000.00 shall be~~

~~sold by written contract or bill of sale to the highest responsible bidder, after due notice inviting proposals:~~

~~(a) Notice inviting bids:~~

~~(1) Electronic media and/or newspaper:~~

~~a. Notices inviting bids/proposals shall be published at least five (5) days preceding the last day set for the receipt of proposals on the City of Flint website, any electronic media service, or at least one newspaper of general circulation in the City, if funding is available.~~

~~b. Scope of notice. The electronic media and/or newspaper notice required herein shall include a general description of the articles to be purchased or sold; shall state where bid blanks and specifications may be secured, and the time and place for opening bids.~~

~~(2) Bidder's list. The Director and/or Manager shall also solicit sealed bids from all responsible prospective suppliers who have requested their names be added to a "bidders list," which the Director and/or Manager shall maintain by directing prospective suppliers to the available electronic media source or by sending them a copy of such newspaper notice or such other notice as will acquaint them with the proposed purchase or sale. In any case, invitations sent to the vendors on the bidders' list shall be limited to commodities that are similar in character and ordinarily handled by the trade group to which the invitations are sent.~~

~~(b) Bid deposits. When deemed necessary by the Director and/or Manager, bid deposits shall be prescribed in the public notice inviting bids.~~

~~Unsuccessful bidders shall be entitled to return of bid deposits upon award of the contract. A successful bidder shall forfeit any bid deposit required by the Director and/or Manager upon failure on his part to enter a contract within ten (10) days after the award.~~

~~(c) Bid opening procedure:~~

~~(1) Sealed. All bids and proposals shall be submitted via either the electronic media source or in a sealed envelope to the Director and/or Manager and shall be identified as such electronic means or on the face of the envelope.~~

~~(2) Opening. Bids shall be opened in public at the time and place stated in the public notices and shall be witnessed by the City Clerk's designee.~~

~~(3) Tabulation. A tabulation of all bids received shall be available for public inspection.~~

~~(d) Rejection of bids:~~

~~(1) The Director and/or Manager shall have the authority to reject any bids; or any part thereof, when the public interest shall be served thereby; provided, however, that in such event the public interest shall be clearly stated in the notice of rejection.~~

~~(2) Bidders in default to City. The Director and/or Manager shall not knowingly accept a bid from a contractor who is in default on the payment of taxes, licenses or other monies due the City. Contracts with bidders who are found to have been in default at the time of award of the contract shall be voidable.~~

~~(e) Award of contract:~~

~~(1) Authority of the Director and/or Manager. The Director and/or Manager shall have the authority to award~~

~~contracts within the purview of this article, subject to the approval of the City Council.~~

~~(2) *Lowest responsible bidder.* Contracts shall be awarded to the lowest responsible bidder. In determining the "lowest responsible bidder," in addition to price, the Director and/or Manager shall consider the following factors, among others:~~

~~a. The ability, capacity and skill of the bidder to perform the contract or provide the services required;~~

~~b. Whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference;~~

~~c. The character, integrity, reputation, judgment, experience and efficiency of the bidder in business;~~

~~d. The quality of performance of previous contracts or services~~

~~e. The previous and existing compliance by the bidder with laws and ordinances relating to the contract or services;~~

~~f. The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the services;~~

~~g. The quality, availability and adaptability of the supplies, or contractual services, to the particular use required;~~

~~h. The ability of the bidder to provide future maintenance and~~

~~service for the use of the subject of the contract;~~

~~i. The number and scope of conditions attached to the bid;~~

~~j. Compliance with the City's affirmative action program;~~

~~k. Other factors involved. A contract may be awarded to a bidder based on factors other than the lowest bid, including but not limited to the bidder's competence, reliability and/or skills; provided that the Director and/or Manager submits a report detailing such factors to City Council subject to its approval.~~

~~(f) *Award to other than the low bidder.* From the bidders so determined to be responsible, the Director and/or Manager shall award the contract to the lowest such bidder; provided, that in determining the lowest bid, the Director and/or Manager shall consider the bona fide business location of the bidder. If the lowest responsible bidder is not located within the City limits of Flint, and the lowest bid of the responsible bidders located within the City limits of Flint does not exceed that of the lowest nonlocal bidder by more than seven percent (7%); then the Director and/or Manager may determine said lowest local bidder to be the lowest responsible bidder, and make the award to such local bidder accordingly, subject to the approval of the City Council. Additionally, if the lowest responsible bidder is not located within the limits of the City of Flint, and the lowest bid of the responsible bidder located within the County of Genesee does not exceed the bid of the lowest nonlocal bidder by more than three and one-half percent (3.5%), then the Director and/or Manager may determine said lowest Genesee County bidder to be the lowest responsible bidder, and make the award to such Genesee County bidder accordingly, subject to the approval of the City Council.~~

~~(g) — Irresponsible bidder; statement required. When bidders are determined not to be responsible bidders and their bids would have been lower than the bid actually awarded, a full and complete statement of the reason for such determination shall be prepared by the Director and/or Manager and filed with the other papers relating to the transactions.~~

~~(h) — Performance bonds. The Director and/or Manager shall, in his discretion, have the authority to require either a performance bond, cash deposit or surety, before entering a contract, in such amount as he shall find reasonably necessary to protect the best interests of the City.~~

~~(i) — Unique services. Professional or personnel contractual services which have been proven to be unique and not subject to the requirements of the competitive bidding process in excess of \$2,000.00 cumulative for a fiscal year shall require City Council approval unless otherwise provided by the Charter or other law.~~

~~(j) — Prohibition against subdivision. No contract or purchase order shall be subdivided to void the requirements of this section.~~

~~(k) — Termination of contract. No contract or purchase which was made or awarded with the approval of the City Council may be terminated by the Director and/or Manager or any other member of the Executive Branch without first obtaining the approval of City Council for such termination.~~

~~§ 18-21.6 OPEN MARKET PROCEDURE:~~

~~All purchases of supplies, contractual services, or sales of personal property which is unsuitable for continued use, which has an estimated value of less than three thousand five hundred dollars (\$3,500.00), may be made in the open market, without proper advertisement and without observing the procedure prescribed in § 18-21.5 for the award of formal contracts.~~

~~(a) — Minimum number of bids. All open market purchases shall, whenever feasible, be based on at least three (3) competitive bids, and shall be awarded to the lowest responsible bidder in accordance with the standards set forth in § 18-21.5(e)(2).~~

~~(b) — Notice inviting bids. The Director shall solicit bids by:~~

- ~~(1) — Direct mail request to prospective vendors; or~~
- ~~(2) — By telephone; or~~
- ~~(3) — By public notice posted on the bulletin boards of the City Hall.~~

~~(c) — Recording. The Director shall keep a record of all open market orders and the bids submitted in competition thereon, and such records shall also be open to public inspection.~~

~~§ 18-21.7 PETTY EXPENDITURES REVOLVING FUND:~~

~~Petty cash funds may be established within any agency with the approval of the Director of Finance. From this fund shall be paid all purchases not in excess of \$100.00 each, made by the heads of agencies for incidentals, with the approval of the Director. The Director shall promulgate rules and regulations for use of the petty expenditures revolving fund.~~

~~§ 18-21.8 CENTRAL WAREHOUSING; STOREROOM'S REVOLVING FUND:~~

~~(a) — Administration. The Director shall control and supervise storerooms and warehouses and shall administer the storeroom's revolving fund.~~

~~(b) — Storeroom's revolving fund. There is hereby created a storeroom's revolving fund.~~

- ~~(1) — Accounting procedure. Requisitions from supplies, in a storeroom or warehouse shall be credited by the Director to the storeroom's~~

~~revolving fund by a charge against the appropriation of the using agency.~~

~~(2) *Inventory.* The Director shall maintain a perpetual inventory record of all materials, supplies or equipment stored in storerooms and warehouses.~~

~~§ 18-21.9 PRICE AGREEMENT CONTRACT PROCEDURE.~~

~~The head of the agency shall have the authority to submit requisitions to the Director for supplies available under the terms of a price agreement.~~

~~§ 18-21.10 EMERGENCY PURCHASES.~~

~~(a) *Emergency defined.* For the purpose of this section only, an *EMERGENCY* constitutes a situation that threatens the public health, safety or welfare, and:~~

~~(1) Is unforeseeable;~~

~~(2) Calls for immediate action;~~  
and

~~(3) Cannot be responded to using established procurement methods.~~

~~(b) *By Director and/or Manager.* In case of an emergency that requires the immediate purchase of supplies or contractual services, the Director and/or Manager shall be empowered to secure by open market procedure and at the lowest obtainable price, any supplies or contractual service:~~

~~(1) Without City Council approval for amounts not exceeding \$10,000.00 per vendor during a six (6) month period;~~

~~(2) With City Council approval for amounts exceeding \$10,000.00 per vendor during a six (6) month period.~~

~~(3) *Recorded explanation.* The Director and/or Manager shall immediately file a report explaining the circumstances of an emergency purchase with the City Clerk to be entered into the minutes of the City Council and remain open to public inspection.~~

