



Michigan Municipal Services Authority

PO BOX 12012, LANSING MI 48901-2012

**EXECUTIVE COMMITTEE
REGULAR MEETING**

Thursday, September 14, 2017 at 1:30 PM

Capitol View Building
201 Townsend St Suite 900
Lansing, MI 48933

AGENDA

- I. Call to Order**
- II. Roll Call**
- III. Approval of Agenda**
- IV. Approval of Minutes**
 - a. Minutes of the August 10, 2017 regular Executive Committee meeting
- V. Administrative Report**
- VI. Old Business**
 - a. Resolution 2017-10 Change in Provider of Auditing Services
- VII. New Business**
 - a. Resolution 2017-11 Change Notice NO. 4 to State of Michigan Contract
 - b. Resolution 2017-12 FY 2016-2017 General Appropriations Act Amendment
 - c. Resolution 2017-13 FY 2017-2018 General Appropriations Act
 - d. Resolution 2017-14 Administrative Services Agreement with LCSA
- VIII. Public Comment**
- IX. Other Business**
- X. Adjournment**

A copy of the proposed minutes of the meeting will be available for public inspection at the principal office of the Authority within 8 business days. A copy of the approved minutes of the meeting, including any corrections, will be available for public inspection at the principal office of the Authority within 5 business days after approval.



Michigan Municipal Services Authority

PO BOX 12012, LANSING MI 48901-2012

**EXECUTIVE COMMITTEE
REGULAR MEETING**

Thursday, August 10, 2017 at 1:30 p.m.

Capitol View Building
201 Townsend St Suite 900
Lansing, MI 48933

MINUTES

Proposed Minutes Approved Minutes

MEETING TYPE: Regular Special

I. Call to Order

The meeting was called to order at 1:34 PM.

II. Roll Call

Executive Committee Member Attendance:

Stacie Behler, Chairperson	<input type="checkbox"/> Present	<input checked="" type="checkbox"/> Absent
James Cambridge, Secretary*	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Eric DeLong, Treasurer	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Kelly Scott, Member*	<input checked="" type="checkbox"/> Present	<input type="checkbox"/> Absent
Doug Smith, Member	<input type="checkbox"/> Present	<input checked="" type="checkbox"/> Absent

*Participated via teleconference.

Other attendees:

- Robert Bruner, Michigan Municipal Services Authority
- Kristen Delaney, Michigan Municipal Services Authority
- Steven Liedel, Dykema

III. Approval of Amended Agenda

Agenda for August 10, 2017 was amended to include Resolution 2017-10
Authorize Change in Provider of Auditing Services

Moved by: Cambridge
Supported by: Scott

Yes: X No: ___

IV. Approval of Minutes

a. Minutes of the May 11, 2017 and June 8, 2017 regular Executive Committee meetings

Moved by: Cambridge
Supported by: Scott

Yes: X No: ___

V. Administrative Report

The administrative report was delivered by CEO Robert Bruner.

VI. New Business

a. Resolution 2017-04 CGAP Amendment Request

Moved by: Cambridge
Supported by: Scott

Yes: X No: ___

b. Resolution 2017-05 CY 2017 Regular Meeting Schedule Amendment

Bruner noted that since the July meeting had been cancelled, the Executive Committee will need to hold a September meeting to adopt the budget.

Moved by: Cambridge
Supported by: Scott

Yes: X No: ___

c. Resolution 2017-06 FY 2017-2018 Budget Time Schedule

Moved by: Cambridge
Supported by: Scott

Yes: No:

d. Resolution 2017-07 FY 2017-2018 Budget Notice

Moved by: Cambridge
Supported by: Scott

Yes: No:

e. Resolution 2017-08 Due Diligence for Administrative Services Agreement

Moved by: Cambridge
Supported by: Scott

Yes: No:

f. Resolution 2017-09 Dykema Engagement Letter

Moved by: Cambridge
Supported by: Scott

Yes: No:

g. Resolution 2017-10 Authorize Change in Provider of Auditing Services

Motion by Scott to table this agenda item until the September 14, 2017
Executive Committee meeting.

Moved by: Cambridge
Supported by: Scott

Yes: No:

h. Presentation of FY 2017-2018 Budget Recommendation

Moved by: Cambridge
Supported by: Scott

Yes: No:

VII. Public Comment

None

VIII. Other Business

None

IX. Adjournment

Motion to adjourn the meeting at 2:58 PM.

Moved by: Cambridge

Supported by: Scott

Yes: X No:

Certification of Minutes

Approved by the Executive Committee on September 14, 2017.

Authority Secretary

Date



Michigan Municipal Services Authority

Administrative Report

Prepared September 11, 2017

Collaborate • Innovate • Serve

Financial Report

MMSA Administrative Report

**Michigan Municipal Services Authority
General Fund**

Fund	Activity	FYE 2017 Adopted	August 2017	FYE 2017 Year to Date	FYE 2017 Budget to Date	Variance
Operating Revenues						
101	539		\$ -	\$ -	\$ -	
		\$ 127,706	\$ 9,412	\$ 109,619	\$ 117,064	-6.4%
		\$ 127,706	\$ 9,412	\$ 109,619	\$ 117,064	-6.4%
TOTAL OPERATING REVENUES		\$ 255,412	\$ 18,824	\$ 219,238	\$ 234,128	-6.4%
Operating Expenses						
101	101	\$ 2,000	\$ -	\$ -	\$ 1,833	-100.0%
101	173	\$ 224,812	\$ 17,696	\$ 202,541	\$ 206,078	-1.7%
101	191	\$ 5,000	\$ 528	\$ 6,096	\$ 4,583	33.0%
101	223	\$ 10,600	\$ -	\$ 10,000	\$ 9,717	2.9%
101	228	\$ 4,000	\$ 600	\$ 600	\$ 3,667	-83.6%
101	266	\$ 9,000	\$ -	\$ -	\$ 8,250	-100.0%
TOTAL OPERATING EXPENSES		\$ 255,412	\$ 18,824	\$ 219,237	\$ 234,128	-6.4%
Change in Net Position		\$ -	\$ 0	\$ 1	\$ -	

**Michigan Municipal Services Authority
VHWM**

Fund	Activity	FYE 2017 Adopted	August 2017	FYE 2017 Year to Date	FYE 2017 Budget to Date	Variance	
Operating Revenues							
501	539	State Grants	\$ -	\$ -	\$ -	\$ -	
501	600	Charges for Services	\$ 600,000	\$ -	\$ 696,746	\$ 550,000	26.7%
		TOTAL OPERATING REVENUES	\$ 600,000	\$ -	\$ 696,746	\$ 550,000	26.7%
Operating Expenses							
501	266	Attorney	\$ 6,000	\$ 3,292	\$ 28,131	\$ 5,500	411.5%
501	271	Program Management	\$ 60,000	\$ -	\$ -	\$ 55,000	-100.0%
501	272	Contractual Services	\$ 540,000	\$ 109,398	\$ 771,638	\$ 495,000	55.9%
501		Transfer to General Fund	\$ 127,706	\$ 9,412	\$ 109,619	\$ 117,064	-6.4%
		TOTAL OPERATING EXPENSES	\$ 733,706	\$ 122,101	\$ 909,388	\$ 672,564	35.2%
		Change in Net Position	\$ (133,706)	\$ (122,101)	\$ (212,642)	\$ (122,564)	73.5%

**Michigan Municipal Services Authority
FMS**

Fund	Activity	FYE 2017 Adopted	August 2017	FYE 2017 Year to Date	FYE 2017 Budget to Date	Variance
Operating Revenues						
502	539	State Grants	\$ -	\$ -	\$ 1,500,000	\$ - 0.0%
502	600	Charges for Services	\$ 2,863,430	\$ -	\$ 1,889,620	\$ 2,624,811 -28.0%
TOTAL OPERATING REVENUES			\$ 2,863,430	\$ -	\$ 3,389,620	\$ 2,624,811 29.1%
Operating Expenses						
502	266	Attorney	\$ 6,000			\$ 5,500 -100.0%
502	271	Program Management	\$ 50,000	\$ -	\$ -	\$ 45,833 -100.0%
502	272	Contractual Services	\$ 2,679,047	\$ 4,400	\$ 3,305,866	\$ 2,455,793 34.6%
502		Transfer to General Fund	\$ 127,706	\$ 9,412	\$ 109,619	\$ 117,064 -6.4%
TOTAL OPERATING EXPENSES			\$ 2,862,753	\$ 13,812	\$ 3,415,485	\$ 2,624,190 30.2%
Change in Net Position			\$ 677	\$ (13,812)	\$ (25,865)	\$ 621 -4267.9%

**Michigan Municipal Services Authority
All Funds**

	FYE 2017 Adopted	August 2017	FYE 2017 Year to Date	FYE 2017 Budget to Date	Variance
OPERATING REVENUES					
General	\$ 255,412	\$ 18,824	\$ 219,238	\$ 234,128	-6.4%
VHWM	\$ 600,000	\$ -	\$ 696,746	\$ 550,000	26.7%
FMS	\$ 2,863,430	\$ -	\$ 3,389,620	\$ 2,624,811	29.1%
TOTAL OPERATING REVENUES	\$ 3,718,842	\$ 18,824	\$ 4,305,604	\$ 3,408,939	26.3%
OPERATING EXPENSES					
General	\$ 255,412	\$ 18,824	\$ 219,237	\$ 234,128	-6.4%
VHWM	\$ 733,706	\$ 122,101	\$ 909,388	\$ 672,564	35.2%
FMS	\$ 2,862,753	\$ 13,812	\$ 3,415,485	\$ 2,624,190	30.2%
TOTAL OPERATING EXPENSES	\$ 3,851,871	\$ 154,737	\$ 4,544,110	\$ 3,530,882	28.7%
CHANGE IN NET POSITION	\$ (133,029)	\$ (135,913)	\$ (238,507)	\$ (121,943)	95.6%

