

CITY OF ANN ARBOR/ANN ARBOR HOUSING COMMISSION
GASB STANDARD NO. 68
MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is entered into on this ____ day of _____, 2014 by the City of Ann Arbor, a municipal corporation, 301 E. Huron St., Ann Arbor, Michigan, ("City"), and the Ann Arbor Housing Commission, a _____, with offices at _____, Ann Arbor, Michigan, ("AAHC"),.

Recitals:

Whereas, the Governmental Accounting Standards Board ("GASB"), an independent, private-sector, not-for-profit organization, is recognized as the official source of generally accepted accounting principals ("GAAP") for state and local governments;

Whereas, City and AAHC recognize that GASB standards help government officials demonstrate accountability to constituents, including their stewardship over public resources.

Whereas GASB Statement No. 68, Accounting and Financial Reporting for Pensions, establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures which will provide both parties understanding of the size and nature of the financial obligations to current and former employees for services rendered;

Whereas, the City of Ann Arbor established the Ann Arbor Housing Commission pursuant to Act 18 of 1933 (the "Act") to provide needed housing facilities within the City;

Whereas, the 1996 amendment to the Act provides that the Ann Arbor Housing Commission may employ and fix compensation for its own employees, absent a resolution of the Ann Arbor City Council reserving that authority to the City;

Whereas, Ann Arbor City Council adopted Resolution R-13-174, enacted June 3, 2013, formally confirming that the employees of the Ann Arbor Housing Commission (excepting the position of Executive Director) are currently City employees and will continue to be City employees after the RAD program conversion

Whereas, the Ann Arbor Housing Commission currently reimburses the City for all compensation costs for City employees;

Whereas, the City of Ann Arbor and the Ann Arbor Housing Commission wish to state their intent regarding how the parties will work together to fulfill their respective commitments to each other;

Terms:

In consideration of the above, the City and AAHC have agreed to the following:

I. Compliance; Responsibility

City - Employee Compensation

1. Pursuant to City Council Resolution R-13-174, in compliance with the requirements of Act 18 of 1933 as amended, the City retains the right and responsibility to establish, through policy or collective bargaining, the compensation ranges and classifications of employees assigned to AAHC. This provision does not apply to the position of Executive Director of AAHC.

2. The City will be required to provide AAHC with budgetary information for fiscal budget preparation annually in accordance with City budget procedures.

3. The City general funds shall not be used to pay any costs for compensation and benefits for employees assigned to AAHC without complete reimbursement of these funds by AAHC.

City - Employee Coverage

1. All work performed by City employees assigned to the AAHC shall be conditioned on indemnification provisions and insurance requirements that meet the prior approval of the City Attorney and the City Administrator

2. All reporting requirements under GASB Standard No. 68 applicable to retired City employees who were assigned to the AAHC at the time of their retirement or during their term of employment remain the responsibility of the City.

AAHC - Payables

1. All compensation for City employees assigned to the AAHC shall be due and payable by AAHC on receipt of invoice by the City. Compensation is defined here to mean cash outlays for wages and fringe benefits (including back pay); and severance payouts for termination or retirement. AAHC shall be invoiced monthly, unless another payment term is agreed to by the parties.

2. Any financial liability arising from an individual employee's employment status as an employee of the City assigned to AAHC and subject to AAHC work rules, City policies and procedures and/or applicable collective bargaining agreements (i.e., grievance settlements, accommodations).

3. Any and all expenses incurred for AAHC retirees for the illustrated rate of their health care premium.

4. All compensation (wages and fringe benefits) payable to the Executive Director for AAHC as established, through policy or contractual negotiation, by AAHC. It will be the responsibility of AAHC to budget and accrue applicable balances for negotiated benefits (e.g., leave balances) and comply with GASB Standard No. 68 liability requirements in connection with the position.

AAHC - Employee Supervision

1. The Executive Director of the AAHC shall be an employee of AAHC and AAHC has the right and responsibility to establish through policy or contract negotiation, any and all terms of employment, including compensation range.

2. The City employees assigned to AAHC shall be under the direct supervision of and report to the Executive Director of the AAHC.

II. Term

The term of the Memorandum of Understanding shall continue in full force and effect until such time as the City Council repeals City Council Resolution R-13-174 or takes such action as provided for under Michigan law to relinquish its authority to employ and fix compensation for City employees working for or on behalf of AAHC.

III. General Provisions

- A. Amendment. This Agreement may be amended only by written agreement of the parties.
- B. Applicable Law. This Agreement will be governed and controlled in all respects by the laws of the State of Michigan, including interpretation, enforceability, validity and construction. The parties submit to the jurisdiction and venue of the Circuit Court for Washtenaw County, State of Michigan, or, if original jurisdiction can be established, the United States District Court for the Eastern District of Michigan, Southern Division, with respect to any action arising, directly or indirectly, out of this Agreement or the performance or breach of this Agreement. The parties stipulate that the venues referenced in this Agreement are convenient and waive any claim of non-convenience.
- C. No Third-party Beneficiaries. This Agreement is executed only for the benefit of the named parties, and no-third party beneficiaries are created by this Agreement.
- D. Notice. All notices and submissions required under this Agreement shall be by personal delivery or by first-class mail, postage prepaid, to the address stated in this Agreement or such other address as either party may designate by prior written notice to the other.

If to the City:
City of Ann Arbor
301 E. Huron St, POB 8647
Ann Arbor, Michigan 48107-8647
Attn: CFO

If to the AAHC:
Ann Arbor Housing Commission
727 Miller Ave
Ann Arbor MI 48103
Attn: Executive Director

E. Authorization. Any individual executing this Agreement on behalf of an entity warrants that he/she has authority to bind said entity to this Agreement.

CITY OF ANN ARBOR

ANN ARBOR HOUSING COMMISSION.

By: _____
Steven D. Powers (DATE)
City Administrator

By: _____
(DATE)

Its:

APPROVED AS TO SUBSTANCE

By: _____
Tom Crawford, CFO/ (DATE)
Finance and Administrative Services Administrator

APPROVED AS TO FORM

By: _____
Stephen K. Postema (DATE)
City Attorney