~~(e) *By head of department.* In case of an emergency which may result in the loss of:~~

~~(1) *Life.* The head of any agency may purchase directly any supplies or services necessary under the circumstances then in existence; or~~

~~(2) *Property.* The head of any agency may purchase directly only those supplies or services not to exceed \$10,000.00 during a six (6) month period without the prior approval of City Council.~~

~~(d) *Violation.* Any person in violation of making an unauthorized expenditure as outlined in this section shall be guilty of a misdemeanor punishable by a \$500.00 fine and/or ninety (90) days in jail upon conviction of the Court.~~

~~§ 18-21.11 INSPECTION AND TESTING.~~

~~The Director may inspect, or supervise the inspection of all deliveries of supplies or contractual services to determine their conformance with the specifications set forth in the order or contract.~~

~~(a) *Inspection by agency.* The Director shall have the authority to authorize agencies having the staff and facilities for adequate inspection to inspect all deliveries made to such agencies under rules and regulations which the Director shall prescribe.~~

~~(b) *Tests.* The Director shall have the authority to require chemical and physical tests of samples of deliveries which are necessary to determine their quality and conformance with the specifications. In the performance of such tests, the Director shall have the authority to make use~~

~~of laboratory facilities of any agency of the City government or of any outside laboratory.~~

~~§ 18-21.12 SURPLUS SUPPLIES.~~

~~All using agencies shall submit to the Director, at such times and in such form as he shall prescribe, an inventory of all supplies which are no longer used or which have become obsolete.~~

~~(a) Transfer. The Director shall have the authority to transfer surplus supplies to other agencies.~~

~~(b) Sale. The Director shall have the authority to sell all supplies which have become unsuitable for public use, or to exchange the same for, or trade in the same on, new supplies.~~

~~(1) Competitive bidding. Sales under this section shall be made to the highest responsible bidder and in conformance with §§ 18-21-5 or 18-21-6 hereof whichever is applicable.~~

~~§ 18-21.13 COOPERATIVE PURCHASING.~~

~~The Director shall have the authority to join with other units of government in cooperative purchasing plans when the best interests of the City would be served thereby.~~

~~§ 18-21 PURPOSE AND SCOPE.~~

THE VISION FOR THE CITY IS A WELL-MANAGED, FINANCIALLY STABLE, AND ACCOUNTABLE GOVERNMENT FOCUSED ON CREATING AND MAINTAINING A VIBRANT AND GROWING COMMUNITY THAT WILL ATTRACT AND RETAIN RESIDENTS, BUSINESSES, STUDENTS AND VISITORS AND IMPROVE QUALITY OF LIFE. THE CITY'S MISSION IS TO ASSURE THAT RESIDENTS, BUSINESSES, STUDENTS AND VISITORS RECEIVE MUNICIPAL SERVICES IN A CUSTOMER FRIENDLY

AND FINANCIALLY RESPONSIBLE MANNER.

STRUCTURING CITY OPERATIONS TO ACHIEVE THIS MISSION AND VISION HAVE REQUIRED THE ESTABLISHMENT OF LONG RANGE STRATEGIC PLANNING AND BUDGETING. EQUALLY IMPORTANT IS ESTABLISHING THE PRINCIPLES BY WHICH GOODS AND SERVICES WILL BE OBTAINED.

THE PROCESS OF OBTAINING GOODS AND SERVICES MUST BE CONSISTENT WITH THE STRATEGIC PLAN. THERE MUST BE PROPER OVERSIGHT AND TRANSPARENCY, WITH A GOAL OF OBTAINING THE GOODS AND SERVICES THAT BEST MEET THE NEEDS OF CITY DEPARTMENTS. THE PROCESS MUST ENSURE COMPETITIVE PROCUREMENT CONDUCTED IN AN ETHICAL AND TIMELY MANNER IN ORDER FOR THE CITY TO CARRY OUT ITS DUTIES. USE OF CITY RESOURCES FOR PERSONAL USE IS GROUNDS FOR TERMINATION OF EMPLOYMENT AND POSSIBLE CRIMINAL PROSECUTION.

PURCHASING GOODS AND SERVICES SUPPORTS THE BUSINESSES AND COMMUNITIES IN WHICH THE BUSINESSES RESIDE. ACCORDINGLY, WHEN FEASIBLE, IN TERMS OF QUALITY, COST, AND ACCESSIBILITY, THE CITY SHOULD MAKE GOOD FAITH EFFORTS TO PROCURE GOODS AND SERVICES FROM BUSINESSES WITH A PHYSICAL LOCATION WITHIN THE CITY LIMITS, AND IF NOT ABLE TO DO SO, TO MAKE SIMILAR EFFORTS WITH RESPECT TO BUSINESSES PHYSICALLY LOCATED IN GENESEE COUNTY AND/OR SURROUNDING COMMUNITIES.

§ 18-21.1 ASSIGNMENT OF RESPONSIBILITY.

THE FLINT CITY COUNCIL SHALL BE RESPONSIBLE FOR PERIODICALLY REVIEWING AND UPDATING THIS ORDINANCE, FOR MONITORING PURCHASING ACTIVITIES AS DESCRIBED WITHIN THIS ORDINANCE, AND APPROVING PURCHASES AS DESCRIBED WITHIN THIS ORDINANCE TO ASSURE THAT GOODS AND SERVICES OBTAINED BEST MEET THE NEEDS OF CITY DEPARTMENTS AND ARE OBTAINED IN A COMPETITIVE, TRANSPARENT, ETHICAL AND TIMELY MANNER THAT PERMITS THE CITY TO CARRY OUT ITS DUTIES.

THE MAYOR SHALL BE RESPONSIBLE FOR EXECUTIVE OVERSIGHT OF THE PURCHASING OF ALL GOODS AND SERVICES FOR THE CITY, FOR APPROVING PURCHASES AS PROVIDED IN THIS ORDINANCE, AND FOR ASSURING THAT CITY COUNCIL IS PROVIDED TIMELY INFORMATION TO ENABLE IT TO CARRY OUT ITS OVERSIGHT RESPONSIBILITIES.

THE CITY ADMINISTRATOR SHALL PROVIDE ADMINISTRATIVE OVERSIGHT OF THE PURCHASING FUNCTION, FOR APPROVING PURCHASES AS PROVIDED IN THIS ORDINANCE, AND FOR PROVIDING THE CITY COUNCIL TIMELY INFORMATION TO ENABLE IT TO CARRY OUT ITS OVERSIGHT RESPONSIBILITIES.

THE FINANCE DIRECTOR SHALL SUPERVISE THE ACTIVITIES OF THE PURCHASING DIRECTOR, AND SHALL WORK WITH THE PURCHASING DIRECTOR, DEPARTMENT HEADS AND OTHERS TO ASSURE THAT PROPER BUDGETARY AUTHORITY EXISTS FOR THE PURCHASE OF GOODS AND SERVICES.

THE PURCHASING DIRECTOR SHALL BE RESPONSIBLE FOR THE PROCUREMENT OF ALL GOODS AND SERVICES FOR THE CITY UNLESS OTHERWISE PROVIDED IN THIS ORDINANCE. THE PURCHASING DIRECTOR SHALL ASSURE THAT ALL GOODS AND SERVICES ARE OBTAINED IN A COMPETITIVE AND ETHICAL MANNER AND IN COMPLIANCE WITH THE PROCESSES ESTABLISHED IN THIS ORDINANCE. THE PURCHASING DIRECTOR SHALL ALSO APPROVE PURCHASES AS PROVIDED IN THIS ORDINANCE. THE PURCHASING DIRECTOR SHALL ALSO DEVELOP AND RECOMMEND TO THE MAYOR THE APPROPRIATE PROCESSES AND PROCEDURES TO MEET THE REQUIREMENTS OF THIS ARTICLE.

DEPARTMENT HEADS AND PERSONNEL DESIGNATED BY DEPARTMENT HEADS SHALL HAVE THE AUTHORITY TO OBTAIN GOODS AND SERVICES AS AUTHORIZED IN THIS ARTICLE. THE DESIGNATED PERSONNEL SHALL ALSO PROVIDE THE PURCHASING DIRECTOR WITH THE INFORMATION NEEDED TO ASSURE THAT THE GOODS AND SERVICES TO BE OBTAINED ARE IN THE BEST INTERESTS OF THE CITY.

ALL PERSONS WHO ARE AUTHORIZED TO PURCHASE GOODS AND SERVICES FOR THE CITY SHALL BE RESPONSIBLE FOR ASSURING THAT PURCHASES MADE IN THE BEST INTERESTS OF THE CITY, ARE OBTAINED ON A COMPETITIVE BASIS AS REQUIRED BY THIS ARTICLE, AND ARE DONE IN AN ETHICAL MANNER.

§ 18-21.2 DELEGATION OF AUTHORITY.