MICHIGAN MUNICIPAL SERVICES AUTHORITY

Summary of Revenues and Expenditures

Date	Check Number	Invoice Number	Description	Check Amount	Deposits/ Other Credits	Account Balance
7/31/17			Beginning Balance			\$ 505,145.39
8/4/17	ACH		Dykema Gossett	\$ 3,291.75		\$ 501,853.64
	ACH		Segal Consulting	341.19		\$ 501,512.45
	ACH		Segal Consulting	5,375.00		\$ 496,137.45
	ACH		Benefit Express	47,963.11		\$ 448,174.34
8/10/17	Direct Deposits		Payroll	5,068.26		\$ 443,106.08
	ACH	payroll Taxes	Internal Revenue Service	3,234.92		\$ 439,871.16
	ACH	payroll Taxes	State of Michigan	472.94		\$ 439,398.22
	ACH	payroll Taxes	Internal Revenue Service	1,617.44		\$ 437,780.78
	s/c		Bank Service Charge	28.09		\$ 437,752.69
8/11/17	ACH	expenses	Robert J Bruner	1,358.54		\$ 436,394.15
		expenses	Robert J Bruner	557.95		\$ 435,836.20
8/15/17	ACH		Blackwell Insurance	892.00		\$ 434,944.20
8/18/17	7507		Revize LLC	600.00		\$ 434,344.20
	ACH		Benefit Express	47,963.11		\$ 386,381.09
	ACH		Benefit Express	1,438.92		\$ 384,942.17
	ACH		Michael A Tawney	500.00		\$ 384,442.17
	ACH		Plante Moran	4,400.00		\$ 380,042.17
8/24/17	Direct Deposits		Payroll	5,068.25		\$ 374,973.92
	ACH	payroll Taxes	Internal Revenue Service	1,617.46		\$ 373,356.46
8/25/17	ACH		Segal Consulting	341.19		\$ 373,015.27
	ACH		Segal Consulting	5,975.00		\$ 367,040.27
8/28/17	ACH		Blue Cross Blue Shield	1,042.86		\$ 365,997.41
TOTAL MI MUN SERV AUTH CASH BALANCE						\$ 365,997.41

Michigan Municipal Services Authority
Balance Sheet
As of August 31, 2017

ASSETS

CURRENT ASSETS

Cash in Bank	\$ 365,997.41
Due From Cities	<u>136,647.65</u>

Total Current Assets 502,645.06

PROPERTY AND EQUIPMENT

TOTAL ASSETS \$ 502,645.06

CURRENT LIABILITIES

Accounts Payable	\$ 132,744.79
Accrued State W/H	473.32
Accrued FICA	530.20
Accrued MESC	27.64
Accrued Salaries & Wages	<u>6,930.77</u>

Total Current Liabilities 140,706.72

LONG-TERM LIABILITIES

Total Liabilities 140,706.72

FUND BALANCE

Fund Balance Retained	600,442.27
Current Revenue over Expenses	<u>(238,503.93)</u>

Total Fund Balance 361,938.34

TOTAL LIABILITIES AND FUND BALANCE \$ 502,645.06

Michigan Municipal Services Authority
Statement of Income
For the 1 Month and 11 Months Ended August 31, 2017

	<u>1 Month Ended</u> <u>August 31, 2017</u>	<u>11 Months Ended</u> <u>August 31, 2017</u>
Revenues		
Contract Revenue	\$ 0.00	\$ 4,086,365.88
Operating Expenses		
Salary Director	\$ 8,498.90	\$ 105,356.04
Wages - Administrative Staff	4,400.00	52,800.00
Outside Service Contractors	113,797.52	4,077,289.02
Payroll Taxes	945.45	11,489.45
MESC Taxes	0.00	489.61
FUTA Taxes	0.00	84.00
Website Costs	600.00	600.00
Office Expense	1,358.54	15,296.35
Legal & Accounting	3,791.75	43,620.50
Insurance - General	892.00	892.00
Insurance - Health	1,042.86	9,385.74
Mileage Reimbursement	557.95	5,247.61
Dues	0.00	1,500.00
Bank Service Charges	28.09	819.49
	<hr/>	<hr/>
Total Operating Expenses	135,913.06	4,324,869.81
Revenues over Expenses	<u>\$ (135,913.06)</u>	<u>\$ (238,503.93)</u>

BANK RECONCILIATION

Name of Client: Michigan Municipal Services Authority

Month: Aug, 2017

Bank: Fifth Third

Prepared By: _____

General Ledger Acct Balance:		\$ 505,145.39	Balance per bank statement: 8/31/17	\$ 418,678.95
Add Debits:			Add Deposits in Transit:	
Deposits	\$ -			
.....				
.....				
Total Dr	\$ -			
Total		\$ 505,145.39		
Less Credits:			Total in Transit:	\$ -
checks	\$ 600.00		Total:	\$ 418,678.95
Payroll	\$ 17,079.27			
Online payments	\$ 120,397.76			
SC	\$ 28.09			
BCBS	\$ 1,042.86			
Total Cr	\$ 139,147.98		Total:	\$ 52,681.54
Bank Balance - Per General Ledger:		\$ 365,997.41		\$ 365,997.41

Checks Outstanding

Number	Amount	Number	Amount	Number	Amount
7507	\$ 600.00				
	\$ 47,963.11				
	\$ 4,400.00				
	\$ 892.00				
	\$ 341.19				
	\$ 5,975.00				
	\$ (1,214.76)				
	\$ (6,275.00)				
	\$ 52,681.54		\$ -		\$ -



(WESTERN MICHIGAN)
P.O. BOX 630900 CINCINNATI OH 45263-0900



MICHIGAN MUNICIPAL SERVICES
AUTHORITY
PO BOX 12012
LANSING MI 48901-2012



0

4469

Statement Period Date: 8/1/2017 - 8/31/2017
Account Type: COMM'L 53 ANALYZED
Account Number: 7166385711

Banking Center: Grand Rapids
Banking Center Phone: 616-653-5440
Commercial Client Services: 866-475-0729

Account Summary - 7166385711

08/01	Beginning Balance	\$505,145.39	Number of Days in Period	31
	Checks			
18	Withdrawals / Debits	\$(86,466.44)		
	Deposits / Credits			
08/31	Ending Balance	\$418,678.95		

Withdrawals / Debits

18 items totaling \$86,466.44

Date	Amount	Description
08/01	341.19	Michigan Municip PAYMENTS 4616288140 080117 OFFSET TRANSACTION
08/01	3,291.75	Michigan Municip PAYMENTS 4616288140 080117 OFFSET TRANSACTION
08/01	5,375.00	Michigan Municip PAYMENTS 4616288140 080117 OFFSET TRANSACTION
08/01	47,963.11	Michigan Municip PAYMENTS 4616288140 080117 OFFSET TRANSACTION
08/08	557.95	Michigan Municip CREDITS 4616288140 080817 OFFSET TRANSACTION
08/08	1,358.54	Michigan Municip CREDITS 4616288140 080817 OFFSET TRANSACTION
08/09	5,068.26	Michigan Municip CSI PAYROLL PAYROLL Michigan Municipal Ser 080917
08/10	28.09	SERVICE CHARGE
08/15	500.00	Michigan Municip PAYMENTS 4616288140 081517 OFFSET TRANSACTION
08/15	1,438.92	Michigan Municip PAYMENTS 4616288140 081517 OFFSET TRANSACTION
08/15	3,234.92	IRS USATAXPYMT 270762762125671 MICHIGAN MUNICIPAL SER 081517
08/16	1,617.44	IRS USATAXPYMT 270762833130614 MICHIGAN MUNICIPAL SER 081617
08/21	472.94	MI Business Tax Payment SMIBUS001342072 TawneyMichael 082117
08/23	5,068.25	Michigan Municip CSI PAYROLL PAYROLL Michigan Municipal Ser 082317
08/28	1,042.86	BCBS Michigan PREMIUM MS283851 MICHIGAN MUNICIPAL SER 082817
08/30	1,214.76	Michigan Municip PAYMENTS 4616288140 083017 OFFSET TRANSACTION - 9/1
08/30	1,617.46	IRS USATAXPYMT 270764242497414 MICHIGAN MUNICIPAL SER 083017
08/30	6,275.00	Michigan Municip PAYMENTS 4616288140 083017 OFFSET TRANSACTION - 9/1

Daily Balance Summary

Date	Amount	Date	Amount	Date	Amount
08/01	448,174.34	08/15	435,987.66	08/23	428,829.03
08/08	446,257.85	08/16	434,370.22	08/28	427,786.17
08/09	441,189.59	08/21	433,897.28	08/30	418,678.95
08/10	441,161.50				

INTRODUCTORY OFFER FROM OUR NEW CHECK PROVIDER, HARLAND CLARKE: RECEIVE 20 PERCENT OFF ANY BUSINESS CHECK PRODUCT ORDERED THROUGH SEPTEMBER 30, 2017. USE OFFER CODE: JD. CALL 1-800-503-2345 OR VISIT 53.COM/CHECKS. MENTION THE OFFER CODE WHEN ORDERING BY PHONE. THIS OFFER IS NOT VALID WITH ANY OTHER OFFER AND NOT REDEEMABLE FOR CASH.

FMS Program Update

MMSA Administrative Report

FMS Program Update

Grant Management

- CGAP Grant FY 2014 (Round 1)
 - Amendment request was submitted on August 11
 - Q3 2017 grant report is due October 30

VHWM Program Update

MMSA Administrative Report

VHWM Project Update

Invoices

- July 2017: Invoice was sent to the City of Detroit on August 1, 2017 via the e-invoice system. Payment was received from the City on September 1, 2017.
- August 2017: Invoice was sent to the City of Detroit on September 1, 2017 via the e-invoice system. Payment is expected by the end of September.

VHWM Project Update

MMSA Contract and Benefit Express Renewal

- The initial 2018 Benefit Express renewal was received on July 28, 2017. Benefit Express initially proposed a 3-year renewal with a 10% reduction in Monthly Admin & Call Center Costs in Years 2 & 3 and a 27% increase in the hourly rate for manual changes (\$140 to \$190). An updated renewal was received on August 24, 2017, which included the following options:
 - 3-year renewal with a 10% reduction in monthly admin and call center costs in Years 1-3, with manual hours remaining at the current rate of \$140 per hour
 - 2-year renewal with a 3.5% reduction to monthly admin and call center costs in Year 1 and a 10% reduction in Year 2, with manual hours remaining at the current rate of \$140 per hour
 - Negotiations continue in regard to the proposed termination provision, which included a convenience fee charge

VHWM Program Update

City of Detroit - Call Center Update

- Call volumes have remained steady for the last two months. For the months of August, the average was 98 calls per week. Wait times decreased slightly to just under one minute for the month of August.
- Segal will be working with Benefit Express to evaluate call center performance metrics vs. performance guarantees.

VHWM Program Update

City of Detroit - Other Updates

- Medical RFP: The City released an RFP, which requested PPO and HMO options with a narrow network and/or wellness components. These will be additional options available to all employees. The current plan options are not included in the bid process and will remain in place. Segal is supporting this process and attending meetings with the City and the proposed vendors. The RFP timeline is as follows:
 - RFP Issued: 05/01/17 - Completed
 - Bidder Questions Due: 05/15/17 - Completed
 - Bidders Meeting: 05/17/17 - Completed
 - Response to Bidder Questions Due: 05/19/17 - Completed
 - Proposals Due: 06/26/17 – Completed.
- The proposed plans were presented to the Chief of Staff on August 15th, the Police and Fire Unions on August 16th, the Mayor on August 25th and the General City Unions on August 30th. The City's Benefit Board approved the new plans on August 30th. A vote by City Council is expected in late September.
- If all approvals are received, the new plan options will be implemented on January 1, 2018 and include a Narrow Network HMO plan with Wellness, hearing coverage and two new vision options

VHWM Program Update

City of Detroit – Other Updates

- Full implementation of the Ultipro census and payroll system file interfaces: The implementation of UltiPro is now delayed until sometime in 2017. A final go-live date has not yet been formally communicated, but implementation activity did increase during the month of August. Another set of payroll deduction files was sent by Benefit Express to UltiPro for testing.

