

Offices of the Emergency Manager and Mayor DELEGATIONS OF AUTHORITY AND TRANSITION PROTOCOLS

This memorandum sets forth the specific delegations of authority and transition protocols intended to govern the division of responsibilities and reporting requirements between the Office of the Emergency Manager ("EM") and the Office of the Mayor ("Mayor") for the City of Detroit effective January 1, 2014. The overall intent of the following is to establish a clear set of guidelines to enable the Mayor to oversee day-to-day operations of the City, and to provide for collaboration and shared responsibility between the EM and the Mayor when in the City's best interests, while upholding the law under Public Act 436 which grants specific powers and final decision-making authority to the EM.

ORGANIZATIONAL STRUCTURE:

The attached organizational chart for the executive branch sets forth the reporting relationships between the EM, the Mayor and the direct operational reporting relationships for each. Consistent with the reporting relationships set forth on the organizational chart, certain dual reporting relationships have been established. With respect to such dual reporting relationships, the primary reporting relationship is designated by a solid line and the secondary designated with a dotted line. To further clarify these dual-reporting relationships, the following guidelines shall apply:

- Primary reporting for all finance functions will remain with the EM, but financial matters relating to day-to-day management of city government will report to the Mayor.
- Primary reporting relationships relating to the work of the Blight Task Force will be to the Mayor, but matters with specific impact on the chapter 9 Plan of Adjustment (as determined by the EM) or compliance with commitments made to the Federal government will report to the EM.
- As set forth on the organizational chart, it is anticipated that there will be a centralization of federal grants management, which will report to the EM, subject to joint collaboration with the Mayor as to specific strategies for grant utilization.

APPOINTMENT OF PERSONNEL:

Subject to final approval by the EM (and where specified in the Charter, approved by the City Council) the Mayor will appoint all non-civil service positions within the Executive Branch as well as all appointments to boards and commissions. All appointments made by the EM in consultation with the Mayor during the transition period between November 5 and January 1 will stand. Further, Executive Order # 11 regarding the appointment of the Chief of Police will remain in effect, however the Chief of Police and the Mayor are requested to have recurring consultation as it relates to the public safety strategy design, execution and measures of effectiveness.

PARTICIPATION IN MEETINGS OF EM AND MAYOR'S OFFICE:

- The EM, the Mayor, the Deputy Mayor and the Deputy EM will be invited join all scheduled staff and departmental meetings for both offices.
- The Mayor may join recurring meetings between the Governor and the EM, as requested by the Governor and/or the EM.

CAVEATS ACROSS ALL AREAS OF RESPONSIBILITY:

- No decisions will be made or actions will be taken by the Mayor that would be inconsistent with or may compromise the financial restructuring, the Plan of Adjustment or the chapter 9 case. The Mayor and the EM will maintain open lines of communication with each other so that issues that could impact the chapter 9 case can be identified.
 - Any such decisions or actions will be privately raised and will be subject to prior approval from the EM.

- There are numerous restructuring initiatives across many departments that are in some stage of implementation. The EM and the Mayor shall collaborate to achieve the objectives of such initiatives. It is agreed that the Mayor and/or his department heads have the authority to modify or terminate a particular restructuring initiative with the prior consent of the EM and with the understanding that the outcome of such modification or termination otherwise achieves the same or equivalent anticipated financial savings or revenue generation. With respect to any initiatives for which an RFP has already been issued or contract executed, any proposed modification will be made only with the approval of the EM or the Deputy EM.
- Labor negotiations will continue to be led by restructuring counsel, under direction of the EM, with involvement and guidance from Mayor's Office particularly as it relates to operational elements, such as work rules. The EM agrees that, to the fullest extent possible, transparency shall exist between the EM and the Mayor consistent with the chapter 9 court proceedings and principles of attorney-client privilege.
- Restructuring and financial consulting engagements will remain under the direction of the EM, however, the Mayor and the EM will consult on an ongoing basis as to scope of work and deliverables. The Mayor will have access to all deliverables and to consulting professionals (consistent with the chapter 9 court proceedings), and his input will be considered as it relates to new contracts, change orders, and delegation of tasks/workgroups.
- When feasible, press announcements should be made jointly. When such cannot happen, both the EM and the Mayor agree to 24-hour notice to the other with briefing overview of topic.
- Nothing in this memorandum is intended to diminish or modify the rights and duties of the EM under Public Act 436.

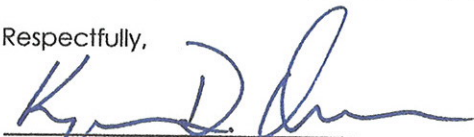
OTHER ITEMS REQUIRING PRIOR APPROVAL FROM THE EM:

- All hires/ dismissals of FTE's above \$50,000/year.
- All material department restructurings (merging, dissolution, major reengineering, or creation of new department).
- All outsourcing of City functions/activities.
- All investments in infrastructure of more than \$50,000.
- Discussions concerning asset dispositions, potential financings, or public private partnerships.

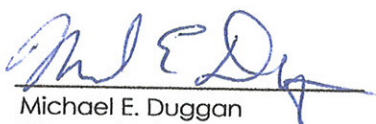
ITEMS REQUIRING APPROVAL BY BOTH THE EM & THE STATE:

- Execution of all contracts (including Personal Service Contracts) greater than \$50,000.
- All reports and requirements as delineated in Public Act 436 (asset disposition, sale/lease, etc.)

Respectfully,



 Kevyn D. Orr
 Emergency Manager
 City of Detroit



 Michael E. Duggan
 Mayor-elect
 City of Detroit

Executive Branch Organizational Chart
1/1/14

