BY ELECTRONIC AND UNITED STATES MAIL

Warren C. Evans, County Executive
County of Wayne
500 Griswold, 31st Floor
Detroit, MI 48226

Dear Mr. Evans:

The purpose of this letter is to notify you that the Michigan Department of Treasury will undertake a preliminary review of the financial condition of the County of Wayne pursuant to Public Act 436 of 2012, the Local Financial Stability and Choice Act. Section 4(2) of the Act requires that before a preliminary review is commenced, I provide a local government specific written notification of the intent to proceed. The preliminary review of the County will commence Friday June 19, 2015.

In a letter dated June 17, 2015, you requested that a preliminary review be conducted. Your request was in accordance with Section 4(1)(a) of the Act. Furthermore, your letter indicated as the basis for the request that the conditions in subdivisions (o), (p), and (r) of Section 4(1) of the Act have occurred within the County.

In addition to the foregoing conditions, subdivision (s) of Section 4(1) of the Act provides, in part, that a preliminary review may be commenced based upon “[t]he existence of other facts or circumstances that in the state treasurer’s sole discretion for a municipal government, are indicative of probable financial stress...” In respect to subdivision (s), I note that the County’s defined-benefit pension plan is substantially underfunded. According to your letter, the “funding level is at 44 percent for County retirees and 58 percent for airport retirees.” Also, at its September 30, 2013, valuation the County’s pension plan had an unfunded actuarially accrued liability of $896 million.

1 Subdivision (a) provides that “[t]he governing body or the chief administrative officer of a local government requests a preliminary review. The request shall be in writing and shall identify the existing or anticipated financial conditions or events that make the request necessary.”

2 Subdivision (o) provides that “[a] court has ordered an additional tax levy without the prior approval of the governing body of the local government. Subdivision (p) provides that “[t]he municipal government has ended a fiscal year in a deficit condition as defined in section 21 of the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.921, or has failed to comply with the requirements of that section for filing or instituting a financial plan to correct the deficit condition.” Subdivision (r) provides that “[t]he local government has been assigned a long-term debt rating within or below the BBB category or its equivalent by 1 or more nationally recognized credit rating agencies.”

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Act 436 requires that a preliminary review be completed within 30 days. To ensure that the process is thorough and transparent, Section 4(2) of the Act requires this Department to provide County officials an interim report of findings within 20 days of commencement. County officials then will have five days to provide written comments. After receipt of any comments, this Department will finalize the preliminary review for submittal to the Local Emergency Financial Assistance Loan Board. The Board will determine at a public meeting whether or not probable financial stress exists within the County. Given the urgency expressed in your letter, this statutory schedule may be expedited in certain respects.

I trust that this information will be of assistance. If I may be of further assistance, let me know.

Sincerely,

[Signature]

N. A. Khouri
State Treasurer

cc: Governor Rick Snyder
Wayne County Commission
Wayne County Clerk
Wayne County Prosecutor
Wayne County Sheriff
Wayne County Treasurer