VHWM Program Update

Short and Long-Term Strategy and Initiatives

- A meeting was held on August 30, 2017 with Bob Bruner and Segal (Ted Makowiec and Kim Wixson) to further discuss a short and long-term strategy for the VHWM project. Several initiatives were discussed:
 - Health Care Risk Pool
 - Small Group Benefit Administration System
 - Stop Loss Pool
 - Data Warehouse
 - Direct Provider Contracting
 - Free Benefit Consulting
 - Medicare Retiree Carve-Out Pool
 - Life and Disability
 - Compensation/HR Services
- Segal is developing a tool to evaluate each initiative and rank them based on revenue potential, marketplace, complexity of administration and potential interest

VHWM Program Update

Health Care Risk Pool

- A major goal of the VHWM program was to develop a health care risk pool for public sector employers. There were three possible options being considered:
 - Western Michigan Health Insurance Pool (WMHIP)
 - Michigan Municipal Risk Management Authority (MMRMA)
 - MMSA Health Care Risk Pool
- Since options 1 and 2 are no longer viable, the MMSA will evaluate moving forward with its own health care risk pool.
- A follow-up meeting with the City of Grand Rapids to further discuss this initiative is tentatively scheduled for October 6 to discuss stop-loss.

Program Development Update

MMSA Administrative Report

Program Development Update

Medicare Coordination Program

- Interviews held on August 22
- Identified preferred service provider
- Agreement is being negotiated

Program Development Update

21st Century Infrastructure Program

- September 5: Met with Grand Rapids
- Waiting for Treasury to answer the Authority's amendment request



Michigan Municipal Services Authority

PO BOX 12012, LANSING MI 48901-2012

EXECUTIVE COMMITTEE RESOLUTION 2017-10

Authorize Change in Provider of Auditing Services

The Michigan Municipal Services Authority (the “**Authority**”) previously retained Abraham and Gaffney, P.C. (“**A&G**”) as its provider of auditing services.

A&G has reorganized effective August 1, 2017, and indicates that it no longer has the qualifications or experience to provide quality services to governmental and nonprofit clients like the Authority.

Former personnel of A&G and the services they performed for governmental and nonprofit clients have been transferred to Stevens, Kirinovic, & Tucker P.C. (“**SKT**”) and A&G has released the Authority from its contract with A&G.

SKT indicates that it has the qualifications and experience to provide quality services to governmental and nonprofit clients and wants to continue to provide the auditing services previously performed for the Authority using the same personnel and under the same terms and conditions, including fee structure, as provided by A&G before August 1, 2017. SKT has proposed an engagement letter for the Authority to retain its auditing services.

The executive committee of the Authority therefore resolves:

- that Stevens, Kirinovic & Tucker P.C. is retained to provide auditing services to the Authority as the Authority’s independent auditor; and
- that the chief executive officer is hereby authorized on behalf of the Authority to sign an engagement agreement with Stevens, Kirinovic & Tucker P.C. for the 2016-2017 and the 2017-2018 fiscal years.

Secretary’s Certification:

I certify that this resolution was duly adopted by the Executive Committee of the Michigan Municipal Services Authority at a properly-noticed open meeting held with a quorum present on August 10, 2017.

By: _____
James Cambridge, Secretary

Principals

Dale J. Abraham, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA
Alan D. Panter, CPA
William I. Tucker IV, CPA



ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

3511 Coolidge Road
Suite 100
East Lansing, MI 48823
(517) 351-6836
FAX: (517) 351-6837

August 1, 2017

Michigan Municipal Services Authority
P.O. Box 12012
Lansing, MI 48901-2012

Dear Robert:

On July 31, 2017 Abraham & Gaffney, P.C. will complete the transition of the governmental and nonprofit clients to Stevens, Kirinovic & Tucker, P.C., subsequent to this date Abraham & Gaffney, P.C. will no longer have the qualifications and/or experience to provide quality services to these industries. Please allow this letter to serve as your release from your contract from Abraham & Gaffney, P.C. and allow you to smoothly transition to Stevens, Kirinovic & Tucker, P.C.

Sincerely,

STEVEN R. KIRINOVIC, CPA
President and Managing Partner
ABRAHAM & GAFFNEY, P.C.



August 1, 2017

Michigan Municipal Services Authority
P.O. Box 12012
Lansing, MI 48901-2012

Dear Robert:

We are excited to announce the creation of Stevens, Kirinovic & Tucker, P.C. (SKT). On July 31, 2017, the partners of SKT will complete the acquisition of the governmental and nonprofit clients from Abraham & Gaffney, P.C. (A&G).

At SKT, our focus will be to provide quality service to our governmental and nonprofit clients. The guiding principles of our firm will continue to be integrity and to provide *total client service*. To us, this means creatively advising and serving the needs of our clients on a timely basis. The vision of the SKT is "to be a leading contributor to the public and nonprofit sectors, providing top quality audit, financial, and operational services."

Our governmental and nonprofit industry growth since 1991 has been predominantly internal, stemming from the referrals of our client base and those of other professionals. The growth and development of our professional staff has evolved in a similar manner. We have attracted high-quality, committed professionals and invested in their training, development, and growth. As a result, we have experienced tremendous growth over the past several years. This has been in no small way also directly related to the success our clients.

There are several things we want to guarantee:

- You will continue to work with similar people in our firm you have in the past. All of our people are being retained in their current roles.
- Our fee structure will not change.
- The high quality services we have provided to you in the past will continue.

As we work through this transition, we will be providing you with a letter from A&G releasing clients to SKT. Accompanying this letter of release will be a new engagement letter with SKT, with the same fee structure as your previous engagement letter with A&G. In addition, any invoices from A&G dated prior to July 31, 2017, should continue to be paid to A&G. Subsequent invoices dated August 1, 2017 and after will be paid to SKT.

We are grateful to you not only for giving us the opportunity to provide you with accounting and auditing services, but for your loyalty and friendship. We look forward to our continued relationship. If at any time you have questions about our transition, please do not hesitate to contact any of us. We look forward to welcoming this new change and including you in our new company's vision.

The Partners and Associates of

Stevens Kirinovic & Tucker, P.C.

STEVENS, KIRINOVIC & TUCKER, P.C.



August 1, 2017

Michigan Municipal Services Authority
P.O. Box 12012
Lansing, MI 48901-2012

We are pleased to confirm our understanding of the services we are to provide the Michigan Municipal Services Authority for the years ending September 30, 2017 and 2018. We will audit the financial statements of the governmental activities and the major fund, which collectively comprise the basic financial statements of the Michigan Municipal Services Authority as of and for the years ending September 30, 2017 and 2018. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Michigan Municipal Services Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Michigan Municipal Service Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Budgetary Comparison Schedules.

Audit Objective

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. If our opinions on the financial statements are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that the Michigan Municipal Services Authority is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You are also responsible for making all management decisions and performing all management functions; for designating an individual with suitable skill, knowledge, or experience to oversee our assistance with the preparation of your financial statements and related notes and any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the governmental activities and the major fund of the Michigan Municipal Services Authority and the respective changes in financial position in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents. With regard to electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Audit Procedures - Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Michigan Municipal Service Authority's compliance with provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Engagement Administration, Fees, and Other

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We expect to begin our audit in January and to issue our reports no later than February 28 of each year. William I. Tucker IV, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. Our fees for these services will be based on the actual time spent at our standard hourly rates, plus out-of-pocket costs such as report production, typing, postage, etc. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The fees are detailed as follows:

<u>Year Ending September 30,</u>	<u>Financial Audit</u>
2017	\$ 10,600
2018	10,600

Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our reports. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

If reproduction or publication of financial statements audited by us, or any portion thereof, is intended, it is our policy that any master of printer's proofs be submitted to us for review prior to publication.

We will continue to perform our services under the arrangements discussed above from year to year unless for some reason you or we find that some change is necessary. However, the performance of each audit or consulting engagement is a separate and severable engagement. Each separate engagement shall be deemed complete and Stevens, Kirinovic & Tucker, P.C. will not have a continuing responsibility to perform additional services with respect to that completed engagement when we present to you the final fund financial statements or final audit report, respectively, that relates to any given year.

Our reports on the financial statements to be issued pursuant to this engagement are for your use. If it is your primary intent that our reports will benefit or influence a third party user we must be informed prior to the beginning of the annual engagement.

In connection with this engagement, we may communicate with you or others via e-mail transmission. As e-mails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that e-mails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of e-mail transmissions, or for the unauthorized use or failed delivery of e-mails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of e-mail transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of sales or anticipated profits, or disclosure or communication of confidential or proprietary information.

If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Rules. If the parties are unable to resolve the dispute through mediations within 60 days from the date notice is first given from one party to the other as to the existence of a dispute and the demand to mediate, then they may proceed to resolve the matter by arbitration if this agreement provides that the particular dispute is subject to arbitration, or by whatever other lawful means are available to them if this agreement does not provide for arbitration of the particular dispute. Costs of any mediation proceeding shall be shared equally by all parties.

The Authority and Stevens, Kirinovic & Tucker, P.C. both agree that any dispute over fees charged by Stevens, Kirinovic & Tucker, P.C. to the client will be submitted for resolution by arbitration in accordance with the rules of the American Arbitration Association. Such arbitration shall be binding and final. The arbitration shall take place in East Lansing, Michigan. Any hearing shall be before one arbitrator in accordance with Rule 17 of the Commercial Arbitration Rules of the American Arbitration Association (the Rules). Any award rendered by the Arbitrator pursuant to this Agreement may be filed and entered and shall be enforceable in the appropriate court of the County in which arbitration proceeds. In agreeing to arbitration, we both acknowledge that, in the event of a dispute over fees, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution. The prevailing party shall be entitled to an award of reasonable attorney's fees and costs incurred in connection with the arbitration of the dispute in an amount to be determined by the arbitrator.

We appreciate the opportunity to be of service to the Michigan Municipal Services Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Stevens Kirinovic & Tucker, P.C.

STEVENS, KIRINOVIC & TUCKER, P.C.
Certified Public Accountants

RESPONSE:

This letter correctly sets forth the understanding of the Michigan Municipal Services Authority.