THERE MUST BE PROPER OVERSIGHT AND TRANSPARENCY WITH RESPECT TO THE PURCHASE OF

GOODS AND SERVICES, WITH A GOAL OF OBTAINING GOODS AND SERVICES THAT BEST MEET THE NEEDS OF CITY DEPARTMENTS. THE PROCESS MUST ENSURE COMPETITIVE PROCUREMENT CONDUCTED IN A TIMELY AND ETHICAL MANNER IN ORDER FOR THE CITY TO CARRY OUT ITS DUTIES. ALL PARTIES DELEGATED AUTHORITY WITH RESPECT TO ALL PURCHASES OF GOODS AND SERVICES ARE CHARGED WITH THE RESPONSIBILITY OF MAKING PURCHASES IN A COMPETITIVE AND ETHICAL MATTER, AND FOR ADHERING IN ALL RESPECTS TO THE CITY OF FLINT CODE OF CONDUCT POLICY.

THE AUTHORITY WITH RESPECT TO THE PURCHASE OF ALL GOODS AND SERVICES IS DELEGATED AS PROVIDED HEREIN:

DEPARTMENT HEADS AND EMPLOYEES SPECIFICALLY DESIGNATED BY DEPARTMENT HEADS, AND APPROVED BY THE PURCHASING DIRECTOR, SHALL BE ELIGIBLE TO BE ISSUED PROCUREMENT CARDS, AND ARE AUTHORIZED TO PURCHASE GOODS AND SERVICES FOR CITY PURPOSES, PROVIDED FUNDS ARE APPROPRIATELY BUDGETED AND THAT THE DEPARTMENT HEAD OR DESIGNATED EMPLOYEE FORMALLY AGREE TO ALL PROVISIONS REGARDING THE USE AND RECONCILEMENT OF THE CARDS, AS PRESCRIBED BY THE PURCHASING DIRECTOR. THE AMOUNT OF GOODS AND SERVICES PURCHASED IN ONE MONTH MAY NOT EXCEED \$10,000, UNLESS SPECIFIC AUTHORIZATION IS APPROVED BY THE FINANCE DIRECTOR, CITY ADMINISTRATOR, AND MAYOR UPON THE RECOMMENDATION OF THE PURCHASING DIRECTOR. THE PURCHASING DIRECTOR MAY SUSPEND

USE OF PROCUREMENT CARDS FOR FAILURE TO FOLLOW ESTABLISHED PROCESSES AND PROTOCOLS. USE OF PROCUREMENT CARDS FOR PERSONAL OR OTHER NON-CITY USE IS A VIOLATION OF THE CITY'S CODE OF CONDUCT POLICY AND MAY BE GROUNDS FOR TERMINATION AND POSSIBLE CRIMINAL PROSECUTION.

DEPARTMENT HEADS AND EMPLOYEES AUTHORIZED BY DEPARTMENT HEADS MAY REQUEST THE PURCHASE OF GOODS AND SERVICES BY FILING A PROPERLY COMPLETED REQUISITION WITH THE PURCHASING DIRECTOR. UPON RECEIPT OF THE REQUISITION, AND DOCUMENTATION THAT FUNDS HAVE BEEN PROPERLY BUDGETED, THE PURCHASING DIRECTOR SHALL CAUSE THE SOLICITATION OF REQUESTS FOR THE PURCHASE OF THE GOODS AND SERVICES TO BE MADE, FOLLOWING THE APPROPRIATE PROCESSES.

THE PURCHASING DIRECTOR SHALL ADHERE TO THE FORMAT OF THE SELECTED PROCESS AS DETAILED IN THE FOLLOWING SECTIONS:

§ 18-21.3 COMPETITIVE SEALED BIDDING.

(1) *CONDITIONS FOR USE.* ALL PROCUREMENT REQUESTS FOR THE CITY SHALL BE AWARDED BY THE USE OF COMPETITIVE SEALED BIDDING EXCEPT AS OTHERWISE PROVIDED IN SECTIONS 18-21.4 (COMPETITIVE SEALED PROPOSALS), 18-21.5 (QUALIFICATIONS BASED SELECTION), 18-21.6 (SMALL PURCHASES), 18-21.7 (PUBLIC ENTITY PROCUREMENTS), 18-21.8 (SOLE SOURCE PROCUREMENT), AND 18-21.9 (EMERGENCY PROCUREMENTS), OF THIS ARTICLE.

(2) *INVITATION FOR BIDS.* AN INVITATION FOR BIDS SHALL BE ISSUED AND SHALL INCLUDE SPECIFICATIONS AND ALL CONTRACTUAL TERMS AND CONDITIONS APPLICABLE TO THE PROCUREMENT.

(3) *PUBLIC NOTICE.* ADEQUATE PUBLIC NOTICE OF THE INVITATION FOR BIDS SHALL BE GIVEN NOT LESS THAN TEN (10) CALENDAR DAYS PRIOR TO THE DATE SET FORTH FOR THE OPENING OF BIDS. THE NOTICE MAY INCLUDE PUBLICATION ON THE CITY'S WEBSITE, ANY ELECTRONIC MEDIA SERVICE, OR NEWSPAPER OF GENERAL CIRCULATION WITHIN TEN (10) DAYS PRIOR TO BID OPENING. THE PUBLIC NOTICE SHALL STATE THE PLACE, DATE, AND TIME OF BID OPENING.

(4) *BID OPENING.* BIDS MAY BE OPENED PUBLICLY IN THE PRESENCE OF ONE OR MORE WITNESSES AT THE TIME AND PLACE DESIGNATED OR RECORDED AND PUBLISHED IN AN ELECTRONIC INVITATION FOR BIDS MANAGEMENT SYSTEM. THE AMOUNT OF EACH BID, AND ALL OTHER RELEVANT INFORMATION, AS THE PURCHASING DIRECTOR DEEMS APPROPRIATE, TOGETHER WITH THE NAME OF EACH BIDDER SHALL BE RECORDED. THE RECORD AND EACH BID SHALL BE OPEN TO THE PUBLIC.

(5) *BID ACCEPTANCE AND BID EVALUATION.* BIDS SHALL BE UNCONDITIONALLY ACCEPTED WITHOUT ALTERATION OR CORRECTION, EXCEPT AS AUTHORIZED HEREIN. BIDS SHALL BE EVALUATED BASED ON THE REQUIREMENTS SET FORTH IN THE INVITATION FOR BIDS, WHICH MAY INCLUDE CRITERIA TO DETERMINE ACCEPTABILITY SUCH AS INSPECTION,

TESTING, QUALITY, WORKMANSHIP, DELIVERY, AND SUITABILITY FOR A PARTICULAR PURPOSE. THOSE CRITERIA THAT WILL AFFECT THE BID PRICE AND BE CONSIDERED IN THE EVALUATION FOR AWARD SHALL BE OBJECTIVELY MEASURABLE, SUCH AS DISCOUNTS, TRANSPORTATION COSTS, AND TOTAL OR LIFE CYCLE COSTS. THE INVITATION FOR BIDS SHALL SET FORTH THE EVALUATION CRITERIA TO BE USED.

(6) *CORRECTION OR WITHDRAWAL OF BIDS; CANCELLATION OF AWARDS.* CORRECTIONS OR WITHDRAWAL OF INADVERTENTLY ERRONEOUS BIDS BEFORE OR AFTER BID OPENING, OR CANCELLATION OF AWARDS OR CONTRACTS BASED ON BID MISTAKES, MAY BE PERMITTED WHERE APPROPRIATE. MISTAKES DISCOVERED BEFORE BID OPENING MAY BE MODIFIED OR WITHDRAWN BY WRITTEN OR ELECTRONIC NOTICE RECEIVED IN THE OFFICE DESIGNATED IN THE INVITATION FOR BIDS PRIOR TO THE DEADLINE FOR SUBMISSION OF THE BID.

(7) *LOCAL PREFERENCE.* FROM THE BIDDERS DETERMINED TO BE RESPONSIBLE, THE PURCHASING DIRECTOR, IN CONSULTATION WITH THE DEPARTMENT HEAD REQUESTING THE GOODS OR SERVICES, SHALL DETERMINE THE RECOMMENDED BID AWARD. FROM AMONG THE RESPONSIBLE BIDDERS, THE RECOMMENDED AWARD SHALL BE TO THE LOWEST BIDDER; PROVIDED, THAT IN DETERMINING THE LOWEST BID, THE PURCHASING DIRECTOR SHALL CONSIDER THE BONA FIDE BUSINESS LOCATION OF THE BIDDER. IF THE LOWEST RESPONSIBLE BIDDER IS NOT LOCATED WITHIN THE CITY LIMITS, AND THE LOWEST BID OF THE RESPONSIBLE BIDDERS LOCATED

WITHIN THE CITY LIMITS DOES NOT EXCEED THAT OF THE LOWEST NON-LOCAL BIDDER BY MORE THAN SEVEN PERCENT (7%), THEN THE PURCHASING DIRECTOR SHALL BE ALLOWED TO REQUEST THE LOWEST LOCAL VENDOR MATCH THE PRICE OFFERED BY THE LOWEST NON-LOCAL VENDOR. ADDITIONALLY, IF THE LOWEST RESPONSIBLE BIDDER IS NOT LOCATED WITHIN THE CITY LIMITS, AND THE LOWEST BID OF THE RESPONSIBLE BIDDER LOCATED WITHIN GENESEE COUNTY DOES NOT EXCEED THE BID OF THE LOWEST NON-LOCAL BIDDER BY MORE THAN THREE AND ONE-HALF PERCENT (3.5%), THEN THE PURCHASING DIRECTOR SHALL BE ALLOWED TO REQUEST THE LOWEST LOCAL VENDOR MATCH THE PRICE OFFERED BY THE LOWEST NON-LOCAL VENDOR.

