

EXECUTIVE REORGANIZATION ORDER

E.R.O. No. 2016-6

125.1996 Transfer of portion of administration of community block grant program and Michigan main street program from Michigan state housing development authority to Michigan strategic fund; reestablishment of board of directors of state land bank fast track authority abolished by Executive Reorganization Order No. 2014-3, MCL 124.781; transfer of powers and duties from director under Executive Reorganization Order No. 2014-3, MCL 124.781 to board of directors; amendment of Executive Reorganization Order No. 2014-6, MCL 125.1995.

WHEREAS, Section 1 of Article V of the Michigan Constitution of 1963 vests the executive power of the state of Michigan in the Governor; and

WHEREAS, Section 2 of Article V of the Michigan Constitution of 1963 empowers the Governor to make changes in the organization of the Executive Branch or in the assignment of functions among its units that he considers necessary for efficient administration; and

WHEREAS, Section 8 of Article V of the Michigan Constitution of 1963 provides that each principal department shall be under the supervision of the Governor unless otherwise provided by the Constitution; and

WHEREAS, there is a continued need to reorganize functions among state departments to ensure efficient administration; and

WHEREAS, the strategic alignment of skilled talent and resources used for the administration of state and federal programs is critical to the effective and efficient administration of state government; and

NOW, THEREFORE, I, Richard D. Snyder, Governor of the state of Michigan, by virtue of the powers and authority vested in the Governor by the Michigan Constitution of 1963 and Michigan law, order the following:

I. DEFINITIONS

As used in this Order:

A. "Community Development Block Grant Program" or "CDBG Program" means the Michigan Strategic Fund Program created under Title I of the Housing and Community Development Act of 1974, 42 USC. 5301, 24 CFR 570.

B. "Department of Talent and Economic Development" or "Department" means the principal department of state government created under Section II of Executive Order 2014-12, MCL 125.1995.

C. "Michigan Economic Development Corporation" means the public body corporate created under the Urban Cooperation Act of 1967, 1967 (Ex Session) PA 7, MCL 124.501 to 124.512, by a constitutional interlocal agreement effective April 5, 1999, as amended, between the Michigan Strategic Fund and local participating economic development corporations formed under the Economic Development Corporations Act, 1974 PA 338, MCL 125.1601 to 125.1636.

D. "Michigan Main Street Program" means the Michigan Strategic Fund program affiliated with the National Main Street Center, a division of the National Trust for Historic Preservation, a privately funded nonprofit organization created by the National Historic Preservation Act of 1966, as amended, 16 USC 470 et seq.

E. "Michigan State Housing Development Authority" or "Authority" means the public body corporate and politic created under Section 21 of the State Housing Development Authority Act of 1966, 1966 PA 346, MCL 125.1421.

F. "Michigan Strategic Fund" means the public body corporate and politic created under Section 5 of 1984 PA 270, MCL 125.2005.

G. "Programs" means, collectively, the Community Development Block Grant Program and the Michigan Main Street Program.

H. "State Budget Director" means the individual appointed by the Governor pursuant to Section 321 of The Management and Budget Act, 1984 PA 431, MCL 18.1321.

I. "State Land Bank Fast Track Authority" means the public body corporate and politic created under Section 15 of the Land Bank Fast Track Act, 2003 PA 258, MCL 124.765.

II. TRANSFER OF PROGRAMS' ADMINISTRATION

A. The portion of the administration of the Community Development Block Grant Program and the Michigan Main Street Program performed by the Authority is transferred from the Authority to the Michigan Strategic Fund. As mutually agreed upon by the Michigan State Housing Development Authority and the Michigan Strategic Fund, the transfer includes the Authority personnel who assist with the administration of the Programs and includes the

Programs' records, property, and allocations or other funds, if any. Except as transferred by this section, the Authority shall retain all of its statutory authority, powers, duties, functions, responsibilities, records, personnel, property, and unexpended balances of appropriations, and the Authority shall also retain control of all monies and funds, including but not limited to, grants, bonds, notes, reserves, and trust funds, subject to any agreements of the Authority with note and bond holders.

B. The transfer of the portion of the Authority's personnel who administer the CDBG Program and the Michigan Main Street Program is subject to any agreement executed prior to the issuance of this Order with the Authority's note holders, bond holders, or issuers of instruments that are guaranteed.

C. Nothing in this Order shall be construed to affect the status of monies of the Authority. Monies of the Authority are not monies either of this state or the Department, and shall continue to be non-state funds. State funds appropriated to the Authority lose their identity as state funds upon payment to the Authority and become public funds of the Authority under its control. Funds established by or within the Authority are public trust funds administered by the Authority.

D. Nothing in this Order shall be construed to impair the obligations of any bond issued by or on behalf of the Authority. Bonds and notes issued by or on behalf of the Authority are obligations of the Authority and not obligations of either this state or the Department. Nothing in this Order shall be construed to alter the status of the Authority as a public body corporate and politic.

E. All rules, orders, contracts, and agreements lawfully adopted or entered into before the effective date of this Order by the Michigan State Housing Development Authority shall continue to be effective until revised, amended, or rescinded.

F. The President of the Michigan Strategic Fund and the Executive Director of the Authority shall provide executive direction and supervision for the implementation of the transfers under this Section II.