By: _____

Title: _____

Date: _____



Michigan Municipal Services Authority

PO BOX 12012, LANSING MI 48901-2012

**EXECUTIVE COMMITTEE
RESOLUTION 2017-11**

**Change Notice NO. 4 to Contract NO. 271B3200004 between the State of Michigan
and the Authority**

The Executive Committee of the Michigan Municipal Services Authority (the "Authority") resolves as follows:

- that the Authority hereby approves Change Notice NO. 4 to Contract NO. 271B3200004 between the State of Michigan and the Authority; and
- that the chief executive officer of the Authority (the "CEO") is authorized to execute the Change Notice.

Secretary's Certification:

I certify that this resolution was adopted by the executive committee of the Michigan Municipal Services Authority at a properly-noticed open meeting held with a quorum present on September 14, 2017.

By: _____
James Cambridge
Authority Secretary



STATE OF MICHIGAN ENTERPRISE PROCUREMENT

Department of Treasury
430 W. ALLEGAN ST., LANSING, MICHIGAN 48922

CONTRACT CHANGE NOTICE

Change Notice Number **271B320004**
to
Contract Number **4**

CONTRACTOR	Michigan Municipal Services Authority
	201 Townsend Street, Suite 900
	Lansing, Michigan 48933
	Robert Bruner
	(248) 925-9294
	rbruner@michiganmsa.org
	8814

STATE	Program Manager	Randall Byrne	Treasury
		517-335-2521	
	Byrner1@michigan.gov		
	Contract Administrator	Julie Collins	Treasury
517-636-6817			
CollinsJ17@michigan.gov			

CONTRACT SUMMARY				
DESCRIPTION: Shared Services Consolidation – Financial Management System/Enterprise Solutions and Health Care Related Services [e.g., Virtual Health and Wellness Marketplace (VHWM)]				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW	
June 10, 2013	June 9, 2016	Two, One-Year Renewals	June 9, 2017	
PAYMENT TERMS		DELIVERY TIMEFRAME		
N/A		N/A		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
N/A				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input checked="" type="checkbox"/>	1 Year	<input type="checkbox"/>		June 9, 2018
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$1,250,000.00		\$0.00	\$1,250,000.00	
DESCRIPTION:				
1. Effective June 10, 2017, the one option year available on this contract is hereby exercised. The revised contract expiration date is June 9, 2018.				
All other terms, conditions, specifications and pricing remain the same.				

FOR THE CONTRACTOR:

Michigan Municipal Services Authority
Company Name

Authorized Agent Signature

Robert J. Bruner Jr., CEO
Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Julie Collins / Purchasing
Name & Title

Department of Treasury
Agency

Date



**EXECUTIVE COMMITTEE
RESOLUTION 2017-12**

FY 2016-2017 General Appropriations Act Amendment

The Executive Committee of the Michigan Municipal Services Authority (“Authority”) resolves that the FY 2016-2017 General Appropriations Act is amended as follows:

Section 6. Estimated Revenues and Expenditures. Estimated total revenues and expenditures for the Authority for FY 2016-2017 are:

<u>Fund</u>	<u>Revenue</u>	<u>Expenditures</u>
General Fund	\$260,000	\$260,000
VHWM Fund	\$800,000	\$800,000
FMS Fund	\$4,364,000	\$4,390,000

The Chief Executive Officer is permitted to execute transfers within these limits between appropriations without the prior approval of the Executive Committee.

Secretary’s Certification:

I certify that this resolution was adopted by the executive committee of the Michigan Municipal Services Authority at a properly-noticed open meeting held with a quorum present on September 14, 2017.

By: _____
James Cambridge
Authority Secretary

Michigan Municipal Services Authority
FY 2016-2017 General Appropriations Act Amendment
General Fund

Fund Activity			FYE 2017 Adopted	FYE 2017 Year to Date	FYE 2017 Amended
OPERATING REVENUES					
101	539	State Grants	\$ -	\$ -	
101	600	Charges for Services			
		Transfer from VHWM	\$127,706	\$ 109,619	\$127,706
		Transfer from FMS	\$127,706	\$ 109,619	\$127,706
TOTAL OPERATING REVENUES			\$255,412	\$ 219,238	\$255,412
OPERATING EXPENSES					
101	101	Governing Body	\$ 2,000	\$ -	\$ 600
101	173	Chief Executive	\$224,812	\$ 202,541	\$224,812
101	191	Accounting	\$ 5,000	\$ 6,096	\$ 7,000
101	223	External Audit	\$ 10,600	\$ 10,000	\$ 11,000
101	228	Information Technology	\$ 4,000	\$ 600	\$ 1,000
101	266	Attorney	\$ 9,000		\$ 11,000
TOTAL OPERATING EXPENSES			\$255,412	\$ 219,237	\$255,412
CHANGE IN NET POSITION			\$ -	\$ 1	\$ -

Michigan Municipal Services Authority
FY 2016-2017 General Appropriations Act Amendment
VHWM

Fund Activity			FYE 2017 Adopted	FYE 2017 Year to Date	FYE 2017 Amended
OPERATING REVENUES					
501	539	State Grants	\$ -	\$ -	\$ -
501	600	Charges for Services	\$ 600,000	\$ 696,746	\$ 755,124
TOTAL OPERATING REVENUES			\$ 600,000	\$ 696,746	\$ 755,124
OPERATING EXPENSES					
501	266	Attorney	\$ 6,000	\$ 28,131	\$ 6,000
501	271	Program Management	\$ 60,000	\$ -	\$ 7,000
501	272	Contractual Services	\$ 540,000	\$ 771,638	\$ 732,706
501		Transfer to General Fund	\$ 127,706	\$ 109,619	\$ 127,706
TOTAL OPERATING EXPENSES			\$ 733,706	\$ 909,388	\$ 873,412
CHANGE IN NET POSITION			\$ (133,706)	\$ (212,642)	\$ (118,288)

Michigan Municipal Services Authority
FY 2016-2017 General Appropriations Act Amendment
FMS

Fund Activity			FYE 2017 Adopted	FYE 2017 Year to Date	FYE 2017 Amended
OPERATING REVENUES					
502	539	State Grants	\$1,500,000	\$ 1,500,000	\$1,500,000
502	600	Charges for Services	\$2,863,430	\$ 1,889,620	\$2,863,430
TOTAL OPERATING REVENUES			\$4,363,430	\$ 3,389,620	\$4,363,430
OPERATING EXPENSES					
502	266	Attorney	\$ 6,000	\$ -	\$ 30,000
502	271	Program Management	\$ 50,000	\$ -	\$ 50,000
502	272	Contractual Services	\$4,179,047	\$ 3,305,866	\$4,179,047
502		Transfer to General Fund	\$ 127,706	\$ 109,619	\$ 127,706
TOTAL OPERATING EXPENSES			\$4,362,753	\$ 3,415,485	\$4,386,753
CHANGE IN NET POSITION			\$ 677	\$ (25,865)	\$ (23,323)

Michigan Municipal Services Authority
FY 2016-2017 General Appropriations Act Amendment
All Funds

	FYE 2017 Adopted	FYE 2017 Year to Date	FYE 2017 Amended
OPERATING REVENUES			
General	\$ 255,412	\$ 219,238	\$ 255,412
VHWM	\$ 600,000	\$ 696,746	\$ 755,124
FMS	\$4,363,430	\$ 3,389,620	\$4,363,430
TOTAL OPERATING REVENUES	\$5,218,842	\$ 4,305,604	\$5,373,966
OPERATING EXPENSES			
General	\$ 255,412	\$ 219,237	\$ 255,412
VHWM	\$ 733,706	\$ 909,388	\$ 873,412
FMS	\$4,362,753	\$ 3,415,485	\$4,386,753
TOTAL OPERATING EXPENSES	\$5,351,870	\$ 4,544,110	\$5,515,577
CHANGE IN NET POSITION	\$ (133,029)	\$ (238,506)	\$ (141,611)



**EXECUTIVE COMMITTEE
RESOLUTION 2017-13**

FY 2017-2018 General Appropriations Act

The Executive Committee of the Michigan Municipal Services Authority resolves:

Section 1. Title. This resolution shall be known and may be cited as the Michigan Municipal Services Authority FY 2017-2018 General Appropriations Act.

Section 2. Public Hearing. In compliance with 1963 (2nd Ex Sess) PA 43, MCL 141.411 to 141.415, notice of a public hearing on the proposed budget was published in a newspaper of general circulation on Monday, September, 11, 2017 and a public hearing on the proposed budget was held by the Executive Committee of the Michigan Municipal Services Authority (“Authority”) on September 14, 2017.

Section 3. Millage Levy. The Authority is not authorized to levy taxes.

Section 4. Adoption of Budget by Activity. The Executive Committee of the Authority adopts the budget for the Authority for the fiscal year beginning on October 1, 2017 and ending on September 30, 2018 by activity. Authority officials responsible for the expenditures authorized in the budget may expend Authority funds up to, but not to exceed, the total appropriation authorized for each activity.

Section 5. Payment of Bills. All claims or bills against the Authority shall be approved by the Executive Committee of the Authority before payment by the Authority. However, the Treasurer of the Authority may pay certain claims or bills before payment is approved by the Executive Committee of the Authority to avoid late penalties, service charges, or interest. Any claims or bills paid before approval by the Executive Committee shall be reported by the Treasurer to the Executive Committee for approval at the next meeting of the Executive Committee.