(8) *APPROVAL THRESHOLDS.* THE PURCHASING DIRECTOR, IN CONSULTATION WITH THE DEPARTMENT HEAD SHALL JOINTLY RECOMMEND THE AWARD OF A BID UNDER THIS SECTION. IF THE BID AWARD IS LESS THAN \$20,000, THE DECISION OF THE PURCHASING DIRECTOR SHALL BE FINAL. IF THE RECOMMENDED BID AWARD IS IN EXCESS OF \$20,000, IT SHALL ALSO BE APPROVED BY THE FINANCE DIRECTOR; IF IN EXCESS OF \$30,000, IT SHALL ALSO BE APPROVED BY THE CITY ADMINISTRATOR; AND, IF IN EXCESS OF \$50,000, IT SHALL ALSO BE APPROVED BY THE MAYOR. ANY RECOMMENDED BID AWARDS IN EXCESS OF \$75,000 SHALL ALSO BE APPROVED BY THE CITY COUNCIL.

(9) *ADJUSTMENTS TO NEGOTIATED AWARDS.* IN THE EVENT THE SUCCESSFUL BIDDER WAS FOR A PROJECT THAT EXCEEDS AVAILABLE FUNDS AS CERTIFIED BY THE FINANCE

DIRECTOR, THE PURCHASING DIRECTOR IS AUTHORIZED, WHEN TIME OR ECONOMIC CONSIDERATIONS PRECLUDE RE-SOLICITATION OF WORK OF A REDUCED SCOPE, TO NEGOTIATE AN ADJUSTMENT OF THE BID PRICE WITH THE LOWEST RESPONSIBLE BIDDER, IN ORDER TO BRING THE BID WITHIN THE AMOUNT OF AVAILABLE FUNDS. ANY NEGOTIATED ADJUSTMENT SHALL BE BASED ONLY UPON ELIMINATING INDEPENDENT DEDUCTIVE ITEMS SPECIFIED IN THE INVITATION FOR BIDS.

(10) *MULTI-STEP SEALED BIDDING.* WHEN IT IS CONSIDERED IMPRACTICAL TO INITIALLY PREPARE A PURCHASE DESCRIPTION TO SUPPORT AN AWARD BASED ON PRICE, AN INVITATION FOR QUALIFICATIONS MAY BE ISSUED REQUESTING THE SUBMISSION OF UN-PRICED OFFERS TO BE FOLLOWED BY AN INVITATION FOR BIDS LIMITED TO THOSE BIDDERS WHOSE OFFERS HAVE BEEN DETERMINED TO BE TECHNICALLY ACCEPTABLE UNDER THE CRITERIA SET FORTH IN THE FIRST SOLICITATION.

§ 18-21.4 COMPETITIVE SEALED PROPOSALS.

(1) *CONDITIONS FOR USE.* WHEN THE PURCHASING DIRECTOR DETERMINES THAT THE USE OF COMPETITIVE SEALED BIDDING IS EITHER NOT PRACTICABLE OR NOT ADVANTAGEOUS TO THE CITY, A CONTRACT FOR THE PURCHASE OF GOODS OR SERVICES MAY BE ENTERED INTO BY USE OF THE COMPETITIVE SEALED PROPOSALS METHOD.

(2) *REQUEST FOR PROPOSALS.* PROPOSALS SHALL BE SOLICITED THROUGH A WRITTEN AND

PUBLICALLY NOTICED REQUEST FOR PROPOSALS FORMAT.

(3) *PUBLIC NOTICE.* ADEQUATE PUBLIC NOTICE OF THE REQUEST FOR PROPOSALS SHALL BE GIVEN IN THE SAME MANNER AS PROVIDED IN SECTION 18-21.3(3) (COMPETITIVE SEALED BIDDING, PUBLIC NOTICE). THE PURCHASING DIRECTOR WILL DETERMINE THE AMOUNT OF TIME IN WHICH REQUESTS WILL BE SOLICITED.

(4) *RECEIPT OF PROPOSALS.* PROPOSALS SHALL BE PREPARED CONTAINING THE NAME OF EACH RESPONDENT, THE NUMBER OF MODIFICATIONS RECEIVED, IF ANY, AND A DESCRIPTION SUFFICIENT TO IDENTIFY THE ITEM OFFERED. THE PROPOSALS SHALL BE OPEN FOR PUBLIC INSPECTION ONLY AFTER BEING PUBLISHED.

(5) *DISCLOSURE OF RESPONDENTS, CONTENTS.* THE CONTENTS OF ANY PROPOSAL SHALL NOT BE DISCLOSED TO COMPETING RESPONDENTS UNTIL AFTER BEING PUBLISHED.

(6) *EVALUATION FACTORS.* THE REQUEST FOR PROPOSALS SHALL STATE THE RELATIVE IMPORTANCE OF PRICE AND OTHER EVALUATION FACTORS.

(7) *DISCUSSION WITH RESPONSIBLE RESPONDENTS AND REVISIONS TO PROPOSALS.* AS PROVIDED IN THE REQUEST FOR PROPOSALS, DISCUSSIONS MAY BE CONDUCTED WITH RESPONSIBLE RESPONDENTS WHO SUBMIT PROPOSALS DETERMINED TO BE REASONABLY SUSCEPTIBLE OF BEING SELECTED FOR AWARD FOR THE PURPOSE OF CLARIFICATION TO

ASSURE FULL UNDERSTANDING OF, AND CONFORMANCE TO, THE SOLICITATION REQUIREMENTS. RESPONDENTS WHO SUBMITTED PROPOSALS DETERMINED TO BE REASONABLY SUSCEPTIBLE OF BEING SELECTED FOR AWARD SHALL BE ACCORDED FAIR AND EQUAL TREATMENT WITH RESPECT TO ANY OPPORTUNITY FOR DISCUSSION AND REVISION OF PROPOSALS, AND REVISIONS MAY BE PERMITTED AFTER SUBMISSIONS AND PRIOR TO AWARD FOR THE PURPOSE OF OBTAINING BEST AND FINAL OFFERS.

(8) *LOCAL PREFERENCE.* UNLESS THE FUNDING SOURCE FOR THE CONTRACT PROHIBITS SUCH PREFERENCES, THE PREFERENCE FOR LOCAL VENDORS AS OUTLINED IN SECTION 18-21.3(7) SHALL BE CONSIDERED.

(9) *APPROVAL THRESHOLDS.* THE PURCHASING DIRECTOR, IN CONSULTATION WITH THE DEPARTMENT HEAD, SHALL EVALUATE THE PROPOSALS AND RECOMMEND AWARD OF THE CONTRACT UNDER THIS SECTION. IF THE RECOMMENDED AWARD IS FOR LESS THAN \$20,000, THE DECISION OF THE PURCHASING DIRECTOR SHALL BE FINAL. IF THE RECOMMENDED AWARD IS IN EXCESS OF \$20,000, IT SHALL ALSO BE APPROVED BY THE FINANCE DIRECTOR; IF IN EXCESS OF \$30,000, IT SHALL ALSO BE APPROVED BY THE CITY ADMINISTRATOR; AND, IF IN EXCESS OF \$50,000, IT SHALL ALSO BE APPROVED BY THE MAYOR. ANY RECOMMENDED AWARD IN EXCESS OF \$75,000 SHALL ALSO BE APPROVED BY THE CITY COUNCIL.

§ 18-21.5 QUALIFICATIONS BASED SELECTION.

(1) *CONDITIONS FOR USE.* THE PURCHASING DIRECTOR MAY DETERMINE, WHEN REQUISITIONS HAVE BEEN RECEIVED, THAT PRE-QUALIFYING VENDORS FOR CONSIDERATION IS IN THE BEST INTERESTS OF THE CITY.

(2) IN SUCH CASE, THE PURCHASING DIRECTOR, IN CONSULTATION WITH THE DEPARTMENT HEAD, SHALL DEVELOP A REQUEST FOR QUALIFICATIONS THAT WILL DEFINE THE REQUEST TO BE SOUGHT AND THE NECESSARY QUALIFICATIONS A QUALIFIED RESPONDING ENTITY MUST HAVE IN ORDER TO BE QUALIFIED TO RESPOND TO A PROPOSAL REQUEST.