G. The Authority shall exercise its prescribed statutory powers, duties, and functions, including the functions of adjudication, rule-making, licensing, and registration, including any prescription of rules, rates, regulations, and standards, independently of the Director of the Department. The budgeting, procurement, and related management functions of the Authority shall be performed under the direction and supervision of the Director of the Department. When directing and supervising the budgeting, procurement, and related management functions of the Authority, the Director shall remain cognizant of the rights of the holders of Authority bonds or notes. Certain Authority bond or note contracts may require the Authority to either maintain sufficient personnel or contract for services to plan Authority programs and to supervise enforcement and, where necessary, foreclosure of Authority mortgage agreements.

None of the transfers in this Order shall affect the Authority's ability to maintain sufficient personnel or contract for services to plan Authority programs and to supervise enforcement and, when necessary, foreclosure of Authority mortgage agreements.

III. TRANSFER OF STATE LAND BANK FAST TRACK AUTHORITY

A. The Board of Directors of the State Land Bank Fast Track Authority, established by MCL 124.767, but abolished by Executive Order No. 2014-8, is reestablished. The Board of Directors shall consist of the following:

- The Director of the Department of Talent and Economic Development or his or her designee from within the Department of Talent and Economic Development;
- The State Treasurer or his or her designee from within the Department of Treasury;
- The Director of the Department of Transportation or his or her designee from within the Department of Transportation;
- The Director of the Department of Environmental Quality or his or her designee from the Department of Environmental Quality; and
- The Director of the Department of Technology, Management and Budget or his or her designee from within the Department of Technology, Management and Budget.

B. Any and all authority, powers, duties, responsibilities, and functions vested in the Board of Directors of the State Land Bank Fast Track Authority, originally established by MCL 124.766, but previously transferred to the Executive Director of the Authority in Section II of Executive Order 2014-8, and transferred to the Director of the Department in Section VII of Executive Order 2014-12, are transferred to the Board of Directors established under Section III.A of this Order. The Board of Directors shall exercise the powers, duties, and functions of the State Land Bank Fast Track Authority as provided by this Order and the Land Bank Fast Track Act, 2003 PA 258, MCL 124.751 et seq.

IV. AMENDMENT TO EXECUTIVE ORDER 2014-12

A. Section V.A. of Executive Order 2014-12 is amended to remove from the Michigan Strategic Fund Board of Directors, the Director of the Department of Licensing and Regulatory Affairs, or his or her designee from within the Department of Licensing and Regulatory Affairs. The Board of Directors of the Michigan Strategic Fund established by Section V.A. of Executive Order 2014-12 shall consist of the following members:

- The Chief Executive Officer of the Michigan Economic Development Corporation or his or her designee from within the Michigan Economic Development Corporation;
- The State Treasurer or his or her designee from within the Department of Treasury;

- A person in the position of Vice President or higher at either the Michigan Economic Development Corporation or the Department of Talent and Economic Development, appointed by the Governor; and
- Eight (8) residents of the state appointed by the Governor in accordance with the terms and conditions of Executive Order 2014-12.

B. Except as modified by this Order, a member of the Board of Directors appointed and serving as of the effective date of this Order shall continue under this Order as a member of the Board of Directors.

C. All other provisions of Executive Order 2014-12 not specifically amended by this Order shall remain unchanged.

V. IMPLEMENTATION

A. Subject to the requirements of Section II of this Order, the State Budget Director shall determine, and authorize the most efficient manner possible for the handling of financial transactions and records in the state's financial management system for the remainder of the current state fiscal year for transfers made under this Order.

B. All rules, orders, contracts, plans, memoranda, and agreements relating to the change in the organization of the executive branch or the functions transferred by this Order lawfully adopted prior to the effective date of this Order by the responsible state agency or instrumentality shall continue to be effective until revised, amended, or rescinded.

C. Any suit, action, or other proceeding lawfully commenced by, against, or before any entity transferred by this Order shall not abate by reason of the taking effect of this Order. Any lawfully commenced suit, action, or other proceeding may be maintained by, against, or before the appropriate successor of any entity affected by this Order.

D. The Executive Director of the Authority and the President of the Michigan Strategic Fund shall immediately initiate coordination to facilitate the transfers and develop memoranda of record identifying any pending settlements, issues, or compliance with applicable federal and state laws and regulations, or other obligations to be resolved related to the authority to be transferred.

E. The invalidity of any portion of this Order shall not affect the validity of the remainder of the Order, which may be given effect without any invalid portion. Any portion of this Order found invalid by a court or other entity with proper jurisdiction shall be severable from the remaining portions of this Order.

In fulfillment of the requirements of Section 2 of Article V of the Michigan Constitution of 1963, the provisions of this Order shall be effective 60 calendar days after the beginning of the next regular legislative session after the filing of this Order.

History: 2016, E.R.O. No. 2016-6, Eff. Jan. 30, 2017

Compiler's Notes: Executive Reorganization Order No. 2016-6 was promulgated November 30, 2016, as Executive Order No. 2016-23, Eff. Jan. 30, 2017. For transfer of portion of administration of community development block grant program from Michigan strategic fund to Michigan state housing development authority, see E.R.O. No. 2023-1, compiled at MCL 125.1999.