Section 6. Estimated Revenues and Expenditures. Estimated total revenues and expenditures for the Authority for FY 2017-2018 are:

<u>Fund</u>	<u>Revenue</u>	<u>Expenditures</u>
General Fund	\$251,000	\$251,000
VHWM Fund	\$855,000	\$827,000
FMS Fund	\$2,863,430	\$2,733,000

Michigan Municipal Services Authority
FY 2017-2018 General Appropriations Act
General Fund

	FYE 2016	FYE 2017	FYE 2017	FYE 2018
	Audited	Adopted	Estimated	Recommended
OPERATING REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
OPERATING EXPENSES				
Governing body	\$ 2,062	\$ 2,000	\$ 600	\$ 2,000
Chief executive (staff)	\$ 217,146	\$ 224,812	\$ 224,812	\$ 225,000
Accounting	\$ 15,471	\$ 15,600	\$ 18,000	\$ 16,000
Information technology	\$ 2,547	\$ 4,000	\$ 1,000	\$ 2,000
Attorney	\$ 6,994	\$ 9,000	\$ 11,000	\$ 12,000
Program management	\$ -	\$ -	\$ -	\$ -
Contractual services	\$ -	\$ -	\$ -	\$ -
TOTAL OPERATING EXPENSES	\$ 244,220	\$ 255,412	\$ 255,412	\$ 257,000
OPERATING INCOME (LOSS)	\$(244,220)	\$(255,412)	\$(255,412)	\$ (257,000)
TRANSFERS				
Transfers in	\$ 247,088	\$ 255,412	\$ 255,412	\$ 257,000
Transfers out	\$ -	\$ -	\$ -	\$ -
CHANGE IN NET POSITION	\$ 2,868	\$ -	\$ -	\$ -

Michigan Municipal Services Authority
FY 2017-2018 General Appropriations Act
VHWM

	FYE 2016	FYE 2017	FYE 2017	FYE 2018
	Audited	Adopted	Estimated	Recommended
OPERATING REVENUES				
Intergovernmental	\$ 969,363	\$ 600,000	\$ 755,124	\$ 755,124
OPERATING EXPENSES				
Governing body	\$ -	\$ -	\$ -	\$ -
Chief executive (staff)	\$ -	\$ -	\$ -	\$ -
Accounting	\$ -	\$ -	\$ -	\$ -
Information technology	\$ -	\$ -	\$ -	\$ -
Attorney	\$ 7,465	\$ 6,000	\$ 6,000	\$ 6,000
Program management	\$ 45,000	\$ 60,000	\$ 7,000	\$ 6,000
Contractual services	\$ 815,742	\$ 540,000	\$ 732,706	\$ 732,706
	<hr/>			
TOTAL OPERATING EXPENSES	\$ 868,207	\$ 606,000	\$ 745,706	\$ 744,706
	<hr/>			
OPERATING INCOME (LOSS)	\$ 101,156	\$ (6,000)	\$ 9,418	\$ 10,418
TRANSFERS				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	\$(123,544)	\$(127,706)	\$(127,706)	\$ (128,500)
	<hr/>			
CHANGE IN NET POSITION	\$ (22,388)	\$(133,706)	\$(118,288)	\$ (118,082)
	<hr/> <hr/>			

Michigan Municipal Services Authority
FY 2017-2018 General Appropriations Act
FMS

	FYE 2016	FYE 2017	FYE 2017	FYE 2018
	Audited	Adopted	Estimated	Recommended
OPERATING REVENUES				
Intergovernmental	\$3,934,069	\$4,363,430	\$4,363,430	\$ 2,863,430
OPERATING EXPENSES				
Governing body	\$ -	\$ -	\$ -	\$ -
Chief executive (staff)	\$ -	\$ -	\$ -	\$ -
Accounting	\$ -	\$ -	\$ -	\$ -
Information technology	\$ -	\$ -	\$ -	\$ -
Attorney	\$ -	\$ 6,000	\$ 30,000	\$ 6,000
Program management	\$ 28,552	\$ 50,000	\$ 50,000	\$ 45,000
Contractual services	\$3,601,440	\$4,179,047	\$4,179,047	\$ 2,678,000
TOTAL OPERATING EXPENSES	\$3,629,992	\$4,235,047	\$4,259,047	\$ 2,729,000
OPERATING INCOME (LOSS)	\$ 304,077	\$ 128,383	\$ 104,383	\$ 134,430
TRANSFERS				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	\$ (123,544)	\$ (127,706)	\$ (127,706)	\$ (128,500)
CHANGE IN NET POSITION	\$ 180,533	\$ 677	\$ (23,323)	\$ 5,930

Michigan Municipal Services Authority
FY 2017-2018 General Appropriations Act
All Funds

	FYE 2016	FYE 2017	FYE 2017	FYE 2018
	Audited	Adopted	Estimated	Recommended
OPERATING REVENUES				
Intergovernmental	\$4,903,432	\$4,963,430	\$5,118,554	\$ 3,618,554
OPERATING EXPENSES				
Governing body	\$ 2,062	\$ 2,000	\$ 600	\$ 2,000
Chief executive (staff)	\$ 217,146	\$ 224,812	\$ 224,812	\$ 225,000
Accounting	\$ 15,471	\$ 15,600	\$ 18,000	\$ 16,000
Information technology	\$ 2,547	\$ 4,000	\$ 1,000	\$ 2,000
Attorney	\$ 14,459	\$ 21,000	\$ 47,000	\$ 24,000
Program management	\$ 73,552	\$ 110,000	\$ 57,000	\$ 51,000
Contractual services	\$4,417,182	\$4,719,047	\$4,911,753	\$ 3,410,706
TOTAL OPERATING EXPENSES	\$4,742,419	\$5,096,459	\$5,260,165	\$ 3,730,706
OPERATING INCOME (LOSS)	\$ 161,013	\$ (133,029)	\$ (141,611)	\$ (112,152)
TRANSFERS				
Transfers in	\$ 247,088	\$ 255,412	\$ 255,412	\$ 257,000
Transfers out	\$ (247,088)	\$ (255,412)	\$ (255,412)	\$ (257,000)
CHANGE IN NET POSITION	\$ 161,013	\$ (133,029)	\$ (141,611)	\$ (112,152)
Beginning net position	\$ 439,429	\$ 600,442	\$ 467,413	\$ 467,413
Ending net position	\$ 600,442	\$ 467,413	\$ 325,802	\$ 355,261

Section 7. Periodic Financial Reports. The Chief Administrative Officer shall provide the Executive Committee of the Authority at the meeting of the Executive Committee immediately following the end of each fiscal quarter, and at the final meeting of the Executive Committee of the fiscal year, a report of fiscal year to date revenues and expenditures compared to the budgeted amounts for the fiscal year.

Section 8. Budget Monitoring. Whenever it appears to the Chief Administrative Officer of the Authority that the actual and probable revenues in any fund of the Authority will be less than the estimated revenues upon which appropriations from the fund were based, and when it appears that expenditures will exceed an appropriation, the Chief Administrative Officer shall present recommendations to the Executive Committee to prevent expenditures from exceeding available revenues or appropriations for the fiscal year. The recommendations shall include proposals for reducing appropriations, increasing revenues, or both.

Section 9. Adoption. Motion made by _____ . Seconded by _____ to adopt this resolution as the general appropriations act for the Authority for the fiscal year ending September 30, 2018. Upon a roll call vote, the following members of the Executive Committee voted yes: _____. The following noted no: _____.

Secretary's Certification:

I certify that this resolution was duly adopted by the Executive Committee of the Michigan Municipal Services Authority at a properly-noticed open meeting held with a quorum present on September 14, 2017.

By: _____
James Cambridge
Authority Secretary



Michigan Municipal Services Authority

PO BOX 12012, LANSING MI 48901-2012

RESOLUTION 2017-14

Approve Administrative Services Agreement between Local Community Stabilization Authority and the Michigan Municipal Services Authority

The Local Community Stabilization Authority (the “**LCSA**”) wants to utilize the Michigan Municipal Services Authority (the “**MMSA**”) as its provider of administrative services, effective October 1, 2017.

The MMSA wants to provide administrative services to the LCSA.

The executive committee of the Michigan Municipal Services Authority therefore resolves:

- that the following administrative services agreement between the Local Community Stabilization Authority and the Michigan Municipal Services Authority is hereby approved:

“ADMINISTRATIVE SERVICES AGREEMENT

This administrative services agreement is between the LOCAL COMMUNITY STABILIZATION AUTHORITY, a Michigan metropolitan authority (the “**LCSA**”), and the MICHIGAN MUNICIPAL SERVICES AUTHORITY, a Michigan public body corporate (the “**MMSA**”).

The LCSA is a metropolitan government for the metropolitan areas of the state of Michigan established under section 7 of the Local Community Stabilization Act, 2014 PA 86, as amended, MCL 123.1347 (the “**LCSA Act**”), and section 27 of article 7 of the Michigan Constitution of 1963.

The MMSA is a Michigan public body corporate created under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7, as amended, MCL 124. 501 to 124.512, pursuant to an interlocal agreement between the City of Grand Rapids, Michigan and the City of Livonia, Michigan.

Both the LCSA and the MMSA are “political subdivisions” as defined under 1967 (Ex Sess) PA 8, as amended, MCL 124.531 to 124.536 (“**Act 8**”).

In addition to exercising certain functions, and responsibilities under the LCSA Act, the LCSA also exercises certain functions, and responsibilities of the former Metropolitan Extension Telecommunications Rights-of-Way Oversight Authority (the “**METRO Authority**”) pursuant to section 3 of the Metropolitan Extension Telecommunications Rights-of-Way Oversight Act, 2002 PA 48, as amended, MCL 484.3103 (the “**METRO Act**”).

The LCSA seeks the expertise of the MMSA in performing administrative functions and responsibilities for the LCSA under the METRO Act and the LCSA and to transfer certain administrative functions and responsibilities to the MMSA pursuant to Act 8.

The MMSA wants to perform those administrative functions and responsibilities for the LCSA.

The parties therefore agree as follows:

1. **Functions and Responsibilities.** (a) As permitted by Act 8, the LCSA hereby transfers to the MMSA the administrative functions and responsibilities specified in schedule 1 (the “**Services**”). The MMSA shall perform the Services during the fiscal year beginning on October 1, 2017 and ending on September 30, 2018, and during each of the next four fiscal years through the fiscal year ending on September 30, 2022.

(b) Functions and responsibilities vested exclusively in the authority council of the LCSA are not transferred to the MMSA under this agreement. The MMSA shall not exercise functions or responsibilities vested exclusively in the authority council of the LCSA (the “**LCSA Council**”) under the LCSA Act or the METRO Act, but may assist the LCSA Council with LCSA Council’s exercise of its functions or responsibilities.

(c) The parties acknowledge that both the MMSA and the LCSA are independent contractors under this agreement, that no partnership or joint venture is created by this agreement for any purpose, and that this agreement creates no employer-employee relationship between the MMSA and the LCSA or the LCSA and the MMSA’s employees.

(d) Except as otherwise provided in this agreement, the LCSA has the responsibility, authority, and right to manage and direct on behalf of the public the functions and responsibilities transferred to the MMSA under this agreement.

2. **Employees.** (a) The MMSA will function as the employer of personnel and staff needed for the transfer of functions and responsibilities under section 1. The MMSA shall assign employees on a part-time basis as necessary to provide the Services to the LCSA consistent with the requirements of this agreement. The LCSA acknowledges that employees of the MMSA assigned to the LCSA by the MMSA also will perform other functions and responsibilities for the MMSA.

(b) Employees assigned by the MMSA to provide Services under this agreement shall do both of the following:

- (1) use Reasonable Efforts to provide the Services in a timely, effective, and competent manner; and
- (2) comply with all laws and regulations applicable to the provision of Services and the performance of the MMSA’s obligations under this agreement.