(3) *PUBLIC NOTICE.* ADEQUATE PUBLIC NOTICE OF THE REQUEST FOR QUALIFICATIONS SHALL BE GIVEN IN THE SAME MANNER AS PROVIDED IN SECTION 18-21.3(3) (COMPETITIVE SEALED BIDDING, PUBLIC NOTICE).

(4) *RECEIPT OF QUALIFICATIONS.* A REGISTER OF QUALIFICATIONS SHALL BE PREPARED CONTAINING THE NAME AND QUALIFICATIONS OF EACH RESPONDENT. THE REGISTER OF QUALIFICATIONS SHALL BE OPEN FOR PUBLIC INSPECTION ONLY AFTER READ PUBLICLY.

(5) *EVALUATION OF SUBMISSIONS.* THE PURCHASING DIRECTOR, IN CONSULTATION WITH THE DEPARTMENT HEAD, SHALL EVALUATE THE QUALIFICATIONS OF THE RESPONDENT AND SHALL PREPARE A LIST OF RESPONDENTS DESIGNATED AS QUALIFIED. THE PURCHASING DIRECTOR SHALL ALSO PREPARE AND MAINTAIN A LIST OF RESPONDENTS NOT DESIGNATED AS PRE-QUALIFIED, IDENTIFYING THE

REASONS WHY THEY WERE NOT DESIGNATED AS PRE-QUALIFIED.

(6) THE PURCHASING DIRECTOR WILL CAUSE TO BE PREPARED A REQUEST FOR COMPETITIVE SEALED PROPOSALS AS PROVIDED IN SECTION 18-21.1, AND ISSUED TO THE QUALIFIED RESPONDENTS.

§ 18-21.6 SMALL PURCHASES.

AS PROVIDED IN THIS ARTICLE, DEPARTMENT HEADS AND SPECIFICALLY DESIGNATED EMPLOYEES MAY BE ISSUED PROCUREMENT CARDS AND MAY PURCHASE GOODS AND SERVICES NOT EXCEEDING \$10,000 PER MONTH. THE PURCHASES SHALL NOT BE ARTIFICIALLY DIVIDED SO AS TO CONSTITUTE A SMALL PURCHASE UNDER THIS SECTION.

FOR PURCHASES UNDER \$10,000 PER MONTH, INCLUDING PURCHASES UTILIZING PROCUREMENT CARDS, THE DEPARTMENT HEAD AND AUTHORIZED EMPLOYEE SHALL, TO THE EXTENT POSSIBLE AND PRACTICAL AND IN THE BEST INTERESTS OF THE CITY, SOLICIT COMPETITIVE QUOTATIONS TO PROVIDE THE GOODS OR SERVICES SOUGHT. WHEN POSSIBLE AND PRACTICAL, A MINIMUM OF THREE (3) WRITTEN QUOTATIONS AND COPIES OF ALL QUOTATIONS SHALL BE PROVIDED TO THE PURCHASING DIRECTOR FOR SMALL PURCHASE REQUESTS. IN THE ABSENCE OF SUFFICIENT WRITTEN QUOTATIONS, THE PURCHASING DIRECTOR MAY ELECT TO SOLICIT ADDITIONAL QUOTATIONS. THEY SHALL ALSO GIVE CONSIDERATION, WHERE POSSIBLE AND PRACTICAL, TO BUSINESSES WITH A PHYSICAL LOCATION WITHIN THE CITY, OR IF

NOT POSSIBLE, WITHIN GENESEE COUNTY.

AS DETERMINED BY THE PURCHASING DIRECTOR.

THE PURCHASING DIRECTOR MAY ASSESS THESE PURCHASES AS TO THE FEASIBILITY OF FUTURE FORMAL COMPETITIVE PROCESSES FOR THE GOODS AND SERVICES BEING PROCURED IN THIS MANNER.

§ 18-21.8 SOLE SOURCE PURCHASES.

A PURCHASE ORDER AGREEMENT OR FORMAL WRITTEN CONTRACT FOR THE PURCHASE OF GOODS AND SERVICES MAY BE AWARDED IN THE DISCRETION OF THE PURCHASING DIRECTOR, WITHOUT A FORMAL COMPETITIVE PROCESS WHEN, AFTER CONDUCTING A GOOD FAITH REVIEW OF AVAILABLE SOURCES AND EXISTING EQUIPMENT, THE PURCHASING DIRECTOR DETERMINES THAT:

§ 18-21.7 PUBLIC ENTITY PURCHASES.

THE PURCHASING DIRECTOR IS AUTHORIZED, IF DETERMINED TO BE IN THE BEST INTERESTS OF THE CITY, TO PURCHASE GOODS AND SERVICES FOR THE CITY, RELYING ON COMPETITIVE PROCESSES UNDERTAKEN BY OTHER PUBLIC ENTITIES, INCLUDING THE FEDERAL GOVERNMENT, THE STATE OF MICHIGAN, MUNICIPALITIES, SPECIAL PURPOSE DISTRICTS AND AUTHORITIES, AND SCHOOL DISTRICTS.

THE PURCHASING DIRECTOR MAY APPROVE OR RECOMMEND THE APPROVAL OF A CONTRACT WITH THE VENDOR WHO HAS A CONTRACT WITH ANOTHER PUBLIC ENTITY FOR GOODS OR SERVICES THAT THE CITY WOULD LIKE TO PURCHASE, IF AT A MINIMUM:

(1) THE CONTRACT IS FOR THE SAME GOODS, SERVICES, OR CONSTRUCTION AND AT THE SAME PRICE, TERMS, AND CONDITIONS AS ARE IN THE CONTRACT WITH THE OTHER PUBLIC ENTITY; AND,

(2) THE CONTRACT BETWEEN THE PERSON AND THE OTHER PUBLIC ENTITY WAS AWARDED IN A MANNER CONSISTENT WITH PROCUREMENT BEST PRACTICES

(1) THERE IS ONLY ONE SOURCE FOR THE REQUIRED SUPPLY, SERVICE, OR CONSTRUCTION ITEM; OR

(2) THE CHOSEN SOURCE IS THE BEST CHOICE IN THE INTERESTS OF EQUIPMENT STANDARDIZATION AND EFFICIENT OPERATIONS. THE PURCHASING DIRECTOR, IN CONSULTATION WITH THE DEPARTMENT HEAD, SHALL OBTAIN A FORMAL PROPOSAL FROM THE VENDOR SPECIFIC TO THE NEEDED GOODS AND SERVICES, AND SHALL MAKE ALL GOOD FAITH EFFORTS TO SECURE A PRICE THAT IS IN THE BEST INTERESTS OF THE CITY. THE REQUESTING DEPARTMENT SHALL PRODUCE A WRITTEN EVALUATION OF THE PROPOSED SOLE SOURCE PURCHASE, DETAILING THE RATIONALE FOR THE RECOMMENDATION.

(3) THE PURCHASE FOLLOWS THE REQUIREMENTS FOR APPROVAL THRESHOLDS

OF § 18-21.3 COMPETITIVE SEALED BIDDING - SECTION (8) AND § 18-21.4 COMPETITIVE SEALED PROPOSALS - SECTION (9).

§ 18-21.9 EMERGENCY PURCHASES.

NOTWITHSTANDING ANY OTHER PROVISION OF THESE REGULATIONS, THE PURCHASING DIRECTOR MAY MAKE OR AUTHORIZE OTHERS TO MAKE EMERGENCY PURCHASES OF SUPPLIES, SERVICES, OR CONSTRUCTION ITEMS WHEN THERE EXISTS A THREAT TO PUBLIC HEALTH, WELFARE, OR SAFETY; PROVIDED THAT THE EMERGENCY PROCUREMENTS SHALL BE MADE WITH SUCH COMPETITION AS IS PRACTICABLE UNDER THE CIRCUMSTANCES. THE REQUESTING DEPARTMENT SHALL PRODUCE A WRITTEN RATIONALE OF THE CIRCUMSTANCES SURROUNDING THE NEED FOR AN EMERGENCY PURCHASE, THE COST, AND ANY EFFORTS MADE TO SECURE COMPETITIVE PRICES.

IF THE AUTHORIZED PURCHASE IS FOR LESS THAN \$20,000, THE DECISION OF THE PURCHASING DIRECTOR SHALL BE FINAL, AND A NOTATION WILL BE MADE IN THE ELECTRONIC RECORD KEEPING FOR THE PURCHASE REQUEST. IF TIME PERMITS, THE PURCHASE SHOULD FOLLOW THE REQUIREMENTS FOR APPROVAL THRESHOLDS OF § 18-21.3 COMPETITIVE SEALED BIDDING - SECTION (8) AND § 18-21.4 COMPETITIVE SEALED PROPOSALS - SECTION (9).

§ 18-21.10 REPORTING AND ACCOUNTABILITY.

THE PURCHASING DIRECTOR, ON A MONTHLY BASIS, SHALL PREPARE A REPORT THAT PROVIDES TOTAL

EXPENDITURES WITH SPECIFIC VENDORS TO DATE THAT HAVE EXCEEDED A TOTAL OF \$10,000.00. THIS REPORT SHALL INCLUDE THE PURCHASE ORDER NUMBER, THE AMOUNT OF THE PURCHASE, THE DEPARTMENT REQUESTING THE GOODS AND SERVICES, AND A DESCRIPTION OF THE GOODS AND SERVICES.

THE REPORT SHALL BE MADE PUBLICALLY AVAILABLE VIA ELECTRONIC MEANS ON A MONTHLY BASIS. THE PURCHASING DIRECTOR SHALL BE AVAILABLE TO REVIEW THE REPORT AND PROVIDE ADDITIONAL INFORMATION AS MAY BE REQUESTED BY THE CITY COUNCIL, OR THEIR DESIGNATED COMMITTEE.

§ 18-21.11 CONTRACTS.

WHERE FINAL AGREEMENT FOR THE PURCHASE OF GOODS OR SERVICES REQUIRES A CONTRACT BINDING THE CITY, OTHER THAN THE ISSUANCE OF A PURCHASE ORDER OR USE OF A PROCUREMENT CARD, THE AGREEMENT MUST BE APPROVED BY THE CITY ATTORNEY BEFORE PRESENTING IT TO THE PERSON AUTHORIZED TO BIND THE CITY.

A MODIFICATION OF A CONTRACT MUST BE APPROVED IN THE SAME MANNER THAT THE CONTRACT WAS APPROVED. ALL CONTRACT MODIFICATIONS MUST BE IN WRITING AND APPROVED IN ADVANCE BY THE CITY ATTORNEY.

DEPARTMENT HEADS ARE RESPONSIBLE FOR MONITORING THE TERMS OF ANY AGREEMENT APPROVED FOR GOODS AND SERVICES FOR THEIR AREA OF RESPONSIBILITY. THE PURCHASING DIRECTOR AND DEPARTMENT HEADS SHALL ASSURE

THAT A CONTRACT ADMINISTRATION SYSTEM IS DESIGNED AND IMPLEMENTED TO ENSURE THAT A CONTRACTOR IS PERFORMING IN ACCORDANCE WITH THE SOLICITATION UNDER WHICH THE CONTRACT WAS AWARDED AND THE TERMS AND CONDITIONS OF THE CONTRACT, AND THAT THE DEPARTMENT IS IN COMPLIANCE WITH ALL REQUIREMENTS OF ANY APPLICABLE GRANTS.

§ 18-21.12 DUE DILIGENCE.

AS PART OF THE EVALUATION OF ANY VENDOR PROPOSING TO DO BUSINESS WITH THE CITY, THE PURCHASING DIRECTOR OR DESIGNEE MAY, AT REASONABLE TIMES, INSPECT THE PART OF THE PLANT, PLACE OF BUSINESS, OR WORKSITE OF A CONTRACTOR OR SUBCONTRACTOR AT ANY TIER THAT IS PERTINENT TO THE PERFORMANCE OF ANY CONTRACT AWARDED, OR TO BE AWARDED, BY THE CITY.

THE CITY MAY ALSO, AT REASONABLE TIMES AND PLACES, AUDIT THE BOOKS AND RECORDS OF ANY CONTRACTOR WHO HAS SUBMITTED COST OR PRICING DATA AS A PART OF ITS BID OR PROPOSAL, TO THE EXTENT THAT THE BOOKS, DOCUMENTS, PAPER, AND RECORDS ARE PERTINENT TO THE COST OR PRICING DATA FOR THREE (3) YEARS FROM THE DATE OF FINAL PAYMENT UNDER THE CONTRACT.

§ 18-21.13 REPORTING OF ANTICOMPETITIVE PRACTICES.

WHEN FOR ANY REASON COLLUSION OR OTHER ANTICOMPETITIVE PRACTICES ARE SUSPECTED AMONG ANY BIDDERS OR RESPONDENTS, A NOTICE OF THE

RELEVANT FACTS SHALL BE TRANSMITTED TO THE CITY ATTORNEY'S OFFICE.

§ 18-21.14 DEBARMENT OR SUSPENSION.

THE PURCHASING DIRECTOR, WITH THE CONSENT OF THE CITY ATTORNEY AND THE APPROVAL OF THE MAYOR AND CITY COUNCIL, IS AUTHORIZED TO DEBAR A PERSON FOR CAUSE FROM CONSIDERATION FOR AWARD OF CONTRACTS. THE DEBARMENT SHALL BE FOR A PERIOD OF NOT MORE THAN THREE (3) YEARS. AFTER CONSULTATION WITH THE CITY ATTORNEY, THE PURCHASING DIRECTOR IS AUTHORIZED TO SUSPEND A PERSON FROM CONSIDERATION FOR AWARD OF CONTRACTS IF THERE IS PROBABLE CAUSE TO BELIEVE THAT THE PERSON HAS ENGAGED IN ANY ACTIVITY THAT MIGHT LEAD TO DEBARMENT. THE SUSPENSION SHALL BE FOR A PERIOD NOT TO EXCEED THREE (3) YEARS. THE CAUSES FOR DEBARMENT INCLUDE:

(1) CONVICTION FOR COMMISSION OF A CRIMINAL OFFENSE AS AN INCIDENT TO OBTAINING OR ATTEMPTING TO OBTAIN A PUBLIC OR PRIVATE CONTRACT OR SUBCONTRACT, OR IN THE PERFORMANCE OF THE CONTRACT OR SUBCONTRACT;

(2) CONVICTION UNDER STATE OR FEDERAL STATUTES OF EMBEZZLEMENT, THEFT, FORGERY, BRIBERY, FALSIFICATION OR DESTRUCTION OF RECORDS, RECEIVING STOLEN PROPERTY, OR ANY OTHER OFFENSE INDICATING A LACK OF BUSINESS INTEGRITY OR BUSINESS HONESTY THAT

CURRENTLY, SERIOUSLY, AND DIRECTLY AFFECTS RESPONSIBILITY AS A CITY CONTRACTOR;

(3) CONVICTION UNDER STATE OR FEDERAL ANTITRUST STATUTES ARISING OUT OF THE SUBMISSION OF BIDS OR PROPOSALS;

(4) VIOLATION OF CONTRACT PROVISIONS, AS SET FORTH BELOW, OF A CHARACTER THAT IS REGARDED BY THE PURCHASING DIRECTOR TO BE SO SERIOUS AS TO JUSTIFY DEBARMENT ACTION;

(A) DELIBERATE FAILURE, WITHOUT GOOD CAUSE, TO PERFORM IN ACCORDANCE WITH THE SPECIFICATIONS OR WITHIN THE TIME LIMIT PROVIDED IN THE CONTRACT; OR

(B) A RECENT RECORD OF FAILURE TO PERFORM, OR OF UNSATISFACTORY PERFORMANCE, IN ACCORDANCE WITH THE TERMS OF ONE OR MORE CONTRACTS; PROVIDED THAT FAILURE TO PERFORM OR UNSATISFACTORY PERFORMANCE CAUSED BY ACTS BEYOND THE CONTROL OF THE CONTRACTOR SHALL NOT BE CONSIDERED TO BE A BASIS FOR DEBARMENT;

(5) ANY OTHER CAUSE THE PURCHASING DIRECTOR DETERMINES TO BE SO SERIOUS

AND COMPELLING AS TO AFFECT RESPONSIBILITY AS A CITY CONTRACTOR, INCLUDING DEBARMENT BY ANOTHER GOVERNMENTAL ENTITY FOR ANY CAUSE LISTED IN THESE REGULATIONS; AND

(6) FOR VIOLATION OF THE ETHICAL STANDARDS AS SET FORTH IN THE CITY OF FLINT CODE OF CONDUCT POLICY.

THE PURCHASING DIRECTOR SHALL ISSUE A WRITTEN DECISION TO DEBAR OR SUSPEND. THE DECISION SHALL STATE THE REASONS FOR THE ACTION TAKEN AND INFORM THE DEBARRED OR SUSPENDED PERSON INVOLVED OF THEIR RIGHTS CONCERNING JUDICIAL OR ADMINISTRATIVE REVIEW. ANY PERSON RECOMMENDED TO BE DEBARRED PURSUANT TO THIS SECTION SHALL BE GIVEN ADVANCE WRITTEN NOTICE AND SHALL BE AFFORDED THE RIGHT TO CONTEST THE RECOMMENDATION BEFORE THE CITY COUNCIL.

§ 18-21.15 BID PROTESTS.

(1) *RIGHT TO PROTEST.* ANY ACTUAL OR PROSPECTIVE BIDDER, RESPONDENT, OR CONTRACTOR WHO IS AGGRIEVED IN CONNECTION WITH THE SOLICITATION OR AWARD OF A PURCHASE ORDER AGREEMENT OR CONTRACT MAY PROTEST THE ACTION TO THE CITY.