(c) The MMSA will retain responsibility for administering the day-to-day supervision of employees assigned by the MMSA to provide Services to the LCSA under this agreement. The MMSA also shall perform all of the following functions with regard to MMSA employees assigned to perform Services to the LCSA under this agreement:

- (1) conduct performance evaluations;
- (2) handle payroll and benefits in accordance with applicable MMSA policies and procedures;
- (3) maintain official personnel files for employees performing Services under this agreement with other MMSA personnel files;
- (4) direct the handling of all labor and employee relations, including negotiations, counseling, and discipline, after consultation with the LCSA;
- (5) manage, investigate, and make determinations regarding claims for prohibited discrimination or harassment;
- (6) use MMSA forms and handbooks for all employment-related transactions;
- (7) handle requests for leaves of absence, after consultation with the LCSA, using MMSA policies, procedures, and forms in making leave of absence determinations;
- (8) manage any unemployment related matters;
- (9) handle subpoenas and requests for information under the Freedom of Information Act, 1976 PA 442, as amended, MCL 15.231 to 15.246 (“**FOIA**”), relating to the MMSA employees; and
- (10) manage workers’ compensation issues.

(d) When providing Services under this agreement, employees assigned by the MMSA to provide Services to the LCSA will use computers and other office space and equipment assigned or provided by the MMSA consistent with policies and procedures of the MMSA.

(e) If the LCSA receives a report of unlawful discrimination or harassment involving an MMSA employee assigned to provide Services to the MMSA under this agreement, the LCSA shall provide the report to the MMSA for investigation and determination by the MMSA.

(f) The MMSA shall designate an individual to act as the primary liaison between the MMSA and the LCSA with respect to provision of Services to the LCSA.

(g) For purposes of this section 2, “**Reasonable Efforts**” means, with respect to a given obligation, the efforts, consistent with the practice of local governmental employees with respect to provision of administrative services comparable to the Services, that a reasonable person in the MMSA employee’s position would use to comply with that obligation as promptly as possible.

3. **Compensation.** The LCSA shall pay the MMSA \$150,000.00 each fiscal year for the Services provided by the MMSA under this agreement. The MMSA shall invoice the LCSA in quarterly installments of \$37,500.00. The LCSA shall pay each invoice within 45 days of receipt. If this agreement is terminated before the end of a fiscal year, the LCSA shall pay the MMSA an amount for the Services prorated based on the number of days between the first day of that fiscal year and the effective date of the termination.

4. **Term.** Except as provided in sections 5, 6, or 7, this agreement is for the fiscal year beginning on October 1, 2017 and ending on September 30, 2018, and for each of the next four fiscal years through the fiscal year ending on September 30, 2022.

5. **Termination.** (a) This agreement may be terminated by joint action of the parties. The LCSA may terminate this agreement by giving notice to the MMSA, effective 1 year after receipt unless the notice specifies a later date. The MMSA may terminate this agreement by giving notice to the LCSA, effective 1 year after receipt unless the notice specifies a later date.

(b) Promptly after termination of this agreement, the LCSA shall pay the MMSA any amounts owed for Services provided to the MMSA, if any, under this agreement before termination.

(c) Promptly after termination of this agreement, the MMSA shall return all records of the LCSA to the LCSA at no cost to the LCSA and refund any amounts prepaid by the LCSA and unearned by the MMSA, except with respect to any Services that in accordance with this agreement remain to be provided after termination.

6. **Audits.** In connection with an audit of the LCSA, the MMSA shall provide the LCSA or its authorized representative full and complete access during normal business hours to the MMSA's records relating to this agreement and the MMSA will use Reasonable Efforts to assist the LCSA or its authorized representative in performing an audit of the LCSA. Upon receipt of a written request from the LCSA, the MMSA shall use Reasonable Efforts to rectify any discrepancies or deficiency found during an audit. The obligations of the MMSA under this section 6 will survive the term of this agreement. For purposes of this section 6, "**Reasonable Efforts**" means, with respect to a given obligation, the efforts, consistent with the practice of other local governmental agencies with respect to resolution of comparable audit discrepancies or deficiencies, that a reasonable person in the MMSA's position would use to comply with that obligation as promptly as possible.

7. **Nondisclosure.** (a) Except as provided in subsection (b), if during the term of this agreement the MMSA receives information relating to the LCSA or its functions and responsibilities that the MMSA either knows or has reason to believe is confidential or proprietary, the MMSA shall use Reasonable Efforts to do both of the following:

(1) protect and hold the information in confidence and prevent its disclosure to a nonparty unless; and restrict its use to those purposes consented to in

writing by the LCSA. The MMSA is not required to protect or hold in confidence any information if the information is one or more of the following:

- (1) available to the public or becomes available to the public for a reason other than action or inaction by the MMSA;
- (2) independently developed by the MMSA;
- (3) disclosed to the MMSA by a nonparty known to the MMSA not to be under any duty of confidentiality to the LCSA with respect to the information;
- (4) required to be disclosed by law.

(c) The obligations of the MMSA under this section 7 shall survive the term of this agreement.

(d) For purposes of this section 7, “**Reasonable Efforts**” means, with respect to a given obligation, the efforts, consistent with the practice of other local governmental agencies with respect to resolution of comparable information, that a reasonable person in the MMSA’s position would use to comply with that obligation as promptly as possible.

8. **Catastrophic Event.** (a) If a Catastrophic Event occurs, the party that is prevented by that Catastrophic Event from performing any one or more obligations under this agreement (the “**Nonperforming Party**”) will be excused from performing those obligations, if (1) the Nonperforming Party used Reasonable Efforts to perform those obligations, (2) the Nonperforming Party’s inability to perform those obligations is not due to its failure to take reasonable measures to protect itself against the event or circumstance giving rise to the Catastrophic Event, and (3) the Nonperforming Party complies with its obligations under section 8(b).

(b) Upon occurrence of a Catastrophic Event, the Nonperforming Party shall promptly notify the other party of occurrence of that Catastrophic Event, its effect on performance, and how long that party expects it to last. Thereafter, the Nonperforming Party shall use Reasonable Efforts to update that information. During a Catastrophic Event, the Nonperforming Party shall use Reasonable Efforts to limit damages to the other party and to resume its performance under this agreement.

(c) For purposes of this section 8, “**Catastrophic Event**” means, with respect to a party, any event or circumstance, regardless of whether it was foreseeable, that was not caused by that party and that prevents a party from complying with any of its obligations under this agreement, except that a Catastrophic Event will not include a strike or other labor unrest that affects only one party, an increase in prices, or a change in law.

(d) For purposes of this section 8, “**Reasonable Efforts**” means, with respect to a given obligation, the efforts, consistent with the practice of other governmental agencies with respect to a Catastrophic Event, that a reasonable person in the party’s position would use to comply with that obligation as promptly as possible.

9. **Funding.** The parties acknowledge that the ability of the LCSA to pay for the Services and for the MMSA to perform the Services is dependent upon the authorization of the LCSA to expend a portion of local community stabilization share revenue under the LCSA for implementing and administering the LCSA Act, the appropriation of the state money to the LCSA under section 17(1)(b) of the LCSA Act, or other provision of money to the LCSA or authorization for the LCSA to spend money for implementing and administering the LCSA Act and the METRO Act provided for in Michigan law.

10. **Non-assignment.** Neither party may assign any of its rights or delegate any of its obligations under this agreement without the prior written consent of the other party.

11. **Modification; Waiver.** No amendment of this agreement will be effective unless it is in writing and signed by the parties. No waiver of satisfaction of a condition or failure to comply with an obligation under this agreement will be effective unless it is in writing and signed by the party granting the waiver, and no such waiver will constitute a waiver of satisfaction of any other condition or failure to comply with any other obligation. To be valid, any document signed by a party under this section 11 must be signed by an officer of the party authorized to do so by the party.

12. **Notices.** (a) For a notice or other communication under this agreement to be valid, it must be in writing and delivered (1) by hand, (2) by a national transportation company with all fees prepaid, (3) by registered or certified mail, return receipt requested and postage prepaid, or (4) by email.

(b) Subject to section 12(d), a valid notice or other communication under this agreement will be effective when received by the party to which it is addressed. It will be deemed to have been received as follows:

- (1) if it is delivered by hand, delivered by a national transportation company with all fees prepaid, or delivered by registered or certified mail, return receipt requested and postage prepaid, upon receipt as indicated by the date on the signed receipt;
- (2) if the party to which it is addressed rejects or otherwise refused to accept it, or if it cannot be delivered because of a change in address for which no notice was given, then upon that rejection, refusal, or inability to deliver;
- (3) if it is delivered by email and the sender does not use RPost, when the recipient, by an email sent to the email address for the sender stated in section 12(c) or by a notice delivered by another method in accordance with this section 12, acknowledges having received that email, with an automatic "read receipt" not constituting acknowledgment of an email for purposes of this section 12; and
- (4) if it is delivered by email and the sender uses RPost, when the authorized electronic mail agent of the recipient accepted that email message, with the delivery status of at least "delivered to mail server," as stated in the RPost "Registered Receipt" received by the sender with respect to that email message.

(c) For a notice or communication to a party under this agreement to be valid, it must be addressed using the information specified below for that party or any other information specified by that party in a notice in accordance with this section 12.

To the LCSA: Mary Ann Jones
Chairperson, Local Community Stabilization Authority
1231 E Beltline Ave NE
Grand Rapids, MI 49525
Email: MaryAnne.Jones@priorityhealth.com

To the MMSA: Robert J. Bruner, Jr.
CEO, Michigan Municipal Services Authority
P.O. Box 12012
Lansing, MI 48909
Email: rbruner@michiganmsa.org

(d) If a notice or other communication addressed to a party is received after 5:00 p.m. on a business day at the location specified in the address for that party, or on a day that is not a business day, then the notice will be deemed received at 9:00 a.m. on the next business day.

13. **Severability.** The parties acknowledge that if a dispute between the parties arises out of this agreement or the subject matter of this agreement, they would want a court to interpret this agreement as follows:

- (1) with respect a provision it holds unenforceable, by modifying that provision to the minimum extent necessary to make it enforceable or, if that modification is not permitted by law, by disregarding that provision;
- (2) if an unenforceable provision is modified or disregarded in accordance with this section 13, by holding that the rest of the agreement will remain in effect as written;
- (3) by holding that any unenforceable provision will remain as written in any circumstances other than those in which the provision is held to be unenforceable;
- (4) if modifying or disregarding the unenforceable provision would result in failure of an essential purpose of this agreement, by holding the entire agreement unenforceable.

14. **Nonparties.** No beneficiary rights for any person or entity other than a party (a “**Nonparty**”) are created under this agreement. A Nonparty may not rely on this agreement. Only the LCSA and the MMSA may rely on this agreement.

15. **Counterparts.** If the parties sign this agreement in several counterparts, each will be deemed an original but all counterparts together will constitute one instrument.

16. **Governing law.** The laws of the state of Michigan, without giving effect to its principles of conflicts of law, govern any adversarial proceeding arising out of this agreement.

17. **Entire Agreement.** This agreement constitutes the entire understanding between the parties as to the subject matter of this agreement and supersedes all other agreements, whether written or oral, between the parties.