(2) *PROCESS FOR FILING A PROTEST.* A PROTEST WITH RESPECT TO AN INVITATION FOR BIDS OR REQUEST FOR PROPOSALS MUST BE SUBMITTED IN WRITING TO THE PURCHASING DIRECTOR. THE PROTEST MUST BE ENTITLED "BID PROTEST" AND MUST CLEARLY

IDENTIFY THE SOLICITATION AND AWARD UNDER PROTEST, AND MUST STATE THE GROUNDS FOR THE PROTEST. THE PURCHASING DIRECTOR SHALL PROVIDE A COPY OF ANY TIMELY BID PROTEST TO THE MAYOR AND CITY COUNCIL WITHIN SEVEN (7) CALENDAR DAYS OF ITS SUBMISSION.

(3) *TIME LIMITS FOR FILING.* PROTESTS MUST BE RECEIVED BY THE PURCHASING DIRECTOR NO LATER THAN SEVEN (7) CALENDAR DAYS AFTER THE AGGRIEVED PERSON KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE PROTEST, AND IN NO EVENT LATER THAN FOURTEEN (14) CALENDAR DAYS AFTER AWARD OF THE PURCHASE ORDER AGREEMENT OR CONTRACT. FAILURE TO FILE A BID PROTEST WITHIN THESE TIME LIMITS CONSTITUTES A WAIVER OF THE PROTEST.

(4) *STAY OF PROCUREMENTS DURING PROTESTS.* IN THE EVENT A TIMELY PROTEST IS SUBMITTED TO THE PURCHASING DIRECTOR UNDER THIS SECTION, THE PURCHASING DIRECTOR SHALL NOT PROCEED FURTHER WITH THE SOLICITATION, AWARD, OR PERFORMANCE OF THE PURCHASE ORDER AGREEMENT OR CONTRACT UNTIL THE PROTEST IS SUSTAINED OR DISMISSED, OR THE CITY COUNCIL MAKES A DETERMINATION ON THE RECORD THAT THE AWARD OR PERFORMANCE OF A PURCHASE ORDER AGREEMENT OR CONTRACT WITHOUT DELAY IS NECESSARY TO PROTECT SUBSTANTIAL INTERESTS OF THE CITY; PROVIDED HOWEVER THAT IF THE POSTPONEMENT OF THE PURCHASE OF GOODS OR SERVICES IMPAIRS THE ABILITY OF THE CITY TO CARRY OUT ITS SERVICES, THE PURCHASING DIRECTOR, WITH THE APPROVAL OF

THE MAYOR, MAY TAKE NECESSARY STEPS TO OBTAIN THE MINIMUM AMOUNT OF GOODS AND SERVICES NECESSARY TO ENABLE CITY SERVICES TO CONTINUE.

(5) *DECISION BY THE PURCHASING DIRECTOR.* THE PURCHASING DIRECTOR SHALL ISSUE A WRITTEN DECISION SUSTAINING OR DENYING THE BID PROTEST WITHIN FIFTEEN (15) DAYS OF RECEIPT OF A WRITTEN AND TIMELY PROTEST. A COPY OF THE PURCHASING DIRECTOR'S DECISION MUST BE PROVIDED TO THE PROTESTING BIDDER OR PROPOSER, THE MAYOR, AND THE CITY COUNCIL.

(6) *APPEAL TO THE MAYOR.* A PROTESTING BIDDER OR PROPOSER MAY APPEAL THE PURCHASING DIRECTOR'S DECISION TO THE MAYOR BY FILING A WRITTEN APPEAL WITH THE MAYOR WITHIN SEVEN (7) DAYS OF THE DATE OF THE PURCHASING DIRECTOR'S DECISION. THE MAYOR SHALL CONDUCT THE INVESTIGATION AS DEEMED NECESSARY TO RESPOND TO THE APPEAL, AND SHALL PROVIDE HIS OR HER DECISION ON THE APPEAL WITHIN SEVEN (7) DAYS.

(7) *APPEAL TO CITY COUNCIL.* A PROTESTING BIDDER OR PROPOSER MAY APPEAL THE PURCHASING DIRECTOR'S DECISION TO THE CITY COUNCIL BY FILING A WRITTEN APPEAL WITH THE CITY CLERK WITHIN SEVEN (7) DAYS OF THE DATE OF THE MAYOR'S DECISION. THE PROTESTING BIDDER SHALL BE AFFORDED AN OPPORTUNITY AT THE NEXT REGULARLY SCHEDULED CITY COUNCIL MEETING TO ADDRESS THE CITY COUNCIL AND STATE THE GROUNDS FOR THE APPEAL. NO LATER THAN THE NEXT REGULARLY SCHEDULED MEETING, CITY COUNCIL

SHALL MAKE ITS DECISION ON THE APPEAL.

§ 18-21.16 CONTRACT CLAIMS.

(1) *DECISION OF THE PURCHASING DIRECTOR.* ALL CLAIMS BY A CONTRACTOR AGAINST THE CITY RELATING TO A CONTRACT SHALL BE SUBMITTED IN WRITING TO THE PURCHASING DIRECTOR FOR A DECISION. THE SUBMISSION MUST IDENTIFY THE GROUNDS FOR THE CLAIM. THE CONTRACTOR MAY REQUEST A CONFERENCE WITH THE PURCHASING DIRECTOR ON THE CLAIM. CLAIMS INCLUDE, WITHOUT LIMITATION, DISPUTES ARISING UNDER A CONTRACT, AND THOSE BASED UPON BREACH OF CONTRACT, MISTAKE, MISREPRESENTATION, OR OTHER CAUSE FOR CONTRACT MODIFICATION OR RESCISSION.

(2) *NOTICE TO THE CONTRACTOR OF THE PURCHASING DIRECTOR'S DECISION.* THE DECISION OF THE PURCHASING DIRECTOR SHALL BE ISSUED IN WRITING WITHIN THIRTY (30) DAYS OF SUBMISSION, AND SHALL BE IMMEDIATELY MAILED OR OTHERWISE FURNISHED TO THE CONTRACTOR. THE DECISION SHALL STATE THE REASONS FOR THE DECISION REACHED, AND SHALL INFORM THE CONTRACTOR OF ITS APPEAL RIGHTS UNDER SUBSECTION (3) OF THIS SECTION. THE PURCHASING DIRECTOR SHALL CONSULT WITH THE CITY ATTORNEY PRIOR TO MAKING A DECISION DENYING THE CONTRACTOR'S CLAIM IN WHOLE OR IN PART.

(3) *FINALITY OF PURCHASING DIRECTOR DECISION; CONTRACTOR'S RIGHT TO APPEAL.* THE PURCHASING DIRECTOR DECISION SHALL BE FINAL AND CONCLUSIVE UNLESS, WITHIN

SEVEN (7) CALENDAR DAYS FROM THE DATE OF RECEIPT OF THE DECISION, THE CONTRACTOR MAILS OR OTHERWISE DELIVERS A WRITTEN APPEAL TO THE CITY ADMINISTRATOR.

(4) *APPEAL TO THE CITY ADMINISTRATOR.* A PROTESTING CONTRACTOR MAY APPEAL THE PURCHASING DIRECTOR'S DECISION TO THE CITY ADMINISTRATOR BY FILING A WRITTEN APPEAL WITH THE CITY ADMINISTRATOR WITHIN SEVEN (7) DAYS OF THE DATE OF THE PURCHASING DIRECTOR'S DECISION. THE CITY ADMINISTRATOR SHALL CONDUCT THE INVESTIGATION AS DEEMED NECESSARY TO RESPOND TO THE APPEAL, AND SHALL PROVIDE HIS DECISION ON THE APPEAL WITHIN SEVEN (7) DAYS.

§ 18-21.17 AUTHORITY OF THE PURCHASING DIRECTOR TO SETTLE BID PROTESTS AND CONTRACT CLAIMS.

THE PURCHASING DIRECTOR IS AUTHORIZED TO SETTLE ANY PROTEST REGARDING THE SOLICITATION OR AWARD OF A PURCHASE ORDER AGREEMENT OR CITY CONTRACT, OR ANY CLAIM ARISING OUT OF THE PERFORMANCE OF A PURCHASE ORDER AGREEMENT OR CITY CONTRACT, PRIOR TO THE COMMENCEMENT OF AN ACTION IN A COURT OF COMPETENT JURISDICTION.

§ 18-21.18 CANCELLATION OF SOLICITATIONS FOR THE PURCHASE OF GOODS AND SERVICES.

AT ANY TIME THE CITY DETERMINES THAT A SOLICITATION FOR GOODS OR SERVICES SHOULD BE CANCELLED BECAUSE IT IS NOT IN THE BEST INTERESTS OF THE CITY TO MAKE THE PROCUREMENT, THE

PURCHASING DIRECTOR SHALL IMMEDIATELY NOTIFY THE POTENTIAL VENDORS OF THE CITY'S DECISION. HOWEVER, THE CITY SHALL HAVE NO OBLIGATION OR RESPONSIBILITY FOR ANY COSTS OR INCONVENIENCES INCURRED BY ANY POTENTIAL VENDOR, UNLESS AN AWARD HAS BEEN FORMALLY MADE AND ACCEPTED BY ISSUANCE OF A PURCHASE ORDER OR SIGNING OF A CONTRACT.