18. **Effectiveness; Date.** This agreement will become effective when all parties have signed it and the signed agreement is filed with the secretary of state of the state of Michigan pursuant to Act 8. The date of this agreement will be the date this agreement is signed by the last party to sign it (as indicated by the date associated with that party's signature).

Each party is signing this agreement on the date stated opposite that party's signature.

LOCAL COMMUNITY STABILIZATION
AUTHORITY

Date: September ____, 2017

By: _____
Mary Anne Jones
Chairperson

MICHIGAN MUNICIPAL SERVICES
AUTHORITY

Date: September ____, 2017

By: _____
Robert J. Bruner, Jr.
Chief Executive Officer

SCHEDULE 1

Administrative Functions and Responsibilities

The MMSA shall provide the LCSA with the following administrative services under this agreement:

(a) **METRO Act.** Assist the LCSA Council with administrative functions related to the performance by the LCSA Council of its powers, duties, functions and responsibilities under the METRO Act, including recommending the amount of the annual maintenance fee to the LCSA Council, notifying providers of annual assessments, collecting annual assessments, scheduling disbursements of annual maintenance fees, and disbursement of annual maintenance fees to municipalities consistent with Section 8 of the METRO Act.

(b) **LCSA Act.** Assist the LCSA Council with administrative functions related to the performance by the LCSA Council of its powers, duties, functions and responsibilities under the LCSA Act.

(c) **Reports.** Prepare reports required to be produced by the LCSA under the METRO Act, the LCSA Act, or other state law for approval by the

LCSA and transmit on behalf of the LCSA reports approved by the LCSA as required by law.

(d) **FOIA Coordination.** Act as the LCSA's FOIA coordinator under FOIA.

(e) **Record Management.** Manage the records of the LCSA in a manner consistent with the LCSA's record management policy and applicable law.

(f) **LCSA Council Support.** Assist the LCSA Council in managing the day-to-day responsibilities of the LCSA, including:

- (1) preparing and posting notices of meetings required under the Open Meetings Act, 1976 PA 267, MCL 15.261 to 15.275;
- (2) identifying and preparing facilities for meetings;
- (3) preparing draft agendas and materials for board members for use at authority council meetings in consultation with the LCSA's legal counsel;
- (4) preparing minutes of meetings and maintaining a record of all meeting minutes;
- (5) maintaining a record of LCSA bylaws and resolutions adopted of the LCSA Council;
- (6) maintaining a record of LCSA contracts and a list of LCSA vendors with contact information;
- (7) attending LCSA Council meetings and updating LCSA Council members on administrative activities of the LCSA;
- (8) assisting LCSA Council members with needs relating to the attendance of members of the public at LCSA Council meetings;
- (9) cooperating with legal counsel, accountants, auditors, and other vendors retained by the LCSA in the provision of services to the LCSA Council; and
- (10) implementing all administrative decisions of the LCSA Council;
- (11) attending to other administrative matters as requested by the LCSA Council and as necessary to assure compliance with applicable law.

(g) **Asset Management.** Manage any assets of the LCSA, including inventory, maintenance, and security.

(h) **Budgeting.** Assist the LCSA Council and its vendors in preparing an annual budget, holding a public hearing on the budget, monitoring expenditures for compliance with the annual budget, and preparation of budget amendments.

(i) **Communications.** Manage day-to-day communications with the public, other governmental entities, and providers under the METRO Act, including mail correspondence, e-mail, and telephone calls.

(j) **Website.** Manage the LCSA's website, including updated information about the LCSA Council, the LCSA Act, the METRO Act, notices of LCSA Council meetings, minutes of LCSA Council meetings, LCSA Council meeting agendas, resolutions adopted by the LCSA Council, and other information required by law to be included on the LCSA's website.”;

- that the chief executive officer is authorized on behalf of the Michigan Municipal Services Agreement to sign this agreement with the Local Community Stabilization Authority;
- that the secretary of the Michigan Municipal Services Agreement is directed to enter the text of the agreement in the minutes of the Michigan Municipal Services Agreement; and
- that the chief executive officer secretary of the Michigan Municipal Services Agreement is authorized to file with the Michigan secretary of state an agreement signed on behalf of both the Local Community Stabilization Authority and the Michigan Municipal Services Authority.

Secretary's Certification:

I certify that this resolution was duly adopted by the executive committee of the Michigan Municipal Services Agreement at a properly-noticed open meeting held with a quorum present on September 14, 2017.

By:

James Cambridge
Secretary



Local Community Stabilization Authority (LCSA)

Administrative Services

September 11, 2017

Collaborate • Innovate • Serve

Major Statutory Responsibilities



METRO Act

Annual Report

- File an annual report pursuant Sec. 3. (2)

Calculate Fee-Sharing Payments

- Calculate maintenance fee-sharing payments to municipalities pursuant to Sec. 11.

Maintenance Fees

- Distribute and collect true up forms, calculate maintenance fees, invoice providers, and collect maintenance fees pursuant to Sec. 8.

Distribute Fee-Sharing Payments

- Distribute fee-sharing payments to and receive annual reports from municipalities pursuant to Sec. 10.

LCSA Act

Open Meetings Act

- Open meetings act compliance pursuant Sec. 9. (7)
- Four meetings annually

Audit

- Audit support pursuant to Sec. 9 (9)

Freedom of Information Act

- Freedom of information act compliance pursuant to Sec. 9. (8)

Budget Preparation

- Budget preparation pursuant to Sec. 9 (10)

Use Tax

- Levy and collect the local community stabilization share of the use tax act pursuant Sec. 12

Personal Property Tax Reimbursements

- Distribute local community stabilization share revenue in February, September, and October pursuant to Sec. 17 (5)

Transition Activities to Date



Implemented New Administrative Infrastructure

Email and Online Storage

- G Suite Basic
- \$5/user/month (\$120 annually)
- director@lcsami.gov
- admin@lcsami.gov

Mailing Address

- PO Box 14025,
Lansing, MI 48901
- \$76 annually

Email Newsletter

- Mailchimp
- Forever Free
- Up to 2,000 subscribers and
12,000 emails per month

Telephone and Fax

- RingCentral Pro
- \$155.88 annually
- (517) 885-3644

Implemented New Administrative Infrastructure

Physical Address

- c/o Dykema
- 201 Townsend St # 900,
Lansing, MI 48933

Physical Storage

- None

Talked to Service Providers

Administrative Services

- LARA
- Stephani Fleming
- Fri, September 1

Legal Counsel

- Dykema
- Steve Liedel
- Wed, September 6

Custodian Bank

- Comerica
- Lorraine Jackman
- Wed, September 6

Accountant

- Plante Moran
- Brian Camiller
- Thu, September 7

Talked to Service Providers

Auditor

- Stevens, Kirinovic & Tucker, P.C.
- Steve Kirinovic
- Thu, September 7

METRO Authority Database

- LARA
- Tim Gajdat
- Fri, September 8

Talked to External Contacts

Department of Treasury

- METRO: Darcy Marusich, Property Services Division
- Thu, September 7

Michigan Public Service Commission

- Sean Kelly
- Mon, September 11

Department of Treasury

- PPT: Evah Cole and Carrie Kolka, ORTA
- Fri, September 8

Department of Transportation

- Jing Chang
- TBD

Next Steps



Next Steps

Custodian Bank

- Work with Comerica to provide Plante Moran with access to financial information Plante Moran does not currently receive until after the fact.

FYE 2017 Audit

- Work with LARA and Plante Moran to facilitate the FYE 2017 audit. This will provide MMSA staff with an opportunity to learn the process and facilitate the FYE 2018 audit independently.

Personal Property Tax Reimbursements

- Work with Comerica, LARA and Treasury to make the November 2017 payment pursuant to Sec. 14, Sec. 15, and Sec. 16. This will provide MMSA staff with an opportunity to learn the process and make the February 2018 payment independently.

Next Steps

METRO Authority Database

- Work with DTMB, LARA, and Plante Moran to help the Council decide whether to repair or replace the METRO Authority Database (<https://w2.lara.state.mi.us/MetroAuthority/Security/SignIn.asp>). MMSA staff will prepare and implement a plan to automate 2018 maintenance fee and fee-sharing payment processing before sending True Up notifications in February 2018.

Notify Telecom Providers

- Work with LARA and MPSC to notify telecom providers of changes in the forms, standards, methodology, and procedures.



Dykema Gossett PLLC

Capitol View
201 Townsend Street, Suite 900
Lansing, MI 48933
Tel: (517) 374-9100
Fax: (517) 374-9191
www.dykema.com

MEMORANDUM

TO: Local Community Stabilization Authority
Michigan Municipal Services Authority

FROM: Steven C. Liedel

RE: Draft Legislation for Administrative Expenses

DATE: September 11, 2017

Under current law, the Local Community Stabilization Authority (the “LCSA”) may use up to \$300,000 in revenue from the local share portion of the use tax levied by the Authority for costs incurred by the LCSA in implementing and administering the Local Community Stabilization Authority Act. The authority to do so expires at the end of the state fiscal year ending on September 30, 2019.

As the LCSA considers contracting with the Michigan Municipal Services Authority (the “MMSA”) for provision of administrative services to the LCSA, both entities have considered the need to fund the administration of the LCSA after September 30, 2019. As part of those discussions, the Department of Licensing and Regulatory Affairs (“LARA”) indicated that it would be supportive of a change in state law to provide money to pay for the administrative costs of the LCSA. In response, I’ve provided the attached draft legislation to LARA and the Michigan Department of Treasury for consideration and use with the State Budget Office and the Michigan Legislature.

Under the draft bill, the MMSA would be allowed to expend up to the following amounts of local share revenue in the following fiscal years for administrative purposes:

FYs 2019-2020 to 2022-2023	\$310,000.00;
FYs 2023-2024 to 2025-2026	\$325,000.00; and
FYs 2026-2027 to 2027-2028	\$340,000.00.