§ 18-21.19 ETHICS IN PURCHASING.

THE PROCESS OF PURCHASING GOODS AND SERVICES IS DESIGNED TO ENSURE COMPETITIVE PROCUREMENT CONDUCTED IN AN ETHICAL AND TIMELY MANNER IN ORDER FOR THE CITY TO CARRY OUT ITS DUTIES.

ALL EMPLOYEES DELEGATED AUTHORITY WITH RESPECT TO ALL PURCHASES OF GOODS AND SERVICES ARE CHARGED WITH THE RESPONSIBILITY OF MAKING PURCHASES IN A COMPETITIVE AND ETHICAL MANNER, AND FOR ADHERING IN ALL RESPECTS TO THE CITY OF FLINT CODE OF CONDUCT POLICY. VIOLATION OF THE CITY OF FLINT CODE OF CONDUCT POLICY, INCLUDING THE USE OF CITY RESOURCES FOR PERSONAL USE OR GAIN IS GROUNDS FOR TERMINATION OF EMPLOYMENT AND POSSIBLE CRIMINAL PROSECUTION.

LIKEWISE, PERSONS OR ENTITIES PROPOSING TO, OR ENGAGED IN, THE PROVISION OF GOODS AND SERVICES TO THE CITY ARE CHARGED WITH THE RESPONSIBILITY OF PROPOSING AND PROVIDING GOODS AND SERVICES IN A COMPETITIVE AND ETHICAL MANNER.

WHILE A PROCUREMENT IS PENDING, BIDDERS AND PROPOSERS

SHALL NOT COMMUNICATE ABOUT THE SOLICITATION WITH ANY CITY EMPLOYEE, AGENT, OR ELECTED OFFICIAL, OTHER THAN THE PURCHASING DIRECTOR OR OTHER CITY PERSONNEL IDENTIFIED IN THE SOLICITATION.

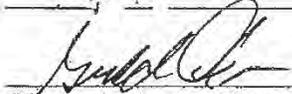
TO THE EXTENT THAT VIOLATIONS OF THE ETHICAL STANDARDS OF CONDUCT SET FORTH IN THIS ARTICLE CONSTITUTE VIOLATIONS OF THE MICHIGAN PENAL CODE, THEY SHALL BE PUNISHABLE AS PROVIDED THEREIN. THE PENALTIES SHALL BE IN ADDITION TO THE CIVIL SANCTIONS SET FORTH IN THIS ARTICLE. CRIMINAL, CIVIL, AND ADMINISTRATIVE SANCTIONS AGAINST EMPLOYEES OR NON-EMPLOYEES THAT ARE IN EXISTENCE ON THE EFFECTIVE DATE OF THIS ARTICLE SHALL NOT BE IMPAIRED.

IT SHALL BE UNETHICAL AND GROUNDS FOR DEBARMENT AND POTENTIAL CRIMINAL PROSECUTION FOR ANY PERSON TO OFFER, GIVE, OR AGREE TO GIVE TO ANY CITY EMPLOYEE A GRATUITY, AN OFFER OF EMPLOYMENT, OR ANYTHING ELSE OF VALUE IN CONNECTION WITH ANY DECISION TO APPROVE, DISAPPROVE, OR RECOMMEND THE AWARD OF A CONTRACT, OR IN CONNECTION WITH ANY DECISION WITH REGARD TO A BID PROTEST, OR WITH INTENT TO INFLUENCE THE CONTENT OF ANY SPECIFICATIONS OR PROCUREMENT STANDARDS, OR ADVICE, INVESTIGATION, AUDIT REPORT, OR ANY OTHER ADVISORY COMMUNICATION RELATED TO A PROCUREMENT OR CONTRACT UNDER THIS ARTICLE.

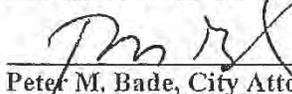
IT SHALL BE UNETHICAL AND A VIOLATION OF THE CITY OF FLINT CODE OF CONDUCT POLICY AND

**GROUNDS FOR POSSIBLE  
 TERMINATION AND CRIMINAL  
 PROSECUTION FOR ANY CITY  
 EMPLOYEE TO SOLICIT, DEMAND,  
 ACCEPT, OR AGREE TO ACCEPT FROM  
 ANOTHER PERSON A GRATUITY, AN  
 OFFER OF EMPLOYMENT, OR  
 ANYTHING ELSE OF VALUE IN  
 CONNECTION WITH ANY DECISION TO  
 APPROVE, DISAPPROVE, OR  
 RECOMMEND THE AWARD OF A  
 CONTRACT, OR IN CONNECTION WITH  
 ANY DECISION WITH REGARD TO A BID  
 PROTEST, OR WITH INTENT TO  
 INFLUENCE THE CONTENT OF ANY  
 SPECIFICATIONS OR PROCUREMENT  
 STANDARDS, OR ADVICE,  
 INVESTIGATION, AUDIT REPORT, OR  
 ANY OTHER ADVISORY  
 COMMUNICATION RELATED TO A  
 PROCUREMENT OR CONTRACT UNDER  
 THIS ARTICLE.**

Adopted this 10th day of  
April, 2015 A.D.

  
 \_\_\_\_\_  
 Gerald Ambrose, Emergency Manager

APPROVED AS TO FORM:

  
 \_\_\_\_\_  
 Peter M. Bade, City Attorney

IT SHALL BE UNETHICAL AND  
 GROUNDS FOR DEBARMENT AND  
 POTENTIAL CRIMINAL PROSECUTION  
 FOR ANY PAYMENT, GRATUITY, OR  
 OFFER OF EMPLOYMENT TO BE MADE  
 BY OR ON BEHALF OF A  
 SUBCONTRACTOR UNDER A CONTRACT  
 TO THE PRIME CONTRACTOR OR  
 HIGHER TIER SUBCONTRACTOR OR  
 ANY PERSON ASSOCIATED  
 THEREWITH, AS AN INDUCEMENT FOR  
 THE AWARD OF A SUBCONTRACT OR  
 ORDER.

**§ 18-21.14 18-21.20 SALE OR LEASE OF  
 CITY OWNED PROPERTY.**

No interest in real property of the City of  
~~Flint~~ shall be disposed of, transferred, or  
 otherwise alienated unless by ordinance or  
 resolution of the City Council.

Sec. 2. This ordinance shall become  
 effective the 1st day of  
May, 2015.

# EXHIBIT 7

3/21/2016

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### Flint city, Michigan

**Population** [Bookmark/Save](#) [Print](#)

2014 Population Estimate (as of July 1, 2014) ▼

# 99,002

Source: 2014 Population Estimates

**Popular tables for this geography:**

2010 Census

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- [Race and Hispanic or Latino Origin](#)
- [Hispanic or Latino by Type \(Mexican, Puerto Rican, ...\)](#)
- [Households and Families \(Relationships, Children, Household Size, ...\)](#)

2014 American Community Survey

- [Demographic and Housing Estimates \(Age, Sex, Race, Households and Housing, ...\)](#)

2014 Population Estimates Program

- [Annual Population Estimates](#)

Census 2000

- [General Demographic Characteristics \(Population, Age, Sex, Race, Households and Housing, ...\)](#)

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# EXHIBIT 8



CITY OF DETROIT  
WATER AND SEWERAGE DEPARTMENT  
OFFICE OF THE DIRECTOR

735 RANDOLPH STREET  
DETROIT, MICHIGAN 48226  
WWW.DETROITMI.GOV

April 17, 2013

RECEIVED  
CITY OF FLINT  
CITY CLERKS OFFICE  
2013 APR 18 AM 11:33

**Via Certified Mail and Electronic Delivery**

Ms. Inez M. Brown  
City Clerk  
City of Flint  
2nd Floor, City Hall  
1101 S. Saginaw Street  
Flint, Michigan 48502

Dear Ms. Brown:

**Regarding: Termination of Contract for the Provision of Water Services  
by the City of Detroit, Water and Sewerage Department**

On December 20, 1965, the City of Detroit, through its Board of Water Commissioners, (DWSD) and the City of Flint, Michigan (Flint) entered into a contract for the provision of DWSD treated water to Flint and the distribution by Flint of that water to other Genesee County communities. Section 18 of that Agreement<sup>1</sup> provides:

18. The Board [DWSD] shall supply and sell water to the City [Flint] from the water system of the City of Detroit, and the City shall receive and purchase such water in accordance with the terms of this Agreement for an indefinite period of time but at least for a period of thirty-five (35) years from the date hereof. This Agreement may be terminated by either party after expiration of said 35-year period, upon one year's written notice served upon the other party by delivering the same to the Secretary of the Board or to the Clerk of the City as the case may be, or at any time upon mutual consent of both parties.

Please take notice that pursuant to this section, 18, of the above-referenced Agreement, DWSD is terminating this Agreement one year from today's date (April 17, 2014).

Sincerely yours,

  
Sue F. McCormick  
Director

<sup>1</sup> Although the Agreement between DWSD has been subsequently amended, Section 18 remains unchanged and in full effect.