After FY 2027-2028, the \$340,000.00 would be adjusted annually by the same factor as the local share portion of the use tax—the personal property growth factor under the Use Tax Act. Please let me know if you have any questions about this draft legislation.

scli
Attachment

**Funding for Administrative Functions of Local Community
Stabilization Authority (LCSA-PPT Replacement Revenue Distribution)**

DRAFT BILL NO. _____

DRAFT BILL No. _____

_____, 2017, Introduced by Rep./Sen. _____ and referred to the Committee on _____.

A bill to amend 2014 PA 86, entitled
"Local community stabilization authority act,"
by amending section 17 (MCL 123.1357), as amended by 2017 PA 102.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 17. ~~(1) The legislature shall appropriate funds for all~~
2 ~~of the following purposes:~~

3 ~~(a) For fiscal year 2014-2015 and fiscal year 2015-2016, to~~
4 ~~the authority, an amount equal to all debt loss for municipalities~~
5 ~~that are not a local school district, intermediate school district,~~
6 ~~or tax increment finance authority, an amount equal to all school~~
7 ~~debt loss for municipalities that are a local school district or~~
8 ~~intermediate school district, and an amount equal to all tax~~

DRAFT BILL NO. _____

1 ~~increment small taxpayer loss for municipalities that are a tax~~
2 ~~increment finance authority. Funds appropriated under this~~
3 ~~subdivision for fiscal year 2015-2016 may be used to pay a~~
4 ~~corrected tax increment small taxpayer exemption loss for 2014 if a~~
5 ~~tax increment finance authority submits before June 1, 2016 a~~
6 ~~correction to a report that was filed under section 16a before~~
7 ~~October 1, 2014.~~

8 (1) ~~(b)~~ For fiscal year 2014-2015 through fiscal year 2018-
9 2019, **THE LEGISLATURE SHALL APPROPRIATE** an amount equal to the
10 necessary expenses incurred by the department in implementing this
11 act.

12 ~~(c)~~ Beginning in fiscal year 2019-2020 and each fiscal year
13 thereafter, an amount equal to the necessary expenses incurred by
14 the authority and the department in implementing this act.

15 ~~(2)~~ In fiscal year 2014-2015 and fiscal year 2015-2016, the
16 authority shall distribute to municipalities those funds
17 appropriated under subsection (1) (a). However, in fiscal year 2014-
18 2015, if the authority is not able to make the distribution under
19 this subsection, the department shall make the distribution under
20 this subsection on behalf of the authority.

21 ~~(3)~~ For calendar years 2014 and 2015, the authority shall
22 distribute local community stabilization share revenue to each city
23 in an amount determined by multiplying the sum of the local
24 community stabilization hare revenue for the calendar years and the
25 amounts calculated under section 14(3) (e) and (f) by a fraction, the
26 numerator of which is that city's amount calculated under section
27 14(3) (d) and the denominator of which is the total amount

1 ~~calculated under section 14(3)(d), and subtracting from the result~~
2 ~~each city's amounts calculated under section 14(3)(e) and (f).~~

3 (2) ~~(4)~~ Beginning for calendar year 2016, the authority shall
4 distribute local community stabilization share revenue as follows
5 in the following order of priority:

6 (a) The authority shall distribute to each municipality an
7 amount equal to all of the following:

8 (i) 100% of that municipality's school debt loss in the current
9 year and 100% of its amount calculated under section 15.

10 (ii) 100% of that municipality's amount calculated under
11 section 16.

12 (iii) 100% of that municipality's school operating loss not
13 reimbursed by the school aid fund in the current year.

14 (iv) 100% of the amount calculated in section 14(2). However,
15 the amount distributed to a municipality under this subparagraph
16 shall not exceed the amount calculated in section 14(1)(d). All
17 distributions under this subparagraph shall be used to fund
18 essential services.

19 (v) For a municipality that is a tax increment finance
20 authority, 100% of its amount calculated under section 16a(2).

21 (vi) 100% of that municipality's amount calculated under
22 section 14(4).

23 (b) Beginning for calendar year 2019, after the distributions
24 under subdivision (a), and subject to subparagraph (viii), the
25 authority shall distribute 5% of the remaining balance of the local
26 community stabilization share fund for the current calendar year to
27 each municipality that is not a local school district, intermediate

1 school district, or tax increment finance authority in an amount
2 determined as follows:

3 (i) Calculate the total acquisition cost of all eligible
4 personal property in the municipality.

5 (ii) Multiply the result of the calculation in subparagraph (i)
6 by the sum of the lowest rate of each individual millage levied by
7 the municipality in the period between 2012 and the year
8 immediately preceding the current year that is not used to
9 calculate a distribution under subdivision (a) (i) to (iv). For an
10 individual millage rate not levied in 1 of the years, the lowest
11 millage rate is zero. A millage used to make the calculation under
12 this subparagraph must be eligible to be levied against both real
13 property and personal property.

14 (iii) Divide the sum of the amounts calculated under
15 subparagraph (ii) for all municipalities subject to the calculation
16 by total qualified loss.

17 (iv) Multiply the result of the calculation in subparagraph (iii)
18 by the amount calculated under section 16a(2) for captured taxes
19 levied by the municipality not including taxes attributable to
20 increased captured value.

21 (v) Subtract from the amount calculated under subparagraph (ii)
22 the amount calculated under subparagraph (iv).

23 (vi) Divide the result of the calculation in subparagraph (v)
24 by the sum of the calculation under subparagraph (v) for all
25 municipalities.

26 (vii) Multiply the result of the calculation in subparagraph
27 (vi) by the amount to be distributed under this subdivision.

1 (viii) For calendar year 2020, and each calendar year
2 thereafter, the percentage amount described in this subdivision
3 shall be increased an additional 5% each year, not to exceed 100%.

4 (c) After the distributions in subdivisions (a) and (b), the
5 authority shall distribute the remaining balance of the local
6 community stabilization share fund for a calendar year to each
7 municipality in an amount determined by multiplying the remaining
8 balance by a fraction, the numerator of which is that
9 municipality's qualified loss and the denominator of which is the
10 total qualified loss.

11 (3) ~~(5)~~—The authority shall make the ~~payments required by~~
12 ~~subsection (3) not later than May 20, 2016, and payments required~~
13 by subsection (2) ~~(4)~~ not later than on the following dates:

14 (a) For county allocated millage, November 20, 2017, and
15 thereafter September 20 of the year the millage is levied.

16 (b) For county extra-voted millage, township millage, and
17 other millages levied 100% in December of a year, February 20 of
18 the following year.

19 (c) For other millages, November 20, 2017, and thereafter
20 October 20 of the year the millage is levied.

21 (4) ~~(6)~~—If the authority has insufficient funds to make the
22 payments on the dates required in subsection (3) ~~(5)~~, the department
23 shall advance to the authority the amount necessary for the
24 authority to make the required payments. The authority shall repay
25 the advance to the department from the local community
26 stabilization share.

27 (5) ~~(7)~~—**THE AUTHORITY MAY USE LOCAL COMMUNITY STABILIZATION**
28 **SHARE REVENUE FOR PURPOSES CONSISTENT WITH IMPLEMENTING AND**

1 **ADMINISTERING THIS ACT FOR THE FOLLOWING FISCAL YEARS IN UP TO THE**
2 **FOLLOWING AMOUNTS:**

3 (A) For each fiscal year from fiscal year 2015-2016 through
4 fiscal year 2018-2019, ~~the authority may use up to \$300,000.00. of~~
5 ~~the local community stabilization share revenue for purposes~~
6 ~~consistent with implementing and administering this act.~~

7 (B) FOR EACH FISCAL YEAR FROM FISCAL YEAR FROM FISCAL YEAR
8 2019-2020 THROUGH FISCAL YEAR 2022-2023, UP TO \$310,000.00.

9 (C) FOR EACH FISCAL YEAR FROM FISCAL YEAR FROM FISCAL YEAR
10 2023-2024 THROUGH FISCAL YEAR 2025-2026, UP TO \$325,000.00.

11 (D) FOR EACH FISCAL YEAR FROM FISCAL YEAR 2026-2027 THROUGH
12 FISCAL YEAR 2027-2028, UP TO \$340,000.00.

13 (E) FOR FISCAL YEAR 2028-2029 AND EACH FISCAL YEAR THEREAFTER,
14 AN AMOUNT DETERMINED BY ADDING TO THE AMOUNT PERMITTED FOR THE
15 PREVIOUS FISCAL YEAR THE PRODUCT OF THAT AMOUNT MULTIPLIED BY THE
16 PERSONAL PROPERTY GROWTH FACTOR.

17 (6) ~~(8)~~—The authority shall distribute local community
18 stabilization share revenue under this section as follows:

19 (a) From fiscal year 2015-2016 local community stabilization
20 share revenue, \$19,200,000.00 for calendar years 2014 and 2015 and
21 \$76,900,000.00 for calendar year 2016.

22 (b) From fiscal year 2016-2017 local community stabilization
23 share revenue, \$297,400,000.00 for calendar year 2016 and
24 \$83,200,000.00 for calendar year 2017.

25 (c) From fiscal year 2017-2018 local community stabilization
26 share revenue, \$321,500,000.00 for calendar year 2017 and
27 \$89,000,000.00 for calendar year 2018.

1 (d) From fiscal year 2018-2019 local community stabilization
2 share revenue, \$341,800,000.00 for calendar year 2018 and
3 \$95,900,000.00 for calendar year 2019.

4 (e) From fiscal year 2019-2020 local community stabilization
5 share revenue, \$364,500,000.00 for calendar year 2019 and
6 \$101,400,000.00 for calendar year 2020.

7 (f) From fiscal year 2020-2021 local community stabilization
8 share revenue, \$383,500,000.00 for calendar year 2020 and
9 \$108,000,000.00 for calendar year 2021.

10 (g) From fiscal year 2021-2022 local community stabilization
11 share revenue, \$405,700,000.00 for calendar year 2021 and
12 \$115,600,000.00 for calendar year 2022.

13 (h) From fiscal year 2022-2023 local community stabilization
14 share revenue, \$428,300,000.00 for calendar year 2022 and
15 \$119,700,000.00 for calendar year 2023.

16 (i) From fiscal year 2023-2024 local community stabilization
17 share revenue, \$438,900,000.00 for calendar year 2023 and
18 \$122,800,000.00 for calendar year 2024.

19 (j) From fiscal year 2024-2025 local community stabilization
20 share revenue, \$445,800,000.00 for calendar year 2024 and
21 \$124,000,000.00 for calendar year 2025.

22 (k) From fiscal year 2025-2026 local community stabilization
23 share revenue, \$447,100,000.00 for calendar year 2025 and
24 \$124,300,000.00 for calendar year 2026.

25 (l) From fiscal year 2026-2027 local community stabilization
26 share revenue, \$447,700,000.00 for calendar year 2026 and
27 \$124,500,000.00 for calendar year 2027.

1 (m) From fiscal year 2027-2028 local community stabilization
2 share revenue, \$448,000,000.00 for calendar year 2027 and
3 \$124,600,000.00 for calendar year 2028.

4 (n) From the local community stabilization share revenue for
5 fiscal year 2028-2029 and each fiscal year thereafter, the
6 authority shall increase the prior fiscal year's 2 distribution
7 amounts under this subsection by the personal property growth
8 factor, the first amount for the calendar year in which the fiscal
9 year begins and the second amount for the calendar year in which
10 the fiscal year ends.

11 (7) As used in this ~~subdivision~~**SECTION**, "personal property
12 growth factor" means that term as defined in section 2c of the use
13 tax act, 1937 PA 94, MCL 205.92c.

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